


# Empire Petroleum Corporation

RESULTS for 3<sup>rd</sup> QUARTER 2024

 [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.





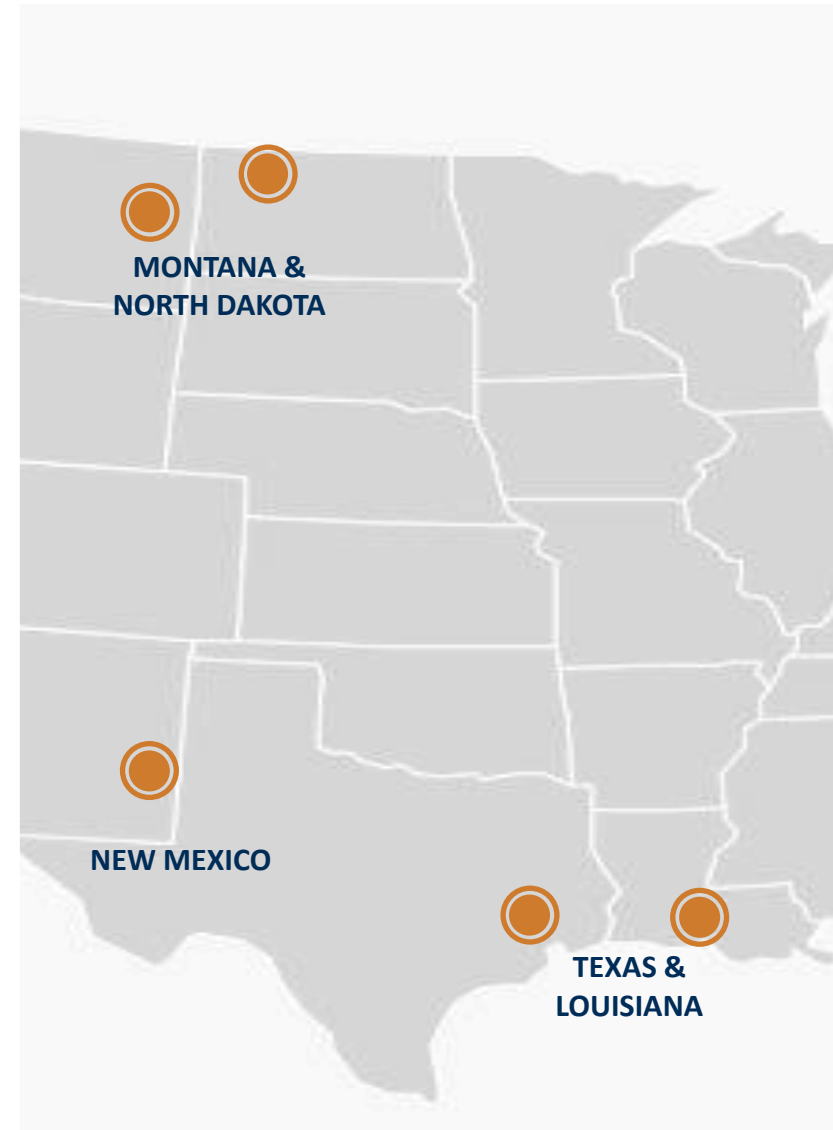
## North Dakota Starbuck Drilling Program

- Completed first stage of EOR<sup>(1)</sup> activities, successfully converting three wells into injectors
- Q3-2024 Empire began preparations for filing a provisional patent application with the USPTO<sup>(2)</sup> in connection with a technology it developed in relation to hydrocarbon vaporization
  - Official application submitted Q4-2024



## Expanded Empire's technical focus to its Texas region

- Implementing advanced strategies and technologies designed to maximize production efficiency and enhance resource recovery to drive long-term growth



(1) Enhanced Oil Recovery  
(2) United States Patent and Trademark Office



## Q3 Net Production of 2,460 Boe<sup>(1)</sup> /day including 1,573 Bbl/day

- Boe/day is comprised ~64% oil, ~17% NGLs and ~19% Natural Gas



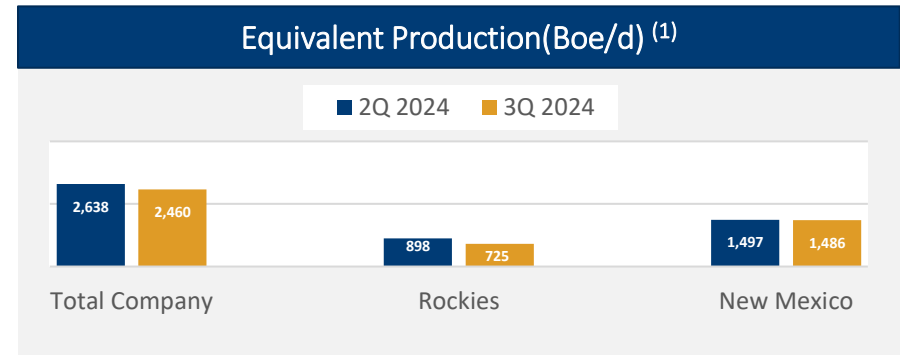
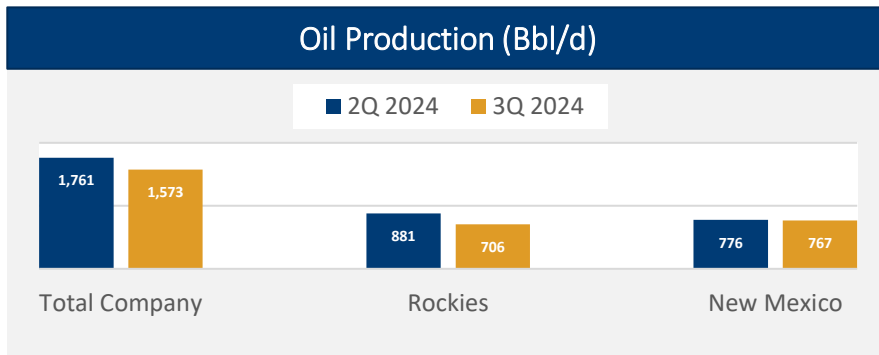
## Rights Offering

- Net proceeds will be used for previous, current and future drilling activity in ND and NM, workovers and recompletions in TX, land and lease purchases, and the completion of the initial stage of EOR facilities in the Starbuck field
- Successfully completed and oversubscribed in Q4-2024, reflecting strong shareholder confidence and strengthens Empire’s financial position as the Company advances key initiatives and operational goals



## Financial Performance

- Q3-24 total product revenue of \$10.9MM and net loss of ~\$3.6MM
- ~\$3.1MM cash on hand as of 9/30/2024 with ~\$0.2MM available on its credit facility



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

(2) Enhanced Oil Recovery

(3) United States Patent and Trademark Office

## 1 North Dakota – Williston Basin

- Completed its initial 13-well drilling program in the Starbuck Field in Q3-2024, with three injection wells expected to be instrumental in increasing production
- Production decline in Q3-2024 resulted from two infield optimization efforts including: 1) the conversion of three producing wells into injectors to support long-term growth, and 2) the temporary shut-in of three producing wells near drilling activity, while drilling horizontal wells
  - The strategic shift temporarily reduced output, but positions Empire to achieve production gains through future EOR activities, as the injection wells begin to stimulate reservoir performance
- Conducting a thorough analysis of Empire’s other fields in North Dakota to determine which sites may be well-suited for EOR processes and technologies





## North Dakota – Williston Basin

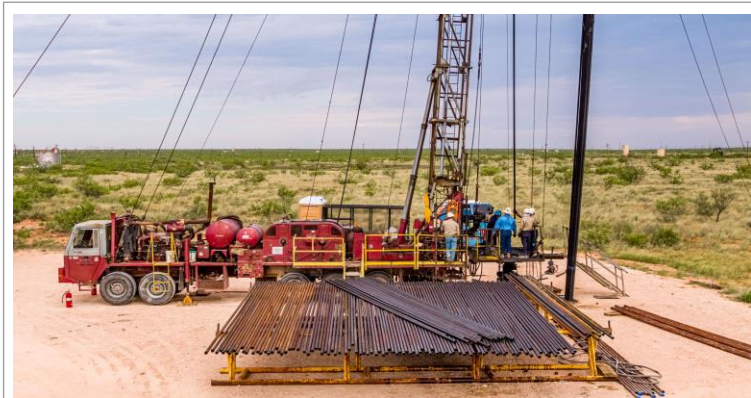
- **During Q4-2024, Empire is working on standard commissioning operations on the EOR equipment before the EOR can reach steady state, which is expected in Q1-2025**
- **Empire officially submitted its patent application to the USPTO in Q4-2024**
  - Patent application is directed to a novel method of superheating water or other fluids prior to injection into a well, which will significantly improve effectiveness of the EOR injection operations
- **Exploring further growth opportunities through the deployment of 2D and 3D seismic activities**
  - By integrating seismic data with EOR methods, Empire is positioning itself to unlock greater resource potential, guiding future development plans and maximizing long-term asset value
- **Second stage of the EOR program and infrastructure remains on track to be completed in 2025-2026**
  - New horizontal laterals will be completed for Starbuck and other fields Empire operates in North Dakota



## 2

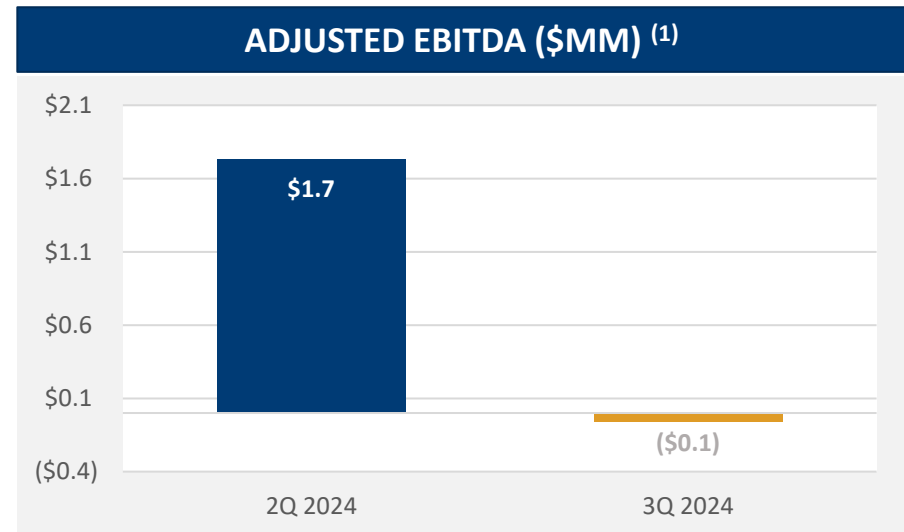
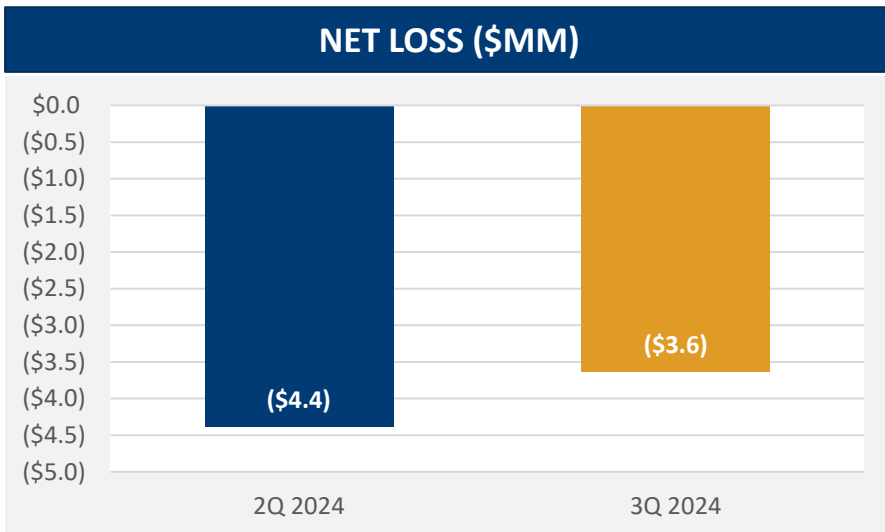
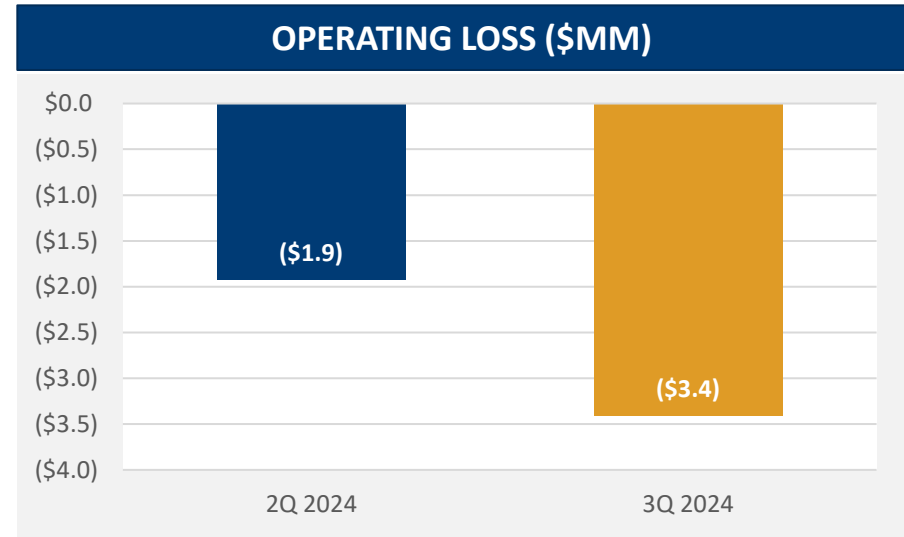
### New Mexico – Permian Basin

- Empire continues the legal and regulatory actions against third-parties trespassing on the New Mexico water floods
  - From May 2021 through September 2024, Empire estimates gross costs in excess of ~\$25.0-30.0MM have been, and continue to be, incurred, which may be directly related to the legal and regulatory actions discussed above
  - Empire remains committed to actively pursuing all regulatory avenues, as Empire believes the potential upside is between 300 million BOE to 1.5 billion BOE with primary, secondary and tertiary (CO<sup>2</sup>) recovery



# Financial Performance

- Completed a \$10.0MM Rights Offering at \$5.05 per share
  - Closed in November 2024
  
- Capital spend of ~\$38.3MM for the nine months ended 9/30/2024
  - Primarily related to the continued drilling and completions activity in North Dakota
  
- ~\$3.1MM cash and ~\$0.2MM available on its credit facility as of 9/30/2024



(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

# Statement of Operations (Condensed)



	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024
<b>Revenue:</b>							
Oil Sales	\$8,938,715	\$9,147,611	\$9,492,127	\$9,106,041	\$9,441,964	\$12,287,272	\$10,341,280
Gas Sales	656,035	248,686	411,217	410,816	377,130	(115,833)	8,547
NGL Sales	504,954	362,181	411,624	381,497	416,211	617,029	541,755
<b>Total Product Revenues</b>	<b>10,099,704</b>	<b>9,758,478</b>	<b>10,314,968</b>	<b>9,898,354</b>	<b>10,235,305</b>	<b>12,788,468</b>	<b>10,891,582</b>
Other	19,364	18,361	17,050	15,705	10,086	11,227	15,269
Loss on Commodity Derivatives	(66,823)	(66,657)	(1,185,921)	1,253,708	(858,150)	(1,453)	470,717
<b>Total Revenue</b>	<b>10,052,245</b>	<b>9,710,182</b>	<b>9,146,097</b>	<b>11,167,767</b>	<b>9,387,241</b>	<b>12,798,242</b>	<b>11,377,568</b>
<b>Costs and Expenses:</b>							
Lease Operating Expense	6,520,163	7,099,000	7,050,054	7,956,264	7,387,423	7,542,685	6,733,611
Production and Ad Valorem Taxes	758,114	721,275	792,241	772,781	833,447	1,065,718	984,075
Depletion, Depreciation & Amortization	622,489	711,042	727,943	1,035,059	1,490,130	2,676,981	2,596,360
Accretion of Asset Retirement Obligation	401,275	405,361	470,505	478,881	485,349	492,449	509,131
<i>General and Administrative</i>	<i>3,023,279</i>	<i>1,894,204</i>	<i>2,580,464</i>	<i>4,536,237</i>	<i>2,879,037</i>	<i>2,354,080</i>	<i>3,635,917</i>
<i>Stock based compensation</i>	<i>949,639</i>	<i>1,180,806</i>	<i>158,792</i>	<i>855,514</i>	<i>710,002</i>	<i>591,635</i>	<i>335,077</i>
Total General and Administrative	3,972,918	3,075,010	2,739,256	5,391,751	3,589,039	2,945,715	3,970,994
<b>Total Cost and Expenses</b>	<b>12,274,959</b>	<b>12,011,688</b>	<b>11,779,999</b>	<b>15,634,736</b>	<b>13,785,388</b>	<b>14,723,548</b>	<b>14,794,171</b>
<b>Operating Loss</b>	<b>(2,222,714)</b>	<b>(2,301,506)</b>	<b>(2,633,902)</b>	<b>(4,466,969)</b>	<b>(4,398,147)</b>	<b>(1,925,306)</b>	<b>(3,416,603)</b>
<b>Other Income and (Expense):</b>							
Interest Expense	(237,299)	(184,887)	(249,796)	(328,445)	(315,049)	(735,220)	(196,306)
Other Income (Expense)	422	21,484	1,350	465	738,000	(1,729,245)	(26,705)
<b>Loss before Taxes</b>	<b>(2,459,951)</b>	<b>(2,464,909)</b>	<b>(2,882,348)</b>	<b>(4,794,949)</b>	<b>(3,975,196)</b>	<b>(4,389,771)</b>	<b>(3,639,614)</b>
Income Tax (Provision) Benefit	-	-	134,720	(2,528)	-	-	-
<b>Net Loss</b>	<b>(\$2,459,951)</b>	<b>(\$2,464,909)</b>	<b>(\$2,747,628)</b>	<b>(\$4,797,477)</b>	<b>(\$3,975,196)</b>	<b>(\$4,389,771)</b>	<b>(\$3,639,614)</b>



# Operating Data (Condensed)

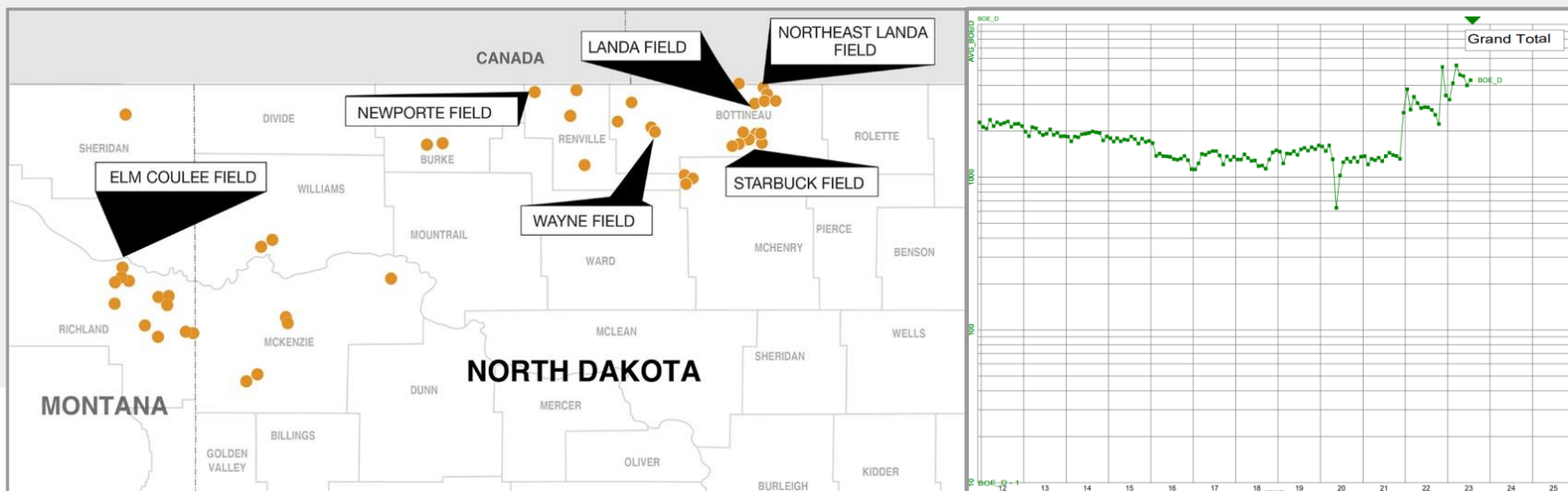
	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024
<b>Net Production Volumes:</b>							
Oil (Bbl)	120,257	128,413	120,177	119,022	130,760	160,283	144,674
Natural Gas (Mcf)	231,218	211,293	195,908	215,855	211,820	241,242	255,195
Natural Gas Liquids (Bbl)	39,756	30,678	35,568	30,011	34,785	39,612	39,137
<b>Total Equivalent (Boe)</b>	<b>198,549</b>	<b>194,306</b>	<b>188,396</b>	<b>185,009</b>	<b>200,848</b>	<b>240,102</b>	<b>226,344</b>
Average daily equivalent sales (Boe/d)	2,206	2,135	2,048	2,011	2,207	2,638	2,460
<b>Average Price per Unit</b>							
Oil (\$/bbl)	\$74.33	\$71.24	\$78.98	\$76.51	\$72.21	\$76.66	\$71.48
Natural Gas (\$/Mcf)	\$2.84	\$1.18	\$2.10	\$1.90	\$1.78	(\$0.48)	\$0.03
Natural Gas Liquids (\$/Bbl)	\$12.70	\$11.81	\$11.57	\$12.71	\$11.97	\$15.58	\$13.84
<b>Total Equivalent (\$/Boe)</b>	<b>\$50.87</b>	<b>\$50.22</b>	<b>\$54.75</b>	<b>\$53.50</b>	<b>\$50.96</b>	<b>\$53.26</b>	<b>\$48.12</b>
<b>Operating Costs and Expenses per Boe</b>							
Lease operating expense	\$32.84	\$36.54	\$37.42	\$43.00	\$36.78	\$31.41	\$29.75
Production and ad valorem taxes	\$3.82	\$3.71	\$4.21	\$4.18	\$4.15	\$4.44	\$4.35
Depreciation, Depletion, Amortization	\$3.14	\$3.66	\$3.86	\$5.59	\$7.42	\$11.15	\$11.47
Accretion of Asset Retirement Obligation	\$2.02	\$2.09	\$2.50	\$2.59	\$2.42	\$2.05	\$2.25
General & administrative (including stock based compensation)	\$20.01	\$15.83	\$14.54	\$29.14	\$17.87	\$12.27	\$17.54
General & administrative (excluding stock based compensation)	\$15.23	\$9.75	\$13.70	\$24.52	\$14.33	\$9.80	\$16.06

# Adjusted EBITDA Reconciliation <sup>(1)</sup>

	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024
<b>Net Loss</b>	<b>(\$2,459,591)</b>	<b>(\$2,464,909)</b>	<b>(\$2,747,628)</b>	<b>(\$4,797,477)</b>	<b>(\$3,975,196)</b>	<b>(\$4,389,771)</b>	<b>(\$3,639,614)</b>
Add Back:							
Interest Expense	237,299	184,887	249,796	328,445	315,049	735,220	196,306
DD&A	622,489	711,042	727,943	1,035,059	1,490,130	2,676,981	2,596,360
Accretion	401,275	405,361	470,505	478,881	485,349	492,449	509,131
Amortization of right of use assets	76,225	87,560	124,171	135,733	135,733	135,734	135,735
Income Taxes	-	-	(134,720)	2,528	-	-	-
<b>EBITDA</b>	<b>(1,122,303)</b>	<b>(1,076,059)</b>	<b>(1,309,933)</b>	<b>(2,816,831)</b>	<b>(1,548,935)</b>	<b>(349,387)</b>	<b>(202,082)</b>
Adjustments:							
Stock based compensation	949,639	1,180,806	158,792	855,514	710,002	591,635	335,077
(Gain) loss on commodity derivatives	66,823	66,657	1,185,921	(1,253,708)	858,150	1,453	(470,717)
Settlement on or Purchase of Derivative Instruments	(41,187)	-	(45,855)	(266,653)	(10,700)	(252,630)	281,530
(Gain) Loss on financial derivatives	-	-	-	-	(738,000)	1,736,000	-
CEO Severance (including employer taxes)	374,820	-	-	-	-	-	-
COO Severance (including employer taxes)	-	-	145,319	-	-	-	-
Professional fees for potential financing transactions	-	-	-	564,588	-	-	-
<b>Adjusted EBITDA</b>	<b>\$227,792</b>	<b>\$171,404</b>	<b>\$134,244</b>	<b>(\$2,917,090)</b>	<b>(\$729,483)</b>	<b>\$1,727,071</b>	<b>(\$56,192)</b>

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

- **Current Boe/day: 725** <sup>(1)</sup>
- Large working interest in several prolific fields centered around Bottineau County and Elm Coulee Field in Richland County, Montana
- **We have identified strong upside in other fields for 2024 through 2026 for Pilot and drilling increases of up to 60+ wells**
- Large held-by-production acreage in both North Dakota and Montana with consolidation opportunities
- Forward capital expenditure program in Starbuck Field and other assets in North Dakota consisting of EOR, new test wells and more development on increasing production and reserves



(1) Barrel composition based on 3Q 2024 per day sales volumes

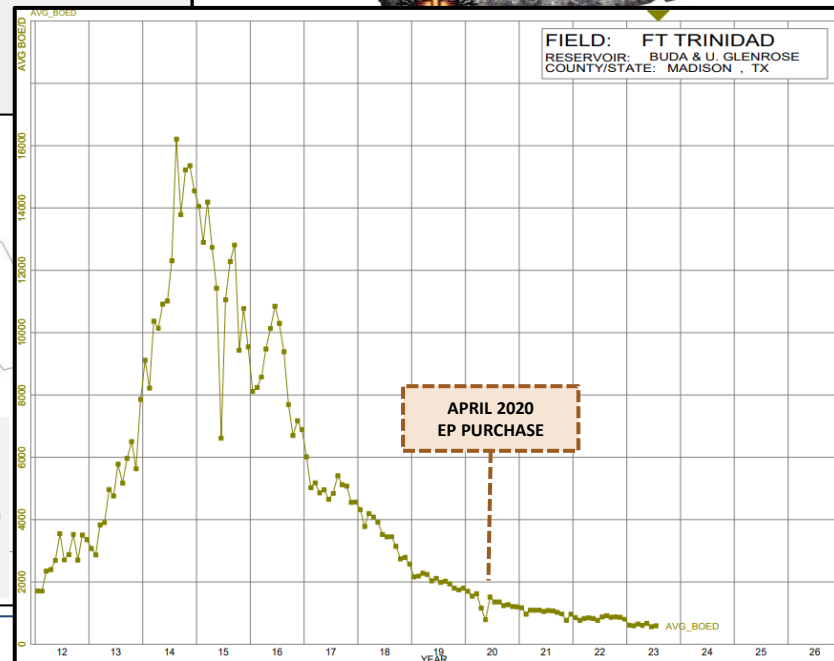
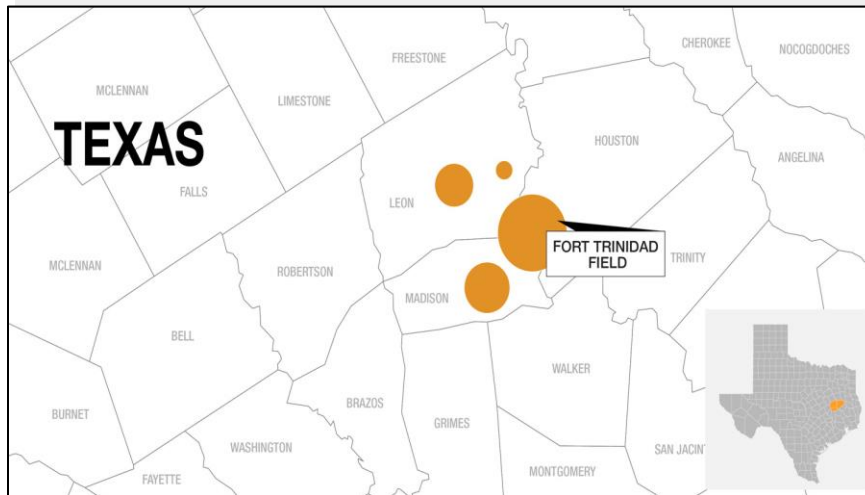
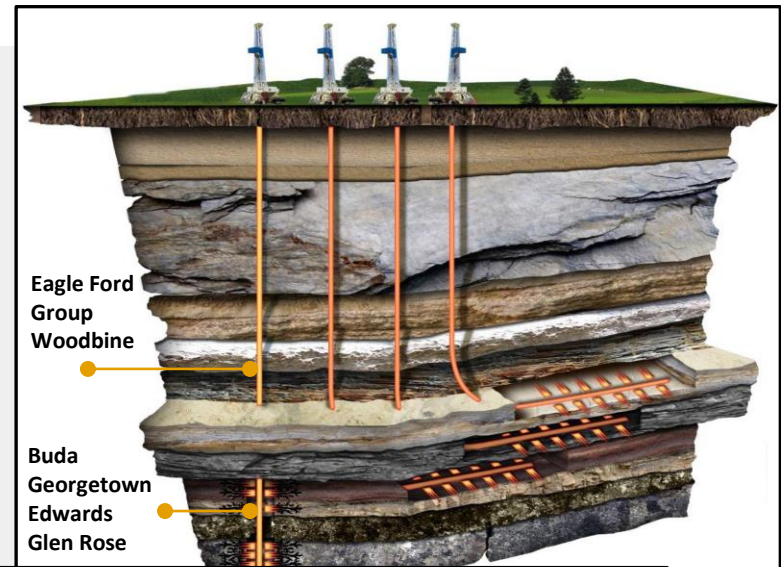


- **Current Boe/day: 1,486** <sup>(1)</sup>
- Contiguous 48,000 gross acre position in prolific Central Basin Platform, Permian, of Lea County, New Mexico
- **Substantial oil in place with additional recovery potential from infills and waterflood optimization**
- Upgrading field systems
- Primary, secondary units with CO<sub>2</sub> potential



(1) Barrel composition based on 3Q 2024 per day sales volumes

- **Current Boe/day: 239** <sup>(1)</sup>
- 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 for 2025



(1) Barrel composition based on 3Q 2024 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.