

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 7, 2021

Evolution Petroleum Corporation

(Exact name of registrant as specified in its charter)

001-32942

(Commission File Number)

Nevada

(State or Other Jurisdiction of Incorporation)

41-1781991

(I.R.S. Employer Identification No.)

1155 Dairy Ashford Road, Suite 425, Houston, Texas

(Address of Principal Executive Offices)

77079

(Zip Code)

(713) 935-0122

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
Common Stock, \$0.001 par value	EPM	NYSE American

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On May 7, 2021, Evolution Petroleum Corporation (the “Company”) completed the acquisition of non-operated oil and gas assets in the Barnett Shale (the “Transaction”) from TG Barnett Resources, LP (“TGBR” or the “Seller”), a wholly owned subsidiary of Tokyo Gas Americas, Ltd. (“Tokyo Gas”) for \$18.2 million, net of preliminary purchase price adjustments. The final purchase price before adjustments of the Transaction was \$19.6 million in cash, with an effective date of January 1, 2021 and a closing date of May 7, 2021. A portion of the non-operated dry gas working interests were excluded from the Transaction as a result of potential title defects that the Seller was unable to timely cure.

The asset footprint consists of approximately 21,000 net acres held by production across 9 counties in the Barnett Shale basin of North Texas. The acreage has an approximate average WI of 17% and average RI of 14%. The acquired properties consist of proved developed producing reserves of approximately 50 Bcf of natural gas and 5 MMBbls of liquids based on the Seller’s December 31, 2020 Netherland Sewell reserve report using weighted average prices of \$51.41/Bbl for oil and \$2.74/Mcf for natural gas. The asset has estimated current net production of approximately 17 MMcf/d of natural gas and 1.3 MBbls/d of liquids.

The Transaction was funded primarily with cash on hand, plus a small draw on the Company’s existing bank facility that is expected to be repaid quickly from operating cash flow.

The foregoing description of the provisions of the purchase and sale agreement regarding the Transaction between the Company and the Seller (the “Purchase and Sale Agreement”), and the amendments to the Purchase and Sale Agreement (the “Amendments”), is summary in nature and is qualified in its entirety by reference to the full and complete terms of the Purchase and Sale Agreement and the Amendments, copies of which are filed herewith as Exhibit 10.1, 10.2, 10.3 and 10.4 and incorporated herein by reference.

Item 2.02 Results of Operations and Financial Condition.

On May 10, 2021, the Company issued a press release reporting on financial and operating results for the quarter ended March 31, 2021, the Company’s third quarter of fiscal 2021. A copy of the press release, dated May 10, 2021, regarding the Company’s financial and operating results, is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

This information is furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, unless specifically incorporated by reference in a document filed under the Securities Act of 1933, as amended, or the Exchange Act. By filing this report on Form 8-K and furnishing this information, the Company makes no admission as to the materiality of any information in this report that is required to be disclosed solely by Item 2.02.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 10.1	Purchase and Sale Agreement, dated March 29, 2021, between Evolution Petroleum Corporation and TG Barnett Resources LLP
Exhibit 10.2	First Amendment to the Purchase and Sale Agreement, dated March 29, 2021, effective April 20, 2021
Exhibit 10.3	Second Amendment to the Purchase and Sale Agreement, dated March 29, 2021, effective May 4, 2021
Exhibit 10.4	Third Amendment to the Purchase and Sale Agreement, dated March 29, 2021, effective May 6, 2021
Exhibit 99.1	Evolution Petroleum Corporation Press Release regarding its financial and operating results, dated May 10, 2021

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Evolution Petroleum Corporation
(Registrant)

Date: May 11, 2021

By: /s/ RYAN STASH
Name: Ryan Stash
Title: Senior Vice President, Chief Financial Officer
and Treasurer

Certain information has been excluded from this agreement (indicated by “[]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.**

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “Agreement”) is made as of March 29th, 2021 (the “Execution Date”), by and between TG BARNETT RESOURCES LP, a Texas limited partnership (“Seller”), and EVOLUTION PETROLEUM CORPORATION, a Nevada corporation (“Purchaser”). Seller and Purchaser are sometimes referred to in this Agreement collectively as the “Parties” and individually as a “Party.”

WITNESSETH

WHEREAS, Seller is the owner of the Assets (as defined below);

WHEREAS, Seller is willing to sell the Assets to Purchaser, and Purchaser is willing to purchase the Assets from Seller, upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual promises and covenants of the Parties contained in this Agreement, the sufficiency of which is duly acknowledged, the Parties agree as follows:

ARTICLE I PURCHASE AND SALE

1.1 Agreement to Sell and Purchase. Subject to the terms and conditions of this Agreement, Purchaser agrees to purchase the Assets from Seller, and Seller agrees to sell, transfer and assign the Assets to Purchaser, as of the Effective Time, as set forth below.

1.2 Assets. The term “Assets” shall mean all Seller’s right, title and interests in:

A. All oil and gas leases, subleases and other leaseholds, interests in fee, carried interests, reversionary interests, net profits interests, royalty interests, forced pooled interests, overriding royalty interests, mineral interests (including, without limitation, those included in Exhibit F and Exhibit G), easements, right of ways, surface use agreements and other surface rights, other property and interests, and all rights incident thereto and derived therefrom, together with all rights, benefits and powers conferred upon the holder thereof with respect to the use and occupation of the lands described on Exhibit A (the “Lands”) or lands pooled or unitized therewith, and including without limitation those leases described in Exhibit A (the “Leases”).

B. All wells on the Leases or lands pooled or unitized therewith including without limitation those wells described on Exhibit B (the “Wells”) and all lease and surface equipment, flowlines and pipelines appurtenant thereto and used or held for use primarily in connection with the operation or production of the Assets, and all personal property, fixtures, plants, improvements, joint accounts, easements, rights-of-way and appurtenances primarily used in connection with or primarily related to the Wells or the Leases.

C. All Contracts set forth on Schedule 1.2C (collectively, the “Assumed Contracts”), including all rights, obligations, and interests in all such Assumed Contracts. For purposes of this Agreement, “Contract” means any contract, agreement, lease, sublease, conditional sales contract, license, sublicense, franchise agreement, obligation, promise, undertaking, commitment or other binding arrangement that is primarily related to the Assets, but expressly excluding the Leases.

D. Without limiting the foregoing, but subject to Section 1.3, all other right, title and interest of Seller of whatever kind or character, whether legal or equitable, vested or contingent, in and to the oil, gas and other minerals in and under or that may be produced from or attributable to the Lands and lands pooled or unitized therewith, whether such interests are specifically described in Exhibit A, and even though such interest of Seller may be incorrectly described in or omitted from Exhibit A.

E. Except with respect to the Excluded Assets and the Excluded Liabilities, (1) all claims, refunds, abatement, variances, allocations, causes of action, claims for relief, rights of recovery, audit rights, rights of set-off, rights of indemnity, contribution or recoupment, counter-claims, cross-claims and defenses of Seller to the extent related to the Assets and arising or relating to events occurring from and after the Effective Time and (2) all trade credits, accounts receivable, note receivables, take or pay amounts receivable, and other receivables attributable to the Assets, with respect to any period of time on and after the Effective Time.

F. To the extent transferable, all files, records and data primarily relating to the items described in subsections A through E above including well data, logs, geophysical data, engineering records, title records (including abstracts of title, title opinions, title reports and title curative documents), contracts, correspondence, and all related matters in the possession of Seller (the “Records”).

1.3 **Excluded Assets.** Notwithstanding anything contained in this Agreement to the contrary, the Assets do not include, and there is excepted and reserved unto Seller all assets, properties, and business of Seller related to the Assets described on Schedule 1.3, together with any rights, liabilities, or obligations associated with such assets (the “Excluded Assets”).

1.4 **Excluded Liabilities.** Notwithstanding anything contained in this Agreement to the contrary, Purchaser shall not assume and shall not be obligated to assume or be obliged to pay, perform, or otherwise discharge any obligations or liabilities of Seller as follows (such excluded obligations and liabilities, the “Excluded Liabilities”):

- A. to the extent that they are attributable to or arise out of the Excluded Assets;
- B. all Indebtedness (defined below) for borrowed money of Seller;
- C. taxes imposed on or with respect to the ownership or operation of the Assets or the production of hydrocarbons or the receipt of proceeds therefrom that are attributable to any tax period (or portion thereof) ending before the Effective Time;
- D. liabilities associated with the disposal or transportation of any Hazardous Materials from the property associated with the Assets to any location not on such property or lands

pooled or unitized therewith prior to the Effective Time;

E. death or personal injury to third party individuals related to or arising out of Seller's or any of its affiliate's ownership or operation of the Assets occurring prior to Closing;

F. all Covered Encumbrances. A "Covered Encumbrance" is an encumbrance against title of which Purchaser notifies Seller on or before a date that is [***] months following Closing, and satisfies all of the following criteria: (i) is not a Permitted Encumbrance, (ii) would not qualify as a Title Defect if it had been asserted prior to the Defect Notice Deadline, without considering the exclusionary effect of the Individual Title Defect Threshold, and (iii) was in effect on the Effective Time.

G. any unpaid royalties with respect to the ownership or operation of the Assets occurring prior to the Effective Time.

1.5 Effective Time. Ownership of the Assets shall be transferred from Seller to Purchaser at the Closing, effective as of 12:01 A.M. (local time where the respective Assets are located) on 1st January 2021 (the "Effective Time").

ARTICLE II PURCHASE PRICE

2.1 Determination of Adjusted Purchase Price. The purchase price for the Assets shall be TWENTY THREE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$23,250,000) (the "Purchase Price"). The Purchase Price shall be allocated among the Assets as set forth in Exhibit C (each an "Allocated Value"). The Purchase Price shall be adjusted upward by the following:

A. The amount of expenditures actually incurred and paid by Seller that are attributable to the Assets between the Effective Time and the Closing (as defined in Section 7.1) including capital expenditures and other charges and expenses billed under applicable operating agreements and all prepaid expenses related to a Well. Expenditures shall be deemed to be "incurred" for purposes of this Section 2.1 in accordance with generally accepted accounting principles and Council of Petroleum Accountants Society ("COPAS") standards, as implemented by Seller in the ordinary course of its business. For the avoidance of doubt, capital expenditures and other charges and expenses shall be deemed to have been incurred when the work is performed or the goods delivered or, in the case of royalty or overriding royalty, in the month of production.

B. An amount equal to the agreed value of all hydrocarbons in storage above the pipeline connections, exclusive of tank bottoms, at the Effective Time, that is credited to the Wells and which stored hydrocarbons have not been sold by Seller.

C. Any upward adjustment agreed upon in writing by Seller and Purchaser.

The Purchase Price shall be adjusted downward by the following:

A. The amount of the proceeds received by Seller that are attributable to the Assets after the Effective Time (net of any royalties and any production, severance, sales or other

similar taxes not reimbursed to Seller by the purchaser of production or not included in 2.1 A above).

B. An amount equal to the reduction in the Purchase Price for uncured Title Defects, Excluded Phase II Assets and uncured Environmental Defects, determined in accordance with Section 3.4, Section 3.7, Section 3.10 and Section 3.12 below.

C. An amount equal to the Allocated Value of any Asset excluded from this Agreement pursuant to the terms of this Agreement.

D. Seller's estimated share of ad valorem taxes for 2021 through the Effective Time pursuant to Section 9.1 below.

E. Any downward adjustment agreed upon in writing by Seller and Purchaser.

2.2 Payment of the Purchase Price. Purchaser shall pay the Purchase Price, as adjusted pursuant to Section 2.1 above, by wire transfer of immediately available funds to Seller at Closing.

2.3 Deposit. Contemporaneously herewith, Purchaser has paid Seller the sum of TWO MILLION THREE HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$2,325,000), being ten percent (10%) of the unadjusted Purchase Price (the "Deposit Amount"). At Closing, Purchaser will pay the amount equal to the adjusted Purchase Price minus the Deposit Amount in accordance with Clause 2.2 above. In the event that Closing does not occur in accordance with Section 7.1, Purchaser is not otherwise obligated under the terms of this Agreement to close, and Purchaser has no uncured breach of its obligations hereunder in any material respect, and Seller has not terminated this Agreement for breach of this Agreement by Purchaser, the Deposit Amount will be promptly returned to Purchaser and this Agreement will terminate. In the event that Closing does not occur in accordance with Section 7.1, and Purchaser is obligated under the terms of this Agreement to close, or Seller has not terminated this Agreement after Purchaser has an uncured breach of its obligations hereunder in any material respect, the Deposit Amount will be retained by Seller as its sole and exclusive remedy and as liquidated damages and not as a penalty and this Agreement will terminate.

ARTICLE III TITLE AND ENVIRONMENTAL MATTERS

3.1 Title Examination. As soon as is reasonably practicable after the execution of this Agreement, Seller shall make available to Purchaser all title data in Seller's possession, or to which Seller has reasonable access, relating to the Assets, including the following:

A. Title opinions, abstracts of title, title status reports, and curative matters;

B. The operating agreements, pooling and unitization agreements, declarations of pooling or unitization, communitization agreements, pooling orders, farm-out and farm-in agreements, exploration agreements, area of mutual interest agreements, participation agreements, assignments, oil sales contracts, gas sales, gas processing, gas gathering, and transportation agreements, surface leases, rights-of-way, easements, servitudes, permits,

licenses, and other instruments and agreements pertaining to the Leases or the Wells, to the extent the same can be shared in accordance with law and the terms of any applicable contracts (the “Existing Contracts”);

C. Records relating to the payment of rentals, royalties, shut-in gas royalties, and other payments due under any Lease or Existing Contract;

D. Records relating to filing of returns for or the payment of ad valorem, property, production, severance, excise and other taxes and assessments based on or measured by the ownership of property or the production of hydrocarbons or the receipt of proceeds therefrom; and

E. Ownership reports, maps and surveys.

Purchaser shall be entitled to perform or cause to be performed, at Purchaser’s expense, such additional title examination as Purchaser deems necessary or appropriate. Seller shall cooperate reasonably with Purchaser in Purchaser’s efforts to examine and clear title.

3.2 Title Defects. For purposes of this Agreement, a “Title Defect” means any particular defect in or failure of Seller’s ownership of any Lease or Well that causes Seller not to have Defensible Title and that has attributable thereto a Title Defect Amount in excess of [***] dollars (\$[***]) (the “Individual Title Defect Threshold”).

A. “Defensible Title” shall mean such title that:

(i) is free and clear of all liens, defects and encumbrances, except for Permitted Encumbrances;

(ii) is free from reasonable doubt to the end that a prudent person engaged in the business of purchasing and owning, developing, and operating producing or non-producing oil and gas properties in the geographical areas in which they are located, with knowledge of all of the facts and their legal bearing, would be willing to accept the same acting reasonably;

(iii) entitles Seller to receive not less than the net revenue interest set forth in Exhibit A or Exhibit B, as applicable, in all hydrocarbons produced from the Lease or Well from the currently producing zone of any such Well; and

(iv) obligates Seller to bear not more than the working interest set forth in Exhibit A or Exhibit B, as applicable, in the Lease or Well without increase at any time during the productive life or abandonment thereof unless there is a corresponding proportionate increase in the applicable net revenue interest.

B. “Title Benefit” means such title, burdens or effects under Assumed Contracts, easements, rights-of-way, servitudes, permits, surface leases and other rights in respect of surface operations that:

(i) entitles Seller to receive more than the net revenue interest set forth in Exhibit A or Exhibit B, as applicable, in the Lease or Well to the extent the same does not cause a greater than proportionate increase in the working interest therein above that shown on Exhibit A or Exhibit B, as applicable; or

(ii) entitles Seller to less than the working interest set forth in Exhibit A or Exhibit B, as applicable, in the Lease or Well, as applicable, to the extent the same causes a decrease in Seller's Working Interest that is proportionately greater than the decrease in Seller's Net Revenue Interest therein below that shown on Exhibit A or Exhibit B, as applicable.

C. "Permitted Encumbrances" shall mean:

(i) Royalties, overriding royalties, reversionary interests, net profit interests, production payments, carried interests, and other burdens, to the extent that any such burden does not reduce Seller's net revenue interest below that shown in Exhibit A or Exhibit B, as applicable, or increase Seller's working interest above that shown in Exhibit A or Exhibit B, as applicable, without a proportionate increase in the net revenue interest;

(ii) The Assumed Contracts to the extent that they do not, individually or in the aggregate, reduce Seller's net revenue interest below that shown in Exhibit A or Exhibit B, as applicable, or increase Seller's working interest above that shown in Exhibit A or Exhibit B, as applicable, without a proportionate increase in the net revenue interest;

(iii) Liens for current taxes or assessments not yet due and payable or, if due and payable, being contested in good faith by appropriate actions;

(iv) Materialman's, mechanics', repairman's, employees', contractors', operators' or other similar liens arising in the ordinary course of business incidental to production or operation of the Assets that are not due and payable (including any amounts being withheld as provided by applicable law) and that will be paid in the ordinary course of business or, if delinquent, that are being contested in good faith;

(v) All rights to consent by, required notices to, filings with, or other actions by any Governmental Authority having jurisdiction in connection with the sale or conveyance of the Assets pursuant to this or to any future transaction if they are not required or not customarily obtained prior to the sale or conveyance;

(vi) Rights of notice or reassignment of a leasehold interest to the holders of such reassignment rights prior to surrendering or releasing such leasehold interest and any assertion, contention or claim that any Lease has expired due to a lack of production in paying quantities or otherwise;

(vii) Easements, rights-of-way, servitudes, permits, surface leases and other rights in respect of surface operations, to the extent that they do not (a) reduce Seller's net revenue interest below that shown in Exhibit A or Exhibit B, as

applicable, (b) increase Seller's working interest above that shown in Exhibit A or Exhibit B, as applicable, without a proportionate increase in net revenue interest, or (c) detract in any material respect from the value of, or interfere in any material respect with the use, ownership or operation of the Assets subject thereto or affected thereby (as currently used, owned and operated) and which would be considered acceptable by a reasonably prudent purchaser engaged in the business of owning and operating oil and gas properties;

(viii) All rights reserved to or vested in any Governmental Authority to control or regulate any of the Assets in any manner, and all obligations and duties under all applicable laws or under any franchise, grant, license or permit issued by any such Governmental Authority;

(ix) Any lien, charge, encumbrance, obligation, security interest, irregularity, pledge, or other defect on or affecting the Assets which is discharged by Seller at or prior to Closing; and

(x) Any other encumbrance, defect or irregularity that would not interfere in any material respect with the current use or operation of any Asset or materially reduce the value thereof.

The transfer of the Assets by Seller to Purchaser shall be by warranty of title to the interest percentages shown on Exhibit A and Exhibit B, by, through, and under Seller, but not otherwise, and subject to the Permitted Encumbrances.

3.3 Notice of Title Defects. Purchaser shall notify Seller in writing as soon as practicable after Purchaser has knowledge of any Title Defect, but in no event later than 5:00 p.m. CST ten (10) days prior to Closing ("Defect Notice Deadline"). Any Title Defects not asserted by Purchaser by the Defect Notice Deadline shall be deemed waived by Purchaser and shall become a Permitted Encumbrance. Seller shall notify Purchaser in writing as soon as reasonably possible after Purchaser has knowledge of any Title Defect.

3.4 Remedy for Title Defects. Subject to the terms of this Agreement, the Purchase Price shall be reduced by the aggregate amount of the uncured Title Defect Amounts. The "Title Defect Amount" means, with respect to an Asset affected by a Title Defect ("Title Defect Asset"), the amount by which such Title Defect Asset is impaired as a result of the existence of one or more Title Defects, which amount shall be determined as follows:

A. The Title Defect Amount with respect to a Title Defect Asset shall be determined by taking into consideration the Allocated Value of the Title Defect Asset, the portion of the Title Defect Asset subject to such Title Defect, and the legal effect of such Title Defect and any Title Benefit on the Title Defect Asset affected thereby; provided, however, that: (i) if such Title Defect, after consideration of Title Benefits applicable thereto, if any, is in the nature of Seller's net revenue interest in an Title Defect Asset being less than the net revenue interest set forth in Exhibit A or Exhibit B and the working interest of such Title Defect Asset remains the same or is not proportionately decreased, then the Title Defect Amount shall equal the Allocated Value for the relevant Title Defect Asset multiplied by

the percentage reduction in such net revenue interest as a result of such Title Defect taking into account the change in the working interest, if any or (ii) if such Title Defect is in the nature of a lien, then the Title Defect Amount shall equal the amount required to fully discharge such Lien;

B. The Title Defect Amount for Title Defect not described in Section 3.4A(i) or Section 3.4A(ii) shall be an amount equal to the difference between the value of the Title Defect Asset with such Title Defect and the value of such Title Defect Asset without such Title Defect (taking into account the portion of the Allocated Value of the Title Defect Asset); and

C. Notwithstanding anything to the contrary contained in this Agreement, a Title Defect Amount may not exceed the Allocated Value for such Title Defect Asset.

D. Notwithstanding anything to the contrary contained in this Agreement, any reduction in the Purchase Price with respect to Title Defects shall be subject to the Aggregate Defect Deductible limitations described in Section 3.12 of this Agreement.

Seller shall have the right to cure any Title Defect on or prior to Closing. If Seller does not cure a Title Defect on or prior to Closing, Seller shall have the option, by notice in writing to Purchaser on or before Closing, to (i) keep the Asset affected by the Title Defect, in which event such Asset shall become an Excluded Asset and the Purchase Price shall be reduced by the Allocated Value of the affected Asset, (ii) convey the Asset affected by the Title Defect to Purchaser and, subject to this Section 3.4, reduce the Purchase Price by the relevant Title Defect Amount, or (iii) attempt to cure such Title Defect after Closing in accordance with this Section 3.4.

If Seller is unable to cure a Title Defect on or prior to Closing, Seller shall have the option, by notice in writing to Purchaser on or before Closing, to attempt to cure the Title Defect (a "Post-Closing Defect") for a period of ninety (90) days following the Closing Date. In such event, the closing transactions will close as provided in this Agreement, but an amount equal to the applicable Title Defect Amount to which the Post-Closing Defect pertains shall be deducted from the Purchase Price otherwise payable at Closing as provided above. Purchaser will act in good faith and reasonably cooperate with Seller after the Closing to timely cure a Post-Closing Defect. If a Post-Closing Defect has been cured within the 90-day period following the Closing Date, then Purchaser shall pay to Seller within five (5) Business Days, the amount deducted from the Purchase Price otherwise payable at Closing.

3.5 Environmental Examination. Upon reasonable notice to Seller and subject to compliance with any applicable surface use restrictions and obtaining any required consents of third parties, including third party operators of the Assets, Seller shall afford to Purchaser and its representatives access to the Assets during normal business hours to conduct, at Purchaser's sole cost, expense and risk, an environmental review, including a Phase I environmental site assessment, and an evaluation of the Assets' compliance with Environmental Laws (the "Phase I Environmental Site Assessment"). For the avoidance of doubt, Seller shall promptly request access rights from third parties for Purchaser to conduct such inspections described in this Article III. Without limiting the foregoing, upon execution of this Agreement, Seller shall make available

to Purchaser and its representatives upon reasonable notice during normal business hours, (i) all non-privileged environmental, health and safety, and operating records and any other non-privileged material information in Seller's possession relating to the condition of the Assets, and (ii) Seller's personnel knowledgeable with respect to the Assets to permit Purchaser to perform its environmental review.

3.6 Confidentiality. Unless otherwise required by applicable law and until Closing occurs, Purchaser shall treat confidentially any matters revealed by Purchaser's Phase I Environmental Site Assessment and any reports or data generated from such review (the "Environmental Information"), and Purchaser shall not disclose any Environmental Information to any Governmental Authority or other third party without the prior written consent of Seller; provided, that Purchaser shall not disclose any Environmental Information to any Governmental Authority or third party relating to the Excluded Assets without the prior written consent of Seller and that such obligation shall survive this Agreement (regardless of whether the Closing occurs) indefinitely. If this Agreement is terminated prior to the Closing, Purchaser shall deliver the Environmental Information to Seller (except for any report or data subject to privilege or third party disclosure obligations), which Environmental Information shall become the property of Seller.

3.7 Phase II Activity. Notwithstanding anything in this Agreement to the contrary, subject to the provisions below regarding Purchaser's right to request to conduct Phase II Activity, Purchaser shall not conduct any sampling, boring, drilling or other invasive or subsurface activities on or with respect to any of the Assets ("Phase II Activity"), without the prior written consent of Seller, which may be withheld in Seller's sole discretion, and Purchaser may not access, and may not conduct any environmental due diligence with respect to, any Assets where Seller does not have the authority to grant access for such due diligence; provided, however, Seller will use commercially reasonable efforts to obtain permission from any third party operator to allow Purchaser and Purchaser's representatives such access, it being understood by Purchaser that the execution by Purchaser of a customary access agreement may be a condition of such access and that Purchaser shall cause its agents and representatives to at all times obtain and maintain minimum insurance requirements for commercial general liability, workers' compensation and pollution liability as agreed by Seller and Purchaser in advance of any such due diligence activities by Purchaser which shall be at minimum the same or substantially similar coverage as Purchaser has. If, following the conduct of the Phase I Environmental Site Assessment, Purchaser reasonably and in good faith believes that any Phase II Activity is necessary for its due diligence investigation of any of the Assets in order to determine the existence and/or magnitude of an Environmental Defect, Purchaser shall furnish to Seller for its review written notice (a "Phase II Activity Notice") of a proposed scope of such Phase II Activity, including a reasonable description of such activity and the approximate locations of any sampling to be conducted. Purchaser shall notify Seller in writing as soon as practicable after Purchaser has knowledge of any planned Phase II Activity, but in no event later than 5:00 p.m. CST on April 9th, 2021. Following the receipt and review of such Phase II Activity Notice by Seller, Seller shall elect, in its sole discretion, to permit or refuse to permit the conduct of any Phase II Activity by Purchaser; provided, however, that if Seller refuses to permit the conduct of the Phase II Activity, then the Assets with respect to which Purchaser requested permission to conduct such Phase II Activity may, at Purchaser's option, be excluded from the Assets to be conveyed to Purchaser at Closing (such excluded assets, the "Excluded Phase II Assets") and the Purchase Price shall be adjusted downward by the Allocated Value of

such Asset. Purchaser will coordinate its environmental site assessments and physical inspections of the Assets with Seller to minimize any inconvenience to or interruption of the conduct of business by Seller and shall not impede the efforts of Seller to comply with its obligations under this Agreement. Purchaser will abide by Seller's and any third party operator's, safety rules, regulations and operating policies while conducting its environmental assessment of the Assets. Seller is entitled to be present during any assessment of the Assets, and Purchaser will provide to Seller split samples of any samples taken by Purchaser. Upon completion of Purchaser's due diligence, Purchaser is obligated, at its sole cost and expense and without any cost or expense to Seller, to (i) repair all damage done to the Assets in connection with Purchaser's due diligence in accordance with recognized industry standards or requirements of third party operators, surface owners, or applicable surface use agreements, (ii) restore the Assets to the approximately same condition than existed prior to commencement of Purchaser's due diligence, to the full extent of any damage related to Purchaser's due diligence, and (iii) remove all equipment, tools or other property brought onto the Assets in connection with Purchaser's due diligence. Any disturbance to the Assets (including any real property or fixtures associated with such Assets) resulting from Purchaser's due diligence will be promptly corrected by Purchaser.

3.8 Notice of Environmental Defects.

"Environmental Defect Value" means the total cost to remediate the Environmental Defect.

"Environmental Defect" means the failure of a property to be in material compliance with an Environmental Law or with any Environmental Obligation under any Lease or Existing Contract, or the existence upon or under such property of a condition which requires remediation or corrective action under applicable Environmental Law, Lease or Existing Contract, except for any plugging and abandonment obligations.

"Environmental Expert" has the meaning set forth in Section 3.11.

"Environmental Information" has the meaning set forth in Section 3.6.

"Environmental Law" means any law of any Governmental Authority, as well as any Order or permit issued, promulgated, approved, or entered thereunder, relating to the environment, health and safety, Hazardous Materials (including the use, handling, transportation, production, disposal, discharge or storage thereof), the environmental conditions on, under, or about any of the Assets, including soil, groundwater, and indoor and ambient air conditions or the reporting or remediation of environmental contamination, each as may be applicable to the Assets. Environmental Laws include the Clean Air Act, the Federal Water Pollution Control Act, the Oil Pollution Act, the Safe Drinking Water Act, CERCLA, the Resource Conservation and Recovery Act of 1976, the Toxic Substances Control Act, the Hazardous Materials Transportation Act, state and local counterparts, and any other federal, state and local law whose purpose is to conserve or protect of the foregoing, the environment, wildlife or natural resources, or workplace health and safety.

“Environmental Obligations” means responsibility and liability for any of the following occurrences, events, conditions, and activities on, related to, or attributable to the environmental condition of the Assets:

- A. Environmental pollution or contamination requiring remediation under applicable Environmental Laws, including pollution or contamination of the soil, groundwater, or air by hydrocarbons, drilling fluid and other chemicals, brine, produced water, NORM, asbestos containing materials, lead based paint, mercury, or any other substance;
- B. Underground injection activities and waste disposal;
- C. Clean-up responses, and the cost of remediation, control, assessment, or compliance with respect to surface and subsurface pollution caused by spills, pits, ponds, lagoons, or storage tanks;
- D. Failure of the Assets to comply with environmental obligations under surface use agreements;
- E. Disposal on the Assets of any Hazardous Materials, wastes, materials, and products generated by or used in connection with the ownership, development, operation, or abandonment of any part of the Assets; and
- F. Any material non-compliance with Environmental Laws.

“Hazardous Material” means (i) any “hazardous substance,” as defined by the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq, (ii) any “hazardous waste” or “solid waste,” in either case as defined by the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., and any analogous state statutes, and any regulations promulgated thereunder, (iii) any solid, hazardous, dangerous or toxic chemical, material, waste or substance, within the meaning of and regulated by any applicable Environmental Laws, (iv) any radioactive material, including any naturally occurring radioactive material, and any source, special or byproduct material as defined in 42 U.S.C. 2011 et seq. and any amendments or authorizations thereof, (v) any regulated asbestos-containing materials in any form or condition, (vi) any regulated polychlorinated biphenyls in any form or condition, and (vii) petroleum, petroleum hydrocarbons or any fraction or byproducts thereof.

3.9 Notice of Environmental Defects. Purchaser must deliver to Seller in writing by the Defect Notice Deadline a written notice specifying each alleged Environmental Defect. Written notice of alleged Environmental Defects must: (i) be included in Purchaser’s Phase I or any authorized Phase II report, (ii) describe the Environmental Defect in reasonable detail, (iii) identify all property affected by such Environmental Defect, and (iv) set forth Purchaser’s good faith estimate of the cost to cure such Environmental Defect, including the method and information used in calculating such estimate.

3.10 Environmental Defect Value. Upon timely delivery of a notice under Section 3.9, Purchaser and Seller will in good faith negotiate the validity and the Environmental Defect Value, if any, of the asserted Environmental Defects using the following criteria:

A. No single Environmental Defect shall be taken into account as an adjustment unless the Environmental Defect Value of such Environmental Defect is determined to be more than [***] dollars (\$[***]) (the “Individual Environmental Defect Threshold”). For the avoidance of doubt, the Environmental Defect Value of a single Environmental Defect that affects multiple Assets shall be the total cost to cure such Environmental Defect with respect to all such Assets.

B. Notwithstanding anything to the contrary contained in this Agreement, any reduction in the Purchase Price with respect to Environmental Defects shall be subject to the Aggregate Defect Deductible limitations described in Section 3.12 of this Agreement.

It is the intent of the Parties that any adjustment made pursuant to this Agreement with respect to an Environmental Defect shall be made only once and without duplication of any costs or losses included in another asserted Environmental Defect.

3.11 Environmental Defect Remedies.

A. Seller has the right, but not the obligation, to cure any Environmental Defect before Closing.

B. Seller may, at its election at or prior to Closing, elect to (i) contest the validity of any asserted Defect or any asserted Environmental Defect Value; or (ii) without waiving its right to contest the validity of any asserted Environmental Defect or any asserted Environmental Defect Value, cure some or all of the Environmental Defects submitted by Purchaser; (iii) subject to Section 3.11C, adjust the Purchase Price by an amount equal to the agreed Environmental Defect Value of an asserted Environmental Defect or (iv) keep the Asset affected by the Environmental Defect, in which event such Asset shall become an Excluded Asset and the Purchase Price shall be reduced by the Allocated Value of the affected Asset.

C. If Seller and Purchaser are unable to agree on the existence of an Environmental Defect or the Environmental Defect Value of an Environmental Defect within five (5) Business Days after the Defect Notice Deadline, then, subject to Section 3.11A and Section 3.11B, the Parties shall nonetheless proceed to Closing on the Assets subject to such alleged Environmental Defects, and Purchaser shall deposit into an escrow account with an escrow agent to be mutually agreed upon by the Parties (the “Escrow Account”) the aggregate amount of Environmental Defect Values of unresolved Environmental Defects claimed by Purchaser that are contested by Seller (including the Environmental Defect Values claimed by Purchaser for Environmental Defects that Seller has elected to cure). The Parties will exchange their final written offers of resolution with proposed Environmental Defect Values for Environmental Defects that are contested by Seller or that Seller has elected to cure no later than five (5) Business Days after the Closing Date. The disputed Environmental Defects and Environmental Defect Values attributable thereto will be exclusively and finally resolved by expert determination by an environmental consultant that is experienced in environmental corrective action at oil and gas properties in the relevant jurisdiction and has not performed professional services for either Party or any of their respective Affiliates during the previous five (5) years (the “Environmental

Expert"). The Environmental Expert will be selected by mutual agreement of Purchaser and Seller within ten (10) days after the Closing Date. If the Parties are unable to agree upon the Environmental Expert, the Environmental Expert shall be selected by the American Arbitration Association. The expert determination proceeding will be held in Houston, Texas. The Parties shall submit their respective positions and evidence to the Environmental Expert within fifteen (15) Business Days after selection of the Environmental Expert. The Environmental Expert will render its decision within thirty (30) Business Days after its selection, and such decision will be final and binding upon the Parties, without right of appeal; the Environmental Expert shall not determine an amount for any Environmental Defect greater than that proposed by the Purchaser or less than that proposed by the Seller in their final, written offer of resolution. The Environmental Expert may not award damages, interest or penalties to either Party with respect to any matter. Seller and Purchaser will each bear its own legal fees and other costs of presenting its case to the Environmental Expert. Each Party will bear one-half of the costs and expenses of the Environmental Expert and any third parties engaged by the Environmental Expert. The Environmental Expert, once appointed, shall have no ex parte communications with any of the parties concerning the determination required hereunder. All communications between any Party and the Environmental Expert shall be conducted in writing, with copies sent simultaneously to the other Party in the same manner, or at a meeting to which the representatives of the Parties have been invited and of which the Parties have been provided at least five (5) days' notice. The Parties intend that the procedures set forth in this Section 3.11 shall not constitute or be handled as arbitration proceedings under the Federal Arbitration Act or any applicable state arbitration act, and that the provisions of this Section 3.11 shall be specifically enforceable. To the extent the Parties fail to resolve any disputed Environmental Defect Value of an Environmental Defect, then, after the Environmental Expert delivers written notice, after Closing, to Purchaser and Seller of his award with respect to such Environmental Defect Value, within ten (10) Business Days, Purchaser shall be entitled to withdraw from the Escrow Account the amount, if any, so awarded by the Environmental Expert to Purchaser, with respect to any Environmental Defect resolved in Purchaser's favor, subject to the limitations, threshold and deductible set forth in Section 3.10(a) and Section 3.10(b) and Section 3.12 and the balance of the funds in the Escrow Account with respect to Environmental Defects shall be paid to Seller within ten (10) Business Days of receipt of such written notice.

3.12 Adjustments to the Purchase Price for Uncured Title Defects or Environmental Defects. Notwithstanding anything to the contrary contained in this Agreement, no reduction of the Purchase Price will be made under this Agreement for uncured Title Defects or Environmental Defects except to the extent that the sum of (A) the aggregate Environmental Defect Value of all valid Environmental Defects that individually exceed the Individual Environmental Defect Threshold, plus (B) the aggregate Title Defect Amounts of all valid Title Defects that individually exceed the Individual Title Defect Threshold, equals or exceeds [***] percent ([***]%) of the Purchase Price (the "Aggregate Defect Deductible"), in which event the Purchase Price shall be adjusted downward only by the amount such Title Defect Amounts and Environmental Defect Values exceed [***] percent ([***]%) of the Purchase Price in the aggregate.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth on the schedules to this Agreement (“*Seller’s Disclosure Schedule*”), as of the date of this Agreement and as of Closing, Seller makes to Purchaser the following representations and warranties:

4.1 **Existence and Power.** (A) Seller has the power and is authorized to enter into and perform this Agreement and the transactions contemplated by this Agreement; (B) the execution, delivery and performance of this Agreement by Seller, and the transactions contemplated by this Agreement, will not violate (i) any provision of the organizational documents of Seller, (ii) except for the Hard Consents, any material agreement or instrument to which Seller is a party or by which Seller or any of the Assets are bound, (iii) any judgment, Order, ruling, or decree applicable to Seller as a party in interest, or (iv) any law, rule or regulation applicable to Seller relating to the Assets; and (C) this agreement constitutes a legal, valid and binding obligation of Seller, enforceable in accordance with its terms.

4.2 **Brokers.** Seller has incurred no obligation or liability for brokers’ or finders’ fees relating to the matters provided for in this Agreement which will be the responsibility of Purchaser, and any such obligation or liability that might exist shall be the sole obligation of Seller.

4.3 **Claims and Litigation.** There are no legal or administrative proceedings, claims or investigations pending or, to Seller’s Knowledge, threatened before any court or administrative body against Seller which, if determined adversely to Seller, would have a Material Adverse Effect on the Assets.

4.4 **Compliance.** Seller (a) is in compliance in all material respects with the provisions and requirements of all material laws, rules, regulations and Orders applicable to the Assets, and (b) Seller has not received written notice from any Governmental Authority alleging a violation of Environmental Laws relating to the Assets, and to Seller’s Knowledge, no such notice is pending; provided that Seller makes no further representations or warranties regarding compliance with any Environmental Laws, rules, regulations and Orders applicable to the Assets.

4.5 **Existing Contracts.** Schedule 4.5(a) contains a list of all Contracts to Seller’s actual knowledge. Except as set forth on Schedule 4.5(b), with respect to the Existing Contracts: (A) all Material Existing Contracts are in full force and effect and are the valid and legally binding obligations of the parties thereto and are enforceable in accordance with their respective terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and similar laws affecting creditor’s rights generally, and by general equitable principles; (B) Seller is not in material breach or default of any of its obligations under any Existing Contract; and (C) neither Seller nor, to Seller’s Knowledge, any other party to any Existing Contract has given or threatened to give notice of any action to terminate, cancel, rescind or procure a judicial reformation of any Existing Contract or any provision thereof.

4.6 **Marketing.** No hydrocarbons produced from the Assets are subject to a sales Contract that will be binding on the Purchaser (except for those Contracts specifically identified as doing so on Schedule 4.6 and except Contracts terminable without penalty on not more than 30 days’ notice). There are no material gas imbalances between Seller and any third party with respect to the Assets.

4.7 Permits. Seller possesses all permits, licenses, certificates, consents, approvals, and other authorizations required of Seller by any Governmental Authority (for purposes of this Section 4.7 collectively, “Permits”), and has made all filings with any Governmental Authority required to be made in the two (2) years preceding the Execution Date, in each case that are material to Seller’s ownership and operation of the Assets; provided, that Seller makes no representations or warranties regarding compliance with any Permits relating to or required by Environmental Laws except where the failure to do so, individually or in the aggregate, would not, or could not reasonably be expected to, have a Material Adverse Effect.

4.8 Preferential Purchase Rights and Consents to Assign. Except for (i) Soft Consents, and (ii) Hard Consents and preferential rights listed on Schedule 4.8, the Assets are not subject to any consents to assign or preferential rights to purchase.

4.9 AFEs. As of the date of this Agreement, Seller has received no outstanding Authority For Expenditure (“AFE”) to drill or rework any well or for capital expenditures with respect to the Assets that have been proposed by any person having authority to do so that exceed fifty thousand dollars (\$50,000.00) as to Seller’s interest, other than with respect to wells already drilled and completed.

4.10 Taxes. To Seller’s Knowledge, all material taxes and assessments based on or measured by the ownership of property comprising the Assets or the production or removal of hydrocarbons or the receipt of proceeds therefrom (including applicable escheatment requirements) have been timely paid when due and are not in arrears.

4.11 Suspended Funds. There are no suspended funds held by Seller in connection with the Assets that will not be paid to Purchaser at the Closing.

4.12 Bankruptcy. There are no bankruptcy, reorganization, or receivership proceedings pending against, or contemplated by, Seller, or to Seller’s Knowledge, threatened against Seller.

4.13 Rights to Production. Except as disclosed on Schedule 4.13, no person has any call upon, option to purchase, or similar rights with respect to any portion of the production of hydrocarbons from Seller’s interest in the Assets from and after the Effective Time. Seller does not have any outstanding obligations to deliver hydrocarbons produced from or attributable to the Assets in the future, without then or thereafter being entitled to receive full value therefor, on account of prepayments, advance payments, take or pay or similar obligations.

4.14 Payment of Royalties. To Seller’s Knowledge, except for such items that are not yet due or are being held in suspense, all burdens with respect to hydrocarbons produced from the Assets have been timely paid.

4.15 Equipment. To Seller’s Knowledge, the tangible personal property included in the Assets, taken as a whole, has not been damaged as to render such tangible personal property inadequate for normal operation of the Assets consistent with standard industry practice in the areas in which they are operated and with operations as currently conducted, ordinary wear and tear excepted.

4.16 Surface Restrictions. Except as set forth in Schedule 4.16, none of the Leases are subject to any restrictions on Seller's use of the surface in connection with hydrocarbon operations that would materially affect such use or operations as currently conducted, and no Lease is burdened by any lien or other encumbrance (other than Permitted Encumbrances) that contains any such restrictions.

4.17 Liens. There are no contractual Liens on the Assets granted by Seller or its Affiliates to secure indebtedness for borrowed money (the "Indebtedness").

4.18 Condemnation. There is no pending or, to Seller's Knowledge, threatened taking (whether permanent, temporary, whole or partial) of any part of the Assets by reason of condemnation or the threat of condemnation.

4.19 Non-Consent Operations. Seller has elected to participate in each operation or activity proposed with respect to the Assets for which a non-consent could result in any of Seller's interest in any Assets becoming subject to a reduction, penalty or forfeiture as a result of such election not to participate in such operation or activity, except to the extent reflected in the net revenue interest and working interest columns set forth in Exhibit A and Exhibit B.

4.20 Affiliate Interests. No affiliate of Seller has any interest in the Assets or any right, title or interest to any assets or properties that would otherwise be included in the definition of "Assets" hereunder if such assets or interests were owned by Seller.

EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, AND DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO PURCHASER (INCLUDING ANY OPINION, INFORMATION OR ADVICE WHICH MAY HAVE BEEN PROVIDED TO PURCHASER BY ANY AFFILIATE, OFFICER, DIRECTOR, MEMBER, PARTNER, EMPLOYEE, AGENT, CONSULTANT OR REPRESENTATIVE OF SELLER OR BY ANY INVESTMENT BANK OR INVESTMENT BANKING FIRM, ANY PETROLEUM ENGINEER OR ENGINEERING FIRM, SELLER'S COUNSEL OR ANY OTHER AGENT, CONSULTANT OR REPRESENTATIVE). WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER EXPRESSLY DISCLAIMS AND NEGATES ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, UNDER STRICT LIABILITY, BY STATUTE, OR OTHERWISE RELATING TO (A) THE TITLE TO ANY OF THE ASSETS OR THE VALIDITY OR STATUS OF ANY LEASE, (B) THE CONDITION OF THE ASSETS (INCLUDING WITHOUT LIMITATION, ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OR OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS), IT BEING **DISTINCTLY UNDERSTOOD THE ASSETS ARE BEING SOLD "AS IS", "WHERE IS" AND "WITH ALL FAULTS AS TO ALL MATTERS"**, (C) ANY INFRINGEMENT BY SELLER OF ANY PATENT OR PROPRIETARY RIGHT OF ANY THIRD PARTY (D) ANY INFORMATION, DATA OR OTHER MATERIALS (WRITTEN OR ORAL)

FURNISHED TO PURCHASER BY OR ON BEHALF OF SELLER (INCLUDING WITHOUT LIMITATION, IN RESPECT OF GEOLOGICAL AND ENGINEERING DATA, THE EXISTENCE OR EXTENT OF OIL, GAS OR THE MINERAL RESERVES, THE RECOVERABILITY OF SUCH RESERVES, ANY PRODUCT PRICING ASSUMPTIONS, AND THE ABILITY TO SELL OIL OR GAS PRODUCTION AFTER CLOSING), AND (E) THE ENVIRONMENTAL CONDITION AND OTHER CONDITION OF THE ASSETS AND ANY POTENTIAL LIABILITY, INCLUDING STRICT LIABILITY, ARISING FROM OR RELATED TO THE ASSETS.

Except for the representations and warranties of Seller set forth in Sections 4.1, 4.2 and 4.3, which shall survive the Closing indefinitely, the representations and warranties of Seller set forth in this Article IV shall survive for [***] months following the Closing (provided that the representations and warranties of Seller set forth in Section 4.15 such shall survive for [***] months following the Closing). For purposes of this Article IV, “*Seller’s Knowledge*” means the actual knowledge of the following persons, without duty of inquiry: Nozomu Nagai, Senior Vice President, Upstream Business Department, Tokyo Gas America Ltd., Shu Saito, General Manager, Upstream Business Department, Tokyo Gas America, Ltd., Junjiro Sugimoto, Deputy General Manager, Upstream Business Department, Tokyo Gas America, Ltd., Trey Blakely, Senior Landman, Upstream Business Department, Tokyo Gas America, Ltd., and Timothy Roller, General Counsel, Tokyo Gas America, Ltd.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF PURCHASER

As of the date of this Agreement and as of Closing, Purchaser makes to Seller the following representations and warranties:

5.1 **Existence and Power.** Purchaser has the power and is authorized to enter into and perform this Agreement and the transactions contemplated by this Agreement. The execution, delivery and performance of this Agreement by Purchaser, and the transactions contemplated by this Agreement, will not violate (A) any provision of the organizational documents of Purchaser, (B) any material agreement or instrument to which Purchaser is a party or by which Purchaser is bound, (C) any judgment, Order, ruling, or decree applicable to Purchaser as a party in interest, or (D) any law, rule or regulation applicable to Purchaser. This Agreement constitutes a legal, valid and binding obligation of Purchaser, enforceable in accordance with its terms.

5.2 **Brokers.** Purchaser has incurred no obligation or liability for brokers’ or finders’ fees relating to the matters provided for in this Agreement which will be the responsibility of Seller, and any such obligation or liability that might exist shall be the sole obligation of Purchaser.

5.3 **Claims and Litigation.** There are no legal or administrative proceedings, claims or investigations pending or, to the best of Purchaser’s knowledge, threatened before any court or administrative body against Purchaser which, if determined adversely to Purchaser, would have a Material Adverse Effect on Purchaser’s ability to consummate the transactions contemplated by the Agreement.

5.4 No Distribution. Purchaser is acquiring the Assets for its own account and not with the intent to make a distribution in violation of the Securities Act of 1933 as amended (and the rules and regulations pertaining thereto) or in violation of any other applicable securities laws, rules or regulations.

5.5 Knowledge and Experience. Purchaser has (and had prior to negotiations regarding the Assets) such knowledge and experience in the ownership and the operation of oil and gas properties and financial and business matters as to be able to evaluate the merits and risks of an investment in the Assets. Purchaser is able to bear the risks of an investment in the Assets and understands the risks of, and other considerations relating to, a purchase of the Assets.

5.6 Sufficient Funds. Purchaser has sufficient funds readily available, or written commitments from financing sources to make the necessary funds readily available, to pay the Purchase Price and consummate the transactions contemplated by this Agreement.

5.7 Independent Investigation. Except for the representations and warranties expressly made by Seller in Article 4 of this Agreement, the Assignment and Bill of Sale, or the certificate to be delivered to Purchaser pursuant to Section 7.2(b) of this Agreement, Purchaser acknowledges and affirms that it has had full access to information with respect to the Assets, and that Purchaser has made its own independent investigation, analysis and evaluation of the Assets (including Purchaser's own estimate and appraisal of the extent and value of the reserves attributable to the Assets and an independent assessment and appraisal of the environmental risks associated with the acquisition of the Assets).

The representations and warranties of the Purchaser set forth in this Article V shall survive Closing for a period of One hundred twenty (120) days after the Closing Date and thereafter be of no further force or effect with the exception of those in Sections 5.1, 5.2 and 5.3, which shall not expire.

ARTICLE VI PRE-CLOSING OBLIGATIONS OF SELLER

6.1 Interim Operations. From the Execution Date until Closing (the "Interim Period"), Seller shall consult with Purchaser with respect to all material decisions to be made with respect to the operation of the Assets. Seller shall act with respect to the Assets in good faith and in accordance with past practices and the ordinary course of business, shall exercise reasonable diligence in safeguarding and maintaining secure and confidential all geophysical and geological data and confidential reports and data in its possession relating to the Assets, and shall not transfer, sell, or otherwise dispose of any of the Assets without the express written consent of Purchaser (other than hydrocarbons produced from the Wells in the ordinary course of business).

6.2 Permissions.

A. During the Interim Period, Seller shall use commercially reasonable efforts to obtain all permissions, approvals, consents and waivers of preferential rights of purchase by third parties, Governmental Authorities and others as may be required to consummate the sale contemplated by this Agreement, including all Hard Consents and Soft Consents. Within five (5) business days following the Execution Date, Seller shall send all notices

required in connection with preferential rights of purchase by third parties and shall provide Purchaser with copies of such notices.

B. If a party from whom a waiver of a preferential right is requested refuses to give such a waiver, Seller shall tender to such party the required interest in the Asset at a price equal to the Allocated Value specified for such Asset in Exhibit C, proportionately reduced if less than the entire Asset must be tendered, and to the extent that such preferential right is exercised by such party, and such interest in such Asset is actually sold to such party, such Asset (or portion thereof) will be excluded from this Agreement and the Purchase Price reduced by the Allocated Value (or portion thereof) for such Asset.

C. If a Hard Consent to assign is not obtained by Seller prior to Closing, Seller shall have the option to exclude the applicable Asset (or portion thereof) from this transaction, and if Seller so elects, the Purchase Price shall be adjusted downward by the Allocated Value of such Asset (or portion thereof).

6.3 **Transfer of Operations.** At the Closing, to the extent applicable, Seller will resign as operator of any of the Assets operated by Seller and Seller and Purchaser will execute and record such forms as may be required to transfer operations of such Assets to Purchaser, and Purchaser will become operator of such Assets and will assume and be responsible for all duties and obligations of the operator of such Assets.

ARTICLE VII CLOSING

7.1 **Time and Place of Closing.** The consummation of the transactions contemplated by this Agreement (the “Closing”) shall occur at Seller’s office at 10:00 a.m. (prevailing Central Time) on or before April 30th, 2021 (“Closing Date”) or at such other time, manner and place as the Parties agree, or if mutually agreeable among the Parties, Closing may occur by an exchange of signature pages by facsimile or by electronic image scan transmission in PDF format.

7.2 **Conditions to Purchaser’s Obligation to Close.** The obligations of Purchaser to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver in writing by Purchaser, at or prior to the Closing, of each of the following conditions:

A. The representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (provided that representations and warranties which are confined to a specified date shall speak only as of such date). Unless otherwise waived by Purchaser, Purchaser shall have received a certificate of Seller to such effect signed by a duly authorized officer.

B. Each covenant and agreement that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been duly performed and complied with in all material respects and Purchaser shall have received a certificate of Seller to such effect signed by a duly authorized officer.

C. No Governmental Authority shall have enacted, issued, promulgated, or entered any Order or law which is in effect and has the effect of making illegal or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or would cause any of such transactions to be rescinded following the Closing or would otherwise be reasonably expected to have a Material Adverse Effect.

D. Each of the deliveries required to be made to Purchaser pursuant to Section 7.4 shall have been so delivered (or Seller shall be ready, willing, and able to make such deliveries).

E. The aggregate of the reductions in the Purchase Price for uncured Environmental Defects, Excluded Phase II Assets and uncured Title Defects under this Agreement shall not exceed fifteen percent (15%) of the Purchase Price in the aggregate.

In the event that (i) Closing has not occurred in accordance with Section 7.1 on or before Closing Date, (ii) Purchaser is not otherwise obligated under the terms of this Agreement to close and (iii) Purchaser has not breached its obligations hereunder in any material respect, then Purchaser shall have the right to terminate this Agreement by written notice to Seller. If this Agreement is terminated pursuant to the foregoing sentence, except as provided in Section 2.3 of this Agreement, this Agreement shall forthwith become void and the Parties shall have no liability or obligation hereunder except and to the extent such termination results from the willful breach by a Party of any of its covenants or agreements hereunder, in which case the non-breaching Party shall have the right to seek all remedies available at law or in equity, including specific performance, for such willful breach.

7.3 Conditions to Seller's Obligation to Close. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver in writing by Seller, at or prior to the Closing, of each of the following conditions:

A. The representations and warranties of Purchaser set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (provided that representations and warranties which are confined to a specified date shall speak only as of such date). Unless otherwise waived by Seller, Seller shall have received a certificate of Purchaser to such effect signed by a duly authorized officer.

B. Each covenant and agreement that Purchaser is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been duly performed and complied with in all material respects and Seller shall have received a certificate of Purchaser to such effect signed by a duly authorized officer.

C. No Governmental Authority shall have enacted, issued, promulgated or entered any Order or other law which is in effect and has the effect of making illegal or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or would cause any of such transactions to be rescinded following the Closing.

D. Each of the deliveries required to be made to Seller pursuant to Section 7.4 shall have been so delivered (or Purchaser shall be ready, willing, and able to make such deliveries).

E. The aggregate of the reductions in the Purchase Price for uncured Environmental Defects, Excluded Phase II Assets and uncured Title Defects under this Agreement shall not exceed fifteen percent (15%) of the Purchase Price in the aggregate.

In the event that (i) Closing has not occurred in accordance with Section 7.1 on or before Closing Date, (ii) Seller is not otherwise obligated under the terms of this Agreement to close and (iii) Seller has not breached its obligations hereunder in any material respect, then Seller shall have the right to terminate this Agreement by written notice to Purchaser. If this Agreement is terminated pursuant to the foregoing sentence, except as provided in Section 2.3 of this Agreement, this Agreement shall forthwith become void and the Parties shall have no liability or obligation hereunder except and to the extent such termination results from the willful breach by a Party of any of its covenants or agreements hereunder, in which case the non-breaching Party shall have the right to seek all remedies available at law or in equity, including specific performance, for such willful breach.

7.4 Closing Obligations. At the Closing,

A. Seller and Purchaser shall execute, acknowledge and deliver an Assignment and Bill of Sale in substantially the form of Exhibit D.

B. Seller shall deliver to Purchaser a non-foreign entity affidavit in the form of Exhibit E.

C. Seller and Purchaser shall execute such other instruments, including change of operator forms and letters-in-lieu, and take such other action as may be necessary or advisable to carry out their respective obligations under this Agreement.

D. Seller and Purchaser shall execute and deliver any forms, documents or instruments required to transfer operatorship of the Assets operated by Seller to Purchaser.

E. Seller and Purchaser shall execute and deliver any forms, documents or instruments required to transfer to Purchaser all of Seller's interest in any suspense funds held by any operator of the Assets as of the Closing.

F. Purchaser shall pay to Seller the adjusted Purchase Price.

7.5 Certain Definitions. For purposes of this Agreement, the below terms have the respective meanings set forth below.

A. "Affiliates" with respect to any Person, means any other Person that directly or indirectly controls, is controlled by or is under common control with such Person. The concept of control, controlling or controlled as used in the aforesaid context means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of another, whether through the ownership of voting securities, by contract or otherwise. No Person is deemed an Affiliate of any Person by reason of the exercise or existence of rights, interests or remedies under this Agreement.

B. “Business Day” means each calendar day except Saturdays, Sundays and Federal holidays.

C. “Governmental Authority” means (i) any federal, provincial, state, local, municipal, national, or international government or governmental authority, regulatory or administrative agency, governmental commission, department, board, bureau, agency, or instrumentality, court, tribunal, arbitrator, or arbitral body (public or private); (ii) any self-regulatory organization; or (iii) any political subdivision of any of the foregoing.

D. “Hard Consent” means a consent that, if Closing were to occur without having obtained such consent would (a) cause the assignment of the Asset(s) affected thereby to Purchaser to be void or voidable (b) cause the termination of a Contract or Lease, or (c) require the payment of a fee.

E. “Material Adverse Effect” means any adverse effect that individually or in the aggregate on the ownership, operation, or value of the Assets, as currently operated, which is or would reasonably likely be material to the ownership, operation, or value of the Assets, taken as a whole; provided, however, that the following will be deemed not to constitute, create, or cause a Material Adverse Effect: any changes, circumstances, or effects that (i) affect generally the oil and gas industry, such as fluctuations in the price of commodities, industry inputs, or hydrocarbons, (ii) result from international, national, regional, state, or local economic conditions, (iii) result from general developments or conditions in the oil and gas industry, (iv) result from changes in laws (including regulatory or enforcement policy) applicable to Seller or its affiliates, (v) result from any of the transactions contemplated by this Agreement and any public announcement thereof, (vi) result from the failure of a Governmental Authority to act or omit to act pursuant to law, (vii) result from acts of God or natural disasters, (viii) result from an outbreak or escalation of hostilities (whether nationally or internationally), or the occurrence of any other calamity or crisis (whether nationally or internationally), including terrorist attacks, or (ix) result from a condition that is cured or eliminated on or before Closing.

F. “Material Existing Contract” means, to the extent binding on the Assets or Purchaser’s ownership thereof after Closing, any Existing Contract(s) that can reasonably be expected to result in gross revenue per fiscal year in excess of one hundred thousand dollars (\$100,000.00) or can reasonably be expected to result in expenditures per fiscal year in excess of one hundred thousand dollars (\$100,000.00), in each case, net to the aggregate interests of Seller.

G. “Order” means any writ, judgment, decree, injunction, or similar order, writ, ruling directive, or other similar requirement of any Governmental Authority (in each such case whether preliminary or final).

H. “Person” means any individual, firm, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, Governmental Authority or any other entity.

I. “Soft Consent” means (i) consents and approvals from one or more Governmental Authority for the assignment of the Assets to Purchaser that are customarily obtained after such assignment of properties similar to the Assets, (ii) any consents and approvals which cannot be unreasonably withheld by the holder thereof; and (iii) any consents that would be Hard Consents but which consent or approval has been granted in writing prior to the Closing Date.

ARTICLE VIII POST-CLOSING OBLIGATIONS

8.1 Assumption and Indemnity by Purchaser. From and after the Closing, subject to the adjustments set forth in Sections 2.1 and 8.4 of this Agreement, and except with respect to the Excluded Liabilities, Purchaser assumes and agrees to pay, perform and discharge all costs, obligations, and liabilities that are attributable to or otherwise relate to the Assets, whether arising before, on or after the Effective Time, including all costs and liabilities arising out of the obligation to (A) plug and abandon or remove and dispose of all wells, platforms, structures, flow lines, pipelines and other equipment, pits and holding ponds now or hereafter located on the lands covered by the Leases, (B) cap and bury all flow lines and other pipelines now or hereafter located on the lands covered by the Leases, (C) remedy all environmental liabilities, obligations and claims with respect to the Assets and (D) pay working interests, royalties, overriding royalties or other interest owners revenues or proceeds attributable to sales of hydrocarbons relating to the Assets, including those held in suspense. Without limitation of the foregoing, Purchaser agrees to fulfill, perform, pay, and discharge (or cause to be fulfilled, performed, paid or discharged) any and all of the obligations and liabilities, or alleged or threatened obligations and liabilities for environmental claims (including claims arising from the presence of naturally occurring radioactive material (NORM), asbestos, other hazardous substances and/or environmental contaminants), environmental law violations, losses, damages, costs, expenses, diminution in value, suits, causes of action or any kind or character, with respect to the Assets. Purchaser agrees to assume and perform any and all of the liabilities and obligations for the lawful plugging and abandonment of oil and gas wells and the restoration of the surface of the land with respect to the Leases, and, further, to indemnify and hold harmless the Seller from any and all plugging and abandonment and surface restoration requirements imposed by any Governmental Authority, surface owner or mineral owner with respect to the Assets. Purchaser shall indemnify, defend and hold harmless Seller from and against any and all claims, liabilities, losses, costs and expenses (including court costs and reasonable attorneys’ fees) that are attributable to (i) the ownership and operation of the Assets or otherwise relate to the Assets, whether arising before, on or after the Effective Time, or (ii) any breach of any representation, warranty or covenant made by Purchaser in this Agreement, subject to the express terms of this Agreement as to the survival thereof. Notwithstanding anything herein to the contrary, Purchaser has no obligation to assume, any obligations or liabilities of Seller to the extent that they are Excluded Liabilities.

8.2 Compliance With Express Negligence Test. THE PARTIES AGREE THAT THE OBLIGATIONS UNDER THIS AGREEMENT OF THE INDEMNIFYING PARTY TO INDEMNIFY THE INDEMNIFIED PARTY WILL BE WITHOUT REGARD TO THE NEGLIGENCE OR STRICT LIABILITY OF THE INDEMNIFIED PARTY, WHETHER THE NEGLIGENCE OR STRICT LIABILITY IS ACTIVE, PASSIVE, JOINT, CONCURRENT OR SOLE. The foregoing is a specifically bargained for allocation of risk

among the Parties, which the Parties agree and acknowledge satisfies the express negligence rule and conspicuousness requirement under Texas law.

8.3 Indemnity by Seller. From and after the Closing, Seller shall defend, indemnify and hold harmless Purchaser from any and all claims, liabilities, losses, costs and expenses (including court costs and reasonable attorneys' fees) that are attributable following:

- A. Ownership, operation or use of the Excluded Assets by Seller, whether arising on or after the Effective Time,
- B. The Excluded Liabilities;
- C. any (i) personal injury or death, and (ii) third party property damage, fines, or penalties, in each case only to the extent related to the ownership or operation of the Assets by Seller and arising solely from events occurring prior to the Closing;
- D. any offsite disposal by Seller, prior to the Closing, of waste arising from the operation or use of the Assets; and
- E. any breach of any representation, warranty or covenant made by Seller in this Agreement, subject to the express terms of this Agreement as to the survival thereof.

Except for Seller's indemnity obligations with respect to Section 8.3A, which shall survive the Closing indefinitely, Seller will have no liability for any claims under this Agreement (i) unless (x) on or before [***] after the Closing Date for claims brought under Section 8.3B, Section 8.3C(ii) and Section 8.3E, or (y) on or before the expiration of the statute of limitations for claims brought under Section 8.3C(i) and Section 8.3D, Purchaser notifies Seller of the claim specifying the factual basis of that claim in reasonable detail to the extent then known by Purchaser and (ii) unless and until, and then only to the extent that, the aggregate amount of all such claims shall exceed [***] percent ([***]%) of the unadjusted Purchase Price (except for claims related to Excluded Liabilities) (such amounts in excess being "Covered Liabilities"). Notwithstanding anything to the contrary contained elsewhere in this Agreement, Seller will have no liability for Covered Liabilities or any other claims under this Agreement to the extent that the aggregate amount of Covered Liabilities and such other claims exceeds [***] percent ([***]%) of the unadjusted Purchase Price (except for claims related to Excluded Liabilities).

8.4 Preferential Purchase Rights. If one or more persons claim they hold a preferential purchase right in any of the Assets and notify Seller or Purchaser after Closing but within the period such right may be exercised that they intend to exercise such alleged preferential purchase right, the applicable Seller or Purchaser shall notify the other Parties of such claim, and except in violation of the representations and warranties of Seller hereunder, Purchaser shall be responsible for satisfying all such preferential purchase rights, if any, to the holders thereof and Purchaser shall protect, indemnify and hold Seller harmless from and against any and all claims, liabilities, losses, costs and reasonable attorney's fees in connection therewith.

8.5 Settlement Statements. The transfer of the Assets is being made effective as of the Effective Time, and, subject to the terms of this Agreement (A) Purchaser shall be entitled to all benefits, revenues and income from the Assets (including, without limitation, any oil, gas or

other minerals produced and saved from or allocable to the Assets), and shall bear all operating and other costs and expenses incurred in connection with the Assets attributable to periods on or after the Effective Time, and (B) Seller shall be entitled to all benefits, revenues and income from the Assets (including, without limitation, any oil, gas or other minerals produced and saved from or allocable to the Assets), and shall bear all operating and other costs and expenses incurred in connection with the Assets attributable to periods prior to the Effective Time. The Parties will use their best efforts to agree on a preliminary settlement agreement prior to the Closing Date to properly allocate revenues, expenses and ad valorem, severance or other taxes between Seller and Purchaser based on their respective ownership of the Assets relative to the Effective Time. Seller and Purchaser agree that the Parties will periodically account to each other for such revenues, expenses and taxes and shall in good faith attempt to conclude a post-closing settlement of such items no later than one hundred fifty (150) days following Closing, Seller shall prepare and deliver to Purchaser a final, post-closing settlement statement consistent with the provisions of this Agreement. Purchaser and Seller will in good faith negotiate to resolve all disputes associated with the post-closing settlement statement within one hundred eighty (180) days following Closing, and any adjustments from the Purchase Price paid at Closing shall be paid to the appropriate Party by the obligated Party. Once the post-closing settlement statement is mutually agreed upon by Seller and Purchaser, such post-closing settlement statement shall be final and binding on the Parties as to the responsibility for operating costs and expenses associated with the ownership and operation of the Assets, but only with respect to the matters described therein.

8.6 Cooperation. After Closing, Seller and Purchaser agree to take such further actions and to execute, acknowledge and deliver all such further documents that are necessary or useful in carrying out the purposes of this Agreement or of any document delivered pursuant to this Agreement.

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ARTICLE IX TAXES

9.1 Apportionment of Ad Valorem and Property Taxes. All ad valorem taxes, real property taxes, personal property taxes, and similar obligations relating to the Assets (collectively "Property Taxes") with respect to the tax period in which the Effective Time occurs shall be apportioned as of the Effective Time between Seller and Purchaser. The Parties will make settlement of all Property Taxes by estimating the Property Taxes to be due for the tax period in which the Effective Time occurs based on the Property Taxes assessed and paid for the immediately prior tax period. Such settlement of taxes shall be part of the preliminary and post-closing settlement statements between the Parties.

9.2 Sales Taxes. Purchaser shall pay all sales taxes or other transfer taxes, if any, in connection with the sale of the Assets. Purchaser shall be responsible for any applicable conveyance, transfer and recording fees, and real estate transfer stamps or taxes imposed on the transfer of the Assets pursuant to this Agreement.

9.3 Other Taxes. All production, severance, excise and other taxes (other than income taxes, which shall be the sole responsibility of each Party as to their own income taxes) relating to production of oil, gas and condensate attributable to the Assets prior to the Effective Time shall be

paid by Seller, and all such taxes relating to such production on or after the Effective Time shall be paid by Purchaser.

ARTICLE X MISCELLANEOUS

10.1 Exclusive Remedy. THE PARTIES HAVE VOLUNTARILY AGREED TO DEFINE THEIR RIGHTS, LIABILITIES AND OBLIGATIONS RESPECTING THE SUBJECT MATTER OF THIS AGREEMENT EXCLUSIVELY IN CONTRACT PURSUANT TO THE EXPRESS TERMS AND PROVISIONS OF THIS AGREEMENT, AND, WITHOUT LIMITING THE RIGHT OF ANY PARTY TO RELY ON THE REPRESENTATIONS AND WARRANTIES MADE TO SUCH PARTY IN Article IV OR Article V, AS APPLICABLE, (SUBJECT TO THE EXPRESS TERMS OF THIS AGREEMENT AS TO THE SURVIVAL THEREOF), THE PARTIES EXPRESSLY DISCLAIM THAT THEY ARE OWED ANY DUTIES OR ARE ENTITLED TO ANY REMEDIES NOT EXPRESSLY SET FORTH IN THIS AGREEMENT. FURTHERMORE, EACH PARTY HEREBY ACKNOWLEDGES THAT THIS AGREEMENT EMBODIES THE JUSTIFIABLE EXPECTATION OF SOPHISTICATED PARTIES DERIVED FROM ARM'S LENGTH NEGOTIATIONS, AND ALL PARTIES TO THIS AGREEMENT SPECIFICALLY ACKNOWLEDGE THAT NO PARTY HAS ANY SPECIAL RELATIONSHIP WITH ANOTHER PARTY THAT WOULD JUSTIFY ANY EXPECTATION BEYOND THAT OF AN ORDINARY BUYER AND AN ORDINARY SELLER IN AN ARM'S LENGTH TRANSACTION. THE SOLE AND EXCLUSIVE REMEDY FOR ANY BREACH OF THE TERMS AND PROVISIONS OF THIS AGREEMENT (INCLUDING ANY REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN SUBJECT TO THE EXPRESS TERMS OF THIS AGREEMENT AS TO THE SURVIVAL THEREOF) WILL BE THOSE RIGHTS TO INDEMNIFICATION AND THOSE REMEDIES PROVIDED IN THIS AGREEMENT (AS SUCH RIGHTS TO INDEMNIFICATION AND REMEDIES MAY BE FURTHER LIMITED OR EXCLUDED PURSUANT TO THE EXPRESS TERMS OF THIS AGREEMENT), AND, WITHOUT LIMITING THE RIGHT OF ANY PARTY TO RELY ON THE REPRESENTATIONS AND WARRANTIES MADE TO SUCH PARTY IN Article IV OR Article V HEREIN (SUBJECT TO THE EXPRESS TERMS OF THIS AGREEMENT AS TO THE SURVIVAL THEREOF), THE PARTIES HEREBY WAIVE AND RELEASE ANY AND ALL TORT CLAIMS AND CAUSES OF ACTION THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE OF THIS AGREEMENT (INCLUDING ANY TORT CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATED TO ANY REPRESENTATION OR WARRANTY MADE IN OR IN CONNECTION WITH THIS AGREEMENT OR AS AN INDUCEMENT TO ENTER INTO THIS AGREEMENT). WITHOUT LIMITATION OF THE FOREGOING, FROM AND AFTER THE CLOSING, THE SOLE AND EXCLUSIVE REMEDY OF PURCHASER FOR ANY AND ALL (A) CLAIMS RELATING TO ANY REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS CONTAINED IN THIS AGREEMENT (SUBJECT TO THE EXPRESS TERMS OF THIS AGREEMENT AS TO THE SURVIVAL THEREOF), (B) OTHER CLAIMS PURSUANT TO OR IN CONNECTION WITH THIS AGREEMENT AND (C) OTHER CLAIMS RELATING TO THE ASSETS AND THE PURCHASE AND SALE THEREOF WILL BE (1) ANY RIGHT TO INDEMNIFICATION FROM SUCH CLAIMS OR REMEDIES THAT ARE EXPRESSLY PROVIDED IN THIS AGREEMENT (AS SUCH RIGHT TO

INDEMNIFICATION OR REMEDIES MAY BE FURTHER LIMITED OR EXCLUDED PURSUANT TO THE EXPRESS TERMS OF THIS AGREEMENT), AND IF NO SUCH RIGHT TO INDEMNIFICATION OR REMEDY IS EXPRESSLY PROVIDED HEREIN, THEN SUBJECT TO THE FOLLOWING SUB-CLAUSE (2), SUCH CLAIMS ARE HEREBY WAIVED TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, AND (2) THE RIGHT TO SEEK AN INJUNCTION OR INJUNCTIONS TO PREVENT BREACHES OF THE TERMS OF THIS AGREEMENT OR SPECIFIC PERFORMANCE OF THE TERMS HEREOF, IN EACH CASE, FROM A COURT OF COMPETENT JURISDICTION.

For purposes of this Section 10.1, “Claim” means any and all demands, losses, liabilities, damages, obligations, expenses, fines, penalties, costs, claims, causes of action, and judgments for: (i) breach of contract; (ii) loss or damage to property, injury to or death of persons (including illness and disease), and other tortious injury only to the extent and in the event that, the acts, omissions, events or circumstances giving rise thereto, arose or occurred after the Closing Date; or (iii) violations of applicable laws, Orders, or any other legal right or duty actionable at law or equity. The term “Claims” also includes reasonable attorneys’ fees, court costs, and other reasonable costs resulting from the investigation or defense of any Claim.

10.2 Entire Agreement. This Agreement, including Exhibits A through E, attached hereto and incorporated herein, constitutes the entire agreement between the Parties as to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions of the Parties, whether oral or written. No supplement, amendment, alteration, modification or waiver of this Agreement shall be binding unless executed in writing by the Parties.

10.3 Interpretation. All references in this Agreement to articles, sections and other subdivisions refer to corresponding articles, sections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any of such subdivisions are for convenience only and shall not constitute part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words “this Agreement,” “this instrument,” “herein,” “hereof,” “hereby,” “hereunder,” and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. Pronouns in masculine, feminine, and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. Derivatives and other forms of the terms defined in this Agreement shall have meanings consistent with the definitions herein provided. The term “including” (or “included”) shall be deemed to be followed by the phrase “but not limited to.” Unless otherwise expressly provided herein, any reference herein to a “day” shall refer to a calendar day. Time is of the essence of this Agreement. The word “or” will be disjunctive but not exclusive.

10.4 Assignment. No Party shall assign all or any part of this Agreement, nor shall any Party assign or delegate any of its rights or duties hereunder, without the prior written consent of the other Party and any assignment made without such consent shall be void. Subject to this Section 10.4, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors, assigns and legal representatives.

10.5 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Texas, without regard to the conflicts of law rules that would require the application of the laws of another state.

10.6 Notices. Any notice required or permitted by this Agreement shall be given in writing by personal service, overnight delivery service, facsimile, email, or by certified mail, return receipt requested, postage prepaid, as follows:

If to Purchaser:

Evolution Petroleum Corporation
1155 Dairy Ashford Road, Suite 425
Houston, Texas 77079
Attention: Jason Brown
Email: jbrown@evolutionpetroleum.com

If to Seller:

TG Barnett Resources LP
5051 Westheimer Road, Suite 1900
Houston, Texas 77056
Attention: Mr. Nozomu Nagai
Email: tgbr@tgamerica.com

(or such other address as designated in writing by either Party to the other) and shall be deemed to have been given as of the date of receipt by the intended Party.

10.7 Like-Kind Exchange. Either Party may elect to effect a tax-deferred exchange under Code Section 1031 (a "Tax Deferred Exchange") for all or part of the Assets by delivering a written notice to the other Party five (5) days prior to the Closing Date. If a Party elects to effect a Tax-Deferred Exchange ("Electing Party"), the other Party agrees to execute escrow instructions, documents, agreements or instruments to effect the exchange; provided, however, that the other Party incurs no additional costs, expenses, fees or liabilities as a result of or connected with the exchange. Seller and Purchaser may assign any of their respective rights and delegate performance of any of their respective duties under this Agreement in whole or in part to a third party in order to effect such an exchange; provided, however, that the Electing Party will remain responsible to the other Party for the full and prompt performance of its respective delegated duties. The Electing Party will indemnify and hold other Party harmless from and against all claims resulting from its participation in any exchange undertaken pursuant to this Section 10.7 pursuant to the request of the Electing Party.

10.8 Damages. Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the Party incurring such cost or expense. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, NO PARTY SHALL HAVE ANY OBLIGATIONS WITH RESPECT TO THIS AGREEMENT, OR OTHERWISE IN CONNECTION HERewith, FOR ANY LOST PROFITS OR SPECIAL, CONSEQUENTIAL

OR PUNITIVE DAMAGES SUFFERED OR INCURRED BY ANY PARTY TO THIS AGREEMENT.

10.9 Other Disputes. Excepting as otherwise described herein for other disputes, controversies or claims (such as in Section 3.11.C), any dispute, controversy, or claim arising out of or in connection with this Agreement or its subject matter, whether in tort, contract, under statute or otherwise, including any question regarding its existence, validity, interpretation, breach or termination shall be finally settled by arbitration in accordance with the Rules of Arbitration of the American Arbitration Association (“Rules”) by three arbitrators appointed in accordance with the said Rules, and the award rendered by arbitration shall be final and binding on both Parties. The place of arbitration will be Houston, Texas, and the language of the arbitration will be English. All other disputes arising out of this Agreement not resolved by the included dispute resolution processes will be subject to the exclusive jurisdiction and venue of the state courts located in Harris County, Texas and the federal courts located in the Southern District of Texas and each Party hereby consents to the personal jurisdiction thereof.

10.10 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the Parties and their respective heirs, successors and assigns, any rights or remedies under or by reason of this Agreement or to constitute such person a third party beneficiary of this Agreement.

10.11 Press Releases. The Parties agree to consult with each other before issuing any press release or making any public statement with respect to this Agreement or the transactions contemplated hereby and, except for any press releases and public announcements the making of which may be required by applicable law or any listing agreement with any national securities exchange, will not issue any such press release or make any such public statement prior to such consultation and without the consent of the other Party.

10.12 Casualty Loss. If prior to the Closing Date any portion of the Assets is destroyed or taken as a result of a casualty or taking (a “Casualty Loss”) and the aggregate amount of any such Casualty Loss exceeds Twenty Percent (20%) of the Purchase Price determined based, either Party may terminate this Agreement. If either Party elects to terminate this Agreement pursuant to the previous sentence, Purchaser will be entitled to a refund of the Deposit Amount upon such termination. If the aggregate amount of any such Casualty Loss is Twenty Percent (20%) or less of the Purchase Price, Purchaser will nevertheless be required to close and such Casualty Loss shall be treated as a Purchase Price adjustment equal to the lesser of: (A) the Allocated Value of the Asset affected by such Casualty Loss or (B) the amount of such Casualty Loss. Seller will not voluntarily compromise, settle or adjust any Casualty Loss without prior consultation with Purchaser. In such event, all rights to insurance proceeds and claims against third parties related to such Casualty Loss shall belong to Seller.

10.13 Waiver. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

10.14 Execution in Counterparts. This Agreement may be executed in counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute for all purposes one agreement. The exchange of copies of this Agreement and any documents executed pursuant to or in connection with this Agreement, and of signature pages to such documents by facsimile or by electronic image scan transmission in PDF format shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes.

[Signatures on Following Page]

IN WITNESS WHEREOF, Purchaser and Seller have executed and delivered this Agreement effective as of the Effective Time.

SELLER:

TG BARNETT RESOURCES LP

By: /s/ KAZUYA KURIMOTO
Name: Kazuya Kurimoto
Title: President

PURCHASER:

EVOLUTION PETROLEUM CORPORATION

By: /s/ JASON BROWN
Name: Jason Brown
Title: President and Chief Executive Officer

List of Exhibits

Exhibit A	Lands and Leases
Exhibit B	Wells
Exhibit C	Allocated Values
Exhibit D	Form of Assignment and Bill of Sale
Exhibit E	Form of Non-Foreign Affidavit
Exhibit F	Minerals
Exhibit G	Fee Surface

Seller's Disclosure Schedule

Schedule 1.2C	Assumed Contracts
Schedule 1.3	Excluded Assets
Schedule 4.5	Existing Contracts
Schedule 4.6	Marketing
Schedule 4.8	Hard Consents
Schedule 4.13	Rights to Production
Schedule 4.16	Surface Restrictions

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment"), dated April 20, 2021 (the "Effective Date"), is by and between TG BARNETT RESOURCES LP, a Texas limited partnership ("Seller"), and EVOLUTION PETROLEUM CORPORATION, a Nevada corporation ("Purchaser").

WHEREAS, Seller and Purchaser made and entered into that certain Purchase and Sale Agreement dated March 29, 2021 (the "Agreement"); and

WHEREAS, Seller and Purchaser desire to amend the Agreement in certain respects as described herein.

NOW, THEREFORE, for and in consideration of the premises and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged and confessed, Seller and Purchaser agree as follows:

1. Amendment to Section 3.3. Section 3.3 of the Agreement is hereby deleted in its entirety and replaced with the following:

"3.3 **Notice of Title Defects**. Purchaser shall notify Seller in writing as soon as practicable after Purchaser has knowledge of any Title Defect, but in no event later than 5:00 p.m. CST seven (7) days prior to Closing ("**Defect Notice Deadline**"). Any Title Defects not asserted by Purchaser by the Defect Notice Deadline shall be deemed waived by Purchaser and shall become a Permitted Encumbrance. Seller shall notify Purchaser in writing as soon as reasonably possible after Purchaser has knowledge of any Title Benefit."

2. Effect of Amendment. Except as expressly amended hereby, all other terms and provisions of the Agreement remain unchanged and continue to be in full force and effect. If there are any conflicts between the terms of the Agreement and the terms of this Amendment, the terms of this Amendment shall control.

3. Capitalized Terms. Any capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Agreement.

4. Multiple Counterparts. This Amendment may be executed in multiple counterparts and via facsimile, each such counterpart and facsimile to be deemed an original, and taken together, shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have signed this Amendment to be effective as of the Effective Date.

SELLER:

TG BARNETT RESOURCES LP

By: /s/ TOMOAKI TSUCHIYA Name: Tomoaki Tsuchiya
Title: Vice President

PURCHASER:

EVOLUTION PETROLEUM CORPORATION

By: /S/ JASON BROWN
Jason Brown, President & Chief Executive Officer

SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

This Second Amendment to Purchase and Sale Agreement (this "**Amendment**") is made as of May 4, 2021 (the "**Effective Date**"), by and between TG BARNETT RESOURCES LP, a Texas limited partnership ("**TG**"), and EVOLUTION PETROLEUM CORPORATION, a Nevada corporation ("**Evolution**"). TG and EVOLUTION are sometimes referred to in this Agreement collectively as the "**Parties**" and individually as a "**Party**."

WITNESSETH

WHEREAS, the Parties, with TG as Seller and Evolution as Purchaser are parties to that certain Purchase and Sale Agreement on March 29, 2021 covering certain Assets as described therein, all in Tarrant County, Texas and as amended by that certain First Amendment to Purchase and Sale Agreement on April 19, 2021 (collectively, the "**PSA**"); and

WHEREAS, the Parties desire to amend the PSA to change the Closing Date to Friday, May 7th, 2021;

NOW THEREFORE, in consideration of the mutual promises and covenants of the Parties contained in the PSA, as hereby amended, the sufficiency of which is duly acknowledged, the Parties agree as follows:

1. **Limited Amendment.** All terms and provisions of the PSA that are not expressly amended herein shall remain unaffected by this Amendment.
2. **Closing.** Article VII.1 shall be changed to have the "Closing Date" become "on or before May 7th, 2021" and delete all reference to an April 30th, 2021 closing date.

[Signatures on Following Page]

IN WITNESS WHEREOF, Purchaser and Seller have executed and delivered this Agreement effective as of the Effective Time.

SELLER:

TG BARNETT RESOURCES LP

By: /s/ TOMOAKI TSUCHIYA

Name: Tomoaki Tsuchiya

Title: Vice President

PURCHASER:

EVOLUTION PETROLEUM CORPORATION

By: /s/ JASON BROWN

Name: Jason Brown

Title: President and Chief Executive Officer

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT

This Third Amendment to Purchase and Sale Agreement (this "**Amendment**") is made as of May 6th, 2021 (the "**Effective Date**"), by and between TG BARNETT RESOURCES LP, a Texas limited partnership ("**TGBR**"), and EVOLUTION PETROLEUM CORPORATION, a Nevada corporation ("**Evolution**"). TGBR and EVOLUTION are sometimes referred to in this Agreement collectively as the "**Parties**" and individually as a "**Party**."

WITNESSETH

WHEREAS, the Parties, with TGBR as Seller and Evolution as Purchaser are parties to that certain Purchase and Sale Agreement on March 29, 2021 covering certain Assets as described therein, all in Tarrant County, Hood County, Somervell County, Johnson County, Hill County, Bosque County, Parker County, and Denton County, Texas, as amended by that certain First Amendment to Purchase and Sale Agreement on April 19, 2021, and as further amended by that certain Second Amendment to Purchase and Sale Agreement on May 5, 2021 (collectively, the "**PSA**"); and

WHEREAS, on April 23, 2021, Evolution delivered its notice regarding Title Defects and additional Hard Consents with respect to certain Assets which it alleged to be affected by a Title Defect (the "**Defects Letter**"); and

WHEREAS, on April 26, 2021, TGBR delivered its response to the Defects Letter indicating that it disagreed that the Assets set forth on Exhibit 1 hereto (collectively, the "**Disputed Assets**") described in the Defects Letter constitute Title Defects; and

WHEREAS, certain disputes have arisen between Evolution and TGBR related to the PSA, including those with respect to the Disputed Assets, and whether or not certain conditions to Closing have been satisfied (collectively, the "**Disputes**"); and

WHEREAS, Evolution and TGBR desire to enter into this Amendment in order to resolve the Disputes, avoid costs of potential litigation and to proceed with the Closing on certain Assets.

NOW THEREFORE, in consideration of the mutual promises and covenants of the Parties contained in the PSA, as hereby amended, the sufficiency of which is duly acknowledged and to resolve the Disputes, the Parties agree as follows:

1. **Limited Amendment.** All terms and provisions of the PSA that are not expressly amended herein shall remain unaffected by this Amendment. If there are any conflicts between the terms of the PSA and the terms of this Amendment, the terms of this Amendment shall control.
2. **Withholding of Disputed Assets.** The Disputed Assets shall become a Excluded Assets under the PSA.

3. **Adjustment to Purchase Price.** Prior to any adjustments to the Purchase Price contemplated pursuant to Section 2.1, the Purchase Price for the Assets shall be NINETEEN MILLION SIX HUNDRED THOUSAND DOLLARS (\$19,600,000).

1. **No Admission of Fault.** Neither the execution of this Amendment nor the matters contained herein shall constitute or be construed as an admission by any Party of any fault, wrongdoing or liability, whatsoever, and the Parties acknowledge that all such liability is expressly denied.

2. **Capitalized Terms.** Any capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the PSA.

[Signatures on Following Page]

IN WITNESS WHEREOF, Purchaser and Seller have executed and delivered this Amendment as of the Effective Date.

SELLER:

TG BARNETT RESOURCES LP

By: /s/ TOMOAKI TSUCHIYA

Name: Tomoaki Tsuchiya

Title: Vice President

PURCHASER:

EVOLUTION PETROLEUM CORPORATION

By: /s/ JASON BROWN

Name: Jason Brown

Title: President and Chief Executive Officer

Evolution Petroleum Announces Results for the Fiscal 2021 Third Quarter Ended March 31, 2021 and Declares Quarterly Stock Dividend

Increases Next Dividend Payment by 67%

HOUSTON, TX / ACCESSWIRE / May 10, 2021 / Evolution Petroleum (NYSE American: EPM) ("Evolution" or the "Company") announced today financial results and operating highlights for its fiscal third quarter ended March 31, 2021 (the "current quarter").

Highlights for the Quarter:

- Paid the 30th consecutive quarterly cash dividend on common shares on March 31, 2021
- Declared a \$0.05 per share dividend for the 4th fiscal quarter payable on June 30, 2021, representing a 67% increase from the prior quarter.
- Closed on substantially all of the previously announced acquisition of non-operated oil and gas assets in the Barnett Shale for \$18.2 million, net of preliminary purchase price adjustments, on May 7, 2021.
- Increased total revenues 32% over the prior quarter to \$7.6 million.
- Generated cash flow in excess of quarterly dividend and ended the quarter with \$17.0 million in cash and no debt, net of the \$2.3 million acquisition purchase price deposit.
- Completed the Spring redetermination of the credit facility and increased the borrowing base to \$30 million, excluding Tokyo Gas acquisition impacts.

Management Comments on Results

"We are pleased to substantially raise our dividend as we continue to execute on our acquisition strategy geared toward supporting our long-standing dividend policy. The recent purchase of additional long-life assets combined with improved pricing conditions and the return of operational investment by our operating partners provides us with additional diversity and sustainability," said Jason Brown, President and CEO. "We are excited to have found a substantial low-decline asset to add to our unique portfolio and put our cash reserves to work while maintaining a strong balance sheet in support of our dividend. We also welcome the return of conformance capital investment in Delhi, which continues to rebound from its lows last year. Substantially all of the wells in Hamilton Dome that were shut-in last year have been returned to production, which combined with a stabilized differential has added to our increased cash flow. We are focused on continuing to deliver shareholder value as we look for additional acquisition opportunities that will provide stable cash flow in support for our dividend strategy."

Financial and Operational Results

Evolution reported total revenues for the quarter of \$7.6 million compared to \$5.8 million in the prior quarter, a 32% increase primarily driven by a 38% increase in the average realized oil price of \$53.52 per barrel compared to \$38.83 in the prior quarter.

Total net production in barrels of oil equivalent ("BOE") per day ("BOEPD") decreased 5% to 1,708 BOEPD in the current quarter compared to 1,797 BOEPD in the prior quarter. This decrease is primarily attributable to the severe winter storm in Louisiana in February 2021 negatively affecting the daily average production for the quarter by approximately 60 BOEPD. Reactivations of wells at Hamilton Dome slightly offset lost volumes due to downtime at Delhi.

Lease operating costs were \$3.6 million in the current quarter, an increase of 20% from \$3.0 million in the prior quarter. This increase is primarily due to the inclusion of \$0.4 million of purchased CO₂, which represents a full quarter of CO₂ purchases at Delhi as purchases resumed in late October 2020 after the pipeline repair. Also contributing to this increase in purchased CO₂ cost was the higher realized oil price in the Delhi field that drives the CO₂ unit cost. The remaining increase in lease operating costs of \$0.2M was primarily due to an increase in the amount of workover activity by the operators in the current quarter.

Total depletion, depreciation, and amortization ("DD&A") expense decreased \$0.3 million, or 21% from the prior quarter, primarily as a result of a 16% decrease in the depletion rate from \$7.91 per BOE to \$6.64 per BOE, as well as the 7% decrease in equivalent volumes in the current quarter. The decrease on a per unit basis is primarily due to the \$15.2 million impairment charge recorded by the Company at December 31, 2020.

At March 31, 2021, the ceiling test value of the Company's reserves was calculated based on the first-day-of-the-month average for the 12-months ended March 31, 2021 of the West Texas Intermediate ("WTI") crude oil spot price of \$39.95 per barrel, adjusted by market differentials by field. The net price per barrel of natural gas liquids ("NGLs") was \$8.39, which does not have any single comparable reference index price. The NGL price was based on historical prices received. Using these prices, the Company's net book value of oil and natural gas properties at March 31, 2021 did not exceed the current ceiling. In the prior quarter, the Company recorded a \$15.2 million impairment charge primarily as a result of the extremely low oil prices realized in March through May of 2020. The prices used at December 31, 2020 were \$39.54 per barrel of oil and \$8.30 per BOE of natural gas liquids.

The Company incurred an impairment in the amount of \$0.1 million in technology rights in Well Lift, Inc. (WLI), and recorded no net loss on derivative contracts compared to a \$0.3 million in the last quarter.

General and administrative ("G&A") expenses remained flat at \$1.8 million as increases in acquisition-related legal and tax expenses in the current quarter were offset by decreases from certain one-time consulting and legal expenses associated with the Company's CFO search and transition costs and yearly administrative and legal expenses associated with the annual shareholder meeting and equity plan incurred in the prior quarter.

The Company recorded an income tax benefit of \$0.2 million in the current quarter compared to a benefit of \$3.2 million in the prior quarter resulting in a 93% decrease, or \$3.0 million. This decrease is primarily attributable to the pre-tax loss of \$15.9 million in the prior quarter compared to pre-tax income of \$1.0 million in the current quarter. The current quarter benefit of \$0.2 million was primarily driven by the impact of a higher estimated annual tax rate recorded at March 31, 2021.

Net income for the quarter was \$1.2 million or \$0.04 per diluted share, compared to a net loss of \$12.7 million (including \$15.2 million pre-tax / \$11.1 million after-tax of a non-cash impairment), or (\$0.38) per diluted share, in the previous quarter. The increase of \$13.9 million is primarily due to the non-cash impairment recorded by the Company in the previous quarter due to the extremely low prices realized in March through May 2020 along with an improving overall market environment and commodity pricing.

Capital Spending

For the three months ended March 31, 2021, Evolution incurred \$0.1 million for Delhi field capital maintenance and plugging activities. Based on discussions with the Delhi and Hamilton Dome operators, the Company expects to resume conformance workover projects and will likely incur additional maintenance capital expenditures as oil prices continue to recover. The Hamilton Dome operator has restored the majority of volumes shut-in during the low oil price conditions during calendar 2020; future reactivations will be considered based on commodity prices. Such amounts for workover projects at the two fields are not known or approved but are expected to be in the range of \$0.25 million to \$0.5 million for the remaining three months of fiscal 2021. For fiscal 2022, based on discussions with the operators, the Company's capital expenditures are expected to be in the range of \$1.25 million to \$2.0 million, primarily consisting of conformance workover and maintenance capital projects.

Evolution's proved undeveloped reserves at June 30, 2020 included 1.86 MMBOE of reserves and approximately \$8.6 million of future development costs associated with Phase V development in the eastern portion of the Delhi field. Such development requires participation by both the operator and the Company, and is also dependent, in part, on the field operator's available funds, capital spending plans, and priorities within its portfolio of properties. In light of the current oil price volatility, the Delhi field operator has decided to delay the Phase V development project for twelve to twenty-four months. Evolution believes Phase V is economic at today's prices and continue to include it in proved undeveloped reserves. The Company plans to continue discussions with the operator and look forward to the development of Phase V now expected to begin in calendar year 2022 or 2023.

Liquidity and Outlook

Working capital decreased \$1.5 million from the prior quarter to \$20.1 million compared to \$21.6 at December 31, 2020. This decrease is primarily attributable to the \$2.325 million deposit the Company made on the acquisition of certain non-operated oil and gas assets in the Barnett Shale, which was applied to the closing price of \$18.2 million, on May 7, 2021. The Company ended the quarter with \$17.0 million in cash after paying out \$1.0 million in dividends, no debt, and an undrawn reserve-based credit facility.

Operations Update

The WTI average price for the current quarter increased to \$58.14 per barrel of oil ("Bbl") from \$42.70 per Bbl in the prior quarter. The Company expects the price of crude oil to continue to be volatile and cannot predict the duration of such volatility nor the current supply-demand imbalance, but must be prepared for the potential effects on the Company's business, financial condition, results of operations, and cash flows.

Production volumes for Delhi decreased 9% to 118,558 BOE from 130,520 BOE in the prior quarter. The natural decline of the Delhi field was temporarily increased by the shut-in of the CO2 supply pipeline from late February 2020 through the end of October 2020, as well as a suspension of field conformance capital expenditures. CO2 is purchased, recycled, and injected to maintain reservoir pressure and therefore achieve optimal field performance and production. The shut-in of the pipeline for purchased CO2 volumes resulted in a decline in reservoir pressure and temporarily exacerbated the natural production decline of the field. The resumption of CO2 purchases during the previous quarter together with increased CO2 volumes purchased are expected to gradually restore reservoir pressure and lead to a gradual increase in oil production rates over the coming quarters. The severe winter storm and subsequent downtime at Delhi in February 2021 also negatively impacted production volumes for the quarter; however, if these winter storm days are excluded, daily production rates remained as expected for the field. Purchased CO2 volumes in Delhi averaged 64.5 million cubic feet of natural gas ("MMcf") per day ("MMcf/d") in the current quarter compared to 51.4 MMcf/d, an increase of 13.1 MMcf/d or 26%. This increase is due to the inclusion of a full quarter of purchased CO2 in the current quarter as purchases resumed in November 2020 as well as larger volume nominations. Based on information regarding planned CO2 volume nominations shared by the operator, Evolution expects purchased CO2 volumes to remain at these levels through the end of the Company's fiscal year.

Hamilton Dome production volumes increased 1% to 35,179 Bbls in the current quarter compared to 34,889 Bbls in the prior quarter. This increase was primarily attributable to the continued oil price recovery seen in recent months that allowed shut-in wells to be brought back online during the quarter; the increase was partially offset by natural decline. Per the operator, the majority of volumes shut-in during the low commodity price environment seen in calendar 2020 have been restored. Future reactivations will be based on commodity prices. Throughout the quarter, both of the Company's operators at Delhi and Hamilton Dome performed several workover and conformance projects with encouraging results. Evolution expects this uptick in field activity to continue as commodity prices stabilize.

Barnett Shale Acquisition

On May 7, 2021, the Company closed on substantially all of the previously announced acquisition of non-operated oil and gas assets in the Barnett Shale. A portion of the non-operated dry gas working interests were excluded from the transaction due to potential title defects that the seller was unable to timely cure. Upon resolution of the potential title defects, Evolution may elect to purchase those interests at a mutually agreed upon price.

The acquired Barnett Shale properties consist of approximately 50 Bcf of natural gas and 5 MMBls of liquids proved developed producing reserves based on the seller's December 31, 2020 Netherland Sewell reserve report using weighted average prices of \$51.41/Bbl for oil and \$2.74/Mcf for natural gas. The asset has estimated current net production of approximately 17 MMcf/d of natural gas and 1.3 MBbls/d of liquids.

Cash Dividend on Common Stock

In conjunction with the closing of the acquisition of the non-operated oil and gas assets in the Barnett Shale and the continuing improvement in commodity prices, the Board of Directors declared an increased quarterly cash dividend of \$0.05 per share of common stock, which represents a 67% increase from the prior quarter rate of \$0.03 per share of common stock. The increased dividend will be paid on June 30, 2021 to common stockholders of record on June 16, 2021. This will be the 31st consecutive quarterly cash dividend on the common stock, which has been paid since the quarter ended December 31, 2013. To date, the Company has paid over \$71 million, or \$2.21 per share, back to stockholders as cash dividends. Maintaining and ultimately growing the common stock dividend remains a Company priority.

Quarterly Conference Call

Evolution Petroleum Corporation will host its earnings conference call for the quarter ended March 31, 2021 on Tuesday, May 11, 2021 at 2:00 p.m. Eastern (1:00 p.m. Central). The call will be hosted by Jason Brown, President & Chief Executive Officer and Ryan Stash, Chief Financial Officer. Details for the conference call are as follows:

Date: Tuesday, May 11, 2021

Time: 2:00 p.m. Eastern

Call: 888-506-0062 (Toll Free United States & Canada)
973-528-0011 (International)

Code: 456420

To listen live via webcast over the internet, click the link <https://www.webcaster4.com/Webcast/Page/2188/41144> or go to our website at <http://www.evolutionpetroleum.com/>. A replay will be available two hours after the end of the conference call through August 11, 2021 and will be accessible by calling 877-481-4010 (Toll Free United States & Canada); 919-882-2331 (International) with the replay pin number of 41144.

About Evolution Petroleum

Evolution Petroleum Corporation is an oil and gas company focused on delivering a sustainable dividend yield to its shareholders through the ownership, management, and development of producing oil and gas properties onshore in the United States. The Company's long-term goal is to build a diversified portfolio of oil and gas assets primarily through acquisition, while seeking opportunities to maintain and increase production through selective development, production enhancement and other exploitation efforts on its properties. Our largest assets are our interest in a CO₂ enhanced oil recovery project in Louisiana's Delhi field and our interest in a secondary recovery project in Wyoming's Hamilton Dome field. Additional information, including the Company's annual report on Form 10-K and its quarterly reports on Form 10-Q, is available on its website at <http://www.EvolutionPetroleum.com>.

Cautionary Statement

All forward-looking statements contained in this press release regarding current expectations, potential results and future plans and objectives of the Company involve a wide range of risks and uncertainties. Statements herein using words such as "believe," "expect," "plans," "outlook," "should," "will," and words of similar meaning are forward-looking statements. Although our expectations are based on business, engineering, geological, financial, and operating assumptions that we believe to be reasonable, many factors could cause actual results to differ materially from our expectations and we can give no assurance that our goals will be achieved. These factors and others are detailed under the heading "Risk Factors" and elsewhere in our periodic documents filed with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statement.

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Evolution Petroleum Corporation and Subsidiaries
Consolidated Condensed Statements of Operations
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Revenues				
Crude oil	\$ 7,076,965	\$ 7,461,823	\$ 17,918,909	\$ 25,281,564
Natural gas liquids	558,642	250,476	1,079,868	963,054
Natural gas	141	320	499	1,831
Total revenues	<u>7,635,748</u>	<u>7,712,619</u>	<u>18,999,276</u>	<u>26,246,449</u>
Operating costs				
Lease operating costs	3,606,511	3,895,544	9,009,848	11,220,238
Depreciation, depletion, and amortization	1,070,967	1,399,481	3,840,023	4,310,284
Impairment of proved property	—	—	24,792,079	—
Impairment of Well Lift Inc. - related assets	146,051	—	146,051	—
Net loss on derivative contracts	—	—	614,645	—
General and administrative expenses *	1,831,614	1,465,780	4,956,011	4,240,330
Total operating costs	<u>6,655,143</u>	<u>6,760,805</u>	<u>43,358,657</u>	<u>19,770,852</u>
Income (loss) from operations	980,605	951,814	(24,359,381)	6,475,597
Other				
Interest and other income	9,223	41,186	34,866	160,256
Interest expense	(18,686)	(29,067)	(60,340)	(87,757)
Income (loss) before income taxes	971,142	963,933	(24,384,855)	6,548,096
Income tax provision (benefit)	(219,859)	(2,746,226)	(5,730,701)	(1,719,801)
Net income (loss) attributable to common stockholders	<u>\$ 1,191,001</u>	<u>\$ 3,710,159</u>	<u>\$ (18,654,154)</u>	<u>\$ 8,267,897</u>
Earnings (loss) per common share				
Basic	\$ 0.04	\$ 0.11	\$ (0.56)	\$ 0.25
Diluted	\$ 0.04	\$ 0.11	\$ (0.56)	\$ 0.25
Weighted average number of common shares outstanding				
Basic	<u>33,496,372</u>	<u>33,052,162</u>	<u>33,184,041</u>	<u>33,055,861</u>
Diluted	<u>33,496,372</u>	<u>33,052,162</u>	<u>33,184,041</u>	<u>33,058,446</u>

* For the three months ended March 31, 2021 and 2019, non-cash stock-based compensation expenses were \$320,236 and \$358,591, respectively. For the six months ended December 31, 2020 and 2019, non-cash stock-based compensation expenses were \$938,093 and \$926,794, respectively.

Evolution Petroleum Corporation and Subsidiaries
Consolidated Condensed Balance Sheets
(Unaudited)

	March 31, 2021	June 30, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 17,039,538	\$ 19,662,528
Receivables from oil and gas sales	3,505,593	1,919,213
Receivables of federal and state income taxes	3,107,638	3,243,271
Prepaid expenses and other current assets	488,697	491,686
Total current assets	24,141,466	25,316,698
Oil and natural gas properties, net—full-cost method of accounting, of which none were excluded from amortization	38,306,301	66,512,281
Other property and equipment, net	12,209	17,639
Total property and equipment, net	38,318,510	66,529,920
Other assets, net	2,408,801	291,618
Total assets	\$ 64,868,777	\$ 92,138,236
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 2,557,087	\$ 1,471,679
Accrued liabilities and other	766,814	716,648
Derivative contract liabilities	—	1,911,343
State and federal income taxes payable	750,550	179,189
Total current liabilities	4,074,451	4,278,859
Long term liabilities		
Deferred income taxes	4,354,135	11,061,023
Asset retirement obligations	2,669,382	2,588,894
Operating lease liability	36,070	84,978
Total liabilities	11,134,038	18,013,754
Commitments and contingencies (Note 14)		
Stockholders' equity		
Common stock; par value \$0.001; 100,000,000 shares authorized; 34,490,550 and 32,956,469 shares issued and outstanding, respectively	33,507	32,956
Additional paid-in capital	42,221,640	41,291,446
Retained earnings	11,479,592	32,800,080
Total stockholders' equity	53,734,739	74,124,482
Total liabilities and stockholders' equity	\$ 64,868,777	\$ 92,138,236

Evolution Petroleum Corporation and Subsidiaries
Consolidated Condensed Statements of Cash Flows
(Unaudited)

	Nine Months Ended March 31,	
	2021	2020
Cash flows from operating activities		
Net income (loss) attributable to common stockholders	\$ (18,654,154)	\$ 8,267,897
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion, and amortization	3,840,023	4,310,284
Impairment of proved property	24,792,079	—
Impairment of Well Lift Inc. - related assets	146,051	—
Stock-based compensation	938,093	926,794
Settlement of asset retirement obligations	(101,311)	(76,833)
Deferred income taxes	(6,706,888)	268,938
Net loss on derivative contracts	614,645	—
Payments made for derivative settlements	(2,791,176)	—
Other	11,337	35,966
Changes in operating assets and liabilities:		
Receivables	(1,450,747)	(2,054,097)
Prepaid expenses and other current assets	2,989	154,903
Net operating loss carryback	—	—
Accounts payable and accrued expenses	1,347,080	256,112
State and federal income taxes payable	571,361	143,500
Net cash provided by operating activities	2,559,382	12,233,464
Cash flows from investing activities		
Acquisition of oil and natural gas properties	—	(9,337,716)
Capital expenditures for oil and natural gas properties	(183,690)	(1,354,849)
Acquisition deposit	(2,325,000)	—
Net cash used in investing activities	(2,508,690)	(10,692,565)
Cash flows from financing activities		
Common stock dividends paid	(2,666,334)	(9,916,841)
Common share repurchases, including shares surrendered for tax withholding	(7,348)	(2,483,357)
Other	—	—
Net cash used in financing activities	(2,673,682)	(12,400,198)
Net decrease in cash and cash equivalents	(2,622,990)	(10,859,299)
Cash and cash equivalents, beginning of period	19,662,528	31,552,533
Cash and cash equivalents, end of period	\$ 17,039,538	\$ 20,693,234

Supplemental disclosures of cash flow information:

	Nine Months Ended March 31,	
	2021	2020
Income taxes paid	\$ 667,618	\$ 1,150,000
Income tax refunds received	135,633	—
Non-cash transactions:		
(Decrease) increase in accrued purchases of property and equipment	510	(42,371)
Oil and natural gas property costs attributable to the recognition of asset retirement obligations	91,430	871,076

Supplemental Information on Oil and Natural Gas Operations (Unaudited)

	Three Months Ended		Variance	Variance %
	March 31, 2021	December 31, 2020		
Oil and gas production				
Crude oil revenues	\$ 7,076,965	\$ 5,462,783	\$ 1,614,182	29.5 %
NGL revenues	558,642	305,200	253,442	83.0 %
Natural gas revenues	141	169	(28)	(16.6)%
Total revenues	\$ 7,635,748	\$ 5,768,152	\$ 1,867,596	32.4 %
Crude oil volumes (Bbl)	132,230	140,700	(8,470)	(6.0)%
NGL volumes (Bbl)	21,497	24,695	(3,198)	(12.9)%
Natural gas volumes (Mcf)	60	85	(25)	(29.4)%
Equivalent volumes (BOE)	153,737	165,409	(11,672)	(7.1)%
Crude oil (BOPD, net)	1,469	1,529	(60)	(3.9)%
NGLs (BOEPD, net)	239	268	(29)	(10.8)%
Natural gas (BOEPD, net)	—	—	—	n.m.
Equivalent volumes (BOEPD, net)	1,708	1,797	(89)	(5.0)%
Crude oil price per Bbl	\$ 53.52	\$ 38.83	\$ 14.69	37.8 %
NGL price per Bbl	25.99	12.36	13.63	110.3 %
Natural gas price per Mcf	2.35	1.99	0.36	n.m.
Equivalent price per BOE	\$ 49.67	\$ 34.87	\$ 14.80	42.4 %
CO ₂ costs	\$ 985,931	\$ 619,887	\$ 366,044	59.1 %
Other lease operating costs	2,620,580	2,385,526	235,054	9.9 %
Total lease operating costs	\$ 3,606,511	\$ 3,005,413	\$ 601,098	20.0 %
CO ₂ costs per BOE	\$ 6.41	\$ 3.75	\$ 2.66	70.9 %
All other lease operating costs per BOE	17.05	14.42	2.63	18.2 %
Lease operating costs per BOE	\$ 23.46	\$ 18.17	\$ 5.29	29.1 %
CO ₂ costs per mcf	\$ 0.71	\$ 0.55	\$ 0.16	29.1 %
CO ₂ volumes (MMcf per day, gross)	64.5	51.4	13.1	25.5 %
DD&A of proved oil and gas properties	\$ 1,020,810	\$ 1,308,716	\$ (287,906)	(22.0)%
Depreciation of other property and equipment	1,810	1,810	—	— %
Amortization of intangibles	3,391	3,391	—	— %
Accretion of asset retirement obligations	44,956	44,251	705	1.6 %
Total DD&A	\$ 1,070,967	\$ 1,358,168	\$ (287,201)	(21.1)%
Oil and gas DD&A rate per BOE	\$ 6.64	\$ 7.91	\$ (1.27)	(16.1)%

n.m. Not meaningful.

Supplemental Information on Oil and Natural Gas Operations (Unaudited)

	Three Months Ended March 31,		Variance	Variance %
	2021	2020		
Oil and gas production				
Crude oil revenues	\$ 7,076,965	\$ 7,461,823	\$ (384,858)	(5.2)%
NGL revenues	558,642	250,476	308,166	123.0 %
Natural gas revenues	141	320	(179)	(55.9)%
Total revenues	\$ 7,635,748	\$ 7,712,619	\$ (76,871)	(1.0)%
Crude oil volumes (Bbl)	132,230	172,901	(40,671)	(23.5)%
NGL volumes (Bbl)	21,497	26,206	(4,709)	(18.0)%
Natural gas volumes (Mcf)	60	223	(163)	(73.1)%
Equivalent volumes (BOE)	153,737	199,144	(45,407)	(22.8)%
Crude oil (BOPD, net)	1,469	1,879	(410)	(21.8)%
NGLs (BOEPD, net)	239	285	(46)	(16.1)%
Natural gas (BOEPD, net)	—	—	—	n.m.
Equivalent volumes (BOEPD, net)	1,708	2,164	(456)	(21.1)%
Crude oil price per Bbl	\$ 53.52	\$ 43.16	\$ 10.36	24.0 %
NGL price per Bbl	25.99	9.56	16.43	171.9 %
Natural gas price per Mcf	2.35	1.43	0.92	n.m.
Equivalent price per BOE	\$ 49.67	\$ 38.73	\$ 10.94	28.2 %
CO ₂ costs	\$ 985,931	\$ 806,527	\$ 179,404	22.2 %
Other lease operating costs	2,620,580	3,089,017	(468,437)	(15.2)%
Total lease operating costs	\$ 3,606,511	\$ 3,895,544	\$ (289,033)	(7.4)%
CO ₂ costs per BOE	\$ 6.41	\$ 4.05	\$ 2.36	58.3 %
All other lease operating costs per BOE	17.05	15.51	1.54	9.9 %
Lease operating costs per BOE	\$ 23.46	\$ 19.56	\$ 3.90	19.9 %
CO ₂ costs per mcf	\$ 0.71	\$ 0.69	\$ 0.02	2.9 %
CO ₂ volumes (MMcf per day, gross)	64.5	53.9	10.6	19.7 %
DD&A of proved oil and gas properties	\$ 1,020,810	\$ 1,352,203	\$ (331,393)	(24.5)%
Depreciation of other property and equipment	1,810	2,465	(655)	(26.6)%
Amortization of intangibles	3,391	3,391	—	— %
Accretion of asset retirement obligations	44,956	41,422	3,534	8.5 %
Total DD&A	\$ 1,070,967	\$ 1,399,481	\$ (328,514)	(23.5)%
Oil and gas DD&A rate per BOE	\$ 6.64	\$ 6.79	\$ (0.15)	(2.2)%

Supplemental Information on Oil and Natural Gas Operations (Unaudited)

	Nine Months Ended March 31,		Variance	Variance %
	2021	2020		
Oil and gas production				
Crude oil revenues	\$ 17,918,909	\$ 25,281,564	\$ (7,362,655)	(29.1)%
NGL revenues	1,079,868	963,054	116,814	12.1 %
Natural gas revenues	499	1,831	(1,332)	(72.7)%
Total revenues	\$ 18,999,276	\$ 26,246,449	\$ (7,247,173)	(27.6)%
Crude oil volumes (Bbl)	418,587	490,125	(71,538)	(14.6)%
NGL volumes (Bbl)	69,916	79,982	(10,066)	(12.6)%
Natural gas volumes (Mcf)	275	935	(660)	(70.6)%
Equivalent volumes (BOE)	488,549	570,263	(81,714)	(14.3)%
Crude oil (BOPD, net)	1,528	1,782	(254)	(14.3)%
NGLs (BOEPD, net)	255	291	(36)	(12.4)%
Natural gas (BOEPD, net)	—	1	(1)	n.m.
Equivalent volumes (BOEPD, net)	1,783	2,074	(291)	(14.0)%
Crude oil price per Bbl	\$ 42.81	\$ 51.58	\$ (8.77)	(17.0)%
NGL price per Bbl	15.45	12.04	3.41	28.3 %
Natural gas price per Mcf	1.81	1.96	(0.15)	(7.7)%
Equivalent price per BOE	\$ 38.89	\$ 46.03	\$ (7.14)	(15.5)%
CO ₂ costs	\$ 1,605,818	\$ 3,501,507	\$ (1,895,689)	(54.1)%
Other lease operating costs	7,404,030	7,718,731	(314,701)	(4.1)%
Total lease operating costs	\$ 9,009,848	\$ 11,220,238	\$ (2,210,390)	(19.7)%
CO ₂ costs per BOE	\$ 3.29	\$ 6.14	\$ (2.85)	(46.4)%
All other lease operating costs per BOE	15.15	13.54	1.61	11.9 %
Lease operating costs per BOE	\$ 18.44	\$ 19.68	\$ (1.24)	(6.3)%
CO ₂ costs per mcf	\$ 0.64	\$ 0.77	\$ (0.13)	(16.9)%
CO ₂ volumes (MMcf per day, gross)	38.3	69.1	(30.8)	(44.6)%
DD&A of proved oil and gas properties	\$ 3,691,611	\$ 4,189,290	\$ (497,679)	(11.9)%
Depreciation of other property and equipment	5,430	6,969	(1,539)	(22.1)%
Amortization of intangibles	10,173	10,173	—	— %
Accretion of asset retirement obligations	132,809	103,852	28,957	27.9 %
Total DD&A	\$ 3,840,023	\$ 4,310,284	\$ (470,261)	(10.9)%
Oil and gas DD&A rate per BOE	\$ 7.56	\$ 7.35	\$ 0.21	2.9 %