

Teton Energy

climbing to new heights

Company Update
July 2006

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Forward Looking Statements

This presentation may contain “Forward-Looking Statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts included in this release may constitute forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Actual results may differ materially from the Company’s expectations due to changes in operating performance, project schedules, oil and gas demands and prices, and other technical and economic factors.

We use certain terms in this presentation, such as “probable and possible” reserves that the SEC’s guidelines strictly prohibit us from including in filings with the SEC. The SEC defines proved reserves as estimated quantities that geological and engineering data demonstrate with reasonable certainty to be recoverable in the future from known reservoirs under the assumed economic conditions. Probable and possible reserves are estimates of potential reserves that are made using accepted geological and engineering analytical techniques, but which are estimated with a reduced level of certainty than for proved reserves. Possible reserve estimates are less certain than those for probable reserves.

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Presentation Outline

- Snapshot
- Projects / Operations
- Drilling Program
- Revised Drilling / Capex
- Margin Analysis
- Strategy / Goals
- Summary
- Stock Chart

Teton Snapshot

- Denver-based E&P company with 3 Rocky Mountain oil & gas projects
- Management experienced at growing companies and large-scale projects
 - Rockies and international experience
 - Public company integrated and independent E&P backgrounds
- Large prospect inventory—over 1,900 locations
- Strong operators for current projects
 - Piceance—Berry Petroleum (BRY)
 - Denver-Julesburg—Noble Energy, Inc. (NBL)
 - Williston—Evertson Operating Company (Private)
- Mid-year revised CAPEX targets 31 wells for 2006

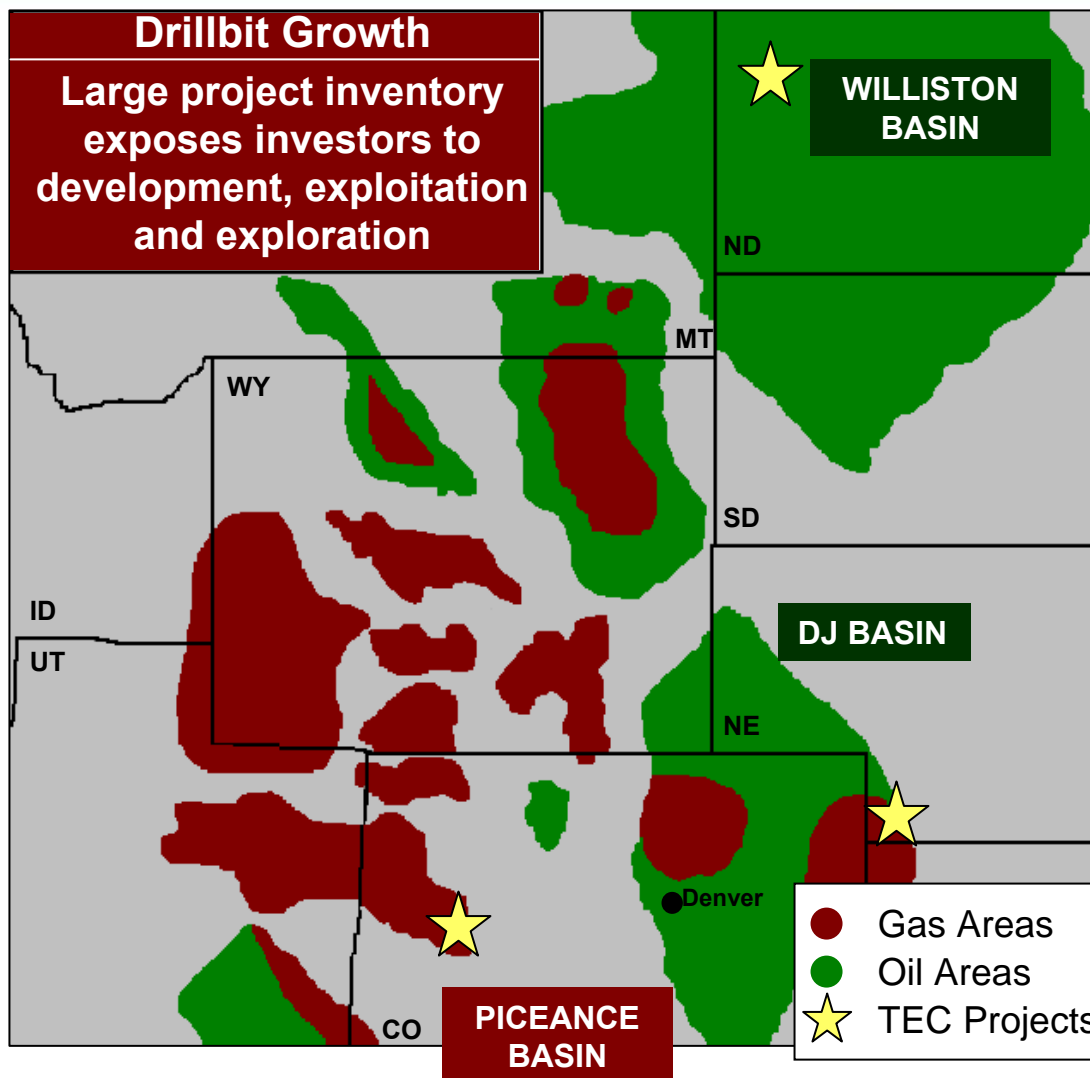
Rocky Mountain Projects

Piceance

- Current core area
- 6,314 gross acres
- 628 gross locations
- 10 acre spacing
- 25% WI
- 14 producing wells
- 1.4MMCFD Q2 net production (estimated)
- 2006 revised CAPEX \$15.75MM
- BRY operates

Drillbit Growth

Large project inventory exposes investors to development, exploitation and exploration



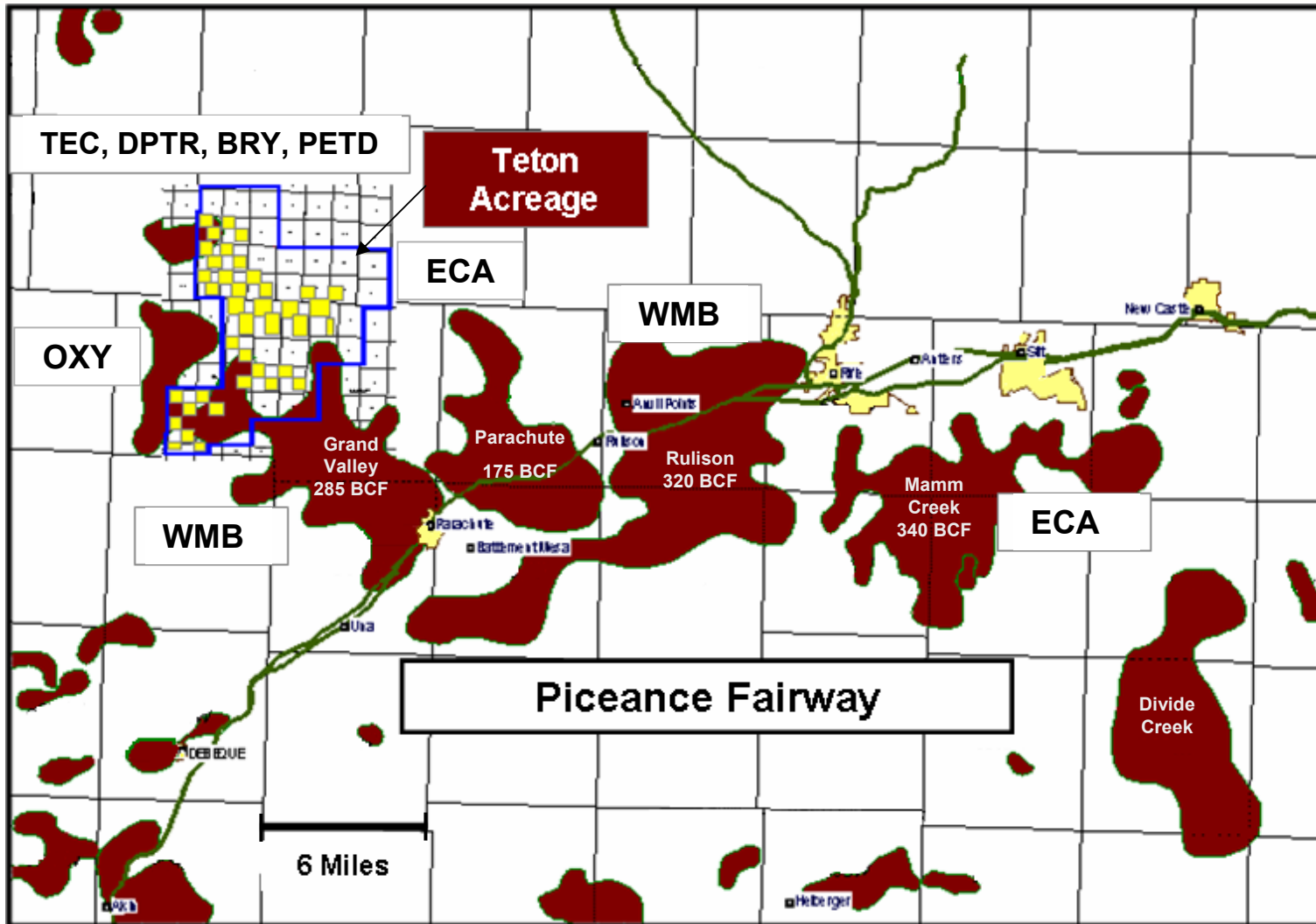
Williston

- 90,000 gross acres
- 100+ gross locations
- 640 acre spacing
- 25% WI
- 2006 CAPEX \$1.55MM
- Oil-prone target formation (Bakken)
- Evertson operates

DJ

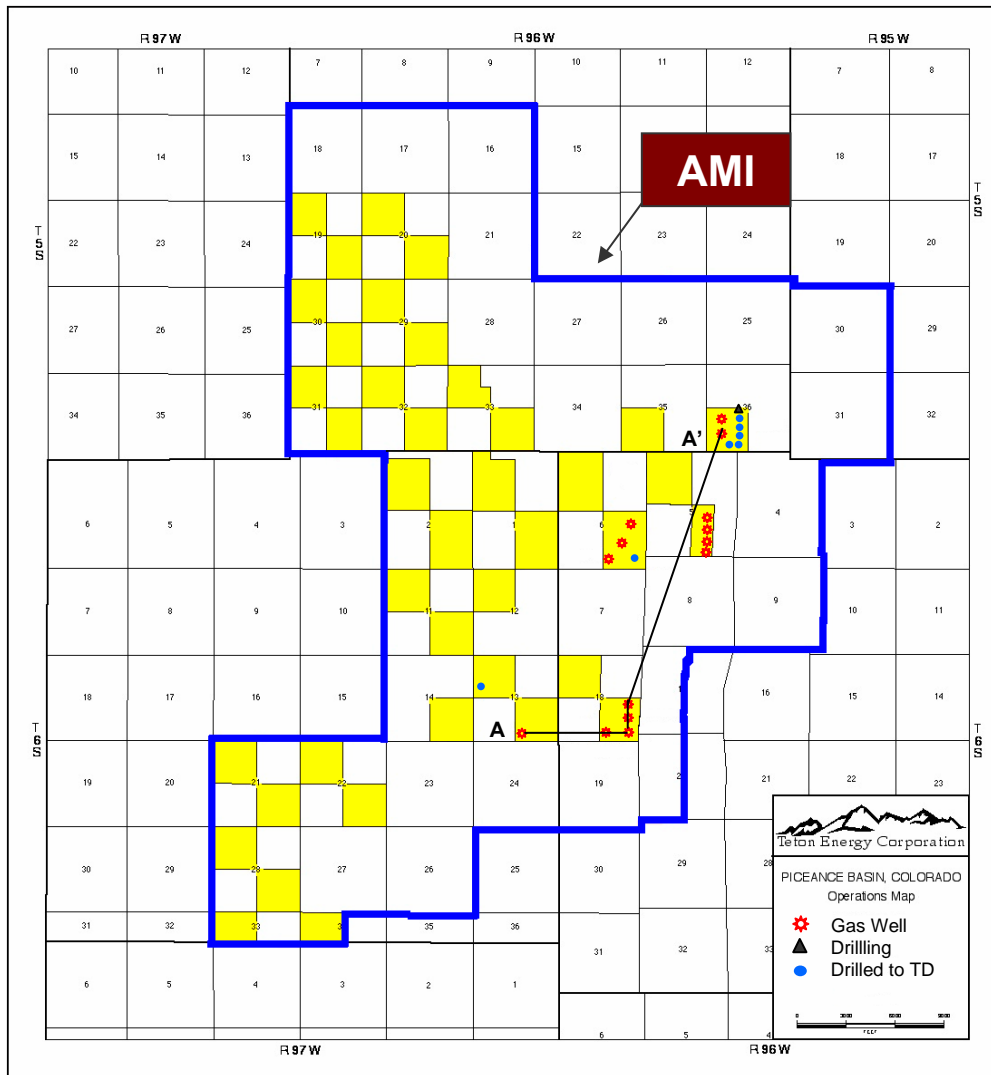
- 182,000+ gross acres
- 1,200 gross locations
- 160 acre spacing
- 25% WI
- 2006 revised CAPEX \$0.5MM
- NBL operates

Piceance Development



 Teton Acreage

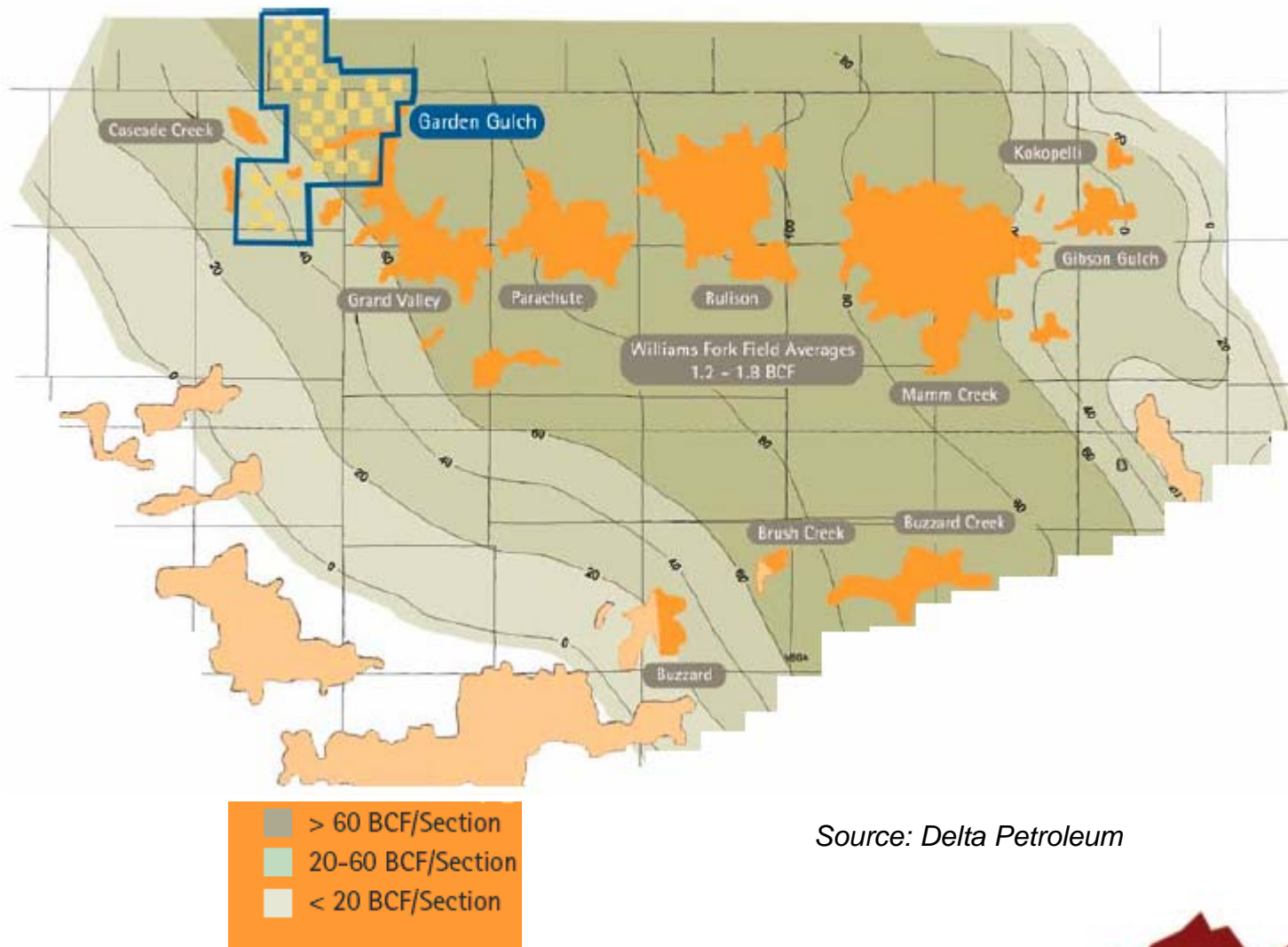
Piceance Drilling Details (07/18/06)



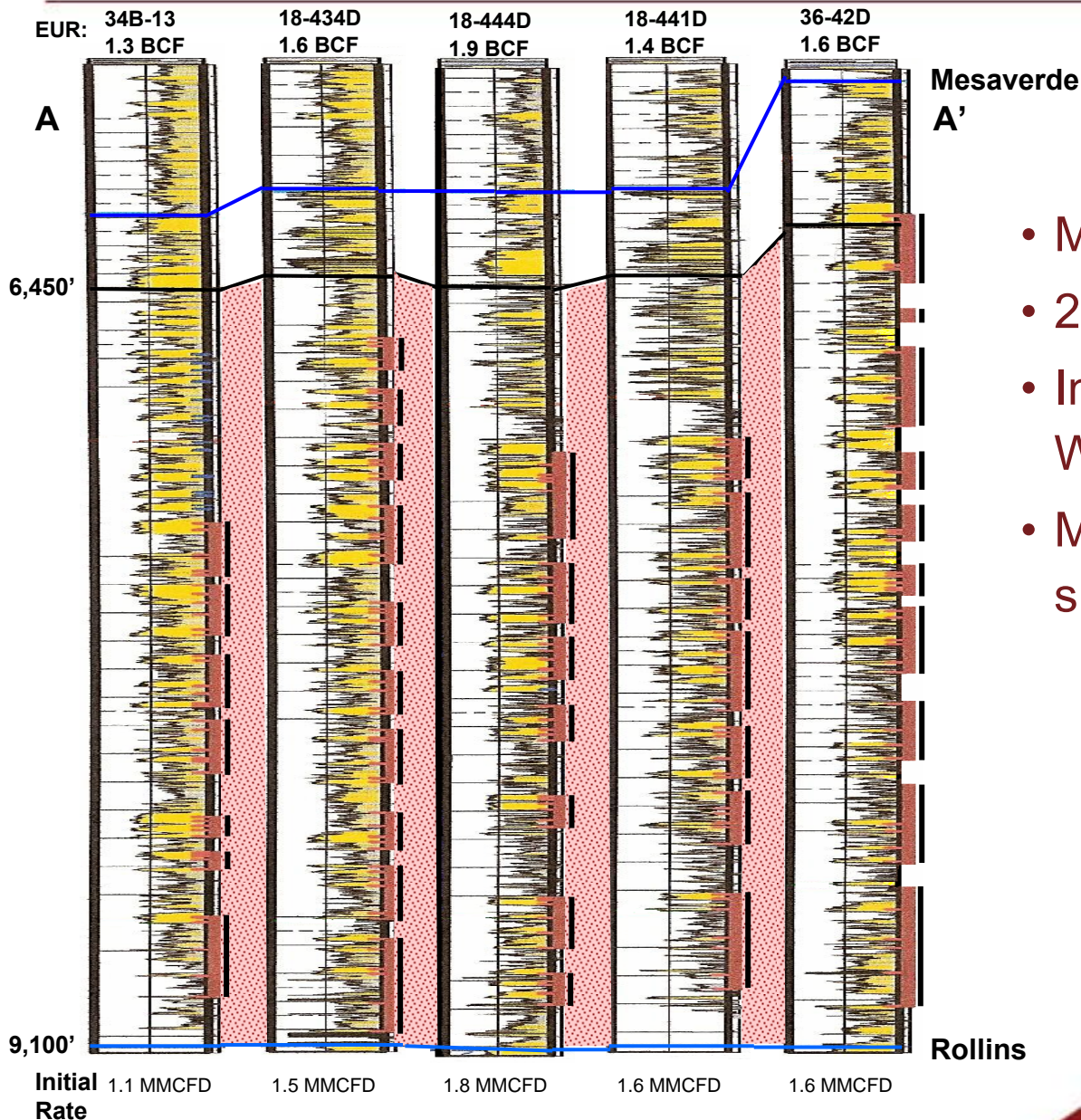
*Well locations are approximate

- 10 wells drilled in 2005
- 10 wells drilled through Q2 2006 (1 rig)
- 30 gross wells budgeted for 2006
- One additional rig by July 2006. Third rig expected by September 2006. Fourth rig possible by yearend.
- 14 producing wells* (6/30/06)
- 6 wells awaiting completion
- \$2.1MM / well (D&C)
- 628 gross locations (10 ac.)
- 5-8 years of drilling inventory

Piceance EUR Map

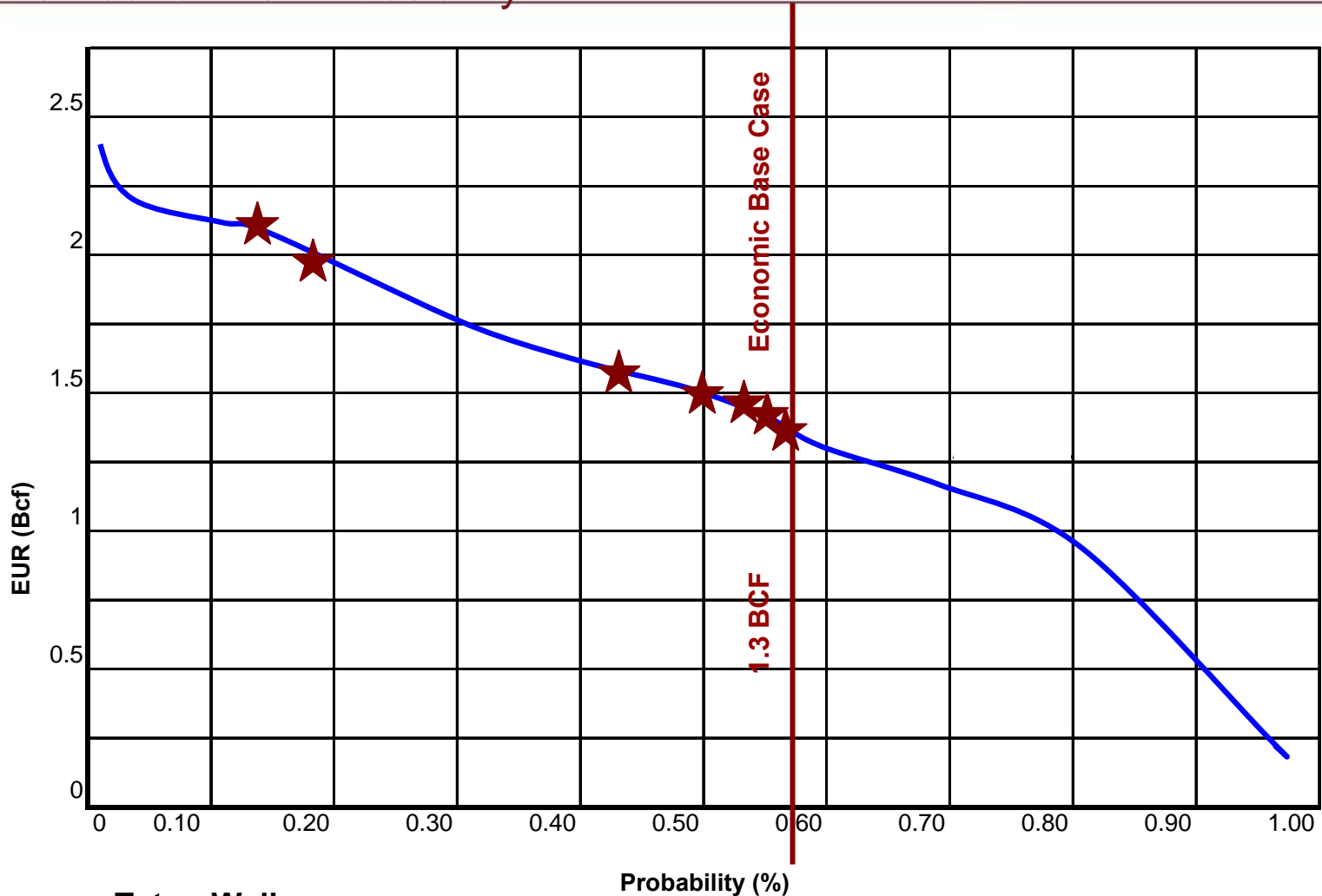


Teton Cross Section A-A'



- Multiple stage fracs (7-10)
- 2,100-3,000 ft. gas column
- Increase in net pay in upper Williams Fork
- Multiple wells drilled from single pad

Grand Valley Area—Estimated Ultimate Recovery (EUR) Distribution vs. Probability



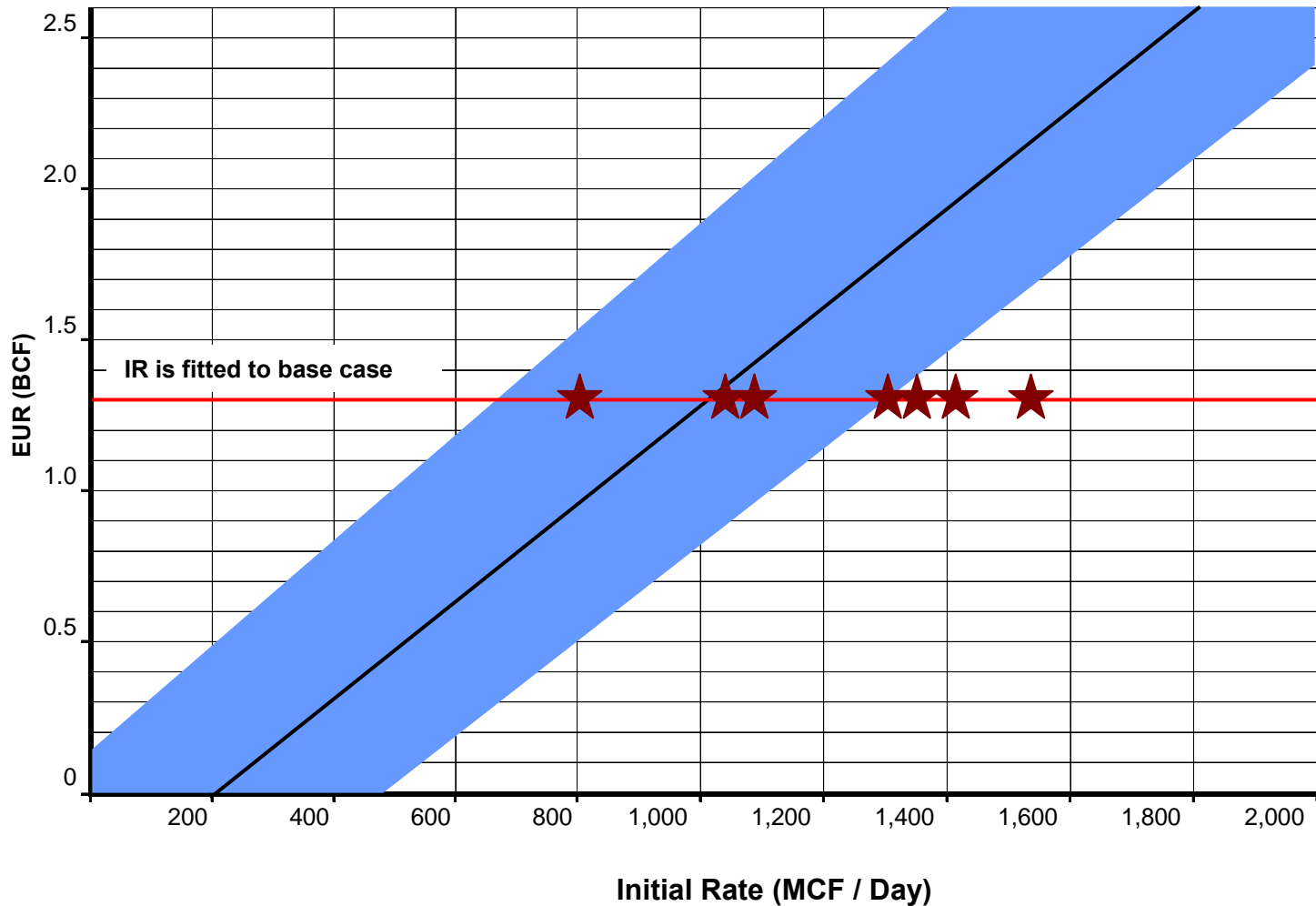
Teton Wells:

- ★ 34B-13 = 1.3 BCF
- ★ 36-42D = 1.4 BCF
- ★ 36-32D = 2.2 BCF
- ★ 18-441D = 1.4 BCF
- ★ 18-344D = 1.3 BCF
- ★ 18-444D = 1.9 BCF
- ★ 18-434D = 1.6 BCF

10

*Does not include 7 wells testing in section 5 & 6

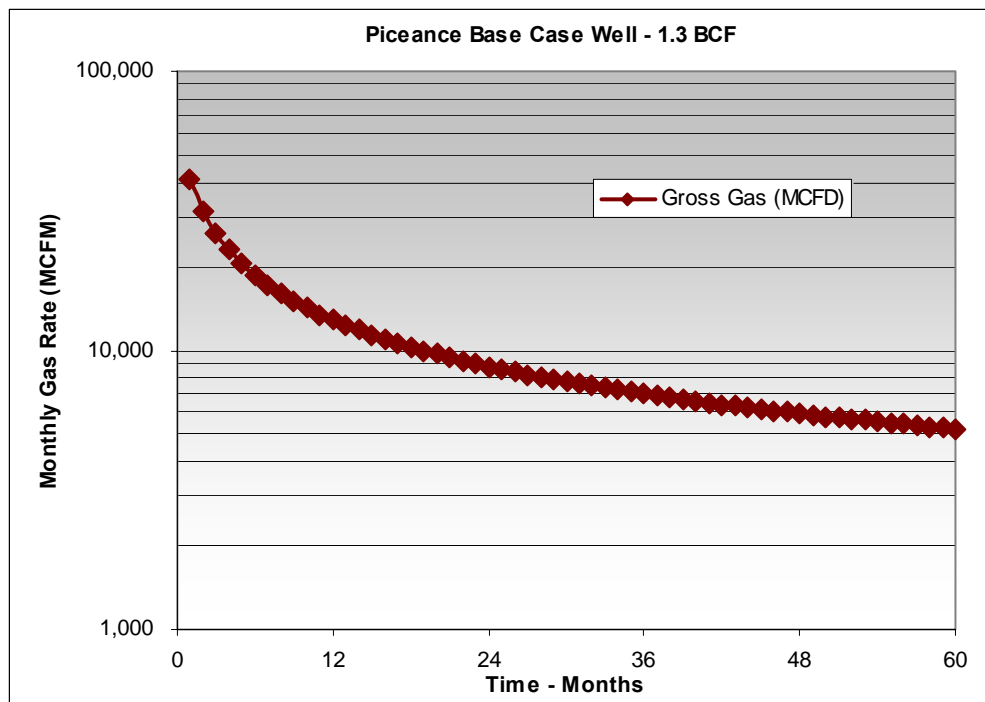
Initial rate of 7 testing wells in section 5 & 6—Fit to Grand Valley Area Initial Rate (IR) vs. Estimated Ultimate Recovery (EUR)



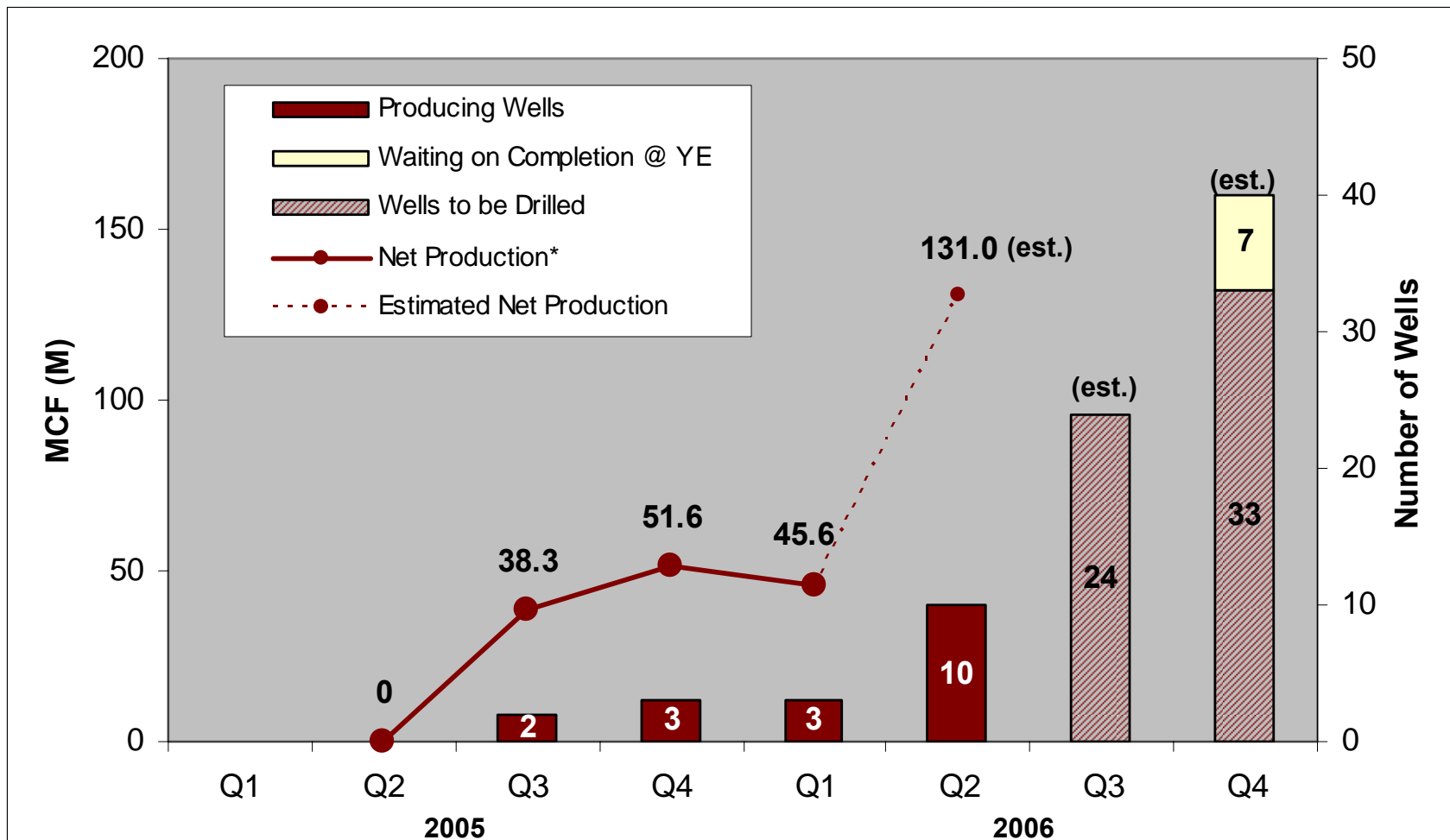
Piceance Williams Fork Parameters

• Total Acquisition Cost:	\$6.29MM	• Decline Rate:	75% (1st Yr.) / 7% (S)
• Cost Per Net Acre:	\$4,055	• Productive Life:	31 years
• 2006 Capital Requirements:	\$15.75MM	• Gross Acres:	6,314
• Gross Well Cost:	\$2.1MM	• W.I.:	25%
• Well Depth:	8,500 - 9,000'	• NRI:	19.68%
• EUR:	1.3 BCF / Well (Base Case)	• Spacing:	10 acres
• IP Rate:	1.3 MMCFD	• Potential Locations:	628 (gross)

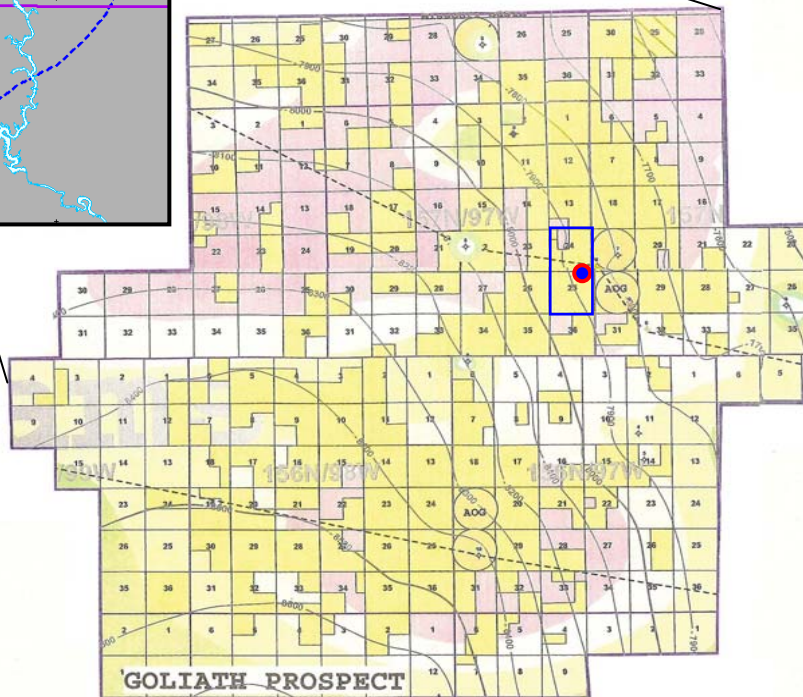
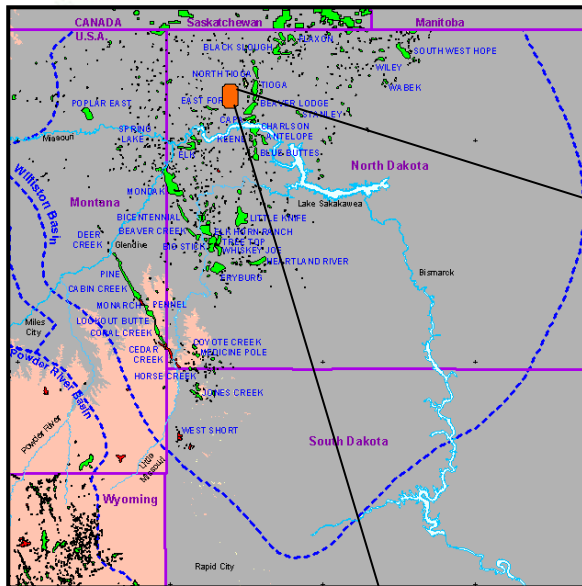
- Core asset that can provide growing cash flow
- 5-8 years drilling inventory
- Low geological risk



Piceance Production Profile



Williston Basin—Bakken Oil Play

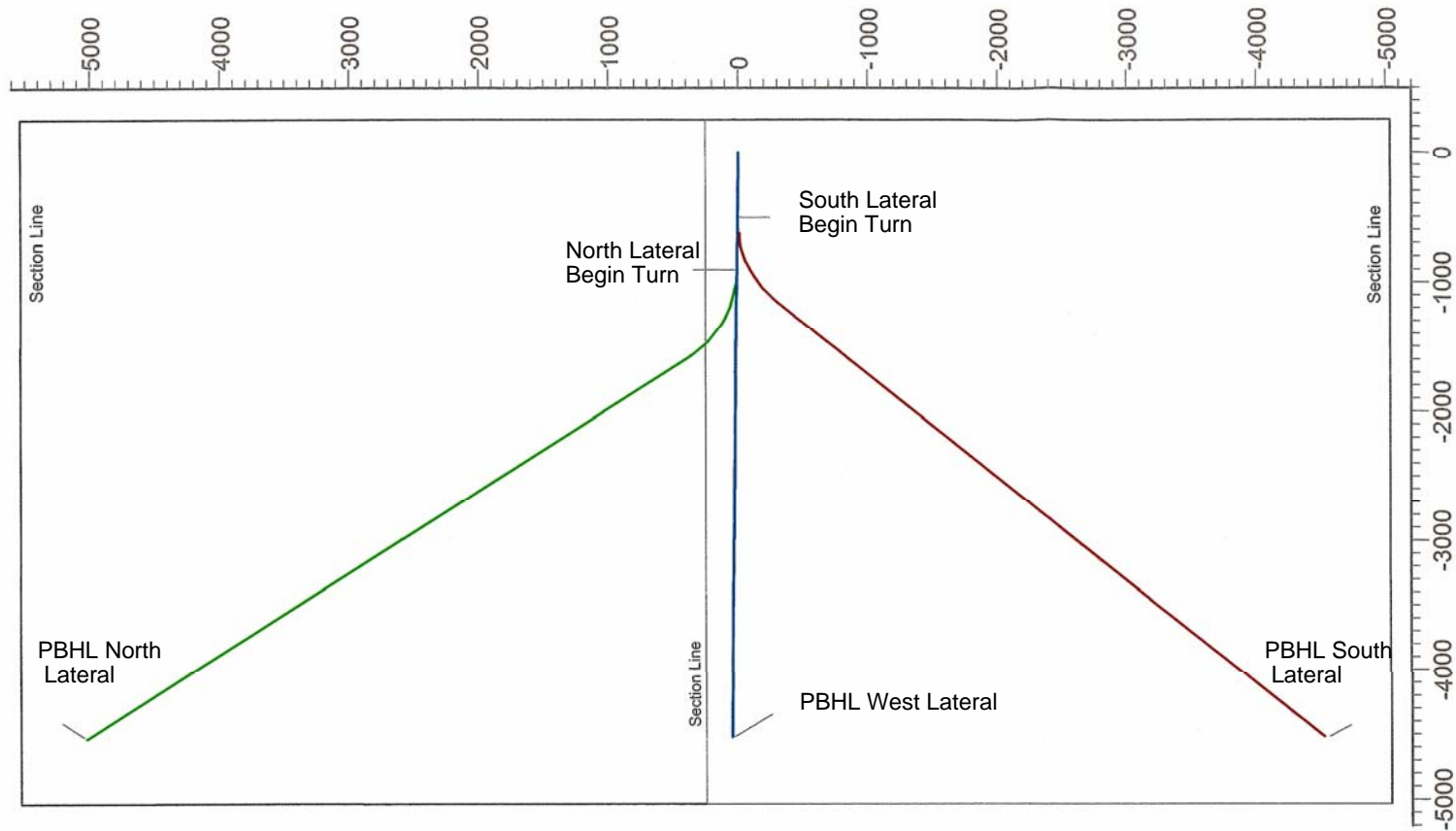


- Currently 14,500 net / 90,000 gross acres
- Potential for 100+ gross wells on 640-acre spacing
- First well expected in fall 2006
- Primary target Bakken Formation
- Secondary potential in Madison, Duperow, Red River, Nisku and Interlake (oil prone formations)
- Favorable results by other operators in area
- Horizontal drilling increases recoveries

- Teton Acreage
- Proposed Location

Bakken Prospect—Tri-lateral Horizontal Configuration (Map View)

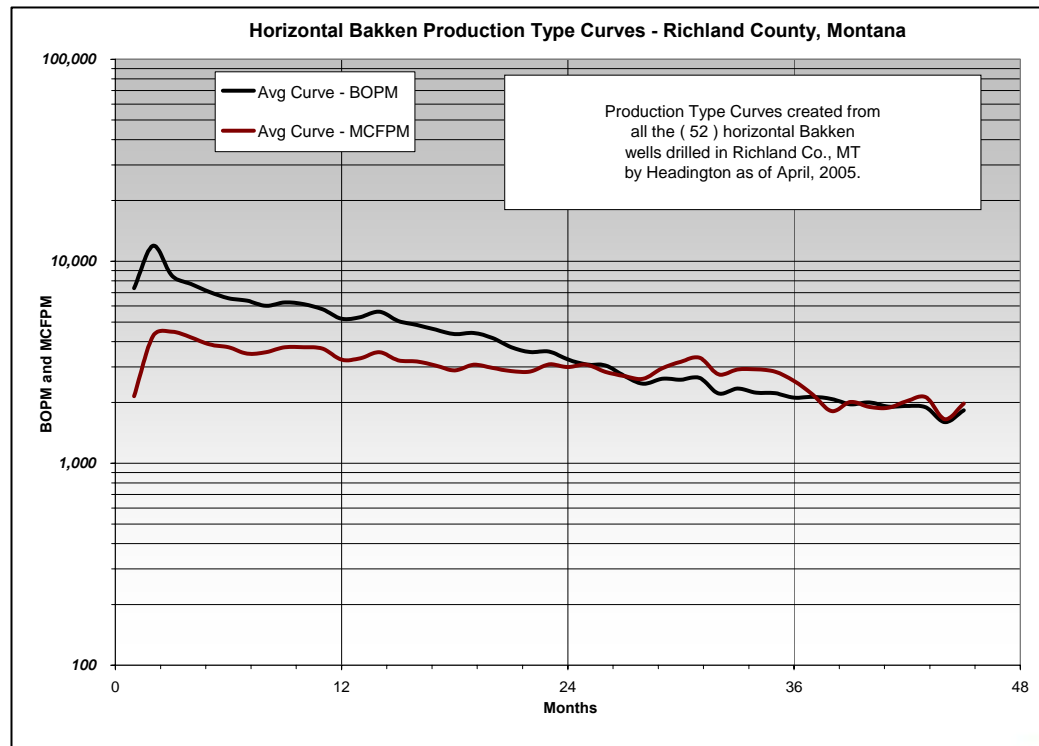
- 10,500' vertical with three laterals
- Follow middle Bakken with laterals contacting increased reservoir volume
- Three laterals intersect stress field / fracture trends at multiple angles



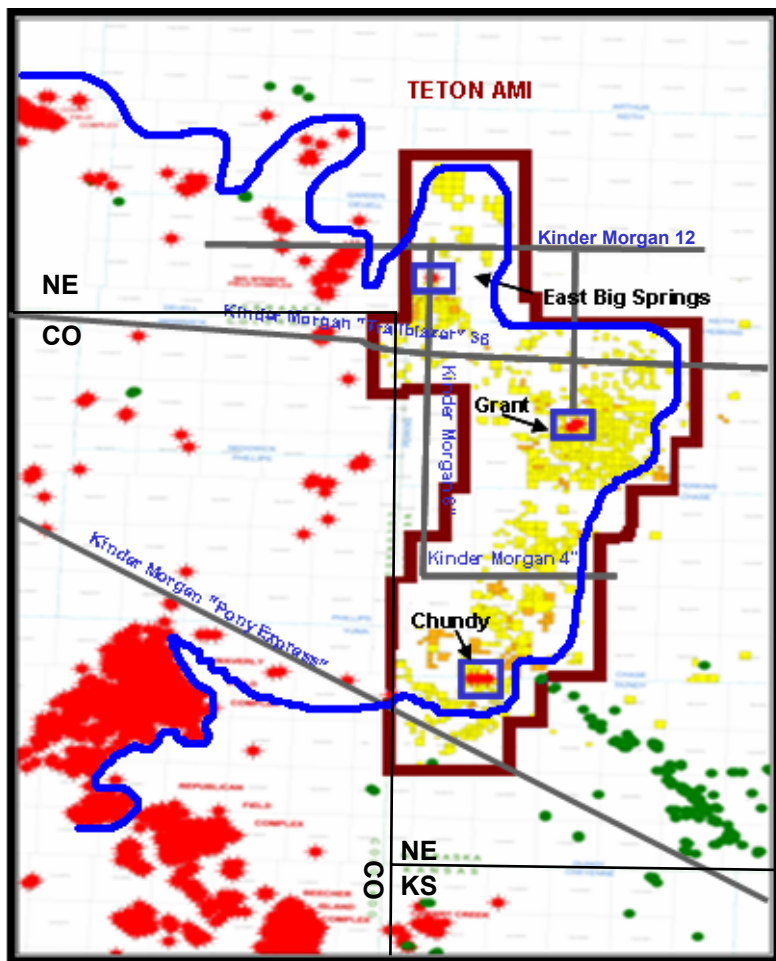
Williston Basin Bakken Project Parameters

• Total Acquisition Cost:	\$6.1MM	• IP Rate:	300-400 BOPD
• Cost Per Net Acre:	\$420	• Gross Acres:	90,000
• 2006 Capital Requirements:	\$1.1 - 1.55MM	• W.I.:	25%
• Gross Well Cost (est.):	\$4.5 - 6.2MM (Dual or Tri-lateral)	• NRI:	20.000%
• Well Depth:	10,500' V, 5,000' L	• Spacing:	640 or 1,280 acres
• EUR:	300-400 MBO	• Potential Locations:	100+

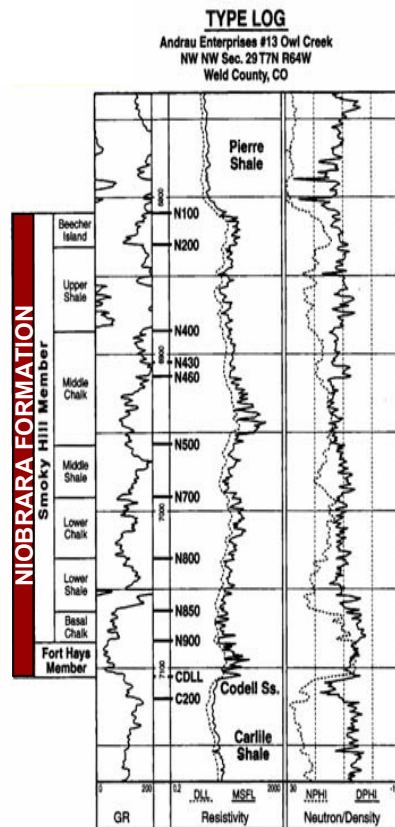
- Oil resource play
- Commodity diversification



DJ Basin—Regional Play Map



- Teton Acreage
- Lead Areas
- Dissolution Edge Permian Salt

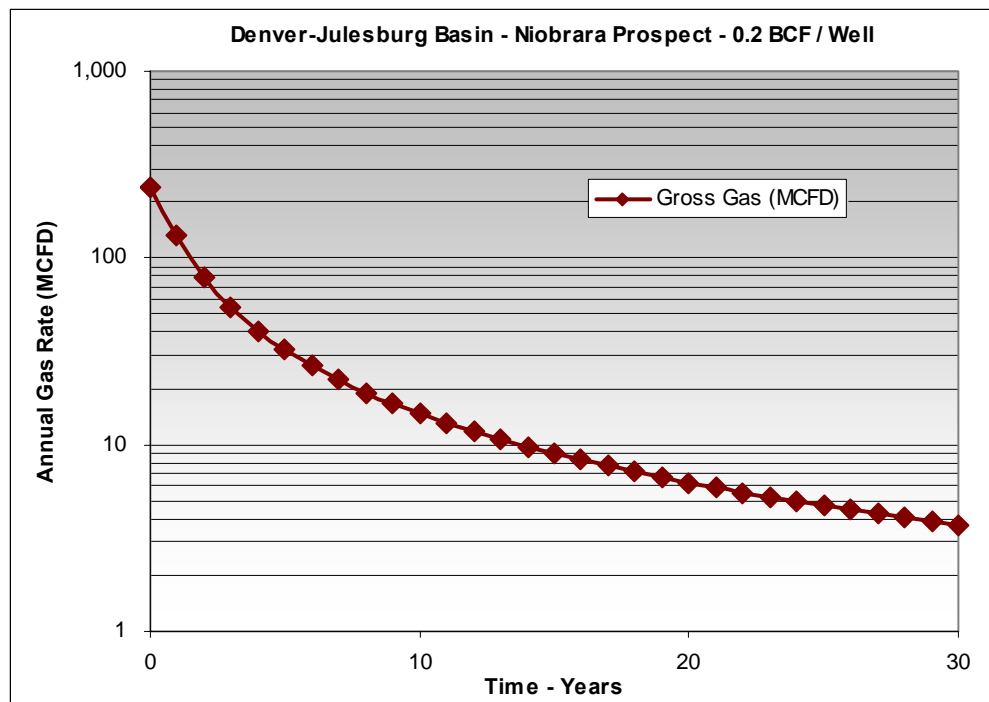


- Over 182,000+ acres (gross)
- 1,200 gross locations
- Noble—75% working interest
- Teton—25% working interest
- Wells drilled in the 1970s tested gas
- Two major pipelines cross acreage
- 20-well carry from Noble to be completed by March 1, 2007 (10 wells to be completed by 12/31/06)
- \$200M / well (D&C)
- Have initiated pilot program

DJ Niobrara Parameters

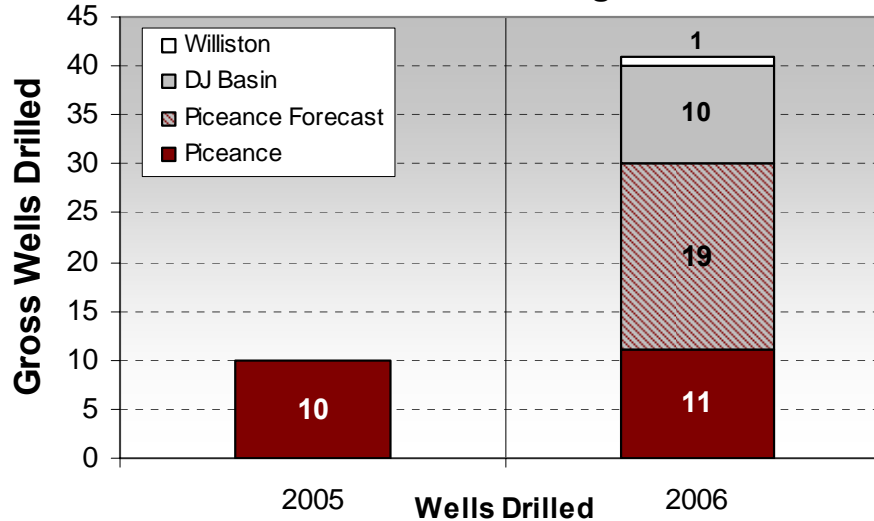
• Total Acquisition Cost:	\$4.2MM	• Decline Rate:	47% (I) / 10% (S)
• Cost Per Net Acre:	\$22	• Productive Life:	30 years
• 2006 Capital Requirements:	\$0.5MM	• Gross Acres:	182,000
• Gross Well Cost:	\$0.2MM	• W.I.:	25%
• Well Depth:	2,000'	• NRI:	20.375% avg.
• EUR:	0.2 - 0.3 BCF / Well	• Spacing:	160 acres
• IP Rate:	240 MCFD	• Potential Locations:	1,200 (unrisked)

- Emerging resource play
- Carried interest through pilot exploration
- Experienced operator

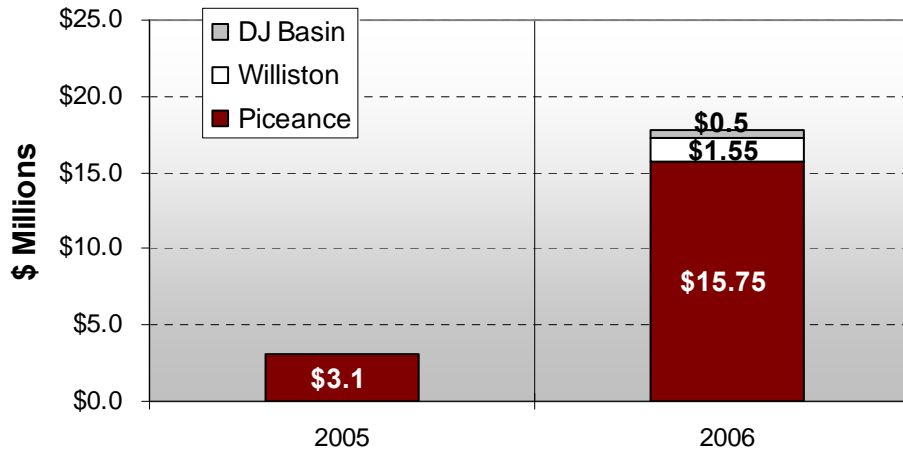


Revised Drilling / Capex

2005 vs 2006 Drilling Forecast



Capex: 2005 Actual vs. 2006 Forecast

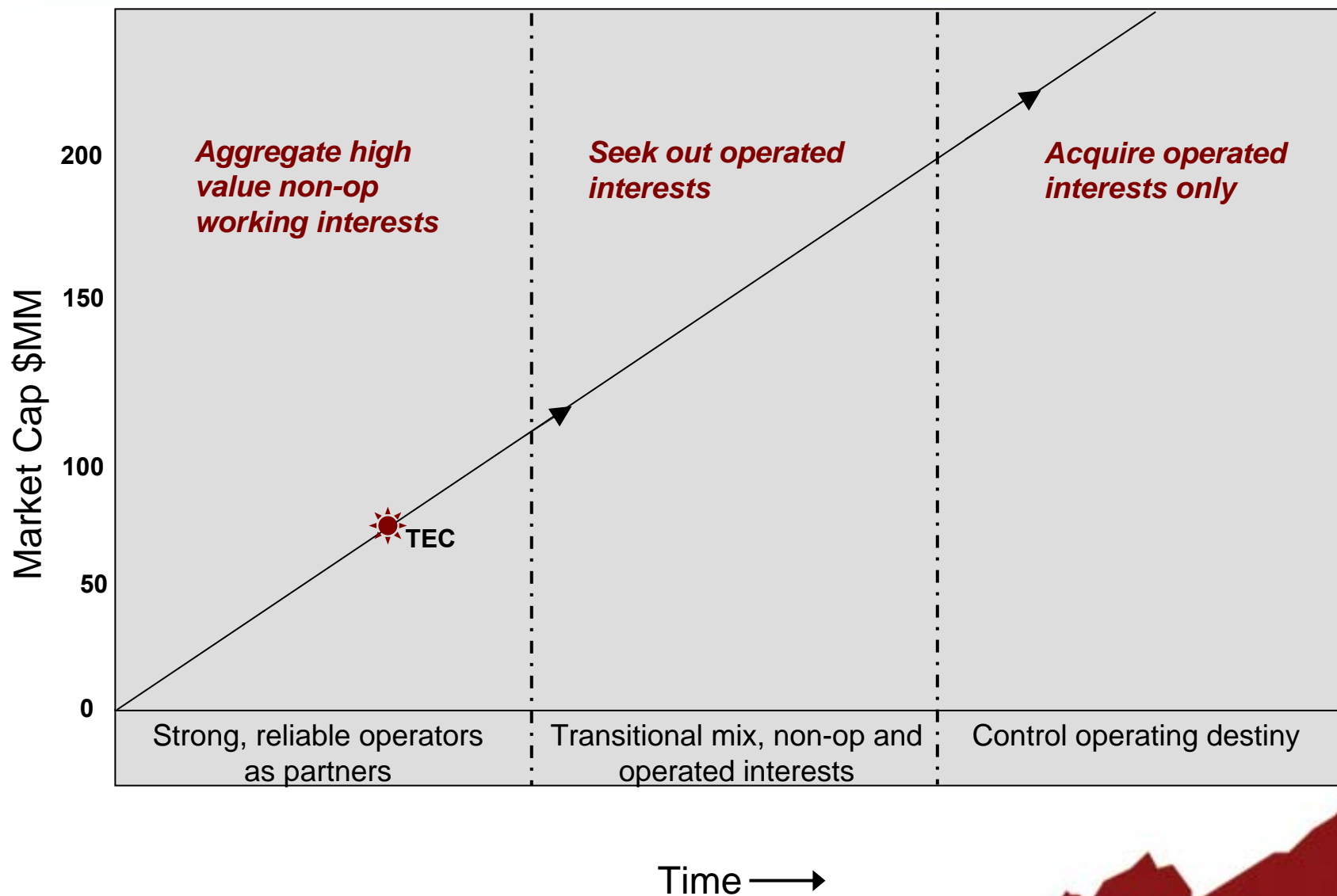


Margin Analysis

- Excellent margins aided by low lease operating expenses and production tax expenses
- Basis differentials should improve with the planned expansion of takeaway capacity (Rocky Mountain Express)
- Low drilling risk translates into low development costs

Piceance Basin Margin Analysis (\$/Mcf)		
2006E NYMEX Gas Price	\$6.00	
Basis Differentials & Deducts	(1.74)	
Lease Operating Expense	(0.28)	
Severance & Ad Valorem Taxes	(0.30)	
Net Cash Margin	\$ 3.68	61%
Development Costs	(1.50)	
Unit Cash Flow	\$ 2.18	36%

Strategy—Operated vs. Non-Operated Projects



2006 Goals / Progress

2006 Goal

- 30 well development drilling program in Piceance Basin
- Execute exploration program in Denver-Julesburg Basin
- Pursue opportunistic acquisitions
- Secure Senior Debt facility
- Build internal staff to operate future acquisitions
- Acquire operated asset

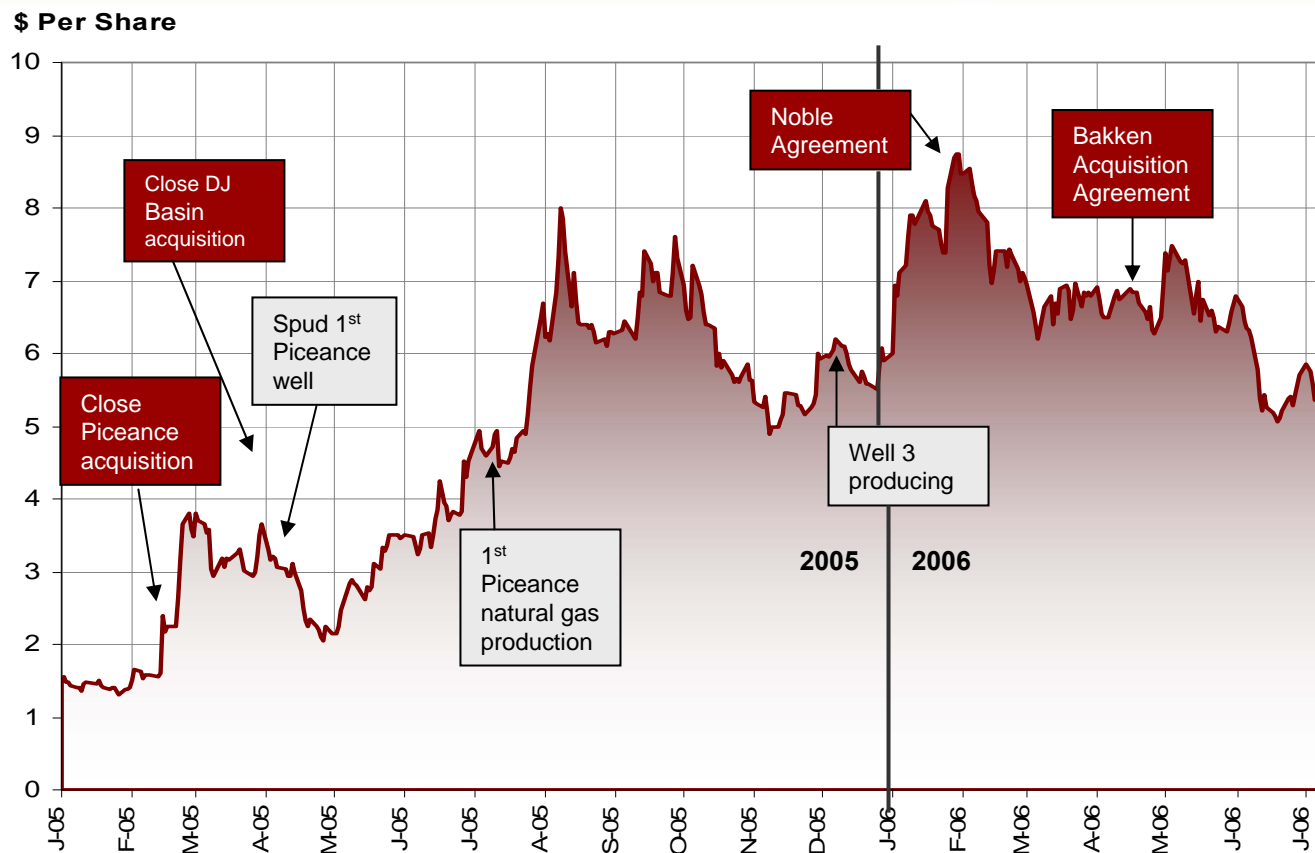
Progress YTD

- 7/14/06 – 11 wells drilled YTD (1 rig program). Forecast second rig by July, Third—Sept., Fourth possible yearend.
- 1/27/06 – closed Noble Energy, Inc. Acreage Earning Agreement (25% WI)
- 5/5/06 – Closed American O&G Williston Basin agreement (25% WI)
- 6/16/06 – Closed BNP Paribas \$50MM facility, \$3MM initial borrowing base
- 4/01/06 – Hired VP of Production
- 6/01/06 – Hired full time CFO
- In progress

Summary

- Core acquisitions—2005. Begin growth cycle—2006. Significant drillbit growth—2007.
- Piceance—core growth driver over next 3-5 years
- DJ and Williston projects will layer-in over Piceance growth
- Seeking operated projects and targeted high-value minority interests.
- Maintain balance sheet and financial capacity to grow.
- Well positioned to leverage size and resources to develop an attractive portfolio of resource plays and operated properties.

Stock Chart



- 12.2MM shares Issued & Outstanding (6/30/06); 15.8MM shares FD (6/30/06)
- Institutional ownership—20%
- Independent Research Coverage—A.G. Edwards (5/1/06), CK Cooper (1/9/06)
- Member Russell Microcap Index (6/30/06)