



**A Unique Play on the Strong European Gas Market**

**February 2014**



# FX Energy – Forward Looking Statements

## FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including with respect to potential and probable reserves, cash flow, value, risked value, timing of drilling and exploration activities and revenue projections. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and that might materially affect actual results, levels of activity, performance or achievements.

For example, exploration, drilling, development, construction or other projects or operations may be subject to the successful completion of technical work; environmental, governmental or partner approvals; equipment availability, or other things that are or may be beyond the control of the Company. The Company's exploration or development operations that are anticipated, planned or scheduled may be changed, delayed, take longer than expected, fail to accomplish intended results, or not take place at all. In carrying out exploration it is necessary to identify and evaluate risks and potential rewards. This identification and evaluation is informed by science but remains inherently uncertain. Subsurface features that appear to be possible traps may not exist at all, may be smaller than interpreted, may not contain hydrocarbons, may not contain the quantity or quality estimated, or may have reservoir conditions that do not allow adequate recovery to render a discovery commercial or profitable. Forward looking statements about the size, potential or likelihood of discovery with respect to exploration targets are certainly not guarantees of discovery or of the actual presence or recoverability of hydrocarbons, or of the ability to produce in commercial or profitable quantities. Estimates of potential typically do not take into account all the risks of drilling and completion nor do they take into account the fact that hydrocarbon volumes are never 100% recoverable. Such estimates are part of the complex process of trying to measure and evaluate risk and reward in an uncertain industry.

Other factors that could materially affect actual results, levels of activity, performance or achievement can be found in the Company's Annual Report on Form 10-K filed on March 14, 2013 and in the documents incorporated therein by reference. If any of these risks and uncertainties develop, or if any of our underlying assumptions prove to be incorrect, our actual results, levels of activity, performance or achievement may vary significantly from what we projected. Any forward looking statement contained in or made during this presentation reflects the Company's current views with respect to such future events and is subject to these and other risks, uncertainties and assumptions. We assume no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events or developments or otherwise.

Corporate Headquarters  
FX Energy, Inc.  
3006 Highland Drive  
Salt Lake City, UT 84106  
Ph: (801) 486-5555  
website: [www.fxenergy.com](http://www.fxenergy.com)

Contact  
Scott Duncan  
VP Investor Relations  
[scottduncan@fxenergy.com](mailto:scottduncan@fxenergy.com)



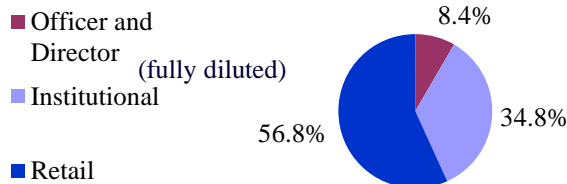
# Market and Financial Overview

## Major Institutional Shareholders as of 9/30/2013

	Number of Shares	% Holding
BlackRock Fund Advisors	3,246,398	5.8%
Vanguard Group, Inc.	1,489,924	2.7%
Wellington Shields & Co.	1,256,850	2.3%
Clear Harbor Asset Management LLC	1,198,604	2.2%
TFS Capital LLC	1,174,571	2.1%
Odey Asset Management LLP	1,033,651	1.9%
Nantahala Capital Management LLC	994,445	1.8%
SSgA Funds Management, Inc.	861,921	1.5%
National Asset Management	775,133	1.4%
Northern Trust Investments, Inc.	763,716	1.4%
ING Investment Management Co. LLC	594,800	1.1%
Investicni spolecnost Management, Ltd	555,419	1.0%
Schroder Investment Management, Inc.	410,274	0.7%
Tom Lovejoy	1,038,402	1.9%
David Pierce	792,148	1.4%
<b>Ordinary Shares Outstanding</b>	<b>53,733,398</b>	
Options	1,911,872	
<b>Fully Diluted Shares</b>	<b>55,645,270</b>	

## Shareholder Ownership

### Ownership by Shareholder Category



## Financial Information as of 9/30/2013

Balance Sheet Data (\$mm)	Unaudited	audited	Income Statement Data (\$mm) Audited	unaudited	audited
	9/30/13	12/31/12		9m13	9m12
Current assets	\$25.3	\$47.1	Total revenues	\$25.9	\$26.7
Property, net	64.0	57.1	Operating Costs	3.1	4.1
Other assets	<u>2.7</u>	<u>1.8</u>	Exploration Costs	17.4	15.9
Total assets	<u>\$92.0</u>	<u>\$106.0</u>	Non-cash expenses	11.2	6.6
Current liabilities	\$5.8	\$16.7	G&A	6.5	6.0
Long term debt	42.0	33.0	Total Costs	38.2	32.6
Other long term	1.6	1.4	Operating inc. (loss)	\$(12.3)	\$(5.8)
Shldrs Equity	<u>42.6</u>	<u>54.9</u>			
Total	<u>\$92.0</u>	<u>\$106.0</u>			

## Market Data

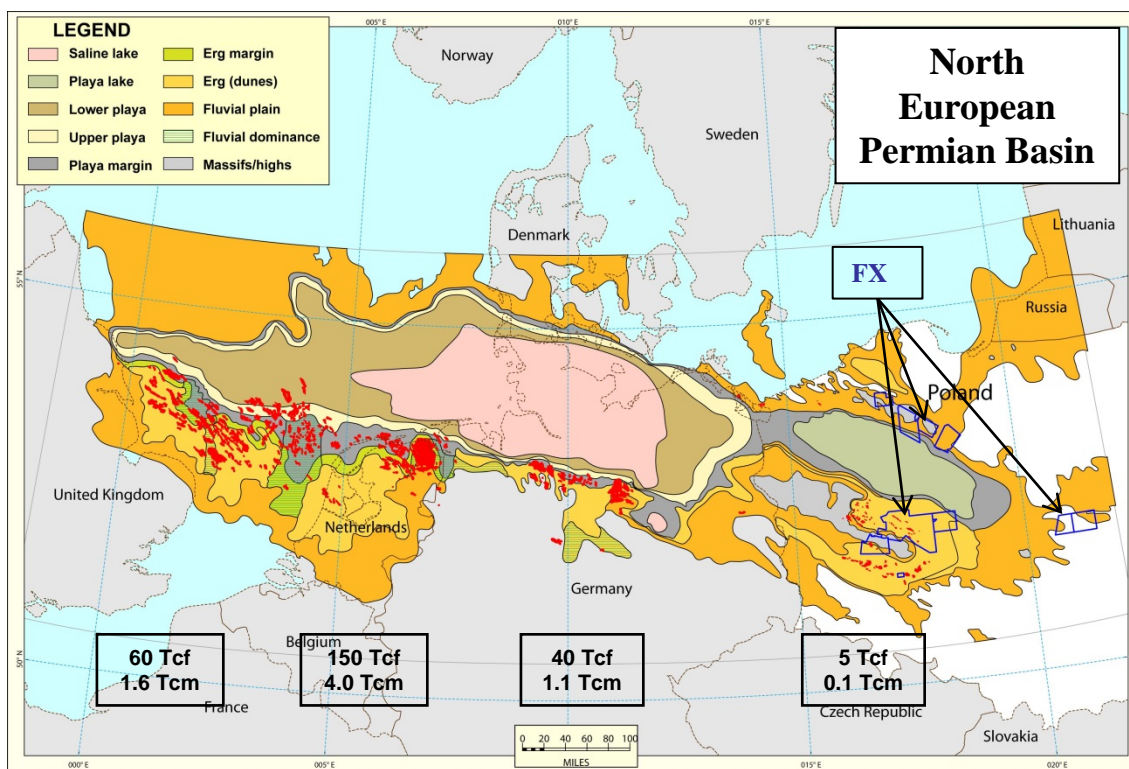
**NASDAQ Symbol:** FXEN  
**Market Cap:** \$175 mm @ \$3.30/sh  
**50 day avg. volume:** 360,000 shares/day  
**52 week price range:** \$6.18 - \$2.48

### Research Coverage

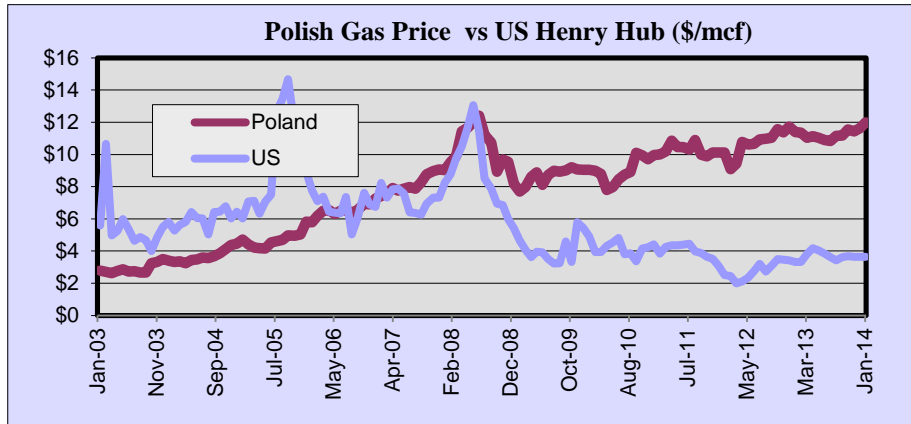
Brean Capital      Macquarie Capital  
 Euro Pacific      MLV  
 Imperial Capital    Roth Capital Partners  
 ING Equity Research

# Untapped Resources in Poland

- **Poland has significant undiscovered hydrocarbon potential**
  - Permian Basin extends across Europe: Permian (Rotliegend) gas fields in Poland are direct analogs to those found in the UK and Dutch sectors of the Southern North Sea and onshore Holland and Germany
  - The North Sea was - and is - explored by dozens of companies
  - But only one company (state owned) was exploring Poland during the Iron Curtain decades
  - Geology doesn't stop at the border; Poland is just under-explored



# Polish Gas Prices Are About 3x US



- Polish gas approximately \$12/mcf
- FX wellhead price: \$8.93/mmbtu
  - Actual FX 2013 average
  - \$7.14/mcf for FX's 80% methane gas
  - compare to \$4 US gas

- Europe imports 1/2 of its gas supply, mostly from Russia
- Poland imports 2/3 of its gas supply, mostly from Russia/Gazprom
  - Domestic production: 440 Mmcf/day; 160 Bcf/year
  - Natural Gas Imports: 1.1 Bcf/day; 400 Bcf/year
- Russian gas prices are still tied to oil; shale gas remains elusive in Europe; LNG moves toward higher demand/price in Japan/China



# Poland: Sound Economy; Rule of Law

- **Size:** 312,000 sq. km (120,000 sq. mi.); comparable to Germany - or New Mexico
- **Population:** 38 million people; well educated, multi-lingual, culturally homogeneous; (Germany has 80 million; France and UK have 60 million each)
- **Political stability:** Poland is a member of the European Union (EU) and NATO; it has a long history of adhering to the rule of law
- **Economy:**
  - Poland is Europe's sixth largest economy
  - Poland has its own currency (zloty) and its own central bank
  - Poland's GDP has continued to see growth despite recession in the rest of the EU



# Briefly: FX in Poland

## ➤ FX Energy is an oil and gas company focused on Poland

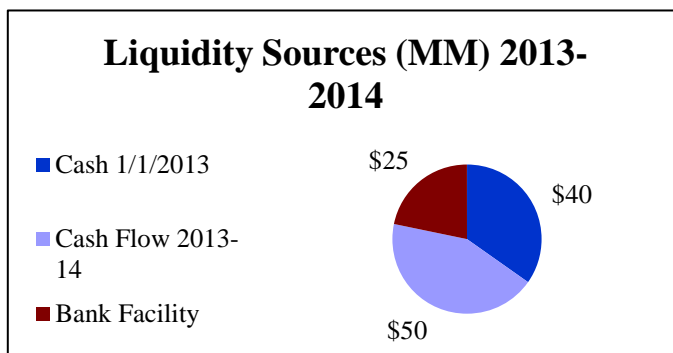
- Gas is priced higher in Europe and is likely to stay that way (~\$12 Europe vs. ~\$4 US)
- Poland still has virgin gas deposits; our commercial wells averaged 20 Bcfe (P50) and 5 Mmcf/d flat for four plus years from simple vertical wells without any expensive stimulation

## ➤ FX Energy knows Poland very well; a solid track record

- Building gas reserves since 2000
- Producing gas since 2003
- Sometimes partnered with the national oil company (PGNiG); sometimes not
- Limited funds, limited targets and Polish bureaucracy caused growth to be slow

## ➤ FX now has the funds and the targets to accelerate growth

- \$115 mm capex for 2013-2014, of which:
- Core license gets 55%: plan to double the number of producing wells, with support from our partner
- Two other licenses get 45%: to appraise a potentially significant new exploration play in each concession; and both are 100% owned so development can be faster paced than with a partner



Estimated cash flow is after G&A but before exploration and development

Bank facility gives effect to increase in availability to \$65 MM 3Q2013



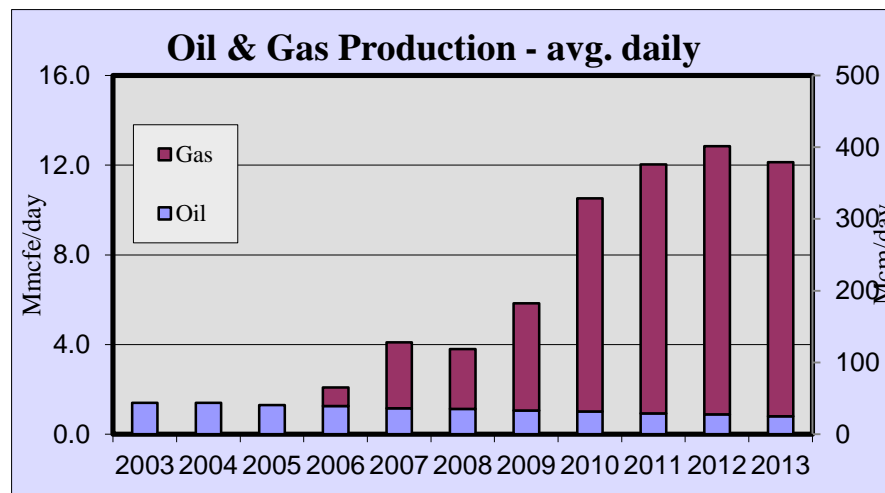
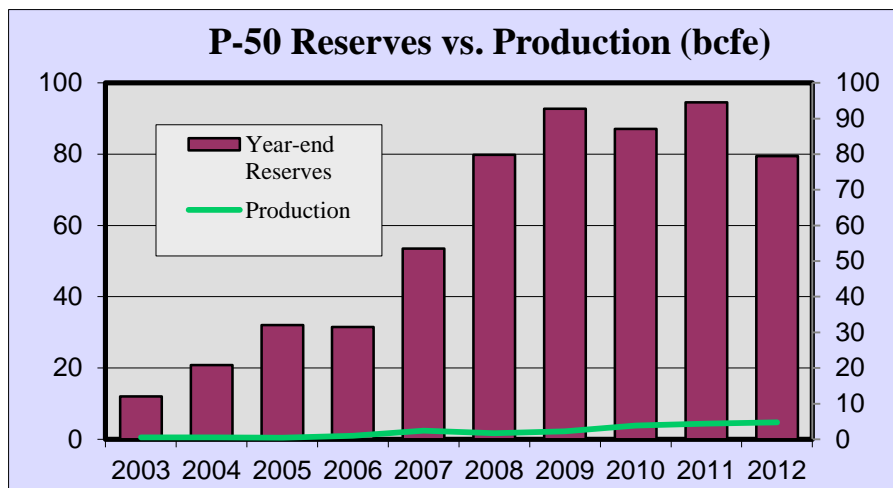
# FX Built a Revenue Base in Poland

## ➤ FX started building reserves in 2003

- FX farmed into a very good acreage block in 2000 (49% non-op interest in the “Fences” license)
- Drilled an average 1 well per year from 2000 through 2012; 70% successful on structural traps

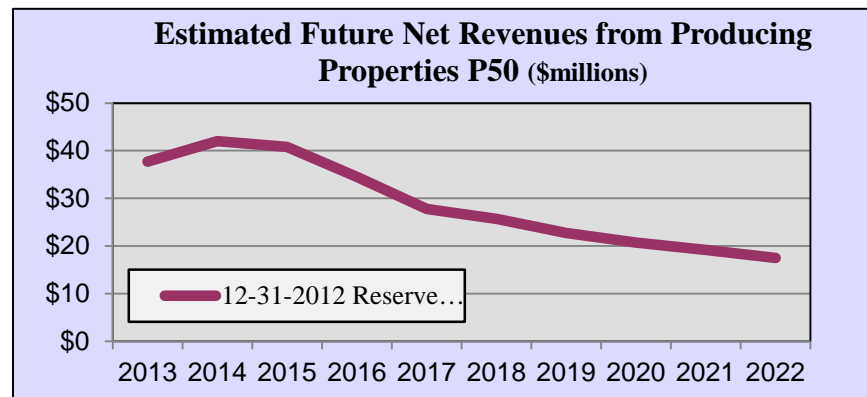
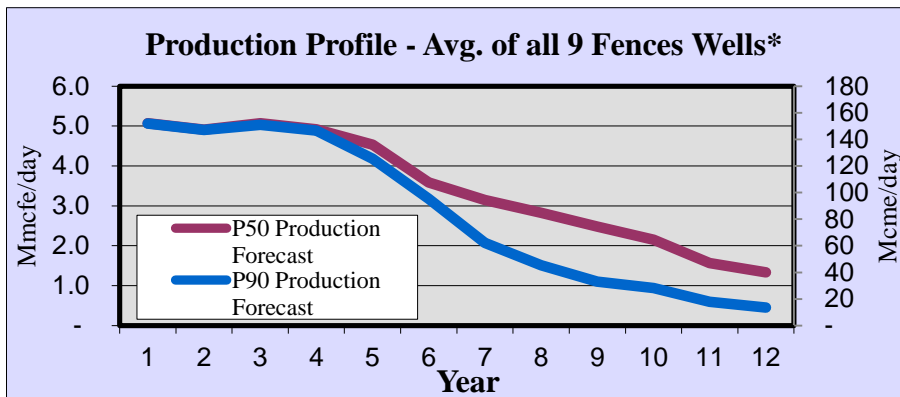
## ➤ Production and revenues follow reserves

- FX produced ~12-13 Mmcfe/d (about 2,000 boe/d) net in each of the last 3 years
- FX had oil and gas revenues of ~\$30-35 million per year in each of the last 3 years
- Currently producing ~ 13 Mmcfe/d with 6 wells producing in Poland
- 3 more wells to come on line in Poland over the next 4 quarters





# Sustained Production – Good Economics



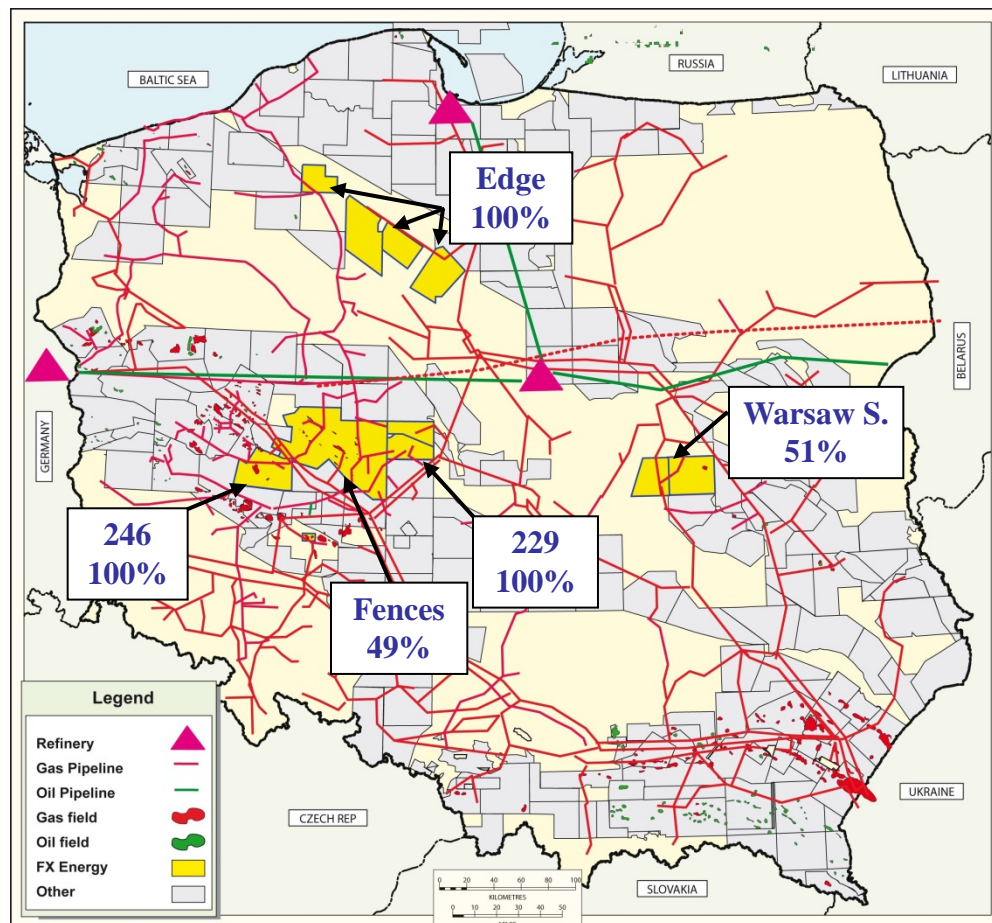
\*Production Profile and Economics Notes (charts above and below): Averages based on 2012 SEC reserve report for all 9 commercial Fences wells  
**Figures are for 100% working interest**

Above chart is from the FX Energy 12/31/2012 independent reserve reports as filed with the SEC<sup>(1)</sup>, excluding then-undrilled Lisewo-2 well. Based on \$6.60/mcf held constant (SEC method: first-day-of-month average 2012 wellhead gas price). The average wellhead price during full year 2013 was \$7.14/mcf  
 Note: (1) As per RPS Energy and Hohn Engineering as of 12/31/2012

<b>Economics: Average of 9 Fences Wells (100%)*</b>	
Well cost (current estimate)	\$10 mm
Facilities cost (current estimate)	\$5 mm
Pre-tax 1P/2P value (PV-10) (avg.)	\$58/\$72 mm
1P/2P cumulative undiscounted net cash flow (avg.)	\$75/\$112 mm
Pre-tax 1P/2P reserves (avg.)	15/21 Bcf (0.4/0.6 Bcm)
Initial production rate (avg.)	5.0 Mmcf/d (134 Mcm/d)
Royalty (current)	\$0.04/mcf

# FX Energy Licenses in Poland

- **Five license areas cover 2.5 million gross acres**
  - FX holds 49% interest in Fences license (this is our core license, the location of virtually all our reserves and production); PGNiG holds 51% and operates
  - FX holds 51% and operates in Warsaw S. license; PGNiG holds 49%
  - All other licenses 100% owned and operated by FX Energy
- **Focused on Fences, Edge and 246 licenses**
- **Continuously high-grading acreage**



Main gas distribution lines in red

	Gross (mm acres)	Working Interest	Net (mm acres)	Net (km <sup>2</sup> )
Fences	0.85	49%	0.41	1,647
Block 229	0.23	100%	0.23	941
Block 246	0.24	100%	0.24	975
Warsaw S.	0.40	51%	0.20	820
Edge	0.73	100%	0.73	2,937
Block 287	0.01	100%	0.01	52
	2.46		1.82	7,372



# 2013-2014 Growth: Fences License Plan

## ➤ **Drill more wells**

- 2000 to 2012: average 1 well per year drilled: plateaued at ~ 12-13 Mmcfe/d with ~ 80 Bcfe of reserves
- 2013: 3 wells drilled, of which 2 are commercial
- 2014: 4 new wells planned – on familiar structural targets with a 73% success rate historically

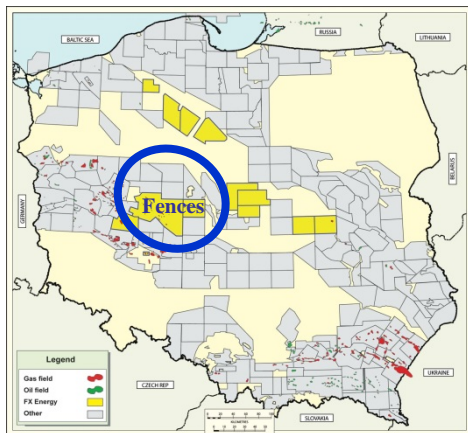
## ➤ **Increase the number of producing wells**

- 6 wells producing now: about 13 Mmcfe/d
- 3 more wells are awaiting hook-up – already completed and tested
- 4 more commercial wells could be added from 2014 drilling

## ➤ **Plan for further growth beyond 2014**

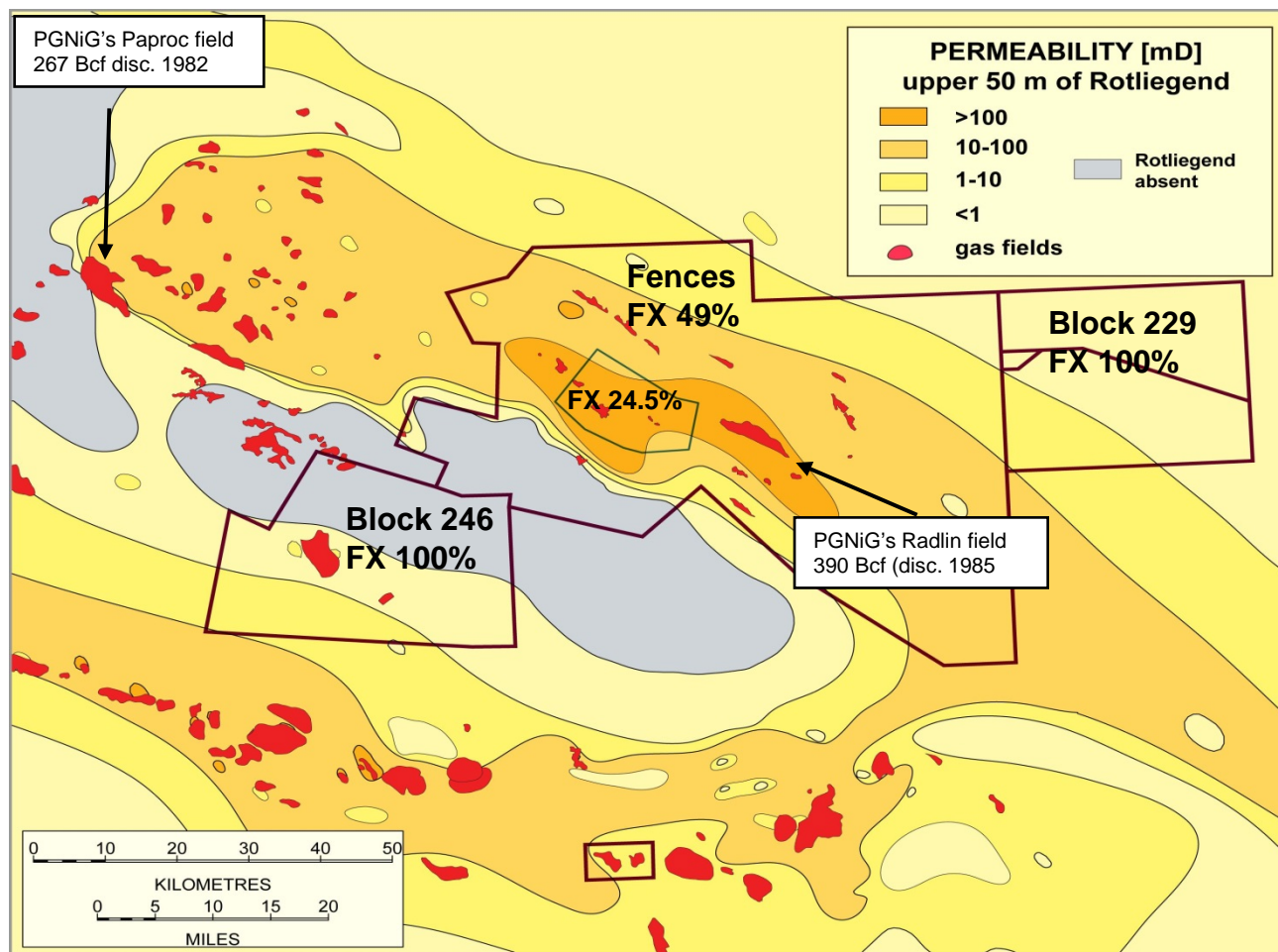
- 8 more structures on 3-D seismic ready to drill, so 2015 should see even more drilling
- Continue acquiring more 3-D seismic; only about half the license has been covered
- PGNiG, 51% owner/operator, supported increasing the number of wells last year and this year
- Potential to double current reserves over the next several years; production should follow in proportion

# Fences Concession – FX Core Area



## ➤ Rotliegend gas potential

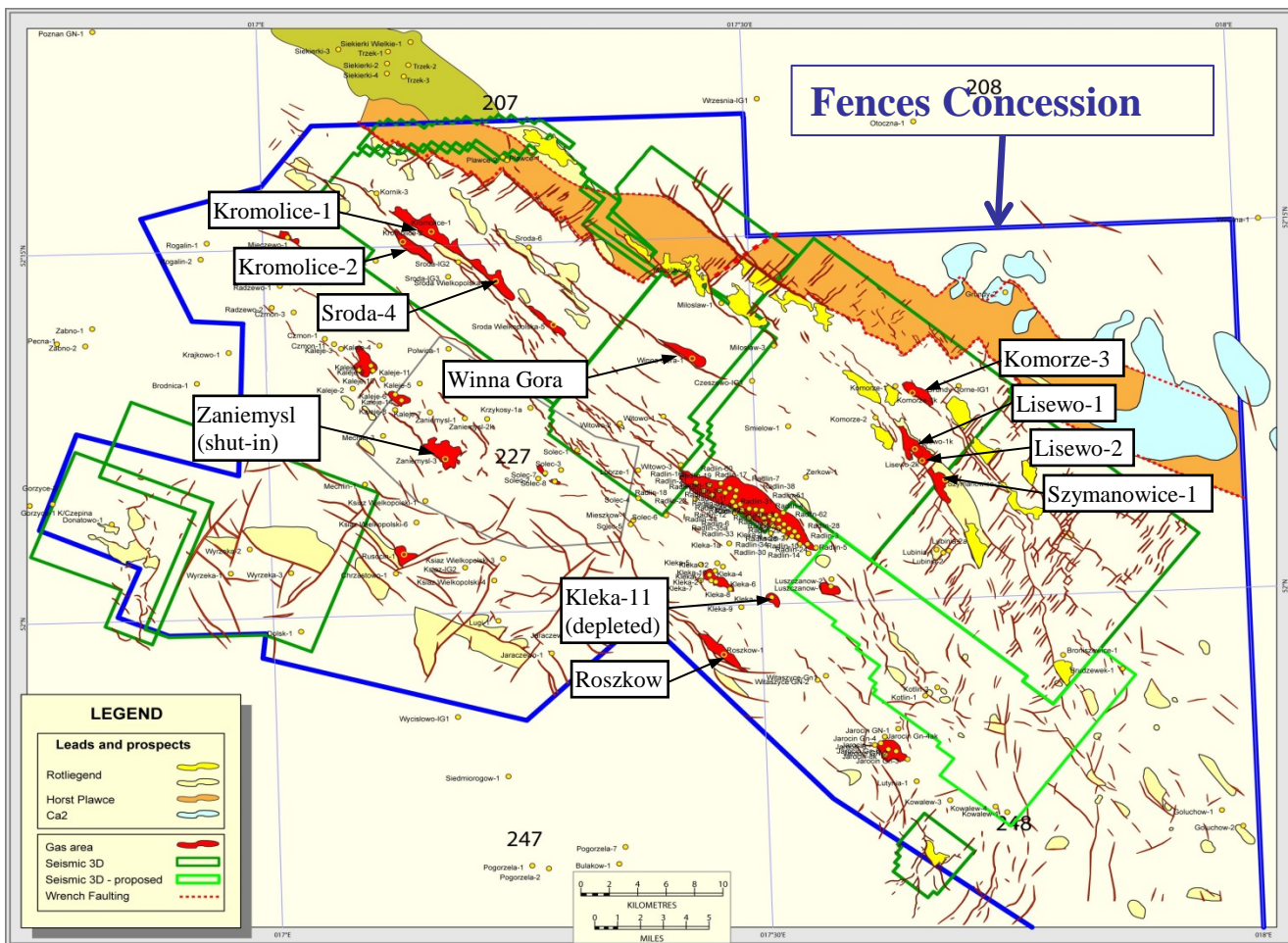
- Rotliegend gas fields from the 1980's showed area potential
- PGNiG had moved on to other plays (Zechstein) in Poland
- Seismic advances from the North Sea had not been applied
- FX saw high potential with limited “wildcat” risk
- Fences: FX earned 49%; PGNiG holds 51% and operates



**Fences concession: 850,000 acres (3,440 km<sup>2</sup>) surrounding PGNiG's 390 Bcf Radlin Gas Field**



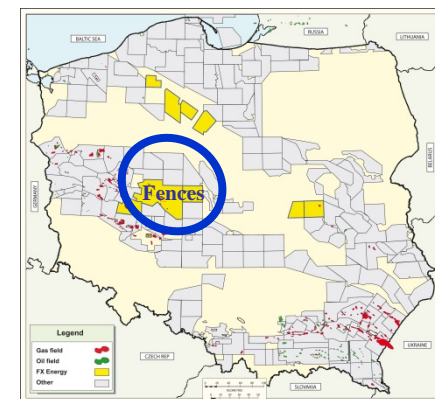
# Successes to Date in Fences License



## Commercial Discoveries

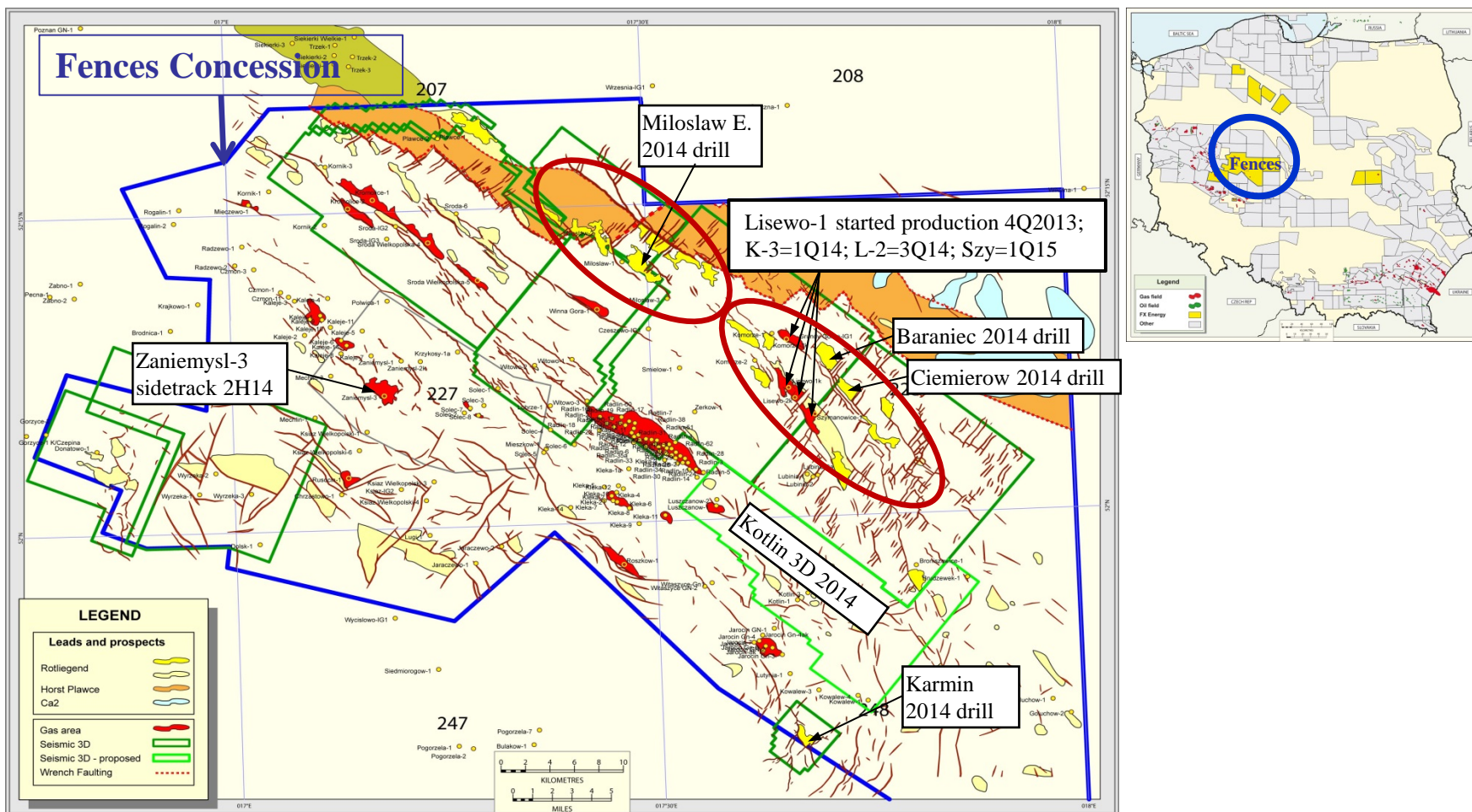
	Gross P50 Reserves <sup>(1)</sup> /well	
Kleka-11	3 bcf	0.1 bcm
Zaniemysl	30 bcf	0.8 bcm
Sroda-4	25 bcf	0.7 bcm
Winna Gora	17 bcf	0.5 bcm
Roszkow	33 bcf	0.9 bcm
Kromolice-1	24 bcf	0.6 bcm
Kromolice-2	15 bcf	0.4 bcm
Lisewo-1	43 bcf	1.2 bcm
Komorze-3	7 bcf	0.2 bcm
Lisewo-2	TBD	TBD
Szymanowice-1	TBD	TBD
<b>Total</b>	<b>197 bcf</b>	<b>5.3 bcm</b>

(1) P50 Estimated Ultimate Recovery



- **11 commercial successes out of 15 wells (73%) targeting Rotliegend structural traps**
  - Average well size (1<sup>st</sup> 9 wells): 21 Bcf 1P+2P -- \$72 million pre-tax pv10%
  - Now producing ~ 13 Mmcfe/d from 6 wells in the Fences license

# 2014 Plan for Fences License



➤ **2014: 6 wells producing now; 3 more commercial wells to start producing: 1Q14, 3Q14, 1Q15**

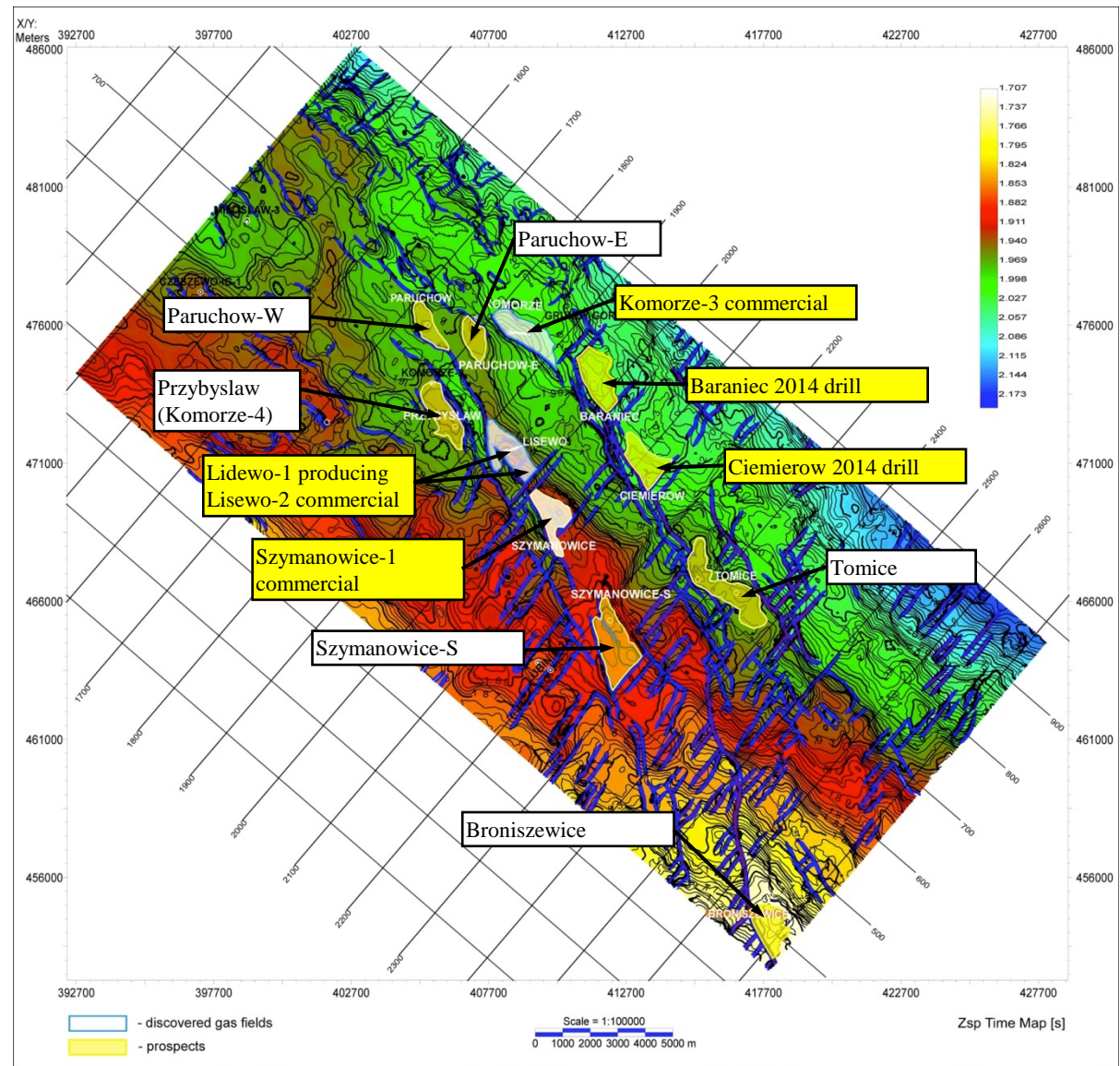
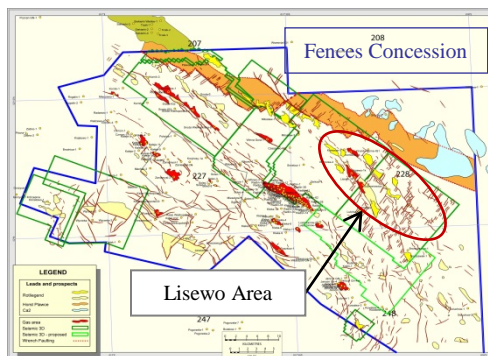
- Lisewo Area: 4 successful wells already; 2 more wells to drill in 2014; 5 additional 3D structures ready to drill
- Miloslaw Area: 1 well planned for 2014; other nearby targets identified on 3D seismic and ready to drill
- Karmin (Taczanow) drilling planned for 2014



# Lisewo Area Detail

## ➤ Lisewo area now producing

- 4 wells drilled: all commercial
- Production facility started 4Q2013 with Lisewo-1
- Komorze-3 starts 1Q14; Lisewo-2 starts 3Q14; Szymanowice-1 starts 1Q15
- 2014: plan to drill 2 new wells: Baraniec and Ciemierow
- 5 more structures ready to drill; about \$30 mm cost net to FX
- Aggregate recoverable gas could be 200-400 Bcf gross, depending on whether structures merge
- FX holds 49%; PGNiG 51% and operates





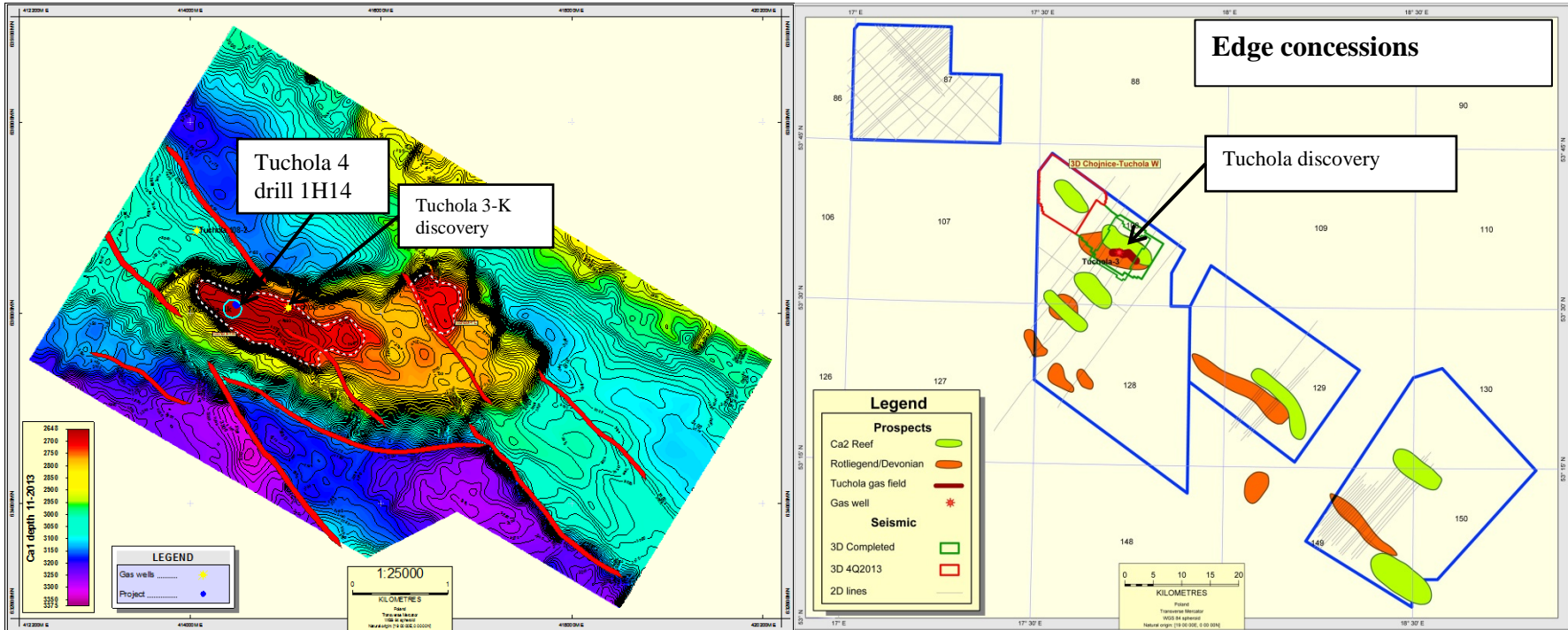


# 2013-2014 Growth:

## Follow-on Exploration in FX 100% Areas

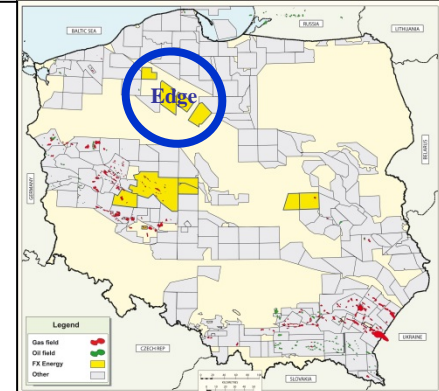
- **Edge license: 2013 discovery may have found a significant new exploration play**
  - 2013: Tuchola-3 well tested good reservoir, high deliverability gas with 55% methane
  - 2014: Rigging up now to drill Tuchola-4 to appraise the Tuchola structure (drill and test in 1H14)
  - 2014: Plan to drill at least one other similar structure this year to confirm the play
  - 2014: New seismic acquisition underway to identify other similar structures
  - **Edge is 100%** owned and operated by FX Energy
  
- **Block 246 license: potential Rotliegend structural trap play – similar to Fences license**
  - 2012: Exploratory well showed good reservoir properties and 80% methane gas
  - 2013: New 3-D seismic acquired to spot structural traps like Fences (results due 1Q14)
  - 2014: Plan to drill 1 or 2 “Fences”-type wells (but shallower) if supported by new 3-D seismic
  - If successful, plan for fast paced development, capitalizing on nearby infrastructure
  - **Block 246 is 100%** owned and operated by FX Energy

# Edge License – Tuchola Wells



## ➤ 2013 Discovery Might Signal a Significant New Play Area

- 2013 Tuchola-3K discovery tested 55% methane at 3.8 to 5.5 Mmcf/d on restricted choke; a significant new discovery in the Permian Zechstein
- 2014: Tuchola-4 location selected; plan to drill and test in 1H2014 to appraise the Tuchola accumulation
- 2014: Plan to drill one other structure to confirm new play
- 220 km 3D seismic acquisition underway to identify more targets
- 730,000 gross and net acres/2,900 km<sup>2</sup>; FX operates, holds 100%





# Recap

- **FXEN has good targets, its best-ever drilling schedule and the funds to carry out its growth plan**
  - Cash on hand plus forecast cash flow plus credit facility equal \$115 million for 2013-2014
  - 2013: capex approx. \$55 million; 5 wells drilled plus extra seismic
  - 2014: capex planned at \$60 million; 7 wells to drill plus seismic
  
- **Fences license: reserves and production base established; drill more wells to grow that base**
  - 6 Fences wells now producing; company-wide production is 13.4 Mmcfe/d; o&g revenue \$30-35 mm
  - 3 more Fences wells already completed, awaiting hook-up in 1Q14, 3Q14 and 1Q15
  - 4 more Fences wells planned for 2014 drilling; 73% success rate to date
  - More structures already on 3-D seismic for 2015 and beyond
  
- **Edge license: may have a significant new exploration play**
  - 2013: new discovery shows good reservoir and gas deliverability rate
  - 2014: 2 wells planned to appraise two structures and confirm the play
  - 2015: If successful, begin full scale area development
  - FX 100% ownership allows faster development than Fences license
  
- **Block 246 license: possible Fences lookalike**
  - 2012: Test well confirmed good reservoir properties and 80% methane
  - 2014: 1 or 2 wells planned to test the idea, subject to seismic results (due 1Q14)
  - 2015: If successful, begin full scale area development
  - FX 100% ownership allows faster development than Fences license