

**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): **February 9, 2022 (February 8, 2022)**

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 1.01 Entry into a Material Definitive Agreement.

On February 8, 2022, Evolution Petroleum Corporation (the "Company") entered into a Purchase and Sale Agreement ("PSA") with Exaro Energy III, LLC ("Exaro"). Pursuant to the PSA, the Company will acquire from Exaro a non-operating working interest in its Jonah Field properties in Wyoming for a purchase price of approximately \$29.4 million in cash (the "Purchase Price"). Contemporaneous with the execution of the PSA, the Company paid Exaro a deposit of \$1.47 million. The Company expects to fund the balance of the Purchase Price with a combination of borrowings under its senior secured credit facility and cash on hand.

The acquired assets include an average working interest of 19.3% and an average revenue interest of 14.7% in 648 producing wells and approximately 1,040 net acres in the Jonah Field in Sublette County, Wyoming. Current net daily production of the acquired assets is approximately 14.2 MMCFepd, based on the average for the three months ended September 30, 2021, with a commodity split of 88% natural gas, 6% oil, and 6% NGLs. The acquired assets are expected to add 42.0 Bcfe of proved reserves based on December 31, 2021 SEC pricing.

The effective date of the acquisition is February 1, 2022 and the transaction is expected to close on or about April 1, 2022. The transaction is subject to customary closing conditions. The PSA contains customary representations and warranties, covenants, indemnification, and termination provisions and also provides for various purchase price adjustments to be calculated as of the closing date.

The foregoing description of the PSA and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the PSA, which will be filed at a later date.

There is no assurance that the Company will complete this acquisition on the terms contemplated in this Current Report on Form 8-K or at all.

Item 2.02 Results of Operations and Financial Condition.

On February 9, 2022, Evolution Petroleum Corporation issued a press release reporting on financial and operating results for the fiscal quarter ended December 31, 2021. A copy of the press release, dated February 9, 2022, 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 7.01 Regulation FD Disclosure.

On February 9, 2022, the Company issued a press release disclosing the PSA. A copy of the press release is included herewith as Exhibit 99.2 and the information in the press release is incorporated by reference into this Item 7.01.

Item 8.01 Other Events.

On February 3, 2022, the Company approved the declaration of a \$0.10 per common share dividend for the third fiscal quarter of 2022 payable on March 31, 2022.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Evolution Petroleum Corporation Press Release regarding its financial and operating results, dated February 9, 2022
99.2	Evolution Petroleum Corporation Press Release regarding the Jonah Field Purchase and Sale Agreement with Exaro Energy III, LLC, dated February 9, 2022

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: February 10, 2022

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

Evolution Petroleum Reports Second Quarter Fiscal 2022 Results and Raises Quarterly Cash Dividend for Third Quarter

-- Recently Announced Accretive Acquisitions Provide Increased Visibility for Cash Flow Generation and Solid Return of Capital to Shareholders Over the Next Decade --

HOUSTON, TX / ACCESSWIRE / February 9, 2022 / Evolution Petroleum (NYSE American: EPM) ("Evolution" or the "Company") today announced financial and operating highlights for its fiscal 2022 second quarter ended December 31, 2021. Evolution also declared an increased quarterly dividend for the third quarter of fiscal 2022 payable March 31, 2022.

Key Q2 Fiscal 2022 and Recent Highlights

- Generated net income of \$6.8 million (\$0.20 per diluted share) in the current quarter, a 31% increase from the quarter ended September 30, 2021 (the "prior quarter");
- Increased Adjusted EBITDA⁽¹⁾ by 20% to \$10.2 million from \$8.5 million in the prior quarter;
- Declared increased quarterly dividend of \$0.10 per share, payable on March 31, 2022;
- Produced 4,957 net barrels of oil equivalent per day ("BOEPD") during the current quarter compared to 5,843 net BOEPD in the prior quarter. Impacting the current quarter was a downward adjustment of approximately 400 net BOEPD due to production mix adjustments in the current and prior quarter by the operator in the Barnett Shale to reject ethane and capitalize on higher natural gas prices, thereby improving cash flow generation;
- Grew cash balance to \$13.6 million (a 71% increase over prior quarter) and maintained a strong balance sheet with no net debt⁽²⁾ as of December 31, 2021;
- Continued to fund all operations, development capital expenditures, and cash dividends out of operating cash flow;
- Paid 33rd consecutive quarterly cash dividend of \$0.075 per common share; and
- Recently announced two strategic transactions for the acquisition of non-operated assets in North Dakota and Wyoming, further supporting Evolution's strategy to add accretive assets to its portfolio that drive increased visibility for expected cash flow generation and shareholder returns for the next decade.

(1) Adjusted EBITDA is Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization and is a non-GAAP financial measure; see "Non-GAAP Information" section later in this release for more information including reconciliations to the most comparable GAAP measures.

(2) Net debt represents the Company's outstanding debt of \$4.0 million less cash and cash equivalents balance of \$13.6 million as of December 31, 2021.

"We are very pleased that the strategic plan of increasing our size and scale through prudent acquisitions is starting to pay off. Our success has enabled our board to raise the dividend once again to \$0.10/share returning the reward to our shareholders to what they had become accustomed to prior to the pandemic." Jason Brown, President and Chief Executive Officer, commented, "Our second quarter of fiscal 2022 results represented another period of solid free cash flow generation. We continue to benefit from a higher commodity pricing environment, which is driving increased field activity from our operators, and we look forward to supporting them as they identify high rate of return workover and development opportunities. We have seen our Net Income, Adjusted EBITDA and cash balance all increase quarter-over-quarter and we remain focused on providing a consistent and meaningful quarterly cash dividend to our shareholders."

Mr. Brown concluded, "Further supporting our focus on free cash flow generation and providing a meaningful cash return to our shareholders, we recently announced two strategic acquisitions that will allow Evolution to generate additional free cash flow. These new assets provide operational and geographic diversity while adding optionality to invest in, organically maintain, and grow production through low-risk development drilling with our operating partners. Over the last two years, Evolution has increased both production and reserves by over 400%. In short, we believe these recent transactions are truly transformative and provide enhanced dividend support for our shareholders over the next decade. We look forward to pursuing additional targeted accretive opportunities that can benefit our shareholders over the near- and long-term."

Financial and Operational Results for the Quarter Ended December 31, 2021

Evolution reported total revenue for the second quarter of fiscal 2022 of \$22.3 million, which was an 18% increase from the prior quarter. Oil revenue increased to \$10.6 million from the prior quarter due to a 12% increase in sales volumes and a 6% increase in realized commodity price. Natural gas liquids ("NGLs") revenue decreased 43% to \$2.6 million primarily due to the aforementioned production mix adjustments by the operator in the Barnett Shale. The result was a change in estimate to reflect ethane rejection by the operator that reduced NGL revenue by \$1.1 million and related volumes by 88 thousand barrels. Excluding these adjustments, the realized NGL price for the three months ended December 31, 2021 would have been \$41.25 per Bbl. Ethane rejection in the Barnett Shale is primarily a financial decision to capture the most favorable field level economics that result in higher natural gas volumes and lower NGL volumes while maximizing overall cash flow. Natural gas revenue was \$9.2 million, which was a 68% increase from the prior quarter. Driving the sequential increase were 23% higher sales volumes primarily due to the decision of the operator of the Barnett Shale assets to forgo production of ethane to capitalize on the 36% higher realized price of natural gas from the prior period.

Total production for the second quarter of fiscal 2022 was 4,957 BOEPD, including 1,636 barrels per day ("BOPD") of oil, 18 BOEPD of NGLs and 19,816 thousand cubic feet per day ("MCFPD") of natural gas. Primarily driving the increase in oil production from 1,456 BOPD in the prior quarter was the receipt of \$1.1 million of past royalties that accumulated over a period of approximately three years associated with overriding royalty interests owned in two wells located in the Giddings field in Burleson County, Texas. This was offset by a decrease in natural gas liquids sales due to changes in estimates related to prior periods due to ethane rejection in the Barnett Shale aimed at maximizing cash flow generation from that production.

Lease operating costs increased to \$10.7 million from \$8.6 million in the prior quarter. Contributing to the increase was \$1.0 million in higher CO₂ costs at Delhi compared to the prior quarter primarily due to a suspension of CO₂ purchases from July 15, 2021 to August 20, 2021 in order to perform preventative maintenance on the CO₂ purchase pipeline. In addition, oil prices increased from the prior quarter leading to an increase in CO₂ cost per MCF as the CO₂ purchase price is based on oil price. The \$1.1 million increase in other lease operating costs was primarily a result of increased production and ad valorem taxes due to higher commodity prices, change in estimates in the Barnett Shale, electrical costs at Hamilton Dome following injection well activation, and costs associated with repairs at the NGL plant in Delhi. Total lease operating expense for the current quarter was \$23.40 per BOE compared with \$16.05 per BOE in the prior quarter.

Depletion, depreciation, and amortization ("DD&A") expense decreased 20% to \$1.2 million quarter-over-quarter. On a per BOE basis, the Company's DD&A rate decreased to \$2.45 from \$2.65 in the prior quarter primarily due to the full cost ceiling test impairment recorded during the prior fiscal year and the Barnett Shale Acquisition which lowered the overall amortizable base on a per unit basis.

The Company's general and administrative ("G&A") expenses decreased 6% to \$1.8 million for the current quarter from \$1.9 million in the prior quarter. The decrease was primarily due to lower salaries and benefits costs, which were partially offset by an approximate \$0.1 million increase in non-cash stock-based compensation.

Net income for the current quarter grew 31% to \$6.8 million, or \$0.20 per diluted share, from \$5.2 million, or \$0.16 per diluted share, in the prior quarter.

Adjusted EBITDA increased 20% to \$10.2 million for the current quarter from \$8.5 million in the prior quarter. On a per BOE basis, Adjusted EBITDA increased 41% from \$15.84 per BOE in the prior quarter to \$22.32 per BOE for the current quarter.

Operations Update

Net production at Delhi in the current quarter was 108,245 BOE, an 8% decrease compared to 118,228 BOE in the prior quarter. Oil production continues to be negatively affected by the nine-month suspension of CO₂ purchases during 2020 due to repairs of the third-party owned and operated purchase supply line that lowered reservoir pressure. CO₂ purchases increased to ~100,000 MCFPD in the current quarter assisting in arresting the decline and restoring some of the reservoir pressure previously lost. However, reservoir pressure has yet to reach previous levels, which is projected to increase oil production. During the current quarter, oil production was further impacted by planned and unplanned compressor maintenance in November and December that temporarily reduced daily production. Current quarter NGL production volumes were down approximately 30% from the prior quarter due to downtime at the NGL plant in October to replace a turbine and cold inlet temperatures at the NGL plant that reduced flow rates.

The average oil price per barrel realized by Evolution at the Delhi field during the second quarter of fiscal 2022 was \$75.37 compared to \$68.88 during the prior quarter, an increase of 9%. The average realized NGL price per barrel was \$44.23 compared to \$39.08 during the prior quarter, an increase of 13%.

Hamilton Dome production volumes increased 2% to 38,021 barrels in the current quarter compared to 37,145 barrels in the prior quarter primarily due to the restoration of previously shut-in wells and strategic adjustments to water injection locations and volumes. Most projects in the field remain focused on maintenance or restoring shut-in production, as appropriate based on commodity prices.

The average oil price per barrel realized by Evolution at Hamilton Dome during the current quarter was \$64.59 compared to \$59.21 during the prior quarter, an increase of 9%. Production from the field is transported by pipeline to customers and is priced on the Western Canadian Select (WCS) index, which generally trades at a discount to West Texas Intermediate ("WTI"); Evolution receives a bonus to the WCS index.

Net production of the Barnett Shale assets was 285,761 BOE for the current quarter versus 382,115 BOE in the prior quarter. As previously discussed, production from the Barnett Shale was impacted by the operator's financial decision to maximize overall field cash flow. This resulted in production mix adjustments due to rejecting ethane from the natural gas production in order to capitalize on higher natural gas prices and drive increased total cash flow in the prior and current quarters, which resulted in a change in estimate in the current quarter.

The average natural gas price per MCF realized by Evolution at Barnett Shale during the current quarter was \$5.05 compared to \$3.70 during the prior quarter, an increase of 36%.

Balance Sheet, Capital Spending and Liquidity

At December 31, 2021, cash and cash equivalents totaled \$13.6 million, and Evolution had \$4.0 million of debt outstanding under its revolving credit facility. During the second quarter of fiscal 2022, the Company fully funded operations, capital expenditures, and cash dividends through cash generated from operations and its working capital position, and expects the same for the remainder of fiscal 2022.

For the three months ended December 31, 2021, Evolution paid \$2.5 million in common stock dividends and incurred \$0.6 million for Delhi field capital maintenance activities. Based on discussions with the operators of the

Company's assets, recently resumed conformance workover projects are expected to continue and will likely result in additional maintenance capital expenditures, primarily at the Delhi field. Additionally, based on discussions with the operator of the Barnett Shale assets, Evolution anticipates incurring capital expenditures for workover projects as there are current plans to run one workover rig continuously throughout calendar year 2022. Total capital expenditures across the Barnett Shale, Hamilton Dome, and Delhi fields are expected to be in the range of \$0.5 million to \$1.5 million during the remainder of fiscal 2022. Additionally, based on discussions with the operator of the recently acquired Williston Basin assets, capital expenditures there are expected to be \$0.5 to \$1.0 million dollars during the remainder of fiscal 2022.

As of December 31, 2021, working capital was \$22.0 million, an increase of \$6.4 million over working capital of \$15.6 million at September 30, 2021. Total liquidity at quarter-end was \$49.6 million, including cash and cash equivalents of \$13.6 million and \$36.0 million of available borrowings on the Company's credit facility. Subsequent to the end of the quarter as a result of the acquisition in North Dakota, the Company drew \$16.0 million on its Senior Secured Credit Facility. After the close of the acquisition, the Company had \$20.0 million remaining of borrowing capacity, not including any potential future increase in the borrowing base.

Recently Announced Strategic Acquisitions

The Company has recently announced two significant transactions to acquire additional non-operated oil and gas assets located in prolific-producing basins in the United States. This included Evolution's January 20, 2022 announcement that it closed on the acquisition of oil-weighted assets in the Williston Basin of North Dakota and the Company's February 9, 2022 announcement that it had entered into a definitive agreement to acquire natural gas assets in the Jonah Field in Sublette County, Wyoming. The recent news releases issued for each of these transactions included additional details on the assets acquired, the amount of reserves purchased, and current production, as well as how the transactions were funded. A presentation providing additional detail about the assets is available on the Company's website www.evolutionpetroleum.com and will be discussed during the previously announced conference call on February 10, 2022.

These strategic transactions allow Evolution to capitalize on high rate of return investment opportunities that further diversify the Company's product mix and expand its geographic footprint, while – most importantly – supporting the needs of Evolution's shareholders through a consistent approach of growing the Company's quarterly per share dividend payout as appropriate over time.

Cash Dividend on Common Stock

The Board of Directors declared a cash dividend of \$0.10 per share of common stock, which will be paid on March 31, 2022 to common stockholders of record on March 15, 2022. This will be the 34th 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 \$80 million, or \$2.41 per share, back to stockholders as cash dividends. Maintaining and ultimately growing the common stock dividend remains a Company priority.

Conference Call

As previously announced, Evolution Petroleum will host a conference call on Thursday, February 10, 2022 at 2:00 p.m. Eastern (1:00 p.m. Central) to discuss results. To access the call, please dial 1-888-506-0062 (Toll-free United States and Canada) or 1-973-528-0011 (Toll International). The access code for the call is 526210. To listen live via webcast over the internet, go to <https://www.webcaster4.com/Webcast/Page/2188/44514> or visit <http://www.evolutionpetroleum.com> for a link to the webcast. A webcast replay will be available on Evolution's website following the call. An audio replay will also be available two hours after the end of the conference call through May 11, 2022, and will be accessible by calling 1-877-481-4010 (United States & Canada); 919-882-2331 (International) with the replay pin number of 44514.

About Evolution Petroleum

Evolution Petroleum Corporation is an oil and natural gas company focused on delivering a sustainable dividend yield to its shareholders through the ownership, management, and development of producing oil and natural gas properties onshore in the United States. The Company's long-term goal is to build a diversified portfolio of oil and natural 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 assets include our non-operated interests in the Barnett Shale in North Texas, a CO₂ enhanced oil recovery project in Louisiana's Delhi field, a secondary recovery project in Wyoming's Hamilton Dome field, and our interest in recently acquired properties in the Williston Basin in North Dakota. 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.

Company Contacts

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RStash@evolutionpetroleum.com

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Revenues				
Oil	\$ 10,582,145	\$ 5,462,783	\$ 19,440,608	\$ 10,841,944
Natural gas liquids	2,586,758	305,200	7,148,976	521,226
Natural gas	9,169,458	169	14,627,787	358
Total revenues	<u>22,338,361</u>	<u>5,768,152</u>	<u>41,217,371</u>	<u>11,363,528</u>
Operating costs				
Lease operating costs	10,670,974	3,005,413	19,296,141	5,403,337
Depreciation, depletion, and amortization	1,223,721	1,358,168	2,751,533	2,769,056
Impairment of proved property	—	15,189,459	—	24,792,079
Net loss on derivative contracts	—	279,679	—	614,645
General and administrative expenses *	1,823,245	1,845,699	3,763,154	3,124,397
Total operating costs	<u>13,717,940</u>	<u>21,678,418</u>	<u>25,810,828</u>	<u>36,703,514</u>
Income (loss) from operations	8,620,421	(15,910,266)	15,406,543	(25,339,986)
Other				
Interest and other income	7,293	11,217	9,770	25,643
Interest expense	(50,930)	(19,622)	(101,542)	(41,654)
Income (loss) before income taxes	8,576,784	(15,918,671)	15,314,771	(25,355,997)
Income tax expense (benefit)	1,744,612	(3,208,664)	3,264,198	(5,510,842)
Net income (loss) attributable to common stockholders	<u>\$ 6,832,172</u>	<u>\$ (12,710,007)</u>	<u>\$ 12,050,573</u>	<u>\$ (19,845,155)</u>
Earnings (loss) per common share				
Basic	<u>\$ 0.20</u>	<u>\$ (0.38)</u>	<u>\$ 0.36</u>	<u>\$ (0.60)</u>
Diluted	<u>\$ 0.20</u>	<u>\$ (0.38)</u>	<u>\$ 0.36</u>	<u>\$ (0.60)</u>
Weighted average number of common shares outstanding				
Basic	<u>33,645,982</u>	<u>33,106,885</u>	<u>33,589,986</u>	<u>33,031,270</u>
Diluted	<u>33,645,982</u>	<u>33,106,885</u>	<u>33,589,986</u>	<u>33,031,270</u>

* General and administrative expenses for the three months ended December 31, 2021 and 2020 included non-cash stock-based compensation expenses of \$329,677 and \$317,506, respectively. For the six months ended December 31, 2021 and 2020, non-cash stock-based compensation expenses were \$527,503 and \$617,857, respectively.

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

	December 31, 2021	June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 13,597,156	\$ 5,276,510
Receivables from oil, natural gas liquids, and natural gas sales	12,594,910	8,686,967
Receivables for federal and state income tax refunds	2,428,887	3,107,638
Receivable for settlement proceeds from prior year Barnett Shale acquisition	1,882,233	—
Prepaid expenses and other current assets	852,636	1,037,259
Total current assets	31,355,822	18,108,374
Property and equipment, net of depreciation, depletion, amortization, and amortization		
Oil and natural gas properties—full-cost method of accounting, of which none were excluded from amortization	55,752,039	58,515,860
Other property and equipment, net	6,737	10,639
Total property and equipment, net	55,758,776	58,526,499
Other assets, net		
	46,510	70,789
Total assets	\$ 87,161,108	\$ 76,705,662
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 8,188,421	\$ 5,609,367
Accrued liabilities and other	572,260	947,045
State and federal income taxes payable	606,445	37,748
Total current liabilities	9,367,126	6,594,160
Long term liabilities		
Senior secured credit facility	4,000,000	4,000,000
Deferred income taxes	5,902,924	5,957,202
Asset retirement obligations	5,764,567	5,538,752
Operating lease liability	—	20,745
Total liabilities	25,034,617	22,110,859
Commitments and contingencies (Note 14)		
Stockholders' equity		
Common stock; par value \$0.001; 100,000,000 shares authorized; 33,688,679 and 33,514,952 shares issued and outstanding as of December 31, 2021 and June 30, 2021, respectively	33,689	33,515
Additional paid-in capital	43,066,954	42,541,224
Retained earnings	19,025,848	12,020,064
Total stockholders' equity	62,126,491	54,594,803
Total liabilities and stockholders' equity	\$ 87,161,108	\$ 76,705,662

Evolution Petroleum Corporation and Subsidiaries
Non-GAAP Reconciliation - Adjusted EBITDA
(Unaudited)

Adjusted EBITDA is a non-GAAP financial measure that is used as a supplemental financial measure by our management and by external users of our financial statements, such as investors, commercial banks, and others, to assess our operating performance as compared to that of other companies in our industry, without regard to financing methods, capital structure, or historical costs basis. It is also used to assess our ability to incur and service debt and fund capital expenditures. Our Adjusted EBITDA should not be considered an alternative to net income (loss), operating income (loss), cash flows provided by (used in) operating activities, or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. Our Adjusted EBITDA may not be comparable to similarly titled measures of another company because all companies may not calculate Adjusted EBITDA in the same manner.

The Company defines Adjusted EBITDA as net income (loss) plus interest expense, income tax expense (benefit), depreciation, depletion and amortization (DD&A), stock-based compensation, other amortization and accretion, ceiling test impairment and other impairments, unrealized loss (gain) on change in fair value of derivatives, and other non-cash expense (income) items.

	Three Months Ended		
	December 31, 2021	December 31, 2020	September 30, 2021
Net income (loss)	\$ 6,832,172	(12,710,007)	5,218,401
Adjusted by:			
Interest expense	50,930	19,622	50,612
Income tax expense (benefit)	1,744,612	(3,208,664)	1,519,586
DD&A	1,223,721	1,358,168	1,527,812
Stock-based compensation	329,677	317,506	197,826
Impairments	—	15,189,459	—
Unrealized loss (gain) on derivatives	—	(1,094,733)	—
Adjusted EBITDA	\$ 10,181,112	\$ (128,649)	\$ 8,514,237

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

	Six Months Ended December 31,	
	2021	2020
Cash flows from operating activities		
Net income (loss) attributable to common stockholders	\$ 12,050,573	\$ (19,845,155)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion, and amortization	2,751,533	2,769,056
Impairment of proved property	—	24,792,079
Stock-based compensation	527,503	617,857
Settlement of asset retirement obligations	—	(100,389)
Deferred income taxes	(54,278)	(5,766,747)
Net loss on derivative contracts	—	614,645
Payments paid for derivative settlements	—	(2,137,225)
Other	(4,496)	7,475
Changes in operating assets and liabilities:		
Receivables	(4,253,003)	(457,336)
Prepaid expenses and other current assets	184,623	91,248
Net operating loss carryback	—	(110,942)
Accounts payable and accrued expenses	2,122,157	875,390
Income taxes payable	568,697	(125,999)
Net cash provided by operating activities	13,893,309	1,223,957
Cash flows from investing activities		
Development of oil and natural gas properties	(526,275)	(182,935)
Net cash provided by (used in) investing activities	(526,275)	(182,935)
Cash flows from financing activities		
Common stock dividends paid	(5,044,789)	(1,661,110)
Common share repurchases, including shares surrendered for tax withholding	(1,599)	(7,348)
Net cash used in financing activities	(5,046,388)	(1,668,458)
Net increase (decrease) in cash and cash equivalents	8,320,646	(627,436)
Cash and cash equivalents, beginning of period	5,276,510	19,662,528
Cash and cash equivalents, end of period	\$ 13,597,156	\$ 19,035,092

Supplemental Information on Oil and Natural Gas Operations (Unaudited)

	Three Months Ended		
	December 31, 2021	December 31, 2020	September 30, 2021
Revenues			
Oil	\$ 10,582,145	\$ 5,462,783	\$ 8,858,463
Natural gas liquids	2,586,758	305,200	4,562,218
Natural gas	9,169,458	169	5,458,329
Total revenues	\$ 22,338,361	\$ 5,768,152	\$ 18,879,010
Production volumes			
Oil (Bbl)	150,551	140,700	133,929
Natural gas liquids (Bbl)	1,643	24,695	157,593
Natural gas (Mcf)	1,823,084	85	1,476,219
Equivalent (BOE)	456,041	165,409	537,559
Daily production volumes			
Oil (BOPD, net)	1,636	1,529	1,456
Natural gas liquids (BOEPD, net)	18	268	1,713
Natural gas (BOEPD, net)	3,303	—	2,674
Equivalent volumes (BOEPD, net)	4,957	1,797	5,843
Realized prices			
Oil price per Bbl	\$ 70.29	\$ 38.83	\$ 66.14
Natural gas liquids price per Bbl (a)	1,574.41	12.36	28.95
Natural gas price per Mcf (a)	5.03	1.99	3.70
Equivalent price per BOE	\$ 48.98	\$ 34.87	\$ 35.12
CO₂ costs			
CO ₂ costs	\$ 1,897,374	\$ 619,887	\$ 917,049
Other lease operating costs	8,773,600	2,385,526	7,708,118
Total lease operating costs	\$ 10,670,974	\$ 3,005,413	\$ 8,625,167
CO₂ costs per BOE			
CO ₂ costs per BOE	\$ 4.16	\$ 3.75	\$ 1.71
All other lease operating costs per BOE	19.24	14.42	14.34
Lease operating costs per BOE	\$ 23.40	\$ 18.17	\$ 16.05
CO₂ volumes (Mcf, gross)			
CO ₂ volumes (Mcf, gross)	8,674,254	4,681,070	4,522,020
CO ₂ volumes (MMcf per day, gross)	94.3	51.4	49.2
DD&A of proved oil and natural gas properties			
DD&A of proved oil and natural gas properties	\$ 1,118,204	\$ 1,308,716	\$ 1,425,868
Depreciation of other property and equipment	2,818	1,810	1,084
Amortization of intangibles	—	3,391	—
Accretion of asset retirement obligations	102,699	44,251	100,860
Total DD&A	\$ 1,223,721	\$ 1,358,168	\$ 1,527,812
Oil and natural gas DD&A rate per BOE	\$ 2.45	\$ 7.91	\$ 2.65

(a) Ethane rejection in the Barnett Shale resulted in changes in estimates in the current period that were related to prior periods, and adversely impacted natural gas liquids results and positively impacted natural gas results for the quarter. This adjustment reduced NGL revenue by \$1.1 million and NGL volumes by 88 MBbls, and increased natural gas revenue by \$0.7 million and natural gas production by 304 MMcf. Excluding these adjustments, the realized NGL price per Bbl and natural gas price per Mcf for the three months ended December 31, 2021 would have been \$41.25 and \$5.55, respectively.

Supplemental Information on Oil and Natural Gas Operations (Unaudited)

	Six Months Ended	
	December 31, 2021	December 31, 2020
Revenues		
Oil	\$ 19,440,608	\$ 10,841,944
Natural gas liquids	7,148,976	521,226
Natural gas	14,627,787	358
Total revenues	\$ 41,217,371	\$ 11,363,528
Production volumes		
Oil (Bbl)	284,480	286,357
Natural gas liquids (Bbl)	159,236	48,419
Natural gas (Mcf)	3,299,303	215
Equivalent (BOE)	993,600	334,812
Daily production volumes		
Oil (BOPD, net)	3,092	1,556
Natural gas liquids (BOEPD, net)	1,731	263
Natural gas (BOEPD, net)	5,977	—
Equivalent volumes (BOEPD, net)	10,800	1,819
Realized prices		
Oil price per Bbl	\$ 68.34	\$ 37.86
Natural gas liquids price per Bbl	44.90	10.76
Natural gas price per Mcf	4.43	1.67
Equivalent price per BOE	\$ 41.48	\$ 33.94
CO₂ costs		
CO ₂ costs	\$ 2,814,423	\$ 619,887
Other lease operating costs	16,481,718	4,783,450
Total lease operating costs	\$ 19,296,141	\$ 5,403,337
CO₂ costs per BOE		
CO ₂ costs per BOE	\$ 2.83	\$ 1.85
All other lease operating costs per BOE	16.59	14.29
Lease operating costs per BOE	\$ 19.42	\$ 16.14
CO₂ volumes (Mcf, gross)		
CO ₂ volumes (Mcf, gross)	13,196,274	4,681,070
CO ₂ volumes (MMcf per day, gross)	71.7	17.0
DD&A of proved oil and natural gas properties		
DD&A of proved oil and natural gas properties	\$ 2,544,072	\$ 2,670,801
Depreciation of other property and equipment	3,902	3,620
Amortization of intangibles	—	6,782
Accretion of asset retirement obligations	203,559	87,853
Total DD&A	\$ 2,751,533	\$ 2,769,056
Oil and natural gas DD&A rate per BOE		
Oil and natural gas DD&A rate per BOE	\$ 2.56	\$ 7.98

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Evolution Petroleum Acquisition of Non-Operated Natural Gas Assets in Wyoming's Jonah Field

HOUSTON, TX / ACCESSWIRE / February 9, 2022 / Evolution Petroleum (NYSE American: EPM) ("Evolution" or the "Company") today announced today that it has entered into a definitive agreement to acquire non-operated natural gas assets in the Jonah Field in Sublette County, Wyoming (the "Transaction") from privately-owned Exaro Energy III, LLC ("Exaro"). The purchase price of the Transaction is \$29.4 million, subject to customary purchase price adjustments and closing conditions, including receipt of all necessary written consents, approvals, waivers, and any exercises of preferential purchase rights. The effective date of the Transaction is February 1, 2022 with a closing date on or about April 1, 2022.

Acquisition Highlights

- Adds approximately 42 billion cubic feet of natural gas equivalent ("BCFe") of long-life proved developed producing ("PDP") reserves⁽¹⁾ in a long-life, historically prolific natural gas field;
- Increases Evolution's net daily production by approximately 37% or 14.2 million cubic feet of natural gas equivalent per day ("MMCFpd") (88% natural gas, 6% oil, and 6% natural gas liquids ("NGLs"))⁽²⁾;
- Provides immediately accretive cash flow, product diversity, increased scale, and further dividend support with minimal incremental overhead;
- Includes an average working interest of 19.3% and an average revenue interest of 14.7% in 648 producing wells and approximately 1,040 net acres in the Jonah Field in Wyoming;
- Natural gas production has access to multiple attractive markets including to the west through the Opal market hub, with optionality to flow to eastern markets;
- Jonah Field has been operated since 2014 by Jonah Energy LLC ("Jonah Energy"), which is a top-tier, responsible, and established operator in the region; and
- Transaction expected to be funded from cash on hand and borrowings under the Company's existing senior credit facility.

Management Comments

"We are pleased to announce an expansion of Evolution's footprint in Wyoming with our latest acquisition in the prolific Jonah Field. Coupled with our recent acquisition in the Williston Basin, we are executing on our acquisitions strategy to add accretive assets to Evolution that deliver meaningful value and cash return to our shareholders over the long term," said Jason Brown, President and CEO. "The Jonah Field acquisition embodies Evolution's sharp focus on long-life, low-decline reserves that generate strong cash flow. We are also pleased to partner with another proven operator that is highly regarded for its focus on implementation of new technologies and demonstrated accountability. This accretive transaction allows us to further diversify into natural gas assets in Wyoming with access to attractive western markets."

Brown continued, "Over the last two years, Evolution has increased both production and reserves by over 400%. Equally important, we have accomplished this growth and value creation without material shareholder dilution or onerous debt. With the expected incremental debt, we estimate that our debt post-closing will remain below one times our pro forma annualized EBITDA, and our cash flow will allow rapid debt reduction while continuing to support our dividend strategy. Further, these acquisitions have been accomplished with minimal increases in overhead, which is expected to dramatically reduce our G&A cost per barrel."

"Our two recent acquisitions in the Williston Basin and Jonah Field have strengthened Evolution's future cash flow generation and added the ability to invest in, internally maintain, and grow production through low-risk

development drilling with our operating partners. We anticipate that with these acquisitions we have extended dividend support for the next decade. We believe that the diversification of geology, reserves, commodities, geographic markets, and operator partnerships all contribute to the strength and health of our Company. Our near term focus will be on integrating these assets, working with our operating partners to enhance profitability, reducing the incremental debt associated with these acquisitions, and enhancing our dividend payout. The transformative nature of our recent acquisitions enhances Evolution's opportunities and we are very excited about the future."

Asset Details

The asset includes an average working interest of 19.3% and an average revenue interest of 14.7% interest in 648 producing wells and approximately 1,040 net acres in the Jonah Field in Sublette County, Wyoming. Jonah Field is a historically prolific, long term natural gas field located within the greater Green River Basin. Current net daily production of the acquired asset is approximately 14.2 MMCFpd with a commodity split of 88% natural gas, 6% oil, and 6% NGLs⁽²⁾. All wells are operated by Jonah Energy, which is an established operator in Wyoming and has operated in the field since 2014. The asset was evaluated solely on the basis of current production, or PDP basis. Evolution expects to add 42 BCFe of long-life PDP reserves at \$0.70 per MCFe cost⁽¹⁾.

Evolution considers the gas marketing optionality to be an attractive and risk-reducing attribute of the acquired assets. Natural gas produced in the Jonah Field can be sold to western markets through the Opal hub, and have recently traded at a premium to Henry Hub. Natural gas can also be moved and sold to eastern and Gulf Coast markets as well, which reduces the risk of pipeline takeaway capacity access.

Transaction Consideration and Capital Available

Evolution plans to fund the Transaction with cash on hand and borrowings under the Company's existing senior secured credit facility with MidFirst Bank. Effective November 9, 2021, the Company's borrowing base was increased to \$50 million, with an elected commitment amount of \$40 million. As of December 31, 2021 and prior to the transaction, the Company had approximately \$13 million in cash on hand and had \$4 million drawn under the credit facility. The Company estimates that net debt after giving effect to the Transaction, in addition to the recently announced Williston Basin transaction, will be below the Company's targeted maximum of one times pro forma Adjusted annual EBITDA⁽³⁾. The credit facility agreement requires the Company to enter into hedges covering a portion of oil and natural gas production on a rolling twelve-month basis depending on the level of debt.

Presentation and Discussion

Evolution has posted a presentation highlighting the merits and details of both the Jonah Field acquisition and the recently closed Williston Basin acquisition on the Company's website: www.evolutionpetroleum.com.

The Company intends to discuss and answer questions regarding the two recent acquisitions along with the posted presentation in its quarterly earnings call on Thursday February 10, 2022. Details for the conference call are as follows:

Date: Thursday, February 10, 2022

Time: 2:00 p.m. Eastern (1:00 p.m. Central)

Call: Provide access code of 526210 after dialing:
888-506-0062 (Toll free United States & Canada)
973-528-0011 (International)

To listen live via webcast, click the link <https://www.webcaster4.com/Webcast/Page/2188/44514> or go to the Company's website at www.evolutionpetroleum.com. An audio replay will be available on Evolution's website following the call. An audio replay will also be available two hours after the end of the conference call through May 11, 2022 and will be accessible by dialing 877-481-4010 (Toll free United States & Canada); 919-882-2331 (International) with the replay pin number of 44514.

About Evolution Petroleum

Evolution Petroleum Corporation is an oil and natural gas company focused on delivering a sustainable dividend yield to its shareholders through the ownership, management, and development of producing oil and natural gas properties onshore in the United States. The Company's long-term goal is to build a diversified portfolio of oil and natural 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 assets include our non-operated interests in the Barnett Shale in North Texas, a CO2 enhanced oil recovery project in Louisiana's Delhi field, a secondary recovery project in Wyoming's Hamilton Dome field, and our interest in recently acquired properties in the Williston Basin in North Dakota. 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.

Company Contacts

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Footnotes:

1. Reserves calculations are based on Company-engineered reserves estimates as of 2/1/2022 at fixed 12/31/2021 SEC prices of \$3.64/MMBTU and \$66.55/barrel.
2. Production estimate based on average three months ended 9/30/2021.
3. Adjusted EBITDA is Earnings Before Interest, Taxes, Depreciation and Amortization and is a non-GAAP financial measure. The Company defines Adjusted EBITDA as net income (loss) plus interest expense, income tax expense (benefit), depreciation, depletion and amortization (DD&A), stock-based compensation, other amortization and accretion, ceiling test impairment and other impairments, unrealized loss (gain) on change in fair value of derivatives, and other non-cash expense (income) items.

SOURCE: Evolution Petroleum Corporation