

**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): **August 5, 2021**

PHX MINERALS INC.

(Exact name of registrant as specified in its charter)

OKLAHOMA
(State or other jurisdiction
of incorporation)

001-31759
(Commission File Number)

73-1055775
(I.R.S. Employer
Identification No.)

**1601 NW Expressway,
Suite 1100
Oklahoma City, OK**
(Address of principal executive
offices)

73118
(Zip code)

(405) 948-1560
(Registrant's telephone number including area code)

Not Applicable
(Former name or former address if changed since last report)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, \$0.01666 par value	PHX	New York Stock Exchange

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))

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 2.02 Results of Operations and Financial Condition.

On August 5, 2021, PHX Minerals Inc. (the “Company”) issued a press release providing information regarding the Company’s third quarter 2021 financial and operating results. The press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The Company plans to host a teleconference on August 5, 2021, at 5:00 p.m. Eastern Time to discuss these results. To access the conference call, please dial 877-407-3088 (domestic) or 201-389-0927 (international). A replay of the call will be available for 14 days after the call. The number to access the replay of the conference call is 877-660-6853 and the PIN for the replay is 13720096.

Item 7.01 Regulation FD Disclosure.

The information set forth under Item 2.02 of this Current Report on Form 8-K is hereby incorporated in this Item 7.01 by reference.

On August 5, 2021, the Company posted an updated investor presentation to its website. A copy of the presentation is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information in Item 2.02 and Item 7.01 of this Current Report on Form 8-K, including the attached Exhibit 99.1 and 99.2, is being furnished pursuant to Item 2.02 and Item 7.01 and shall not be deemed to be “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, and shall not be deemed to be incorporated by reference into any of the Company’s filings under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit**No.****Title of Document**

99.1 [Press Release, dated August 5, 2021.](#)

99.2 [Corporate Presentation](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

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.

PHX MINERALS INC.

By: /s/ Chad L. Stephens
Chad L. Stephens
Chief Executive Officer

DATE: August 5, 2021



FOR IMMEDIATE RELEASE

PLEASE CONTACT:

Chad L. Stephens

405.948.1560

Website: www.phxmin.com

PHX MINERALS INC.

REPORTS THIRD QUARTER 2021 RESULTS AND ANNOUNCES DIVIDEND PAYMENT

OKLAHOMA CITY, Aug. 5, 2021 – PHX MINERALS INC., “PHX” or the “Company,” (NYSE: PHX), today reported financial and operating results for the third quarter ended June 30, 2021.

SUMMARY OF RESULTS FOR THE PERIOD ENDED JUNE 30, 2021, AND SUBSEQUENT EVENTS

- Production volumes for the third fiscal quarter of 2021 increased 31% to 2,493 Mmcfe from 1,904 Mmcfe in the third fiscal quarter of 2020 and increased 9% from 2,297 Mmcfe in the second fiscal quarter of 2021.
- Net loss in the third fiscal quarter of 2021 was \$1.4 million, or \$0.05 per share, as compared to net loss of \$3.6 million, or \$0.21 per share, in the third fiscal quarter of 2020 and net loss of \$0.5 million, or \$0.02 per share, in the second fiscal quarter of 2021.
- Adjusted EBITDA excluding gain/loss on asset sales⁽¹⁾ for the third quarter of 2021 was \$4.7 million, increased from \$1.2 million in the third fiscal quarter of 2020 and increased from \$3.4 million in the second fiscal quarter of 2021.
- On April 30, 2021, the Company closed on the acquisition of 2,514 net royalty acres in the SCOOP play of Oklahoma for approximately \$8.5 million in cash and 1.2 million shares of PHX common stock.
- Additionally, during the quarter ended June 30, the Company closed on two separate acquisitions totaling 393 net royalty acres in the Haynesville for an aggregate \$2.3 million in cash.
- Total debt was reduced to \$19.9 million as of June 30, 2021, a 15% decrease from the \$23.5 million as of March 31, 2021.
- Debt to adjusted EBITDA (TTM)⁽¹⁾ ratio was 1.47x at June 30, 2021.
- A payment of a one cent per share dividend payable on Sept. 10, 2021, to stockholders of record on Aug. 26, 2021, was approved.

Chad L. Stephens, President and CEO, commented, “PHX’s third quarter 2021 reflects excellent quarterly results as we reported adjusted EBITDA of \$4.7 million, an increase of 38% over the sequential prior quarter and a 292% increase compared to the year over year quarter. This is due mainly to higher volumes and improved commodity prices. Importantly, it is a direct reflection of our continued success as we execute our stated strategy of growth through mineral acquisitions in our core focus areas. During the quarter, we closed on the purchase of minerals in three different acquisitions located in the Haynesville and SCOOP for \$13.25 million of total consideration, the cash portion of which was funded with proceeds from the April equity offering. This brings our total year to date acquisitions to approximately \$21.2 million. We also closed on the sale of non-core/non-operated working interest in 71 well bores for approximately \$225,000 as part of our strategy of constantly looking to high grade our asset base.

“Additionally, we reduced our debt to \$19.9 million at quarter end, which represents a 15% reduction to sequential prior quarter and a 34% reduction compared to the year over year quarter. Current debt equates to a roughly 1.5x Debt to adjusted EBITDA (TTM)⁽¹⁾. Our goal is to achieve a 1.2x Debt to EBITDA (TTM)⁽¹⁾ by fiscal year end Sept. 30, 2021. This puts us in a strong financial position and will allow us to allocate a majority of our growing free cash flow to mineral acquisitions over the coming quarters. We look forward to informing you of our results to drive shareholder value in the future.”

⁽¹⁾ This is a non-GAAP measure. Refer to the Non-GAAP Reconciliation section.

OPERATING HIGHLIGHTS

	Third Quarter Ended June 30, 2021	Third Quarter Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
Mcf Sold	2,492,813	1,903,752	6,863,949	6,555,378
Average Sales Price per Mcfe	\$ 4.37	\$ 1.85	\$ 3.74	\$ 2.80
Gas Mcf Sold	1,879,343	1,361,909	5,090,619	4,539,103
Average Sales Price per Mcf	\$ 3.33	\$ 1.36	\$ 2.77	\$ 1.73
Oil Barrels Sold	55,492	55,138	170,437	214,159
Average Sales Price per Barrel	\$ 63.77	\$ 25.94	\$ 52.95	\$ 42.43
NGL Barrels Sold	46,753	35,169	125,118	121,887
Average Sales Price per Barrel	\$ 23.58	\$ 6.62	\$ 20.42	\$ 11.26

Total Production for the last four quarters was as follows:

Quarter ended	Mcf Sold	Oil Bbls Sold	NGL Bbls Sold	Mcf Sold
6/30/2021	1,879,343	55,492	46,753	2,492,813
3/31/2021	1,735,820	56,269	37,228	2,296,802
12/31/2020	1,475,456	58,675	41,138	2,074,334
9/30/2020	1,423,602	55,626	46,737	2,037,779

Royalty Interest Production for the last four quarters was as follows:

Quarter ended	Mcf Sold	Oil Bbls Sold	NGL Bbls Sold	Mcf Sold
6/30/2021	908,471	31,095	18,255	1,204,571
3/31/2021	924,969	31,768	19,088	1,230,105
12/31/2020	487,925	27,840	14,948	744,653
9/30/2020	491,234	27,326	20,181	776,276

Working Interest Production for the last four quarters was as follows:

Quarter ended	Mcf Sold	Oil Bbls Sold	NGL Bbls Sold	Mcf Sold
6/30/2021	970,872	24,397	28,498	1,288,242
3/31/2021	810,851	24,501	18,140	1,066,697
12/31/2020	987,531	30,835	26,190	1,329,681
9/30/2020	932,368	28,300	26,556	1,261,503

*****MORE*****

FINANCIAL HIGHLIGHTS

	Third Quarter Ended June 30, 2021	Third Quarter Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
Working Interest Sales	\$ 5,486,978	\$ 1,876,489	\$ 13,245,980	\$ 9,976,274
Royalty Interest Sales	\$ 5,412,842	\$ 1,641,072	\$ 12,424,644	\$ 8,352,743
Natural Gas, Oil and NGL Sales	\$ 10,899,820	\$ 3,517,561	\$ 25,670,624	\$ 18,329,017
Lease Bonuses and Rental Income	\$ 259,152	\$ 22,996	\$ 319,139	\$ 572,787
Total Revenue	\$ 5,941,559	\$ 2,705,383	\$ 18,213,696	\$ 24,593,201
LOE per Mcfe	\$ 0.43	\$ 0.60	\$ 0.45	\$ 0.59
Transportation, Gathering and Marketing per Mcfe	\$ 0.62	\$ 0.50	\$ 0.60	\$ 0.56
Production Tax per Mcfe	\$ 0.24	\$ 0.07	\$ 0.19	\$ 0.13
G&A Expense per Mcfe	\$ 0.91	\$ 1.00	\$ 0.88	\$ 0.96
Interest Expense per Mcfe	\$ 0.09	\$ 0.13	\$ 0.12	\$ 0.15
DD&A per Mcfe	\$ 0.86	\$ 1.29	\$ 0.90	\$ 1.34
Total Expense per Mcfe	\$ 3.15	\$ 3.59	\$ 3.14	\$ 3.73
Net Income (Loss)	\$ (1,356,594)	\$ (3,555,215)	\$ (2,453,037)	\$ (22,117,915)
Adj. Pre-Tax Net Income (Loss) ⁽¹⁾	\$ 2,356,054	\$ (1,536,925)	\$ 3,891,673	\$ 990,306
Adjusted EBITDA ⁽¹⁾	\$ 4,714,200	\$ 1,168,834	\$ 10,858,048	\$ 10,742,522
Cash Flow from Operations	\$ 5,563,226	\$ 3,717,398	\$ 10,240,333	\$ 9,825,740
CapEx - Drilling & Completing	\$ 271,661	\$ 56,413	\$ 696,759	\$ 196,168
CapEx - Mineral Acquisitions	\$ 11,402,761	\$ 50,000	\$ 19,337,265	\$ 10,304,016
Borrowing Base			\$ 28,500,000	\$ 32,000,000
Debt			\$ 19,900,000	\$ 30,000,000
Debt/Adjusted EBITDA (TTM) ⁽¹⁾			1.47	1.48

⁽¹⁾ This is a non-GAAP measure. Refer to the Non-GAAP Reconciliation section.

THIRD QUARTER 2021 RESULTS

The Company recorded a third quarter 2021 net loss of \$1,356,594, or \$0.05 per share, as compared to a net loss of \$3,555,215, or \$0.21 per share, in the third quarter 2020. The change in net loss was principally the result of increased natural gas, oil and NGL sales and decreased LOE, DD&A and impairment expense, partially offset by an increase in losses on derivative contracts, G&A, transportation, gathering and marketing expenses and production taxes.

Natural gas, oil and NGL revenue increased \$7,382,259, or 210%, for the third quarter 2021, compared to the corresponding 2020 quarter due to increases in natural gas, oil and NGL prices of 145%, 146% and 256%, respectively, and an increase in natural gas, oil and NGL volumes of 38%, 1% and 33%, respectively.

Production increased across all three product categories during the three months ended June 30, 2021, as compared to the three months ended June 30, 2020, due to improved market conditions, resulting in (i) previously curtailed, high interest wells being worked over and brought fully back online in the STACK, Arkoma Stack, and Fayetteville Shale, (ii) acquisitions in the STACK and Haynesville, and (iii) increased drilling and completions activity in the STACK and SCOOP. These were partially offset by plays with naturally declining production in high interest wells, such as the Eagle Ford Shale.

The Company had a net loss on derivative contracts of \$5,487,483 in the 2021 quarter, as compared to a net loss of \$838,282 in the 2020 quarter. The net loss on derivative contracts in both periods was principally due to the natural gas and oil collars and fixed price swaps being less beneficial in relation to their respective contracted volumes and prices at the beginning of the periods.

*****MORE*****

The 12% decrease in total cost per Mcfe in the 2021 quarter, relative to the 2020 quarter, was primarily driven by a decrease in DD&A. DD&A decreased \$326,861, or 13%, in the 2021 quarter to \$0.86 per Mcfe, as compared to \$1.29 per Mcfe in the 2020 quarter. Of the DD&A decrease, \$1,086,750 was a result of a \$0.43 decrease in the DD&A rate per Mcfe, partially offset by an increase of \$759,889 resulting from production increasing 31% in the 2021 quarter. The rate decrease was mainly due to an increase in reserves during the 2021 quarter, as compared to the 2020 quarter.

NINE MONTHS 2021 RESULTS

The Company recorded a nine-month net loss of \$2,453,037, or \$0.10 per share, in the 2021 period, as compared to a net loss of \$22,117,915, or \$1.34 per share, in the 2020 period. The change in net loss was principally the result of increased natural gas, oil and NGL sales and decreased LOE, DD&A, impairment expense and G&A, partially offset by an increase in losses on derivative contracts, transportation, gathering and marketing expenses, production taxes and a reduction in gain on asset sales and income tax benefit.

Natural gas, oil and NGL sales increased \$7,341,607, or 40%, for the 2021 period, compared to the 2020 period due to increases in natural gas, oil and NGL prices of 60%, 25% and 81%, respectively, and an increase in natural gas and NGL volumes of 12% and 3%, respectively.

Natural gas volumes increased during the nine months ended June 30, 2021, as compared to the nine months ended June 30, 2020, primarily as a result of (i) acquisitions in the Haynesville Shale, (ii) maintenance workovers on high-interest wells in the Arkoma Stack, and (iii) increased drilling and completion activity in the STACK. These gas volumes were partially offset by naturally declining production in the Fayetteville Shale and production downtime and curtailments in response to market conditions in the SCOOP. The decrease in oil production was primarily due to naturally declining production in high-interest wells brought online during the first quarter of 2020 in the Bakken, as well as reduced drilling and completion activity in 2021 due to prevailing economic conditions compared to 2020 in the Eagle Ford and SCOOP. Oil production decreases were partially offset by increased drilling and completion activity in the STACK. The increased activity in the STACK also resulted in increased NGL production, which was partially offset by production downtime and curtailments in high-interest wells in the SCOOP as well as naturally declining production in liquid-rich gas areas of the Anadarko Granite Wash.

The Company had a net loss on derivative contracts of \$8,089,662 in the 2021 period, as compared to a net gain of \$2,415,401 in the 2020 period. The net loss on derivative contracts in the current period was principally due to the natural gas and oil collars and fixed price swaps being less beneficial in relation to their respective contracted volumes and prices at the beginning of the period.

The 16% decrease in total cost per Mcfe in the 2021 period, relative to the 2020 period, was primarily driven by a decrease in DD&A. DD&A decreased \$2,617,614, or 30%, in the 2021 period to \$0.90 per Mcfe, as compared to \$1.34 per Mcfe in the 2020 period. Of the DD&A decrease, \$3,031,099 was a result of a \$0.44 decrease in the DD&A rate per Mcfe, partially offset by an increase of \$413,485 resulting from production increasing 5% in the 2021 period. The rate decrease was mainly due an increase in reserves during the 2021 period, as compared to the 2020 period.

*****MORE*****

OPERATIONS UPDATE

During the quarter ended June 30, 2021, 37 gross and 0.18 net wells in progress converted to producing wells. Our inventory of wells in progress increased to 97 gross wells and 0.48 net wells.

	SCOOP	STACK	Bakken/ Three Forks	Arkoma Stack	Permian	Fayetteville	Haynesville	Other	Total
Gross Wells in Progress on PHX Acreage:									
As of 3/31/21	42	13	3	2	3	-	13	4	80
Net Change	18	1	-2	-	-	-	-1	1	17
As of 6/30/21	60	14	1	2	3	-	12	5	97
Net Wells in Progress on PHX Acreage:									
As of 3/31/21	0.08	0.03	-	-	0.14	-	0.13	0.06	0.44
Net Change	0.05	0.01	-	-	-	-	-0.01	-0.01	0.04
As of 6/30/21	0.13	0.04	-	-	0.14	-	0.12	0.05	0.48
Gross Active Permits on PHX Acreage:									
As of 3/31/21	14	11	6	3	-	-	-	6	40
Net Change	-1	-4	-1	-	-	-	-	-	-6
As of 6/30/21	13	7	5	3	-	-	-	6	34
As of 6/30/21:									
Rigs Present on PHX Acreage	6	1	2	-	-	-	3	1	13
Rigs Within 2.5 Miles of PHX Acreage	12	7	6	1	2	-	13	5	46

Leasing Activity

During the third quarter of fiscal 2021, the Company leased 518 net mineral acres for \$270,890, primarily in Dawson County, TX in the Midland Basin.

	SCOOP	STACK	Bakken/ Three Forks	Arkoma Stack	Permian	Fayetteville	Haynesville	Other	Total
During Three Months Ended 6/30/21:									
Net Mineral Acres Leased	-	30	-	-	307	-	-	181	518
Average Bonus per Net Mineral Acre	-	\$ 500	-	-	\$ 527	-	-	\$ 377	\$ 524
Average Royalty per Net Mineral Acre	-	20%	-	-	25%	-	-	19%	22%

ACQUISITION AND DIVESTITURE UPDATE

During the third quarter of fiscal 2021, the Company purchased 2,913 net royalty acres for \$13,310,340 and sold 5,197 net royalty acres at an average price of \$57 per acre.

	SCOOP	STACK	Bakken/ Three Forks	Arkoma Stack	Permian	Fayetteville	Haynesville	Other	Total
During Three Months Ended 6/30/21:									
Net Mineral Acres Purchased	1,819	47	-	-	-	-	308	23	2,197
Net Royalty Acres Purchased	2,420	61	-	-	-	-	398	34	2,913
Price per Net Royalty Acre	\$ 4,455	\$ 1,624	-	-	-	-	\$ 5,955	\$ 1,754	\$ 4,570
Net Mineral Acres Sold	-	-	-	-	2,857	-	-	32	2,889
Net Royalty Acres Sold	-	-	-	-	5,165	-	-	32	5,197
Price per Net Royalty Acre	-	-	-	-	\$ 55	-	-	\$ 391	\$ 57

THIRD QUARTER EARNINGS CALL

PHX will host a conference call to discuss third quarter results at 5:00 p.m. EDT on Aug. 5, 2021. Management's discussion will be followed by a question and answer session with investors. To participate on the conference call, please dial 877-407-3088 (domestic) or 201-389-0927 (international). A replay of the call will be available for 14 days after the call. The number to access the replay of the conference call is 877-660-6853 and the PIN for the replay is 13720096.

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FINANCIAL RESULTS

Statements of Operations

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2021	2020	2021	2020
Revenues:				
Natural gas, oil and NGL sales	\$ 10,899,820	\$ 3,517,561	\$ 25,670,624	\$ 18,329,017
Lease bonuses and rental income	259,152	22,996	319,139	572,787
Gains (losses) on derivative contracts	(5,487,483)	(838,282)	(8,089,662)	2,415,401
Gain on asset sales	270,070	3,108	313,595	3,275,996
	5,941,559	2,705,383	18,213,696	24,593,201
Costs and expenses:				
Lease operating expenses	1,064,989	1,147,948	3,100,052	3,871,818
Transportation, gathering and marketing	1,538,174	956,653	4,138,653	3,696,282
Production taxes	596,858	134,249	1,316,038	835,284
Depreciation, depletion and amortization	2,137,707	2,464,568	6,176,173	8,793,787
Provision for impairment	45,855	358,826	45,855	29,904,528
Interest expense	220,439	241,191	790,202	958,429
General and administrative	2,275,104	1,908,790	6,065,677	6,306,479
Other expense (income)	235,027	(73,687)	136,083	(44,551)
Total costs and expenses	8,114,153	7,138,538	21,768,733	54,322,056
Income (loss) before provision (benefit) for income taxes	(2,172,594)	(4,433,155)	(3,555,037)	(29,728,855)
Provision (benefit) for income taxes	(816,000)	(877,940)	(1,102,000)	(7,610,940)
Net income (loss)	\$ (1,356,594)	\$ (3,555,215)	\$ (2,453,037)	\$ (22,117,915)
Basic and diluted earnings (loss) per common share	\$ (0.05)	\$ (0.21)	\$ (0.10)	\$ (1.34)
Basic and diluted weighted average shares outstanding:				
Common shares	28,117,199	16,403,243	24,308,185	16,375,736
Unissued, directors' deferred compensation shares	192,059	141,799	174,454	152,500
	28,309,258	16,545,042	24,482,639	16,528,236
Dividends declared per share of common stock and paid in period	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.09

*****MORE*****

Balance Sheets

	June 30, 2021	Sept. 30, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,908,500	\$ 10,690,395
Natural gas, oil, and NGL sales receivables (net of \$0 allowance for uncollectable accounts)	5,114,387	2,943,220
Refundable income taxes	2,379,756	3,805,227
Other	480,600	351,088
Total current assets	10,883,243	17,789,930
Properties and equipment at cost, based on successful efforts accounting:		
Producing natural gas and oil properties	323,187,303	324,886,491
Non-producing natural gas and oil properties	32,894,588	18,993,814
Other	681,125	582,444
	<u>356,763,016</u>	<u>344,462,749</u>
Less accumulated depreciation, depletion and amortization	(259,018,926)	(263,590,801)
Net properties and equipment	97,744,090	80,871,948
Operating lease right-of-use assets	628,617	690,316
Other, net	558,659	669,641
Total assets	<u>\$ 109,814,609</u>	<u>\$ 100,021,835</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,173,258	\$ 997,637
Derivative contracts, net	6,754,328	281,942
Current portion of operating lease liability	130,973	127,108
Accrued liabilities and other	1,324,482	1,297,363
Short-term debt	-	1,750,000
Total current liabilities	<u>9,383,041</u>	<u>4,454,050</u>
Long-term debt	19,900,000	27,000,000
Deferred income taxes, net	212,007	1,329,007
Asset retirement obligations	2,845,919	2,897,522
Derivative contracts, net	1,354,174	425,705
Operating lease liability, net of current portion	822,907	921,625
Total liabilities	34,518,048	37,027,909
Stockholders' equity:		
Class A voting common stock, \$0.01666 par value; 36,000,500 shares authorized and 30,200,226 issued at June 30, 2021; 24,000,500 shares authorized and 22,647,306 issued at Sept. 30, 2020	503,136	377,304
Capital in excess of par value	25,844,372	10,649,611
Deferred directors' compensation	1,701,110	1,874,007
Retained earnings	53,033,376	56,244,100
	81,081,994	69,145,022
Less treasury stock, at cost; 388,545 shares at June 30, 2021, and 411,487 shares at Sept. 30, 2020	<u>(5,785,433)</u>	<u>(6,151,096)</u>
Total stockholders' equity	75,296,561	62,993,926
Total liabilities and stockholders' equity	<u>\$ 109,814,609</u>	<u>\$ 100,021,835</u>

*****MORE*****

Condensed Statements of Cash Flows

	Nine Months Ended June 30,	
	2021	2020
Operating Activities		
Net income (loss)	\$ (2,453,037)	\$ (22,117,915)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	6,176,173	8,793,787
Impairment of producing properties	45,855	29,904,528
Provision for deferred income taxes	(1,117,000)	(6,158,000)
Gain from leasing fee mineral acreage	(316,541)	(567,975)
Proceeds from leasing fee mineral acreage	334,938	582,458
Net (gain) loss on sales of assets	(136,596)	(3,258,994)
Directors' deferred compensation expense	167,425	184,188
Total (gain) loss on derivative contracts	8,089,662	(2,415,401)
Cash receipts (payments) on settled derivative contracts	(688,807)	3,230,034
Restricted stock awards	542,674	619,812
Other	72,126	3,718
Cash provided (used) by changes in assets and liabilities:		
Natural gas, oil and NGL sales receivables	(2,134,395)	2,194,430
Other current assets	(89,957)	(121,635)
Accounts payable	209,014	31,755
Income taxes receivable	1,425,471	(134,908)
Other non-current assets	87,065	6,544
Accrued liabilities	26,263	(950,686)
Total adjustments	12,693,370	31,943,655
Net cash provided by operating activities	10,240,333	9,825,740
Investing Activities		
Capital expenditures	(696,759)	(196,168)
Acquisition of minerals and overriding royalty interests	(19,337,265)	(10,304,016)
Proceeds from sales of assets	533,371	3,457,500
Net cash provided (used) by investing activities	(19,500,653)	(7,042,684)
Financing Activities		
Borrowings under Credit Facility	-	6,061,725
Payments of loan principal	(8,850,000)	(11,486,725)
Net proceeds from equity issuance	11,088,858	-
Purchases of treasury stock	(2,741)	(7,635)
Payments of dividends	(757,692)	(1,486,031)
Net cash provided (used) by financing activities	1,478,425	(6,918,666)
Increase (decrease) in cash and cash equivalents	(7,781,895)	(4,135,610)
Cash and cash equivalents at beginning of period	10,690,395	6,160,691
Cash and cash equivalents at end of period	<u>\$ 2,908,500</u>	<u>\$ 2,025,081</u>
Supplemental Schedule of Noncash Investing and Financing Activities		
Additions to asset retirement obligations	\$ -	\$ 4
Gross additions to properties and equipment	\$ 23,794,178	\$ 10,335,534
Equity offering used for acquisitions	(3,718,000)	-
Net (increase) decrease in accounts payable for properties and equipment additions	(42,154)	164,650
Capital expenditures and acquisitions	<u>\$ 20,034,024</u>	<u>\$ 10,500,184</u>

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Derivative Contracts as of Aug. 1, 2021

Period (Calendar Year)	Product	Volume Mcf/Bbl	Swap Price	Collar Average Floor Price	Collar Average Ceiling Price
Remaining 2021	Natural Gas	1,193,500		\$ 2.38	\$ 3.07
Remaining 2021	Natural Gas	600,500	\$ 2.82		
2022	Natural Gas	2,540,500		\$ 2.42	\$ 3.17
2022	Natural Gas	547,500	\$ 2.73		
2023	Natural Gas	166,000		\$ 2.37	\$ 3.26
2023	Natural Gas	84,000	\$ 2.56		
Remaining 2021	Crude Oil	9,000		\$ 37.00	\$ 46.69
Remaining 2021	Crude Oil	55,000	\$ 40.75		
2022	Crude Oil	68,500		\$ 40.25	\$ 50.35
2022	Crude Oil	59,000	\$ 41.51		

Non-GAAP Reconciliation

This news release includes certain “non-GAAP financial measures” under the rules of the Securities and Exchange Commission, including Regulation G. These non-GAAP measures are calculated using GAAP amounts in our financial statements. These measures, detailed below, are provided in addition to, not as an alternative for, and should be read in conjunction with, the information contained in our financial statements prepared in accordance with GAAP (including the notes), included in our SEC filings and posted on our website.

Adjusted EBITDA Reconciliation

Adjusted EBITDA is defined as net income (loss) plus interest expense, provision for impairment, depreciation, depletion and amortization of properties and equipment, including amortization of other assets, provision (benefit) for income taxes and unrealized (gains) losses on derivative contracts. Adjusted EBITDA is not a measure of financial performance under GAAP. We have included a presentation of adjusted EBITDA because we recognize that certain investors consider adjusted EBITDA a useful means of measuring our ability to meet our debt service obligations and evaluating our financial performance. Adjusted EBITDA has limitations and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated income or cash flow data prepared in accordance with GAAP. Because not all companies use identical calculations, this presentation of adjusted EBITDA may not be comparable to a similarly titled measure of other companies. The following table provides a reconciliation of net income (loss) to adjusted EBITDA for the periods indicated:

	Third Quarter Ended June 30, 2021	Third Quarter Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
Net Income (Loss)	\$ (1,356,594)	\$ (3,555,215)	\$ (2,453,037)	\$ (22,117,915)
Plus:				
Unrealized (gains) losses on derivatives	4,482,793	2,537,404	7,400,855	814,633
Income Tax Expense (Benefit)	(816,000)	(877,940)	(1,102,000)	(7,610,940)
Interest Expense	220,439	241,191	790,202	958,429
DD&A	2,137,707	2,464,568	6,176,173	8,793,787
Impairment	45,855	358,826	45,855	29,904,528
Adjusted EBITDA	<u>\$ 4,714,200</u>	<u>\$ 1,168,834</u>	<u>\$ 10,858,048</u>	<u>\$ 10,742,522</u>

Adjusted EBITDA Excluding Gain on Asset Sales Reconciliation

Adjusted EBITDA excluding gain on asset sales is defined as the adjusted EBITDA less gains on asset sales. We have included a presentation of adjusted EBITDA excluding gain on asset sales because we recognize that certain investors consider this amount a useful means of measuring our ability to meet our debt service obligations and evaluating our financial performance. The adjusted EBITDA excluding gain on asset sales has limitations and should not be considered in isolation or as a substitute for net income,

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operating income, cash flow from operations or other consolidated income or cash flow data prepared in accordance with GAAP. Because not all companies use identical calculations, this presentation of adjusted EBITDA excluding gain on asset sales may not be comparable to a similarly titled measure of other companies. The following table provides a presentation of net income (loss) to adjusted EBITDA and of the resulting adjusted EBITDA excluding gain on asset sales for the periods indicated:

	Third Quarter Ended June 30, 2021	Third Quarter Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020	Second Quarter Ended March 31, 2021
Net Income (Loss)	\$ (1,356,594)	\$ (3,555,215)	\$ (2,453,037)	\$ (22,117,915)	\$ (499,723)
Plus:					
Unrealized (gains) losses on derivatives	4,482,793	2,537,404	7,400,855	814,633	2,050,712
Income Tax Expense (Benefit)	(816,000)	(877,940)	(1,102,000)	(7,610,940)	(217,000)
Interest Expense	220,439	241,191	790,202	958,429	267,865
DD&A	2,137,707	2,464,568	6,176,173	8,793,787	1,777,817
Impairment	45,855	358,826	45,855	29,904,528	-
Adjusted EBITDA	<u>\$ 4,714,200</u>	<u>\$ 1,168,834</u>	<u>\$ 10,858,048</u>	<u>\$ 10,742,522</u>	<u>\$ 3,379,671</u>
Less:					
Gain on asset sales	270,070	3,108	313,595	3,275,996	23,257
Loss on asset sales ⁽¹⁾	(238,827)	(4,345)	(248,301)	(11,849)	(5,681)
Adjusted EBITDA excluding Gain/loss on asset sales	<u>\$ 4,682,957</u>	<u>\$ 1,170,071</u>	<u>\$ 10,792,754</u>	<u>\$ 7,478,375</u>	<u>\$ 3,362,095</u>

(1) Included in other expense (income) line item on the Company's Statements of Operations

Debt/Adjusted EBITDA (TTM) Reconciliation

Debt/adjusted EBITDA (TTM) is defined as the ratio of long-term debt to adjusted EBITDA on a trailing 12-month ("TTM") basis. We have included a presentation of debt/adjusted EBITDA (TTM) because we recognize that certain investors consider such ratios a useful means of measuring our ability to meet our debt service obligations and evaluating our financial performance. The debt/adjusted EBITDA (TTM) ratio has limitations and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated income or cash flow data prepared in accordance with GAAP. Because not all companies use identical calculations, this presentation of debt/adjusted EBITDA (TTM) may not be comparable to a similarly titled measure of other companies. The following table provides a presentation of net income (loss) to adjusted EBITDA on a TTM basis, and of the resulting debt/adjusted EBITDA (TTM) ratio:

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	TTM Ended June 30, 2021	TTM Ended June 30, 2020
Net Income (Loss)	\$ (4,287,159)	\$ (78,271,695)
Plus:		
Unrealized (gains) losses on derivatives	9,788,013	1,031,998
Income Tax Expense (Benefit)	(1,780,060)	(25,847,940)
Interest Expense	1,118,561	1,402,387
DD&A	8,696,169	15,169,665
Impairment	45,855	106,728,865
Adjusted EBITDA	<u>\$ 13,581,379</u>	<u>\$ 20,213,280</u>
Debt	\$ 19,900,000	\$ 30,000,000
Debt/Adjusted EBITDA	1.47	1.48

Adjusted Pre-Tax Net Income (Loss) Reconciliation

Adjusted pre-tax net income (loss) is defined as net income (loss) plus provision for impairment, provision (benefit) for income taxes and unrealized (gains) losses on derivative contracts. We have included a presentation of adjusted pre-tax net income (loss) because we recognize that certain investors consider adjusted pre-tax net income (loss) a useful means of evaluating our financial performance. Adjusted pre-tax net income (loss) has limitations and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated income or cash flow data prepared in accordance with GAAP. Because not all companies use identical calculations, this presentation of adjusted pre-tax net income (loss) may not be comparable to a similarly titled measure of other companies. The following table provides a reconciliation of net income (loss) to adjusted pre-tax net income (loss) for the periods indicated:

	Third Quarter Ended June 30, 2021	Third Quarter Ended June 30, 2020	Nine Months Ended June 30, 2021	Nine Months Ended June 30, 2020
Net Income (Loss)	\$ (1,356,594)	\$ (3,555,215)	\$ (2,453,037)	\$ (22,117,915)
Plus:				
Impairment	45,855	358,826	45,855	29,904,528
Unrealized (gains) losses on derivatives	4,482,793	2,537,404	7,400,855	814,633
Income Tax Expense (Benefit)	(816,000)	(877,940)	(1,102,000)	(7,610,940)
Adjusted Pre-Tax Net Income (Loss)	<u>\$ 2,356,054</u>	<u>\$ (1,536,925)</u>	<u>\$ 3,891,673</u>	<u>\$ 990,306</u>

PHX Minerals Inc. (NYSE: PHX) Oklahoma City-based, PHX Minerals Inc. is a natural gas and oil mineral company with a strategy to proactively grow its mineral position in its core areas of focus. PHX owns approximately 251,000 net mineral acres principally located in Oklahoma, Texas, North Dakota, New Mexico and Arkansas. Additional information on PHX can be found at www.phxmin.com.

Cautionary Statement Regarding Forward-Looking Statements

This press release includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Words such as “anticipates,” “plans,” “estimates,” “believes,” “expects,” “intends,” “will,” “should,” “may” and similar expressions may be used to identify forward-looking statements. Forward-looking statements are not statements of historical fact and reflect the Company’s current views about future events. Forward-looking statements may include, but are not limited to, statements relating to: our ability to execute our business strategies; the volatility of realized natural gas and oil prices; the level of production on our properties; estimates of quantities of natural gas, oil and NGL reserves and their values; general economic or industry conditions; legislation or regulatory requirements; conditions of the securities markets; our ability to raise capital; changes in accounting principles, policies or guidelines; financial or political instability; acts of war or terrorism; title defects in the properties in which we invest; and other economic, competitive, governmental, regulatory or technical factors affecting our properties, operations or prices. Although the Company believes the expectations reflected in these and other forward-looking statements are reasonable, we can give no assurance they will prove to be correct. Such forward-looking statements are subject to a

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number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. These forward-looking statements involve certain risks and uncertainties that could cause the results to differ materially from those expected by the Company's management. Information concerning these risks and other factors can be found in the Company's filings with the Securities and Exchange Commission, including its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, available on the Company's website or the SEC's website at www.sec.gov.

Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in forward-looking statements. The forward-looking statements in this press release are made as of the date hereof, and the Company does not undertake any obligation to update the forward-looking statements as a result of new information, future events or otherwise.

*****END*****



Investor Presentation

August 2021

Cautionary Statement Regarding Forward-Looking Statements

This presentation is not a prospectus and is not an offer to sell, nor a solicitation of an offer to buy securities. The issuer has filed a registration statement (including a prospectus) and a prospectus supplement with the Securities and Exchange Commission for the offering to which this communication relates. Before you invest, you should read the prospectus and the prospectus supplement and the documents incorporated by reference therein for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Website at www.sec.gov.

Cautionary Statement Regarding Forward-Looking Statements

This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, included in this presentation that address activities, events or developments that PHX Minerals Inc. (“PHX” or the “Company”) expects, believes or anticipates will or may occur in the future are forward looking statements. The words “anticipates”, “plans”, “estimates”, “believes”, “expects”, “intends”, “will”, “should”, “may” and similar expressions may be used to identify forward-looking statements. Forward-looking statements may include, but are not limited to, statements relating to: our ability to execute our business strategies; the volatility of realized natural gas and oil prices; the level of production on our properties; estimates of quantities of natural gas, oil and NGL reserves and their values; general economic or industry conditions; legislation or regulatory requirements; conditions of the securities markets; our ability to raise capital; changes in accounting principles, policies or guidelines; financial or political instability; acts of war or terrorism; title defects in the properties in which we invest; and other economic, competitive, governmental, regulatory or technical factors affecting our properties, operations or prices. Although the Company believes the expectations reflected in these and other forward-looking statements are reasonable, the Company can give no assurance such statements will prove to be correct. Such forward-looking statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. These forward-looking statements involve certain risks and uncertainties that could cause the results to differ materially from those expected by the Company’s management. Information concerning these risks and other factors can be found in the Company’s filings with the Securities and Exchange Commission, including its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, available on the Company’s website or the SEC’s website at www.sec.gov.

Readers are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. The forward-looking statements in this presentation are made as of the date hereof, and the Company does not undertake any obligation to update the forward-looking statements as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Information

This presentation includes certain non-GAAP financial measures. Adjusted EBITDA and discretionary cash flow are supplemental non-GAAP measures that are used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. PHX defines “Adjusted EBITDA” as net income (loss) plus interest expense, provision for impairment, depreciation, depletion and amortization of properties and equipment, including amortization of other assets, provision (benefit) for income taxes and unrealized (gains) losses on derivative contracts. PHX defines “discretionary cash flow” as Adjusted EBITDA minus interest expense plus gain on sale. PHX references Adjusted EBITDA and discretionary cash flow in this presentation because it recognizes that certain investors consider Adjusted EBITDA and discretionary cash flow useful means of measuring our ability to meet our debt service obligations and evaluating our financial performance. Adjusted EBITDA and discretionary cash flow have limitations and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated income or cash flow data prepared in accordance with GAAP. Because not all companies use identical calculations, the Company’s calculations of Adjusted EBITDA or discretionary cash flow may not be comparable to similarly titled measures of other companies.

Oil and Gas Reserves

The SEC generally permits oil and gas companies, in filings made with the SEC, to disclose proved reserves, which are reserve estimates that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, and certain probable and possible reserves that meet the SEC’s definitions for such terms. The Company discloses only estimated proved reserves in its filings with the SEC. The Company’s estimated proved reserves as of September 30, 2020, referenced in this presentation were prepared by DeGolyer and MacNaughton, an independent engineering firm, and comply with definitions promulgated by the SEC. Additional information on the Company’s estimated proved reserves is contained in the Company’s filings with the SEC.

Investment Considerations

Strategy of growth via accretive mineral acquisitions

Growth underpinned by complete technical evaluation

Attractive valuation relative to mineral focused peer group

Sector dislocation provides opportunity to leverage public currency to scale

Seasoned management and technical team

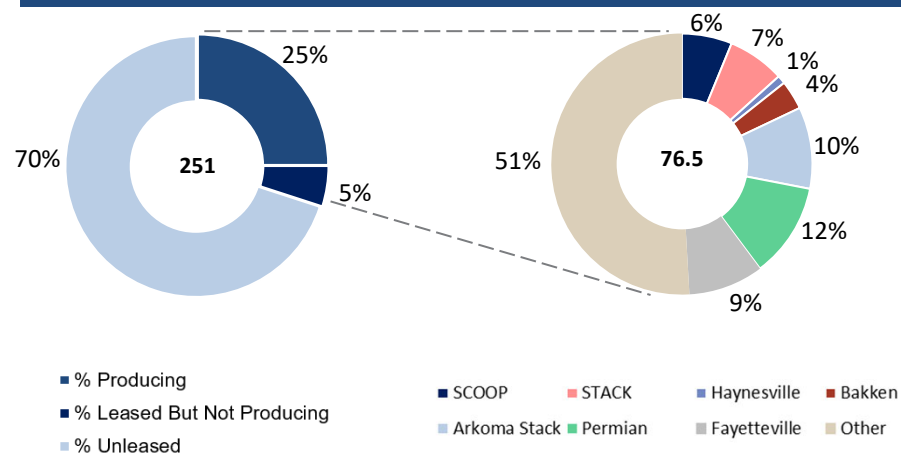
- Actively pursue high-quality positions in the highly fragmented minerals space
- Minimal incremental G&A required to meaningfully scale
- Acquisitions underpinned by technical expertise, engineering, and geology
- Target geologic / economic attributes that will attract development capital
- Attractive EBITDA and cash flow multiples
- Strong free cash flow yield
- Ample supply of private minerals assets seeking monetization
- Limited capital market options for sellers seeking an exit
- Management and Board have extensive experience and relationships throughout the MidContinent
- Proven track record of creating value through technically driven analysis

Company Overview

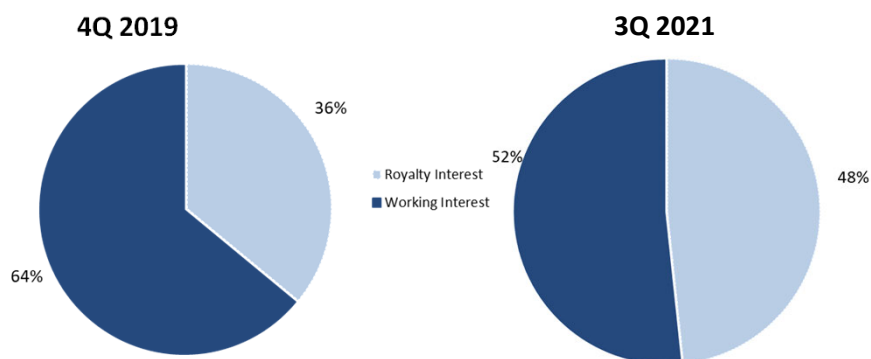
Key Statistics

Net Mineral Acres¹	251,062
Average Net Interest on Producing Royalty Wells¹	0.65%
3Q21 Net Production (Mmcfe/d)²	27.39
3Q21 Adjusted EBITDA (\$mm)³	4.7
Gross Wells on Production¹	7,183
Gross WIPs¹	97
Gross Active Permits¹	34
Gross Additional Undrilled Locations⁴	2,105
Gross Rigs Running on PHX acreage⁵	13
Gross Rigs Running Within 2.5 miles of PHX acreage⁵	46

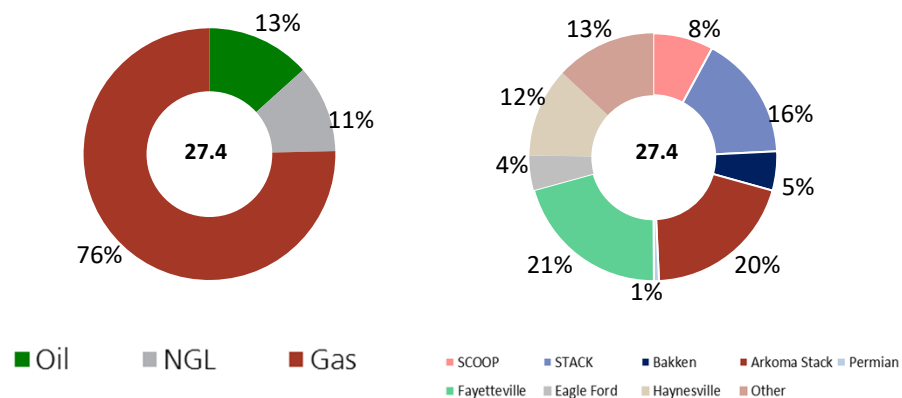
Net Mineral Acres (000s)¹



Production Split²



Q3 '21 Production (MMcfe/d)²



Source: Company information and Enverus

1 As of 6/30/2021

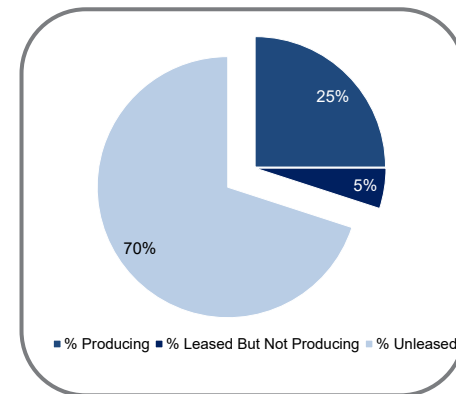
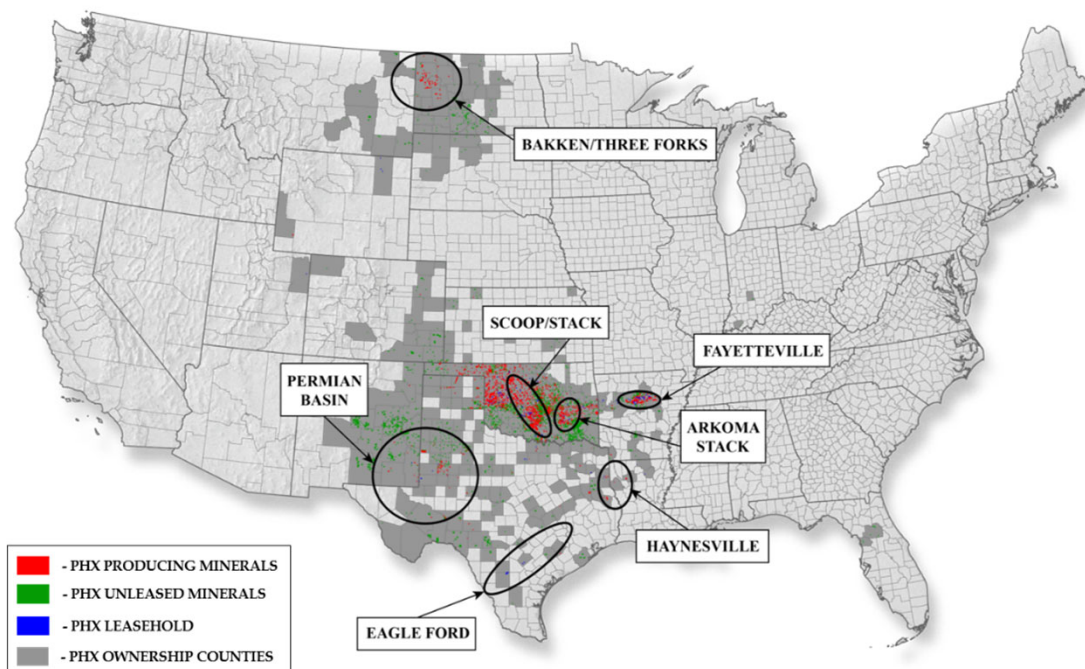
2 Q3 2021 production as of 6/30/2021

3 See Slide 20 for non-GAAP reconciliation

4 PROB and POSS inventory based on D&M prepared reserve report as of fiscal YE2020 pro forma for Oct 2020, Nov 2020, Dec 2020 and Jan 2021, April 2021 completed acquisitions

5 Provided by Enverus as of 6/30/2021

Diversified Mineral Position



- Over 70%¹ of PHX's net mineral position is currently unleased
 - Provides opportunity to generate additional cash flow from lease bonus payments and royalties without spending additional capital
 - PHX has an active program in place to lease available acres

Top Operators of PHX Minerals²



A diversified portfolio of minerals acts as a call option on several prospective plays & zones

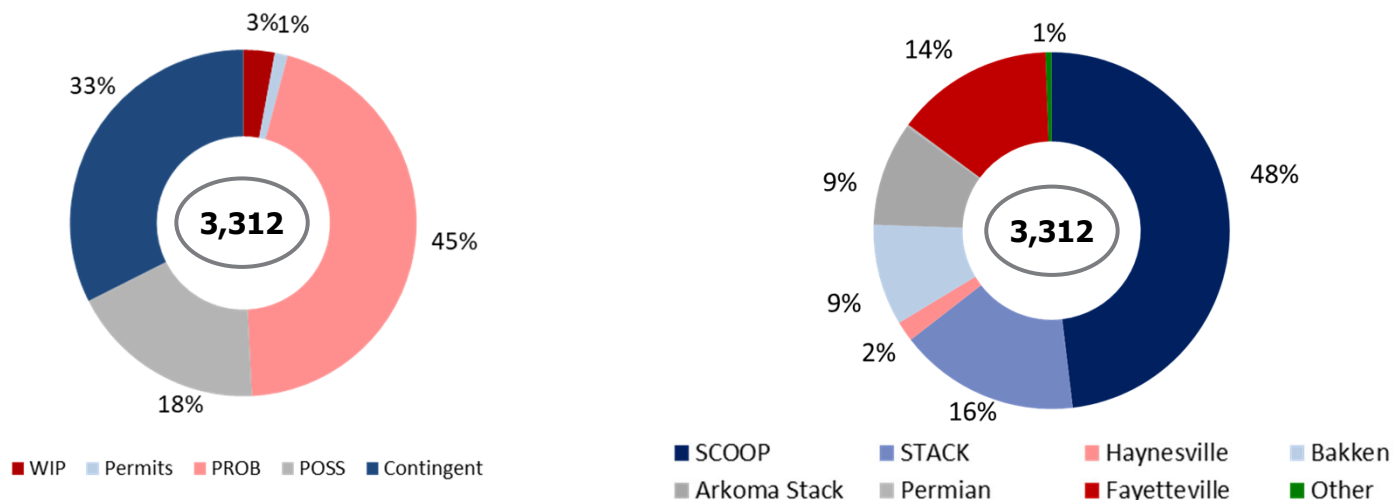


Source: Company information
 1 As of 6/30/2021
 2 As determined by Wells in Progress

Inventory by Basin

Sub-region	Gross PDP Wells	Average NRI ¹	Gross Undeveloped Locations				
			Wells In Progress ²	Permits ²	PROB ³	POSS	Contingent
SCOOP	670	0.37%	60	13	935	426	160
STACK	334	0.53%	14	7	176	65	279
Haynesville	72	0.78%	12	0	48	0	0
Bakken	555	0.29%	1	5	209	9	77
Arkoma Stack	358	0.66%	2	3	128	102	76
Permian	123	2.14%	3	0	0	4	0
Fayetteville	1,337	0.42%	0	0	0	0	475
Eagle Ford	85	na	0	4	0	0	0
Other	3,649	0.82%	5	2	0	3	9
Total⁴	7,183	0.65%	97	34	1,496	609	1,076

Gross Undeveloped Locations



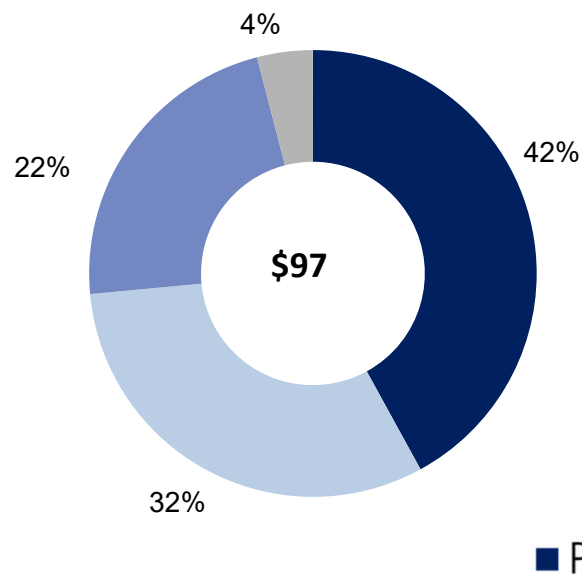
Note:
1
2
3
4

Inventory based on D&M prepared reserve report as of fiscal YE2020 pro forma for Oct 2020, Nov 2020, Dec 2020, Jan 2021 and April 21 completed acquisitions
Average net interest on producing royalty wells
Wells in progress & permits are as of 6/30/2021
PROB locations are beyond SEC 5 year rule and not related to expected well performance or incremental risk
Other undeveloped inventory is largely comprised of Ellis County Marmaton assets

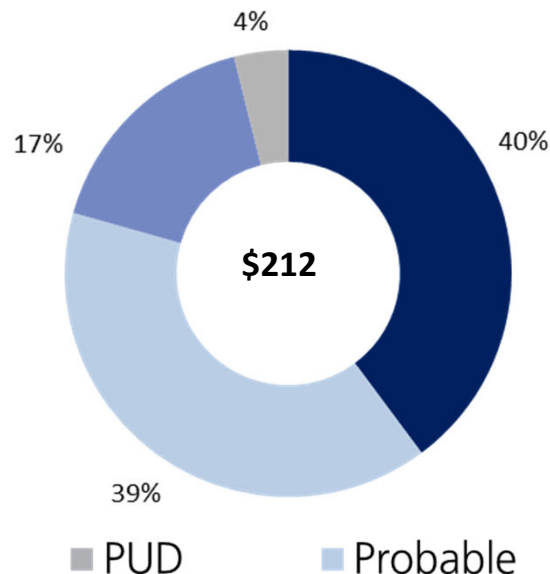
Reserves Summary

Reserve Category	PV-10 Value (\$mm)		
	SEC ¹	Strip ²	\$70 / \$4.00
PDP	\$40.8	\$84.5	\$122.8
PUD	3.9	8.3	10.3
Total Proved Reserves	\$44.7	\$92.7	\$133.1
Probable ⁴	30.6	83.9	113.9
Possible ⁴	21.8	35.4	48.2
Total 3P Reserves	\$97.1	\$212.1	\$295.2

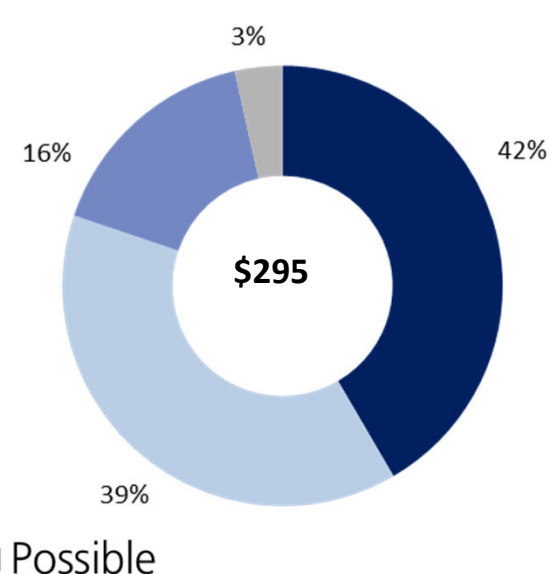
SEC Pricing ¹



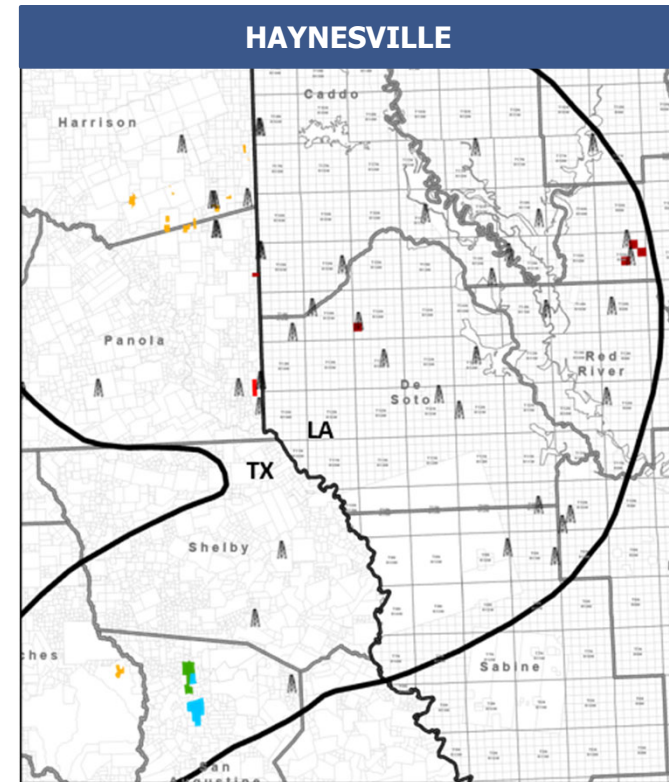
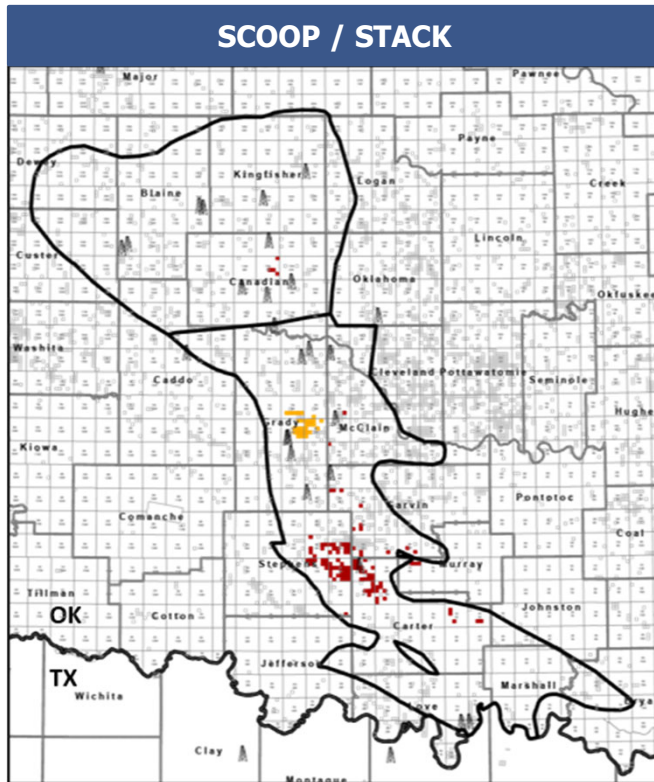
Strip Pricing²



\$70/ \$4.00 Flat Pricing³



Acquisition History



DEAL	ORIGINAL CLOSING DATE	PRICE	NRA	NET PRODUCTION (MCFE/d) ⁽¹⁾	GROSS UNDEVELOPED / WIPs ⁽¹⁾
SCOOP/STACK 1	Oct-20	\$ 2,099,800	297	110	97/21
HAYNESVILLE 1	Oct-20	\$ 3,908,303	409	659	24/20
HAYNESVILLE 2	Nov-20	\$ 750,000	184	200	21/9
HAYNESVILLE 3	Dec-20	\$ 1,000,000	142	130	0/12
SCOOP/STACK 2	Apr-21	\$ 10,939,875	2,514	475	589/17
HAYNESVILLE 4	Jun-21	\$ 1,000,000	131	0	0/2
HAYNESVILLE 5	Jun-21	\$ 1,311,758	262	17	12/8

Proven Track Record of Sourcing and Executing Acquisitions in Various Market Conditions

SCOOP & STACK Activity

**Ovintiv
"Cube Development"**

- SCOOP-STACK #1 FCF Generating Asset^{3A}
- 2021 CAPEX \$300 - \$325 MM^{3B}
- 2 Rigs Planned throughout 2021^{3B}
- 8 Permits, 20 WIPs
- STACK wells drilled and completed for under \$5 MM^{3B}

**Devon / Dow JV
Row Development**

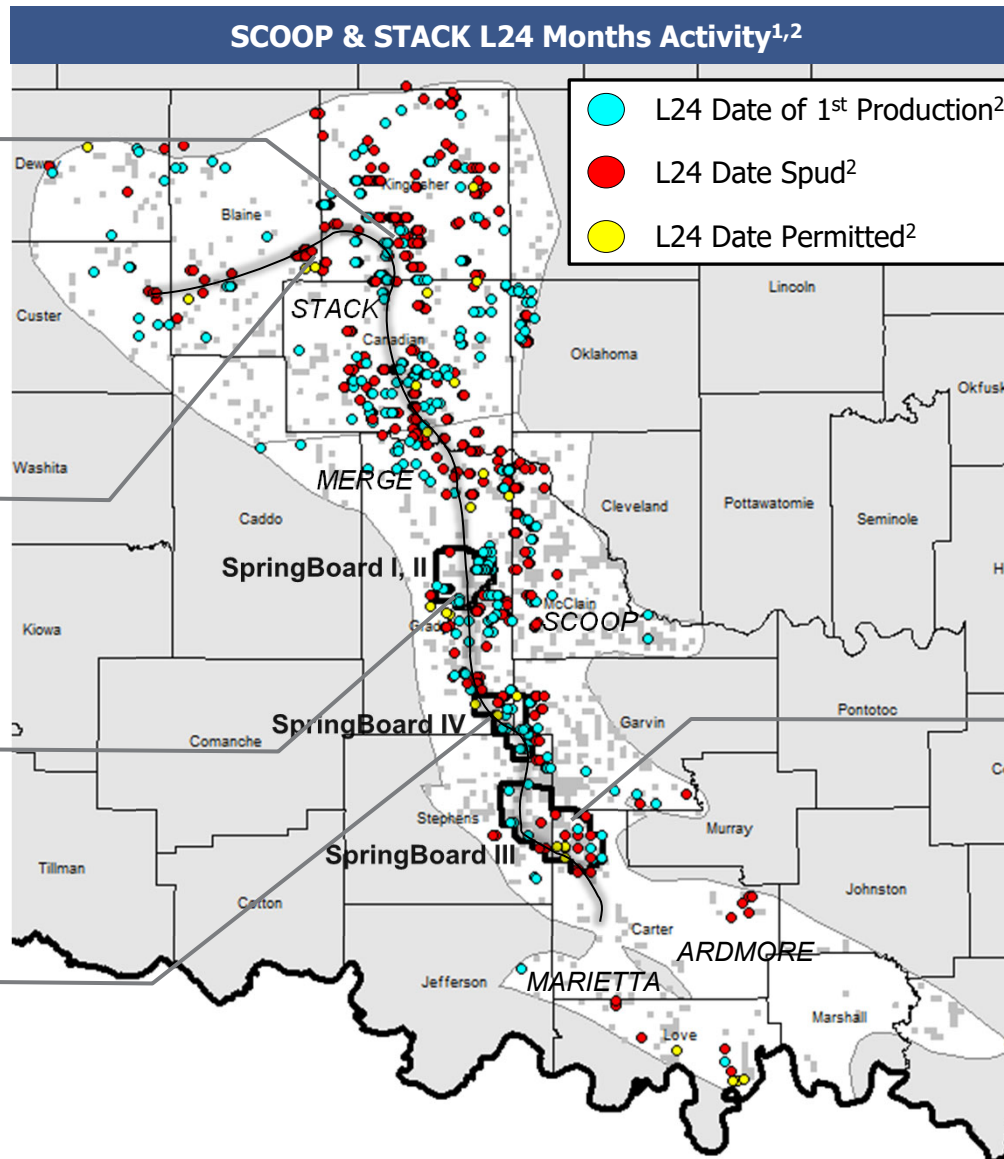
- Commenced JV in 2021 – planning on 25-30 Spuds⁴
- 3 Permits, 18 WIPs (4 on PHX)
- 2 Active Rigs⁴

**CLR
SpringBoard I**

- 78 Woodford Producers^{5A}
- 46 Completed in 2020 – performing in-line with Type Curve projections from 3Q2019^{5B}
- ~50% Undeveloped Locations Remaining^{5B}

**CLR
SpringBoard IV**

- Strategic shift to gas-weighted assets in 2H2020^{5A}
- Planning on 22 gas-weighted wells on-line in 2021^{5A}



- 854¹ gross wells have commenced operations in the L24 months²
 - 429 Active Producers
 - 400 WIPs DUCs & Awaiting 1st Prod
 - 23 Drilling
 - 2 Permitted, Undrilled

**CLR
SpringBoard III**

- SpringBoard III Update ~33,000 Net Acres, ~70% WI and up to 260 Operated undeveloped locations^{5A}
- Strategic Bolt-On Acquisition of 19,500 acres for ~\$200MM^{5A}
- SpringBoard III & IV Sycamore & Woodford delineation wells outperforming 1.5 MMBOE Woodford Type Curve Projections^{5B}
- Completed 11 of 15 DUCs during Q3 2021¹, currently waiting on 1st reported production
- 1 Active Rig, 4 Remaining DUCs

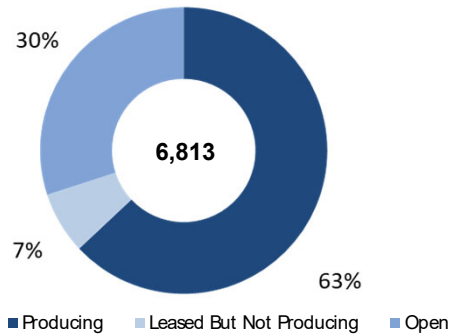


Source: Company info and Enverus

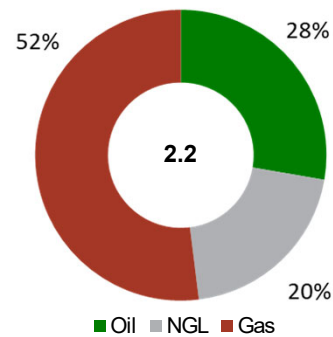
- Source – Enverus; Accessed 6/30/2021
- Wells with a permit date, spud date or date of 1st production in the 24 months from 6/30/2019 to 6/30/2021 – Note Permitted count reflects Active Permits YET to be drilled
- 3A Ovintiv March 2021 IR Presentation; 3B Ovintiv September 2020 IR
- Devon February 2021 IR Presentation
- 5A Continental Resources November 2020 IR; 5B Continental Resources February 2021 IR

PHX SCOOP Position

Net Mineral Acres²



Net Production (MMcfe/d)²



Portfolio Contribution

Core NMA¹

94% 6%



Prod.²

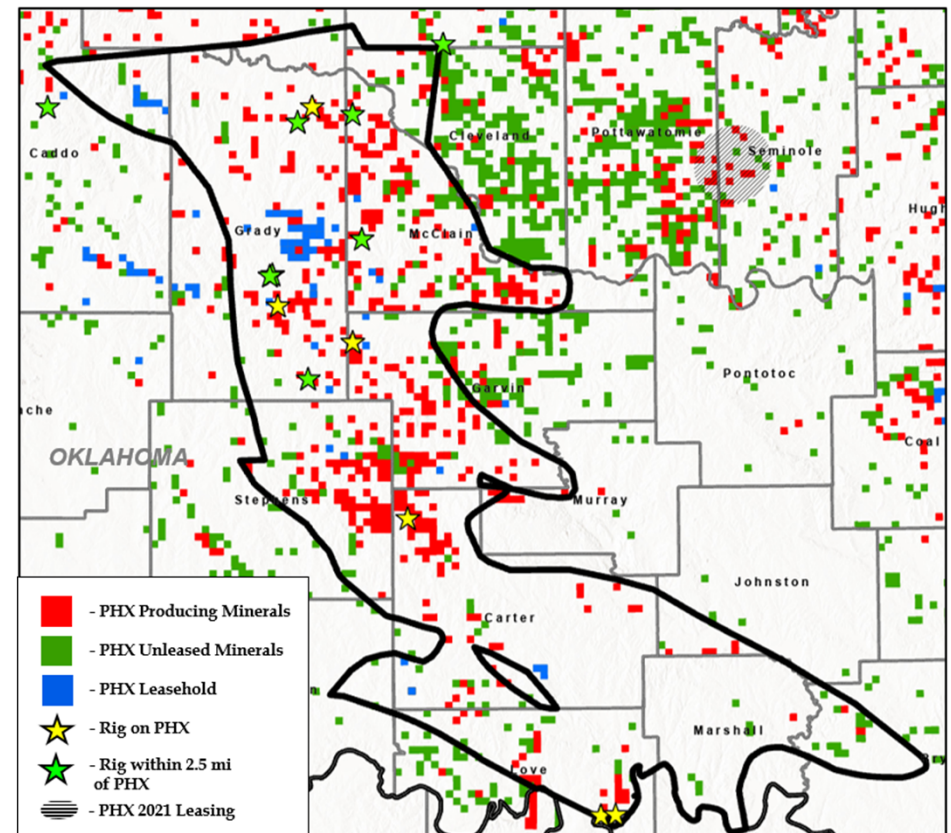
92% 8%



Key Statistics²

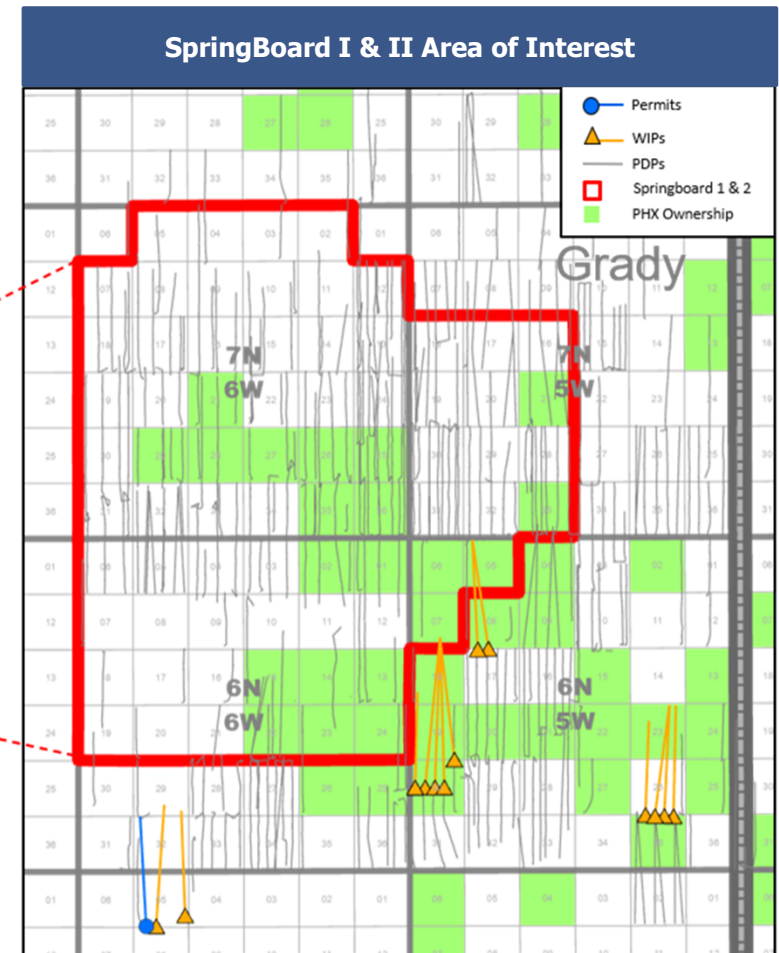
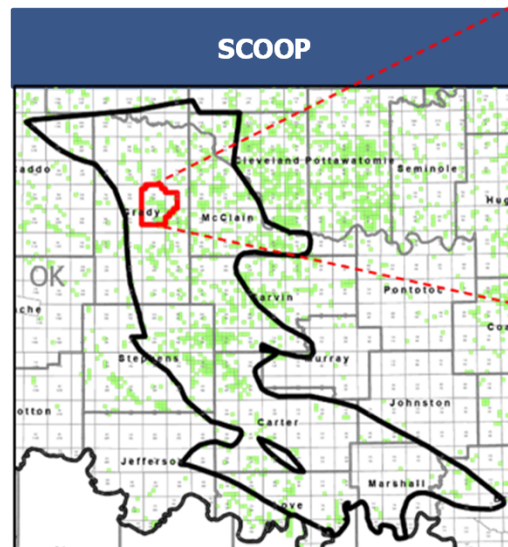
Permits on File	13
Wells on Production (Gross/Net)	670 / 4.00
Wells in Progress (Gross / Net)	60 / 0.13
Undeveloped Locations ⁴	1,361
Rigs Running on PHX Acreage ⁵	6
Rigs Running Within 2.5 miles of PHX Acreage ⁵	12

Top Operators⁶



SpringBoard I & II Area of Interest

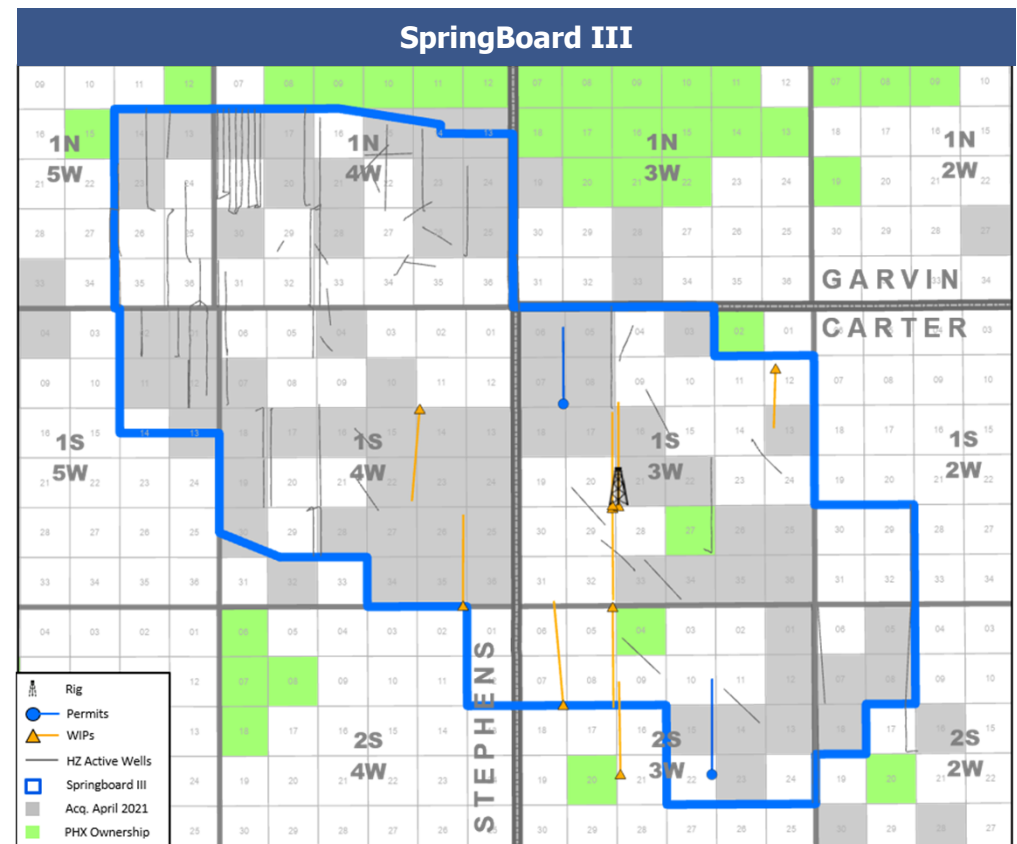
- Selected key operators: Continental Resources and Marathon
- Focus area for Continental / Franco-Nevada JV
- Targeted zones include the Springer Shale, the Mississippi Sycamore and the Woodford Shale
- PHX Ownership ⁽¹⁾⁽²⁾: 976 Net Mineral Acres/636 Net Royalty Acres
- Gross Wells In Progress³: 13
- Gross Active Permits⁴: 1



Source: Company info and Enverus
 1 As of 6/30/2021; Includes overriding royalty acres
 2 Includes open and unleased minerals (non-op working interest via well participation); the Net Royalty Acres (NRA) for open and unleased minerals are determined by evaluating the fair market value and/or the governing agreement between the mineral owner and Operator/State regulatory commission
 3 Wells spud and drilled but not completed over last 24 months
 4 Active natural gas and oil active horizontal permits filed in last twelve months with no spud date. Permits are valid for 18 months and extendable by an additional 6 months

SpringBoard III Area of Interest

- In November 2020, Continental Resources announced the "Strategic Acquisition" of Casillas Petroleum - 19,500 NMA for \$200MM⁵
- Assume Continental will drill Springboard III at a similar pace to SpringBoard I (154 wells over 3 years)
- Selected key operators: Continental Resources, Camino, Ovintiv
- Targeted zones include the Mississippi Sycamore and the Woodford Shale
- PHX Ownership^{1,2} : 1,399 Net Mineral Acres/1,823 Net Royalty Acres
- Gross Wells In Progress³: 9
- Gross Active Permits⁴: 2
- Gross Active Rig¹: 1



Source: Company info and Enverus

1 As of 6/30/2021

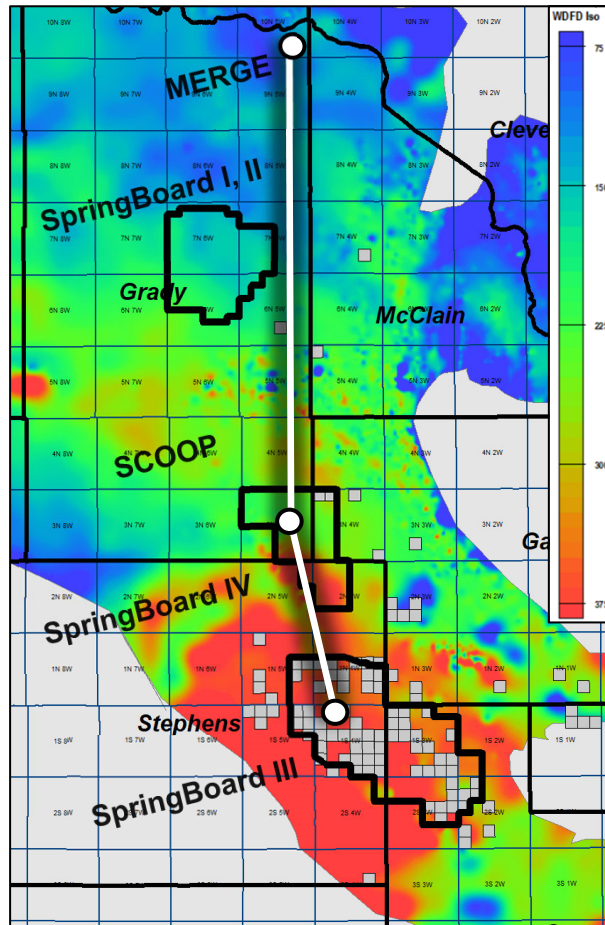
2 Includes open and unleased minerals (non-op working interest via well participation); the Net Royalty Acres (NRA) for open and unleased minerals are determined by evaluating the fair market value and/or the governing agreement between the mineral owner and Operator/State regulatory commission

3 Wells spud and drilled but not completed over last 24 months

4 Active natural gas and oil active horizontal permits filed in last twelve months with no spud date. Permits are valid for 18 months and extendable by an additional 6 months

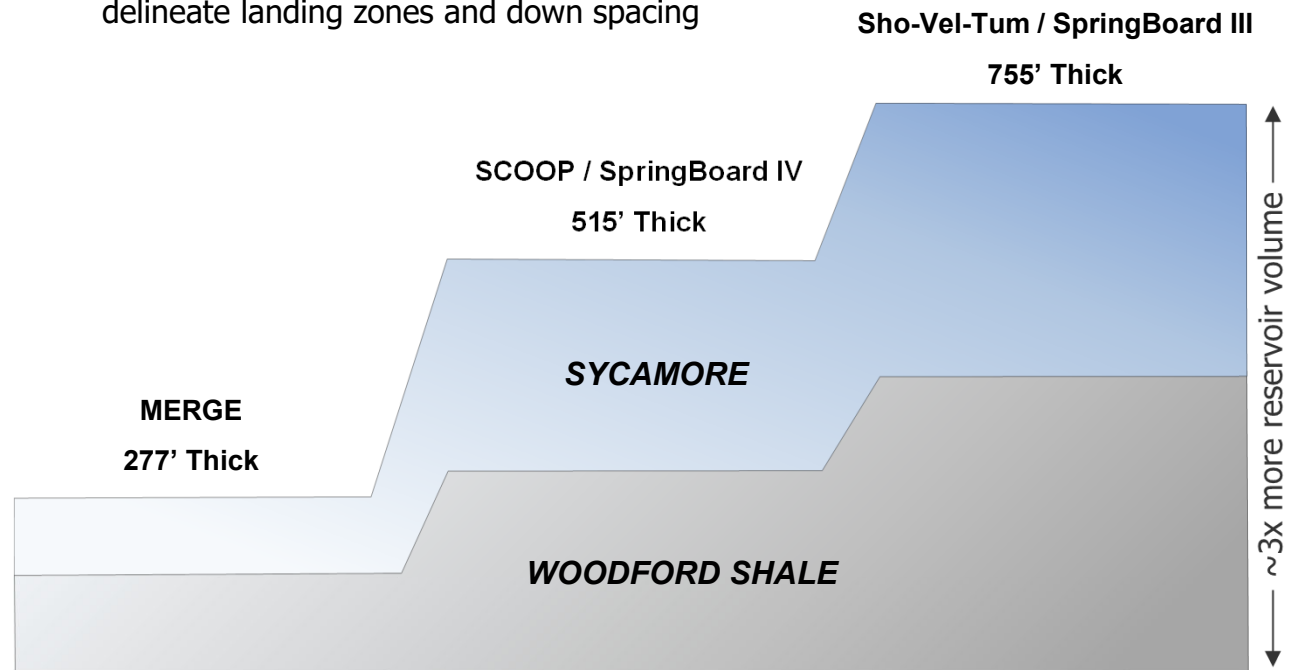
5 Continental Resources November 2020 Presentation

Excellent Geologic Attributes



Woodford Gross Thickness

- Geology has a big impact on well spacing
- Springboard III (Sho-Vel-Tum), just like Springboard IV (Core SCOOP), has ~3X net thickness and ~3x the in-place reserves compared to the Merge area
- Future upside exists in areas of higher in-place reserves as industry continues to delineate landing zones and down spacing



PHX SpringBoard III Base Case¹ Winerack & Undrilled Inventory

1,320' apart 4 wells / unit



173 Undrilled Sycamore Locations

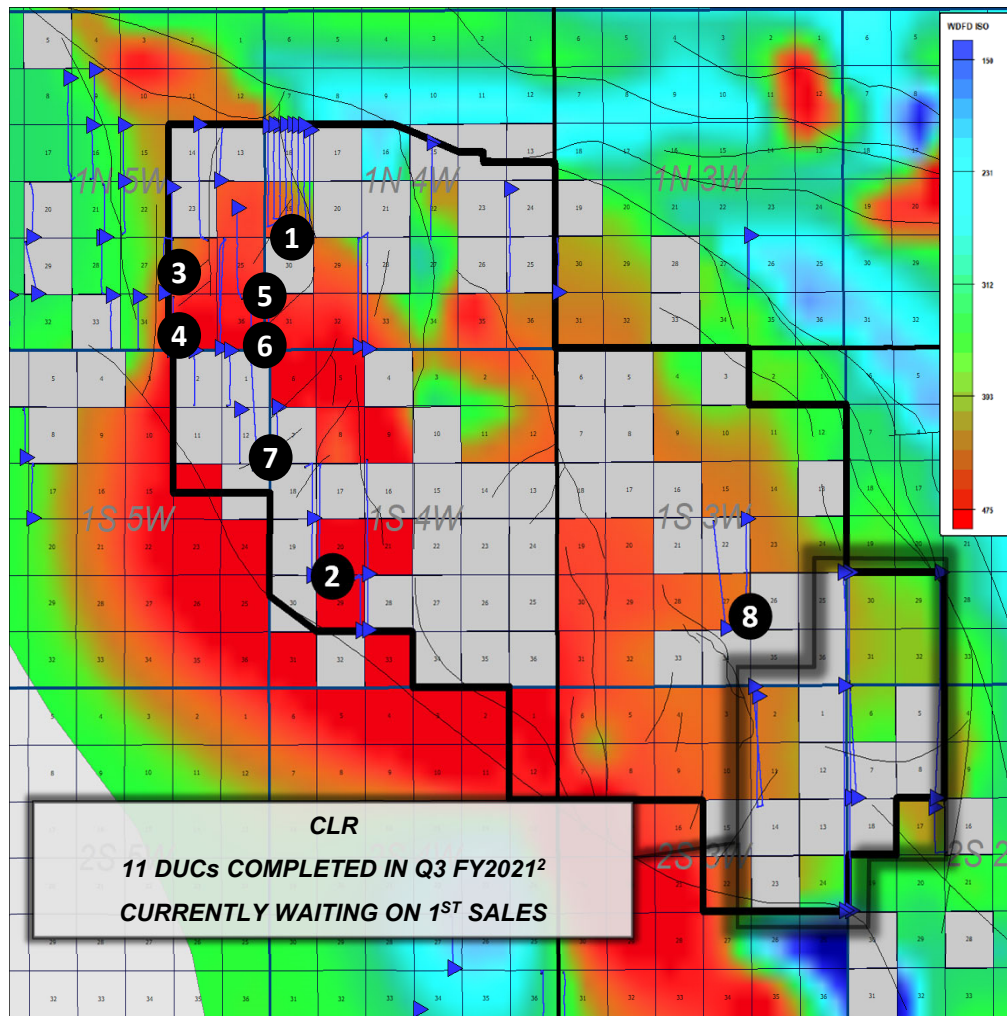
880' apart 6 wells / unit



259 Undrilled Woodford Locations

Woodford Isopach + Key Recent Producers

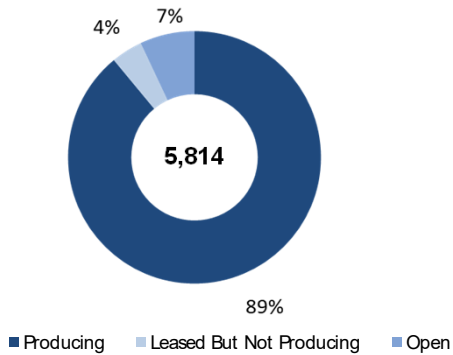
- Springboard III & IV Woodford wells are outperforming 1.5 MMBOE6 Type Curve Projections
- CLR TC Projection – 1st 180 Days: ~150 MBOE6¹
- Actual Well Performance – 1st 180 Days: ~200 MBOE6¹



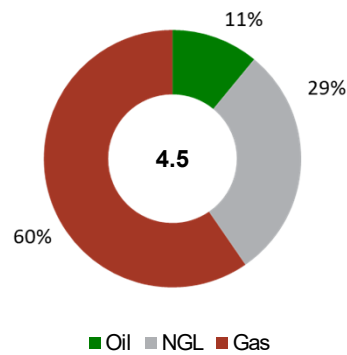
Notable Woodford HZs					
Well Name	Map #	First Production	Lateral Length	Proppant Loading	6 Months Cum MBOE6
ELY 0104 1H-18X	1	6/1/2018	9,020	2,006	155.6
ELY 0104 2H-18X		6/1/2018	8,129	2,031	156.5
ELY 0104 3H-18X		6/1/2018	10,199	1,599	155.5
ELY 0104 4H-18X		6/1/2018	10,180	1,741	152.7
ELY 0104 5H-18X		6/1/2018	9,682	1,798	119.7
ELY 0104 6H-18X		6/1/2018	9,980	1,533	111.9
ELY 0104 7H-18X		6/1/2018	10,149	1,631	94.3
ELY 0104 8H-18X		6/1/2018	9,779	1,688	64.4
SKEET 17-20 LW1H	2	6/1/2019	10,210	2,355	146.8
PRAIRIE DALE 1-27HW	3	12/1/2018	4,432	1,795	240.3
PRAIRIE DALE 1-34HW	4	1/1/2019	4,552	1,575	488.1
COTTONWOOD EAST 1-25-24XH	5	4/1/2017	7,790	2,003	257.5
ELY 1-25-36XH	6	7/1/2014	9,475	765	130.8
ELY 1-12H	7	6/1/2014	4,092	706	32.7
COURBET 1-27-22XHW	8	10/1/2019	9,544	3,036	156.1

STACK Position

Net Mineral Acres²

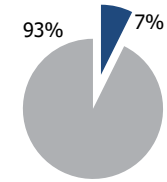


Net Production (MMcfe/d)²

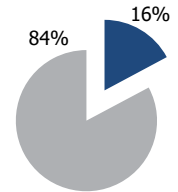


Portfolio Contribution

Core NMA¹



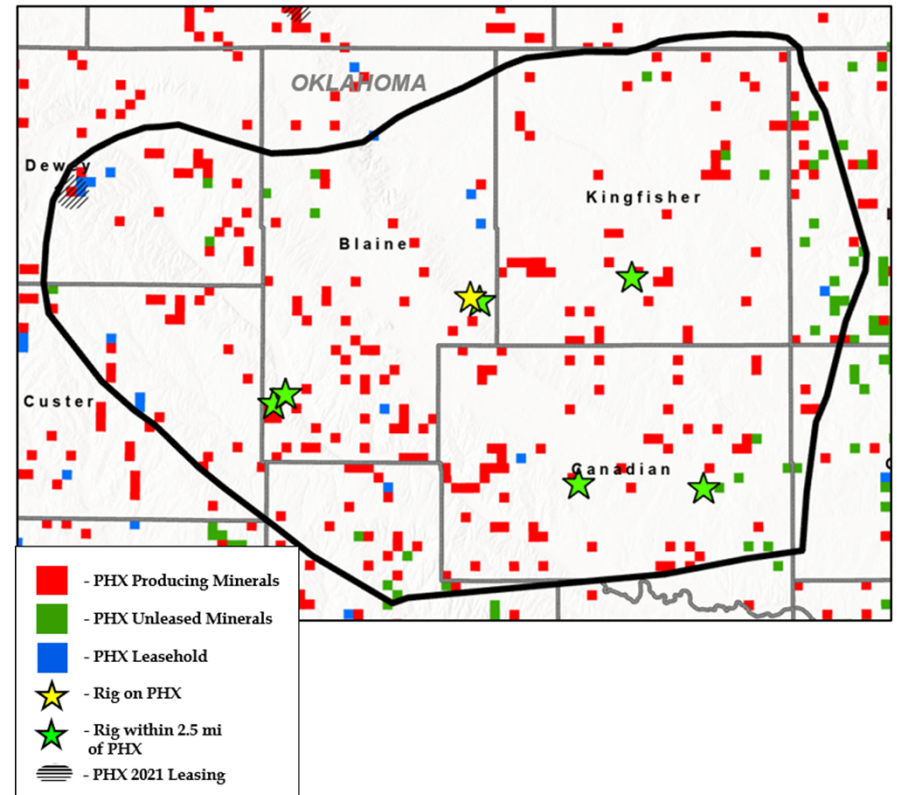
Prod.²



Key Statistics²

Permits on File	7
Wells on Production (Gross/Net)	334 / 4.31
Wells in Progress (Gross / Net)	14 / 0.04
Undeveloped Locations ⁴	241
Rigs Running on PHX Acreage ⁵	1
Rigs Running Within 2.5 miles of PHX Acreage ⁵	7

Top Operators⁶



Note:

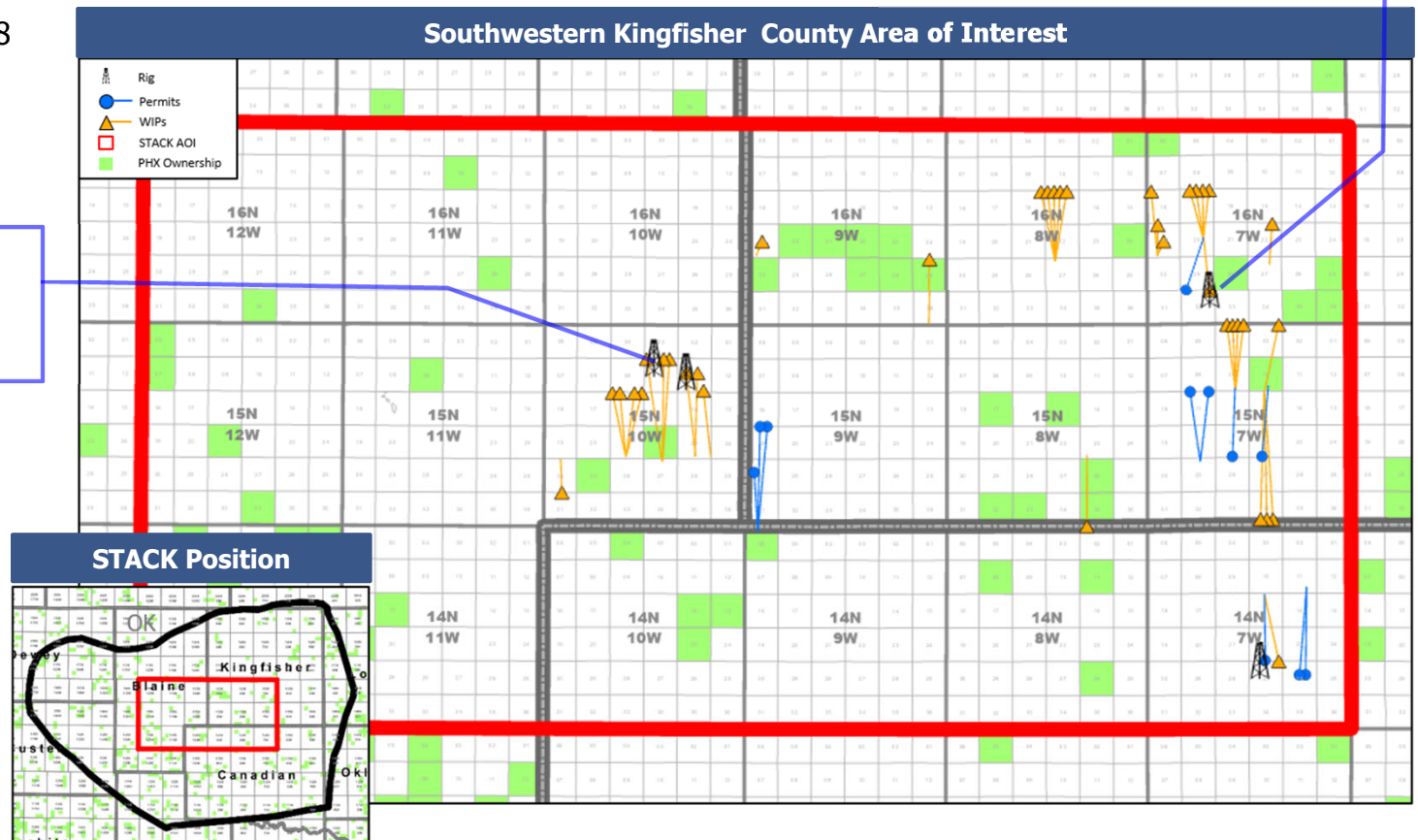
- 1 Excludes open acreage
- 2 As of 6/30/2021
- 3 Undeveloped Locations consists of PROB and POSS locations
- 4 Provided by Enverus as of 6/30/2021
- 5 As determined by Wells in Progress

Southwestern Kingfisher County Area of Interest

- Selected key operators: Orintiv and Devon
- Targeted zones include the Woodford Shale and the Meramec
- Devon / Dow Chemical JV in active row development with Dow providing 65% of partnership capital through \$100MM drilling carry over the next 4 years
- Orintiv "cube development" posting strong returns
- PHX Ownership ⁽¹⁾⁽²⁾: 1,328 Net Mineral Acres/2,069 Net Royalty Acres
- Gross Wells In Progress³: 38
- Gross Active Permits⁴: 11

Orintiv
2 Active Rigs, 20 WIPs, 8 Permits
Cube Development

Devon / Dow JV
2 Active Rigs, 18 WIPs, 3 Permits
Row Development



Source: Company info and Enverus

1 As of 6/30/21

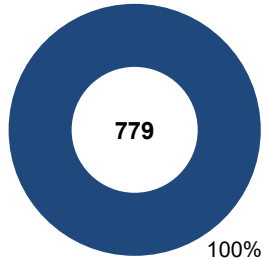
2 Includes open and unleased minerals (non-op working interest via well participation); the Net Royalty Acres (NRA) for open and unleased minerals are determined by evaluating the fair market value and/or the governing agreement between the mineral owner and Operator/State regulatory commission

3 Wells spud and drilled but not completed over last 24 months

4 Active natural gas and oil active horizontal permits filed in last twelve months with no spud date. Permits are valid for 18 months and extendable by an additional 6 months

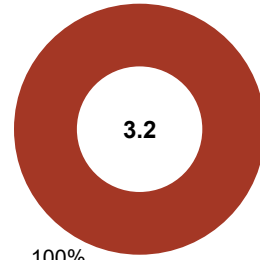
Haynesville Position

Net Mineral Acres²



■ Producing ■ Leased But Not Producing ■ Open

Net Production (MMcfe/d)²



■ Oil ■ NGL ■ Gas

Key Statistics²

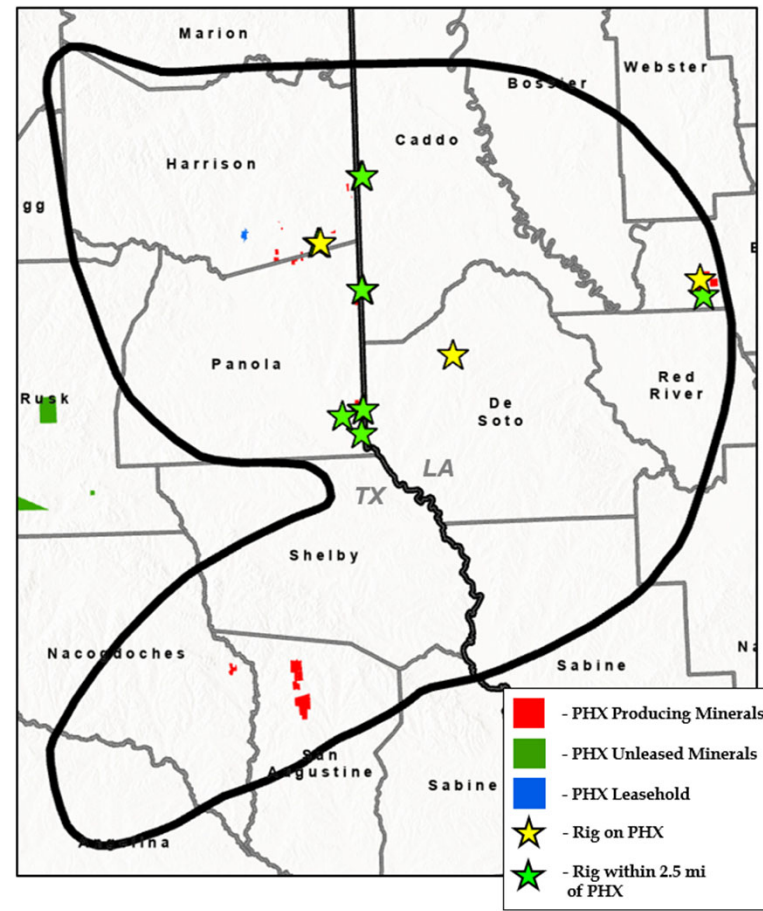
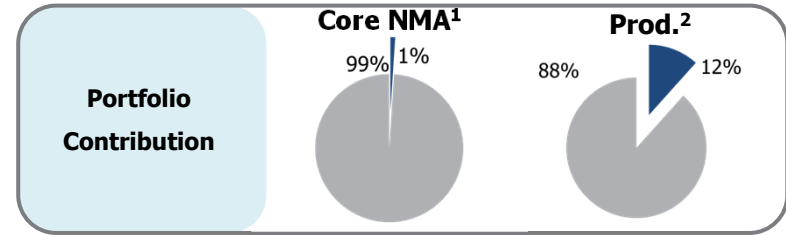
Permits on File	0
Wells on Production (Gross/Net)	72 / 0.42
Wells in Progress (Gross / Net)	12 / 0.12
Undeveloped Locations ⁴	48
Rigs Running on PHX Acreage ⁵	3
Rigs Running Within 2.5 miles of PHX Acreage ⁵	13

Top Operators⁶

AETHON



sabine oil & gas

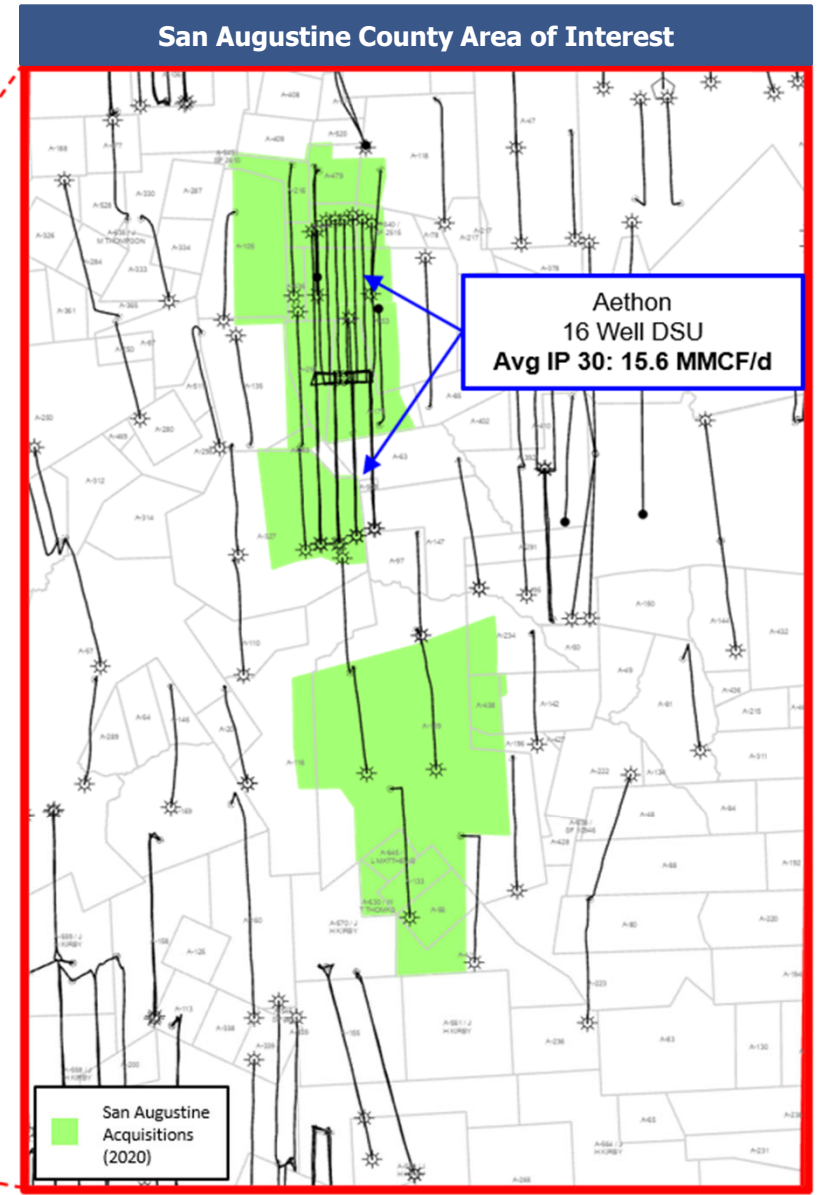
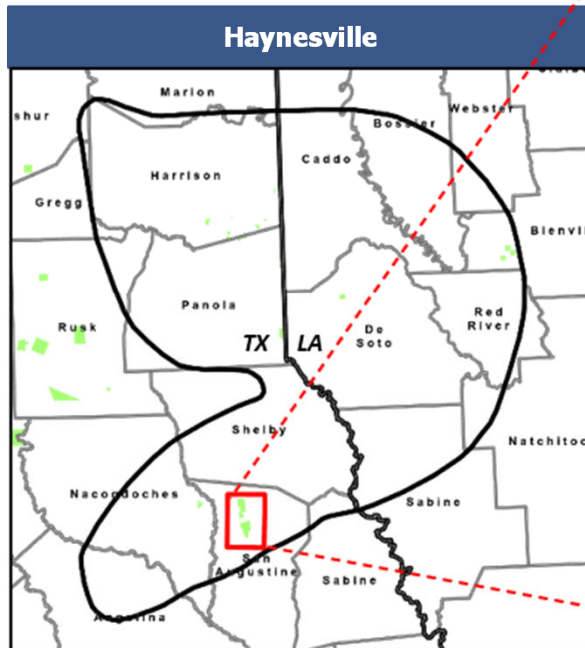


Note:

- 1 Excludes open acreage
- 2 As of 6/30/2021
- 3 Undeveloped Locations consists of PROB and POSS locations
- 4 Provided by Enverus as of 6/30/2021
- 5 As determined by Wells in Progress

San Augustine County Area of Interest

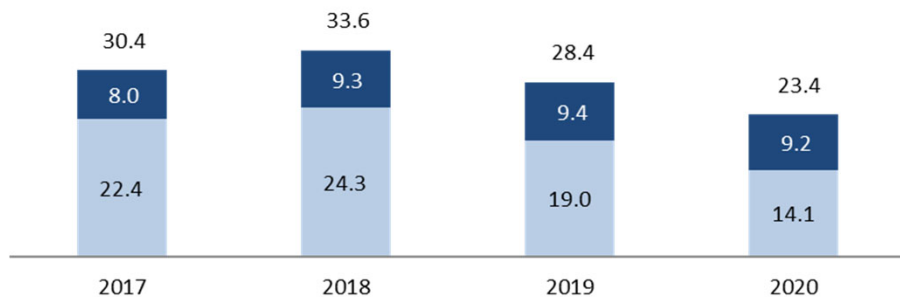
- Selected key operators: Aethon and Comstock
- Targeted zone is the Haynesville Shale
- PHX Ownership¹: 223 Net Mineral Acres / 326 Net Royalty Acres
- Gross Wells In Progress²: 0
- Gross Active Permits³: 0
- All 16 WIPs purchased with acquisition now online



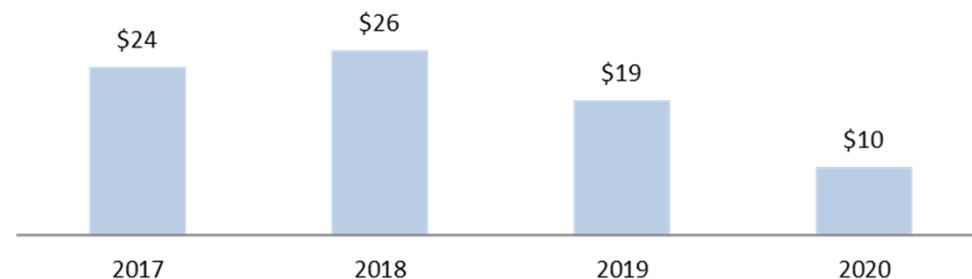
Financial Highlights

Production (MMcfe/d)

■ Working Interest ■ Royalty Interest

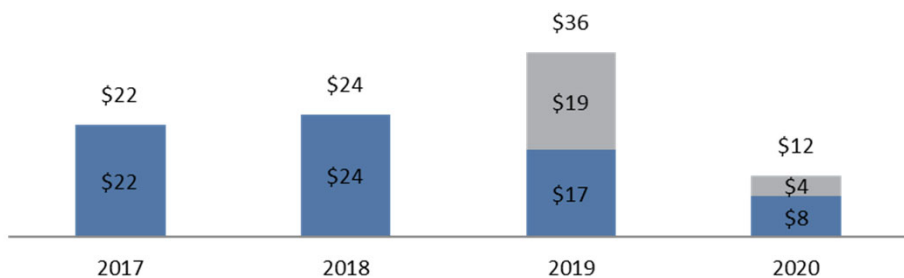


Adjusted EBITDA (\$mm)¹



Discretionary Cash Flow (\$mm)²

■ DCF ■ Net Gain on Sale



Total Debt (\$mm)



Reconciliation of Non-GAAP Financial Measures

(\$ in millions)	Year Ended	Year Ended	Year Ended	Year Ended
	Sept. 30, 2017	Sept. 30, 2018	Sept. 30 2019	Sept. 30 2020
Net Income	\$3.5	\$14.6	(\$40.7)	(\$23.8)
(+) Unrealized Gain on Derivatives	(0.9)	3.9	(5.9)	3.2
(+) Income Tax Expense	0.7	(12.7)	(13.5)	(8.4)
(+) Interest Expense	1.3	1.7	2.0	1.3
(+) DD&A	18.4	18.4	18.2	11.3
(+) Impairment	0.7	0.0	76.8	29.9
(+) Former CEO Severance	0.0	0.0	0.7	0.0
EBITDA	\$23.6	\$26.0	\$37.6	\$13.5
(-) Net Gain On Sale	0.1	0.1	18.7	4.0
Adjusted EBITDA	\$23.5	\$25.9	\$18.8	\$9.5
(+) Net Gain On Sale	0.1	0.1	18.7	4.0
(-) Interest Expense	1.3	1.7	2.0	1.3
Discretionary Cash Flow	\$22.3	\$24.2	\$35.6	\$12.2

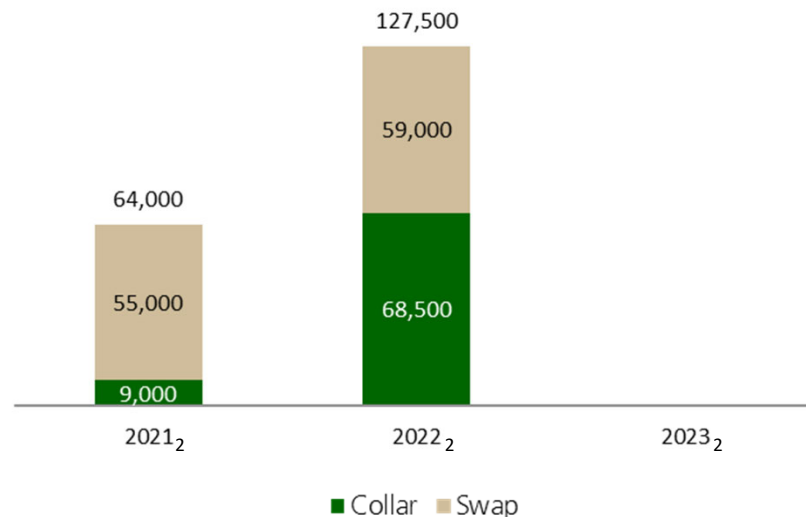
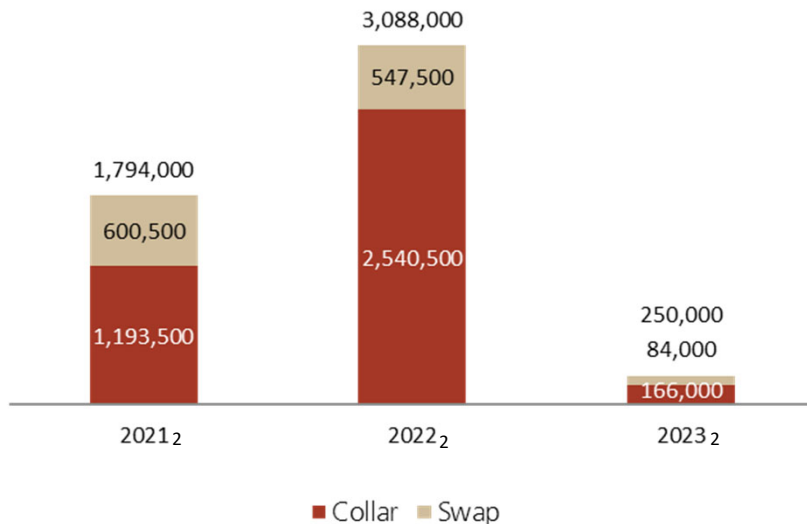
(\$ in millions)	3 Months Ended			
	Sept. 30, 2020	Dec. 31, 2020	Mar. 31, 2021	June 30, 2021
Net Income	(\$1.8)	(\$0.6)	(\$0.5)	(\$1.4)
(+) Unrealized Gain on Derivatives	2.4	0.9	2.1	4.5
(+) Income Tax Expense	(0.7)	(0.1)	(0.2)	(0.8)
(+) Interest Expense	0.3	0.3	0.3	0.2
(+) DD&A	2.5	2.3	1.8	2.1
(+) Impairment	0.0	0.0	0.0	0.0
EBITDA	\$2.7	\$2.8	\$3.4	\$4.7
(-) Net Gain On Sale	0.7	0.0	0.0	0.0
Adjusted EBITDA	\$2.0	\$2.8	\$3.4	\$4.7
(+) Net Gain On Sale	0.7	0.0	0.0	0.0
(-) Interest Expense	0.3	0.3	0.3	0.2
Discretionary Cash Flow	\$2.4	\$2.5	\$3.1	\$4.5

Hedge Position as of July 30, 2021

Natural Gas Hedges (Mcf)

Crude Oil Hedges (bbl)

	2021 ₂	2022 ₂	2023 ₂	2021 ₂	2022 ₂
Swap Price: ¹	\$2.82	\$2.73	\$2.56	\$40.75	\$41.51
Collar Ceiling: ¹	\$3.07	\$3.17	\$3.26	\$46.69	\$50.35
Collar Floor: ¹	\$2.38	\$2.42	\$2.37	\$37.00	\$40.25



Mix of collars and swaps designed to provide upside exposure while protecting downside risk

Why Invest in PHX?

1 **Strategy of growth via accretive mineral acquisitions**

2 **Growth underpinned by complete technical evaluation**

3 **Attractive valuation relative to mineral focused peer group**

4 **Sector dislocation provides opportunity to leverage public currency to scale**

5 **Seasoned management and technical team**



Appendix

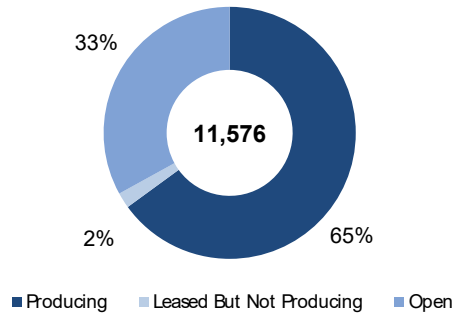
Company Leadership

<i>Management Team</i>	<i>Title</i>	<i>Years with Company</i>	<i>Experience</i>
Chad Stephens	CEO and Board Director	4	<ul style="list-style-type: none"> • CEO for PHX since 2019 • SVP –Corporate Development of Range Resources for 20 years until retiring in 2018 • B.A. in Finance and Land Management from University of Texas
Ralph D’Amico	CFO	3	<ul style="list-style-type: none"> • CFO for PHX since 2020 • 20 years of investment banking experience • Bachelor’s in Finance from University of Maryland; MBA from George Washington University
Chad True	Director of Accounting	1	<ul style="list-style-type: none"> • 13 years of accounting experience • Audit and accounting positions with Grant Thornton LP, Tiptop Oil & Gas and Wexford Capital LP • B.S. and Masters in Accounting from Oklahoma State University
Carl Vandervoort	Director of Geology	1	<ul style="list-style-type: none"> • >14 years experience, recently managed a buy-side consulting company for private equity groups and portfolio companies • Exploration Manager for Zenergy, Inc., an Apollo Management portfolio company • B.S. in Chemistry from University of Texas; M.S. in Geophysics at University of Oklahoma
Danielle Mezo	Director of Engineering	1	<ul style="list-style-type: none"> • >10 years reservoir engineer experience • Reservoir engineer, acquisitions, and corporate planning positions at SandRidge Energy • B.S. in Petroleum Engineering from University of Oklahoma and licensed Professional Engineer
Kenna Clapp	Director of Land	1	<ul style="list-style-type: none"> • 10 years of land experience • Various land positions with Chesapeake Energy in Haynesville, Eagleford, Mid-Continent and Barnett shales • B.S. in Accounting and Finance from Oklahoma State University; JD from Oklahoma City University

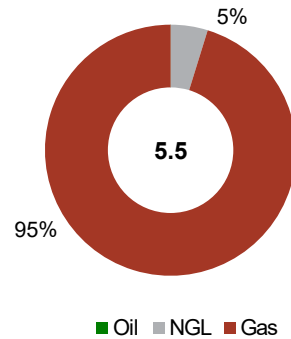
<i>Board of Directors</i>	<i>Title</i>	<i>Years with Company</i>	<i>Experience</i>
Mark T. Behrman	Lead Independent Director	4	<ul style="list-style-type: none"> • CEO of LSB Industries, Inc. since 2018 • Managing Director and Head of Investment Banking of the Industrial and Energy Practices of Sterne Agee from 2007 to 2014 • MBA in Finance from Hofstra University and B.S. in Accounting, Minor in Finance from Binghamton University
Glen A. Brown	Director	1	<ul style="list-style-type: none"> • SVP – Exploration for Continental Resources from 2015 through 2017 • Exploration manager for EOG Resources Midcontinent from 1991 through 2003 • Bachelor’s in Geology from State University of New York; Master’s in Geology from New Mexico State University in Las Cruces
Lee M. Canaan	Director	6	<ul style="list-style-type: none"> • Founder and portfolio manager of Braeburn Capital Partners, LLC • Board member for EQT Corporation and Aethon Energy, LLC • Bachelor’s in Geological Sciences from USC, Master’s in Geophysics from UT-Austin, and MBA in Finance from Wharton
Peter B. Delaney	Director	3	<ul style="list-style-type: none"> • Principal with Tequesta Capital Partners since 2016 • Chairman and CEO of OGE Energy Corporation from 2007 through 2015
Christopher T. Fraser	Director	2	<ul style="list-style-type: none"> • Operating Partner of Advent International Corp. since 2011 • Chairman of the Board for KMG Chemicals from 2012 through 2018 • B.S. in Chemistry and Business Administration from University of Connecticut; MBA from Pepperdine
John H. Pinkerton	Director	1	<ul style="list-style-type: none"> • CEO of Range Resources Corporation from 1992 through 2012 • Executive Chairman and Chairman of Board of Directors for Encino Energy since 2017 • B.A. in Business Administration from Texas Christian University; Master’s from the University of Texas at Arlington

Arkoma Stack Position

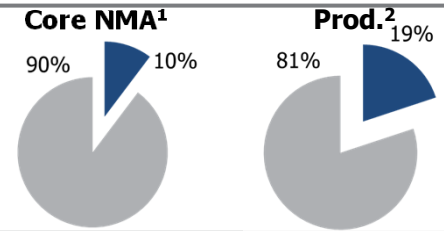
Net Mineral Acres²



Net Production (MMcfe/d)²



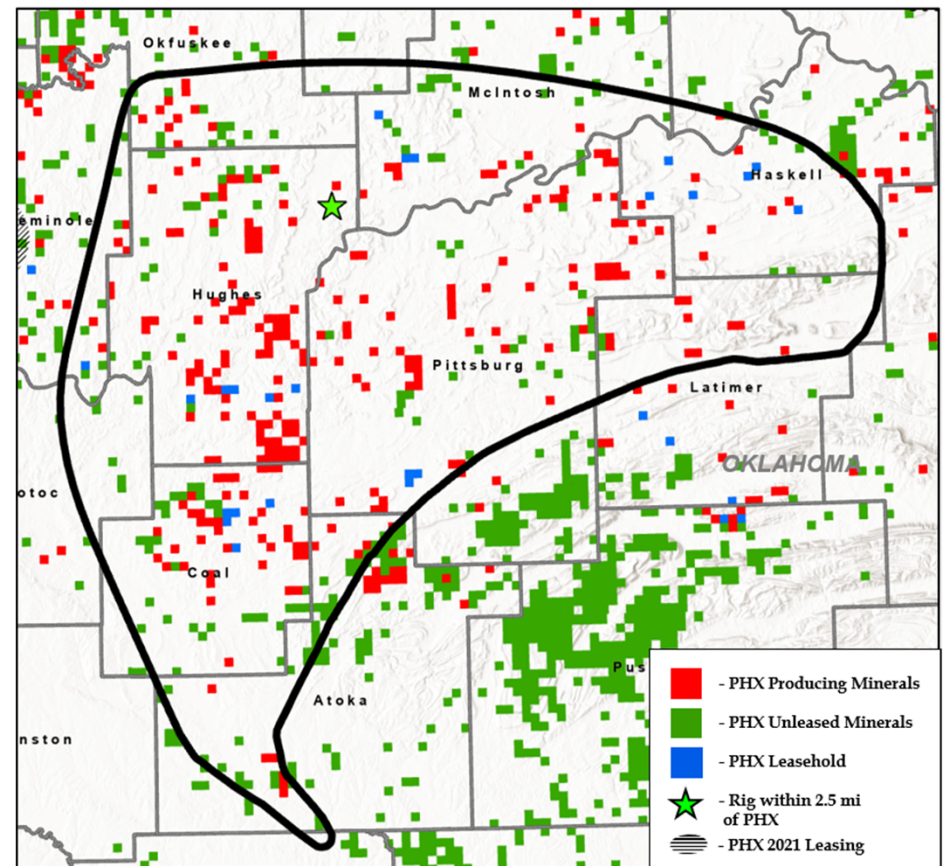
Portfolio Contribution



Key Statistics²

Permits on File	3
Wells on Production (Gross/Net)	358 / 12.54
Wells in Progress (Gross / Net)	2 / 0.00
Undeveloped Locations ⁴	230
Rigs Running on PHX Acreage ⁵	0
Rigs Running Within 2.5 miles of PHX Acreage ⁵	1

Top Operators⁶

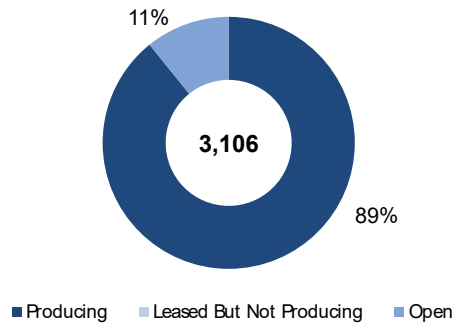


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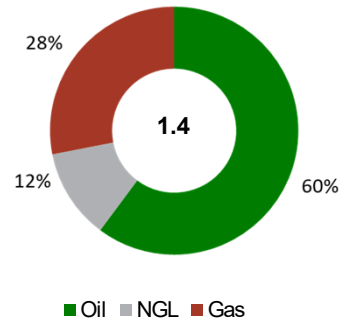
- 1 Excludes open acreage
- 2 As of 6/30/2021
- 3 Undeveloped Locations consists of PROB and POSS locations
- 4 Provided by Enverus as of 6/30/2021
- 5 As determined by wells on production

Bakken/Three Forks Position

Net Mineral Acres²

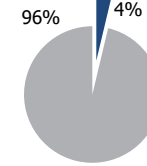


Net Production (MMcfe/d)²

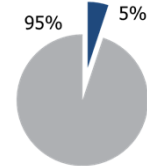


Portfolio Contribution

Core NMA¹



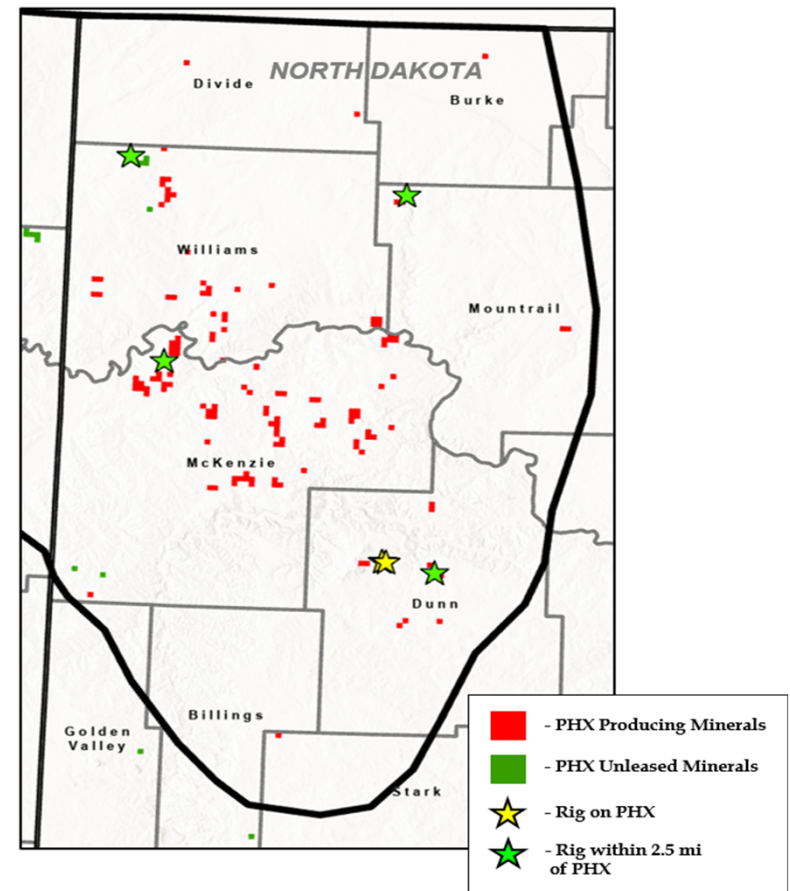
Prod.²



Key Statistics²

Permits on File	5
Wells on Production (Gross/Net)	555 / 2.07
Wells in Progress (Gross / Net)	1 / 0.00
Undeveloped Locations ⁴	218
Rigs Running on PHX Acreage ⁵	2
Rigs Running Within 2.5 miles of PHX Acreage ⁵	6

Top Operators⁶

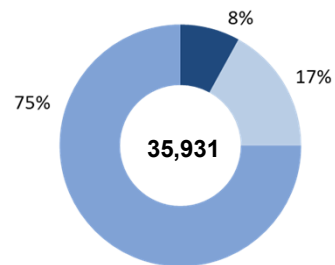


Note:

- 1 Excludes open acreage
- 2 As of 6/30/2021
- 3 Undeveloped Locations consists of PROB and POSS locations
- 4 Provided by Enverus as of 6/30/2021.
- 5 As determined by Wells in Progress

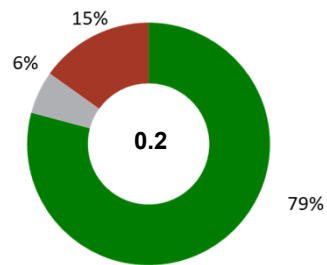
Permian Position

Net Mineral Acres²



■ Producing ■ Leased But Not Producing ■ Open

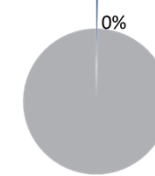
Net Production (MMcfe/d)²



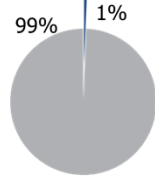
■ Oil ■ NGL ■ Gas

Portfolio Contribution

Core NMA¹



Prod.²



Key Statistics²

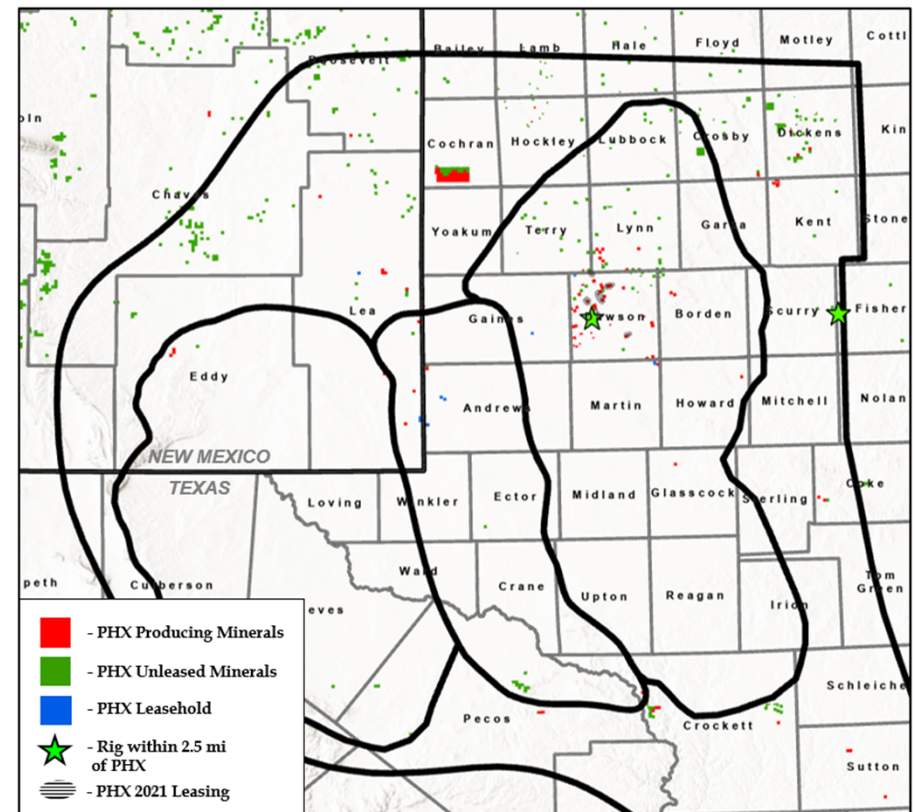
Permits on File	0
Wells on Production (Gross/Net)	123 / 1.00
Wells in Progress (Gross / Net)	3 / 0.14
Undeveloped Locations ⁴	4
Rigs Running on PHX Acreage ⁵	0
Rigs Running Within 2.5 miles of PHX Acreage ⁵	2

Top Operators⁶



Delray Oil, Inc.

DP Permian Operator, LLC

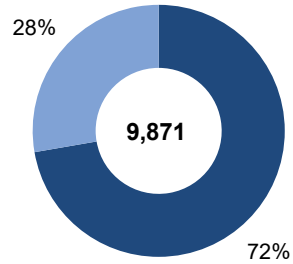


Note:

- 1 Excludes open acreage
- 2 As of 6/30/2021
- 3 Undeveloped Locations consists of PROB and POSS locations
- 4 Provided by Enverus as of 6/30/2021
- 5 As determined by wells on production

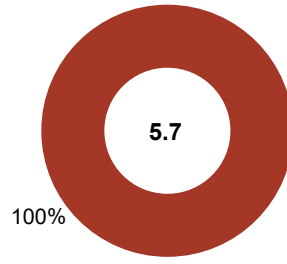
Fayetteville Position

Net Mineral Acres²



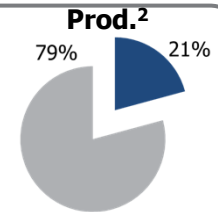
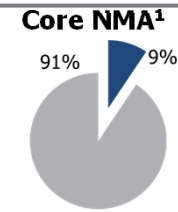
■ Producing ■ Leased But Not Producing ■ Open

Net Production (MMcfe/d)²



■ Oil ■ NGL ■ Gas

Portfolio Contribution



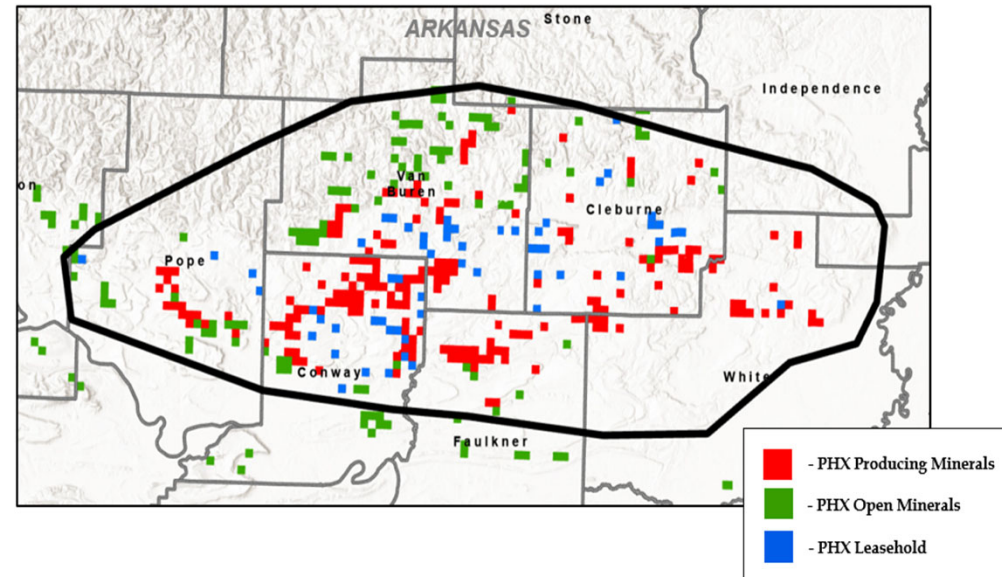
Key Statistics²

Permits on File	0
Wells on Production (Gross/Net)	1,337 / 22.18
Wells in Progress (Gross / Net)	0 / 0.00
Undeveloped Locations ⁴	0
Rigs Running on PHX Acreage ⁵	0
Rigs Running Within 2.5 miles of PHX Acreage ⁵	0

Top Operators⁶



**Bowman & Cains
Exploration, LLC**



Note:
 1 Excludes open acreage
 2 As of 6/30/2021
 3 Undeveloped Locations consists of PROB and POSS locations
 4 Provided by Enverus as of 6/30/2021
 5 As determined by wells on production