



Avanti Exploration LLC

Domestic USA Business Plan

1/1/2020

Who is Avanti ?

- Avanti is a privately owned company with assets in Beauregard Parish, LA.
- The Company was founded in 2005 by John F. McIntyre and J.W. (Bud) Knell in association with a small group of WI owners made-up of family, friends & industry partners.
- John is a geologist having held numerous positions of increased responsibility primarily in the international O&G Industry. John was President of Maxus Indonesia and subsequently was Sr. VP Forest Oil Corp. – International Business Unit prior to founding Avanti.
- Bud is an experienced operations engineer also holding numerous positions of increased responsibility primarily in the US domestic O&G Industry. He started with Texaco and worked for several Independents both onshore and offshore. Bud's last held position before founding Avanti was Sr. VP Forest Oil Corp. – Offshore GOM & Onshore Gulf Coast Business Units.
- The Avanti Team is made-up of individuals that have an average experience level of 35+ years with extensive and specialized experience in both the domestic and international O&G Industry.
- Avanti is seeking to reboot as “Avanti 2.0” after selling substantially all of our producing assets in 2017.

More about the Avanti Team

John F. McIntyre Managing Partner

- 40 years in industry; diversified geoscientist and business unit manager
- Vast worldwide exploration and development exposure, including offshore GOM
- In excess of \$100MM in farmouts and divestitures
- Former President of Maxus Indonesia (100,000+ bopd operations) and executive with YPF and Sr VP Forest Oil International with \$100+mm annual budgets

J.W. (Bud) Knell Managing Partner

- December 1974 BS Degree in Mechanical Engineering from West Virginia University
- 44 years in industry; well rounded engineer with drilling, completions, production, reservoir background with extensive field exposure
- Has managed large-scale engineering & production operations (70,000+ boe/d, 200+ offshore platforms and numerous onshore fields)
- Variety of domestic producing areas with a primary focus working South Louisiana on and offshore, including inland waters
- In excess of \$1.5B in acquisitions and divestitures
- Previously Sr. VP at Forest Oil Corporation, managing 2 successful business units with \$100+mm annual budgets

Barry Stephens Regulatory/Technical

- 5 years of industry experience; petroleum engineer technician (Regulatory, Operations & Reservoir)
- Specializing in economic evaluations utilizing PHDWin software
- 15 years in Higher Education disciplines (Mathematics & Sciences)

Billy Myers US Production Mgr.

- 41 years of experience in field production operations including HSE responsibilities.
- Former Production manager for Forest Oil's offshore GOM & onshore Gulf Coast operations which included 200 + offshore platforms and numerous onshore fields.
- Prior to Forest held Production & HSE management positions with Tenneco Oil Company

Additional Technical & Admin.

- Currently utilizing experienced 3rd party accounting firm for revenue distribution and Joint Interest Billing
- We have access to numerous highly qualified and experienced individuals as needed

What is the Plan?

Use our extensive operational & managerial experience to aggregate marginal & distressed conventional assets through acquisitions and taking advantage of the orphan well program in the state of Louisiana. Build and sell within 5 years at a substantial profit.

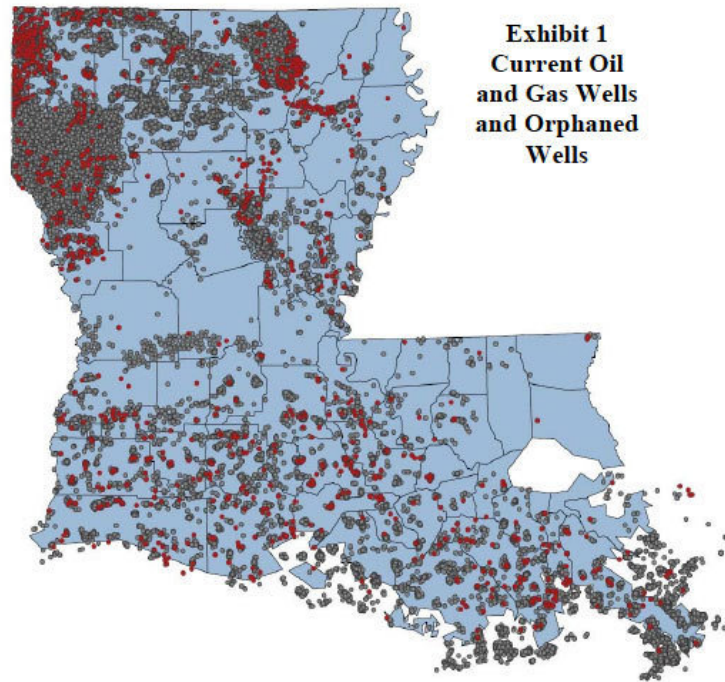


Exhibit 1
Current Oil
and Gas Wells
and Orphaned
Wells

Discoveries in early 1900's soon after Spindletop
Ranks 2nd in the Nation in natural gas production
Ranks 4th without the OCS
Ranks among top 10 in Oil Prod. (1.6MMbopd 2017)

Louisiana is a target rich environment !

- 200+ operators out of 800 operators produce only 50-400 boepd
- 3500+ Orphaned Wells

Great Place to Own & Operate Assets !

- LLS Crude sells at a premium :
(\$2-20/bo to NYMEX & \$5-24 to WTI)
- Tiered Severance taxes
- Great rocks & stacked pays
- Mineral ownership relatively easy to obtain
- Extensive pipeline infrastructure
- Readily available oilfield service
- Excellent access to data (Sonris)
- Numerous older fields with resolvable issues:
(sand control, artificial lift, water handling, etc.)

What are our current assets and opportunities?



269 Wells in 50+ Fields in 14 Parishes

Target rich environment !

★ Current Assets

Previous sale: (6/1/2017)

Acquired assets since start of “reboot” are:

467 MBO prvd / 886 MBO risked 2-P

(1 prod well at 23 bopd, 4 OP & 1 drill well)

Work program in-place requires \$3.0MM CAPEX

★ Addt’l Identified Opportunities

(Requiring \$5 - \$50MM CAPEX)

227 Wells in 10 Acquisitions 2570 MBO & 18889 MCF

31 Orphan Wells 2402 MBO & 3966 MCF

5 Dev. Drill Wells 260 MBO & 0 MCF

263 Total Wells **5232 MBO & 22855 MCF**

Est. Total IP : 3200 bopd & 5650 mcfd

What we have done on a small scale !

Avanti Historical LOS/Cashflow

Personal funds /family & friends – NO DEBT!

	thru 6/17													
Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	total
BO sold	0	10264	17856	6487	3478	16818	31257	51730	66869	58803	44783	26999	12620	347964
MCF sold	0	25427	22020	54807	61333	21701	4633	4492	1240	0	0	0	0	195653
Net Revenue (\$)	0	502701	911784	816795	277217	932536	2245418	3691515	4714732	3778704	1515899	782897	429914	\$20,600,112
LOE (\$)	0	29171	401513	333385	258582	417662	506012	899040	1369505	1446346	1376210	534849	265539	\$7,837,814
Net Income (\$)	0	473530	510271	483410	18635	514874	1739406	2792475	3345227	2332358	139689	248048	164375	\$12,762,298
AFE (\$)	1260734	1190948	2193782	617221	243888	427964	1172088	1713981	980588	539858	165301	23391	0	\$10,529,744
Net Cash (\$)	-1260734	-717418	-1683511	-133811	-225253	86910	567318	1078494	2364639	1792500	-25612	224657	164375	\$2,232,554
Lifting Cost (\$/BO)	0	2.18	18.65	21.53	18.69	24.61	16.27	17.37	20.35	21.31	31.74	21.17	19.12	
# producing wells	0	1	1	2	2	4	7	8	7	7	5	5	5	
SALE OF ASSETS effective 6/1/2017														\$1,800,000.00
TOTAL NET CASH after SALE														\$4,032,554.00
AFE Expenditures by Well														
TI 26-2 (includes PL)	1260734	1190948	247269	0	236655	156112	19894	30167	58861	92382				3293022
Gimnick 27-1			1278133	617221	7233	24316	5870		269015	5191				2206979
TI 26-1 SWD (orig cap)			668380											668380
OI 25-1						113071	1352	439605	110996					665024
OI 23-2						134465	8805	13754						157024
WC #1							139364	317511	162963	7497				627335
PC #2							414245	124870	10250	41698				591063
PC #1								229762	361295	158789	163859			913705
LB #1							427960	303519	7208	216394				955081
LB #3 SWD	<i>all included in LOE</i>													0
Hollingsworth #1							154598	254793		17907	1442	23391		452131
Total	1260734	1190948	2193782	617221	243888	427964	1172088	1713981	980588	539858	165301	23391	0	10529744

Initial "Boot Strap" approach while small potatoes was highly successful; positive cash flow, 38% ROR

Repeatable on a larger scale!

What we plan to do on a larger scale !

Cash Flow Model

Effective 4/1/2019

No.	Description	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Remainder	Total
COMPOSITE														
1	Gross MBO	492	761	626	549	462	487	409	328	218	208	145	850	5536
2	Gross MMCF	932	959	745	566	615	521	491	455	461	819	674	1689	8927
3	Net MBO	370	572	470	413	348	366	307	246	163	156	109	637	4156
4	Net MMCF	570	608	463	340	387	325	309	288	299	571	468	1175	5802
5	Oil Price (\$/bbl)	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00
6	Gas Price (\$/Mcf)	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
7	O&G Net Rev (\$M)	25595	38842	31839	27753	23683	24666	20801	16760	11438	11717	8369	44644	286106
8	Costs Net (\$M)	5472	8431	8457	7672	6680	6432	5870	5336	3946	3473	3171	17608	82548
9	Taxes Net (\$M)	2907	4282	3417	3001	2520	2928	2323	1846	1167	1137	738	3687	29954
10	Invest. Net (\$M)	11429	3635	0	335	305	125	0	115	495	50	0	485	16974
11	Non Disc CF (\$M)	5788	22494	19965	16745	14179	15182	12607	9463	5829	7056	4459	22864	156631
	avg bop d	1789	2085	1715	1505	1267	1334	1121	897	597	571	398		
	avg mcfd	3387	2627	2042	1551	1685	1428	1344	1246	1264	2243	1848		
	avg. boepd	2353	2523	2056	1764	1548	1572	1345	1105	807	945	706		
	Cum Investment (\$M)	11429	15064	15064	15399	15704	15829	15829	15944	16439	16489	16489	16974	
	Cum Non Disc CF (\$M)	5788	28282	48247	64992	79170	94352	106959	116422	122251	129307	133767	156631	
	simple IROR	51%	188%	320%	422%	504%	596%	676%	730%	744%	784%	811%		

METRIC EVALUATION

Monetize at (M\$/boed)														
	35	88,316	71,955	61,734	54,174	55,017	47,084	38,674	28,259	33,066	24,711			
	Profit (sale-invest+CF)	101,534	105,139	111,328	117,641	133,541	138,215	139,152	134,072	145,885	141,990			
	multiple	6.7	7.0	7.2	7.5	8.4	8.7	8.7	8.2	8.8	8.6			
	40	100,932	82,234	70,554	61,913	62,877	53,810	44,198	32,296	37,790	28,241			
	Profit (sale-invest+CF)	114,151	115,418	120,147	125,380	141,400	144,941	144,677	138,109	150,609	145,520			
	multiple	7.6	7.7	7.8	8.0	8.9	9.2	9.1	8.4	9.1	8.8			
	45	113,549	92,514	79,373	69,652	70,736	60,536	49,723	36,333	42,514	31,772			
	Profit (sale-invest+CF)	126,767	125,697	128,966	133,119	149,260	151,667	150,202	142,146	155,333	149,050			
	multiple	8.4	8.3	8.4	8.5	9.4	9.6	9.4	8.6	9.4	9.0			
	50	126,166	102,793	88,192	77,391	78,596	67,262	55,248	40,370	47,237	35,302			
	Profit (sale-invest+CF)	139,384	135,976	137,785	140,858	157,119	158,393	155,726	146,183	160,056	152,580			
	multiple	9.3	9.0	8.9	9.0	9.9	10.0	9.8	8.9	9.7	9.3			
Potential Early EXIT / Monetize at peak production in 2020-21 !														

What are the proposed Deal Terms?

- The Company is seeking a like minded Investor that recognizes Avanti's track record of success and regional competitive advantage and undisputed technical/management credentials and would like to participate in its effort to reboot on a much larger scale. "Avant 2.0"
- The "Inventory of Opportunities" are well vetted distressed/orphan assets with conventional leftover oil and gas reserves.
- The Company is seeking US\$5.0 to \$50 million commitment for the purpose of funding a 3-5 year effort to build a profitable oil & gas asset base utilizing the extensive resumes that currently exists within the company.
- It is anticipated that the Investor will participate as a Working Interest owner and invest along side of the Company in projects deemed appropriate by the Company. The Investor will be allowed to participate on a ground floor basis in up to 75% WI on all projects. The Company will pay for and maintain a minimum of 25% WI. However, the Investor will yield back 12.5% of their WI **AFTER** payout of their investment on an individual project basis. Investment includes initial capital and LOE to date. All work will be performed under a standard Joint Operating Agreement (JOA) which includes the form COPAS that defines the overhead charges associated with the actual Drilling & Production operations.
- It is anticipated that the Investor will hold it's WI ownership until such time that the Company decides to sell any or all of the assets or at least a 5 year period.

Why should Avanti's WI/JOA model appeal to Private Equity?

- Landscape is littered with failed private equity sponsored companies owing to previous PE business models; i.e. fund overhead for expensive “blue chip” team, fund capex, then sell property with excess profit split with management

Our Plan has.....

- No expensive general overhead , just customary COPA's operating OH
- “Skin in Game” –ground floor initial capex with AVX participating at a minimum 25% initial level.
- Incentivized to reach payout on an individual project basis
- Control of investment through customary JOA
- **Higher effective yields until payout and quicker return of capital than traditional PE models**
- Track record to date indicates this approach is a win-win for Avanti and Private Equity (Working Interest Owners!)

Summary of Current Opportunities

# Wells	Category Description	Gross 8/8ths Reserves						WI Share Costs							Add'l CAPEX 3-P	Proven		3-P		8/8ths WI Production				P&A Liability (\$M)	
		Proven		Probable		Total		AFE Cost (\$M)								PV10	un-disc	PV10	un-disc	Current		Forecasted			
		MBO	MCF	MBO	MCF	MBO	MCF	Acquire	Lease	WO	Facility	P/L	swd	Total		(\$M)	(\$M)	(\$M)	CF	bopd	mcf	bopd	mcf		
	Current Assets																								
1	Current Prod w/behind pipe	169	0	57	0	226	0	0	0	0	0	0	0	200	668	1353	709	3272	20	0	20	0	0		
1	Off prod. Sidetrack 300' back to MD A Sd.	46	0	0	0	46	0	0	0	325	25	0	0	25	1098	1312	1098	1312	0	0	100	0	0		
1	Re-enter Orphan and complete in Cockfield Sds.	0	0	92	0	92	0	0	0	250	200	0	0	125	0	0	2017	2749	0	0	100	0	0		
1	Drill Clear Creek Field Attic	252	0	178	0	430	0	0	25	1275	200	0	0	325	6243	8302	9514	14940	0	0	250	0	0		
1	Off prod, plugback to Oberlin & MD sands	0	0	92	0	92	0	0	0	125	75	0	125	85	0	0	1605	2407	0	0	75	0	0		
	Equipment Inventory valued at 50% of new	0	0	0	0	0	0	0	0	0	0	0	0	0	384	384	384	384	0	0	0	0	0		
227	10 Acquisition Candidates in 26 fields	2343	18889	227	0	2570	18889	36819	0	1050	200	205	0	75	46863	86371	51114	91941	904	4594	1244	4625	3885		
31	Orphaned in 6 fields	1548	2572	854	1394	2402	3,966	0	310	3915	3634	1100	265	1350	21164	36929	38882	66748	0	0	1276	1027	0		
6	Drill in 2 fields	0	0	260	0	260	0	0	0	3000	600	0	0	0	0	0	2715	4693	0	0	200	0	0		
264	TOTAL	4358	21461	1760	1394	6118	22855	36819	335	9940	4934	1305	390	53722.5	2185	76420	134651	108038	188446	924	4594	3265	5652	3885	

- **Current assets and additional well-studied distressed properties and orphan wells**
Total: \$50MM CAPEX yields 3400 BOEPD, 5+MMBOE & \$96MM undiscounted CF
- **Can be executed quickly or as Capital allocation allows**

CAPEX Menu/ Proposed Action Plan

- Currently updating list of opportunities and assigning priorities