THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser (including your stockbroker, bank manager, solicitor or other independent financial adviser), who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000 ("FSMA"). If you are not resident in the United Kingdom (the "UK"), you are recommended to seek your own financial advice immediately from another appropriately authorised independent financial adviser in your own jurisdiction.

This document ("Prospectus") comprises a document relating to Texadon Oil Plc (the "Company" or "Texadon") prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (the "FCA"), acting in its capacity as the competent authority for the purposes of Part VI of FSMA. Applications will be made to the FCA and the London Stock Exchange Plc (the "LSE") respectively, for all the Placing Shares to be admitted to the Official List of the FCA (the "Official List"), and for such Ordinary Shares to be admitted to trading on the LSE Main Market for listed securities (together, "Admission").

This Prospectus has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129, and such approval should not be considered as an endorsement of the issue that is the subject of this Prospectus and the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities ("Securities").

It is expected that Admission will become effective and that unconditional dealings for normal settlement in the Placing Shares will commence at 8.00am on 29 January 2021. Dealings in Placing Shares on the LSE before Admission will only be settled if Admission takes place. All dealings in Placing Shares prior to the commencement of unconditional dealings will be at the sole risk of the parties concerned.

The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made, or paid on the New Ordinary Shares, and will rank *pari passu* in all respects with all other Ordinary Shares in issue on Admission.

Application will be made for the Placing Shares to be issued pursuant to the Placing, to be admitted to the Standard List of the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in companies with premium listings on the Official List ("Premium Listings"), which are subject to additional obligations under the Listing Rules. It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules and/or any provision of the model code ("Model Code") with which the Company has indicated that it intends to comply on a voluntary basis, nor to impose sanctions with respect to any failure by Texadon to so comply.

The Company and each of its directors, whose names appear on page 7 of this Prospectus (the "Directors"), accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Company confirms that all such data contained in this Prospectus has been accurately reproduced from the referenced sources and, so far as the Company is aware and able to ascertain from information published by that third party, no factors have been omitted that would render the information so reproduced inaccurate or misleading.

THE WHOLE OF THE TEXT OF THIS PROSPECTUS SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE COMPANY, AS SET OUT IN THE SECTION ENTITLED "Part 2: RISK FACTORS" ON PAGES 13 TO 21 HEREOF.

TEXADON

(Incorporated and registered in England and Wales with company registration number 10227882)

Placing of up to 10,000,000 New Ordinary Shares
at 50 pence per New Ordinary Share
Admission of up to 18,145,571 Ordinary Shares
to the Official List
(by way of a Standard Listing under Chapter 14 of the Listing Rules)
and
to be admitted to trading on the London Stock Exchange Main Market for listed securities

ONYX CAPITAL PARTNERS LIMITED
Financial Adviser

This document does not constitute an offer to sell, or a solicitation of an offer to purchase or subscribe for Ordinary Shares in any jurisdiction, including, without limitation, the United States of America (the "United States"), or any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

Onyx Capital Partners Limited ("Onyx"), which is authorised and regulated in the UK by the FCA, is acting as the Corporate Adviser to the Company, exclusively for the Company and for no one else, in relation to the Placing and Admission. Onyx will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Placing, and will not be responsible to anyone (other than the Company in respect of the Placing) for providing the protections afforded to clients of Onyx or for providing any advice in relation to the Placing and/or Admission, the contents of this Prospectus, or any transaction or arrangement referred to herein. No liability whatsoever is accepted by Onyx for the accuracy of any information or opinions contained in this Prospectus, which has been prepared by the Directors, or for the omission of any material information for which it is not responsible. Nothing in this paragraph, however, excludes or limits any responsibility that Onyx may have under the FSMA or the regulatory regime established thereunder.

Summary of Placing and Admission

Placing Price per Placing Share	£0.50	£0.50
Minimum/Maximum number of New Ordinary Shares offered under the Placing	5,000,000	10,000,000
Gross Proceeds (before Expenses of Placing and Admission)	£2,500,000	£5,000,000
Net Proceeds on completion of the Placing (after Expenses)	£2,250,000	£4,500,000
Total Ordinary Shares in issue on completion of the Placing	13,145,571	18,145,571

The Placing comprises an offer by the Company of a minimum of up to 5,000,000 (five million), and a maximum of up to 10,000,000 (ten million) New Ordinary Shares. In addition to and separate to the Placing, at the Issue Date of this Prospectus the Company has raised £533,184.50 (five hundred and thirty three thousand one hundred and eighty four pounds and fifty pence Sterling) as seed funding from the issue of 8,145,571 (eight million, one hundred and forty five thousand and five hundred and seventy one) Ordinary Shares, which comprises 100% of the Company's current issued share capital prior to the Placing and Admission. This amount raised is seed money to pay for the Company's expenses to date. The Ordinary Shares have been issued and are fully paid. This seed money is not conditional on Admission and it is in addition to the amount to be raised via the Placing.

The Company will be appointing a placing agent ("Placing Agent") who is authorised and regulated in the UK by the FCA, and who will be acting exclusively for the Company and no one else in relation to the Placing and Admission. The Placing Agent will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Placing and Admission, and will not be responsible to anyone (other than the Company in respect of Admission) for protections afforded to the clients of the Placing Agent or for providing any advice in relation to Admission or the Placing, the contents of this Prospectus or any transaction or arrangement referred to herein. No liability whatsoever is accepted by the Placing Agent for the accuracy of any information or opinions contained in this Prospectus, or for the omission of any material information for which it is not responsible. However, nothing in this paragraph excludes or limits any responsibility which the Placing Agent may have under the FSMA or the regulatory regime established thereunder, or which, by law or regulation, cannot otherwise be limited or excluded.

The distribution of this Prospectus in or into other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The offer of Securities made pursuant to this Prospectus is not made to persons to whom, or places in which, it would be unlawful to make such an offer of Securities. No action has been taken to register or qualify the Placing under this Prospectus or otherwise permit the Placing to be made in any jurisdiction outside England and Wales. The distribution of this Prospectus in jurisdictions outside England and Wales may be restricted by law in these jurisdictions, and therefore persons who come into possession of this Prospectus should seek their own legal advice on, and observe, any of those restrictions. Failure to comply with these restrictions may violate securities laws.

It is the responsibility of any Applicant outside England and Wales to ensure compliance with all laws of any country relevant to its application for Securities under the Placing ("Application").

The Ordinary Shares have not been, nor will be, registered under the United States Securities Act of 1933 (as amended) ("Securities Act"), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of any province or territory of Canada, the Republic of South Africa ("South Africa") or Japan. Subject to certain exceptions, the Ordinary Shares may not be, directly or indirectly, offered, sold, taken up or delivered in, into or from the United States, Canada, South Africa or Japan, or to or for the account or benefit of any national, resident or citizen of the United States, or any person resident in Canada, South Africa or Japan. This Prospectus does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves of, and observe, any restrictions.

The Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act. There will be no Public Offer in the United States. The Company has not been, and will not be, registered under the US Investment Company Act pursuant to the exemption provided by section 3(c)(7) thereof, and investors will not be entitled to the benefits of that Act. The New Ordinary Shares are being offered outside the United States in offshore transactions within the meaning of, and in accordance with, the safe harbour from the registration requirements provided by Regulation S under the Securities Act.

The Ordinary Shares have neither been approved nor disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed comment upon, or endorsed the merit of, the Placing of the New Ordinary Shares or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Prospectus will be circulated during an exposure period, the purpose of which is to enable its examination by market participants prior to the acceptance of Applications ("Exposure Period"). You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any Application that has been received may need to be dealt with under the FCA requirements. Applications under the Private Placing will not be processed by the Company until after the expiry of the Exposure Period.

Applicants who sell the New Ordinary Shares before they receive their holding statement will do so at their own risk.

All references to time in this Prospectus are to London time, unless otherwise stated. Full updates as to progress and any changes to the expected timetable will be notified by the Company through a Regulatory Information Service ("RIS").

No major shareholder or member of the Company's management, supervisory or administrative bodies intend to subscribe in the Placing.

Expiry Date

This Prospectus expires six months after the date on which it was lodged with the FCA ("Expiry Date"). No Securities may be issued on the basis of this Prospectus after the Expiry Date.

Plan of Distribution and Allotment

Potential investors are private investors, institutional investors and retail investors. The Ordinary Shares are only being issued in the UK.

The Company is not aware of any intentions by major shareholders or members of the Company's management, supervisory or administrative bodies to subscribe in the Placing nor of any person who intends to subscribe for more than 5% (five per cent) of the Placing.

The Company confirms there will not be pre-allotment tranches; clawback provisions; pre-determined preferential treatment to be accorded; no determination of treatment of subscriptions or bids on the basis of which firm they are made through or by; and/or no target minimum individual allotment for any retained tranche.

The Conditions for the closing of the Placing, and when it shall be closed, are at the discretion of the Directors when the Minimum Gross Subscription is received or has been left open for a period of 30 days.

Multiple subscriptions will not be accepted.

Pricing

The New Ordinary Shares are being offered at a Placing Price of £0.50 (fifty pence) per New Ordinary Share.

Vendors of the 75% (seventy five percent) working interest in the Cross Creek Project, Directors, and certain consultants who collectively have been involved in the establishment of the Company and negotiation of the transaction, have subscribed in aggregate for 7,125,000 (seven million, one hundred and twenty five thousand) Ordinary Shares at their nominal value. In the event of the Maximum Subscription of up to 10,000,000 (ten million) New Ordinary Shares these New Ordinary Shares would equate to 39.27% per cent of the Enlarged Share Capital of the Company.

Placing and Underwriting

The Placing is not underwritten.

The Placing is a private placing through the Company's Placing Agent/broker.

Admission to Trading and Dealing Arrangements

Application will be made for all of the Company's issued Existing Ordinary Shares of £0.01 (one penny) each and New Ordinary Shares of £0.01 (one penny) each, with an Issue Price of £0.50 (fifty pence) each, to be admitted to trading on the Standard List of the LSE.

In case of an admission to trading on a regulated market, the Placing Agent will act as the intermediary.

Web site - Electronic Prospectus

An electronic copy of this Prospectus can be downloaded from the Texadon website at www.texadon.com (**"Website"**)**. Any person accessing the electronic version of this Prospectus for the purpose of making an investment may only do so in jurisdictions where is it permissible to invest.**

This Prospectus is dated 23 December 2020.

CONTENTS

PART 1: SUMMARY

This Summary should be read as an introduction to the Prospectus. Any decision to invest in the Securities should be based on consideration of the Prospectus as a whole by the Investor.

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff Investor might, under the registration of the EEA States, have to bear the costs of translating the Prospectus before legal proceedings are initiated. Civil liability attaches to those persons who have tabled the Summary, including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in such Securities.

The Company is issuing Ordinary Shares with international securities identification number ("**ISIN"**) GB00BL0KY487. Its full name is Texadon Oil Plc of 1 Charterhouse Mews, London, EC1M 6BB, United Kingdom, with legal entity identifier (**"LEI"**) 213800M3LGMWSWCNU262.

KEY INFORMATION ON THE ISSUER

Who is the issuer of the Securities?

The Company was incorporated on 13 June 2016, under the laws of England and Wales pursuant to the Companies Act 2006, as a private limited company with the name "Mews Nominees Limited", and changed its name to "Texadon Oil Limited" on 21 May 2018. It was registered on 1 July 2019 as a public limited company. The Company's registered number is 10227882 and its registered office is at 1 Charterhouse Mews, London, EC1M 6BB, United Kingdom, with LEI 213800M3LGMWSWCNU262.

What is the key Acquisition on Admission?

The Company's strategy is to take advantage of producing opportunities in the international gas and oil industry, that have upside potential by undertaking remedial operations to increase production and therefore revenue. The Company will predominantly focus on the exploration and the production of gas with a relatively minor concentration on the production of oil. The Company intends to sell the commodities directly on the spot market through spot rates.

The Cross Creek Project is currently owned by Spectral Oil and Gas Corporation, a company incorporated in the State of Texas, USA, and in which Steven McGuire, a director of the Company, has, through his family's trust, an interest.

The Directors of the Company intend to use the Proceeds (as well as to fund the Expenses of the Placing and the day-to-day expenses of the Company) to acquire a 75% Working Interest in the conventional producing Cross Creek Gas/Condensate Field ("the Cross Creek Field" or "Cross Creek"), which is located near the city of Humble and in close proximity to Houston, Texas, USA. The Cross Creek Project is to be acquired on Admission by exercising the Option Agreement between the Company and Spectral Oil and Gas Corporation, the current owners. The Cross Creek Project comprises the Company's inaugural Acquisition. The Company has not yet commenced operations.

The Company commissioned a Competent Person's Report on the Cross Creek Field, carried out by Collarini Energy Experts, and completed in September 2020, which evidences the existence of both gas and oil reserves at Cross Creek, which the Company will exploit, although the main revenue generated from the site will be from the production of gas.

During the first half of 2020, there has been a material change to the market price of gas and oil globally as a result of two global issues. Firstly, as a result of Russia and the Organization of Petroleum Exporting Countries (OPEC) failing to come to an agreement over proposed oil production cuts, a Russian and Saudi-Arabian oil price war commenced in early March 2020, which resulted in a 30% (thirty per cent)drop in the price of oil on average. This variable influencing oil prices has since reduced, following OPEC's announcement on 12 April 2020 that an agreement had been reached to lower the overall production of oil. Secondly, the Covid-19 pandemic has significantly reduced demand for oil as global economies have shut down due to lockdown measures. However, as countries are coming out from lockdowns the

demand for oil has begun to rise, and the pricing has naturally begun to stabilise slowly. Although commodity pricing is rising, the lower prices will have an effect on the revenue generated by the Company.

The Directors have included in Part 8 of this Prospectus income projections based upon three price variants; a low figure, a medium figure and a high figure, to illustrate that the Company will be profitable even at the low figures seen in the first half of 2020. At the issue date, the price of gas and oil in the previous week was US$2.77 and US$47.29, respectively. The Directors are of the opinion that the prices will be within the medium table range at the time of production.

The Company's main focus at Cross Creek will be the production of gas, and therefore the fall in the price of oil has had less of an impact on the Company and its future profitability, especially as production is not planned to commence until 90 days post Acquisition of Cross Creek on Admission, which will further allow for the gas and oil prices to continue to recover to previous market prices.

As at the Issue Date, the Company is not part of a Group. After Listing, the Company plans to register a wholly owned USA LLC company to control the USA operations anticipated to arise from implementation of the business plan more fully detailed in the Prospectus, in respect of the Cross Creek Project.

Who are the Company's Directors?

The Directors are as follows:

Name	**Position**
Michael Dennis Wort	Executive Chairman and Director
Michael William Ian Whyke	Director
Steven Scott McGuire	Director
Daniel Thomas Lascelles Whyke	Director

The Directors and all Shareholders, holding more than 3% (three per cent) or more of the Company's Ordinary Shares, have agreed not to sell any Ordinary Shares which they hold directly or indirectly in the Company for a period of 12 (twelve) months from the date of Admission. The Directors and all such major Shareholders will then be subject to orderly markets arrangements during the following 12 (twelve) months after the initial lock in period has expired.

A material conflict of interest pertaining to the Placing and Admission, is that Steven Scott McGuire is a Director and also holds a one third share in the residual 25% (twenty five percent) working interest in the Cross Creek Project. Where there is a conflict of interest, he will abstain from voting as determined in the Company's Articles.

The Company intends, when appropriate, to appoint an additional independent Non-Executive Director so that the Board comprises a balance of Executive Directors and independent Non-Executive Directors. At the Issue Date of this Prospectus, suitable candidates are awaiting identification.

Who are the Company's main Shareholders?

The Company's major Shareholders have equal voting rights. The Company is not directly or indirectly owned or controlled by any single Shareholder or group of Shareholders who are connected.

As far as the Company is aware, the interests, direct and indirect, of persons (other than interests held by the Directors) in 3% (three per cent) or more of the Company's issued share capital at the Issue Date and immediately following the issue of the (minimum) Placing Shares (the issue of which are conditional on Admission) are as follows:-

Name	**Existing Ordinary Shares of £0.01 per share**	**Current Issued Share Capital (%)**	**Issued Share Capital after issue of minimum Placing Shares**
Mr Ivan Burgess	2,175,000	26.70	16.55
Dr Tommie Morgan	550,000	6.75	4.18

Mr Tyler White	550,000	6.75	4.18
Aquass Yellow Limited	550,000	6.75	4.18
Aquass Green Limited	566,750	6.96	4.31
Mr John Webber	302,500	3.71	2.30
Total	**4,694,250**	**57.62**	**35.70**
Total Existing Ordinary Shares in issue.	**8,145,571**	**100.00**	**100.00**

What is the key financial information regarding the Issuer?

The Company to date has not yet commenced trading and has only incurred costs in the setting up of the business and for professional advice for the Competent Persons Report and legal and auditing matters.

On incorporation on 13 June 2016, the Company issued two ordinary shares of £1 each at par for cash consideration.

During the year ended 30 June 2019:

• on 2 July 2018, the two (2) Subscriber Shares were subdivided into 2,000 (two thousand) ordinary shares of 0.1 pence each;
• on 23 August 2018, the 2,000 (two thousand) ordinary shares were subdivided into 200,000 (two hundred thousand) ordinary shares of 0.001 pence each;
• on 3 October 2018, the 200,000 (two hundred thousand) ordinary shares were subdivided into 7,125,000 (seven million one hundred and twenty five thousand) ordinary shares of 0.00001 pence each, comprising the Founder Shares;
• on 24 June 2019, an ordinary written resolution was passed authorising the sum of £29,532 (twenty nine thousand, five hundred and thirty two Pounds Sterling), being part of the share premium account to be capitalised and appropriated as capitalised to the holders of ordinary shares of £0.01 (one pence) each in the capital of the Company, as appearing in the register of Members as at the close of business on 24 June 2019, and that the Directors be authorised to apply such sum in paying up in full 2,953,250 (two million, nine hundred and fifty three thousand, two hundred and fifty) shares of £0.01 (one pence) each in the capital of the Company and the allotment and issue of such new shares, credited as fully paid up, to the holder of ordinary shares of £0.01 (one pence) each at the rate of 0.59 (zero point five nine) per ordinary shares(s) for every existing ordinary share of £0.01 (one pence) each held by them. The share premium account was utilised to issue new bonus shares to the existing Shareholders and the share capital was consolidated to £0.01 (one pence);
• during the year, the Company raised £331,310 from the issue of Ordinary Shares; and
• during the year administrative expenses of £282,072 were incurred. Included in this amount were; legal fees of £5,375, consultancy fees of £238,050, professional fees of £36,711, and accountancy fees of £2,500.

During the year ended 30 June 2020:

• during the year, the Company raised £99,890 from the issue of Ordinary Shares;
• as at 30 June 2020, the Company had £25,624 of cash and cash reserves.
• administrative expenses of £153,142 were incurred. Included in this amount were; legal fees of £30,000, consultancy fees of £94,893, professional fees of £20,749, and accountancy fees of £7,500.

Since 1 July 2020 there have been the following significant changes in the financial position of the Company in the period to the date of this document:

• during the period, the Company raised £18,750 from the issue of Ordinary Shares;
• as at 30 September 2020, the Company had £57,516.19 of cash and cash reserves.

The Company is not operational and as such there has been no Revenue or direct costs of production.

Statements of financial position (extracts)

Extracts from the historical financial statements of financial position of the Company for each of the three periods to 30 June 2018, 30 June 2019 and 30 June 2020 are presented below:

	As at 30 June 2018	As at 30 June 2019	As at 30 June 2020
	£	£	£
Total assets	2	61,740	26,988
Total equity	2	49,240	(4,012)
Net financial debt	-	12,500	22,976

Statements of comprehensive income (extracts)

Extracts from the historical financial statements of comprehensive income of the Company for each of the three periods to 30 June 2018, 30 June 2019 and 30 June 2020 are presented below:

	Year ended 30 June 2018	Year ended 30 June 2019	Year ended 30 June 2020
	£	£	£
Total revenue	-	-	-
Operating loss	-	(282,072)	(153,142)
Total comprehensive loss for the period	-	(282,072)	(153,142)

Statements of cash flows (extracts)

Extracts from the historical financial statements of cash flows of the Company for each of the three periods to 30 June 2018, 30 June 2019 and 30 June 2020 are presented below:

	Year ended 30 June 2018	Year ended 30 June 2019	Year ended 30 June 2020
	£	£	£
Net cash used in operating activities	-	(270,414)	(135,164)
Net cash from financing activities	2	331,310	99,890
Net increase/(decrease) in cash and cash equivalents	2	60,896	(25,524)

Pro-forma statement of net assets (extracts)

Extracts from the unaudited pro-forma statement of net assets of the Company as at 30 June 2020:

	Group net assets as at 30 June 2020	**Net Cash receipt of New Ordinary Shares Issued**	**Acquisition of Assets**	**Unaudited pro forma net assets of the Company**
	£	**£**	**£**	**£**
Assets				
Interest in Cross Creek Project			1,080,000	1,080,000
Current assets				
Trade and other receivables	1,364			1,364
Cash	25,624	2,250,000		2,275,624
Total assets	**26,988**	**2,250,000**	**1,080,000**	**3,356,988**
Liabilities				
Current liabilities				
Trade and other payables	31,000	-	720,000	751,000
Total current liabilities	31,000	-	720,000	751,000
Total liabilities	**31,000**		**720,000**	**751,000**
Net assets	**(4,012)**	**2,250,000**	**360,000**	**2,605,988**

What are the key risks that are specific to the Issuer?

An investment in the Company involves risks, as well as risks relating to the Company's business strategy, including the initial Acquisition of the Cross Creek Project:

- The Company will initially be entirely dependent upon the Cross Creek Project for production and therefore the Company's sole source of revenue and cash flow.
- The Company's future success will be affected by the Company's ability to operate the Cross Creek Project on a profitable basis.
- Risks associated with the reserve data cited in this Prospectus relating to Cross Creek and the exploration and production activities.
- The Ordinary Shares will be listed on the Standard List which affords investors a lower level of regulator protection than a Premium Listing.
- Risks relating to the Company's relationship with its Directors and conflicts of interests.
- The gas and oil industry is subject to a number of laws and governmental regulations, compliance with which will be burdensome and costly.
- The environmental risks of the gas and oil industry.

KEY INFORMATION ON THE SECURITIES

What are the main features of the Securities?

- Application will be made for all of the Company's issued Existing Ordinary Shares of £0.01 (one pence) each and New Ordinary Shares of £0.01 (one pence) each, with an Issue Price of £0.50 (fifty pence) each, to be admitted to trading on the Standard List of the LSE.
- The Ordinary Shares will be registered with ISIN number GB00BL0KY487 and SEDOL number BL0KY48.
- On Admission the Company will have 8,145,571 (eight million one hundred and forty five thousand five hundred and seventy one) Existing Ordinary Shares of £0.01 (one pence) in issue and fully paid as at the Issue Date of this Prospectus, with the minimum of up to 5,000,000 (five million) Placing Shares to be issued conditional on Admission taking place.
- There are no Existing Ordinary Shares in issue that are not fully paid.
- There are no options or warrants in issue.
- There are no rights and/or obligations over the Company's unissued capital nor do there exist any undertakings to increase the share capital.
- Each Ordinary Share ranks *pari passu* for voting rights, dividends and return of capital on winding up.
- Every Shareholder present, in person, by proxy, or by a duly authorised corporate representative at a general meeting of the Company, shall have one (1) vote on a show of hands and, on a poll, every Shareholder present in person, by proxy, or by duly authorised corporate representative shall have one (1) vote for every Ordinary Share of its Shareholder.
- There are no restrictions in place in respect of the transferability of Ordinary Shares.
- On a voluntary winding-up of the Company, the liquidator may divide amongst the Shareholders, *in specie,* the whole or part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members as the liquidator. The Company intends to pay dividends, subject to the results of the Company's operations, its financial position, cash requirements, prospects, profits available for distribution and other factors deemed to be relevant at the time in the sole discretion of the Directors.
- The Placing is not underwritten.
- There are no commissions, fees, or expenses to be charged to Shareholders or investors by the Company in connection with Admission.

Where will the Securities be traded?

Application will be made for all of the Company's Ordinary Shares to be admitted to a listing on the Standard Segment of the Official List and to trading on the LSE's Main Market for Securities. There is no guarantee of Admission attached to the Securities.

What are the key risks that are specific to the Securities?

There are risks relating to the Ordinary Shares including, but not limited to, the following:

- A Standard Listing affords Shareholders a lower level of regulatory protection to a Premium Listing.
- Any further issues of Ordinary Shares will dilute Investors' shareholdings.
- Returns on investment may not be realised within the Investors' perceived reasonable timelines, due to the potential illiquidity of the Ordinary Shares.
- Dividend payments on the Ordinary Shares are not guaranteed.

KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC

Under which conditions and timetable can I invest in this Security?

Under the Placing, the Gross Proceeds, comprising a minimum of up to £2,500,000 (two million, five hundred thousand Pounds Sterling) before Expenses, will be raised and, conditional on Admission, the Placing Shares comprising a minimum of up to 5,000,000 (five million) and a maximum of up to 10,000,000 (ten million) New Ordinary Shares are being issued to Investors at the Placing Price of £0.50 (fifty pence) per New Ordinary Share.

Any oversubscription of up to a further 5,000,000 (five million) New Ordinary Shares at the Placing Price may raise a further £2,500,000 (two million, five hundred thousand Pounds Sterling) before Expenses, if in their sole discretion accepted by the Directors.

The Net Proceeds will be approximately £2,250,000 (two million, two hundred and fifty thousand Pounds Sterling), being the Minimum Gross Proceeds net of the Expenses of Admission and Placing.

The completion of the Placing shall be on:

(i) Successful Applications for the Placing Shares for a minimum of £2,500,000 (two million, five hundred thousand Pounds Sterling) (the "Minimum Gross Proceeds"); and

(ii) Admission, provided that, if Admission does not take place for any reason, the Application Proceeds will be promptly returned to the Applicants, without interest.

(iii) It is expected that Admission will become effective and that unconditional dealings for normal settlement in the Placing Shares will commence at 8.00am on 29 January 2021.

(iv) Dealings in Placing Shares on the LSE before Admission will only be settled if Admission takes place.

(v) All dealings in Placing Shares prior to the commencement of unconditional dealings will be at the sole risk of the parties concerned.

Why is this Prospectus being produced?

The Placing is being undertaken to establish the Company as a listed vehicle to enable the efficient raising of capital ahead of implementation of its strategic objectives, commencing with the inaugural Acquisition of Cross Creek, and to secure adequate working capital to expand by identifying and securing additional Acquisitions.

Following consultation with its advisers, the Directors are seeking Admission as they believe that the listing will enable the Company to reach institutional and retail investors in the UK, Europe, Africa and the Middle East, to increase share trading liquidity and to further raise the profile of the Company.

PART 2: RISK FACTORS

Investment in the Company and its New Ordinary Shares carries a significant degree of risk, including risks in relation to the Company's business strategy, the resources sector, taxation, the New Ordinary Shares, and to its relationship with its Directors. The risks referred to below are the principal risks relating to the Company. There may, however, be additional risks that the Company and the Directors do not currently consider to be material or of which the Company and the Directors are not currently aware that may adversely affect the Company's business, financial condition or results of operating. Prospective Investors must review this Prospectus carefully and in its entirety and consult with their professional advisers before acquiring any New Ordinary Shares. If any of the risks referred to in this Prospectus were to occur, the results of operations, financial condition and prospects of the Company could be materially adversely affected. If that were to be the case, the trading price of the Ordinary Shares, the target rate of return, and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Further, Investors could lose all or part of their investment.

The following factors are not exhaustive, or an explanation of all of the risk factors involved in investing in the Ordinary Shares and should be used as guidance only. The factors listed under a single heading may not provide a comprehensive view of all risks relevant to the subject to which the heading relates. Additional risks and uncertainties that are not currently known to the Company, or that the Company currently deems immaterial, may individually or cumulatively also have an adverse effect on the Company's business, results of operations, financial condition, and prospects. In particular, the Company's performance might be affected by changes in market and/or economic conditions and in legal, regulatory and tax requirements. If such changes were to occur the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Prospective investors should also consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.

The information contained in this Prospectus is based upon current legislation and tax practice and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Ordinary Shares.

RISKS RELATING TO THE COMPANY'S FINANCIAL SITUATION

Risks relating to the Company initially being reliant on the Cross Creek Project

The Company will initially be entirely reliant upon the Cross Creek Project as the Company's sole source of revenue and profits. The Company will not generate any revenue from Cross Creek until approximately 90 (ninety) days after acquiring the field due to the time it takes for production to begin. The CPR details the estimated level of reserves at Cross Creek, however, if there is a prolonged and/or material interruption to, or the cessation of production at Cross Creek, this would have a material adverse effect on the Company's financial conditions and its cash flow. The Company intends to pursue further Acquisitions of underperforming sites particularly in Texas, although this will solely depend on the success of Cross Creek and positive cash flows having been generated to support expansion.

Risks relating to the Company's working capital requirements

The Company is of the opinion, that the Group has sufficient working capital for its present requirements and that the Company has sufficient working capital for at least the next twelve months.

As global lockdowns have started to ease, the current market trend has seen an increase in the price of gas and oil from the unprecedented low figures at the start of 2020. The Company is not expecting production to be available for a period of approximately 90 (ninety) days after the acquisition of Cross Creek, and the Directors are of the opinion that the time frame from Acquisition to production will allow the market to further stabilise and prices to slowly increase. In Part 8 of this Prospectus, the Company has included multiple tables which detail income projections based on a low, medium, and high figure for the price of gas and oil, to address the current fluctuations in pricing. The current average global price for gas and oil falls closest to the medium figures of US$2.25 mcf for gas and US$40 bbl for oil. The Directors cannot

predict what the price of the commodities will be within the 90 (ninety) days from Acquisition to production but are of the opinion that as demand increases the prices will continue to rise in conjunction with this.

The overall opinion of the Company, having assessed various scenarios of the minimum fund raised at the levels predicted and used in the CPR (Appendix) and with prices as low as US$20 per barrel and US$1.75 per metric cubic feet, is that the Company will remain both cash positive and profitable for approximately the next 15 years.

RISKS RELATING TO THE SECURITIES

The Ordinary Shares will be listed on the Standard List which affords investors a lower level of regulator protection than a Premium listing.

The proposed Standard Listing of the Ordinary Shares will afford Investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. A Standard Listing will not permit the Company to gain a FTSE indexation, which may have an adverse effect on the valuation of the Ordinary Shares.

In addition, Chapter 10 of the Listing Rules, relating to significant transactions, will not apply to the Company while the Company has a Standard Listing. Therefore, Shareholder approval will not be required to complete the Acquisition, which will be undertaken by the Board, and Shareholders will not have the opportunity to vote on any new Acquisitions, even if Ordinary Shares are being issued as consideration for the Acquisition. However, while the Company will not be subject to the requirements of Chapter 10 of the Listing Rules, the FCA retains a general power to suspend a company's securities where it considers it necessary to protect investors.

An active trading market for Ordinary Shares may not develop or be sustained in the future

Although the Company has applied to the FCA for admission to the Official List and has applied to the LSE for admission to trading on the Main Market, the Company can give no assurance that an active trading market for the Ordinary Shares will develop in the UK or, if developed, can be sustained. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

Dividend payments on the Ordinary Shares are not guaranteed.

The Company intends to pay dividends on the Ordinary Shares once the Company is in a financial position to do so and as the Board determines appropriate. Payments of such dividends will be dependent on the availability of distributable reserves. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.

Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider reasonable.

Investments in New Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor, together with the number of New Ordinary Shares to be issued pursuant to the Placing, may contribute to infrequent trading in the Ordinary Shares on the LSE and volatile Ordinary Share price movements. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price.

Substantial future sales of Ordinary Shares, or the perception that such sales might occur, or additional offerings of Ordinary Shares could depress the market price of Ordinary Shares

Although the Company will receive the Net Proceeds from the Placing, the Directors believe that further equity capital raisings may be required by the Company in order to complete other new Acquisitions, which may be substantial. The pre-emption rights, contained in the Articles, have been disapplied for Shareholders in respect of the issuance of Ordinary Shares for non-cash consideration to facilitate the Cross Creek Project Acquisition. If the Company does offer its Ordinary Shares as consideration in making a further new Acquisition, depending on the number of Ordinary Shares offered and the value of such Ordinary Shares at the time, the issuance of such Ordinary Shares could materially reduce the holders' of existing Ordinary Shares percentage ownership in the Company, and also dilute the value of Ordinary Shares held by such Shareholders at the time. If a target has a large shareholder, the Company's issue of Ordinary Shares may result in such shareholder subsequently holding a large stake in the Company, which may, in turn, enable it to exert significant influence over the Company. The pre-emption rights contained in the Articles have also been disapplied in relation to the issue of New Ordinary Shares for cash pursuant to the Placing and Admission, and subsequently in connection with:

(a) the allotment of Ordinary Shares for cash, or otherwise, up to an aggregate nominal amount of 10% (ten per cent) of the nominal value of the issued Ordinary Shares (as at the close of the first Business Day following Admission);
(b) the allotment of equity securities for the purposes of, or in connection with, the restructuring or refinancing of any debt or other financial obligation of, or relating to (including any debt or financial obligations owed or guaranteed by, or secured against the assets of), the Company or any other company, business or asset directly or indirectly held by the Company or in which the Company has a direct or indirect interest; and
(c) allotments of Ordinary Shares, where such Ordinary Shares have been offered to holders of existing Ordinary Shares subject to various prescribed exclusions.

The disapplication of pre-emption rights could cause a Shareholder's percentage ownership in the Company to be reduced and the issuance of Ordinary Shares or, as the case may be, other equity securities, could also dilute the value of Ordinary Shares held by such Shareholder.

The rights afforded to Overseas Shareholders

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Ordinary Shares are governed by the laws of England and Wales, and by the Company's Articles. These rights may differ from the rights of shareholders in non-UK corporations.

There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters, or any judgments under the securities laws of countries other than the UK, against the Directors or the Company's executive officers who are residents of the UK or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or the Company's executive officers, in any original action based solely on foreign securities laws brought against the Company or the Directors, in a court of competent jurisdiction in England and Wales or other countries.

As not all of the Company's Directors are resident in the UK, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and the Company's executive officers within the Overseas Shareholder's country of residence, or to enforce, against the Directors and the Company's executive officers, judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws.

RISKS RELATING TO THE COMPANY'S BUSINESS, ACTIVITIES, AND INDUSTRY

Risks associated with the operation of the Cross Creek Project

The Company's future success will be affected by the Company's ability to operate the Cross Creek Project.
Drilling operations involve various types of risks and hazards, and the operation of the Cross Creek Project could experience interruptions, incur increased costs, or cease due to a number of factors, including but not limited to:

- unusual or unexpected rock formations and other geological problems;
- lack of availability, breakdown, or failure of drilling and other equipment;
- increases in extraction costs including energy, diesel fuel, material and labour costs;
- industrial or environmental accidents, discharge of pollutants or hazardous chemicals;
- changes in the regulatory environment relating to the operation of the Cross Creek Project;
- catastrophic events such as wildfires, floods and other environmental issues which could impact access to the Cross Creek Project or transportation of products to the market; or
- performance of the processing equipment and ancillary operations falling below expected levels of output of efficiency.

These factors and hazards could result in injury or death, environmental damage, damage to, or the destruction of, gas and oil properties, production facilities or other properties, delays in drilling and Workovers, increased production costs, monetary losses and possible legal liability.

Operating difficulties, such as unexpected geological variations, could affect the costs and viability of the Company's operations for indeterminate periods, although the Company has undertaken due diligence on the area, in the form of a CPR by an expert in the field to evaluate the area.

Damage to, or the breakdown of, a physical asset, including as a result of fire, flood, explosion, or natural catastrophe, can result in a loss of assets and subsequent financial losses. Although the Company may maintain insurance, the Company's insurance may not cover every potential risk associated with its operations and all unforeseen events, or fully cover its liability as a result of business interruptions such as equipment failure. In addition, adequate coverage at reasonable rates may not always be obtainable. The occurrence of a significant adverse event not fully or partially covered by insurance could have a material adverse effect on the Company's business, results of operations, financial condition, and prospects.

Inadequate supply of the critical infrastructure elements for drilling or production activity could result in reduced production or sales volumes, which could have a negative effect on the Company's financial performance. Disruptions in the supply of essential utility services, such as water and electricity, can halt the Company's production for the duration of the disruption and, when unexpected, may cause loss of life or damage to its drilling or production equipment or facilities, which may in turn affect its ability to recommence operations on a timely basis. Adequate provision of transportation services, such as timely pipeline and port access and rail services, are critical to distributing products and disruptions to such services may affect the Company's operations. The Company will benefit from the Cross Creek Project being located close to existing gas and oil transport infrastructure. The Company may be dependent on third party providers of utility and transportation services. As such, third party provision of services, maintenance of networks and expansion and contingency plans will be outside of the Company's control.

The inability to obtain, in a timely manner, strategic consumables, raw materials, drilling and production and processing equipment could have an adverse impact on any results of the Company's operations and financial condition. Periods of high demand for such supplies can result in periods when availability of supplies are limited and cause costs to increase above normal inflation rates. Any interruption to supplies or increase in costs could adversely affect the operating results and cash flows of the Company following the Acquisition.

In addition, drilling hazards or environmental damage could significantly affect operating costs, and production from successful wells may be adversely affected by conditions including delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity, or adverse geological conditions. Production delays and declines, whether or not as a result of the foregoing

conditions, may result in lower revenue or cash flows from operating activities until such time, if at all, that the delay or decline is cured or arrested. In the event that such cash flows are reduced in the future, the Company may be forced to scale back or delay discretionary capital expenditure resulting in delays to, or the postponement of, the Company's planned production and development activities which could have a material adverse effect on its business, results of operations, financial condition or prospects.

Should the Company acquire or establish future Acquisitions in the gas and oil industry these operations will have similar risks relating to the production and development operations such as blowouts, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations and abnormal pressures, and environmental hazards such as accidental spills, releases or leakages of petroleum liquids, gas leaks, ruptures or discharges of toxic gas. Offshore operations are also subject to hazards inherent in marine operations, which include damage from severe weather conditions, capsizing or sinking, and damage to pipelines and subsea facilities from fishing nets, anchors, and vessels. The occurrence of any of these events could result in production delays or the failure to produce gas and/or oil in commercial quantities from the affected operations.

Risks associated with the reserve data cited in this Prospectus relating to Cross Creek and the exploration and production activities.

The resources and reserves of gas and oil at Cross Creek are estimates based upon the findings in the CPR. The Company cannot guarantee that the estimated quantity of the reserves will be at Cross Creek.

Exploration, development, and production activities are capital intensive and inherently uncertain in their outcome. Cross Creek and the Company's future gas and oil projects may involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Furthermore, completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. The Company has undertaken due diligence and instructed the opinion of an expert in the form of the CPR for the Cross Creek Project and in respect of all future Acquisitions will ensure due diligence is undertaken to mitigate risks relating to dry wells or wells that are not productive.

Risks associated with the Directors sourcing and implementing future suitable Acquisitions

As part of the Company's strategy to develop further revenue after the implementation of Cross Creek, Investors will be reliant on the ability of the Company and its Directors to source Acquisition opportunities, evaluate their merits, conduct or monitor due diligence, and conduct negotiations to secure such opportunities to the Company's benefit. The Company is a recently established entity with no operating results, and it will not commence operations prior to obtaining the Net Proceeds from the Placing. As the Company lacks an operating history, there is no basis on which to evaluate the Company's ability to achieve its objective of the identification, acquisition, Workover and operation of a Hydrocarbon business or company.

With regards to sourcing and identifying suitable Acquisitions, the Directors have looked at a number of projects and, with the exception of the producing Cross Creek Gas/Condensate Field, there are no plans, arrangements or understandings with any prospective target business or company regarding further Acquisitions. The Company cannot assure Investors that after the implementation of the Cross Creek Project that it will be able to identify further suitable Acquisition opportunities, or that the Company will be able to make any further Acquisitions that will generate positive returns for Shareholders.

If the Directors do identify a further suitable target company, business or asset, there can be no guarantee that the Company will be able to acquire it at a price that is consistent with its objectives or at all. In addition, there may be competition from other interested parties in future Acquisition opportunities that the Company may explore. Such competition may for example come from strategic buyers, oil companies, and/or existing controlling shareholders in potential acquisition targets or from public and private investment funds. Although the Company believes that it is well placed to compete for opportunities, it cannot assure Investors that it will be successful against such competition. Furthermore, if the Company fails to complete a further Acquisition that it has been pursuing (for example, because it has been outbid), it may be left with substantial unrecovered transaction costs, including substantial break fees.

Without an operating history, it is difficult to assess to Company's ability to operate a successful Hydrocarbon business. In all future Acquisitions, the Company and its Group intend to conduct appropriate due diligence in relation to such opportunities, but the Company cannot assure Investors that it will be profitable at implementing and operating these.

Risk associated with the fluctuations in the price of gas and oil.

Commodity prices of gas and oil experience volatility and are highly affected by global, regional and national circumstances including, but not limited to, changes in supply and demand, recessions, macroeconomic conditions, and global events and pandemics, which the Company cannot predict or control. Fluctuations in commodity pricing creates uncertainty and it is impossible to precisely predict future commodity price movements. Any material decline in commodity prices, could result in a reduction of the Company's net production revenue. If the global economic environment experiences a substantial downturn or remains relatively weak for the medium to long term, the ability of the Company to grow or maintain revenues, may be adversely affected. A long-term fall in price levels for a given commodity may result in extractive operations with respect to that commodity, not being economically viable.

Gas and oil prices have recently been negatively impacted by the Russian and Saudi-Arabia price war and the Covid-19 pandemic as a result of global lockdowns and economic activity being halted. The fall in commodity prices as result of lack of demand, are expected to rise when economies begin to come out of lockdowns. OPEC has reached an agreement to reduce the global output of oil in staggered phases until April 2022, which may impact the Company's production of, and revenue from oil, however as the Company's focus is predominately on the production of gas this impact is lowered.

The Company is of the opinion that it is in a good position to be able to maintain a profitable business despite fluctuations in the commodity pricing, as the cost of production and distribution, are mitigated by two factors. Firstly, as the quality of the Hydrocarbon pool in the Cross Creek acquisition is above average grade, it historically attracts a better pricing regimen. Secondly, as the Cross Creek Acquisition is situated close to an extensive distribution network, any increases in the transportation costs of Hydrocarbon products is minimalised in this respect.

Risk associated with the Company's costs of drilling and production

Independent contractors are typically used in operations to perform various tasks, including carrying out drilling and sometimes production activities and delivering raw commodities to processing or refinery plants. In periods of high commodity prices, demand for such contractors may exceed supply resulting in increased costs or lack of availability of key contractors. Disruptions of operations or increased costs can also occur as a result of disputes with contractors or a shortage of contractors with particular capabilities. Additionally, because the Company will not have the same measure of control over independent contractors as it does over employees, there is a risk that such contractors will not operate in accordance with the Company's safety standards or other policies. Any of the foregoing circumstances could have a material adverse effect on the Company's operating results and cash flows following the Acquisition.

Risks associated with the impact of Covid-19 on the gas and oil industry

The Company is of the opinion that there are two exceptional risk factors as a result of the current global pandemic caused by the Covid-19 virus. These are two-fold:-

1. Affecting the operational activities of the Company and the Group; and
2. Affecting the economic viability of the Company and the Group.

With regards to item one, the Company and its Group are virtual, and therefore the day to day management of the Company has always been remote, and it is using internet based communications tools to keep the Board and its advisors up to date with the progress of listing the Company and raising development funds on the LSE. Internet based communications have also been used extensively to maintain contact with the existing founding Shareholders. The Company will continue to use all available communication tools to ensure the smooth running of the Company and the Group, until the Covid-19 pandemic comes to an end and beyond, as part of the operational activities of the Company

following Listing and reworking of the target assets of the Company. In respect of the operations in Texas, the gas and oil industry has been deemed to be essential and has been back to work since 1st May 2020.

With regards to item two, the Company recognises that there has been a significant fall in gas and oil prices in 2020 for the reasons stated in this Prospectus. The Company and its Group is not immune from fluctuations in Hydrocarbon pricing. The Company has run a series of variance analyses on the information contained in the CPR on the working capital, and even with oil and gas prices as low as US$20 per Barrel and US$1.75 per thousand cubic feet respectively, the Company and the Group would still be running on a cash positive and profitable basis for approximately 15 years from the commencement of operations.

The Company notes that the market price of Hydrocarbons is based on the ratio of supply and demand. Currently the impact of the global Covid-19 pandemic has been to slow down demand as economic activity has been halted. Therefore, as the Company has not yet commenced operations and as it would take approximately 90 days after the Acquisition of Cross Creek for production, and therefore revenue to be generated, the low commodity pricing seen during the height of the Covid-19 pandemic is mitigated. Commodity pricing has begun to rise, as the Covid-19 pandemic is brought under control and countries are starting to return to economic normality and lockdowns are ended which, it is considered by the Board, will generate an increasing demand for Hydrocarbons and therefore a firming of the market prices.

LEGAL AND REGULATORY RISKS

The gas and oil industry is subject to a number of laws and governmental regulations, compliance with which may be burdensome and costly.

Gas and oil extraction is a hazardous industry and there are increasingly stringent requirements relating to regulatory, environmental and social approvals, which can result in significant delays in construction of additional facilities and may adversely affect new drilling or production projects, the expansion of existing operations and, consequently, the Company's results of operations, cash flows and financial condition, and such effects could be material.

Any project may require drilling or production rights and concessions, licences, permits or other authorisation. Any delay in obtaining or renewing such authorisation may result in a delay in investment or development of a resource and may have a material adverse effect on the acquired business' results of operations, cash flows and financial condition. In addition, any existing drilling or production rights and concessions, licences, permits and other authorisations may be suspended, terminated, or revoked if the Company fails to comply with the relevant requirements. If an asset fails to fulfill the specific terms of any of its rights, concessions, licences, permits and other authorisations or if it operates its business in a manner that violates applicable law, government regulators may impose fines or suspend or terminate the right, concession, licence, permit or other authorisation, any of which could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

Taxation matters

To the extent that any Acquisition made by the Company is located outside the UK, it is possible that any return the Company receives from that asset may be reduced by irrecoverable foreign withholding or other local taxes, and this may reduce any net return derived by Investors from a shareholding in the Company.

In addition, fiscal constraints or political pressure may also lead governments to impose increased taxation on operations in the resources sector within a given jurisdiction. Such taxes or other expropriation of assets could be imposed by any jurisdiction in which the Company operates before or after an Acquisition. If the Company's operations are subjected to increased taxation or other expropriation, the Company's earnings growth may be constrained and the ability of the Company to generate long term value for Shareholders following an Acquisition could be adversely impacted.

The tax treatment of holders of Ordinary Shares issued by the Company, any special purpose vehicle that the Company may establish, and any company which the Company may acquire, are all subject to changes in tax laws or practices in

the UK or any other relevant jurisdiction. Any change may reduce any net return derived by Investors from an investment in the Company.

It is intended that the Company will form a group structure, including any company acquired in any Acquisition, to maximise returns for Shareholders in as fiscally efficient a manner as is practicable. The level of return for Shareholders may also be adversely affected by any change in laws or tax authority practices that could adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Company does not envisage the payment of, at least in the short to medium-term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effects on the post-tax returns for Shareholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

Environmental risks of the gas and oil industry

Certain of the Company's operations may create environmental risk in the form of dust, noise, or leakage of polluting substances from site operations. Polluting substances not being appropriately managed could lead to environmental damage, injury to persons and loss of life or destruction of property. Any failure to manage environmental risks may result in harm to the Company's employees, the communities near the Company's operations and the environment. As a result, this could expose the Company and/or its Directors to fines and penalties, liability to employees and third parties for injury, statutory liability for environmental remediation, and other financial consequences, which may have a significant impact on revenue and cash flow. The Company may face litigation costs in defending a claim and damages claimed in connection with consequent litigation. The Company could face adverse publicity and suffer impairment of its reputation as a result. In addition, Government authorities may force closure of facilities on a temporary or permanent basis or refuse future drilling or production right applications to the Company. This could have a material adverse effect on the Company's business, results of operations, financial condition, or prospects.

Many participants in the resources sector are subject to current and planned legislation in relation to the emission of carbon dioxide, methane, nitrous oxide and other so called "Greenhouse Gases". Future compliance with existing legislation or any future changes to or new legislation, laws, regulations, or community expectations governing the Company's operations could result in increased compliance and remediation costs and therefore, could adversely affect the Company's profitability. Future legislative initiatives designed to reduce the consumption of Hydrocarbons could also have an impact on the ability of the Company, following the Acquisition, to market its commodities and/or the prices therefor that it is able to obtain. These factors could have a material adverse effect on the Company's business, results of operations, financial condition, or prospects.

Any future changes in environmental laws, regulations or community expectations governing the Company's operations could result in increased compliance and remediation costs. Any of the foregoing developments could have a materially adverse effect on the Company's results of operations, cash flows or financial condition.

Risk associated with public concern regarding the environmental and social impact of the gas and oil industry

The gas and oil industry produces vast amounts of toxic Greenhouse Gases and water pollution and, with current global concerns regarding climate change and global warming, the Company cannot provide assurances that the operations at Cross Creek and any future Acquisitions would not cause public concern or protests. This could delay or halt the Company's productions at various sites and therefore would affect revenue and profits.

In addition, prospective acquisition targets may have operations located in or near communities that may regard such an operation as detrimental to their environmental, economic, or social circumstances. Negative community reaction to such operations could have a material adverse impact on the cost, profitability, and ability to finance or even the viability of an operation. Such events could also lead to disputes with national or local governments or with local communities and give rise to material reputational damage.

Resource operations can also have an impact on local communities, including the need, from time to time, to relocate communities or infrastructure networks such as railways and utility services. Failure to manage relationships with local

communities, government, and non-government organisations may adversely affect the Company's reputation, as well as its ability to commence production projects, which could in turn affect the Company's revenues, results of operations and cash flows.

INTERNAL CONTROL RISKS

Risks relating to the Company's relationship with its Directors and conflicts of interests

The Company believes that its current Directors contribute significant experience and expertise to the management and growth of the Company, the Group, and its Acquisitions. The Company's operational performance could be adversely affected by the loss of the services of the Directors. The Company has entered into Directors' Service Agreements with the Executive Directors, which continue until terminated by either party giving 3 (three) months' notice to each other. If the Service Agreement is so terminated, the parties have agreed, if requested, to cooperate and take all reasonable steps to ensure an orderly transition.

The retention of the Directors' services cannot be guaranteed. Accordingly, the loss of any such key individual may have a material adverse effect on the Company. In addition, there is a risk that the Company will not be able to recruit executives of sufficient expertise or experience and on appropriate terms, or that recruiting and retaining those executives is costlier or takes longer than expected. The failure to attract and retain those individuals may adversely affect the Company and its performance and prospects.

All of the Executive Directors are engaged in other business endeavors and directorships. There is a possibility that the Director's other business affair could require them to devote substantial amounts of time to them, and this could limit their ability to devote time to the Company's business, which could have a negative impact on the Company's performance. Although the Directors must act in the Company's best interests and they owe certain fiduciary duties to the Company, they are not necessarily obligated under the laws of England and Wales to present business opportunities to the Company. The Company intends after the Acquisition of Cross Creek to pursue other Acquisitions and therefore the loss of an Executive Director's time and attention regarding the business of the Company could result, in particular, in the Company's diminished access to potential new Acquisition opportunities and senior managerial and operational expertise, either of which could have an adverse effect on the Company's business and prospects.

Risks relating to the Company's need to contract advisors and employees

Acquisition of any project is expected to be a significant transaction requiring the commitment of significant resources, both in the structuring and execution phases, as well as the operation of the Company post Acquisition. As the Company and its Group grows and expands, the Executive Directors may not be able to provide these services and they may be required to rely on contracted advisors and employees to provide these services in part. Therefore, there may be a risk that the Executive Directors may not be able to retain or recruit appropriate and experienced advisors and employees, as required, due to the specialised area of the gas and oil industry in which the Company operates . If the Executive Directors are unable to provide services and cannot retain or recruit appropriate advisors Company's results of operations and prospects may be adversely affected.

Under the Executive Directors' Service Contracts, claims against the Executive Directors by the Company are subject to a limitation on liability that may not fully cover all losses arising from such claims. Furthermore, there can be no guarantee that the Executive Directors will maintain insurance on terms and conditions that entitle the Company to recover fully on any claim. Accordingly, in addition to any other consequences resulting from a claim against the Directors, the Company may experience losses that, if material, may adversely affect the results of operations and financial condition of the Company.

Chairman's Letter

Dear Investor,

On behalf of my fellow Directors, Michael Whyke, Steven McGuire and Daniel Whyke, I am pleased to present this Prospectus and offer you the opportunity to invest in Texadon Oil Plc.

Definitions used herein follow those detailed in the "Definitions" section of the Prospectus, to which this Chairman's Letter appears as a preface.

As detailed in this Prospectus, the concept is to grow the Company and in turn increase revenue, by optimising and increasing production of existing producing gas and oil wells controlled by the Company, with a focus on the exploitation and production of gas and oil, commencing with the Acquisition of Cross Creek.

The Company has entered into the Option Agreement to acquire the 75% (seventy five per cent) Working Interest in the producing Cross Creek Gas/Condensate Field conditional on Admission. Cross Creek will constitute the Company's first Subsidiary. Comprising 1,500 (one thousand five hundred) gross acres, the Cross Creek Project is located on the prolific Humble Salt Dome, which has produced considerable volumes of Hydrocarbons since the early 1900's. The Company has identified, and will focus its exploration on, 7 (seven) wells at Cross Creek which all produce natural gas and condensate from the Wilcox sandstone formation in the Cross Creek Field.

The Competent Person's Report on the Cross Creek Project commissioned by the Company, estimates of the gross proved and probable gas and oil reserves for the Cross Creek Field (in which Texadon will have a 75% working interest), and are summarised as follows:

	Gross Remaining Reserves	
	Oil	Gas
Reserve Class	(MBO)	(MMCF)
Proved	67	6,210
Probable	47	3,892

The Working Interest is being secured by Texadon through the Workover. More specifically, as consideration for acquiring the majority Cross Creek Working Interest, Texadon will revamp seven productive gas/condensate wells drilled within the Cross Creek Leases.

The proposed Workover program and anticipated results are contained in Table 2 on page 34 of this Prospectus. The Workover Program is expected to cost approximately US$4,617,000 (four million six hundred and seventeen thousand United States Dollars) (approximately £3,223,000 (three million two hundred and twenty three thousand Pounds Sterling)), for the 75% (seventy five per cent) Working Interest and will take 4 (four) months to complete. Projected net revenue for the first full productive 12 months is expected to be US$6,500,000 (six million five hundred thousand United States Dollars) (approximately £5,100,000 (five million, one hundred thousand Pounds Sterling). All planned operations are via Workovers on existing wells, which will increase gas and oil production and therefore raise revenue. No new wells are planned at this time, but Sidetracks are possible in the future.

The current replacement value of the existing infrastructure and equipment, which has a remaining usable life of 50 years, on the Cross Creek Gas/Condensate Field is US$2,500,000 (two million, five hundred thousand United States Dollars). It is expected that these assets will have a remaining life in excess of the full life of the reserves. The Company

does not expect there to be a need to replace any of this capital infrastructure in the foreseeable future although, any small components which require replacing will be funded by the Company out of cash flows.

The Company intends to seek further similar Acquisitions with existing production that can be increased through Workovers. Initially, the Company intends to concentrate such expansion activities on the Houston region of Texas, as the Directors consider that Texas offers low sovereign risk and has an established legal system. While some additional projects have been highlighted, no due diligence has been undertaken on these potential new initiatives.

This Prospectus has been issued by the Company for a Placing of a minimum of up to 5,000,000 (five million) New Ordinary Shares at a Placing Price of £0.50 (fifty pence) per New Ordinary Share to raise £2,500,000 (two million five hundred thousand Pounds Sterling) before Expenses of the Placing. Oversubscriptions of a further 5,000,000 (five million) New Ordinary Shares at a Placing Price of £0.50 (fifty pence) each to raise a further £2,500,000 (two million five hundred thousand Pounds Sterling) may be accepted in the sole discretion of the Directors. The Net Proceeds will be used to exercise the option to purchase and fund the Cross Creek Project, provide working capital for the development of the Company, and help evaluate possible additional Acquisitions as detailed above. Funds received from the net revenue obtained from the Cross Creek Project will also be used to enable further Acquisitions.

At the Issue Date of this Prospectus, the Company has currently raised £533,184.50 (five hundred and thirty three thousand one hundred and eighty four pounds and fifty pence and fifty pence Sterling) from the issue of 8,145,571 (eight million, one hundred and forty five thousand and five hundred and seventy one) Existing Ordinary Shares which comprises 100% of the Company's issued share capital prior to the Placing and Admission. This amount raised is seed money to pay for the Company's expenses to date and the Ordinary Shares have been issued and are fully paid. The seed money is not conditional on Admission as it is a separate to and an independent arrangement in addition to the Placing.

On completion of the Placing, Texadon will seek to list its Ordinary Shares on the Standard Segment of the LSE. Details of the Company's planned Listing are detailed in this Prospectus and Investors are advised to read this Prospectus in its entirety.

On behalf of the Directors, I recommend the Placing to you and look forward to welcoming you as a Shareholder of Texadon.

Yours sincerely

Michael Wort
Executive Chairman

PART 4: CONSEQUENCES OF A STANDARD LISTING

Application will be made for the Ordinary Shares to be admitted to listing on the Official List pursuant to Chapters 14 and 20, respectively, of the Listing Rules, which sets out the requirements for Standard Listings. The Company intends to comply with the Listing Principles set out in Chapter 7 of the Listing Rules, notwithstanding that they only apply to companies that obtain a Premium Listing on the Official List. The Company is not, however, formally subject to such Listing Rules and will not be required to comply with them by the FCA.

In addition, while the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

(i) Chapter 8 of the Listing Rules, regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not appointed, and does not intend to appoint, such a sponsor in connection with the Placing and Admission.

(ii) Chapter 9 of the Listing Rules regarding continuous obligations for a company with a Premium Listing.

(iii) Chapter 10 of the Listing Rules relating to significant transactions. It should be noted therefore that an Acquisition will not require Shareholder consent, even if further Ordinary Shares are being issued as consideration for an Acquisition. The Company may, however, have its Listing cancelled or suspended in the event of a reverse takeover.

(iv) Chapter 11 of the Listing Rules regarding related party transactions. It should be noted therefore that related party transactions will not require Shareholder consent.

(v) Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares. Shareholder authority is, however, required in order for a company to buy back its shares under the Companies Act and the Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2, whereby:

(a) the Board intends to seek Shareholder authority annually to purchase in the market up to 10% (ten per cent) of the Ordinary Shares in issue from time to time;

(b) unless a tender offer is made to all holders of Ordinary Shares, the maximum price to be paid per Ordinary Share pursuant to any such purchase must not be more than the higher of:

(i) 105% (one hundred and five per cent) of the average of the middle market quotations for an Ordinary Share taken from the LSE's Main Market for listed securities for the five (5) Business Days before the purchase is made: and

(ii) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase; and

(iii) any purchase by the Company of 15% (fifteen per cent) or more of its Ordinary Shares at the date of the proposed offer (excluding Ordinary Shares held in treasury) will be effected by way of a tender offer to all Shareholders.

(iv) Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules and does not currently intend to seek to transfer to either a Premium Listing or other listing venue. Should the Company seek a transfer to a Premium Listing, there is no guarantee that it would be able to fulfill the relevant eligibility criteria. There is no guarantee that the Company will ever meet such eligibility criteria, or that a transition to a Premium Listing will be achieved. If the Company does not achieve a Premium Listing, the Company will not be obligated to comply with the higher standards of corporate governance, or other requirements to which it would be subject upon achieving a Premium Listing and, for as long as the Company continues to have a Standard Listing, it will be required to continue to comply with the lesser standards acceptable for a company with a Standard Listing. This would include a period of time after the Cross Creek Project Acquisition where the Company could be operating a substantial business but would not need to comply with

such higher standards. In addition, an inability to achieve a Premium Listing will prohibit the Company from gaining a FTSE indexation and may have an adverse effect on the valuation of the Ordinary Shares.

Listing Rules with which the Company must comply under a Standard Listing

There are, however, a number of continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company. These include requirements as to:

(i) the forwarding of circulars and other documents to the FCA, for publication through the document viewing facility, and related notification to a regulatory information service;

(ii) the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA, in relation to compliance with the Listing Rules and the Disclosure Guidance and Transparency Rules;

(iii) the form and content of temporary and definitive documents of title for assets pursuant to an acquisition;

(iv) the appointment of a registrar;

(v) the making of RIS notifications in relation to a range of debt and equity capital issues; and

(vi) at least 25% (twenty five per cent) of the Ordinary Shares being held by the public.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company will be required to comply with the Disclosure Guidance and Transparency Rules Sourcebook and the Market Abuse Regulations.

Continuous disclosure policy

The Company, as a listed public company, is required to disclose price sensitive information to the market as it becomes known to comply with the continuous disclosure policy of the Companies Act and the Listing Rules.

The continuous disclosure policy of the Company ensures that all Shareholders and investors have equal access to the Company's information, to the extent practicable. Price sensitive information will be disclosed by way of announcement to the LSE and placed on the Company's website.

The Board will strive to ensure that Shareholders are provided with full and timely information to access the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders:
(i) through the release of information on the market via the LSE;
(ii) through the distribution of the annual report and notice of annual general meeting;
(iii) through letters and other forms of communications directly to Shareholders; and
(iv) by posting relevant information on the Company's website.

Ethical standards and business conduct

The Board recognises the need for Directors and the Company's employees to observe appropriate standards of behaviour and business ethics when engaging in corporate activity with respect to the Company. The Company's business ethics are founded on openness, honesty, fairness, integrity, mutual respect, ethical conduct, and compliance with laws. Through an appropriate code of conduct, the Board intends to maintain a reputation of integrity.

PART 5: IMPORTANT INFORMATION

In deciding whether or not to invest in the New Ordinary Shares, prospective Investors should rely only on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than as contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Directors. Without prejudice to the Company's obligations under the FSMA, the Prospectus Regulation Rules, Listing Rules and Disclosure Rules, neither the delivery of this Prospectus nor any Subscription made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the Issue Date of this Prospectus or that the information contained herein is correct as at any time after its Issue Date.

Prospective Investors must not treat the contents of this Prospectus or any subsequent communications from the Company or any of its respective affiliates, officers, Directors, employees or agents as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other matters.

Neither Texadon, nor any person acting on its behalf, makes any representations or warranties, express or implied, with respect to the completeness, accuracy or verification of this Prospectus nor does any such person authorise the contents hereof. No such person accepts any responsibility or liability whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the Placing or Admission. Texadon accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement. Neither the Company, nor any person acting on behalf of it, accepts any responsibility or obligation to update, review or revise the information in this Prospectus or to publish or distribute any information which comes to its or their attention after the Issue Date hereof, and the distribution of this Prospectus shall not constitute a representation by the Company, nor any such person, that this Prospectus will be updated, reviewed or revised or that any such information will be published or distributed after the Issue Date hereof. Nothing in this paragraph, however, excludes or limits any responsibility the Company may have under the FSMA or the regulatory regime established thereunder.

The Placing Agent acting as an investor for its or their own account(s) may subscribe for, retain, purchase or sell Ordinary Shares for its or their own account(s), and may offer or sell such Securities otherwise than in connection with the Placing. The Company does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any applicable legal or regulatory requirements.

This Prospectus is being furnished by the Company in connection with an offering exempt from registration under the Securities Act solely to enable a prospective Investor to consider the purchase of New Ordinary Shares. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the New Ordinary Shares offered in terms hereof is prohibited. Each Investor in the New Ordinary Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

This Prospectus does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer to subscribe for or buy any New Ordinary Shares by any person in any jurisdiction:

(i) in which such offer or invitation is not authorised;
(ii) in which the person making such offer or invitation is not qualified to do so; or
(iii) in which, or to, any person to whom it is unlawful to make such offer, solicitation, or invitation.

The distribution of this Prospectus and the offering of the New Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the UK into whose possession this Prospectus comes are required by the Company to inform themselves about, and to observe, any restrictions as to the offer or sale of New Ordinary Shares and the distribution of this Prospectus under the laws and regulations of any territory in connection with any applications for New Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of the New Ordinary Shares in any jurisdiction where action for that purpose is required,

nor has any such action been taken with respect to the possession or distribution of this Prospectus other than in any jurisdiction where action for that purpose is required. The Company does not accept any responsibility for any violation of any of these restrictions by any other person.

The New Ordinary Shares have not been nor will be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the US, or under the applicable securities laws of Canada, South Africa, or Japan. Subject to certain exceptions, the New Ordinary Shares may not be taken up, offered, sold, resold, reoffered, pledged, transferred, distributed or delivered directly or indirectly, within, into or in the US, Canada, South Africa or Japan or to any national, resident or citizen of the US, Canada, South Africa or Japan.

The New Ordinary Shares have not been approved or disapproved by the SEC, any federal or state securities commission in the US or any other regulatory authority in the US, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the US.

Selling and Transfer Restrictions

Prospective Investors should consider (to the extent relevant to them) the notices to residents of various countries set out in Part 16 of this Prospectus.

Data Protection

The information that a prospective Investor provides in documents in relation to a purchase of New Ordinary Shares or subsequently by whatever means which relates to the prospective Investor (if it is an individual) or a third party individual (**"personal data"**) will be held and processed by the Company (and any third party to whom it may delegate certain administrative functions in relation to the Company) in compliance with the relevant data protection legislation and regulatory requirements of the UK. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- verifying the identity of the prospective Investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the prospective Investor with information about other products and services provided by the Company, or its affiliates, which may be of interest to the prospective Investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in England and Wales or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Where appropriate, it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

(i) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective Investors; and

(ii) transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective Investors as the UK.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data, it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, Investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective Investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

Investment Considerations

In making an investment decision, prospective Investors must rely on their own examination of the Company, this Prospectus, and the terms of the Placing, including the merits and risks involved. The contents of this Prospectus are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other matters. Prospective Investors should inform themselves as to:

(i) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the New Ordinary Shares;

(ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the New Ordinary Shares which they might encounter; and

(iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the New Ordinary Shares.

Prospective Investors must rely upon their own representatives, including their own legal and financial advisers and accountants, as to legal, tax, financial, investment or any other related matters concerning the Company and an investment therein. The tax consequences of any investment in Securities will depend on the prospective Investor's particular circumstances. Prospective Investors should obtain their own tax advice before deciding to invest.

Applications for New Ordinary Shares under the private Placing must be made to the Company's Placing Agent. Applications must be accompanied by a cheque in Pounds Sterling, or an electronic transfer to the bank account advised by the Company's Placing Agent, for the full amount of the Placing Price being £0.50 (fifty pence) per New Ordinary Share.

New Ordinary Shares issued in accordance with the Placing are not expected to be the subject of escrow.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objectives will be achieved.

It should be remembered that the price of the Ordinary Shares after Listing, and any income from such Ordinary Shares, can go down as well as up.

This Prospectus should be read in its entirety before making any investment in the New Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles, which prospective Investors should review.

Before making an investment decision, prospective Investors should carefully review the "Part 2: Risk Factors" section of this Prospectus for a discussion of additional factors that could cause the Company's actual results to differ materially. For the avoidance of doubt, nothing in this section constitutes a qualification of the working capital statement contained in paragraph 13 of Part 16 of this Prospectus.

Forward looking statements contained in this Prospectus apply only as at the Issue Date of this Prospectus. Subject to any obligations under the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Regulation Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Forward-looking statements

Certain statements contained in this Prospectus constitute forward-looking statements. These statements, including the explanatory wording in this Prospectus in relation to the Company's working capital, relate to future events or the future performance of the Company but do not seek in any way to qualify the working capital statement given by the Company. These statements relate to future events or the future performance of the Company. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "*seek*", "*anticipate*", "*plan*", "*continue*", "*estimate*", "*expect*", "*forecast*", "*may*", "*will*", "*project*", "*predict*", "*potential*", "*targeting*", "*intend*" "*could*", "*might*", "*should*", "*believe*", "*expect*" or similar expressions. These statements involve numerous assumptions, known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed, anticipated, or implied in such forward-looking statements. The Company believes that the expectations reflected in forward-looking statements contained herein are reasonable, but no assurance can be given that such expectations will prove to be correct or accurate and accordingly, such forward-looking statements included in, or incorporated by reference into, this Prospectus should not be unduly relied upon. These statements speak only as of the date of this Prospectus. Actual operational and financial results or events may differ materially from the Company's expectations contained in the forward-looking statements as a result of various factors, many of which are beyond the control of the Company.

Forward-looking statements in this Prospectus include, but are not limited to, statements with respect to the following:

- changes in the markets for and pricing of gas and oil;
- currency exchange rate fluctuations;
- costs and productivity;
- unanticipated production disruptions (including as a result of safety-related stoppages, labour or community unrest or interruptions in the Company's electricity and water supply) and other operational difficulties (including delays in commissioning and bringing into production new drilling areas);
- changes in drilling, environmental, tax and other laws and regulations and the impact of the current laws of the USA concerning areas such as exchange control restrictions, environmental protection and rezoning of land for drilling purposes;
- the impact on the Company's business of inflation and other macroeconomic conditions;
- the Company's ability to fund further development and new business plans;
- environmental laws, regulations, and rehabilitation obligations;
- the Company's ability to realise and maximise its business plan, and its exploration, and development activities;
- the impact of investments, acquisitions, and dispositions (including related financing), any delays, unexpected costs or other problems experienced in connection with dispositions or with integrating acquisitions and achieving expected savings and synergies; and
- uncertainties inherent in estimating the Company's reserves and resources and potential restatements and impairments relating thereto.

With respect to forward-looking statements contained in this Prospectus, the Company has made assumptions regarding:

- production levels;
- commodity prices;
- transportation, realisation charges and other offsite costs;
- foreign exchange rates;
- development, operating, and rehabilitation costs;
- future currency and interest rates;
- the Company's ability to generate sufficient cash flow from operations and to access existing or future credit facilities and capital markets to meet its future financial obligations;
- availability of labour and drilling equipment;
- general economic and financial market conditions; and
- government regulation in the areas of taxation, royalty rates and environmental protection.

These factors should not be considered exhaustive. Statements relating to reserves and resources are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. The forward-looking statements contained in this Prospectus are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable securities laws.

Investors are cautioned that forward-looking statements are not a guarantee of future performance. The Company makes no representation, warranty or prediction that the results predicted by such forward-looking statements will be achieved and these forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Prospectus speak only as at the date of this document, reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and the availability of new credit. Investors should specifically consider the factors identified in this Prospectus that could cause actual results to differ. All of the forward-looking statements made in this Prospectus are qualified by these cautionary statements.

Subject to the requirements of the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules and the Listing Rules, MAR, or applicable law, the Company explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Prospectus that may occur due to any change in the Company's expectations, or to reflect events or circumstances after the date of it.

Third Party Data

Where information contained in this Prospectus has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced with consent and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currency Presentation

Unless otherwise indicated, all references in this Prospectus to "Sterling", "£", GBP" or "p" are to the lawful currency of the UK; all references to "$", "US$" or "US dollars" are to the lawful currency of the USA; and all references to "€" or "euro" are to the lawful currency of the EEA.

No Incorporation of Website

The contents of the Company's website (or any other website) do not form part of this Prospectus.

Definitions

A list of defined terms used in this Prospectus is set out in Part 18 of this Prospectus.

Governing Law

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales and are subject to changes therein.

PART 6: EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Prospectus	23 December 2020
Announcement of Placing results	26 January 2021
Admission and commencement of unconditional dealings in Ordinary Shares	29 January 2021
CREST Members' accounts credited in respect of Ordinary Shares in uncertificated form	29 January 2021
Dispatch of definitive share certificates for Ordinary Shares in certificated form by no later than	26 February 2021

These dates and times are indicative only, subject to change, and may be brought forward as well as moved back, in which case new dates and times will be announced. All references to time in this Prospectus are to London time unless otherwise stated.

PART 7: PLACING STATISTICS

(Assuming the Placing is fully subscribed)

Number of Existing Ordinary Shares in issue at the Issue Date	8,145,571
Minimum number of Placing Shares (New Ordinary Shares) up to	5,000,000
Maximum number of Placing Shares (New Ordinary Shares) up to	10,000,000
Total number of Ordinary Shares in issue following the Placing and Admission assuming the Minimum Subscription	13,145,571
Placing Price	£0.50
Market capitalisation at the Placing Price	£6,572,785
Estimated Expenses	£250,000
Estimated receivable Net Proceeds	£ 2,250,000
Fully diluted Enlarged Share Capital assuming Minimum Subscription	£131,455

PART 8: INVESTMENT OPPORTUNITY AND STRATEGY

The Company's strategy is to take advantage of producing opportunities in the international gas and oil industry, which have upside potential by undertaking remedial operations to increase production and therefore revenue. The Company will predominantly focus on the exploration and the production of gas, with a relatively minor concentration on the production of oil. The Company intends to sell the gas and oil directly on the spot market through spot rates.

The Company's first Acquisition will be the Cross Creek Project. Texadon has an Option Agreement to acquire 75% (seventy five percent) of the Working Interest in seven shut-in wells in the Cross Creek area of the Humble Field in Texas, conditional on Admission to the London Stock Exchange Standard List. Cross Creek is part of the Humble Dome, onshore some 20 miles from Houston and is close to existing gas and oil transport infrastructure. The Humble Salt Dome has been a prolific producing area since the late 1900's. Most of the salt dome structures in this part of Texas have produced over 100 million barrels of oil and 100 billion cubic feet of gas in their economic lifetimes. Many of these wells are now being re-evaluated taking advantage of modern Work-over technology which has significantly extended their economic life. Included in this approach is the use of fracking techniques which are the basis of Texadon's redevelopment program.

The Company has undertaken due diligence on Cross Creek, and commissioned a CPR by Collarini Energy Experts ("Collarini") which was completed in September 2020.

Although there has been no material change to the proved or probable reserves in the CPR, there has been a change to the prices of gas and oil globally which will have an effect on the revenue generated from the reserves volumes at Cross Creek which are unchanged. The CPR uses the following price assumptions, US$48.50/bbl for the price of oil and US$2.60/mcf for the price of gas, and therefore all projections and assumptions made in the CPR relating to the future net revenue and profitability of the Company, are based on these commodity prices.

The commodity pricing figures in the CPR have not been updated as the Company is, as mentioned above, of the opinion that the pricing will return to the figures referred to in the CPR, and Collarini have confirmed that there has been no material change to the probable and proved reserves in their report. Nonetheless, as commodity pricing has changed since the CPR was completed, the Company has run several variants of the Company and the Group's future net income at different prices for gas and oil to illustrate the income projections in the CPR.

Table 1 (below) replicates the table used by Collarini in the CPR, and includes two additional price variants for both gas and oil to reflect a medium figure and a low figure for the commodity pricing, against the higher price used in the CPR to show income projections at different pricing. It is important to note, that the net remaining reserves of gas and oil at Cross Creek have not changed since the CPR was completed, only the commodity pricing has changed.

Table 1

	Net Remaining reserves		Future Net Income (M$) CPR Commodity Prices US$48.50/bbl- Oil US$2.60/MCF- Gas	Future Net Income (M$) US$40 bbl- Oil US$2.25 MCF- Gas	Future Net Income (M$) US$20/bbl- Oil US$1.75/mcf- Gas
Reserve class	Oil (MBO)	Gas (MMCF)	Undiscounted	Undiscounted	Undiscounted
Proved	67	6,210	10,066	7,470	3,030
Probable	47	3,892	10,480	8,946	6,066

The Company is of the opinion that the price of gas and oil is increasing and will continue to increase to the prices in the CPR as a result of demand recovering. Even so, the above projections at the different commodity pricings, illustrate that the Company would have a reduced revenue from that of the CPR projections, but the Company and its Group would still be profitable at these prices.

If the Company raises the Maximum Proceeds on completion of the Placing, the Company will commit to a low risk Workover Program at Cross Creek costed at $4,617,000 (four million six hundred and seventeen thousand United States

Dollars), which the Directors project will be completed within 4 (four) months of acquisition. Table 2 breaks down the Total Workover cost of $4.617m and the amount each deep well will cost and details a low, medium, and high initial gas production rate of the 5 (five) wells. Two wells have been excluded from this table as they will be Worked over when funds permit. The bulk of the capital of expenditure will be on Bahr #3 deep well, but this well is also considered to have the highest gas production prospects.

Table 2

TEXADON CAPEX			**Gas Initial Production Rate**		
			Million Cubic Feet/Day		
Well	**Activity**	**Cost**	**Low**	**Mid**	**High**
Bahr #1	Replace Tubing, Cleanout	$0.333m	0.1	0.3	0.6
Bahr #3	Deepen and Complete	$3.000m	2.5	5.5	10.0
Bahr #4	Replace Tubing, Cleanout	$0.268m	0.1	0.3	0.6
Bahr #7	Fracture Stimulate	$0.508m	1.0	2.4	3.0
Bahr #9	Fracture Stimulate	$0.508m	1.0	2.4	3.0

If the Company raises the Minimum Proceeds from the Placing, then the planned low risk Workover Program will be deferred until cash is made available from the other producing wells. In particular, the Company will not carry out any expenditure on Bahr #3 immediately on completion of the Acquisition. In order to fulfill the low risk Workover Program, the Company will generate funds from its operations on the other 4 (four) wells which will then be reinvested to fulfill the production on Bahr #3. If only the Minimum Proceeds are raised from the Placing, the Company considers it would take an additional 9 (nine) months until revenue will be generated from operations at Bahr #3 and therefore to fulfill the Workover Program.

The three tables below, Table 3 - Table 5, illustrate the projected revenue if the company raises the Maximum Proceeds on Placing, detailed at three different pricing variants for gas and oil.

Table 3

TEXADON PROJECTIONS – Maximum Proceeds raised							
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Gross Oil (Mbbl)	43.59	38.39	23.98	15.26	10.05	6.69	4.29
Gross Gas (MMcf)	3,364	3,028	2,026	1,401	1,013	739	531
Net cash flow $000	5,939	5,257	3,397	2,296	1,609	1,119	778
Cumulative cash flow $000	5,939	11,196	14,593	16,889	18,498	19,617	20,395
Net cash flow after: Capex, 25% minority interest, royalties and US taxes, overhead and PLC costs **At oil $60/bbl, gas $2.75/mcf**							

The above projections are made on the assumption of oil at $60/bbl and gas at $2.75/mcf.

Net of capital expenditure, PLC costs and overhead, Directors' fees and payments, and all other costs, the projected net cash flow from operations is projected at a cumulative $14.5m over the first seven years of operations. The wells are projected to have a life of 13 (thirteen) years but production rates in the second half of this period are anticipated to fall significantly and will not contribute significantly to net cash flow.

Table 4

TEXADON PROJECTIONS - Maximum Proceeds raised							
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Gross Oil (Mbbl)	43.59	38.59	23.98	15.26	10.05	6.69	4.29
Gross Gas (MMcf)	3364	3028	2025	1400	1013	739	531
Net cash flow $000	4,596	4,057	2,612	1,768	1,238	855	594
Cumulative cash flow $000	4,596	8,653	11,265	13,033	14,271	15,126	15,720
Net cash flow after: Capex, 25% minority interest, royalties and US taxes, overhead and PLC costs **At oil $40/bbl, gas $2.25/mcf**							

The above projections are made on the assumption of oil at $40/bbl and gas at $2.25/mcf.

Table 5

TEXADON PROJECTIONS – Maximum Proceeds raised							
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Gross Oil (Mbbl)	43.59	38.59	23.98	15.26	10.05	6.69	4.29
Gross Gas (MMcf)	3364	3028	2025	1400	1013	739	531
Net cash flow $000	3,253	2,858	1,828	1,240	866	591	410
Cumulative cash flow $000	3,253	6,111	7,939	9,179	10,045	10,636	11,046
Net cash flow after: Capex, 25% minority interest, royalties and US taxes, overhead and PLC costs **At oil $20/bbl, gas $1.75/mcf**							

The above projections are made on the assumption of oil at $20/bbl and gas at $1.75/mcf.

The three tables below, Table 6 - Table 8, illustrate the Company's projected revenue if the Company raises the minimum funds on Placing, detailed at three different pricing variants for gas and oil.

Table 6

TEXADON PROJECTIONS – Minimum Proceeds raised							
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Gross Oil (Mbbl)	26.19	38.59	23.98	15.26	10.05	6.69	4.29
Gross Gas (MMcf)	2019	3028	2025	1400	1013	739	531
Net cash flow $000	3,454	5,257	3,397	2,297	1,609	1,119	778
Cumulative cash flow $000	3,454	8,711	12,108	14,405	16,014	17,133	17,911
Net cash flow after: Capex, 25% minority interest, royalties and US taxes, overhead and PLC costs **At oil $60/bbl, gas $2.75/mcf**							

The above projections are made on the assumption of oil at $60/bbl and gas at $2.75/mcf.

Table 7

TEXADON PROJECTIONS Minimum Proceeds raised							
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Gross Oil (Mbbl)	26.19	38.59	23.98	15.26	10.05	6.69	4.29
Gross Gas (MMcf)	2019	3028	2025	1400	1013	739	531
Net cash flow $000	2,647	4,058	2,612	1,769	1,238	855	594
Cumulative cash flow $000	2,647	6,705	9,317	11,086	12,324	13,179	13,773
Net cash flow after: Capex, 25% minority interest, royalties and US taxes, overhead and PLC costs **At oil $40/bbl, gas $2.25/mcf**							

The above projections are made on the assumption of oil at $40/bbl and gas at $2.25/mcf.

Table 8

TEXADON PROJECTIONS – Minimum Proceeds raised							
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Gross Oil (Mbbl)	26.19	38.59	23.98	15.26	10.05	6.69	4.29
Gross Gas (MMcf)	2019	3028	2025	1400	1013	739	531
Net cash flow $000	1,841	2,858	1,828	1,240	867	591	410
Cumulative cash flow $000	1,841	4,699	6,527	7,767	8,634	9,225	9,635
Net cash flow after: Capex, 25% minority interest, royalties and US taxes, overhead and PLC costs **At oil $20/bbl, gas $1.75/mcf**							

The above projections are made on the assumption of oil at $20/bbl and gas at $1.75/mcf.

As part of the Company's future strategy to grow and to generate further revenue, once the Cross Creek Project has been successfully implemented and positive cash flows generated, the Company and its Group intends to identify other potentially underperforming assets to optimise by way of Workovers. The Directors have looked at a number of other projects but there are no plans, arrangements or understandings with any prospective target business or company regarding further Acquisition after Cross Creek as of yet.

PART 9: THE COMPANY, ITS BOARD, THE ACQUISITION STRUCTURE AND ADVISERS

1. The Company

The Company was incorporated in England and Wales, as "Mews Nominees Limited", a private limited company, with company number 10227882, on 13 June 2016 and changed its name to "Texadon Oil Limited" on 21 May 2018. On 1 July 2019, the Company was reregistered as a Plc. Its Enlarged Share Capital will, on Admission, consist of the Ordinary Shares (comprising Existing Ordinary Shares (including both Subscriber Shares and Founder Shares) as well as the New Ordinary Shares). It is intended that the Ordinary Shares will be admitted to the Standard Segment of the Official List in accordance with Chapter 14 of the Listing Rules and to trading on the LSE's Main Market for listed securities.

2. The Directors

The Directors believe that the Board comprises a knowledgeable and experienced group of professionals with extensive experience in the resources sector. The Executive Directors will bring their broad experience, skills and expertise to bear, initially in sourcing, evaluating, structuring and executing the Cross Creek Project Acquisition and subsequently in evaluating, operating and improving the acquired business. Each of the Directors have given a substantial commitment of their time to the Company through their respective Service Agreements and Letters of Engagement. The Directors believe that they collectively possess relevant combined experience obtained over many years in advising, investing and operating across the worldwide resources sector to enable the Company to fulfill its business objectives as are detailed in this Prospectus.

Details of the Executive and Non-Executive Directors are listed below:

MICHAEL DENNIS WORT - ***Executive Chairman (Date of Birth: 23 June 1950)***

A UK citizen Michael is an experienced practitioner in the analysis of business opportunities, primarily in the healthcare industry. Has established long term relations with City contacts following the global secondary offering of £2.4 billion while he was the Investor Relations Manager of a FTSE 100 company. Set up and ran the first specialist financial PR Company for the emerging biotechnology industry in Europe. Has direct experience of founding and developing SME companies, helping to identify and define their marketing and corporate strategies and approach to equity financing. Having been a non-executive director for a number of companies, he is considered a qualified person with regards to the London Stock Exchange and PLUS Markets in the UK and the SEC in the USA. Michael is the Company's Executive Chairman and responsible for corporate governance. He chairs the Audit and Risk Committee.

MICHAEL WILLIAM IAN WHYKE, FCA, CF - ***Chief Finance Officer (Date of Birth: 9 March 1954)***

A UK citizen, Michael qualified as a Chartered Account (FCA ICAEW) in 1979 and has extensive knowledge of business and finance. He was previously a senior partner of a medium sized firm of Chartered Accountants in the West End for 25 (twenty five) years. Michael started an International Association of Accountants who operate in over 50 (fifty) countries. He was also a founding director of the corporate finance arm of the practice, specialising in public and private fundraising, especially in the media industry, and holds an ICAEW Corporate Finance Qualification. In 2009, he founded Eden Corporate Finance that has helped listed and non-listed companies raise funds and buy and sell companies. Michael is a senior statutory auditor and partner in a London based firm of Chartered Accountants. He has been a Chief Financial Officer or Non-Executive Director on many companies, including those authorised by the FCA. More recently, he has specialised in helping companies improve their corporate governance and fiscal discipline and acting as a company doctor. As Chief Finance Officer of the Company, Michael is responsible for fiscal governance and financial controls. He is a member of the Audit and Risk Committee.

STEVEN SCOTT McGUIRE BSc (Physics) - ***Chief Operations Officer (Date of Birth: 9 August 1955)***

A US citizen, having gained a Bachelor of Science degree in Physics from the University of Illinois, Steven McGuire has 30 (thirty) years of experience in the fields of energy development, renewable fuels, power generation, process systems

and military crossover technologies. He has funded and managed over US$200,000,000 (two hundred million United States dollars) in projects that have integrated new technologies with the energy industry. His specialty is taking new ideas, providing funding, management and implementation, and taking the technology to market. His team has accomplished many firsts to market, spearheading the use of military technologies to commercial applications. During 2009, Steven founded Spectral Oil and Gas Corporation ("Spectral"), an energy technologies company that developed proprietary nuclear logging tools to find overlooked Hydrocarbons in old oil and gas wells. These tools used minitrons and radioactive sources matched with advanced spectroscopy detection to highlight Hydrocarbons behind-pipe, allowing for cheaper recompletion of old wells. Spectral owns leases and wells in the prolific Humble Oil Field that produced over 100,000,000 (one hundred million) barrels of oil before 1930 and has begun to restore production to the flank of this Salt Dome. As Development Manager, Steven was responsible for restructuring Galveston Bay Operating Co LLC out of bankruptcy, an oil company owning and operating over 120 (one hundred and twenty) wells in offshore Texas State waters. He worked directly for a US Trustee and Federal Judge to restore production, built a data room, and then transitioned operations to new owners. He developed a number of well reworks using marine assets and wireline logging to double field production in six (6) months. He also built a digital archive of data, well logs and development prospects on over 200 (two hundred) reservoirs. Steve founded Texoga Technologies in the late 1990's as a technology incubator to develop military, energy and power companies and spin them off when commercially viable. He worked closely with US and European military and commercial laboratories to identify technologies capable of being commercialised. He holds the US rights to the proprietary Deto-Stop Explosion Prevention System used by eight (8) NATO countries in thousands of tanks and armoured vehicles. In addition, he created the companies, provided funding, hired corporate and operations staff, helped attract industry partners and orchestrated spin-off mechanisms for each of the spinoffs. He has served (is presently serving) as Chairman of the Board and/or Chief Executive Officer of the following entities: Biofuels Power Corporation CEO (2007 to present), Safe Renewables Corporation founder (2004 to 2009), and Armored Technologies Inc. (1999 to 2016). As Chief Operations Officer of Texadon, Steve is responsible for the operations of the Company in the field.

DANIEL THOMAS LASCELLES WHYKE, CISI - ***Investor Relations Officer (Date of Birth: 5 October 1982)***

A UK citizen, Daniel holds several compliance and risk qualifications with the Chartered Institute for Securities and Investment. He has over 11 (eleven) years' experience in the financial services industry, mostly in a compliance and company secretarial capacity. In his role at Eden Corporate Finance, held for over 10 (ten) years, he has been responsible for dealing directly with private investors and ensuring the company is up to date on compliance and data protection standards, as well as personally conducting anti-money laundering checks on individuals and companies. He has also been seconded out to companies regulated by the FCA to provide support for their compliance and internal audit departments, including preparations for GDPR, including BIPRU 125 companies with managing and client money permissions. As the Company's Investor Relations and Compliance Director, Daniel is responsible for shareholder relationships, compliance with UK and US legislation and managing the London office.

3. Independence of the Board

The Directors intend, so far as possible given the Company's size and the structure of the Board, to comply with the UK Corporate Governance Code. Michael Wort, Michael Whyke, Steven McGuire and Daniel Whyke are Executive Directors with effect from Admission, for the purposes of the Corporate Governance Code. Michael Whyke and Daniel Whyke are related. It is intended that an additional independent Non-Executive Director will be appointed in due course, to ensure compliance with the Corporate Governance Code's requirement to have a majority of independent non-executive directors.

4. Directors' Fees

Michael Wort, Michael Whyke, Steven McGuire and Daniel Whyke will each be entitled to receive annual remuneration of £48,000 (forty eight thousand Pounds Sterling) in accordance with their Service Agreements with the Company. Further details of the Executive Directors' Service Agreements are set out in paragraph 7 of Part 16 of this Prospectus.

In addition, Steven McGuire under the Option Agreement, will also be paid an annual amount of $120,000 (one hundred and twenty thousand United States Dollars) approximately £100,000 (approximately one hundred thousand Pounds Sterling) per annum for the first 3 (three) years following the Acquisition of Cross Creek from the operating costs of the

Cross Creek Gas Condensate Field. This is a related party transaction and further details of this are contained in paragraph 12 of Part 16 of this Prospectus. Such payment will be made out of revenue only, and to the extent that there is revenue.

5. Strategic Decisions

Members and responsibility

The Directors are responsible for the Company's objectives, business strategy and its overall supervision. Acquisition, divestment, and other strategic decisions will all be considered and determined by the Board. The Board will provide leadership within a framework of prudent and effective controls. The Board will set the corporate governance values of the Company and will have overall responsibility for setting the Company's strategic aims, defining the business plan and strategy, managing the financial and operational resources of the Company and reviewing the performance of the officers and management of the Company's business.

Frequency of meetings

While the Board will schedule bi-monthly meetings, it will hold additional meetings as and when required. Meetings will be held in London. In most circumstances, overseas Directors will attend by Skype video link. Monthly accounts will be circulated to all Directors and executive officers of Texadon. On completion of the Placing and Admission, a US LLC, will be set up to hold the Cross Creek Project Acquisition and its accounts will be circulated to all Directors each month.

Audit and Risk Committee

The Company has established an Audit and Risk Committee with delegated duties and responsibilities. The Audit and Risk Committee, which comprises Michael Wort (as Executive Chairman), Michael Whyke and Daniel Whyke, will be responsible for, amongst other things, making recommendations to the Board on the appointment of auditors and the audit fee, monitoring and reviewing the integrity of the Company's financial statements and any formal announcements on the Company's financial performance as well as reports from the Company's auditors on those financial statements. In addition, the Audit and Risk Committee will review the Company's internal financial control and risk management systems to assist the Board in fulfilling its responsibilities relating to the effectiveness of those systems, including an evaluation of the capabilities of such systems in light of the expected requirements for any specific Acquisition target. The Audit and Risk Committee will meet at least four (4) times a year, or more frequently if required.

Financial Management

Michael Whyke has been appointed as the Company's inaugural Chief Finance Officer with responsibility for financial management of the Company.

Corporate Governance

The Company intends to comply with the provisions of the Corporate Governance Code, where appropriate and practicable given the size of the Company. Daniel Whyke has been appointed to ensure compliance with this.

As at the Issue Date hereof, the Company is compliant with the Corporate Governance Code, with the exception of the following:

Board Composition
At Admission it is proposed the Company will have 4 (four) Executive Directors. The Directors believe that certain provisions of the Corporate Governance Code, such as the division of responsibilities between the Chairman and Chief Operations Officer, are not applicable to the Company.

Committees
The Company does not currently have a Nomination or Remuneration Committee and does not intend to implement these committees until it has reached a size where such committees are warranted. Until such

committees are established, the Directors will review the Board's size, structure and composition and the quantum and structure of the Director's fees. The Audit and Risk Committee is chaired by the Chairman and includes the Chief Finance Officer.

Independence
It is anticipated that at least one Non-Executive Director of independent professional caliber will be appointed soon after completion of the Placing and Admission as practicable to ensure best practice compliance with the Corporate Governance Code.

The Chairman is not independent for the purposes of the Corporate Governance Code.

As at the Issue Date hereof, the Board has voluntarily adopted the Model Code for Directors' dealings contained in the Listing Rules of the FCA. The Board will be responsible for taking proper and reasonable steps for ensuring compliance with the Model Code by the Directors.

Option Scheme
As an incentive to the Directors and the Retained Advisors to achieve the Company's strategy, they may be issued with options at a later date. The quantum and timing of such an exercise remains in the sole discretion of the Board.

Bonus Arrangements
The Board may, in its sole discretion, award a bonus to one or more Directors and/or Retained Advisers in recognition of their contribution(s) for any Acquisition in addition to the Cross Creek Project. Any such bonus would be contingent on completion of the relevant Acquisition. Any sums paid as a bonus will not be material in the context of an Acquisition, and will not in any event exceed 2% (two per cent) of the aggregate of the total consideration paid in connection with an Acquisition and gross proceeds of any fundraising associated therewith.

Compliance with the Model Code is being undertaken on a voluntary basis, and the FCA will not have the authority to (and will not) monitor the Company's compliance with the Model Code nor will it be able to impose any sanctions in respect of failure by the Company to comply therewith.

The Company is applying for a Standard Listing of the Ordinary Shares on the Official List; a Standard Listing offers less protection to Investors than would otherwise be the case with a Premium Listing on the Official List.

6. Acquisition Structure

Acquisitions may be structured by way of private share purchase or business purchase agreements between the Company and the relevant sellers.

7. Company and Advisor details

Directors

Michael Dennis WORT	Executive Chairman
Steven Scott McGUIRE	Chief Operations Officer
Michael Ian William WHYKE	Chief Finance Officer
Daniel Thomas Lascelles WHYKE	Investor Relations Officer

UK Registered, Postal and Principal Office
1 Charterhouse Mews
London
EC1M 6BB
United Kingdom

Corporate Adviser

Onyx Capital Partners Limited
1 Charterhouse Mews
London
EC1M 6BB
United Kingdom

Solicitors
Bishop & Sewell
59-60 Russell Square
London
WC1B 4HP
United Kingdom

Auditors and Reporting Accountants
Chivers & Co
Chartered Accountants
15 St James' Road
London
E15 1RL
United Kingdom

Share Registry
Share Registrars Limited
The Courtyard
17 West Street
Farnham
GU9 7DR
United Kingdom

Competent Person's Report ("CPR")
Collarini Energy Experts
1500 S. Dairy Ashford Road
Suite 350
Houston
Texas
77077
United States of America

Placing Agent / Broker
To be appointed on approval of Prospectus

PART 10: THE PLACING

1. Description of the Placing

Under the Placing, a minimum of up to 5,000,000 (five million) New Ordinary Shares are being made available to Investors at the Placing Price of £0.50 (fifty pence) per New Ordinary Share, raising the Minimum Gross Proceeds of £2,500,000 (two million, five hundred thousand Pounds Sterling), subject to expenses of up to £250,000 (two hundred and fifty thousand Pounds Sterling). The Company is issuing the New Ordinary Shares with ISIN GB00BL0KY487. The principal legislation under which the Company operates and under which the New Ordinary Shares will be issued is the Companies Act and the liability of Members will be limited.

Assuming the Placing is fully subscribed, the Maximum Net Proceeds to the Company amount to approximately £4,500,000 (four million, five hundred thousand Pounds Sterling) after deduction of Expenses payable by the Company which are related to the Placing and Admission. The Placing is conditional on, *inter alia*, Admission.

The Placing Shares have been made available primarily to institutional investors in the UK and elsewhere, subject to the distribution restrictions detailed in the Prospectus.

The outcome of the Placing will be announced via a Regulatory News Service on Admission, which is expected to take place at 8.00 a.m. on 26 January 2021.

The Securities are in registered form and the Securities are in certified form. The records are kept by Share Registrars Limited, The Courtyard, 17 West Street, Farnham, GU9 7DR, United Kingdom.

3. Admission, Dealings and CREST

The Placing is subject to raising the Minimum Gross Proceeds of £2,500,000 (two million, five hundred thousand Pounds Sterling).

Admission is expected to take place and unconditional dealings in the Ordinary Shares are expected to commence on the LSE at 8.00 a.m. on 29 January 2021. Dealings on the LSE before Admission will only be settled if Admission takes place. All dealings in Ordinary Shares prior to commencement of unconditional dealings will be at the sole risk of the parties concerned.

The expected date for settlement of such dealings will be 29 January 2021. All dealings between the commencement of conditional dealings and the commencement of unconditional dealings will be on a "when issued basis". If the Placing does not become unconditional in all respects, any such dealings will be of no effect and any such dealings will be at the risk of the parties concerned.

Where applicable, definitive holding statements in respect of the Ordinary Shares are expected to be dispatched, by post at the risk of the recipients, to the relevant Ordinary Shareholders, not later than five (5) days following approval for Admission on the Standard List of the LSE. The Ordinary Shares are in registered form and can also be held in uncertificated form. Prior to the dispatch of definitive share certificates in respect of any Ordinary Shares, which are held in certificated form, transfers of those Ordinary Shares will be certified against the register of Members of the Company. No temporary documents of title will be issued.

4. Placing Arrangements

The Placing is not underwritten and is a private placing through the Company's Placing Agent/broker.

The Placing Agent/broker is FCA regulated and its appointment with the Company will take effect following the approval of this Prospectus by the FCA. A summary of the main terms of the appointment can be found in paragraph 12 (ii) of Part 16 of this Prospectus. The Company did not wish to incur the contractual commitments to pay for the services of

the Placing Agent/broker until such time as it became clear that Admission would occur. In addition, the Placing Agent/broker was willing for its appointment to be conditional on the FCA approval of this Prospectus.

5. Allocation and Pricing

All New Ordinary Shares issued pursuant to the Placing will be issued at the Placing Price.

Allocations will be determined by the Company after indications of interest from prospective Investors have been received. A number of factors will be considered in deciding upon the basis of allocations under the Placing, including the level and nature of the demand for the New Ordinary Shares, Investor profile and the firm through which they are made. Each prospective Investor shall only be entitled to acquire its allocation.

Conditional upon Admission occurring and becoming effective by 8.00 a.m. London time on or prior to 29 January 2021 (or such earlier or later date as the Company and Placing Agent may agree (not being later than 23 June 2021)) and the Investor being allocated Placing Shares, an Investor who has applied for New Ordinary Shares agrees to become a Member of the Company and agrees to acquire those New Ordinary Shares allocated to it by the Company (such allocations not being subject to clawback) at the Placing Price. To the fullest extent permitted by law, Investors will not be entitled to rescind their agreement at any time.

The rights attaching to the Placing Shares will be uniform in all respects and all of the Ordinary Shares will form a single class for all purposes.

6. Payment

Each Investor undertakes to pay the Placing Price for the Placing Shares issued to such Investor. Liability (if any) for stamp duty and stamp duty reserve tax is as described in Part 15 of this Prospectus.

If Admission does not occur, Application Monies will be promptly returned, without interest.

7. Use of Proceeds

The Gross Proceeds of the Placing will be used, based on a Maximum and Minimum fundraise, in the first 12 months for the following:-

	Maximum fundraise GBP £5m	**Minimum fundraise GBP £2.5m**
Cost of Workover of Wells; and Infrastructure and Contingencies costs	4,549,000	2,049,000
Purchase of the Cross Creek Option	1,000	1,000
Approximate Directors' salaries and Material Contracts (as described in paragraph 7 of Part 16 of this Prospectus	200,000	200,000
Approximate Expenses and costs relating to the Listing	250,000	250,000

As stated above, in making any Acquisition, the Company will focus on the acquisition of controlling interests in producing projects within the gas and oil industry that have upside, commencing with opportunities in the State of Texas, US. The Directors expect that it may be necessary to raise further funds or acquire debt funding for additional producing gas and oil project Acquisitions, including the fees of financial, tax, legal, accounting, technical and other advisors.

The analysis of application of the Acquisitions is as follows:

Well	Activity	Capital Spend Maximum Fundraise USD $	Capital Spend Minimum Fundraise USD $
Bahr #1	1. ACIDIZE	250,000	250,000
Bahr #3	6. SUBSALT DRILL	2,500,000	0
Bahr #4	5. PERFORATE	150,000	150,000
Bahr #7	2. FRAC	500,000	500,000
Bahr #9	4.FRAC	500,000	500,000
Bahr #2	3. ACIDIZE	250,000	250,000
Infrastructure and contingencies		1,536,250	911,250
Total Application USD $		**5,686,250**	**2,561,250**
Total Application GBP £		**4,549,000**	**2,049,000**

8. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and it is expected that the Ordinary Shares will be admitted with effect from that time. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Investor so wishes.

CREST is a voluntary system and Investors who wish to receive and retain certificates for their Securities will be able to do so. An Investor applying for New Ordinary Shares in the Placing may elect to receive New Ordinary Shares in uncertificated form if such Investor is a system member (as defined in the CREST Regulations) in relation to CREST.

9. Selling Restrictions

The Ordinary Shares will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the US and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or in the US.

The Company has not been, and will not be, registered under the US Investment Company Act, and Investors will not be entitled to the benefits of that Act.

Certain restrictions that apply to the distribution of this Prospectus and the New Ordinary Shares being issued under the Placing in certain jurisdictions are described in the section headed "Notices to Investors" in Part 17 hereof.

PART 11: FINANCIAL INFORMATION ON THE COMPANY

PART 11 (A): HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

ACCOUNTANTS REPORT ON THE COMPANY

The Directors
Texadon Oil Plc
1 Charterhouse Mews
London
EC1M 6BB
United Kingdom

The Directors
Onyx Capital Partners Ltd
1 Charterhouse Mews
London
EC1M 6BB
United Kingdom

23 December 2020

Dear Sirs

Introduction – Historic Financial Information

We report on the financial information of Texadon Oil Plc (the "Company") for the period from 1 July 2017 to 30 June 2020, (the "Historical Financial Information") set out in this Part 11 of the Company's prospectus dated 23 December 2020 (the "Prospectus"). This Historical Financial Information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 2 of the financial information. This report is required by Annex 1 item 18.1 of Commission Delegated Regulation (EU) No. 2019/980 supplementing Regulation (EU) No 2017/1129 (the "Prospectus Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the Commission Delegated Regulation (EU) No 2019/980, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the

Historical Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information underlying the financial statements and whether the accounting policies are appropriate to the entities' circumstances, consistently applied and adequately disclosed.

We are independent of the Company in accordance with relevant ethical requirements as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America, or other jurisdictions outside the United Kingdom, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company as at the periods stated and of its results, cash flows and changes in equity for the period from 1 July 2017 to 30 June 2020 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Commission Delegated Regulation (EU) No 2019/980.

Yours faithfully

Chivers & Co
Chartered Accountants
15 St James' Road
London
E15 1RL
United Kingdom

PART 11 (B) HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

Texadon Oil PLC

Statement of Profit or Loss and Other Comprehensive Income
for the period 1 July 2017 to 30 June 2020

	Notes	Year Ended 30 June 2020 £	Year Ended 30 June 2019 £	Year Ended 30 June 2018 £
CONTINUING OPERATIONS				
Revenue		-	-	-
Administrative expenses		(153,142)	(282,072)	-
OPERATING LOSS		(153,142)	(282,072)	-
LOSS BEFORE INCOME TAX		(153,142)	(282,072)	-
Income tax	4	-	-	-
LOSS FOR THE PERIOD		(153,142)	(282,027)	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(153,142)	(282,072)	-

Texadon Oil PLC

Statement of Financial Position
for the three periods ended 30 June 2020

	Notes	2020 £	2019 £	2018 £
ASSETS				
CURRENT ASSETS				
Trade and other receivables	5	1,364	842	-
Cash and cash equivalents	6	25,624	60,898	2
		26,988	61,740	2
TOTAL ASSETS		26,988	61,740	2
EQUITY				
SHAREHOLDERS' EQUITY				
Called up share capital	7	80,920	50,000	2
Share premium	8	350,282	281,312	-
Retained earnings	8	(435,214)	(282,072)	-
TOTAL EQUITY		(4,012)	49,240	2
LIABILITIES		(153,142)	(282,072)	-
CURRENT LIABILITIES				
Trade and other payables	9	31,000	12,500	-
TOTAL LIABILITIES		31,000	21,500	-
TOTAL EQUITY AND LIABILITIES		26,988	61,740	-

Texadon Oil PLC

Statement of Changes in Equity
for the three periods ended 30 June 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Changes in equity				
Issue of share capital	2	-	-	2
Balance at 30 June 2018	2	-	-	2
Changes in equity				
Issue of share capital	49,998	-	281,312	331,310
Total comprehensive income	-	(282,072)	-	(282,072)
Balance at 30 June 2019	50,000	(282,072)	281,312	49,240
Changes in equity				
Issue of share capital	30,920	-	68,970	99,890
Total comprehensive income	-	(153,142)	-	(153,142)
Balance at 30 June 2020	80,920	(435,282)	350,282	(4,012)

Texadon Oil PLC

Statement of Cash Flow
for the period 1 July 2017 to 30 June 2020

	Notes	2020 £	2019 £	2018 £
Cash flows from operating activities				
Cash generated from operations	1	(135,164)	(270,414)	-
Net cash from operating activities		(135,164)	(270,414)	-
Cash flows from financing activities				
Share issue		99,890	331,310	2
Net cash from financing activities		99,890	331,310	2
(Decrease)/increase in cash and cash equivalents		(35,274)	60,896	2
Cash and Cash equivalents at beginning of year	2	60,898	2	-
Cash and cash equivalents at end of year	2	25,624	60,898	2

Texadon Oil PLC

Notes to Statement of Cash Flow
for the period 1 July 2017 to 30 June 2020

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2020	2019	2018
	£	£	£
Loss before income tax	(153,142)	(282,072)	-
Increase in trade and other receivables	(522)	(842)	-
Increase in trade and other payables	18,500	12,500	-
Cash generated from operations	(135,164)	(270,414)	-

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statements of Cash Flows in respect of cash and cash equivalents are in respect of these Statements of Financial Position amounts:

Year ended 30 June 2020	30 June 2020	1 July 2019
	£	£
Cash and cash equivalents	25,624	60,898

Year ended 30 June 2019	30 June 2019	1 July 2018
	£	£
Cash and cash equivalents	60,898	2

Period ended 30 June 2018	30 June 2018	1 July 2017
	£	£
Cash and cash equivalents	2	-

1. STATUTORY INFORMATION

Texadon Oil PLC is a public limited company, registered in England and Wales.

2. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations (collectively IFRS), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, as adopted by the European Union. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Financial instruments
Classification
The Company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - designated
- Receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement
Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

2. **ACCOUNTING POLICIES - continued**

Subsequent measurement
Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss excludes dividends and interest.

Receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Foreign currencies
A foreign currency transaction is recorded, on initial recognition in GB Pounds, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in GB Pounds by applying to the foreign currency amount the exchange rate between the GB Pound and the foreign currency at the date of the cash flow.

2. ACCOUNTING POLICIES - continued

Provisions and contingencies
Provisions are recognised when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised.

Going concern
The financial statements have been prepared on the going concern basis. The Directors have produced financial projections for the company for the next twelve months and beyond. These projections take into account that expenditure has been cut in order that entity can currently cover its cost base.

Trade and other receivables
Trade receivables are amounts due from customers for services performed in the ordinary course of business. The collections are expected either immediately or within 30 days, hence they are classified as current assets.

Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Trade and other payables
Trade payables are initially measured at fair value.

Cash and cash equivalents
In the company's statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with banks.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 30 June 2020 nor for the year ended 30 June 2019.

	2020	2019	2018
	£	£	£
Directors' remuneration	-	-	-

4. INCOME TAX

Analysis of tax expense
No liability to UK corporation tax arose for the periods ended 30 June 2018; 30 June 2019 and 30 June 2019.

5. TRADE AND OTHER RECEIVABLES

	2020	2019	2018
	£	£	£
Current:			
VAT	1,364	842	-

6. CASH AND CASH EQUIVALENTS

	2020	2019	2018
	£	£	£
Cash in hand	2	2	-
Bank accounts	25,622	60,896	2
	25,624	60,898	2

7. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020	2019	2018
			£	£	£
Number:	Class:	Nominal value:			
8,092,000	Ordinary	0.01	80,920	50,000	2

8. RESERVES

	Retained Earnings	Share premium	Totals
	£	£	£
Deficit for the year	(282,072)	-	(282,072)
Bonus share issue	-	281,312	281,312
At 30 June 2019	(282,072)	281,312	(760)
At 1 July 2019	(282,072)	281,312	(760)
Deficit for the year	(153,142)	-	(153,142)
Bonus share issue	-	68,970	68,970
At 30 June 2020	(435,214)	350,282	(84,932)

9. TRADE AND OTHER PAYABLES

	2020	2019	2018
	£	£	£
Current:			
Accruals and deferred income	31,000	12,500	-

10. RELATED PARTY DISCLOSURES

During the year to 30 June 2020 the Company purchased services amounting to £62,272 (2019: £48,070, 2018: £Nil) from Eden Corporate Finance Limited, a Company in which M W I Whyke and D T L Whyke have an interest. These services were purchased on an arms length basis. There are no outstanding balances in relation to their services.

During the year to 30 June 2019 the Company purchased services amounting to £7,500 (2019: £2,500, 2018: £Nil) from Anstey Bond LLP, a Limited Liability Partnership in which M W I Whyke has an interest. These services were purchased on an arms length basis. As at the year end, included within other creditors is a balance of £5,000 (2019: £2,500, 2018: £Nil) in relation to their services, which is outstanding.

During the year to 30 June 2020, the Company purchased services amounting to £4,000 (four thousand pounds Sterling) (2019: £Nil, 2018: £NIL) from PharmScape Limited, a Company in which M D Wort has an interest. As at the year end, included within other creditors is a balance of £3,000 (three thousand pounds Sterling) (2019: £Nil, 2018: £NIL), in relation to their services, which is outstanding

11. EVENTS AFTER THE REPORTING PERIOD

During and subsequent to the period end, there was an outbreak of a global pandemic (Novel Coronavirus disease) resulting in significant financial and economic impact on major economies across the globe and affecting wide range of industries. At the date of the financial statements, the Directors are in the process of assessing the impact of the above-mentioned event on its subsequent period's financial results. The Directors concluded that the going concern basis was appropriate.

This is a non-adjusting event, the Directors have not considered any adjustments to the financial statements for the period ended 30 June 2020.

12. ULTIMATE CONTROLLING PARTY

There is no controlling party.

PART 12: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is the unaudited pro-forma statement of net assets of the Company as at 30 June 2020 (the "Pro Forma Statement of Net Assets"). The Pro Forma Statement of Net Assets has been prepared on the basis set out in the notes below to illustrate the effect of the Admission, and the receipt of the funds from the Placing, on the net assets of the Company had the Admission occurred on 30 June 2020, and has been prepared for illustrative purposes only. Because of its nature, the Pro Forma Statement of Net Assets addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position. It is based on the schedules used in preparing the audited financial statements balance sheet as at 3o June 2020 and the effect of the Admission and Placing, as stated in this Prospectus.

Users should read the whole of this document and not rely solely on the summarised financial information contained in this Part 11 (Unaudited Pro Forma Statement of Net Assets).

The report on the Pro Forma Statement of Net Assets is set out in Part 12 (Unaudited Pro Forma Accountants' Report) of this document.

Unaudited Pro Forma Statement of Net Assets

	Group net assets as at 30 June 2020 (Note 1)	Net Cash receipt of New Ordinary Shares Issued (Note 2)	Acquisition of Assets (Note 3)	Unaudited pro forma net assets of the Company
	£	£	£	£
Assets				
Interest in Cross Creek Project			1,080,000	1,080,000
Current assets				
Trade and other receivables	1,364			1,364
Cash	25,624	2,250,000		2,275,624
Total assets	**26,988**	**2,250,000**	**1,080,000**	**3,356,988**
Liabilities				
Current liabilities				
Trade and other payables	31,000	-	720,000	751,000
Total current liabilities	31,000	-	720,000	751,000
Total liabilities	**31,000**		**720,000**	**751,000**
Net assets	**(4,012)**	**2,250,000**	**360,000**	**2,605,988**

Notes:

1. The financial information relating to the Company has been extracted without adjustment from the audited financial information set out in Part 11 (Historical Financial Information of the Group) of this Prospectus.

2. The Private Placing of up to 5,000,00 (five million Ordinary Shares) at an issue price of 50 (fifty) pence per share.

3. The Unaudited Pro Forma Statement of Net Assets reflects the addition of the holding of the underlying assets being acquired and going to be held as a result of the conversion of the Option to Acquire 75% share of the Cross Creek Project, signed and dated by the Company.

PART 13: ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The Directors
Texadon Oil Plc
1 Charterhouse Mews
London
EC1M 6BB
United Kingdom

The Directors
Onyx Capital Partners Ltd
1 Charterhouse Mews
London
EC1M 6BB
United Kingdom

23 December 2020

Dear Sirs

Texadon Oil Plc - Pro Forma Financial information

We report on the unaudited pro forma statement of net assets as at 23 December 2020, (the "Pro Forma Statement of Net Assets") set out in Part 11 (Unaudited Pro Forma Statement of Net Assets) of Texadon Oil Plc (the "Company") prospectus (the "Prospectus") dated 23 December 2020, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the admission of the Company to the standard segment of the Official List of the Financial Conduct Authority and the issue of the New Ordinary Shares might have affected the net assets presented on the basis of the accounting policies adopted by the Company in preparing the financial information for the year ended 30 June 2020.

This report has been prepared at the issuer's request and is required by item 11.5 of Annex 3 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**") and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro Forma Financial Information in accordance with item 11.5 of Annex 3 of the Prospectus Regulations.

It is our responsibility to form an opinion, as required by section 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 3 of the Prospectus Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We are independent of the Company in accordance with relevant ethical requirements as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly complied on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 3 of the Prospectus Regulation.

Yours faithfully

Chivers & Co
Chartered Accountants
15 St James' Road
London
E15 1RL
United Kingdom

PART 14: CREST

CREST

The Company has established arrangements to enable investors to settle interests in the Ordinary Shares through the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. Securities issued by non-UK companies, cannot be held or transferred electronically in the CREST system.

PART 15: TAXATION

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of HMRC, and may not apply to certain Shareholders in the Company, such as dealers in securities, insurance companies and collective investment schemes, or Shareholders whose opportunity to acquire Ordinary Shares arose from their or another's employment. They relate (except where stated otherwise) to persons who are resident and, in the case of individuals, domiciled in the UK for UK tax purposes, who are beneficial owners of Ordinary Shares and who hold their Ordinary Shares as an investment. Any person who is in any doubt as to his/her tax position, or who is subject to taxation in any jurisdiction other than that of the UK, should consult his/her professional advisers immediately.

Dividends

Withholding at source

The Company will not be required to withhold at source on account of UK tax when paying a dividend.

Individual Shareholders

From 6 April 2016, dividends paid by a UK company no longer carry a tax credit. An individual Shareholder who is resident in the UK (for UK tax purposes) and who receives a dividend from the Company and is liable to income tax only at the basic rate, will be subject to tax on the dividend at the rate of 7.5% (seven point five per cent) of the dividend received. An individual Shareholder who is liable to income tax at the higher rate will be liable to tax on the dividend received at the rate of 32.5% (thirty two point five per cent). An individual Shareholder who is liable to tax at the additional rate will be liable to tax on the dividend received at the rate of 38.1% (thirty eight point one per cent). The dividend will be regarded as the top slice of the Shareholder's income. Individuals may be entitled to an annual tax-free "dividend allowance" of £2,000 (two thousand Pounds Sterling). Depending on a Shareholder's personal circumstances, and to the extent it is not used against other income, the general income tax personal allowance (£12,500 (twelve thousand five hundred Pounds Sterling) for the 2019/20 tax year) may also be available to set off against any dividend income from Ordinary Shares (in addition to the new "dividend allowance").

For Trustees, the rate of income tax on dividends is 38.1% (thirty eight point one per cent) where total trust income exceeds £1,000 (one thousand Pounds Sterling).

Individual Shareholders who are not resident in the UK for tax purposes should consult their own advisers concerning their tax liabilities on dividends received.

Other Shareholders

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on dividends paid by the Company, unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular Shareholder, although it is expected that the dividends paid by the Company would normally be exempt. UK pension funds and charities are generally exempt from tax on dividends which they receive.

Chargeable Gains

For the purpose of UK tax on chargeable gains, the amounts paid by a Shareholder for Ordinary Shares will generally constitute the base cost of his/her holding of Ordinary Shares. If a Shareholder who is resident in the UK (for UK tax purposes) disposes of all or some of his or her Ordinary Shares, a liability to tax on chargeable gains may arise. This will depend on the base cost which can be allocated against the proceeds, the Shareholder's circumstances and any relief to which they are entitled. In the case of corporate Shareholders, indexation allowance may apply to any amount paid for the Ordinary Shares.

If a Shareholder who is a UK resident individual disposes of all or some of their Ordinary Shares, a liability to tax on capital gains made from the disposal may arise. The extent of the tax liability will depend on the availability to the Shareholder of the capital gains tax (**"CGT"**) annual exemption (£12,000 (twelve thousand Pounds Sterling) for the 2019/20 tax year), to the extent this has not been used against other gains, and any other tax relief available such as existing capital losses. The current rate of CGT for individuals liable to income tax at the higher or additional rate is 20% (twenty per cent). Individuals whose taxable income for the year in question is less than the upper limit of the basic rate income tax band (£37,500 (thirty seven thousand, five hundred Pounds Sterling) for the 2019/20 tax year) are subject to CGT at the rate of 10% (ten per cent), except to the extent that the aggregate of their total taxable income and chargeable gains (less allowable deductions) in that year exceeds the upper limit of the basic rate income tax band. Any such excess over the upper limit is subject to tax at the rate of 10% (ten per cent).

Trustees of a UK resident trust will also be subject to CGT on any capital gains from disposals of Ordinary Shares. Any gain may be capable of mitigation by use of the annual exemption available to the trustees (£6,000 (six thousand Pounds Sterling) for the 2019/20 tax year), to the extent this has not been used against other gains, and any other tax relief available such as existing capital losses. For trustees and personal representatives, the rate of CGT is 20% (twenty per cent).

Shareholders that are UK tax resident companies and hold Ordinary Shares as an investment will be subject to corporation tax on any capital gain arising, subject to mitigation by the indexation allowance and potentially by any losses available to the Company. Corporate Shareholders are liable to tax on capital gains at the prevailing rate of corporation tax (currently up to 19% (nineteen per cent)). In certain circumstances, a corporate Shareholder may qualify for the substantial shareholding exemption, which exempts certain gains from corporation tax on chargeable gains.

Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Ordinary Shares (unless they carry on a trade, profession or vocation in the UK though a branch or agency or, in case of a company, a permanent establishment with which their Ordinary Shares are connected).

Individual Shareholders or Members who are temporarily non-UK resident may be liable to UK CGT on chargeable gains realised during their period of non-residence on their return to the UK.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depository arrangements or clearance services, who may be liable at a higher rate.

In relation to stamp duty and SDRT:

(i) The allocation and issue of Ordinary Shares will not give rise to a liability to stamp duty or SDRT.

(ii) Any subsequent conveyance or transfer on the sale of Ordinary Shares will usually be subject to stamp duty on the instrument of transfer at a rate of 0.5% (zero point five per cent) of the amount or value of the consideration (rounded up, if necessary, to the nearest £5 (five Pounds Sterling)). An exemption from stamp duty is available on an instrument transferring the Ordinary Shares where the amount or value of the consideration is £1,000 (one thousand Pounds Sterling) or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the transaction exceeds £1,000 (one thousand Pounds Sterling). A charge to SDRT at the rate of 0.5% (zero point five per cent) will arise in relation to an unconditional agreement to transfer such Ordinary Shares. However, where, within six (6) years of the date of the agreement (or, if the agreement was conditional, the date the agreement became unconditional), an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid.

(iii) A transfer of the Ordinary Shares effected on a paperless basis though CREST (where there is a change in the beneficial ownership of Ordinary Shares) will generally be subject to SDRT at the rate of 0.5% (zero point five per cent) of the value of the consideration given.

Certain categories of persons are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986, as amended.

PART 16: ADDITIONAL INFORMATION

1. The Company

The Company was incorporated and registered in England and Wales on 13 June 2016 with registered number 10227882 as a private company limited by shares with the name "Mews Nominees Limited" and changed its name to "Texadon Oil Limited" on 21 May 2018. The Company was registered as a public limited company, "Texadon Oil Plc" on 1st July 2019. The principal legislation under which the Company operates and under which the New Ordinary Shares will be issued is the Companies Act and the liability of Members will be limited. The registered office of the Company is at 1 Charterhouse Mews, London, EC1M 6BB, United Kingdom. The Company was founded by Michael Whyke, the Company's Chief Finance Officer. The Registrar of the Company is Share Registrars Limited who are responsible for maintaining the register of Members of the Company. The ISIN of the Ordinary Shares is GB00BL0KY487. The telephone number of the Company is +44 (0) 20 7531 9937.

2. Share Capital

(a) The following is a summary of the changes in the issued share capital of the Company from incorporation to the Issue Date of this Prospectus:

(i) On incorporation, the Company had an issued share capital of £2 (two Pounds Sterling) divided into two (2) ordinary shares of £1 (one Pound Sterling) each, being the Subscriber Shares. On incorporation, the Subscriber Shares were subscribed for by Michael Whyke who gave an undertaking to pay in aggregate £2 (two Pounds Sterling).

(ii) On 2 July 2018, the two (2) Subscriber Shares were subdivided into 2,000 (two thousand) ordinary shares of 0.001 pence each.

(iii) On 23 August 2018, the 2,000 (two thousand) ordinary shares were subdivided into 200,000 (two hundred thousand) ordinary shares of 0.00001 pence each.

(iv) On 3 October 2018, the 200,000 (two hundred thousand) ordinary shares were subdivided into 7,125,000 (seven million one hundred and twenty five thousand) ordinary shares of 0.00001 pence each, comprising the Founder Shares.

(v) On 24 June 2019, an ordinary written resolution was passed authorising the sum of £29,532 (twenty nine thousand, five hundred and thirty two Pounds Sterling), being part of the share premium account be capitalised and appropriated as capitalised to the holders of ordinary shares of £0.01 (one pence) each in the capital of the Company as appearing in the register of Members as at the close of business on 24 June 2019 and that the Directors be authorised to apply such sum in paying up in full 2,953,250 (two million, nine hundred and fifty three thousand, two hundred and fifty) shares of £0.01 (one pence) each in the capital of the Company and the allotment and issue of such new shares, credited as fully paid up, to the holder of ordinary shares of £0.01 (one pence) each at the rate of 0.59 (zero point five nine) per ordinary shares(s) for every existing ordinary share of £0.01 (one pence) each held by them.

(vi) The share premium account was utilised to issue new bonus shares to the existing shareholders and the share capital was consolidated to £0.01 (one pence).

(vii) During the year to the 30 June 2020 the Company raised a further £183,125 (one hundred and eighty three thousand one hundred and twenty five pounds), from the proceeds of share issues and sale of the treasury stocks.

All of the Ordinary Shares are in registered form and eligible for settlement in CREST. Temporary documents of title will not be issued.

(b) By a special resolution passed on 19 June 2019 it was resolved:

(i) to authorise the Directors generally and unconditionally to exercise all the powers of the Company to allot Ordinary Shares and to grant such subscription and conversion rights as are contemplated by section 551 of the Companies Act up to an aggregate nominal amount of £150,000, such authority to expire, unless sooner revoked or varied by the Company in general meeting, on the 5th anniversary of the passing of this resolution, but so as to enable the Company before such date to make offers or agreements which would or might require relevant Securities to be allotted after such date and to enable the Directors to allot relevant Securities in pursuance of such offers or agreements as if the authority conferred thereby had not expired, such authority to be in substitution for all existing authorities granted to the Directors in respect of the allotment of relevant Securities, without prejudice to any allotments made pursuant to the terms of such authorities; and

(ii) in accordance with section 570 of the Companies Act to empower the Directors until 19 June 2024 to allot equity securities (as defined in section 560 of the Companies Act) for cash as if section 561(1) of the Companies Act did not apply to any such allotment, such power being limited to the allotment and issue of equity Securities up to an aggregate nominal value of £150,000, save that the Company may, before expiry of that authority, make offers or agreements which would or might require equity Securities to be allotted after such expiry and the Directors may allot equity Securities pursuant to any such offers or agreements as if such authority had not expired.

(c) The Company's issued share capital as at the Issue Date hereof is:

	Issued and fully paid	
	Nominal Value	**Number**
Ordinary Shares	£81,455	8,145,571

(d) Immediately following Admission, the Company's Enlarged Share Capital (assuming the Company raises its Minimum Gross Proceeds) is expected to be:

	Issued and fully paid	
	Nominal Value	**Number**
Ordinary Shares	£131,455	13,145,571

(f) The provisions of section 561(1) of the Companies Act (to the extent not disapplied pursuant to sections 570 to 571 of the Companies Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity Securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up in cash and, upon Admission, will apply to any Ordinary Shares to be allotted by the Directors, except to the extent disapplied by the resolution referred to in paragraph 2(b)(iii) above.

(g) Save as disclosed in this paragraph, no share or loan capital of the Company or any of its Subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

(h) The Ordinary Shares will be listed on the Official List and will be traded on the Main Market of the LSE. As at the Issue Date, the Ordinary Shares are not listed or traded on, and no application has been or is being made for the admission of the Ordinary Shares to listing or trading on any other stock exchange or securities market.

(i) With effect from Admission, all of the Ordinary Shares will be in registered form and, subject to the Ordinary Shares being admitted to and accordingly enabled for settlement in CREST, the Ordinary Shares will be capable of being held in uncertificated form. No temporary documents of title will be issued.

(j) Up to 10,000,000 (ten million) New Ordinary Shares are being issued pursuant to the Placing at the Placing Price of £0.50 (fifty pence) per New Ordinary Share which represents a premium of £0.49 (forty nine pence) over their nominal value of £0.01 (one pence) each.

(k) Each New Ordinary Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each Existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on return of capital). The New Ordinary Shares will be denominated in Pounds Sterling.

(l) The expected issue date of the Securities is 29 January 2021.

3. Articles

The Articles of Association of the Company contain, *inter alia*, the following provisions relating to the rights attaching to Ordinary Shares:

(a) There are no rights of pre-emption in respect of transfers of issued Ordinary Shares. However, in certain circumstances, the Company's Shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to place new shares for allotment to existing Shareholders on a pro-rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares are offered to the Company's Shareholders;

(b) In order to transfer Ordinary Shares, the instrument of transfer of any such shares must be in any usual or common form, or in such other form as may be approved by the Directors and must be executed by or on behalf of the transferor and, if the shares are not fully paid, by or on behalf of the transferee. The Articles contain no restrictions on the free transferability of fully paid shares, provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with;

(c) Each Ordinary Share confers the rights to receive notice of and attend all meetings of Shareholders. Each holder of Ordinary Shares present at a general meeting in person or by proxy has one vote, and, on a poll, one vote for each Ordinary Share of which he is the holder;

(d) On a winding up, a liquidator may, with the sanction of a special resolution of the Company, divide amongst the Ordinary Shareholders (*in specie* or in kind) the whole or any part of the assets of the Company, and may, with the like sanction, determine how such division is to be carried out;

(e) The Ordinary Shares confer upon their holders the right to participate in any profits which the Company may from time to time determine to distribute in respect of any financial period;

(f) Subject to the provisions of the Companies Act and if the profits of the Company justify such payments, the Directors may declare and pay interim dividends on shares of any class of such amounts as and when they think fit. All dividends are apportioned and paid pro-rata according to the amounts paid on the shares. No dividend or other monies payable on or in respect of a share will bear interest as against the Company. The Directors may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply them towards the satisfaction of the debts, liability or engagements in respect of a lien. A dividend may be retained if a Shareholder has failed to comply with the statutory disclosure requirements of the Companies Act. Any dividend unclaimed for twelve years will be forfeited and revert to the Company;

(g) Subject to the provisions of the Companies Act, the Company may purchase any of its own shares, provided that the terms of any contract under which the Company will or may become entitled or obliged to purchase its own shares be authorised by a special resolution of the Company in a General Meeting before the Company enters into such a contract;

(h) All or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class. At every such separate general meeting the quorum is two persons holding or representing by proxy one-third in nominal value of the issued shares of that class; and

(i) The Company may make arrangements for any class of its shares to be issued in uncertified form and in accordance with and subject as provided in The Uncertificated Securities Regulations 2001 and transfer of title of those shares shall be effected by means of relevant system in the manner provided for and subject as provided for in Uncertificated Securities Regulations 2001. Shares held in certified form and those held in uncertificated form may be changed to certificated form.

(j) A quorum for a general meeting is two members present in person or by proxy and entitled to attend and to vote on the business to be transacted. The chairman may, with the consent of a meeting at which a quorum is present, and shall if so directed by the meeting, adjourn any meeting from time to time.

(k) Directors' meetings are called by giving notice to all Directors. Notice is treated as properly given if it is given personally, by word of mouth, in writing or by electronic means to the Directors' last known address given by him to the Company for this purpose. Any Director can waive his entitlement to notice of any Directors' meeting including one which has already taken place. The quorum necessary for the transaction of business may be determined by the Board and until otherwise determined shall be two persons, each being a Director or an alternate Director. Matters to be decided at a Directors' meeting will be decided by a majority vote. In the case of an equality of votes the chairman of that meeting shall have a casting vote.

(l) At each annual general meeting of the Company any Director then in office who has been appointed by the Board since the previous annual general meeting or for whom it is the third annual general meeting following the annual general meeting at which he was elected or last re-elected shall retire from office but shall be eligible for re-appointment.

(m) Any Director can appoint any person (including another Director) to be his alternate and may at his discretion remove an alternate Director so appointed. Any appointment or removal of an alternate Director must be by written notice delivered to the Company's registered office or to an address specified by the Company.

4. Mandatory Bids and Compulsory Acquisition Rules Relating to the Ordinary Shares

(a) **Mandatory bid**

The City Code on Takeovers and Mergers applies to the Company. Under Rule 9 of the City Code, if:

(i) a person acquires an interest in Ordinary Shares in the Company which, when taken together with Ordinary Shares already held by him/her or persons acting in concert with him/her, carry 30% (thirty per cent) or more of the voting rights in the Company; or

(ii) a person who, together with persons acting in concert with him, is interested in not less than 30% (thirty per cent) and not more than 50% (fifty per cent) of the voting rights in the Company acquires additional interests in Ordinary Shares which increase the percentage of Ordinary Shares carrying voting rights in which that person is interested, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding Ordinary Shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquiror or its concert parties during the previous 12 (twelve) months.

(b) **Compulsory acquisition**

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90% (ninety per cent) of the Ordinary Shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding Ordinary Shares which have not assented to the offer. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their Ordinary Shares and then, six (6) weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding Shareholders. The consideration offered to the Shareholders whose Ordinary Shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90% (ninety per cent) of the Ordinary Shares (in value and by voting rights) to which the offer relates, any Shareholder to which the offer relates who has not accepted the offer may require the offeror to acquire his/her Ordinary Shares on the same terms as the takeover offer.

The offeror would be required to give any Shareholder notice of his/her right to be bought out within one (1) month of that right arising. Sell-out rights cannot be exercised after the end of the period of three (3) months from the last date on which the offer can be accepted or, if later, three (3) months from the date on which the notice is served on the Shareholder notifying them of their sell-out rights. If a Shareholder exercises his/her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

(c) **Public takeover bids**

No public takeover bids by third parties have been made for the Issuer's equity.

5. Information on the Directors

(a) Details of the names of companies and partnerships (excluding directorships of the Company or of its Subsidiaries) of which the Directors are, or have been, members of the administrative, management or supervisory bodies or partners at any time in the five (5) years preceding the Issue Date are as follows:

Name of Director	Current directorships and partnerships	Past directorships and partnerships
Michael Dennis Wort	Diaceutics Plc	De Facto Financial Ltd KREG Ltd
Michael William Ian Whyke	Anstey Bond LLP Eden Corporate Finance Ltd GWW Corporate Services Ltd HarComm Limited Elyn Corporation	Eden Capital Ltd Charterhouse Equity Holdings Ltd Charterhouse Private Equity Ltd Waterside Cornwall Group Ltd Waterside Cornwall Operations Ltd Waterside Support Ltd Waterside Villages Ltd Waterside Villages Properties Ltd Waterside Villages Bonds Ltd LV Resorts Ltd Costa Support Ltd Costa Property Holdings Ltd Colina Support Ltd Colina Property Holdings Ltd VB REIT Plc
Steven Scott McGuire	Texoga Technologies Corp. Spectral Oil and Gas Corp.	Biofuels Power Corporation Safe Renewables Corporation Armored Technologies Inc.
Daniel Thomas Lascelles Whyke	GWW Corporate Services Ltd HarComm Ltd Eden Capital Ventures Ltd	Eden Corporate Finance Ltd Sunvista (UK) Ltd

(b) Save as disclosed, none of the Directors:

i. has any convictions in relation to fraudulent offences for at least the previous five (5) years; or
ii. has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership or liquidation for at least the previous five (5) years; or
iii. has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five (5) years.

6. Directors' and Others' Interests

(a) The interests (all of which are or will be beneficial unless otherwise stated) of the Directors in the share capital of the Company are as follows:

	At Issue Date		Following Admission (minimum Placing Shares)
Name of Director	**Number of Existing Ordinary Shares**	**Percentage of issued share capital (%)**	**Percentage of issued share capital (%)**
Michael Wort	550,000	6.75	4.18
Steven McGuire	550,000	6.75	4.18
Michael Whyke	550,000	6.75	4.18
Daniel Whyke	550,000	6.75	4.18

(b) Save as disclosed in paragraph 6(a) above, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company or any of its Subsidiary undertakings.

(c) In addition to the interests of Directors disclosed in paragraph 6(a) above, as at 22 December 2020 (being the latest practicable date prior to the publication of this Prospectus), the Company is aware of the following persons who will be interested, directly or indirectly, in 3% (three per cent) or more of the Enlarged Share Capital of the Company immediately following Admission:

	At Issue Date		Following Admission (minimum Placing Shares)
Name	**Number of Existing Ordinary Shares**	**Percentage of issued share capital (%)**	**Percentage of issued ordinary share capital (%)**
Ivan Burgess	2,175 000	26.70	16.55
Aquass Green Limited	566,750	6.96	4.31
Tommie Morgan	550,000	6.75	4.18
Tyler White	550,000	6.75	4.18
Aquass Yellow Limited	550,000	6.75	4.18
Mr John Webber	302,500	3.71	2.30

The voting rights of the Shareholders are the same in respect of each Ordinary Share held.

(d) Save as disclosed in the paragraph above, the Company is not aware of any person who will, immediately following Admission, hold 3% (three per cent) or more of the voting rights in the Company as a Shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure and Transparency Rules of the FCA).

(e) The Directors are, in addition to the Company, directors/partners of the companies listed in paragraph 5(a) of this Part 16 of this Prospectus. The Articles contain provisions whereby a Director shall not vote, *inter alia*, in respect of any matter in which he/she has, directly or indirectly, any material interest. Save in relation to the directorships listed in paragraph 5(a) of Part 16 and as detailed in paragraph 12(b) of this Part 16, there are no potential conflicts of interest between any duties owed by the Directors to the Company and their private interests and/or other duties.

7. Service Agreement/Letter of Engagement

Executive Directors

Michael Wort

Michael Wort entered into a Service Agreement with the Company dated 6 February 2020 which is conditional on Admission and pursuant to which his initial salary is £4,000 (four thousand Pounds Sterling) per month which is to be revised in twelve (12) months by a remuneration committee which will be formed upon Admission. He is also entitled to reimbursement of all reasonable expenses incurred while performing his duties. Michael Wort's duties under the Service Agreement are as an Executive Director as Executive Chairman.

The Service Agreement continues until terminated by either party giving the other not less than three (3) months' prior notice in writing.

Steven McGuire

Steven McGuire entered into a Service Agreement with the Company dated 14 February 2020 which is conditional on Admission and pursuant to which his initial salary is £4,000 (four thousand Pounds Sterling) per month which is to be revised in twelve (12) months by a remuneration committee which will be formed upon Admission. He is also entitled to reimbursement of all reasonable expenses incurred while performing his duties. Steven McGuire's duties under the Service Agreement are as an Executive Director as Chief Operations Officer.

The Service Agreement continues until terminated by either party giving the other not less than three (3) months' prior notice in writing.

Michael Whyke

Michael Whyke entered into a Service Agreement with the Company dated 10 February 2020 which is conditional on Admission and pursuant to which his initial salary is £4,000 (four thousand Pounds Sterling) per month which is to be revised in twelve (12) months by a remuneration committee which will be formed upon Admission. He is also entitled to reimbursement of all reasonable expenses incurred while performing his duties. Michael Whyke's duties under the Service Agreement are as an Executive Director as the Chief Finance Officer

The Service Agreement continues until terminated by either party giving the other not less than three (3) months' prior notice in writing.

Daniel Whyke

Daniel Whyke entered into a Service Agreement with the Company dated 10 February 2020 which is conditional on Admission and pursuant to which his initial salary is £4,000 (four thousand Pounds Sterling) per month which is to be revised in twelve (12) months by a remuneration committee which will be formed upon Admission. He is also entitled to reimbursement of all reasonable expenses incurred while performing his duties. Daniel Whyke's duties under the Service Agreement are as an Executive Director, as the Investor Relations Officer.

The Service Agreement continues until terminated by either party giving the other not less than three (3) months' prior notice in writing.

8. Pension Arrangements

There are no pensions or other similar arrangements in place with the Directors at the date of this Prospectus nor are any such arrangements proposed, expect for the government statutory pension.

9. Employees and Premises

At the Issue Date of this Prospectus, the Company and the Group have not had any employees since incorporation and do not own any premises.

10. Subsidiaries

The Company does not have any Subsidiary undertakings at the date of Admission, although it is intended that the Company will form a group structure to maximise the returns for Shareholders.

11. Dilution of Ordinary Share Capital

The Placing will result in the Existing Ordinary Shares being diluted by over 44% (forty-four per cent) (assuming receipt of target proceeds of £5,000,000) (five million Pounds Sterling). The net asset value per Ordinary Share as of the date of the latest balance sheet before the Placing is -0.0005 per Ordinary Share and the Placing price per Ordinary Share is £0.50 (fifty pence) per share.

12. Material Contracts

(a) The Company has entered into the following contracts (not being contracts entered into in the ordinary course of business), which are or may be material to the Company and any Subsidiaries of the Company:

(i) **Registrar Agreement**
Pursuant to an agreement between the Registrar and the Company dated 30 July 2019, the Registrar has been retained by the Company to keep the Register of Members. The agreement may be terminated by either party on the service of three (3) months' notice on the other, such notice to expire no earlier than the first anniversary of the date of the agreement and may be terminated immediately by either party in certain specified circumstances such as insolvency or material breach of the agreement by one party or the other. The basic fee payable by the Company to the Registrar is also subject to an annual minimum charge of £2,000 (two thousand Pounds Sterling). In addition, various transfer fees are also payable on the transfer of any Ordinary Shares. The agreement contains customary warranties and indemnities given by the Company to the Registrar relating to the due incorporation and capacity of each party. The agreement is governed by English law.

(ii) **Placing Agent / Broker Agreement**
The Company has received a letter of intent from a Regulated FCA broker and placing agent Pello Capital Limited dated 25 August 2020 to assume the duties of a Broker and Placing Agent to the Company in relation to the Placing and Admission of the Company's ordinary shares on the Standard List. The appointment will take effect on approval of this Prospectus by the FCA. The Placing Agent/broker will receive an annual fee of £18,000 (eighteen thousand Pounds Sterling) plus VAT payable quarterly in advance. The Placing Agent/broker will also receive a commission at the rate of 5% (five per cent) of the gross aggregate of the Placing Shares.

(viii) **Corporate Advisory Agreement**
Onyx Capital Partners Limited entered into a contract with Texadon dated 27 November 2019 for the provision of corporate finance services in relation to the Admission of the Company to the Standard List and ongoing corporate finance monitoring and advice for a period of two (2) years post the Admission. This contract is for a

period of 24 (twenty four) months post Admission and provides for an initial payment of £10,000 (ten thousand Pounds Sterling) on signature; a further £20,000 (twenty thousand Pounds Sterling) on Admission and £2,500 (two thousand five hundred Pounds Sterling) per month thereafter for 24 (twenty-four) months from the date of Admission.

(ix) **Retained Advisor Agreements**

Eden Corporate Finance Limited, a company related to Michael Whyke and Daniel Whyke, entered into a contract with Texadon dated 3 April 2019 for the provision of corporate services, financial public relations and investor relations services. This contract is for a period of 12 (twelve) months and provides for a payment of £10,000 (ten thousand Pounds Sterling) on Admission and £5,000 (five thousand Pounds Sterling) per month thereafter.

(b) The Company has entered into the following related party transactions:

(i) The Company has an Option Agreement with Steven McGuire, an Executive Director, for the 75% (seventy five per cent) Cross Creek Working Interest. That Option Agreement will, on Admission, convert to the 75% (seventy five per cent) Sale and Purchase Agreement. Under the terms of the Option Agreement each of Steven McGuire, Tommie Morgan, and Tyler White will be paid US$120,000 (one hundred and twenty thousand United States Dollars) (approximately £100,000 (one hundred thousand Pounds Sterling) per annum for the first three years following conversion of the Option Agreement out of the Cross Creek production. Such payment will be made out of revenue only, and to the extent that there is revenue. Steven McGuire, together with Tyler White and Tommie Morgan will own the remaining 25% (twenty five per cent) Working Interest;

(ii) the Operating Agreement referred to in this paragraph 12.

Save as disclosed in this paragraph 12(b), the Company has not been a party to any related party transaction.

13. Working Capital

The Company is of the opinion, taking into account the Minimum Net Proceeds from the issue of New Ordinary shares, that the Group has sufficient working capital for its present requirements and the Company and the Group has sufficient working capital for at least twelve months.

14. Capitalisation and Indebtedness

(a) At the Issue Date, neither the Company nor the Group:

(i) has any secured, unsecured or unguaranteed indebtedness, including direct and contingent indebtedness, other than its liabilities under the contracts described in paragraph 8 and 12 above;

(ii) has granted any mortgage or charge over any of its assets; and

(iii) has any contingent liabilities or guarantees.

(b) If the Placing and Admission had taken place prior to the date of the balance sheet of the Company at 30 June 2019, then the balance sheet of the Company would change as follows (on the basis that the Company had not yet invested the Net Proceeds of the Placing):

(i) the cash held by the Company would increase by the amount subscribed for pursuant to the Placing (less any Expenses paid by the Company on Admission), being the Net Proceeds;

(ii) total assets of the Company would increase by the amount of the Net Proceeds on Admission; and

(iii) called up share capital would increase by the aggregate nominal amount of New Ordinary Shares issued both prior to and following Admission.

(c) If Admission had taken place prior to the date of the financial information relating to the Company set out in Part 11 to 13 of this Prospectus, then any impact on the Company's earnings would have been to enhance earnings, with the precise level being dependent on any return made on the Net Proceeds received by the Company.

15. Interest of natural and legal persons involved in the Issue

A material conflict of interest pertaining to the Placing and Admission to trading is that Steven McGuire is a Director and also holds a one-third interest in the remaining 25% (twenty five percent) Working Interest in the Cross Creek Project. Where there is a conflict of interest, he will abstain from voting as determined in the Company's Articles.

16. Reasons for the Placing and use of Net Proceeds

The Directors of the Company intend to use some or all of the Net Proceeds (as well as to fund the Expenses of the Placing and the day-to-day expenses of the Company) to acquire, by a Workover the Cross Creek Gas/Condensate Field, which is located near the city of Humble and in close proximity to Houston, Texas, US. The Cross Creek Project comprises the Company's inaugural Acquisition. Further Acquisitions will be pursued in Texas once the Cross Creek Project has been successfully implemented and positive cash flows generated.

17. Significant Change

Save for the contingent liabilities assumed by the Company under the Placing Agreement and the Registrar Agreement as set out in paragraph 12 of this Part 16 and the Executive Directors' Service Agreements as set out in paragraph 7 of this Part 16, and the Expenses of the Company and the Group referred to in paragraph 12 of this Part 16, (all of which would have a significant change in the financial position of the Company due to the Company being established but not having commenced trading), there has been no significant change to the Company, its Subsidiaries or other companies within the Group since 31 January 2020, being the date at which the financial information contained in Part 11 has been prepared, with the exception of further Ordinary Shares being issued and raising £106,360.00 for the ongoing administration costs of the Company.

18. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company or the Group is aware) during the 12 (twelve) months preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on neither the Company's nor the Group's financial position or profitability.

19. General

(a) The total Expenses (exclusive of recoverable VAT) payable by the Company in connection with the Placing and Admission are estimated to amount to £500,000 (five hundred thousand Pounds Sterling) of which £300,000 (three hundred thousand Pounds Sterling) is estimated as payable in total to financial intermediaries. The estimated cash Net Proceeds accruing to the Company from the Placing are £4,500,000 (four million, five hundred thousand Pounds Sterling) in the event of the Maximum Subscription for 10,000,000 (ten million) New Ordinary Shares.

(b) Chivers & Co, a member firm of the Institute of Chartered Accountants in England and Wales, whose registered office is 15 St James' Road, London, E15 1RL, have given and have not withdrawn their written consent to the inclusion in this Prospectus of their reports as set out in Part 11 and 13 hereof and the references to such report and to their

name in the form and context in which they are included, and they have authorised the contents of their report for the purposes of item 5.3.2R(2)(f) of the Prospectus Regulation Rules.

(c) Collarini Energy Experts, of 1500 S. Dairy Ashford Drive, Suite 350, Houston, Texas 77077 USA has given and has not withdrawn its written consent to the inclusion in this Prospectus extracts of its report on the Cross Creek Field and its name in the form and context in which it is included.

(d) The Directors are not aware of any environmental issues which may affect the Company's and any Group's utilisation of its tangible fixed assets (if any).

(e) The financial information set out in this Prospectus relating to the Company does not constitute statutory accounts within the meaning of section 434 of the Companies Act. The Company intends to publish its first set of interim financial statements as at 30 October 2020 and the first annual report of the Company will be published as at 30 April 2020. There have been no post balance sheet events that have occurred since the Company's latest financial statements as at the 30 April 2019. The receipt by the Company of the Net Proceeds will constitute a significant change to the assets of the Company.

(g) There are no arrangements in place under which future dividends are to be waived or agreed to be waived.

(h) The Placing Price is payable in full in cash on acceptance.

(i) CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles will permit the holding and transfer of Ordinary Shares under CREST. The Directors have applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST, as soon as practicable after Admission has occurred. CREST is a voluntary system and Shareholders who wish to receive and retain a share certificate will be entitled to do so.

(j) The Directors are not aware of any patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Company's business.

(k) Since its incorporation, the Company has not made up any financial statements or published any financial information save for the information contained in Part 11 of this Prospectus.

20. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Onyx at 1 Charterhouse Mews, London, EC1M 6BB, United Kingdom for the period of 14 (fourteen) days following the Issue Date:

(a) the statement of capital of the Company and the Articles;

(b) the financial information set out in Part 11 of this Prospectus;

(c) the Service Agreements referred to in paragraph 7 above;

(d) the material contracts referred to in paragraph 12 above; and

(e) the letter(s) of consent referred to in paragraph 19 above.

PART 17: NOTICES TO INVESTORS

The distribution of this Prospectus and the Placing may be restricted by law in certain jurisdictions and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Copies of this Prospectus will be available free of charge during normal business hours in the United Kingdom on any weekday (except Saturdays, Sundays and Public holidays) at the offices of Texadon at 1 Charterhouse Mews, London, EC1M 6BB, UK, as well on the Company's website from the Issue Date until the date which is 1 (one) month from the date of Admission.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the New Ordinary Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the New Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the New Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for any of the New Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This Prospectus has been approved by the FCA as a prospectus, which may be used to offer securities to the public for the purposes of section 85 of the FSMA, and of the Prospectus Regulation. No arrangement has, however, been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this Prospectus as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction. Issue or circulation of this Prospectus may be prohibited in countries other than those in relation to which notices are given below. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for, or buy, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

For the Attention of European Economic Area Investors

In relation to each member state of the European Economic Area which has implemented the Prospectus Regulation (each, a **"Relevant Member State"**), an offer to the public of the New Ordinary Shares may only be made once the Prospectus has been passported in such Relevant Member State in accordance with the Prospectus Regulation as implemented by such Relevant Member State. For the other Relevant Member States, an offer to the public in that Relevant Member State of any New Ordinary Shares may only be made at any time under the following exemptions under the Prospectus Regulation, if they have been implemented in that Relevant Member State:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity which has two (2) or more of: (1) an average of at least 250 (two hundred and fifty) employees during the last financial year; (2) a total balance sheet of more than €43,000,000 (forty three million Euro); and (3) an annual net turnover of more than €50,000,000, (fifty million Euro) as shown in its last annual or consolidated accounts;

- to fewer than 100 (one hundred) natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) in such Relevant Member State; or

- in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of New Ordinary Shares shall result in a requirement for the publication by the Company or the Company's broker of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any offer of New Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Private Placing and any New Ordinary Shares to be offered so as to enable an Investor to decide to purchase or subscribe for the New Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Regulation in that Relevant Member State, and the expression "Prospectus Regulation" includes any relevant implementing measure in each Relevant Member State.

During the period up to but excluding the date on which the Prospectus Regulation is implemented in member states of the European Economic Area, this Prospectus may not be used for, or in connection with, and does not constitute, any offer of New Ordinary Shares or an invitation to purchase or subscribe for any New Ordinary Shares in any member state of the European Economic Area in which such offer or invitation would be unlawful.

The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

For the Attention of UK Investors

This Prospectus comprises a prospectus relating to the Company prepared in accordance with the Prospectus Regulation Rules and approved by the FCA under section 87A of the FSMA. This Prospectus has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

For the Attention of Swiss Investors

The New Ordinary Shares may not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland and neither this Prospectus nor any other solicitation for investments in the New Ordinary Shares may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Article 652a of the Swiss Code of Obligations.

Without limitation to the generality of the foregoing, the New Ordinary Shares may not be offered to any person in Switzerland who is not a "qualified investor" within the meaning of Article 10 para. 3 of the Swiss Federal Act on Collective Investment Schemes (**"CISA"**) and Article 6 of the implementing ordinance to the CISA. The Company has not been licensed and is not subject to the supervision of the Swiss Financial Market Authority (**"FINMA"**). Therefore, Investors do not benefit from the specific investor protection provided by CISA and the supervision of the FINMA.

This Prospectus may not be copied, reproduced, distributed or passed on to others without the Company's prior written consent. This Prospectus is not a prospectus within the meaning of Article 652a of the Swiss Code of Obligations or a listing prospectus according to Article 27 *et seq*. of the listing rules of the SIX Swiss Exchange and may not comply with the information standards required thereunder. The Company will not apply for a listing of the New Ordinary Shares on any Swiss stock exchange and this Prospectus may not comply with the information required under the relevant listing rules.

Restrictions on purchasers of New Ordinary Shares in reliance on Regulation S

Each Investor in the New Ordinary Shares offered outside the US in reliance on Regulation S in the Placing (and each subsequent Investor in the New Ordinary Shares) will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

(i) the Investor is acquiring the New Ordinary Shares in an offshore transaction meeting the requirements of Regulation S;

(ii) the New Ordinary Shares have not been offered to it by the Company, or their respective directors, officers, agents, employees, advisers or any others by means of any "directed selling efforts" as defined in Regulation S;

(iii) the Investor is aware that the New Ordinary Shares have not been nor will be registered under the Securities Act and may not be offered or sold in the US absent registration or an exemption from registration under the Securities Act;

(iv) the Investor is aware that the Company has not registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the US, and to ensure that the Company is not registered and will not be required to register under the US Investment Company Act;

(v) no portion of the assets used by such Investor to purchase, and no portion of the assets used by such Investor to hold, the New Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" that is subject to Title I of ERISA; (ii) a plan, individual retirement account or other arrangement that is subject to section 4975 of the US Tax Code; (iii) entities whose underlying assets are considered to include "plan assets" of any plan or account; or (iv) an arrangement described in preceding clause (i) or (ii); or (v) any governmental plan, church plan, non-US plan or other investor whose purchase or holding of New Ordinary Shares would be subject to any state, local, non-US or other laws or regulations similar to Title I of ERISA or section 4975 of the US Tax Code or that would have the effect of the regulations issued by the US Department of Labor set forth at 29 CFR section 2510.3-101, as modified by section 3(42) of ERISA;

(vi) if in the future it decides to offer, sell, transfer, assign or otherwise dispose of New Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal of New Ordinary Shares made other than in compliance with such laws and the above-stated restrictions will be subject to the compulsory transfer provisions as provided in the Company's Articles;

(vii) it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the New Ordinary Shares to any persons within the US, nor will it do any of the foregoing; and

(viii) the Company, their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations and agreements. If any of the representations or agreements made by the Investor are no longer accurate or have not been complied with, the Investor will immediately notify the Company and, if it is acquiring any New Ordinary Shares as a fiduciary or agent for one or more accounts, that the Investor has sole investment discretion with respect to each such account and it has full power to make such foregoing representations and agreements on behalf of each such account.

Until 40 (forty) days after Admission, an offer, sale or transfer of the New Ordinary Shares within the US by any person or dealer (whether or not participating in the Placing) may violate the registration requirements of the Securities Act.

ERISA restrictions

Each Investor (as purchaser and subsequent transferee) of the New Ordinary Shares will be deemed to represent and warrant that no portion of the assets used to acquire or hold its interest in the New Ordinary Shares constitutes or will constitute the assets of any Plan Investor (as defined under "Certain ERISA Considerations" below in this Prospectus). Purported transfers of New Ordinary Shares to Plan Investors will, to the extent permissible by applicable law, be void *ab initio*.

If any New Ordinary Shares are owned directly or beneficially by a person believed by the Directors to be in violation of the transfer restrictions set forth in this Prospectus or a Plan Investor, the Directors may give notice to such person requiring it either: (i) to provide the Directors within 30 (thirty) days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Directors that such person is not in violation of the transfer restrictions set forth in this Prospectus or is not a Plan Investor; or (ii) to sell or transfer its New Ordinary Shares to a person qualified to own the same within 30 (thirty) days, and within such 30 (thirty) day period to provide the Directors with satisfactory evidence of such sale or transfer. Where condition (i) or (ii) is not satisfied within 30 (thirty) days after the serving of the notice, the Board is entitled to arrange for the sale and transfer of the New Ordinary Shares on behalf of the person. If the Company cannot effect a sale and transfer of the New Ordinary Shares within five (5) Business Days of its first attempt to do so, the person will be deemed to have forfeited its New Ordinary Shares.

Representation and warranty

By accepting an interest in any Ordinary Shares, each Shareholder will be deemed to have represented and warranted, or will be required to represent and warrant in writing, that no portion of the assets used to purchase or hold its interest in the Ordinary Shares constitutes or will constitute the assets of any Plan Investor. Any purported purchase or holding of the Ordinary Shares in violation of the requirement described in the foregoing representation will be void to the extent permissible by applicable law. If the ownership of New Ordinary Shares by an Investor will or may result in the Company's assets being deemed to constitute "plan assets" under the Plan Asset Regulations, the New Ordinary Shares of such Investor will be deemed to be held in trust by the Investor for such charitable purposes as the Investor may determine, and the Investor shall not have any beneficial interest in the New Ordinary Shares.

PART 18: DEFINITIONS

The following definitions apply throughout this Prospectus, unless the context requires otherwise:

“Acquisition” or “Acquisitions”	means possible additional projects as described in Part 1 of this Prospectus (and, in the context of the Acquisition or Acquisitions, references to a company without reference to a business and *vice versa* shall in both cases be construed to mean both a company and a business);
"Admission" or “Listing”	means the admission of the Ordinary Shares to the Official List and to trading on the LSE’s Main Market for listed securities, as detailed herein;
“Applicant”, “Private Placing Applicant” or “Investor”	means a person who/which makes an Application to the Company for New Ordinary Shares under the Placing, and **“Applicants”** and **“Private Placing Applicants” or “Investors”** shall be construed accordingly;
“Application” or “Private Placing Application"	means the application by a proposed Investor for New Ordinary Shares, the subject of this Prospectus, and **“Applications”** or **“Private Placing Applications”** shall be construed accordingly;
“Application Monies”	means the monies for the Placing Shares, in Pounds Sterling, calculated as set out in Part 7 of this Prospectus;
"Articles"	means the articles of association of the Company, as amended from time to time;
“Barrel"	means 42 (forty two) US gallons or 158.9873 (one hundred and fifty eight point nine eight seven three) litres of oil;
“Basin"	means the long term areas of subsidence on the Earth’s crust infilled by sediments;
“BCF"	means a billion cubic feet of natural gas;
"Board"	means the board of Directors of the Company from time to time;
“BOE”	refers to barrels of oil equivalent;
“BOPD”	refers to barrels of oil per day, being the production rate for oil;
"Business Day"	means a day (other than a Saturday or Sunday) on which banks are open for business in the City of London;

“Capex”	Means capital expenditure spent to buy or improve a field, including for the purchase of vehicles, equipment and the like;
“Caprock”	means a harder, impermeable strata;
"Chapter 10"	means Chapter 10 of the Listing Rules, as amended from time to time;
“Chevron"	means Chevron Corporation, a USA multinational energy corporation;
“City”	means the City of London;
"City Code"	means the City Code on Takeovers and Mergers, as amended from time to time;
"Company" or “Texadon”	means Texadon Oil Plc, a company incorporated in England and Wales with company number 10227882;
"Companies Act"	means the Companies Act 2006, as amended from time to time;
“Condensate"	means a Hydrocarbon which is gaseous in the reservoir but is liquid at the surface;
“Conditions”	means the conditions to completion of the Placing and Admission as are more fully detailed in this Prospectus;
"Control"	means: (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to: (a) cast, or control the casting of, 30% (thirty per cent) or more of the maximum number of votes that might be cast at a general meeting of a company; or (b) appoint or remove all, or the majority, of the directors or other equivalent officers of a company; or (c) give directions with respect to the operating and financial policies of a company with which the directors or other equivalent officers of a company are obliged to comply; and/or (ii) the holding beneficially of 30% (thirty per cent) or more of the issued share capital of a company (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital), but excluding in the case of each of (i) and (ii) above any such power or holding that arises as a result of the issue of ordinary shares by a company to an investor in connection with an acquisition, and **“Controls” and “Controlled”** shall be construed accordingly;
"Corporate Governance Code"	means the code of best practice including the principles of good governance known as the "UK Corporate Governance Code" (the latest edition of

	which was published in June 2010) published by the Financial Reporting Council, as amended from time to time;
"CREST"	means the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland is the operator (as defined in the Uncertificated Securities Regulations 2001);
“CREST Member”	means a person who has been admitted to Euroclear UK & Ireland as a system member as defined in the CREST Regulations;
“CREST Regulations”	means the Uncertified Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
“Cross Creek Gas/ Condensate Field”	means the producing Cross Creek Gas/ Condensate Field located in Humble and on the Humble Salt Dome near Houston, Texas in the US;
“Cross Creek Leases”	means leases pertaining to the Cross Creek Project, and **“Cross Creek Lease”** shall be construed accordingly;
“Cross Creek Project”	means the Cross Creek Gas/ Condensate Field being the Company’s inaugural Cross Creek Project Acquisition which, pursuant to the Option and Sale and Purchase Agreements and subject to the completion of the Placing and Admission, will result in the acquisition of the Cross Creek Working Interest and creation of the Company’s first Subsidiary;
"Cross Creek Project Acquisition"	means the acquisition by the Company of the 75% (seventy five per cent) Working Interest in the Cross Creek Gas/ Condensate Field;
“Cross Creek Working Interest”	means the 75% (seventy five per cent) Working Interest in the Cross Creek Gas/ Condensate Field;
“Directors”	means the directors of the Company from time to time comprising the persons detailed on page 7 of this Prospectus as at the Issue Date, and **“Director”** shall be construed accordingly;
"Disclosure Rules"	means the disclosure and transparency rules of the FCA made in accordance with section 73A of the FSMA, as amended from time to time;
"Discount Value"	means, in respect of each and any rights issue by the Company, the theoretical ex-rights price in respect of that rights issue less the price at which Ordinary Shares are offered (subject to customary exclusions) to Shareholders pursuant to the rights issue;

“dividend"	means a sum of money paid regularly by a company to its shareholders out of its profits, and **“dividends”** shall be construed accordingly;
"EEA" or “European Economic Area”	means the territories comprising the EU together with Norway, Iceland and Lichtenstein, or its successor;
"EEA States"	means the member states of the EU and the European Economic Area, or their respective successors;
“Enlarged Share Capital”	means the issued share capital of the Company of 13,145,571 (thirteen million and one hundred and forty five thousand and five hundred and seventy one) Ordinary Shares following the Placing and Admission, which are the subject of this Prospectus, assuming the Minimum Subscription ;
“EOB”	means equivalent oil barrels;
"ERISA"	means the US Employee Retirement Income Security Act of 1974, as amended from time to time;
“EU”	means the European Union, or its successor;
"Euroclear UK & Ireland" or “Euroclear”	means Euroclear UK & Ireland Limited, the operator of CREST, or its successor from time to time;
“Executive Directors”	means the executive Directors of the Company from time to time, comprising the persons detailed on pages 37-38 of this Prospectus as at the Issue Date, and **“Executive Director”** shall be construed accordingly;
“Existing Ordinary Shares”	means the 8,145,571 (eight million and one hundred forty five thousand, five hundred seventy one) Ordinary Shares in issue at the Issue Date (prior to the Placing), and **“Existing Ordinary Shareholder”** shall be construed accordingly;
“Expenses”	means all expenses and fees relating to the Placing and Admission as are more fully detailed in page 11 in this Prospectus;
“Expiry Date”	means the date of expiry of this Prospectus after which no Securities may be issued, being six months after it was lodged with the FCA;
“Exposure Period”	means the period whose purpose is to enable the examination of the Prospectus by market participants prior to the acceptance of Applications;
"FCA"	means the Financial Conduct Authority, or its successor;

“FINMA"	means the Swiss Financial Market Supervisory Authority, or its successor;
“Fracking"	means the process of injecting liquid at high pressure into subterranean rocks so as to force open existing fissures to enable extraction of Hydrocarbons, and **“frack”** or **“frac’d”** shall be construed accordingly;
"FSMA"	means the Financial Services and Markets Act 2000, as amended from time to time;
“FTSE”	means The Financial Times Stock Exchange 100 Index or its successor;
“GBP" or “£” or “Pound Sterling” or “Sterling”	means the Great British Pound or Pound Sterling (£);
“Greenhouse Gas”	means a gas that contributes to the greenhouse effect by absorbing infrared radiation i.e. carbon dioxide;
“Gross Proceeds”	means the gross proceeds of the Placing being at least £2,500,000 (two million, five hundred thousand Pounds Sterling) by way of the Minimum Subscription and up to £5,000,000 (five million Pounds Sterling) by way of the Maximum Subscription;
“Group”	means the Company and any subsidiaries acquired after the Admission;
“HMRC”	means HM Revenue and Customs, or its successor;
“Humble Dome” or “Humble Salt Dome”	means a Salt Piercement structure located near Humble, Texas, US that has trapped significant volumes of Hydrocarbons;
“Hydrocarbon"	means a compound of hydrogen with carbon, in liquid form referred to as “oil” or “crude oil” and in the gaseous form as “gas” or “natural gas”;
“IFRS”	means International Financial Reporting Standards, as adopted for use in the EU from time to time;
“*Inter alia*”	means among other things;
"Investor" or “Applicant”	means a person who confirms his/her/its agreement to acquire Placing Shares under the Placing and makes an Application therefor as an Applicant;
“ISIN”	means International Securities Identification Number;
“Issue Date”	means the date of issue of this Prospectus being its date of lodging with the FCA;
“Issue Price” or “Placing Price”	means £0.50 (fifty pence) per New Ordinary Share;
"Listing Rules"	means the Listing Rules made by the FCA under Part VI of the FSMA, as amended from time to time;

"London Stock Exchange" or “LSE”	means the London Stock Exchange or London Stock Exchange Plc or its successor;
“Main Market”	refers to the main market of the LSE for listed securities;
“Market Abuse Regulations”	means Regulation (EU) No 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC;
“Material”	refers to materiality and the potential of a transaction or item or event to alter the view or opinion of a reasonable person regarding the Company’s financial statements, and **“materially”** shall be construed accordingly;
“Maximum Subscription”	means up to 10,000,000 (ten million) New Ordinary Shares (comprising the Minimum Subscription together with up to a further 5,000,000 (five million) New Ordinary Shares arising from oversubscriptions) at the Placing Price to raise a maximum of £5,000,000 (five million Pounds Sterling) before Expenses;
“mbo”	means thousands of stock tank barrels (of oil);
“mcfpd”	means million cubic feet per day;
“MCGFD”	means gas low rate meeting million cubic feet per day;
“Member States”	means the member states of the EU from time to time, and their successors, and **“Member State”** shall be construed accordingly;
“Minimum Gross Proceeds”	means £2,500,000 (two million, five hundred thousand Pounds Sterling) being the amount to be raised by way of the Minimum Subscription and the amount that is required to be raised in the Placing;
“Minimum Net Proceeds”	means £2,250,000 (two million, two hundred and fifty thousand Pounds Sterling) being the amount to be raised by way of the Minimum Subscription and the amount that is required to be raised in the Placing in order for the Company to meet the Expenses and implement its business plan;
“Minimum Subscription”	means a minimum of 5,000,000 (five million) New Ordinary Shares at £0.50 (fifty pence) per New Ordinary Share to raise a minimum of £2,500,000 (two million five hundred thousand Pounds Sterling) before Expenses;

“Miocene"	means the geological epoch that extends from about 23 (twenty three) million to 5 (five) million years ago;
“mmcf”	means millions of standard cubic feet (of gas);
“Model Code”	means the model code on Directors’ Dealings in Securities set out in the Annex to Chapter 9 of the Listing Rules, as amended from time to time;
"Net Proceeds"	means the Application Monies received on closing of the Placing less any Expenses paid or payable in connection with the Placing and Admission;
"New Ordinary Shares" or “Placing Shares”	means between 5,000,000 (five million) and up to 10,000,000 (ten million) New Ordinary Shares to be allotted and issued pursuant to the Private Placing by way of the Placing and **“New Ordinary Share”** and **“New Ordinary Shareholder”** shall be construed accordingly;
"Official List"	means the Official List of the FCA, or its successor;
“Onyx”	means Onyx Capital Partners Limited, a company registered in England and Wales with registration number 09679879 and regulated by the FCA;
“Operating Agreement”	means the agreement referred to in paragraph 12(b)(i) to “Part 16 Additional Information” of this Prospectus;
“Opex"	means costs involved in operating an oil or gas field, including but not limited to electricity, fuel, wages and the like;
“Option Agreement”	means the option held by the Company for the sale and purchase of the Cross Creek Working Interest which is subject to completion of the Placing and Admission;
"Ordinary Shares"	means the Existing Ordinary Shares (including both Subscription Shares and Founder Shares) as well as the New Ordinary Shares, and **“Ordinary Share”** and **“Ordinary Shareholder”** shall be construed accordingly;
"Overseas Shareholder"	means a New Ordinary Shareholder who has a registered address in, or who is resident or ordinarily resident in, or a citizen of, or which is a corporation, partnership or other entity created or organised under the laws of countries other than the UK, or a person who/which is a nominee or custodian, trustee or guardian for a citizen, resident in or national of, a country other than the UK, who/which may be affected by the laws or regulatory requirements of the

	relevant jurisdictions, and **"Overseas Shareholders"** shall be construed accordingly;
"*pari passu*"	means side by side; at the same rate or on an equal footing;
"Perforations"	refers to holes punched in the casing or liner of a well to connect it to the reservoir to enable production;
"Petroliferous"	means containing or producing petroleum;
"Placing" or "Private Placing"	means the placing of up to 5,000,000 (five million) (minimum) and up to 10,000,000 (ten million) (maximum) New Ordinary Shares to be allotted and issued by way of the Placing, pursuant to the Placing Letters, conditional upon Admission;
"Placing Agent"	refers to an FCA regulated broker from whom the Company has received a letter of intent regarding the assumption of the duties of a broker and placing agent to the Company. The contract will take effect on approval of this document by the FCA.
"Placing Agreement"	means the conditional agreement dated 22 December 2020 between the Company, the Directors and the Placing Agent relating to the Placing, summary details of which are set out in paragraph 12 of Part 16 of this Prospectus;
"Placing Letters"	means the letters regulating the Placing and **"Placing Letter"** shall be construed accordingly;
"Placing Price" or "Issue Price"	means £0.50 (fifty pence) pence per Placing Share;
"Placing Shares" or "New Ordinary Shares"	means between 5,000,000 (five million) and up to 10,000,000 (ten million) New Ordinary Shares to be allotted and issued pursuant to the Placing by way of the Placing and **"Placing Share"** shall be construed accordingly;
"Plan Asset Regulations"	means the US Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by Section (42) of ERISA;
"Plan Investors"	means: (i) an employee benefit plan that is subject to the fiduciary responsibility or prohibited transaction provisions of Title I of the ERISA (including, as applicable, assets of an insurance company general account) or a plan that is subject to the prohibited transaction provisions of section 4975 of the US Internal Revenue Code of 1986, as amended (including an individual retirement account), (ii) an entity whose underlying assets include "plan assets" by reason of a plan's investment in the entity, or (iii) any "benefit

	plan investor" as otherwise defined in section 3(42) of ERISA or regulations promulgated by the US Department of Labor;
“Plc”	means public limited company;
“Premium Listing”	means a Premium Listing under Chapter 6 of the Listing Rules, pursuant to which a company is subject to the full requirements of the Listing Rules;
“Proceeds”	refers to the Gross Proceeds and/ or the Net Proceeds, as the context may dictate;
“Prospectus” or “Supplementary Prospectus” or “Replacement Prospectus”	means this document dated as at the Issue Date and all supporting documentation, as amended, supplemented and/ or replaced from time to time, and **“Supplementary Prospectus”** and **“Replacement Prospectus”** shall be construed accordingly;
"Prospectus Directive"	means Directive 2003/71/EC of the European Union, as amended from time to time;
"Prospectus Regulation Rules"	means the Prospectus Regulation Rules made by the FCA under Part VI of FSMA, as amended from time to time;
“Railway Commission”	means a Texas regulatory agency responsible for Hydrocarbon exploration and production in Texas;
"Registrar"	means Share Registrars Limited;
"Registrar Agreement"	means the registrar agreement dated 30 July 2019 entered into between the Company and the Registrar, details of which are set out in paragraph 12 of Part 16 of this Prospectus;
"Regulations"	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
"Regulation S"	means Regulation S under the Securities Act, as amended from time to time;
“Regulatory Information Service” or “RIS”	means one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information in respect of listed companies, or its successor;
“Remedial Operations”	means operations designed to improve the Hydrocarbon production from a well;
“Reservoir"	means a subsurface porous rock unit which is capable of containing Hydrocarbons;
“Retained Advisers”	means certain individuals, details of whom are set out in Part I of this Prospectus, who have agreed to advise the Board on potential Acquisitions on a discretionary

	part-time consultancy basis, and whose contractual arrangements are included in Material Contracts in paragraph 12 of part 16 of this Prospectus;
“Sale and Purchase Agreement”	means the agreement for the sale and purchase of the Cross Creek Working Interest, which is subject to the completion of the Placing and Admission;
“Salt Piercement”	means movement of salts in a plastic state vertically upwards under pressure to produce a dome shape, which features are common traps for Hydrocarbons;
"SEC"	means the US Securities and Exchange Commission, or its successor;
“Securities"	means Ordinary Shares as referred to in this Prospectus;
"Securities Act"	means the US Securities Act of 1933, as amended from time to time;
“Service Agreements”	means the contractual arrangements between the Company and the Executive Directors referred to in Part 16 of this Prospectus;
"Shareholders" or “Members”	means the holders of Ordinary Shares, on completion of the Placing and Admission, and **“Ordinary Shareholder(s)”** shall be construed accordingly;
“Sidetrack”	pertaining to a well, means the methods used to bypass unusable sections or to explore geological features near the well bore;
“Standard Listing” or “Standard Segment”	means a listing by the FCA of equity securities of a company which is not a Premium Listing and is therefore not required to comply with the provisions of Chapters 6, 7, 8, 10, 11, 12 or 13 of the Listing Rules or certain provisions of Chapter 9 of the Listing Rules;
“Sterling” or “Pounds Sterling”	means the Pound, the official currency of the UK;
"Sterling Denominated Money Markets"	means the wholesale markets for money-related instruments denominated in Sterling (including, without limitation, commercial paper, floating rate notes, certificates of deposit and bonds);
"Subscriber Shares"	means the Ordinary Shares of £0.01 (one pence) each in the share capital of the Company, issued on incorporation of the Company, and **“Subscription”** and **“Subscriber”** shall be construed accordingly;
“Subscribers"	means the subscribers to the Subscription comprising the persons whose names are set out in paragraph 2 of Part 16 of this Prospectus, and **“Subscriber”** shall be construed accordingly;

"Subsidiary"	has the meaning set out in sections 1159 and Schedule 6 of the Companies Act;
“Subscription"	means the subscription for up to 10,000,000 (ten million) New Ordinary Shares at £0.50 (fifty pence) per Ordinary Share by the Subscribers pursuant to the terms of the Subscription Letters;
"Takeover Panel"	means the UK Panel on Takeovers and Mergers, or its successor;
“Texadon”	means the Company;
“Texas”	means Texas, a State of the US;
"UK" or "United Kingdom"	means the United Kingdom of Great Britain and Northern Ireland, or its successor;
"United States", “USA” or “US”	means the United States of America, or its successor;
“United States Dollar” or “US Dollar”	means the United States Dollar, the official currency of the USA, or its successor;
"US Investment Company Act"	means the US Investment Company Act of 1940, as amended, and related rules;
"US Person"	has the meaning set out in Regulation S;
"US Tax Code"	means the US Internal Revenue Code of 1986, as amended from time to time;
"VAT"	means UK Value Added Tax;
“Website"	refers to http://www.texadon.com;
“Wilcox Sands”	means the Wilcox Sands, which are an important sandstone reservoir in the Gulf of Mexico Basin and onshore areas;
“Working Interest”	means the percentage of ownership of an oil and gas lease granting the owner the right to produce or explore for Hydrocarbons, and relates specifically to the Cross Creek Working Interest in this Prospectus;
“Workover"	refers to any kind of oil well intervention involving invasive techniques such wireline, coiled tubing and the like; and
“Workover Program”	refers to the work program to be carried out by the Group post Admission at the Cross Creek Project.

APPENDIX: COMPETENT PERSON'S REPORT

22nd September, 2020

COLLARINI
20297 Brunning Road
Covington, Louisiana 70435
Tel. (832) 251-0553

Texadon Oil Plc
1025 Carolyn Ct.
Humble, Texas 77338
Attn: Mr. Steve McGuire
Re: Competent Persons Report

Gentlemen:

In accordance with your request, we have prepared a Competent Persons Report that includes estimating the proved and probable reserves as at the date of this report, and the future revenue, as at 1st January 2021, being the date when Texadon Oil Plc expects the initial revenue, following the Acquisition (as defined in the Prospectus), to flow from the production, to the interest of Texadon Oil Plc in and related to the Humble Salt Dome Field, Upper and Deep Wilcox sands, located in Harris County, Texas. This report is based upon prices and costs as set forth herein.

As presented in the accompanying detailed projections by reservoir and by reserve category, we estimate the net reserves and future net income to the Texadon Oil Plc interest, as at the date of the report and as of 1st January 2021 to be:

	Net Remaining Reserves		**Future Net Income (M$)**	
	Oil	**Gas**		**Present**
Reserve Class	**(MBO)**	**(MMCF)**	**Undiscounted**	**Worth at 10%**
Proved	**67**	**6,210**	**10,066**	**7,379**
Probable*	**47**	**3,892**	**10,480**	**8,094**

* Probable reserves have not been discounted for the risk associated with future recovery. See reserve definitions following this letter. Net values are based on Working Interest of 100% and Net Revenue Interest of 75%

This Competent Persons Report has been prepared at the issuer's request and we consent and authorize the contents of this report to be included in the Prospectus. For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. Cheryl Collarini is the competent person for this report.

The report and supporting information is attached herewith. We appreciate the opportunity to work with you on this project and look forward to a continuing relationship.

Very truly yours,
COLLARINI ENERGY EXPERTS

Cheryl Collarini, P.E.
Chairman

Mike McClure
Completion & Production Engineer

James Moomaw, P.E.
Reservoir Engineer

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Executive Summary

Texadon Oil Plc has represented that it will acquire interest in the Cross Creek Field located on the Northwest flank of the Humble Salt Dome in Harris County, Texas. The reserves and revenue for the wells of interest at Cross Creek Field have been estimated herein.

The Cross Creek Field is described as pending workovers to increase production. For this report technical and operational uncertainties have been considered. Ownership has been considered valid as represented by Spectral and Texadon.

Oil volumes are generally expressed in thousands of stock tank barrels (MBO), where one barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of standard cubic feet (MMCF) at 60 degrees Fahrenheit and the contract pressure base.

Estimate of the gross proved and probable oil and gas reserves for the Cross Creek Field evaluated in this report, as of the date of this report, are summarized as follows:

	Gross Remaining Reserves	
	Oil	Gas
Reserve Class	**(MBO)**	**(MMCF)**
Proved	**67**	**6,210**
Probable*	**47**	**3,892**

* Probable reserves have not been discounted for the risk associated with future recovery. See reserve definitions.

The reserves and future income shown in this report are related only to reservoirs which are currently producing or have been penetrated by wells. The estimates do not include any value which might be attributable to additional reservoirs or untested acreage in which Texadon may also hold an interest.

Net sales, as defined in this report, are before deducting production taxes. Net income is after deducting these taxes, and after deducting future capital costs and operating expenses, but before consideration of federal income taxes. The future net income has also been shown discounted at 10 percent to determine its present worth. This present worth is included to indicate a time value of money. This should not be construed as representing the market value of the property, as income tax considerations and opportunity rates may vary greatly among individuals. Our estimates of future cash flows do not include abandonment costs but do include our estimates of all costs required to recover reserves including workovers, drilling and completion capital expenditures in the Cross Creek Field.

Oil and natural gas prices used in this report represent NYMEX futures pricing as of 16th September 2020. The average price for oil through February 2031 is $48.50 per barrel while the average price for natural gas is $2.60 per MMBtu through December 2032. These prices were not adjusted to account for differentials that could exist related to transportation, basis difference, and oil gravity. While these prices are considered reasonable, it should be noted that commodity prices shift as market conditions change. Future changes in commodity pricing may be significant.

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Table of Contents

1. Introduction

Collarini Energy Experts were commissioned by Texadon Oil Plc to prepare an independent evaluation of the Cross Creek Field oil and gas reserves as at the date of this report, and the future revenue, as of 1st January 2021, being the date when Texadon Oil Plc expects the initial revenue, following the Acquisition (as defined in the Prospectus), to flow from the production. Cross Creek Field is located on the Northwest flank of the Humble Salt Dome in Harris County, Texas.

The evaluation was completed in September 2020. Estimates of reserves and projections of production were generally prepared using well information and production data from Spectral and publicly accessible data. Spectral confirmed that all information provided to Collarini Energy Experts is correct and complete.

All reserve estimates have been performed in accordance with sound engineering principles and generally accepted industry practice. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering data, and all conclusions represent only informed professional judgments.

The reserves presented in this report are estimates only and should not be construed as being exact quantities. They may or may not be recovered, and if recovered, the revenues, costs, and expenses therefrom may be more or less than the estimated amounts. Because of governmental policies, uncertainties of supply and demand, and international politics, the actual sales rates and the prices actually received for the reserves, as well as the costs of recovery, may vary from those assumptions included in this report. Also, estimates of reserves may increase or decrease as a result of future operational decisions, mechanical problems, and the price of oil and gas.

The titles to the properties have not been examined by Collarini Energy Experts, nor has the actual degree or type of interest owned been independently confirmed. The data used in our estimates were obtained from Spectral and from sources which provide publicly accessible data which includes allocated production. The information used is considered accurate.

A visual inspection of the properties themselves was not considered necessary for the purpose of this report. No assessment of compliance with environmental regulations or future liability for site remediation was made. We are independent consultants; we do not own any interest in this property and are not employed contingent upon the value of this property. All engineering calculations and basic data used in the analysis are maintained on file in our office and are available for review.

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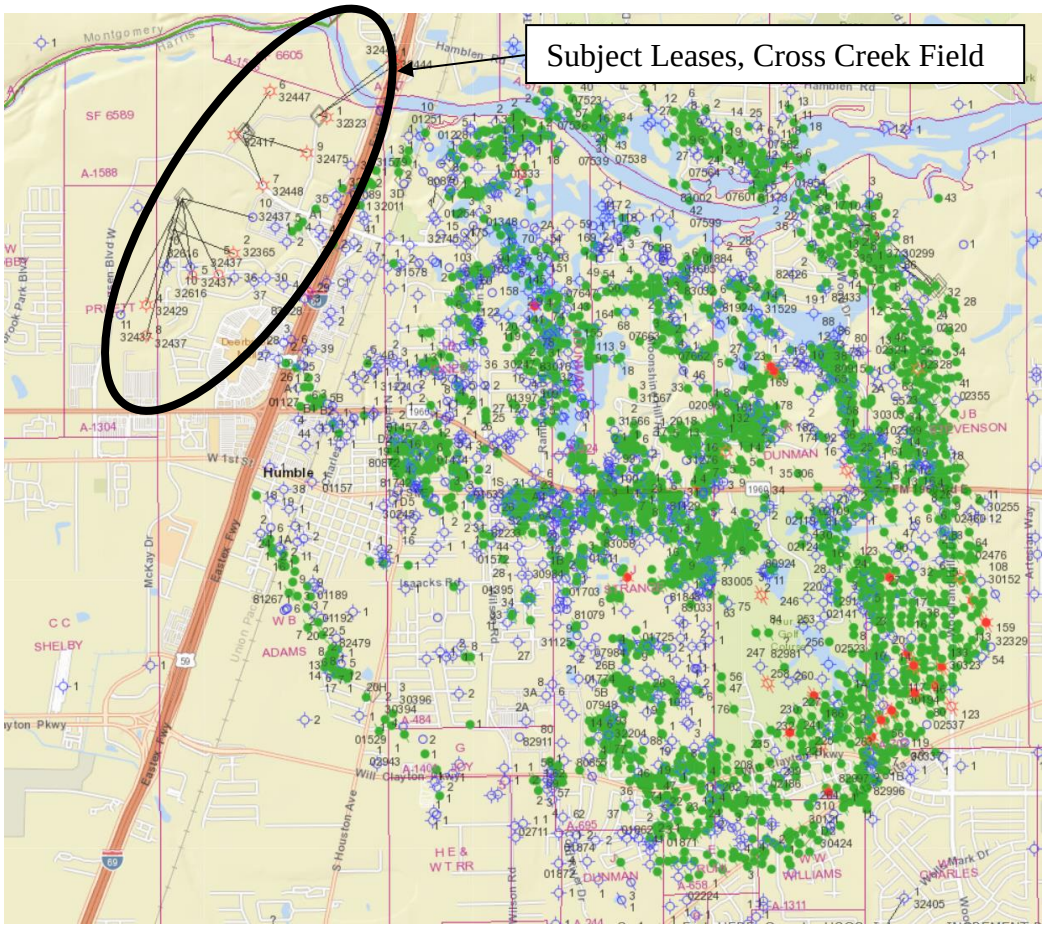
2. Overview of the Region and Assets

The Humble Field is located 20 miles northeast of downtown Houston, Texas near US Highway 59 and FM 1960. Below is a surface location map of the Humble Salt Dome Field.



The Cross Creek Field is on the northwestern flank of the Humble Salt Dome. In the mid-1990s Chevron developed the acreage seeking Wilcox gas production at approximately 10,000 ft. Additionally, the Lower Wilcox was found near 16,000 ft. in a sub-salt well beneath a salt overhang, which are considered hydrocarbon traps. The field was later sold by Chevron and has changed hands multiple times.

The wells of interest for this report are the Bahr Interest, et al Lease, wells #1, #3, #4, #7, & #9. The Bahr, et al wells produce natural gas and condensate from the Wilcox sandstone formation in the Cross Creek field. The field is pending workovers to increase production.

The Operator's stated intent is to:

I. replace corroded tubing, conduct downhole maintenance, and stimulate existing reservoir completions to improve reserve recovery rates in the Bahr #1 & #4;

II. deepen the Bahr #3 to exploit the sub-salt Wilcox discovered in the initial 1995 penetration; and

III. fracture and prop the existing perforations not previously fractured in the Bahr #7 & #9.

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I. Bahr #1 & #4

Bahr #1:
The Bahr #1 is a Wilcox "A" and "C" Sand completion by fracture treatment with sand proppant, commingled downhole.

The Operator has proposed that the 2 3/8", 4.7#, L-80, 8rd., EUE tubing be removed from the well due to corrosion, and replaced with new 2 7/8", 6.5# L-80, 8 rd., EUE tubing assembled with gas lift valves. A 2 7/8" tubing hanger and hanger spool section of the well head will be needed to replace the existing hanger assembly. The gas lift valves will be useful to (1) keep the well unloaded for rapid reserve recovery, and (2) to cycle fresh water into the tubing to eliminate salt (NaCl) scale and plugging of the tubing historically seen in Bahr wells.

The Operator has also proposed that Coiled Tubing (CT) be run into the well through the new tubing to (1) remove the unconsolidated sand fill 100' above the Wilcox "C" perforated interval through an abandoned permanent packer set between the "A" and "C" Sand perforations, and (2) stimulate the reservoir, heedful (a) not to exacerbate existing sand consolidation problems, and (b) to ameliorate permeability issues believed to be related to salt scale precipitation in and around the wellbore. Recommendations from leading reservoir stimulation services have been requested, and case history of documented salt precipitation in gas wells has been identified. Gas reservoirs occasionally experience rapid performance decline as recovery progresses. In many cases, this behavior may be attributed to NaCl scale in the near wellbore area around the perforated pay zone or within the wellbore. Higher gas reservoir temperature and formation water salinity will intensify reservoir damage caused by salt precipitation. Among other examples, certain gas wells in the North Sea region require regular down-hole freshwater treatments to restore production rates (Society of Petroleum Engineers document ID SPE-122140-MS). Analysis of reservoir rock is necessary to preclude compounding formation damage by swelling clays' exposure to fresh water.

The proposed operations are expected to be incidental to normal risk associated with mechanical operations on oil and gas wells, with the exception that low bottom hole pressure (BHP) and wellbore size and configuration may hinder CT application for removal of existing sand fill covering the Wilcox "C" interval and below.

Bahr #4:
The Bahr #4, located on the northwest flank of the Humble Salt Dome, is a Wilcox "A" and "B" Sand fracture treated completion with sand proppant and commingled downhole.

It is proposed that new 2 7/8" tubing be installed with gas lift valves for the same reasons discussed in the Bahr #1 above.

It is also proposed that sand fill covering the lower perforations be removed using CT, and the reservoir stimulated to clean up permeability damage to the near wellbore reservoir without furthering sand consolidation issues similar to those discussed in the Bahr #1 above.

The proposed operations are expected to be incidental to normal risk associated with mechanical operations on oil and gas wells, with the exception that low BHP may impede the ability of sand fill removal with use of CT. However, there is no wellbore configuration impeding sand fill removal, and

the smaller 5 ½, 20# casing size in the Bahr #4 make it likely that the sand fill removal will not create a significant risk of full contribution of existing perforated intervals to reserve recovery.

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II. Bahr #3

The Bahr #3 was drilled by Chevron in 1995 on the northwest flank of the Humble Dome, through a deep, high temperature, high pressure sub-salt Wilcox discovery sand. The true vertical depth (TVD) reached in the sub-salt exploration well was 16,321'. The well was plugged back, and 9 5/8", 53.5# P-110 casing was set at 12,405' TVD.

The well was sidetracked per data provided for this report. However, there is not enough data to establish where open hole plugs were set or if open hole plugs were set in addition to that reported on September 7, 1995.

It is proposed that the well be drilled below casing point back to the 16,321' TVD in order to exploit reserves from the sub-salt Wilcox discovery. It will be necessary to review the daily IADC reports, daily drilling reports, mud reports, and directional surveys with the logs to determine whether the sidetrack start point is far enough into the pressure transition to get through the salt. It is expected that production will be through a tapered tubing string of 2 7/8" and 2 3/8".

For drilling operations, two drilling representatives working 12 hour shifts should be on site. A 1500 HP drilling rig will be adequate to run a 7 5/8" liner to the 1995 discovery well depth. However, a 1,000,000 lb. rated derrick, usually associated with 2000 HP drilling rigs, would be desirable in the event the Operator wants to tie back the 7 5/8" casing to the surface. Rig selection is critical to this operation, and research should include using a rig that has done the best work in the area, and if suitable for the well plan, try to negotiate terms to utilize that rig and crew for this operation. The final drilling plan must include the Operator's desired outcome and based on discussions with the Operator it is believed that an effective plan can be achieved. It is reasonable to expect this proposed deepening project would be successful.

III. Bahr #7 & #9

Bahr #7:
The Bahr #7 well is completed in the Wilcox "A" and "B" sands on the northwest flank of the Humble Salt Dome.

The "A" Sand interval 10,009' – 10,012' was fracture treated and propped with 585,680 lbs of sand in 1996. The "B" Sand includes the gross perforated interval of 10,178' – 10,302' and has not been fracture treated. It is proposed that the "B" Sand be fractured and propped with 500,000 lbs of sand.

The wellbore records place a Baker Model F-1 permanent packer set in the casing between the fracture treated "A" Sand, and the untreated "B" Sand. The condition of the seal assembly of the Model F-1 is not known and is not presently engaged in the downhole production assembly.

The permanent packer should not be removed from the well given the low BHP recorded 18 years ago. It would be necessary to circulate water while milling or burning over the packer and the result would be too much water and cuttings lost to the "A" Sand, worsening damage near the wellbore.

A downhole assembly using a service packer to isolate the tubing from the annulus, using tailpipe to engage the Model F-1 packer to allow the desired fracture treatment of the "B" Sand through a four inch OD rental frac string would be a better alternative than attempting frac treatment down casing.

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The proposed operations for the #7 well are expected to be incidental to normal risk associated with mechanical operations on oil and gas wells, and the mechanical risk of using a frac string to isolate the "B" Sand is within a reasonable range of mechanical risk.

Bahr #9:
The Bahr #9 well is located on the northwest flank of the Humble Salt Dome, completed in the upper, middle and lower "A" Sand, and the upper and middle "B" Sand.

The gross perforated interval is 9943' – 10,290' in four sets of perforations. The upper and lower "A" Sands have not been fracture treated. The middle "A" Sand has been fractured and propped with 612,950 lbs. sand. The "B" sands have not been fracture treated.

It is proposed that the upper and lower "A" Sands, and the upper and middle "B" Sands be fracture treated. The tubing and retrievable packer can be removed from the well, enabling fracture treatment down the 5 1/5", 20#, P-110 casing. Diverters can be used to equally disperse the sand proppant to the perforated intervals.

The proposed operations for the #9 well are expected to be incidental to normal risk associated with mechanical operations on oil and gas wells, and the fracture treatment, when designed and conducted by a major well stimulation service company, should be standard operating procedure.

3. Reserves and Resources

This report has been prepared using workover, completion, and drilling costs established by Collarini Energy Experts through research and contact with service companies in the area of the Bahr wells. Estimates of future net revenue and present worth of proved and probable reserves were prepared in accordance with Petroleum Resources Management System (PRMS). NYMEX futures pricing as of 16th September, 2020 was used where oil averages $48.50 per barrel and gas averages $2.60 per MMBtu.

Values for proved and probable reserves are based on projections of estimated future production and revenue for this property with no risk adjustment applied to probable reserves. Probable reserves involve substantially higher risk than proved reserves. Revenue for reserves has not been adjusted to account for such risks.

Revenue for the proved and probable reserves was established utilizing methods generally accepted by the petroleum industry. Production forecasts of the proved and probable reserves were based on the Operator's plans for the Cross Creek field.

Operating costs are based on typical expenses for wells operated in the area. These expenses are held constant and include a variable component related to produced gas volumes. Estimated future costs for the workover, drilling and completion activities represented above in the asset review vary by well

and work type. The resulting schedule of production and costs is considered a reliable estimate incorporating reasonable contingencies where applicable.

Estimates of the gross proved and probable oil and gas reserves for the Cross Creek Field evaluated in this report, as of 1st January, 2021, are summarized as follows:

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	Net Remaining Reserves		Future Net Income (M$)	
Reserve Class	**Oil (MBO)**	**Gas (MMCF)**	**Undiscounted**	**Present Worth at 10%**
Proved	**67**	**6,210**	**10,066**	**7,379**
Probable*	**47**	**3,892**	**10,480**	**8,094**

* Probable reserves have not been discounted for the risk associated with future recovery. Net values are based on Working Interest of 100% and Net Revenue Interest of 75%

The cashflow forecasts include gross capital costs of $4,617,000 for the workover, drilling, and completion of the Bahr #1, #3, #4, #7 & #9.

The Bahr #1, #4, #7 & #9 also include gross operating expenses of $4,000 per well per month and variable operating expenses of $0.10 per Mcf of natural gas. The Bahr #3 includes gross operating expenses of $6,000 per well per month and variable operating expenses of $0.10 per Mcf of natural gas.

The future production of the Bahr #1, #4, #7 & #9 is based on the previous performance of the subject wells themselves and other nearby Wilcox 'A' 'B' & 'C' producers. Reasonableness of production projections were confirmed using volumetric estimates.

The future production of the Bahr #3 from the Lower Wilcox formation was estimated using an analogous field, the North Milton Field, along with volumetric estimates. The North Milton Field, also in Harris County, Texas, began production in the 1960s and includes many Lower Wilcox producers. The Lower Wilcox at North Milton is considered similar and analogous to the Lower Wilcox at Cross Creek. The cumulative production was examined for wells developed in the Lower Wilcox during the first generation of development at North Milton. The distribution of total production from those wells was used to confirm volumetric estimates for proved and probable reserve volumes for the Lower Wilcox in the Bahr #3. Additionally, a nodal analysis was done for the Lower Wilcox in the Bahr #3 indicating Lower Wilcox formation potential deliverability rates ranging from 9 MMscfd to 31 MMscfd depending on tubulars and pressures. Note that at North Milton it appears the Lower Wilcox was typically produced at a maximum rate of 5 MMscfd, possibly to prevent formation or completion damage and protect hydrocarbon recovery.

4. Other assets and issues

It should be noted that this report is focused on the Operator's current plan to perform pending workovers, drilling, and completion in order to increase production at Cross Creek field. Other productive intervals not represented here are likely to be present at Cross Creek. Additionally, the Lower Wilcox in the Bahr #3 could have possible natural gas reserves on the order of 33,725 MMCF

based on the distribution of cumulative production from the Lower Wilcox at the analogous North Milton field.

5. Conclusions

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The Cross Creek Field is pending workovers, drilling, and completions to increase production. The Wilcox formation is prolific in the field, and the Lower Wilcox in the Bahr #3 appears to have significant potential. A summary table of the high, most likely, and low rates possible in each well from the activity described in this report for the subject wells is below.

		Capital	Initial Production Rate (IP), Mmscfd		
Well	Activity	M$	Low	Most Likely	High
Bahr #1	Replace Tubing, Cleanout	333	0.1	0.3	0.6
Bahr #3	Deepen & Complete	3,000	2.5	5.5	10.0
Bahr #4	Replace Tubing, Cleanout	268	0.1	0.3	0.6
Bahr #7	Fracture Stimulate	508	1.0	2.4	3.0
Bahr #9	Fracture Stimulate	508	1.0	2.4	3.0

6. Qualifications

Collarini Energy Experts is located at 20297 Brunning Road, Covington, Louisiana 70435, U.S.A. The firm has been providing petroleum consulting services worldwide for more than 40 years. The firm's professional engineers and geoscientists are engaged in the independent evaluation of oil and gas properties and field studies related to the energy industry. Except for the provision of professional services on a fee basis, Collarini Energy Experts has no commercial arrangement with any other person or company involved in the interests which are the subject of this report.

7. Appendices

a. **Glossary**
b. **Summary of Reserves and Resources by Status.**
c. **PRMS**
d. **Bios**

Glossary of Terms Used in Petroleum Reserves/Resources Definitions

Introduction

For several decades, the terminology used in the classification of petroleum reserves and resources has been the subject of study and ongoing revision. Since the mid-1930s, numerous technical organizations, regulatory bodies, and financial institutions have introduced ever more complex terminologies for the classification of petroleum reserves. In addition, the evolution of technology has yielded more precise engineering methods for reserve evaluation and has intensified the need for an improved nomenclature to achieve consistency among professionals working with petroleum reserves terminology.

In recognition, the Society of Petroleum Engineers (SPE) and the World Petroleum Council (WPC, formerly World Petroleum Congresses) developed a set of petroleum reserves definitions which were presented to the industry in March 1997. These represented a major step forward in their mutual desire to improve the level of consistency in reserves estimation and reporting on a worldwide basis. As a further development, the SPE and WPC recognized the potential benefits to be obtained by supplementing those definitions to cover the entire resource base, including those quantities of petroleum contained in accumulations that are currently sub-commercial or that have yet to be discovered. These other resources represent potential future additions to reserves and are therefore important to both countries and companies for planning and portfolio management purposes. In February 2000, the two organizations in conjunction with the American Association of Petroleum Geologists (AAPG), developed resources definitions that encompassed the entire range of petroleum reserves and resources.

By their very nature, these two documents include references to terminology which had yet to be defined by the three organizations. The objective of this glossary is to clarify the meaning of those terms.

Term	Definition
1P	Equivalent to Proved Reserves
2P	The Sum of Proved Reserves plus Probable Reserves
3P	The Sum of Proved Reserves plus Probable Reserves plus Possible Reserves
Accumulation	An individual body of moveable petroleum.
Analogous Reservoir	An analogous reservoir is one in the same geographic area that is formed by the same, or very similar geological processes as, a reservoir in question (or under study for reserves evaluation) as regards sedimentation, diagenesis, pressure, temperature, chemical and mechanical history, and structure. It also has the same or similar geologic age, geologic features, and reservoir rock and fluid properties. Analogous features and characteristics can include approximate depth, pressure, temperature, reservoir drive mechanism, original fluid content, oil gravity, reservoir size, gross thickness, pay thickness, net-to-gross ratio, lithology, heterogeneity, porosity and permeability. The development scheme for a reservoir (e.g. as reflected by well spacing) can also be important in establishing the relevance of the analogy.
Associated Gas	Associated Gas is a natural gas found in contact with or dissolved in crude oil in the reservoir. It can be further categorized as Gas-Cap Gas or Solution Gas.
Barrels of Oil Equivalent	See Crude Oil Equivalent
Behind-pipe Reserves	Behind-pipe reserves are expected to be recovered from zones in existing wells, which will require additional completion work or future recompletion prior to the start of production.

Bitumen	See Natural Bitumen
Buy Back Agreement	An agreement between a host government and a contractor under which the host pays the contractor an agreed price for all volumes of Hydrocarbons produced by the contractor. Pricing mechanisms typically provide the contractor with an opportunity to recover investment at an agreed level of profit. These agreements may include financial incentives for more efficient, lower cost developments and production levels higher than the minimum level agreed. These agreements may give rights to oil volumes and generally carry a risk for the contractor. They may allow booking of reserves.
Carried Interest	A carried interest is an agreement under which one party (the carrying party) agrees to pay for a portion or all of the pre-production costs of another party (the carried party) on a license in which both own a portion of the working interest. This arises when the carried party is either unwilling to bear the risk of exploration or is unable to fund the cost of exploration or development directly. Owners may enter into carried interest arrangements with existing or incoming joint venture partners at the exploration stage, the development stage, or both.
Coalbed Methane	Natural gas contained in coal deposits, whether or not stored in gaseous phase. Coalbed methane, though usually mostly methane, may be produced with variable amounts of inert or even non-inert gases.
Commercial	A project is commercial if the degree of commitment is such that the accumulation is expected to be developed and placed on production within a reasonable time frame. A reasonable time frame for the initiation of development depends on the specific circumstances but, in general, should be limited to around 5 years.
Committed Project	Petroleum development projects are committed when firm commitments have been made for the expenditures and activities needed to bring a discovered accumulation to the production stage. Undeveloped projects are committed only when it can be clearly demonstrated that there is intent to develop them and bring them to production. Intent may be demonstrated with firm funding/financial plans, declarations of commerciality, regulatory approvals and satisfaction of other conditions that would otherwise prevent the project from being developed and brought to production. These commitments should be unconditional, except for timing that may be dependent on the development of prior committed projects. An example of this would be where production is dedicated to a long-term sales contract and will only be developed as and when the capacity is required to satisfy the contract.
Completion	Completion of a well. The process by which a well is brought to its final classification - basically dry hole, producer, or injector. A dry hole is completed by plugging and abandonment. A well deemed to be producible of petroleum, or used as an injector, is completed by establishing a connection between the reservoir(s) and the surface so that fluids can be produced from, or injected into the reservoir. Various methods are utilized to establish this connection, but they commonly involve the installation of some combination of borehole equipment, casing and tubing, and surface injection or production facilities.
Completion Interval	The specific reservoir interval(s) that is (are) open to the borehole and connected to the surface facilities for production or injection.
Concession	A grant of access for a defined area and time period that transfers certain rights to Hydrocarbons that may be discovered from the host country to an enterprise. The enterprise is generally responsible for exploration, development, production and sale of Hydrocarbons that may be discovered. Typically granted under a legislated fiscal system where the host country collects taxes, fees and sometimes royalty on profits earned.

Condensate	Condensates are a portion of natural gas of such composition that are in the gaseous phase at temperature and pressure of the reservoirs, but that, when produced, are in the liquid phase at surface pressure and temperature.
Contingent Project	Development and production of recoverable quantities has not been justified, due to conditions that may or may not be fulfilled.
Contingent Resources	Those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations but which are not currently considered to be commercially recoverable.
Continuous-Type Deposit	A petroleum accumulation that is pervasive throughout a large area and which is not significantly affected by hydrodynamic influences. Examples of such deposits include "basin-center" gas and gas hydrate accumulations.
Conventional Crude Oil	Petroleum found in liquid form, flowing naturally or capable of being pumped without further processing or dilution (see Crude Oil).
Conventional Deposit	A discrete accumulation related to a localized geological structural feature and/or stratigraphic condition, typically with each accumulation bounded by a down-dip contact with an aquifer, and which is significantly affected by hydrodynamic influences, such as the buoyancy of petroleum in water.
Conventional Gas	Conventional Gas is a natural gas occurring in a normal porous and per-meable reservoir rock, either in the gaseous phase or dissolved in crude oil, and which technically can be produced by normal production practices.
Conveyance	Certain transactions that are in substance borrowings repayable in cash or its equivalent and shall be accounted for as borrowings and may not qualify for the recognition and reporting of oil and gas reserves. These include: 1) a) Cash advances to operators to finance exploration in return for the right to purchase oil or gas discovered. b) Funds advanced for exploration that is repayable by offset against purchases of oil or gas discovered, or in cash if insufficient oil or gas is produced by a specified date. 2) Funds advanced to an operator that are repayable in cash out of the proceeds from a specified share of future production of a producing property, until the amount advanced plus interest at a specified or determinable rate is paid in full, shall be accounted for as a borrowing and do not qualify for the recognition of reserves. The advance is a payable for the recipient of the cash and receivable for the party making the advance. Such transactions fall into a category commonly referred to as production payments.
Cost Recovery	Under a typical production-sharing agreement, the contractor is responsible for the field development and all exploration and development expenses. In return, the contractor recovers costs (investments and operating expenses) out of the gross production stream. The contractor normally receives payment in oil production and is exposed to both technical and market risks.
Crude Oil	Crude Oil is the portion of petroleum that exists in the liquid phase in natural underground reservoirs and remains liquid at atmospheric conditions of pressure and temperature. Crude Oil may include small amounts of non-Hydrocarbons produced with the liquids. Crude Oil has a viscosity of less than or equal to 10,000 centipoises at original reservoir temperature and atmospheric pressure, on a gas free basis.
Crude Oil Equivalent	Converting gas volumes to the oil equivalent is customarily done on the basis of the heating content or calorific value of the fuel. There are a number of methodologies in common use. Before aggregating, the gas volumes first must be converted to the same temperature and pressure. Common industry gas conversion factors usually range between 1.0 barrel of oil equivalent (boe) = 5.6 thousand standard cubic feet of gas (mscf) to 1.0 boe = 6.0 mscf.
Cumulative Production	Production of oil and gas to date.

Current Economic Conditions	Establishment of current economic conditions should include relevant historical petroleum prices and associated costs and may involve an averaging period that is consistent with the purpose of the reserve estimate, appropriate contract obligations, corporate procedures, and government regulations involved in reporting these reserves.
Deterministic Estimate	The method of estimation of reserves or resources is called deterministic if a single best estimate is made based on known geological, engineering, and economic data.
Developed Reserves	Developed reserves are expected to be recovered from existing wells including reserves behind pipe. Improved recovery reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor. Developed reserves may be sub-categorized as producing or non-producing.
Development not Viable	Of significant size, but awaiting development of a market or removal of other constraints to development, which may be technical, environmental, or political, for example.
Development on Hold	No current plans to develop or to acquire additional data at this time.
Development Pending	Requires further data acquisition and/or evaluation in order to confirm commerciality.
Discovered	The term applied to a petroleum accumulation/reservoir whose existence has been determined by its actual penetration by a well, which has also clearly demonstrated the existence of moveable petroleum by flow to the surface or at least some recovery of a sample of petroleum. Log and/or core data may suffice for proof of existence of moveable petroleum if an analogous reservoir is available for comparison. (See also "Known Accumulation": Petroleum quantities that are discovered are in "known accumulations" or "known reservoirs").
Discovered Petroleum-initially-in-place	That quantity of petroleum which is estimated, on a given date, to be contained in known accumulations, plus those quantities already produced therefrom. Discovered Petroleum-initially-in-place may be subdivided into Commercial and Sub-commercial categories, with the estimated potentially recoverable portion being classified as Reserves and Contingent Resources respectively.
Dry Gas	Dry Gas is a natural gas containing insufficient quantities of Hydrocarbons heavier than methane to allow their commercial extraction or to require their removal in order to render the gas suitable for fuel use. (Also called Lean Gas)
Dry Hole	A well found to be incapable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.
Economic	In relation to petroleum reserves and resources, economic refers to the situation where the income an operation exceeds the expenses involved in, or attributable to, that operation.
Economic Interest	U.S. Treasury Regulation Sec. 1. 611-1(6)(1): An economic Interest is possessed in every case in which the taxpayer has acquired by investment any Interest in mineral in place and secures, by any form of legal relationship, income derived from the extraction of the mineral ... to which he must look for a return of his capital.
Entitlement	Reserves consistent with the cost recovery plus profit Hydrocarbons that are recoverable under the terms of the contract or lease are typically reported by the upstream contractor.
Estimated Ultimate Recovery	Those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from an accumulation, plus those quantities already produced therefrom.

Exploration	Prospecting for undiscovered petroleum.
Field	An area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impermeable rock, laterally by local geologic barriers, or both. It could be defined differently by regulatory authorities.
Flare Gas	Total volume of vented or flared gas.
Flow Test	An operation on a well designed to demonstrate the existence of moveable petroleum in a reservoir by establishing flow to the surface and/or to provide an indication of the potential productivity of that reservoir. Some flow tests, such as drill stem tests (DSTs), are performed in the open hole. A DST is used to obtain reservoir fluid samples, static bottomhole pressure measurements, indications of productivity and short-term flow and pressure buildup tests to estimate permeability and damage extent. Other flow tests, such as single-point tests and multi-point tests, are performed after the well has been cased. Single-point tests typically involve a measurement or estimate of initial or average reservoir pressure and a flow rate and flowing bottomhole pressure measurement. Multi-point tests are used to establish gas well deliverability and absolute open flow potential.
Fluid Contacts	Typically defined as Oil/Water Contact or Gas/Oil Contact
Forward Sales	There are a variety of forms of transactions that involve the advance of funds to the owner of an interest in an oil and gas property in exchange for the right to receive the cash proceeds of production, or the production itself, arising from the future operation of the property. In such transactions, the owner almost invariably has a future performance obligation, the outcome of which is uncertain to some degree. Determination as to whether the transaction represents a sale or financing rests on the particular circumstances of each case.
Fuel Gas	Gas used for field and plant operations. Substantial savings can be achieved to the operating cost of a project by avoiding the purchase of alternative supplies of gas or refined fuels such as diesel. SPE guidance allows the option to include fuel gas as part of the reserves estimate as long as an appropriate expense for the gas is included in the cash flow analysis.
Gas Balance	In gas production operations involving multiple working interest owners, an imbalance in gas deliveries can occur. These imbalances must be monitored over time and eventually balanced in accordance with accepted accounting procedures.
Gas Cap Gas	Gas-Cap Gas is a free natural gas which overlies and is in contact with crude oil in the reservoir. It is a subset of Associated Gas.
Gas Plant Products	Gas Plant Products are natural gas liquids recovered from natural gas in gas processing plants and, in some situations, from field facilities. Gas Plant Products include ethane, propane, butanes, butanes-propane mixtures, natural gasoline and plant condensates, sulphur, carbon dioxide, nitrogen and helium.
Geostatistical Methods	A variety of mathematical techniques and processes dealing with the collection, analysis, interpretation and presentation of masses of geological, geophysical and engineering data to (mathematically) describe the variability and uncertainties within any reservoir unit or pool; specifically related here to resource and reserve estimates, including the definition of (all) well and reservoir parameters in 1, 2 and 3 dimensions and the resultant modeling and potential prediction of various aspects of performance. Examples of such processes include: Monte Carlo simulation, 2D gridding and modeling of the spatial variability of geological and petrophysical properties,

	simulated annealing, object-based simulation, multiple-point statistics, the use of (semi) variograms, and 3D stochastic modeling. New applications include fuzzy mathematics, fast flow simulation, well intervention, and lithology and fluid prediction.
Hydrocarbons	Hydrocarbons are chemical compounds consisting wholly of hydrogen and carbon.
Improved Recovery	Improved Recovery is the extraction of additional petroleum, beyond Primary Recovery, from naturally occurring reservoirs by supplementing the natural forces in the reservoir. It includes water-flooding, secondary processes, tertiary processes and any other means of supplementing natural reservoir recovery processes. (also called Enhanced Recovery)
Injection	The forcing or pumping of substances into a porous and permeable subsurface rock formation. Examples of injected substances can include either gases or liquids.
Known Accumulation	The term accumulation is used to identify an individual body of moveable petroleum. The key requirement to consider an accumulation as known, and hence contain reserves or contingent resources, is that each accumulation/reservoir must have been penetrated by a well. In general, the well must have clearly demonstrated the existence of moveable petroleum in that reservoir by flow to surface or at least some recovery of a sample of petroleum from the well. However, where log and/or core data exist, this may suffice, provided there is a good analogy to a nearby and geologically comparable known accumulation.
Lead	Potential area where one or more accumulations are currently poorly defined and require more data acquisition and/or evaluation in order to be classified as a prospect. A lead will occur within a play.
Lease Condensates	Lease Condensate is natural gas liquids recovered from produced gas (associated and non-associated), in gas-liquid separators or field facilities.
Loan Agreement	A loan agreement is typically used by a bank, other financial investor, or partner to finance all or part of an oil and gas project. Compensation for funds advanced is limited to a specified interest rate. The lender does not participate in profits earned by the project above this interest rate. There is normally a fixed repayment schedule for the amount advanced, and repayment of the obligation is made before any return to equity investors. Risk is limited to default of the borrower or failure of the project. Variations in production, market prices, and sales do not normally affect compensation. Reserves are not recognized under this type of agreement.
Low/Best/High Estimates	The range of uncertainty reflects a reasonable range of estimated potentially recoverable volumes for an individual accumulation or a project. In the case of reserves, and where appropriate, this range of uncertainty can be reflected in estimates for proved reserves (1P), proved plus probable reserves (2P), and proved plus probable plus possible reserves (3P) scenarios. For other resource categories, the equivalent terms Low Estimate, Best Estimate, and High Estimate are recommended.
Lowest Known	The deepest observed occurrence of a producible Hydrocarbon accumulation as demonstrated by well log, flow test or core data.
Mineral Interest	Mineral Interests in Properties Including (I) a fee ownership or lease, concession or other interest representing the right to extract oil, or gas subject to such terms as may be imposed by the conveyance of that interest,(ii) royalty interests, production payments payable in oil or gas, and other nonoperating interests in properties operated by others; and (iii) those agreements with foreign governments or authorities under which a reporting entity participates in the

	operation of the related properties or otherwise serves as producer of the underlying reserves (as opposed to being an independent purchaser, broker, dealer or importer). Properties do not include other supply agreements or contracts that represent the right to purchase, rather than extract, oil and gas.
Monte Carlo Simulation	A type of stochastic mathematical simulation which randomly and repeatedly samples input distributions (e.g. reservoir properties) to generate a results distribution (e.g. recoverable petroleum volumes).
Natural Bitumen	Natural Bitumen is the portion of petroleum that exists in the semi-solid or solid phase in natural deposits. In its natural state it usually contains sulphur, metals and other non-Hydrocarbons. Natural Bitumen has a viscosity greater than 10,000 centipoises measured at original temperature in the deposit and atmospheric pressure, on a gas free basis. In its natural viscous state, it is not normally recoverable at commercial rate through a well. Natural Bitumen generally requires upgrading prior to normal refining. (Also called Crude Bitumen)
Natural Gas	Natural Gas is the portion of petroleum that exists either in the gaseous phase or is in solution in crude oil in natural underground reservoirs, and which is gaseous at atmospheric conditions of pressure and temperature. Natural Gas may include amounts of non-Hydrocarbons.
Natural Gas Liquids	Natural Gas Liquids are those portions of natural gas which are recovered as liquids in separators, field facilities or gas processing plants. Natural Gas Liquids include but are not limited to ethane, propane, butanes, pentanes, and natural gasoline. Condensate may or may not be included.
Natural Gas Liquids to Gas Ratio	Ratio of natural gas liquids to gas (in barrels/million cubic feet) in an oil field, calculated using measured natural gas liquids and gas volumes at stated conditions.
Net Profits Interest	An interest that receives a portion of the net proceeds from a well, typically after all costs have been paid.
Net Working Interest	A company's working interest reduced by royalties or share of production owing to others under applicable lease and fiscal terms.
Non Hydrocarbon Gas	In the event that non-Hydrocarbon gases are present, the reported volumes should reflect the condition of the gas at the point of sale. Correspondingly, the accounts will reflect the value of the gas product at the point of sale. Hence, if gas sold as produced includes a proportion of carbon dioxide, for example, the reserves and production should also include that CO2. In the case of the CO2 being extracted before sale and the sales gas containing only Hydrocarbon gases, the reserves and production should reflect only the Hydrocarbon gases that will be sold.
Non-Associated Gas	Non-Associated Gas is a natural gas found in a natural reservoir that does not contain crude oil.
Non-Conventional Gas	Non-Conventional Gas is a natural gas found in unusual underground situations such as very impermeable reservoirs, hydrates, and coal deposits.
Non-producing Reserves	Reserves subcategorized as non-producing include shut-in and behind-pipe reserves. Shut-in reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate, but which have not started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe reserves are expected to be recovered from zones in existing wells, which will require additional completion work or future recompletion prior to the start of production.

Offset Well Location	Potential drill location adjacent to an existing well. The offset distance may be governed by well spacing regulations. Proved volumes on the existing well are indicated by either conclusive formation test or production. For proved volumes to be assigned to an offset well location there must be conclusive, unambiguous technical data which supports the reasonable certainty of production of Hydrocarbon volumes and sufficient legal acreage to economically justify the development without going below the shallower of the fluid contact or the lowest known Hydrocarbon.
On Production	Currently producing and selling petroleum to market.
Operator	The company or individual responsible for managing an exploration, development, or production operation.
Overlift / Underlift	Production overlift or underlift can occur in annual records because of the necessity for companies to lift their entitlement in parcel sizes to suit the available shipping schedules as agreed among the parties. At any given financial year-end, a company may be in overlift or underlift. Based on the production matching the company's accounts, production should be reported in accord with and equal to the liftings actually made by the company during the year, and not on the production entitlement for the year.
Penetration	The intersection of a wellbore with a reservoir.
Petroleum	Petroleum is a naturally occurring mixture consisting predominantly of Hydrocarbons in the gaseous, liquid or solid phase.
Petroleum-in-Place	Petroleum-in-Place is the total quantity of petroleum that is estimated to exist originally in naturally occurring reservoirs. Oil-in-place, gas-in-place, bitumen-in- place, are defined in the same manner.
Pilot Project	A small scale test or trial operation that is used to assess the suitability of a method for commercial application.
Planned for Development	Satisfies all the criteria for reserves, and there is a firm intent to develop, but detailed development planning and/or necessary approvals/contracts have yet to be finalized.
Play	Recognized prospective trend of potential prospects, but which requires more data acquisition and/or evaluation to define specific leads or prospects.
Pool	See Reservoir.
Possible Reserves	Possible reserves are those unproved reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves. In this context, when probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the sum of estimated proved, plus probable, plus possible reserves. In general, possible reserves may include (1) reserves which, based on geological interpretations, could possibly exist beyond areas classified as probable, (2) reserves in formations that appear to be petroleum bearing, based on log and core analysis but may not be productive at commercial rates, (3) incremental reserves attributed to infill drilling that are subject to technical uncertainty, (4) reserves attributed to improved recovery methods when (a) a project or pilot is planned, but not in operation and (b) rock, fluid, and reservoir characteristics are such that a reasonable doubt exists that the project will be commercial, and (5) reserves in an area of the formation that appears to be separated from the proved area by faulting and geological interpretation indicates the subject area is structurally lower than the proved area. Often referred to as P3.
Primary Recovery	Primary recovery is the extraction of petroleum from reservoirs utilizing only the natural energy available in the reservoirs to move fluids through the reservoir rock or other points of recovery.

Probabilistic Estimate	The method of estimation is called probabilistic when the known geological, engineering, and economic data are used to generate a range of estimates and their associated probabilities.
Probable Reserves	Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves. In general, probable reserves may include (1) reserves anticipated to be proved by normal step-out drilling where sub-surface control is inadequate to classify these reserves as proved, (2) reserves in formations that appear to be productive, based on well log characteristics, but lack core data or definitive tests and which are not analogous to producing or proved reservoirs in the area, (3) incremental reserves attributable to infill drilling that could have been classified as proved if closer statutory spacing had been approved at the time of the estimate, (4) reserves attributable to improved recovery methods that have been established by repeated commercially successful applications when (a) a project or pilot is planned, but not in operation and (b) rock, fluid, and reservoir characteristics appear favorable for commercial application, (5) reserves in an area of the formation that appears to be separated from the proved area by faulting and the geologic interpretation indicates the subject area is structurally higher than the proved area, (6) reserves attributable to a future workover, treatment, re- treatment, change of equipment, or other mechanical procedures, where such procedure has not been proved successful in wells which exhibit similar behavior in analogous reservoirs, and (7) incremental reserves in proved reservoirs where an alternative interpretation of performance or volumetric data indicates more reserves than can be classified as proved. Often referred to as P2.
Producing Reserves	Reserves subcategorized as producing are expected to be recovered from intervals which are open and producing at the time of the estimate. Improved recovery is considered producing only after the improved recovery project is in operation.
Production	The quantity of petroleum produced in a given period.
Production Sharing Contract	In a production-sharing contract between a contractor and a host government, the contractor typically bears all risk and costs for exploration, development, and production. In return, if exploration is successful, the contractor is given the opportunity to recover the investment from production, subject to specific limits and terms. The contractor also receives a stipulated share of the production remaining after cost recovery, referred to as profit Hydrocarbons. Ownership is retained by the host government; however, the contractor normally receives title to the prescribed share of the volumes as they are produced. Reserves consistent with the cost recovery plus profit Hydrocarbons that are recoverable under the terms of the contract are typically reported by the upstream contractor.
Profit Split	Under a typical production-sharing agreement, the contractor is responsible for the field development and all exploration and development expenses. In return, the contractor is entitled to a share of the remaining profit oil or gas. The contractor receives payment in oil or gas production and is exposed to both technical and market risks.
Project	This represents the link between the petroleum accumulation and the decision- making process, including budget allocation. A project may, for example, constitute the development of a single reservoir or field, or an incremental development for a producing field, or the integrated development of a group of several fields. In general, an individual project will represent the level at which a decision is made on whether or not to proceed (i.e., spend money), and there should be an associated range of estimated recoverable volumes for that project.

Prorationing	The allocation of production among reservoirs and wells or pipeline allocation of capacity among shippers, etc.
Prospect	Potential accumulation that is sufficiently well defined to represent a viable drilling target.
Prospective Resources	Those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.
Proved Developed Reserves	Proved Developed Reserves are those Proved Reserves that can be expected to be recovered through existing wells and facilities and by existing operating methods. Improved recovery reserves can be considered as Proved Developed Reserves only after an improved recovery project has been installed and favorable response has occurred or is expected with a reasonable degree of certainty. (See Developed Reserves) Developed reserves are expected to be recovered from existing wells, including reserves behind pipe. Improved recovery reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor. Developed reserves may be sub-categorized as producing or non-producing. ***Producing:*** Reserves subcategorized as producing are expected to be recovered from completion intervals which are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation. ***Non-producing:*** Reserves subcategorized as non-producing include shut-in and behind-pipe reserves. Shut-in reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate, but which have not started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe reserves are expected to be recovered from zones in existing wells, which will require additional completion work or future re-completion prior to the start of production.
Proved Reserves	Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. Proved reserves can be categorized as development or undeveloped. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. Often referred to as P1, sometimes referred to as “proven”.
Proved Undeveloped Reserves	Proved Undeveloped Reserves are those Proved Reserves that are expected to be recovered from future wells and facilities, including future improved recovery projects which are anticipated with a high degree of certainty in reservoirs which have previously shown favorable response to improved recovery projects. (See Undeveloped)
Purchase Contracts	A contract to purchase oil and gas provides the right to purchase a specified volume at an agreed price for a defined term. Under purchase contracts, exposure to technical and market risks are borne by the seller. While a purchase or supply contract can provide long-term access to reserves through production, it does not convey the right to extract, nor does it convey a financial interest in the reserves. Consequently, reserves would not be recognized by the buyer under this type of agreement.

Pure-Service Contract	A pure-service contract is an agreement between a contractor and a host government that typically covers a defined technical service to be provided or completed during a specific period of time. The service company investment is typically limited to the value of equipment, tools, and personnel used to perform the service. In most cases, the service contractor's reimbursement is fixed by the terms of the contract with little exposure to either project performance or market factors. Payment for services is normally based on daily or hourly rates, a fixed turnkey rate, or some other specified amount. Payments may be made at specified intervals or at the completion of the service. Payments, in some cases, may be tied to the field performance, operating cost reductions, or other important metrics. Risks of the service company under this type of contract are usually limited to nonrecoverable costs overruns, losses owing to client breach of contract, default, or contract dispute. These agreements generally do not have exposure to production volume or market price; consequently, reserves are not usually recognized under this type of agreement.
Range of Uncertainty of recoverable Hydrocarbon quantities	See Resource Uncertainty Categories.
Raw Natural Gas	Raw Natural Gas is natural gas as it is produced from the reservoir. It includes varying amounts of the heavier Hydrocarbons which liquefy at atmospheric conditions, and water vapor; and may also contain sulphur compounds such as hydrogen sulphide, and other non-Hydrocarbon gases such as carbon dioxide, nitrogen or helium, but which, nevertheless, is exploitable for its Hydrocarbon content. Raw Natural Gas is often not suitable for direct utilization by most types of consumers.
Reasonable Certainty	If deterministic methods for estimating reserves are used, then reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the volumes actually recovered will equal or exceed the estimate. The Security and Exchange Commission considers the concept of reasonable certainty to imply that, as more technical data becomes available, a positive, or upward, revision is much more likely than a negative, or downward, revision.
Recoverable Resources	Those quantities of Hydrocarbons which are estimated to be producible from accumulations, either discovered or undiscovered.
Recovery Efficiency	A numeric expression of that portion of in-place quantities of petroleum estimated to be recoverable by specific processes or projects, most often represented as a percentage.
Reserves	Reserves are those quantities of Hydrocarbons which are anticipated to be commercially recovered from known accumulations from a given date forward.
Reservoir	A subsurface rock formation containing one or more individual and separate natural accumulations of moveable petroleum that is confined by impermeable rock and is characterized by a single-pressure system. Also referred to as Pool.
Resource Uncertainty Categories	Any estimation of resource quantities for an accumulation or group of accumulations is subject to uncertainty and should, in general, be expressed as a range. The function of the three primary categories of reserves (proved, probable, possible) is to illustrate the range of uncertainty in the estimate of the potentially recoverable volume of petroleum from a known accumulation. Such estimates, which are done initially for each well or reservoir, may be made deterministically or probabilistically and are then aggregated for the accumulation/project as a whole. Provided a similar logic is applied for all

	volumetric estimates (including contingent and prospective resources), the estimate of uncertainty for each accumulation can be tracked over time from exploration through discovery, development, and production. This approach provides an extremely effective basis for evaluating the validity of the methodology used for the estimate of potentially recoverable volumes. The range of uncertainty reflects a reasonable range of estimated potentially recoverable volumes for an individual accumulation or a project. In the case of reserves, and where appropriate, this range of uncertainty can be reflected in estimates for proved reserves (IP), proved, plus probable reserves (2P), and proved, plus probable, plus possible reserves (3P) scenarios. For other resource categories, the equivalent terms low estimate, best estimate, and high estimate are recommended.
Resources	See Total petroleum initially-in-place.
Revenue Sharing Contract	Revenue-sharing contracts are very similar to the production-sharing contracts described earlier, with the exception of contractor payment. With these contracts, the contractor usually receives a defined share of revenue rather than a share of the production. As in the production- sharing contract, the contractor provides the capital and technical expertise required for exploration and development. If exploration efforts are successful, the contractor can recover those costs from the sale revenues. A very similar type of agreement is commonly known as a risked-service contract. This type of agreement is also often used where the contracting party provides expertise and capital to rehabilitate or institute improved recovery operations in an existing field. Provided that the requirements for reserves recognition are satisfied, reported reserves are typically based on the economic interest held or the financial benefit received.
Reversionary Interest	The right of future possession of an interest in a property when a specified condition has been met.
Risk	The probability of loss or failure. As “risk” is generally associated with the negative outcome, the term “chance” is preferred for general usage to describe the probability of a discrete event occurring.
Risk and Reward	Risk and reward associated with oil and gas production activities stems primarily from the variation in revenues from technical and economic risks. Many companies use exposure to risk in conjunction with the rights that they are assigned to operate and to take volumes in kind to support reserves reporting. Technical risk affects a company's ability to physically extract and recover Hydrocarbons and is usually dependent on a number of technical parameters. Economic risk is a function of the success of a project and is critically dependent on the ability to economically recover the in-place Hydrocarbons.
Risk Service Contract	These agreements are very similar to the production-sharing agreements with the exception of contractor payment. With a risked-service contract, the contractor usually receives a defined share of revenue rather than a share of the production. As in the production-sharing contract, the contractor provides the capital and technical expertise required for exploration and development. If exploration efforts are successful, the contractor can recover those costs from the sale revenues and receive a share of profits through a contract-defined mechanism. Under existing SEC regulations, it may be more difficult for the contractor to justify reserves recognition, and special care must be taken in drafting the agreement. Provided that the requirements for reserves recognition are satisfied, reported reserves are typically based on the economic interest held or the financial benefit received.
Royalty	Royalty refers to payments that may be due to the host government, mineral owner, or landowner, in return for the producer having access to the petroleum. Many agreements allow for the producer to lift the royalty volumes, sell them on

	behalf of the royalty owner, and pay the proceeds to the owner. A few agreements provide for the royalty to be taken only in kind by the royalty owner.
Shut-in Reserves	Shut-in reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate, but which have not started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons.
Solution Gas	Solution Gas is a natural gas which is dissolved in crude oil in the reservoir at the prevailing reservoir conditions of pressure and temperature. It is a subset of Associated Gas.
Sour Natural Gas	Sour Natural Gas is a natural gas that contains sulphur, sulphur compounds and/or carbon dioxide in quantities that may require removal for effective use.
Stochastic	Adjective defining a process involving or containing a random variable or variables or involving chance or probability such as a stochastic stimulation.
Sub-Commercial	A project is Sub-commercial if the degree of commitment is not such that the accumulation is expected to be developed and placed on production within a reasonable time frame. A reasonable time frame for the initiation of development depends on the specific circumstances but, in general, should be limited to around 5 years.
Sweet Natural Gas	Sweet Natural Gas is a natural gas that contains no sulphur or sulphur compounds at all, or in such small quantities that no processing is necessary for their removal in order that the gas may be used directly as a non-corrosive domestic heating fuel.
Taxes	Enforced contributions to the public funds, levied on persons, property, or income by governmental authority.
Total Petroleum Initially-in-place	The entire resource base (Total Petroleum-initially-in-place) is generally accepted to be all those estimated quantities of petroleum contained in the sub- surface, as well as those quantities already produced. This was defined previously by the WPC as "Petroleum-in-place" and has been termed "Resource Base" by others.
Uncertainty	The range of possible outcomes in an estimate.
Under Development	All necessary approvals have been obtained, and development of the project is underway.
Undeveloped Reserves	Undeveloped reserves are expected to be recovered: (1) from new wells on undrilled acreage, (2) from deepening existing wells to a different reservoir, or (3) where a relatively large expenditure is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.
Unitization	Process whereby owners of adjoining properties allocate reserves, production, costs, etc.
Unproved Reserves	Unproved reserves are based on geologic and/or engineering data similar to that used in estimates of proved reserves; but technical, contractual, economic, or regulatory uncertainties preclude such reserves being classified as proved. Unproved reserves may be further classified as probable reserves and possible reserves. Unproved reserves may be estimated assuming future economic conditions different from those prevailing at the time of the estimate. The effect of possible future improvements in economic conditions and technological developments can be expressed by allocating appropriate quantities of reserves to the probable and possible classifications.

Unrecoverable Resources	The portion of discovered or undiscovered petroleum-initially-in-place quantities not currently considered to be recoverable. A portion of these quantities may become recoverable in the future as commercial circumstances change, technological developments occur, or addition data is acquired.
Well Abandonment	The permanent plugging of a dry hole or of a well that no longer produces petroleum or is no longer capable of producing petroleum profitably. Several steps are involved in the abandonment of a well: permission for abandonment and procedural requirements are secured from official agencies; the casing is removed and salvaged if possible; and one or more cement plugs and/or mud are placed in the borehole to prevent migration of fluids between the different formations penetrated by the borehole.
Wet Gas	Wet (Rich) Gas is a natural gas containing sufficient quantities of Hydrocarbons heavier than methane to allow their commercial extraction or to require their removal in order to render the gas suitable for fuel use.
Working Interest	A company's equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms.

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Partner : Texadon Oil Ltd

ECONOMIC SUMMARY PROJECTION

Total

Texadon Humble Dome Review
Custom Selection
Discount Rate : 10.00
As of : 1/1/2021

Est. Cum Oil (Mbbl) : 153.36
Est. Cum Gas (MMcf) : 13,684.99
Est. Cum Water (Mbbl) : 170.75

COLLARINI ENERGY EXPERTS
Humble Dome, 16 September, 2020 NYMEX Strip Pricing

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc.CF (M$)
1/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
2/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	333.000	-333.000	-329.20
3/1/2021	0.397	34.507	0.30	25.88	41.83	3.10	92.593	0.000	10.289	8.919	4,284.000	-4,210.615	-4,449.71
4/1/2021	3.795	311.413	2.85	233.56	42.15	2.81	777.208	0.000	50.341	74.428	0.000	652.438	-3,815.53
5/1/2021	5.825	445.213	4.37	333.91	42.44	2.78	1,113.336	0.000	66.521	106.226	0.000	940.589	-2,907.74
6/1/2021	5.377	410.950	4.03	308.21	42.70	2.81	1,037.669	0.000	63.095	99.021	0.000	875.552	-2,069.30
7/1/2021	5.304	405.474	3.98	304.11	42.92	2.85	1,036.223	0.000	62.547	98.916	0.000	874.759	-1,238.38
8/1/2021	5.062	387.279	3.80	290.46	43.11	2.86	993.517	0.000	60.728	94.839	0.000	837.950	-448.83
9/1/2021	4.682	358.592	3.51	268.94	43.28	2.85	917.382	0.000	57.859	87.548	0.000	771.975	272.89
10/1/2021	4.626	354.879	3.47	266.16	43.44	2.87	915.119	0.000	57.488	87.356	0.000	770.275	987.21
11/1/2021	4.283	329.210	3.21	246.91	43.58	2.93	862.430	0.000	54.921	82.383	0.000	725.127	1,654.42
12/1/2021	4.236	326.391	3.18	244.79	43.71	3.06	888.662	0.000	54.639	85.036	0.000	748.986	2,338.03
2021	43.59	3,363.91	32.69	2,522.93	43.01	2.86	8,634.14	0.00	538.43	824.67	4,617.00	2,654.04	2,338.03
Rem.	107.27	10,105.04	80.45	7,578.78	46.49	2.57	23,195.62	0.00	3,086.69	2,217.04	0.00	17,891.88	13,135.21
Total 15.4	**150.85**	**13,468.94**	**113.14**	**10,101.71**	**45.49**	**2.64**	**31,829.76**	**0.00**	**3,625.12**	**3,041.72**	**4,617.00**	**20,545.92**	**15,473.24**
Ult.	**304.21**	**27,153.93**											

Eco. Indicators

Return on Investment (disc) :	4.422
Return on Investment (undisc) :	5.450
Years to Payout :	0.71
Internal Rate of Return (%):	521.03

Present Worth Profile (M$)

PW 5.00% :	**17,678.64**	**PW 15.00% :**	**13,727.80**
PW 6.00% :	**17,192.46**	**PW 20.00% :**	**12,313.34**
PW 8.00% :	**16,290.97**	**PW 30.00% :**	**10,161.83**
PW 10.00% :	**15,473.24**	**PW 40.00% :**	**8,602.32**
PW 12.00% :	**14,728.33**	**PW 50.00% :**	**7,419.10**

Date : 11/20/2020 2:39:37PM
Partner : Texadon Oil Ltd

ECONOMIC SUMMARY PROJECTION

Proved Rsv Class

Texadon Humble Dome Review
Custom Selection
Discount Rate : 10.00
As of : 1/1/2021

Est. Cum Oil (Mbbl) : 153.36
Est. Cum Gas (MMcf) : 13.684.99
Est. Cum Water (Mbbl) : 170.75

COLLARINI ENERGY EXPERTS
Humble Dome, 16 September, 2020 NYMEX Strip Pricing

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc.CF (M$)
1/1/2021	*0.000*	*0.000*	*0.00*	*0.00*	*0.00*	*0.00*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	0.00
2/1/2021	*0.000*	*0.000*	*0.00*	*0.00*	*0.00*	*0.00*	*0.000*	*0.000*	*0.000*	*0.000*	*333.000*	*-333.000*	-329.20
3/1/2021	*0.397*	*34.507*	*0.30*	*25.88*	*41.83*	*3.10*	*92.593*	*0.000*	*10.289*	*8.919*	*4,284.000*	*-4,210.615*	-4,449.71
4/1/2021	*2.452*	*239.956*	*1.84*	*179.97*	*42.15*	*2.81*	*583.948*	*0.000*	*43.196*	*56.288*	*0.000*	*484.464*	-3,978.67
5/1/2021	*3.303*	*309.534*	*2.48*	*232.15*	*42.44*	*2.78*	*750.287*	*0.000*	*52.953*	*72.162*	*0.000*	*625.171*	-3,375.29
6/1/2021	*3.034*	*283.051*	*2.28*	*212.29*	*42.70*	*2.81*	*693.285*	*0.000*	*50.305*	*66.677*	*0.000*	*576.302*	-2,823.42
7/1/2021	*2.980*	*276.738*	*2.23*	*207.55*	*42.92*	*2.85*	*686.616*	*0.000*	*49.674*	*66.043*	*0.000*	*570.899*	-2,281.13
8/1/2021	*2.832*	*261.935*	*2.12*	*196.45*	*43.11*	*2.86*	*652.835*	*0.000*	*48.194*	*62.783*	*0.000*	*541.859*	-1,770.57
9/1/2021	*2.610*	*240.436*	*1.96*	*180.33*	*43.28*	*2.85*	*597.931*	*0.000*	*46.044*	*57.478*	*0.000*	*494.409*	-1,308.35
10/1/2021	*2.571*	*235.951*	*1.93*	*176.96*	*43.44*	*2.87*	*591.992*	*0.000*	*45.595*	*56.910*	*0.000*	*489.487*	-854.42
11/1/2021	*2.373*	*217.104*	*1.78*	*162.83*	*43.58*	*2.93*	*554.012*	*0.000*	*43.710*	*53.280*	*0.000*	*457.022*	-433.90
12/1/2021	*2.342*	*213.552*	*1.76*	*160.16*	*43.71*	*3.06*	*567.362*	*0.000*	*43.355*	*54.636*	*0.000*	*469.371*	-5.50
2021	24.89	2,312.76	18.67	1,734.57	42.99	2.86	5,770.86	0.00	433.32	555.18	4,617.00	165.37	-5.50
Rem.	63.71	5,966.80	47.78	4,475.10	46.79	2.57	13,738.13	0.00	2,524.75	1,312.50	0.00	9,900.88	7,384.34
Total 15.4	**88.60**	**8,279.57**	**66.45**	**6,209.67**	**45.72**	**2.65**	**19,508.99**	**0.00**	**2,958.07**	**1,867.67**	**4,617.00**	**10,066.25**	**7,378.84**
Ult.	**241.96**	**21,964.55**											

Eco. Indicators

Return on Investment (disc) :	2.632
Return on Investment (undisc) :	3.180
Years to Payout :	0.97
Internal Rate of Return (%):	184.31

Present Worth Profile (M$)

PW 5.00% :	**8,555.58**	**PW 15.00% :**	**6,438.23**
PW 6.00% :	**8,297.29**	**PW 20.00% :**	**5,670.04**
PW 8.00% :	**7,816.68**	**PW 30.00% :**	**4,491.87**
PW 10.00% :	**7,378.84**	**PW 40.00% :**	**3,631.30**
PW 12.00% :	**6,978.41**	**PW 50.00% :**	**2,975.37**

Date : 11/20/2020 2:39:37PM
Partner : Texadon Oil Ltd
Retrieval Code : 211308
Reserve Cat. :
Location:
Archive Set : Collarini 2019

ECONOMIC PROJECTION

Texadon Humble Dome Review
Custom Selection
Discount Rate : 10.00
As of : 1/1/2021

COLLARINI ENERGY EXPERTS
Humble Dome, 16 September, 2020 NYMEX Strip Pricing

Case : BAHR INTEREST ET AL 3 - 3
Type : LEASE CASE
Field : CROSS CREEK
Operator : REDBIRD OILFIELD SERVICES CORP
Reservoir : Lower Wilcox
Co., State : HARRIS, TX
API No. : 42201324170000

Est. Cum Oil (Mbbl) : 0.00
Est. Cum Gas (MMcf) : 0.00
Est. Cum Water (Mbbl) : 0.00

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc.CF (M$)
1/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
2/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
3/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	3,000.000	-3,000.000	-2,931.13
4/1/2021	1.034	87.280	0.78	65.46	42.15	2.81	216.883	0.000	11.928	20.793	0.000	184.162	-2,752.27
5/1/2021	1.954	165.405	1.47	124.05	42.44	2.78	406.948	0.000	22.541	38.990	0.000	345.418	-2,418.90
6/1/2021	1.832	155.534	1.37	116.65	42.70	2.81	386.213	0.000	21.553	37.013	0.000	327.647	-2,105.14
7/1/2021	1.833	156.164	1.37	117.12	42.92	2.85	392.344	0.000	21.616	37.616	0.000	333.112	-1,788.72
8/1/2021	1.775	151.668	1.33	113.75	43.11	2.86	382.365	0.000	21.167	36.663	0.000	324.535	-1,482.93
9/1/2021	1.663	142.616	1.25	106.96	43.28	2.85	358.407	0.000	20.262	34.360	0.000	303.786	-1,198.92
10/1/2021	1.665	143.194	1.25	107.40	43.44	2.87	362.679	0.000	20.319	34.780	0.000	307.580	-913.69
11/1/2021	1.560	134.648	1.17	100.99	43.58	2.93	346.488	0.000	19.465	33.250	0.000	293.773	-643.38
12/1/2021	1.562	135.194	1.17	101.40	43.71	3.06	361.772	0.000	19.519	34.773	0.000	307.480	-362.74
2021	14.88	1,271.70	11.16	953.78	43.05	2.87	3,214.10	0.00	178.37	308.24	3,000.00	-272.51	-362.74
Rem.	46.67	4,464.60	35.00	3,348.45	46.67	2.55	10,185.22	0.00	1,254.82	973.78	0.00	7,956.63	5,903.19
Total 12.2	**61.55**	**5,736.31**	**46.16**	**4,302.23**	**45.80**	**2.62**	**13,399.33**	**0.00**	**1,433.19**	**1,282.01**	**3,000.00**	**7,684.12**	**5,540.46**
Ult.	**61.55**	**5,736.31**											

Major Phase :	Gas	
Initial Rate :	167,291.67	Mcf/month
Abandonment :	2,739.55	Mcf/month
Initial Decline :	29.124	%/year b = 0.00
Initial Ratio :	0.012	bbl/Mcf
Abandon Ratio :	0.007	bbl/Mcf
Abandon Day :	03/25/2033	

Eco. Indicators

Return on Investment (disc) :	2.890
Return on Investment (undisc) :	3.561
Years to Payout :	1.08
Internal Rate of Return (%):	169.06

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.75000000	0.00000000	0.00000000
Rev. Date :			

Present Worth Profile (M$)

PW 5.00% :	**6,479.74**	**PW 15.00% :**	**4,790.83**
PW 6.00% :	**6,273.56**	**PW 20.00% :**	**4,180.69**
PW 8.00% :	**5,889.89**	**PW 30.00% :**	**3,251.53**
PW 10.00% :	**5,540.46**	**PW 40.00% :**	**2,580.67**
PW 12.00% :	**5,221.10**	**PW 50.00% :**	**2,075.66**

Date : 11/20/2020 2:39:37PM
Partner : Texadon Oil Ltd
Retrieval Code : 210309
Reserve Cat. :
Location:
Archive Set : Collarini 2019

ECONOMIC PROJECTION

Texadon Humble Dome Review
Custom Selection
Discount Rate : 10.00
As of : 1/1/2021

COLLARINI ENERGY EXPERTS
Humble Dome, 16 September, 2020 NYMEX Strip Pricing

Case : BAHR INTEREST ET AL 1 - 1
Type : LEASE CASE
Field : CROSS CREEK
Operator : REDBIRD OILFIELD SERVICES CORP
Reservoir : WILCOX
Co., State : HARRIS, TX
API No. : 42201323230000

Est. Cum Oil (Mbbl) : 56.83
Est. Cum Gas (MMcf) : 8.219.24
Est. Cum Water (Mbbl) : 42.94

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc.CF (M$)
1/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
2/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	333.000	-333.000	-329.20
3/1/2021	0.154	9.252	0.12	6.94	41.83	3.10	26.317	0.000	4.925	2.498	0.000	18.894	-310.67
4/1/2021	0.147	8.875	0.11	6.66	42.15	2.81	23.374	0.000	4.888	2.208	0.000	16.278	-294.83
5/1/2021	0.150	9.091	0.11	6.82	42.44	2.78	23.713	0.000	4.909	2.239	0.000	16.565	-278.85
6/1/2021	0.143	8.721	0.11	6.54	42.70	2.81	22.943	0.000	4.872	2.167	0.000	15.904	-263.62
7/1/2021	0.146	8.932	0.11	6.70	42.92	2.85	23.756	0.000	4.893	2.245	0.000	16.618	-247.83
8/1/2021	0.144	8.853	0.11	6.64	43.11	2.86	23.616	0.000	4.885	2.232	0.000	16.498	-232.29
9/1/2021	0.137	8.492	0.10	6.37	43.28	2.85	22.580	0.000	4.849	2.134	0.000	15.596	-217.70
10/1/2021	0.140	8.698	0.10	6.52	43.44	2.87	23.293	0.000	4.870	2.203	0.000	16.220	-202.66
11/1/2021	0.134	8.344	0.10	6.26	43.58	2.93	22.675	0.000	4.834	2.146	0.000	15.695	-188.22
12/1/2021	0.136	8.547	0.10	6.41	43.71	3.06	24.096	0.000	4.855	2.285	0.000	16.956	-172.75
2021	1.43	87.80	1.07	65.85	42.89	2.89	236.36	0.00	48.78	22.36	333.00	-167.78	-172.75
Rem.	8.85	741.74	6.64	556.30	48.96	2.60	1,771.81	0.00	762.96	168.20	0.00	840.65	541.88
Total 15.4	**10.28**	**829.54**	**7.71**	**622.16**	**48.11**	**2.63**	**2,008.17**	**0.00**	**811.74**	**190.56**	**333.00**	**672.87**	**369.13**
Ult.	**67.11**	**9,048.78**											

Major Phase : Gas
Initial Rate : 9,125.00 Mcf/month
Abandonment : 1,841.60 Mcf/month
Initial Decline : 10.000 %/year b = 0.00
Initial Ratio : 0.017 bbl/Mcf
Abandon Ratio : 0.007 bbl/Mcf
Abandon Day : 05/08/2036

Eco. Indicators

Return on Investment (disc) : 2.121
Return on Investment (undisc) : 3.021
Years to Payout : 2.06
Internal Rate of Return (%): 52.56

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.75000000	0.00000000	0.00000000
Rev. Date :			

Present Worth Profile (M$)

PW 5.00% :	**494.03**	**PW 15.00% :**	**278.30**
PW 6.00% :	**465.54**	**PW 20.00% :**	**209.94**
PW 8.00% :	**414.14**	**PW 30.00% :**	**114.92**
PW 10.00% :	**369.13**	**PW 40.00% :**	**52.69**
PW 12.00% :	**329.49**	**PW 50.00% :**	**9.11**

Date : 11/20/2020 2:39:37PM
Partner : Texadon Oil Ltd
Retrieval Code : 211694
Reserve Cat. :
Location:
Archive Set : Collarini 2019

ECONOMIC PROJECTION

Texadon Humble Dome Review
Custom Selection
Discount Rate : 10.00
As of : 1/1/2021

COLLARINI ENERGY EXPERTS
Humble Dome, 16 September, 2020 NYMEX Strip Pricing

Case : BAHR INTEREST ET AL UNIT 4 - 4
Type : LEASE CASE
Field : CROSS CREEK
Operator : REDBIRD OILFIELD SERVICES CORP
Reservoir : WILCOX
Co., State : HARRIS, TX
API No. : 42201324290000

Est. Cum Oil (Mbbl) : 25.12
Est. Cum Gas (MMcf) : 700.37
Est. Cum Water (Mbbl) : 68.48

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc.CF (M$)
1/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
2/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
3/1/2021	0.065	3.877	0.05	2.91	41.83	3.10	11.034	0.000	2.065	1.047	268.000	-260.078	-255.95
4/1/2021	0.147	8.798	0.11	6.60	42.15	2.81	23.203	0.000	4.880	2.191	0.000	16.132	-240.25
5/1/2021	0.148	8.875	0.11	6.66	42.44	2.78	23.207	0.000	4.888	2.190	0.000	16.130	-224.69
6/1/2021	0.140	8.385	0.10	6.29	42.70	2.81	22.135	0.000	4.839	2.089	0.000	15.207	-210.12
7/1/2021	0.141	8.459	0.11	6.34	42.92	2.85	22.594	0.000	4.846	2.133	0.000	15.615	-195.29
8/1/2021	0.138	8.255	0.10	6.19	43.11	2.86	22.137	0.000	4.825	2.090	0.000	15.221	-180.95
9/1/2021	0.130	7.799	0.10	5.85	43.28	2.85	20.866	0.000	4.780	1.969	0.000	14.117	-167.75
10/1/2021	0.131	7.868	0.10	5.90	43.44	2.87	21.219	0.000	4.787	2.003	0.000	14.430	-154.37
11/1/2021	0.124	7.433	0.09	5.57	43.58	2.93	20.361	0.000	4.743	1.923	0.000	13.695	-141.77
12/1/2021	0.125	7.499	0.09	5.62	43.71	3.06	21.323	0.000	4.750	2.018	0.000	14.555	-128.48
2021	1.29	77.25	0.97	57.94	42.95	2.88	208.08	0.00	45.40	19.65	268.00	-124.98	-128.48
Rem.	3.71	222.53	2.78	166.90	45.84	2.55	553.03	0.00	242.59	51.74	0.00	258.70	207.98
Total 5.6	**5.00**	**299.78**	**3.75**	**224.84**	**45.09**	**2.63**	**761.11**	**0.00**	**287.99**	**71.40**	**268.00**	**133.72**	**79.50**
Ult.	**30.12**	**1,000.15**											

Major Phase :	Gas	
Initial Rate :	9,125.00	Mcf/month
Abandonment :	1,938.18	Mcf/month
Initial Decline :	25.000	%/year b = 0.00
Initial Ratio :	0.017	bbl/Mcf
Abandon Ratio :	0.017	bbl/Mcf
Abandon Day :	08/06/2026	

Eco. Indicators

Return on Investment (disc) :	1.301
Return on Investment (undisc) :	1.499
Years to Payout :	2.05
Internal Rate of Return (%):	34.77

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.75000000	0.00000000	0.00000000
Rev. Date :			

Present Worth Profile (M$)

PW 5.00% :	**104.25**	**PW 15.00% :**	**58.49**
PW 6.00% :	**98.96**	**PW 20.00% :**	**40.49**
PW 8.00% :	**88.90**	**PW 30.00% :**	**11.38**
PW 10.00% :	**79.50**	**PW 40.00% :**	**-10.99**
PW 12.00% :	**70.69**	**PW 50.00% :**	**-28.60**

Date : 11/20/2020 2:39:37PM
Partner : Texadon Oil Ltd
Retrieval Code : 211788
Reserve Cat. :
Location:
Archive Set : Collarini 2019

ECONOMIC PROJECTION

Texadon Humble Dome Review
Custom Selection
Discount Rate : 10.00
As of : 1/1/2021

COLLARINI ENERGY EXPERTS
Humble Dome, 16 September, 2020 NYMEX Strip Pricing

Case : BAHR INTEREST ET AL 7 - 7
Type : LEASE CASE
Field : CROSS CREEK
Operator : REDBIRD OILFIELD SERVICES CORP
Reservoir : WILCOX C
Co., State : HARRIS, TX
API No. : 42201324480000

Est. Cum Oil (Mbbl) : 64.32
Est. Cum Gas (MMcf) : 4,143.45
Est. Cum Water (Mbbl) : 43.71

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc.CF (M$)
1/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
2/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
3/1/2021	0.138	16.596	0.10	12.45	41.83	3.10	42.888	0.000	2.563	4.173	508.000	-471.847	-463.72
4/1/2021	0.558	66.945	0.42	50.21	42.15	2.81	158.923	0.000	10.694	15.419	0.000	132.809	-334.50
5/1/2021	0.521	62.562	0.39	46.92	42.44	2.78	146.988	0.000	10.256	14.254	0.000	122.479	-216.30
6/1/2021	0.456	54.751	0.34	41.06	42.70	2.81	129.917	0.000	9.475	12.600	0.000	107.843	-113.03
7/1/2021	0.426	51.166	0.32	38.37	42.92	2.85	122.939	0.000	9.117	11.925	0.000	101.897	-16.23
8/1/2021	0.385	46.196	0.29	34.65	43.11	2.86	111.433	0.000	8.620	10.809	0.000	92.005	70.46
9/1/2021	0.337	40.429	0.25	30.32	43.28	2.85	97.231	0.000	8.043	9.429	0.000	79.759	145.02
10/1/2021	0.315	37.781	0.24	28.34	43.44	2.87	91.639	0.000	7.778	8.888	0.000	74.972	214.55
11/1/2021	0.276	33.065	0.21	24.80	43.58	2.93	81.566	0.000	7.306	7.914	0.000	66.345	275.59
12/1/2021	0.257	30.900	0.19	23.17	43.71	3.06	79.425	0.000	7.090	7.716	0.000	64.620	334.57
2021	3.67	440.39	2.75	330.29	42.87	2.86	1,062.95	0.00	80.94	103.13	508.00	370.88	334.57
Rem.	2.22	266.58	1.67	199.93	44.53	2.67	608.59	0.00	131.63	58.86	0.00	418.10	361.91
Total 3.2	**5.89**	**706.97**	**4.42**	**530.23**	**43.50**	**2.79**	**1,671.54**	**0.00**	**212.57**	**161.99**	**508.00**	**788.98**	**696.49**
Ult.	**70.21**	**4,850.42**											

Major Phase :	Gas	
Initial Rate :	73,000.00	Mcf/month
Abandonment :	2,069.20	Mcf/month
Initial Decline :	70.000	%/year b = 0.00
Initial Ratio :	0.008	bbl/Mcf
Abandon Ratio :	0.008	bbl/Mcf
Abandon Day :	03/09/2024	

Eco. Indicators

Return on Investment (disc) :	2.396
Return on Investment (undisc) :	2.553
Years to Payout :	0.59
Internal Rate of Return (%):	593.78

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.75000000	0.00000000	0.00000000
Rev. Date :			

Present Worth Profile (M$)

PW 5.00% :	740.21	PW 15.00% :	657.07
PW 6.00% :	731.08	PW 20.00% :	621.35
PW 8.00% :	713.42	PW 30.00% :	559.10
PW 10.00% :	696.49	PW 40.00% :	506.67
PW 12.00% :	680.24	PW 50.00% :	461.89

Date : 11/20/2020 2:39:37PM
Partner : Texadon Oil Ltd
Retrieval Code : 212242
Reserve Cat. :
Location:
Archive Set : Collarini 2019

ECONOMIC PROJECTION

Texadon Humble Dome Review
Custom Selection
Discount Rate : 10.00
As of : 1/1/2021

COLLARINI ENERGY EXPERTS
Humble Dome, 16 September, 2020 NYMEX Strip Pricing

Case : BAHR INTEREST ET AL 9 - 9
Type : LEASE CASE
Field : CROSS CREEK
Operator : REDBIRD OILFIELD SERVICES CORP
Reservoir : WILCOX
Co., State : HARRIS, TX
API No. : 42201324750000

Est. Cum Oil (Mbbl) : 7.08
Est. Cum Gas (MMcf) : 621.93
Est. Cum Water (Mbbl) : 15.62

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc.CF (M$)
1/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
2/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
3/1/2021	0.040	4.781	0.03	3.59	41.83	3.10	12.355	0.000	0.736	1.202	508.000	-497.583	-488.24
4/1/2021	0.567	68.057	0.43	51.04	42.15	2.81	161.564	0.000	10.806	15.676	0.000	135.083	-356.81
5/1/2021	0.530	63.601	0.40	47.70	42.44	2.78	149.431	0.000	10.360	14.490	0.000	124.580	-236.57
6/1/2021	0.464	55.661	0.35	41.75	42.70	2.81	132.076	0.000	9.566	12.809	0.000	109.701	-131.52
7/1/2021	0.433	52.016	0.33	39.01	42.92	2.85	124.982	0.000	9.202	12.124	0.000	103.657	-33.05
8/1/2021	0.391	46.964	0.29	35.22	43.11	2.86	113.285	0.000	8.696	10.989	0.000	93.600	55.14
9/1/2021	0.343	41.100	0.26	30.83	43.28	2.85	98.846	0.000	8.110	9.586	0.000	81.151	131.01
10/1/2021	0.320	38.409	0.24	28.81	43.44	2.87	93.162	0.000	7.841	9.036	0.000	76.285	201.75
11/1/2021	0.280	33.614	0.21	25.21	43.58	2.93	82.922	0.000	7.361	8.046	0.000	67.514	263.87
12/1/2021	0.262	31.413	0.20	23.56	43.71	3.06	80.745	0.000	7.141	7.844	0.000	65.760	323.89
2021	3.63	435.62	2.72	326.71	42.90	2.85	1,049.37	0.00	79.82	101.80	508.00	359.75	323.89
Rem.	2.26	271.35	1.70	203.51	44.54	2.67	619.47	0.00	132.75	59.91	0.00	426.81	369.37
Total 3.2	**5.89**	**706.97**	**4.42**	**530.23**	**43.53**	**2.78**	**1,668.84**	**0.00**	**212.57**	**161.71**	**508.00**	**786.55**	**693.26**
Ult.	**12.98**	**1,328.90**											

Major Phase :	Gas	
Initial Rate :	73,000.00	Mcf/month
Abandonment :	2,069.20	Mcf/month
Initial Decline :	70.000	%/year b = 0.00
Initial Ratio :	0.008	bbl/Mcf
Abandon Ratio :	0.008	bbl/Mcf
Abandon Day :	03/14/2024	

Eco. Indicators

Return on Investment (disc) :	2.391
Return on Investment (undisc) :	2.548
Years to Payout :	0.60
Internal Rate of Return (%):	586.62

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.75000000	0.00000000	0.00000000
Rev. Date :			

Present Worth Profile (M$)

PW 5.00% :	737.35	PW 15.00% :	653.55
PW 6.00% :	728.15	PW 20.00% :	617.58
PW 8.00% :	710.33	PW 30.00% :	554.95
PW 10.00% :	693.26	PW 40.00% :	502.26
PW 12.00% :	676.89	PW 50.00% :	457.31

Date : 11/20/2020 2:39:37PM
Partner : Texadon Oil Ltd

Reserve Cat. :
Location:
Archive Set : Collarini 2019

ECONOMIC PROJECTION

Texadon Humble Dome Review
Custom Selection
Discount Rate : 10.00
As of : 1/1/2021

Case : BAHR INTEREST ET AL 3 {incr} - 3
Type : INCREMENTAL CASE
Field : CROSS CREEK
Operator : REDBIRD OILFIELD SERVICES CORP
Reservoir : Lower Wilcox
Co., State : HARRIS, TX

Est. Cum Oil (Mbbl) : 0.00
Est. Cum Gas (MMcf) : 0.00
Est. Cum Water (Mbbl) : 0.00

COLLARINI ENERGY EXPERTS
Humble Dome, 16 September, 2020 NYMEX Strip Pricing

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc.CF (M$)
1/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
2/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
3/1/2021	0.000	0.000	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.00
4/1/2021	1.343	71.457	1.01	53.59	42.15	2.81	193.260	0.000	7.146	18.141	0.000	167.974	163.14
5/1/2021	2.522	135.679	1.89	101.76	42.44	2.78	363.049	0.000	13.568	34.064	0.000	315.417	467.56
6/1/2021	2.343	127.898	1.76	95.92	42.70	2.81	344.384	0.000	12.790	32.344	0.000	299.250	754.12
7/1/2021	2.324	128.736	1.74	96.55	42.92	2.85	349.607	0.000	12.874	32.873	0.000	303.860	1,042.75
8/1/2021	2.230	125.344	1.67	94.01	43.11	2.86	340.682	0.000	12.534	32.057	0.000	296.091	1,321.74
9/1/2021	2.072	118.155	1.55	88.62	43.28	2.85	319.451	0.000	11.816	30.070	0.000	277.566	1,581.24
10/1/2021	2.055	118.928	1.54	89.20	43.44	2.87	323.127	0.000	11.893	30.446	0.000	280.788	1,841.63
11/1/2021	1.909	112.106	1.43	84.08	43.58	2.93	308.418	0.000	11.211	29.103	0.000	268.105	2,088.32
12/1/2021	1.894	112.838	1.42	84.63	43.71	3.06	321.299	0.000	11.284	30.400	0.000	279.615	2,343.53
2021	18.69	1,051.14	14.02	788.36	43.04	2.87	2,863.28	0.00	105.11	269.50	0.00	2,488.67	2,343.53
Rem.	43.56	4,138.23	32.67	3,103.68	46.06	2.56	9,457.49	0.00	561.94	904.55	0.00	7,991.01	5,750.87
Total 14.3	**62.25**	**5,189.38**	**46.69**	**3,892.03**	**45.15**	**2.62**	**12,320.77**	**0.00**	**667.06**	**1,174.04**	**0.00**	**10,479.67**	**8,094.40**
Ult.	**62.25**	**5,189.38**											

Major Phase :	Gas	
Initial Rate :	304,166.67	Mcf/month
Abandonment :	2,961.23	Mcf/month
Initial Decline :	28.167	%/year b = 0.00
Initial Ratio :	0.015	bbl/Mcf
Abandon Ratio :	0.003	bbl/Mcf
Abandon Day :	04/15/2035	

Eco. Indicators

Return on Investment (disc) :	0.000
Return on Investment (undisc) :	0.000
Years to Payout :	0.00
Internal Rate of Return (%):	0.00

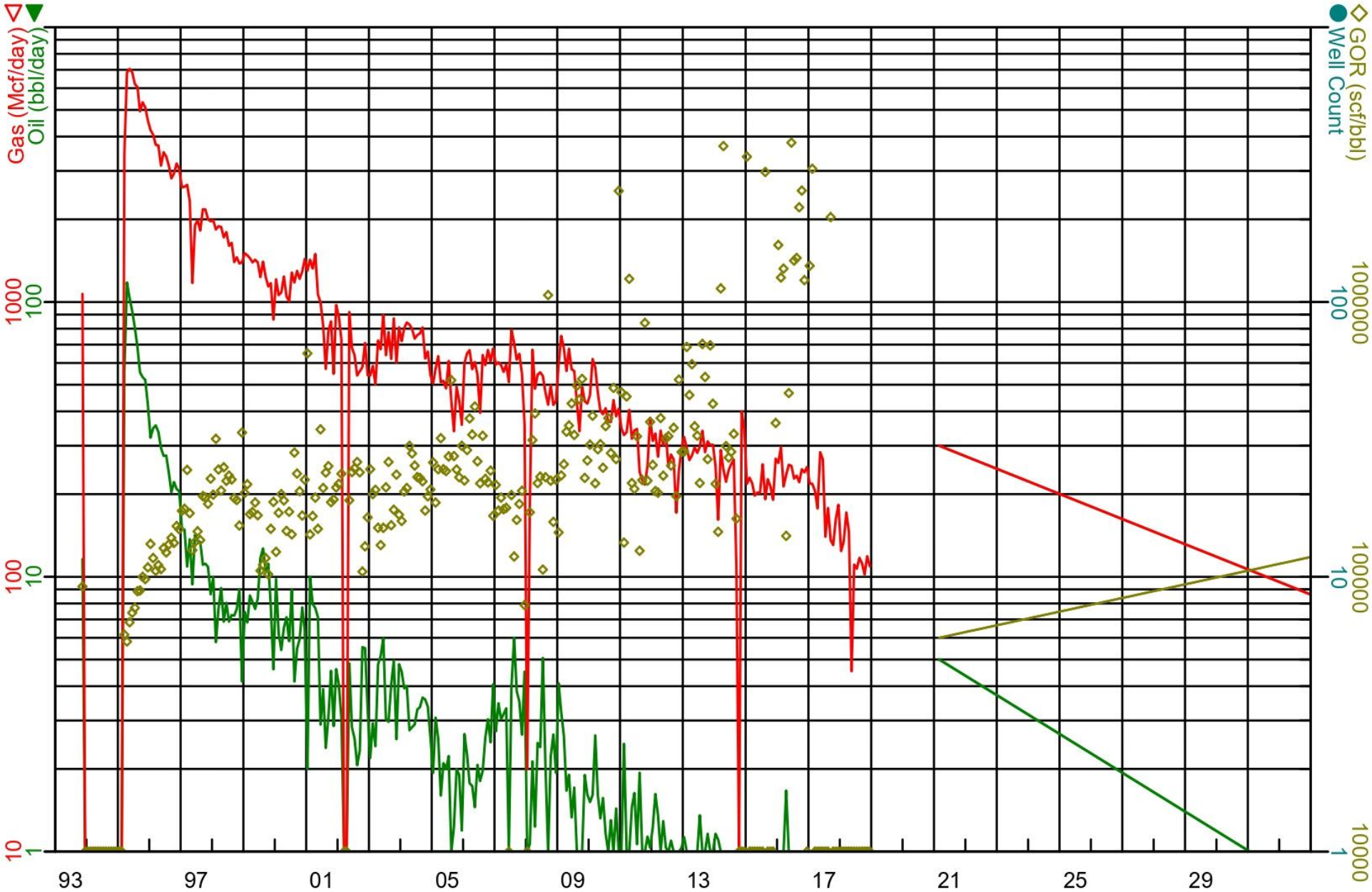
	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.75000000	0.00000000	0.00000000
Rev. Date :			

Present Worth Profile (M$)

PW 5.00% :	**9,123.06**	**PW 15.00% :**	**7,289.57**
PW 6.00% :	**8,895.17**	**PW 20.00% :**	**6,643.30**
PW 8.00% :	**8,474.29**	**PW 30.00% :**	**5,669.97**
PW 10.00% :	**8,094.40**	**PW 40.00% :**	**4,971.02**
PW 12.00% :	**7,749.92**	**PW 50.00% :**	**4,443.72**

BAHR INTEREST ET AL 1
Oper: REDBIRD OILFIELD SERVICES CORP
Major Phase: Gas

Field: CROSS CREEK
HARRIS,TX
369.13 M$

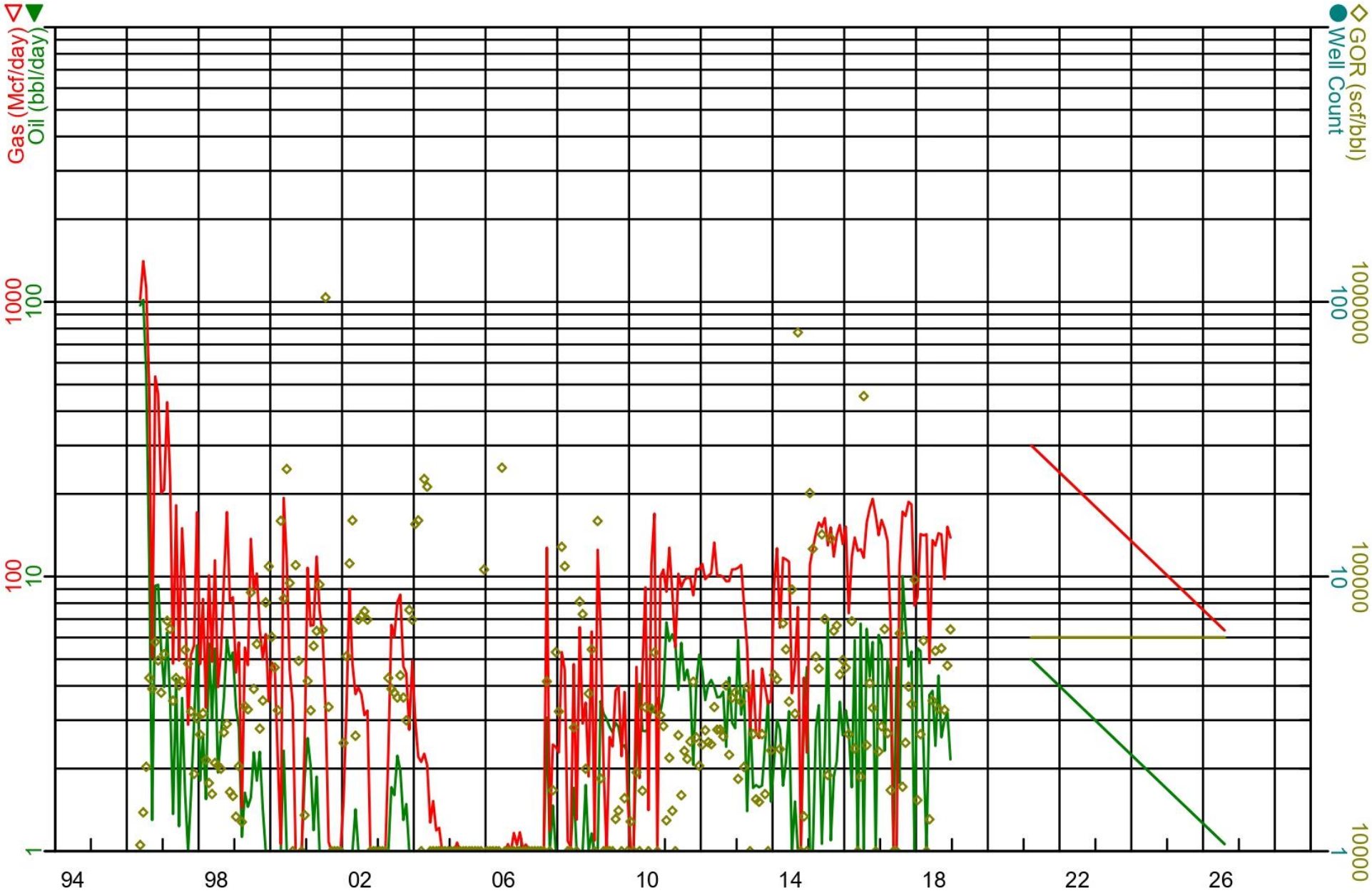


Proj Gas Cum: 8,219.24 MMcf
Gas Rem: 829.54 MMcf
Gas EUR: 9,048.78 MMcf

Proj Oil Cum: 56.83 Mbbl
Oil Rem: 10.28 Mbbl
Oil EUR: 67.11 Mbbl

BAHR INTEREST ET AL UNIT 4
Oper: REDBIRD OILFIELD SERVICES CORP
Major Phase: Gas

Field: CROSS CREEK
HARRIS,TX
79.50 M$

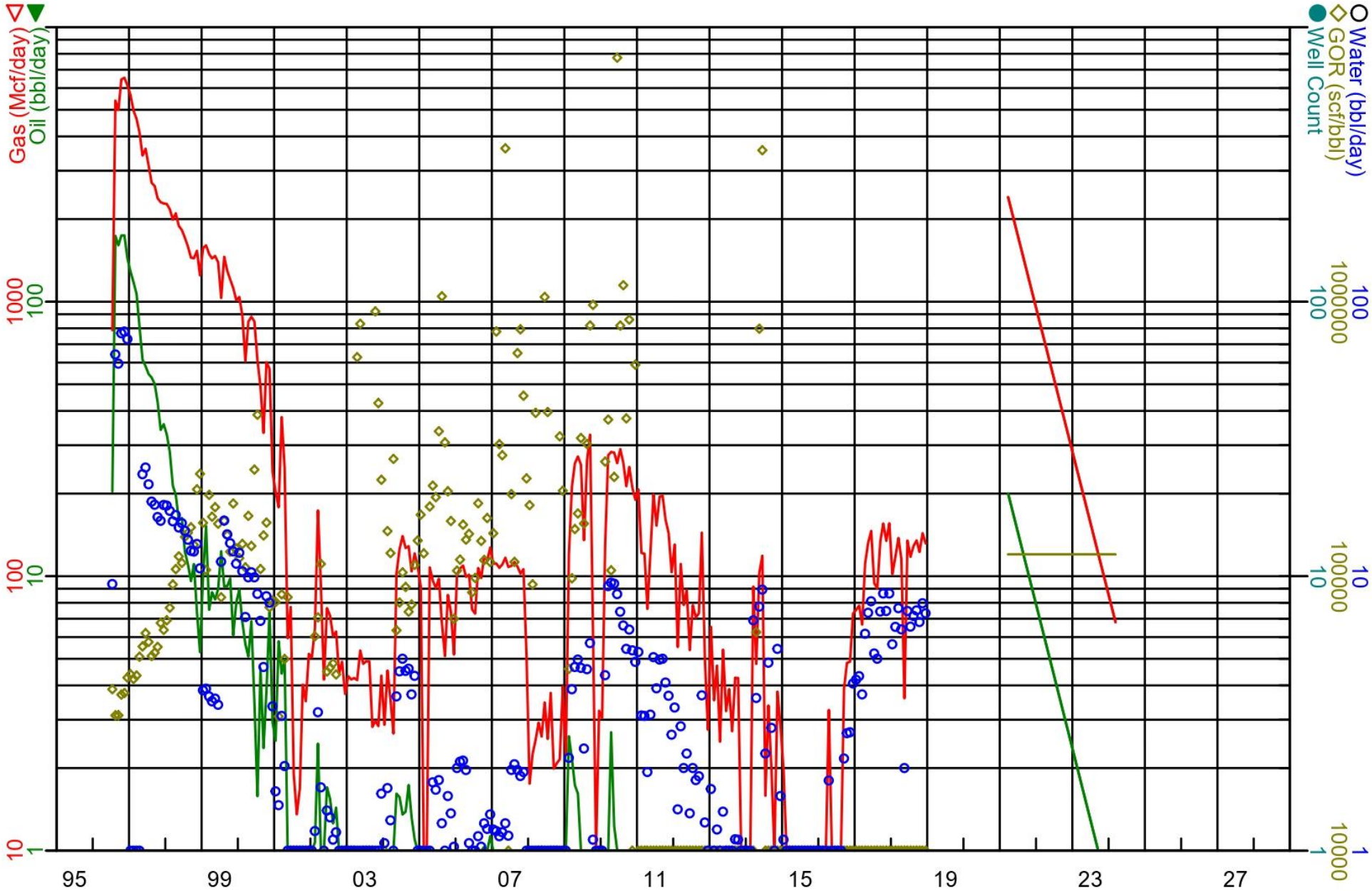


Proj Gas Cum: 700.37 MMcf
Gas Rem: 299.78 MMcf
Gas EUR: 1,000.15 MMcf

Proj Oil Cum: 25.12 Mbbl
Oil Rem: 5.00 Mbbl
Oil EUR: 30.12 Mbbl

BAHR INTEREST ET AL 7
Oper: REDBIRD OILFIELD SERVICES CORP
Major Phase: Gas

Field: CROSS CREEK
HARRIS,TX
696.49 M$

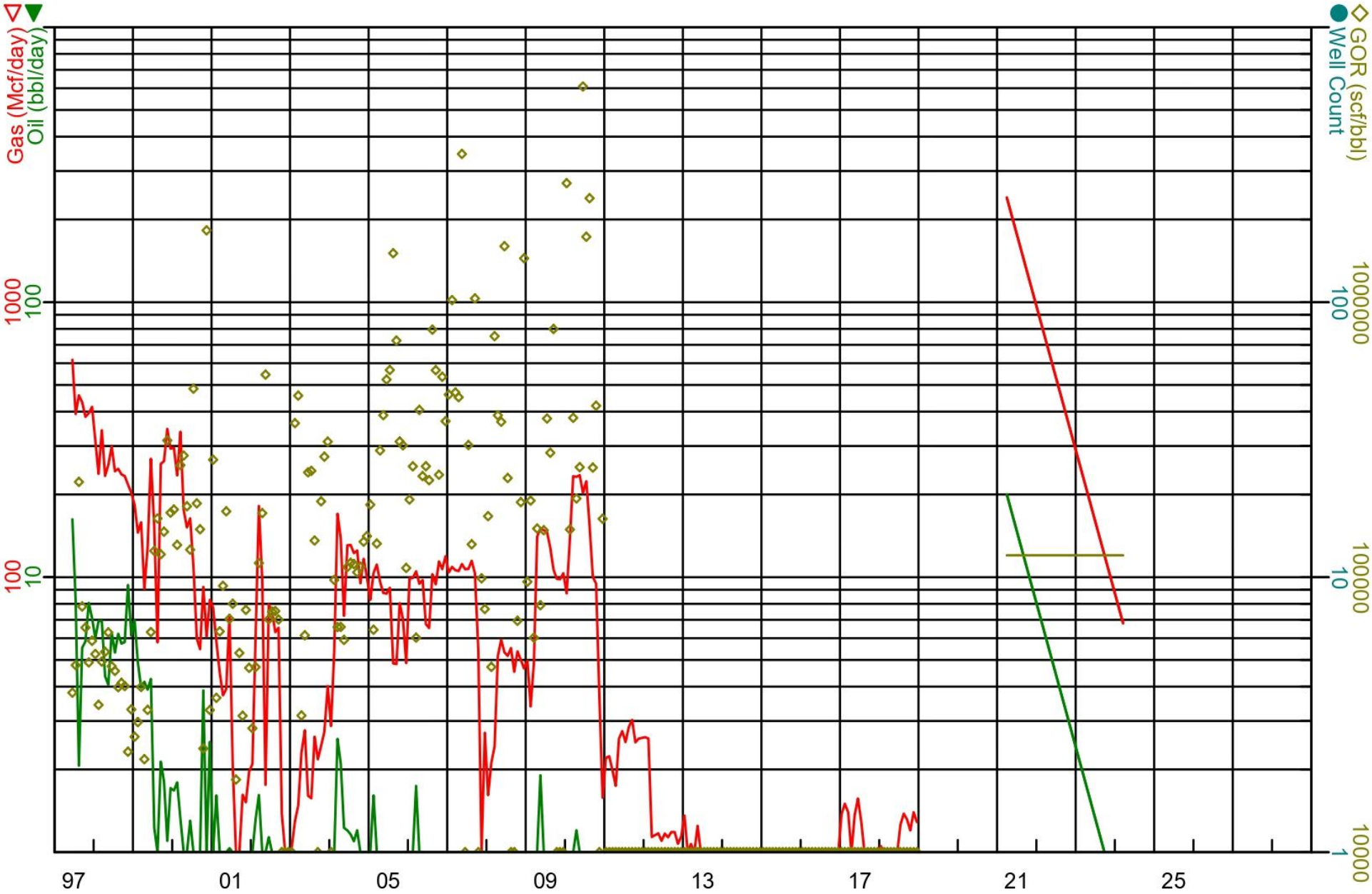


Proj Gas Cum: 4,143.45 MMcf
Gas Rem: 706.97 MMcf
Gas EUR: 4,850.42 MMcf

Proj Oil Cum: 64.32 Mbbl
Oil Rem: 5.89 Mbbl
Oil EUR: 70.21 Mbbl

BAHR INTEREST ET AL 9
Oper: REDBIRD OILFIELD SERVICES CORP
Major Phase: Gas

Field: CROSS CREEK
HARRIS,TX
693.26 M$

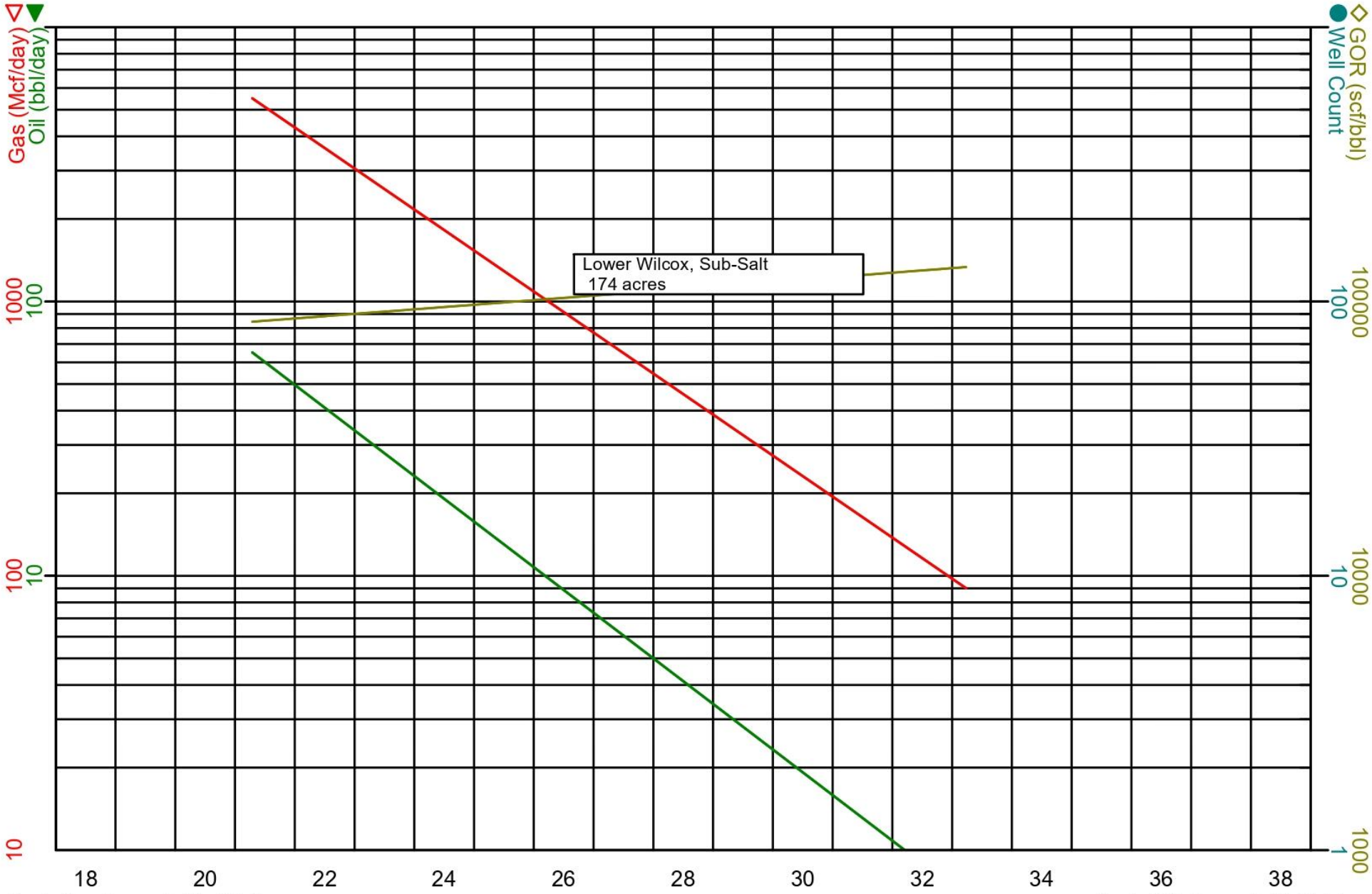


Proj Gas Cum: 621.93 MMcf
Gas Rem: 706.97 MMcf
Gas EUR: 1,328.90 MMcf

Proj Oil Cum: 7.08 Mbbl
Oil Rem: 5.89 Mbbl
Oil EUR: 12.98 Mbbl

BAHR INTEREST ET AL 3
Oper: REDBIRD OILFIELD SERVICES CORP
Major Phase: Gas

Field: CROSS CREEK
HARRIS,TX
5,540.46 M$

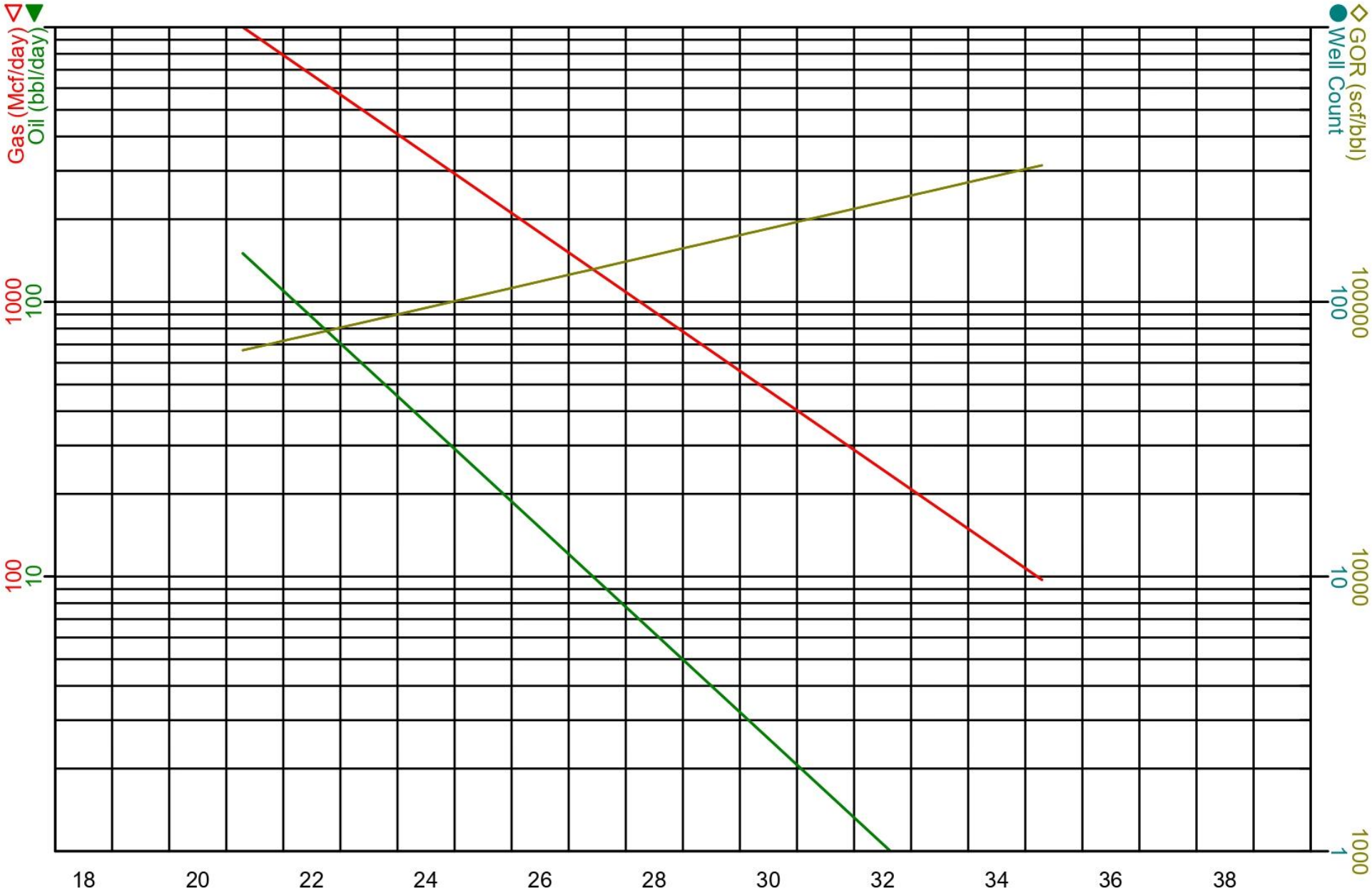


Proj Gas Cum: 0.00 MMcf
Gas Rem: 5,736.31 MMcf
Gas EUR: 5,736.31 MMcf

Proj Oil Cum: 0.00 Mbbl
Oil Rem: 61.55 Mbbl
Oil EUR: 61.55 Mbbl

BAHR INTEREST ET AL 3{incr}
Oper: REDBIRD OILFIELD SERVICES CORP
Major Phase: Gas

Field: CROSS CREEK
HARRIS,TX
8,094.40 M$



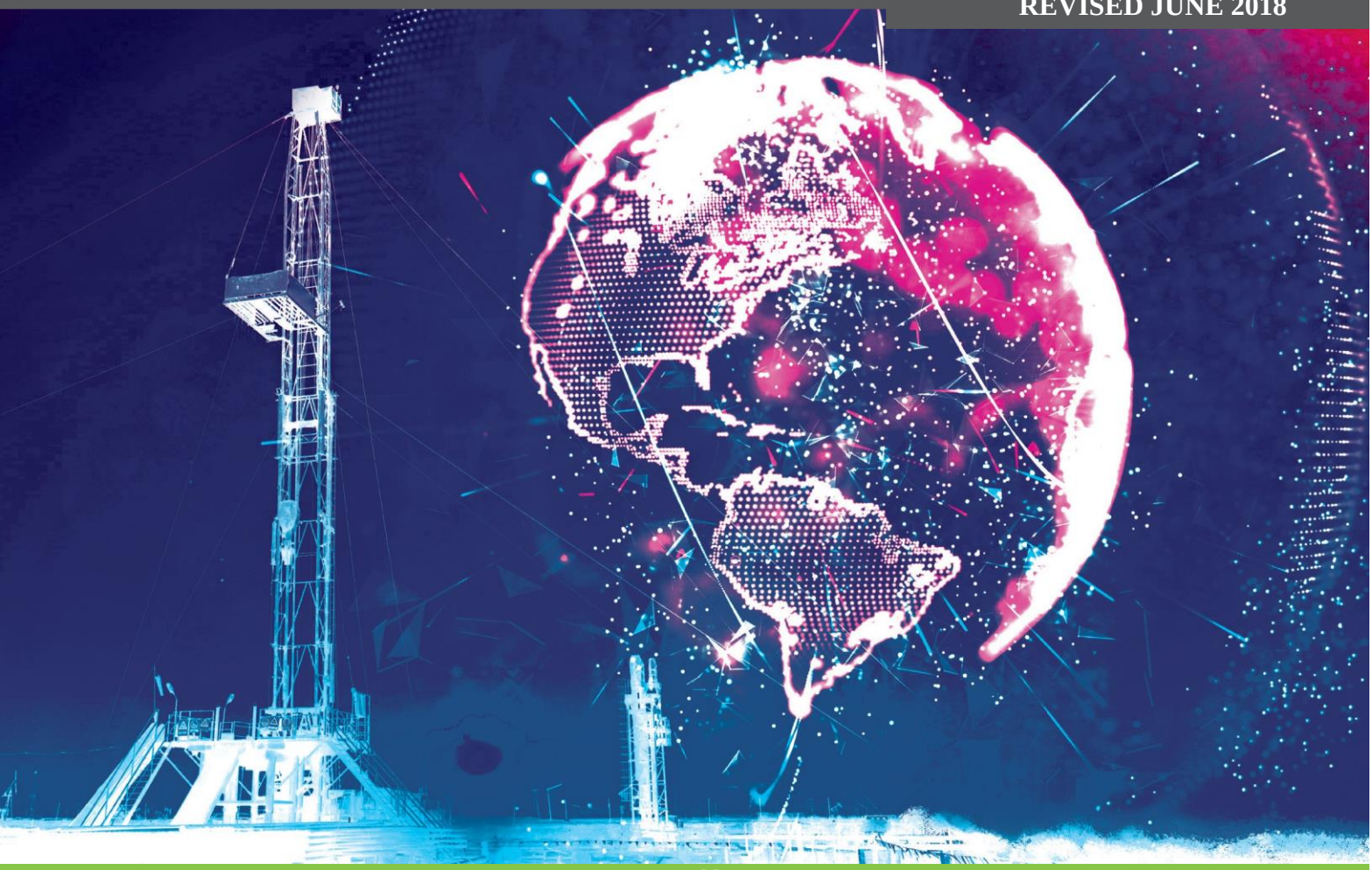
Proj Gas Cum: 0.00 MMcf
Gas Rem: 5,189.38 MMcf
Gas EUR: 5,189.38 MMcf

Proj Oil Cum: 0.00 Mbbl
Oil Rem: 62.25 Mbbl
Oil EUR: 62.25 Mbbl

PRMS

Petroleum Resources Management System

REVISED JUNE 2018



Sponsored by:

Society of Petroleum Engineers

World Petroleum Council

AAPG

SPEE
SOCIETY OF PETROLEUM EVALUATION ENGINEERS

SEG
SOCIETY OF EXPLORATION GEOPHYSICISTS

SOCIETY OF PETROPHYSICISTS AND WELL LOG ANALYSTS

EAGE
EUROPEAN ASSOCIATION OF GEOSCIENTISTS & ENGINEERS

Petroleum Resources Management System

(revised June 2018)

Sponsored by:

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Society of Petroleum Evaluation Engineers (SPEE) Society of

Exploration Geophysicists (SEG)

Society of Petrophysicists and Well Log Analysts (SPWLA)

European Association of Geoscientists & Engineers (EAGE)

Version 1.01

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Table of Contents

Preamble

Petroleum resources are the quantities of Hydrocarbons naturally occurring on or within the Earth's crust. Resources assessments estimate quantities in known and yet-to-be-discovered accumulations. Resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating projects, and presenting results within a comprehensive classification framework.

International efforts to standardize the definitions of petroleum resources and how resources volumes are estimated began in the 1930s. Early guidance focused on Proved Reserves. Building on work initiated by the Society of Petroleum Evaluation Engineers (SPEE), the Society of Petroleum Engineers (SPE) published definitions for all reserves categories in 1987. In the same year, the World Petroleum Council (WPC), then known as the World Petroleum Congress, independently published reserves definitions that were strikingly similar. In 1997, the two organizations jointly released a single set of definitions for reserves that could be used worldwide. In 2000, the American Association of Petroleum Geologists (AAPG), SPE, and WPC jointly developed a classification system for all petroleum resources. This was followed by supplemental application evaluation guidelines (2001), standards for estimating and auditing reserves information (2001, revised 2007), and a glossary of terms used in resources definitions (2005). In 2007, the *SPE/WPC/AAPG/SPEE Petroleum Resources Management System* (PRMS) was issued and subsequently supported by the Society of Exploration Geophysicists (SEG). The document is referred to by the abbreviated term SPE-PRMS, with the caveat that the full title, including clear recognition of the co-sponsoring organizations, has been initially stated. In 2011, the SPE/WPC/AAPG/SPEE/SEG published *Guidelines for the Application of the PRMS* (referred to as Application Guidelines).

The PRMS definitions and the related classification system are now in common use internationally to support petroleum project and portfolio management requirements. PRMS is referenced for national reporting and regulatory disclosures in many jurisdictions and provides the commodity-specific specifications for petroleum under the United Nations Framework Classification for Resources (UNFC) to support petroleum project and portfolio management requirements. The definitions provide a measure of comparability, reduce the subjective nature of resources estimation, and are intended to improve clarity in global communications regarding petroleum resources.

Technologies employed in petroleum exploration, development, production, and processing continue to evolve and improve. The SPE Oil and Gas Reserves Committee works closely with related organizations to maintain the definitions and guidelines to keep current with evolving technology and industry requirements.

This document consolidates, builds on, and replaces prior guidance. Appendix A is a glossary of terms used in the PRMS and replaces those published in 2007. It is expected that this document will be supplemented with industry education programs, best practice reporting standards, and future updates to the 2011 Application Guidelines.

This updated PRMS provides fundamental principles for the evaluation and classification of petroleum reserves and resources. If there is any conflict with prior SPE and PRMS guidance, approved training, or the Application Guidelines, the current PRMS shall prevail. It is understood that these definitions and guidelines allow flexibility for entities, governments, and regulatory agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein must be clearly identified.
The terms "shall" or "must" indicate that a provision herein is mandatory for PRMS compliance, while "should" indicates a recommended practice and "may" indicates that a course of action is permissible. The definitions and guidelines contained in this document must not be construed as modifying the interpretation or application of any existing regulatory reporting requirements.

1.0 Basic Principles and Definitions

1.0.0.1 A classification system of petroleum resources is a fundamental element that provides a common language for communicating both the confidence of a project's resources maturation status and the range of potential outcomes to the various entities. The PRMS provides transparency by requiring the assessment of various criteria that allow for the classification and categorization of a project's resources.
The evaluation elements consider the risk of geologic discovery and the technical uncertainties together with a determination of the chance of achieving the commercial maturation status of a petroleum project.

1.0.0.2 The technical estimation of petroleum resources quantities involves the assessment of quantities and values that have an inherent degree of uncertainty. Quantities of petroleum and associated products can be reported in terms of volumes (e.g., barrels or cubic meters), mass (e.g., metric tonnes) or energy (e.g., Btu or Joule). These quantities are associated with exploration, appraisal, and development projects at various stages of design and implementation. The commercial aspects considered will relate the project's maturity status (e.g., technical, economical, regulatory, and legal) to the chance of project implementation.

1.0.0.3 The use of a consistent classification system enhances comparisons between projects, groups of projects, and total company portfolios. The application of PRMS must consider both technical and commercial factors that impact the project's feasibility, its productive life, and its related cashflows.

1.1 Petroleum Resources Classification Framework

1.1.0.1 Petroleum is defined as a naturally occurring mixture consisting of Hydrocarbons in the gaseous, liquid, or solid state. Petroleum may also contain non-Hydrocarbons, common examples of which are carbon dioxide, nitrogen, hydrogen sulfide, and sulfur. In rare cases, non-Hydrocarbon content can be greater than 50%.

1.1.0.2 The term resources as used herein is intended to encompass all quantities of petroleum naturally occurring within the Earth's crust, both discovered and undiscovered (whether recoverable or unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered as conventional or unconventional resources.

1.1.0.3 Figure 1.1 graphically represents the PRMS resources classification system. The system classifies resources into discovered and undiscovered and defines the recoverable resources classes: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable Petroleum.

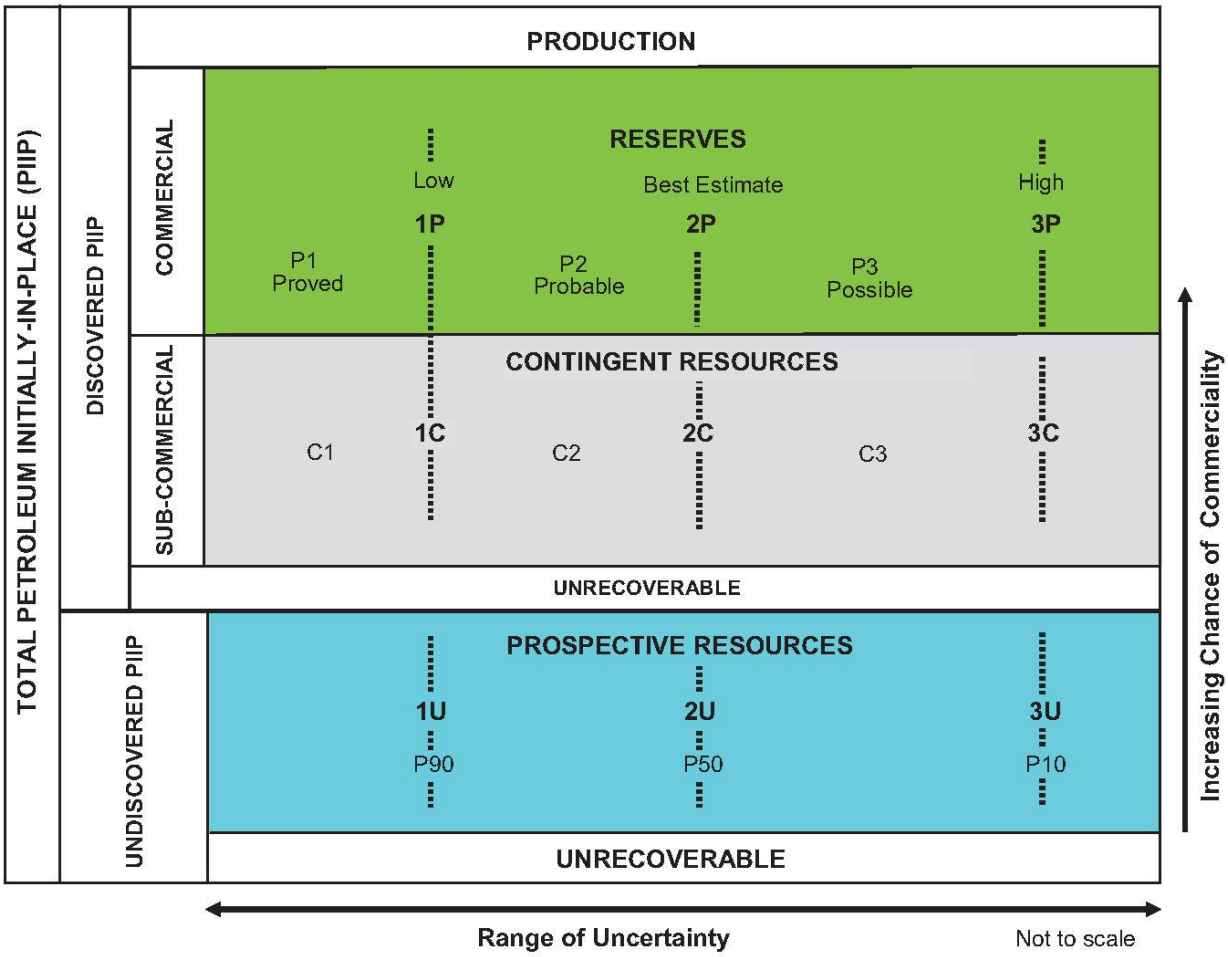

Figure 1.1—Resources classification framework

1.1.0.4 The horizontal axis reflects the range of uncertainty of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the chance of commerciality, P_c, which is the chance that a project will be committed for development and reach commercial producing status.

1.1.0.5 The following definitions apply to the major subdivisions within the resources classification:

A. **Total Petroleum Initially-In-Place** (PIIP) is all quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production.

B. **Discovered PIIP** is the quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations before production.

C. **Production** is the cumulative quantities of petroleum that have been recovered at a given date. While all recoverable resources are estimated, and production is measured in terms of the sales product specifications, raw production (sales plus non-sales) quantities are also measured and required to support engineering analyses based on reservoir voidage (see Section 3.2, Production Measurement).

1.1.0.6 Multiple development projects may be applied to each known or unknown accumulation, and each project will be forecast to recover an estimated portion of the initially-in-place quantities. The projects shall be subdivided into commercial, sub-commercial, and undiscovered, with the estimated recoverable quantities being classified as Reserves, Contingent Resources, or Prospective Resources respectively, as defined below.

A. **1. Reserves** are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining (as of the evaluation's effective date) based on the development project(s) applied.

   2. Reserves are recommended as sales quantities as metered at the reference point. Where the entity also recognizes quantities consumed in operations (CiO) (see Section 3.2.2), as Reserves these quantities must be recorded separately. Non-Hydrocarbon quantities are recognized as Reserves only when sold together with Hydrocarbons or CiO associated with petroleum production. If the non-Hydrocarbon is separated before sales, it is excluded from Reserves.

   3. Reserves are further categorized in accordance with the range of uncertainty and should be sub-classified based on project maturity and/or characterized by development and production status.

B. **Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. Contingent Resources have an associated chance of development. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the range of uncertainty associated with the estimates and should be sub- classified based on project maturity and/or economic status.

C. **Undiscovered PIIP** is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.

D. **Prospective Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of geologic discovery and a chance of development. Prospective Resources are further categorized in accordance with the range of uncertainty associated with recoverable estimates, assuming discovery and development, and may be sub-classified based on project maturity.

E. **Unrecoverable Resources** are that portion of either discovered or undiscovered PIIP evaluated, as of a given date, to be unrecoverable by the currently defined project(s). A portion of these quantities may become recoverable in the future as commercial circumstances change, technology is developed, or additional data are acquired. The remaining portion may never be recovered because of physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

1.1.0.7 The sum of Reserves, Contingent Resources, and Prospective Resources may be referred to as "remaining recoverable resources." Importantly, these quantities should not be aggregated without due consideration of the technical and commercial risk involved with their classification. When such terms are used, each classification component of the summation must be provided.

1.1.0.8 Other terms used in resource assessments include the following:

A. **Estimated Ultimate Recovery (EUR)** is not a resources category or class, but a term that can be applied to an accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially recoverable plus those quantities already produced from the accumulation or group of accumulations. For clarity, EUR must reference the associated technical and commercial conditions for the resources; for example, proved EUR is Proved Reserves plus prior production.

B. **Technically Recoverable Resources (TRR)** are those quantities of petroleum producible using currently available technology and industry practices, regardless of commercial considerations. TRR may be used for specific Projects or for groups of Projects, or, can be an undifferentiated estimate within an area (often basin-wide) of recovery potential.

1.1.0.9 Whenever these terms are used, the conditions associated with their usage must be clearly noted and documented.

1.2 Project-Based Resources Evaluations

1.2.0.1 The resources evaluation process consists of identifying a recovery project or projects associated with one or more petroleum accumulations, estimating the quantities of PIIP, estimating that portion of those in-place quantities that can be recovered by each project, and classifying the project(s) based on maturity status or chance of commerciality.

1.2.0.2 The concept of a project-based classification system is further clarified by examining the elements contributing to an evaluation of net recoverable resources (see Figure 1.2).

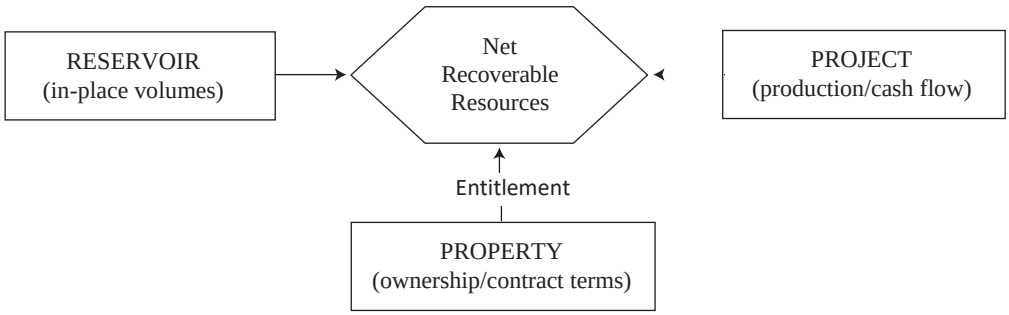

Figure 1.2—Resources evaluation

1.2.0.3 ***The reservoir*** (contains the petroleum accumulation): Key attributes include the types and quantities of PIIP and the fluid and rock properties that affect petroleum recovery.

1.2.0.4 ***The project:*** A project may constitute the development of a well, a single reservoir, or a small field; an incremental development in a producing field; or the integrated development of a field or several fields together with the associated processing facilities (e.g., compression). Within a project, a specific reservoir's development generates a unique production and cash-flow schedule at each level of certainty.
The integration of these schedules taken to the project's earliest truncation caused by technical, economic, or the contractual limit defines the estimated recoverable resources and associated future net cash flow projections for each project. The ratio of EUR to total PIIP quantities defines the project's recovery efficiency. Each project should have an associated recoverable resources range (low, best, and high estimate).

1.2.0.5 ***The property*** (lease or license area): Each property may have unique associated contractual rights and obligations, including the fiscal terms. This information allows definition of each participating entity's share of produced quantities (entitlement) and share of investments, expenses, and revenues for each

recovery project and the reservoir to which it is applied. One property may encompass many reservoirs, or one reservoir may span several different properties. A property may contain both discovered and undiscovered accumulations that may be spatially unrelated to a potential single field designation.

1.2.0.6 An entity's net recoverable resources are the entitlement share of future production legally accruing under the terms of the development and production contract or license.

In the context of this relationship, the project is the primary element considered in the resources classification, and the net recoverable resources are the quantities derived from each project. A project represents a defined activity or set of activities to develop the petroleum accumulation(s) and the decisions taken to mature the resources to reserves. In general, it is recommended that an individual project has assigned to it a specific maturity level sub-class (See Section 2.1.3.5, Project Maturity Sub-Classes) at which a decision is made whether or not to proceed (i.e., spend more money) and there should be an associated range of estimated recoverable quantities for the project (See Section 2.2.1, Range of Uncertainty). For completeness, a developed field is also considered to be a project.

1.2.0.7 An accumulation or potential accumulation of petroleum is often subject to several separate and distinct projects that are at different stages of exploration or development. Thus, an accumulation may have recoverable quantities in several resources classes simultaneously. When multiple options for development exist early in project maturity, these options should be reflected as competing project alternatives to avoid double counting until decisions further refine the project scope and timing. Once the scope is described and the timing of decisions on future activities established, the decision steps will generally align with the project's classification. To assign recoverable resources of any class, a project's development plan, with detail that supports the resource commercial classification claimed, is needed.

1.2.0.8 The estimates of recoverable quantities must be stated in terms of the production derived from the potential development program even for Prospective Resources. Given the major uncertainties involved at this early stage, the development program will not be of the detail expected in later stages of maturity. In most cases, recovery efficiency may be based largely on analogous projects. In-place quantities for which a feasible project cannot be defined using current or reasonably forecast improvements in technology are classified as Unrecoverable.

1.2.0.9 Not all technically feasible development projects will be commercial. The commercial viability of a development project within a field's development plan is dependent on a forecast of the conditions that will exist during the time period encompassed by the project (see Section 3.1, Assessment of Commerciality).
Conditions include technical, economic (e.g., hurdle rates, commodity prices), operating and capital costs, marketing, sales route(s), and legal, environmental, social, and governmental factors forecast to exist and impact the project during the time period being evaluated. While economic factors can be
summarized as forecast costs and product prices, the underlying influences include, but are not limited to, market conditions (e.g., inflation, market factors, and contingencies), exchange rates, transportation and processing infrastructure, fiscal terms, and taxes.

1.2.0.10 The resources being estimated are those quantities producible from a project as measured according to delivery specifications at the point of sale or custody transfer (see Section 3.2.1, Reference Point) and may permit forecasts of CiO quantities (see Section 3.2.2., Consumed in Operations). The cumulative production forecast from the effective date forward to cessation of production is the remaining recoverable resources quantity (see Section 3.1.1, Net Cash-Flow Evaluation).

1.2.0.11 The supporting data, analytical processes, and assumptions describing the technical and commercial basis used in an evaluation must be documented in sufficient detail to allow, as needed, a qualified reserves evaluator or qualified reserves auditor to clearly understand each project's basis for the estimation, categorization, and classification of recoverable resources quantities and, if appropriate, associated commercial assessment.

2.0 Classification and Categorization Guidelines

2.0.0.1 To consistently characterize petroleum projects, evaluations of all resources should be conducted in the context of the full classification *system* shown in Figure 1.1. These guidelines reference this classification system and support an evaluation in which projects are "classified" based on their chance of commerciality, P_c (the vertical axis labeled Chance of Commerciality), and estimates of recoverable and marketable quantities associated with each project are "categorized" to reflect uncertainty (the horizontal axis). The actual workflow of classification versus categorization varies with individual projects and is often an iterative analysis leading to a final report. Report here refers to the presentation of evaluation results within the entity conducting the assessment and should not be construed as replacing requirements for public disclosures under guidelines established by regulatory and/or other government agencies.

2.1 Resources Classification

2.1.0.1 The PRMS classification establishes criteria for the classification of the total PIIP. A determination of a discovery differentiates between discovered and undiscovered PIIP. The application of a project further differentiates the recoverable from unrecoverable resources. The project is then evaluated to determine its maturity status to allow the classification distinction between commercial and sub-commercial projects. PRMS requires the project's recoverable resources quantities to be classified as either Reserves, Contingent Resources, or Prospective Resources.

2.1.1 Determination of Discovery Status

2.1.1.1 A discovered petroleum accumulation is determined to exist when one or more exploratory wells have established through testing, sampling, and/or logging the existence of a significant quantity of potentially recoverable Hydrocarbons and thus have established a known accumulation. In the absence of a flow test or sampling, the discovery determination requires confidence in the presence of Hydrocarbons and evidence of producibility, which may be supported by suitable producing analogs (see Section 4.1.1, Analogs).
In this context, "significant" implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place quantity demonstrated by the well(s) and for evaluating the potential for commercial recovery.

2.1.1.2 Where a discovery has identified potentially recoverable Hydrocarbons, but it is not considered viable to apply a project with established technology or with technology under development, such quantities may be classified as Discovered Unrecoverable with no Contingent Resources. In future evaluations, as appropriate for petroleum resources management purposes, a portion of these unrecoverable quantities may become recoverable resources as either commercial circumstances change or technological developments occur.

2.1.2 Determination of Commerciality

2.1.2.1 Discovered recoverable quantities (Contingent Resources) may be considered commercially mature, and thus attain Reserves classification, if the entity claiming commerciality has demonstrated a firm intention to proceed with development. This means the entity has satisfied the internal decision criteria
(typically rate of return at or above the weighted average cost-of-capital or the hurdle rate). Commerciality is achieved with the entity's commitment to the project and all of the following criteria:

A. Evidence of a technically mature, feasible development plan.

B. Evidence of financial appropriations either being in place or having a high likelihood of being secured to implement the project.

C. Evidence to support a reasonable time-frame for development.

D. A reasonable assessment that the development projects will have positive economics and meet defined investment and operating criteria. This assessment is performed on the estimated entitlement forecast quantities and associated cash flow on which the investment decision is made (see Section 3.1.1, Net Cash-Flow Evaluation).

E. A reasonable expectation that there will be a market for forecast sales quantities of the production required to justify development. There should also be similar confidence that all produced streams (e.g., oil, gas, water, CO_2) can be sold, stored, re-injected, or otherwise appropriately disposed.

F. Evidence that the necessary production and transportation facilities are available or can be made available.

G. Evidence that legal, contractual, environmental, regulatory, and government approvals are in place or will be forthcoming, together with resolving any social and economic concerns.

2.1.2.2 The commerciality test for Reserves determination is applied to the best estimate (P50) forecast quantities, which upon qualifying all commercial and technical maturity criteria and constraints become the *2P* Reserves. Stricter cases e.g., low estimate (P90) may be used for decision purposes or to investigate the range of commerciality (see Section 3.1.2, Economic Criteria). Typically, the low- and high-case project scenarios may be evaluated for sensitivities when considering project risk and upside opportunity.

2.1.2.3 To be included in the Reserves class, a project must be sufficiently defined to establish both its technical and commercial viability as noted in Section 2.1.2.1. There must be a reasonable expectation that all required internal and external approvals will be forthcoming and evidence of firm intention to proceed with development within a reasonable time-frame. A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where justifiable; for example, development of economic projects that take longer than five years to be developed or are deferred to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.

2.1.2.4 While PRMS guidelines require financial appropriations evidence, they do not require that project financing be confirmed before classifying projects as Reserves. However, this may be another external reporting requirement. In many cases, financing is conditional upon the same criteria as above. In general, if there is not a reasonable expectation that financing or other forms of commitment (e.g., farm-outs) can be arranged so that the development will be initiated within a reasonable time-frame, then the project should be classified as Contingent Resources. If financing is reasonably expected to be in place at the time of the final investment decision (FID), the project's resources may be classified as Reserves.

2.1.3 Project Status and Chance of Commerciality

2.1.3.1 Evaluators have the option to establish a more detailed resources classification reporting system that can also provide the basis for portfolio management by subdividing the chance of commerciality axis according to project maturity. Such sub-classes may be characterized qualitatively by the project maturity level descriptions and associated quantitative chance of reaching commercial status and being placed on production.

2.1.3.2 As a project moves to a higher level of commercial maturity in the classification (see Figure 1.1 vertical axis), there will be an increasing chance that the accumulation will be commercially developed and the project quantities move to Reserves. For Contingent and Prospective Resources, this is further expressed as a chance of commerciality, P_c, which incorporates the following underlying chance component(s):

A. The chance that the potential accumulation will result in the discovery of a significant quantity of petroleum, which is called the "chance of geologic discovery," P_g.

B. Once discovered, the chance that the known accumulation will be commercially developed is called the "chance of development," P_d.

2.1.3.3 There must be a high degree of certainty in the chance of commerciality, P_c, for Reserves to be assigned; for Contingent Resources, $P_c = P_d$; and for Prospective Resources, P_c is the product of P_g and P_d.

2.1.3.4 Contingent and Prospective Resources can have different project scopes (e.g., well count, development spacing, and facility size) as development uncertainties and project definition mature.

2.1.3.5 Project Maturity Sub-Classes

2.1.3.5.1 As Figure 2.1 illustrates, development projects and associated recoverable quantities may be sub-classified according to project maturity levels and the associated actions (i.e., business decisions) required to move a project toward commercial production.

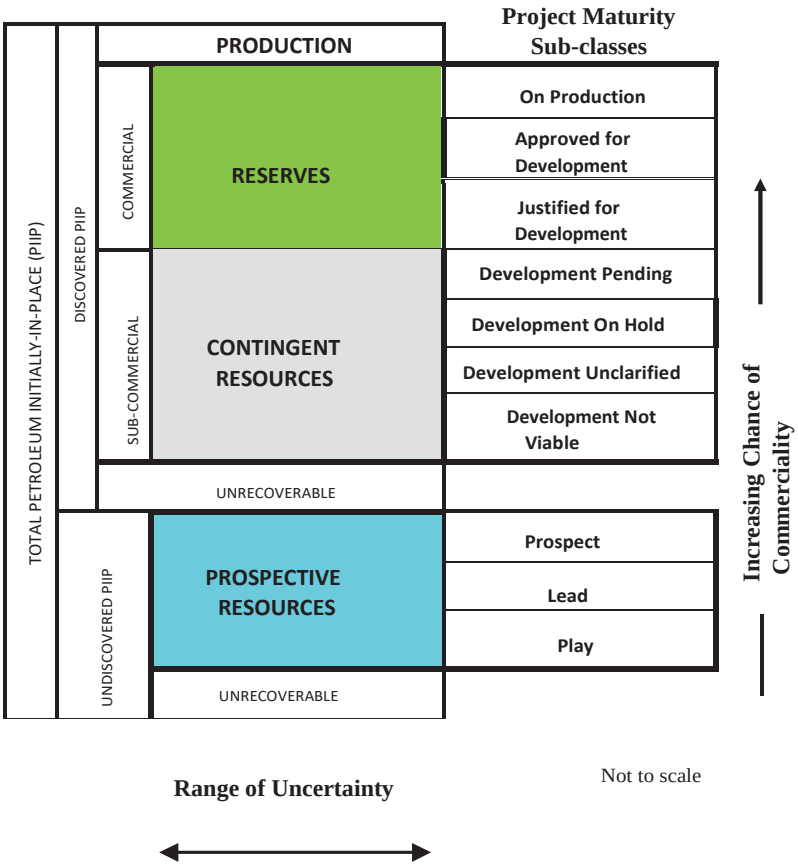

Figure 2.1—Sub-classes based on project maturity

2.1.3.5.2. Maturity terminology and definitions for each project maturity class and sub-class are provided in Table I. This approach supports the management of portfolios of opportunities at various stages of exploration, appraisal, and development. Reserve sub-classes must achieve commerciality while Contingent and Prospective Resources sub-classes may be supplemented by associated quantitative estimates of chance of commerciality to mature.

2.1.3.5.3 Resources sub-class maturation is based on those actions that progress a project through final approvals to implementation and initiation of production and product sales. The boundaries between different levels of project maturity are frequently referred to as project "decision gates."

2.1.3.5.4 Projects that are classified as Reserves must meet the criteria as listed in Section 2.1.2, Determination of Commerciality. Projects sub-classified as Justified for Development are agreed upon by the managing entity and partners as commercially viable and have support to advance the project, which includes a firm intent to proceed with development. All participating entities have agreed to the project and there are no known contingencies to the project from any official entity that will have to formally approve the project.

2.1.3.5.5 Justified for Development Reserves are reclassified to Approved for Development after the FID has been made. Projects should not remain in the Justified for Development sub-class for extended time periods without positive indications that all required approvals are expected to be obtained without undue delay. If there is no longer the reasonable expectation of project execution (i.e., historical track record of execution, project progress), the project shall be reclassified as Contingent Resources.

2.1.3.5.6 Projects classified as Contingent Resources have their sub-classes aligned with the entity's plan to manage its portfolio of projects. Thus, projects on known accumulations that are actively being studied, undergoing feasibility review, and have planned near-term operations (e.g., drilling) are placed in Contingent Resources Development Pending, while those that do not meet this test are placed into either Contingent Resources On Hold, Unclarified, or Not Viable.

2.1.3.5.7 Where commercial factors change and there is a significant risk that a project with Reserves will no longer proceed, the project shall be reclassified as Contingent Resources.

2.1.3.5.8 For Contingent Resources, evaluators should focus on gathering data and performing analyses to clarify and then mitigate those key conditions or contingencies that prevent commercial development. Note that the Contingent Resources sub-classes described above and shown in Figure 2.1 are recommended; however, entities are at liberty to introduce additional sub-classes that align with project management goals.

2.1.3.5.9 For Prospective Resources, potential accumulations may mature from Play, to Lead and then to Prospect based on the ability to identify potentially commercially viable exploration projects. The Prospective Resources are evaluated according to chance of geologic discovery, P_g, and chance of development, P_d, which together determine the chance of commerciality, P_c. Commercially recoverable quantities under appropriate development projects are then estimated. The decision at each exploration phase is whether to undertake further data acquisition and/or studies designed to move the Play through to a drillable Prospect with a project description range commensurate with the Prospective Resources sub- class.

2.1.3.6 Reserves Status

2.1.3.6.1 Once projects satisfy commercial maturity (criteria given in Table 1), the associated quantities are classified as Reserves. These quantities may be allocated to the following subdivisions based on the funding and operational status of wells and associated facilities within the reservoir development plan (Table 2 provides detailed definitions and guidelines):

A. **Developed Reserves** are quantities expected to be recovered from existing wells and facilities.

1. **Developed Producing Reserves** are expected to be recovered from completion intervals that are open and producing at the time of the estimate.

2. **Developed Non-Producing Reserves** include shut-in and behind-pipe reserves with minor costs to access.

B. **Undeveloped Reserves** are quantities expected to be recovered through future significant investments.

2.1.3.6.2 The distinction between the "minor costs to access" Developed Non-Producing Reserves and the "significant investment" needed to develop Undeveloped Reserves requires the judgment of the evaluator taking into account the cost environment. A significant investment would be a relatively large expenditure when compared to the cost of drilling and completing a new well. A minor cost would be a lower expenditure when compared to the cost of drilling and completing a new well.

2.1.3.6.3 Once a project passes the commercial assessment and achieves Reserves status, it is then included with all other Reserves projects of the same category in the same field for estimating combined future production and applying the economic limit test (see Section 3.1, Assessment of Commerciality).

2.1.3.6.4 Where Reserves remain Undeveloped beyond a reasonable time-frame or have remained Undeveloped owing to postponements, evaluations should be critically reviewed to document reasons for the delay in initiating development and to justify retaining these quantities within the Reserves class. While there are specific circumstances where a longer delay (see Section 2.1.2, Determination of Commerciality) is justified, a reasonable time-frame to commence the project is generally considered to be less than five years from the initial classification date.

2.1.3.6.5 Development and Production status are of significant importance for project portfolio management and financials. The Reserves status concept of Developed and Undeveloped status is based on the funding and operational status of wells and producing facilities within the development project. These status designations are applicable throughout the full range of Reserves uncertainty categories (1P, 2P, and 3P or Proved, Probable, and Possible). Even those projects that are Developed and On Production should have remaining uncertainty in recoverable quantities.

2.1.3.7 Economic Status

2.1.3.7.1 Projects may be further characterized by economic status. All projects classified as Reserves must be commercial under defined conditions (see Section 3.1, Assessment of Commerciality Assessment). Based on assumptions regarding future conditions and the impact on ultimate economic viability, projects currently classified as Contingent Resources may be broadly divided into two groups:

A. **Economically Viable Contingent Resources** are those quantities associated with technically feasible projects where cash flows are positive under reasonably forecasted conditions but are not Reserves because it does not meet the commercial criteria defined in Section 2.1.2.

B. **Economically Not Viable Contingent Resources** are those quantities for which development projects are not expected to yield positive cash flows under reasonable forecast conditions.

2.1.3.7.2 The best estimate (or P50) production forecast is typically used for the economic evaluation for the commercial assessment of the project. The low case, when used as the primary case for a project decision, may be used to determine project economics. The economic evaluation of the project high case alone is not permitted to be used in the determination of the project's commerciality.

2.1.3.7.3 For Reserves, the best estimate production forecast reflects a specific development scenario recovery process, a certain number and type of wells, facilities, and infrastructure.

2.1.3.7.4 The project's low-case scenario is tested to ensure it is economic, which is required for Proved Reserves to exist (see Section 2.2.2, Category Definitions and Guidelines). It is recommended to evaluate the low case and the high case (which will quantify the 3P Reserves) to convey the project downside risk and upside potential. The project development scenarios may vary in the number and type of wells, facilities, and infrastructure in Contingent Resources, but to recognize Reserves, there must exist the reasonable expectation to develop the project for the best estimate case.

2.1.3.7.5 The economic status may be identified independently of, or applied in combination with, project maturity sub-classification to more completely describe the project. Economic status is not the only qualifier that allows defining Contingent or Prospective Resources sub-classes. Within Contingent Resources, applying the project status to decision gates (and/or incorporating them in a plan to execute) more appropriately defines whether the project is placed into the sub-class of either Development Pending versus On Hold, Not Viable, or Unclarified.

2.1.3.7.6 Where evaluations are incomplete and it is premature to clearly define the associated cash flows, it is acceptable to note that the project economic status is "undetermined."

2.2 Resources Categorization

2.2.0.1 The horizontal axis in the resources classification in Figure 1.1 defines the range of uncertainty in estimates of the quantities of recoverable, or potentially recoverable, petroleum associated with a project or group of projects. These estimates include the uncertainty components as follows:

A. The total petroleum remaining within the accumulation (in-place resources).

B. The technical uncertainty in the portion of the total petroleum that can be recovered by applying a defined development project or projects (i.e., the technology applied).

C. Known variations in the commercial terms that may impact the quantities recovered and sold (e.g., market availability; contractual changes, such as production rate tiers or product quality specifications) are part of project's scope and are included in the horizontal axis, while the chance of satisfying the commercial terms is reflected in the classification (vertical axis).

2.2.0.2 The uncertainty in a project's recoverable quantities is reflected by the 1P, 2P, 3P, Proved (P1), Probable (P2), Possible (P3), 1C, 2C, 3C, C1, C2, and C3; or 1U, 2U, and 3U resources categories. The commercial chance of success is associated with resources classes or sub-classes and not with the resources categories reflecting the range of recoverable quantities.

2.2.0.3 There must be a single set of defined conditions applied for resource categorization. Use of different commercial assumptions for categorizing quantities is referred to as "split conditions" and are not allowed. Frequently, an entity will conduct project evaluation sensitivities to understand potential implications when making project selection decisions. Such sensitivities may be fully aligned to resource categories or may use single parameters, groups of parameters, or variances in the defined conditions.

2.2.0.4 Moreover, a single project is uniquely assigned to a sub-class along with its uncertainty range. For example, a project cannot have quantities classified in both Contingent Resources and Reserves, for instance as 1C, 2P, and 3P. This is referred to as "split classification."

2.2.1 Range of Uncertainty

2.2.1.1 Uncertainty is inherent in a project's resources estimation and is communicated in PRMS by reporting a range of category outcomes. The range of uncertainty of the recoverable and/or potentially

recoverable quantities may be represented by either deterministic scenarios or by a probability distribution (see Section 4.2, Resources Assessment Methods).

2.2.1.2 When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:

A. There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

B. There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

C. There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

2.2.1.3 In some projects, the range of uncertainty may be limited, and the three scenarios may result in resources estimates that are not significantly different. In these situations, a single value estimate may be appropriate to describe the expected result.

2.2.1.4 When using the deterministic scenario method, typically there should also be low, best, and high estimates, where such estimates are based on qualitative assessments of relative uncertainty using consistent interpretation guidelines. Under the deterministic incremental method, quantities for each confidence segment are estimated discretely (see Section 2.2.2, Category Definitions and Guidelines).

2.2.1.5 Project resources are initially estimated using the above uncertainty range forecasts that incorporate the subsurface elements together with technical constraints related to wells and facilities. The technical forecasts then have additional commercial criteria applied (e.g., economics and license cutoffs are the most common) to estimate the entitlement quantities attributed and the resources classification status: Reserves, Contingent Resources, and Prospective Resources.

2.2.1.6 While there may be significant chance that sub-commercial and undiscovered accumulations will not achieve commercial production, it is useful to consider the range of potentially recoverable quantities independent of such likelihood when considering what resources class to assign the project quantities.

2.2.2 Category Definitions and Guidelines

2.2.2.1 Evaluators may assess recoverable quantities and categorize results by uncertainty using the deterministic incremental method, the deterministic scenario (cumulative) method, geostatistical methods, or probabilistic methods (see Section 4.2, Resources Assessment Methods). Also, combinations of these methods may be used.

2.2.2.2 Use of consistent terminology (Figures 1.1 and 2.1) promotes clarity in communication of evaluation results. For Reserves, the general cumulative terms low/best/high forecasts are used to estimate the resulting 1P/2P/3P quantities, respectively. The associated incremental quantities are termed Proved (P1), Probable (P2) and Possible (P3). Reserves are a subset of, and must be viewed within the context of, the complete resources classification system. While the categorization criteria are proposed specifically for Reserves, in most cases, the criteria can be equally applied to Contingent and Prospective Resources. Upon satisfying the commercial maturity criteria for discovery and/or development, the project quantities will then move to the appropriate resources sub-class. Table 3 provides criteria for the Reserves categories determination.

2.2.2.3 For Contingent Resources, the general cumulative terms low/best/high estimates are used to estimate the resulting 1C/2C/3C quantities, respectively. The terms C1, C2, and C3 are defined for incremental quantities of Contingent Resources.

2.2.2.4 For Prospective Resources, the general cumulative terms low/best/high estimates also apply and are used to estimate the resulting 1U/2U/3U quantities. No specific terms are defined for incremental quantities within Prospective Resources.

2.2.2.5 Quantities in different classes and sub-classes cannot be aggregated without considering the varying degrees of technical uncertainty and commercial likelihood involved with the classification(s) and without considering the degree of dependency between them (see Section 4.2.1, Aggregating Resources Classes).

2.2.2.6 Without new technical information, there should be no change in the distribution of technically recoverable resources and the categorization boundaries when conditions are satisfied to reclassify a project from Contingent Resources to Reserves.

2.2.2.7 All evaluations require application of a consistent set of forecast conditions, including assumed future costs and prices, for both classification of projects and categorization of estimated quantities recovered by each project (see Section 3.1, Assessment of Commerciality).

2.2.2.8 Tables 1, 2, and 3 present category definitions and provide guidelines designed to promote consistency in resources assessments. The following summarize the definitions for each Reserves category in terms of both the deterministic incremental method and the deterministic scenario method, and also provides the criteria if probabilistic methods are applied. For all methods (incremental, scenario, or probabilistic), low, best and high estimate technical forecasts are prepared at an effective date (unless justified otherwise), then tested to validate the commercial criteria, and truncated as applicable for determination of Reserves quantities.

A. **Proved Reserves** are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

B. **Probable Reserves** are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to berecovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

C. ***Possible Reserves*** are those additional Reserves that analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves that are located outside of the 2P area (not upside quantities to the 2P scenario) may exist only when the commercial and technical maturity criteria have been met (that incorporate the Possible development scope). Stand- alone Possible Reserves must reference a commercial 2P project (e.g., a lease adjacent to the commercial project that may be owned by a separate entity), otherwise stand alone. Possible is not permitted

2.2.2.9 One, but not the sole, criterion for qualifying discovered resources and to categorize the project's range of its low/best/high or P90/P50/P10 estimates to either 1C/2C/3C or 1P/2P/3P is the distance away from known productive area(s) defined by the geoscience confidence in the subsurface.

2.2.2.10 A conservative (low-case) estimate may be required to support financing. However, for project justification, it is generally the best-estimate Reserves or Resources quantity that passes qualification because it is considered the most realistic assessment of a project's recoverable quantities. The best estimate is generally considered to represent the sum of Proved and Probable estimates (2P) for Reserves, or 2C when Contingent Resources are cited, when aggregating a field, multiple fields, or an entity's resources.

2.2.2.11 It should be noted that under the deterministic incremental method, discrete estimates are made for each category and should not be aggregated without due consideration of associated confidence. Results from the deterministic scenario, deterministic incremental, geostatistical and probabilistic methods applied to the same project should give comparable results (see Section 4.2, Resources Assessment Methods).
If material differences exist between the results of different methods, the evaluator should be prepared to explain these differences.

2.3 Incremental Projects

2.3.0.1 The initial resources assessment is based on application of a defined initial development project, even extending into Prospective Resources. Incremental projects are designed to either increase recovery efficiency, reduce costs, or accelerate production through either maintenance of or changes to wells, completions, or facilities or through infill drilling or by means of improved recovery. Such projects are classified according to the resources classification framework (Figure 1.1), with preference for applying project maturity sub-classes (Figure 2.1). Related incremental quantities are similarly categorized on the range of uncertainty of recovery. The projected recovery change can be included in Reserves if the degree of commitment is such that the project has achieved commercial maturity (See Section 2.1.2,Determination of Commerciality). The quantity of such incremental recovery must be supported by technical evidence to justify the relative confidence in the resources category assigned.

2.3.0.2 An incremental project must have a defined development plan. A development plan may include projects targeting the entire field (or even multiple, linked fields), reservoirs, or single wells. Each incremental project will have its own planned timing for execution and resource quantities attributed to the project. Development plans may also include appraisal projects that will lead to subsequent project decisions based on appraisal outcomes.

2.3.0.3 Circumstances when development will be significantly delayed and where it is considered that Reserves are still justified should be clearly documented. If there is no longer the reasonable expectation of project execution (i.e., historical track record of execution, project progress), forecast project incremental recoveries are to be reclassified as Contingent Resources (see Section 2.1.2, Determination of Commerciality).

2.3.1 Workovers, Treatments, and Changes of Equipment

2.3.1.1 Incremental recovery associated with a future workover, treatment (including hydraulic fracturing stimulation), re-treatment, changes to existing equipment, or other mechanical procedures where such projects have routinely been successful in analogous reservoirs may be classified as Developed Reserves, Undeveloped Reserves, or Contingent Resources, depending on the associated costs required (see Section 2.1.3.2, Reserves Status) and the status of the project's commercial maturity elements.

2.3.1.2 Facilities that are either beyond their operational life, placed out of service, or removed from service cannot be associated with Reserves recognition. When required facilities become unavailable or out of service for longer than a year, it may be necessary to reclassify the Developed Reserves to either Undeveloped Reserves or Contingent Resources. A project that includes facility replacement or restoration of operational usefulness must be identified, commensurate with the resources classification.

2.3.2 Compression

2.3.2.1 Reduction in the backpressure through compression can increase the portion of in-place gas that can be commercially produced and thus included in resources estimates. If the eventual installation of compression meets commercial maturity requirements, the incremental recovery is included in either Undeveloped Reserves or Developed Reserves, depending on the investment on meeting the Developed or Undeveloped classification criteria. However, if the cost to implement compression is not significant, relative to the cost of one new well in the field, or there is reasonable expectation that compression will be implemented by a third party in a common sales line beyond the reference point, the incremental quantities may be classified as Developed Reserves. If compression facilities were not part of the original approved development plan and such costs are significant, it should be treated as a separate project subject to normal project maturity criteria.

2.3.3 Infill Drilling

2.3.3.1 Technical and commercial analyses may support drilling additional producing wells to reduce the well spacing of the initial development plan, subject to government regulations. Infill drilling may have the combined effect of increasing recovery and accelerating production. Only the incremental recovery (i.e. recovery from infill wells less the recovery difference in earlier wells) can be considered as additional Reserves for the project; this incremental recovery may need to be reallocated.

2.3.4 Improved Recovery

2.3.4.1 Improved recovery is the additional petroleum obtained, beyond primary recovery, from naturally occurring reservoirs by supplementing the natural reservoir energy. It includes secondary recovery (e.g., waterflooding and pressure maintenance), tertiary recovery processes (thermal, miscible gas injection, chemical injection, and other types), and any other means of supplementing natural reservoir recovery processes.

2.3.4.2 Improved recovery projects must meet the same Reserves technical and commercial maturity criteria as primary recovery projects.

2.3.4.3 The judgment on commerciality is based on pilot project results within the subject reservoir or by comparison to a reservoir with analogous rock and fluid properties and where a similar established improved recovery project has been successfully applied.

2.3.4.4 Incremental recoveries through improved recovery methods that have yet to be established through routine, commercially successful applications are included as Reserves only after a favorable production response from the subject reservoir from either (a) a representative pilot or (b) an installed portion of the project, where the response provides support for the analysis on which the project is based. The improved recovery project's resources will remain classified as Contingent Resources Development Pending until the pilot has demonstrated both technical and commercial feasibility and the full project passes the Justified for Development "decision gate."

2.4 Unconventional Resources

2.4.0.1 The types of in-place petroleum resources defined as conventional and unconventional may require different evaluation approaches and/or extraction methods. However, the PRMS resources definitions,

together with the classification system, apply to all types of petroleum accumulations regardless of the in-place characteristics, extraction method applied, or degree of processing required.

A. Conventional resources exist in porous and permeable rock with pressure equilibrium. The PIIP is trapped in discrete accumulations related to a local geological structure feature and/or stratigraphic condition. Each conventional accumulation is typically bounded by a down dip contact with an aquifer, as its position is controlled by hydrodynamic interactions between buoyancy of petroleum in water versus capillary force. The petroleum is recovered through wellbores and typically requires minimal processing before sale.

B. Unconventional resources exist in petroleum accumulations that are pervasive throughout a large area and are not significantly affected by hydrodynamic influences (also called "continuous-type deposit"). Usually there is not an obvious structural or stratigraphic trap. Examples include coalbed methane (CBM), basin-centered gas (low permeability), tight gas and tight oil (low permeability), gas hydrates, natural bitumen (very high viscosity oil), and oil shale (kerogen) deposits. Note that shale gas and shale oil are sub-types of tight gas and tight oil where the lithologies are predominantly shales or siltstones. These accumulations lack the porosity and permeability of conventional reservoirs required to flow without stimulation at economic rates. Typically, such accumulations require specialized extraction technology (e.g., dewatering of CBM, hydraulic fracturing stimulation for tight gas and tight oil, steam and/or solvents to mobilize natural bitumen for in-situ recovery, and in some cases, surface mining of oil sands). Moreover, the extracted petroleum may require significant processing before sale (e.g., bitumen upgraders).

2.4.0.2 For unconventional petroleum accumulations, reliance on continuous water contacts and pressure gradient analysis to interpret the extent of recoverable petroleum is not possible. Thus, there is typically a need for increased spatial sampling density to define uncertainty of in-place quantities, variations in reservoir and Hydrocarbon quality, and to support design of specialized mining or in-situ extraction programs. In addition, unconventional resources typically require different evaluation techniques than conventional resources.

2.4.0.3 Extrapolation of reservoir presence or productivity beyond a control point within a resources accumulation must not be assumed unless there is technical evidence to support it. Therefore, extrapolation beyond the immediate vicinity of a control point should be limited unless there is clear engineering and/or geoscience evidence to show otherwise.

2.4.0.4 The extent of the discovery within a pervasive accumulation is based on the evaluator's reasonable confidence based on distances from existing experience, otherwise quantities remain as undiscovered. Where log and core data and nearby producing analogs provide evidence of potential economic viability, a successful well test may not be required to assign Contingent Resources. Pilot projects may be needed to define Reserves, which requires further evaluation of technical and commercial viability.

2.4.0.5 A fundamental characteristic of engagement in a repetitive task is that it may improve performance over time. Attempts to quantify this improvement gave rise to the concept of the manufacturing progress function commonly called the "learning curve." The learning curve is characterized by a decrease in time and/or costs, usually in the early stages of a project when processes are being optimized. At that time, each new improvement may be significant. As the project matures, further improvements in time or cost savings are typically less substantial. In oil and gas developments with high well counts and a continuous program of activity (multi-year), the use of a learning curve within a resources evaluation may be justified to predict improvements in either the time taken to carry out the activity, the cost to do so, or both. While each development project is unique, review of analogs can provide guidance on such predictions and the range of associated uncertainty in the resulting recoverable resources estimates (see also Section 3.1.2 Economic Criteria).

3.0 Evaluation and Reporting Guidelines

3.0.0.1 The following guidelines are provided to promote consistency in project evaluations and reporting. "Reporting" in this document refers to the presentation of evaluation results within the entity conducting the evaluation and should not be construed as replacing requirements for public disclosures established by regulatory and/or other government agencies or any current or future associated accountingstandards.

3.0.0.2 Reserves and resources evaluations are based on a set of defined conditions that are used to classify and categorize a project's expected recoverable quantities. The defined conditions include the factors that impact commerciality, such as decision hurdle rates; commodity prices; operating and capital costs; technical subsurface parameters; marketing, sales route(s); environmental, governmental, legal, and social factors; and timing issues. These factors are forecast for the project over time, and evaluators must clearly identify and document the assumptions used in the evaluation because these assumptions can directly impact the project quantities eligible for classification as Reserves or Resources. A project with Contingent Resources may not yet have all defined conditions addressed, and reasonable assumptions should be made and documented.

3.0.0.3 Hydrocarbon evaluations recognize production and transportation practices that involve methods of extraction other than through the flow of fluids from wells to surface facilities, such as surface mining of bitumen or in-situ conversion processes.

3.1 Assessment of Commerciality

3.1.0.1 Commercial assessments are conducted on a project basis and are based on the entity's view of future conditions.The forecast commercial conditions, technical feasibility, and the entity's decision to commit to the project are several of the key elements that underpin the project's resources classification. Commercial conditions include, but are not limited to, assumptions of an entity's investment hurdle criteria; financial conditions (e.g., costs, prices, fiscal terms, taxes); partners' investment decision(s); organization capabilities; and marketing, legal, environmental, social, and governmental factors. Project value may be assessed in several ways (e.g., cash flow analysis, historical costs, comparative market values, key economic parameters) (see Section 2.1.2, Determination of Commerciality). The guidelines herein apply only to assessments based on cash-flow analysis. Moreover, modifying factors that may additionally influence investment decisions, such as contractual or political risks, should be recognized so the entity may address these factors if they are not included in the project analysis.

3.1.1 Net Cash-Flow Evaluation

3.1.1.1 Project-based resource economic evaluations are based on estimates of future production and the associated net cash-flow schedules for each project as of an effective date. These net cash flows should be discounted using a defined discount rate, and the sum of the future discounted cash flows is termed the net present value (NPV) of the project. The calculation shall be based upon an appropriately defined reference point (see Section 3.2.1, Reference Point) and should reflect the following:

A. The forecast production quantities over identified time periods.

B. The estimated costs and schedule associated with the project to develop, recover, and produce the quantities to the reference point, including abandonment, decommissioning, and restoration (ADR) costs, based on the entity's view of the expected future costs.

C. The estimated revenues from the quantities of production based on the evaluator's view of the prices expected to apply to the respective commodities in future periods, taking into account any sales contracts or price hedges specific to a property, including that portion of the costs and revenues accruing to the entity.

D. Future projected production- and revenue-related taxes and royalties expected to be paid by the entity.

E. A project life that is limited to the period of economic interest or a reasonably certain estimate of the life expectancy of the project, which is typically truncated by the earliest occurrence of either technical, license, or economic limit.

F. The application of an appropriate discount rate applicable to the entity at the time of the evaluation.

3.1.2 Economic Criteria

3.1.2.1 Economic determination of a project is tested assuming a zero percent discount rate (i.e., undiscounted). A project with a positive undiscounted cumulative net cash flow is considered economic. Production from the project is economic when the revenue attributable to the entity interest from production exceeds the cost of operation. A project's production is economically producible when the net revenue from an ongoing producing project exceeds the net expenses attributable to a certain entity's interest. The ADR costs are excluded from the economically producibility determination. A project is commercial when it is economic and it meets the criteria discussed in Section 2.1.2.

3.1.2.2 Economic viability is tested by applying a forecast case that evaluates cash-flow estimates based on an entity's forecasted economic scenario conditions (including costs and product price schedules, inflation indexes, and market factors). The forecast made by the evaluator should reflect and document assumptions the entity assesses as reasonable to exist throughout the life of the project. Inflation, deflation, or market adjustments may be made to forecast costs and revenues.

3.1.2.3 Forecasts based solely on current economic conditions are estimated using an average of those conditions (including historical prices and costs) during a specified period. The default period for averaging prices and costs is one year. However, if a step change has occurred within the previous 12-month period, the use of a shorter period reflecting the step change must be justified. In developments with high well counts and a continuous program of activity, the use of a learning curve within a resources evaluation may be justified to predict improvements in either time taken to carry out the activity, the cost to do so, or both, if confirmed by operational evidence and documented by the evaluator. The confidence in the ability to deliver such savings must be considered in developing the range of uncertainty in production and NPV estimates.

3.1.2.4 All costs, including future ADR liabilities, are included in the project economic analysis unless specifically excluded by contractual terms. ADR is not included in determining the economic producibility or for determining the point the project reaches the economic limit (see Section 3.1.3, Economic Limit). ADR costs may also be reported for other purposes, such as for a property sale/acquisition evaluation, future field planning, accounting report of future obligations, or as appropriate to the circumstances for which the resource evaluation is conducted. The entity is responsible for providing the evaluator with documentation to ensure that funds are available to cover forecast costs and ADR liabilities in line with the contractual obligations.

3.1.2.5 Figure 3.1 illustrates a net cash-flow profile for a simple project. The project's cumulative net cash flow exceeds the ADR liability, thereby satisfying the economic viability required to consider a project's quantities as Reserves. The project's economic production (i.e., economic producibility) is truncated at the economic limit when the maximum cumulative net cash flow is achieved, before consideration of ADR.

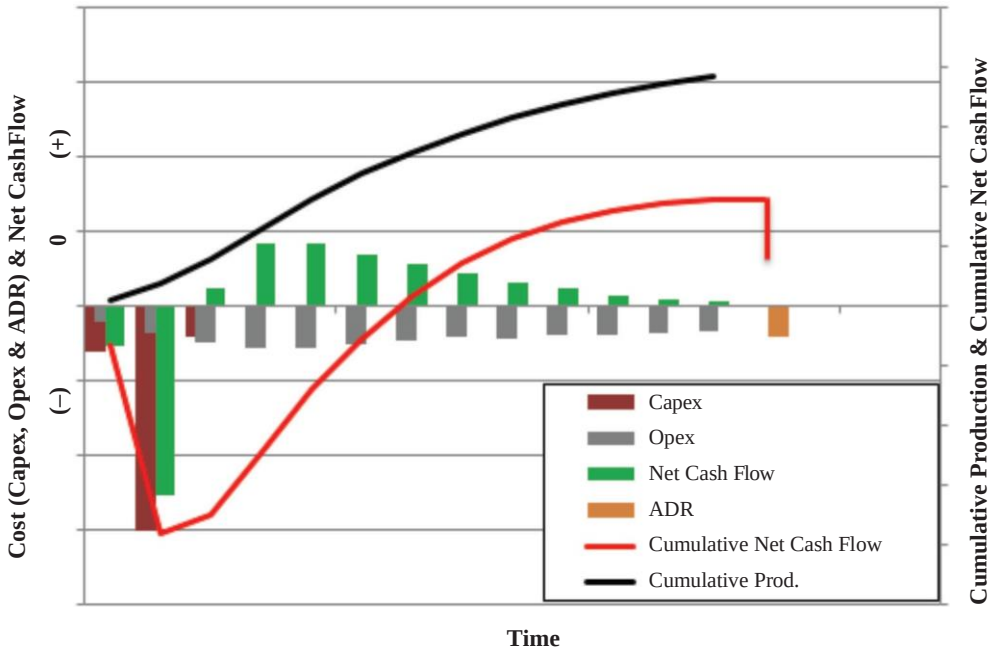

Figure 3.1—Undeveloped project economic forecast

3.1.2.6 Alternative economic scenarios may also be considered in the decision process and, in some cases, may supplement reporting requirements. Evaluators may examine a constant case in which current economic conditions are held constant without inflation or deflation throughout the project life.

3.1.2.7 Evaluations may also be modified to accommodate criteria regarding external disclosures imposed by regulatory agencies. For example, these criteria may include a specific requirement that, if the recovery were confined to the Proved Reserves estimate, the constant case should still generate a positive cash flow. External reporting requirements may also specify alternative guidance on the definition of current conditions or defined criteria with which to evaluate Reserves.

3.1.2.8 There may be circumstances in which the project meets criteria to be classified as Reserves using the best estimate (2P) forecast but the low case is not economic and fails to qualify for Proved Reserves. In this circumstance, the entity may record 2P and *3P* estimates and no Proved Reserves. As costs are incurred in future years (i.e. become sunk costs) and development proceeds, the low estimate may eventually become economic and be reported as Proved Reserves. Some entities, according to internal policy or to satisfy regulatory reporting requirements, will defer reclassifying projects from Contingent Resources to Reserves until the low estimate case is economic.

3.1.3 Economic Limit

3.1.3.1 The economic limit is defined as the production rate at the time when the maximum cumulative net cash flow occurs for a project. The entity's entitlement production share, and thus net entitlement resources, includes those produced quantities up to the earliest truncation occurrence of either technical, license, or economic limit.

3.1.3.2 In this evaluation, operating costs should include only those costs that are incremental to the project for which the economic limit is being calculated (i.e., only those cash costs that will actually be eliminated if project production ceases
Operating costs should include fixed property-specific overhead charges if these are actual incremental costs attributable to the project and any production and property taxes, but for purposes of calculating the economic limit, should exclude depreciation, ADR costs, and income

tax as well as any overhead that is not required to operate the subject property. Operating costs may be reduced, and thus project life extended, by various cost-reduction and revenue-enhancement approaches, such as sharing of production facilities, pooling maintenance contracts, or marketing of associated non- Hydrocarbons (see Section 3.2.4, Associated Non-Hydrocarbon Components).

3.1.3.3 For a given project, no future development costs can exist beyond the economic limit date. ADR costs are not included in the economic limit calculations, even though they may be reported for other purposes.

3.1.3.4 Interim negative project net cash flows may be accommodated in periods of development capital spending, low product prices, or major operational problems provided that the longer-term cumulative net- cash-flow forecast determined from the effective date becomes positive. These periods of negative cash flow will qualify as Reserves if the following positive periods more than offset the negative.

3.1.3.5 In some situations, entities may choose to initiate production below or continue production past the economic limit. Production must be economic to be considered as Reserves, and the intent to or act of producing sub-economic resources does not confer Reserves status to those quantities. In these instances, the production represents a movement from Contingent Resources to Production. However, once produced such quantities can be shown in the reconciliation process for production and revenue accounting as a positive technical revision to Reserves. No future sub-economic production can be Reserves.

3.2 Production Measurement

3.2.0.1 In general, all petroleum production from the well or mine is measured to allow for the evaluation of the extracted quantities' recovery efficiency in relation to the PIIP. The marketable product, as measured according to delivery specifications at a defined reference point, provides the basis for sales production quantities. Other quantities that are not sales may not be as rigorously measured at the reference point(s) but are as important to take into account.

3.2.0.2 The operational issues in this section should be considered in defining and measuring production. While referenced specifically to Reserves, the same logic would be applied to projects forecast to develop Contingent and Prospective Resources conditional on discovery and development.

3.2.1 Reference Point

3.2.1.1 Reference point is a defined location within a petroleum extraction and processing operation where the produced quantities are measured or assessed. A reference point is typically the point of sale to third parties or where custody is transferred to the entity's midstream or downstream operations.
Sales production and estimated Reserves are normally measured and reported in terms of quantities crossing this point over the period of interest.

3.2.1.2 The reference point may be defined by relevant accounting regulations to ensure that the reference point is the same for both the measurement of reported sales quantities and for the accounting treatment of sales revenues.
This ensures that sales quantities are stated according to the delivery specifications at a defined price. In integrated projects, the appropriate price at the reference point may need to be determined using a netback calculation.

3.2.1.3 Sales quantities are equal to raw production less non-sales quantities (those quantities produced at the wellhead but not available for sales at the reference point). Non-sales quantities include petroleum consumed as lease fuel, flared, or lost in processing, plus non-Hydrocarbons that must be removed before sale (including water). Each of these may be allocated using separate reference points but, when combined with sales, should sum to raw production. Sales quantities may need to be adjusted to exclude components added in processing but not derived from raw production. Raw production measurements are necessary

and form the basis of many engineering calculations (e.g., material balance and production performance analysis) based on total reservoir voidage. Substances added to the production stream for various reasons, such as diluents added to enhance flow properties, are not to be counted as Production, sales quantities, Reserves, or Resources.

3.2.2 Consumed in Operations (CiO)

3.2.2.1 CiO (also termed lease fuel) is that portion of produced petroleum consumed as fuel in production or plant operations before the reference point.

3.2.2.2 Although Reserves are recommended to be sales quantities (see Section 1.1), the CiO quantities may be included as Reserves or Resources; when included these quantities must be stated and recorded separately from the sales portion. Entitlement rights for the fuel usage must be in place to recognize CiO as Reserves. Flared gas and oil and other petroleum losses must not be included in either product sales or Reserves but once produced are included in produced quantities to account for total reservoir voidage.

3.2.2.3 The CiO quantities must not be included in the project economics because there is neither a cost incurred for purchase nor a revenue stream to recognize a sales quantity. The CiO fuel replaces the requirement to purchase fuel from external parties and results in lower operating costs. All actual costs for facilities-related equipment, the costs of the operations , and any purchased fuel must be included as an operating expense in the project economics.

3.2.3 Wet or Dry Natural Gas

The Reserves for wet or dry natural gas should be considered in the context of the specifications of the gas at the agreed reference point. Thus, for gas that is sold as wet gas, the quantity of the wet gas would be reported, and there would be no reporting of any associated Hydrocarbon liquids extracted downstream of the reference point. It would be expected that the corresponding enhanced value of the wet gas would be reflected in the sales price achieved for such gas.

3.2.3.1 When liquids are extracted from the gas before sale and the gas is sold in dry condition, then the *dry gas* quantity and the extracted liquid quantities, whether condensate and/or natural gas liquids (NGLs), must be accounted for separately in resources assessments at the agreed reference point(s).

3.2.4 Associated Non-Hydrocarbon Components

3.2.4.1 In the event that non-Hydrocarbon components are associated with production, the reported quantities should reflect the agreed specifications of the petroleum product at the reference point. Correspondingly, the accounts will reflect the value of the petroleum product at the reference point. If it is required to remove all or a portion of non-Hydrocarbons before delivery, the Reserves and Production should reflect only the marketable product recognized at the reference point.

3.2.4.2 Even if an associated non-Hydrocarbon component, such as helium or sulfur, removed before the reference point is subsequently separately marketed, these quantities are included in the voidage extraction quantities (e.g., raw production) from the reservoir but are not included in Reserves. The revenue generated by the sale of non-Hydrocarbon products may be included in the project's economic evaluation.

3.2.5 Natural Gas Re-Injection

3.2.5.1 Natural gas production can be re-injected into a reservoir for a number of reasons and under a variety of conditions. Gas can be re-injected into the same reservoir or into other reservoirs located on the same property for recycling, pressure maintenance, miscible injection, or other enhanced oilrecovery processes. In cases where the gas has no transfer of ownership and with a development plan that is

technically and commercially mature, the gas quantity estimated to be eventually recoverable can be included as Reserves.

3.2.5.2 If injected gas quantities are included as Reserves, these quantities must meet the criteria in the definitions, including the existence of a viable development, transportation, and sales marketing plan. Gas quantities should be reduced for losses associated with the re-injection and subsequent recovery process. Gas quantities injected into a reservoir for gas disposal with no committed plan for recovery are not classified as Reserves. Gas quantities purchased for injection and later recovered are not classified as Reserves.

3.2.6 Underground Natural Gas Storage

3.2.6.1 Natural gas injected into a gas storage reservoir, which will be recovered later (e.g., to meet peak market demand periods) should not be included as Reserves.

3.2.6.2 The gas placed in the storage reservoir may be purchased or may originate from prior native production. It is important to distinguish injected gas from any remaining native recoverable quantities in the reservoir. On commencing gas production, allocation between native gas and injected gas may be subject to local regulatory and accounting rulings. Native gas production would be drawn against the original field Reserves. The uncertainty with respect to original field quantities remains with the native reservoir gas and not the injected gas.

3.2.6.3 There may be occasions in which gas is transferred from one lease or field to another without a sale or custody transfer occurring. In such cases, the re-injected gas could be included with the native reservoir gas as Reserves.

3.2.6.4 The same principles regarding separation of native resources from injected quantities would apply to underground liquid storage.

3.2.7 Mineable Oil Sand

3.2.7.1 Mineable oil sands that meet the criteria listed in Section 2.1.2 can be considered as a potentially economic material and therefore Reserves. Mining operations may result in mined materials being stockpiled rather than processed. Stockpiled mined oil sands should be included in Reserves only whenthe project to recover and blend the stockpile has achieved technical and commercial maturity. The project's quantities are not included in Production until measured at the reference point.

3.2.8 Production Balancing

3.2.8.1 Reserves estimates must be adjusted for production withdrawals. This may be a complex accounting process when the allocation of Production among project participants is not aligned with their entitlement to Reserves. Production overlift or underlift can occur in oil production records because participants may need to lift their production in parcel sizes or cargo quantities to suit available shipping schedules agreed upon by the parties. Similarly, an imbalance in gas deliveries can result from the participants having different operating or marketing arrangements that prevent gas quantities sold from being equal to the entitlement share within a given time period.

3.2.8.2 Based on production matching the internal accounts, annual production should generally be equal to the liftings actually made by the entity and not on the production entitlement for the year. However, actual production and entitlements must be reconciled in Reserves assessments. Resulting imbalances must be monitored over time and eventually resolved before project abandonment.

3.2.9 Equivalent Hydrocarbon Conversion

3.2.9.1 The industry sometimes simplifies communication of Reserves, Resources, and Production quantities with the term "barrel of oil equivalent" (BOE). The term allows for consolidation of multiple product types into a single equivalent product. In instances where natural gas is the predominate product, liquids may be converted to gas equivalence (i.e. one thousand cubic feet (MCF) volume = 1 McfGE (MCF gas equivalent)).

3.2.9.2 Oil, condensate, bitumen and synthetic crude oil can be summed together without conversion (i.e., 1 bbl volume = 1 BOE). NGLs may need to be converted, depending on the actual composition. Naturalgas must be converted to report on a BOE basis.

3.2.9.3 The presentation of Reserve or Resources quantities should be made in the appropriate units for each individual product type reported (e.g. barrels, cubic meters, metric tonnes, joules, etc.). If BOE's or McfGE's are presented, they must be provided as supplementary information to the actual liquid or gas quantities with the conversion factor(s) clearly stated.

3.3 Resources Entitlement and Recognition

3.3.0.1 While assessments are conducted to establish estimates of the total PIIP and that portion recovered by defined projects, the allocation of sales quantities, costs, and revenues impacts the project economics and commerciality. This allocation is governed by the applicable contracts between the mineral lease owners (lessors) and contractors (lessees) and is generally referred to as entitlement.

3.3.0.2 Evaluators must ensure that, to their knowledge, the recoverable resource entitlements from all participating entities sum to the total recoverable resources.

3.3.0.3 The ability for an entity to recognize Reserves and Resources is subject to satisfying certain key elements. These include (a) having an economic interest through the mineral lease or concession agreement (i.e., right to proceeds from sales); (b) exposure to market and technical risk; and (c) the opportunity for reward through participation in exploration, appraisal, and development activities. Given the complexities of some agreements, there may be additional elements that must be considered in determining entitlement and the recognition of Reserves and Resources.

3.3.0.4 For publicly traded companies, securities regulators may set criteria regarding the classes and categories that can be "recognized" in external disclosures. For national interests, the reporting of 100% quantities without concession agreement constraints is typically specified.

3.3.1 Royalty

3.3.1.1 Royalty refers to a type of entitlement interest in a resources project that is free and clear of the costs and expenses of development and production to the royalty interest owner as opposed to a working interest where an entity has cost exposure. A royalty is commonly retained by a resources owner (lessor/ host) when granting rights to a producer (lessee/contractor) to develop and produce the resources. Depending on the specific terms defining the royalty, the payment obligation may be expressed in monetary terms as a portion of the proceeds of production in-cash or as a right to take a portion of production in-kind. The royalty terms may also provide the option to switch between forms of payment at the discretion of the royalty owner. In either case, royalty quantities must be deducted from the lessee's entitlement to resources so that only net revenue interest quantities are recognized.

3.3.1.2 In some agreements, production taxes imposed by the host government may be referred to as royalties. These payment obligations are expressed in monetary terms and are typically linked to production rates, quantities produced, cost recovery, the value of production (price sensitive), or the profits derived from it. These payments are not associated with an interest retained by the lessor/host. Thus, such payment obligations are effectively a production tax instead of a royalty. In such cases, the production and

underlying resources are controlled by the lessee/contractor who may (subject to contractual terms and/or regulatory guidance) elect to report these obligations as a tax without a corresponding reduction in lessor/ contractor's entitlement.

3.3.1.3 Conversely, if an entity owns a royalty or equivalent interest of any type in a project, the related quantities can be included in resources entitlements and should not be included in entitlements of others.

3.3.2 Production-Sharing Contract Reserves

3.3.2.1 Production-sharing contracts (PSCs) of various types are used in many countries instead of conventional tax-royalty systems. Under the PSC terms, producers have an entitlement to a portion of the production. This net entitlement, often referred to as entitlement, occurs when a net economic interest is held by an entity and is estimated using a formula based on the contract terms incorporating costs
and profits. The terms of the PSC provide the remuneration to the host government/lessor that would be accomplished by the royalty in other agreements.

3.3.2.2 Ownership of the production is retained by the host government; however, the contractor may receive title to the prescribed share of the quantities when produced or at point of sale and may claim that share as their Reserves.

3.3.2.3 Risk service contracts (RSCs) are similar to PSCs, but the producers may be paid in cash rather than in production. As with PSCs, the Reserves claimed are based on the entity's economic interest as risk is borne by the contractor. Care needs to be taken to distinguish between an RSC and a pure service contract. Reserves can be claimed in an RSC, whereas no Reserves can be claimed for pure service contracts because there is insufficient exposure to petroleum exploration, development, and market risks and the producers act as contractors.

3.3.2.4 Unlike conventional tax-royalty agreements, the cost recovery system in production-sharing, risk- service, and other related contracts typically reduce the production share and hence Reserves entitlement to a contractor in periods of high price and increase quantities in periods of low price. While this ensures cost recovery, it also introduces significant price-related volatility in annual Reserves estimates under cases using a constant case. The terms governing cost recovery in a particular PSC may require special treatment of items such as taxes, overhead, and ADR to determine entitlement.

3.3.2.5 The treatment of taxes and the accounting procedures used can also have a significant impact on the Reserves recognized and production reported from these contracts.

3.3.3 Contract Extensions or Renewals

3.3.3.1 As production-sharing or other types of agreements approach the specified end date, extensions may be obtained through contract negotiation, by the exercise of options to extend, or by other means.

Reserves cannot be claimed for those quantities that will be produced beyond the expiration date of the current agreement unless there is reasonable expectation that an extension, a renewal, or a new contract will be granted. Such reasonable expectation may be based on the status of renewal negotiations and historical treatment of similar agreements by the license-issuing jurisdiction. Otherwise, forecast production beyond the contract term must be classified as Contingent Resources with an associated reduced chance of commercialization. Moreover, it may not be reasonable to assume that the fiscal terms in
a negotiated extension will be similar to existing terms.

3.3.3.2 Similar logic should be applied where gas sales agreements are required to ensure adequate markets. Reserves should not be claimed for quantities that will be produced beyond those specified in the current agreement or that do not have a reasonable expectation to be included in either contract renewals or future agreements.

4.0 Estimating Recoverable Quantities

4.0.0.1 Assuming that projects have been classified according to project maturity, estimation of associated recoverable quantities under a defined project and assignment to uncertainty categories may be based on one or a combination of analytical procedures. Such procedures may be applied using an incremental and/or scenario approach; moreover, the method of assessing relative uncertainty in these estimates of recoverable quantities may employ both deterministic and probabilistic methods.

4.1 Analytical Procedures

4.1.0.1 The analytical procedures for estimating recoverable quantities fall into three broad categories: (a) analogy, (b) volumetric estimates, and (c) performance-based estimates (e.g., material balance, history- matched simulation, decline-curve analysis, and rate-transient analysis. Reservoir simulation may be used in either volumetric or performance-based analyses. Pre- and early post-discovery assessments typically are made with analog field/project data and volumetric estimation. After production commences and production rates and pressure information become available, performance-based methods can be applied. Generally, the range of EUR estimates is expected to decrease as more information (pressure, performance, and PIIP) becomes available, but this is not always the case.

In each procedure evaluated under either the deterministic scenario, deterministic incremental, geostatistical, or probabilistic methods, the results are not a single quantity of remaining recoverable petroleum, but rather a range that reflects the underlying uncertainties in both the in-place quantities and the recovery efficiency of the applied development project. By applying consistent guidelines (see Section 2.2, Resources Categorization), evaluators can define remaining recoverable quantities using the approaches listed above. The confidence in assessment results generally increases when the estimates are supported by more than one analytical procedure.

4.1.1 Analogs

4.1.1.1 Analogs are widely used in resources estimation, particularly in the exploration and early development stages when direct measurement information is limited. The methodology is based on the assumption that the analogous reservoir is comparable to the subject reservoir in regard to reservoir description, fluid properties, and most likely recovery mechanism(s) applied to the project that control the ultimate recovery of petroleum. By selecting appropriate analogs, where performance data of comparable development plans are available, a similar production profile may be forecast. Analogs are frequently applied for aiding in the assessment of economic producibility, production decline characteristics, drainage area, and recovery factor (for primary, secondary, and tertiary methods).

4.1.1.2 Analogous reservoirs, as used in resources assessments, are defined by similarities of features and characteristics that include but are not limited to the following:

A. Reservoir deposition and structure (e.g., lithology, depositional environment, diagenetic history, natural fractures, chemical/mineral composition, geometry, mechanical history, and structural deformation).

B. Petrophysical properties (e.g., net pay and gross thickness, porosity, saturation, permeability, heterogeneity, and net-to-gross ratio).

C. Reservoir conditions (e.g., depth, temperature and pressure, and size of the petroleum accumulation and aquifer).

D. Fluid properties (e.g., original fluid type, composition, density, and viscosity).

E. Drive mechanisms.

F. Development plan (e.g., well spacing, well type and number, completion methods, artificial lift, development and operating costs, facility type and constraints, and processing).

4.1.1.3 The above list is not exhaustive and the comparative analog characteristics must be relevant tothe key characteristics of the project.

4.1.1.4 It is not necessary for all parameters to match to consider a reservoir as an analog. The evaluator should consider the specifics of each application and its suitability in providing insight to assist in the estimation of recoverable resources.

4.1.1.5 Comparison to several analogs, rather than a single analog, often improves the understanding of the range of uncertainty in the estimated recoverable quantities from the subject reservoir. While reservoirs in the same geographic area and of the same geological age typically provide better analogs, such proximity alone may not be the primary consideration. In all cases, evaluators should document the similarities and differences between the analog and the subject reservoir/project. Review of analog reservoir performance is useful in quality assurance of resources assessments at all stages of development.

4.1.2 Volumetric Analysis

4.1.2.1 This procedure uses reservoir rock and fluid properties to calculate PIIP and then estimate that portion that will be recovered by a specific development project. The volumetric estimate may be based on either probabilistic or deterministic approaches. A probabilistic approach is typically applied in the early development stages when data are most limited. As the project matures through development, the evaluation methodology often shifts towards deterministic estimates.

4.1.2.2 The key uncertainties affecting in-place quantities include but are not limited to the following:

A. Reservoir geometry, heterogeneity, compartmentalization, and trap limits that impact gross rock volume.

B. Geological characteristics that define pore volume and petroleum saturation distribution.

C. Position and nature of contacts or limits e.g., lowest known Hydrocarbons (LKH), oil/water contact, gas/water contact (GWC), gas/oil contact, and tilted contact gradient.

D. Combinations of reservoir quality, fluid types, and contacts that control saturation distributions (vertically and horizontally).

4.1.2.3 The gross rock volume of interest is that for the total reservoir. While spatial distribution and reservoir quality impact recovery efficiency, the calculation of in-place petroleum often uses average net- to-gross ratio, porosity, and fluid saturations. In more complex reservoirs, increased well density may be required to confidently evaluate, assess, and categorize resources.

4.1.2.4 Given estimates of the in-place petroleum, the portion that can be recovered by a defined set of wells and operating conditions must then be estimated based on analog field performance and/or modeling/ simulation studies using available reservoir information. Key assumptions must be made regardingreservoir drive mechanisms.

4.1.2.5 The estimates of recoverable quantities must reflect the combined uncertainties in the petroleum in- place and the recovery efficiency of the development project(s) applied to the reservoir.

4.1.3 Material Balance Analysis

4.1.3.1 Material balance methods used to estimate recoverable quantities involve the analysis of pressure behavior as reservoir fluids are withdrawn. In ideal situations, such as depletion-drive gas reservoirs in homogeneous, high-permeability reservoir rocks and where sufficient and high-quality pressure data are available, estimation based on material balance may provide very reliable estimates of ultimate recovery at various abandonment pressures. In complex situations, such as those involving water influx, compartmentalization, multiphase behavior, and multilayered or low-permeability reservoirs, shales or CBM, material balance estimates alone may provide erroneous results. Evaluators should take care to accommodate the complexity of the reservoir and its pressure response to depletion in developing uncertainty profiles for the applied recovery project.

4.1.3.2 Reservoir modeling or reservoir simulation can be considered a more rigorous form of material balance analysis. While such modeling can be a reliable predictor of reservoir behavior under a defined development program, the reliability of input rock properties, reservoir geometry, relative permeability functions, fluid properties, and constraints (e.g., wells, facilities, and export) are critical. Predictive models are most reliable in estimating recoverable quantities when there is sufficient production history to validate the model through history matching.

4.1.4 Production Performance Analysis

4.1.4.1 Analysis of the change in production rate and production fluid ratios versus time and versus cumulative production as reservoir fluids are withdrawn provides useful information to predict ultimate recoverable quantities. In some cases, before production decline rates become apparent, trends in performance indicators such as gas/oil ratio, water/oil ratio, condensate/gas ratio, and bottomhole or flowing pressures can be extrapolated to economic limit conditions to estimate Reserves.

4.1.4.2 Reliable results require a sufficient period of stable operating conditions after wells in a reservoir have established drainage areas. In estimating recoverable quantities, evaluators must consider additional factors affecting production performance behavior, such as variable reservoir and fluid properties, transient versus stabilized flow, changes in operating conditions, interference effects, and depletion mechanisms. In early stages of depletion, there may be significant uncertainty in both the ultimate performance profile and the other factors (e.g., operational, regulatory, contractual) factors that impact abandonment rate. Such uncertainties should be reflected in the reserves categorization.

4.1.4.3 For mature reservoirs, the future production forecast may be sufficiently well defined that the remaining uncertainty in the technical profile is not significant; in such cases, the best estimate 2P scenario may be justifiable to also use for the 1P and 3P production forecasts. Other uncertainties (e.g., operational, regulatory, contractual) that will impact the abandonment rate may still exist, however, and these should be accommodated in the reserves categorization uncertainty range.

4.1.4.4 In very low-permeability reservoirs (e.g., unconventional reservoirs), care should be taken in the production performance analyses because the lengthy period of transient flow and complex production physics can make analyses very difficult.

4.2 Resources Assessment Methods

4.2.0.1 Regardless of the analytical procedures used, the goal is to communicate the range of uncertainty in the recoverable resources. An underlying principle is that the reliability of the estimates depends on the quantity and quality of the source data.

4.2.0.2 In all methods, as confidence away from a known productive area decreases, the uncertainty in the ability to estimate recoverable quantities increases. In assessing the range of uncertainty in recovery from a project, the evaluator should consider the uncertainty in all components of a project, including that forecast

from existing and future wells. Additionally, an increasing diversity in data sources, such as well logs, cores, seismic, or production history, will provide an increased confidence in the resources estimates.

4.2.0.3 Assessment methods may be broadly characterized as deterministic, geostatistical, and probabilistic and may be applied in combination for integrated uncertainty analysis.

4.2.1 Deterministic Method

4.2.1.1 In the deterministic method, quantities are estimated by taking a discrete value or array of values for each input parameter to produce a discrete result. For the low-, best- and high-case estimates, the internally consistent deterministic inputs are selected to reflect the resultant confidence of the project scenario and the constraints applied for the resources category and resources class. A single outcome of recoverable quantities is derived for each deterministic increment or scenario. Two approaches are included in the deterministic method—the scenario (or cumulative) method and the incremental method—and should yield similar results.

4.2.1.2 In the deterministic scenario method, the evaluator provides three estimates of the quantities to be recovered from the project being applied to the accumulation. Estimates consider the full range of values for each input parameter based on available engineering and geoscience data, but one set is selected that is most appropriate for the corresponding resources confidence category. A single outcome of recoverable quantities is derived for each category. Thus, low, best and high estimates for the total project reflect uncertainty and consider confidence constraints of the categories. The low case should take into account specific choices for some variables (e.g., contact assumptions).

4.2.1.3 The deterministic incremental method is based on defining discrete parts or segments of the accumulation that reflect high, best, and low confidence regarding the estimates of recoverable quantities under the defined development plan. Typically, this approach is applied to different segments of the accumulation based on considerations of well spacing and/or geological knowledge (i.e., the different degrees of confidence are governed by distance from known data). The individual segment estimates reflect realistic combinations of parameters, and care is required to ensure that a reasonable range is used for the uncertainty in reservoir property averages (e.g., average porosity) and that interdependencies are accounted for (e.g., a high gross rock volume estimate may have a low average porosity).

4.2.1.4 While deterministic estimates may have broadly inferred confidence levels, these estimates do not have associated quantitatively defined probabilities. Nevertheless, the ranges of the probability guidelines established for the probabilistic method (see Section 2.2.1, Range of Uncertainty) influence the amount of uncertainty generally inferred in the estimate derived from the deterministic method.

4.2.2 Geostatistical Method

4.2.2.1 Geostatistical methods are a variety of mathematical techniques and processes dealing with the collection, methods, analysis, interpretation, and presentation of large quantities of geoscience and engineering data to (mathematically) describe the variability and uncertainties within any reservoir unit or *pool*. Geostatistical methods can be used to preserve spatial distribution information in the static reservoir model and to incorporate it in subsequent reservoir simulation applications. Such processes may yield improved estimates of the range of recoverable quantities. For example, incorporating seismic analyses typically improves the understanding of reservoir models and can contribute to more reliable resources estimates.

4.2.2.2 Where large amounts of well production data and associated EUR estimates are available, statistical methods can be applied to yield distributions that underpin Reserves categorization. When this is done, the comparability of the wells and reservoirs in the historically developed area with the target area should be considered before accepting such data as appropriate.

4.2.3 Probabilistic Method

4.2.3.1 In the probabilistic method, the evaluator defines a distribution representing the full range of possible values for each input parameter. This includes dependencies between parameters that must also be defined and applied. These distributions are randomly sampled (e.g., using stochastic geological modelling or Monte Carlo simulation) to compute a full distribution of potential in-place or recoverable quantities. Because the outcome of the resources estimates is directly linked to the input parameter distributions (both type of distribution and range), it is critically important that the evidence for each of the input distributions is properly justified and fully documented.

4.2.3.2 This approach is most often applied to volumetric resources calculations in the early phases of exploration, appraisal and development projects. The resources categorization includes confidence criteria that provide limits to parameters associated with each category. Moreover, the resources analysis must consider commercial uncertainties. Accordingly, when probabilistic methods are used, constraints on parameters may be required to ensure that results are not outside the range imposed by the deterministic guidelines and commercial uncertainties. Likewise, tests on alternative parameter distributions should be performed to fully consider the uncertainties.

4.2.3.3 When using the probabilistic approach, the resultant P90, P50, and P10 scenarios should reconcile with the deterministically derived quantities for the low-, best-, and high-estimate cases, respectively. Among the key comparative inputs to the probabilistic results are the contacts, specifically for the LKH, and the areal extent.

4.2.4 Integrated Methods

4.2.4.1 Resources assessments typically employ different methods as appropriate at each stage of exploration, appraisal, and development and often integrate several methods to better define the uncertainty.

An example of integration is the multi-scenario method, which is an extension of the deterministic scenario method. In this case, a significant number of discrete deterministic scenarios of the defined project (in the Reserves class) are developed by the user, with each scenario leading to a single deterministic outcome. Probabilities may be assigned to each discrete input assumption from which the probability of the scenario can be obtained; alternatively, each outcome may be assumed to be equally likely. Given sufficient scenarios (which may be supported through the use of experimental design techniques), it is possible to develop a full pseudo-probability distribution from which the three specific deterministic scenarios that lie close to P90, P50, and P10 probability levels may be selected for evaluation to confirm confidence levels of each of the categories. The low case must take into account specific choices for some variables (e.g., fluid contact assumptions). When the multi-scenario method is used in Contingent Resources, it allows for alternative scope of the project (e.g., range of well counts, development schemes).

4.2.4.2 Deterministic, geostatistical, and probabilistic methods may be used in combination to ensure that results of the methods are reasonable.

4.2.5 Aggregation Methods

4.2.5.1 Oil and gas quantities are generally estimated and categorized according to certainty of recovery within individual reservoirs or portions of reservoirs; this is referred to as a “reservoir level” assessment. These estimates are summed to arrive at estimates for fields, properties, and projects. Further summation is applied to yield totals for geographic areas, countries, and companies; these are generally referred to as “resources reporting levels.” The uncertainty distribution of the individual estimates at each of these levels may differ widely, depending on the geological settings and the maturity of the resources. This cumulative summation process is generally referred to as aggregation.

4.2.5.2 Two general methods of aggregation may be applied: arithmetic summation of estimates by category and statistical aggregation of probability distributions. There are typically significant differences in results from these alternative methods. In statistical aggregation, except in the rare situation when all the reservoirs being aggregated are totally dependent, the P90 (high degree of certainty) quantities from the aggregate are always greater than the arithmetic sum of the reservoir level P90 quantities, and the P10 (low degree of certainty) of the aggregate is always less than the arithmetic sum of P10 quantities assessed at the reservoir level. This "portfolio effect" is the result of the central limit theorem in statistical analysis. Note that the mean (arithmetic average) of the sums is equal to the sum of the means; that is, there is no portfolio effect in aggregating mean values.

4.2.5.3 In practice, there may be a large degree of dependence between reservoirs in the same field, and such dependencies must be incorporated in the probabilistic calculation. When dependency is present and not accounted for, aggregation will overestimate the low estimate and underestimate the high estimate.

4.2.5.4 The aggregation method used depends on the purpose. It is recommended that for reporting purposes, assessment results should not incorporate statistical aggregation beyond the field, property, or project level. Results reported beyond this level should use arithmetic summation by category but should caution that the aggregate Proved may be a very conservative estimate and aggregate 3P may be very optimistic, depending on the number of items in the aggregate. Aggregates of 2P results typically have less portfolio effect, which may not be significant in mature properties where the median approaches the mean of the resulting distribution.

4.2.5.5 Various techniques are available to aggregate deterministic and/or probabilistic field, property, or project assessment results for the purposes of detailed business unit or corporate portfolio analyses where the results incorporate the benefits of portfolio size and diversification. Again, aggregation should incorporate the degree of dependency. Where the underlying analyses are available, comparison of
arithmetic and statistical aggregation results may be valuable in assessing the impact of the portfolio effect. Whether deterministic, geostatistical, or probabilistic methods are used, care should be taken to avoid systematic bias in the estimation process.

4.2.5.6 It is recognized that the monetary value associated with petroleum recovery is dependent on the production and cash flow schedules for each Project; thus, aggregate distributions of recoverable quantities may not be a direct indication of corresponding uncertainty distributions of aggregate value.

4.2.6 Aggregating Resources Classes

Petroleum quantities classified as Reserves, Contingent Resources, or Prospective Resources should not be aggregated with each other without a clear understanding and explanation of the technical and commercial risk involved with their classification. In particular, there may be a chance that accumulations containing Contingent Resources and/or Prospective Resources will not achieve commercial maturity.

4.2.6.1 Where the associated discovery and commerciality chances have been quantitatively defined, statistical techniques may be applied to incorporate individual project estimates in portfolio analysis of quantity and value.

Table 1—Recoverable Resources Classes and Sub-Classes

Class/Sub-Class	Definition	Guidelines
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.	Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the development and production status. To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability (see Section 2.1.2, Determination of Commerciality). This includes the requirement that there is evidence of firm intention to proceed with development within a reasonable time-frame. A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where, for example, development of an economic project is deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented. To be included in the Reserves class, there must be a high confidence in the commercial maturity and economic producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is Hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.
On Production	The development project is currently producing or capable of producing and selling petroleum to market.	The key criterion is that the project is receiving income from sales, rather than that the approved development project is necessarily complete. Includes Developed Producing Reserves. The project decision gate is the decision to initiate or continue economic production from the project.
Approved for Development	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is ready to begin or is under way.	At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies, such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget. The project decision gate is the decision to start investing capital in the construction of production facilities and/or drilling development wells.

Class/Sub-Class	Definition	Guidelines
Justified for Development	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	To move to this level of project maturity, and hence have Reserves associated with it, the development project must be commercially viable at the time of reporting (see Section 2.1.2, Determination of Commerciality) and the specific circumstances of the project. All participating entities have agreed and there is evidence of a committed project (firm intention to proceed with development within a reasonable time-frame}) There must be no known contingencies that could preclude the development from proceeding (see Reserves class). The project decision gate is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.	Contingent Resources may include, for example, projects for which there are currently no viable markets, where commercial recovery is dependent on technology under development, where evaluation of the accumulation is insufficient to clearly assess commerciality,where the development plan is not yet approved, or where regulatory or social acceptance issues may exist. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.
Development Pending	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g., drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time-frame. Note that disappointing appraisal/evaluation results could lead to a reclassification of the project to On Hold or Not Viable status. The project decision gate is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.

Class/Sub-Class	Definition	Guidelines
Development on Hold	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.	The project is seen to have potential for commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a probable chance that a critical contingency can be removed in the foreseeable future, could lead to a reclassification of the project to Not Viable status. The project decision gate is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.
Development Unclarified	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information.	The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are ongoing to clarify the potential for eventual commercial development. This sub-class requires active appraisal or evaluation and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity and economic production.
Development Not Viable	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time because of limited production potential.	The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions. The project decision gate is the decision not to undertake further data acquisition or studies on the project for the foreseeable future.
Prospective Resources	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.	Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.	Project activities are focused on assessing the chance of geologic discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.
Lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the Lead can be matured into a Prospect. Such evaluation includes the assessment of the chance of geologic discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.
Play	A project associated with a prospective trend of potential prospects, but that requires more data acquisition and/or evaluation to define specific Leads or Prospects.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific Leads or Prospects for more detailed analysis of their chance of geologic discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

Table 2—Reserves Status Definitions and Guidelines

Status	Definition	Guidelines
Developed Reserves	Expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-producing.
Developed Producing Reserves	Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.	Improved recovery Reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.
Undeveloped Reserves	Quantities expected to be recovered through future significant investments.	Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Table 3—Reserves Category Definitions and Guidelines

Category	Definition	Guidelines
Proved Reserves	Those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations.	If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data. In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the LKH as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves. Reserves in undeveloped locations may be classified as Proved provided that: A. The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive. B. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.
Probable Reserves	Those additional Reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

Category	Definition	Guidelines
Possible Reserves	Those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves.	The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of economic production from the reservoir by a defined, commercially mature project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.
Probable and Possible Reserves	See above for separate criteria for Probable Reserves and Possible Reserves.	The 2P and 3P estimates may be based on reasonable alternative technical interpretations within the reservoir and/ or subject project that are clearly documented, including comparisons to results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing faults until this reservoir is penetrated and evaluated as commercially mature and economically productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil elevation and there exists thepotential for an associated gas cap, Proved Reserves of oil should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

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Cheryl Collarini is a licensed petroleum engineer who heads three companies in the energy sector. She is the founder and Chairman of Collarini Energy Staffing and Collarini Energy Experts, who provide specialized project management and consulting services covering the entire spectrum of upstream oil and gas assets. Born in New Orleans, she earned a bachelor's degree in civil engineering from M.I.T. and an MBA from the University of New Orleans. Cheryl began her early career as a reservoir engineer and supervisor at Mobil Oil, who tapped her to teach Petroleum Investment Decisions which she continued to author and instruct for industry for over 20 years. In 1985, she left Mobil to form Collarini Engineering, a reserve appraisal firm. In 2003, she accepted a partnership with Explore Enterprises as VP of Engineering, and in 2008, she launched Etroa Resources where she served as CEO. Cheryl is a member of many professional organizations, including the Society of Petroleum Engineers, the Society of Women Engineers, and the Houston Producers' Forum. She is also a member of the Advisory Board of the University of Houston's Petroleum Engineering Department.

MICHAEL McCLURE

Mr. McClure began his career with The Marion Corporation working in the Mississippi Smackover/Piney Woods fields, East Texas fields and the Permian Basin in roles of increasing responsibility. Subsequently, he was Technical Service Manager for Selective Tools, and for many years until 2013, he was Chief Operations Engineer with Petro Vest, Inc. of Houston supervising all operations in many U.S basins. Recently, Mr. McClure was Operations Manager for Luca International Group as well as consulting operations manager for United Hunter Oil, Mogul Energy and Malone Petroleum Consulting. Mr. McClure has been responsible for both large and small staffs and for numerous fields and rigs and is experienced with all forms of drilling and completion, including the most current downhole techniques and tools for cost efficiency and successful results. He is experienced in Eastern New Mexico, the Permian Basin, Alabama, Louisiana, Mississippi, south and east Texas and the Gulf coast of Texas. Mr. McClure speaks English and Spanish and is certified and licensed in well control, HASMAT, and HAZWOPER, is a radiation safety officer and is radioactive materials licensed. Mr. McClure is a graduate of the University of Texas.

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James Moomaw is a reservoir engineer with 20 years of diverse E&P experience. He studied petroleum engineering at Texas A&M University and is a licensed engineer in Texas. He lives in Houston and his experience includes projects in Texas, Oklahoma, Louisiana, New Mexico, Colorado, Utah, Wyoming, Montana, North Dakota, Alabama, the Gulf of Mexico, Iraq and Tunisia.