
**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 08, 2023

PHX MINERALS INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-31759
(Commission File Number)

73-1055775
(IRS Employer
Identification No.)

**1320 South University Drive
Suite 720
Fort Worth, Texas**
(Address of Principal Executive Offices)

76107
(Zip Code)

Registrant's Telephone Number, Including Area Code: (405) 948-1560

(Former Name or Former Address, if Changed Since Last Report)

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:

- 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, \$0.01666 par value	PHX	New York Stock Exchange

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 February 8, 2023, PHX Minerals Inc. (the “Company”) issued a press release providing information regarding the Company’s quarter ended December 31, 2022 financial and operating results. The press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein.

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 February 8, 2023, 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

<u>No.</u>	<u>Title of Document</u>
99.1	Press Release, dated February 8, 2023
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: February 8, 2023



FOR IMMEDIATE RELEASE

PHX Minerals Reports Results For The Quarter Ended Dec. 31, 2022 and Provides 2023 Operational Outlook

FORT WORTH, Texas, Feb. 8, 2023 – PHX MINERALS INC., “PHX” or the “Company” (NYSE: PHX), today reported financial and operating results for the quarter ended Dec. 31, 2022.

Summary Of Results For The Quarter Ended Dec. 31, 2022

- Net income for the quarter ended Dec. 31, 2022, was \$3.3 million, or \$0.09 per share, compared to net income of \$9.2 million, or \$0.26 per share, for the quarter ended Sept. 30, 2022, and net income of \$6.7 million, or \$0.20 per share, for the quarter ended Dec. 31, 2021.
- Adjusted pretax net income⁽¹⁾ for the quarter ended Dec. 31, 2022, was \$2.3 million, or \$0.07 per share, compared to \$5.3 million, or \$0.15 per share, for the quarter ended Sept. 30, 2022, and \$2.3 million, or \$0.07 per share, for the quarter ended Dec. 31, 2021.
- Adjusted EBITDA⁽¹⁾ for the quarter ended Dec. 31, 2022, was \$5.3 million, compared to \$8.4 million for the quarter ended Sept. 30, 2022, and \$4.4 million for the quarter ended Dec. 31, 2021.
- Royalty production volumes for the quarter ended Dec. 31, 2022, decreased 12% to 1,628 Mmcfe compared to the quarter ended Sept. 30, 2022, and increased 33% compared to the quarter ended Dec. 31, 2021.
- Total production volumes for the quarter ended Dec. 31, 2022, decreased 15% to 2,215 Mmcfe compared to the quarter ended Sept. 30, 2022, and increased 4% compared to the quarter ended Dec. 31, 2021.
- Converted 60 gross (0.27 net) wells to producing status during the quarter ended Dec. 31, 2022, compared to 49 gross (0.22 net) during the quarter ended Sept. 30, 2022.
- Inventory of 203 gross (0.83 net) wells in progress as of Dec. 31, 2022, compared to 172 gross (0.85 net) as of Sept. 30, 2022.
- Total debt was \$33.3 million and the debt to adjusted EBITDA (TTM)⁽¹⁾ ratio was 1.25x at Dec. 31, 2022.
- During the quarter ended Dec. 31, 2022, PHX closed on acquisitions totaling 1,256 net royalty acres located in the SCOOP and the Haynesville plays for approximately \$14.7 million.

Subsequent Events

- On Jan. 31, 2023, PHX closed on the two previously announced divestitures of a combined 257 gross non-operated working interest wellbores for approximately \$10.7 million.
- Since Dec. 31, 2022, PHX has closed on mineral acquisitions totaling 99 net royalty acres located in the SCOOP and the Haynesville plays for approximately \$1.2 million.
- Total debt was \$23.0 million at Feb. 3, 2023.

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

Chad L. Stephens, President and CEO, commented, “We continue to enhance our asset base, divesting non-core, non-working interest wellbores and reinvesting the proceeds into high-quality minerals in our areas of focus. Royalty production in the quarter was impacted by short-term disruptions in the Haynesville due to temporary shut-ins in a few wells to accommodate frac completion on an offsetting set of wells, and fewer new wells coming online due to typical seasonal volatility. However, the inventory of wells being drilled continues to increase, giving us confidence in a near-term rebound and our long-term prospects.”

“Results were also impacted by lower commodity prices, but our strong balance sheet and success in divestitures of working interests continues to help us navigate near-term headwinds,” continued Mr. Stephens. “We are bullish on a recovery in natural gas prices in late 2023/ early 2024, as short-term impacts dissipate. I am also pleased to announce that given the confidence in our strategy and the

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steady conversion of our inventory, we have the visibility to begin providing an annual operational outlook, which is included in this press release and can be accessed in our investor relations presentation on our corporate website.”

Financial Highlights

	Three Months Ended Dec. 31, 2022	Three Months Ended Dec. 31, 2021
Royalty Interest Sales	\$ 10,571,704	\$ 5,966,645
Working Interest Sales	\$ 4,316,970	\$ 7,720,519
Natural Gas, Oil and NGL Sales	\$ 14,888,674	\$ 13,687,164
Gains (Losses) on Derivative Contracts	\$ 3,347,002	\$ 2,836,168
Lease Bonuses and Rental Income	\$ 34,482	\$ 78,915
Total Revenue	\$ 18,270,158	\$ 16,602,247
Lease Operating Expense per Working Interest Mcfe	\$ 1.73	\$ 1.39
Transportation, Gathering and Marketing per Mcfe	\$ 0.66	\$ 0.57
Production Tax per Mcfe	\$ 0.28	\$ 0.32
Cash G&A Expense per Mcfe ⁽¹⁾	\$ 1.16	\$ 0.83
G&A Expense per Mcfe	\$ 1.42	\$ 0.98
Interest Expense per Mcfe	\$ 0.29	\$ 0.08
DD&A per Mcfe	\$ 0.81	\$ 0.74
Total Expense per Mcfe	\$ 3.92	\$ 3.28
Net Income (Loss)	\$ 3,346,133	\$ 6,682,249
Adjusted EBITDA ⁽²⁾	\$ 5,334,016	\$ 4,416,065
Cash Flow from Operations ⁽³⁾	\$ 10,141,814	\$ 8,637,990
CapEx ⁽⁴⁾	\$ 87,104	\$ 192,677
CapEx - Mineral Acquisitions	\$ 14,499,014	\$ 11,643,827
Borrowing Base	\$ 50,000,000	\$ 32,000,000
Debt	\$ 33,300,000	\$ 20,000,000
Debt to Adjusted EBITDA (TTM) ⁽²⁾	1.25	1.16

(1) Cash G&A expense is G&A excluding restricted stock and deferred director’s expense from the adjusted EBITDA table on page 11.

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

(3) GAAP cash flow from operations. See page 9.

(4) Includes legacy working interest expenditures and fixtures and equipment.

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Operating Highlights

	<u>Three Months Ended Dec. 31, 2022</u>		<u>Three Months Ended Dec. 31, 2021</u>
Gas Mcf Sold	1,669,320		1,574,265
Average Sales Price per Mcf before the effects of settled derivative contracts	\$ 5.66	\$	5.52
Average Sales Price per Mcf after the effects of settled derivative contracts	\$ 4.02	\$	3.52
% of sales subject to hedges	65%		67%
Oil Barrels Sold	52,406		48,074
Average Sales Price per Bbl before the effects of settled derivative contracts	\$ 82.52	\$	74.39
Average Sales Price per Bbl after the effects of settled derivative contracts	\$ 62.03	\$	48.45
% of sales subject to hedges	57%		79%
NGL Barrels Sold	38,611		44,256
Average Sales Price per Bbl ⁽¹⁾	\$ 28.77	\$	32.11
Mcf Sold	2,215,419		2,128,248
Natural gas, oil and NGL sales before the effects of settled derivative contracts	\$ 14,888,674	\$	13,687,164
Natural gas, oil and NGL sales after the effects of settled derivative contracts	\$ 11,067,174	\$	9,284,742

(1) There were no NGL settled derivative contracts during the 2022 and 2021 quarters.

Total Production for the last four quarters was as follows:

<u>Quarter ended</u>	<u>Mcf Sold</u>	<u>Oil Bbls Sold</u>	<u>NGL Bbls Sold</u>	<u>Mcf Sold</u>
12/31/2022	1,669,320	52,406	38,611	2,215,419
9/30/2022	2,047,614	49,902	40,761	2,591,588
6/30/2022	1,897,799	48,928	39,732	2,429,760
3/31/2022	1,908,030	51,631	40,371	2,460,042

Total production volumes attributable to natural gas were 75% for the quarter ended Dec. 31, 2022.

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

<u>Quarter ended</u>	<u>Mcf Sold</u>	<u>Oil Bbls Sold</u>	<u>NGL Bbls Sold</u>	<u>Mcf Sold</u>
12/31/2022	1,303,825	33,691	20,353	1,628,089
9/30/2022	1,525,363	32,202	20,488	1,841,502
6/30/2022	1,283,737	32,562	19,369	1,595,323
3/31/2022	1,261,949	28,758	18,852	1,547,609

Royalty production volumes attributable to natural gas were 80% for the quarter ended Dec. 31, 2022.

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

<u>Quarter ended</u>	<u>Mcf Sold</u>	<u>Oil Bbls Sold</u>	<u>NGL Bbls Sold</u>	<u>Mcf Sold</u>
12/31/2022	365,495	18,715	18,258	587,330
9/30/2022	522,251	17,700	20,273	750,086
6/30/2022	614,062	16,366	20,363	834,437
3/31/2022	646,081	22,873	21,519	912,433

Quarter Ended Dec. 31, 2022 Results

The Company recorded net income of \$3,346,133, or \$0.09 per share, for the quarter ended Dec. 31, 2022, as compared to net income of \$6,682,249, or \$0.20 per share, for the quarter ended Dec. 31, 2021. The change in net income was principally the result of increased impairment expense associated with the pending sale of non-operated working interest wellbores in the Arkoma play and general and administrative costs, or G&A, partially offset by increased natural gas, oil and NGL sales, increased gains on asset sales and increased gains associated with our hedge contracts.

Natural gas, oil and NGL revenue increased \$1,201,510, or 9%, for the quarter ended Dec. 31, 2022, compared to the quarter ended Dec. 31, 2021, due to increases in natural gas and oil prices of 3% and 11%, respectively, and an increase in natural gas and oil volumes of 6% and 9%, respectively, partially offset by a decrease in NGL prices and volumes of 10% and 13%, respectively.

The production increase in royalty volumes during the quarter ended Dec. 31, 2022, as compared to the quarter ended Dec. 31, 2021, was primarily due to acquisitions and new drilling in the Haynesville and SCOOP plays. The decrease in working interest volumes resulted from the divestiture of low-value legacy working interests in Oklahoma and the Fayetteville Shale in Arkansas and naturally declining production in high-interest wells in the Arkoma Stack, STACK, and Eagle Ford plays.

The Company had a net gain on derivative contracts of \$3,347,002 in the quarter ended Dec. 31, 2022, as compared to a net gain of \$2,836,168 in the quarter ended Dec. 31, 2021, of which (\$2,918,039) is a loss on settled derivatives and \$6,265,041 is a non-cash gain on derivatives with respect to the quarter ended Dec. 31, 2022. Loss on settled derivative contracts for the quarter ended Dec. 31, 2022, excludes \$903,461 of cash paid to settle off-market derivative contracts. The change in net loss on derivative contracts was due to the Company's settlements of natural gas and oil collars and fixed price swaps and the change in valuation caused by the difference in Dec. 31, 2022, pricing relative to the strike price on open derivative contracts.

The 20% increase in total cost per Mcfe in the quarter ended Dec. 31, 2022, relative to the quarter ended Dec. 31, 2021, was primarily driven by an increase in G&A and interest expense. G&A increased \$1,041,844, or 50%, in the quarter ended Dec. 31, 2022, compared to the quarter ended Dec. 31, 2021, due to the write-off of costs associated with the At-The-Market equity offering program, which was terminated in December 2022, increased administrative expenses associated with higher transaction activity, and restricted stock expense. Interest expense increased \$460,979, or 261%, due to higher average debt balance and average interest rate in the quarter ended Dec. 31, 2022, compared to the quarter ended Dec. 31, 2021.

Operations Update

During the quarter ended Dec. 31, 2022, the Company converted 60 gross (0.27 net) wells to producing status, including 8 gross (0.09 net) wells in the SCOOP and 31 gross (0.076 net) wells in the Haynesville, compared to 68 gross (0.19 net) wells in the quarter ended Dec. 31, 2021.

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At Dec. 31, 2022, the Company had a total of 203 gross (0.83 net) wells in progress across its mineral positions and 76 gross (0.22 net) active permitted wells, compared to 172 gross (0.85 net) wells in progress and 64 gross (0.21 net) active permitted wells at Sept. 30, 2022. As of Jan. 17, 2023, 22 rigs were operating on the Company's acreage with 91 rigs operating within 2.5 miles of its acreage, compared to 15 rigs operating on the Company's acreage with 93 rigs operating within 2.5 miles of its acreage as of Sept. 30, 2022.

	SCOOP	STACK	Bakken/ Three Forks	Arkoma Stack	Fayetteville	Haynesville	Other	Total
As of Dec. 31, 2022:								
Gross Wells in Progress on PHX Acreage	61	32	7	5	-	90	8	203
Net Wells in Progress on PHX Acreage	0.12	0.07	0.01	-	-	0.61	0.02	0.83
Gross Active Permits on PHX Acreage	22	11	3	4	-	30	6	76
As of Jan. 17, 2023:								
Rigs Present on PHX Acreage	7	3	3	1	-	8	-	22
Rigs Within 2.5 Miles of PHX Acreage	20	19	12	1	-	31	8	91

Leasing Activity

During the quarter ended Dec. 31, 2022, the Company leased 99 net mineral acres for an average bonus payment of \$850 per net mineral acre and an average royalty of 23%.

Acquisition And Divestiture Update

During the quarter ended Dec. 31, 2022, the Company purchased 1,256 net royalty acres for approximately \$14.7 million and sold 4,743 net mineral acres, which were outside the Company's core focus areas and predominantly undeveloped and unleased, for approximately \$1.0 million.

Three Months Ended Dec. 31, 2022	Acquisitions			Total
	SCOOP	Haynesville	Other	
Net Mineral Acres Purchased	159	608	-	767
Net Royalty Acres Purchased	219	1,037	-	1,256

Outlook

PHX is providing an operational outlook for 2023 as follows:

	Calendar Year 2022 Actual	Calendar Year 2023 Outlook
Mineral & Royalty Production (Mmcfe)	6,613	7,400 - 8,600
Working Interest Production (Mmcfe) ⁽¹⁾	3,084	1,200 - 1,400
Total Production (Mmcfe)	9,697	8,600 - 10,000
Percentage Natural Gas	78%	80% - 85%
Transportation, Gathering & Marketing (per Mcfe)	\$0.63	\$0.53 - \$0.58
Production Tax (as % of pre-hedge sales volumes)	4.50%	4.75% - 5.25%
LOE Expenses (on an absolute basis in 000's)	\$3,807	\$1,200 - \$1,400
Cash G&A (per Mcfe)	\$1.01	\$1.00 - \$1.07

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(1) Pro-forma divestitures of Eagle Ford and Arkoma working interest assets, excludes potential future sales of additional working interest assets.

Quarterly Conference Call

PHX will host a conference call to discuss the Company's results for the quarter ended Dec. 31, 2022, at 11:00 a.m. EST tomorrow, Feb. 9, 2023. 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 (toll-free domestic) or 201-389-0927. 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 13736024.

A live audio webcast of the conference call will be accessible from the "Investors" section of PHX's website at <https://phxmin.com/events>. The webcast will be archived for at least 90 days.

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FINANCIAL RESULTS

Statements of Operations

	Three Months Ended Dec. 31,	
	2022	2021
Revenues:		
Natural gas, oil and NGL sales	\$ 14,888,674	\$ 13,687,164
Lease bonuses and rental income	34,482	78,915
Gains (losses) on derivative contracts	3,347,002	2,836,168
	<u>18,270,158</u>	<u>16,602,247</u>
Costs and expenses:		
Lease operating expenses	1,015,981	1,256,011
Transportation, gathering and marketing	1,455,260	1,213,604
Production taxes	617,948	678,947
Depreciation, depletion and amortization	1,802,114	1,583,760
Provision for impairment	6,100,696	5,585
Interest expense	637,698	176,719
General and administrative	3,137,401	2,095,557
Losses (gains) on asset sales and other	(824,073)	2,147,815
Total costs and expenses	<u>13,943,025</u>	<u>9,157,998</u>
Income (loss) before provision (benefit) for income taxes	4,327,133	7,444,249
Provision (benefit) for income taxes	<u>981,000</u>	<u>762,000</u>
Net income (loss)	<u>\$ 3,346,133</u>	<u>\$ 6,682,249</u>
Basic and diluted earnings (loss) per common share	<u>\$ 0.09</u>	<u>\$ 0.20</u>
Weighted average shares outstanding:		
Basic	35,679,740	33,127,722
Diluted	36,489,353	33,127,722
Dividends per share of common stock paid in period	<u>\$ 0.02</u>	<u>\$ 0.01</u>
Dividends declared per share of common stock and to be paid in quarters ended March 31, 2023 and 2022	<u>\$ 0.0225</u>	<u>\$ 0.015</u>

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Balance Sheets

	<u>Dec. 31, 2022</u>	<u>Sept. 30, 2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,115,652	\$ 3,396,809
Natural gas, oil, and NGL sales receivables (net of \$0 allowance for uncollectable accounts)	9,783,996	13,152,274
Held for sale assets	6,420,051	-
Other	1,543,956	1,372,847
Total current assets	<u>19,863,655</u>	<u>17,921,930</u>
Properties and equipment at cost, based on successful efforts accounting:		
Producing natural gas and oil properties	181,431,139	248,978,928
Non-producing natural gas and oil properties	57,781,644	51,779,336
Other	1,122,436	1,085,056
	<u>240,335,219</u>	<u>301,843,320</u>
Less accumulated depreciation, depletion and amortization	(107,085,212)	(168,759,385)
Net properties and equipment	<u>133,250,007</u>	<u>133,083,935</u>
Derivative contracts, net	141,345	-
Operating lease right-of-use assets	706,871	739,131
Other, net	695,399	757,116
Total assets	<u>\$ 154,657,277</u>	<u>\$ 152,502,112</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 504,466	\$ 647,217
Derivative contracts, net	1,534,034	7,873,979
Income taxes payable	576,427	495,858
Current portion of operating lease liability	217,656	213,355
Held for sale liabilities	889,155	-
Accrued liabilities and other	3,121,522	2,032,275
Total current liabilities	<u>6,843,260</u>	<u>11,262,684</u>
Long-term debt	33,300,000	28,300,000
Deferred income taxes, net	2,453,906	1,585,906
Asset retirement obligations	1,027,777	1,901,904
Derivative contracts, net	-	687,212
Operating lease liability, net of current portion	929,208	985,887
Total liabilities	<u>44,554,151</u>	<u>44,723,593</u>
Stockholders' equity:		
Voting common stock, par value \$0.01666 per share: 54,000,500 shares authorized and 35,938,206 shares issued and outstanding at Dec. 31, 2022; 54,000,500 shares authorized and 35,776,752 shares issued and outstanding at Sept. 30, 2022	598,731	596,041
Capital in excess of par value	43,344,916	44,177,051
Deferred directors' compensation	1,541,070	1,496,243
Retained earnings	68,925,774	67,117,791
	<u>114,410,491</u>	<u>113,387,126</u>
Less treasury stock, at cost; 300,272 shares at Dec. 31, 2022, and 377,232 shares at Sept. 30, 2022	(4,307,365)	(5,608,607)
Total stockholders' equity	<u>110,103,126</u>	<u>107,778,519</u>
Total liabilities and stockholders' equity	<u>\$ 154,657,277</u>	<u>\$ 152,502,112</u>

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Condensed Statements of Cash Flows

	Three Months Ended Dec. 31,	
	2022	2021
Operating Activities		
Net income (loss)	\$ 3,346,133	\$ 6,682,249
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	1,802,114	1,583,760
Impairment of producing properties	6,100,696	5,585
Provision for deferred income taxes	868,000	366,000
Gain from leasing fee mineral acreage	(34,371)	(78,922)
Proceeds from leasing fee mineral acreage	67,651	95,039
Net (gain) loss on sales of assets	(934,207)	2,163,359
Directors' deferred compensation expense	44,827	67,570
Total (gain) loss on derivative contracts	(3,347,002)	(2,836,168)
Cash receipts (payments) on settled derivative contracts	(810,839)	-
Restricted stock award expense	524,257	255,844
Other	30,157	37,138
Cash provided (used) by changes in assets and liabilities:		
Natural gas, oil and NGL sales receivables	3,368,278	(1,591,085)
Other current assets	(309,051)	(325,780)
Accounts payable	(129,304)	(95,649)
Income taxes receivable	-	2,413,942
Other non-current assets	63,723	10,253
Income taxes payable	80,569	165,889
Accrued liabilities	(589,817)	(281,034)
Total adjustments	<u>6,795,681</u>	<u>1,955,741</u>
Net cash provided by operating activities	<u>10,141,814</u>	<u>8,637,990</u>
Investing Activities		
Capital expenditures	(87,104)	(192,677)
Acquisition of minerals and overriding royalty interests	(14,499,014)	(11,643,827)
Net proceeds from sales of assets	1,137,730	4,586,492
Deposits received on held for sale assets	815,000	-
Net cash provided (used) by investing activities	<u>(12,633,388)</u>	<u>(7,250,012)</u>
Financing Activities		
Borrowings under credit facility	10,000,000	4,000,000
Payments of loan principal	(5,000,000)	(1,500,000)
Net proceeds from equity issuance	-	(32,507)
Cash receipts from (payments on) off-market derivative contracts	(3,010,661)	(4,402,422)
Purchases of treasury stock	(52,460)	-
Payments of dividends	(726,462)	(332,210)
Net cash provided (used) by financing activities	<u>1,210,417</u>	<u>(2,267,139)</u>
Increase (decrease) in cash and cash equivalents	(1,281,157)	(879,161)
Cash and cash equivalents at beginning of period	3,396,809	2,438,511
Cash and cash equivalents at end of period	<u>\$ 2,115,652</u>	<u>\$ 1,559,350</u>
Supplemental Disclosures of Cash Flow Information		
Dividends declared and unpaid	\$ 811,688	\$ 517,479
Gross additions to properties and equipment	\$ 14,710,613	\$ 15,183,829
Equity offering used for acquisitions	-	(3,510,001)
Net (increase) decrease in accounts payable for properties and equipment additions	(124,495)	162,676
Capital expenditures and acquisitions	<u>\$ 14,586,118</u>	<u>\$ 11,836,504</u>

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Derivative Contracts as of Dec. 31, 2022

Calendar Period	Product	Volume Mcf/Bbl	Swap Price	Collar Average Floor Price	Collar Average Ceiling Price
2023	Natural Gas	1,170,000		\$ 4.01	\$ 7.82
2023	Natural Gas	1,780,000	\$ 3.37		
2024	Natural Gas	665,000		\$ 4.09	\$ 6.58
2023	Crude Oil	15,000		\$ 75.00	\$ 96.00
2023	Crude Oil	57,000	\$ 74.02		
2024	Crude Oil	10,400		\$ 63.00	\$ 76.00

Non-GAAP Reconciliation

This press release includes certain “non-GAAP financial measures” as defined under the rules and regulations of the U.S. Securities and Exchange Commission, or the SEC, including Regulation G. These non-GAAP financial measures are calculated using GAAP amounts in the Company’s 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 the Company’s financial statements prepared in accordance with GAAP (including the notes thereto), included in the Company’s SEC filings and posted on its website.

Adjusted EBITDA Reconciliation

We define “adjusted EBITDA” as earnings before interest, taxes, depreciation and amortization, or EBITDA, excluding non-cash gains (losses) on derivatives and gains (losses) on asset sales and including cash receipts from (payments on) off-market derivatives and restricted stock and deferred directors’ expense. We have included a presentation of adjusted EBITDA because we recognize that certain investors consider this amount to be 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

*****MORE*****

similarly titled measure of other companies. The following table provides a reconciliation of net income (loss) to adjusted EBITDA for the quarters indicated:

	Three Months Ended Dec. 31, 2022	Three Months Ended Dec. 31, 2021	Three Months Ended Sept. 30, 2022
Net Income (Loss)	\$ 3,346,133	\$ 6,682,249	\$ 9,158,468
Plus:			
Income tax expense (benefit)	981,000	762,000	2,431,000
Interest expense	637,698	176,719	471,716
DD&A	1,802,114	1,583,760	1,550,410
Impairment expense	6,100,696	5,585	2,703
Less:			
Non-cash gains (losses) on derivatives	6,265,041	4,550,499	1,639,703
Gains (losses) on asset sales	934,207	(2,120,927)	3,558,611
Plus:			
Cash receipts from (payments on) off-market derivative contracts ⁽¹⁾	(903,461)	(2,688,091)	(1,057,197)
Restricted stock and deferred director's expense	569,084	323,415	1,037,179
Adjusted EBITDA	<u>\$ 5,334,016</u>	<u>\$ 4,416,065</u>	<u>\$ 8,395,965</u>

(1) The initial receipt of \$8.8 million of cash from BP Energy Company, or BP, for entering into the off-market derivative contracts had no effect on the Company's statement of operations and was considered cash flow from financing activities. A portion of subsequent settlements with BP had no effect on the Company's statement of operations.

Debt to Adjusted EBITDA (TTM) Reconciliation

"Debt to 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 to adjusted EBITDA (TTM) because we recognize that certain investors consider such ratios to be a useful means of measuring our ability to meet our debt service obligations and for evaluating our financial performance. The debt to 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 to adjusted EBITDA (TTM) 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 on a TTM basis and of the resulting debt to adjusted EBITDA (TTM) ratio:

*****MORE*****

	TTM Ended Dec. 31, 2022	TTM Ended Dec. 31, 2021
Net Income (Loss)	\$ 17,073,156	\$ 1,061,732
Plus:		
Income tax expense (benefit)	4,421,000	179,949
Interest expense	1,625,971	869,948
DD&A	7,496,472	7,068,915
Impairment expense	6,109,676	56,060
Less:		
Non-cash gains (losses) on derivatives	(584,977)	1,141,029
Gains (losses) on asset sales	7,478,783	(1,824,556)
Plus:		
Cash receipts from (payments on) off-market derivative contracts ⁽¹⁾	(5,738,163)	6,111,909
Restricted stock and deferred director's expense	2,649,194	1,191,576
Adjusted EBITDA	<u>\$ 26,743,500</u>	<u>\$ 17,223,616</u>
 Debt	 \$ 33,300,000	 \$ 20,000,000
Debt to Adjusted EBITDA (TTM)	1.25	1.16

(1) The initial receipt of \$8.8 million of cash from BP for entering into the off-market derivative contracts had no effect on the Company's statement of operations and was considered cash flow from financing activities. A portion of subsequent settlements with BP has no effect on the Company's statement of operations.

Adjusted Pretax Net Income (Loss) Reconciliation

"Adjusted pretax net income (loss)" is defined as earnings before taxes and impairment expense, excluding non-cash gains (losses) on derivatives and gains (losses) on asset sales and including cash receipts from (payments on) off-market derivatives. We have included a presentation of adjusted pretax net income (loss) because we recognize that certain investors consider this amount to be a useful means of measuring our ability to meet our debt service obligations and evaluating our financial performance. Adjusted pretax 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 pretax 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 pretax net income (loss) for the periods indicated:

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	Three Months Ended Dec. 31, 2022	Three Months Ended Dec. 31, 2021	Three Months Ended Sept. 30, 2022
Net Income (Loss)	\$ 3,346,133	\$ 6,682,249	\$ 9,158,468
Plus:			
Income tax expense (benefit)	981,000	762,000	2,431,000
Impairment expense	6,100,696	5,585	2,703
Less:			
Non-cash gains (losses)			
on derivatives	6,265,041	4,550,499	1,639,703
Gains (losses) on asset sales	934,207	(2,120,927)	3,558,611
Plus:			
Cash receipts from (payments on)			
off-market derivative contracts ⁽¹⁾	(903,461)	(2,688,091)	(1,057,197)
Adjusted Pretax Net Income (Loss)	<u>\$ 2,325,120</u>	<u>\$ 2,332,171</u>	<u>\$ 5,336,660</u>
Weighted average shares outstanding			
Basic	35,679,740	33,127,722	35,573,813
Diluted	36,489,353	33,127,722	35,916,878
Adjusted Pretax Net Income (Loss)			
per basic and diluted share	<u>\$ 0.07</u>	<u>\$ 0.07</u>	<u>\$ 0.15</u>

(1) The initial receipt of \$8.8 million of cash from BP for entering into the off-market derivative contracts had no effect on the Company's statement of operations and was considered cash flow from financing activities. A portion of subsequent settlements with BP had no effect on the Company's statement of operations.

PHX Minerals Inc. (NYSE: PHX) Fort Worth-based, PHX Minerals Inc. is a natural gas and oil mineral company with a strategy to proactively grow its mineral position in its core focus areas. PHX owns mineral acreage principally located in Oklahoma, Texas, Louisiana, North Dakota and Arkansas. Additional information on the Company 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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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 PHX's current views about future events. Forward-looking statements may include, but are not limited to, statements relating to: the Company's operational outlook; the Company's ability to execute its business strategies; the volatility of realized natural gas and oil prices; the level of production on the Company's 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; the Company's 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 the Company invests; and other economic, competitive, governmental, regulatory or technical factors affecting properties, operations or prices. Although the Company believes expectations reflected in these and other forward-looking statements are reasonable, the Company can give no assurance such expectations will prove to be correct. Such forward-looking statements are subject to a number of assumptions, risks and uncertainties,

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PHX Minerals Inc.

Reports Fourth Fiscal Quarter 2022 Results ...cont.

many of which are beyond the control of the Company. These forward-looking statements involve certain risks and uncertainties that could cause 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 SEC, 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.

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FNK IR

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Corporate Contact:

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inquiry@phxmin.com

*****END*****



NYSE: PHX

Investor Presentation

February 2022



Cautionary Statement Regarding Forward-Looking Statements

This presentation does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation to purchase any security of PHX Minerals Inc. (“PHX” or the “Company”). No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, or an exemption therefrom.

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 earnings before interest, taxes, depreciation and amortization, or EBITDA, excluding unrealized gains (losses) on derivatives and gains (losses) on asset sales and including cash receipts from (payments on) off-market derivatives and restricted stock and deferred directors’ expense. 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

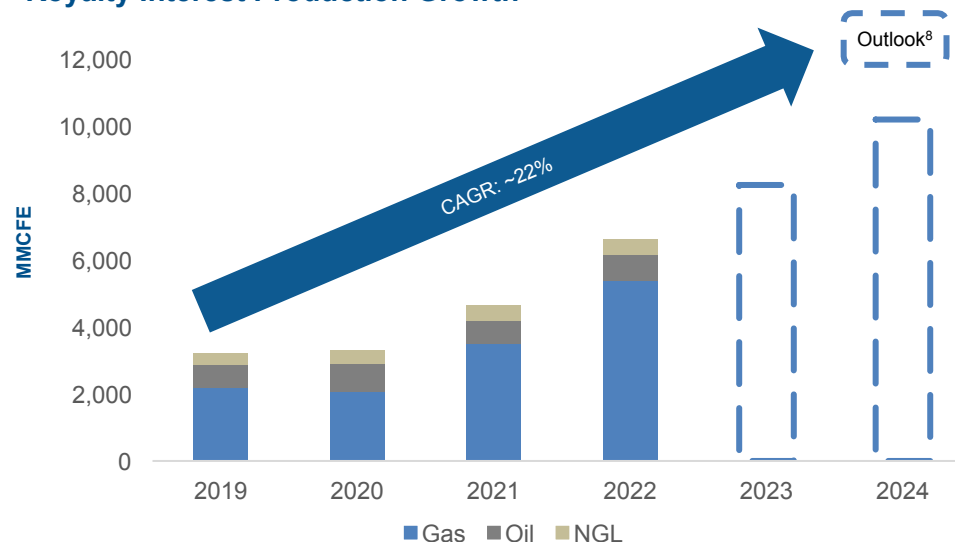
PHX is a growth oriented mineral rights company focused on natural gas

- ✓ **Dramatic turnaround high-grading asset base completed**
- ✓ **New strategy focused on growing higher margin royalty production and reserves**
- ✓ **Low capital requirement model positions company for significant free cash flow generation**
- ✓ **Strong returns on invested capital with ongoing opportunity for accretive acquisitions**
- ✓ **Hedging program protects downside risk and provides upside exposure to rising natural gas prices**

Key Statistics

NYSE	PHX
Market Cap ¹	\$128.6
Enterprise Value ²	\$159.8
Pro forma Liquidity ³	\$41.1
Dividend Yield ⁴	2.49%
Leverage ⁵	1.25x
Calendar 2022 Adjusted EBITDA ⁶	\$26.7
Calendar 2022 ROCE ⁷	~16%

Royalty Interest Production Growth



Source: Company information and Enverus

¹ Based on \$3.61 per share on 01/31/2023 and 35.64M shares outstanding as of 12/31/2022

² Debt of \$33.3m minus cash on hand of \$2.1m as of 12/31/2022

³ Calculated as working capital (current assets less current liabilities excluding current derivatives) plus availability on the borrowing base as of 12/31/2022 ; Pro-forma proceeds from divestures of Eagleford and Arkoma working interest assets

⁴ Based on \$0.09 Dividend per share

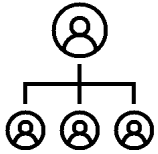
⁵ Debt / TTM Adjusted EBITDA

⁶ See slide 29 for Non-GAAP reconciliation

⁷ See slide 6 for ROCE definition

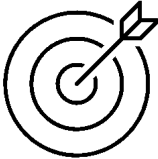
⁸ Based upon current growth trends

Corporate Highlights



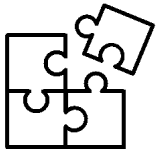
Seasoned management and technical team

- Management team and Board with significant experience and deep relationships throughout PHX's core areas
- Strong track record of delivering on stated strategy
- Management and Board have significant common equity stake



Attractive valuation relative to mineral focused peer group

- Trading at a discount relative to reserve value and based on peer group TEV/ EBITDA multiple
- Free cash flow yield of ~20%
- Current dividend yield of 2.49%¹
- Clean capital structure and low leverage and ample liquidity



Proven track record of acquiring undervalued assets

- Actively pursue high-quality positions in targeted regions
- Highly fragmented minerals space provide ample supply of private minerals assets seeking monetization
- Limited capital market options for sellers seeking an exit
- PHX's average acquisition size targets underserved segment of the market
- Minimal incremental G&A required to meaningfully scale
- No further capital requirements once minerals are owned

Strategy Execution

Goals Set in early 2020

High Grade Asset Base

- Grow royalty production (higher margin/lower cost)
- Improve line of sight development opportunities
- Exit working interest assets (higher cost/lower margin)
- Divest unleased non-producing minerals lacking scale and line of sight development

Build a strong and sustainable balance sheet

Become a consolidator in the mineral space

Generate return on capital employed (ROCE)



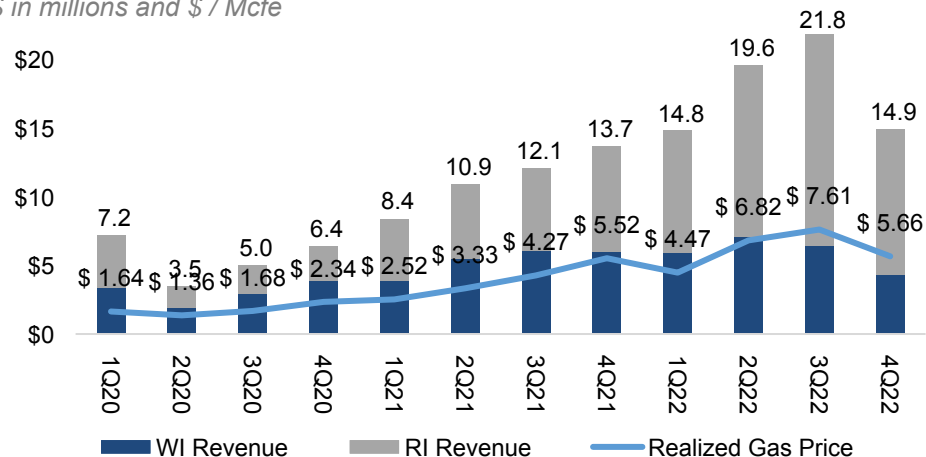
Achievements Through 2023 YTD

- Annual royalty volume growth since 2020: ~85%
 - Targeted Mineral acquisitions completed: ~\$102 million
 - Built a 10+ year inventory of line of sight development locations
 - Working interest wellbores sold: ~1,350
 - Unleased non-producing mineral acres sold: ~24,400
-
- Reduced leverage: ~2.5x to ~1.25x (Debt / TTM Adjusted EBITDA¹)
 - Improved commercial bank lending terms and relationships
 - Enhanced liquidity profile as a result of superior asset performance and more predictable development timing
 - Resilient balance sheet designed to withstand commodity price volatility
-
- Mineral acquisition transactions completed: 55
 - Focus on smaller acquisition in targeted areas: ~\$1.8 million average (generates higher returns with less competition)
 - Acquisitions to date have generated returns far in excess of cost of capital
 - ~90% of free cash flow to be redeployed into high quality line of sight minerals
-
- Generated ~16% ROCE² in 2022 up from ~0% in 2019 and 2020

Royalty Cash Flow Driving Shareholder Value

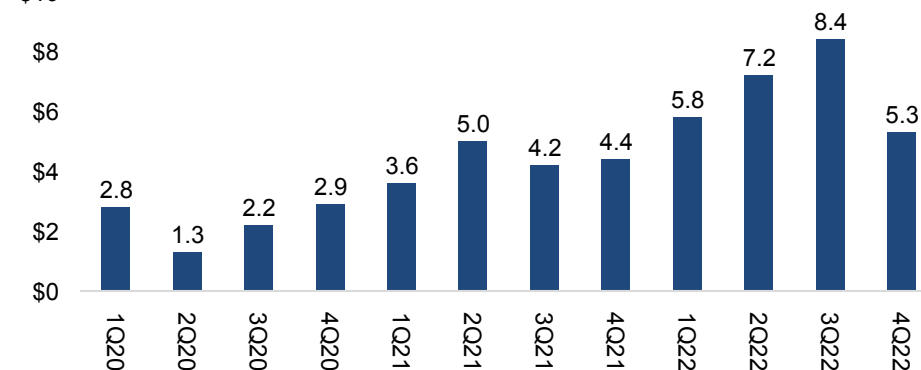
Oil & Gas Sales and Realized Nat. Gas Price

\$ in millions and \$ / Mcfe



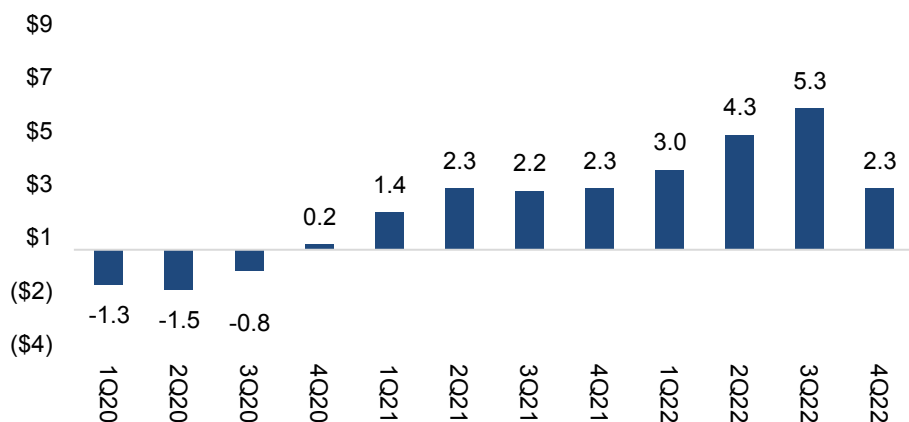
Adjusted EBITDA¹

\$ in millions

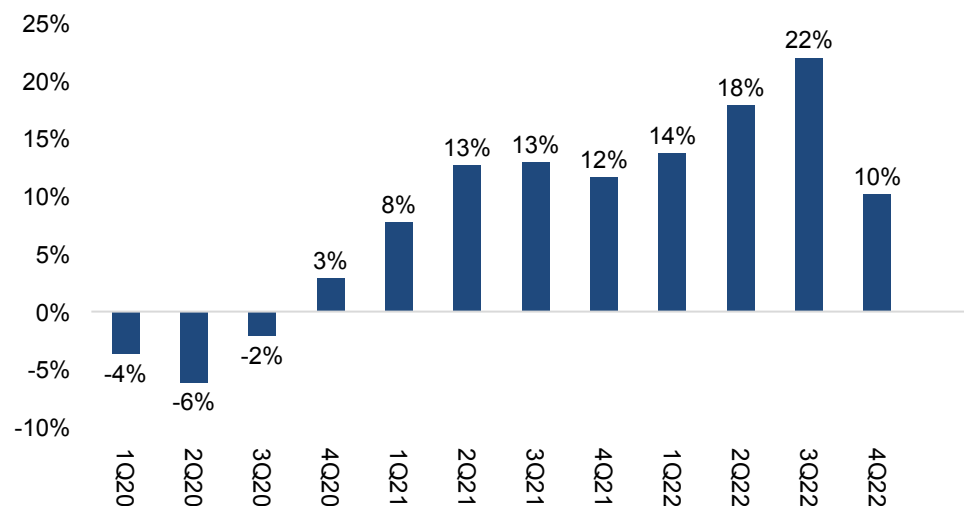


Adjusted Pre-Tax NI²

\$ in millions



Return on Capital Employed³



Source: Company filings

¹ Calculated as net income excluding non-cash gain/loss on derivatives, income tax expense, interest expense, DD&A, non-cash impairments, non-cash G&A, gain(losses) on asset sales and cash receipts from/payments on off-market derivatives

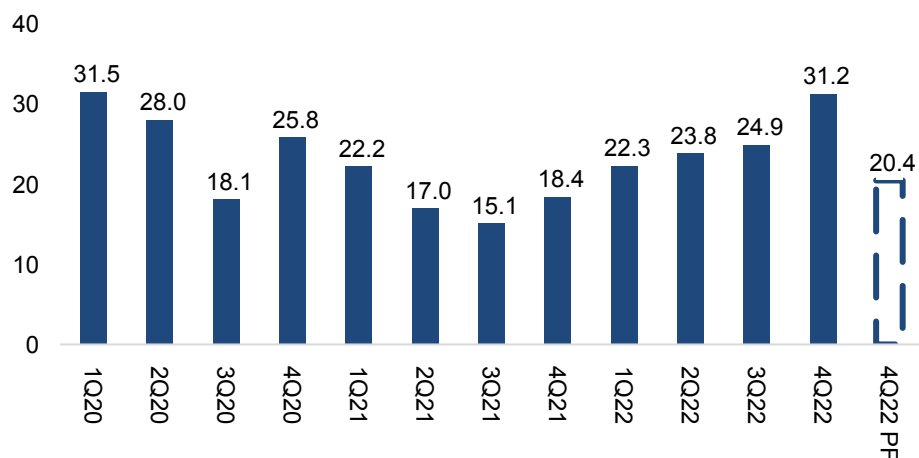
² Pre-tax net income adjusted to exclude unrealized gain on derivatives, non-cash impairments, cash receipts from/payments on off-market derivatives and gains(losses) on asset sales

³ Annualized EBIT excluding non-cash gain/loss on derivatives, non-cash impairments, non-cash G&A, cash receipts from/payments on off-market derivatives and gain(losses) on asset sales divided by average debt and equity during the quarter

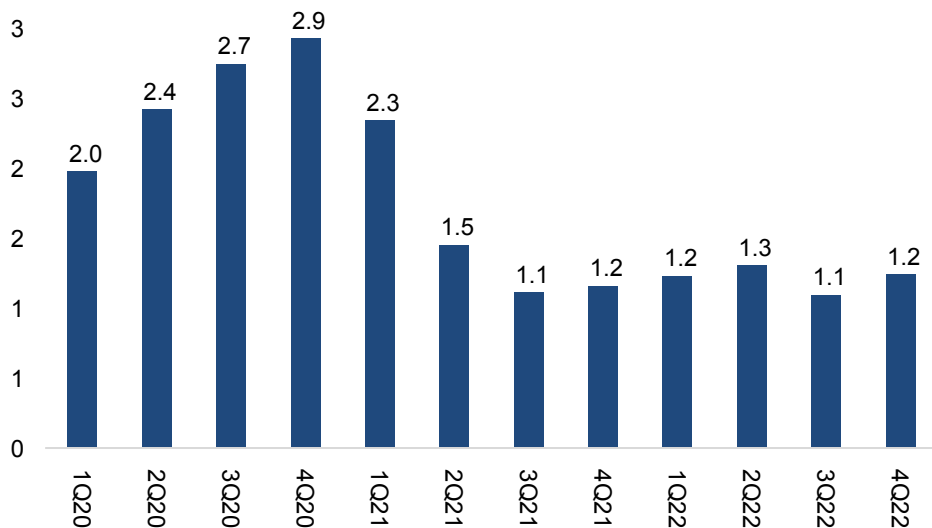
Stable Balance Sheet & Ample Liquidity

Net Debt ^{1,4}

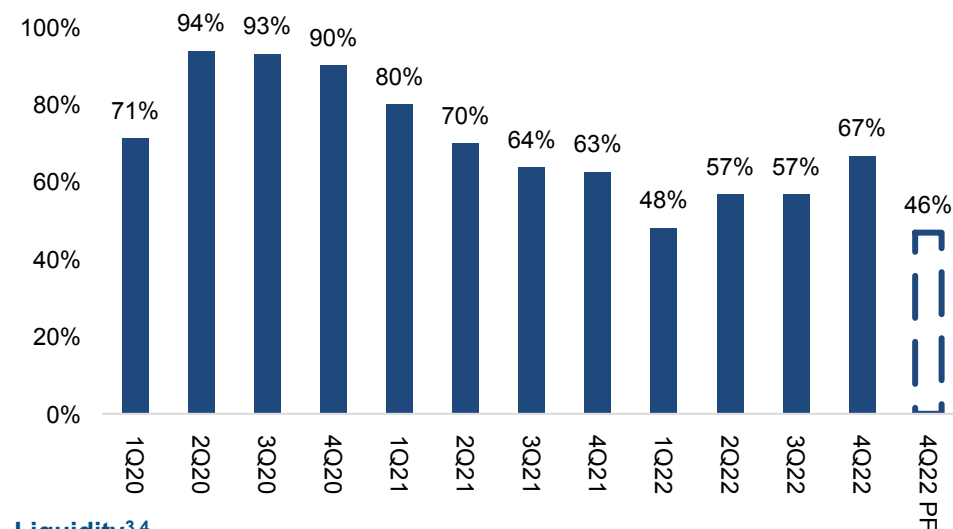
\$ in millions



Debt / Adjusted EBITDA² (TTM)

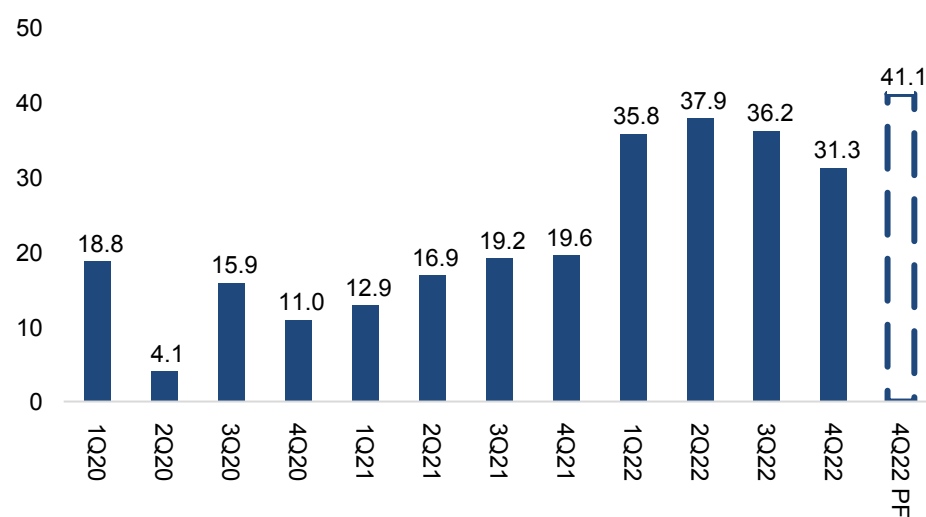


Percentage Drawn on Credit Facility Advanced Rate⁴



Liquidity^{3,4}

\$ in millions



Source: Company filings

1 Total debt less cash

2 Total Debt / Adjusted EBITDA (as defined on page 5)

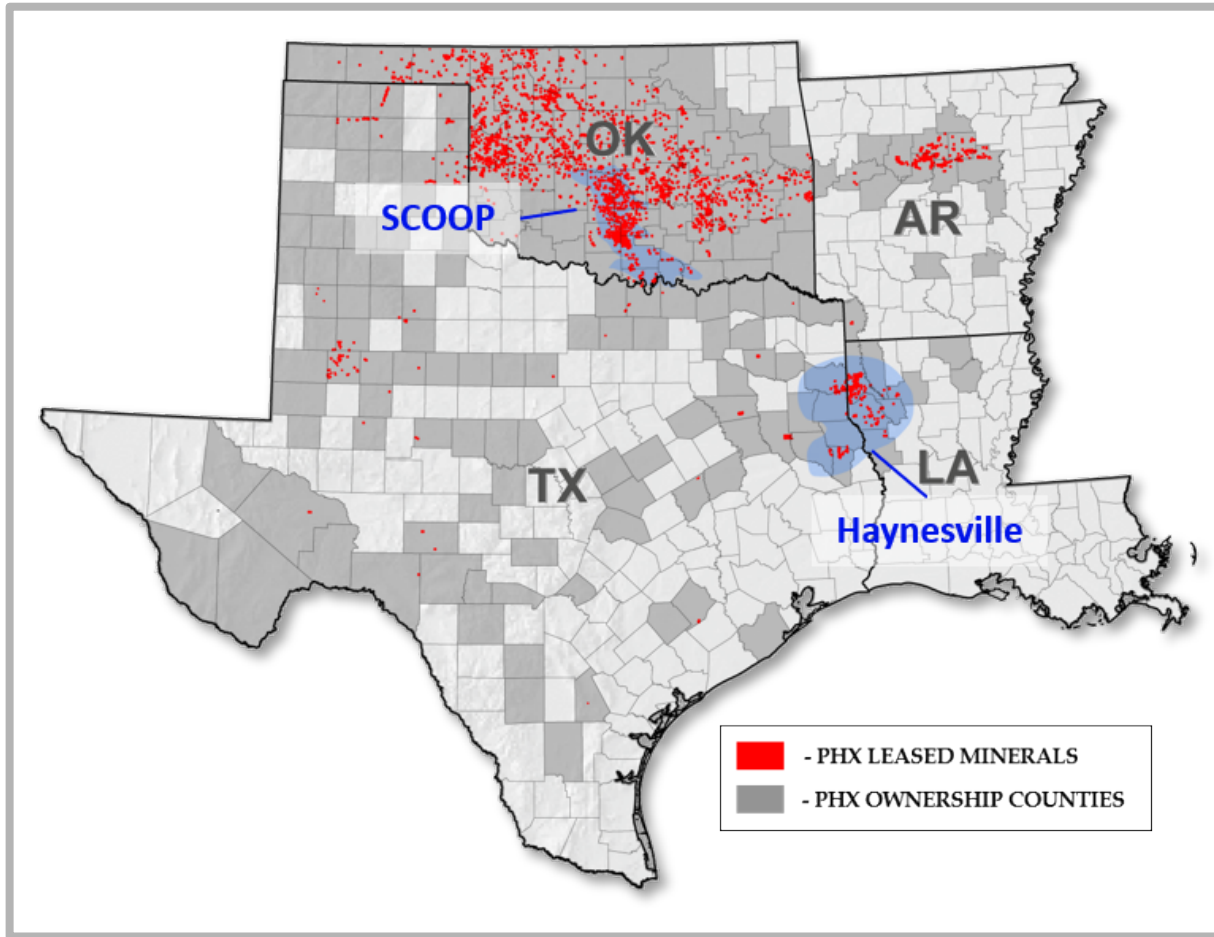
3 Calculated as working capital (current assets less current liabilities excluding current derivatives) plus availability on the borrowing base

4 Pro-forma divestitures of Eagleford and Arkoma working interest assets

PHX Operational Outlook

	Cal. Year 2022 Actual	Cal. Year 2023 Outlook
Mineral & Royalty Production (Mmcfe)	6,613	7,400 – 8,600
Working Interest Production (Mmcfe) ¹	3,084	1,200 – 1,400
Total Production (Mmcfe)	9,697	8,600 – 10,000
Percentage Natural Gas	78%	80% - 85%
Transportation, Gathering & Marketing (per mcfe)	\$0.63	\$0.53 - \$0.58
Production Tax (as % of pre-hedge sales volumes)	4.50%	4.75% - 5.25%
LOE Expenses (on an absolute basis in 000's)	\$3,807	\$1,200 - \$1,400
Cash G&A (per mcfe)	\$1.01	\$1.00 - \$1.07

Focused in SCOOP and Haynesville



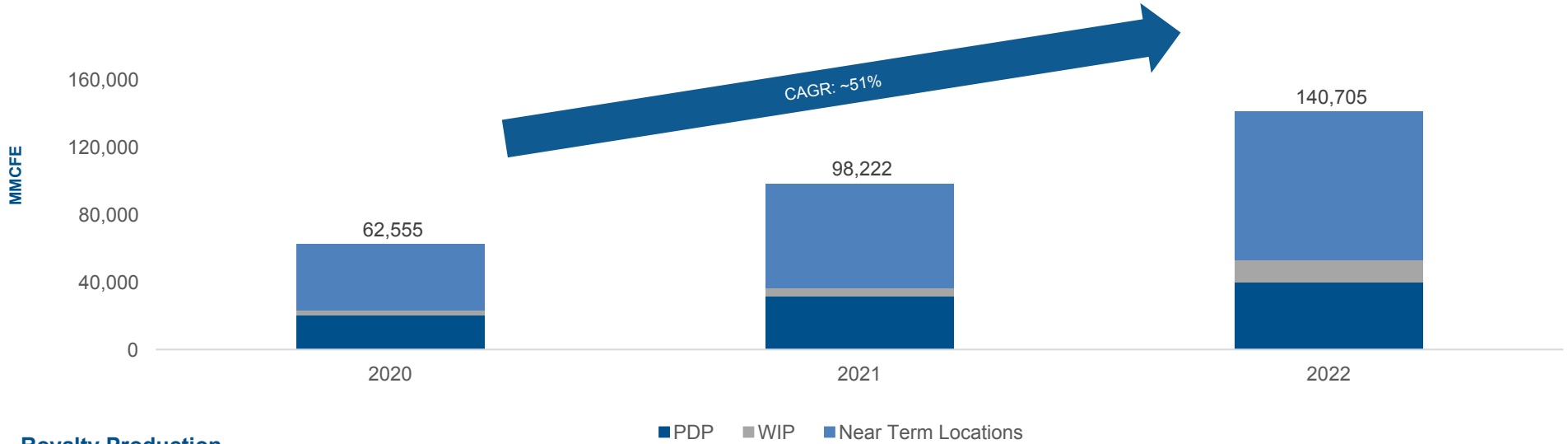
Top Operators of PHX Minerals¹



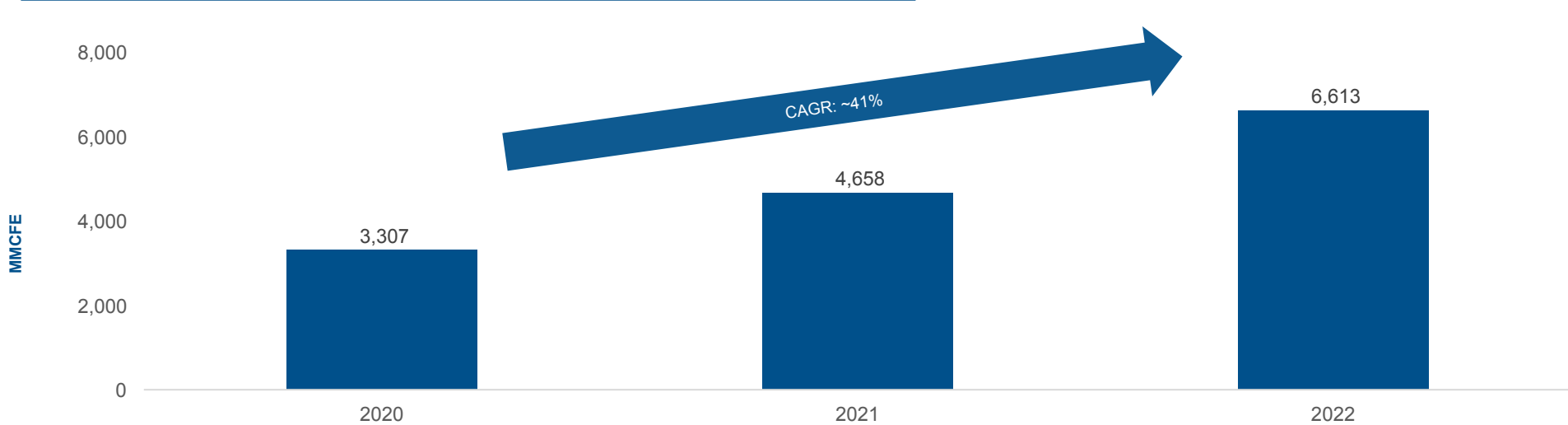
Royalty Reserve Growth

Strategy underpinned by royalty reserves and production growth

Royalty Reserves



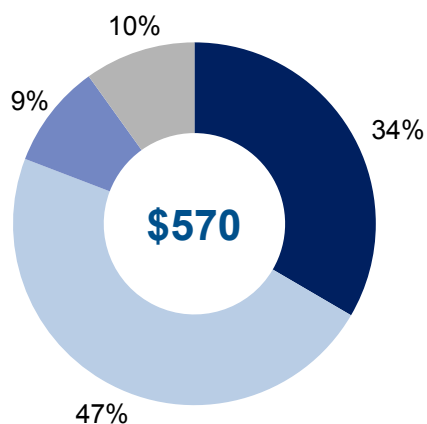
Royalty Production



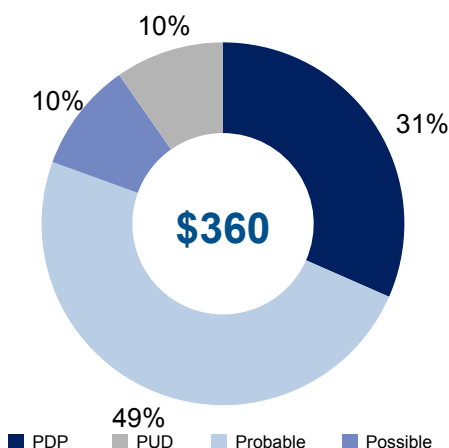
Reserves Value Summary

Reserve Category	PV-10 Value (\$mm)		
	SEC ¹	Strip ²	\$100 / \$7.00 ³
PDP	\$190.5	\$113.7	\$203.3
Wells in Progress ⁴	\$56.4	\$34.9	\$59.6
Total Proved Reserves	\$246.9	\$148.7	\$262.9
Near Term Locations ^{4,5}	\$270.2	\$176.2	\$285.7
Other Locations ⁵	\$52.9	\$35.2	\$55.9
Total 3P Reserves	\$570.0	\$360.0	\$604.5
Proved PV-10 Per Share⁶	\$5.99	\$3.24	\$6.44
2P PV-10 Per Share⁶	\$13.57	\$8.18	\$14.45
3P PV-10 Per Share⁶	\$15.05	\$9.17	\$16.02

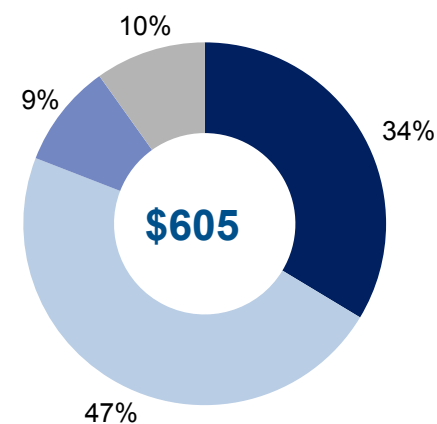
SEC Pricing¹



Strip Pricing²



\$100/\$7.00 Flat Pricing³



1 3P Reserves per 9/30/2022 CGA YE22 report proforma acquisitions, divestitures, and activity as of 12/31/2022 at 12/31/2022 SEC price deck of \$92.70 per bbl of oil, \$39.09 per bbl of NGL, \$6.52 per mcf of gas (proved volume weighted average price)

2 3P Reserves per 9/30/2022 CGA YE22 report proforma acquisitions, divestitures, and activity as of 12/31/2022 at 1/23/2023 STRIP price of WTI/HH 2023: \$81.26/\$3.57, 2024: \$76.33/\$4.02, 2025: \$71.27/\$4.23, 2026: \$67.2/\$4.3, 2027: \$63.77/\$4.37, 2028: \$60.95/\$4.44, 2029: \$58.54/\$4.5, 2030: \$56.55/\$4.67, 2031: \$55.05/\$4.85, 2032: \$53.81/\$5.03, 2033: \$52.55/\$5.19, 2034: \$51.96/\$5.33, 2035+: \$51.96/\$5.41.

3 3P Reserves per 9/30/22 CGA YE22 report proforma acquisitions, divestitures, and activity as of 12/31/2022 at flat price deck of \$100.00 WTI /\$7.00 HH

4 Wells in Progress are PUDs, Near Term Locations are Probables and Other Locations are Possibles in the PHX reserve report. PUDs are Permits, WIPs or DUCs. Probables share all technical merits of PUDs but development timing is uncertain. PHX Probables may be PUDs in their respective operator's reserve report

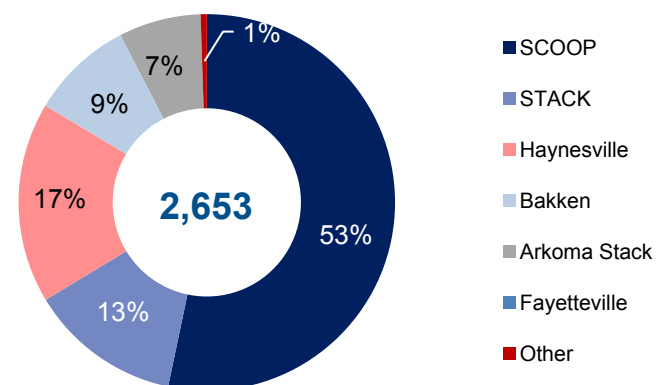
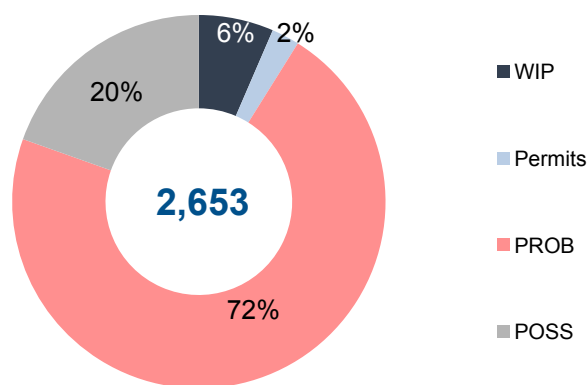
5 Scheduled out approximately 10 years for Near Term Locations and 15 years for Other Locations

6 PV-10 less net debt of \$33.0 MM as of 12/31/2022 divided by total shares outstanding as of 12/31/2022

Royalty Interest Inventory by Basin

Sub-region	Gross PDP Wells	Net PDP Wells ¹	Undeveloped Locations							
			Gross Wells In Progress ¹	Net Wells in Progress ²	Gross Permits ¹	Net Permits ²	Gross PROB ³	Net PROB ⁵	Gross POSS ³	Net POSS ⁵
SCOOP	1,010	4.27	61	0.12	22	0.05	1030	2.79	364	1.26
Haynesville	367	2.04	90	0.61	30	0.10	397	1.45	4	0.00
STACK	359	1.68	32	0.07	11	0.04	251	1.49	60	0.58
Bakken	620	1.77	7	0.01	3	0.00	201	1.07	9	0.15
Arkoma Stack	443	3.34	5	0.00	4	0.00	99	1.75	83	0.92
Fayetteville	1,058	6.36	0	0.00	0	0.00	0	0	0	0
Other ⁴	2,000	17.13	8	0.02	6	0.02	0	0	0	0
Total	5,857	36.59	203	0.83	76	0.22	1,978	8.55	520	2.90

Gross Undeveloped Locations



Note:

1 As of 12/31/2022

2 Net interest on Wells in Progress and Permits are internal estimates and subject to confirmation from operator

3 PROB in POSS Inventory based on CGA prepared reserve report as of fiscal YE2022 proforma acquisitions, divestitures, and activity as of 12/31/2022

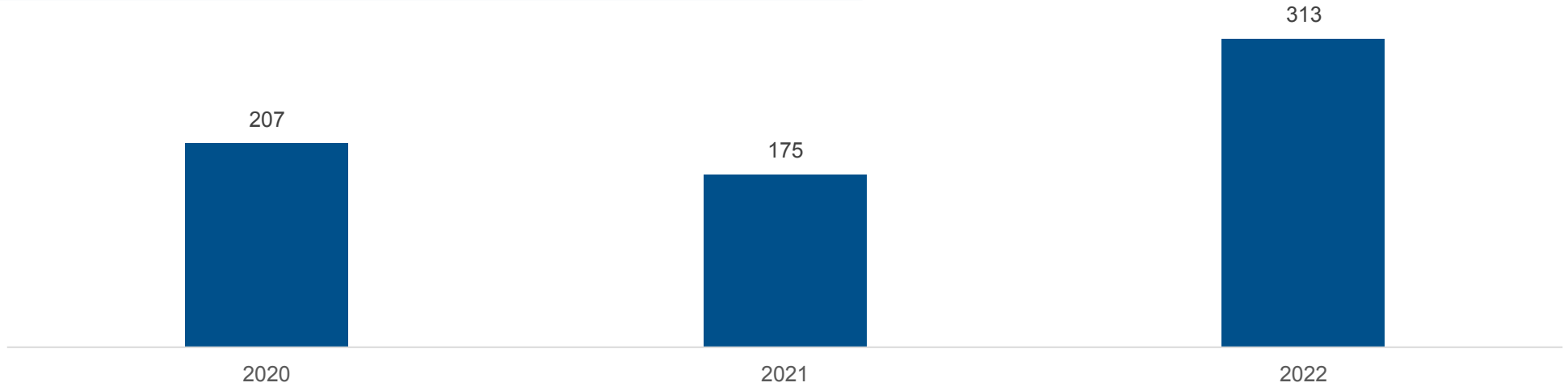
4 Other undeveloped inventory is largely comprised of Western Anadarko Assets & Permian Basin

5 Well counts assume 10,000 ft. laterals

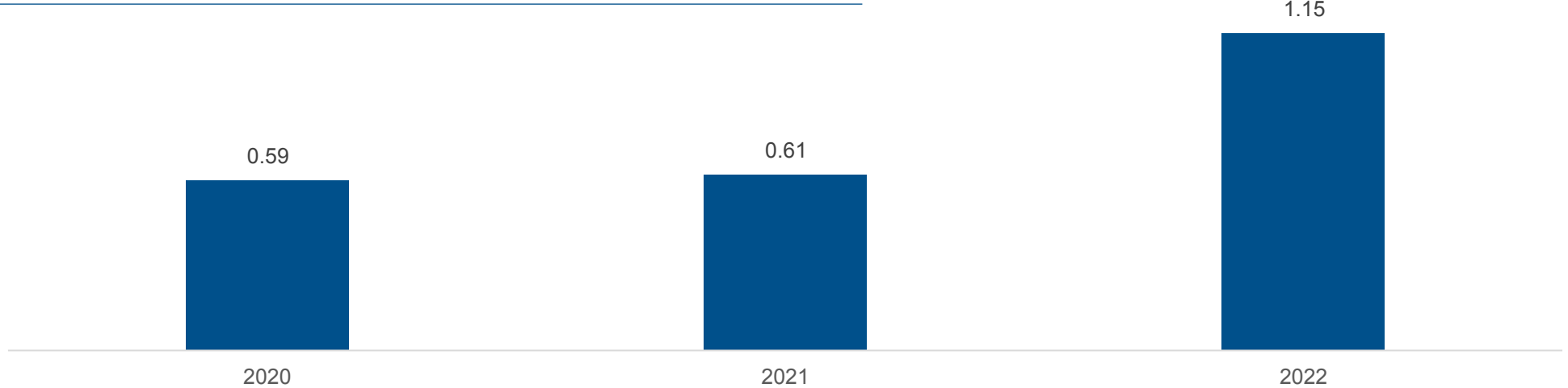
Yearly Conversions To Producing Wells

Strong drilling activity on our mineral assets post Covid has driven increase in royalty production volumes

Gross Conversions



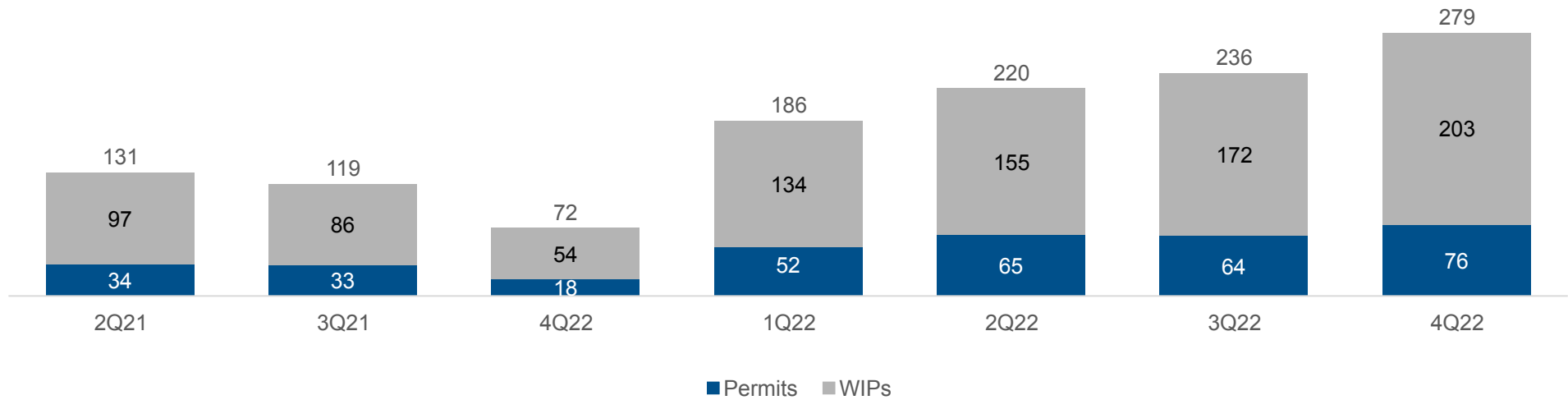
Net Conversions



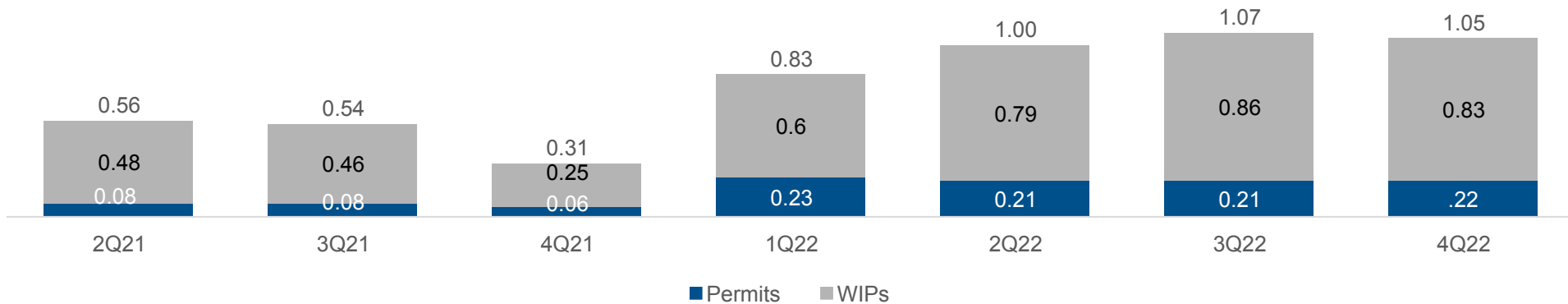
Quarterly Near Term Drilling Inventory

Continuous replacement of wells in progress inventory will drive future royalty volume growth

Gross Inventory

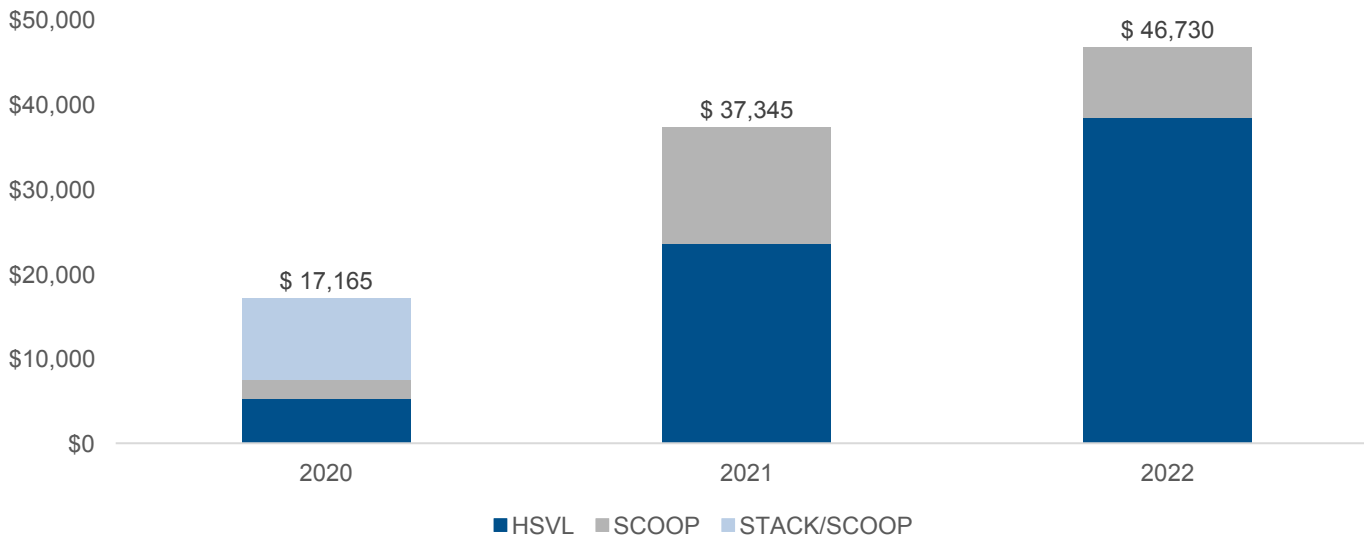


Net Inventory



Acquisition Summary

Acquisitions by Basin by Year



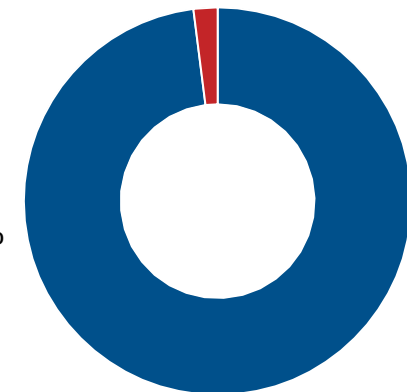
- Focused on highest quality rock in the SCOOP and Haynesville plays
- Targeting a mix of production, near term development opportunities via wells in progress and additional upside potential under high quality operators
- \$24.3M in acquisitions in SCOOP and \$67.2M in Haynesville since Q1 of 2020

Positioned For Growth Through Acquisitions

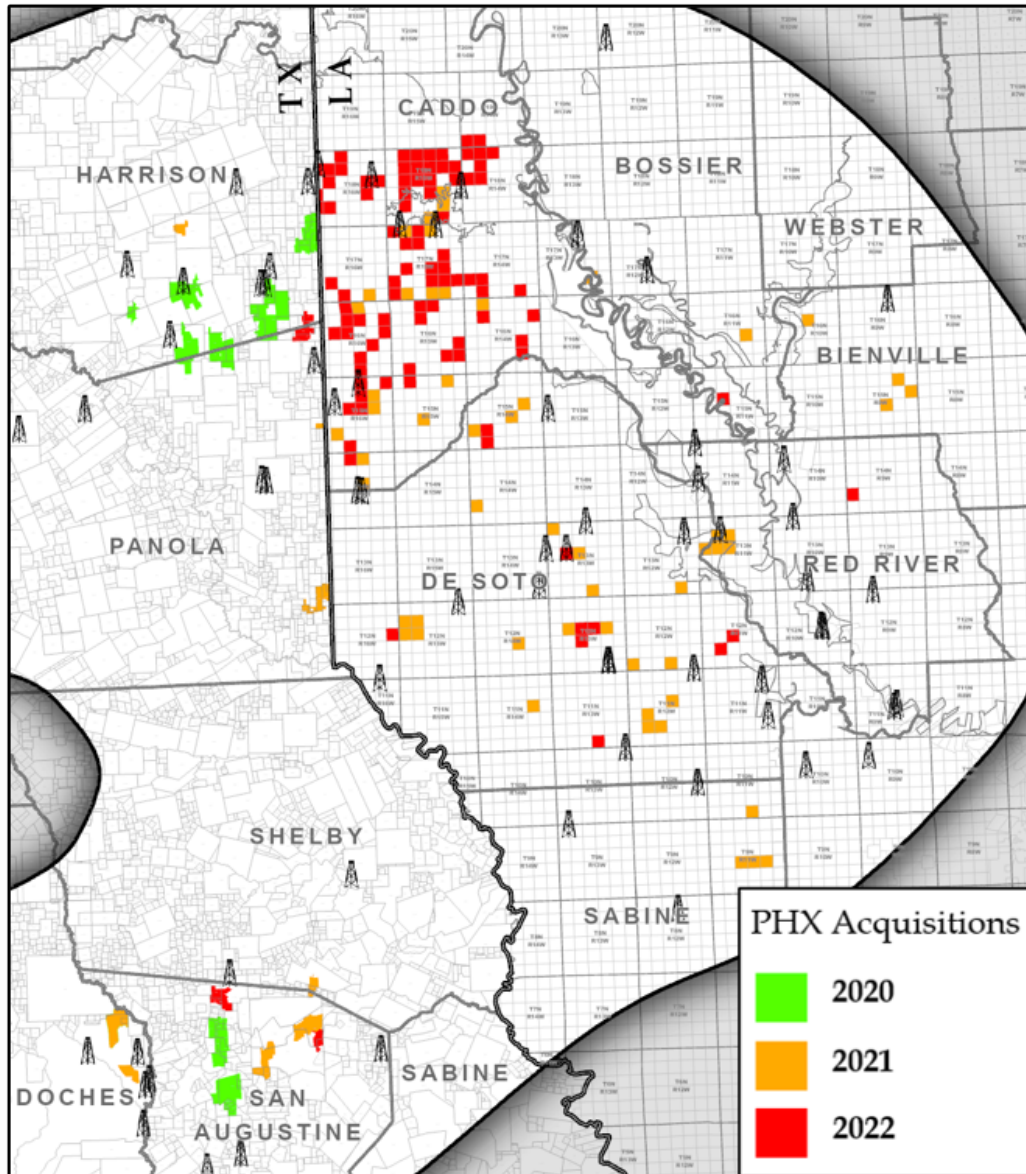
- Total domestic US mineral market estimated at ~\$0.5 - 1 trillion¹
 - Highly fragmented
 - Predominantly owned by private individuals
 - PHX well positioned to be one of the premier consolidators in our core areas
 - Focus on smaller deals increases opportunity set and potential returns

Total Public Company Enterprise Value⁽²⁾: 3%

Market Opportunity Midpoint⁽¹⁾: 97%



Acquisition History - Haynesville



Haynesville Acquisitions – Since 2020

DATE	PRICE, \$M	NRA	NET PROD (MCFE/d) ¹	GROSS UNDEV/WIPs ¹
2020	5,237	712	989	45 / 41
2021	23,571	2,759	301	271 / 35
2022	38,439	3,126	1,381	314 / 127
Total	67,247	6,597	2,671	630 / 203

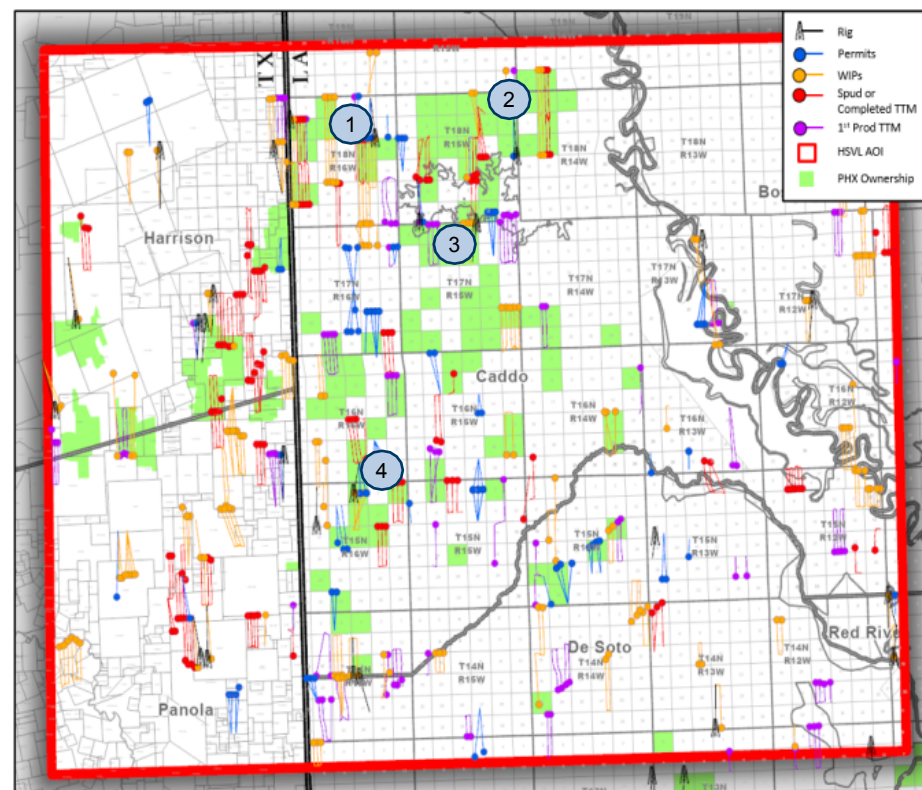
PHX did not own any minerals in the Haynesville prior to current management team identifying this play as an area of interest

North Haynesville Update

- Operators are drilling 3-5 wells per unit, and a positive indication of near term volumes and cashflows
- Since 2019, core development areas have been extended as new completion designs have lowered breakevens
- Key Operators: Blue Dome, Trinity, Rockcliff, Aethon, Comstock, Paloma and Chesapeake
- PHX North Haynesville Ownership¹: 4,796 NRA
- Gross Wells In Progress²: 69
- Gross Active Permits³: 23
- Gross Active Rigs⁴: 26

PHX New High NRI Units

TRINITY OPERATING SL HEROLD 23 - 14H 003 - ALT				
1st Prod	3/2022 (8mo)	PHX NRI ⁵		0.41%
AVG IP24	30.6 MMCF/d	AVG CUM	3,275 BCF	
AVG LL	9,859'	AVG CUM/FT	332 MMCF/FT	
TRINITY OPERATING BLOUNT 23 - 26 - 35 UNIT 3 WELLS				
1st Prod	11/2021 (12mo)	PHX NRI		0.35%
AVG IP	21,429 MMCF/d	AVG CUM	4.45 BCF	
AVG LL	10,061'	AVG CUM/FT	386 MMCF/FT	
BLUE DOME PINEHILLS DSU 4 WELLS				
1st Prod	12/20212 (11mo)	PHX NRI		4.61%
AVG IP24	21.5 MMCF/d	AVG CUM	3.82 BCF	
AVG LL	9,902'	AVG CUM/FT	386 MMCF/FT	
PALOMA BAREMORE EST 11H 001 & 002 - ALT 2 WELLS				
1st Prod	6/2021 (17mo)	PHX NRI		3.40%
AVG IP24	26.5 MMCF/d	AVG CUM	4.67 BCF	
AVG LL	4,577'	AVG CUM/FT	1,020 MMCF/FT	



Source: Company info and Enverus

1 As of 12/31/2022

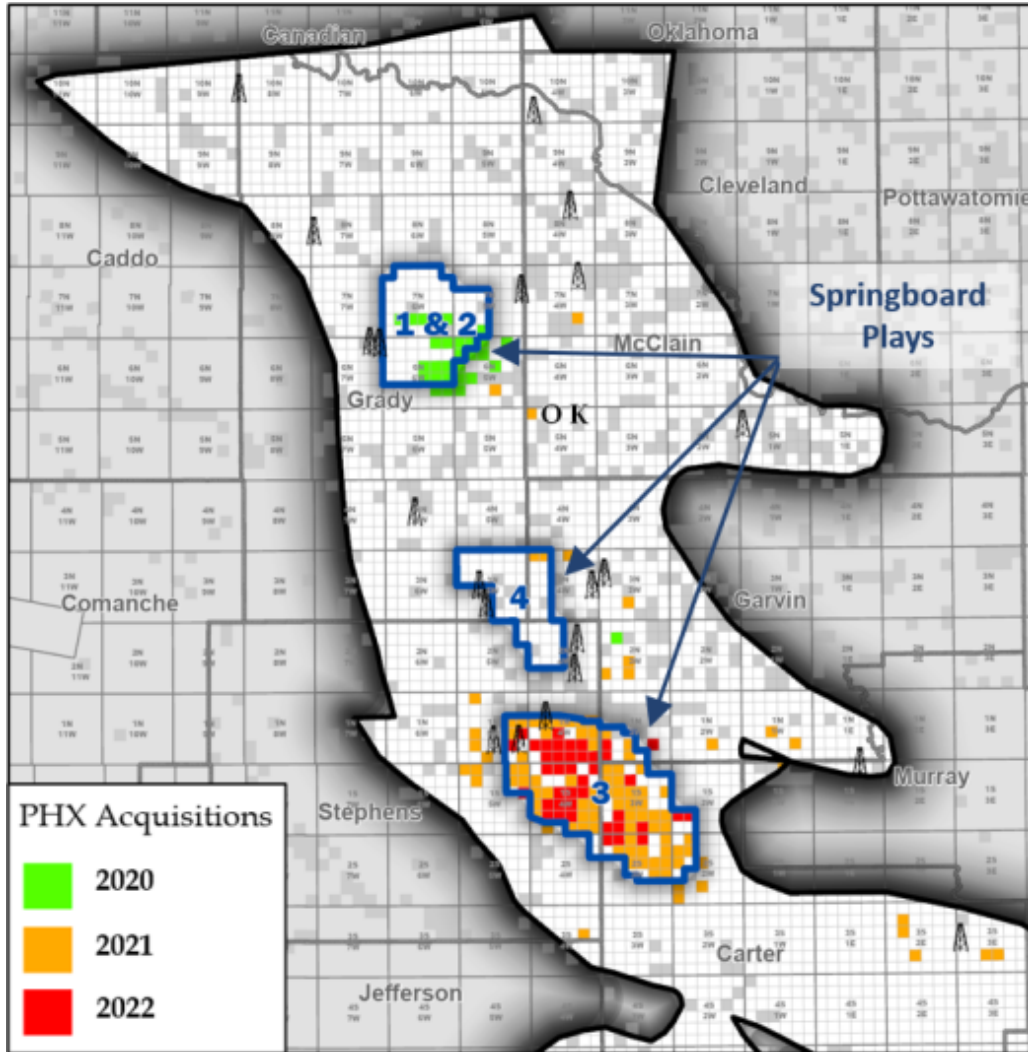
2 WIPs includes wells that are Drilling and DUCs

3 Active natural gas and oil horizontal permits filed

4 Data from Enverus as of 01/17/2023

5 NRIs are internal estimates and subject to confirmation from operator

Acquisition History – SCOOP



SCOOP Acquisitions – Since 2020

DATE	PRICE, \$M	NRA	NET PROD (MCFE/d) ¹	GROSS UNDEV/WIPs ¹
2020	2,277	297	110	97 / 21
2021	13,774	2,927	499	768 / 20
2022	8,292	815	71	729 / 20
Total	24,343	4,039	680	1,594 / 61

Predominately all acreage currently owned in Springboard III area of interest was acquired under current management team's guidance

Springboard III Update

- Highest resource in-place per DSU in the midcontinent, co-developing the Mississippian Sycamore & the Woodford Shale
- Key operators shifting into development mode and drilling multiple wells per DSU
- PHX Springboard III Ownership¹: 3,265 NRA
- Gross Wells In Progress²: 27
- Gross Active Permits³: 8
- Gross Active Rigs⁴: 2

Recent Well Results

CAMINO | BILLY THE KID 0103 29-20-1MXH | SYCAMORE

1st Prod	11/2022 (13mo)	PHX NRI	0.06%
LL	10,154'	CUM	744 MBOE6
NRM PROP	2,267 #/FT	CUM/FT	73.3 MBOE6/FT

CAMINO | SUNDANCE KID 0104 26-35MXH | SYCAMORE

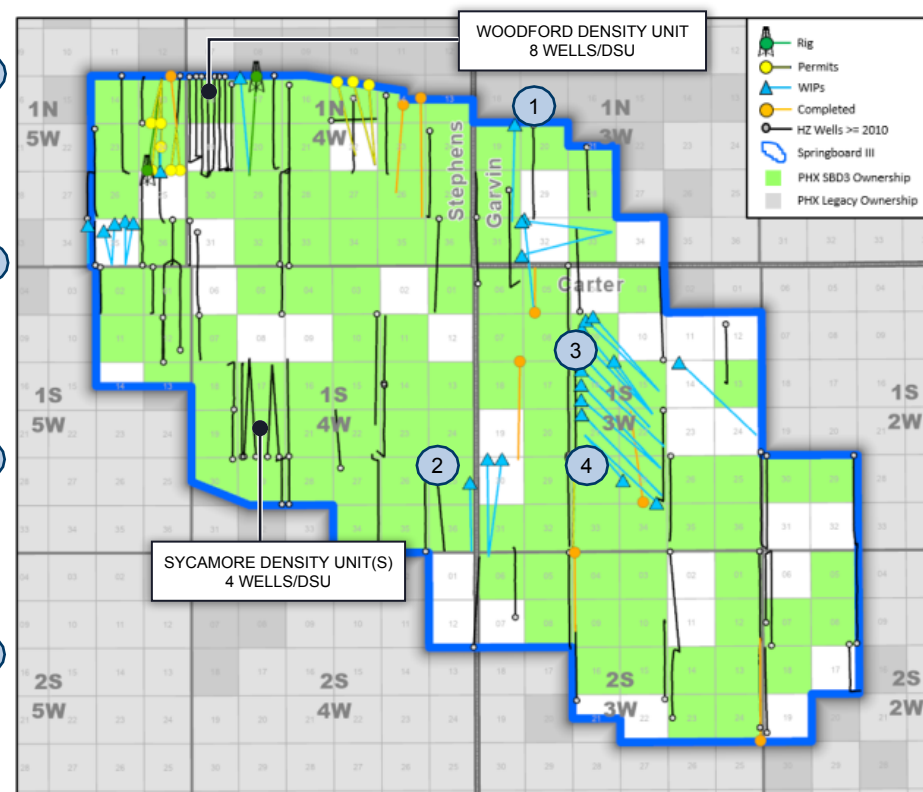
1st Prod	11/2021 (16mo)	PHX NRI	0.29%
LL	10,097'	CUM	585 MBOE6
NRM PROP	2,761 #/FT	CUM/FT	57.9 MBOE6/FT

CONTINENTAL | EMPIRE 1-17-20XHW | WOODFORD

1st Prod	11/2021 (12mo)	PHX NRI	1.18%
LL	9,477'	CUM	349 MBOE6
NRM PROP	2'507 #/FT	CUM/FT	36.9 MBOE6/FT

CONTINENTAL | BOWERY 1-16-21 MH | SYCAMORE

1st Prod	11/2021 (12mo)	PHX NRI	0.42%
LL	10,217'	CUM	710 MBOE6
NRM PROP	2,511 #/FT	CUM/FT	69.5 MBOE6/FT



Source: Company info and Enverus

1 As of 12/31/2022

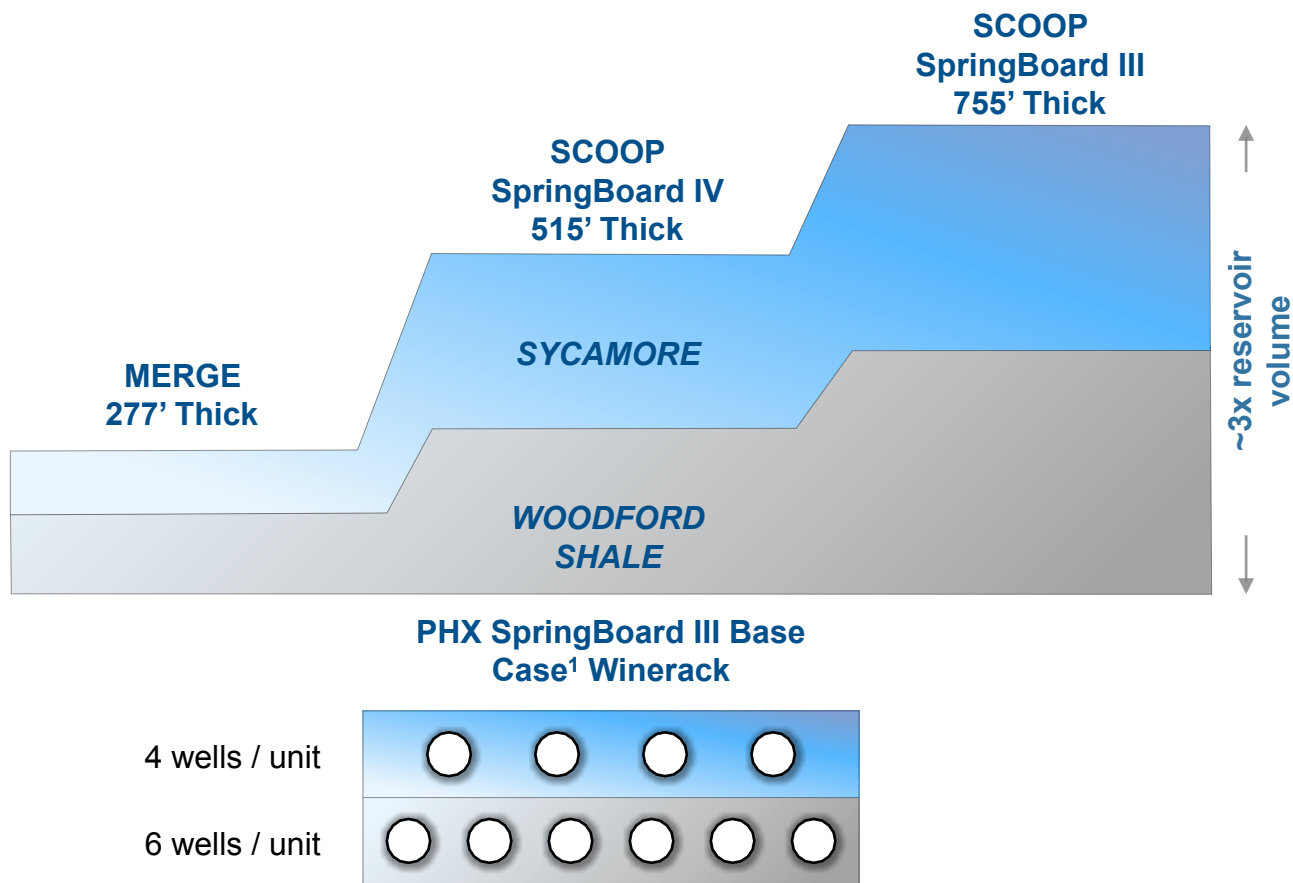
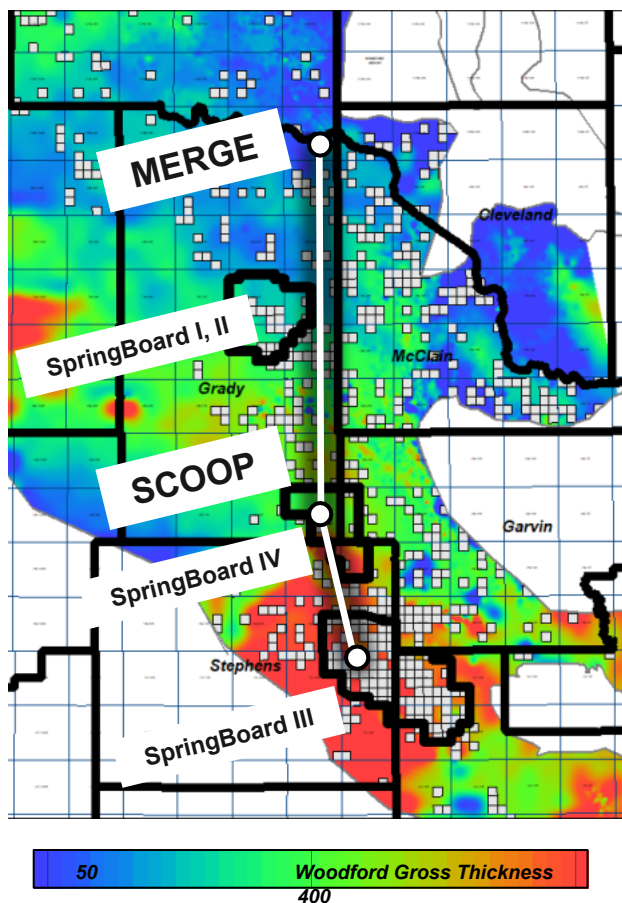
2 WIPs includes wells that are Drilling and DUCs

3 Active natural gas and oil horizontal permits filed

4 Data from Enverus as of 01/17/2023

SCOOP Springboard Plays

- Springboard III, just like Springboard IV (Core SCOOP), has >3X the hydrocarbons in-place compared to the MERGE
- Sycamore & Woodford produces super-rich gas (~1,350 BTU) with minimal produced water



Company Leadership

Management Team	Title	Years with Company	Experience
Chad Stephens	President, CEO and Board Director	5	<ul style="list-style-type: none"> • CEO for PHX since 2019 • SVP –Corporate Development of Range Resources for 30 years until retiring in 2018 • B.A. in Finance and Land Management from University of Texas
Ralph D’Amico	Senior Vice President, CFO	4	<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	V.P. of Accounting	3	<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
Danielle Mezo	V.P. of Engineering	2	<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
Carl Vandervoort	V.P. of Geology	2	<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
Kenna Clapp	V.P. of Land	2	<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

Board of Directors	Title	Years with Company	Experience
Mark T. Behrman	Chairman	5	<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	7	<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	4	<ul style="list-style-type: none"> • Principal with Tequesta Capital Partners since 2016 • Chairman and CEO of OGE Energy Corporation from 2007 through 2015
Steven L. Packenbush	Director	1	<ul style="list-style-type: none"> • Founder and partner in Elevar Partners, LLC • President of Koch Ag & Energy Solutions upon his retirement in 2018 after 30 years with the company • Bachelor’s in agricultural economics from Kansas State
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 from 2017 through 2022 • B.A. in Business Administration from Texas Christian University; Master’s from the University of Texas at Arlington

Analyst Coverage

Firm	Analyst	Contact
Stifel Nicolaus	Derrick Whitfield	whitfieldd@stifel.com
Northland Securities	Donovan Schafer	dschafer@northlandcapitalmarkets.com
Seaport Global Securities	Nicholas Pope	npope@seaportrp.com

Appendix

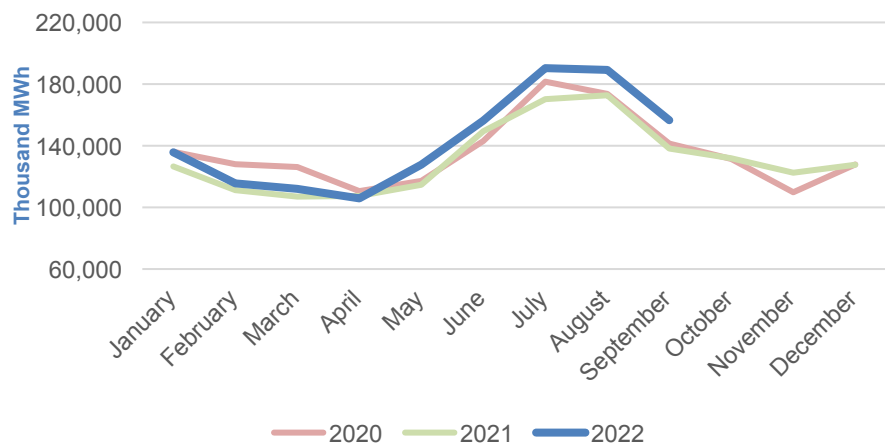
Current Hedging Analysis

	<u>Gas Swaps</u>		<u>Gas Collars</u>			<u>Total Gas Protection</u>
	Volume	Price	Volume	Floor	Ceiling	Volume
1Q'23	560,000	\$ 3.25	390,000	\$ 5.25	\$ 10.53	950,000
2Q'23	420,000	\$ 3.43	360,000	\$ 3.42	\$ 6.62	780,000
3Q'23	420,000	\$ 3.43	285,000	\$ 3.39	\$ 6.52	705,000
4Q'23	380,000	\$ 3.41	135,000	\$ 3.28	\$ 5.98	515,000
2023	1,780,00	\$ 3.37	1,170,000	\$ 4.01	\$ 7.82	2,950,000
1Q'24	-	-	390,000	\$ 4.50	\$ 7.90	390,000
2Q'24	-	-	275,000	\$ 3.50	\$ 4.70	275,000
2024	-	-	665,000	\$ 4.09	\$ 6.58	665,000
	<u>Oil Swaps</u>		<u>Oil Collars</u>			<u>Total Oil Protection</u>
	Volume	Price	Volume	Floor	Ceiling	Volume
1Q'23	14,250	\$ 71.38	7,500	\$ 75.00	\$ 96.00	21,750
2Q'23	14,250	\$ 74.91	7,500	\$ 75.00	\$ 96.00	21,750
3Q'23	14,250	\$ 74.91	-	\$ -	\$ -	14,250
4Q'23	14,250	\$ 74.91	-	\$ -	\$ -	14,250
2023	57,000	\$ 74.02	15,000	\$ 75.00	\$ 96.00	72,000
1Q'24	-	-	5,300	\$ 63.00	\$ 76.00	5,300
2Q'24	-	-	5,100	\$ 63.00	\$ 76.00	5,100
2024	-	-	10,400	\$ 63.00	\$ 76.00	10,400

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

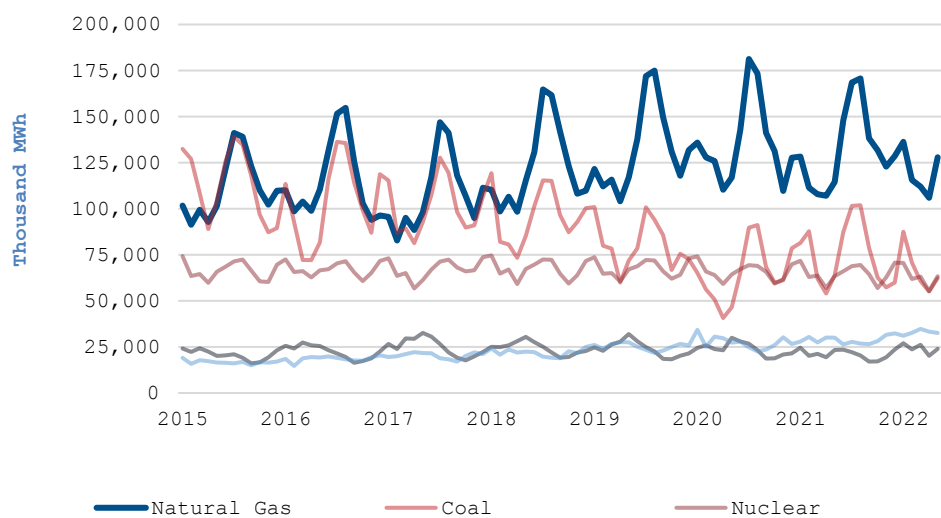
Natural Gas – Demand

Natural Gas Electrical Generation¹

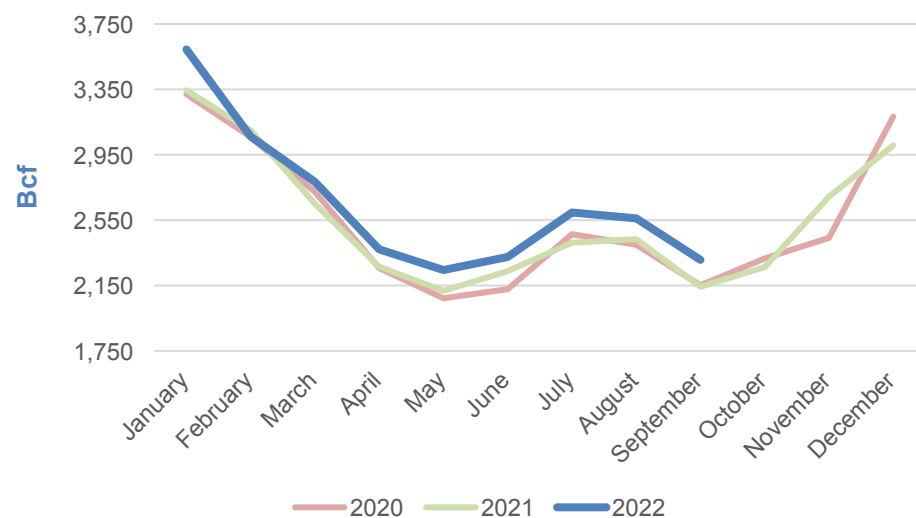


- U.S. natural gas demand is expected to increase by over 10 Bcf/d by 2025
- U.S. LNG exports expected to reach 12.1 Bcf/d in 2023
- 2023 expected U.S. production to average 100 Bcf/d
- Industrial demand has been strong, up ~1.5 bcf/d year over year
- Long-term natural gas price support from continued capital discipline in the sector, increased demand from power generation and industrial demand

Monthly Electrical Generation by Fuel Type¹

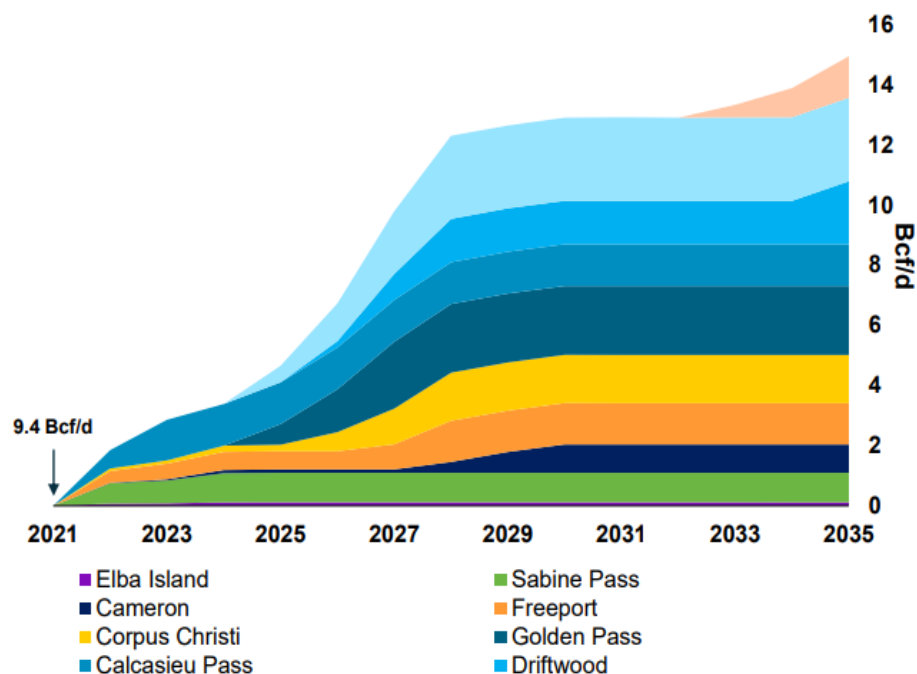


Natural Gas Consumption¹

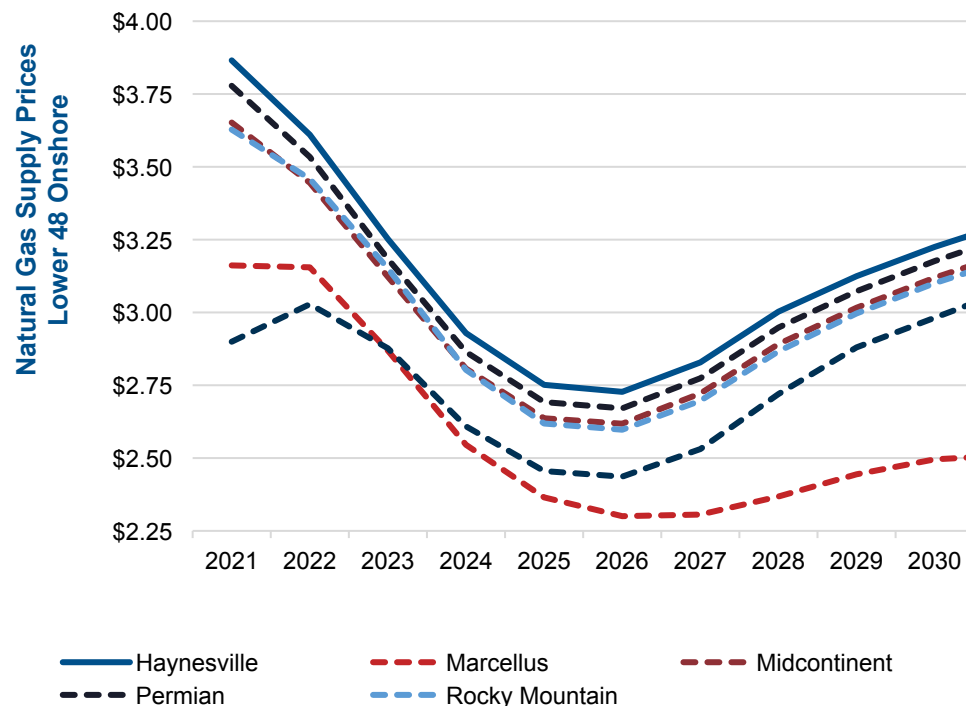


Natural Gas – LNG

Forecasted U.S. Export Annual Volume Growth¹




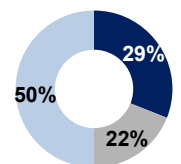
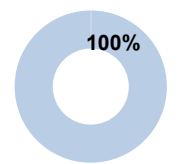
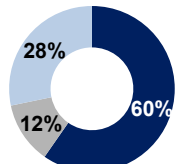
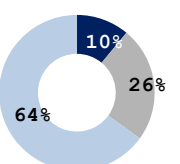
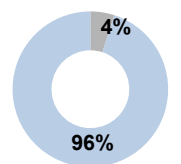
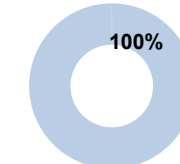
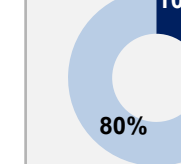







Premium Natural Gas Pricing²



Surging LNG Demand

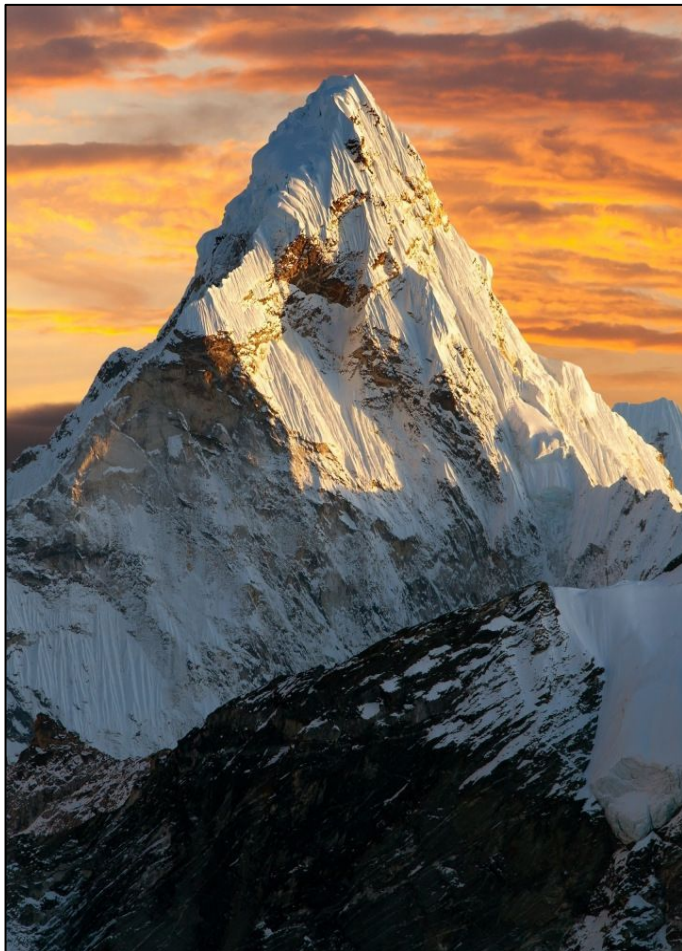
- Current LNG export capacity is fully utilized
- Additional capacity of 4.4 Bcf/d is currently under construction and is expected to come online by 2025
- LNG provides producers the opportunity to supply gas to premium markets across the globe
- Due to strong power generation demand Natural Gas has made a significant recovery from the 6/30 low despite losing ~2 bcf/d of feed gas demand in the Freeport LNG outage

Portfolio Overview by Basin

	Scoop	Haynesville	Bakken	Stack	Arkoma	Fayetteville	Total
Production Mix 							
Net Production (MMcfe/d)¹	2.85	7.62	1.32	3.92	3.09	1.33	20.13
Net Royalty Acres	10,263	6,725	4,297	7,132	13,076	11,076	52,569
Permits on File	22	30	3	11	4	-	70
Rigs Running on PHX Acreage²	7	8	3	3	1	-	22
Rigs Running Within 2.5 miles of PHX Acreage²	20	31	12	19	1	-	83
Top Operators	3 	3 	3 	3 	3 	4 	

Mineral Interests - Primer

Mineral and royalty interests are generally considered by law to be real property interests and are thus afforded additional protections under bankruptcy law



Mineral Interest owner entitled to ~15-25% of production revenue based on royalty rate

Senior Secured Debt

Senior Debt

Subordinated Debt

Equity

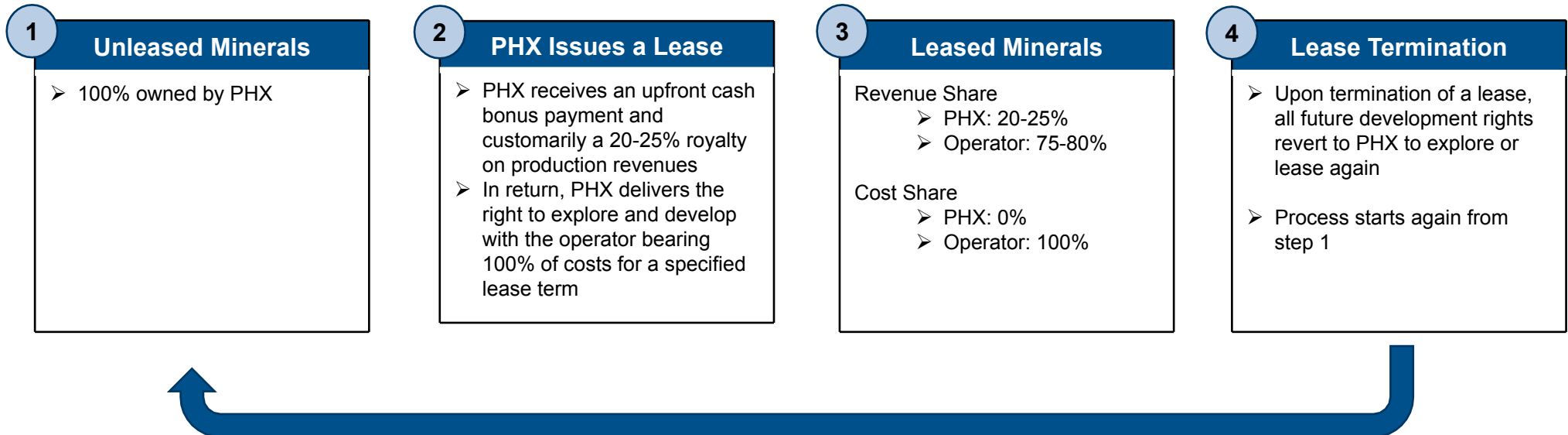
Working Interest owner entitled to ~75-85% of production revenue based on royalty rate and bears 100% of development cost and lease operating expense

Mineral Interests - Primer

Minerals
<ul style="list-style-type: none">➤ Perpetual real-property interests that grant hydrocarbon ownership under a tract of land➤ Surface and mineral ownership have been negotiated in most cases over the decades➤ Surface owners cannot legally prevent the development of minerals under most circumstances➤ Represent the right to drill, and produce hydrocarbon or lease that right to third parties for an upfront payment and a negotiated percentage of production revenues

ORRIs
<ul style="list-style-type: none">➤ Overriding royalty interests➤ Royalty interests that burden the working interests of a lease➤ Right to receive a fixed, cost-free percentage of production revenue (term limited to life of leasehold estate)

Illustrative Mineral Revenue Generation



Reconciliation of Non-GAAP Financial Measures

(\$ in millions)	Year Ended Dec. 31, 2018	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2021	Year Ended Dec. 31, 2022
Net Income	\$13.6	(\$51.6)	(\$26.4)	\$1.1	\$17.1
(+) Unrealized Gain on Derivatives	(3.1)	2.0	2.3	(1.1)	0.6
(+) Income Tax Expense	3.5	(16.8)	(8.6)	0.2	4.4
(+) Interest Expense	1.9	1.8	1.2	0.9	1.6
(+) DD&A	16.9	17.3	10.6	7.1	7.5
(+) Impairment	0.0	76.8	29.9	0.1	6.1
(+) Cash Receipts from/Payments on Off-Market Derivatives	0.0	0.0	0.0	6.1	(5.7)
(+) Restricted Stock and Deferred Director's Exp	0.9	1.0	0.9	1.2	2.6
(-) Gains (Losses) on Asset Sales	8.7	12.9	0.7	(1.8)	7.5
Adjusted EBITDA	\$25.0	\$17.6	\$9.2	\$17.4	\$26.7
(-) Interest Expense	1.9	1.8	1.2	0.9	1.6
Discretionary Cash Flow	\$23.1	\$15.8	\$8.0	\$16.5	\$25.1

(\$ in millions)	3 Months Ended				
	Dec. 31, 2021	Mar. 31, 2021	June.30, 2022	Sept.30, 2022	Dec.31, 2022
Net Income	\$6.7	(\$4.0)	\$8.6	\$9.2	\$3.3
(+) Unrealized Gain on Derivatives	(4.6)	11.8	(3.3)	(1.6)	(6.3)
(+) Income Tax Expense	0.8	0.0	1.0	2.4	1.0
(+) Interest Expense	0.2	0.2	0.3	0.5	0.6
(+) DD&A	1.6	2.1	2.0	1.6	1.8
(+) Impairment	0.0	0.0	0.0	0.0	6.1
(+) Cash Receipts from/Payments on Off-Market Derivatives	(2.7)	(2.5)	(1.3)	(1.1)	(0.9)
(+) Restricted Stock and Deferred Director's Exp	0.3	0.5	0.6	1.0	0.6
(-) Gains (Losses) on Asset Sales	(2.1)	2.3	0.7	3.6	0.9
Adjusted EBITDA	\$4.4	\$5.8	\$7.2	\$8.4	\$5.3
(-) Interest Expense	0.2	0.2	0.3	0.5	0.6
Discretionary Cash Flow	\$4.2	\$5.6	\$6.9	\$7.9	\$4.7