

# Zacks Small-Cap Research

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## U.S. Energy Corp.

(NASDAQ: USEG)

**USEG: U.S. Energy updates business strategy for Montana properties and announces 2025 full year results. Also, an FID has been reached on the company's infrastructure and processing plant.**

Utilizing a Discounted Cash Flow process containing conservative estimates combined with other valuation methodologies, we believe USEG could be worth **\$3.50** per share.

Current Price (3/25/26) \$1.02  
Valuation **\$3.50**

## OUTLOOK

U.S. Energy (NASDAQ: USEG) is an independent energy company historically focused on the acquisition and development of oil and natural gas producing properties in the U.S. In June 2024, the company acquired acreage in Montana with the goal of extracting and marketing helium products and other industrial gases. Going forward, the primary focus will be on the development and operation of helium and other industrial gases, along with the development of carbon sequestration capabilities. The company has **\$22.9 million** in available liquidity as of 3/13/26. We believe the company is well positioned for long-term profitable growth forward.

## SUMMARY DATA

52-Week High **\$2.75**  
52-Week Low **\$0.91**  
One-Year Return (%) **-24.1**  
Beta **0.580**  
Average Daily Volume (sh) **5,954,757**

Shares Outstanding (mil) **53.1**  
Market Capitalization (\$mil) **54.2**  
Short Interest Ratio (days) **N/A**  
Institutional Ownership (%) **3**  
Insider Ownership (%) **26**

Annual Cash Dividend **\$0.00**  
Dividend Yield (%) **0.00**

5-Yr. Historical Growth Rates  
Sales (%) **N/A**  
Earnings Per Share (%) **N/A**  
Dividend (%) **N/A**

P/E using TTM EPS **N/A**  
P/E using 2024 Estimate **N/A**  
P/E using 2025 Estimate **N/A**

Risk Level **Above Avg.**  
Type of Stock **Small Value**  
Industry **Energy**

## ZACKS ESTIMATES

### Revenue

(in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	\$8.3 A	\$8.0 A	\$8.7 A	\$7.3 A	\$32.3 A
2024	\$5.4 A	\$6.1 A	\$5.0 A	\$4.2 A	\$20.6 A
2025	\$2.2 A	\$2.0 A	\$1.8 A	\$1.4 A	\$7.3 A
2026					\$7.7 E

### EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	-\$0.05 A	-\$0.10 A	-\$0.35 A	-\$0.78 A	-\$1.28 A
2024	-\$0.16 A	-\$0.08 A	-\$0.04 A	-\$0.28 A	-\$0.56 A
2025	-\$0.10 A	-\$0.19 A	-\$0.10 A	-\$0.04 A	-\$0.43 E
2026					-\$0.24 E

Quarterly revenues may not equal annual revenues due to rounding.  
Quarterly EPS may not equal annual EPS due to rounding or dilution.  
Some figures may be non-GAAP.

## WHAT'S NEW

### Update on Integrated Platform and new Investor Presentation

On February 26, 2026, the company provided a new [investor presentation](#) that provided additional information and clarified the company's vertically integrated long-term business strategy.

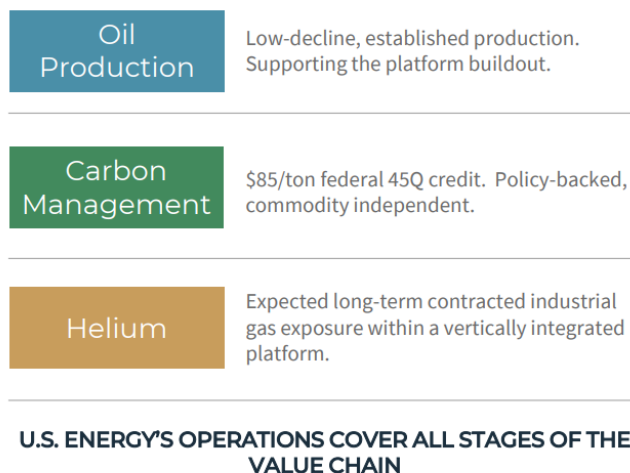
The new investor presentation describes a differentiated public-market opportunity built around a fully integrated helium and carbon management platform supported by three independent revenue streams, federal policy incentives, and a path to meaningful revenue generation and cash flow beginning in 2027. \$22.0 million has already been invested, wells have been drilled, and key milestones are underway. This includes including progress on the CO<sub>2</sub> enhanced oil recovery program at the Cut Bank oil field.

Some highlights of the new investor deck include:

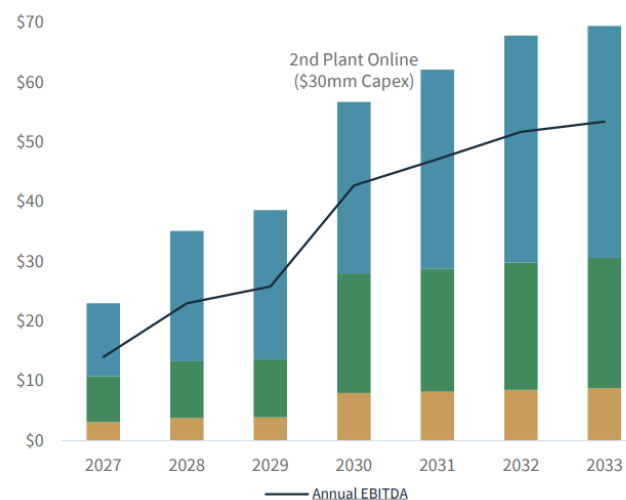
**One Asset with Three Revenue Streams:** The Big Sky Carbon Hub controls 1.3 BCF of certified helium and 444 BCF of CO<sub>2</sub> resources and is integrated with the owned Cut Bank oil field. This creates three monetization pathways: helium sales, Section 45Q-backed carbon management, and CO<sub>2</sub>-enhanced oil recovery. The asset base is 100% owned and operated with a 50+ year reserve life and minimal third-party dependencies.

## Diversified Revenue Streams

Project Economics Inflect Sharply in 2027 and Compounds as Phase 2 Comes Online.



Projected Project Revenues and EBITDA (\$MM) <sup>(1)(2)</sup>



Source: usnrg.com

**\$130 million of projected Phase 1 Section 45Q tax credits:** As an early mover in U.S. Carbon Capture, Utilization, and Storage (CCUS) technologies, the company expects to qualify for \$85 per metric ton of CO<sub>2</sub> captured, utilized, and sequestered under Section 45Q, providing a policy-supported, commodity-independent revenue stream. This \$85 price per ton has annual escalators of approximately 3.0%.

## USEG: A Different CCUS Platform

A scalable U.S. CCUS project sourced from industrial gas – not fossil fuels, ethanol, or DAC.

### Active Project Overview

**USEG's Facility by the Numbers**

- 0.125 MMtpa of CO<sub>2</sub> injected.
- 17<sup>th</sup> largest CCS project today.
- First U.S. project not reliant on natural gas, ethanol, ammonia, power generation or direct air capture.

\$130MM

Expected 45Q value over first 12 years of operations.

#17

Ranked among active U.S. CCUS projects by capacity at 125,000 MMTPA

> 145x

CCUS Market Growth from 2023A captured CO<sub>2</sub> to 2050A forecast.

**Unlike other top-20 U.S. CCUS projects, USEG's CO<sub>2</sub> feedstock is a byproduct of helium extraction — a process with no combustion, no ethanol fermentation, no direct air capture energy cost.**

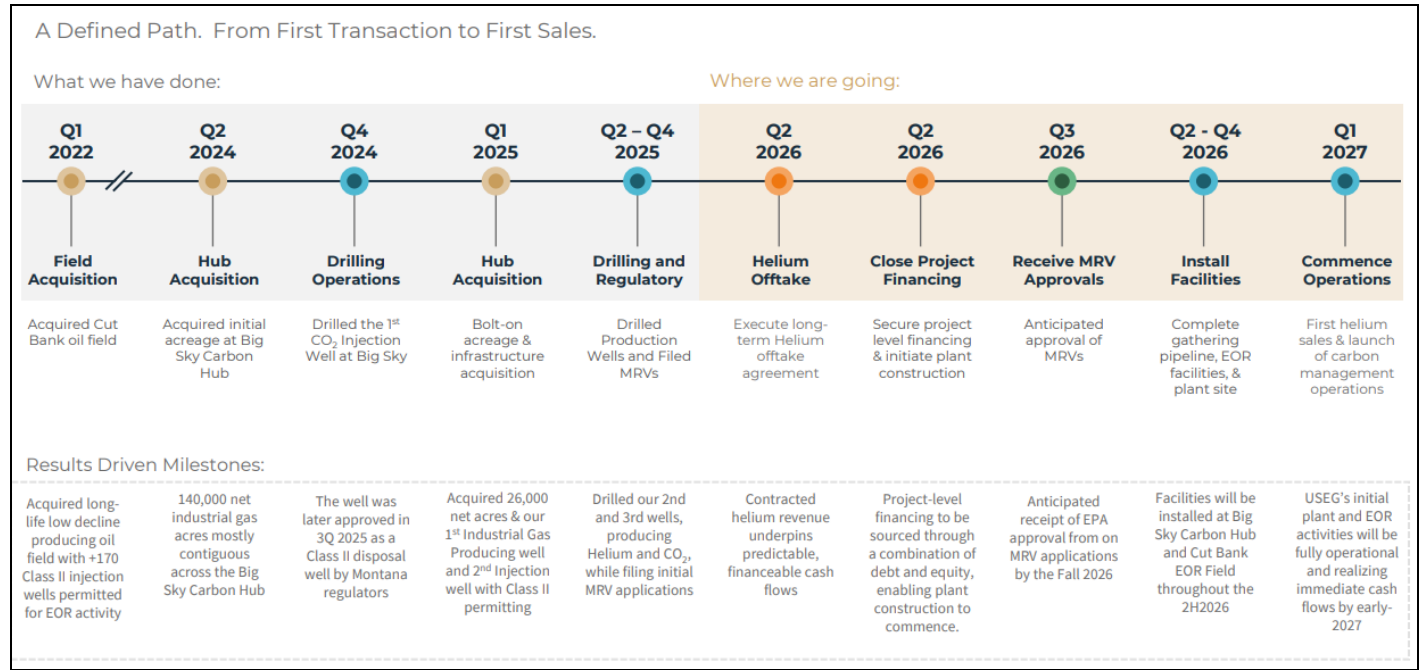
Source: usnrg.com

**Attractive Valuation Relative to Forward Cash Flow.** At an enterprise value of approximately \$53.6 million currently, the company trades at approximately 2.8x estimated 2027 EBITDA based on management forecasts (Zacks SCR forecasts may differ). This is a substantial discount to internally estimated Phase 1 net asset value and to trading multiples typically observed in similar industrial gas and carbon infrastructure companies.

1	<p><b>Differentiated Asset</b></p> <p>The only integrated helium + CCUS hub in the Northwest U.S. 1.3 Bcf Helium. 444 BCF CO<sub>2</sub>. 100% owned and operated. 50-year reserve life.</p>
2	<p><b>Economics</b></p> <p>Three independent revenue streams. \$130M in 45Q federal credits over 12 years. 2.67x EV/2027E EBITDA vs 7-10x for peers. Underpinned by oil producing field with ~70 MMbbl of incremental EOR recovery potential at an 8% decline rate.</p>
3	<p><b>Execution</b></p> <p>\$22MM invested. Wells drilled. MRVs filed. Plant FID 2Q2026. First revenue 1Q2027.</p>
4	<p><b>Why Now</b></p> <p>Trading at a significant discount to intrinsic value ahead of multiple near-term catalysts. MRV approvals, offtake execution, and project financing each represent independent de-risking events before initial Phase 1 revenue.</p>

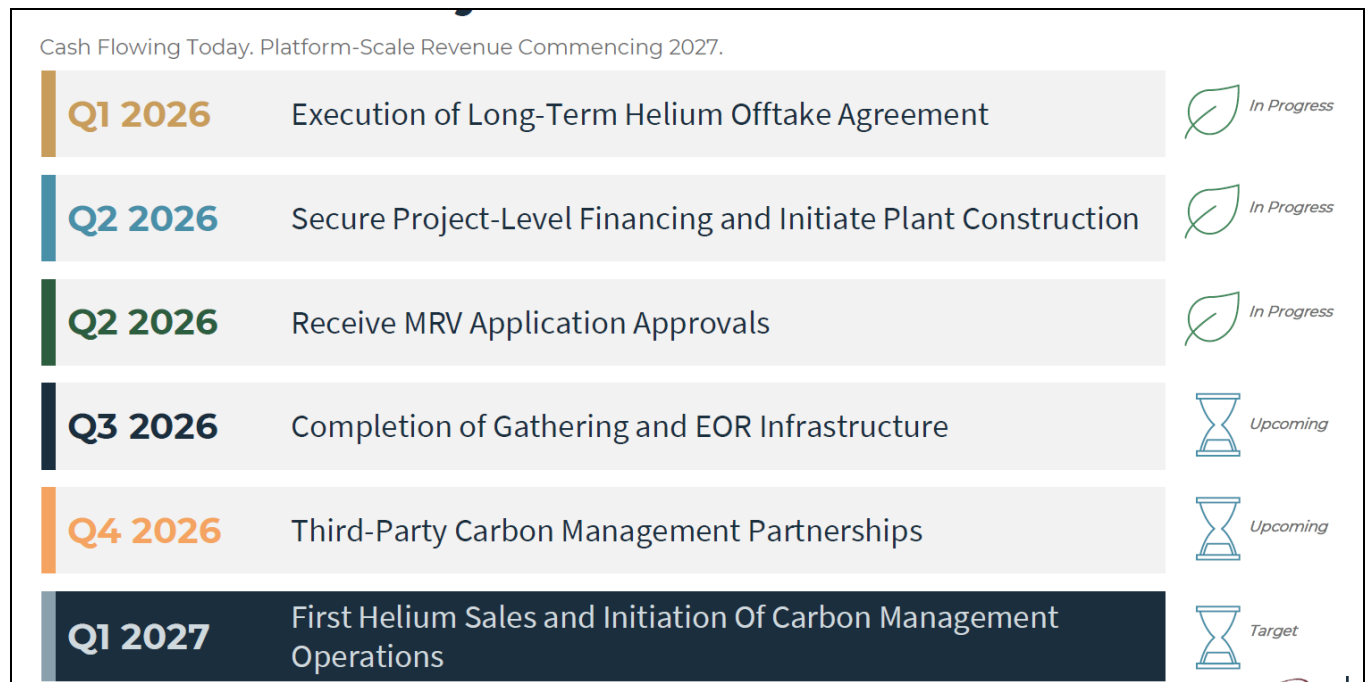
Source: usnrg.com

**Execution Momentum:** \$22 million has been invested to date with development wells already drilled, MRV applications filed with the EPA, plant Final Investment Decision (FID) targeted for Q2 2026, and initial helium sales, carbon management operations, and CO<sub>2</sub>-EOR activity expected to begin in the 1<sup>st</sup> quarter of 2027.



Source: usnrg.com

**Multiple Near-Term Catalysts in 2026:** Catalysts expected this year include execution of a long-term helium offtake agreement, the expected EPA MRV approvals, and the continued advancement of CO<sub>2</sub>-EOR development (the helium offtake agreement is now expected in Q2 2026).



Source: usnrg.com

**Aligned Leadership:** Management and insiders own approximately 36% of outstanding shares, directly aligning leadership with investors.

<b>OVERVIEW</b>	
Integrated energy company advancing a diversified industrial gas, energy and carbon management platform	
<b>LEGACY OIL RESERVES</b>	
Proved Reserves, 4Q 2025 <sup>(2)</sup>	1.5 MBOE
Proved PV-10 <sup>(2)</sup>	\$18.4 million
<b>INDUSTRIAL GAS RESOURCE – PHASE 1</b>	
Helium <sup>(3)</sup>	1.3 BCF
CO <sub>2</sub> <sup>(3)</sup>	444 BCF
Industrial Gas PV-10 <sup>(4)</sup>	\$80.0 million
<b>CARBON MANAGEMENT</b>	
Annual CO <sub>2</sub> Removal	125,000 metric tons
Equivalent Passenger Vehicles	25,000 vehicles
<b>VALUATION FRAMING <sup>(5)</sup></b>	
EV/ 2027E EBITDA	2.8x
Discount to Phase 1 NAV	55%

Source: usnrg.com

Additional slides from the new presentation will be highlighted in commentary below in the report.

### 2025 Full Year Results

On March 13, 2026, the company released 4th quarter and full year 2025 financial and operating results.

Over the past 18 months, U.S. Energy has executed a disciplined strategy to transform them into a scalable, vertically integrated industrial gas, energy, and carbon management hub, with helium production, CO<sub>2</sub> recovery and sequestration, and enhanced oil recovery (“EOR”) as three distinct revenue streams going forward.

For the full year 2025, production totaled 164,752 barrels of oil equivalent (BOE), consisting of 68% oil, versus 415,887 BOE in 2024. The year-over-year decline reflects previously announced and deliberate monetization of legacy oil and gas assets along with strategic initiative intended to redeploy capital to the development of its industrial gas and carbon management platforms. Revenue for 2025 was \$7.4 million, with oil representing 87% of total revenue, compared to \$20.6 million in the prior year period. Realized pricing averaged \$56.54 per barrel of oil and \$3.13 per Mcf of natural gas, resulting in an average realized price of \$44.63 per BOE. This compares to \$70.91 per barrel and \$2.56 per Mcf in 2024, which translated to \$49.58 per BOE.

	2025	2024
<b>Production Volume</b>		
Oil (Bbls)	112,797	256,166
Natural gas (Mcf)	311,729	958,325
BOE	164,752	415,887
<b>Daily Average Production Volume</b>		
Oil (Bbls per day)	309	700
Natural gas (Mcf per day)	854	2,618
BOE per day	451	1,136
<b>Net prices realized(1)</b>		
Oil per Bbl	\$ 56.54	\$ 70.91
Natural gas per Mcfe	3.13	2.56
Oil and natural gas per BOE	44.63	49.58
<b>Operating Expenses per BOE</b>		
Lease operating expenses, gathering, transportation, and treating, and production taxes	\$ 35.03	\$ 30.24
Depreciation, depletion, accretion, and amortization	21.89	19.85

Source: usnrg.com

Lease operating expense declined to \$5.2 million in 2025 from \$11.2 million in 2024, reflecting the lowered asset base following recent divestitures. Cash G&A totaled \$6.2 million, compared to \$6.9 million in 2024, primarily due to lower compensation and benefits. Stock compensation expense was \$1.9 million in 2025 compared to \$1.3 million in the prior year.

Adjusted EBITDA for 2025 was (\$4.5 million), and the net loss of (\$14.4) million, or (\$0.43) per diluted share. The net loss included non-cash items associated with the Company's strategic repositioning, including a \$3.6 million impairment of oil & gas properties and a \$0.4 million loss on the sale of East Texas assets. These items are non-recurring and reflect the continued transition away from legacy oil and gas operations toward the industrial gas, EOR, and CCUS platforms.

The present value of the company's reported SEC proved reserves, discounted at 10% (PV-10), at the end of 2025 was **\$18.4** million based on pricing of \$65.34/bbl oil and \$3.39/mcf natural gas.

### Balance Sheet & Liquidity

In early March 2026, the company completed an equity offering of 8.8 million shares at \$1.00 per share. Also, this year the company was able to raise approximately \$5.7 million by utilizing its equity line of credit. U.S. Energy currently has a \$15.4 million cash balance with **\$22.9** million of available liquidity.

	Balance as of		
	December 31, 2024	December 31, 2025	March 13, 2026*
<b>Cash and debt balance:</b>			
Total debt outstanding	\$ -	\$ 2,500	\$ 2,500
Less: Cash balance	\$ 7,723	\$ 429	\$ 15,436
Net debt balance (positive net cash position)	\$ (7,723)	\$ 2,071	\$ (12,936)
<b>Liquidity:</b>			
Cash balance	\$ 7,723	\$ 429	\$ 15,436
Plus Credit facility availability	\$ 20,000	\$ 7,500	\$ 7,500
Total Liquidity	\$ 27,723	\$ 7,929	\$ 22,936
*Represents liquidity profile as of March 13, 2026, which includes the completion of the Company's recently announced equity offering on March 10, 2026.			

Source: usnrg.com

## Well Summary

The company has completed three active industrial gas wells and also owns two CO<sub>2</sub> injection wells.

### Industrial Gas

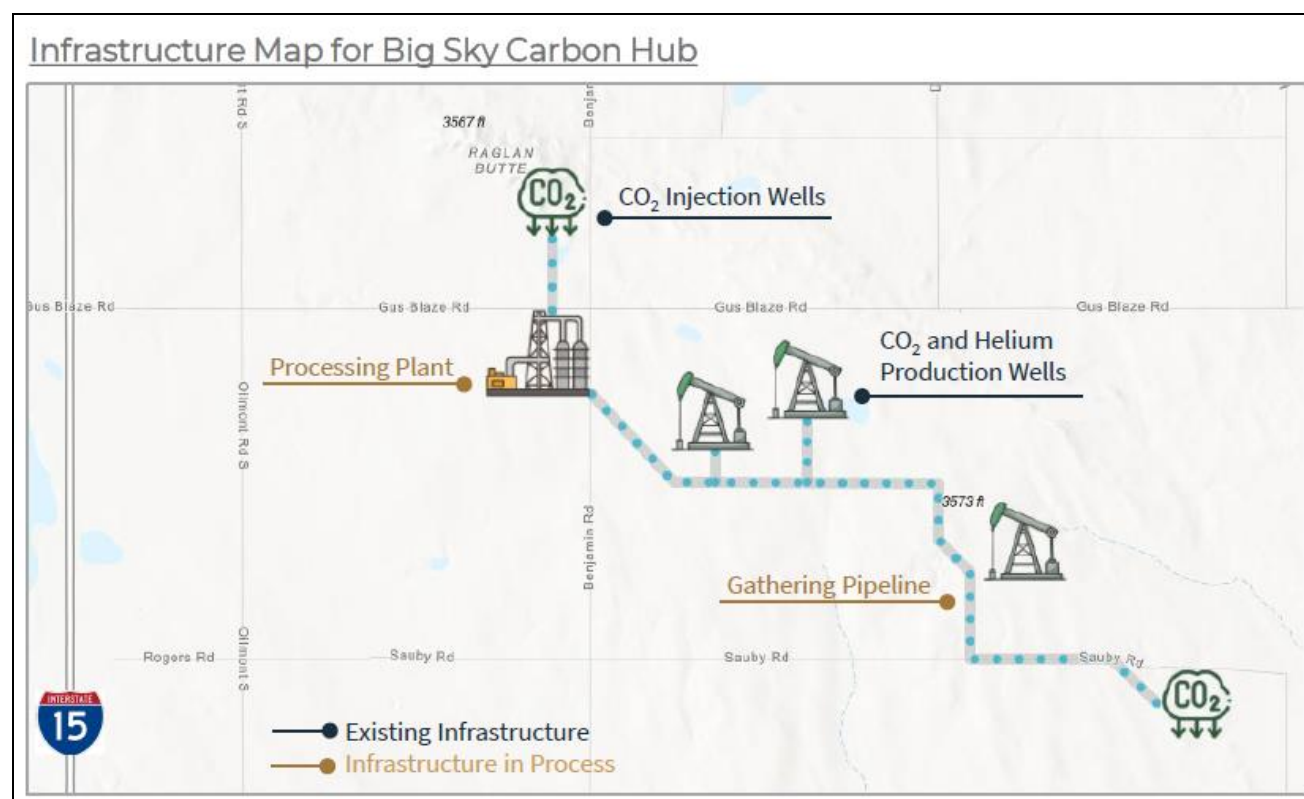
**#1)** In January 2025, the company acquired 24,000 net acres across the Kevin Dome which included the already drilled Kiefer Farms well targeting the CO<sub>2</sub> rich Duperow formation. CO<sub>2</sub> wells are drilled at a shallower formation than nitrogen wells at approximately 3,000 feet. This well is expected to become a near-term economic contributor to the industrial gas processing facility that is being developed.

**#2) and #3)** In July 2025, the company drilled and completed two producing wells in CO<sub>2</sub> zones with helium concentrations in the 0.4%-0.5% range. These wells, located within 1-2 miles of the Keifer Farms well (#1 well), together with the Keifer well make three productive wells.

### Carbon Sequestration

**#1)** This was the company's first well of its industrial gas program and was completed in October 2024. It was drilled to the nitrogen rich Precambrian formation at approximately 5,000 feet and produced helium concentrations of 1.5%. However, the volumetric flow was not sufficient to make this a viable well to develop required helium extraction at the processing plant. This well is being converted to a CO<sub>2</sub> injector well has been approved for Class II status. The MRV has been filed on this well with approval expected in the summer of 2026.

**#2)** In April 2025, the company acquired approximately 2,300 net acres with CO<sub>2</sub> rights that are contiguous to its existing positions across Montana's Kevin Dome structure. This acquisition includes an active Class II injection well to sequester CO<sub>2</sub> captured from the company's industrial gas processing facility (see below for more details).

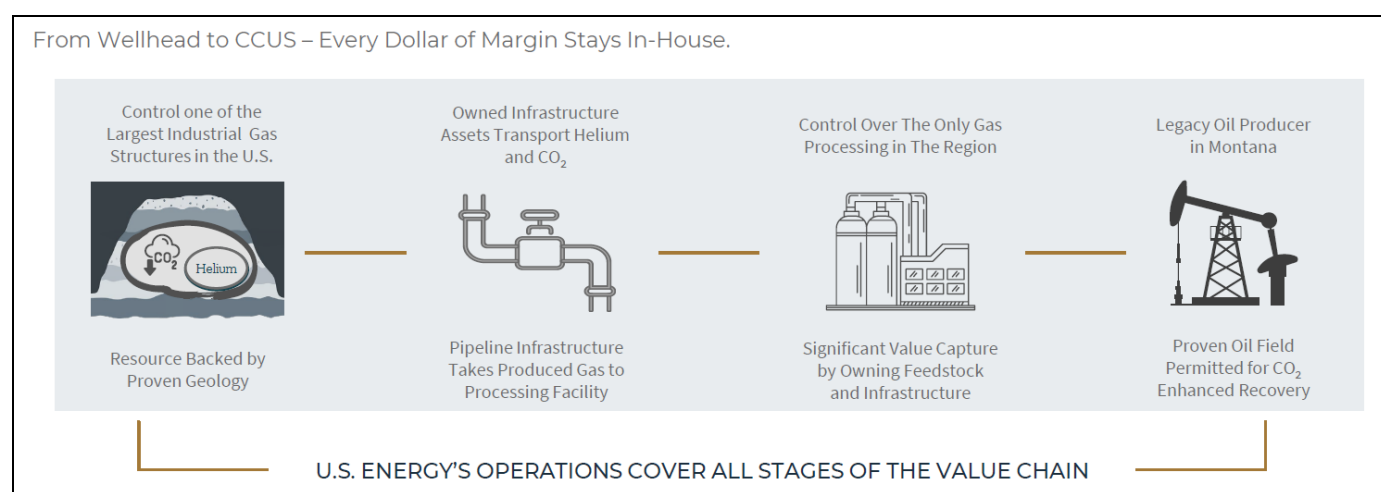


Source: usnrg.com

## Final Investment Decision

On March 18, 2026, the company announced that it has reached a Final Investment Decision (FID) for the construction of its processing facility at the Big Sky Carbon Hub in Montana. It has executed an Engineering, Procurement, and Construction (EPC) agreement with CANUSA EPC under a fixed-scope EPC contract structure. CANUSA EPC is Canadian based firm that specializes in engineering, procurement and construction management for industrial and energy facilities.

The FID represents the key execution milestone that starts commercial development at the company's Big Sky Carbon Hub in Montana, with capital deployment now underway. The facility is engineered for approximately 8.0 MMcf/d of inlet capacity, supporting targeted annual output of roughly 12 MMcf of helium and 125,000 metric tons of refined CO<sub>2</sub> during initial operations. The project is expected to qualify for Section 45Q federal tax credits of approximately \$85 per metric ton, which supports an estimated \$130 million in Phase 1 tax credit value. Infrastructure development will advance with gathering pipeline installation beginning in the spring of 2026 and then followed by commissioning in the 3<sup>rd</sup> quarter of 2026. Initial helium sales alongside carbon management operations are anticipated to being in the 1<sup>st</sup> quarter of 2027.



Source: usnrg.com

Under the terms of the agreement, CANUSA EPC will perform engineering, equipment procurement, fabrication, construction, and commissioning for the facility under a fixed-scope EPC structure. The execution of the EPC agreement represents one of the final pre-FID milestones required before commencing construction and was completed concurrently with the FID.

The company has outlined key construction timelines and key milestones:

- Capital spending commenced; CANUSA EPC mobilizing project team and initiating procurement of long-lead equipment
- Installation of 10 miles of in-field gathering pipelines expected to commence spring 2026
- Gathering infrastructure and facility commissioning targeted for Q3 2026
- Receipt of EPA MRV approvals anticipated in 2026, enabling qualification of Section 45Q tax credits
- Execution of a long-term helium offtake agreement with a global industrial gas company — negotiations currently advanced
- Initial helium sales, carbon management operations, and CO<sub>2</sub>-EOR activity expected to commence Q1 2027

## Valuation & Estimates

We increase our price target to **\$3.50** per share as we believe the beginning of strong revenues and EBITDA growth will occur within 12 months from now and is also supported by reaching the FID stage of development.

We utilize multiple valuation methodologies to arrive at our target price of **\$3.50** for USEG stock. These include Discounted Cash Flow (DCF) calculations, peer multiples, price to book value, price to asset value and others.

Our DCF calculation assumes monetization of the 3 revenue streams beginning in early 2027. For 2027, we expect with oil revenues of \$11.0 million, helium revenues of \$2.0 million, and CO2 tax credit revenues of \$7.5 million with could be provide EBITDA of approximately \$12.0 million. in 2028, we expect total revenues of \$29.0 million and EBITDA of \$17.0 million.

Under this scenario, our DCF calculation is approximately **\$3.50** per share. This may prove to be conservative as we utilize a high discount rate of 12.5%.

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## **OTHER RECENT NEWS**

### Helium Industry Update

Helium has become a strategically important input for the **AI and data center** ecosystem, driven by its role in advanced semiconductor manufacturing and next-generation cooling systems. It is used in the production of high-performance AI chips, including GPUs and TPUs, and in cooling applications that reduce reliance on water- and air-based methods. Its inert properties and strong thermal characteristics make it well-suited for cryogenic environments, enabling energy-efficient, high-density computing while supporting precision processes in chip fabrication.

In data centers and high-performance computing systems, helium enables efficient cooling of advanced processors and supports leak detection and hard drive performance. Its importance is rising as AI workloads generate increasing heat, pushing traditional cooling methods to their limits and driving adoption of helium-based solutions. Combined with constrained global supply, these trends have elevated helium to a critical raw material, with growing emphasis in the U.S. and EU on domestic sourcing and supply chain resilience as AI infrastructure scales.

More recently, helium has re-emerged as a geopolitically sensitive commodity, with the current Middle East conflict materially disrupting global supply chains. The shutdown of liquefied natural gas (LNG) facilities in Qatar, one of the world's largest helium producers, has effectively removed roughly 1/3rd of global supply from the market, as helium is a byproduct of LNG processing. This has led to price increases and heightened supply insecurity across key end markets, including semiconductors, medical imaging, and aerospace

### Industrial Gas Resource Report

In the 2<sup>nd</sup> quarter of 2025, the company had an industrial gas resource report prepared for the volumes in place on its initial target development area across its Kevin Dome asset. The report concluded 1.28 billion cubic feet ("BCF") of net helium resources and 443.8 BCF of net CO2 resources, contingent upon economics and future development. The gas concentrations used for the report was 0.4% - 0.5% helium and 84% - 85% CO2, reflecting the composition of the company's recent development activities.

	Contingent Resource (1C)	
	Gross Volumes (BCF)	Net Volumes (BCF)
Helium resource	2.3	1.3
CO <sub>2</sub> resource	1,322.6	443.8

Source: usnrg.com

### Carbon Management Initiatives

The EPA Monitoring, Reporting, and Verification (MRV) plan was submitted in October 2025, with approval expected by spring or summer 2026. This would make the company eligible for federal carbon credits. A second MRV plan for enhanced oil recovery (EOR) operations is being prepared, with submission planned for December 2025. The company continues sustained injection of 17.0 MMcf/d across two company-owned wells, equivalent to approximately 240,000 metric tons of CO<sub>2</sub> sequestered annually, while advancing near-term EOR projects utilizing recycled CO<sub>2</sub> on legacy oil assets in Montana. Additionally, a second Class II injection well was approved by Montana regulators in August 2025.

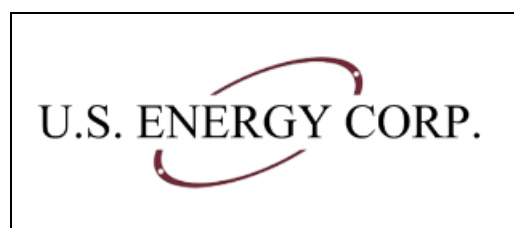
### Potential Opportunities in Gas Liquefaction Markets

There are only eight helium liquefiers in the U.S. with some being out of commission or not accepting third-party gas. None of these operating plants are currently geographically located to service helium production in the northern U.S. or Canada, so small operators face significant barriers to liquefaction, creating a unique opportunity for the company. USEG is well-positioned to capitalize on the helium liquefaction market, where limited capacity restricts third-party processing and transportation.

Strategically located in Montana, USEG's operations are ideally suited for a West of the Rockies helium liquefier, enhancing internal economics by producing liquefied helium, which commands a 25-50% premium over gaseous form, and attracting strategic capital by serving West Coast and export markets.

The company sees significant potential to support emerging helium producers in the Rocky Mountain region, many lacking processing infrastructure, by offering third-party tolling services that diversify plant revenues through gaseous helium trucked to the facility, independent of throughput volumes. Acquiring iso-container helium trucks would enable downstream transportation, further expanding access to domestic and international buyers. By targeting smaller, early-stage producers, the company can integrate valuable assets, achieve economies of scale, and leverage untapped industrial gas streams for diversified growth.

## KEY INVESTMENT POINTS



Source: usnrg.com

- U.S. Energy (NASDAQ: USEG) is an established energy company historically focused on the acquisition and development of oil and natural gas producing properties in the United States.

- On June 26, 2024, the company made a transformative acquisition of 140,000 acres in Northwestern Montana with the goal of producing and marketing industrial gases, including helium, along with the development of carbon sequestration capabilities across the asset base.
- U.S. Energy is positioned to develop carbon sequestration initiatives across the asset base, leading to increased economics while commercially diversifying the project.
- The company has established three distinct revenue streams: oil through EOR methods, helium sales and CO2 tax credits. Revenues from these sources are expected to begin in 2027.
- Third party engineering reports show large scale helium, CO2, and other resources at the acquired properties, while offset operators and analogous fields confirm the presence and viability of helium as well.
- On October 31, 2024, the company announced the successful completion of its first helium well in Montana. The data showed high quality helium concentrations of approximately 1.5% in Nitrogen based formations which appear to make the well economically viable. This well has since been converted to a CO2 injection well.
- The global demand for helium is estimated to be around 6 billion cubic feet (Bcf) annually, with China importing 1.0 Bcf per year. Annual demand is expected to increase from approximately 6.0 Bcf to 8.7 Bcf by 2030.
- The use of helium is a diverse and growing industry with end markets that include manufacturing, aerospace & defense, healthcare & life sciences, and general industrial.
- The company's SEC PV-10 proved oil & gas reserves as of December 31, 2025 totaled **\$18.4** million.
- As of March 13, 2026, the company currently has **\$2.5** million in debt, approximately **\$15.4** million in cash, **\$7.5** million in availability on its bank line of credit for total liquidity of **\$22.9** million.
- We believe USEG stock is worth **\$3.50** based on a conservative discounted cash flow (DCF) calculation and peer multiple comparisons.

## OVERVIEW



Source: usnrg.com

U.S. Energy (NASDAQ: USEG) is an independent energy company historically focused on the acquisition and development of oil and natural gas producing properties in the continental United States. In June

2024, the company acquired acreage in Montana with the goal of extracting and selling helium and other industrial gas products, which will be the primary business focus going forward.

Principal energy and industrial gas (including helium) properties and operations are located in the Rockies region (Montana and Wyoming), the Mid-Continent (Oklahoma, East Texas), and the Gulf Coast.

The company has historically explored for and produced oil and natural gas through a non-operator business model, however, during 2020 the company acquired operated properties in North Dakota, New Mexico, Wyoming and the Texas Gulf Coast. In 2022, the company acquired certain oil and gas properties from three separate sellers, representing a diversified portfolio of primarily operated, producing, oil-weighted assets located across the Rockies, West Texas, Eagle Ford, and Mid-Continent regions. During the 4th quarter of 2023, the company divested substantially all of its non-operated properties. In the 3<sup>rd</sup> quarter of 2024, the company divested the remainder of its South Texas assets and subsequently paid off all outstanding debt.

The company's business strategy is to enhance the value of acquired operated assets through evaluation of selected properties with the goal of increasing production and reserves. The company plans to deploy capital in a conservative and strategic manner and pursue value-enhancing transactions. The company also continuously evaluates strategic opportunities that it believes will enhance stockholder value.

After the transformative June 2024 acquisition of 140,000 acres in Northwestern Montana with the goal of producing and marketing helium gas, the company will focus on producing industrial gases in the region and advancing its existing carbon sequestration opportunities. Third party engineering studies show substantial helium and CO<sub>2</sub> resources while other operators and analogous fields confirm the presence and viability of helium as well. The use of helium is diverse and growing and end markets include manufacturing, aerospace & defense, healthcare, life sciences, and general industrial.

In early 2026, the company clarified its business model in which it expects to generate three strong sources of revenues beginning in 2027:

- Helium Sales: High-purity helium is a critical industrial gas with inelastic global demand and limited domestic supply, commanding premium pricing in long-term supply agreements. The company is in advanced negotiations for a long-term offtake arrangement and expects to finalize commercial terms during 2026.
- Section 45Q Carbon Management Revenue: CO<sub>2</sub> captured from helium processing is expected to qualify for the federal Section 45Q tax credit, providing a policy-supported, commodity-independent revenue stream with meaningful Phase 1 value.
- CO<sub>2</sub>-Enhanced Oil Recovery: A portion of captured CO<sub>2</sub> will be deployed in EOR operations at the company's Cut Bank oil field, located near Kevin Dome, creating incremental value through company-controlled supply and existing infrastructure.

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## PROPERTIES

The Big Sky Carbon Hub is positioned as one of the largest industrial gas structures in the Western U.S. and located on the Kevin Dome geologic formation in Northern Montana. It is designed as a permitted, de-risked platform with significant scalability potential.

Th high-rate, low-cost industrial gas development wells enable rapid expansion, supporting a carbon capture, utilization, and sequestration (CCUS) program that is expected to initially capture approximately

125,000 metric tons of CO<sub>2</sub> annually in Phase 1. This is the same as removing roughly 25,000 passenger vehicles from the road.

The company has filed two Monitoring, Verification, and Reporting (MRV) programs with the EPA and the project is expected to eventually scale to approximately 300,000 metric tons of annual CO management capacity upon approval in 2026 or 2027. The Big Sky hub benefits from established transportation infrastructure, including major rail access through the Port of Northern Montana in Shelby, Montana, as well as trucking routes along the I-15 and I-90 corridors.

In addition, the development program is supported by more than 170 permitted Class II disposal wells for enhanced oil recovery, providing a substantial regulatory and operational foundation for future growth.

## Big Sky Carbon Hub

One of the Largest Industrial Gas Structures in the United States – Permitted, De-Risked, and Ready to Scale.

### Big Sky Carbon Hub Positioned For Regional Impact

- The Big Sky Carbon Hub sits atop the renowned Kevin Dome geologic structure, one of the largest of its kind in the Western United States.
- High rate and low-cost industrial gas development wells allow for rapid expansion.

### Carbon Capture, Utilization, and Sequestration

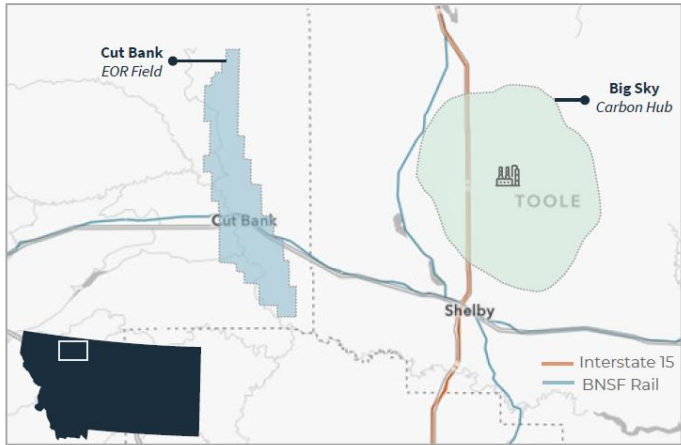
- 125,000 MT annually at beginning of Phase 1.
- Equates to 25,000 of passenger vehicles removed.
- Max amount from initial two MRV's expected to be 300,000 MT annually.

### Economic Transportation Infrastructure

- Major rail access along the Port of Northern Montana in Shelby, MT.
- Trucking access along the I-15 and I-90 corridor.

### Permitted Development Program

- USEG has more than 170 Class II disposal wells permitted for enhanced oil recovery.
- Two Monitoring Verification and Reporting (“MRV”) have been filed with the EPA with approvals expected summer 2026.



Cut Bank EOR Field		Big Sky Carbon Hub	
Oil Reserves	925 MBO	Helium Resource	1.3 BCF
PDP PV-10	\$14.9 million	CO2 Resource	444 BCF
Current Production	240 BOPD	Gas Concentration	0.5% Helium   87.5% CO <sub>2</sub>

Source: usnrg.com

## CO<sub>2</sub> ENHANCED OIL RECOVERY PROJECTS

The company’s CO<sub>2</sub>-EOR project provides meaningful exposure to long-term oil price upside through an established, fully permitted operating field with significant incremental recovery potential. Operated by USEG since January 2022, the asset is supported by an experienced local field team and encompasses approximately 29,000 net acres with a long production history.

The field exhibits a low-decline production profile with stable and predictable operating costs, supported by existing infrastructure and more than 170 permitted Class II injection wells. Reservoir characteristics are consistent with successful CO<sub>2</sub> enhanced oil recovery (CO<sub>2</sub>-EOR) projects in the U.S. with internal and third-party engineering analyses indicating approximately 70 million barrels of incremental recovery potential. The development could support average production of approximately 6,400 barrels per day over a multi-year horizon, reflecting significant remaining oil in place across the mature field footprint.

Development is expected to proceed through a phased approach, beginning with a targeted Phase 1 program informed by 3D seismic and petrophysical analysis confirming recoverable oil in place, followed by Phase 2 expansion at two to three times the initial scale utilizing existing injection capacity and shared facilities, and a Phase 3 expansion across the broader operational footprint with additional capacity growth.

<p><b>Established Operations</b></p> <ul style="list-style-type: none"> <li>Operated by USEG since January 2022 with experienced local field team.</li> <li>~29,000 net acres with long production history.</li> <li>Low-decline profile with stable, predictable operating costs.</li> <li>Existing infrastructure and 170+ permitted Class II injection wells.</li> </ul> <p><b>Large Incremental Oil Potential</b></p> <ul style="list-style-type: none"> <li>Reservoir characteristics consistent with successful U.S. CO<sub>2</sub>-EOR projects.</li> <li>~70 MMbbl of incremental recovery potential, supported by internal and third-party engineering analysis.</li> <li>~6,400 bbl/d average production potential over a multi-year time horizon.</li> <li>Significant remaining oil in place across mature field footprint.</li> </ul> <p><b>Phased Development Approach</b></p> <ul style="list-style-type: none"> <li><b>Phase 1:</b> Target development supported by 3D seismic and petrophysical analysis confirming recoverable oil in place</li> <li><b>Phase 2:</b> 2-3x scale-up leveraging existing injection capacity and shared facilities.</li> <li><b>Phase 3:</b> Expansion across established operational footprint with incremental capacity.</li> </ul>	<p><b>Cut Bank EOR Field Map</b></p>
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Source: usnrg.com

A **CO<sub>2</sub>-EOR** project is an oil production method where carbon dioxide is injected into a mature oil reservoir to increase the amount of crude oil that can be extracted beyond what primary and secondary recovery methods have achieved.

CO<sub>2</sub> is injected into the reservoir through dedicated injection wells. Under reservoir pressure and temperature conditions, the CO<sub>2</sub> mixes with the remaining oil, causing the oil to swell, reduce its viscosity, and flow more easily toward production wells. The injected CO<sub>2</sub> also helps maintain reservoir pressure and displaces oil that would otherwise remain trapped in the rock formation.

## MANAGEMENT TEAM

Executives with decades of combined experience in energy finance, carbon management, and E&P operations

### John Weinzierl

Chairman

*30+ years of experience*

Led two public listings as Co-founder and CEO of Memorial Resource Development, including Memorial Resource Development Corp. and Memorial Production Partners LP. Previously Managing Director and Operating Partner at Natural Gas Partners (NGP). B.S. in Petroleum Engineering and MBA from University of Texas at Austin.

### Tug Eiden

VP, Commercial Development

*25+ years of experience*

Operational and engineering leader spanning CCS, E&P, and major independents including Anadarko, EOG Resources, and BP. Brings deep expertise in commercial development across conventional and emerging energy segments. B.S. in Petroleum Engineering from Montana Technological University and MBA from Southern Methodist University.

### Ryan Smith

CEO

*20+ years of experience*

CEO since 2019; served as CFO from 2017–2023. Previously CFO and VP of Capital Markets at Emerald Oil (2013–2017), VP in Canaccord Genuity's Investment Banking Group focused on energy, and Analyst at Wells Fargo Energy Group. BBA in Finance from Texas A&M University.

### Kip Ferguson

VP, Business Development

*30+ years of experience*

Over 35 years of technical and executive leadership across drilling, completions, A&D, and project development at public and private E&P companies. Former EVP and President of Eagle Ford division at Magnum Hunter Resources. B.S. in Geology from the University of Texas at Austin.

### Mark Zajac

CFO

*30+ years of experience*

Former KPMG partner and national energy industry leader specializing in SEC reporting, PCAOB compliance, IPOs, and M&A transactions across the full energy value chain. Licensed CPA with BBA and MBA from Texas Tech University.

### Mason McGuire

VP, Finance and Strategy

*8 years of experience*

Oversees corporate finance, capital markets, investor relations, and M&A strategy. Previously a restructuring and financial reporting consultant at Opportune LLP, advising on complex transactions across the energy sector. B.A. in Finance and Energy Management from the University of Oklahoma.

U.S. ENERGY CORP.

Source: usnrg.com

## RISKS

- The company has written down and may in the future be forced to further write down, material portions of its assets due to low oil and natural gas prices. The full cost method of accounting is used for oil and gas acquisition, exploration, development and production activities. Under the full cost method, all costs associated with the acquisition, exploration, and development of oil and natural gas properties are capitalized and accumulated in a country-wide cost center.
- The company's operations are subject to disruption from natural or human causes beyond its control, including risks from hurricanes, severe storms, floods, lightning strikes, heat waves, severe weather, wildfires, ambient temperature increases, sea level rise, war, accidents, civil unrest, political events, fires, earthquakes, system failures, cyber threats, terrorist acts and epidemic or pandemic diseases which could result in suspension of operations or harm to people or the natural environment.
- The future value and resources associated with helium development are unknown and the company may never realize the value of any resources. No reserves have been assigned in connection with helium property interests to date, given their early stage of development. The future value of the company may be dependent on the success of helium drilling and development activities.
- The helium, oil and natural gas operations are subject to environmental, legislative and regulatory initiatives that can materially adversely affect the timing and cost of operations and the demand for helium, crude oil, natural gas, and NGLs. The company's operations are subject to stringent and

complex federal, state and local laws and regulations relating to the protection of human health and safety, the environment and natural resources.

- The company has never had any helium producing properties and these newly acquired properties may not result in profitable helium production. The company's helium interests are in exploration stage only at this point. Even with application of best science, there is no assurance that commercial quantities of helium will be discovered at any of the company's properties.

## SUMMARY

We believe the company enters 2026 with a strengthened financial position, supported by a solid balance sheet, strong liquidity, and meaningful progress toward initial helium sales and carbon management operations. Its integrated platform is now established, the regulatory pathway is well advanced, and there exists favorable industry dynamics. These include tightening helium supply and supportive federal carbon capture, utilization, and storage (CCUS) policies. As key milestones are achieved and operations advance, the company expects the value of its platform and assets to become increasingly evident to the investor community while remaining focused on delivering sustainable, long-term shareholder value.

We believe U.S. Energy has the potential to generate substantial levels of free cash flow over a mid-to-long-term time frame as the company's forays into industrial gas, EOR, and CCUS becomes successful. The company's diversification across traditional oil & gas cash flow and industrial gas projects should help reduce the inherent cyclicality in the hydrocarbon markets.

The company's current stock price does not likely reflect that potential level of profitable growth going forward and does not reflect the value of proven reserves in the oil & gas business and potential industrial gas resources. We believe USEG stock to be undervalued at this time, particularly when compared to competitors.

We believe multiple valuation methods support our DCF valuation which provides a target price of **\$3.50** per share.

## The Investment Case

1

### Differentiated Asset

The only integrated helium + CCUS hub in the Northwest U.S. 1.3 Bcf Helium. 444 BCF CO<sub>2</sub>. 100% owned and operated. 50-year reserve life.

2

### Economics

Three independent revenue streams. \$130M in 45Q federal credits over 12 years. 2.67x EV/2027E EBITDA vs 7-10x for peers. Underpinned by oil producing field with ~70 MMbbl of incremental EOR recovery potential at an 8% decline rate.

3

### Execution

\$22MM invested. Wells drilled. MRVs filed. Plant FID 2Q2026. First revenue 1Q2027.

4

### Why Now

Trading at a significant discount to intrinsic value ahead of multiple near-term catalysts. MRV approvals, offtake execution, and project financing each represent independent de-risking events before initial Phase 1 revenue.

Source: usnrg.com

## PROJECTED INCOME STATEMENT

<u>Income Statement</u>	<u>Dec-22</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-25</u>	<u>Dec-26</u>
<b>Net Sales</b>	<b>44,542</b>	<b>32,316</b>	<b>20,619</b>	<b>7,836</b>	<b>11,993</b>
<i>Growth</i>	569.0%	-27.4%	-36.2%	-62.0%	53.0%
<b>Operating Expenses</b>	<b>17,240</b>	<b>15,811</b>	<b>11,365</b>	<b>5,367</b>	<b>7,375</b>
<i>%</i>	38.7%	48.9%	55.1%	68.5%	61.5%
<b>Production Taxes</b>	<b>3,010</b>	<b>2,107</b>	<b>1,276</b>	<b>545</b>	<b>556</b>
<i>% of sales</i>	6.8%	6.5%	6.2%	7.0%	4.6%
<b>Depreciation, Depletion, Amortization</b>	<b>9,607</b>	<b>11,235</b>	<b>8,254</b>	<b>3,870</b>	<b>3,909</b>
<i>% of sales</i>	21.6%	34.8%	40.0%	49.4%	32.6%
<b>Impairments (or unusual loss)</b>	<b>0</b>	<b>26,680</b>	<b>11,918</b>	<b>3,629</b>	<b>0</b>
<i>% of sales</i>	0.0%	82.6%	57.8%	46.3%	0.0%
<b>SG&amp;A Expenses</b>	<b>11,157</b>	<b>11,523</b>	<b>8,197</b>	<b>9,110</b>	<b>8,199</b>
<i>% of sales</i>	25.0%	35.7%	39.8%	116.3%	68.4%
<b>Operating Income</b>	<b>3,528</b>	<b>(35,040)</b>	<b>(20,391)</b>	<b>(14,685)</b>	<b>(8,045)</b>
<i>Margin</i>	7.9%	-108.4%	-98.9%	-187.4%	-67.1%
<b>Adjusted EBITDA</b>	<b>16,152</b>	<b>5,168</b>	<b>929</b>	<b>(6,612)</b>	<b>(3,551)</b>
<i>Margin</i>	36.3%	16.0%	4.5%	-84.4%	-29.6%
<b>Other Expenses/(Income)</b>	<b>5,850</b>	<b>(2,907)</b>	<b>(504)</b>	<b>(437)</b>	<b>40</b>
<i>%</i>	13.1%	-9.0%	-2.4%	-5.6%	0.3%
<b>EBIT</b>	<b>(2,322)</b>	<b>(32,133)</b>	<b>(19,887)</b>	<b>(14,248)</b>	<b>(8,086)</b>
<i>%</i>	-5.2%	-99.4%	-96.4%	-181.8%	-67.4%
<b>Total Interest Exp (net)</b>	<b>544</b>	<b>1,114</b>	<b>530</b>	<b>238</b>	<b>105</b>
<i>%</i>	1.2%	3.4%	2.6%	3.0%	0.9%
<b>Net Profit Before Tax</b>	<b>(2,866)</b>	<b>(33,247)</b>	<b>(20,417)</b>	<b>(14,486)</b>	<b>(8,191)</b>
<i>%</i>	-6.4%	-102.9%	-99.0%	-184.9%	-68.3%
<b>Income Tax</b>	<b>(1,893)</b>	<b>(891)</b>	<b>20</b>	<b>0</b>	<b>0</b>
<i>% Effective Rate</i>	66.1%	2.7%	-0.1%	0.0%	0.0%
<i>% Cash Tax Rate</i>	66.1%	2.7%	-0.1%	0.0%	0.0%
<b>Minority Interests or Preferred Stock</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Profit</b>	<b>(973)</b>	<b>(32,356)</b>	<b>(20,437)</b>	<b>(14,486)</b>	<b>(8,191)</b>
<i>%</i>	-2.2%	-100.1%	-99.1%	-184.9%	-68.3%
	0.0%	0.0%	0.0%	0.0%	0.0%
Non-recurring income (expense)		26,680	5,347		
Average Diluted Shares Outstanding	24,668	25,322	26,720	32,746	34,000
Reported FD EPS		(1.28)	(0.96)		
<b>Zacks EPS</b>	<b>(0.04)</b>	<b>(0.25)</b>	<b>(0.56)</b>	<b>(0.44)</b>	<b>(0.24)</b>

Source: Zacks analyst

Zacks EBITDA may not match USEG adjusted EBITDA

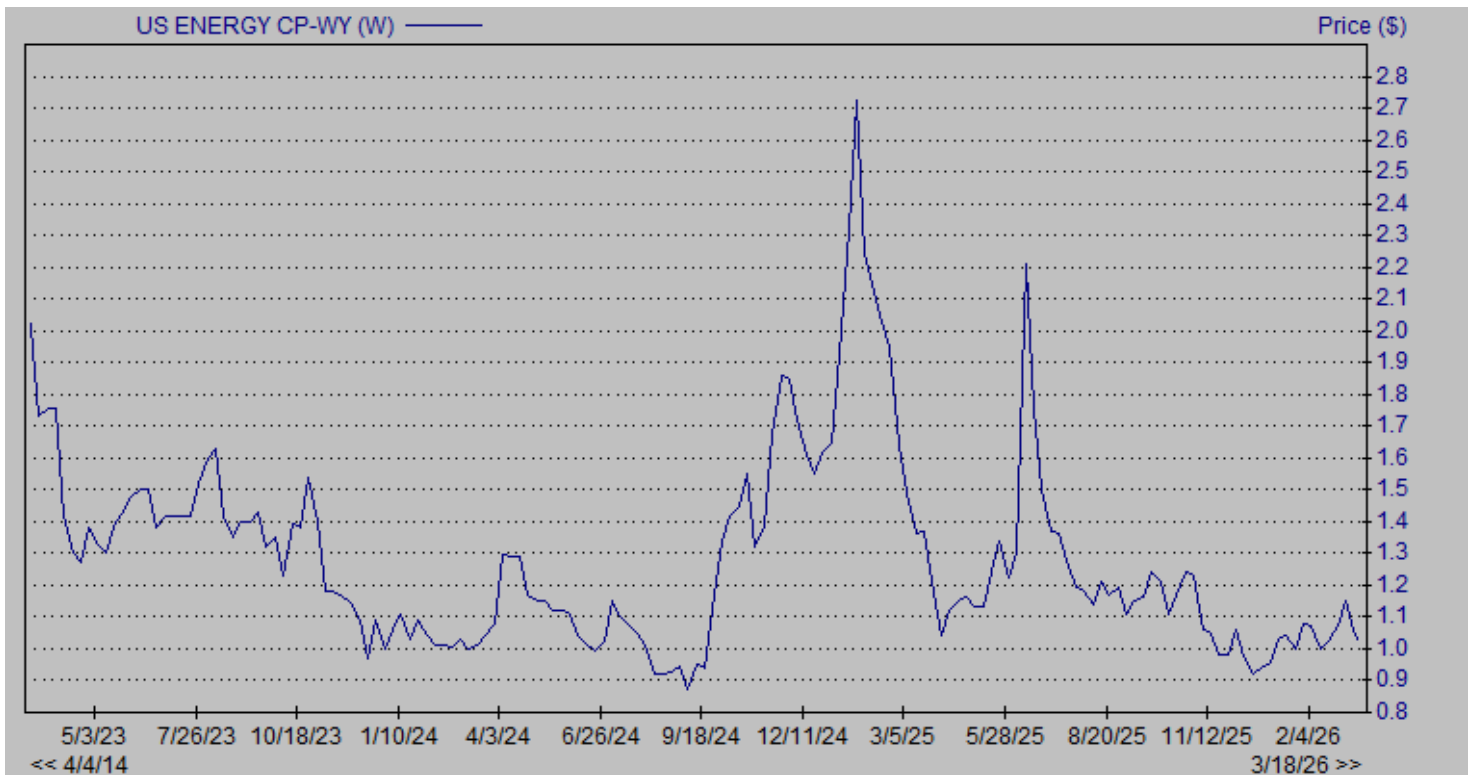
## PROJECTED QUARTERLY INCOME STATEMENT

<u>Income Statement</u>	Q1/25A	Q2/25A	Q3/25A	Q4/25E
<b>Net Sales</b>	<b>2,193</b>	<b>2,028</b>	<b>1,738</b>	<b>1,877</b>
<i>Growth</i>				
<b>Operating Expenses</b>	<b>1,625</b>	<b>1,571</b>	<b>1,045</b>	<b>1,126</b>
<i>%</i>	74.1%	77.5%	60.1%	60.0%
<b>Production Taxes</b>	<b>148</b>	<b>148</b>	<b>136</b>	<b>113</b>
<i>% of sales</i>	6.7%	7.3%	7.8%	6.0%
<b>Depreciation, Depletion, Amortization</b>	<b>1,119</b>	<b>1,118</b>	<b>816</b>	<b>817</b>
<i>% of sales</i>	51.0%	55.1%	47.0%	43.5%
<b>Impairments</b>	<b>0</b>	<b>2,760</b>	<b>869</b>	<b>0</b>
<i>% of sales</i>	0.0%	136.1%	50.0%	0.0%
<b>SG&amp;A Expenses</b>	<b>2,389</b>	<b>2,670</b>	<b>2,241</b>	<b>1,810</b>
<i>% of sales</i>	108.9%	131.7%	128.9%	96.4%
<b>Operating Income</b>	<b>(3,088)</b>	<b>(6,239)</b>	<b>(3,379)</b>	<b>(1,989)</b>
<i>%</i>				
<b>Adjusted EBITDA</b>	<b>(1,498)</b>	<b>(2,361)</b>	<b>(1,326)</b>	<b>(1,172)</b>
<i>%</i>	-68.3%	-116.4%	-76.3%	-62.4%
<b>Other Expenses/(Income)</b>	<b>(24)</b>	<b>(228)</b>	<b>(110)</b>	<b>(75)</b>
<i>%</i>	-1.1%	-11.2%	-6.3%	-4.0%
<b>EBIT</b>	<b>(3,064)</b>	<b>(6,011)</b>	<b>(3,269)</b>	<b>(1,914)</b>
<i>%</i>	-139.7%	-296.4%	-188.1%	-102.0%
<b>Total Interest Exp. (net)</b>	<b>47</b>	<b>47</b>	<b>72</b>	<b>72</b>
<i>%</i>	2.1%	2.3%	4.1%	3.8%
<b>Net Profit Before Tax</b>	<b>(3,111)</b>	<b>(6,058)</b>	<b>(3,341)</b>	<b>(1,986)</b>
<i>%</i>	-141.9%	-298.7%	-192.2%	-105.8%
<b>Income Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>% Effect Rate</i>	0.0%	0.0%	0.0%	0.0%
<b>Minority Interest &amp; Preferred Stock</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Profit</b>	<b>(3,111)</b>	<b>(6,058)</b>	<b>(3,341)</b>	<b>(1,986)</b>
<i>%</i>	-141.9%	-298.7%	-192.2%	-105.8%
Non-recurring income (expense)				
Shares Outst.	32,725	32,672	32,793	32,793
<b>Reported FD EPS</b>				
<b>Zacks EPS</b>	<b>(0.10)</b>	<b>(0.19)</b>	<b>(0.10)</b>	<b>(0.06)</b>

Source: Zacks analyst

Zacks EBITDA may not match USEG adjusted EBITDA

# HISTORICAL STOCK PRICE



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