

# B-32 Exploration Investment Summary

Further information including a full technical presentation can be found on our website, [www.b32exploration.ca](http://www.b32exploration.ca). We are seeking qualified investors that recognize that investments in early-stage energy companies can produce outsized returns, but it is important to acknowledge the risks that come with such investments.

## Company Overview

The opportunity is characterized by its tremendous potential for scale with strong expected development economics. B-32 has amassed 225 sections of Duvernay mineral rights in the oil window, which provides the potential for over 400 wells. This supports a project capable of growing to 25,000 barrels of oil equivalent per day (boe/d), sustained flat for 15 years. Economics are favorable due to its proven high quality oil (>40° API) and attractive cost structure with development wells projected to generate \$16.9 million of NPV (using a 10% discount rate before taxes) with a 1.1 year payout and >100% internal rate of return (IRR).<sup>1,2</sup> Lower capital costs per well (development wells at approximately \$9 million) relative to other Duvernay areas are attributed to operational efficiencies such as easier surface access, existing infrastructure, and the use of monobore drilling. Infrastructure costs are also reduced due to lower gas processing and transportation requirements, as it is located in an oil-focused zone compared to gassier areas.

While at an early stage in the development of its massive resource base, B-32 has benefited from de-risking by its offsetting operator, Hitic Energy, who has consistently delivered strong normalized results with expected upside through future optimizations.

Led by Larry Evans and Mitch Putnam, our management team demonstrates a track record of success. They've founded, grown, and sold four private oil and gas companies, achieving an average IRR of 194% and average return on investment of 6.6x. Following this achievement, they managed energy funds, investing \$282 million from institutional investors while outperforming industry benchmarks in aggregate.

## Investment Highlights

**Capital Raise:** \$12 million split into \$9 million common equity at \$4.30/share, with each share coming with a 1-year warrant at \$5.10/share, and \$3 million in secured convertible debentures with a 12% interest rate and \$5.30/share conversion price (See Table 1: Capital Raise Comparison).

**Raise Timeline:** Targeted close of the Fall 2024

**Management Ownership:** Current insider ownership of 54%, management will invest a minimum of \$5 million into this raise.

**Potential Return:** Forecasting potential share value involves various risk factors<sup>2</sup>. Assuming B-32 executes its development plan, applying the valuation approach detailed further on page 7 results in a forecasted \$26/share valuation (6x ROI) by 2030 (Figure 1: Potential Returns) with potential to scale up production further (see page 6 for more detail on development plans).

Capital Raise Comparison	Current Raise	Last Raise
Capital in Common Shares	\$9 million	\$19 million
Common share price	\$4.30/share	\$3.75/share
Warrants per common share	1.0	1.0
Warrant Term	1 Year	1 Year
Warrant Exercise Price	\$5.10/share	\$4.25/share
Capital in Convertible Debentures	\$3 million	\$1.8 million
Interest Rate	12.0%	12.5%
Primary Term	2 Years	2 Years
Extensions	2	1
Extension Length	1 Year	1 Year
Conversion Price	\$5.30	\$4.70

Table 1: Capital Raise Comparison: Current / Last



Figure 1: Potential Returns

<sup>1</sup> Oil price US\$70WTI, FX 1.35 Cdn:US, \$4.00 USD CLS Differential

<sup>2</sup> See "General Disclaimer", "Presentation of Oil and Gas Information", "Non-GAAP Measures", and "Forward-Looking Information and Statements" on pages 11,12,13

Note: All figures in Canadian \$ unless otherwise indicated