EMPIRE PETROLEUM CORPORATION EST. 1983

# Empire Petroleum Corporation

## CORPORATE OVERVIEW

NYSE American: EP
June 2022

www.empirepetroleumcorp.com

# Disclaimer

### Forward Looking Statements

This presentation has been prepared by Empire Petroleum Corporation (the "Company") to assist Investor in making their own evaluation of the Company and any proposed transaction between the Company and Investor and between the parties listed in this document. This presentation does not purport to be all-inclusive or contain all of the information needed to evaluate a transaction or an investment in the Company. In all cases, interested parties should conduct their own investigation and analysis of the Company, any of their prospects and the data set forth in this information. The Company makes no representation or warranty as to the accuracy or completeness of the information contained herein.

The information contained herein includes certain statements and estimates provided by the Company with respect to the projected future performance of the Company. Such statements, estimates, and projections reflect various assumptions by management of the Company concerning possible anticipated results, which assumptions may or may not be correct. No representations are made as to the accuracy of such statements, estimates, or projections.

All statements, other than statements of historical fact, contained in this report are forward-looking statements. Forward-looking statements generally are accompanied by words such as "anticipate," "believe," "estimate," "expect," "may," "might," "potential," "project" or similar statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct.

Factors that could cause results to differ materially from the results discussed in such forward-looking statements include, but are not limited to: (i) unforeseen capital requirements, (ii) unforeseen or increased costs incurred in exploration and development, (iii) unforeseen engineering, mechanical or technological difficulties in drilling wells, (iv) uncertainty of exploration results, (v) operating hazards, (vi) competition from other natural resource companies, (vii) fluctuations of prices for oil and gas, (viii) the effects of governmental and environmental regulation, and (ix) general economic conditions and other risks.

### Non-GAAP Reconciliation – Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that is used as a supplemental financial measure by our management and by external users of our financial statements, such as investors, commercial banks and others, to assess our operating performance as compared to that of other companies in our industry, without regard to financing methods, capital structure or historical costs basis. It is also used to assess our ability to incur and service debt and fund capital expenditures. Our Adjusted EBITDA should not be considered an alternative to net income (loss), operating income (loss), cash flows provided by (used in) operating activities or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. Our Adjusted EBITDA may not be comparable to similarly titled measures of another company because all companies may not calculate Adjusted EBITDA in the same manner. The Company defines Adjusted EBITDA as net income (loss) plus interest expense, income tax expense (benefit), depreciation, depletion and amortization (DD&A), stock-based compensation, other amortization and accretion, ceiling test impairment and other impairments, unrealized loss (gain) on change in fair value of derivatives, and other non-cash expense (income) items.

# Overview

Empire Petroleum Corporation is a Tulsa-based oil and gas company with current producing assets in Texas, Louisiana, North Dakota, Montana and New Mexico.

Structured as a proved developed producing (PDP) focused company, Empire works to mitigate the steep decline curves and geologic risks associated with exploration and new well development. Its core team of professionals have experience in identifying value, improving production, maintaining leases and driving efficiencies while minimizing costs.

| Market Data | Jun 1, 2022 |
|---|---|
| Symbol | NYSE American: EP |
| Share Price | $20.98 |
| 52 Week Range | $4.20-24.90 |
| Market Cap | $417.50 mm |
| Common Shares Outstanding | -19.9 mm |
| (Diluted) Common Shares Outstanding | -24.0 mm |
| Insider Holdings | 49.8% |

# Management Team

Empire's core team has extensive experience in identifying value, improving production, maintaining leases and driving efficiencies while minimizing costs

**Tommy Pritchard**

**Chief Executive Officer and Director**

- CEO and Director since January 2018.
- Co-founded Pritchard Griffin Advisors after serving as Managing Director of Imperial Capital energy investment banking.
- CEO and Managing Director of Pritchard Capital Partners, founded in 2001 and sold majority ownership in 2011. Over the decade of operation, participated in raising over $15 billion in capital for firms in the oil and gas industry and provided trading and research services annually to over 150 energy companies.
- Began professional career with Drexel Burnham Lambert, and later held key roles at Bear Stearns, Jefferies and Johnson Rice; earned undergraduate degree in Geology from Washington and Lee University.

**Mike Morrisett**

**President and Director**

- Director and President and Principal Financial Officer since January 2015.
- Over 25 years experience in investment banking and considerable experience in the management of non-operated oil and gas operations.
- Served Total Energy Partners Funds, an investment fund engaged in the ownership of non-operated oil and gas working interests, in several capacities, including as a partner, 2012 to 2018.
- Prior to 2013, served in various executive capacities at investment banking firms and private companies in the oil and gas industry.

# Management Team

## Eugene Sweeney

**Chief Operating Officer**

- VP Operations since May 2021, appointed COO February 2022.
- Previously VP of Well Interventions and Director of Well Interventions and Integrity for Cudd Energy Services, responsible for technical, safety and financial oversight of domestic and international business units.
- Central Operations and Engineering Leader for BP. Reviewed and assisted in well design and contingency planning for all high-risk wells. Headed BP Advocacy for API committees and Offshore Safety Council.
- Licensed Professional Engineer, SPE certified petroleum engineer and member of the Society of Petroleum Evaluation Engineers (SPEE). Graduate of MIT (BS-Mechanical Engineering), University of Michigan (MS-Industrial Engineering), Texas A&M (MS-Petroleum Engineering).

## Angela Baker

**Chief Accounting Officer**

- Appointed Chief Accounting Officer in 2021
- Over 14 years experience in various assurance roles in public accounting initially at Grant Thornton LLP, and over 10 years experience in oil and gas industry beginning at Samson Resources in 2012.
- Served at HoganTaylor LLP beginning in 2015, the largest independent regional accounting firm in the Oklahoma and Arkansas region. During her time at HoganTaylor, Ms. Baker was promoted to Assurance Senior Manager and specialized in the oil and gas industry.
- Ms. Baker graduated with a master’s degree in Accountancy from Oklahoma State University in 2008 and is a licensed CPA in the state of Oklahoma. She is a member of the American Institute of Certified Public Accountants as well as the Oklahoma Society of Certified Public Accountants, where she serves on multiple committees in addition to being awarded the 2021 Public Service award in recognition of her community service activities.

# Board of Directors

### Phil Mulacek

**Chairman of the Board**

- Proven track record of over 35 years in global oil and gas and LNG development, led the discovery of 1.6 billion BOE in Papua New Guinea.
- Founded private investment company, Petroleum Independent and Exploration Corporation (PIE Corp), in 1981, with vast interests in U.S. oil and gas royalty mineral acreage.
- Founder and former Chairman and CEO of NYSE-listed InterOil Company Inc., retired in 2013. Led growth of market cap from $10 million to over $5.6 billion during 14-year tenure.

### Vice Admiral Andrew Lewis

**Independent Director**

- Distinguished 36 year military career serving as Deputy Chief of Naval Operations, Plans and Strategy, vice director for Operations, and director of Fleet Training at Fleet Forces Command.
- Commander of the United States Second Fleet Carrier Strike Group and NATO Joint Force Command Norfolk.
- Senior Vice President of Policy and Projects for Business Executives for National Security.

### Tommy Pritchard

**CEO and Director**

- Chief Executive Officer and Director since January 2018.

### Mason Matschke

**Independent Director**

- 35 years of experience focused on portfolio management and research across multiple sectors, deep background as a derivatives strategist and in commodity and equity trading.
- Most recently served as SVP Investments at Raymond James from 2007 to 2020, previously SVP at Jefferies and UBS.

### Ben Marchive II

**Independent Director**

- Over seventeen years of oil and gas industry experience, mainly in the Gulf of Mexico and along the Gulf Coast.
- Currently serves as VP-Land for Cox Operating, LLC, after their merger with Energy XXI, where he held a similar position.
- Board Member of the Outer Continental Shelf Advisory Board and the Louisiana Oil and Gas Board.

### Mike Morrisett

**President and Director**

- President and Director since January 2015.

# Q1 2022 Highlights

## US$ 13.15 million revenue

- Over 500% increase compared to Q1 2021
- Over 19% increase compared to Q4 2021

## US$ 3.62 million net income

- Over 450% increase compared to Q1 2021
- Over 120% increase compared to Q4 2021

- Transformative acquisition of the New Mexico assets in May 2021, remains unhedged;
- New production from 4 non-operated wells in North Dakota;
- Favorable pricing environment with average oil and gas prices at US$91.25/bbl and US$4.61/mcf;
- Optimized operating strategy to enhance production, minimize costs

(1) Revenue from oil, natural gas and natural gas liquids sales. Q1 2021 revenue at US$ 2.45 million; Q4 2021 revenue at US$ 11.00 million
(2) Q1 2021 net loss of $0.99 million; Q4 2021 net loss of $8.61 million

# Developing Scale



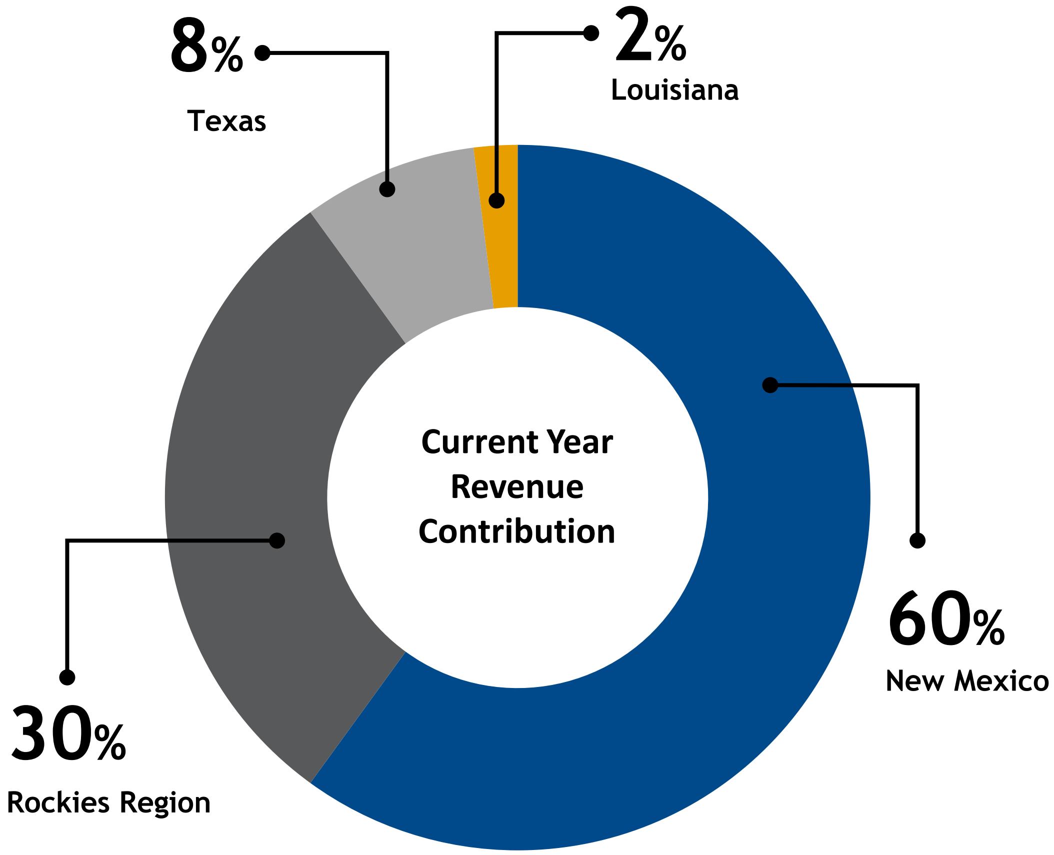
| | Annual | | | | Quarterly | |
|---|---|---|---|---|---|---|
| | YE 2018 | YE 2019 | YE 2020 | YE 2021 | Q4 2021 | Q1 2022 |
| Well Count | 10 | 145 | 250 | 1,050 | 1,050 | 1,050 |
| Acreage | 7,000 | 24,000 | 54,000 | 100,000 | 100,000 | 100,000 |
| Avg. Production | 4,300 Bbls Oil<br>12,000 Mcf Gas<br>6,300 Boe | 113,000 Bbls Oil<br>41,000 Mcf Gas<br>120,000 Boe | 165,000 Bbls Oil<br>139,000 Mcf Gas<br>188,000 Boe | 334,000 Bbls Oil<br>1,239,000 Mcf Gas<br>540,000 Boe | 112,000 Bbls Oil<br>488,000 Mcf Gas<br>193,000 Boe | 114,000 Bbls Oil<br>454,000 Mcf Gas<br>190,000 Boe |
| Avg. Pricing | $70.29/bbl<br>$3.05/mcf | $53.37/bbl<br>$2.95/mcf | $42.00/bbl<br>$2.53/mcf | $64.52/bbl<br>$3.90/mcf | $64.52/bbl<br>$3.90/mcf | $91.17/bbl<br>$4.61/mcf |

# Property Portfolio Overview

- Diversity of asset base mitigates single basin risk
- Material Scalability in production growth and earnings
- Large held-by-production acreage
- Large proprietary database of geologic and geophysical work

## Footprint in Dominant Plays:

- New Mexico Formations: Grayburg, San Andres, Queen-Seven River-Yates, Abo, Devonian
- North Dakota Formations: Spearfish, Madison
- East Texas Formations: Stacked plays consisting of Eagle Ford, Woodbine, Dexter, Buda, Edwards, Upper Glen Rose, Austin Chalk
- Montana Formations: Bakken and Red River
- Louisiana Formations: Wilcox, Cockfield, Frio




Contribution by Region

EMPIRE
PETROLEUM CORPORATION EST. 1983

# Acquisition Timeline

**Production has increased significantly since 2018, while debt has remained low and is declining.**

## 2018 — 525 BOE/Month

- Cardinal Exploration, LA
- Exodus, LA
- Riviera, LA

## 2019 — 11,600 BOE/Month

- EnergyQuest ll assets, North Dakota and Richland County, MT, includes 21,000 net acres
- Bakken/Three Forks formation, MT, includes 3,000 net acres

## 2020 — 17,400 BOE/Month

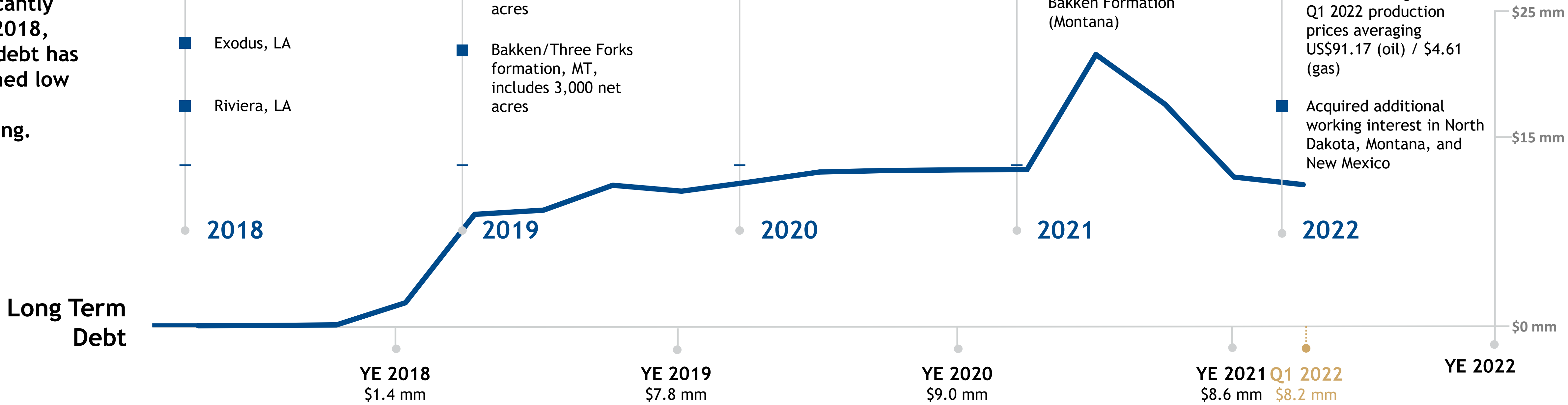
- Fort Trinidad Field in East Texas Basin, includes 30,397 net acres in Houston, Madison and Leon Counties

## 2021 — 62,988 BOE/Month

- Eunice Monument and Arrowhead Grayburg Fields, Permian Basin, New Mexico, includes 40,000 net acres
- Participated in drilling of four exploration wells in Bakken Formation (Montana)

## 2022 — 2022 Activity

- Bolt-on and accretive acquisition in Empire operated Landa Field in North Dakota;
- Entry into new operating area of North Dakota for the Birdbear formation providing a new long-life, low decline asset;
- Proven unhedged, with Q1 2022 production prices averaging US$91.17 (oil) / $4.61 (gas)
- Acquired additional working interest in North Dakota, Montana, and New Mexico



# Oil & Natural Gas Acquisition

**Detailed in press release issued 20 Apr 2022, Empire announces closing of acquisition of oil and natural gas assets in North Dakota's Landa Madison Unit and New Birdbear Focus Area in Central-West Williston Basin**

- Provides immediate accretive cash flow and increased scale with minimal incremental overhead
- 2,482 net leasehold acres located in the Landa Madison and Landa West Madison Units in Bottineau County, North Dakota and the Birdbear Area in Golden Valley and Billings County, North Dakota.
- Acquisition includes an average operated working interest of 92% and an average net revenue interest of 73% in 15 operated producing wells along with an average non-operated working interest of 6% and average non-operated net revenue interest of 5% in 9 wells currently operated by Empire.

## Highlights

- Increases North Dakota pro forma net production by an estimated 24% to approximately 9,250 barrels of oil equivalent per month(1);
- Evaluated solely on proved developed producing ("PDP") reserves based on forward prices substantially below current levels;
- Adds approximately 700,000 BOE of long-life PDP reserves(2);
- Doubles the leasehold position of Empire's operated Landa Field and creates a uniform wholly-operated field with calculated original oil in place (OOIP) of approximately 6.5 million barrels;
- The Birdbear Play in Central Western North Dakota adds a new potential consolidation play in the Williston Basin's prolific Devonian formations; and
- Transaction funded from cash on hand.

> "We remain focused on organic growth while securing additional incremental long-life and low-decline reserves that generate strong cash flow."

(1) Pro forma production estimate based on average six months ended 3/31/2022.
(2) Reserves calculations are based on Company-engineered reserves estimates as of 2/1/2022 at fixed 12/31/2021 SEC prices of $3.64/MMBTU and $66.55/barrel.

# Improving Production with Minimal Costs

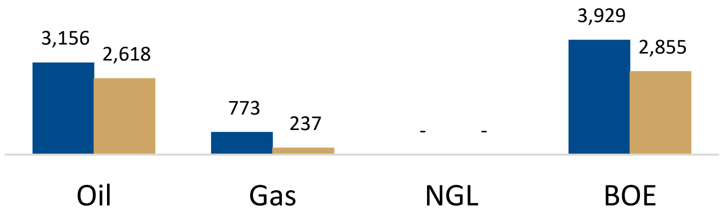
## Q1 2022 Production Accomplishments

- Exceeded production forecasts
  - due to previous work performed on leases, exploration and development success leading to increased volumes, even with fewer production days due to weather
- Rising oil and gas prices impacting net gains, with Q1 2022 average production prices of US$91.17 oil/US$4.61 gas
- New assets expected to provide immediate accretive cash flow and increased scale with minimal incremental overhead.
- 61.1% increase in Montana BOE in Q1 2022 through participation in 4 non-operated wells targeting the Bakken formation with Prima Oil and Gas, with 9 additional wells permitted with expected 2022 spud dates
  - Together with Prima, Empire will be participating on additional wells in 2022

# Quarter over Quarter Production by Region

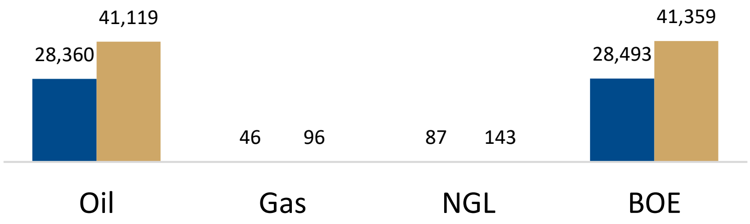
## Louisiana

■ 4Q '21 ■ 1Q '22



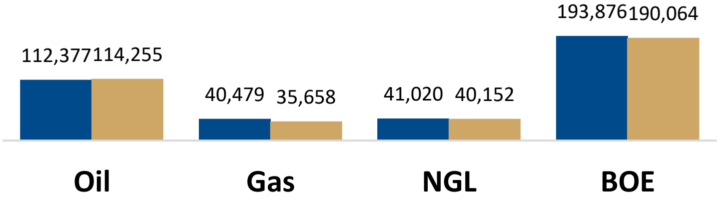

## Rockies Region

■ 4Q '21 ■ 1Q '22



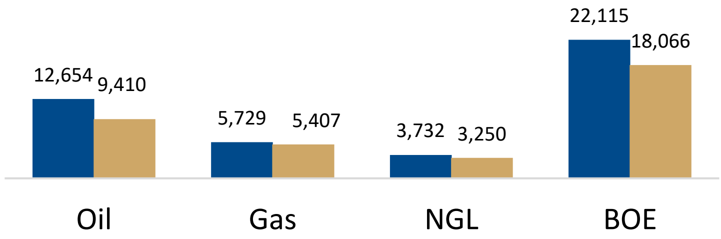

## TOTAL COMPANY

■ 4Q '21 ■ 1Q '22



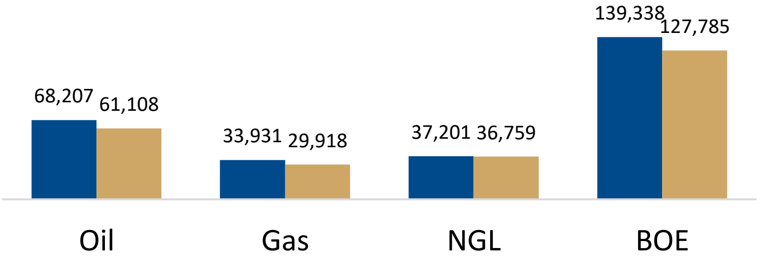

## Texas

■ 4Q '21 ■ 1Q '22



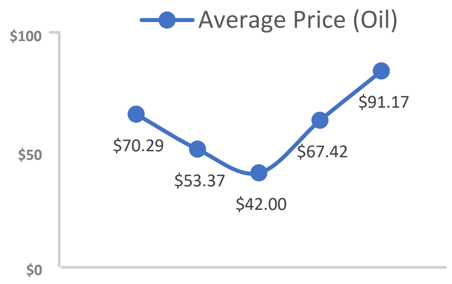

## New Mexico

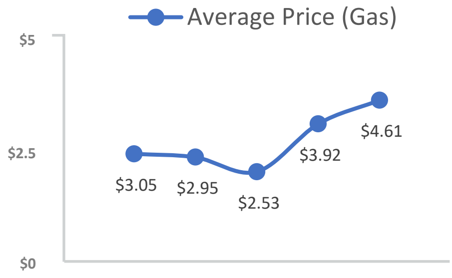
■ 4Q '21 ■ 1Q '22

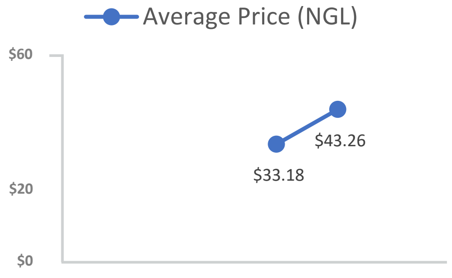


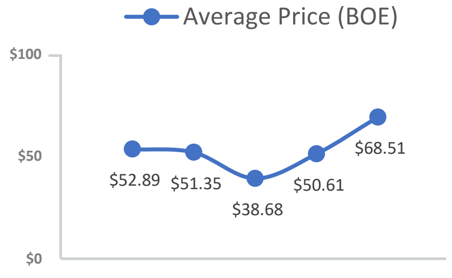

Bbl - One barrel or 42 U.S. gallons liquid volume of oil or other liquid hydrocarbons.
BOE - Barrel of oil equivalent, determined using a ratio of 6 Mcf of natural gas equal to one barrel of oil equivalent.

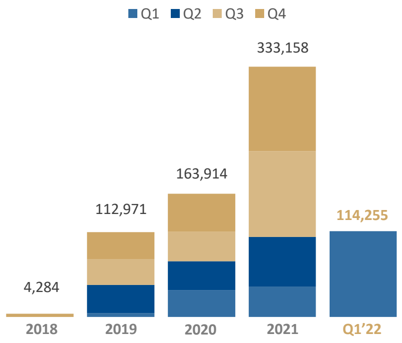
# Annual Production



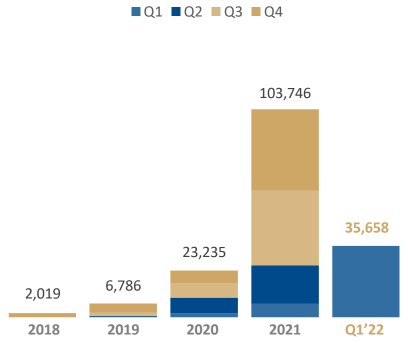



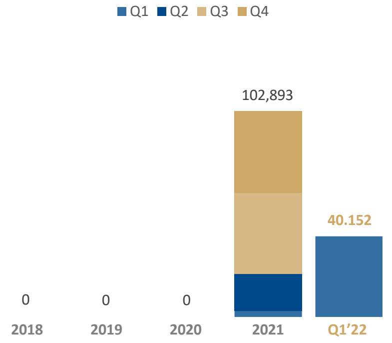



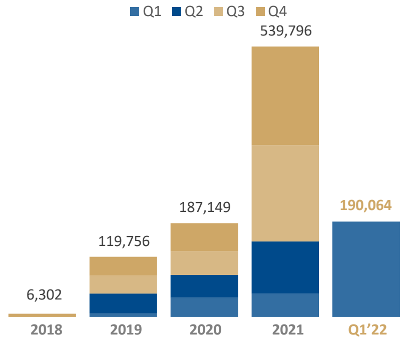

Oil




Gas




NGL



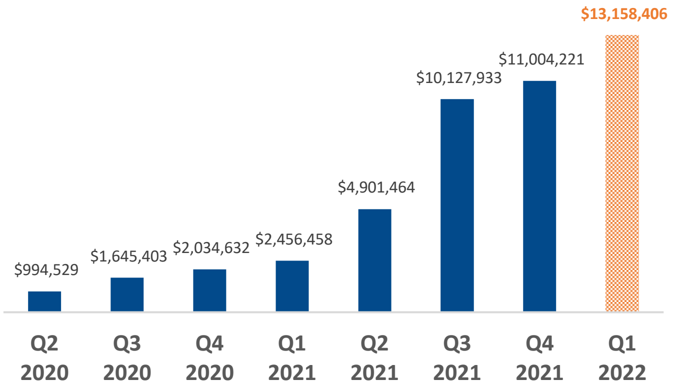

Total BOE

Bbl - One barrel or 42 U.S. gallons liquid volume of oil or other liquid hydrocarbons.
BOE - Barrel of oil equivalent, determined using a ratio of 6 Mcf of natural gas equal to one barrel of oil equivalent.

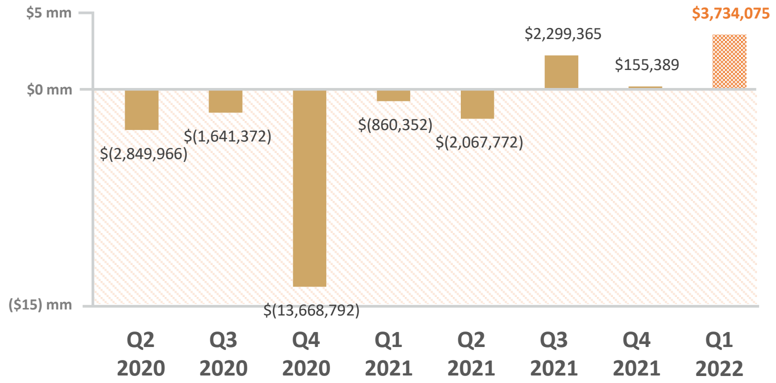
EMPIRE
PETROLEUM CORPORATION EST. 1983

# Income Statement

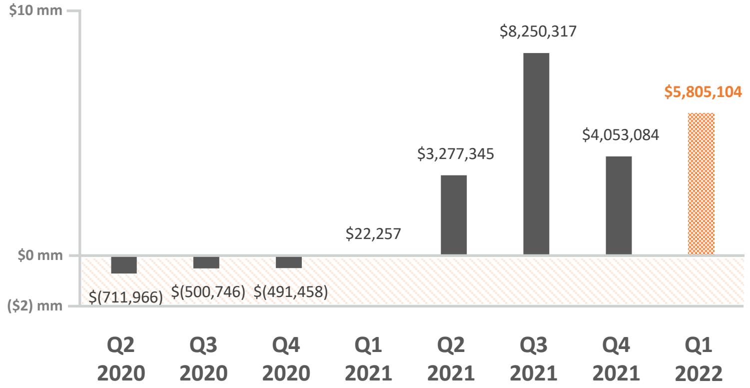
## Qtr Revenue



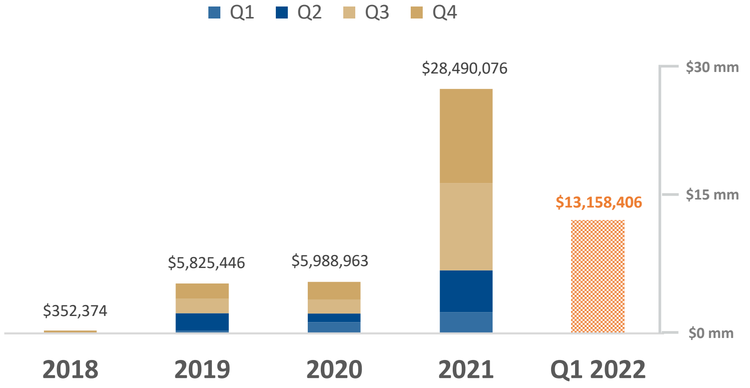

## Qtr Operating Income



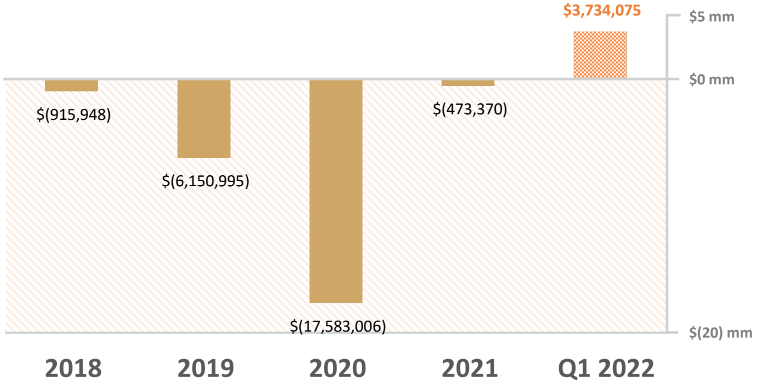

## Qtr Adjusted EBITDA*



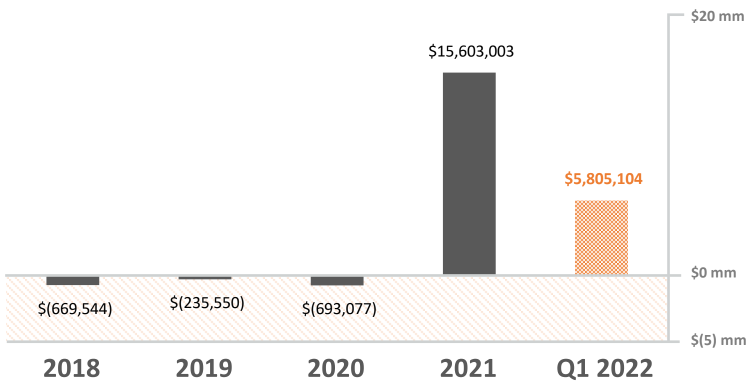

## Annual Revenue (2018 - 2022)




## Annual Operating Income (2018 - 2022)



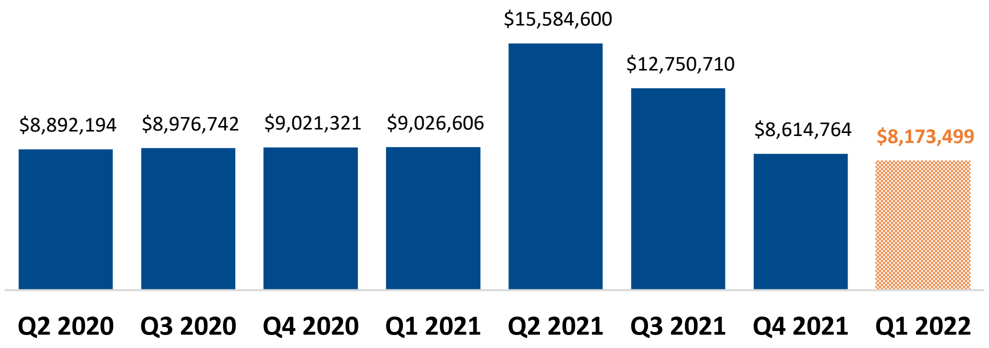

## Annual Adjusted EBITDA* (2018 - 2022)



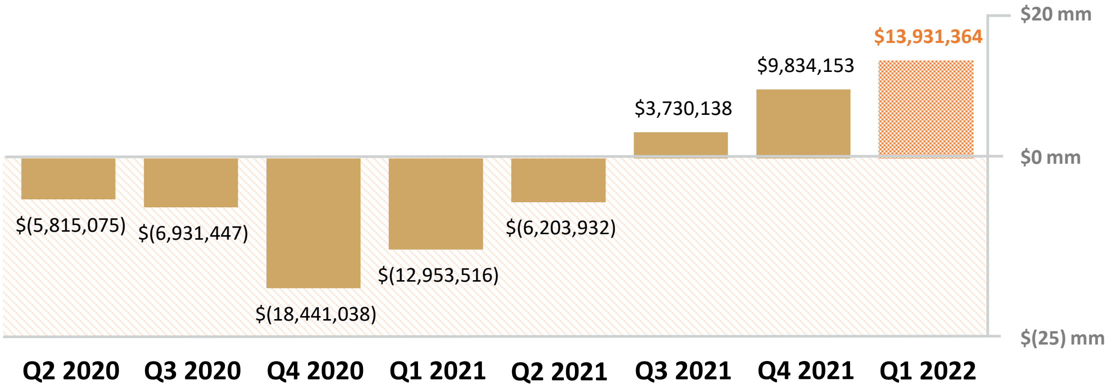

*Adjusted EBITDA: EBITDA plus certain non-cash expenses as seen on the Company's statement of cash flows as found in its SEC filings

# Balance Sheet

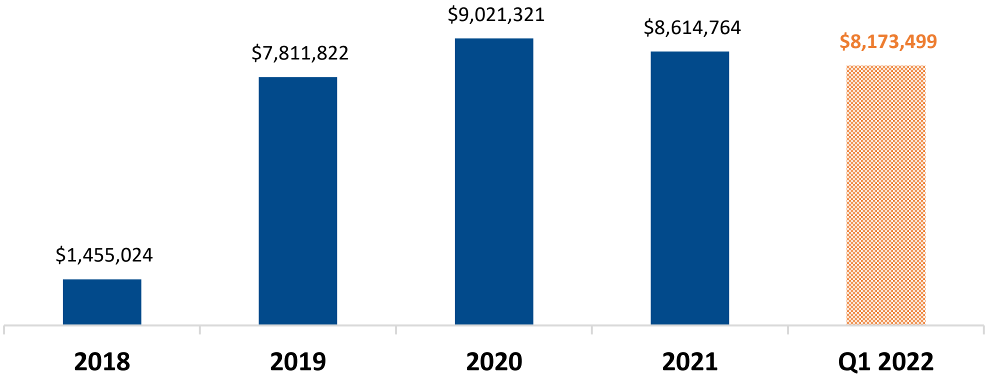
## Qtr Long Term Debt



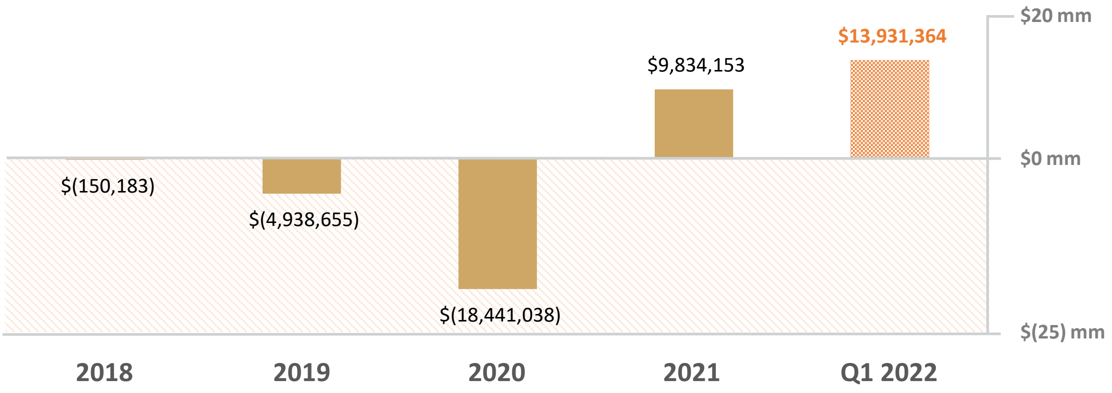

## Qtr Stockholder's Equity




## Annual Long Term Debt (2018 - 2022)




## Annual Stockholder's Equity (2018 - 2022)



# 2022 Goals

## Increasing production and securing additional long-life and low-decline reserves

- Achieve quarterly increases in production
- Increase production through integration of completed RTP wells
- RTP over 100+ wells through 2022
- Bakken drilling participation in Montana
- Starbuck Field Enhancement Program
- Starbuck Spearfish Technical Review
- Texas Re-Entry Workover Program
- LA RTP / Workover

## Continuing focus on cost and capital discipline

- Continue to maintain cost-effective long-term debt with free cash flow
- Purchase additional working interests in existing fields
- Increase revenue from $25mm to $60-$80mm
- Largely unhedged to capture the oil and gas increase expected over the forward 8 quarters

## Disciplined capital strategy

- Increase public float through registration of portion of existing shares
- Increase daily trading through increasing awareness and outreach to new potential shareholders
- Active $350mm shelf filed with SEC

# Growth Strategy

## Purchase and Operate Predictable, Low Decline Production

- Low cash flow multiples
- Significant discount to PDP PV-10*
- Free option value on PDNP, PUDs and Land
- Cash, contingent value payments, seller financing

## Grow Footprint through Opportunistic and Synergistic Acquisitions

- Material scalability in new technology and unswept zones through technical review
- Multiple heavy PDP, low decline bolt-on opportunities are available that could provide accretive value
- Continue to increase working interests in existing production
- Organic growth via drilling opportunities on existing Held by Production acreage

## Acquire and Manage Infrastructure including Pipelines and Compression

- Reduce Unit Operating Costs
- Improve margins on LOE and LOS
- Employ hedging strategies to retain commodity upside
- Maintain low G&A

* PV-10 is a non-GAAP financial measure and represents the present value, discounted at 10% per year, of estimated future cash inflows from proved natural gas and crude oil reserves, less future development and production costs using pricing assumptions in effect at the end of the period. PV-10 differs from Standardized Measure because it does not include the effects of income taxes on future net revenues. Neither PV-10 nor Standardized Measure represents an estimate of fair market value of our natural gas and crude oil properties. PV-10 is used by the industry and by our management as an arbitrary reserve asset value measure to compare against past reserve bases and the reserve bases of other business entities that are not dependent on the taxpaying status of the entity.

# Key Takeaways

Experienced management team focused on production growth of conventional, long-life assets in mature oil and gas basins with low decline rates

## Q1 2022 Achievements

- US$ 13.15 million revenue and US$ 3.62 million net income. Growth due to the transformative acquisition of the New Mexico assets in May 2021; successful execution to enhance production of existing wells, new production from 4 non-operated wells in North Dakota; and a favorable pricing environment
- Closed successful pursuit of North Dakota acquisition target in April 2022, funded with cash on hand
- Exceeded production forecasts
- Assets providing immediate accretive cash flow and increased scale with minimal incremental overhead
- Increased free cash flow beginning Q4 2021 and through Q1 2022

## Looking forward

- Improve net cash and balance sheet for re-investment and productivity growth
- Improve profitability through rigorous field level well management; reducing unit operating costs while optimizing production
- Increase production of mature producing wells and selectively acquiring additional synergistic, low-cost production

# Appendix

www.empirepetroleumcorp.com

# Operating Strategy

## Maximize Production, Minimize Costs

- Deploy rigorous field management
- Develop scalable assets and new productive zones
- Reduce unit operating costs and improve margins through economical well enhancements
- Identify low-cost Return-to-Production (RTP) wells to increase production wedge
- Execute low risk, low-cost development drilling

## Increase Production of Legacy Wells

- Enhance production on active, producing wells
- Restimulate production on inactive, unproductive wells

## Arrest Production Declines By Bringing Wells Back Online

- Stable operating costs created through low decline and consistent production
- Grow production in a methodical low-cost way
- Plan to invest in workovers of approximately 100 wells over the next 4 quarters

# ESG Commitment and Objectives

**Safety is our priority**

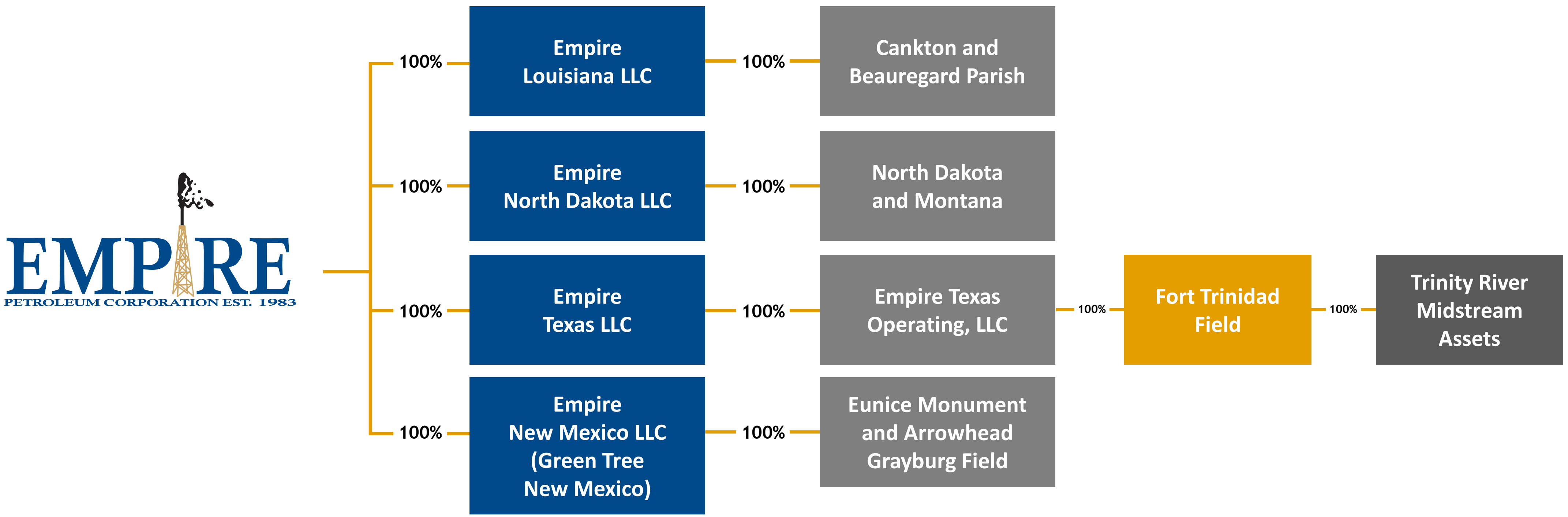
- Empire is committed to protecting the environment and the health and safety of the public, our employees and our contractors
- We strive to exceed both regulatory requirements and industry standards
- Our practices target reducing emissions, and maintaining well, vessel, and pipeline integrity to ensure that all hydrocarbons are contained and controlled at all times

**We strive to safely deliver energy to the world in an economically, environmentally and socially responsible manner with a minimal impact on the environment**

- Will take an active role in improving the quality of life in the communities where we work
- Set high ethical standards for ourselves and for our contractors
- Increase production for energy security for the USA

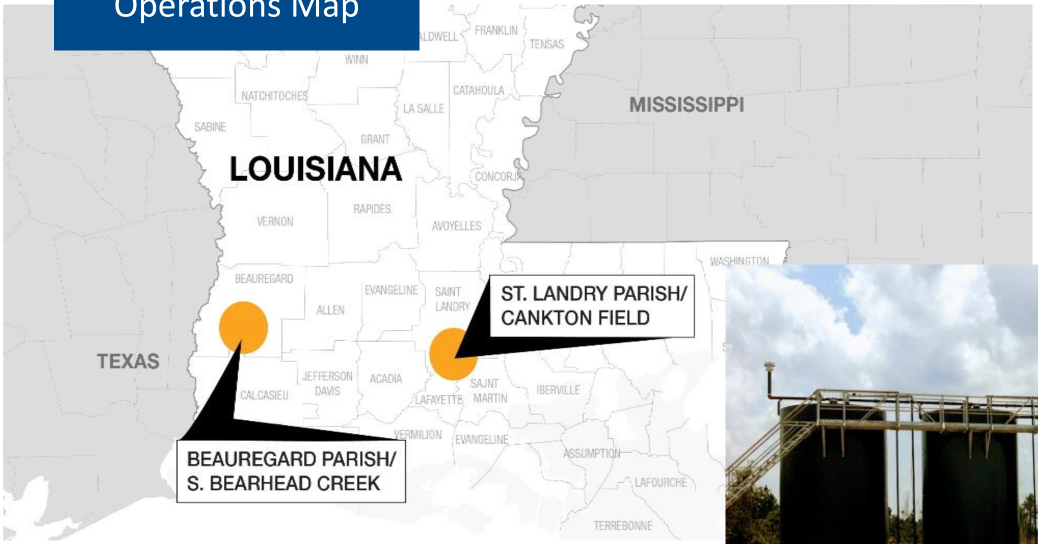
**Empire's Purpose is to Safely and Responsibly Deliver the Energy the World Needs**

# Ownership of Current Portfolio



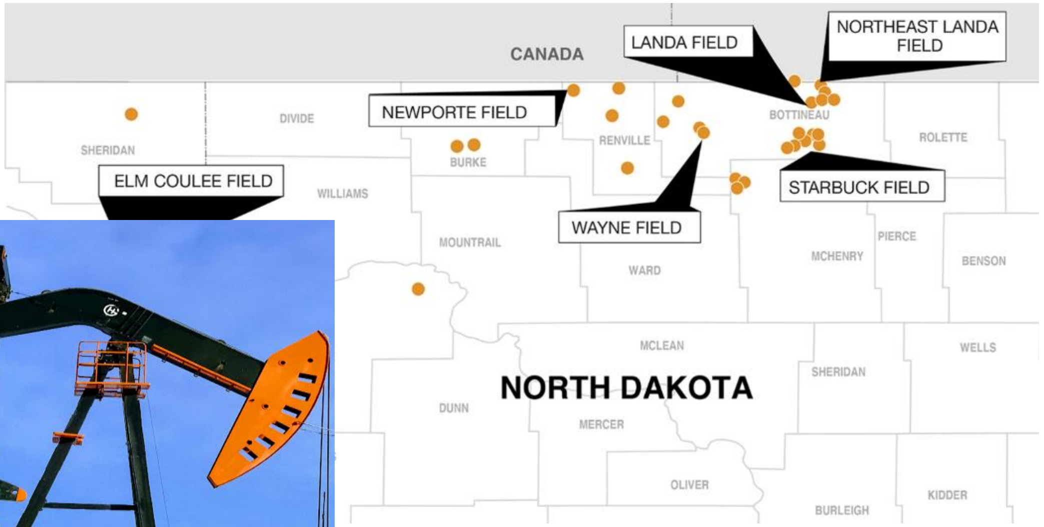
# Empire Louisiana LLC

Operations Map



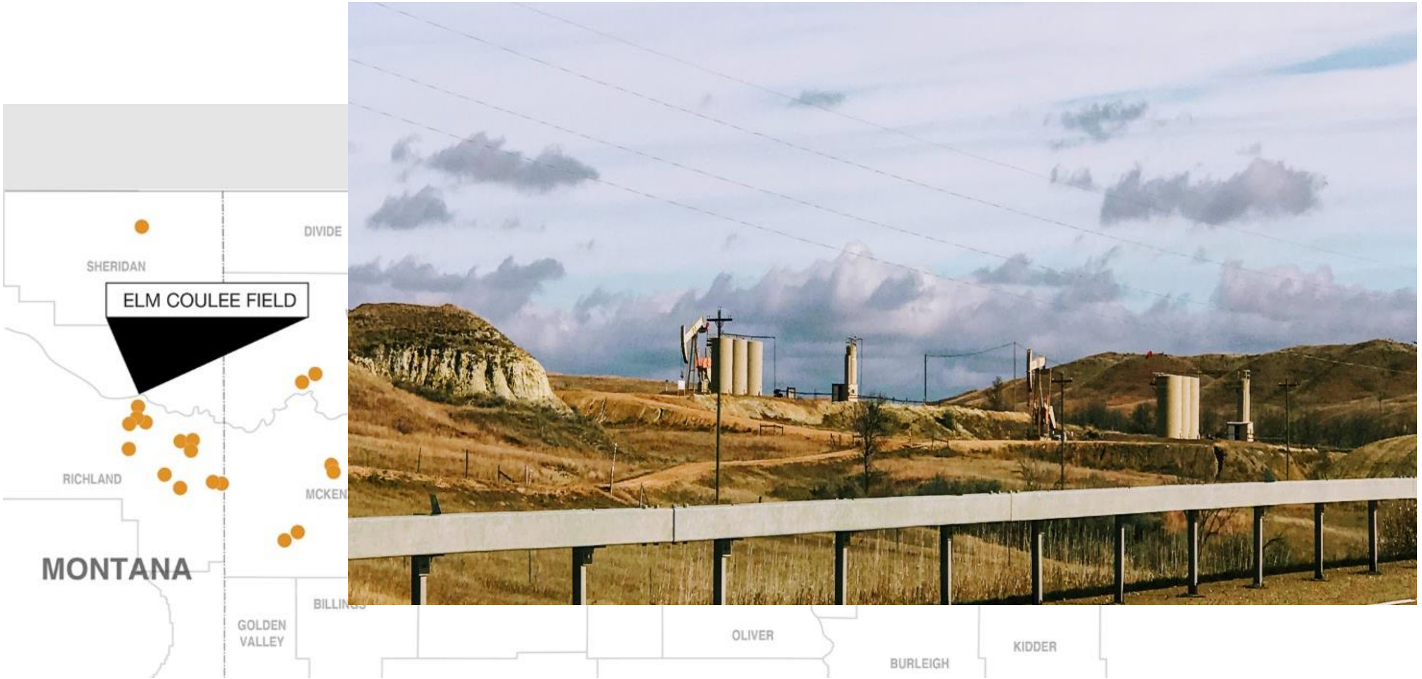

- Oil weighted production from legacy assets in Louisiana
- Production primarily producing from Miocene formations with steady cash flow
- 6 producing (100% operated) and 2 SWD wells
- Premium Louisiana Light Sweet Oil Pricing
- High Working Interest and Operational Control
- Opportunity for shallow oil development of legacy Cockfield and Frio sands in Beauregard Parish with direct offset horizontal analog wells

# Empire Rockies Region: North Dakota LLC




- Acquisition completed March 2019
- Purchased from Quantum Energy Partners and EnergyQuest II
- Production primarily producing from Madison and Spearfish formations with steady cashflow
- 64 producing (58% operated) over 15,000 gross acres with high operating interest
- Impressive, near-flat to inclining production rates over last five years
- Operational improvements on three historically sub-optimally-managed waterflood fields
- Gearing technical team for shallow horizontal development of legacy Madison fields in North Dakota
- Starbuck waterflood production on decade-long incline with logistical planning underway to accelerate
- Currently optimizing thermal efficiencies throughout Starbuck Field for un-interrupted Winter production

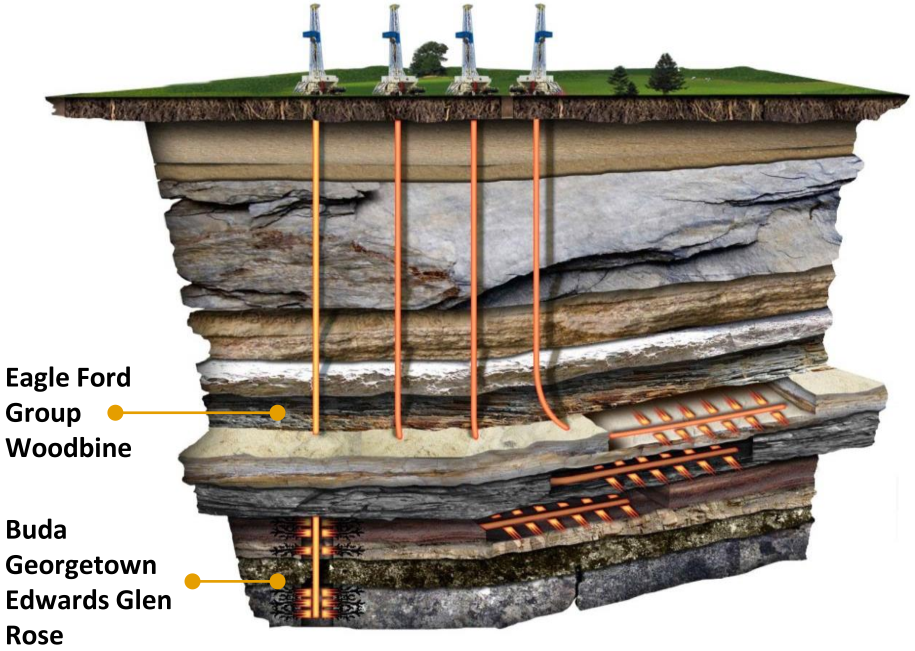
# Empire Rockies Region: Montana

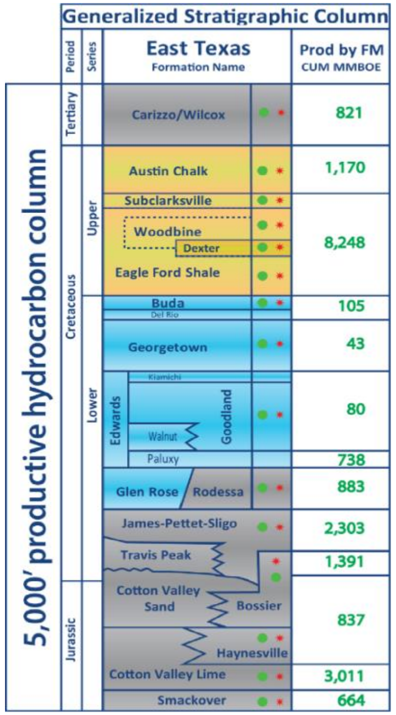



- Acquisition completed March 2019 along with asset in North Dakota
- Production primarily producing from Red River and Madison formations with steady cashflow
- 8 producing (100% operated) over 5686 gross acres with high operating interest
- Impressive, near-flat to inclining production rates over last five years
- Consolidation opportunities in Richland County
- Acreage located in prolific Elm Coulee Field
- Leases are all depths
- Area of leases in prolific section of Elm Coulee that is currently being exploited in the Bakken/Three Forks section
- Participated in four non-operated horizontal wells with strong initial production averaging 120 Bbls/d in Q1 2022, with 9 additional wells permitted with expected 2022 spud dates

EMPIRE
PETROLEUM CORPORATION EST. 1983

# Empire Texas LLC



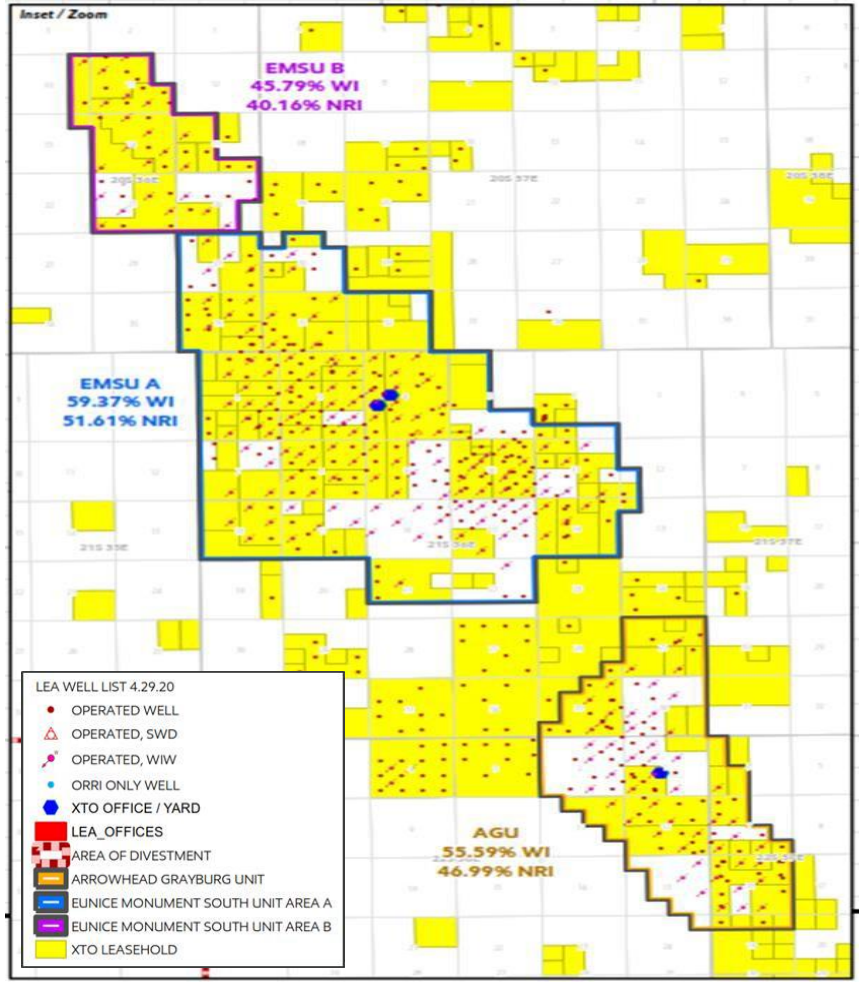




- Principal producing asset is in the **Fort Trinidad** field in Houston & Madison Counties, Texas
  - Concentrated acreage position with high working interest (~91%) and high net revenue interests (~83%)
- Over 30,000 net acres held by production with 30 active wells.
- Includes substantial gas gathering and SWD infrastructure purchased from Canyon Midstream
- Historically prolific fields with stacked pay in multiple geologic horizons
- Acreage is positioned on trend with advancing Eagle Ford development
- Enhancing production with low-risk workover and well reactivation program beginning in Q4 2021 and continuing into 2022
- Establishes substantial operation base in East Texas, including expansive library of regional geologic and geophysical data and analysis

# Green Tree New Mexico

- Purchased from Exxon (XOM/NYSE); a leading North American resource company in May 2021/ 771 gross wells with 307 producing wells
- Largely contiguous, ~48,000 gross acre position in the heart of the prolific Permian Basin in New Mexico (100% HBP)
- Net production of ~37,550 boe monthly (Feb. 2022), 72% oil
- Low decline rate of ~5%
- Strong PDP cash flow of ~$20.5mm/year
- Substantial OOIP, with additional recovery potential from infill wells, optimization of waterfloods and reduced operating costs
- Acquired using analysis centered around $40 WTI pricing/current realizations >$70/bbl. 100% un-hedged
- Technical work begun on over 100 shut-in wells for possible recompletion and other RTP

| | |
|---|---|
| Purchase Price: | $17.8mm |
| PDP Reserves (oil): | 5,720,000 barrels |
| PDP Reserves (gas): | 9.9 bcf |
| Projected Remaining NCF: | $207.2 mm |
| Undiscounted payout: | <2 years |
| Acres: | Gross: 48,000 acres |
| PDP Well Count incl. Injectors: | 688 operates wells/<br>14 royalty wells |
| Monthly Net Production: | 30,693 Boe |



EMPIRE
PETROLEUM CORPORATION EST. 1983

# Adjusted EBITDA Reconciliation

**Non-GAAP Reconciliation – Adjusted EBITDA**

Adjusted EBITDA is a non-GAAP financial measure that is used as a supplemental financial measure by our management and by external users of our financial statements, such as investors, commercial banks and others, to assess our operating performance as compared to that of other companies in our industry, without regard to financing methods, capital structure or historical costs basis. It is also used to assess our ability to incur and service debt and fund capital expenditures. Our Adjusted EBITDA should not be considered an alternative to net income (loss), operating income (loss), cash flows provided by (used in) operating activities or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. Our Adjusted EBITDA may not be comparable to similarly titled measures of another company because all companies may not calculate Adjusted EBITDA in the same manner. The Company defines Adjusted EBITDA as net income (loss) plus interest expense, income tax expense (benefit), depreciation, depletion and amortization (DD&A), stock-based compensation, other amortization and accretion, ceiling test impairment and other impairments, unrealized loss (gain) on change in fair value of derivatives, and other non-cash expense (income) items.

| | Annual | | | |
|---|---|---|---|---|
| | YE 2018 | YE 2019 | YE 2020 | YE 2021 |
| Net Income (Loss) | (1,017,131) | (6,654,602) | (16,835,433) | (18,614,962) |
| Adjustments: | | | | |
| Interest Expense | 101,183 | 503,607 | 521,187 | 8,600,699 |
| Production Taxes | 21,194 | 379,604 | 346,101 | 2,102,772 |
| DD&A | 15,527 | 3,351,643 | 3,118,019 | 2,502,275 |
| Impairment | - | - | 8,671,303 | - |
| Accretion | 1,929 | 306,301 | 929,858 | 1,214,479 |
| Amortization of loan issuance costs | 69,580 | 49,554 | 58,344 | 14,587 |
| Accretion of operating lease liability | - | - | 9,877 | 137,046 |
| Amortization of discount on convertible notes | - | - | - | 7,727,213 |
| Warrants and options granted | 251,255 | 1,491,630 | 2,705,550 | 1,502,220 |
| Unrealized (gain) loss on derivatives | (113,081) | 336,713 | (217,883) | (255,009) |
| Convertible debt modification inducement expense | - | - | - | 2,276,813 |
| Loss on convertible debt redemption option | - | - | - | 7,673,305 |
| Right to buy issuance costs | - | - | - | 989,115 |
| Forgiveness of PPP loan | - | - | - | (267,550) |
| **Adjusted EBITDA** | **(669,544)** | **(235,550)** | **(693,077)** | **15,603,003** |

EMPIRE
PETROLEUM CORPORATION EST. 1983

# Adjusted EBITDA Reconciliation

| | Quarterly | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 |
| Net Income (Loss) | (2,973,185) | (1,641,372) | (13,808,891) | (997,180) | (5,271,962) | (3,726,225) | (8619,595) | 3,623,427 |
| Adjustments: | | | | | | | | |
| Interest Expense | 123,219 | 124,887 | 140,212 | 136,828 | 2,768,606 | 4,467,679 | 1,227,586 | 110,648 |
| Production Taxes | 60,569 | 88,630 | 112,943 | 169,832 | 418,681 | 678,295 | 835,964 | 901,238 |
| DD&A | 486,567 | 254,114 | 2,109,320 | 180,540 | 565,333 | 1,279,534 | 476,868 | 434,446 |
| Impairment | - | - | 7,870,851 | - | - | - | - | - |
| Accretion | 257,043 | 275,713 | 298,148 | 284,465 | 270,155 | 327,018 | 332,841 | 330,000 |
| Amortization of loan issuance costs | 14,586 | 14,586 | 14,586 | 14,587 | - | - | - | - |
| Accretion of operating lease liability | - | - | 9,877 | 3,214 | 3,214 | 2,572 | 128,046 | - |
| Amortization of discount on convertible notes | - | - | - | - | 2,579,915 | 4,090,214 | 1,057,084 | - |
| Warrants and options granted | 406,250 | - | 2,299,300 | - | - | - | - | 376,284 |
| Unrealized (gain) loss on derivatives | 912,985 | 382,696 | 462,196 | 229,971 | (48,246) | (295,668) | (141,066) | 29,061 |
| Convertible debt modification inducement expense | - | - | - | - | - | 2,276,813 | - | - |
| Loss on convertible debt redemption option | - | - | - | - | - | - | 3,169,201 | - |
| Loss (gain) on conversion option | - | - | - | - | 596,284 | (689,215) | 4,597,035 | - |
| Right to buy issuance costs | - | - | - | - | 989,115 | - | - | - |
| Stock compensation expense | - | - | - | - | 406,250 | - | 1,095,970 | - |
| Forgiveness of PPP loan | - | - | - | - | - | (160,700) | (106,850) | - |
| Adjusted EBITDA | (711,966) | (500,746) | (491,458) | 22,257 | 3,277,345 | 8,250,317 | 4,053,084 | 5,805,104 |

EMPIRE
PETROLEUM CORPORATION EST. 1983

# THANK YOU!

www.empirepetroleumcorp.com


**Tommy Pritchard**
CEO and Director

**Mike Morrisett**
President and Director

539.444.8002
info@empirepetrocorp.com