


Empire Petroleum Corporation

RESULTS for 4TH QUARTER 2023

 [empirepetroleumcorp.com](https://www.empirepetroleumcorp.com)

 NYSE American: EP



Forward Looking Statements

This presentation has been prepared by Empire Petroleum Corporation (the “Company”) to assist Investor in making its own evaluation of the Company and any proposed transaction between the Company and Investor. 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 its prospects and the data set forth in this presentation. 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 actual results to differ materially from those 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 described in reports the Company files with the SEC, including its Annual Report on Form 10-K.

Non-GAAP Reconciliation

Certain financial information included in Empire’s financial results are not measures of financial performance recognized by accounting principles generally accepted in the United States, or GAAP. These non-GAAP financial measures include “Adjusted Net Income (Loss)”, “EBITDA” and “Adjusted EBITDA”. These disclosures may not be viewed as a substitute for results determined in accordance with GAAP and are not necessarily comparable to non-GAAP performance measures which may be reported by other companies.

Adjusted Net Income is presented because the timing and amount of these items cannot be reasonably estimated and affect the comparability of operating results from period to period, and current periods to prior periods.

The Company defines Adjusted EBITDA as net income (loss) plus net interest expense, depreciation, depletion and amortization (“DD&A”), accretion, amortization of loan issuance costs, right of use assets and discount on convertible notes, income tax (benefit) expense, and other adjustments. Company management believes this presentation is relevant and useful because it helps investors understand the Company’s operating performance and makes it easier to compare its results with those of other companies that have different financing, capital and tax structures. Adjusted EBITDA should not be considered in isolation from or as a substitute for net income, as an indication of operating performance or cash flows from operating activities or as a measure of liquidity. In addition, Adjusted EBITDA does not represent funds available for discretionary use.

See the Appendix to this presentation for reconciliations to the most comparable GAAP measure.



4Q 2023 Net Production of 2,011 Boe/d ⁽¹⁾

- ~64% oil, ~16% NGLs and ~20% Natural Gas
- FY 2023 production was 2,099 Boe/d



Primed for Growth through the Drill-Bit

- New horizontal pad development in North Dakota with 6 horizontal wells currently online
- Low-risk waterflood implementation and expansion projects



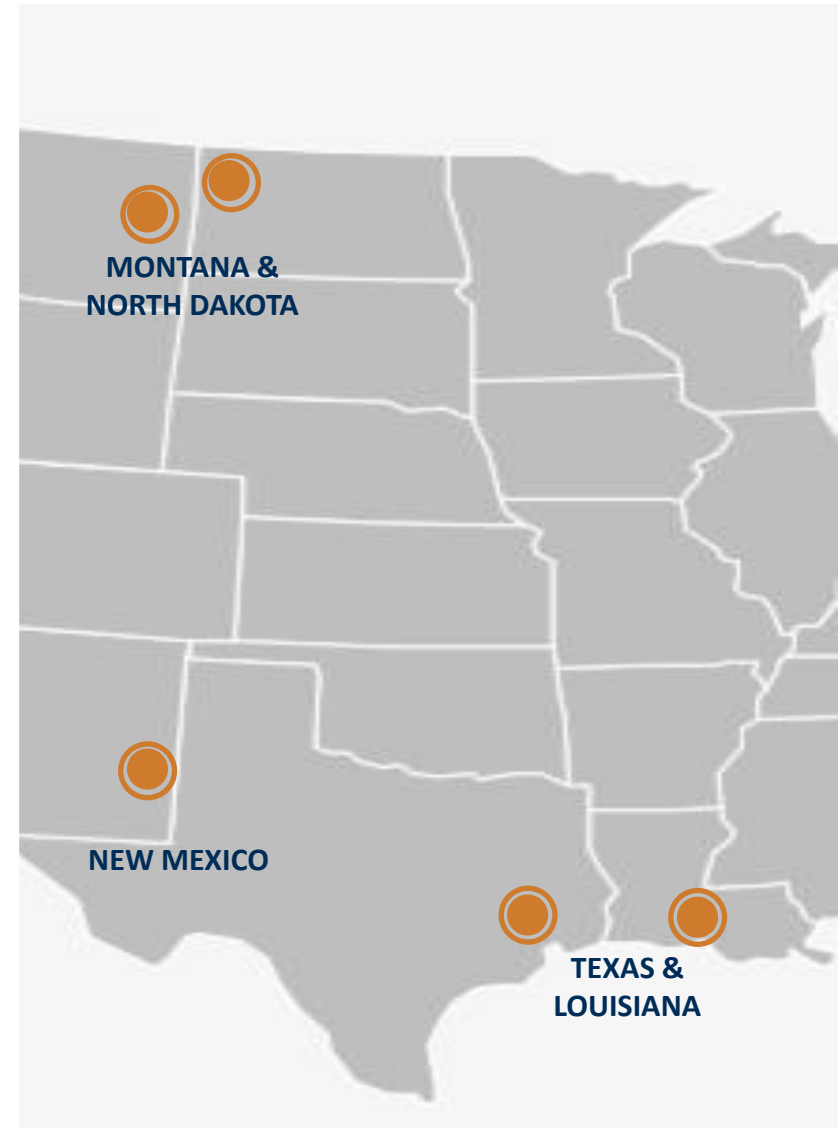
YE 2023 Reserves were ~9.1 MMBoe

- The standardized measure of the reported SEC proved reserves, discounted at 10% at YE 2023 was ~\$83.0MM
- Year over year decrease primarily due to the decrease in SEC mandated prices used to value oil, natural gas and NGL reserves



Financial Performance

- 4Q 2023 Net loss of ~\$4.8MM, FY 2023 net loss of ~\$12.5MM
- Higher expenses associated with increase in LOE including workovers, DD&A, and G&A for future growth, and lower year over year pricing

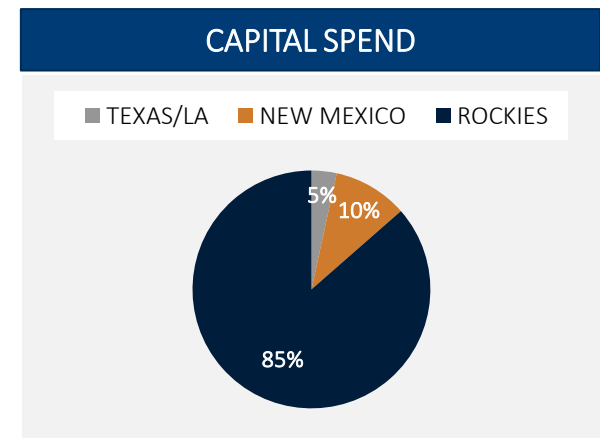
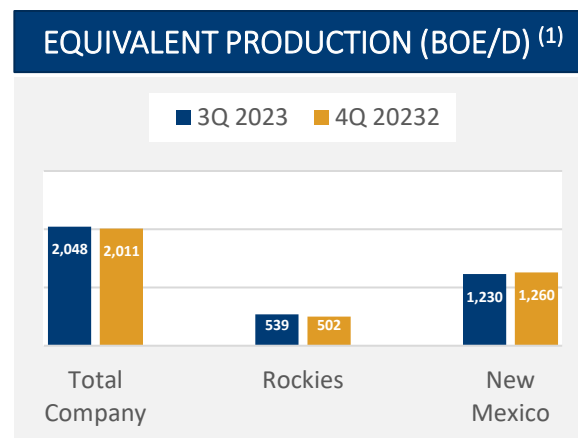
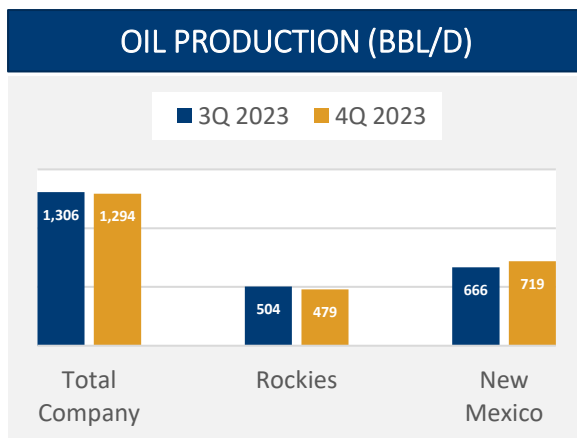


(1) BOE – Barrel of oil equivalent, determined using a ratio of 6Mcf of natural gas equal to one barrel of oil equivalent

- 1 Starbuck Field EOR Development Project: 6 horizontal wells online more under development**
 - Most of the horizontal laterals have been completed for the initial EOR development
 - 1st stage of injectors and infrastructure are to be completed in Q2
 - Initial impact on production is anticipated in Q3 to Q4 and beyond
 - Core data collected is currently being evaluated on the key new zones of potential development
 - Completion of the 3-D seismic shoot and all 3-D processing anticipated in Q2
 - Further data analysis will provide the direction for the future development activities by Q3

- 2 New Mexico, Permian Basin**
 - Further evaluating flood performance optimization and new drill opportunities in the three prolific waterflood units

- 3 Texas, Fort Trinidad Field and other acreage nearby**
 - Under technical and economic review with potential several development opportunities

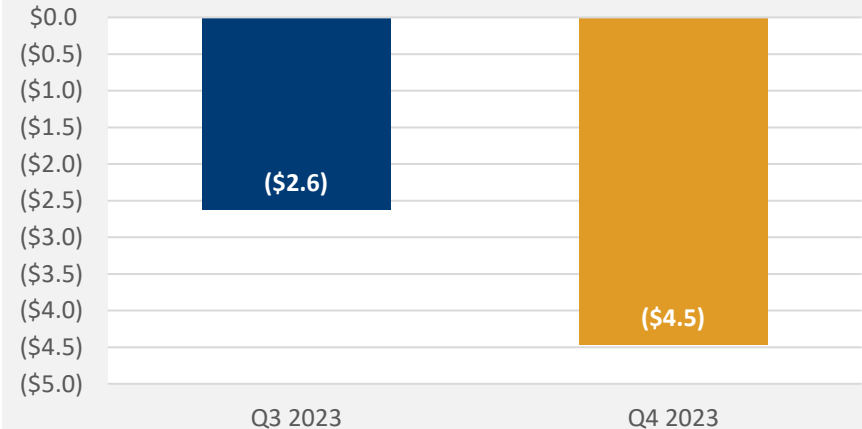


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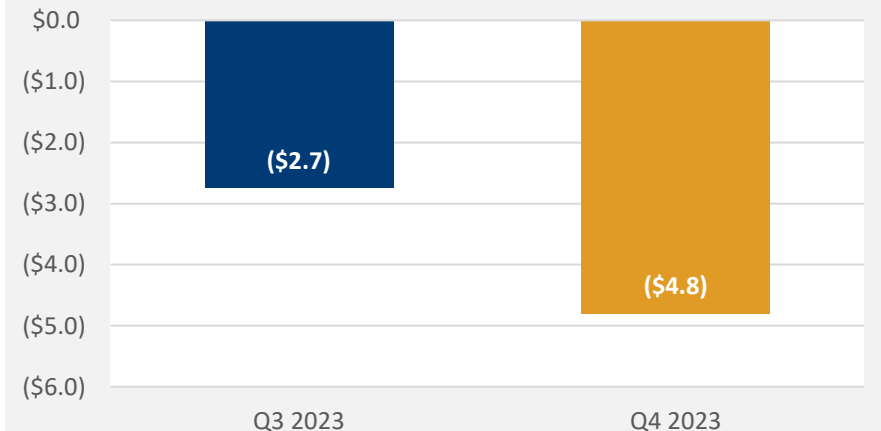
Financial Performance

- ~\$8MM cash on hand and ~\$5.5MM available on its credit facility as of YE 2023
- **2023 Capital spend of ~\$27MM**
 - ~\$25MM related to the development of Empire’s North Dakota Operations
 - ~\$2MM related to acquisitions
- **Completed a \$20MM equity raise**

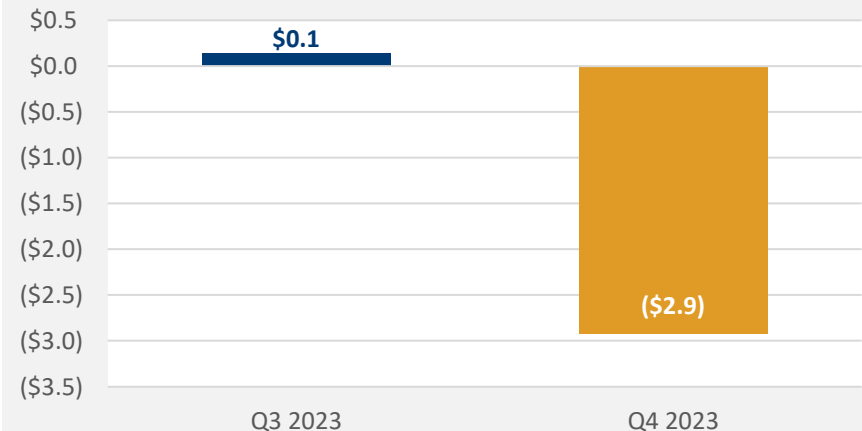
OPERATING INCOME (LOSS) (\$MM)



NET INCOME (LOSS) (\$MM)



ADJUSTED EBITDA (\$MM) ⁽¹⁾




(1) Non-GAAP Adjusted EBITDA defined on the Disclaimer slide with further reconciliation details in appendix

Thank you

Phil Mulacek, Chairman of the Board

Mike Morrisett, President, CEO & Director

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Disclaimer: This presentation is for information purposes only and does not constitute an offer to sell or issue, or the solicitation of an offer to buy, acquire or subscribe for any shares in the Company in any jurisdiction.

Note: See website and corporate presentation for additional details, disclosures, and reconciliations.



APPENDIX

Adjusted EBITDA Reconciliation ⁽¹⁾

	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023
Net Income (Loss)	3,623,427	5,534,280	215,941	(2,289,519)	(2,459,591)	(2,464,909)	(2,747,628)	(4,797,477)
Add Back:								
Interest Expense	110,648	111,785	125,330	161,777	237,299	184,887	249,796	328,445
DD&A	434,446	455,799	539,543	519,403	622,489	711,042	727,943	1,035,059
Accretion of Asset Retirement Obligation	330,000	336,488	342,619	348,799	401,275	405,361	470,505	478,881
Impairment expense	-	-	-	936,620	-	-	-	-
Amortization of right of use assets	39,706	50,901	44,627	128,613	76,225	87,560	124,171	135,733
Income Taxes	-	-	-	-	-	-	(134,720)	2,528
EBITDA	4,538,227	6,489,253	1,268,060	(194,307)	(1,122,303)	(1,076,059)	(1,309,933)	(2,816,831)
Adjustments:								
Stock based compensation	376,284	486,904	809,641	1,043,929	949,639	1,180,806	158,792	855,514
(Gain) loss on derivatives	112,321	23,893	(42,474)	294,190	66,823	66,657	1,185,921	(1,253,708)
Settlement on or Purchase of Derivative Instruments	(83,260)	(77,631)	(83,926)	(15,449)	(41,187)	-	(45,855)	(266,653)
CEO Severance (including employer taxes)	-	-	-	-	374,820	-	-	-
COO Severance (including employer taxes)	-	-	-	-	-	-	145,319	-
Write off of JDA note receivable	-	-	1,399,030	-	-	-	-	-
XTO final settlement	-	-	1,448,363	-	-	-	-	-
Settlement and fees related to Texas sales tax audit	650,000	439,318	-	180,040	-	-	-	-
Professional fees for potential financing transactions	-	-	-	-	-	-	-	564,588
Adjusted EBITDA	5,593,572	7,361,737	4,798,694	1,308,403	227,792	171,404	134,244	(2,917,090)

(1) Non-GAPP Adjusted EBITDA defined on the Disclaimer slide

Statement of Operations (Condensed)

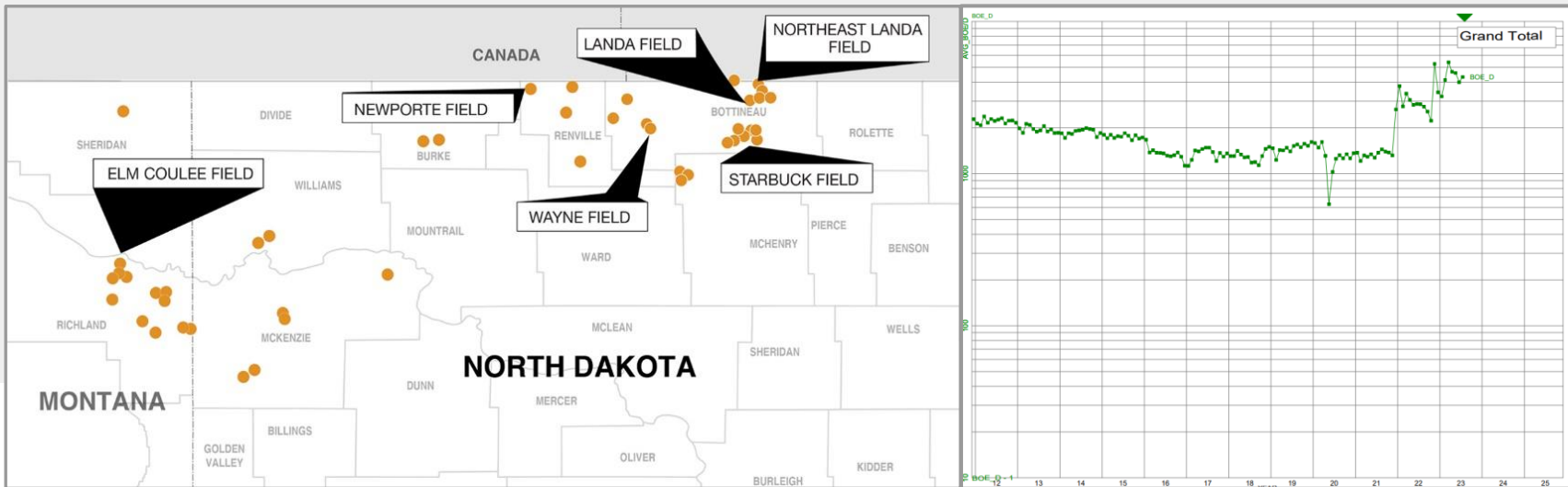


	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023
Revenue:								
Oil Sales	10,416,422	13,329,366	11,501,521	9,731,245	8,938,715	9,147,611	9,492,127	9,106,041
Gas Sales ⁽¹⁾	883,902	1,321,896	1,526,148	802,425	656,035	248,686	411,217	410,816
Natural Gas Liquids (“NGLs”) Sales	1,215,494	1,041,136	945,317	457,504	504,954	362,181	411,624	381,497
Total Product Revenues	12,515,818	15,692,398	13,972,986	10,991,174	10,099,704	9,758,478	10,314,968	9,898,354
Other	24,043	24,913	22,921	30,552	19,364	18,361	17,050	15,705
Gain (Loss) on Derivatives	(112,321)	(23,893)	42,474	(294,190)	(66,823)	(66,657)	(1,185,921)	1,253,708
Total Revenue	12,427,540	15,693,418	14,038,381	10,727,536	10,052,245	9,710,182	9,146,097	11,167,767
Costs and Expenses:								
Lease Operating Expense	4,572,401	4,656,901	7,751,755	6,602,984	6,520,163	7,099,000	7,050,054	7,956,264
Production and Ad Valorem Taxes	901,238	1,137,841	1,112,246	792,141	758,114	721,275	792,241	772,781
Depletion, Depreciation & Amortization	434,446	455,799	539,543	519,403	622,489	711,042	727,943	1,035,059
Accretion of Asset Retirement Obligation	330,000	336,488	342,619	348,799	401,275	405,361	470,505	478,881
Impairment	-	-	-	936,620	-	-	-	-
<i>General and Administrative</i>	<i>2,079,102</i>	<i>2,795,548</i>	<i>2,040,418</i>	<i>2,699,880</i>	<i>3,023,279</i>	<i>1,894,204</i>	<i>2,580,464</i>	<i>4,536,237</i>
<i>Stock based compensation</i>	<i>376,278</i>	<i>486,904</i>	<i>809,641</i>	<i>1,043,718</i>	<i>949,639</i>	<i>1,180,806</i>	<i>158,792</i>	<i>855,514</i>
Total General and Administrative	2,455,380	3,282,452	2,850,059	3,745,598	3,972,918	3,075,010	2,739,256	5,391,751
Total Cost and Expenses	8,693,465	9,869,481	12,596,222	12,943,545	12,274,959	12,011,688	11,779,999	15,634,736
Operating Income (Loss)	3,734,075	5,823,937	1,442,159	(2,216,009)	(2,222,714)	(2,301,506)	(2,633,902)	(4,466,969)
Other Income and (Expense):								
Interest Expense	(110,648)	(111,785)	(125,330)	(161,777)	(237,299)	(184,887)	(249,796)	(328,445)
Other Income (Expense)	-	(177,872)	(1,100,888)	297,165	422	21,484	1,350	465
Income (Loss) before Taxes	3,623,427	5,534,280	215,941	(2,080,621)	(2,459,951)	(2,464,909)	(2,882,348)	(4,794,949)
Income Tax (Provision) Benefit	-	-	-	(208,898)	-	-	(134,720)	(2,528)
Net Income (Loss)	3,623,427	5,534,280	215,941	(2,289,519)	(2,459,951)	(2,464,909)	(2,747,628)	(4,797,477)

Operating Data (Condensed)

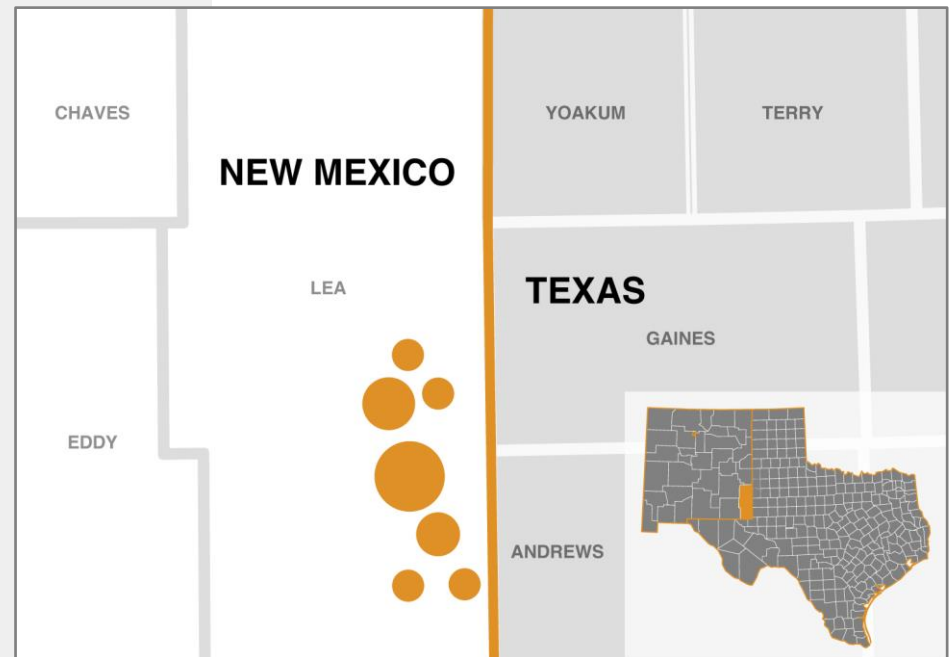
	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023
Net Production Volumes:								
Oil (Bbl)	114,255	123,167	123,804	121,592	120,257	128,413	120,177	119,022
Natural Gas (Mcf)	213,945	208,363	231,522	221,818	231,218	211,293	195,908	215,855
Natural Gas Liquids (Bbl)	40,152	38,518	42,989	39,150	39,756	30,678	35,568	30,011
Total Equivalent (Boe)	190,064	196,412	205,380	197,712	198,549	194,306	188,396	185,009
Average daily equivalent sales (Boe/d)	2,112	2,158	2,232	2,149	2,206	2,135	2,048	2,011
Average Price per Unit								
Oil (\$/bbl)	\$91.17	\$108.22	\$92.90	\$80.03	\$74.33	\$71.24	\$78.98	\$76.51
Natural Gas (\$/Mcf)	\$4.13	\$6.34	\$6.59	\$3.62	\$2.84	\$1.18	\$2.10	\$1.90
Natural Gas Liquids (\$/Bbl)	\$30.27	\$27.03	\$21.99	\$11.69	\$12.70	\$11.81	\$11.57	\$12.71
Total Equivalent (\$/Boe)	\$65.85	\$79.90	\$68.03	\$55.59	\$50.87	\$50.22	\$54.75	\$53.50
Operating Costs and Expenses per Boe								
Lease operating expense	\$24.06	\$23.71	\$37.74	\$33.40	\$32.84	\$36.54	\$37.42	\$43.00
Production and ad valorem taxes	\$4.74	\$5.79	\$5.42	\$4.01	\$3.82	\$3.71	\$4.21	\$4.18
Depreciation, Depletion, Amortization	\$2.29	\$2.32	\$2.63	\$2.63	\$3.14	\$3.66	\$3.86	\$5.59
Accretion of Asset Retirement Obligation	\$1.73	\$1.71	\$1.67	\$1.76	\$2.02	\$2.09	\$2.50	\$2.59
General & administrative (including stock based compensation)	\$12.92	\$16.71	\$13.88	\$18.93	\$20.01	\$15.83	\$14.54	\$29.14
General & administrative (excluding stock based compensation)	\$10.94	\$14.23	\$9.93	\$13.65	\$15.23	\$9.75	\$13.70	\$24.52

- **Current BOE per day: 502⁽¹⁾**
- Large working interest in several prolific fields centered around Bottineau County and Elm Coulee Field in Richland County, Montana
- **Production gained from 3,000 bbls/mon. to 7,000 bbls/mon. on a small pilot program.**
- **We have identified strong upside in other fields for 2023 and 2024 for Pilot and drilling increases of up to 60+ wells**
- Large held-by-production acreage in both North Dakota and Montana with consolidation opportunities
- **Non-Operated working interest in several Bakken new-drills with 100%+ returns**
- Capital expenditure program in Starbuck Field consisting of 10-14 wells focused on increasing production and reserves



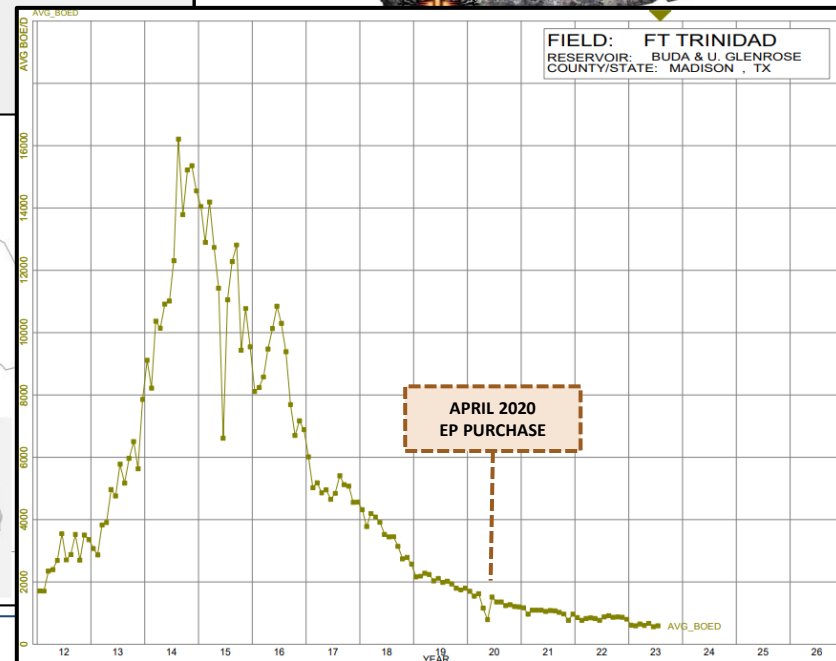
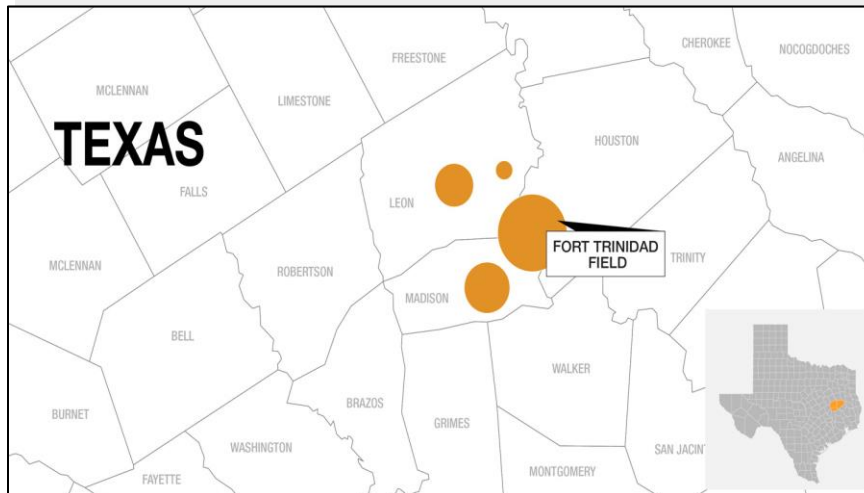
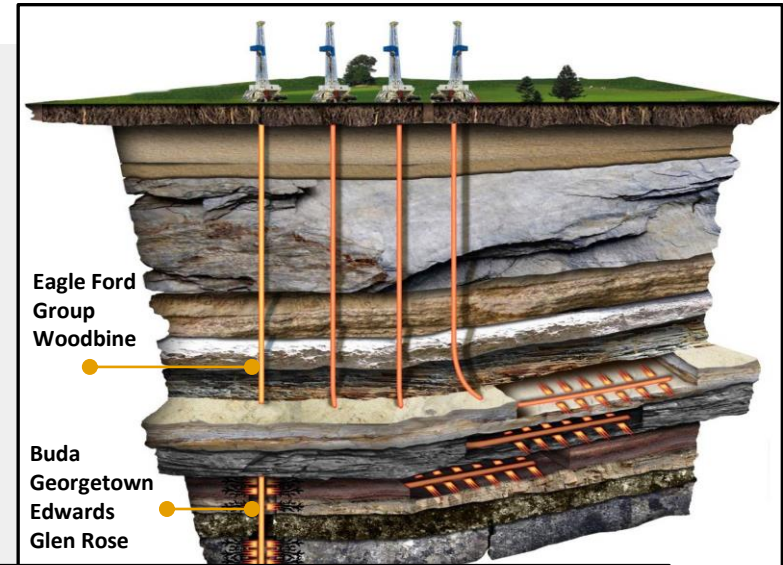
(1) Barrel composition based on 4Q 2023 per day sales volumes

- **Current BOE per day: 1,260** ⁽¹⁾
- **Purchased from Exxon/XTO in May 2021**
- **Contiguous 48,000 gross acre position in prolific Central Basin Platform, Permian, of Lea County, NM**
- **Substantial oil in place with additional recovery potential from infills and waterflood optimization**
- **Upgrading field systems**
- **Primary, secondary units with CO₂ potential**
- **Pilot to begin end of 2024**



(1) Barrel composition based on 4Q 2023 per day sales volumes

- **Current BOE per day: 236⁽¹⁾**
- Principal producing asset in the Fort Trinidad Field in Houston and Madison Counties, Texas
- **Over 30,000 net acres held-by-production**
- Stacked plays in multiple geologic horizons
- **Well activation program underway with focus on bypassed pay**
- Evaluating in-field locations



(1) Barrel composition based on 4Q 2023 per day sales volumes



Environmental

- Good corporate citizenship is a key part of our cultural identity, which includes being positive stewards to the environment and the communities in which we operate.
- Our focus on minimizing our operational impact is multi-faceted, including seeking to reduce air emissions, prevent spills, and safeguard local water supplies, as well as utilizing advanced drilling, completion and operations technologies that minimize our environmental impact.
- Our ongoing programs are designed to not only reduce our operational impacts but also improve efficiency, lower costs and reduce risk. This further promotes the long-term sustainability of our business as we continue to enhance our relationships with the communities in which we operate.



Social

- Our success starts with our people who consistently operate with the principles of honesty, integrity, and accountability, and unceasingly align our interests with our partners.
- Our employees are committed to the prudent growth of our organization and adhere to the values expected by our stakeholders. In accordance, we place strong emphasis on attracting, hiring, and developing a talented and diverse workforce, and endeavor to support our employees through market-competitive compensation and benefit programs.
- We treat our employees with respect and recognize that a diverse workforce provides the best opportunity to obtain unique perspectives, experiences and ideas to help our business succeed. As such, we strive to maintain a work culture that treats employees fairly and with respect, promotes inclusivity, and provides equal opportunities for professional growth and advancement based on merit.



Governance

- Supported by the oversight and guidance of our executive management team, our Board of Directors is responsible for our strategy and governance.
- We leverage corporate governance practices that promote transparency and accountability as key tenants to our long-term success. We are committed to operating with sound corporate governance practices and hold ourselves accountable, including ensuring that all our business interactions are performed with honesty and integrity.
- We interact with all partners and parties with the highest legal and ethical standards. In support of our efforts, we have adopted fundamental governance policies applicable to our team members and others with whom we do business.