


# Empire Petroleum Corporation

RESULTS for 2<sup>nd</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.



## Q2 Net Production increase of ~20% sequentially and ~24% year-over-year to 2,638 Boe/d <sup>(1)</sup>

- ~67% oil, ~16% NGLs and ~17% Natural Gas
- Average daily oil sales volumes grew by 23% sequentially and 25% year-over-year with largest increase from North Dakota operations



## North Dakota Drilling Program and New Mexico Updates

- Completion of the 1<sup>st</sup> stage of the horizontal wells for EOR<sup>2</sup> development in North Dakota
- North Dakota EOR<sup>2</sup> infrastructure to be completed by end of Q3-2024
- Commenced conformance improvements in New Mexico's assets, including an upcoming pilot program



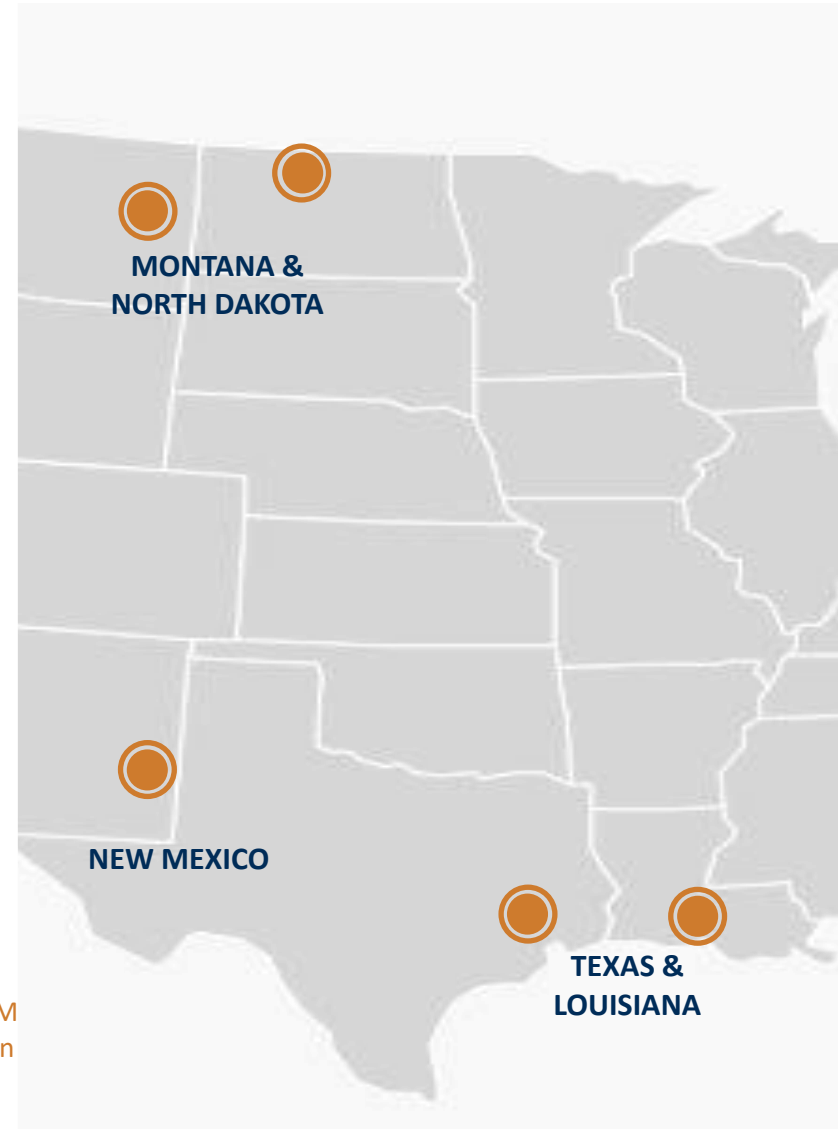
## Starbuck Field Production Increase

- Increase of ~500% from initial purchase
- Increased year-over-year volumes by ~130% and quarter-over-quarter volumes by ~45%
- Increase does not include the completion of drilling program or effects on production from EOR<sup>2</sup> activities starting at the end of Q3-2024



## Financial Performance

- Generated \$1.7MM of Adjusted EBITDA in 2Q
- Q2-24 Total Product Revenue of \$12.8MM and Net loss of ~\$4.4MM
- ~\$9.3MM cash on hand as of 6/30/2024 with ~\$0.7MM available on its credit facility
- Completed Rights Offering in April of ~\$20.66MM



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

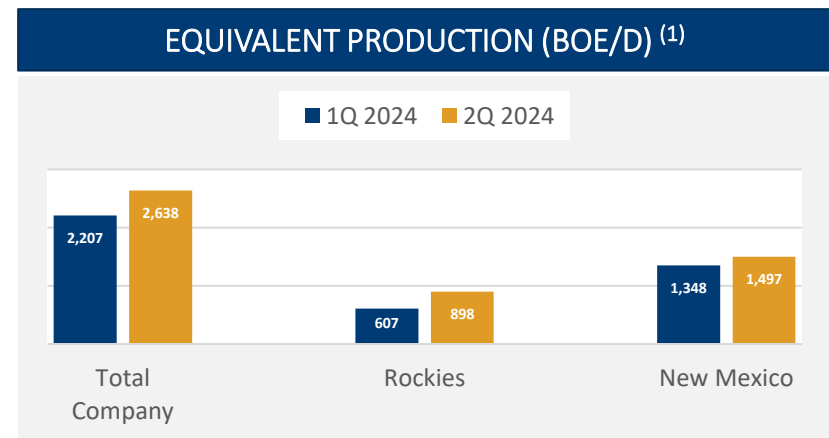
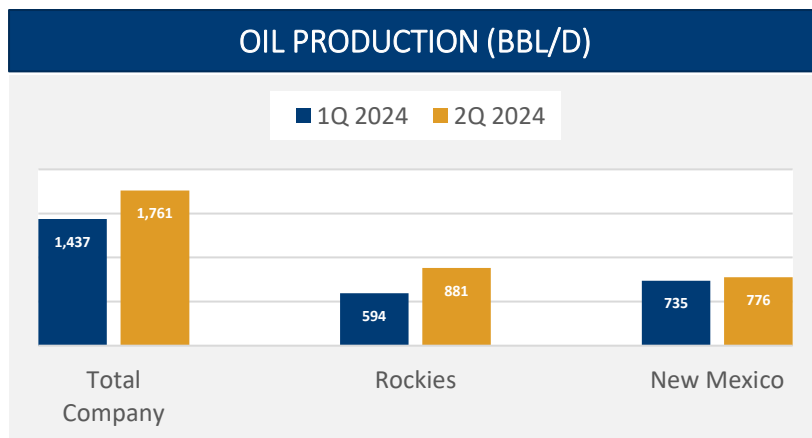
(2) Enhanced Oil Recovery

## 1 North Dakota – Williston Basin

- 100% of the first stage of EOR horizontal wells were completed in Q2-2024 and the first stage of the EOR infrastructure to be completed in Q3-2024
- Second stage of the EOR program and infrastructure to be completed in 2025-2026;
  - New horizontal laterals will be completed for Starbuck and other fields the Company operates within North Dakota
- Production anticipated to ramp in second half of 2024 with an additional four wells coming online and EOR injection commencing;
- Drill core data, currently being evaluated, has confirmed new zones of potential development; and
- 3D & 2D processing to enhance infield development on the Company’s Starbuck assets and apply knowledge to other Company assets in order to expand the development footprint;
  - Completion of the 3D & 2D seismic survey in May 2024
  - Expect data processing and analysis to be completed by end of Q3-2024

## 2 New Mexico – Permian Basin

- Continued data and analytics on historical water injection profiles across all injectors in Empire’s waterflood units;
- Started conformance improvements on wells to evaluate the response before implementation on the unit, then a phased in approach;
- Commenced seeing well performance on production;
- Reduced water injection on wells;
- Continued upgrading high potential recompletion opportunities;
- Maintain long-term focus on New Mexico with the following conclusions; and
  - There is a significant Residual Oil Zone in the San Andres Formation that is an excellent CO2 candidate
  - CO2 can sweep the primary and secondary zones in the Grayburg on 2 to 3 benches that were bypassed in early waterflooding
- Continue the legal and regulatory actions against third parties trespassing on the NM water floods

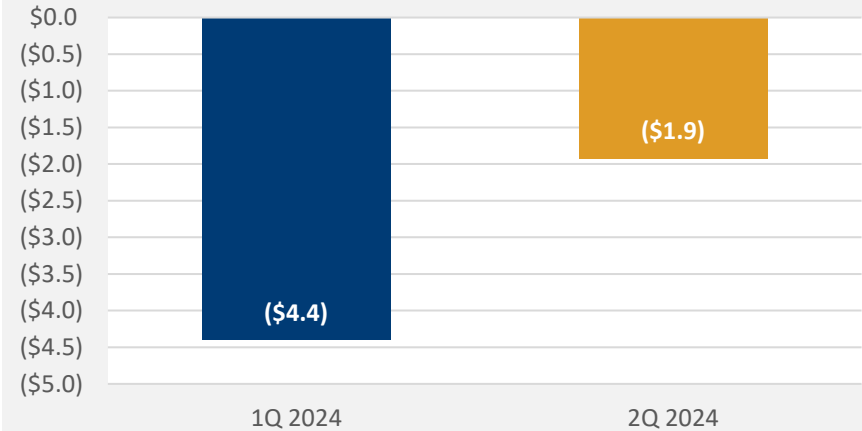


(1) BOE – Barrel of oil equivalent, determined using a ratio of 6Mcf of natural gas equal to one barrel of oil equivalent

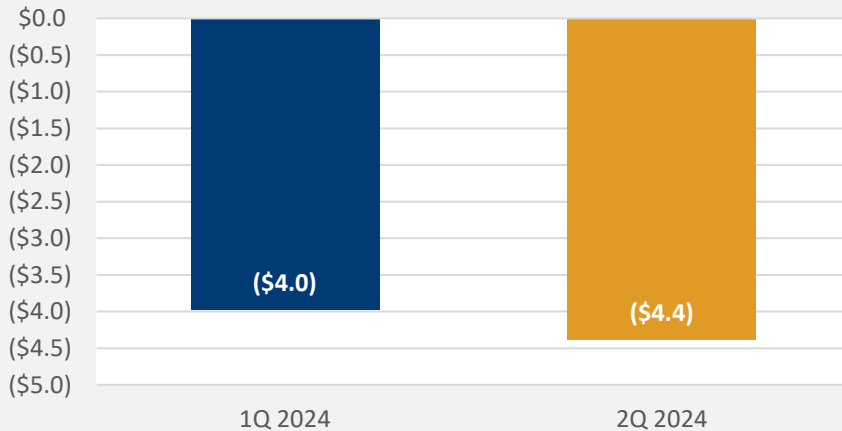
# Financial Performance

- **Capital spend of ~\$26MM for the first half of 2024**
  - Primarily reflecting the continued drilling and completions activity in North Dakota
- **~\$9.3MM cash and ~\$0.7MM available on its credit facility as of 6/30/2024**
- **Completed a \$20.66MM Rights Offering at \$5.00 per share**
  - Closed in April 2024
- **Converted the Promissory Note with Energy Evolution Fund**
  - \$5MM at 7%, to 800,000 shares of common stock

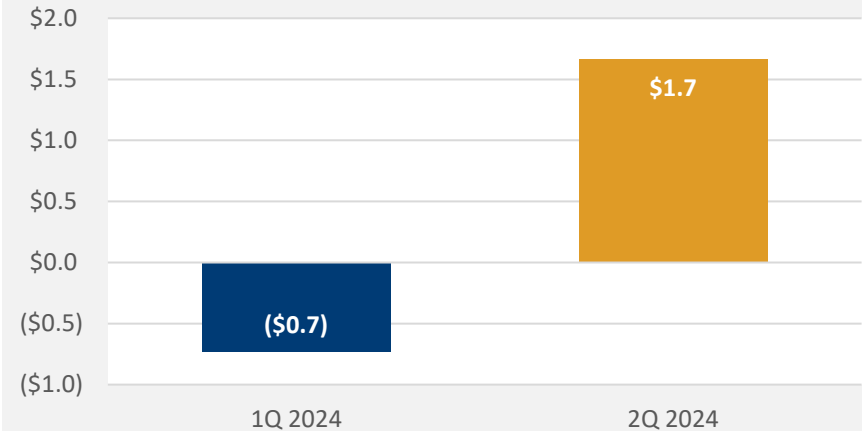
## OPERATING INCOME (LOSS) (\$MM)



## NET INCOME (LOSS) (\$MM)



## ADJUSTED EBITDA (\$MM) <sup>(1)</sup>




(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
<b>Revenue:</b>						
Oil Sales	\$8,938,715	\$9,147,611	\$9,492,127	\$9,106,041	\$9,441,964	\$12,287,727
Gas Sales	656,035	248,686	411,217	410,816	377,130	(115,833)
NGL Sales	504,954	362,181	411,624	381,497	416,211	617,029
<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>12,788,488</b>
Other	19,364	18,361	17,050	15,705	10,086	11,227
Loss on Commodity Derivatives	(66,823)	(66,657)	(1,185,921)	1,253,708	(858,150)	(1,453)
<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>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
Production and Ad Valorem Taxes	758,114	721,275	792,241	772,781	833,447	1,065,718
Depletion, Depreciation & Amortization	622,489	711,042	727,943	1,035,059	1,490,130	2,676,981
Accretion of Asset Retirement Obligation	401,275	405,361	470,505	478,881	485,349	492,449
Impairment	-	-	-	-	-	-
<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>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>
Total General and Administrative	3,972,918	3,075,010	2,739,256	5,391,751	3,589,039	2,945,715
<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>Operating Income (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>Other Income and (Expense):</b>						
Interest Expense	(237,299)	(184,887)	(249,796)	(328,445)	(315,049)	(735,220)
Other Income (Expense)	422	21,484	1,350	465	738,000	(1,729,245)
<b>Income (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>
Income Tax (Provision) Benefit	-	-	(134,720)	(2,528)	-	-
<b>Net Income (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>



# Operating Data (Condensed)

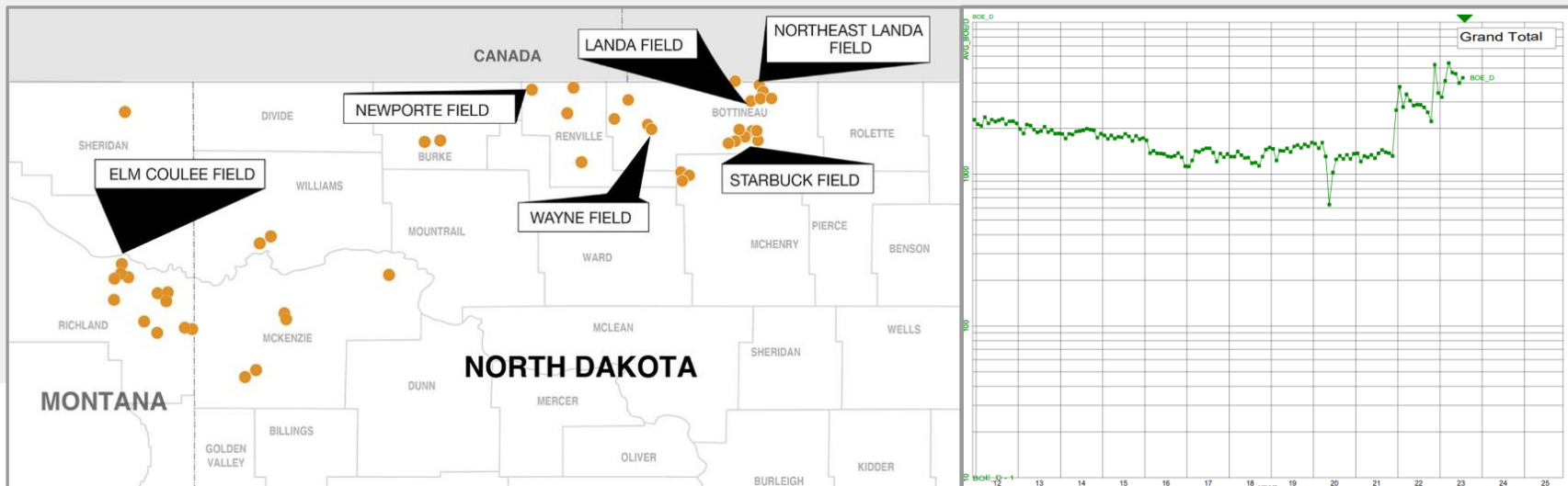
	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024
<b>Net Production Volumes:</b>						
Oil (Bbl)	120,257	128,413	120,177	119,022	130,760	160,283
Natural Gas (Mcf)	231,218	211,293	195,908	215,855	211,820	241,242
Natural Gas Liquids (Bbl)	39,756	30,678	35,568	30,011	34,785	39,612
<b>Total Equivalent (Boe)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

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

	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024
<b>Net Income (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>
Add Back:						
Interest Expense	237,299	184,887	249,796	328,445	315,049	735,220
DD&A	622,489	711,042	727,943	1,035,059	1,490,130	2,676,981
Accretion of Asset Retirement Obligation	401,275	405,361	470,505	478,881	485,349	492,449
Amortization of right of use assets	76,225	87,560	124,171	135,733	135,733	135,734
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>
Adjustments:						
Stock based compensation	949,639	1,180,806	158,792	855,514	710,002	591,635
(Gain) loss on commodity derivatives	66,823	66,657	1,185,921	(1,253,708)	858,150	1,453
Settlement on or Purchase of Derivative Instruments	(41,187)	-	(45,855)	(266,653)	(10,700)	(252,630)
Gain 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>

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

- **Current BOE per day: 898 <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 with EOR 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 & other assets in North Dakota consisting of EOR, New test wells and more development on increasing production and reserves



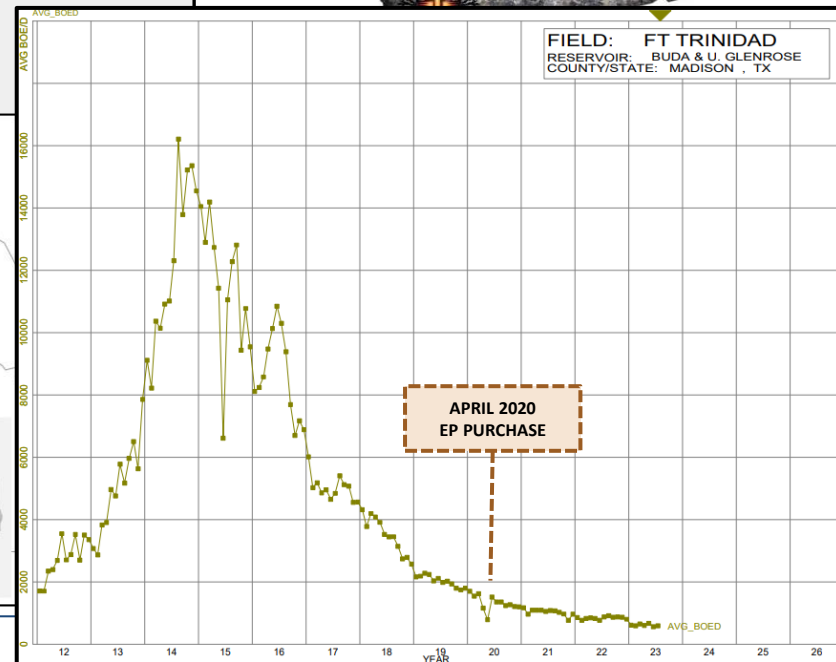
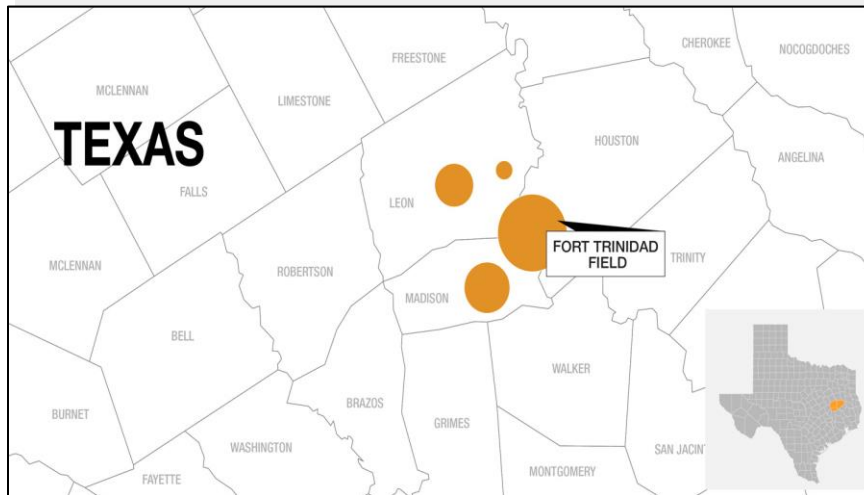
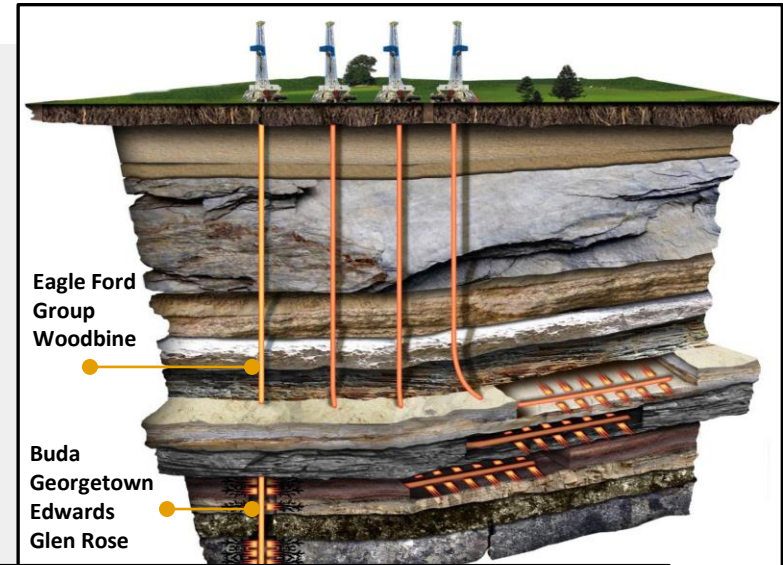
(1) Barrel composition based on 2Q 2024 per day sales volumes

- **Current BOE per day: 1,497 <sup>(1)</sup>**
- 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 CO<sub>2</sub> potential



(1) Barrel composition based on 2Q 2024 per day sales volumes

- **Current BOE per day: 232<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 2Q 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.