

Trickle Research

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



Company Profile

LGX ENERGY CORP.

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Disclosure: Portions of this report are excerpted from LGX Energy's website(s), presentations or other public collateral. We have attempted to identify those excerpts by *italicizing* them in the text.

In June 2022, we provide a Profile on LGX Energy. That profile is available on request. It can also be accessed on our website: www.tricklerresearch.com. This document provides an update to that profile, as the Company has achieved measurable fundamental progress since the time of that initial document. Parts of this update have been excerpted from that original document.

LGX Energy (“LGX”), entered the Indiana oil and gas business in January 2022 via the acquisition of Adler Energy, LLC (“Adler”). The acquisition included the Thomas Field in Clay County, Indiana, with 7 producing oil wells, a disposal well and over 300 miles of 2D seismic with undrilled prospects, acquired by Adler Energy over a ten-year period across 5 counties in the state of Indiana, all within the historically prolific oil and gas structure known as the Illinois Basin. Today, Adler remains a wholly owned subsidiary of LGX and most of the Company’s operations are executed through Adler.

At the time we published our initial profile, there were a handful of bullet points the Company would be looking to accomplish moving forward from that time. Below are the most notable of these issues as well as an overview of where they stand on each of these today.

- MINERAL LEASES

When LGX acquired Adler in early 2022, the acquisition included very few leases outside of those associated with the Thomas Field. We submit, acquiring leases without a good sense of the geology underneath may not be optimal, on the other hand, trying to sign leases after delineating there are likely resources underneath may not be optimal either. To that end, in our view, the Company has done a good job of walking that line. Specifically, as we recall, by mid-2023 they had managed to add 162 leases comprising about 4700 acres, whereas today (mid- 2025) they have approximately 230 leases representing over 7500 acres.

As we noted in our initial profile, America’s first giant oil field was a Trenton field of Indiana; where gas was discovered in 1876. The production from the field was the genesis of John D. Rockefeller’s Standard Oil Company. That said, when it comes to more oil and gas production, the state of Indiana is a bit of an enigma. That is, despite its early success in the late 19th century, Indiana has never been a top oil or gas producing state, but it sits between Ohio and Illinois which collectively were top oil 10 producers through much of the first half of the 20th century. On the other hand, it has been successful enough that today, it does possess significant oil and gas service as well as gathering infrastructure. Consequently, from a lease perspective, the state has an attractive mix of enough production to support field services and infrastructure, but not so much production that lease rates are high. For perspective, we believe Company’s typical lease rate included a onetime lease fee of around \$25 per acre and a 12.5% annual production royalty. (By comparison, those numbers in the Permian Basin can be several thousand dollars and production royalties up to 25%). That relatively modest “buy-in” has allowed the Company to increase the lease portfolio both quickly and relatively inexpensively.

While production is the obvious goal, we think the Company’s success in gathering leases since the time of our initial profile is one of the hidden values in the Company. To that end, their lease positions(s) may become more topical as they enter production because Indiana is a forced pooling state. Forced pooling is a means of overseeing the extraction of oil & gas in a particular drilling unit, where the underlying mineral rights are owned by multiple people or entities. According to Indiana law, ([Landowner's Guide to Oil and Gas Leasing](#)), operators like LGX, are required to “*make a diligent and reasonable attempt to negotiate lease terms with the unleased owner and have successfully leased a “substantial majority” of the acreage within the proposed drilling unit*”. Under forced pooling, If the operator has established that position, they can effectively drill wells that may encroach the mineral rights of others, even without a lease of those specific rights. In that case the owner is entitled to a production royalty, but they cannot otherwise prohibit the operator from extracting the oil under their land. Clearly, that piece of Indiana legislation favors those who have “*successfully leased a substantial majority of the acreage within a proposed drilling unit*”. As a result,

in our view, a robust lease portfolio is paramount to LGX’s success, and we believe they will rely on forced pooling laws to drill some of their current prospects. Without procuring a “substantial majority” of leases within certain blocks, they would not be able to do this. Thus, the Company’s leasing activities, both past and future, are paramount to their success so we anticipate that they will continue to pursue additional leases.

- **SEISMIC PORTFOLIO**

Before we address the Company’s access to and application of seismic technology, we would point out that the use and success of seismic is not a secret in the industry, although specific studies to that end are not easily accessible. However, the Canadian Society of Exploration Geologists, has provided a summary of various studies and producer results regarding the use of 3D seismic. In that summary (Quantify the Economic Value of Geophysical Information - Canadian Society of Exploration Geophysicists) they note: “*The message derived from these publications is that the use of 3D seismic at least doubles the probability of drilling successful wells. Specifically, in the above articles, the probability of drilling a successful well when 3D seismic is used is 48-80%, which can be compared to 14-35% without 3D for combined exploration and development results*”. We would note, this particular overview was written in 2011. That is notable, because despite that considerable support for the use of 3D seismic, the technology has become even more effective, and certainly less expensive over the ensuing decade. These success numbers are important to keep in mind as we consider LGX’s potential success in identifying and developing commercial wells and fields.

While the Adler acquisition did not include any leases outside of the Thomas Field, it did include roughly 400 square miles of 2D seismic across five Indiana counties including Clay, Vigo, Greene, Daviess and Sullivan:

Table 1.



[Indiana County Map: Editable & Printable State County Maps](#)

LGX has been able to apply new technology to reprocess the acquired 2D seismic portfolio to provide a basis for identifying the most promising prospects to then single out for additional analysis. That process led to the application of 3D seismic over approximately 8 square miles of the original 2D portfolio. The combined seismic studies *to date* have yielded well over 100 prospective targets in as many as a dozen fields. The Company’s exploration and drilling activities will initially focus on the most promising of these identified prospects. Further, the Company intends to continue its 3D acquisition and analysis to add other and/or even more promising targets.

In terms of the breadth of their current 3D portfolio, recognize that to date the Company has reprocessed only a small fraction of the 400 miles of 2D seismic they acquired, and of that portion they have applied 3D technology to *only 8 of those miles*. Further, recall the Company currently holds leases in 2 Indiana counties, but much of that 3D analysis has been done in Clay County. With respect to the potential of their existing seismic portfolio and their opportunities to utilize *that* to narrow down the best prospects for additional 3D applications, they have just scratched the surface. To that end, the model assumptions we have included in this update are largely constrained to the development opportunities that have been identified with 3D seismic applied *in Clay County alone*. Again, there is considerable blue sky remaining in terms of the Company's access to both seismic assets and contracted leases outside of (and still within) Clay County.

- EXPLORATION & DRILLING

As we alluded to above, most of the Company's exploration and development work to this point has been done in Clay County, Indiana. That work includes their first test well, dubbed the "Fritz 2-30" located about 1.5 miles due west of Clay City, Indiana. The Fritz Project (which includes Fritz 2-30) is part of a 220 acre Area of Mutual Interest ("AMI") that the Company is funding through a drilling partnership they formed with an investor group. We will elaborate on the drilling arrangement further in the **Production** overview below. The drilling program at Fritz currently contemplates as many as 9 additional (offset) wells around Fritz 2-30, and it is anticipated that each of these offsets could include multiple wells therein, targeting one or more specific formations with vertical wells. To reiterate, the multiple formations the Company is currently targeting are relatively shallow (roughly between 1000 and 2000 feet) and by extension relatively inexpensive to drill (\pm \$200,000). We would add, the Company recently spudded the second Fritz well, "Fritz 7-30" and is currently casing it. The logs results of 7-30 are quite promising and they anticipated that both 2-30 and 7-30 will be in production shortly.

For the sake of both brevity and simplicity, we are not going to go too far down the technical rabbit hole that often accompanies oil & gas analysis, especially with respect to geology. We would encourage those with the technical ability to understand that level of discussion to review some of the Company's technical collateral and/or speak with the Company directly about that detail. That said, from the high level, the geology of the Illinois Basin commonly holds exhibits often referred to as "stacked pays". Stacked pays are individual sedimentary layers deposited over varying (typically defined) geological periods that may all or at least in part bear some level of hydrocarbons. Depending on their geologic makeup (shale, sandstone, limestone etc.) and depending on their ability to trap or store hydrocarbons that have migrated from a source, some sedimentary layers are better hydrocarbon hosts than others.

Generally, stacked pays are desirable for a variety of reasons, for instance, a single well can be used to access multiple formations, which may allow operators to access the most prolific zones first, and then move on to lesser zones while prolonging the well life. Moreover, a single pad can be used to host multiple wells reducing costs, as well as the overall footprint of the project. Again, we will elaborate on the Company's findings regarding the stacked play delineations at Fritz 2-30 more specifically below, but generally speaking, the stacked play nature of the Fritz Project, as well as potentially the other areas they are looking to in the near and intermediate terms, should provide LGX with a variety of options with respect to how to approach each new field and its associated pay zones and ultimately to optimize the approach as they learn more about characteristics of each zone.

Beyond the current Fritz Project, the Company's next project/location looks to be in Clay City (see Table 2. below). They expect to drill the first Clay City well sometime this fall (2025), depending in part on their access to capital in one form or another (see the **Capital Acquisition Overview** below). Thereafter, the 3rd project will likely be "Ashboro 16" (northeast of Clay City) and a 4th in a section southeast of Clay City.

Table 2.



We submit, the Company’s near term drilling plans remain fluid. As we suggested above, they intend to continue drilling wells in the current Fritz Project, where their AMI partners are responsible for those costs. As we also noted, we think the expectation is for somewhere between 20 and 25 wells at Fritz, but the cadence of that rollout is still not specifically determined. We suspect, that beyond the two current wells, Fritz 2-30 and Frits 7-30, we think we they could exit calendar 2025 having drilled 3 to 4 additional Fritz wells, with the balance being drilled through calendar 2026 and perhaps into 2027. That scenario would assume about 1 well every 5 or 6 weeks through 2026.

Also to reiterate, beyond Fritz we believe they will drill their first Clay City well this fall, which will represent their first well outside of the AMI. This well and others should lead to better net production for LGX depending on how they are ultimately financed. The Company is currently in the process of raising some equity capital, and if they are successful in raising the maximum amount of that capital, they will likely allocate some of it to Clay City and/or other projects outside of Fritz, with the goal of retaining a larger share of the production.

Lastly, along with access to capital, the drilling plans will likely also be driven by what they learn along the way. While it is likely that the stacked pay nature of the Company’s current leased acreage holds multiple pay zones, those zones can differ, sometimes measurably, from one area to the next. As a result, we think it is reasonable to assume that as each well is drilled the things they learn from that well will help determine the most optimal approach to exploiting each zone. That may include the initial depth/target of the well, as well as subsequent modifications over time, for instance the decision to produce from multiple zones at once. As we said, we expect the learning curve to improve success over time and ultimately improve visibility across all of their projects.

- PRODUCTION

We have provided a model methodology with this update that attempts to project the Company’s production and related financial results over the coming quarters. As we described, the drilling plans will be fluid for

some time, and until the Company is presumably successful drilling and getting more wells into production, visibility around intermediate term production and operating results will be limited. That said, we have used our typical approach to arrive at a framework that we think provides a defensible assessment of the Company's appropriate valuation. In that regard, broadly speaking, our approach is model what we see as a potential cash flow stream out into the future and then discount those values back at rates that we think reflect the risks that those cashflow assessments may be less, or take longer to materialize, than our assumptions provide. To that end, here are the production assumptions we have made to arrive at our model projections and associated evaluation assessment. Again, this exercise is meant to provide a basis for valuation with the clear recognition that visibility around these the assumptions is currently limited.

As we noted, we believe the Company has currently identified the first four project areas they intend to develop. These projects are Fritz (due west of Clay City), Clay City, Ashboro 16 (northeast of Clay City) and the fourth yet unnamed project area, which is southeast of Clay City. Below are timelines mapping our drilling/well assumptions around each of these project areas. We have provided some additional color regarding other variable assumptions around each as well.

➤ **Fritz**

Fritz is the Company's first project, and it currently consists of two wells, Fritz 2-30 and Fritz 7-30. Fritz 2-30 was the first of these and it was really intended to be a discovery well to gather information as well as to confirm/validate the 3D analysis they gathered regarding the formation stack. The original intent was to drill the well deeper, but they encountered some drilling issues along the way, so they discontinued the drilling to preserve the future production integrity of the well. The results did however validate what they believed about the shallower sections of the stack (the Carper Sandstone and the North Vernon). The Fritz 2-30 is being prepared for production from the Jeffersonville in July (2025).

The Fritz 7-30 well is the Company second well, and it was drilled to a depth of approximately 1700 feet to the top of the Geneva Dolomite. The initial logs from this well look quite promising reflecting sizeable pay zones Jeffersonville with porosities in *the 27% range* suggesting high oil storage potential across about 100 feet of the Jeffersonville formation. The 7-30 will also be put in production in July (2025) and we are looking for the initial production results from that well to help frame the potential of the rest of the project.

Beyond Fritz 2-30 and 7-30, the Company anticipates drilling approximately 20 additional wells in the project. Recall, the drilling program in the Fritz is governed by the AMI introduce above, whereby the Company's drilling partner will pay for the drilling and completion of wells in exchange for 72% of the net production of the wells. As we said, the drilling tempo, location and targets will be determined by the 3D analysis as well as by the results encountered with each subsequently completed well. That said, in line with the Company's associated guidance, we have modeled wells into the following formations along with projected initial production ("IP") rates in terms of barrels per day ("bpd").

- Carper Sandstone - 10 wells with estimated average IP of 20 bpd
- North Vernon - 5 wells with an estimated average IP of 50 bpd
- Jeffersonville - 5 Wells with an average IP of 75 bpd

These particular zones are listed in order of their vertical proximity to one another with Carper being the highest in the stack (shallowest). Generally speaking, the shallower wells are easier and cheaper to drill (thus the projection to drill more of these) but they are also more likely to be lower producers. They are in effect, the "low hanging fruit". Obviously actual IP rates could prove higher or lower than these estimates, which would in turn impact our model projections. We are modeling drilling and completion costs will average around \$250,000 per well, with shallower targets being a bit less expensive and deeper targets perhaps a bit more. Again, we expect the drilling program to be fluid around the results from each added

well. That is, particularly good results from Jeffersonville wells (Fritz 7-30 for instances) could change the anticipated formation target mix.

➤ **Clay City**

To reiterate, pending some forced pooling LGX anticipates drilling its first Clay City well sometime in the fall (2025), and they are planning to drill this with their own capital. As with the first Fritz well, we expect this well to be test/discovery in nature but also with end production being the goal. As we understand it, this well is expected to target analyze the 4 formations with the final target being the bottom of the Geneva. We believe the ultimate plan is to drill approximately 10 to 20 wells in the Clay City project. Clearly, the results of that well will help determine the path of additional drilling in the project. Regardless, our current expectation is for them to add approximately 10-20 wells in Clay City over the next 12 months and at this point, we are assuming they will drill Clay City with their own capital. Further, we are estimating that provided Fritz contributions track along the lines we have described above, they can likely drill 10 wells in Clay City without additional contribution for the current equity raise. Assuming \$3 million for the current equity raise, we believe they can comfortably drill out Clay City without an additional drilling partner or other capital iteration.

➤ **Ashboro 16**

Our current modeling around Ashboro assumes a 10 well program with similar IP results to those we provided above for the Fritz. Again, all other variables remaining the same, we believe they could achieve that with internally generated cash. Where applicable, our model iterations assume drilling to commence in 2027 and continue through early 2028. Access to capital, organic or otherwise, could accelerate or delay the development of this field.

➤ **Clay City SE**

Our current modeling around Clay City SE assumes a 10 well program with similar IP results to those we provided above for the Fritz. Again, all other variables remaining the same, we believe they could achieve that with internally generated cash. Where applicable, our model iterations assume drilling to commence in 2028 and continue through early 2029. Access to capital, organic or otherwise, could accelerate or delay the development of this field.

- **OPERATIONS**

We expect the Company to be able to maintain a relatively light operating overhead structure. We believe most of the corporate as well as field operation and technical personnel are already intact, and much of their compensation is based on production. This should be sufficient to maintain operations well beyond the foreseeable production volumes we are modeling. If the Company were to access large amounts of capital either through drilling programs or other arrangements, which would allow them to aggressively add and drill new projects at the same time, then we would need to reconsider the impact of that scenario on overhead. Obviously, that would also require an entirely new look at the trajectory of the Company in general.

- **CAPTIAL ACQUISITON**

Since the time of our initial profile on the Company in mid-2022, LGX has raised over \$5 million in equity. They have used that capital to acquire and interpret their existing 2D as well and to layer on 3D allowing them to identify and prepare a coherent drilling strategy to markedly expand the lease portfolio and essentially move the Company to the current production phase. In addition to the equity, the Company has established the Fritz drilling program that essentially allows them to get the project into and through

production with no internal capital outside of funding the midstream gathering infrastructure and disposal well infrastructure, which collectively they expect require modest capital outlays of around \$300,000. Recognize, their ability to move the needle to this point on such limited amounts of capital, in our view supports the Company general thesis that the Indiana oil industry represents a compelling opportunity because of its low cost but also marked potential for robust oil production profile. To reiterate, they believe the key to unlocking that potential lies in the application of seismic and other technology that has largely gone unapplied in the Indiana oil and gas industry.

Looking ahead, as we noted above, we believe the Company could likely fund the existing four identified programs with even a modest amount of added capital from the current raise (perhaps as little as \$1 million) when combined with what we believe will be internally generated cash flow. Ostensibly, that view requires that the actual production comes in similar to what we have modeled but barring really disappointing drilling results over the next 9 months or so, we are confident that they could bootstrap their way to completing the four planned projects and generate cash along the way.

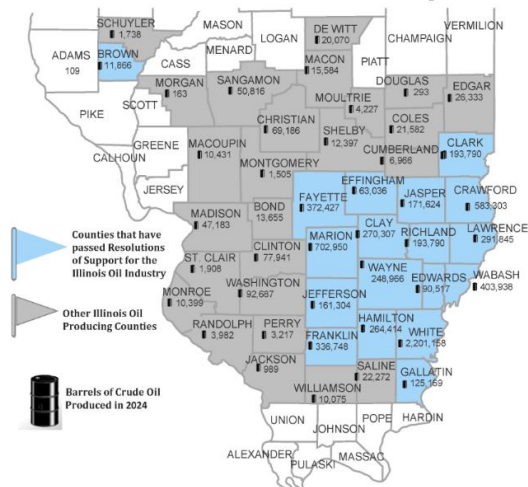
The above noted, provided the drilling continues to reflect IPs along the lines of those we have described above and modeled, we do not think bootstrapping this is the optimal approach. In short, the Company’s project/drilling tempo will be determined by their access to capital. That is, access to more capital will lead to an acceleration of new projects, new wells, new production and presumably higher intrinsic valuations of the business. However, in that event the form and/or cost of that capital is also going to dictate the Company’s ultimate success. For instance, they will need to consider the benefits of perhaps new drilling partnerships versus additional equity or debt capital and more likely combinations of three or other alternatives. While we have no way to predict how that may roll out, we are confident suggesting that success at the wellhead will drive both the types and the costs of the capital they can attract.

- **OTHER OBSERVATIONS**

While we think the above provides a basis for a defensible argument that LGX has the potential to provide extraordinary returns into the future, there are a few other items of note that we believe should be considered beyond the above.

First, **Table 3** below reflects the 2022 oil production from the state of Illinois.

Table 3.
2024 Illinois Oil Production By County



[Seth Whitehead, Author at Illinois Petroleum Resources Board](#)

Recognize, Illinois has historically produced enough oil to put it in the top dozen or so oil producing states in the nation and as such, they produce considerably more than the state of Indiana. As **Table 3** reflects, most of that current production comes from the southeastern portion of the state, which is largely contiguous with LGX's focus in Indiana. Specifically, Crawford County, which shares a border with Indiana's Vigo County was Illinois's 3rd highest producing county in 2022. We recognize that this may be a bit anecdotal but, all other things remaining the same, given the choice between drilling in places that are not contiguous with producing fields versus drilling in places that are, we would opt for the latter.

Second, as we alluded to above, the Company has leased nearly 7500 acres of land, and the current 4 projects cover roughly 1/10th of that area. Further, they have now around 400 miles of 2D seismic, a good portion of which still needs to be reprocessed, and of that, they have applied 3D seismic to about 8 miles or around 2% of the whole. Moreover, those 8 miles, representing only 2% of the 2D subject area, have identified over 50 additional Devonian prospects beyond the current 4 development projects. Clearly, they are just scratching the surface of the potential development of these assets.

Third, to this point, LGX's focus has been on shallower Devonian layers, such as those we identified above (Carper Sandstone, North Vernon, Jeffersonville and Geneva Dolomite). Again, part of that logic is based on the lower cost nature of the approach. That said, most of the prolific production throughout the Illinois Basin, including the light blue counties in **Table 3** above, comes from the Trenton formation, which is an Ordovician (older) era of sediments. As a result, the Trenton is generally located below (deeper) than the Devonian structures deposited many years thereafter. We have not attempted to model any development below the Devonian era formations (into the Trenton), but, again depending on access to capital, it will most certainly be a focus of LGX development in the future. We know for instance that even the modest amount of 3D they have applied has identified several promising Trenton prospects. In our view, the potential to produce from lower Ordovician structures could provide the next (and perhaps much bigger) growth leg to the LGX story. This represents a highly open-ended piece of the LGX opportunity.

- VALUATION OVERVIEW

LGX has spent the past three years building a foundation to become a meaningful oil and gas producer in the Indiana portion of the Illinois Basin. With the creation of the Fritz drilling partnership solidifying the capital necessary to develop their first project, in conjunction with the completion of the project's first two wells, Fritz 2-30 and Fritz 7-30, the Company has clearly reached the end game of that endeavor, which is commercial production. While their progress is notable, we are still in the very early innings here, so determining appropriate valuations is difficult. As we noted above, the Company's considerable opportunities in terms of possible high-volume discoveries, as well as the volume of possible new project areas, provide for a variety of open-ended scenarios. Put another way, The fully diluted post money valuation of the Company (assuming the conversion of all convertible preferred shares) based on the current \$1 per share equity raise of \$3 million, is approximately \$28 million. However, as we will attempt to illustrate, favorable outcomes around acute variables like IP rates, decline curves, the tempo of new well development, energy prices and others, could drive the intrinsic value of the Company to several multiples of that post money valuation. Below is some color that may help frame the variety of outcomes, but we will start with the aforementioned post money valuation of the current offering.

Model A. below reflects our projected Operating Model that we believe equates to an intrinsic value of \$1 per share, which is the price of the current offering. The model includes a key set of the major assumptions we have made to arrive at this valuation. This model assumes that LGX will complete a 22 well program at the Fritz Field through 2026, and 10 wells at Clay City through 2026 and 2027. It also assumes that approximately half of these wells will be in the Carper Sandstone, with the balance split between the North Vernon and the Jeffersonville, as well as modest IP rates of 20 bbl/d, 40 bbl/d and 75 bbl/day respectively.

All models assume \$60 oil, as well as decline rates that we believe are consistent with the basin. **Model A.** also assumes that the Company will raise only \$500,000 of the current offering, which we believe they may need to complete the necessary midstream gathering and other disposal well infrastructure. However, aside from that capital, the model assumes that the 10 well Clay City project will be drilled with organically generated capital. To be clear, this scenario is not likely for a variety of reasons, but we have provided it to illustrate the modest level of production necessary to support the \$1 per share valuation of the current equity round. Specifically, our model reflects a PV10 value of \$.87 in this scenario. **We would add, as the Company drills additional wells, they will begin to develop a reserve profile, which will almost certainly impact valuation assessments. Our assessments here do not attempt to impute values associated with reserves. Provided well production results in increasing reserve values, those will likely have an additive impact on these *cashflow* based assessments.**

Model B. assumes the same variables as **Model A.** except it also assumes they will complete similar 10 well programs at both Ashboro and Clay City SE through roughly 2027 and 2029, as well as adding a 10 well field for each year thereafter essentially maintaining a 1100 to 1200 barrel per day cadence into the future. Recall, the Company has identified 10+ fields of this nature, which would equate roughly to the 115 wells they reference in their presentations. As the model reflects, we believe that scenario would imply a present value of those cash flows of around \$2 per share, or 2X the pricing of the current equity round. However, we would note, if they are able to raise the entire amount of the current offering, they will likely be able to accelerate the pace of new wells which we think could increase the valuation to something closer to \$2.25.

Model C. reflects what is perhaps the most compelling potential of LGX's opportunity, which is the scenario(s) for the wells to perform better than the estimates of Models A and B. As we noted, these first two models assume that approximately half of these wells will be in the Carper Sandstone, with the balance split between the North Vernon and the Jeffersonville, as well as IP rates of 20 bbs/d, 40 bbs/d and 75 bbl/day respectively. Recognize, these are modest IP assumptions, and they are also driven in part by assumptions about which formations are targeted. That is, while this set of assumptions is focused on a preponderance of Carper Sand wells (which are less expensive to drill) ostensibly, if the process indicates that drilling more expensive but more prolific Jeffersonville wells, or even lower Geneva wells, is more optimal, that is what they will likely do. That said, Model C. reflects the same assumptions as Model B., except, we assume IP rates 50% higher than the prior assumptions. That is, we assume Ips of 30 bbl/d from the Carper, 60 bbl/d from the North Vernon and 112 bbl/d from the Jeffersonville. In this case, our valuation assessment suggests a current value of roughly \$4 per share, or 4X the current equity pricing round. Succinctly, the model is particularly sensitive to changes in IP rates. By extension, because of the operating leverage, to some point, doubling the IP rates reflects *more than* a doubling of intrinsic valuation. We would add, for those used to seeing our 12-24 month price targets, this model would reflect a target closer to \$5.00.

To summaries, as we addressed above, the potential here is quite open ended, and certainly includes scenarios well beyond the assessment of the models we have included here, and those more aggressive scenarios could hinge on any number of additive variables, including accelerated access to capital that would increase the tempo of well development, more robust IP rates, more favorable well decline assessments, the valuation benefits of emerging reserve values and a host of others. We expect visibility around all of these issues to improve as IP results from Fritz 2 and 7 become available, results from Clay City emerge, capital plans are addressed via the current equity offering and/or additional drilling AMI's and others. Further, *we expect some of that visibility to emerge in the near term.*

LGX Energy								
Projected Operating Model								
By: Trickle Research								
MODEL A.								
Assumes:								
\$60 oil Price								
Completion of Fritz (via the AMI)								
Completion of Clay City (10 wells financed Organically)								
Wells: 50% Carper, 25% N. Vernon & 25% Jeffersonville								
IP rate bbl/d: 20, 40, 75								
Estimated Proceeds from the Equity Raise: \$500,000								
Assessed Present value: \$.90								
	9/30/2025	12/31/2025	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030
AVG. BBLs/Day	185.68	345.14	265.41	738.69	1,066.55	906.01	755.35	629.76
Gross Oil & Gas Revenues	\$ 1,086,240	\$ 2,019,064	\$ 3,105,305	\$ 17,525,427	\$ 25,303,865	\$ 21,495,074	\$ 17,920,675	\$ 14,941,104
Land Owner Royalty and State Severance	\$ 146,642	\$ 272,574	\$ 419,216	\$ 2,365,933	\$ 3,416,022	\$ 2,901,835	\$ 2,419,291	\$ 2,017,049
Tech Team Override	\$ 40,734	\$ 75,715	\$ 116,449	\$ 657,204	\$ 948,895	\$ 806,065	\$ 672,025	\$ 560,291
Management Override	\$ 40,734	\$ 75,715	\$ 116,449	\$ 657,204	\$ 948,895	\$ 806,065	\$ 672,025	\$ 560,291
Drilling Partner Royalty	\$ 429,937	\$ 727,510	\$ 1,157,448	\$ 5,856,518	\$ 8,181,926	\$ 6,949,933	\$ 5,797,162	\$ 4,835,598
Lifting	\$ 107,100	\$ 208,139	\$ 315,239	\$ 1,855,315	\$ 2,699,890	\$ 2,295,125	\$ 1,914,437	\$ 1,596,893
Well Head Discount	\$ 30,600	\$ 59,468	\$ 90,068	\$ 530,090	\$ 771,397	\$ 655,750	\$ 546,982	\$ 456,255
Other Expenses	\$ 31,051	\$ 29,225	\$ 60,275	\$ 100,693	\$ 79,016	\$ 62,005	\$ 48,656	\$ 38,181
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Margin	\$ 259,442	\$ 570,718	\$ 830,161	\$ 5,502,471	\$ 8,257,824	\$ 7,018,295	\$ 5,850,096	\$ 4,876,545
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
G&A	\$ 190,862	\$ 200,191	\$ 391,053	\$ 895,254	\$ 973,039	\$ 934,951	\$ 899,207	\$ 869,411
Professional Fees	\$ 31,862	\$ 41,191	\$ 73,053	\$ 259,254	\$ 337,039	\$ 298,951	\$ 263,207	\$ 233,411
Depreciation/Amortization/Depletion	\$ 46,500	\$ 76,500	\$ 123,000	\$ 516,000	\$ 565,500	\$ 180,000	\$ -	\$ -
Other Operating Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expense	\$ 269,225	\$ 317,881	\$ 587,106	\$ 1,670,509	\$ 1,875,577	\$ 1,413,901	\$ 1,162,414	\$ 1,102,822
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Profit (Loss)	\$ (9,783)	\$ 252,837	\$ 243,055	\$ 3,831,962	\$ 6,382,247	\$ 5,604,393	\$ 4,687,683	\$ 3,773,723
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Operating Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income Before Taxes	\$ (9,783)	\$ 252,837	\$ 243,055	\$ 3,831,962	\$ 6,382,247	\$ 5,604,393	\$ 4,687,683	\$ 3,773,723
Income Tax Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ (9,783)	\$ 252,837	\$ 243,055	\$ 3,831,962	\$ 6,382,247	\$ 5,604,393	\$ 4,687,683	\$ 3,773,723
Preferred Dividends	\$ 144,000	\$ 144,000	\$ 288,000	\$ 576,000	\$ 576,000	\$ 576,000	\$ 576,000	\$ 576,000
Net Income Available to Common Shareholders	\$ (153,783)	\$ 108,837	\$ (44,945)	\$ 3,255,962	\$ 5,806,247	\$ 5,028,393	\$ 4,111,683	\$ 3,197,723
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EPS- Basic	\$ (0.01)	\$ 0.00	\$ (0.00)	\$ 0.14	\$ 0.25	\$ 0.22	\$ 0.18	\$ 0.14
EPS Full Diluted	\$ (0.00)	\$ 0.01	\$ 0.01	\$ 0.16	\$ 0.27	\$ 0.23	\$ 0.20	\$ 0.16
Shares Outstanding-Basic	22,798,667	22,798,668	22,798,669	22,798,674	22,798,679	22,798,684	22,798,689	22,798,694
Shares Outstanding-Fully Diluted	23,460,333	23,543,666	23,668,666	23,918,666	23,918,666	23,918,666	23,918,666	23,918,666

LGX Energy									
Projected Operating Model									
By: Trickle Research									
MODEL B.									
Assumes:									
\$60 oil Price									
Completion of Fritz (via the AMI)									
Completion of Clay City (10 wells financed Organically)									
Completion of Ashboro 16 (10 wells financed Organically)									
Completion of SE Clay City (10 wells financed Organically)									
Completion of 1 added Field per Year (10 wells financed Organically)									
Wells: 50% Carper, 25% N. Vernon & 25% Jeffersonville									
IP rate bbl/d: 20, 40, 75									
Estimated Proceeds from the Equity Raise: \$500,000									
Assessed Present value: \$2.40									
	###	9/30/2025	12/31/2025	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030
AVG. BBLs/Day		185.68	345.14	265.41	738.69	1,170.61	1,137.27	1,115.26	964.33
Gross Oil & Gas Revenues		\$ 1,086,240	\$ 2,019,064	\$ 3,105,305	\$ 17,525,427	\$ 27,772,739	\$ 26,981,690	\$ 26,459,584	\$ 22,878,819
Land Owner Royalty and State Severance		\$ 146,642	\$ 272,574	\$ 419,216	\$ 2,365,933	\$ 3,749,320	\$ 3,642,528	\$ 3,572,044	\$ 3,088,641
Tech Team Override		\$ 40,734	\$ 75,715	\$ 116,449	\$ 657,204	\$ 1,041,478	\$ 1,011,813	\$ 992,234	\$ 857,956
Management Override		\$ 40,734	\$ 75,715	\$ 116,449	\$ 657,204	\$ 1,041,478	\$ 1,011,813	\$ 992,234	\$ 857,956
Drilling Partner Royalty		\$ 429,937	\$ 727,510	\$ 1,157,448	\$ 5,856,518	\$ 8,181,926	\$ 6,949,933	\$ 5,797,162	\$ 4,835,598
Lifting		\$ 107,100	\$ 208,139	\$ 315,239	\$ 1,855,315	\$ 2,965,769	\$ 2,885,992	\$ 2,834,012	\$ 2,451,724
Well Head Discount		\$ 30,600	\$ 59,468	\$ 90,068	\$ 530,090	\$ 847,363	\$ 824,569	\$ 809,718	\$ 700,493
Other Expenses		\$ 31,051	\$ 29,225	\$ 60,275	\$ 100,693	\$ 79,016	\$ 62,005	\$ 48,656	\$ 38,181
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Margin		\$ 259,442	\$ 570,718	\$ 830,161	\$ 5,502,471	\$ 9,866,391	\$ 10,593,037	\$ 11,413,523	\$ 10,048,271
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
G&A		\$ 190,862	\$ 200,191	\$ 391,053	\$ 895,254	\$ 997,727	\$ 989,817	\$ 984,596	\$ 948,788
Professional Fees		\$ 31,862	\$ 41,191	\$ 73,053	\$ 259,254	\$ 361,727	\$ 353,817	\$ 348,596	\$ 312,788
Depreciation/Amortization/Depletion		\$ 46,500	\$ 76,500	\$ 123,000	\$ 516,000	\$ 565,500	\$ 180,000	\$ -	\$ -
Other Operating Expense		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expense		\$ 269,225	\$ 317,881	\$ 587,106	\$ 1,670,509	\$ 1,924,955	\$ 1,523,634	\$ 1,333,192	\$ 1,261,576
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Profit (Loss)		\$ (9,783)	\$ 252,837	\$ 243,055	\$ 3,831,962	\$ 7,941,436	\$ 9,069,403	\$ 10,080,332	\$ 8,786,694
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses:		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Operating Expense		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income Before Taxes		\$ (9,783)	\$ 252,837	\$ 243,055	\$ 3,831,962	\$ 7,941,436	\$ 9,069,403	\$ 10,080,332	\$ 8,786,694
Income Tax Expense		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income		\$ (9,783)	\$ 252,837	\$ 243,055	\$ 3,831,962	\$ 7,941,436	\$ 9,069,403	\$ 10,080,332	\$ 8,786,694
Preferred Dividends		\$ 144,000	\$ 144,000	\$ 288,000	\$ 576,000	\$ 576,000	\$ 576,000	\$ 576,000	\$ 576,000
Net Income Available to Common Shareholders		\$ (153,783)	\$ 108,837	\$ (44,945)	\$ 3,255,962	\$ 7,365,436	\$ 8,493,403	\$ 9,504,332	\$ 8,210,694
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EPS- Basic		\$ (0.01)	\$ 0.00	\$ (0.00)	\$ 0.14	\$ 0.32	\$ 0.37	\$ 0.42	\$ 0.36
EPS Full Diluted		\$ (0.00)	\$ 0.01	\$ 0.01	\$ 0.16	\$ 0.33	\$ 0.38	\$ 0.42	\$ 0.37
Shares Outstanding-Basic		22,798,667	22,798,668	22,798,669	22,798,674	22,798,679	22,798,684	22,798,689	22,798,694
Shares Outstanding-Fully Diluted		23,460,333	23,543,666	23,668,666	23,918,666	23,918,666	23,918,666	23,918,666	23,918,666

LGX Energy									
Projected Operating Model									
By: Trickle Research									
MODEL C.									
Assumes:									
\$60 oil Price									
Completion of Fritz (via the AMI)									
Completion of Clay City (10 wells financed Organically)									
Completion of Ashboro 16 (10 wells financed Organically)									
Completion of SE Clay City (10 wells financed Organically)									
Completion of 1 added Field per Year (10 wells financed Organically)									
Wells: 50% Carper, 25% N. Vernon & 25% Jeffersonville									
IP rate bbl/d: 30, 60, 112.5									
Estimated Proceeds from the Equity Raise: \$500,000									
Assessed Present value: \$3.80									
	###	9/30/2025	12/31/2025	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030
AVG. BBLs/Day		195.68	435.33	315.51	1,034.62	1,694.99	1,655.33	1,630.90	1,411.62
Gross Oil & Gas Revenues	\$	1,144,740	2,546,673	3,691,414	24,546,433	40,213,647	39,272,597	38,692,995	33,490,667
Land Owner Royalty and State Severance	\$	154,540	343,801	498,341	3,313,769	5,428,842	5,301,801	5,223,554	4,521,240
Tech Team Override	\$	42,928	95,500	138,428	920,491	1,508,012	1,472,722	1,450,987	1,255,900
Management Override	\$	42,928	95,500	138,428	920,491	1,508,012	1,472,722	1,450,987	1,255,900
Drilling Partner Royalty	\$	439,085	885,445	1,324,529	8,037,509	11,649,569	9,904,969	8,262,051	6,891,641
Lifting	\$	113,400	264,958	378,358	2,611,423	4,305,559	4,209,628	4,151,456	3,594,539
Well Head Discount	\$	32,400	75,702	108,102	746,121	1,230,160	1,202,751	1,186,130	1,027,011
Other Expenses	\$	31,051	29,225	60,275	100,693	79,016	62,005	48,656	38,181
	\$	-	-	-	-	-	-	-	-
Gross Margin	\$	288,410	756,542	1,044,952	7,895,935	14,504,477	15,645,999	16,919,172	14,906,255
	\$	-	-	-	-	-	-	-	-
G&A	\$	191,447	205,467	396,914	965,464	1,122,136	1,112,726	1,106,930	1,054,907
Professional Fees	\$	32,447	46,467	78,914	329,464	486,136	476,726	470,930	418,907
Depreciation/Amortization/Depletion	\$	46,500	76,500	123,000	516,000	565,500	180,000	-	-
Other Operating Expense	\$	-	-	-	-	-	-	-	-
Total Operating Expense	\$	270,395	328,433	598,828	1,810,929	2,173,773	1,769,452	1,577,860	1,473,813
	\$	-	-	-	-	-	-	-	-
Operating Profit (Loss)	\$	18,015	428,109	446,123	6,085,007	12,330,704	13,876,547	15,341,312	13,432,441
	\$	-	-	-	-	-	-	-	-
Other Expenses:	\$	-	-	-	-	-	-	-	-
	\$	-	-	-	-	-	-	-	-
Interest Expense	\$	-	-	-	-	-	-	-	-
Interest Income	\$	-	-	-	-	-	-	-	-
Other Expenses	\$	-	-	-	-	-	-	-	-
	\$	-	-	-	-	-	-	-	-
Total Non-Operating Expense	\$	-	-	-	-	-	-	-	-
Net Income Before Taxes	\$	18,015	428,109	446,123	6,085,007	12,330,704	13,876,547	15,341,312	13,432,441
Income Tax Expense	\$	-	-	-	-	-	-	-	-
Net Income	\$	18,015	428,109	446,123	6,085,007	12,330,704	13,876,547	15,341,312	13,432,441
Preferred Dividends	\$	144,000	144,000	288,000	576,000	576,000	576,000	576,000	576,000
Net Income Available to Common Shareholders	\$	(125,985)	284,109	158,123	5,509,007	11,754,704	13,300,547	14,765,312	12,856,441
	\$	-	-	-	-	-	-	-	-
EPS- Basic	\$	(0.01)	0.01	0.01	0.24	0.52	0.58	0.65	0.56
EPS Full Diluted	\$	0.00	0.02	0.02	0.25	0.52	0.58	0.64	0.56
Shares Outstanding-Basic		22,798,667	22,798,668	22,798,669	22,798,674	22,798,679	22,798,684	22,798,689	22,798,694
Shares Outstanding-Fully Diluted		23,460,333	23,543,666	23,668,666	23,918,666	23,918,666	23,918,666	23,918,666	23,918,666

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