



Corporate Overview & 4Q 2023 Results

March 2024



Forward Looking Statements

The information in this presentation includes “forward-looking statements” that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact included in this presentation, regarding our strategy, future operations, financial position, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this presentation, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “may,” “continue,” “predict,” “potential,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on U.S. Energy Corp. (“USEG” or the “Company”) current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the exploration for and development, production, gathering and sale of oil and natural gas. These risks include, but are not limited to, variations in the market demand for, and prices of, crude oil, NGLs and natural gas, lack of proved reserves, estimates of crude oil, NGLs and natural gas data, the adequacy of our capital resources and liquidity including, but not limited to, access to additional borrowing, borrowing capacity under our credit facilities, general economic and business conditions, failure to realize expected value creation from property acquisitions, uncertainties about our ability to replace reserves and economically develop our reserves, risks related to the concentration of our operations, drilling results, potential financial losses or earnings reductions from our commodity price risk management programs, potential adoption of new governmental regulations, our ability to satisfy future cash obligations and environmental costs and the risk factors discussed in or referenced in our filings with the United States Securities and Exchange Commission (“SEC”), including our 2022 Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, and our Current Reports on Form 8-K in each case as amended.

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this presentation. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this presentation.

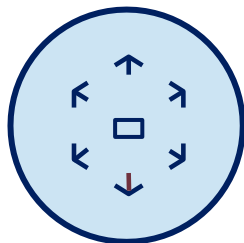
Our production forecasts and expectations for future periods are dependent upon many assumptions, including estimates of production decline rates from existing wells and the undertaking and outcome of future drilling activity, which may be affected by significant commodity price declines or cost increases.

Industry and Market Data

This presentation has been prepared by USEG and includes market data and other statistical information from third-party sources, including independent industry publications, government publications or other published independent sources. Although USEG believes these third-party sources are reliable as of their respective dates, USEG has not independently verified the accuracy or completeness of this information. Some data are also based on the USEG’s good faith estimates, which are derived from its review of internal sources as well as the third-party sources described above.

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A DIFFERENTIATED SMALL-CAP E&P INVESTMENT



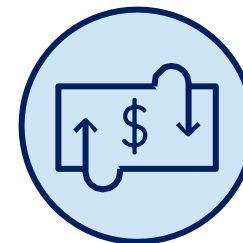
Greater Efficiency from Increased Critical Mass

Eight acquisitions since 2020 increased production by >6x and improved cost and operating efficiencies



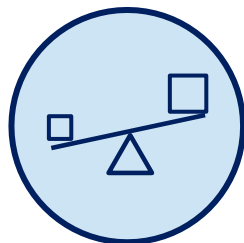
Top Basins / Long Life Reserves

Rockies, Mid-Con, and Texas assets featuring low decline oil-weighted production



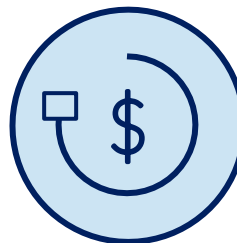
Free Cash Flow Generation with Low Reinvestment Needs

Mature asset base reduces capital needs to maintain production levels; creates robust free cash flow generation



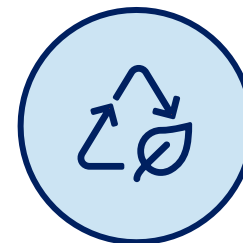
Low Leverage

Net Debt / Adj EBITDA ratio of 0.3x⁽¹⁾



Focused on Shareholder Returns

Approved shareholder repurchase program accelerates shareholder returns



Committed to Environmental Excellence

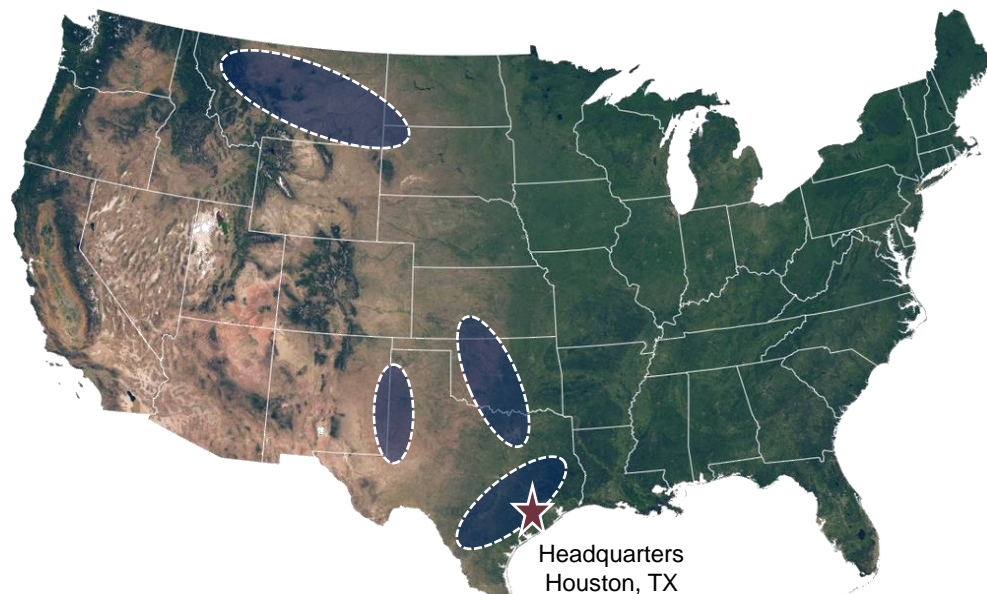
Minimizing fugitive emissions through connecting of pipelines and new facility construction

U.S. Energy operates a portfolio of high-quality producing oil and gas assets that allows the Company to execute on an attractive capital returns program to shareholders.

Company Overview

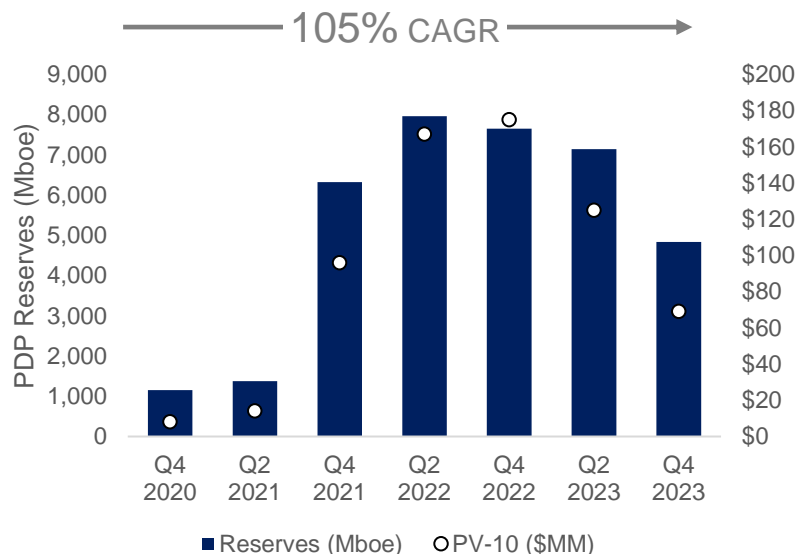
NASDAQ	USEG
Shares Outstanding	25.4 million
Share Price	\$1.02
Market Cap	\$26 million
Enterprise Value ⁽¹⁾	\$28 million
PDP Reserves, 4q2023 ⁽²⁾	4.9 MMBOE (100% PDP)
PDP PV-10 ⁽²⁾	\$70 million
Average Daily Production	1,711
% Oil	63%
Net Debt	\$1.6 million
2023E Adjusted EBITDA ⁽³⁾	\$5.0 million

Where We Operate



SIGNIFICANT GROWTH THROUGH ACQUISITION

Net PDP Reserves

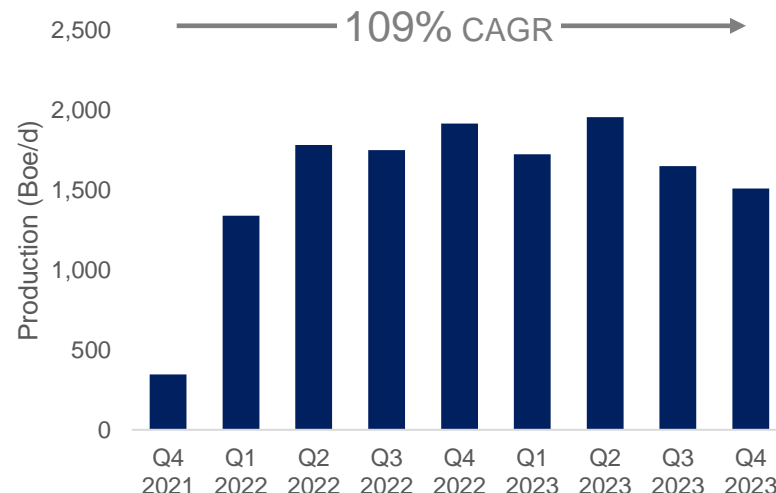


Est. Proved Producing Reserves Value

\$69.4 Million

Current PDP reserves significantly higher than enterprise value

Net Production (Boe/d)



Proved Producing PV-10 Increase from Q4 2020

~9x

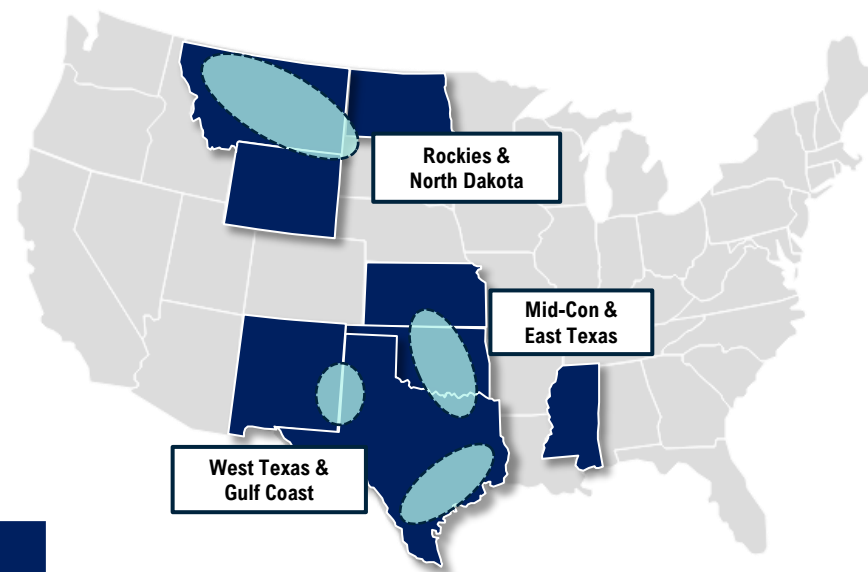
Proved Producing reserves comprise 99% of the total proved reserves value

Asset Overview

- **Long-Life Reserves:** Mature production profile with an approximate 50-year production life of proved producing reserves.
- **Balanced Product Mix:** Current production mix of 62% oil and 38% natural gas allows for the realization of increased commodity prices across the entire sector.
- **Basin Diversification:** With operations in multiple producing areas, we can mitigate concentration risk from regional pricing and operational disturbances.

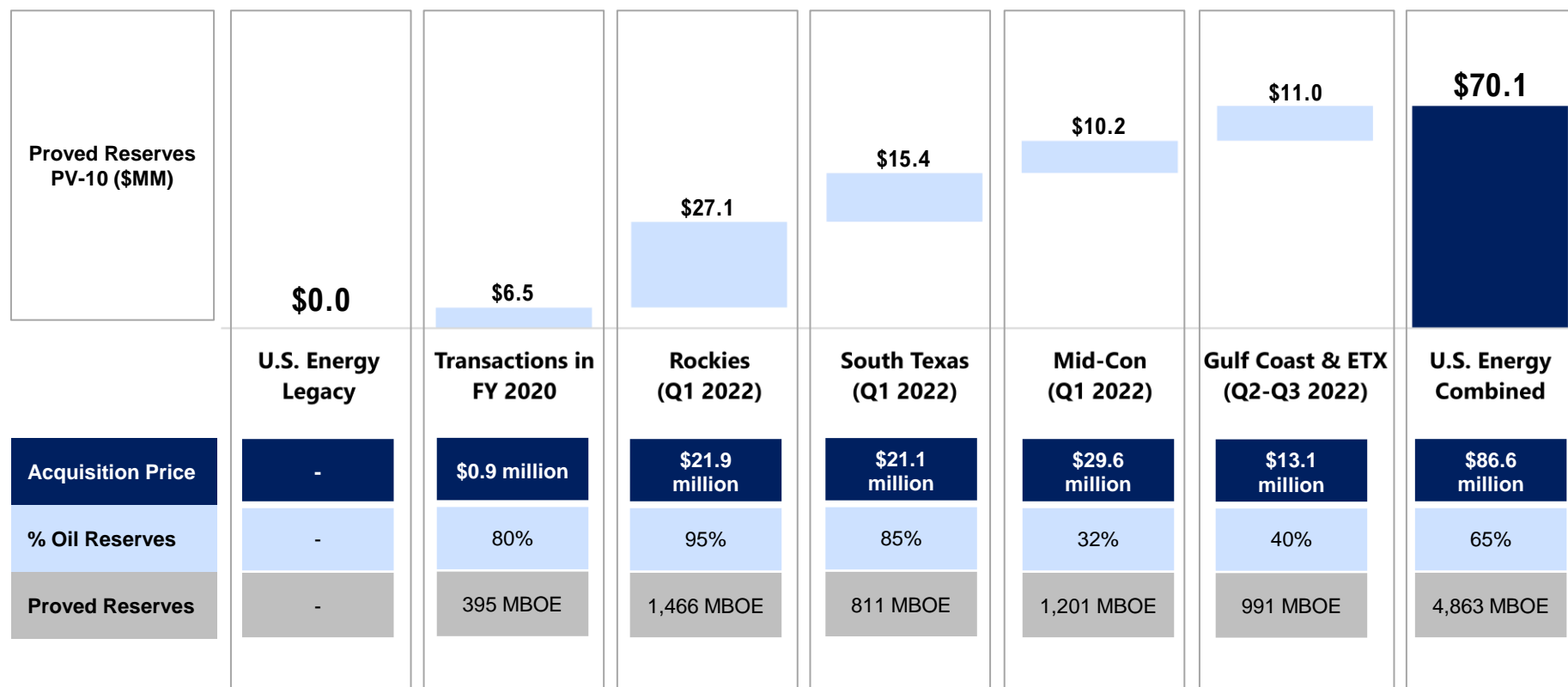
Asset	Production	Reserves		
	Q4 2023 (Boe/d)	PD ⁽¹⁾ Reserves (Mboe)	PD ⁽¹⁾ PV-10 (\$MM)	% Oil
Rockies & ND	440	1,543	\$28.7	96%
Mid-Con & East TX	735	2,079	\$19.2	33%
West TX & Gulf Coast	343	1,241	\$22.3	82%
Total	1,508	4,863	\$70.1	65%

Asset Regions



PRODUCING ASSET VALUE UP 9X SINCE 2020

- Eight highly accretive transactions from private sellers since 2020
- Prioritized strong balance sheet using equity, free cash flow and low-cost bank capital



U.S. Energy management has consistently shown conservatism and success in executing a corporate strategy of acquiring quality assets, managing its balance sheet, and returning capital to shareholders, offering investors commodity exposure and an opportunity to invest in a predictable and growing small-cap operator.



**High-Quality
Low-Decline
Asset Base**

11% PDP decline in
prolific U.S. oil basins



**High Margins and Low
Capex Provides
Sustainable
Free Cash Flow**

Mature production requires
little reinvestment



**Focused and
Disciplined
Capital Allocation**

Two major priorities:

- Grow by acquisition
- Return capital to shareholders



Q4 2023 KEY COMPANY HIGHLIGHTS



Production (Boe/d)⁽¹⁾

Q4 2023

1,508

62% oil

Q4 2022

1,918

58% oil



Oil & Gas Revenues (\$MM)

\$7.3

87% oil

\$10.4

79% oil



Net Income (\$MM)⁽²⁾

\$(19.8)

\$(0.78) EPS

\$(1.8)

\$(0.07) EPS



Adjusted EBITDA (\$MM)

\$1.4

\$2.7



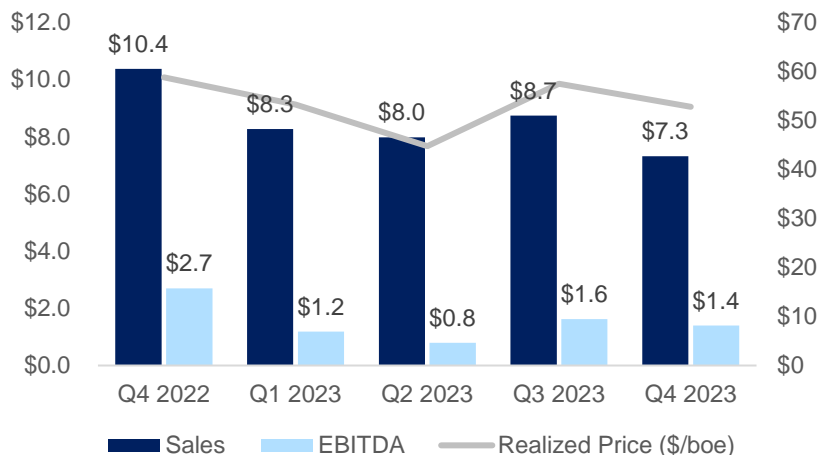
Operating Free Cash Flow (\$MM)

\$8.7

\$2.6

QUARTERLY FINANCIAL RESULTS

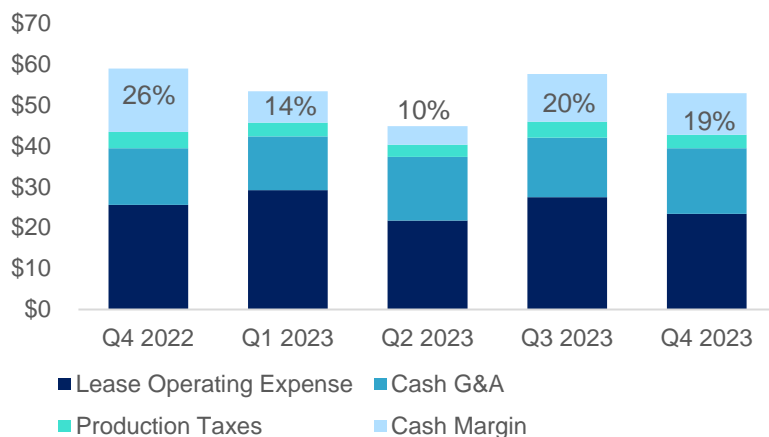
Sales / EBITDA & Realized Price



Realized Prices

	Oil (\$/bbl)	Gas (\$/mcf)	BOE (\$/boe)
Q4 2022	\$79.06	\$5.06	\$58.80
Q1 2023	\$77.70	\$3.06	\$53.25
Q2 2023	\$61.17	\$2.50	\$44.74
Q3 2023	\$78.06	\$2.98	\$57.50
Q4 2023	\$72.39	\$2.84	\$51.75

Cash Operating Margin (per Boe)

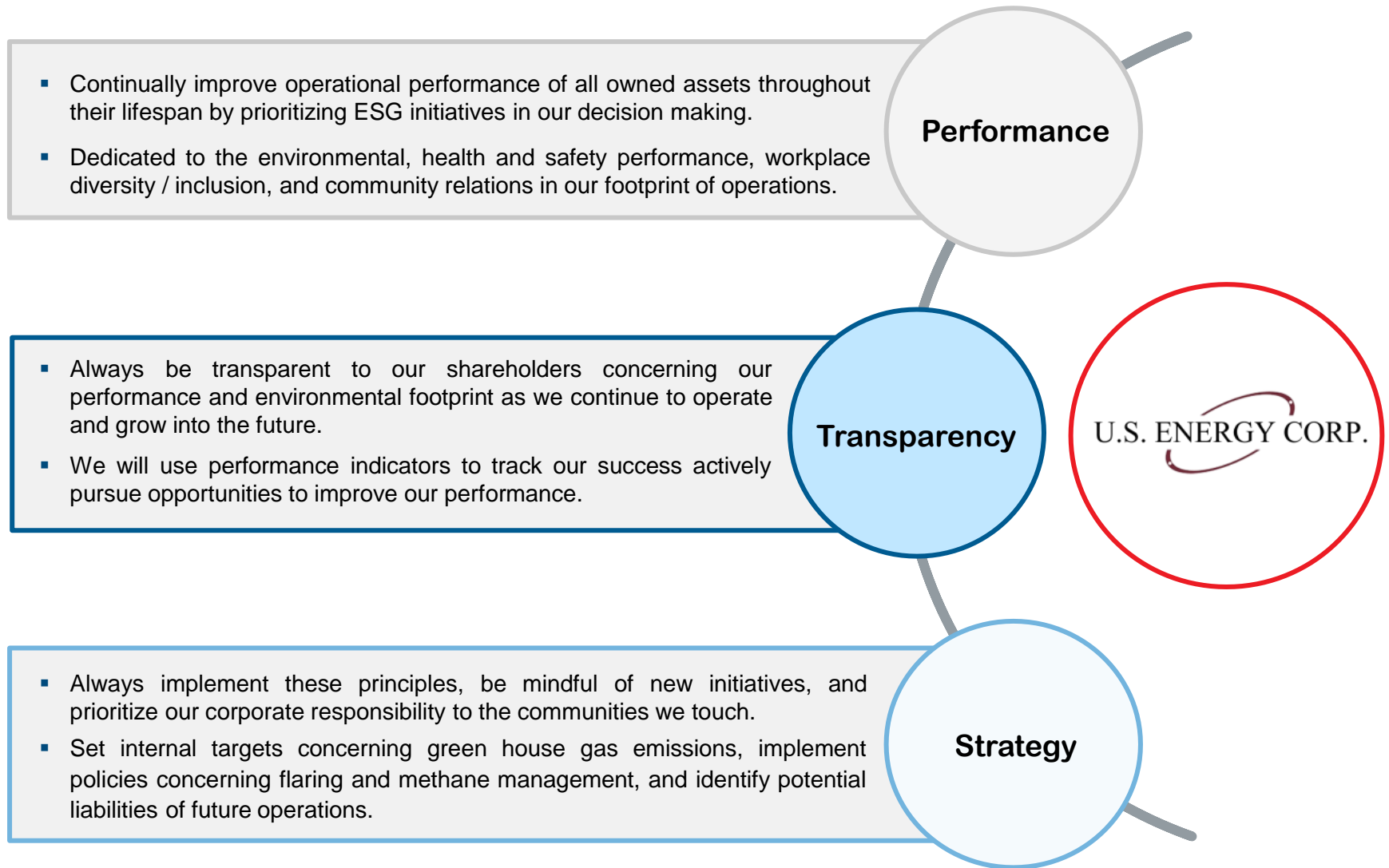


Q4 2023 Financial Highlights

- Total net sales of \$7.3 million
- Gross profit of \$3.6 million; 50% of net sales
- Total adjusted EBITDA of \$1.4 million
- Adjusted EBITDA margin of 19%
- Net Debt / LTM Adjusted EBITDA of 0.3x

	<u>Q1 2024</u>	<u>Q2 2024</u>	<u>Q3 2024</u>	<u>Q4 2024</u>
Crude Hedges				
WTI Swaps				
Total Volumes (Bbl)	51,300	48,600	45,000	40,720
Daily Volumes (Bbl/d)	584	554	489	443
Fixed Price (\$/Bbl)	\$84.07	\$81.76	\$79.80	\$78.15





Q4 2023 PROVED RESERVES SUMMARY

Reserves Summary

- U.S. Energy operates 86% of its asset base.
- Oil makes up 65% of total proved reserves
- 99% of U.S. Energy's booked reserves are proved developed producing

	<u>Oil</u> <u>(MBBL)</u>	<u>Gas</u> <u>(MMCF)</u>	<u>Total</u> <u>(MBOE)</u>	<u>% of Total</u> <u>Reserves</u>	<u>% Oil</u>	<u>PV-10</u> <u>(\$MM)</u>
PDP	3,155	10,054	4,831	99%	65%	\$69.4
PDNP	28	28	33	1%	86%	\$0.8
Total PD	3,183	10,082	4,863	100%	65%	\$70.1

Reconciliation of GAAP “Net Income (loss)” to Non-GAAP “Adjusted EBITDA”

Adjusted EBITDA is a “non-GAAP financial measure” presented as supplemental measures of the Company’s performance. It is not presented in accordance with accounting principles generally accepted in the United States, or GAAP. The Company defines Adjusted EBITDA as net income (loss), plus net interest expense, unrealized loss (gain) on change in fair value of derivatives, income tax (benefit) expense, depreciation, depletion, accretion and amortization, one-time costs associated with completed transactions and the associated assumed derivative contracts, share-based compensation, and changes in the value held on marketable securities. Company management believes this presentation is relevant and useful because it helps investors understand U.S. Energy’s operating performance and makes it easier to compare its results with those of other companies that have different financing, capital and tax structures. EBITDA is presented because we believe it provides additional useful information to investors due to the various noncash items during the period. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our operating results as reported under GAAP. Some of these limitations are: Adjusted EBITDA does not reflect cash expenditures, or future requirements for capital expenditures, or contractual commitments; Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs; Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt or cash income tax payments; although depreciation and amortization are noncash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and other companies in this industry may calculate Adjusted EBITDA differently than the Company does, limiting its usefulness as a comparative measure.

The Company’s presentation of these measure should not be construed as an inference that future results will be unaffected by unusual or nonrecurring items. We compensate for these limitations by providing a reconciliation of this non-GAAP measure to the most comparable GAAP measure, below. We encourage investors and others to review our business, results of operations, and financial information in their entirety, not to rely on any single financial measure, and to view this non-GAAP measure in conjunction with the most directly comparable GAAP financial measure.

(\$ in thousands)	Q4 2023	2023YE
Adj EBITDA Recon		
Net Income	\$ (19,806)	\$ (32,356)
Depreciation, depletion, accretion and amortization	3,054	11,235
Non cash loss (gain) on commodity derivatives	(2,192)	(3,538)
Interest Expense, net	251	1,114
Income tax expense (benefit)	(458)	(891)
Non-cash stock based compensation	343	2,293
Transaction related expenses	-	-
Transaction related acquired realized derivative losses	-	496
Loss (gain) on marketable securities	(3)	(57)
Loss (gain) on real estate held for sale	25	25
Impairment of oil and natural gas properties	20,185	26,680
Total Adjustments	21,205	37,357
Total Adjusted EBITDA	\$ 1,399	\$ 5,001