

Trickle Research

Every raging river, every great lake, every
deep blue sea starts ... with a trickle



- Trickle Research - Spring 2024 Microcap Conference

April 2, 2024

Ball Arena

Denver, Colorado

Trickle Research

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First and foremost, I would like to thank you for attending, presenting at, and sponsoring the Trickle Research Spring 2024 Microcap Conference. I genuinely appreciate your willingness to come here and spend your time, money or both. Given that the conference is by invitation and as such we all know many of the people in the room personally, we are comfortable saying this event includes many smart, insightful and successful individuals. Having held these conferences for over 20 years, I would submit that any time you can assemble this much quality human capital in a single room, good things will happen for those who participate. That *is* my experience, which is one of the reasons I keep doing this.

As you may or may not be aware, our events are a bit unique as far as microcap conferences are concerned. We do single track in-person conferences which means the presenters speak in front of all the attendees, and all the attendees can see the presentations of all the presenters. While there are advantages and disadvantages to that, it is the approach I prefer for a variety of reasons.

As for my research, I am not sure many of you know how my business plan works and I will start by suggesting it is not a very good one, but I will shed some light on it anyway since it is topical to my conferences. Contrary to what some seem to think, I do not write what is typically referred to as “paid for research”. If I did, I could have stopped doing this and retired a long time ago. Rather, here is my approach.

For a variety of reasons, I hear *a lot* of microcap stories. After I listen, I try to find a few that intrigue me (and that I can understand), then I dig and learn a bit more to try to determine if I think they have a reasonable chance of doing better the next 12, or 24 or 36 months than they did the last 12, or 24 or 36 months. That process eventually leads to me modeling and then initiating coverage of a few of those names. Once I initiate a piece of coverage, I distribute it to my “subscribers”. My subscribers *are you, my conference attendees*, as well as some other investors or interesting people I meet along the way, who I *give* subscriptions to.

I used to sell subscriptions to my research, and I actually sold some, but I quickly learned a few things about selling subscriptions to research. First, it is hard to sell subscriptions for providing information when there is some much information out there that is free. Second, it would be easier to *sell* information if my research was always right and the stocks I write always went up, but I can’t, and they don’t. That would be monumental to begin with, but with small early-stage companies it is impossible. And third, when you sell people subscriptions you inevitably end up with some subscribers that you do not want for subscribers. So, I stopped selling subscriptions. Instead, as I said, I give them to people who share my interest in small companies and are willing to share a few hours of their lives one or two times a year. Given the investment acumens of the people who attend my conferences, those hours are worth far more to me than any subscription I could reasonably charge.

Once I write the research and distribute it to my proprietary subscribers, I approach the subject issuer with an option. If they pay me a fee to attend my conference and present to my subscribers, which in my view provides them with considerable unique value in and of itself, I will allow the distribution of my research to the public at which point, I post it on my site for free access, and they are welcome to distribute it and anything else I write on the company to whomever they would like for the next year. In addition, I am a contributor to two different research aggregation platforms; FactSet (www.factset.com) and Alpha-Sense (www.alpha-

sense.com). These platforms together have several thousand investment professionals as their subscribers. If the research issuers choose to take me up on my offer, I provide access to the research to all of those subscribers as well, if they do not, then I continue to cover the Company but the research stays proprietary to my subscribers only and no one else can read it.

From another perspective, I estimate that I spend over 100 hours initiating a piece of coverage (and additional hours providing updates), but if the issuer chooses not to participate in my research platform, I never monetize that work. I do not know many analysts who write research having no idea if they will monetize it. *That*, is why I get a little sideways when people refer to my research as “paid for”.

So, now you know why, when I say things like, “without your support of my platform, I do not have a business” I really mean it. In short, your time is very valuable to both me and to the issuers who present to you, and I cannot thank you enough for sharing it with us. I hope you find the conferences and the research I provide valuable enough to keep coming back. That applies to those of you who are presenting or sponsoring as well. I do not have a business without you either.

Once again, Thank you all for the support!

- *Dave Lavigne*

Our Conference Sponsor



What is Clout Hero?

Clout Hero helps businesses complete Regulation A (includes A+) Equity Crowdfunding unlike anyone else. Clout Hero takes advantage of not only the relatively new Regulation A/A+ Crowdfunding rules but also utilizes unique strategies to make sure those Crowdfunding campaigns are actually highly successful.

The key to Clout Hero is that we go BEYOND just the equity crowdfunding mechanisms, and ensure that when prospective investors look into your business, they can be confident it is a sound investment.

"You have to learn the rules of the game, and then you have to play better than anyone else."

ALBERT EINSTEIN

Many parts of a Reg A are just simple rules and regulations!

The differentiating factor that will make or break your Reg A is the ability to build social clout and tell the story of your business in a way that sells shares. Clout Hero knows the rules of the game and we play better than anyone else. [Check out our: Guide to Regulation A+ Crowdfunding.](#)

Experience matters when building a brand!

No company has more experience in boosting a corporate image while supporting the tech and legal side of fundraising.

Each of our programs is tailored to find solutions to the client's weaknesses and enhance its strengths with in-house creative expertise and data-driven strategy.

Clout Hero was born from Placement Directory, a leader in product positioning for some of the most famous brands in the world. **Experience in positioning small companies for growth and large companies for expansion gives us a background far superior to all others in the Reg A+ industry.** We know how to tell your story, and story is the basis for success in crowdfunding.

Conference Agenda

Trickle Research Spring 2024 Microcap Conference

<u>Company</u>	<u>Symbol</u>	<u>Start Time</u>	<u>End Time</u>
Introduction		1:30 PM	1:35 PM
Vivakor, Inc. James Ballengee - CEO & Chairman	VIVK	1:37 PM	2:02 PM
Perspective Therapeutics, Inc. Thijs Spoor - CEO	CATX	2:04 PM	2:29 PM
Fortitude Gold Corporation Jason Reid - CEO & President	FTCO	2:31 PM	2:56 PM
Alvopetro Energy Ltd. Corey Rutan - CEO & President	ALVOF	3:05 PM	3:30 PM
Break		3:32 PM	3:42 PM
Sonoma Pharmaceuticals, Inc. Amy Trombley - CEO & President	SNOA	3:44 PM	4:09 PM
ProStar Holdings Inc. Joel Sutherland -VP of Corporate Dev. & Investor Relations	MAPPF	4:11 PM	4:36 PM
Cavitation Technologies, Inc. / Alchemy Beverages Neil Voloshin - CEO	CVAT/Private	4:38 PM	5:03 PM
Somerset Energy Partners / Clout Hero Toby Pierce - CEO, Somerset & Rick Seefried - Partner, Clout Hero	Private	5:05 PM	5:30 PM
Closing Remarks		5:30 PM	5:35 PM
Dinner/Drinks		5:35 PM	7:00 PM
Denver Nugget vs. San Antonio Spurs		7:00 PM	Nuggets Win

All of the following "Trickle Notes", were written solely by and are the opinion of Dave Lavigne of Trickle Research LLC, with no substantive input from any other person or entity.

VIVAKOR

Vivakor, Inc.

(Nasdaq: VIVK)

Address:

5220 Spring Valley Road, Suite LL20

Dallas, TX 75242

(949) 281-2606

<https://vivakor.com>

Valuation Measures⁴



Income Statement

Revenue (ttm)	61.79M
Revenue Per Share (ttm)	3.42
Quarterly Revenue Growth (yoy)	38.60%
Gross Profit (ttm)	N/A
EBITDA	-3.16M
Net Income Avi to Common (ttm)	-19.25M
Diluted EPS (ttm)	-1.1400
Quarterly Earnings Growth (yoy)	N/A

Balance Sheet

Total Cash (mrq)	1.86M
Total Cash Per Share (mrq)	0.07
Total Debt (mrq)	41.07M
Total Debt/Equity (mrq)	171.84%
Current Ratio (mrq)	0.27
Book Value Per Share (mrq)	0.76

Cash Flow Statement

Operating Cash Flow (ttm)	-1.53M
Levered Free Cash Flow (ttm)	-1.99M

Tables and Charts from

Some of the narrative herein is excerpted from filings and other collateral of the subject company and/or from industry or other publications. Those excerpts are denoted in *italics*.

Trickle Research provides independent research coverage on Vivakor. That research is available at: www.trickleresearch.com

Company Profile

Vivakor, Inc. (NASDAQ:VIVK), is a clean energy technology company focused on the oil remediation and natural resources sectors. Vivakor's corporate mission is to create, acquire, accumulate, and operate distinct assets, intellectual properties, and exceptional technologies. Its Silver Fuels Delhi, LLC, and White Claw Colorado City, LLC subsidiaries include crude oil gathering, storage, and transportation facilities, which feature long-term ten year take-or-pay contracts.

Silver Fuels operates a crude oil gathering, storage, and transportation facility located on approximately 9.3 acres near Delhi, Louisiana. Under existing agreements, a subsidiary of a large NYSE traded energy company is obligated to purchase crude oil from SFD in amounts up to 60,000 barrels per month. With prior approval, SFD is eligible to sell to the Purchaser amounts greater than 60,000 barrels of crude oil per month. Additionally, for a period of 10 years, SFD is, under existing crude oil supply agreements with WC Crude, guaranteed a minimum gross margin of \$5.00 per barrel on all quantities of crude oil sold thereunder. At present, SFD is gathering and selling approximately 1,400 to 1,700 barrels of crude oil on a daily basis.

White Claw operates a 120,000 barrel crude oil storage tank, in the heart of the Permian Basin, located near Colorado City, Texas. The storage tank is presently connected to the Lotus pipeline system and the Company intends to further connect the tank to a major pipeline system. Under the terms of an existing agreement, WC Crude has agreed to lease the oil storage tank for a period of 10 years.

For the first 9 months of fiscal 2023 (ended 09/30/23), Silver Fuels and White Claw collective generated revenues of \$36.5 million, and Adjusted EBITDA of \$1.9 million.

Aside from the above established businesses the Company's patented Remediation Processing Centers allow for the environmentally friendly recovery of bitumen (heavy crude) and other hydrocarbons from the remediation of contaminated soils. Vivakor believes its RPC's are the only remediation system that can clean soils with more than 5% by weight oil contamination while recovering the oil and leaving the soil fully viable for reuse. Once operational, its Remediation Processing Centers will focus on petroleum-based remediation projects in Kuwait and in Houston, Texas as well as perhaps future sites in other areas.

Construction of the RPC in Houston is nearly complete, and the wash plant is in the latter stages of construction. We are currently waiting on permits from the Texas Railroad Commission and the EPA to allow us to operate the facility. We anticipate those to be approved in the near future and to begin processing samples shortly after receiving the permits. Once operational, this will be Vivakor's first site to process tank bottom sludge and other oil-industry based waste. The plan for the facility is to recover the oil within the sludge utilizing its patented, environmentally-friendly RPC processing technology, which has been validated for the treatment of soil.

We believe the Houston site provides a tremendous opportunity for the Company. The current, estimated going rate for accepting hazardous waste such as tank bottom sludge is \$400-\$500 per ton and current wash fees can run as much as \$2,000 per truck with all of its containers. Once the waste is taken in, we believe that we will be able to recover and reuse at least 1.3 barrels of oil per ton of waste. It is our goal to set up similar facilities in the years to come and reclaim and recycle millions of barrels of oil per year.

Our initial RPC that is located in Kuwait has been redeployed to a project for Kuwait Oil Company (KOC) in partnership with Al Dai International Co. (DIC) for the Kuwait Environmental Remediation Project (KERP), which is a multi-billion dollar project funded by the United Nations (UN) to clean up the oil that was spilled during the Gulf Wars and still polluting the desert. This RPC also was used for trials to show the effectiveness of the RPC technology. The polluted material that was used in the trials had a contamination range between 7% and 18% oil by weight. It is our understanding that we are the only technology that has been able to remediate contaminated soil with 18% oil by weight to less than 1% oil by weight and receive a Category A certification, the highest possible approval rating by KOC.

Due to our successful trial results, the Company recently relocated the RPC that was originally in Utah (RPC II) to Kuwait so that both RPCs may work on the project in Kuwait. The Company is expecting to receive a license fee of \$20 per ton and operational costs of the RPC are expected to be covered by DIC. Management is expecting the RPCs to process as much as 40 tons per hour based on the volume of feedstock supplied. Overall, we believe that the KERP project contains as much as 26 million tons of contaminated material. We plan to maximize the RPC technology with partners and capital from the Middle East for the purpose of creating a low-risk revenue and profit stream for the Company. With the successful trials, and the movement of RPCII to Kuwait, we believe the first steps have been accomplished in this endeavor.

In addition to the above business segments, Vivakor recently announced the signing of “a definitive agreement and plan of merger with Empire Diversified Energy, Inc. (OTC Pink:MPIR) a multifaceted holding company with business units in sustainable energy and logistics”. Management views this as a significant milestone as it accelerates their vision to build a state-of-the-art, clean energy and remediation technologies company. Upon a successful closing of the Merger, the Company intends to construct and deploy a fourth Remediation Processing Center at The Port of West Virginia, where Empire currently operates, as well as integrating their transportation and midstream assets into existing operations.

Empire's primary location is in Follansbee, West Virginia, where it operates The Port of West Virginia within its Eco-Industrial Complex, situated along the Ohio River, with nearly 1,000 acres of contiguous land where it serves as the crossroads of the East Coast and Midwest through its trimodal (road, river, rail) terminal facility. Empire is currently deploying a host of innovative and sustainable technologies serving the transportation, recyclable waste, steel, warehousing, and other energy sectors to help decarbonize the region.

Trickle Research Notes

We initiated our coverage of Vivakor in May 2022, and to be honest, we have not done a great job of keeping it current. On the other hand, there have been some iterations/challenges that have made that more difficult. Most notably, in November 2022, the Company acquired the Silver Fuels and White Claw assets, effectively rendering James Ballengee et al. Vivakor's largest shareholder. As a result of that transaction Mr. Ballengee also took over as the Company's CEO and Chairman.

This was a watershed event for Vivakor. As we noted in the allocation upgrade we issued following the aforementioned acquisition and management change, “*we think the most synergistic portion of the combined entities is James Ballengee. In our view, Mr. Ballengee's contacts within and knowledge of the industry, may create opportunities for Vivakor's RPC technology that may otherwise be more difficult to exploit*”. We think that view is playing out as it appears they are positioned to begin RPC operations in Houston in the near term, as well as in Kuwait shortly as well. We are hopeful that James can provide some color around that timing, but it appears we are close. To be clear, as we have noted in some of the prior research including our update of about 1 month ago, the projected economics around treating tank sludge with their RPC technology is *extraordinary*. We have provided some copies of that update at the registration table.

As we addressed above, the Company recently made another acquisition involving Empire Diversified Energy, Inc. We had an opportunity to discuss the combination with management in which they reiterated some of the narrative around the news release regarding the acquisition. That is, they view this as highly strategic on multiple levels. Among other things, it appears they may be deploying an RPC unit into Empire's footprint in West Virginia as well. To reiterate, if they can actually get RPC units deployed and operating, the projected economics around treating tank sludge is *extraordinary* and it will change the profitability complexion of Vivakor dramatically.

Lastly, the Company also announced *another* major acquisition on March 25, 2024 (about the time we were drafting this overview). We have not attempted to digest that news yet. We suspect management will address this on some level in their presentation. We will likely schedule a site visit following the conference so we can try to better understand all of the new pieces and how they fit together. They clearly have a BIG plan here.



PERSPECTIVE
THERAPEUTICS

Perspective Therapeutics, Inc.
(NYSE/American: CATX)

Address:

[Suite 320 - 2401 Elliott Ave](#)

[Seattle WA 98121](#)

<https://www.perspectivetherapeutics.com>

Valuation Measures⁴

	Current 
Market Cap (intraday)	704.16M
Enterprise Value	689.48M
Trailing P/E	N/A
Forward P/E	N/A
PEG Ratio (5 yr expected)	N/A
Price/Sales (ttm)	17.13
Price/Book (mrq)	7.13
Enterprise Value/Revenue	69.31
Enterprise Value/EBITDA	-76.03



Income Statement

Revenue (ttm)	6.31M
Revenue Per Share (ttm)	0.03
Quarterly Revenue Growth (yoy)	27.30%
Gross Profit (ttm)	N/A
EBITDA	-39.77M
Net Income Avi to Common (ttm)	-29.01M
Diluted EPS (ttm)	-0.0600
Quarterly Earnings Growth (yoy)	N/A

Balance Sheet

Total Cash (mrq)	17.98M
Total Cash Per Share (mrq)	0.06
Total Debt (mrq)	3.31M
Total Debt/Equity (mrq)	3.35%
Current Ratio (mrq)	2.67
Book Value Per Share (mrq)	0.35

Cash Flow Statement

Operating Cash Flow (ttm)	-34M
Levered Free Cash Flow (ttm)	N/A

As a result of equity raises in Q1F24, as of March 22, 2024, we believe the Company's cash position is around \$185 million and the number of common shares outstanding was 586,915,977.

Tables and Charts from



Some of the narrative herein is excerpted from filings and other collateral of the subject company and/or from industry or other publications. Those excerpts are denoted in *italics*.

Trickle Research provides independent research coverage on Perspective. That research is available at: www.trickleresearch.com

Company Profile

Perspective Therapeutics, Inc., is a radiopharmaceutical development company that is pioneering advanced treatment applications for cancers throughout the body. The Company has a proprietary technology that utilizes the alpha emitting isotope ^{212}Pb (lead) to deliver powerful radiation specifically to cancer cells via specialized targeting peptides. The Company is also developing complementary imaging diagnostics that incorporate the same targeting peptides which provide the opportunity to personalize treatment and optimize patient outcomes. This "theranostic" approach enables the ability to see the specific tumor and then treat it to potentially improve efficacy and minimize toxicity associated with many other types of cancer treatments.

Radiopharmaceutical therapy (RPT) is defined by the delivery of radioactive atoms to tumor-associated targets. RPT is a novel therapeutic modality for the treatment of cancer, providing several advantages over existing therapeutic approaches. Unlike radiotherapy, the radiation is not administered from outside the body, but instead is delivered systemically (in the blood after a small injection), akin to chemotherapy or biologically targeted therapy. The cytotoxic radiation is delivered to cancer cells or to their microenvironment either directly or, more typically, using delivery vehicles that either bind specifically to endogenous targets or accumulate by a wide variety of physiological mechanisms characteristic of neoplasia, enabling a targeted therapeutic approach. Unlike biologic therapy, it is far less dependent on an understanding of signaling pathways and on identifying agents that interrupt the putative cancer phenotype-driving pathway (or pathways).

Radiopharmaceutical therapy (RPT) is emerging as a safe and effective targeted approach to treating many types of cancer. Almost all radionuclides used in RPT emit photons that can be imaged, enabling non-invasive visualization of the biodistribution of the therapeutic agent. Compared with almost all other systemic cancer treatment options, RPT has shown efficacy with minimal toxicity. With the recent FDA approval of several RPT agents, the remarkable potential of this treatment is now being recognized.

Radiopharmaceuticals include a group of radioactive agents used for either diagnostic or therapeutic interventions. Although the administration of radiopharmaceuticals is often systemic, they are likely to localize to specific tissues because of their biomolecular properties, i.e., the areas of hyperintensity observed on positron emission tomography (PET) scans that indicate a high tissue metabolic demand. Radiopharmaceuticals actively emit radiation, which makes their storage more difficult than non-radioactive pharmaceuticals. Compounds used for diagnostic interventions usually either emit beta particles (positrons or electrons) or gamma rays, while compounds that emit Auger electrons or alpha particles (helium nuclei) are generally for therapeutic interventions.

Radiotherapeutic agents use the radiation emitted from the nuclide to kill the target cells or serve palliative purposes. Radiation is toxic to tissues in the body: the brain, spinal cord, kidneys, and bone marrow are especially susceptible. Many radiopharmaceuticals are delivered systemically, and this means that ideally, the pharmaceuticals should selectively prefer the tumor tissue relative to normal healthy tissue.

Radiopharmaceuticals are perhaps a "new frontier" of radiation therapy, and they represent advances in both the diagnosis as well as the treatment of various cancer indications. Further, Perspective's platform addresses a specific and emerging portion of radiopharmaceutical group that is focused on the use of "alpha" particles rather than more typical beta particle therapy. Alpha particles may address some of the risks/shortcomings of more typical beta particle based procedures.

The Company's melanoma (VMT01) and neuroendocrine tumor (VMT- α -NET) programs have entered Phase 1/2a imaging and therapy trials for the treatment of metastatic melanoma and neuroendocrine tumors at several leading academic institutions. The Company has also developed a proprietary ^{212}Pb generator to secure key isotopes for clinical trial and commercial operations.

VMT01 is a proprietary clinical-stage low molecular weight peptide that is targeted to the melanocortin subtype 1 receptor (MC1R) which is over-expressed on melanoma cells. VMT01 is in development for the treatment and diagnosis of MC1R-positive metastatic melanoma. VMT01 can be labeled with ^{212}Pb to deliver alpha-particle

radiation directly to tumor cells, or ²⁰³Pb to enable patient selection, diagnostic imaging and dosimetry via SPECT imaging. The product recently completed a pilot imaging study at the Mayo Clinic Rochester, MN. In August 2023, the Company announced that the first patients were dosed in the Phase 1/2a study of VMT01 (clinicaltrials.gov identifier NCT05655312) and the Phase 1/2a study VMT-aNET with both studies moving to the second dosing cohort.

Trickle Notes

Some may recall, Perspective presented at our Spring 2023 conference and thereafter we initiated coverage of the company on 12/28/23 at \$.46. It has made a considerable advance since that time. As of this writing the stock has traded as high as \$1.36. what is perhaps more remarkable, and perhaps related, is the corresponding rise in the Company's respective market cap. When we initiated the coverage the market cap was approximately \$128 million. 90 days later, the market cap is closer to \$750 million. To edify, over that same period of time, the Company raised approximately \$180 million through a series of equity transactions. We believe their ability to raise that capital has been driven by both growing interest in the radiopharmaceutical space, as well as Perspective's potential within it.

To be clear, we think the capital raise was highly constructive for Perspective. As most attendees are acutely aware, the ability to raise considerable amounts of capital to support clinical trials is one of the major risks associated with small biotech companies. While capital may not ensure clinical success, it may at least ensure the clinical process required to determine it. Their recent raise extends Perspective's clinical runway considerably.

Beyond the capital raise(s), there have been two additional events since our initial coverage that we think have impacted Perspective's visibility and in turn the price of its shares. In our initiating coverage we provided two public industry comps that we thought were topical because each, like Perspective, was/is working on clinical advances of novel radiopharmaceutical therapies. The first of these, RayzeBio, Inc. (Nasdaq: RYZB) was purchased two days before our initiating coverage by Bristol Myers (NYSE: BMY) for \$4.1 billion. The acquisition price (\$62.50 per share) represented a premium to the prior day's market close of the RYZB shares of around 104% and 3.5X its September 2023 IPO price of \$18.00. The second comp we referenced in the initiating coverage was Fusion Pharmaceuticals Inc. (Nasdaq: FUSN). At that time, Fusion's market capitalization was approximately \$700 million. On March 19, 2024, AstraZeneca (NASDAQ: AZN) announced the acquisition of FUSN in a deal valued at \$2.4 billion representing a premium of about 3.4X the prevailing market price of FUSN at the time we referenced the comparison (December 2023). In our view, there may be a bit of a "landgrab" going on in the relatively nascent radiopharmaceutical space. Further, as we also noted in our initial coverage, we think Perspective is focused on a different approach than some of the others (utilizing a lead-based isotope) that we think may afford them some distinct advantages. Further, while we are (again) purely speculating here, we think the likelihood of Perspective coming into play, potentially at much higher valuations, is increasing.

Lastly, as we covered in the initiating coverage and we think management will address in their presentation, we expect 2024 to provide some information regarding the progress of clinical trials. That may include existing trials as well as new trials. For instance, they recently announced a collaborative combination trial with Bristol Myers Squibb to "evaluate [²¹²Pb]VMT01 in Combination with Nivolumab ("Optivo") in MC1R-Positive Metastatic Melanoma", which is affectively an extension of some highly positive pre-clinical results the Company achieved in combination with the same. Positive information around clinical data may provide catalysts for higher valuations.

There are some copies of our initiating coverage as well as our most recent update of Perspective at the registration table.



FORTITUDE GOLD CORP.

Fortitude Gold Corporation (FTCO)

Address:

2886 Carriage Manor Point
Colorado Springs, CO 80906

<http://www.fortitudegold.com>

Valuation Measures⁴

	Current [Ⓢ]	12/31/2022
Market Cap (intraday)	168.59M	132.38M
Enterprise Value	127.36M	91.21M
Trailing P/E	11.48	10.02
Forward P/E	N/A	N/A
PEG Ratio (5 yr expected)	N/A	N/A
Price/Sales (ttm)	2.28	1.89
Price/Book (mrq)	1.46	1.15
Enterprise Value/Revenue	1.71	4.82
Enterprise Value/EBITDA	4.05	10.94



Income Statement

Revenue (ttm)	74.38M
Revenue Per Share (ttm)	3.10
Quarterly Revenue Growth (yoy)	24.90%
Gross Profit (ttm)	48.69M
EBITDA	31.45M
Net Income Avi to Common (ttm)	14.68M
Diluted EPS (ttm)	0.61
Quarterly Earnings Growth (yoy)	52.10%

Balance Sheet

Total Cash (mrq)	45.05M
Total Cash Per Share (mrq)	1.87
Total Debt (mrq)	3.83M
Total Debt/Equity (mrq)	3.31
Current Ratio (mrq)	9.83
Book Value Per Share (mrq)	4.82

Tables and Charts from yahoo! finance

Some of the narrative herein is excerpted from filings and other collateral of the subject company and/or from industry or other publications. Those excerpts are denoted in *italics*.

Trickle Research provides independent research coverage on Fortitude Gold. That research is available by Subscription at www.trickleresearch.com

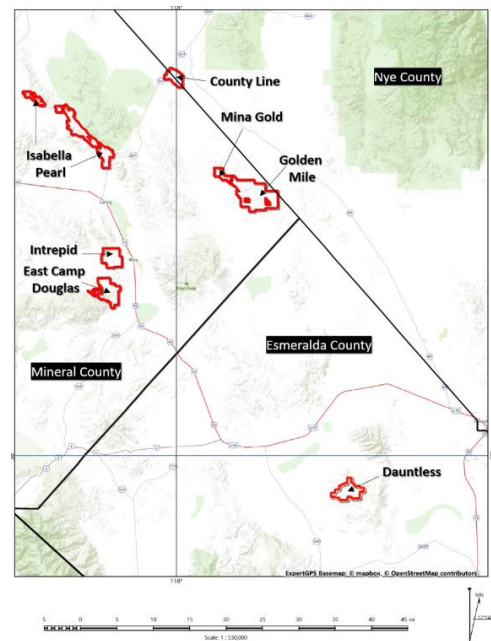
Company Profile

We are a mining company which pursues gold and silver projects that are expected to have both low operating costs and high returns on capital. We are presently focused on mineral production from our Isabella Pearl Mine in Nevada. The ore mined at Isabella Pearl is processed on site at our processing facilities and sold to a refiner as doré, which contains precious metals of gold and silver. We also continue exploration and evaluation work on our portfolio of other precious metal properties in Nevada and continue to evaluate other properties for possible acquisition.

We own 100% of eight properties in Nevada, totaling 2,302 claims, which include 2,228 unpatented lode and placer mineral claims, and 74 mill site claims covering approximately 40,176 acres, subject to the paramount title of the United States of America, under the administration of the Bureau of Land Management (“BLM”). Under the Mining Law of 1872, which governs the location of unpatented claims on federal lands, the owner (locator) has the right to explore, develop, and mine minerals on unpatented claims without payments of production royalties to the U.S. government, subject to the surface management regulations of the BLM. Currently, annual claim maintenance fees are the only federal payments related to unpatented claims. In 2023, we paid approximately \$432,750 in annual claim maintenance fees to various counties and the BLM.

In addition to the unpatented claims, we also own 22, and lease one, patented mining claims covering approximately 180 acres and an additional 202.5 acres of fee lands. Patented claims and fee lands unlike unpatented claims, pass title to the holder. The patented claims and fee lands are subject to payment of annual property taxes made to the county where they are located. Annual property taxes on our patented claims and fee lands have been paid through June 30, 2024.

All our properties are located in Nevada, seven are located in the Walker Lane Mineral Belt which is known for its significant and high-grade gold and silver production and one in west-central Nevada. Activities at our properties in Nevada range from exploration at Intrepid, Dauntless and Ripper, mineral delineation at Mina Gold and East Camp Douglas, resource definition, engineering and permitting at County Line and Golden Mile, to production at Isabella Pearl. We believe that our Nevada properties have excellent potential for additional discoveries of both bulk tonnage replacement-type and bonanza-grade vein-type gold deposits, similar to other gold deposits historically mined by other companies in the Paradise Peak, Borealis, Bodie, Tonopah, Goldfield, and Rochester districts.



Year-end 2023 results included \$73.1 million net sales, net income of \$17.0 million, or \$0.71 per share, \$17.2 million in exploration expense representing a 49% increase over 2022, and \$12.5 million cash dividends to shareholders while increasing its cash balance by \$3.6 million year-over-year to \$48.7 million. The Company confirmed its previously announced preliminary 2023 annual production of 37,996 gold ounces, achieving its annual Production Outlook range. The Company also reported an estimated 51,000 recoverable gold ounces on the Isabella Pearl heap leach pad on December 31, 2023.

Trickle Research Notes

We provided an update on Fortitude on 03/11/24. We have provided some copies of the update at the conference registration table, and the update is also available on our site. The update was first and foremost a Fiscal 2023 earnings comment, but it also covered some other issues that we think amount to the “elephant in the room” with

respect to the share price. We have provided some excerpts from that update below, but a bit of prior color might be helpful. The chart of the share price is provided for reference as well.



As the 3-month price chart reflects, FTCO share began selling off in late January (2024). We suspect some of that compression may have been related to a news release of 01/18/24 when they released preliminary year end results. In that release, they noted that production for F23 was 37,996 ounces, which indicated that Q4F23 represented the lowest production and revenue quarter the Company has reported since being spun out of Gold Resource. Obviously, *on the face*, that may not be particularly good news, but frankly, it is perplexing to us that it apparently took the market two weeks to digest the news before it started selling off. We have no cogent explanation for that. Whatever the case, the stock continued to trend lower through the actual earnings release on February 27, 2024 and found a bottom on March 8, 2024, which corresponded with our update we referenced above and have excerpted below. By the way, we are not suggesting our update had anything to do with the bounce, and to be honest, we were a bit late getting it out, just because we wanted to go back over some of the reported numbers as well as our own assessments to verify what we ultimately concluded in the update. As an aside, we would add that while we took our time getting out the update, we did in the interim have conversations about the stock with several of our subscribers (some of you are here today). To be clear, we are happy to entertain subscribers questions any time. So, if you have a question about FTCO or any other stock we cover, fire away and we will respond to the best of our ability. That said, here are some of the bullet points of concern that we think have impacted the shares.

- We think the street is concerned about FTCO’s ability to replace depleting production at Isabella Pearl. That concern may have been exacerbated by the low production results in Q4F23. As the update alludes, and we have noted several times along the way, management has never endeavored to develop resources several years out. We do not expect that to change. We are confident management’s presentation will address why they believe (not guarantee but believe) they will continue to produce gold and pay dividends well into the future.
- The Company has had some permitting delays that could certainly impact getting new projects online and into production as quickly as they (and the street apparently) would like. This is frustrating, but unless one believes the BLM is simply going to shut down mining in Nevada, it is more of a timing thing that in and of itself would certainly not justify the level of compression in the shares. Here again, we think their presentation will address this on some level.
- The grades at the properties in development (most typically County Line and Golden Mile), assuming they get into production, will almost certainly not include the types of grades they have enjoyed at Isabella Pearl.



Alvopetro Energy Ltd.

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Valuation Measures⁴

	Current ?
Market Cap (intraday)	110.00M
Enterprise Value	100.35M
Trailing P/E	3.96
Forward P/E	3.08
PEG Ratio (5 yr expected)	N/A
Price/Sales (ttm)	1.90
Price/Book (mrq)	1.25
Enterprise Value/Revenue	1.68
Enterprise Value/EBITDA	2.39



Income Statement

Revenue (ttm)	58.03M
Revenue Per Share (ttm)	1.56
Quarterly Revenue Growth (yoy)	-7.30%
Gross Profit (ttm)	N/A
EBITDA	46.99M
Net Income Avi to Common (ttm)	28.52M
Diluted EPS (ttm)	0.7600
Quarterly Earnings Growth (yoy)	-87.40%

Balance Sheet

Total Cash (mrq)	18.33M
Total Cash Per Share (mrq)	0.5
Total Debt (mrq)	8.68M
Total Debt/Equity (mrq)	9.84%
Current Ratio (mrq)	2.02
Book Value Per Share (mrq)	2.41

Cash Flow Statement

Operating Cash Flow (ttm)	47.7M
Levered Free Cash Flow (ttm)	9.91M

Tables and Charts from

Some of the narrative herein is excerpted from filings and other collateral of the subject company and/or from industry or other publications. Those excerpts are denoted in *italics*.

Trickle Research provides independent research coverage on Alvopetro. That research is available at: www.trickleresearch.com

Company Profile

Alvopetro is engaged in the exploration for and the acquisition, development and production of hydrocarbons in Brazil. Alvopetro is a pioneer in the development of Brazil's independent onshore natural gas industry anchored by the Company's core Caburé natural gas asset and midstream projects. Alvopetro's shares are traded on the TSX Venture Exchange (TSX: ALV.V) and are also traded on the OTCQX® Best Market in the United States (OTCQX: ALVOF).

Alvopetro's strategy is to unlock the on-shore natural gas potential in the state of Bahia, building off the development of our Caburé and Murucututu natural gas assets and our strategic midstream infrastructure. Our objective is to create a balanced reinvestment and long-term stakeholder return model where approximately half of our cash flows are reinvested in organic growth opportunities and the other half is distributed to stakeholders.

To date most of the Company's production has come from its interests in the Caburé gas field although they have also commenced production from their Murucututu project as well. Here is a brief description of each:

- **Caburé Natural Gas Field**

The Caburé natural gas field (the "Caburé Field") commenced commercial natural gas deliveries on July 5, 2020. The Caburé Field extends across four blocks in the Recôncavo Basin in the state of Bahia in Brazil, two of which are held by Alvopetro and two of which are held by our partner. Under Brazilian legislation, petroleum accumulations straddling two or more licensed blocks must undergo unitization (pooling) in order to promote efficient and fair exploration and development. In April 2018, Alvopetro and the adjacent resource owner finalized the terms of the Unit Operating Agreement ("UOA"), the unit development plan and all related agreements, with Alvopetro's initial working interest share of the unitized area (the "Unit") being 49.1% and Alvopetro's 50.9% partner being named initial operator. As of December 31, 2023, Alvopetro's share of the unitized area (the "Unit") was 49.1%. Under the terms of the Unit Operating Agreement ("UOA") each party is entitled to nominate for their working interest share of field production and for any natural gas not nominated for by the other party. Once a party produces their share of estimated recoverable hydrocarbons from the Unit ("Unit Recoverable Volumes"), they will no longer be entitled to further production allocations. Under the terms of the UOA, natural gas liquids ("NGLs") production from the unit (relating to condensate production) is split based on working interest. The parties have agreed to a development plan at the Unit **including drilling and completing five wells in 2024 and 2025**. Alvopetro's share of these wells, based on the December 31, 2023 working interest of 49.1% is \$6.2 million. In addition, Alvopetro has a facilities upgrade planned at the field for an estimated \$3.2 million relating to compression of natural gas to be delivered to Alvopetro's 100%-owned natural gas processing facility.

- **Murucututu Natural Gas Field**

Alvopetro's Murucututu natural gas project extends across Blocks 183 and 197, both held 100% by Alvopetro. There are three existing wells at the field including the 197(1) well and the 183(1) well, both of which were drilled in 2014, and the 183-A3 well which was drilled in 2023. All three wells are tied into field production facilities and a 9-kilometre transfer pipeline connects the field to the Caburé transfer pipeline. The field commenced production from the 183(1) well in October 2022. In Q2 2023, Alvopetro completed the stimulation of the 197(1) well and the well commenced production at the end of May 2023.

In Q4 2023, Alvopetro drilled the 183-A3 well and testing of the well was completed in early January 2024. Alvopetro is working to enhance production from the three existing wells and in 2024 has budgeted capital expenditures of \$4.1 million, including recompletions of both the 183(1) well and the 183-A3 well, targeting both the Gomo and Caruaçu Formations. Future capital projects on the field included in the 2P reserves include three development wells. With success on these initial projects, longer term development will be undertaken at the Murucututu field. In addition to the reserves assigned to the Murucututu field, contingent resources and prospective resources were assigned to the Murucututu natural gas field in the GLJ Reserves and Resource Report including risked best estimate contingent resource of 5.4 MMboe (before tax net present value discounted at 10% of \$126.1

million) and risked best estimate prospective resource of 9.6 MMboe (before tax net present value discounted at 10% of \$184.9 million).

Trickle Notes

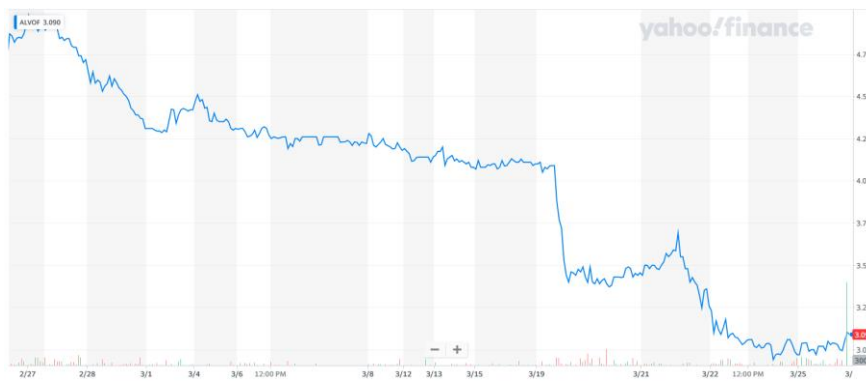
If some of the narrative below sounds a bit like that from our overview of another presenter (Fortitude Gold) it is because it was cut and pasted from *that* overview, as over the past few weeks they seem to tracking parallel lives, and oddly enough for relatively similar reasons...

We provided an update on Alvopetro on 03/22/24. We have provided some copies of the update at the conference registration table, and the update is also available on our site www.trickleresearch.com. The update was first and foremost a Fiscal 2023 earnings comment, but it also covered some other issues that we think are important with respect to the share price. We have provided some excerpts from that update below, but a bit of background might be helpful. Two charts of the share price are provided for reference as well.



The 1-year chart above reflects the trading in Alvopetro shares since the stock hit an all-time high of \$8.07 on June 22, 2023. At that time, the stock breached our 12-24 month price target of \$7.75 and then breached it again in August of 2023. As a result, on 08/16/23 we reduced our allocation from 7 to 6 based purely on the price appreciation, but we also bumped our target higher, based on what we believed (and still believe) will ultimately be production from Murucututu that will ultimately outrun Alvopetro's share of Cabure production.

Subsequent to the Company's ascent to all-time highs (and revisiting that level two months later) the stock started its descent, which has effectively continued (with a few momentary bounces) for the past 6 months or so. Moreover, that compression has been particularly acute over the past 30 days or so:



Given the above backdrop, here are some fundamental bullet points of concern that we think have negatively impacted the shares.

- The second half of F23 was negatively impacted by decreased gas demand from Alvopetro's single client Bahiagas, which obviously impacted sales. That was particularly acute in Q3, and it appears to have bled into **part of** Q1F24. In terms of the share price, the Company announced August (2023) sales volume of 1852 boepd on September 7, 2023, and while that volume was lower but reasonable, the announcement included the following: *"In connection with a temporary reduction in end user consumption, our offtaker, Bahiagás, has provided notice to reduce natural gas nominations for the remainder of September to approximately 8.5 MMcfpd, and as such, we are expecting a reduction in September natural gas sales"*. We think that set the stage for further compression in the stock price, which was exacerbated by the release of September 2023 volume of 1203 bpoepd. The trend was not positive. In short, we think the lower demand theme has been a headwind for the stock since the beginning of Q4F23, however, as we covered in the aforementioned update, we are not convinced that represents the new sustained normal and we think management's presentation will suggest the same.
- The Company's exploration and development work, including IP from the first three wells at Murucututu have been unremarkable. Given that replacing depleting reserves at Cabure is paramount to the Company's ongoing success, those unremarkable results to this point have proven to be another headwind. We recognize the concern, but we believe those unremarkable results are still in the early innings. We think the presentation will support that view as well.
- The lower demand, leading to lower production leading to lower earnings, has led to a lower dividend for Q1F24. That was announced on March 19, 2024 along with the year end numbers. As the second chart above reflects, it was not received well. We have tempered expectations for the first half of F24, but we also reflect improving production, sales and earnings thereafter. In short, if we are correct, we think a return to better dividends based on the Company's "stakeholder return model" is likely.
- Lastly, the Company is in the midst of a redetermination of the Cabure unitization agreement with its partner. In short, an "independent expert" reviews each partners' assessment of the proper split of the production (currently 49.1% Alvopetro) and then determines which best approximates the most accurate assessment which then determines the new split. Given that, the redetermination may result in a greater or lesser split for Alvopetro than the previous 49.1%, we think that uncertainty may be a headwind as well. Management will likely cover that in the presentation too.

Below is the promised excerpt from our recent update.

*To summarize, less than robust development results coupled with lower gas demand have represented two steps back in what has up until recently been a steady march forward since the time of the first gas sales. In case it is not clear, we remain of the view that these represent bumps in the road rather than data points to a new (lower) trend. We could be wrong, but that is our view. However, as we said, given the visibility challenges, we are modeling new (slower) progress from Murucututu, as well as reducing some forward demand/sales assumptions per the recent results, which will impact projected revenues and profit as well, in turn resulting in lower target assessments. As a result, we are establishing a new (lower 12-24 month price target of \$6.50 to reflect these changes. As for allocation, we recently raised our allocation on the stock price compression which turned out to be premature. To be clear, allocations beyond about 6 are atypical for us, so 7 is already a bit out of the ordinary making an increase to 8 extraordinary. We will keep that powder dry for now, but with our finger on the trigger. We will reassess our price targets as well as new data points evolve, as we think we have been aggressive reducing that target for now. **To reiterate, in our opinion, the stock is markedly oversold at these levels.***

We think the Company's presentation will support our opinion.



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Valuation Measures⁴

	Current [?]
Market Cap (intraday)	2.53M
Enterprise Value	510.52k
Trailing P/E	N/A
Forward P/E	N/A
PEG Ratio (5 yr expected)	N/A
Price/Sales (ttm)	0.08
Price/Book (mrq)	0.38
Enterprise Value/Revenue	0.04
Enterprise Value/EBITDA	-0.12



Income Statement

Revenue (ttm)	12.31M
Revenue Per Share (ttm)	1.95
Quarterly Revenue Growth (yoy)	6.60%
Gross Profit (ttm)	N/A
EBITDA	-4.27M
Net Income Avi to Common (ttm)	-5.08M
Diluted EPS (ttm)	-0.8400
Quarterly Earnings Growth (yoy)	N/A

Balance Sheet

Total Cash (mrq)	2.41M
Total Cash Per Share (mrq)	0.15
Total Debt (mrq)	385k
Total Debt/Equity (mrq)	5.75%
Current Ratio (mrq)	4.07
Book Value Per Share (mrq)	0.49

Cash Flow Statement

Operating Cash Flow (ttm)	-4.99M
Levered Free Cash Flow (ttm)	-4.58M

Tables and Charts from

Some of the narrative herein is excerpted from filings and other collateral of the subject company and/or from industry or other publications. Those excerpts are denoted in *italics*.

Trickle Research provides independent research coverage on Sonoma Pharmaceuticals. That research is available by at www.trickleresearch.com

Company Profile

We are a global healthcare leader developing and producing stabilized hypochlorous acid, or HOCl, products for a wide range of applications, including wound care, eye, oral and nasal care, dermatological conditions, podiatry, animal health care and non-toxic disinfectants. Our products reduce infections, scarring and harmful inflammatory responses in a safe and effective manner. In-vitro and clinical studies of HOCl show it to have impressive antipruritic, antimicrobial, antiviral and anti-inflammatory properties. Our stabilized HOCl immediately relieves itch and pain, kills pathogens and breaks down biofilm, does not sting or irritate skin and oxygenates the cells in the area treated, assisting the body in its natural healing process. We sell our products either directly or via partners in 55 countries worldwide.

Our core market differentiation is based on being the leading developer and producer of stabilized hypochlorous acid, or HOCl, solutions. We have been in business for over 20 years, and in that time, we have developed significant scientific knowledge of how best to develop and manufacture HOCl products, backed by decades of studies and data collection. HOCl is known to be among the safest and most-effective ways to relieve itch, inflammation and burns while stimulating natural healing through increased oxygenation and eliminating persistent microorganisms and biofilms.

We sell our products based on our HOCl technology into many markets both in the U.S. and internationally. Our core strategy is to work with partners to market and distribute our products. In some cases, we market and sell our own products. Below is an overview of the breadth of the product base:

Dermatology - *We have developed unique, differentiated, prescription-strength and safe dermatologic products that support paths to healing among various key dermatologic conditions. Our products are primarily targeted at the treatment of redness and irritation, the management of scars, and symptoms of eczema/atopic dermatitis. We are strategically focused on introducing innovative new products that are supported by human clinical data with applications that address specific dermatological procedures currently in demand.*

In the United States, we partner with EMC Pharma, LLC to sell our prescription dermatology products. Pursuant to our March 2021 agreement with EMC Pharma, we manufacture products for EMC Pharma and EMC Pharma has the right to market, sell and distribute them to patients and customers for an initial term of five years, subject to meeting minimum purchase and other requirements. In Europe and Asia we sell dermatology products through distributors. In these international markets, we have a network of partners, ranging from country specific distributors to large pharmaceutical companies to full-service sales and marketing companies. We work with our international partners to create products they can market in their home country.

In January 2024, we launched Lumacyn™ Clarifying Mist, a direct-to-consumer skin care product in the United States. Lumacyn is an all-natural daily toner to soothe skin, reduce redness and irritation, and manage blemishes by reducing infection. (See our narrative regarding Benzoyl Peroxide in the Trickle Notes below).

First Aid and Wound Care - *Our HOCl-based wound care products are intended for the treatment of acute and chronic wounds as well as first- and second-degree burns, and as an intraoperative irrigation treatment. They work by first removing foreign material and debris from the skin surface and moistening the skin, thereby improving wound healing. Secondly, our HOCl products assist in the wound healing process by removing microorganisms. HOCl is an important constituent of our innate immune system, formed and released by the macrophages during phagocytosis. Highly organized cell structures such as human tissue can tolerate the action of our wound care solution while single-celled microorganisms cannot, making our products advantageous to other wound-irrigation and antiseptic solutions. Due to its unique chemistry, our wound treatment solution is also much more stable than similar products on the market and therefore maintains much higher levels of hypochlorous acid over its shelf life.*

In the United States, we sell our wound care products directly to hospitals, physicians, nurses, and other healthcare practitioners and indirectly through non-exclusive distribution arrangements. In Europe, the Middle East and Asia, we sell our wound care products through a diverse network of distributors.

*In June 2023, we announced a new application of our HOCl technology for intraoperative pulse lavage irrigation treatment, which can replace commonly used IV bags in a variety of surgical procedures. The intraoperative pulse lavage container is designed to be used in combination with a pulse lavage irrigation device, or flush gun, for abdominal, laparoscopic, orthopedic, and periprosthetic procedures. It is in trial use by hospitals in Europe **and launched in the U.S. in November 2023.***

***Eye Care** - Our prescription product Acuicyn™ is an antimicrobial prescription solution for the treatment of blepharitis and the daily hygiene of eyelids and lashes and helps manage red, itchy, crusty and inflamed eyes. It is strong enough to kill the bacteria that causes discomfort, fast enough to provide near instant relief, and gentle enough to use as often as needed. In the United States, our partner EMC Pharma sells Acuicyn through its distribution network.*

***Oral, Dental and Nasal Care** - We sell a variety of oral, dental, and nasal products around the world.*

In international markets, our product Microdacyn60® Oral Care treats mouth and throat infections and thrush. Microdacyn60 assists in reducing inflammation and pain, provides soothing cough relief and does not contain any harmful chemicals. It does not stain teeth, is non-irritating, non-sensitizing, has no contraindications and is ready for use with no mixing or dilution. Our international nasal care product Sinudox™ based on our HOCl technology is an electrolyzed solution intended for nasal irrigation. Sinudox clears and cleans stuffy, runny noses and blocked or inflamed sinuses by ancillary ingredients that may have a local antimicrobial effect. Sinudox is currently sold through Amazon in Europe. In other parts of the world, we partner with distributors to sell Sinudox.

***Podiatry** - Our HOCl-based wound care products are also indicated for the treatment of diabetic foot ulcers. In the United States, we sell our wound care products directly to podiatrists, as well as hospitals, nurses, and other healthcare practitioners, and indirectly through non-exclusive distribution arrangements. In Europe, we sell our wound care products for podiatric use through a diverse network of distributors.*

***Animal Health Care** - MicrocynAH® is an HOCl-based topical product that cleans, debrides and treats a wide spectrum of animal wounds and infections. It is intended for the safe and rapid treatment of a variety of animal afflictions including cuts, burns, lacerations, rashes, hot spots, rain rot, post-surgical sites, pink eye symptoms and wounds to the outer ear.*

For our animal health products sold in the U.S. and Canada, we partner with Manna Pro Products, LLC. Manna Pro distributes non-prescription products to national pet-store retail chains and farm animal specialty stores such as Chewy.com, PetSmart, Tractor Supply, Cabela's, PetExpress, and Bass Pro Shops.

***Surface Disinfectants** - Our HOCl technology has been formulated as a disinfectant and sanitizer solution for our partner MicroSafe and is sold in numerous countries. It is designed to be used to spray in aerosol format in areas and environments likely to serve as a breeding ground for the spread of infectious disease, which could result in epidemics or pandemics. The medical-grade surface disinfectant solution is used in hospitals worldwide to protect doctors and patients. In May 2020, Nanocyn® Disinfectant & Sanitizer received approval to be entered into the Australian Register of Therapeutic Goods, or ARTG for use against the coronavirus SARS-CoV-2, or COVID-19, and was also authorized in Canada for use against COVID-19. Nanocyn has also met the stringent environmental health and social/ethical criteria of Good Environmental Choice Australia, or GECA, becoming one of the very few eco-certified, all-natural disinfectant solutions in Australia. Through our partner MicroSafe, we sell hard surface disinfectant products into Europe, the Middle East and Australia.*

Our consumer products are available through Amazon.com, our online store, and third-party distributors. Sonoma manufactures and ships all its product from a state-of-the-art facility in Guadalajara, Mexico. The current capacity of the Guadalajara plant is several times the Company's current run rate.

Trickle Research Notes

Briefly, Hypochlorous acid is produced by the white blood cells (neutrophils) of all mammals as part of their (our) immune systems. It is highly effective at killing a large variety of pathogens including viruses (MERS, Covid and many others), as well as bacteria and fungi. In many cases, it can kill these pathogens faster and more effectively than current wound care standards line iodine, alcohol and chlorhexidine, and faster and more effectively than many common disinfectants such as bleach. On the other hand, *at concentrations well beyond those needed to kill these pathogens* it has no cytotoxicity profile. As a result, it will not irritate skin or even eyes, and (although not recommended) can be ingested with little or no side effects. Further, HOCl is created by the simple electrolysis of salt water. The problem is, HOCl has a very short shelf life (hours or days) making it difficult to commercialize without some sort of technology to stabilize it, which means a long shelf life that maintains a predictable and consistent pH and dilution. *That*, is what they have perfected and further, they have built a moat of **21 FDA 510K clearances, as well as 39 CE Mark approvals (EU) and 53 patents** around the technology.

We initiated coverage of Sonoma, in May (2023), and the stock has had a rough time since. As we have noted along the way, since the pandemic the capital markets (re: dilution) for small companies trying to raise capital have been draconian. Unfortunately, Sonoma has been part of that malaise. That has been frustrating on multiple levels. First, management has done a diligent job of restructuring the Company and getting costs more aligned with the business. As a result, they are not miles away in terms of the revenue required to get to profitability. That notion is supported by what we think is some manufacturing leverage at scale (ie: rising gross margins with higher revenues). To that end, they continue to add product sku's around the globe and they continue to seek more (and/or better) distributors to drive higher revenues. To edify, more sku's depends in part on their ability to conduct studies to get new products certified by FDA, CE Mark or others. That takes time and money. The "time" part of that equation has been particularly frustrating. For example, they have a disinfectant product for the U.S. market that *we think* will do well, that has been approved by the EPA and has a notable national distributor ready to go, but the State of California, is being...the state of California, and taking its time approving it for no apparent reason. Again, frustrating. In addition, and perhaps the most frustrating thing of all, is that the product(s) *really works*. If management leaves some time at the end of their presentation, we will provide some personal experiences we have had with the product(s). Those experiences, as much as anything, as well as other studies we have reviewed regarding the product's efficacy are the basis for our enthusiasm for Sonoma. In our opinion, Sonoma products should be in every medicine cabinet, doctor's office, clinic, hospital, veterinary office school nurse's office and anything else along those lines across the globe. That said, we think the Company may have very recently caught a break that could create a big opportunity. We will explain.

On March 5, 2024, Valisure, an independent analytical laboratory located in New Haven, Connecticut, filed a Citizen Petition on Benzene in Benzoyl Peroxide Drug Products. In the petition it states that "Valisure has tested and detected high levels of benzene, a known human carcinogen, in many specific batches of benzoyl peroxide (BPO) products, and the current evidence suggests that on-market BPO products could produce substantial amounts of benzene when stored at above-ambient temperatures, ...". The petition further states that this problem does not appear to be a contamination issue from a specific ingredient, but instead due to the inherent instability of the BPO molecule that can potentially break down to form benzene over the shelf-life of the product, especially after exposure to high temperatures. Benzene has become a more recent focus of attention related to safety concerns, with an increase in independent product testing and also updated regulations by the Food and Drug Administration related to benzene. [Response Statement from the American Acne & Rosacea Society to the Valisure Citizen Petition on Benzene in Benzoyl Peroxide Drug Products - American Acne & Rosacea Society \(acneandrosacea.org\)](#).

To edify, Benzoyl Peroxide is used in a myriad of acne and other skin products for example, CeraVe, Clearasil, Proactiv *and many, many others*. Moreover, from a recent article addressing the concerns about BPO's [How Concerned Should You Be About Benzoyl Peroxide Products? \(msn.com\)](#): "*....That said, it's never wrong to err on the side of caution. So, while a rightful alarm is raised across the cosmetics industry—and recalls are likely set to become commonplace—it's best to retire your benzoyl peroxide products until more information is known. The good news: There are plenty of alternative acne-fighting ingredients available on the market that can address both clogged pores and bacteria. "Some of these ingredients that are available over the counter are: glycolic acid, sulfur, azelaic acid, salicylic acid,*



ProStar Holdings Inc. (MAPPF)

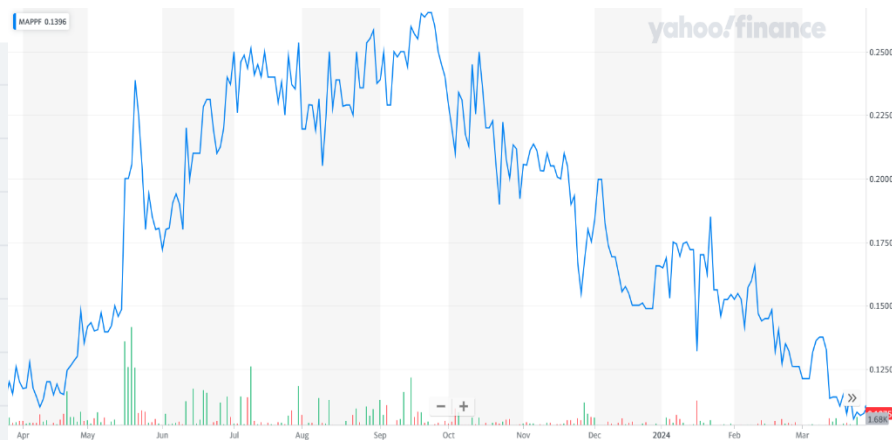
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Valuation Measures⁴

	Current ?
Market Cap (intraday)	12.83M
Enterprise Value	11.67M
Trailing P/E	N/A
Forward P/E	N/A
PEG Ratio (5 yr expected)	N/A
Price/Sales (ttm)	15.27
Price/Book (mrq)	19.02
Enterprise Value/Revenue	13.91
Enterprise Value/EBITDA	-2.16



Income Statement

Revenue (ttm)	838.77k
Revenue Per Share (ttm)	0.01
Quarterly Revenue Growth (yoy)	-10.30%
Gross Profit (ttm)	N/A
EBITDA	-5.3M
Net Income Avi to Common (ttm)	-5.55M
Diluted EPS (ttm)	-0.0600
Quarterly Earnings Growth (yoy)	N/A

Balance Sheet

Total Cash (mrq)	1.31M
Total Cash Per Share (mrq)	0.01
Total Debt (mrq)	143.27k
Total Debt/Equity (mrq)	19.63%
Current Ratio (mrq)	1.62
Book Value Per Share (mrq)	0.01

Cash Flow Statement

Operating Cash Flow (ttm)	-4.57M
Levered Free Cash Flow (ttm)	-2.31M

Tables and Charts from yahoo!
finance

Some of the narrative herein is excerpted from filings and other collateral of the subject company and/or from industry or other publications. Those excerpts are denoted in *italics*.

Trickle Research provides independent research coverage on ProStar. That research is available by at www.trickleresearch.com

Company Profile

ProStar Holdings Inc. is a developer of Software-as-a-Service (“SaaS”)-based solutions, providing patented Geospatial Intelligence Software designed to enhance the management and maintenance of the asset lifecycle for asset centric industries. The Company is listed on the Toronto Stock Exchange Venture (“TSXV”), as a Tier 2 technology issuer on the TSXV and trades under the symbol MAPS. The Company also trades on the OTCQB, a US trading platform under the ticker symbol MAPPF. Prostar headquarters are in Grand Junction, Colorado located at 760 Horizon Drive, Suite 200 and is a Delaware incorporated enterprise

North America is laced with a network of tens of millions of miles of buried infrastructure that are in danger of being damaged every time a ground-breaking activity occurs. Every year in the US alone, over 30 million excavations are performed. On average there is a subsurface utility damage event every sixty seconds of every workday. When these events occur, lights go out, traffic is disrupted, pollution is released into the atmosphere, hundreds of millions of dollars of repairs are required and unfortunately, injuries may occur.

ProStar designed and developed a proprietary utility mapping solution that operates on a standard smart phone and has proven to address these issues and reduce the risk of damage to these buried assets due to the lack of timely and precise information being available during maintenance and construction activities. Using unique and patented processes, ProStar's solution provides a unique view of subsurface infrastructure relative to the user's location resulting in real-time situational awareness and to a precision, which, until now, was unachievable. ProStar's solution leverages open data standards combined with modern cloud and mobile technologies, to deliver critical utility location information into the hands of project personnel where and when it is most needed, whether that is in the field or in the office. When accurate utility location information is delivered to project personnel in a timely manner, the risk of damage to buried assets often caused by construction and maintenance activities is significantly reduced.

After years of development and testing, ProStar now has a growing list of several high-profile clients that include the Colorado Department of Transportation, Kiewit Corporation (a Fortune 500 contractor based in Omaha, Nebraska), and some of the largest subsurface utility engineering organizations in North America that include Kokosing, Waterworks, Utility Mapping, Landmark Engineering, T2 Engineering & Surveying, WSB Engineering & Surveying and KCI Engineering & Surveying. The company has also established strategic business relationships with the world's leading equipment manufacturers of utility and pipe locate devices as well as GPS/GNSS receivers.

The use of ProStar's solution significantly reduces the risks associated with damage currently plaguing the utility and pipeline industries and streamlines business processes throughout the enterprise and asset lifecycle. ProStar offers immediate cost savings, improves worker and public safety, and minimizes environmental risk all the while bringing added value, consistency, and time savings to the asset management and damage prevention processes. This challenge is not limited to the US market and in fact, the concerns in other parts of the world are far greater.

Trickle Research Notes

ProStar has been a presenter at several of our past conferences, so many attendees will be familiar with the story. Further, we initiated coverage of the Company on 02/06/24. Copies of the research are available at the conference registration table as well as on our site: www.trickleresearch.com. Below is some of the narrative from that research.

As generalists, we often seek counsel from experts in the industries some of our coverage names operate in. That is another way of saying we fully submit that we are not industry experts, so we often try to gather the opinions of those who are. We think that is one of the benefits of having provided research from a generalist perspective long enough that we have developed relationships with several people in that category. In the case of ProStar, our discussions with some of our experts suggest to us that there is a considerable need for the functionality and output of ProStar's “PointMan®” platform.

The Company's current PointMan® platform has evolved in part from a legacy platform they referred to as "Transparent Earth". We believe some of that evolution was the result of the Company's relationship with the Colorado Department of Transportation ("CDOT") Kiewit, as well as major engineering and surveying firms in the US and abroad. On the face, we believe the Company's relationship with CDOT and the other firms provides a considerable reference customer that may indeed prove transformative, however, we do not think that relationship is well understood. That is, while adding additional state and other government customers is certainly a priority, we believe the greater share of their revenue is likely to come from commercial enterprises.

While ProStar has been marketing PointMan® in some capacity for some time now, we think those efforts have been muted by a handful of challenges. However, we think those challenges are largely behind them, paving the way for what we believe is a more defined and focused product and marketing approach that should provide a basis for measurably improving revenue and operating results going forward.

There are several groups of stakeholders that subsurface utility strikes ("SUS") impact, and these include utility companies with 20 million miles of underground facilities across the U.S. They also include states, counties, and other government entities that own and operate utilities such as sewer and water systems, but also control easements that contain many of these utility assets in cities and towns as well as along transportation corridors such as federal, state and county highways and roads. Further, a myriad of companies that develop, install, manage and replace these utilities in conjunction with construction and other projects that impact these assets are also stakeholders. These companies include engineers, contractors, excavators, utility locators and others. Moreover, perhaps the largest collective group of stakeholders are the consumers who depend on these utilities and the citizens who live within areas or travel along the corridors that hold these utilities.

While there are many stakeholders affected by SUS events, the problem seems to be more acute for some than for others and perhaps for different reasons. For instance, contractors, excavators and locators, are often directly involved in the damage, so they are often held responsible for the cost related to fixing it. These stakeholders have a clear economic incentive to prevent these incidents. In addition, government-based utilities like water/sewer districts are also involved in damaging the assets of others as they are trying to install or maintain their own assets. Further, when damage in cities or along highways negatively impacts citizens, the governors, transportation department heads and mayors hear about it, regardless of who was ultimately responsible. From another perspective, government officials are charged with trying to protect the public from catastrophic events, and some utility strikes can be (have been) catastrophic.

While we believe ProStar's TAM includes most of the stakeholders we have noted, we believe the Company's best opportunities may be among these constituents that seem to be impacted the most by adverse strike events, namely, contractors, locators and government. That noted, the Company has an agreement with the Colorado Department of Transportation ("CDOT") that requires the use of ProStar's PointMan® platform across any project that involves CDOT. In addition, the Company has also established a deep relationship with Kiewit Corporation, one of the nation's largest road construction companies, which as we understand it, is using PointMan® on over a dozen of their projects. We believe these reference customers will help drive adoption by similar entities/enterprises. Along those same lines, we believe CDOT and Kiewit have provided important insights into the development of PointMan® as it exists today, and while ProStar has been generating revenue for a few years, we think the commercialization of the finished PointMan platform in earnest, commenced in 2023 and the pipeline has been accelerating since that launch. As a result, we project favorable YoY and sequential results through 2024 and through 2025 as well as profitability therein.

We believe PointMan® includes several attributes that provide value to users. These attributes include interfaces and agreements with many/most of the major providers of utility location hardware. We believe that hardware agnostic posture is paramount to their comparative advantage and/or success. Also, PointMan® is cloud-based which facilitates some of its other attributes including data storage and retrieval, mobility, and information collaboration among constituents with (previously) siloed data. We also believe the Company's SaaS approach makes the platform quite affordable with demonstrable ROI characteristics. We would add, regarding ROI, there are numerous studies from various groups that suggest the ROI of technology-based SUS solutions in terms



Cavitation Technologies, Inc.

(OTC: CVAT)

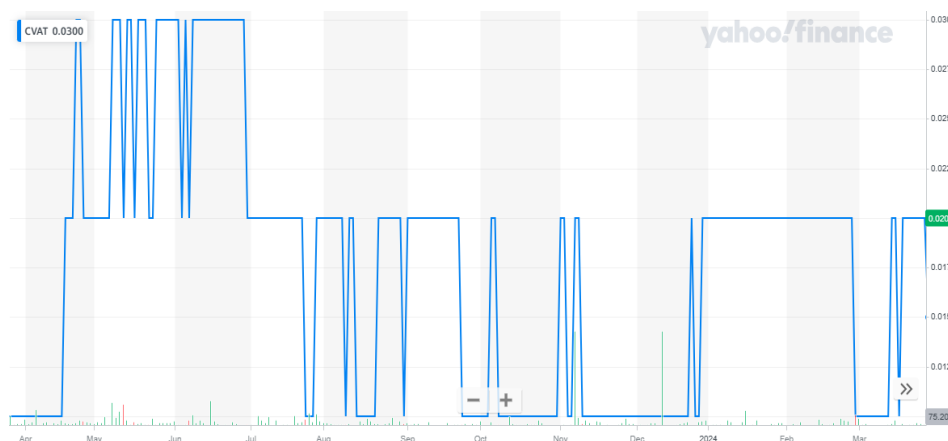
Address:

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 United States
 818 718 0905

<https://www.ctinanotech.com>

Valuation Measures⁴

	Current [?]
Market Cap (intraday)	4.26M
Enterprise Value	4.49M
Trailing P/E	N/A
Forward P/E	N/A
PEG Ratio (5 yr expected)	N/A
Price/Sales (ttm)	14.04
Price/Book (mrq)	N/A
Enterprise Value/Revenue	14.73
Enterprise Value/EBITDA	-2.33



Income Statement

Revenue (ttm)	305k
Revenue Per Share (ttm)	0.00
Quarterly Revenue Growth (yoy)	231.00%
Gross Profit (ttm)	N/A
EBITDA	-807k
Net Income Avi to Common (ttm)	-1.94M
Diluted EPS (ttm)	-0.0100
Quarterly Earnings Growth (yoy)	N/A

Balance Sheet

Total Cash (mrq)	7k
Total Cash Per Share (mrq)	0
Total Debt (mrq)	234k
Total Debt/Equity (mrq)	N/A
Current Ratio (mrq)	0.01
Book Value Per Share (mrq)	-0.00

Cash Flow Statement

Operating Cash Flow (ttm)	-336k
Levered Free Cash Flow (ttm)	-27k

Tables and Charts from yahoo!finance

Some of the narrative herein is excerpted from filings and other collateral of the subject company and/or from industry or other publications. Those excerpts are denoted in *italics*.

Trickle Research provides independent research coverage on Cavitation. That research is available at: www.trickleresearch.com

Company Profile

Cavitation Technologies, Inc. is a process and product development firm that has developed, patented, and commercialized environmentally friendly technology-based systems that are designed to serve large, growing, global markets such as vegetable oil refining, renewable fuels, water treatment, wines and spirits enhancement, algae oil extraction, water-oil emulsions and crude oil yield improvement. Our systems are designed to process industrial liquids at a reduced processing time, lower operating cost, and improve yield while operating in an environmentally friendly manner. Our patented Nano Reactor® and LPN™ are the critical components of our business and we have generated all of our revenue while utilizing these components.

Our technology involves the (patented) manipulation and utilization of a physics phenomenon referred to as cavitation. Perhaps, without knowing it, cavitation is something most of us have observed on some level. For instance, cavitation occurs when water is agitated (a blender or a boat propeller) and bubbles are created. More technically, the reason those bubbles form is because the acceleration of the water/liquid creates changes in the ambient pressure, which cause the water to vaporize and form the bubbles. Again, simply stated, as the pressure surrounding the bubbles changes, the bubbles burst, releasing energy sometimes referred to as “shockwaves” or “microjets”. Some estimates suggest the energy released from cavitation reaches 20,000 Kelvin — hotter than the sun's surface. As a result, cavitation can damage equipment that is subject to the phenomenon. For example, the pits that often form in boat propellers are the result of these bursting bubbles colliding with and eroding the propellers.

To extend the technical lesson just a bit more, consider this. We all likely recognize that water turns to vapor when we boil it to a temperature of 100 °C. However, that is only true at sea level. For instance, at 1 mile above sea level water boils at 95 °C. That is, atmospheric pressure at altitude is lower than it is at sea level and the lower the ambient pressure, the lower the temperature required for water to vaporize. By extension, when the rate of flow of a fluid is accelerated, it causes a corresponding drop in ambient pressure (typically referred to as Bernoulli's Principle), which in turn effectively causes the water to vaporize at a much lower temperature. That vapor becomes a bubble. Moreover, as the pressure around the bubble changes, (for instance when the flow rate decreases) the bubble eventually implodes as the pressure outside of the bubble becomes greater than the pressure inside the bubble. That implosion is cavitation and while the energy released in the process is often destructive, it can also be quite useful if properly harnessed/directed. We have 40 worldwide patents around harnessing and directing cavitation.

Our first commercial application for our technology has been the CTi Nano Neutralization® System which has been utilized to improve edible vegetable oil refining processes. Our environmentally friendly process has been shown to reduce refining costs, increase oil yield, and limit the number of chemical additives used in chemical refining of vegetable oils. In that regard, on May 14, 2012, we signed a global R&D, Marketing and Technology License Agreement with Desmet Ballestra Group s.a. (Desmet), a Belgian company that is actively marketing the NANO Neutralization® System, the key component of which is our Nano Reactor® to soybean and other vegetable oil refiners. The Agreement provided Desmet a limited, exclusive license and right to develop, design and supply our NANO Neutralization® System on a global basis. In February 2024 we renewed a 3-year Global License Agreement with Desmet. In conjunction with that agreement, Desmet placed multiple system orders in excess of \$650,000.

Aside from edible oils, CTI has been developing applications for their reactors across several other industries. For example, over the past year the Company has sold reactors into the biodiesel processing industry, as well as into the agricultural space where the reactors process water and kill bacteria, fungi and algae. According to the U.S. Department of Agriculture, diseases caused by fungal pathogens can cause crop losses of 10-20%, worth \$100-\$200 billion each year. CTI is also collaborating with their agriculture customer to develop other agriculture applications. In addition, the Company continues to demonstrate its reactor in the oil and gas industry in the Permian Basin, where it believes the technology is uniquely suited to treat produced water, which is a large and growing problem across several U.S. O&G resource basins.



Alchemy Beverages, Inc.

(Private)

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Company Profile

Alchemy Beverages Inc. (“ABI”) was established in 2018 to introduce their proprietary and patented Clarification Technology to the market. ABI is changing the way alcohol is produced and consumed. Dedicated to democratizing the experience of responsible drinking, with our first to market product, Barmuze®, we are empowering consumers to drink the best possible version of their favorite spirit, at home.

A first of its kind smart countertop appliance Barmuze® gives consumers a unique experience to enjoy spirits, while mitigating the effects of a hangover. In addition, the Company is developing strategic partnerships establishing proprietary lines of alcoholic beverages utilizing our patented technology. That is, we are currently pursuing a two-pronged strategy that first and foremost, the commercialization of Barmuze®, as well as the development of a business that seeks to utilize the technology to create individual spirit offerings through our own brands and/or via white label, licenses or other means with enterprises attempting to develop their own brands. For instance, the Company has launched its own brand of vodka known as Cameo Vodka and has won several awards for taste and quality and was rated 95 points (by tastings.com).



Our disruptive, patented technology produces physical and chemical restructuring of alcoholic beverages at the molecular level while mitigating levels of harmful impurities contributing to hangovers. We do not distill, filter or change the proof, all while substantially improving the taste. Our process utilizes a phenomenon referred to as hydrodynamic cavitation and involves passing the liquid through variable pressure fields, which causes molecular restructuring, removing harmful chemical compounds typically found in spirits. Initial lab studies show that the Clarification Process is able to significantly reduce congeners found in hard liquors.

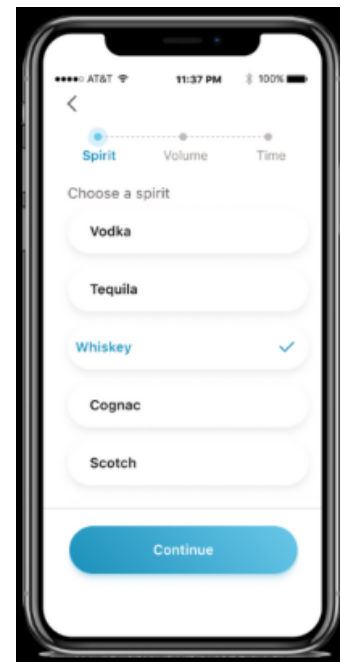
Over time ABI has been able to build, evaluate and advance various versions of the Barmuze® appliance improving its functionality, performance, form factor and cost. Through those efforts, we believe we have developed a production and commercial ready version of the product that we can now bring to the market. In that regard, we are currently raising capital to complete our pre-commercialization phase, which includes the buildout of 25 to 30

initial demonstration units and the associated preparation for scalable manufacturing, development of the initial marketing plan, the completion of internal documents including financial audits necessary to prepare for a larger financing and the addition of some key personnel as well as the creation of a Board of Directors, necessary to move the business forward.

Trickle Research Notes

As referenced above, Alchemy has been in the process of developing *Barmuze*® since 2018. Through our coverage of Cavitation, we have been aware of some of Alchemy’s plans and challenges along the way, but it was never the focus of Cavitation’s primary endeavors so much of our exposure was cursory. However, as we have spent more time evaluating the story, we are starting to better understand the opportunity. On the other hand, part of that “better understanding” is related to the fact that **they have** made progress enhancing the product, and that includes added mobile functionality, form factor improvements and manufacturing scale and cost improvements. Below is some narrative from the Company’s (draft) business plan, that provides some color around some of *Barmuze*’s evolution:

“...As we described above, by harnessing and directing the cavitation process, we can alter (improve) the chemical constituencies of the alcohol as well as effectively altering its physical processes (aging). Moreover, we have designed the Barmuze® to optimally process different inputs. For instance, wine is processed differently (and more quickly) than vodka. However, we also recognize that different palates express preferences for different tastes, so the ability for the technology to be modified as to processing time, for instance, allows users to experiment with iterations that best suit their own palates. That is, every vodka drinker may have their own sense of the optimal taste, and Barmuze® allows them to create that preference on their countertop. Further, we have developed a mobile application that allows customers to interface with Barmuze® and in turn us to interface with those customers. We believe that application will allow us to develop additional revenue streams around the provisioning, collection and interface of that customer data. That may be particularly topical to some of our other anticipated revenue opportunities, for instance the marketing and sale of our own future alcohol labels/brands or perhaps the creation of direct marketing programs with local retailers...”



The Company is currently raising some pre-commercialization capital, as a bridge to among other things, prepare for a larger equity round. The Company can provide additional information to anyone interested in that or subsequent financings.

We have arranged for attendees to taste/compare the *Barmuze*® at our dinner following the presentations.

Disclosures:

- As we discussed in the overview of Cavitation, Inc. Alchemy is a licensee and related party entity of Cavitation’s.
- Dave Lavigne has been providing Alchemy with consulting services including the development of a detailed business plan and other inputs.

Somerset Energy Partners



**Somerset
Energy Partners**

(Private Company)

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Canada

www.somersetenergy.com

Company Overview

Founded in March 2021, Somerset Energy is an E&P company founded by experienced E&P professionals and focused on low-risk appraisal and development of proven reservoirs in south Texas, outside of San Antonio.

The Company's initial strategy is to focus on the rehabilitation of existing wellbores. That approach generally includes low per well production, but also a low cost and by extension low risk profile to the project. Their two areas of focus are referred to as "Somerset" and "Bigfoot".

The Company holds approximately 26,000 acres in two core areas with over 1,500 historical oil wells which are the focus of an extensive chemical clean out and work over program to increase production from the current 250 bls/d. Somerset has several acquisition opportunities identified which would double its acreage footprint and provide further workover and drilling opportunities for future growth and a development.

Somerset's projects are operated through a partnership with Petrosaurus, Inc. Petrosaurus is a local operator that includes "a highly seasoned group that includes geologists, engineers, and field operators that have decades of industry experience and results. Petrosaurus, Inc. is fully staffed and owns a fleet of oil-field related equipment. They provide oil & gas related services such as well pulling, well servicing, well plugging, pump and packer building and refurbishing, and lease cleanup to the local industry".

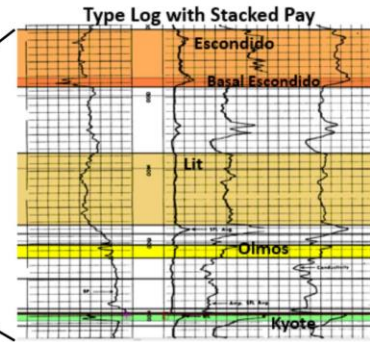
In addition to their reworking activities, the Company is also focused on a new resource play called the Lit Formation. The table below provides some high-level color regarding the formation:

Typical Cross Section

- Historically Targeted Zone: Olmos/Kyote Sand (Navarro and Taylor)

- The Olmos and Kyote Formations are Cretaceous aged marine sandstone reservoirs. These reservoirs are very high quality, they are responding very well to our treatments
- Shallow sand sequence: producing sands range from 1,400 - 3,600 feet in depth allows for very economical workovers

System	Series	Stage	Group	Formation	
Phanerozoic	Eocene	Rupelian	Vicksburg	Yazoo Clay	
		Pratonian	Jackson	Moodys Branch Formation	
		Bartonian		Cockfield Formation	
		Clabornian		Cook Mountain Formation	
		Lutetian		Sparta Formation	
	Miocene	Yorbanian	Wilcox		Cane River Formation
		Selandian	Udoff		
		Danian	Moberly		Rosen Creek Clay
		Maestrichtian	Navarro		Gas Rock/Arkadelphia/Nacaloch
			Taylor		Saratoga/Marbrook/Annona/Ozan
Cretaceous	Upper Cretaceous	Bartonian	Austin	Brownstown Formation	
		Coniacan	Eagle Ford	Tobo Formation	
		Turonian		Upper Tubalossa Formation	
			Tulcaloosa	Marine Sand	
			Caronomanian	Lower Tubalossa Formation	
	Lower Cretaceous				Goodland Formation
					Walnut Formation
					Paluxy Formation



- Newly identified-Resource: Lit Sand

- The Lit formation in South Texas is a Cretaceous aged nearshore Tidal Flat deposit
- In the Somerset area the Lit ranges from 65 to 100 feet thick and is very extensively covering all of the Somerset area
- Note: competent rock sits above and below the Lit formation, which allows for frac containment

The Company believes that the Lit Formation will provide the next valuation leg in the Company beyond their well rehabilitation efforts at Somerset and Bigfoot. We will speak to that further below.

Trickle Notes

Hitting a few high points, the initial plan here is quite simple as it involves taking existing wells that have experienced normal decline over the years and applying some modern reworking techniques to enhance that production. While even that “reworked” production is relatively low (for instance 5 bbls/day to 20 bbls/day), the ROI of the endeavor can be compelling given the combination of low required rework capex and higher oil prices. That said, the Company estimates its “all-in” costs to be around \$35 per barrel and with the opportunity to reduce that by 10% to 20% as production increases.

Another issue impacting costs is the aforementioned agreement with Petrosaurus. Basically, the partnership provides Petrosaurus with cost-plus pricing for services, a 20% carried interest in the projects, and a portion Somerset’s equity (3.5%). Clearly, that is also a lower risk and lower initial capex approach to operating the project, and given Petrosaurus’ tribal knowledge of the area, it is likely the most efficient approach as well.

Recognize, the Company had a setback in 4QF22, that has impeded their progress from through 2023. In September they were producing 700 bbls/day before “*having to be shut-in due to lack of trucking capacity in region*”. To translate, the trucking company they had contracted to move their oil had an IRS problem that shut down the business. They have since worked to solve that problem such that *current sales production is now back to around 350 bbls/day*. They expect their expanding rework efforts to reach 2,500 to 3,000 bbls/d of production by the end of F2024 generating \$80 million to \$100 million in operating cash flow.

Referring back to the graphic above, they are targeting the Lit formation for further development which contemplates drilling horizontal wells across the formation. Their expectation is that those wells could see initial flow rates of 200 to 300 bbls/d. Their data also suggest their Lit assets could have 13 billion barrels of oil in place and could add 10,000 bbls/day over the longer term (3 to 5 years). Obviously, if that scenario plays out, it will *significantly* change the game here.

Lastly, the Company is currently preparing a RegA offering to finance further development, which may pave the way for a public event. The Company’s presentation along our Conference Sponsor Clout Hero, will address that offering.

