

News Release

EPSILON REPORTS SECOND QUARTER 2023 RESULTS

Houston, Texas–August 10, 2023 – Epsilon Energy Ltd. ("**Epsilon**" or the "**Company**") (NASDAQ: EPSN) today reported second quarter 2023 financial and operating results.

Second Quarter Financial Highlights:

- Reported net revenue interest (NRI) production of 2.3 Bcfe (24.9 MMcfe per day) for the quarter ended June 30, 2023.
- Realized average price of \$2.45 per Mcfe including hedges (\$1.89 per Mcfe excluding hedges) for the quarter ended June 30, 2023.
- Delivered total revenues of \$6.5 million for the quarter ended June 30, 2023, a decrease of 31% compared to the prior quarter.
 - \$4.3 million from natural gas, oil, and NGL sales (including \$0.7 million from the recently acquired New Mexico properties), a decrease of 38% compared to the prior quarter
 - \$2.2 million from gathering and compression fees through our ownership in the Auburn Gas Gathering System, after eliminating revenue earned from Epsilon production (\$0.4 million), a decrease of 8% compared to the prior quarter
- Reported Adjusted EBITDA of \$4.2 million for the quarter ended June 30, 2023.
- Cash, cash equivalents (including restricted cash), and short term investments totaled \$36.8 million at June 30, 2023, a decrease of 26% compared to March 31, 2023, due to the Permian investments made during the quarter.
- Returned \$3.1 million to shareholders during the quarter ended June 30, 2023.
 - o \$1.7 million through the repurchase of 325,055 shares (average price of \$5.17 per share), representing a 1% reduction of shares outstanding
 - o \$1.4 million through the quarterly dividend
 - An additional 525,000 shares were repurchased after the quarter end in a block trade (at \$5.00 per share)
 - o 1.4 million shares remain under the approved buyback program (expires in March 2024)
- Realized gains of \$0.6 million on Henry Hub (HH) and TGP Z4 basis swaps totaling 455,000 MMBTU. The current unrealized gain on the remaining hedge book for 2023 is \$1.3 million at June 30, 2023.

- Closed two liquids focused investments in the Permian Basin, as previously disclosed.
- Closed a new \$35 million credit facility, as previously disclosed.

Second Quarter Operating Results:

Epsilon's capital expenditures were \$12.4 million for the quarter ended June 30, 2023. This capital was primarily related to leasehold acquisitions costs in Ector Co. Texas (\$7.5 million), the drilling of one gross (0.25 net) well in Ector Co. Texas (\$2.4 million), the drilling and completion of two gross (0.2 net) wells in Eddy Co. New Mexico (\$2.1 million), and the completion of one gross (0.11 net) well in Dewey Co. Oklahoma (\$0.2 million).

At June 30, 2023, the Company has one gross (0.25 net) Ector Co. Texas well waiting on completion.

Jason Stabell, Epsilon's Chief Executive Officer, commented, "We had a solid quarter in a difficult natural gas price environment. We made two liquids focused investments in the Permian, added liquidity with a new credit facility, and returned \$3.1 million to our shareholders through a combination of dividends and share buybacks.

Early results on our New Mexico investment are very encouraging and activity is continuing in Texas which we expect to add additional oil volumes in the 4th quarter of this year.

Epsilon's increasingly diversified asset based and strong balance sheet keep us well positioned to continue to create value for our shareholders. An example of this is our opportunistic purchase of 525,000 shares in early July at \$5 per share."

Earning's Call:

The Company will host a conference call to discuss its results on Friday, August 11, 2023 at 10:00 a.m. Central Time (11:00 a.m. Eastern Time).

Interested parties in the United States and Canada may participate toll-free by dialing (833) 816-1385. International parties may participate by dialing (412) 317-0478. Participants should ask to be joined to the "Epsilon Energy Second Quarter 2023 Earnings Conference Call".

A webcast can be viewed at:

https://event.choruscall.com/mediaframe/webcast.html?webcastid=f2b93UmU. A webcast replay will be available on the Company's website (www.epsilonenergyltd.com) following the call.

About Epsilon

Epsilon Energy Ltd. is a North American onshore natural gas and oil production and gathering company with assets in Pennsylvania, Texas, New Mexico, and Oklahoma.

For more information, please visit www.epsilonenergyltd.com, where we routinely post announcements, updates, events, investor information, presentations and recent news releases.

Forward-Looking Statements

Certain statements contained in this news release constitute forward looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", 'may", "will", "project", "should", 'believe", and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated. Forward-looking statements are based on reasonable assumptions, but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this news release should not be unduly relied upon.

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EPSILON ENERGY LTD.

Unaudited Consolidated Statements of Operations (All amounts stated in US\$)

	Three months ended June 30,			Six months ended June 30,				
		2023		2022		2023		2022
Revenues from contracts with customers:								
Gas, oil, NGL, and condensate revenue	\$	4,298,072	\$	17,915,836	\$	11,267,653	\$	29,395,161
Gas gathering and compression revenue		2,202,064		1,987,168		4,588,759		4,107,941
Total revenue		6,500,136		19,903,004		15,856,412		33,503,102
Operating costs and expenses:								
Lease operating expenses		1,440,521		2,252,017		2,844,800		3,657,507
Gathering system operating expenses		570,934		541,228		1,222,275		1,065,603
Development geological and geophysical expenses		370,73 4		2,386		1,222,273		4,772
Depletion, depreciation, amortization, and accretion		1,615,728		1,803,739		3,388,734		3,192,958
Loss (gain) on sale of oil and gas properties		1,449,871		(221,642)		1,449,871		(221,642)
General and administrative expenses:		1,112,071		(221,012)		1,110,071		(221,012)
Stock based compensation expense		179,748		194,050		359,496		336,352
Other general and administrative expenses		1,596,626		1,465,143		3,620,399		2,636,275
Total operating costs and expenses		6,853,428	-	6,036,921		12,885,575	-	10,671,825
Operating income (loss)		(353,292)		13,866,083		2,970,837		22,831,277
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Other income (expense):								
Interest income		433,201		21,945		923,963		37,166
Interest expense		(34,422)		(745)		(62,859)		(16,064)
Gain (loss) on derivative contracts		628,178		776,994		1,696,838		(194,910)
Other income (expense)		3,066		(61,713)		4,701		(67,119)
Other income (expense), net		1,030,023		736,481		2,562,643		(240,927)
Net income before income tax expense		676,731		14,602,564		5,533,480		22,590,350
Income tax expense		246,142	_	4,019,576		1,573,064		6,201,474
NET INCOME	\$	430,589	\$	10,582,988	\$	3,960,416	\$	16,388,876
Currency translation adjustments		1,129		(19,150)		(1,471)		(13,748)
Unrealized loss on securities		(47,006)				(47,006)		
NET COMPREHENSIVE INCOME	\$	384,712	\$	10,563,838	\$	3,911,939	\$	16,375,128
					_			
Net income per share, basic	\$	0.02	\$	0.45	\$	0.17	\$	0.69
Net income per share, diluted	\$	0.02	\$	0.44	\$	0.17	\$	0.69
Weighted average number of shares outstanding, basic		22,749,322		23,576,746		22,869,440		23,627,015
Weighted average number of shares outstanding, diluted		22,783,987		23,822,123		22,904,922		23,796,166

EPSILON ENERGY LTD.

Unaudited Consolidated Balance Sheets

(All amounts stated in US\$)

	June 30, 2023	December 31, 2022		
ASSETS				
Current assets				
Cash and cash equivalents	\$ 9,488,094	\$ 45,236,584		
Accounts receivable	4,355,076	7,201,386		
Short term investments	26,804,482	_		
Fair value of derivatives	1,286,070	1,222,090		
Prepaid income taxes	1,233,669	1,140,094		
Other current assets	391,007	632,154		
Operating lease right-of-use assets		31,383		
Total current assets	43,558,398	55,463,691		
Non-current assets				
Property and equipment:				
Oil and gas properties, successful efforts method	152 014 400	140.226.265		
Proved properties	152,014,489	148,326,265		
Unproved properties	25,989,679	18,169,157		
Accumulated depletion, depreciation, amortization and impairment	(109,996,874)	(107,729,293)		
Total oil and gas properties, net	68,007,294	58,766,129		
Gathering system	42,673,506	42,639,001		
Accumulated depletion, depreciation, amortization and impairment	(35,026,730)	(34,500,740)		
Total gathering system, net	7,646,776	8,138,261		
Land	637,764	637,764		
Buildings and other property and equipment, net	312,830	286,035		
Total property and equipment, net	76,604,664	67,828,189		
Other assets:				
Operating lease right-of-use assets, long term	495,842	_		
Restricted cash	495,000	570,363		
Total non-current assets	77,595,506	68,398,552		
Total assets	\$ 121,153,904	\$ 123,862,243		
LIABILITIES AND SHAREHO LDERS' EQUITY				
Current liabilities				
Accounts payable trade	\$ 1,334,008	\$ 1,695,353		
Gathering fees payable	498,438	935,012		
Royalties payable	1,511,168	2,223,043		
Accrued capital expenditures	134,224	41,694		
Accrued compensation	405,448	598,351		
Other accrued liabilities	467,387	690,655		
Operating lease liabilities	24,748	35,299		
Total current liabilities	4,375,421	6,219,407		
Non-current liabilities	,- ,- ,-			
Asset retirement obligations	2,777,847	2,780,237		
Deferred income taxes	10,847,721	10,617,394		
Operating lease liabilities, long term	519,652			
Total non-current liabilities	14,145,220	13,397,631		
Total liabilities	18,520,641	19,617,038		
Commitments and contingencies (Note 10)				
Shareholders' equity				
Preferred shares, no par value, unlimited shares authorized, none issued or				
outstanding	_	_		
Common shares, no par value, unlimited shares authorized and 22,649,290 shares				
issued and 22,554,169 shares outstanding at June 30, 2023 and 23,117,144 issued and outstanding at December 31, 2022	121,348,004	123,904,965		
Treasury shares, at cost, 95,121 at June 30, 2023 and 0 at December 31, 2022	(497,814)	123,704,903		
Additional paid-in capital	10,215,725	9,856,229		
Accumulated deficit	(38,158,726)	(39,290,540)		
Accumulated deficit Accumulated other comprehensive income	9,726,074			
		9,774,551		
Total shareholders' equity	102,633,263	104,245,205		
Total liabilities and shareholders' equity	\$ 121,153,904	\$ 123,862,243		

EPSILON ENERGY LTD.

Unaudited Consolidated Statements of Cash Flows

(All amounts stated in US\$)

Cash Hows from operating activities: 2023 2022 Net income \$ 3,960,416 \$ 16,388,876 Adjustments to reconcile net income to net cash provided by operating activities: \$ 3,980,416 \$ 3,192,998 Accretion of discount on available for sale securities (47,659) — Cain on available for sale securities (476,59) — Closs (gain) on sale of old and gas properties (1,696,838) 194,910 Closs (gain) on sale of old and gas properties (1,696,838) 194,910 Settlement received (paid) on derivative contracts (1,696,838) 194,910 Settlement of asset retirement obligation 1,632,858 336,352 Deferred income tax expenses 359,496 336,352 Deferred income tax expenses (enceft) 2,846,310 (5,333,960) Accounts payable, royalties payable and other accrued liabilities 33,22,14 328,872 Accounts payable, royalties payable and other accrued liabilities (1,910,674) 15,762,334 Net cash provided by operating activities (1,920,727) 15,762,344 Recounts payable, royalties payable and other accrued liabilities (2,812,481) (4,945,379)		Six months ended June 30,			
Net income \$ 3,960,416 \$ 16,388,876 Adjustments to reconcile net income to net cash provided by operating activities: 3,388,734 3,192,988 Depletion, depreciation, amortization, and accretion 3,388,734 3,192,988 Accretion of discount on available for sale securities (47,659) — Loss (gain) on sale of oil and gas properties 1,409,838 194,910 Cinion loss on derivative contracts 1,696,838 194,910 Settlement received (paid) on derivative contracts 1,632,858 (1,375,287) Stock-based compensation expense 359,496 336,332 Stock-based compensation expense 230,327 319,326 Changes in assets and liabilities: 332,214 328,872 Accounts receivable 2,846,310 (5,333,960) Prepaid income taxes and other assets and liabilities 332,214 328,872 Accounts payable, nyvalties payable and other accrued liabilities 332,214 328,872 Accounts mayable experities (7,812,48) (162,445) Net cash provided by operating activities (7,812,48) (162,445) Additions to unproved oil and gas properties			2023		
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Depletion, depreciation, amortization, and accretion		\$	3,960,416	\$	16,388,876
Depletion, depreciation, amortization, and accretion					
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Cash flows from investing activities: Additions to unproved oil and gas properties (7,821,248) (16,2445) Additions to unproved oil and gas properties (5,653,284) (4,935,370) Additions to gathering system properties (30,264) (82,855) Additions to land, buildings and property and equipment (47,933) (1,234) Purchases of short term investments (32,812,974) — Proceeds from short term investments 6352,473 — Proceeds from sale of oil and gas properties 12,498 200,000 Net cash used in investing activities (40,000,732) (4,981,904) Exercise of stock options activities (3,054,775) (3,956,403) Exercise of stock options — 608,787 Dividends paid (2,828,602) (2,969,677) Debt issuance costs (140,000) — — Net cash used in financing activities (6,033,377) (6,31729) Effect of currency rates on cash, cash equivalents, and restricted cash (3,5823,853) 4,449,589 Cash, cash equivalents, and restricted cash, beginning of period 4,580,604 <td< td=""><td>7 7</td><td></td><td></td><td></td><td></td></td<>	7 7				
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Additions to land, buildings and property and equipment (47,933) (1,234) Purchases of short term investments (32,812,974) — Proceeds from short term investments 6,352,473 — Proceeds from sale of oil and gas properties 12,498 200,000 Net cash used in investing activities (40,000,732) (4,981,904) Cash flows from financing activities (30,54,775) (3,956,403) Exercise of stock options — 608,787 Dividends paid (2,828,602) (2,906,677) Debt issuance costs (140,000) — Net cash used in financing activities (6,023,377) (6,317,293) Effect of currency rates on cash, cash equivalents, and restricted cash (35,823,853) 4,449,589 Cash, cash equivalents, and restricted cash, beginning of period 45,806,947 27,065,423 Cash, cash equivalents, and restricted cash, beginning of period 45,806,947 27,065,423 Cash, cash equivalents, and restricted cash, end of period \$ 9,983,094 \$ 31,515,012 Supplemental cash flow disclosures: Income taxes paid \$ 1,432,000 \$ 4,566,000					
Purchases of short term investments (32,812,974) — Proceeds from short term investments 6,352,473 — Proceeds from sale of oil and gas properties 12,498 200,000 Net cash used in investing activities (40,000,732) (4,981,904) Cash flows from financing activities: — 608,787 Buyback of common shares (3,054,775) (3,956,403) Exercise of stock options — 608,787 Dividends paid (2,828,602) (2,969,677) Debt issuance costs (140,000) (2,969,677) Debt issuance costs (6,023,377) (6,317,293) Effect of currency rates on cash, cash equivalents, and restricted cash (1,471) (13,748) (Decrease) increase in cash, cash equivalents, and restricted cash (35,823,853) 4,449,589 Cash, cash equivalents, and restricted cash, beginning of period 45,806,947 27,065,423 Cash, cash equivalents, and restricted cash, end of period \$ 9,983,094 \$ 31,515,012 Supplemental cash flow disclosures: Income taxes paid \$ 1,432,000 \$ 4,566,000 Interest paid <td></td> <td></td> <td></td> <td></td> <td></td>					
Proceeds from short term investments 6,352,473 — Proceeds from sale of oil and gas properties 12,498 200,000 Net cash used in investing activities (40,000,732) (4,981,904) Cash flows from financing activities: \$	Additions to land, buildings and property and equipment				(1,234)
Proceeds from sale of oil and gas properties 12,498 200,000 Net cash used in investing activities (40,000,732) (4,981,904) Cash flows from financing activities: 80,956,403 3,054,775 (3,956,403) Exercise of stock options 9 608,787 608,787 Dividends paid (2,828,602) (2,969,677) Debt issuance costs (140,000) Net cash used in financing activities (6,023,377) (6,317,293) Effect of currency rates on cash, cash equivalents, and restricted cash (1,471) (13,748) (Decrease) increase in cash, cash equivalents, and restricted cash (35,823,853) 4,449,589 Cash, cash equivalents, and restricted cash, beginning of period 45,806,947 27,065,423 Cash, cash equivalents, and restricted cash, end of period 9,983,094 31,515,012 Supplemental cash flow disclosures: Income taxes paid \$1,432,000 4,566,000 Interest paid \$80,075 33,885 Non-cash investing activities: \$72,999 (1,097,247) Change in proved properties accrued in accounts payable and accrued liabilities	Purchases of short term investments		(32,812,974)		_
Net cash used in investing activities (40,000,732) (4,981,904) Cash flows from financing activities: 30,554,775 (3,956,403) Exercise of stock options ————————————————————————————————————	Proceeds from short term investments		6,352,473		_
Cash flows from financing activities: Buyback of common shares (3,054,775) (3,956,403) Exercise of stock options — 608,787 Dividends paid (2,828,602) (2,969,677) Debt issuance costs (140,000) — Net cash used in financing activities (6,023,377) (6,317,293) Effect of currency rates on cash, cash equivalents, and restricted cash (1,471) (13,748) (Decrease) increase in cash, cash equivalents, and restricted cash (35,823,853) 4,449,589 Cash, cash equivalents, and restricted cash, beginning of period 45,806,947 27,065,423 Cash, cash equivalents, and restricted cash, end of period \$ 9,983,094 \$ 31,515,012 Supplemental cash flow disclosures: Income taxes paid \$ 1,432,000 \$ 4,566,000 Interest paid \$ 80,075 \$ 33,885 Non-cash investing activities: Change in proved properties accrued in accounts payable and accrued liabilities 72,999 \$ (1,097,247) Change in gathering system accrued in accounts payable and accrued liabilities 4,240 8,554 Change in share buybacks accru	Proceeds from sale of oil and gas properties		12,498		200,000
Buyback of common shares (3,054,775) (3,956,403) Exercise of stock options — 608,787 Dividends paid (2,828,602) (2,969,677) Debt issuance costs (140,000) — Net cash used in financing activities (6,023,377) (6,317,293) Effect of currency rates on cash, cash equivalents, and restricted cash (1,471) (13,748) (Decrease) increase in cash, cash equivalents, and restricted cash (35,823,853) 4,449,589 Cash, cash equivalents, and restricted cash, beginning of period 45,806,947 27,065,423 Cash, cash equivalents, and restricted cash, end of period \$ 9,983,094 \$ 31,515,012 Supplemental cash flow disclosures: Income taxes paid \$ 1,432,000 \$ 4,566,000 Interest paid \$ 80,075 \$ 33,885 Non-cash investing activities: Change in proved properties accrued in accounts payable and accrued liabilities 72,999 \$ (1,097,247) Change in gathering system accrued in accounts payable and accrued liabilities 4,240 8,8554 Change in share buybacks accrued in accounts payable and accrued liabilities — 59	Net cash used in investing activities		(40,000,732)		(4,981,904)
Exercise of stock options — 608,787 Dividends paid (2,828,602) (2,969,677) Debt issuance costs (140,000) — Net cash used in financing activities (6,023,377) (6,317,293) Effect of currency rates on cash, cash equivalents, and restricted cash (1,471) (13,748) (Decrease) increase in cash, cash equivalents, and restricted cash (35,823,853) 4,449,589 Cash, cash equivalents, and restricted cash, beginning of period 45,806,947 27,065,423 Cash, cash equivalents, and restricted cash, end of period \$9,983,094 \$31,515,012 Supplemental cash flow disclosures: Income taxes paid \$1,432,000 \$4,566,000 Interest paid \$80,075 \$33,885 Non-cash investing activities: Change in proved properties accrued in accounts payable and accrued liabilities 72,999 \$(1,097,247) Change in gathering system accrued in accounts payable and accrued liabilities 4,240 8,554 Change in share buybacks accrued in accounts payable and accrued liabilities - 598,419	Cash flows from financing activities:				
Dividends paid (2,828,602) (2,969,677) Debt issuance costs (140,000) — Net cash used in financing activities (6,023,377) (6,317,293) Effect of currency rates on eash, cash equivalents, and restricted cash (1,471) (13,748) (Decrease) increase in eash, cash equivalents, and restricted cash (35,823,853) 4,449,589 Cash, cash equivalents, and restricted cash, beginning of period 45,806,947 27,065,423 Cash, cash equivalents, and restricted cash, end of period \$ 9,983,094 \$ 31,515,012 Supplemental cash flow disclosures: Income taxes paid \$ 1,432,000 \$ 4,566,000 Interest paid \$ 80,075 \$ 33,885 Non-cash investing activities: Change in proved properties accrued in accounts payable and accrued liabilities 72,999 \$ (1,097,247) Change in gathering system accrued in accounts payable and accrued liabilities 4,240 8,554 Change in share buybacks accrued in accounts payable and accrued liabilities — 598,419	Buyback of common shares		(3,054,775)		(3,956,403)
Debt issuance costs(140,000)—Net cash used in financing activities(6,023,377)(6,317,293)Effect of currency rates on cash, cash equivalents, and restricted cash(1,471)(13,748)(Decrease) increase in cash, cash equivalents, and restricted cash(35,823,853)4,449,589Cash, cash equivalents, and restricted cash, beginning of period45,806,94727,065,423Cash, cash equivalents, and restricted cash, end of period\$ 9,983,094\$ 31,515,012Supplemental cash flow disclosures:Income taxes paid\$ 1,432,000\$ 4,566,000Interest paid\$ 80,075\$ 33,885Non-cash investing activities:Change in proved properties accrued in accounts payable and accrued liabilities\$ 72,999\$ (1,097,247)Change in gathering system accrued in accounts payable and accrued liabilities\$ 4,240\$ 8,554Change in share buybacks accrued in accounts payable and accrued liabilities\$ -\$ 598,419	Exercise of stock options		_		608,787
Net cash used in financing activities(6,023,377)(6,317,293)Effect of currency rates on cash, cash equivalents, and restricted cash(1,471)(13,748)(Decrease) increase in cash, cash equivalents, and restricted cash(35,823,853)4,449,589Cash, cash equivalents, and restricted cash, beginning of period45,806,94727,065,423Cash, cash equivalents, and restricted cash, end of period\$ 9,983,094\$ 31,515,012Supplemental cash flow disclosures:Income taxes paid\$ 1,432,000\$ 4,566,000Interest paid\$ 80,075\$ 33,885Non-cash investing activities:Change in proved properties accrued in accounts payable and accrued liabilities\$ 72,999\$ (1,097,247)Change in gathering system accrued in accounts payable and accrued liabilities\$ 4,240\$ 8,554Change in share buybacks accrued in accounts payable and accrued liabilities\$ -\$ 598,419	Dividends paid		(2,828,602)		(2,969,677)
Effect of currency rates on cash, cash equivalents, and restricted cash (Decrease) increase in cash, cash equivalents, and restricted cash (Cash, cash equivalents, and restricted cash, beginning of period (Cash, cash equivalents, and restricted cash, beginning of period (Cash, cash equivalents, and restricted cash, end of period (Cash, cash equivalents, and restricted cash, end of period (Cash, cash equivalents, and restricted cash, end of period (Cash, cash equivalents, and restricted cash, end of period (Cash, cash equivalents, and restricted cash, end of period (Cash, cash equivalents, and restricted cash, end of period (Cash, cash equivalents, and restricted cash, beginning of period (Cash, cash equivalents, and restricted cash, beginning of period (Cash, cash equivalents, and restricted cash, beginning of period (Cash, cash equivalents, and restricted cash (Cash, cash equivalents) (Cash, cash	Debt issuance costs		(140,000)		
Effect of currency rates on cash, cash equivalents, and restricted cash (Decrease) increase in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash, beginning of period Cash, cash equivalents, and restricted cash, beginning of period Cash, cash equivalents, and restricted cash, end of period Supplemental cash flow disclosures: Income taxes paid Interest paid Non-cash investing activities: Change in proved properties accrued in accounts payable and accrued liabilities Supplemental cash flow disclosures: Change in share buybacks accrued in accounts payable and accrued liabilities Change in share buybacks accrued in accounts payable and accrued liabilities Supplemental cash flow disclosures: (1,3748) (35,823,853) 4,449,589 27,065,423 27,06	Net cash used in financing activities		(6,023,377)		(6,317,293)
Cash, cash equivalents, and restricted cash, beginning of period Cash, cash equivalents, and restricted cash, end of period Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Supplemental cash flow disclosures: Income taxes paid Interest paid Int	Effect of currency rates on cash, cash equivalents, and restricted cash		(1,471)		(13,748)
Cash, cash equivalents, and restricted cash, end of period\$ 9,983,094\$ 31,515,012Supplemental cash flow disclosures:Income taxes paid\$ 1,432,000\$ 4,566,000Interest paid\$ 80,075\$ 33,885Non-cash investing activities:Change in proved properties accrued in accounts payable and accrued liabilities\$ 72,999\$ (1,097,247)Change in gathering system accrued in accounts payable and accrued liabilities\$ 4,240\$ 8,554Change in share buybacks accrued in accounts payable and accrued liabilities\$ -\$ 598,419	(Decrease) increase in cash, cash equivalents, and restricted cash		(35,823,853)		4,449,589
Cash, cash equivalents, and restricted cash, end of period\$ 9,983,094\$ 31,515,012Supplemental cash flow disclosures:Income taxes paid\$ 1,432,000\$ 4,566,000Interest paid\$ 80,075\$ 33,885Non-cash investing activities:Change in proved properties accrued in accounts payable and accrued liabilities\$ 72,999\$ (1,097,247)Change in gathering system accrued in accounts payable and accrued liabilities\$ 4,240\$ 8,554Change in share buybacks accrued in accounts payable and accrued liabilities\$ -\$ 598,419	Cash, cash equivalents, and restricted cash, beginning of period		45,806,947		27,065,423
Income taxes paid \$ 1,432,000 \$ 4,566,000 Interest paid \$ 80,075 \$ 33,885 Non-cash investing activities: Change in proved properties accrued in accounts payable and accrued liabilities \$ 72,999 \$ (1,097,247) Change in gathering system accrued in accounts payable and accrued liabilities \$ 4,240 \$ 8,554 Change in share buybacks accrued in accounts payable and accrued liabilities \$ 598,419		\$		\$	
Income taxes paid \$ 1,432,000 \$ 4,566,000 Interest paid \$ 80,075 \$ 33,885 Non-cash investing activities: Change in proved properties accrued in accounts payable and accrued liabilities \$ 72,999 \$ (1,097,247) Change in gathering system accrued in accounts payable and accrued liabilities \$ 4,240 \$ 8,554 Change in share buybacks accrued in accounts payable and accrued liabilities \$ 598,419	Supplemental cash flow disclosures:				
Interest paid \$80,075 \$33,885 Non-cash investing activities: Change in proved properties accrued in accounts payable and accrued liabilities \$72,999 \$(1,097,247) Change in gathering system accrued in accounts payable and accrued liabilities \$4,240 \$8,554 Change in share buybacks accrued in accounts payable and accrued liabilities \$598,419		\$	1,432,000	\$	4,566,000
Change in proved properties accrued in accounts payable and accrued liabilities \$ 72,999 \$ (1,097,247) Change in gathering system accrued in accounts payable and accrued liabilities \$ 4,240 \$ 8,554 Change in share buybacks accrued in accounts payable and accrued liabilities \$ \$ 598,419			80,075	\$	
Change in proved properties accrued in accounts payable and accrued liabilities \$ 72,999 \$ (1,097,247) Change in gathering system accrued in accounts payable and accrued liabilities \$ 4,240 \$ 8,554 Change in share buybacks accrued in accounts payable and accrued liabilities \$ \$ 598,419	Non-cash investing activities:				
Change in gathering system accrued in accounts payable and accrued liabilities \$ 4,240 \$ 8,554 Change in share buybacks accrued in accounts payable and accrued liabilities \$ \$ 598,419	Change in proved properties accrued in accounts payable and accrued liabilities	\$	72,999	\$	(1,097,247)
Change in share buybacks accrued in accounts payable and accrued liabilities \$ — \$ 598,419	Change in gathering system accrued in accounts payable and accrued liabilities		4,240	\$	8,554
	Change in share buybacks accrued in accounts payable and accrued liabilities		_		
			4,640	\$	7,666

	Three months ended June 30,				Six months ended June 30,				
		2023		2022		2023		2022	
Net income	\$	430,589	\$	10,582,988	\$	3,960,416	\$	16,388,876	
Add Back:									
Interest (income) expense, net		(398,779)		(21,200)		(861,104)		(21,102)	
Income tax expense		246,142		4,019,576		1,573,064		6,201,474	
Depreciation, depletion, amortization, and accretion		1,615,728		1,803,739		3,388,734		3,192,958	
Stock based compensation expense		179,748		194,050		359,496		336,352	
Loss (gain) on sale of assets		1,449,871		(221,642)		1,449,871		(221,642)	
Loss (gain) on derivative contracts net of cash									
received or paid on settlement		641,380		(940,553)		(63,980)		(1,180,377)	
Foreign currency translation loss		(5)		(1,071)		(987)		4,331	
Adjusted EBITDA	\$	4,164,674	\$	15,415,887	\$	9,805,510	\$	24,700,870	

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Epsilon defines Adjusted EBITDA as earnings before (1) net interest expense, (2) taxes, (3) depreciation, depletion, amortization and accretion expense, (4) impairments of natural gas and oil properties, (5) non-cash stock compensation expense, (6) gain or loss on derivative contracts net of cash received or paid on settlement, and (7) other income. Adjusted EBITDA is not a measure of financial performance as determined under U.S. GAAP and should not be considered in isolation from or as a substitute for net income or cash flow measures prepared in accordance with U.S. GAAP or as a measure of profitability or liquidity.

Additionally, Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. Epsilon has included Adjusted EBITDA as a supplemental disclosure because its management believes that EBITDA provides useful information regarding its ability to service debt and to fund capital expenditures. It further provides investors a helpful measure for comparing operating performance on a "normalized" or recurring basis with the performance of other companies, without giving effect to certain non-cash expenses and other items. This provides management, investors and analysts with comparative information for evaluating the Company in relation to other natural gas and oil companies providing corresponding non-U.S. GAAP financial measures or that have different financing and capital structures or tax rates. These non-U.S. GAAP financial measures should be considered in addition to, but not as a substitute for, measures for financial performance prepared in accordance with U.S. GAAP.