RILEY PERMIAN

Company Overview

November 2022

Forward-Looking Statements

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This presentation contains projections and other forward-looking statements within the meaning of federal securities laws. These projections and statements reflect Riley Exploration Permian, Inc.'s ("Riley Permian") current views with respect to future events and financial performance. No assurances can be given, however, that these events will occur or that these projections will be achieved, and actual results could differ materially from those projected as a result of certain factors. A discussion of these factors is included in Riley Permian's periodic reports filed with the U.S. Securities and Exchange Commission ("SEC").

All statements, other than historical facts, that address activities that Riley Permian assumes, plans, expects, believes, intends or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. The forward-looking statements are based on management's current beliefs, based on currently available information, as to the outcome and timing of future events, including the volatility of oil, natural gas and NGL prices; the scope, duration, and reoccurrence of any epidemics or pandemics (including, specifically, the coronavirus disease 2019 ("COVID-19") pandemic and any related variants), including reactive or proactive measures taken by governments, regulatory agencies and businesses related to the pandemic, and the effects of COVID-19 on the oil and natural gas industry, pricing and demand for oil and natural gas and supply chain logistics; regional supply and demand factors, any delays, curtailment delays or interruptions of production, and any governmental order, rule or regulation that may impose production limits; cost and availability of gathering, pipeline, refining, transportation and other midstream and downstream activities; severe weather and other risks that lead to a lack of any available markets; our ability to successfully complete mergers, acquisitions and divestitures; the risk that the Company's EOR project may not perform as expected or produce the anticipated benefits; risks relating to our operations, including development drilling and testing results and performance of acquired properties and newly drilled wells; any reduction in our borrowing base on our revolving credit facility from time to time and our ability to repay any excess borrowings as a result of such reduction; the impact of our derivative strategy and the results of future settlement; our ability to comply with the financial covenants contained in our credit agreement; conditions in the capital, financial and credit markets and our ability to obtain capital needed for development and exploration operations on favorable terms or at all; the loss of certain tax deductions; risks associated with executing our business strategy, including any changes in our strategy; inability to prove up undeveloped acreage and maintain production on leases; risks associated with concentration of operations in one major geographic area; legislative or regulatory changes, including initiatives related to hydraulic fracturing, emissions, and disposal of produced water, which may be negatively impacted by regulation or legislation; the ability to receive drilling and other permits or approvals and rights-of-way in a timely manner (or at all), which may be restricted by governmental regulation and legislation; risks related to litigation; evolving geopolitical and military hostilities in other areas of the world; and cybersecurity threats, technology system failures and data security issues. These forward-looking statements involve certain risks and uncertainties that could cause the results to differ materially from those expected by the management of Riley Permian.

These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those anticipated, including, but not limited to, the risk that Riley Permian may reduce, suspend or totally eliminate dividend payments in the future, whether variable or fixed, due to insufficient liquidity or other factors, potential adverse reactions or changes to the business or operations of Riley Permian resulting from the recently completed merger, including Riley Permian's future financial condition, results of operations, strategy and plans; changes in capital markets and the ability of Riley Permian to finance operations in the manner expected; the risk that the Company's EOR and CCUS projects may not perform as expected or produce the anticipated benefits; the risks of oil and gas activities; and the fact that operating costs and business disruption may be greater than expected following the consummation of the merger.

Riley Permian encourages readers to consider the risks and uncertainties associated with projections and other forward-looking statements. In addition, Riley Permian assumes no obligation to publicly revise or update any forward-looking statements based on future events or circumstances.

For additional discussion of the factors that may cause us not to achieve our financial projections and/or production estimates, see Riley Permian's filings with the SEC, including its forms 10-K, 10-Q and 8-K and any amendments thereto. We do not undertake any obligation to release publicly the results of any future revisions we may make to this prospective data or to update this prospective data to reflect events or circumstances after the date of this presentation. Therefore, you are cautioned not to place undue reliance on this information.

None of the information contained in this presentation has been audited by any independent auditor. This presentation is prepared as a convenience for securities analysts and investors and may be useful as a reference tool. Riley Permian may elect to modify the format or discontinue publication at any time, without notice to securities analysts or investors.

Use of non-GAAP Financial Information

This presentation includes certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). These measures include (i) Adjusted Net Income, (ii) Adjusted EBITDAX, (iii) Cash Margins, (iv) Free Cash Flow and (v) PV-10. These non-GAAP financial measures are not measures of financial performance prepared or presented in accordance with GAAP and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation, and users of any such information should not place undue reliance thereon. See the Appendix for the descriptions and reconciliations of non-GAAP measures presented in this presentation to the most directly comparable financial measures calculated in accordance with GAAP.

Oil & Gas Reserves

The SEC generally permits oil and natural gas companies, in filings made with the SEC, to disclose proved reserves, which are reserve estimates that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, and certain probable and possible reserves that meet the SEC's definitions for such terms. In this presentation, Riley Permian may use the terms "resource potential," "resource play," "estimated ultimate recovery," or "EURs," "type curve" and "standardized measure," each of which the SEC guidelines restrict from being included in filings with the SEC without strict compliance with SEC definitions. These terms refer to Riley Permian's internal estimates of unbooked hydrocarbon quantities that may be potentially discovered through exploratory drilling or recovered with additional drilling or recovery techniques. "Resource potential" is used by Riley Permian to refer to the estimated quantities of hydrocarbons that may be added to proved reserves, largely from a specified resource play potentially supporting numerous drilling locations. A "resource play" is a term used by Riley Permian to describe an accumulation of hydrocarbons known to exist over a large areal expanse and/or thick vertical section potentially supporting numerous drilling locations, which, when compared to a conventional play, typically has a lower geological and/or commercial development risk. "EURs" are based on Riley Permian's previous operating experience in a given area and publicly available information relating to the operations of producers who are conducting operations in these areas. Unbooked resource potential or "EURs" do not constitute reserves within the meaning of the Society of Petroleum Engineer's Petroleum Resource Management System or SEC rules and do not include any proved reserves. Actual quantities of reserves that may be ultimately recovered from Riley Permian's interests may differ substantially from those presented herein. Factors affecting ultimate recovery include the scope of Riley Permian's ongoing drilling program, which will be directly affected by the availability of capital, decreases in oil, natural gas liquids and natural gas prices, well spacing, drilling and production costs, availability and cost of drilling services and equipment, lease expirations, transportation constraints, regulatory approvals, negative revisions to reserve estimates and other factors, as well as actual drilling results, including geological and mechanical factors affecting recovery rates. "EURs" from reserves may change significantly as development of Riley Permian's core assets provides additional data. In addition, Riley Permian's production forecasts and expectations for future periods are dependent upon many assumptions, including estimates of production decline rates from existing wells and the undertaking and outcome of future drilling activity, which may be affected by significant commodity price declines or drilling cost increases. "Type curve" refers to a production profile of a well, or a particular category of wells, for a specific play and/or area.

Corporate and Strategic Overview

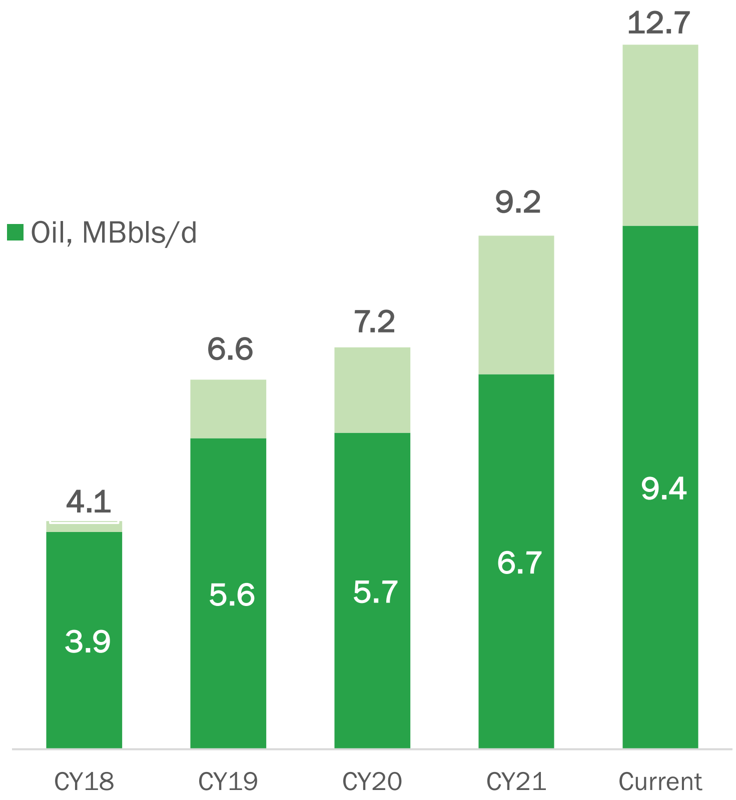
Riley Permian is a growth-oriented, independent oil and natural gas company focused on the acquisition, exploration, development and production of oil, natural gas and NGLs

- Core business operations focus on **modern horizontal drilling and completions** applied to the conventional San Andres formation on the Northwest Shelf of the Permian Basin
  - With lower production declines than typical shale assets, our production volume can grow with **lower reinvestment rates** of internal cash generation, leaving a greater percentage of cash flow available to return to investors
  - The majority of our acreage is located on large, contiguous blocks in Yoakum County, Texas, where we are also developing an enhanced oil recovery **EOR (water and CO_2-injection)** project
- Capital allocation prioritizes **reinvesting for growth and paying a growing dividend** to shareholders[1], which we have done for the past 15 quarters, as well as reducing debt
- Initiating additional line of business associated with **carbon capture (CCUS)** activities

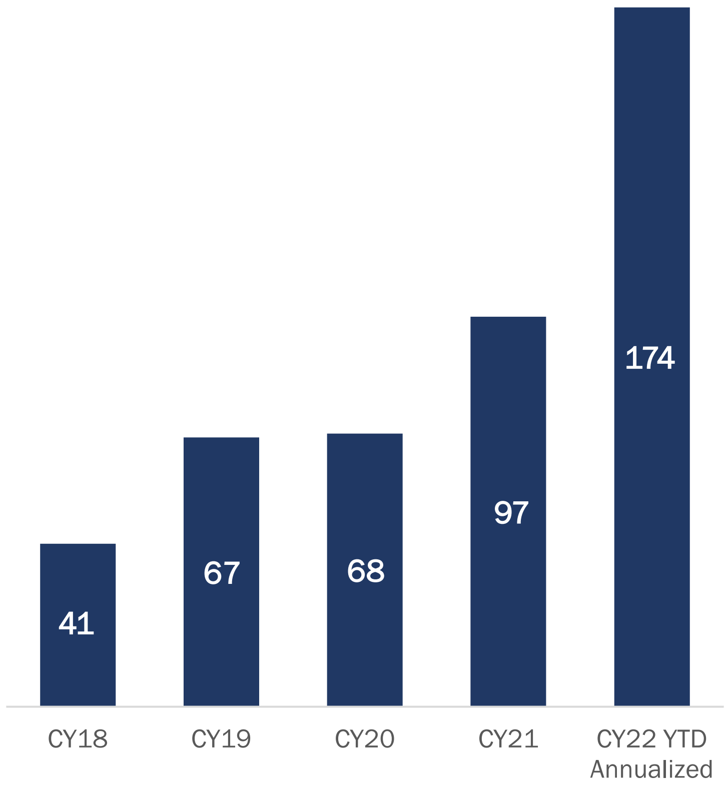
(1) Future dividends are subject to approval by the board of directors.

Track Record of Consistent Growth and Shareholder Returns

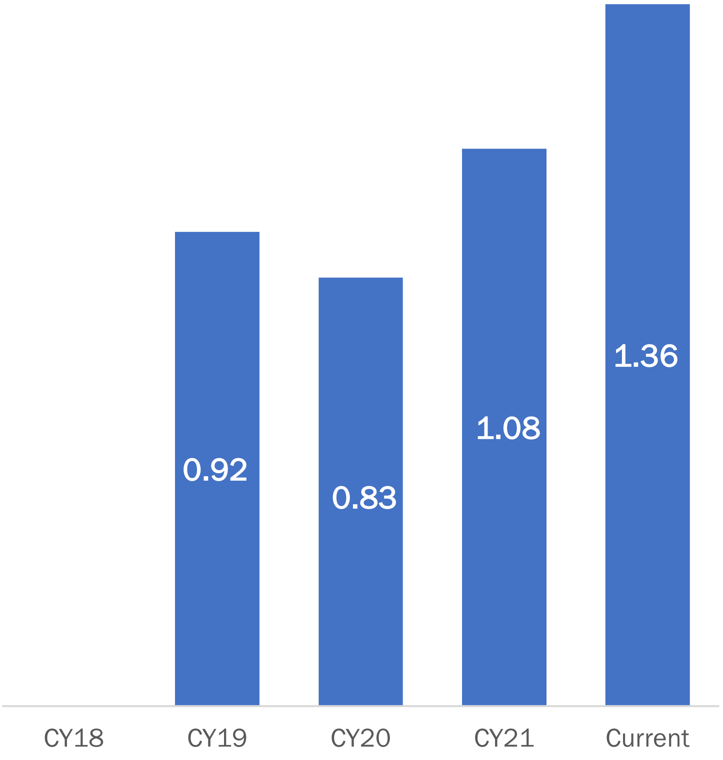
Total Net Production(1)
MBoe/d



Adjusted EBITDAX(2)
$MM

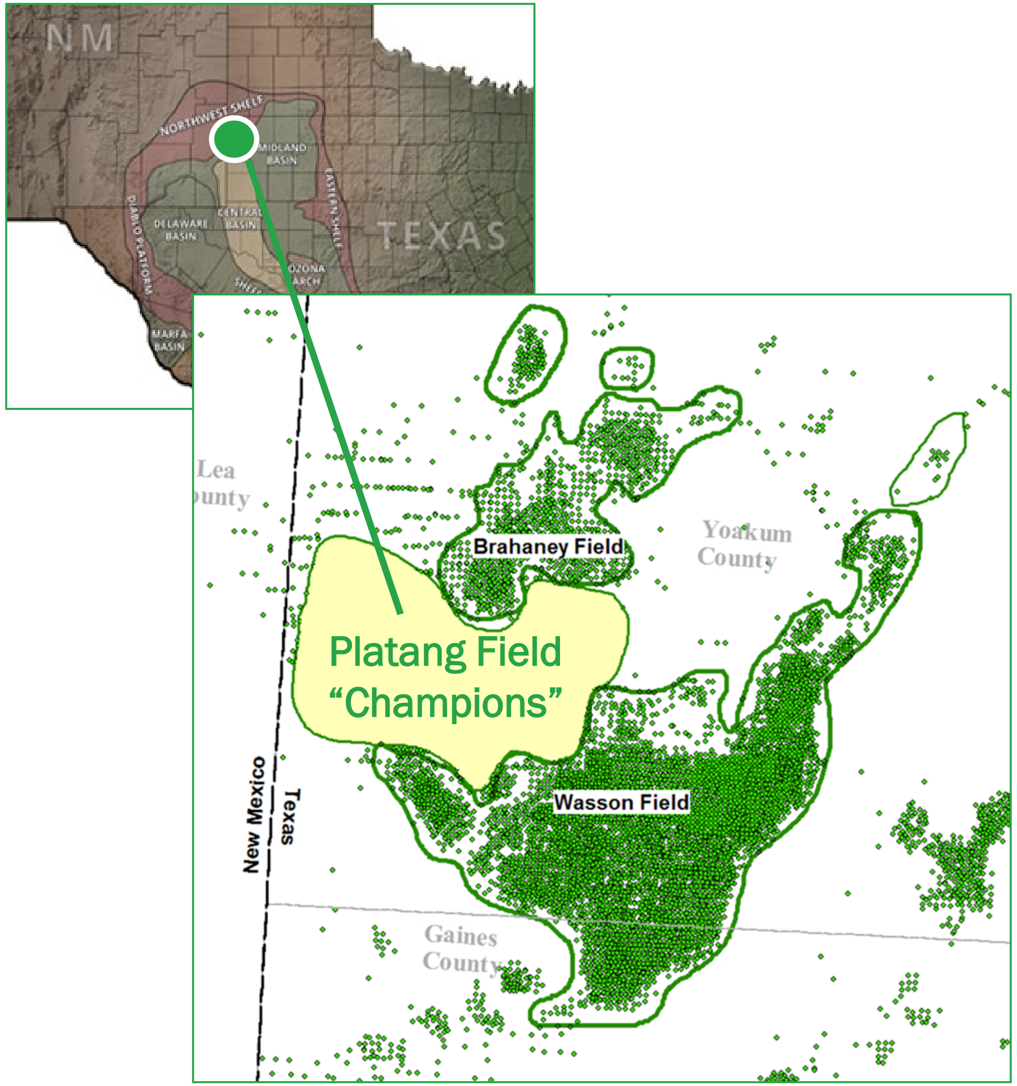


Dividends per Share(1)
$/Sh



(1) Current represents most recent quarter ended 9/30/22. For dividends, Current represents annualized amount based on most recently paid dividend. Future dividends are subject to approval by the board of directors. Dividends paid prior to February 2021 were paid on common units (not shares) as part of the private, predecessor entity.
(2) Non-GAAP financial measure, see Appendix for reconciliation. CY22 YTD Annualized based on the nine months ending 9/30/22.

Applying Modern Development Techniques to a Premier Asset



Legacy Regional Development

- The San Andres is a proven, conventional reservoir that has been producing for over 100 years
- Relative to shale, the San Andres reservoir has excellent natural permeability and porosity, which allows large volumes of fluids to move through the rock to the borehole, with only moderate stimulation
- The Wasson and Brahaney Fields are giant, legacy oilfields on the Northwest Shelf of the Permian Basin, located primarily in Yoakum County, TX
- These fields commenced development in the 1930s and have produced over 2.3 billion barrels of oil
- These fields were developed with several thousand vertical wells, many of which are still producing ~10 bopd
- Operators of Wasson and Brahaney include oil majors and large cap companies, and they have been using water and CO_2 injection for decades to enhance recovery

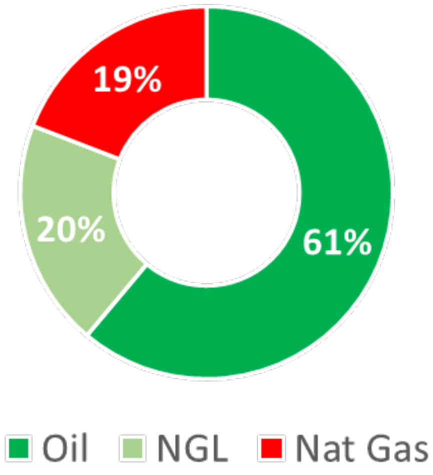
Riley Permian's Modern Development

- Within this premier geologic setting, Riley Permian's focus is on horizontal development of a net ~26K acre position (Platang Field, or "Champions")
- The San Andres' moderate depth generally leads to lower drilling costs compared to many of the Permian shale plays
- Riley Permian has 77 active, operated horizontal wells producing an average of ~150 bopd
- Our oldest producing horizontal well is 7 years old; our average horizontal well age is 3.8 years old
- We have only 8 active vertical wells and no wells on the Central Basin Platform
- This combination of high average production per well (with low base decline) and younger well life leads to lower operating costs relative to marginal vertical wells
- Until 2022, we had not employed water or CO_2 enhancement techniques on this asset, but we currently have a pilot program in progress to test viability

Summary Proved Reserves (Internal Estimates of 9/30/22[1])

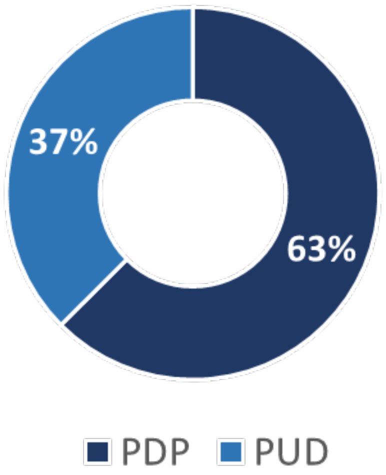
Commodity Volume Mix

82 MMBoe



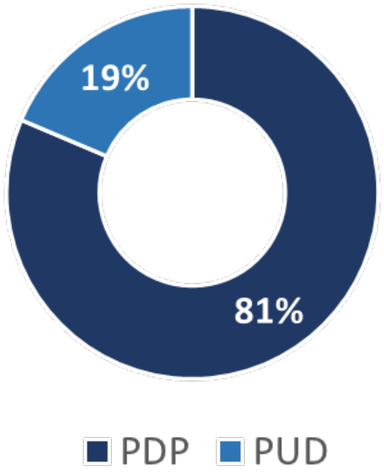
Developed vs Undeveloped Volume Mix

82 MMBoe



Developed vs Undeveloped PV-10[2] Mix

$874 MM



$711MM PDP PV-10, based on ~$78 WTI in 2022, decreasing to $60 in 2026 and beyond[2]

$6
per BOE cost to add proved developed reserves[3], among the lowest in the industry

13 Years
Ratio of proved developed reserves to production – highlights low base decline nature of production

21 Years
Ratio of total proved reserves to production – highlights inventory depth of undeveloped resource

5x
Year-end 2021 proved reserves 5x greater than year-end 2017 reserves[4]

29%
increase in reserve-based loan borrowing base YoY

(1) Reserves shown are based on internal Company estimates as of 9/30/22. Boe metrics converts gas mcf on a 1:6 basis to oil barrels and NGL barrels on a 1:1 basis with oil barrels.
(2) Non-GAAP financial measure, see Appendix for reconciliation. Utilizes NYMEX pricing as of 9/30/22.
(3) Cost to Add Proved Developed Reserves calculated as total proved developed reserve additions divided by capitalized costs associated with proved reserve additions, adjusted for divestitures and acquisitions. Metric shown represents 4-year average for FY 2018-2021, based on reserves prepared by third-party engineer, Netherland Sewell & Associates, Inc.
(4) Based on year-end reserves prepared by Netherland Sewell & Associates, Inc.

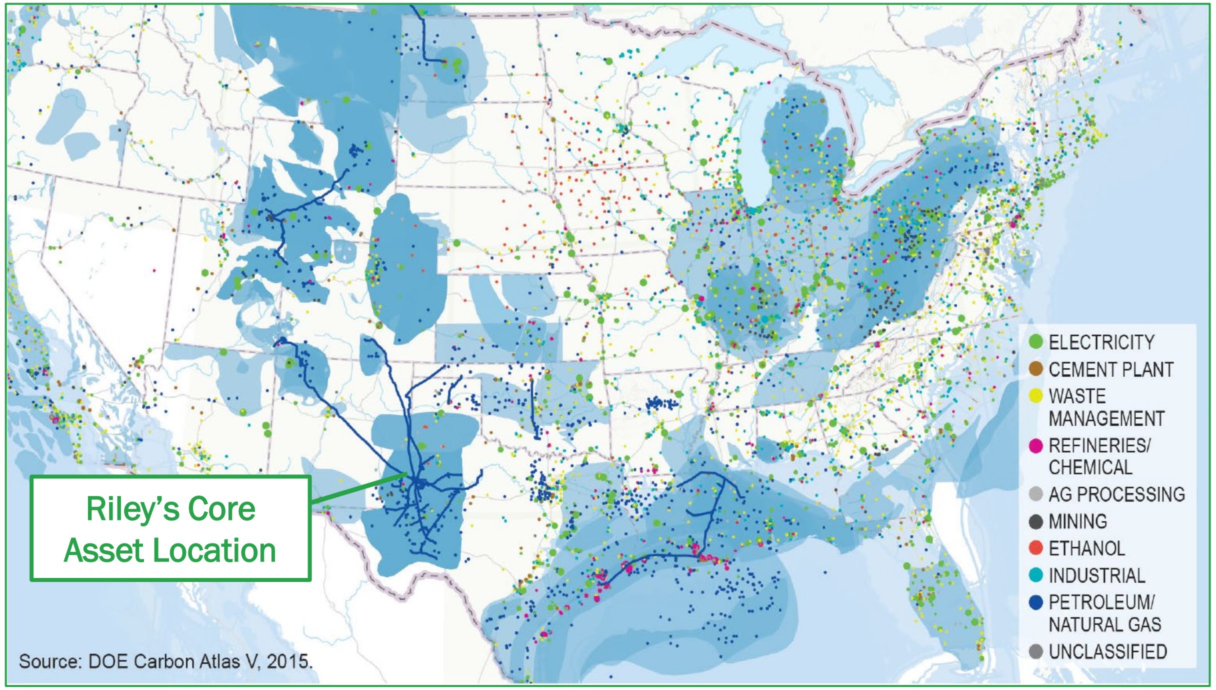
Potential Upside through EOR and CCUS Initiatives

Geographic and geologic rationale for both Enhanced Oil Recovery (EOR) and Carbon Capture, Utilization and Sequestration (CCUS):
(i) the most concentrated area of CO_2 infrastructure in the U.S. converges within miles of Riley Permian's core asset, and
(ii) Riley Permian's core asset geology can provide a natural "sink" for CO_2 storage through EOR or permanent storage

EOR

- Infrastructure was developed to support EOR projects adjacent to Riley Permian's core asset, which include several of the largest and most successful EOR projects in the U.S.
- Proximity to such infrastructure allows for reliable CO_2 supply and lower tie-in costs
- Riley Permian's assets possess similar reservoir rock properties to nearby EOR fields and average oil saturations are quite favorable for EOR operations
- Riley Permian has begun an EOR pilot program on a small number of wells in its core asset in Yoakum County, TX

U.S. Network of CO_2 Pipelines and CO2 Emissions Sources



Source: DOE Carbon Atlas V, 2015.

CCUS

- Going forward, such infrastructure can also be used for CCUS
- International agencies focused on climate endorse CCUS as one of the most important technologies to help achieve societal climate goals
- Wide range of industrial CO_2 emitters along the many thousands of miles of the pipeline network
- CO_2 emitters (sources) need partners with subsurface assets and expertise in handling gaseous molecules to provide a CO_2 "sink"
- Favorable U.S. tax credits that support CCUS initiatives for both EOR and permanent storage

Strategic Rationale for EOR

Reduce production declines

- Riley Permian's existing production decline is materially lower than that of shale; EOR has the potential to lower it further

Increase ultimate recoveries

- Analogous fields have improved ultimate recovery by 1.5-3x with secondary and tertiary methods

Pull forward NPV

- Shorten historically very long life-cycle of EOR to begin secondary and tertiary recovery techniques
- Mitigate stranded asset risk

Be a good steward of the planet

- Synergistic opportunities for CCUS to take industrial sources of CO_2
- Leads to reduced carbon intensity of oil production (potentially a net-zero or net-negative barrel of oil)

Committed to ESG Engagement

Responsibly producing some of the world's most demanded natural resources

Environmental

- Pursuing CCUS activities to capture and storage industrial CO2
- Onsite pipelines transport nearly all production volumes, eliminating trucking and associated emissions
- Operational compliance efforts have resulted in a 100% record of compliance in Railroad Commission of Texas field inspections 2022 YTD
- Our 2022 pneumatic device replacement project has resulted in a 92% reduction in methane emissions from pneumatic devices

Social

- Providing low-cost, reliable and secure energy and natural resources to empower society
- U.S.-based workforce, with zero offshoring of employed labor, producing U.S. natural resources
- Zero recordable employee injuries in 2021 and 2022 YTD
- Large majority of employees are also stockholders, granted through long-term incentive plans

Governance

- Prioritizing long-term corporate sustainability and creating value for shareholders
- Balanced board of directors: significant shareholder representation; 4 of 6 directors are independent, with 3 of 6 being gender or ethnically diverse
- 100% of committee representation is from independent directors
- Executive alignment with shareholders as 2/3rds of executive's target incentive compensation is in the form of stock

Investment Highlights: Inflation Hedge, Yield-Oriented Growth Story

Multi-year track record of organic growth in production, cash flow and reserves across commodity cycles

Premier, oil-based, conventional asset with low decline rates that enables capital efficiency

Proven and aligned management team with substantial expertise across disciplines and long-term perspective

Operating and financial performance metrics compete with top E&Ps

Potential upside through EOR pilot program and complementary assets or new ventures

Consistent dividend payer with 4.2% current annualized yield; corporate objective to grow the dividend annually[(1)]

(1) Future dividends are subject to approval by the board of directors. Yield based on share price as of 11/8/22.

Appendix

Capitalization Summary

Market Capitalization

NYSE: REPX	
Share Price (11/8/22)	$32.19
Shares Outstanding, MM (11/8/22)	20.2
Equity Value, $MM	**$649.0**
Credit Facility Debt, $MM (9/30/22)	$48.0
Cash and Cash Equivalents, $MM (9/30/22)	(17.9)
Enterprise Value, $MM	**$679.1**

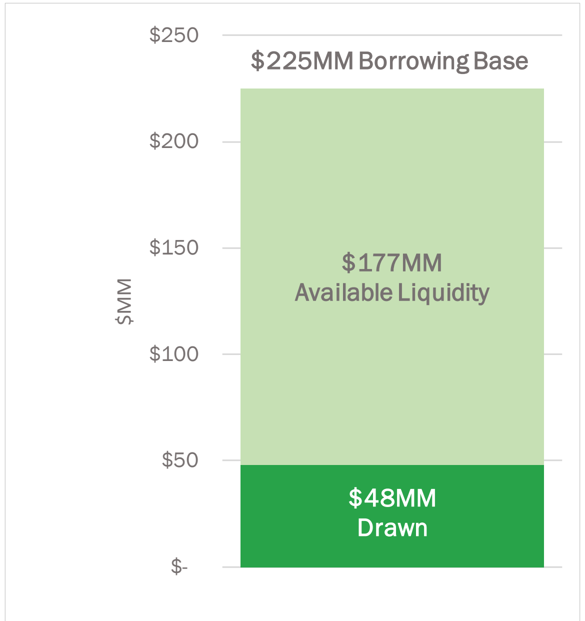
Current Qrtly. Dividend[3]:	$0.34/Sh
Annual Dividend Yield[3]:	4.2%
Debt to EV:	7.1%

Equity Ownership

> 5% Holders and Insiders as of 11/8/22[1]	Shares (MM)	Ownership %
Yorktown Energy Partners[2]	5.51	27.3%
Bluescape Energy Partners	5.22	25.9%
Balmon Investments[2]	2.02	10.0%
Texel Resources[2]	1.97	9.8%
Riley Permian Management	0.85	4.2%
Board of Directors	0.03	0.2%
Estimated Public Float	4.56	22.6%
Total	**20.16**	**100.0%**
Total Insider Ownership	**6.39**	**31.7%**

Total shares inclusive of restricted stock awards

Credit Facility



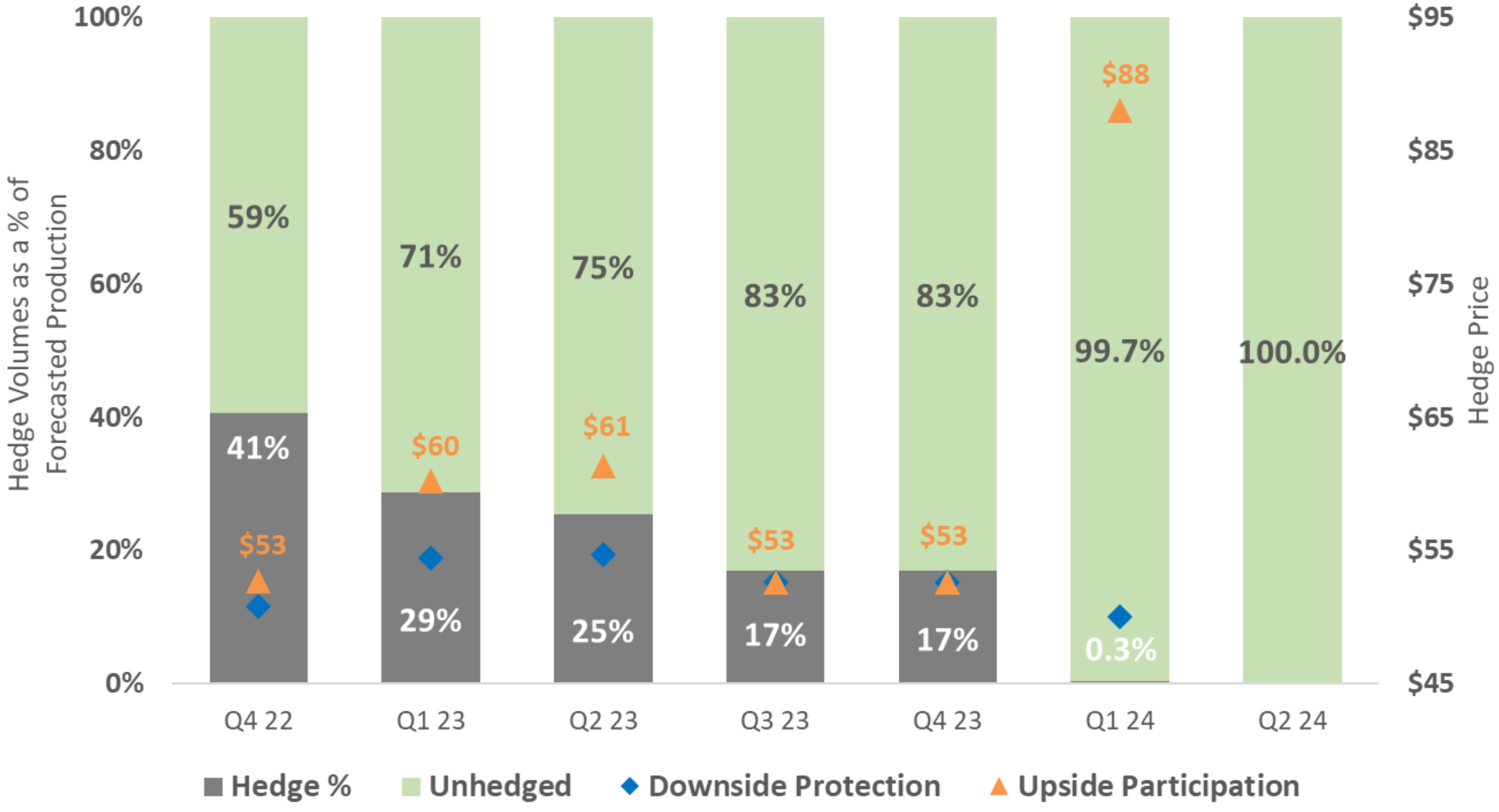
Balance as of:	9/30/2022
Syndication:	6 banks with Truist Bank as Administrative Agent
Interest Rate:	Term SOFR + 285-385bps
Maturity:	April 2026

(1) Source: SEC Filings. Insiders include Yorktown, management and the board of directors.
(2) Includes affiliated entity holdings aggregated from Form 4 filings.
(3) Future dividends are subject to approval by the board of directors.

Quarterly Hedging Profile

Riley Permian will utilize commodity price hedges to manage fixed cost exposure and to comply with bank covenant requirements[(1)], while maintaining unhedged production for potential upside exposure and operating flexibility

- For the balance of 2022 (one quarter remaining), the Company is 41% hedged, based on midpoint production guidance, and with an upside participation price capped at approximately $53
- For 2023, the Company is currently 22% hedged, based on an illustrative flat production growth from Q4 2022 guidance, and with an upside participation price capped at approximately $57.60
- As part of a comprehensive credit facility extension and amendment completed in late April 2022, the Company relaxed minimum hedging requirements to allow for more discretionary hedge decisions when the Company is less levered[(1)]



Note: Based on derivative positions as of November 8, 2022. See Appendix for detail. Forecasted production based on Q4 2022 guidance and held flat thereafter.
(1) The hedging requirements in the Company's credit facility include a minimum of 0% of forecasted PDP volumes over the coming 24 months (based on current credit facility utilization and leverage)

Hedging Positions as of 11/8/22

	2022	2023				2024
	4Q	1Q	2Q	3Q	4Q	1Q
CRUDE OIL						
Fixed Swap - Volume, Bbls/Qtr	270,000	225,000	195,000	150,000	150,000	-
Weighted Average Price, $/Bbl	$56.03	$53.65	$53.89	$52.58	$52.58	
Collars - Volume, Bbls/Qtr	90,000	30,000	30,000	-	-	3,000
Weighted Average Floor Price, $/Bbl	$35.00	$60.00	$60.00	-	-	$50.00
Weighted Average Ceiling Price, $/Bbl	$42.63	$109.60	$109.60	-	-	$88.00
Total Oil Price Hedges, Bbls/Qtr	360,000	255,000	225,000	150,000	150,000	3,000
Mid/Cush Basis Swaps - Volume, Bbls/Qtr	240,000	-	-	-	-	-
Weighted Average Price, $/Bbl	$0.41	-	-	-	-	-
NATURAL GAS						
Swaps - Volume, Mcf/Qtr	540,000	-	-	-	-	-
Weighted Average Price, $/Mcf	$3.26	-	-	-	-	-

Note: Q4 2022 derivative positions shown include some contracts that have settled.

Oil, Natural Gas and NGL Reserves as of 9/30/22

The Company prepared estimates of reserves using an average price equal to the unweighted arithmetic average of the first day of each month within the 12-month period ended September 30, 2022 of $92.16 per Bbl for oil and $6.13 per Mcf for gas in accordance with SEC guidelines. The Company also prepared estimates of proved reserves as of September 30, 2022 using NYMEX pricing. Netherland, Sewell & Associates, Inc. ("NSAI") is the Company's third-party reservoir engineer, which prepares estimates of the Company's proved reserves annually as of its year-end, in accordance with the rules and regulations of the SEC. NSAI has not reviewed our proved reserves at September 30, 2022 using SEC or NYMEX pricing. A summary of these internal estimates as of September 30, 2022 is presented below.

	SEC Pricing		NYMEX Pricing[2]	
Reserves as of September 30, 2022	**Proved Developed Reserves**	**Total Proved Reserves**	**Proved Developed Reserves**	**Total Proved Reserves**
Oil (MBbls)	30,479	51,417	29,892	50,378
Natural gas (MMcf)	66,127	96,584	65,018	94,713
Natural gas liquids (MBbls)	10,994	16,599	10,815	16,281
Total (MBoe)	52,494	84,113	51,543	82,444
PV-10[1] (in thousands)	$ 1,120,244	$ 1,571,033	$ 711,402	$ 874,147

(1) See non-GAAP measures section for definition and reconciliation.

(2) See table below for the NYMEX pricing used to prepare internal reserve estimates.

	Oil ($ per Bbl)	Natural Gas ($ per Mcf)
October 2022-December 2022	$ 78.35	$ 6.87
Calendar year 2023	$ 72.13	$ 5.44
Calendar year 2024	$ 66.63	$ 4.74
Calendar year 2025	$ 63.25	$ 4.58
Calendar year 2026	$ 60.72	$ 4.45
After 2026	$ 59.76	$ 4.87

Oil, Natural Gas and NGL Reserves as of 12/31/21

Estimates of reserves were prepared using an average price equal to the unweighted arithmetic average of the first day of each month within the 12-month period ended December 31, 2021 of $66.55 per Bbl for oil and $3.6 per Mcf for gas in accordance with SEC guidelines. Additionally, the Company prepared estimates of proved reserves as of December 31, 2021 using NYMEX pricing. The table below presents a summary of our proved reserves as of December 31, 2021.

	SEC Pricing		NYMEX Pricing[2]	
Reserves as of December 31, 2021	**Proved Developed Reserves**	**Total Proved Reserves**	**Proved Developed Reserves**	**Total Proved Reserves**
Oil (MBbls)	27,096	47,021	26,964	46,848
Natural gas (MMcf)	47,974	77,486	47,728	77,185
Natural gas liquids (MBbls)	7,949	13,471	7,910	13,423
Total (MBoe)	43,041	73,406	42,829	73,135
PV-10[1] (in thousands)	$ 616,231	$ 879,143	$ 589,287	$ 808,676

(1) Non-GAAP financial measure, which is defined and reconciled below.

(2) See table below for the NYMEX pricing used to prepare internal reserve estimates.

	Oil ($ per Bbl)	Natural Gas ($ per Mcf)
Calendar year 2022	$ 72.23	$ 3.69
Calendar year 2023	$ 66.39	$ 3.36
Calendar year 2024	$ 62.66	$ 3.13
Calendar year 2025	$ 60.12	$ 3.07
After 2025	$ 59.19	$ 3.33

Non-GAAP Reconciliations

The Company presents certain non-GAAP financial measures to supplement its financial statements prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The non-GAAP financial measures include Adjusted Net Income, Adjusted EBITDAX, Cash G&A, Cash Costs and Cash Margin per Boe, Free Cash Flow and PV-10. A reconciliation of each non-GAAP measure to the most directly comparable GAAP financial measure is presented below.

We believe that these non-GAAP measures presented, in conjunction with our financial and operating results prepared in accordance with GAAP, provide a more complete understanding of the Company’s performance. We use these non-GAAP measures to compare our financial and operating performance with that of other companies in the oil and natural gas industry as well as our financial and operating performance for current and historical periods. These non-GAAP measures should not be considered in isolation or as a substitute for GAAP measures, such as net income (loss), operating income (loss), total costs and expenses, general and administrative expenses, net cash provided by operating activities or standardized measure of discounted future net cash flows or any other GAAP measure of financial position or results of operations.

As not all companies use the same calculation, our non-GAAP measures may not be comparable to similarly titled measures presented by other companies.

Non-GAAP Reconciliations (Cont'd.)

Adjusted Net Income

We define Adjusted Net Income as net income (loss) plus (gain) loss on discontinued operations, non-cash (gain) loss on derivatives, transaction costs and other, income tax expense related to our change in tax status and the changes in estimated income tax as a result of these adjustments. We believe that Adjusted Net Income is a widely followed measure of operating performance and is one of many metrics used by investors as well as our management team. For example, Adjusted Net Income can be used to assess our operating performance and return on capital in comparison to other independent exploration and production companies without regard to financial or capital structure and to assess the financial performance of our assets and our company without regard to capital structure or historical cost basis. The following table provides a reconciliation of Net Income (Loss) to Adjusted Net Income for the periods indicated:

	Three Months Ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Unaudited, In thousands)				
Net Income (Loss)	$ 59,817	$ 38,555	$ 15,654	$ 91,204	$ (57,725)
(Gain) loss on discontinued operations	—	—	(776)	—	18,797
Non-cash (gain) loss on derivatives	(34,640)	(13,420)	3,816	(16,803)	53,809
Transaction costs and other	—	—	458	2,638	2,943
Income tax expense from change in tax status	—	—	—	—	13,631
Tax effect of adjustments[(1)]	7,448	2,885	(755)	3,044	646
Adjusted Net Income	$ 32,625	$ 28,020	$ 18,397	$ 80,083	$ 32,101

(1) Computed by applying a combined federal and state statutory rate of 21.5% effective as of September 30, 2022, June 30, 2022, and September 30, 2021, respectively. The Company was a flow-through entity for federal and state income tax purposes for the periods through February 26, 2021.

Non-GAAP Reconciliations (Cont'd.)

Adjusted EBITDAX

We define Adjusted EBITDAX as net income (loss) adjusted for (gain) loss on discontinued operations, exploration costs, depletion, depreciation, amortization and accretion, equity-based compensation expense, interest expense, non-cash (gain) loss on derivatives, income taxes and transaction costs and other. We believe Adjusted EBITDAX is useful to investors because it provides an effective way to evaluate our operating performance and compare the results of our operations from period to period as well as to other companies in the oil and natural gas industry without regard to our financing methods or capital structure. The following table provides a reconciliation from the GAAP measure of Net Income (Loss) to Adjusted EBITDAX.

	Three Months Ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Unaudited, In thousands)				
Net Income (Loss)	$ 59,817	$ 38,555	$ 15,654	$ 91,204	$ (57,725)
(Gain) loss on discontinued operations	—	—	(776)	—	18,797
Exploration costs	20	22	884	1,540	9,142
Depletion, depreciation, amortization and accretion	8,346	7,188	6,692	22,167	20,025
Unit-based compensation expense	—	—	—	—	276
Share-based compensation expense	795	828	751	2,684	6,101
Interest expense, net	585	697	963	1,960	3,299
Non-cash (gain) loss on derivatives	(34,640)	(13,420)	3,816	(16,803)	53,809
Income tax expense (benefit)	16,317	10,927	(3,937)	25,130	13,539
Transaction costs and other	—	—	458	2,638	2,943
Adjusted EBITDAX	$ 51,240	$ 44,797	$ 24,505	$ 130,520	$ 70,206

Non-GAAP Reconciliations (Cont'd.)

Cash G&A, Cash Costs and Cash Margin per Boe

Cash G&A is defined as general and administrative expense, excluding equity-based compensation, plus cost of contract services–related parties less contract services–related parties revenue. We believe Cash G&A is used by analysts and others in valuation, comparison and investment recommendations of companies in our industry to allow for analysis of Cash G&A spend without regard to equity-based compensation programs or amounts related to contract services. Administrative costs exclude equity-based compensation as those expenses are presented separately as components of general and administrative expense on our condensed consolidated statements of operations. The table presented here provides a calculation for Cash G&A.

Cash Costs is a non-GAAP financial measure that we use as an indicator of our total cash-based cost of production and operations. We define Cash Costs as lease operating expenses plus production and ad valorem taxes, Cash G&A[(1)], and interest expense. Management believes that Cash Costs is an important financial measure for use in evaluating the Company's operating and financial performance and for comparison to other companies in the oil and natural gas industry. We also believe this is a useful measure for investors in evaluating our results against other oil and natural gas companies. Cash Costs should be considered in addition to, rather than as a substitute for, Total Costs and Expenses on our condensed consolidated statement of operations. The table presented here provides a calculation for Cash Costs and Cash Margin for the periods indicated.

	Three Months Ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Unaudited, In thousands)				
Administrative costs	$ 5,154	$ 4,399	$ 4,790	$ 13,567	$ 11,516
Plus: Costs of contract services - related parties	89	89	147	263	329
Less: Contract services revenues - related parties	(600)	(600)	(600)	(1,800)	(1,800)
Total Cash G&A	$ 4,643	$ 3,888	$ 4,337	$ 12,030	$ 10,045

	Three Months Ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Unaudited, In thousands, except per Boe amounts)				
Cash Costs:					
Lease operating expenses	$ 8,813	$ 8,062	$ 5,686	$ 23,705	$ 17,407
Production and ad valorem taxes	5,826	5,526	2,575	14,854	7,347
Cash G&A[(1)]	4,643	3,888	4,337	12,030	10,045
Interest expense, net	585	697	963	1,960	3,299
Total Cash Costs	$ 19,867	$ 18,173	$ 13,561	$ 52,549	$ 38,098
Total Production (MBoe)	1,170	926	882	2,977	2,456
Cash Margin ($ per Boe):					
Total average realized price ($ per Boe)	$ 74.76	$ 94.80	$ 54.46	$ 81.26	$ 51.39
Less:					
Lease operating expenses	7.53	8.71	6.45	7.96	7.09
Production and ad valorem taxes	4.98	5.97	2.92	4.99	2.99
Cash G&A[(1)]	3.97	4.20	4.92	4.04	4.09
Interest expense, net	0.50	0.75	1.09	0.66	1.34
Total Cash Costs per Boe	16.98	19.63	15.38	17.65	15.51
Cash Margin per Boe	$ 57.78	$ 75.17	$ 39.08	$ 63.61	$ 35.88
Settlements on derivatives ($ per Boe)	(14.56)	(27.83)	(12.67)	(20.57)	(8.74)
Cash Margin per Boe, including derivative settlements	$ 43.22	$ 47.34	$ 26.41	$ 43.04	$ 27.14

(1) A non-GAAP financial measure which is reconciled above.

Non-GAAP Reconciliations (Cont'd.)

Free Cash Flow

Free Cash Flow is a measure that we use as an indicator of our ability to fund our development activities and generate excess cash for other corporate purposes. We define Free Cash Flow as Net Cash Provided by Operating Activities, before changes in working capital and reduced by capital expenditures before acquisitions. Free Cash Flow should be considered in addition to, rather than as a substitute for, net cash provided by operating activities as a measure of our liquidity. The following table provides a reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow for the periods indicated:

	Three Months Ended			Nine months ended	
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Unaudited, In thousands)				
Net Cash Provided by Operating Activities	$ 55,298	$ 44,159	$ 27,246	$ 130,352	$ 70,186
Exclude changes in working capital	(4,921)	(614)	(4,430)	(5,885)	(6,130)
Additions to oil and natural gas properties	(35,054)	(36,876)	(19,746)	(82,101)	(50,247)
Additions to other property and equipment	(61)	(92)	(541)	(1,081)	(1,396)
Free Cash Flow	$ 15,262	$ 6,577	$ 2,529	$ 41,285	$ 12,413

Non-GAAP Reconciliations (Cont'd.)

PV-10: PV-10 is derived from the standardized measure of discounted future net cash flows ("Standardized Measure"), which is the most directly comparable financial measure under GAAP. PV-10 is a computation of the Standardized Measure on a pre-tax basis. PV-10 is equal to the Standardized Measure at the applicable date, before deducting future income taxes, discounted at an annual rate of 10%, determined in accordance with GAAP. We believe that the presentation of PV-10 is relevant and useful to investors because it presents the discounted future net cash flows attributable to our estimated net proved reserves prior to taking into account future corporate income taxes, and it is a useful measure for evaluating the relative monetary significance of our oil and natural gas properties. We believe that securities analysts and rating agencies use PV-10 in similar ways. Further, investors may utilize the measure as a basis for comparison of the relative size and value of our estimated reserves to other companies. We use this measure when assessing the potential return on investment related to our oil and natural gas properties. PV-10, however, is not a substitute for the Standardized Measure. Our PV-10 and the Standardized Measure do not purport to present the fair value of our estimated oil and natural gas reserves.

The following table provides a reconciliation of the Standardized Measure to PV-10 of the Company's estimated total proved reserves as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
	(Unaudited, In thousands)	
Standardized measures of discounted future net cash flows	$ 1,241,720	$ 703,469
Future income taxes, discounted at 10%	329,313	175,674
Present value of estimated future net revenues (PV-10)	$ 1,571,033	$ 879,143
Adjustment using NYMEX pricing [1]	(696,886)	(70,467)
PV-10 adjusted for pricing	$ 874,147	$ 808,676

(1) Adjustment to reflect the difference between SEC pricing used to calculate Standardized Measure and PV-10 at NYMEX pricing.

Additional Information

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