March 28, 2023

CAMBER ENERGY, INC.

(NYSE:AMERICAN – CEI)

Industry: Diversified Energy

6-9 Mo. Price Target: $2.75

CAMBER ENERGY, INC.

Undervalued, Unique Energy Play Offers Major Upside in 2023

Rob Goldman
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COMPANY SNAPSHOT

Camber Energy is a growth-oriented organization that is leveraging the relationships and expertise of its professionals to build a diversified energy and power solutions company to help service the needs of energy users in North America. Through its majority-owned subsidiary, Camber provides custom energy and power solutions to commercial and industrial clients in North America and owns interests in oil and natural gas assets in the US. The Company's majority-owned subsidiary also holds an exclusive license in Canada to a patented carbon-capture system, and has a majority interest in other, industry-related companies.

KEY STATISTICS

Price as of 3/27/23	$1.42
52 Week High – Low	$54.50 - $1.20
Est. Shares Outstanding	9.7M
Market Capitalization	$13.8M
Average Volume	1,592,363
Exchange	NYSE:ASE

COMPANY INFORMATION

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INVESTMENT HIGHLIGHTS

Camber Energy and Viking Energy Group (OTC:VKIN) are set to merge later this year, sparking what we believe could be major rise in valuation. We believe the merger could close in 3Q/4Q 2023 as a few steps are completed.

The Company is one of the most diverse equipment and services companies in the energy and industrial segments. This diversification includes custom energy and power systems and services, clean energy technology, and interests in oil and gas interests.

In our view, since the proposed merger has taken over 2 years, but is just a few steps from completion, the legacy of "bad news" is reflected in the stock. Therefore, once executed, and the ability to close on its pipeline of new business and M&A, these shares could move sharply higher by year-end.

Our preliminary full year pro forma revenue forecasts for the combined company calls for $31.0M in 2023 and $42.4M in 2024. These figures do not include any potential, meaningful acquisitions.

Our 6-9-month price target of $2.75, which has some variability associated with it ahead of the merger's share exchange finalization and reflects a 4x multiple on 2024E revenue. This multiple is based upon a review of peers in ESG, energy, and specialty industrial equipment. As revenue growth and M&A occur, the future valuation could be very favorably impacted.

COMPANY OVERVIEW

The View from 30,000 Feet

Camber Energy, Inc. (NYSE American: CEI) and its pending merger partner **Viking Energy Group, Inc. (OTC:VKIN)** offer what may one of the most unusual situations for opportunistic investors that we have seen in some time. As outlined below, CEI is likely positioned as one of the most diversified companies in the energy sector. While we could write a tome on the merger history, given that it has taken more than two years to close, we have elected to focus on the present and future positioning that represent the true underlying upside. In our view, the merger is on track to likely close in 3Q23. Once complete, we believe that a period of major top-line growth will ensue, potentially and concurrently driving a swift and meaningful rise in combined company valuation. Thus, we proffer that CEI's shares are attractive at current levels and investors could be rewarded with major value increases as early as 3Q/4Q 2023.

VKIN, of which CEI currently owns 61%, is a uniquely diversified energy company, with operating divisions in power generation, clean energy, and the oil and gas resource sectors. VKIN and its divisions represent the primary growth drivers for CEI, including product sales across varied energy sectors and customer bases, as well as a deep service business covering 4000 maintenance contracts. Plus, it appears that VKIN has a solid pipeline of future business across the energy industry spectrum, with multiple revenue opportunities and shots on goal. Future revenue growth derived from the resource segment via acquisition is also in the cards, going forward. CEI and VKIN will combine their resource businesses to further leverage potential opportunities.

The Merger: At a Glance

The planned merger has undergone delays related to financial re-statements and other events over the past 2+ years. In our view, it has clearly weighed on both companies. On a positive note, the legacy of this situation has placed CEI in what we believe is a very attractive position as all the bad news is reflected in the stock price. Plus, the combination makes sense from the operational and financial perspectives, although a few final items are due to be finalized in the near term. These items include an updated, proposed share exchange ratio for shareholders of both firms, completion of third-party fairness opinions on the transaction, and a go-ahead from the SEC post an S-4 filing, prior to the final shareholder votes. It is our contention that these (par for the course) final steps will enable the deal, with CEI to serve as the successor firm, to close in Q3/Q4 of this year.

Once the albatross of the never-ending merger is removed from management's attention, leadership can be finally focused on true value-driving events and projects. These include product sales and deployment growth, continued high margin service/maintenance implementation, along with the execution of significant operational and financial efficiencies. Moreover, management will be free to pursue new business development opportunities in various segments.

Projected Financials and Valuation

We expect the merger will close in 2H23 which typically means that financials for the full year will not be officially recorded until the merger date. For pro forma and context purposes, we have elected to project full 2023 fiscal year revenue for the combined firms, along with figures for 2024. Given that the share exchange ratio has not been set, we do not know the final shares outstanding for the combined firms. Initially, the merger terms included a 1:1 share exchange. When subtracting the 70M shares of VKIN already owned by CEI, that would have led to roughly 60M common shares, plus convertible preferred stock, one class of which has been substantially extinguished. It is our contention that while the share exchange may not be 1:1, the final change may not be material, leaving limited variability in our per share price target. Still, since we do not know the final share count or have guidance regarding items below the operating line, our combined company forecasts are top line through the operating line.

For 2023, we preliminarily project $31.1M in revenue, growing to $42.4M in 2024. Management has not provided guidance on projected financials at this time. Once the transaction closes, we believe that full forecasts can be produced. It should be noted that CEI is considering acquiring membership interests in 169 operating oil wells producing 2000 barrels per day, and 174 non-producing wells with reactivation potential. If management elects to go forward with this transaction it would have a substantial impact on revenue and valuation, given it has a total proved reserve value on a PV10 basis, of approximately $185M. This opportunity is indicative of what potentially lies ahead for CEI, once the VKIN merger is completed.

Against this backdrop, we believe that a short-term price target is the most logical approach. Our 6-9-month target of $2.75 reflects a 4x multiple on FY24 revenue—without this deal, and assumes a share count in the 63M range, with the target potentially changing modestly based on the shift in final outstanding shares. The 4x multiple on next year's revenue reflects a comparable average to leading companies in these segments. Further, once 1-2 combined quarters are announced, we believe that this figure could rise substantially in 2024 and beyond, given the combined companies' valuable positioning and prospective opportunities.

A CAMBER/VIKING ENERGY COMBINATION

Since the largest revenue segment of the two firms is found in VKIN, we have elected to focus our attention on its background and outlook. CEI does have revenue-generating assets and has the all-important NYSE American listing. In addition, the executive teams of both companies are the same, so clearly the merging of culture and operations should be seamless. As illustrated below, CEI is a uniquely diversified energy company, which is a key feature related to its overall future value.

Viking Overview

Viking Energy Group, Inc. is a growth-oriented diversified energy company, which is 61% owned by CEI. Through various majority-owned subsidiaries, Viking provides custom energy and power solutions to commercial and industrial clients in North America and owns interests in oil and natural gas assets in the United States The company also holds an exclusive license in Canada to a patented carbon-capture system.

The company has successfully leveraged its expertise and relationships to build a diversified organization with profitable business segments to increase overall value. This balanced approach can expedite growth while reducing dependence on any particular division. Management's approach is to acquire a majority interest in assets or entities with current revenue streams and realistic upside potential. Going forward, within its Energy Division the company intends to pursue opportunities recognizing the immediate dependence on current energy sources as well as the need to explore sustainable and profitable alternatives. Outside the Energy sector leadership targets opportunities with compelling metrics and scalability.

VKIN operates in four divisions with key business units:

- Power Generation and Clean Energy: Simson-Maxwell 60.5% ownership
- Waste Treatment: Viking Ozone-51%
- Open Conductor Detection: Viking Protection, Viking Sentinel-51%
- Resources-100%

As a leading manufacturer and supplier of power generation products, services and custom energy solutions, Simson-Maxwell is the engine that currently drives VKIN's Power Generation and overall revenue.

Simson-Maxwell provides commercial and industrial clients with efficient, flexible, environmentally responsible and clean-tech energy systems involving a wide variety of products, including CHP (combined heat and power), tier 4 final diesel and natural gas industrial engines, solar, wind and storage. The company also designs and assembles a complete line of electrical control equipment including switch gear, synchronization and paralleling gear, distribution, Bi-Fuel and complete power generation production controls. Operating for over 80 years, Simson Maxwell's seven branches assist with servicing over 4,000 existing maintenance contracts and meeting the energy and power-solution demands of the company's other customers.

POWER GENERATION SYSTEMS:

SIMMAX Prime Power
SIMMAX Standby
SIMMAX Continuous Power

In addition to the core offerings above, the company is primed to take advantage of new trends in technology, including clean energy, ESG and servicing crypto mining operations. The company's core business is providing systems, and parts, such as engines/generators along with services (design, installation & ongoing maintenance services) in connection with primary and secondary power systems. Its diverse client base includes industrial and commercial institutions/businesses such as mobility companies, hospitals, First Nations, municipalities, resorts, mining companies, developers, and others.

While growth opportunities exist across North America, management is focused on the low hanging fruit---expanding core business across Canada.

Viking is a party to an Intellectual Property License Agreement with ESG Clean Energy, LLC regarding ESG's patent rights and know-how related to stationary electric power generation, including methods to utilize heat and capture carbon dioxide (the "ESG Clean Energy System"). The license agreement is exclusive for all of Canada (unlimited number of systems), and non-exclusive for up to twenty-five locations in the United States. The ESG Clean Energy System is designed to generate clean electricity from internal combustion engines and utilize waste heat to capture ~ 100% of the carbon dioxide (CO_2) emitted from the engine without loss of efficiency, and in a manner to facilitate the production of precious commodities (e.g., distilled/ de-ionized water; UREA (NH_4); ammonia (NH_3); ethanol; and methanol) for sale.

Aside from traditional electrical power generation utilization, the ESG clean energy system is also designed to be utilized in a number of different environments, such as micro grids, data centers, plastics recycling, stranded natural gas wells, and others. The ESG Clean Energy System has 3 main components:

1. Power generation (electricity can be sold to a third party consumed by user for internal needs)
2. Commodity Production (waste heat from power generation process can be utilized to product a variety of items, including distilled water or diesel exhaust fluid)
3. Capture of Carbon-Dioxide, which can be containerized and sold.

Viking has an exclusive license of the ESG Clean Energy System for all of Canada, and for 25 sites in the U.S. Management plans to sell the system to existing power-generators to help them reduce their carbon footprint (and in Canada, save on Carbon-Tax) while securing own sites and installing systems to generate ongoing revenue for the organization.

Waste Treatment: Ozone

Properly processing and disposing of regulated medical waste (RMW), biohazardous waste, and general waste is critical to ensure public safety. Laboratories, hospitals, military facilities, care centres, aircraft, ships and prisons are all sources of bio-hazardous waste. Each one of these facilities or sources requires a safe and sustainable solution to process the waste close to its source of origin. Eliminating pathogens, bacteria, viruses, fungi, spores and any other potentially harmful substances from entering the environment is critical. Management believes that its proprietary system may be the industry-leading solution.

The segment's flagship VKIN-6000 combines proprietary technology with the use of ozone, thereby offering an environmentally sustainable and cost-effective alternative to incineration, chemical treatment, autoclave and heat treatments for regulated medical waste, bio-hazardous waste and general waste. Thus, the VKIN-6000 reduces the amount of energy required to process waste, which conserves resources, and operating costs and reduces greenhouse gas emissions, resulting in a cleaner, safer environment. Efficiently killing nearly all pathogens and the ability to process waste into a renewable resource, places the technology head and shoulders above the competition. Other versions for different settings and size environments will be introduced in the coming months.

Open Conductor Detection

Majority owned subsidiaries of Viking Energy Group Inc., Viking Protection Systems, LLC and Viking Sentinel Technology, LLC, own the intellectual property rights to fully developed, patent pending, ready-for-market proprietary Electrical Transmission and Distribution Open Conductor Detection Systems.

The systems are designed to detect a break in a transmission line, distribution line, or coupling failure, and to immediately terminate the power to the line before it reaches the ground. The technology will dramatically increase public safety and reduce the risk of causing an incendiary event and is designed to be an integral component within a much-needed, worldwide grid hardening and stability initiative by electric utilities to improve resiliency and reliability of existing infrastructure.

This scalable advancement in grid protection technology is a simple, sustainable alternative to trenching power lines underground or an embarking on comprehensive forest management planned approach. Viking's newly acquired products offer protective solutions for two distinct utility applications:

Viking Protection's Transmission Line solution is a software-based solution designed to be deployed within a utility's existing protection relay infrastructure. The technology detects open power line conductors and, if detected, communicates to existing recloser controllers to disconnect the power source and block reclose. The system is designed to detect a downed conductor and to de-energize the circuit immediately (within a half a second).

Viking Sentinel's Distribution Line solution is a low-cost hardware solution, known as "The Line Sentinel". It is fully engineered and will be introduced to the market through a U.S.-based, internationally recognized, manufacturer and distributor of protective relay systems and other products.

Resources

Viking, through its wholly owned subsidiaries, Mid-Con Petroleum, LLC and Mid-Con Drilling, LLC, owns working interests in certain oil leases in Kansas, which includes an undivided interest in all oil wells, equipment and fixtures located upon the leased properties. Applicable formations and zones include the Cherokee, Conglomerate, Viola and Simpson Sandstone at depths ranging from 600 ft. to 3,300 ft. Other target formations and sands may include Arbuckle, Kansas City, Topeka Limestone and Kinderhook.

Oil and gas remain an important part of satisfying North America's energy demands for decades. Appropriate oil and gas deals can be a profitable element of our company, and management continues to evaluate opportunities in this sector as part of their diversification strategy.

THE CEI LEADERSHIP TEAM

James A. Doris, Chairman, Chief Executive Officer

James A. Doris has over 28 years of experience negotiating a variety of national and international business transactions and has been the driving force behind Viking's growth. He has assembled a sophisticated and talented operational and technical team and closed several acquisitions and financing transactions to enhance Viking's profile in the oil and gas sector and will play an integral role in formulating and executing Camber's strategic plan going forward. Formerly a lawyer in Canada, Mr. Doris represented domestic and foreign clients regarding their investment activities in Canada for over 17 years. Mr. Doris graduated cum laude from the University of Ottawa. Mr. Doris has been the Chief Executive Officer of Viking since December 2014.

Frank Barker Jr., Chief Financial Officer

Frank Barker Jr. is a Certified Public Accountant with over 40 years of experience providing strategic, managerial, operational, financial, accounting and tax-related services in various capacities to both public and private entities. Mr. Barker has served as the Chief Financial Officer of several publicly traded companies, including for Viking for the past three years. Mr. Barker received a B.A. in Accounting and Finance from the University of South Florida. Mr. Barker has been the Chief Financial Officer of Viking Energy Group, Inc. since December 2017.

FINANCIALS SNAPSHOT

As of this date, each of CEI and VKIN have published 2022 results. For 2022, CEI recorded $597,255 in revenue, a roughly 50% jump from 2021 revenue of $401,222. derived by its oil and gas and natural gas-related sales. Operating loss was ($4.3M) and the net loss of ($107.7M) was largely related to one-time, non-operating expenses, as illustrated in Table I below. For 2022 VKIN recorded $24.04M in revenue, with an operating loss of ($9.7M) and a net loss of ($15.4M). As with CEI, the majority of the net loss is largely attributable to a one-time transaction, as outlined in Table III.

Revenue for the year is expected to be driven by power generation units and parts, along with services revenue, each accounting for roughly 40% of total revenue. On a smaller scale, resource revenue is expected to account for roughly 16% for the full year. Estimated gross margin of 39% reflects the high margin contribution of the service/maintenance business to the company.

On a combined basis, we assumed limited new business from M&A, and that business to be in the resource arena, in an effort to be conservative. Still, we believe that 2H23 could see a flurry of business across multiple lines, including power generation, ESG, and others. Therefore, we project top line of $31.1M, with an operating loss of ($11.0M). It is our opinion that while some operational and financial efficiencies can occur this year, they are more likely to be recorded in 2024. Thus, our 2024 forecasts of $42.4M in revenue and an operating loss of ($3.0M) reflect this evolution in Table V. Again, the figures do not include material acquisitions, such as the aforementioned large scale resource deal. Moreover, investors should note that our forecasts for 2023 and 2024 illustrate little change in the divisions' share of total revenue, given the strength of the Simson-Maxwell division. These figures can be updated later in the year.

RISK FACTORS

In our view, there are three categories of risk with CEI: Merger, Business, and Capital Markets.

In the case of merger risk, the mere fact that the transaction has taken over two years to near completion could be a cause for concern. Other related risks include timing and the final share exchange levels between CEI and VKIN, along with the outcome of the shareholders votes. Business risks include prospective growth in current core business lines such as Simson-Maxwell, and the continued impact of service revenue. Plus, successful deployment and revenue derived from ESG and other new product/customer initiatives represent underlying risks. Finally, financial efficiencies and new acquisition success and timing are also key risks. On a related front, CEI's performance could be hindered by competition. Competitive risks include lower product pricing, more effective sales/marketing, and greater competing product efficacy.

The aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of CEI's size and standing. Moreover, we believe that CEI's seasoned management team is prepared to overcome these hurdles and generate significant top-line growth.

Volatility and liquidity are typical concerns for microcap stocks. Considering that CEI is seeking to execute M&A as part of it growth strategy, dilution could occur from future equity fundings to drive expansion. In our view, since the proceeds of any future funding would be used in large part to advance major business development and sales, we believe that any dilutive effect from such a funding could be offset by related increases in operating profit and market value.

VALUATION

As noted above, given that the share exchange ratio has not been set, we do not know the final shares outstanding for the combined firms. Initially, the merger terms included a 1:1 share exchange. When subtracting the 70M shares of VKIN already owned by CEI, that would have led to roughly 60M common shares, plus convertible preferred stock, one class of which has been substantially extinguished. It is our contention that while the share exchange may not be 1:1, the final change may not be material, leaving limited variability in our per share price target. Still, since we do not know the final share count or have guidance regarding items below the operating line, our combined company forecasts are top line through the operating line.

Since the merger remains in a pending status and future M&A is in process, we believe that a short-term price target is the most logical approach when determining valuation. Our 6–9-month target of $2.75 reflects a 4x multiple on FY24E revenue of $42.4M with the 63M share target potentially changing modestly based on the shift in final outstanding shares. We arrived at this revenue multiple after reviewing a number of peers in the specialty industrial equipment segment such as open conductor detection, and the ESG sector. The 4x multiple on next year's revenue reflects a comparable average to leading companies in these segments and its unique diversified product and market approach. Further, once 1-2 combined quarters are announced, we believe that this figure could rise substantially in 2024 and beyond, given the combined companies' valuable positioning and the closing of prospective opportunities.

Table I. Camber Energy, Inc.
Pro Forma Income Statement

	FY22A
Oil and Gas Revenue	**$597,255**
Operating Expenses:	
Lease Operating Costs	$173,327
General & Admin	$4,668,636
Stock based Compensation	$123,754
Deprec, depletion, amort, accretion	$14,107
Total Operating Expenses	**$4,979,824**
Operating Income	**($4,382,569)**
Operating Income Margin	*N/A*
Interest Expense	($4,705,624)
Equity (def) in earings unconsol entity	($9,461,874)
Gain (loss) derivative liability	($89,523,091)
Interest and other income	$331,193
Total Other Income (Expense)	($103,359,396)
Pre-Tax Income (Loss)	($107,741,965)
Income Taxes	$0
Tax Rate	*N/A*
Net Income (Loss) attri to common stockholders	**($107,741,965)**
Earnings (Loss) Per Share	**($11.16)**
Basic Shares Outstanding	9,650,178

Sources: CEI, SEC.gov, and Goldman Small Cap Research

Table II. Camber Energy, Inc.

Balance Sheet: 12/31/22

Current Assets	
Cash	$1,166,596
Accounts Receivable-oil & gas, net	$0
Prepaid exp	$56,833
Total Current Assets	**$1,223,429**
Non-Current Assets	
Oil and Gas prop, full cost method	
Proved, dev, prod, oil & gas, net	
Total oil and gas properties, net	$63,267
Due from Viking Energy Group Inc.	$6,572,300
Equity Method Investment	$26,837,718
Total Non Current Assets	$33,473,285
TOTAL ASSETS	**$34,696,714**
Current Liabilities	
Accounts payable	$791,499
Accrued exp & other liab	$3,549,620
Current taxes payable	$3,000
Warrant liability	$5,894,179
Deriv liab	$7,592,744
Total Current Liabilities	**$17,831,042**
Long term debt	$33,927,760
Asset retirement obligation	$61,545
TOTAL LIABILITIES	**$51,820,347**
SHAREHOLDER'S DEFICIT	
Pref Stock Series G	5
Common stock	18,093
Add'l paid-in capital	571,888,348
Accumulated deficit	($589,030,080)
TOTAL DEFICIT	**($17,123,633)**
TOTAL LIABILITIES & DEFICIT	**$34,696,714**

Sources: Camber Energy and Goldman Small Cap Research

Table III. Viking Energy Group, Inc.
Pro Forma Income Statement

	FY22E
Revenue	**$24,038,160**
Power Generation Units & Parts	$9,000,562
Service and Repairs	$11,053,476
Oil and Gas	$3,984,122
Cost of Goods	**$13,627,457**
Gross Proft	$10,410,703
Gross Margin	*43%*
Operating Expenses:	
Lease Operating Costs	$1,633,765
General & Admin	$14,830,317
Stock based Compensation	$1,614,334
Impairment intangible assets	$451,772
Deprec, depletion, amortization	$1,499,166
Accretion-Asset Retirement Obl	$55,521
Total Operating Expenses	**$20,084,875**
Operating Income	**($9,674,172)**
Operating Income Margin	*N/A*
Interest Expense	($638,346)
Amort of debt discount	($99,965)
Change in fair value derivatives	$0
Net loss disposal memb interests	($7,744,680)
Equity in earn of unconsol entity	$0
Loss on financing settlements	$0
Total Other Income (Expense)	$801,301
Pre-Tax Income (Loss)	($7,684,087)
Income Taxes	$0
Tax Rate	*N/A*
Net Loss	**($17,358,259)**
Net Loss attr to non-controlling int	*($1,939,930)*
Net Income (Loss) attri to Viking Energy Group	**($15,427,329)**
Earnings (Loss) Per Share	**($0.13)**
Basic Shares Outstanding	114,564,070

Sources: CEI, SEC.gov, and Goldman Small Cap Research

Table IV. Viking Energy Group, Inc.	
Balance Sheet: 12/31/22	
Current Assets	
Cash	$3,239,349
Accounts Receivable, net	$5,276,622
Inventory	$10,276,662
Notes Receivable	$0
Prepaids and other curr assets	$158,107
Total Current Assets	**$18,950,740**
Non-Current Assets	
Oil and Gas prop, full cost method	
Proved, dev, prod, oil & gas, net	$1,285,918
Total oil and gas properties, net	$1,285,918
Fixed assets, net	$1,716,200
Right of use assets, net	$4,357,328
ESG Clean Energy License, net	$4,577,131
Other intangibles, Simson Maxwell, net	$3,254,600
Other intangibles-Var Interest Entities	$15,433,340
Due form related parties	$327,132
Goodwill	$0
Deposits and other assets	$10,300
Total Non Current Assets	$30,961,949
TOTAL ASSETS	**$49,912,689**
Current Liabilities	
Accounts payable	$3,905,247
Accrued exp & other liab	$1,248,301
Customer deposits	$5,447,025
Due to Camber Energy Inc.	$6,572,300
Undist reve and royalties	$2,378,739
Curr portion oper lease liab	$1,304,047
Due to related parties	$629,073
Curr portion notes payable-rela part	$56,916
Bank indebtness-credit facility	$3,111,350
Curr portion LTD, net of disc	$657,335
Total Current Liabilities	**$25,290,333**
Long term debt, net curr portion, debt disc	$2,106,281
Notes payable rel parties, net curr port	$627,153
Oper lease liab, net curr port	$3,160,654
Contingent obligations	$1,435,757
Asset retirement obligation	$1,927,196
TOTAL LIABILITIES	**$34,547,374**
SHAREHOLDER'S EQUITY	
Pref Stock Series, C, E	33
Common stock	114,781
Add'l paid-in capital	127,687,341
Accumulated other comp loss	(425,677)
Accumlated deficit	(122,187,673)
Parent's stock equity in Viking	5,188,805
Non-controlling interest	$10,176,510
TOTAL EQUITY	**$15,365,315**
TOTAL LIABILITIES & EQUITY	**$49,912,689**

Sources: Camber Energy and Goldman Small Cap Research

Table V. Camber Energy, Inc. Post-Merger
Pro Forma Income Statement

	FY23E*	FY24E
Revenue	**$31,050,402**	**$42,407,050**
Power Generation Units & Parts	$11,700,731	$16,147,008
Service and Repairs	$14,369,519	$19,686,241
Oil and Gas Sales	$4,980,153	$6,573,801
Cost of Goods	**$18,009,233**	**$24,172,019**
Gross Proft	$13,041,169	$18,235,032
Gross Margin	*42%*	*43%*
Operating Expenses:		
Lease Operating Costs	$2,000,000	$2,100,000
General & Admin	$17,000,000	$14,000,000
Stock based Compensation	$3,000,000	$3,000,000
Deprec, depletion, amortization	$1,800,000	$1,900,000
Accretion-Asset Retirement Obl	$250,000	$250,000
Total Operating Expenses	**$24,050,000**	**$21,250,000**
Operating Income	**($11,008,831)**	**($3,014,968)**
Operating Income Margin	*N/A*	*N/A*

** Pro forma reflects full year combined results*
Est merger completion in 2H23

Sources: CEI, SEC.gov, and Goldman Small Cap Research

SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

ANALYST CERTIFICATION

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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