



PERMROCK ROYALTY TRUST (NYSE: PRT)

OPERATIONAL UPDATE

OCTOBER 2018

NOTICE TO INVESTORS

This presentation includes certain forward-looking statements and projections provided by Boaz Energy II, LLC (“Boaz Energy”), including with regard to the properties covered by the Trust’s net profits interest (the “Trust Assets”) included in PermRock Royalty Trust (the “Trust”). When used in this presentation, the words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “will” and similar expressions are intended to identify forward-looking statements. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Any such statements and projections which reflect various estimates and assumptions by Boaz Energy concerning anticipated results of the Trust Assets are based on Boaz Energy’s experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate.

All forward-looking statements are subject to risks and uncertainties. A number of factors, many of which are beyond the control of Boaz Energy and the Trust, could cause actual results to differ materially from those implied or expressed by the forward-looking statements contained in this presentation. These factors include, but are not limited to, the risks described under the heading “Risk Factors” in the Trust’s Quarterly Reports on Form 10-Q and other public filings filed with the Securities and Exchange Commission (the “SEC”) and include, in particular, the amount and timing of spending by our partners in acreage Boaz Energy does not operate, resolution of Permian Basin take-away constraints and the success of development activities, including those by our partners in acreage Boaz Energy does not operate. No representations or warranties are made by Boaz Energy, the Trust or any of their affiliates as to the accuracy of any such statements or projections. While Boaz Energy bases these statements in good faith on assumptions that it believes to be reasonable when made, these forward-looking statements are not a guarantee of the Trust’s performance, and you should not place undue reliance on such statements. Accordingly, actual results may vary from the projected results and such variations may be material.

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Rate of return (“ROR”) and return on investment (“ROI”) disclosed in this presentation are calculated based on drilling and completion costs and estimated future lease operating expenses and do not give effect to expenses of the Trust. In addition, these costs may be higher than we are projecting or may increase over time. Estimated Ultimate Recovery or “EUR” refers to estimates of the sum of reserves remaining as of a given date and cumulative production as of that date from a currently producing or hypothetical future well, as applicable. These quantities do not necessarily constitute or represent reserves as defined by the SEC. We have not risked EUR estimates, and quantities that may be ultimately recovered from our interest may differ substantially from estimates. A number of factors can impact ultimate recovery, including actual drilling results as well as geological and mechanical factors. Estimates of type/decline curves, per-well EUR, and resource potential may change significantly as development provides additional data. Additionally, initial production rates contained in this presentation are subject to decline over time and should not be regarded as reflective of sustained production levels.

PERMROCK ROYALTY TRUST OVERVIEW

PermRock Royalty Trust offers investors many of the benefits of direct ownership in oil and gas properties.

Favorable Structure

- PermRock Royalty Trust (“PermRock”) or (the “Trust”) is a perpetual royalty trust formed by Boaz Energy II, LLC (“Boaz Energy”) through a conveyance of an 80% net profits interest (“NPI”) in oil and natural gas producing properties located in the Permian Basin.

Aligned Interest

- The organizational structure incentivizes continued prudent development of the Underlying Properties. PermRock unitholders and its sponsor, Boaz Energy, share comparable economics.

Net Profits Calculation

- The NPI represents the Trust’s right to receive 80% of cash flow after lease operating expense (“LOE”), severance and ad valorem taxes and capital expenditures. The remaining 20% of the NPI is retained by Boaz Energy.

Tax Advantaged Monthly Distribution

- PermRock is a pass-through entity making monthly distributions with unitholders receiving an annual form 1099 and information to assist in calculating any applicable depletion allowance for tax purposes.

Operational Update

- PermRock’s distributions are influenced by various factors. Basin differentials and capital investments are examples of factors that have had a significant influence on the distributions during Q2 and Q3.

FAVORABLE STRUCTURE

PermRock is a perpetual royalty trust formed by Boaz Energy through a conveyance of 80% net profits interest in oil and natural gas producing properties located in the Permian Basin.

Who is PermRock?

- PermRock is a Delaware statutory trust formed to own a perpetual interest in oil and natural gas producing properties.

Who is the Trustor and Trustee?

- The Trust was established in 2017 through a trust agreement among Boaz Energy as Trustor, Simmons Banks, as Trustee and Wilmington Trust, as Delaware Trustee.

Conservative Structure

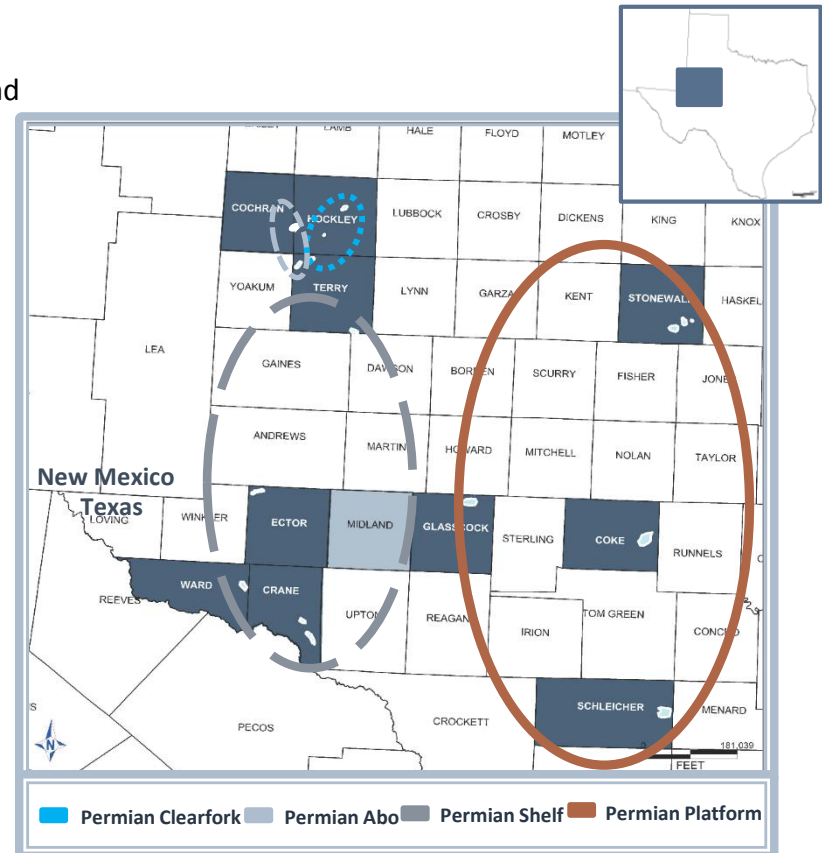
- No leverage is permitted at the Trust level.¹

Ownership of Real Property

- Units of PermRock are treated as mineral royalty interests and are a tax advantaged investment reported on a Form 1099.

Perpetual Trust

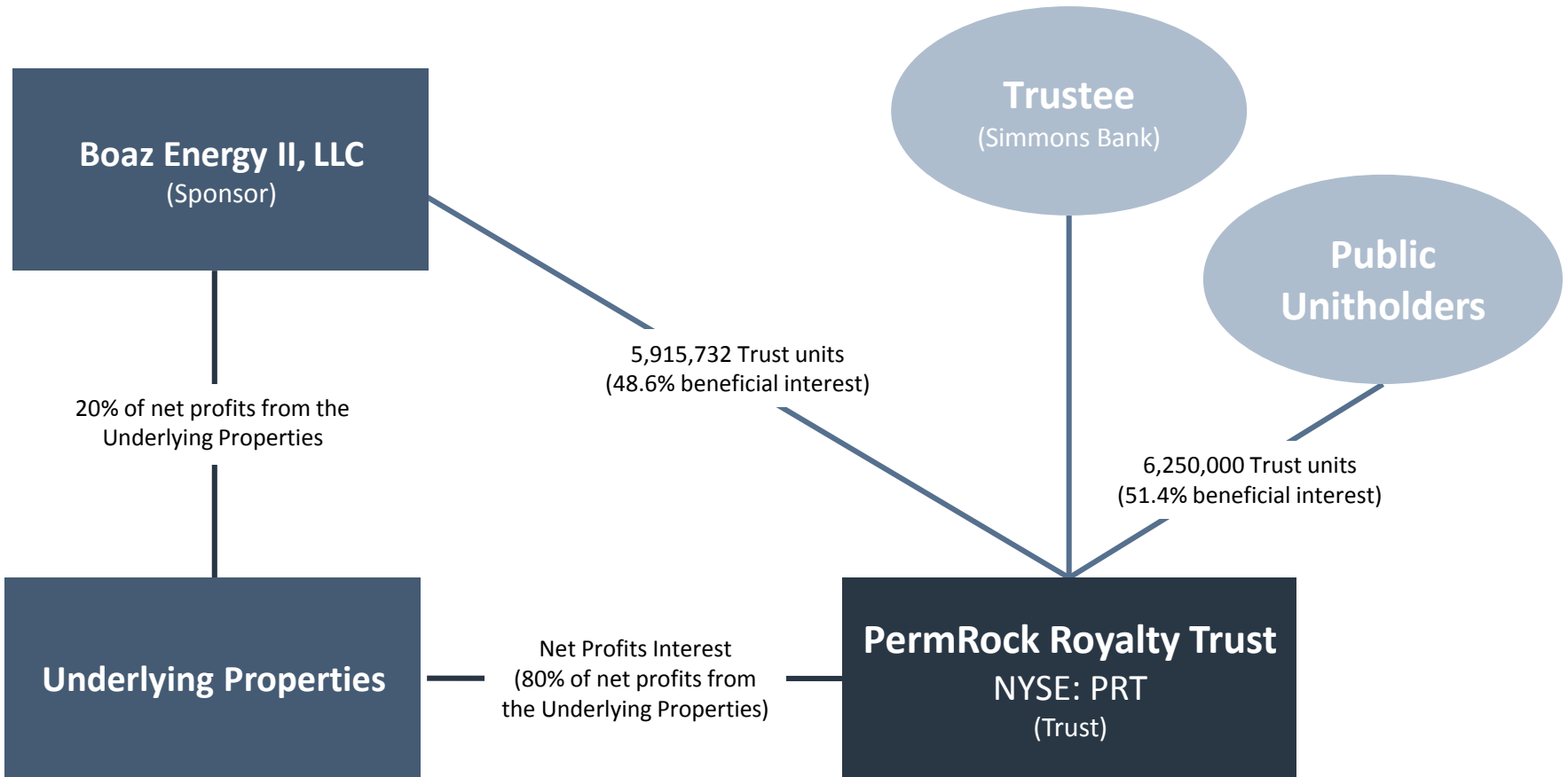
- The Trust has a perpetual ownership in defined assets. These assets represent a significant resource base with additional development opportunities.



1. Under limited circumstances, the Trustee may cause the Trust to borrow funds to pay Trust liabilities.

ALIGNED INTEREST

The organizational structure incentivizes continued prudent development of the Underlying Properties. PermRock unitholders and the Trust's sponsor share comparable economics.



NET PROFITS CALCULATION

The NPI represents the Trust's right to receive 80% of cash flow after lease operating expenses ("LOE"), severance and ad valorem taxes and capital expenditures. The remaining 20% of the NPI is retained by Boaz Energy.

Conventional Properties

- Mature, conventional Permian Basin oil fields.

Shallow Decline

- Shallow, predictable decline rates. Five-year average proved developed decline of 7.2%.¹

Oil Focused

- 89% oil reserves and 74% proved developed reserves.¹

High Margin Properties

- \$15.71 per BOE operating expense. (includes LOE, taxes, tax accruals, and the operator's administrative overhead charges)²

High % of Operational Control

- Boaz Energy is the operator of 89% of current net production.²

Monthly Net Profits Calculation

Revenue from Underlying Properties

–	Lease Operating Expenses
–	Severance & Ad Valorem Taxes
–	Development Capex

Net Profits (100%)

20%	80%
Boaz Energy	PermRock Royalty Trust
+	Hedge Impact ³

Distribution to Trustee

–	Trust Expenses
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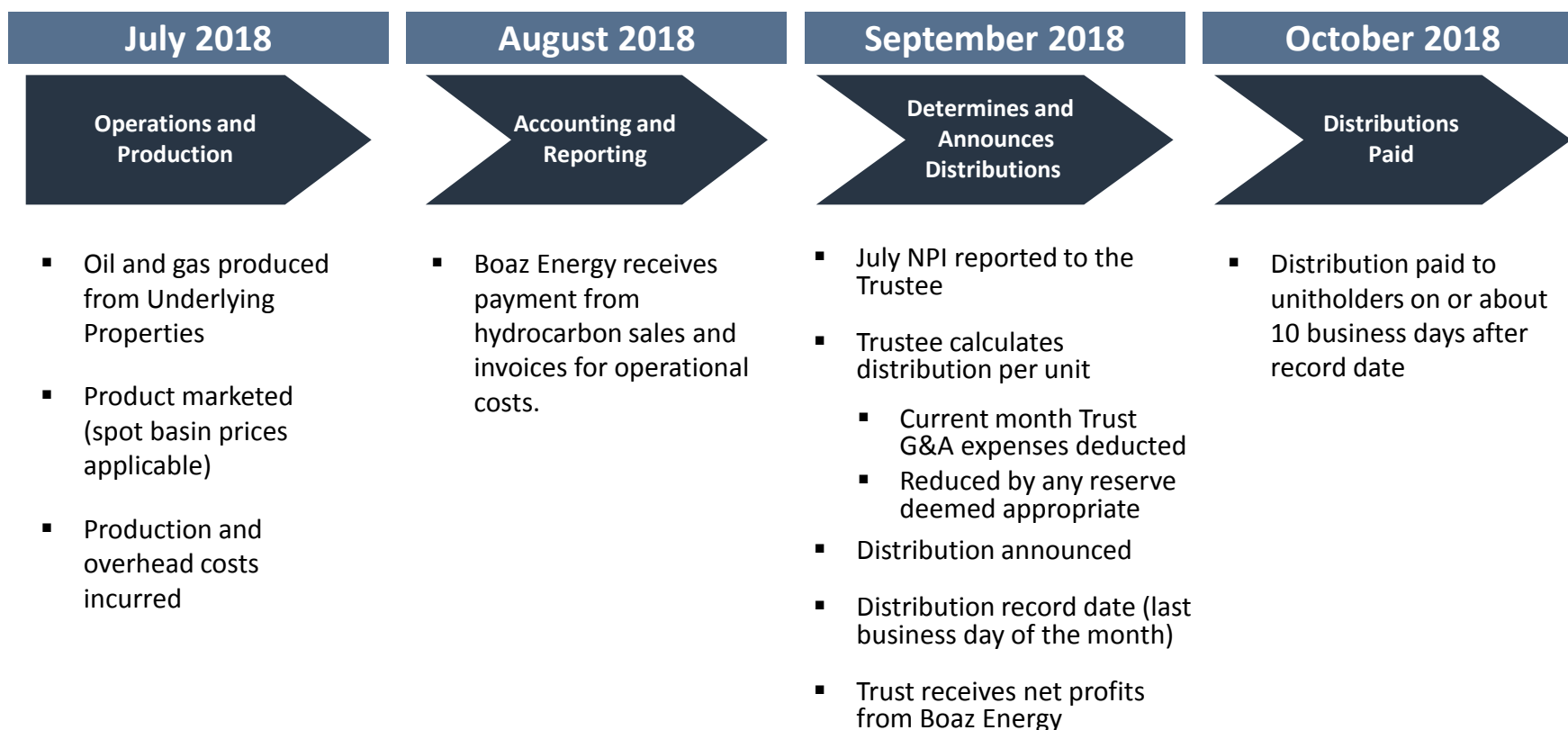
Distribution to Unitholders

1. 12/31/2017 SEC reserve report; prepared by Cawley, Gillespie & Associates
 2. Based on the distribution announced 9/18/2018.
 3. Hedge impact can only be positive as the Trust was conveyed the right to any profits on certain NYMEX Oil put options purchased by Boaz Energy through 2019.

NET PROFITS CALCULATION

The NPI is distributed monthly to unitholders using a modified cash basis of accounting. As a result, distributions may vary from month to month based on the nature of oil and gas operations.

Distribution Mechanics for 9/18/2018 Announcement



TAX ADVANTAGED INVESTMENT

PermRock is a pass-through entity making monthly tax advantaged distributions with unitholders receiving an annual form 1099 for tax reporting purposes.

What is a Tax Shield

- Units in PermRock are treated as mineral royalty interest and distributions are taxed as ordinary income subject to a depletion deduction. The basis of the unit is adjusted accordingly, creating a potential income tax shield until the unit is ultimately sold.

Depletion Deduction

- Depletion is a form of depreciation that allows for a deduction from taxable income to reflect declining production reserves over time. Unitholders take the greater of either percentage depletion or cost depletion.

How is the Tax Shield Calculated?

(Example Scenario)

- An investor purchases 10,000 units of at a price of \$17.00/unit in January and holds the units throughout the calendar year.

Original Basis:	\$170,000	10,000 units x \$17.00/unit
Depletion Factor:	0.05	
Depletion Amount:	\$8,500	Original Basis x Depletion Factor
Adjusted Basis:	\$161,500	Original Basis – Depletion Amount
Yearly Distribution:	\$17,500	10,000 x \$1.75/unit
Taxable Income:	\$9,000	\$17,500 - \$8,500
Tax Advantage:	\$8,500 or 48%	

PermRock Yield is Tax Advantaged. The estimated Tax Shield for investors at IPO exceeded 45%.

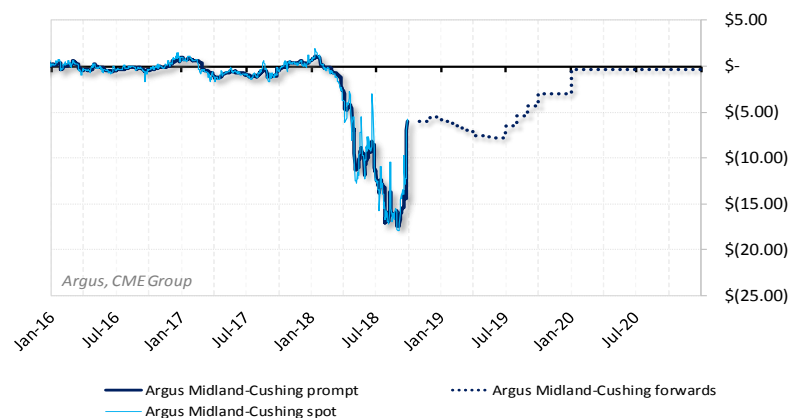
OPERATIONAL UPDATE - BASIN DIFFERENTIALS

PermRock's distributions are influenced by various factors including basin differentials to NYMEX.

Basin Differential Outlook

- Basin differentials are the difference in the price received for oil & natural gas sales in a specific region relative to the monthly average price traded on the NYMEX.
- The oil price received by the Trust is subject to basin differentials. Historically the differentials have more closely tracked the NYMEX price, but due to the rapid growth in oil production in the Permian Basin, take-away capacity in the region has been strained, causing these differentials to widen substantially in recent months.¹
- The forward curve suggests that the basin differentials will return to normal levels as numerous pipeline projects come online over 2018 and 2019.

Midland-Cushing Prompt History & Forward Curve



2018 Review of Received Oil Price

Production Month	Declaration Date	NYMEX Oil Price for the Month	PermRock Oil Price Received	Implied Differential to NYMEX
Jan-18	5/4/2018	\$63.55	\$61.57	(\$1.98)
Feb-18	5/4/2018	\$62.16	\$60.16	(\$2.00)
Mar-18	5/18/2018	\$62.87	\$59.64	(\$3.23)
Apr-18	6/19/2018	\$66.33	\$62.83	(\$3.50)
May-18	7/20/2018	\$69.89	\$62.96	(\$6.93)
Jun-18	8/21/2018	\$67.32	\$56.45	(\$10.87)
Jul-18	9/18/2018	\$70.74	\$60.55	(\$10.19)

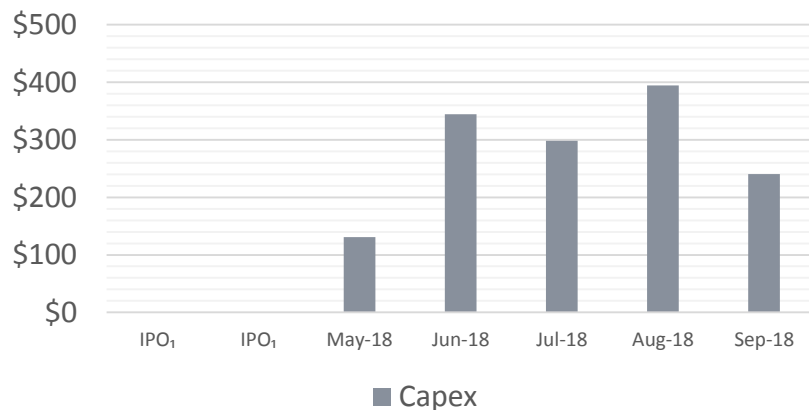
As an example, using oil production from the distribution announced 9/18/2018, a \$3.00 increase in the received price for oil adds approximately \$0.01/unit to the distribution.

1. The average oil differential including transportation fees on the underlying properties in 2017 was minus \$3.31 from NYMEX

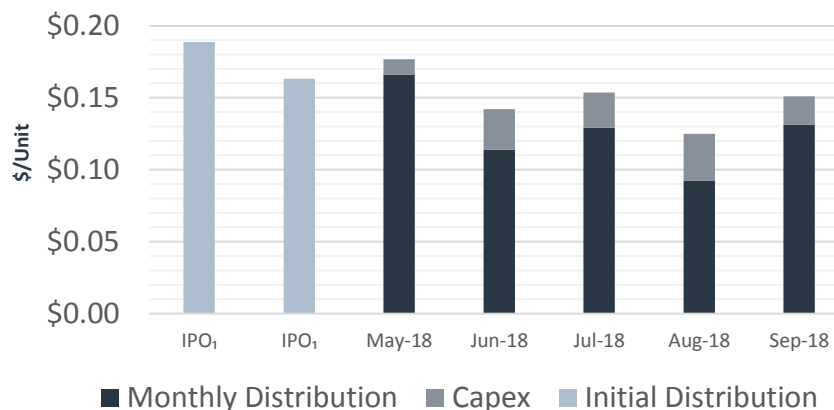
OPERATIONAL UPDATE - CAPEX

PermRock's distributions are influenced by the amount and timing of capital invested in development.

CAPEX by Distribution Month



Distribution and CAPEX per Unit



Investment Opportunities

- The underlying properties include both Boaz Energy operated and non-operated acreage. At IPO, Boaz Energy had not booked any undeveloped reserves on non-operated acreage electing instead to maintain a more conservative outlook.
- Since IPO, Boaz Energy has reinvested \$1.76 MM (\$1.41 MM net to PRT) in order to further develop and expand its reserve base.

Investment Philosophy

- Boaz Energy remains committed to a disciplined capital program that includes a focus on return to Unitholders. Boaz Energy will continue to invest capital in high quality projects while striving to maintain steady distributions to unitholders.

1. The 1st distribution following the IPO was 2 months of net profits (Jan. 18 & Feb. 18) effective 01/01/2018.

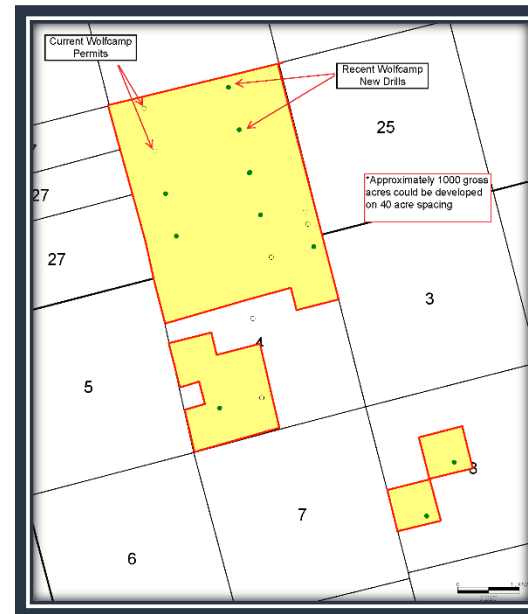
OPERATIONAL UPDATE - CAPEX

Developmental Drilling

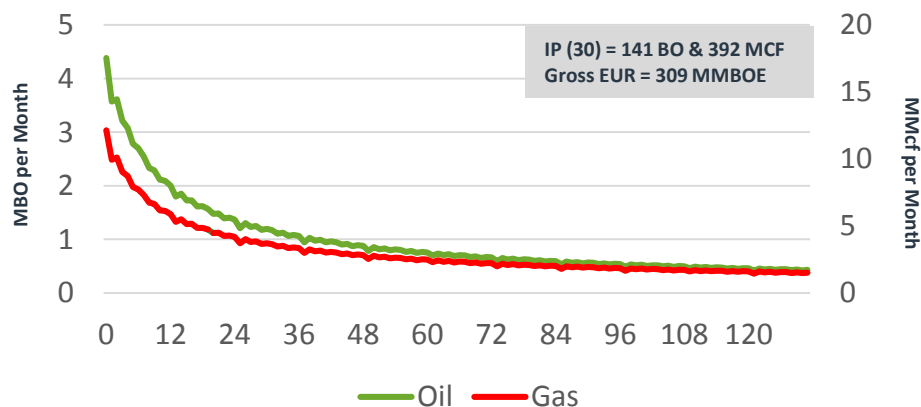
Boaz Energy is participating in an active drilling program as a non-op partner. This program represents a significant portion of the Trust's CAPEX to date.

Drilling Program Example¹

- Location: Crane and Ward Counties
- Type of Projects: Vertical Wolfcamp Producers
- D&C Costs: \$1.2 MM gross (\$0.1 MM net to PRT)
- Type Curve Economic Outputs: (\$60 oil flat and \$3 gas flat)
 - ROR = 137%
 - ROI = 6.1
 - Payout = 1.05 years



Type Curve



Future Development

- Since the IPO of the Trust, Boaz Energy has participated in several successful vertical Wolfcamp wells which have proven up additional drilling locations.
- Economics on the vertical Wolfcamp wells are compelling and Boaz Energy has elected to continue participating in the developmental program.

1. Boaz Energy internally generated type curve and EUR based on offset producing Wolfcamp wells

PERMROCK ROYALTY TRUST INVESTMENT OVERVIEW

Perpetual structure, no leverage permitted and limited bankruptcy risk

Tax benefits of owning oil and natural gas assets, including a tax advantage and the simplicity of a Form 1099

Attractive, long-term investment opportunity in Permian Basin oil

Mature, low-risk reserves with predictable, low-decline production profile

Substantial waterflood operations in place with limited capex required

Significant resource base with potential development opportunities not reflected in value of proved reserves

Low cost operator controlling over 89% of production as of September 18, 2018

Sponsor interest aligned with the Trust