



DXI Energy Inc.

Developing Multiple Halfway Clusters in a Prolific Oil Fairway



Woodrush Operations, NE British Columbia

(DXI.TSX) – (DXIEF – OTCQB)

October 30, 2017



Disclosure Statement

Statements Regarding Forward-Looking Information: This presentation contains statements about oil and gas production and operating activities that may constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities legislation as they involve the implied assessment that the resources described can be profitably produced in the future, based on certain estimates and assumptions. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated by DXI and described in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, adverse general economic conditions, operating hazards, drilling risks, inherent uncertainties in interpreting engineering and geologic data, competition, reduced availability of drilling and other well services, fluctuations in oil and gas prices and prices for drilling and other well services, government regulation and foreign political risks, fluctuations in the exchange rate between Canadian and US dollars and other currencies, as well as other risks commonly associated with the exploration and development of oil and gas properties. Additional information on these and other factors, which could affect DXI's operations or financial results, are included in DXI's reports on file with Canadian and United States securities regulatory authorities. We assume no obligation to update forward-looking statements should circumstances or management's estimates or opinions change unless otherwise required under securities law.

Non-GAAP Measures: This presentation contains references to non-GAAP measures as follows:

EBITDA is a non-GAAP measure defined as net income (loss) before income tax expense, interest expense and finance fee, and amortization, depletion and accretion. Certain measures in this document do not have any standardized meaning as prescribed by Canadian GAAP such as EBITDA therefore are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented in this document in order to provide shareholders and potential investors with additional information regarding our liquidity and our ability to generate funds to finance our operations.

BOE Presentation: Barrel of oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of gas to one barrel of oil. The term "BOE" may be misleading if used in isolation. A BOE conversion ratio of one barrel of oil to six MCF of gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. Total BOEs are calculated by multiplying the daily production by the number of days in the period.



Woodrush (NEBC) Asset Summary

Scalable Core Production – Multiple New Oil Targets

- ❑ Located in a conventional oil fairway 125km north of Fort St John BC, hosting 330 Halfway oil wells with average well production of 500k BO and 3/4BCFG.
- ❑ DXI owns 14,000 gross acres - 99% Working Interest (WI) in 3 light oil wells/ 9 gas wells. (7 currently shut in)
- ❑ Operating since 2008. Under waterflood since 2012.
- ❑ \$30mm+ cumulative production through 2016 - 675,000 Barrels of Oil (BO)
- ❑ GLJ YE 2016 net remaining 2P reserve value: \$2.6mm from existing pool.
- ❑ Q1 2017 production rate: 300 BOED- 30% oil- netbacks of \$30 per BO, yielding net cash flows ~ \$70k/month to date after 9 years of life
- ❑ In place production facilities and pipeline (\$12mm cost) designed to deliver 1,600-2,000 BO/D (3,000 BOED)
- ❑ *New science has generated high confidence in the **existence of additional substantial oil pools**, creating the compelling opportunity for DXI Energy Inc. to further develop and grow low cost production and reserves.*

Year End 2016 Reserve Evaluations in accordance with Canada's National Instrument 51-101 Standards of Disclosure

Piceance Basin, CO - Multi-Zonal Producing Asset

Significant NGL gas expansion Project



Pad 21A at Kokopelli Project

- 2,200 gross acres hosting 12 producing wells, including a 13000' Mancos discovery plus 1 PWD well (\$5mm). DXI holds a 25% WI.
- C\$50+ mm gross invested in project to date. In production since early 2016.
- Q1 2017 production: ~344 BOEPD total (90 BOEPD with estimated C\$ 240k net field cash flow to DXI in 2017).
- YE 2016 PV-10 net reserves estimated at C\$20.5mm by independent engineers
- Spacing units in place to drill additional 220 Williams Fork / 30 Mancos wells.
- 2017 U.S. Geological Survey report updated Mancos reserves in the Piceance to **66 trillion** cubic feet of natural gas, 40x more than the agency's previous estimate in 2003.
- No additional development planned until gas prices improve.

• *Year End 2016 Reserve Evaluations in accordance with Canada's National Instrument 51-101* Standards of Disclosure



The Compelling Opportunity at Woodrush

- ❑ ***2017 re-interpretation of proprietary and independent 2D, now being merged with licensed 3D seismic, has created a compelling opportunity to develop multiple newly recognized potential hydrocarbon bearing reservoirs in an area well documented for highly economic oil production.***
- ❑ This new seismic interpretation:
 - Explains historic production inconsistencies,
 - Isolates multiple new Halfway oil / gas targets, and
 - Invites extensions to existing Gething gas pools, and
 - Has created the opportunity to drill new immediately producible reserves of oil and gas using existing Woodrush in-place infrastructure system (original cost \$12mm).
- ❑ DXI estimates total finding and developments costs thru tanks for the 1st Halfway target to be ~\$2 per BO for the 2.6mm estimated recoverable BO (5.4MMBO in place) from this initial target.
- ❑ Success in 4 wells on the 1st drill target could increase daily production to over 1,500 BOED and reserve value by \$30-40mm PV10.



The New Woodrush Exploration Program Drill to Add Value - Monetize to Realize Gains

- ❑ New drilling to start at Woodrush in Q4 2017 designed to dramatically increase production, multiply reserve life and resultant value.
- ❑ Drill target #1 (up to 4 wells) could provide an 8x PV return on invested capital (~50x on initial risk capital)
- ❑ Initial production target: 1,500 BOED.
- ❑ Additional targets could potentially multiply reserves by a factor of 3x to 5x
- ❑ With flat gas and oil price assumption the returns are still extremely robust;
- ❑ DXI team is driving this “transformational event” to use strong core production growth to effect an accretive business combination or realization of value through monetization.
- ❑ Alternative capital sources being accessed:
 - Off-balance sheet, JV funding with non-industry partner;
 - On balance sheet equity and flow-through share funding
 - Effective monetization of tax pools



Key Financing Events since June 2017

(In Canadian Dollars)

- ❑ TSX and non-insider shareholders approved a restructuring plan to:
 - a) Restructure existing \$6.5mm senior secured debt to long term:
 - Extend term from 1.5 years to 5 years
 - Interest only, balloon payment upon maturity
 - Reduce interest rate to P+1 (savings of \$260k interest per year)
 - Convertible into common shares at a 28% premium to market.
 - Reduces related party loans on the balance sheet by \$2.242mm and raises shareholder equity by \$3.893mm
 - b) Complete up to 58.3mm private placement at \$0.06/share
- ❑ Financing tranches closed in the past 90 days:
 - “Tranche 1” of 10.45mm shares - PP closed in the amount of \$626,870;
 - “Tranche 2” of 25.87mm shares - PP closed in the amount of \$1,552,400
 - “Tranche 3” of 5.88mm shares- PP closed in the amount of C\$366,400 (including 1.428mm FT shares @ \$0.07)
 - “Tranche 4” of 1.536mm shares- PP closed in the amount of \$141,174 (including 700,000 shares FT @ \$0.07)



Current Financial Position As at October 25, 2017

- ❑ Cash on hand over \$500k.
- ❑ No bank debt - Insiders hold all senior secured debt at prime +1;
- ❑ Senior exchange listing in Canada with OTCQB listing in the USA and capability to re-list on NYSE;
- ❑ Large shareholder base, flexibility to recalibrate as desired;
- ❑ 89.234 mm shares issued and outstanding;
- ❑ TSX clearance available to issue a further 23mm shares (including FT)
- ❑ G&A reductions of 30% firmly in place;
- ❑ Company owns \$130mm in usable tax losses (\$65mm - Canada; \$65mm - USA);
- ❑ Base assets at Woodrush and Kokopelli still generate over C\$850k annualized net field cash flow.



Corporate Data

- ❑ Auditors: BDO (Canada and US)
 - ❑ Legal: Farris LLP (Canada)
Beatty & Wosniak LLP (US)
Dorsey & Whitney LLP (US)
 - ❑ Transfer Agent: Computershare
 - ❑ Banks: CIBC (Canada)
Wells Fargo (US)
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- ❑ Offices:
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