

Annual Shareholders Meeting December 6, 2016

TENGASCO, INC.



Annual Shareholders Meeting – December 6, 2016

Outline of Presentation

- Introduction of Directors, Officers, and Employees
- Forward Looking Statements
- Significant Activities Since The Last Shareholders Meeting
- Exploration Play Update
- Oil Prices
- Capital Spending and Drilling Results
- Kansas Production
- Borrowings on Credit Facility
- Financial Review
 - Nine months ended September 30, 2016 and 2015
 - Year ended December 31, 2015 and 2014
- 2017 Outlook
- Results of Voting
- Shareholder Questions



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Directors and Officers

- **Peter Salas**
 - Director, Chairman of the Board, member of the Exploration Committee
 - Elected to the Board in 2002 and as Chairman of the Board in 2004
- **Matt Behrent**
 - Director, Chairman of the Audit Committee, member of the Compensation Committee
 - Elected to the Board in 2007
- **Hugh Brooks**
 - Director, Chairman of the Compensation Committee, member of the Exploration Committee
 - Elected to the Board in 2010
- **Rich Thon**
 - Director, member of the Audit Committee, member of the Compensation Committee
 - Elected to the Board in 2013
- **Mike Rugen**
 - CFO since 2009 and Interim CEO since 2013
- **Cary Sorensen**
 - VP, General Counsel, and Corporate Secretary since 1999



Forward Looking Statements

Except for the historical information contained in this review, the matters discussed in this presentation are forward-looking statements within the meaning of applicable securities laws, that are based upon current expectations. Important factors that could cause actual results to differ materially from those in the forward-looking statements include risks inherent in drilling activities, the timing and extent of changes in commodity prices, unforeseen engineering and mechanical or technological difficulties in drilling wells, availability of drilling rigs and other services, land issues, federal and state regulatory developments and other risks more fully described in the Company's filings with the U.S. Securities and Exchange Commission (SEC).



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Significant Activities Since The Last Shareholders Meeting

- Announced rights offering
- Continued to evaluate opportunities (primarily in Kansas and surrounding states)
 - Current inventory
 - Corporate
 - Acquisition of producing properties
 - Acreage
 - Non-operated opportunities (drilled one well)
 - Although we continue evaluating several opportunities, no agreements have been entered into by the Company to move forward with any of the opportunities currently under evaluation other than the agreement to participate in drilling a Kansas well in the fourth quarter of 2016
- While debt levels remain relatively low, they have increased since year-end
 - \$3,186K borrowing base
 - \$869K drawn at 12/31/2015
 - \$2,252K drawn at 12/5/2016
- Continued review of personnel, services, and service providers for cost-effective alternatives
 - Reduction in force during Q1 2016 resulting in annualized reduction in G&A of approximately \$500,000, offset in part by use of contractors
 - The reduction in force together with previous director, officer and employee salary reductions, and no corporate bonuses results in annualized G&A savings of approximately \$700,000 compared to 2014 levels.



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Update on Saline County Acreage

- At December 6, 2016, has approximately 9,700 acres under lease
- In 2016, shot seismic over lease acreage acquired in 2014/2015
- Discussing opportunity with potential partners in order to share cost and risk, and maintain more debt capacity for acquisitions
- To date the Company has invested approximately \$1.7 million in this project



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Capital Spending and Drilling / Polymer Results

(\$ Thousands)

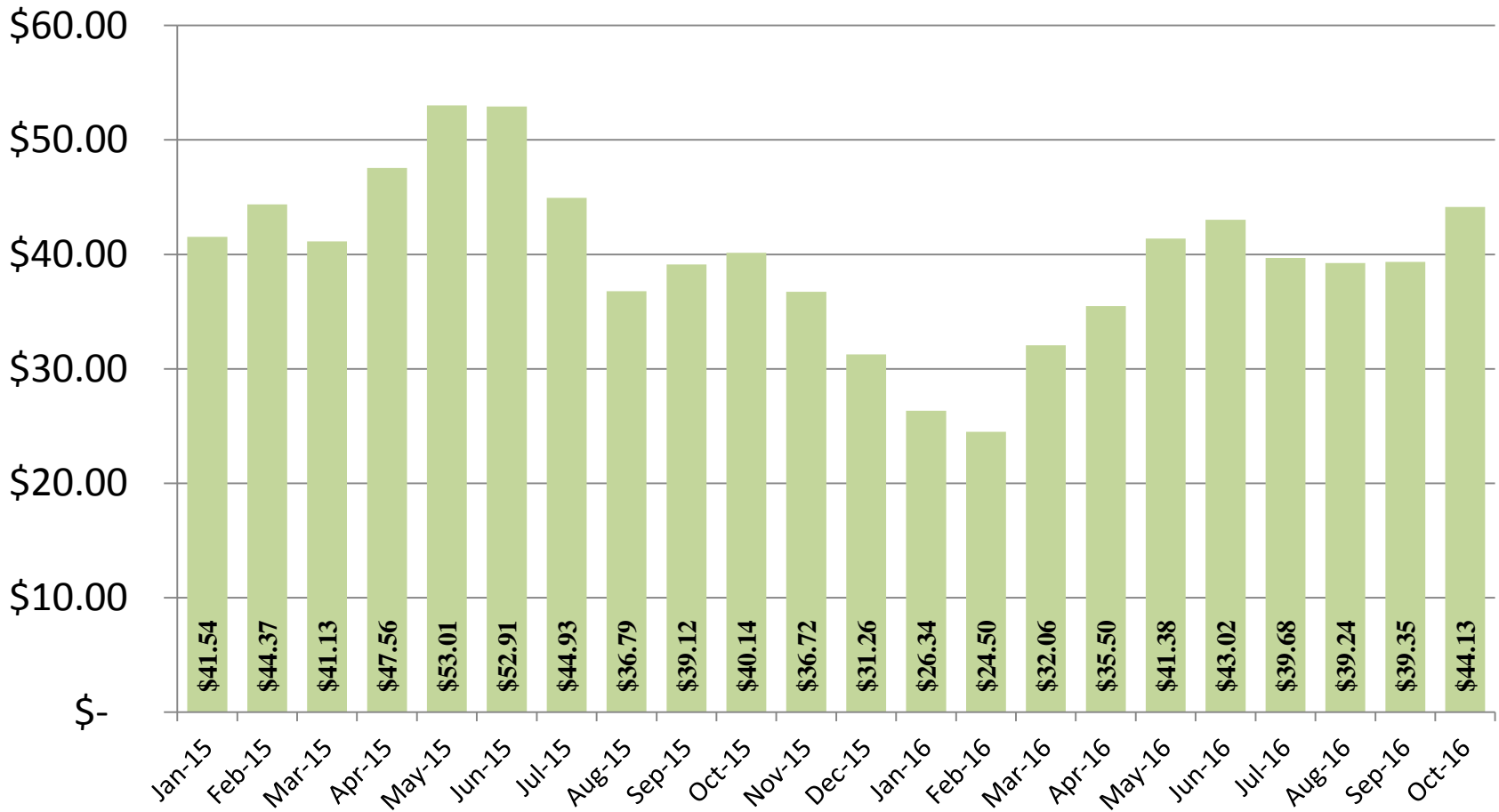
	<u>2015</u>	YTD <u>Sep. 2016</u>	Est. FY <u>2016</u>
Capital Spending (includes accruals):			
Drilling	177	-	79
Recompletions	28	-	-
Polymers	-	-	-
SWD Conversion	47	-	-
Leasehold	90	-	8
Seismic	22	300	308
Other	<u>142</u>	<u>64</u>	<u>64</u>
Total Capital Spending	<u>506</u>	<u>364</u>	<u>459</u>
Drilling and Polymers:			
Wells Drilled	1	-	1
Wells Completed	-	-	1
Polymers Performed	-	-	-
Convert to SWD	1	-	-
Recompletions	1	-	-



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Average Monthly Oil Price Received

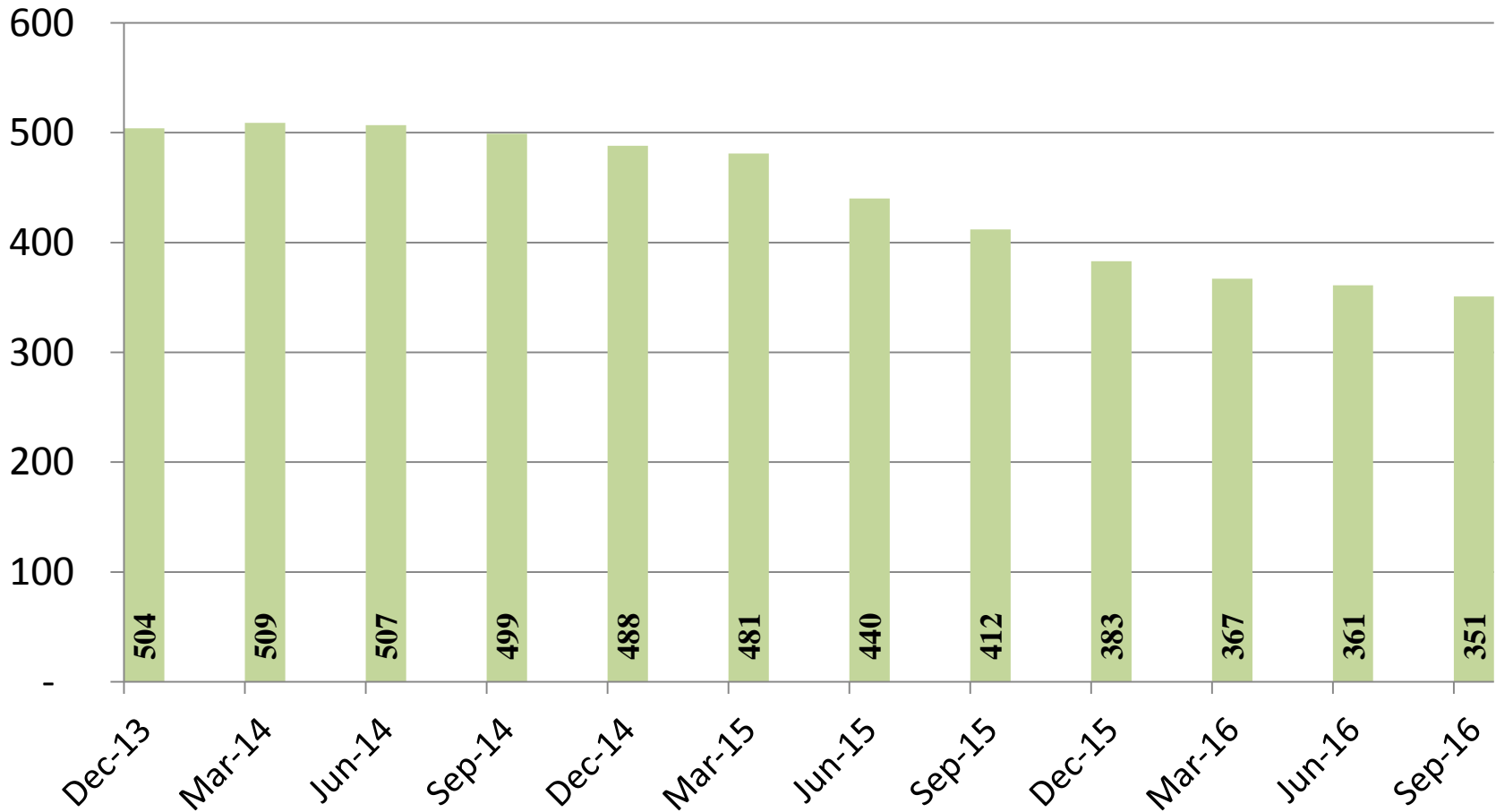
(\$ per barrel)



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Average Daily Gross Operated Production For Selected Months

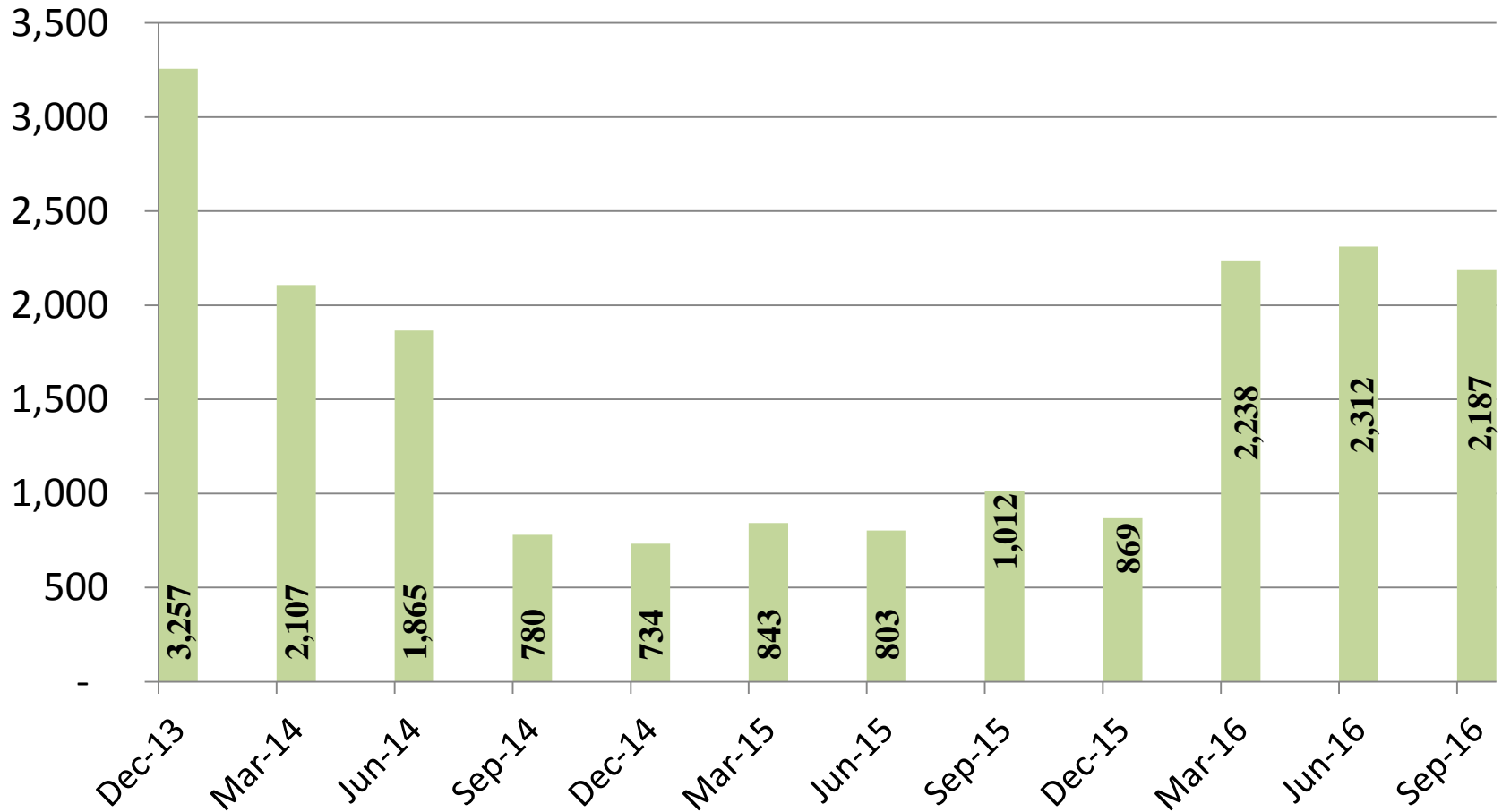
(Barrels of Oil Per Day)



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Bank Borrowings – Quarter End Balance

(\$ Thousands)



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Financial Summary

(\$ Thousands, except per share data, sales volumes, and price per barrel)

9 Months Ended September 30, *

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Percent</u>
Revenues	3,456	4,958	(1,502)	(30.3)%
Production cost and taxes	(2,570)	(3,223)	653	20.3%
DD&A	(904)	(2,082)	1,178	56.6%
General & administrative	(1,131)	(1,557)	426	27.4%
Impairment (non-cash charge)	<u>(2,718)</u>	<u>(7,189)</u>	<u>4,471</u>	62.2%
Net income from operations	(3,867)	(9,093)	5,226	(57.5)%
Interest expense	(73)	(70)	(3)	(4.3)%
Gain on sale of assets	1	38	(37)	(97.4)%
Tax expense	<u>-</u>	<u>3,572</u>	<u>(3,572)</u>	
Net income (loss)	<u>(3,939)</u>	<u>(5,553)</u>	<u>1,614</u>	29.1%
Net income (loss) per share – Basic and Diluted	\$ (0.65)	\$ (0.91)	\$ 0.26	28.6%
Net Sales Volumes (MBbl)	82.2	101.0	(18.8)	(18.6)%
Oil Price (\$/Bbl)	\$ 35.59	\$ 44.65	\$ (9.06)	(20.3)%

* Operating results for the nine months ended September 30, 2016 are not necessarily indicative of the results that may be expected for the year ended December 31, 2016.



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Production Cost and Taxes & General and Administrative

(\$ Thousands, except cost per barrel)

9 Months Ended September 30, *

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Percent</u>
Production Cost and Taxes:				
Kansas	(2,365)	(2,930)	565	19.3%
Methane Facility	<u>(205)</u>	<u>(293)</u>	<u>88</u>	30.0%
Total Production Cost and Taxes	(2,570)	(3,223)	653	20.3%
Kansas Cost Per Barrel (using net sales volumes)	\$ (28.77)	\$ (29.01)	\$ 0.24	0.8%
General and Administrative:				
Payroll and Directors' Compensation	(458)	(688)	230	33.4%
Accounting, Consulting, Legal, and Engineering Services	(273)	(418)	145	34.7%
Insurance – Corporate and Employee	(86)	(122)	36	29.5%
Other	<u>(314)</u>	<u>(329)</u>	<u>15</u>	4.6%
Total General and Administrative	(1,131)	(1,557)	426	27.4%

* Operating results for the nine months ended September 30, 2016 are not necessarily indicative of the results that may be expected for the year ended December 31, 2016.



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Financial Summary

(\$ Thousands, except per share data, sales volumes, and price per barrel)

Year Ended December 31,

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>Percent</u>
Revenues	6,164	13,788	(7,624)	(55.3)%
Production cost and taxes	(4,224)	(5,994)	1,770	29.5%
DD&A	(2,676)	(3,030)	354	11.7%
General & administrative	(2,069)	(2,707)	638	23.6%
Impairment (non-cash charge)	<u>(14,526)</u>	<u>(2,796)</u>	<u>(11,730)</u>	(419.5)%
Net income from operations	(17,331)	(739)	(16,592)	
Interest expense	(80)	(88)	8	9.1%
Gain on sale of assets	41	33	8	24.2%
Tax expense	<u>(7,351)</u>	<u>6</u>	<u>(7,357)</u>	
Net income (loss)	<u>(24,721)</u>	<u>(788)</u>	<u>(23,933)</u>	
Net income (loss) per share – Basic and Diluted	\$ (4.06)	\$ (0.13)	\$ (3.93)	
Net Sales Volumes (MBbl)	130.9	153.5	(22.6)	(14.7)%
Oil Price (\$/Bbl)	\$ 42.66	\$ 86.05	\$ (43.39)	(50.4)%



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2017 Outlook

- Current pricing is higher than average 2016 levels
- Company will continue to manage our borrowing levels
- Continue to identify and evaluate opportunities
 - Current inventory
 - Corporate
 - Acquisition of producing properties
 - Acreage
 - Non-operated opportunities
- Production Cost & General and Administrative
 - No bonuses are expected to be paid to corporate and office personnel this year
 - When wells go down and require repairs we will only perform the work if it is economic to do so
 - Continue to review personnel, services and the service providers we use to determine if there are cost effective alternatives



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The Company's management and Board of Directors want to thank all of our employees and their families for their dedication and contribution to Tengasco. We also want to thank the shareholders for your continued support.

We hope to see you again next year at our Shareholder Meeting in 2017



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Results of Voting



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Shareholder Questions to Management

Please state your name, confirm you are a shareholder of the Company, and direct your questions to Mike Rugen.

