Matador Resources Company

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March 6, 2023

Dear Shareholders and Friends,

As 2023 begins, we find ourselves again grateful for your support and friendship. The Board and I are extremely pleased to celebrate with you another record year for Matador in 2022. Matador achieved operational and financial records across the board during 2022, including record production, net income, Adjusted EBITDA, net cash provided by operating activities and adjusted Free Cash Flow.

These record results provided us with the financial strength to announce in January 2023 that we had entered into a definitive agreement to acquire Advance Energy Partners Holdings, LLC ("Advance") for an initial cash payment of $1.6 billion, subject to customary closing adjustments, and possible additional cash consideration based on the price of oil during 2023. We expect this acquisition to expand our deep inventory of great rock and A+ locations, setting us up for another record year in 2023 and an even better 2024.

Record Matador and San Mateo Results in 2022

Matador experienced another tremendous year in 2022 with new operational and financial records (see **Slide A**), including, among other highlights:

- record average daily total production in 2022 of 105,500 barrels of oil and natural gas equivalent ("BOE") per day, which is the first time that Matador has exceeded average production of 100,000 BOE per day for a year (see **Slide B**);
- record annual net income (GAAP) of $1.21 billion in 2022, a year-over-year increase of 108% from net income of $585 million in 2021;
- record annual Adjusted EBITDA (a non-GAAP financial measure) of $2.13 billion in 2022, a year-over-year increase of 102% from $1.05 billion in 2021;
- record annual net cash provided by operating activities (GAAP) of $1.98 billion in 2022, a year-over-year increase of 88% from $1.05 billion in 2021; and
- record annual adjusted Free Cash Flow (a non-GAAP financial measure) of $1.22 billion in 2022, a year-over-year increase of 150% from $487 million in 2021.

Our midstream businesses also had a record year in 2022 (see **Slide C**), including, among other highlights:

- record annual net income (GAAP) of $147 million in 2022 for San Mateo Midstream, LLC ("San Mateo"), a year-over-year increase of 30% from net income of $114 million in 2021;
- record annual Adjusted EBITDA (a non-GAAP financial measure) of $198 million for San Mateo, a year-over-year increase of 28% from $154 million in 2021;

- all-time high third-party services revenues of $58.9 million at San Mateo, which was $18.8 million more than we had anticipated for 2022; and
- the acquisition of Pronto Midstream, LLC ("Pronto") in June 2022, which provides us with strategic and operational advantages by giving us additional assurance that our natural gas will flow and our wells will be produced in Lea County, New Mexico as Pronto's assets include approximately 45 miles of gas gathering pipelines, three compressor stations and a cryogenic natural gas processing plant with a designed capacity of 60 million cubic feet per day that we named the "Marlan Plant" after our longtime shareholder and friend, Marlan Downey.

Continuing to Repay Debt and Increase Dividend Payments

Matador finished 2022 in the best financial position in our history. We have repaid over $825 million of debt, including over $350 million of our bonds, in a little more than two years and ended 2022 with no borrowings under our credit facility. As a result of our record earnings and our disciplined debt repayment, Matador achieved a leverage ratio of 0.1x at December 31, 2022, which is the lowest since we became a public company in 2012 (see **Slide D**). Notably, each of the corporate credit ratings agencies (S&P, Moody's and Fitch) took note of Matador's financial strength and upgraded Matador's credit rating a notch or two in 2022.

In addition to paying down debt, we also were pleased that Matador's Board of Directors (the "Board") approved multiple increases to our quarterly dividend in 2022. We began 2022 by paying a quarterly dividend of $0.05 in the first and second quarters. In June 2022, we announced at the annual meeting of shareholders that the Board had doubled the quarterly dividend to $0.10 per share, which was paid to shareholders in the third and fourth quarters. In December 2022, we announced that the Board had again amended the Company's dividend policy, increasing the quarterly dividend by 50% to $0.15 per share. This increased dividend is expected to be first paid on March 9, 2023 to shareholders of record as of February 27, 2023.

The Advance Acquisition

The strength of our balance sheet and the approximate $500 million of cash that we had on our balance sheet at the end of the year allowed us to take advantage of a unique and strategic bolt-on opportunity by entering into the agreement to acquire Advance Energy Partners Holdings, LLC ("Advance") in January 2023 (see **Slide E**). We are extremely excited about this opportunity for Matador and its shareholders. The acquisition is expected to close in the second quarter of 2023 but has an effective date of January 1, 2023. Our production estimates for 2023 only include production from the Advance properties following closing of the acquisition. Production revenues from the Advance assets from January 1, 2023 until the closing date will be included as part of the purchase price adjustment at closing and applied to the final closing price.

The Advance acquisition includes approximately 18,500 net acres in the core of the northern Delaware Basin with approximately 99% of such acreage held by production. Most of the Advance acreage is adjacent to or near some of our best acreage where we have drilled a number of wells with an estimated ultimate recovery of over one million barrels of oil equivalent. The Advance acquisition will provide a significant increase in our drilling locations with 206 gross (174 net) operated locations in our core target formations and an additional 38 upside locations in the Wolfcamp D formation. We expect an average lateral length of approximately 9,400 feet for operated wells drilled on the Advance properties, which will improve efficiencies and increase the returns for the wells that we drill on this acreage. This new acreage also provides expansion opportunities for our wholly-owned midstream subsidiary, Pronto. These opportunities are expected to provide us with further operational, strategic and environmental advantages as we develop the Advance properties (see **Slide F**).

Matador estimates first quarter 2023 production on the Advance properties will be between 24,500 and 25,500 BOE per day. We then expect to turn to sales 21 gross (20.4 net) wells on the Advance acreage in the second half of 2023. Advance currently has one drilling rig operating on these assets, and we expect to continue operating a drilling rig on the Advance acreage following the closing of the acquisition.

We intend to fund the Advance acquisition with a combination of cash on hand, free cash flow prior to closing and borrowings under our credit agreement. In connection with the expected close of the acquisition, we plan to increase the elected commitment under our credit agreement but importantly neither this acquisition nor the increase in the elected commitment should significantly impact Matador's current leverage profile due to the amount of cash on hand we have available to help fund the transaction. We also expect to maintain a pro forma leverage ratio below 1.0x for the remainder of 2023.

2023 Operating Plan

While we celebrate the success of 2022, we look forward to achieving even better results in 2023 and into 2024.

Our 2023 drilling program (pro forma for the Advance acquisition) is expected to focus on opportunities throughout our acreage position in the northern Delaware Basin. Notably, during the first half of the year, we plan to turn to sales eight gross (7.7 net) wells in the Rodney Robinson leasehold and eight gross (8.0 net) wells in the Stateline asset area. Both the Rodney Robinson leasehold and the leaseholds in the Stateline asset area are federal leaseholds that were acquired by Matador from the BLM in the New Mexico Oil and Gas Lease Sale in September 2018 (the "BLM Acquisition"). While some analysts and investors questioned the BLM Acquisition at the time, these assets and the wells on them have turned out to be among the best acreage and wells that Matador has ever developed. The BLM Acquisition has already paid for itself several times over. We believe the Advance acreage is of similar quality.

Importantly, with the projects previously mentioned and the other wells that we plan to turn to sales in our other asset areas, we anticipate turning to sales over 90 net operated wells for the first time in the Company's history during 2023 (see **Slide G**). As a result, we expect to achieve record production again in 2023 with total production expected to be 45.3 million BOE, which is an 18% increase over our record 2022 production. As in prior years, we expect to continue to focus on drilling and completion capital efficiencies, including expanding the use of dual-fuel pressure pumping and Simul-Frac completions. We believe our 2023 operating plan should provide another rewarding year for Matador and its stakeholders.

Matador anticipates that its 2023 operating plan will set up Matador for an even better 2024. We hit an inflection point in 2022 when we exceeded average production of 100,000 BOE per day. We expect that during the fourth quarter of 2023, we will produce an average of 143,000 BOE per day, which is a 28% year-over-year increase from the fourth quarter of 2022. Notably, much of this growth will be in our oil production as we expect to produce 87,500 barrels of oil per day in the fourth quarter of 2023, which is a 41% increase as compared to the fourth quarter of 2022. For additional details regarding Matador's 2022 results and 2023 operating plan, please see our February 21, 2023 press release on Matador's website at www.matadorresources.com on the News Release page under the Investor Relations tab.

Summary

Naturally, the Board and I are very pleased with Matador's record performance in 2022 and the outlook for 2023. We also look forward to the closing of the Advance acquisition and other oilfield opportunities in the years ahead. We look forward to updating you as this progress unfolds.

We remain grateful for your continued support and friendship. Please reach out to us any time you have questions, concerns or suggestions. We recognize that our success starts with our outstanding staff and a stable group of long-term shareholders and other friends. As always, we invite you to stop by and see us or call us whenever you are in the Dallas area.

Sincerely,

Joe

Joseph Wm. Foran
Chairman & CEO

This letter includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. "Forward-looking statements" are statements related to future, not past, events. Forward-looking statements are based on current expectations and include any statement that does not directly relate to a current or historical fact. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "could," "believe," "would," "anticipate," "intend," "estimate," "expect," "may," "should," "continue," "plan," "predict," "potential," "project," "hypothetical," "forecasted" and similar expressions that are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Such forward-looking statements include, but are not limited to, statements about guidance, the consummation and timing of the Advance acquisition, the anticipated benefits, opportunities and results with respect to the Advance acquisition, including any expected value creation, reserves additions, midstream opportunities and other anticipated impacts from the Advance acquisition, as well as other aspects of the transaction, guidance, projected or forecasted financial and operating results, future liquidity, the payment of dividends, results in certain basins, objectives, project timing, expectations and intentions, regulatory and governmental actions and other statements that are not historical facts. Actual results and future events could differ materially from those anticipated in such statements, and such forward-looking statements may not prove to be accurate. These forward-looking statements involve certain risks and uncertainties, including, but not limited to, the ability of the parties to consummate the Advance acquisition in the anticipated timeframe or at all; risks related to the satisfaction or waiver of the conditions to closing the Advance acquisition in the anticipated timeframe or at all; risks related to obtaining the requisite regulatory approvals for the Advance acquisition, disruption from the Advance acquisition making it more difficult to maintain business and operational relationships; significant transaction costs associated with the Advance acquisition; the risk of litigation and/or regulatory actions related to the Advance acquisition, as well as the following risks related to financial and operational performance: general economic conditions; the Company's ability to execute its business plan, including whether its drilling program is successful; changes in oil, natural gas and natural gas liquids prices and the demand for oil, natural gas and natural gas liquids; its ability to replace reserves and efficiently develop current reserves; the operating results of the Company's midstream oil, natural gas and water gathering and transportation systems, pipelines and facilities, the acquiring of third-party business and the drilling of any additional salt water disposal wells; costs of operations; delays and other difficulties related to producing oil, natural gas and natural gas liquids; delays and other difficulties related to regulatory and governmental approvals and restrictions; impact on the Company's operations due to seismic events; its ability to make acquisitions on economically acceptable terms; its ability to integrate acquisitions; availability of sufficient capital to execute its business plan, including from future cash flows, available borrowing capacity under its revolving credit facilities and otherwise; the operating results of and the availability of any potential distributions from our joint ventures; weather and environmental conditions; the impact of the worldwide spread of the novel coronavirus, or COVID-19, or variants thereof, on oil and natural gas demand, oil and natural gas prices and its business; and the other factors that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. For further discussions of risks and uncertainties, you should refer to Matador's filings with the Securities and Exchange Commission ("SEC"), including the "Risk Factors" section of Matador's most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. Matador undertakes no obligation to update these forward-looking statements to reflect events or circumstances occurring after the date of this letter, except as required by law, including the securities laws of the United States and the rules and regulations of the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this letter. All forward-looking statements are qualified in their entirety by this cautionary statement.