Caerus Operating LLC (“Caerus”) and its subsidiary, Grand Valley Mineral Company LLC (“GVM”) (collectively, the “Seller”), are offering for sale select producing mineral and overriding royalty interests in the Piceance Basin (the “Properties”). BMO Capital Markets has been retained as exclusive financial advisor to the Seller. Caerus is a leading operator with a history of acquisitions and development of working interest and mineral interests in the Piceance Basin.

**Asset Overview**
- Opportunity to acquire >6,600 developed mineral acres in the Piceance Basin located in Garfield County, Colorado
  - Offering includes mineral and overriding royalty interests in the Areas of Interest (“AOI”): East Fork, Battlement Mesa, and Mamm Creek
  - Properties include an ORRI interest in >1,600 wells
  - All assets are held-by-production (“HBP”)
  - Future acquisition opportunities are expected as the company owns ~45,000 net mineral acres in the basin and is actively acquiring and developing additional interests
  - Provides exposure to upside from gas price or basis improvement
- ~6.3 mmcf/d (96% gas) Q4 2019E net production from >2,300 gross producing wells
- Q4 2019E annualized cash flow of $5.5 million

**Asset Map**

1. Q4 2019E evaluation.
Caerus 2019 Piceance Minerals Divestiture

Key Investment Highlights

Large Minerals and ORRI Position in the Piceance Basin
- >6,600 net mineral acres in Garfield County, CO and ORRI interest in ~1,600 wells
- Average NRI of 3.5%
- All assets are HBP and largely developed

Stable Production and Cash Flow
- Q4 2019E annualized cash flow of $5.5 million
- While asset is largely producing, any future developments would be free of capital contributions given leased mineral and ORRI nature
  - Additional upside from workovers and optimization, without any responsibility for associated costs
- ~6.3 mmcfe/d (96% gas) Q4 2019E net production
- Low decline of 8% provides predictable production stream, as wells were generally developed between 2006 and 2012
- Low concentration risk as properties contain interests in >2,300 gross wells
- Forecast utilizes key decline curve parameters based off year-end NSAI reserves

Caerus is a Top Piceance Operator
- Caerus is the second largest producer in the Piceance Basin, the most active driller, the largest leaseholder, and the second largest mineral owner
  - Position located in the core of the basin with ample takeaway options
  - Actively involved in acquisitions and development of the basin with 2 rigs currently running
  - Since 2014, Caerus has drilled and completed >350 Williams Fork wells
- Caerus formed Grand Valley Mineral in 2018 to manage existing minerals and, alongside its partners, acquire additional minerals
- Caerus owns a total of ~45,000 net mineral acres in the Piceance with the majority in the North Parachute Ranch area
  - 90% of total minerals operated by Caerus

Piceance Represents One of the Premier U.S. Onshore Natural Gas Basins
- One of the largest natural gas accumulations in North America, with an estimated 300 tcf gas-in-place
- Drilling activity began to increase in 2017 with operators primarily focused on directional Mesaverde exploitation
- 16,000+ wells drilled to-date in the basin with cumulative production > 8 tcf
- 3,000’ – 5,000’ of vertical pay in the Williams Fork sands within the Mesaverde Group
Piceance Basin Depositional Environments and Stratigraphy

- Ohio Creek: Thin, coarse, kaolinitic unit with interbedded tan mudstones and siltstones deposited during a period of subdued subsidence
- Williams Fork: Fluvial-dominated, coastal plain to inner-shelf and shoreface deposits of multi-story and/or single-story channel sands, some multi-lateral
- Cameo: Interfingered sands, shales, and coals deposited in paludal environments of lower coastal plain, and single-story channel and crevasse splay-type sand deposits
- Iles: Deposits of sands, muds, and coals ranging from marine offshore to shoreface and fluvial sediments
  - Deposits related to final regression of the Mid-Cretaceous Seaway

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Mesaverde Geological Overview

WILLIAMS FORK THROUGH ILES

- Contains one of the largest natural gas accumulations in North America with an estimated gas-in-place of 300 Tcf
  - Basin-centered gas play with extremely low geologic and reserve risk with 16,000+ wells drilled and cumulative production of 8 Tcf
- Production dominated by the Williams Fork, which is approximately 3,000 feet to 5,000 feet of vertically stacked productive sands in the Mesaverde Group
- Mesaverde thought to be largely self-sourced by coals and organic-rich shales and highly pressured gas vertically migrating through fracture networks from Mancos/Niobrara
  - Lateral migration of gas inhibited due to low perms and discontinuous nature of sandstones; modern fracs materially improving performance
- Abundant gas generation creates over-pressured conditions with extensive natural fracturing, increased reservoir permeability and low water saturation from favorable capillary pressures
- Marginal marine and marine deposition (Iles) in the Lower Mesaverde
- Shoreline moved generally from northwest to southeast during periods of regression
  - Nine major, regressive marine cycles identified
  - Mesaverde (Iles, Williams Fork) deposition advanced southeastward, intertonguing with the Niobrara (Mancos) during periods of regression
- Non-marine, fluvial deposition dominated throughout remainder of the Cretaceous (Upper Mesaverde)
  - Late Cretaceous marine shelf prograded from the south, merging with the Niobrara (Mancos) during periods of regression
- Non-marine, fluvial deposition dominated throughout remainder of the Cretaceous (Upper Mesaverde)
  - Late Cretaceous marine shelf prograded from the south, merging with the Niobrara (Mancos) during periods of regression

MAP – TOP OF ROLLINS STRUCTURE
PDP Overview

**COMMENTARY**

- 2,333 producing wells as of October 2019E
- Minimal concentration risk as no well represents more than 0.25% of production
- Low-risk asset base with predictable declines
- PDP wells forecast using NSAI base parameters
  - 1.06 b-factor
  - Terminal decline of 6%
  - Wells currently producing at flatter than 6% decline use
    - 5% decline (8% of total wells)
    - 4% decline (1% of total wells)
- Seller matched forecast to current rates
Caerus 2019 Piceance Minerals Divestiture

Land Overview

COMMENTARY

- Caerus has a broad acreage position covering the core of the Piceance
- The majority of Caerus’ position is in the form of minerals
- Majority of acreage is leased >99%
- All assets are HBP and majority operated by Caerus
  - Other operators include Laramie, Terra, Ursa, and Vanguard

MINERALS NET ACRES BY AOI

<table>
<thead>
<tr>
<th>Minerals</th>
<th>Leased</th>
<th>Unleased</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Battlement Mesa</td>
<td>402</td>
<td>30</td>
<td>432</td>
</tr>
<tr>
<td>East Fork</td>
<td>5,578</td>
<td>--</td>
<td>5,578</td>
</tr>
<tr>
<td>Mamm Creek</td>
<td>600</td>
<td>33</td>
<td>633</td>
</tr>
<tr>
<td>Grand Total</td>
<td>6,580</td>
<td>64</td>
<td>6,644</td>
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</table>

AREA MAP

- Grand Valley Minerals
- Areas of Interest

BMO Capital Markets
Caerus 2019 Piceance Minerals Divestiture

Caerus’ Estimated Net PDP Reserves and Present Value (PV-10) – Total Summary
Reserve Estimate as of October 1, 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
<th>Net Oil (mbbl)</th>
<th>Net NGL (mbbl)</th>
<th>Net Gas (mmcf)</th>
<th>Net Total (mmcfe)</th>
<th>Net Capex ($mm)</th>
<th>Net PV-10 ($mm)</th>
<th>Dev. Costs ($/mcfe)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EAST FORK</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Minerals PDP</td>
<td>426</td>
<td>65</td>
<td>58</td>
<td>23,604</td>
<td>24,345</td>
<td>--</td>
<td>$22.8</td>
<td>n.a.</td>
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<tr>
<td>ORRI PDP</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>n.a.</td>
</tr>
<tr>
<td>East Fork Total</td>
<td>426</td>
<td>65</td>
<td>58</td>
<td>23,604</td>
<td>24,345</td>
<td>--</td>
<td>$22.8</td>
<td>n.a.</td>
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<tr>
<td><strong>BATTLEMENT MESA</strong></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Minerals PDP</td>
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<td>1</td>
<td>4</td>
<td>465</td>
<td>492</td>
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<tr>
<td>ORRI PDP</td>
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<td>1,466</td>
<td>1,580</td>
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<td>$1.6</td>
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<tr>
<td>Battlement Mesa Total</td>
<td>613</td>
<td>3</td>
<td>20</td>
<td>1,931</td>
<td>2,072</td>
<td>--</td>
<td>$2.2</td>
<td>n.a.</td>
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<tr>
<td><strong>MAMM CREEK</strong></td>
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<td></td>
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<tr>
<td>Minerals PDP</td>
<td>1,527</td>
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<td>5</td>
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<tr>
<td>ORRI PDP</td>
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<td>1,297</td>
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<tr>
<td>Mamm Creek Total</td>
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<td>14</td>
<td>1,930</td>
<td>2,092</td>
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<tr>
<td><strong>GRAND TOTAL</strong></td>
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<td></td>
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<tr>
<td>Minerals PDP</td>
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<tr>
<td>ORRI PDP</td>
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<tr>
<td>Grand Total</td>
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<td>81</td>
<td>93</td>
<td>27,464</td>
<td>28,509</td>
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<td>$27.2</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

NET PV-10 BY AOI

- Battlement Mesa: 8%
- East Fork: 84%
- Mamm Creek: 8%

**$27 million**

NET PV-10 BY TYPE

- ORRI: 11%
- Non-Op: 5%
- Op: 95%

**$27 million**

NET PV-10 BY OPERATORSHIP

- Minerals: 89%
- Op: 95%

**$27 million**

NET RESERVES BY PRODUCT

- Gas: 96%
- Oil: 2%
- NGL: 2%

**28.5 bcfe**

Note: Strip pricing as of 04-Nov-19. Well count totals include duplicates. 1,309 wells with both mineral interest and overriding royalty interest.
Caerus 2019 Piceance Minerals Divestiture

Additional Transaction Information

Confidentiality Agreement
- Download at https://www.bmoaddeals.com/
- Email signed copy to caerus.minerals@bmo.com

Evaluation Materials
- Evaluation data available; closing expected by end of year
- Includes supporting documents such as LOS, land, commercial assumptions, and technical support
- Reserve database in ARIES

Process
- Bid date and bid instructions to be communicated via VDR
- Q&A conference calls with BMO available on request

Primary Contact
- Submit questions and inquiries to caerus.minerals@bmo.com

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Head of Commercial

Bob Maurer
Geoscientist

Sherri Clark, PE
Senior Engineer

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NOTE: All or part of the Caerus 2019 Piceance Minerals Divestiture is subject to prior sale at any time and any dates are subject to revisions at any time, at the sole discretion of Caerus Operating LLC, Grand Valley Mineral Company LLC, and their affiliates (collectively, “Caerus”) and BMO Capital Markets Corp. (“BMOCMC”). Please do not contact Caerus directly. Direct all inquiries to the BMO Capital Markets Corp. (“BMOCMC”) personnel listed above.

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