

## Advantagewon Oil Corp

April 13, 2017

Advantagewon Oil Corp is currently operating in Guadalupe and Wilson Counties in the State of Texas, USA. The area has produced oil for many years with much of the past development by local “Mom and Pop” operators. The area has extensive remaining multi-zone potential in both shallow and deep zones. The historic work done in the area has proven that the oil is there in multiple zones however, the work to properly exploit the resource has not been done. It is Advantagewon’s intent to apply the proper current exploitation techniques to these oil reservoirs and “know the area”. We intend to be “The Operator” for this area. There are no big companies working the area as they would view the reserve potential to be small. We view the reserve potential as very profitable as the reservoirs are shallow and inexpensive to drill and complete. The company has established a staged approach to growing its production. The intent of this letter is to illustrate the methodical approach we are taking to accomplish our goals.

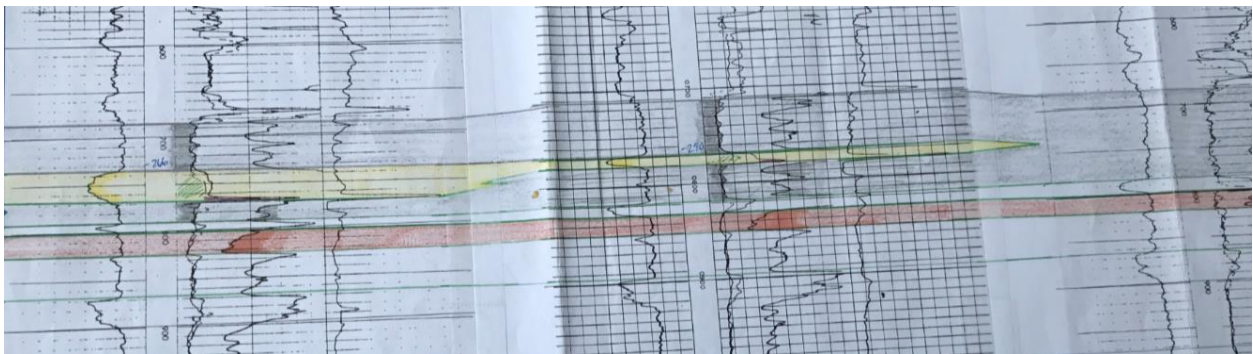
**Stage 1:** Grow oil production to 200 bbls/d (barrels of oil per day) by recompletions and reactivations of existing well bores. These would be low cost simple operations. By year end 2017 we plan to exceed this target.

**Stage 2:** Grow oil production to 1000 bbls/d by implementing secondary recovery schemes on existing pools and the drilling and development of new pools. With increased cash flow to contribute to funding Stage 2 operations, our goal is to accomplish this production target by mid 2018.

**Stage 3:** Grow oil production to 1000 +bbls/d by horizontal (HZ) drilling and maintaining production from our fields. We have identified a significant opportunity that will provide the company with the opportunity to add large volumes of oil production. The company will need to acquire the identified large land base to make this happen.

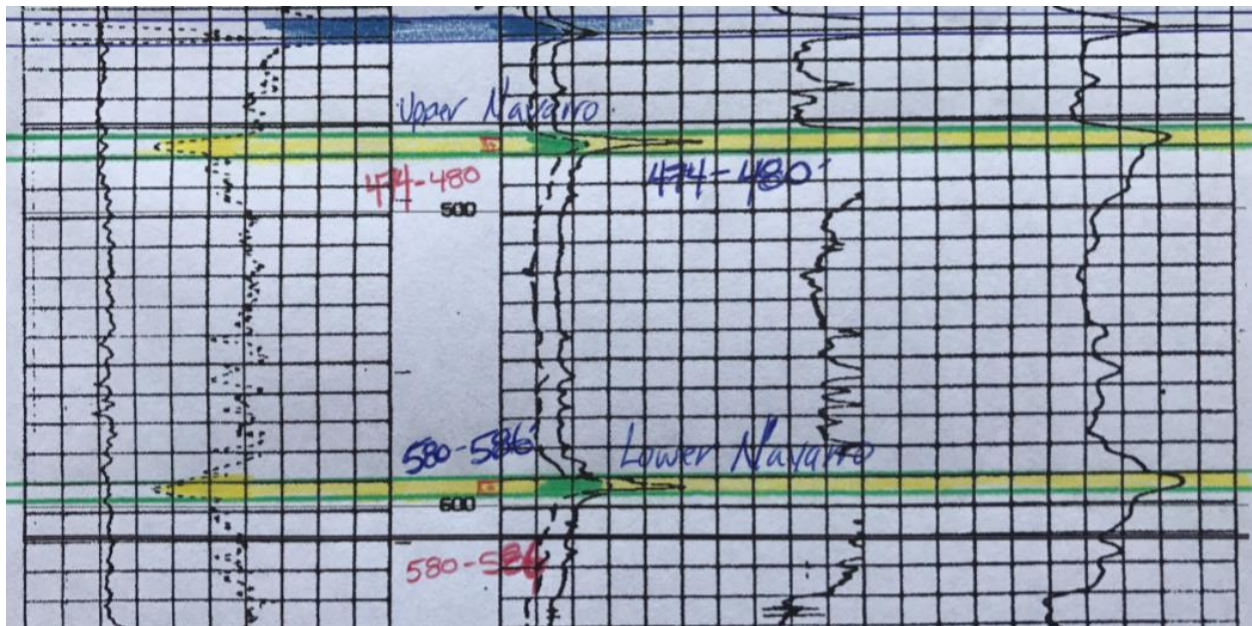
### Stage 1

In order to get to 200 bbls /d we will be doing some recompletions and some new drilling on our existing lands as well as acquiring some new leases with suspended well bores. Technical work to date has included study and mapping of the existing wells to find opportunities the original operators have left behind. I have been creating maps from the well logs recorded in wells penetrating the shallow Poth sands and have found some significant opportunities along shoreline terminations like the one shown below.



The sand colored in yellow is a shoreline sand. Oil accumulates at the structurally high termination of these sands. We have a termination on this sand that has never been tested. This sand is over 30 feet thick which has volumetric potential for significant oil volumes once proven. This is just one opportunity. We have identified several such opportunities. With the historic operators not knowing how to identify such prospects we have the opportunity to come in, identify and exploit them. I call this "Dirt Farming". Other shallow opportunities are currently being pursued.

Bypassed pay in a second zone, the Navarro formation, has been perforated in one of our wells. We are currently evaluating this well. A copy of a portion of the log is shown below. If successful, we have several follow up locations to complete and new wells to drill. This would open up a new area for Navarro production.

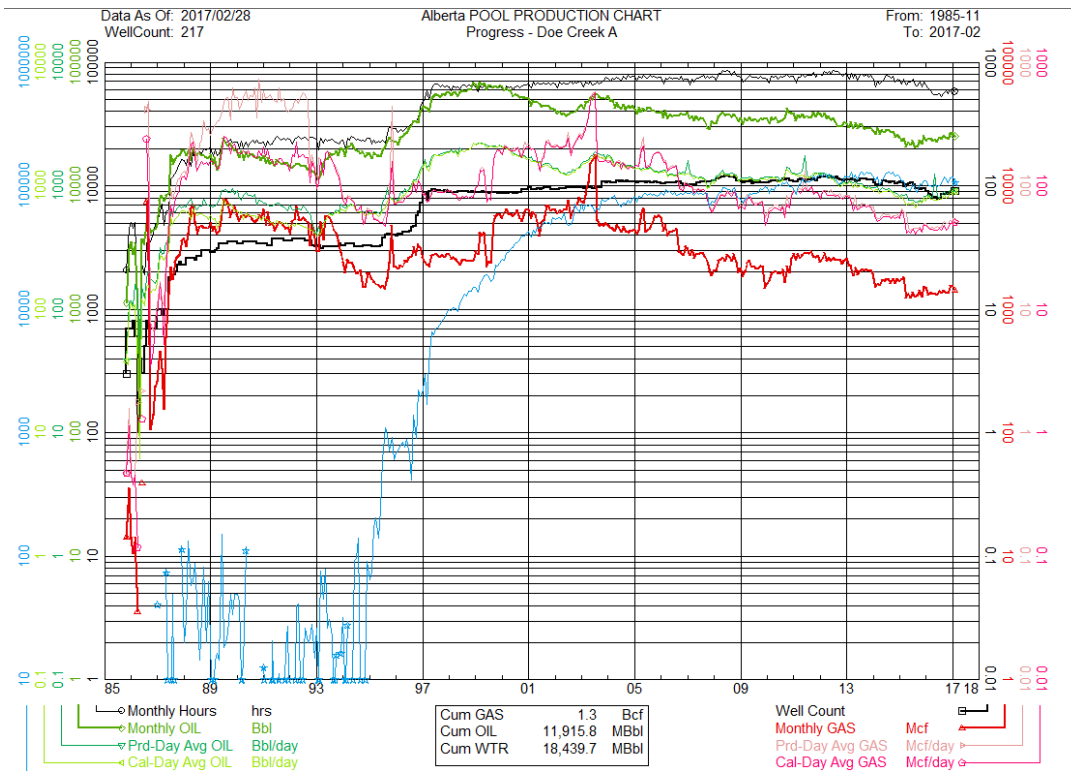
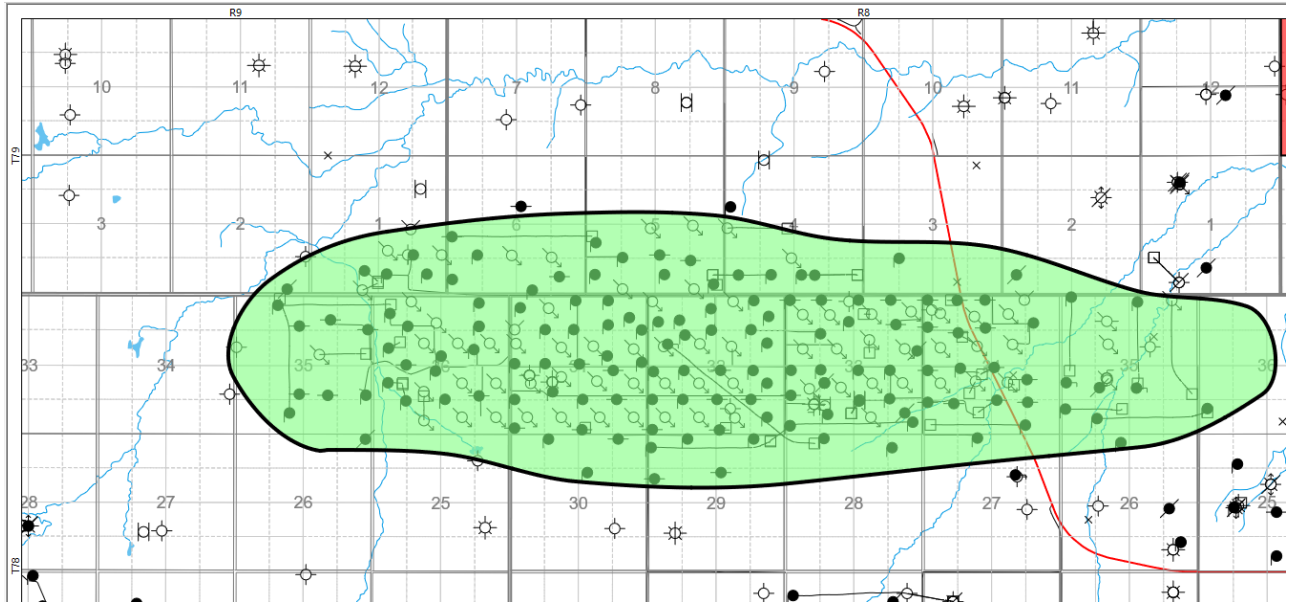


We are also re-entering old wells and re frac'ing the Navarro sand. In studying past completions by other operators, we believe they were frac'd with small amounts of sand which current technology and methods have proved are insufficient to provide an economic drainage area. We have also found a local Frac expert to help us with our frac design and execution. Utilization of current frac design and methods should provide much better results.. Frac design is very important as not all formation have the same properties and they all frac differently. We will get the first one right!!

## Stage 2

In order to get the company to 1000 bbls/d Advantagewon will be looking at old pools that have previously produced oil and ask, "How do we make this better?" What have they missed? I have identified a beautiful opportunity to do just that by implementation of the enhanced recovery technique of "Water Flooding". The methods used by operators in Alberta is very aggressive and has been very successful. Using this methodology, we aim to achieve up to 50% recovery from high permeability reservoirs. In our areas in Texas, waterfloods are not done to maximize recovery and recoveries are generally much lower in the range of 20-25%, I would categorize them as more of a water disposal

scheme rather than a pressure maintenance waterflood. The saying is true “if you treat the reservoir well, the reservoir will treat you well” Below is an example of an Alberta waterflood. You can see the “line drive” design of the water flood. This pool in Alberta is only 300 m deep and has produced almost 13 million bbls to date and is still producing. Also attached is a production graph for the pool

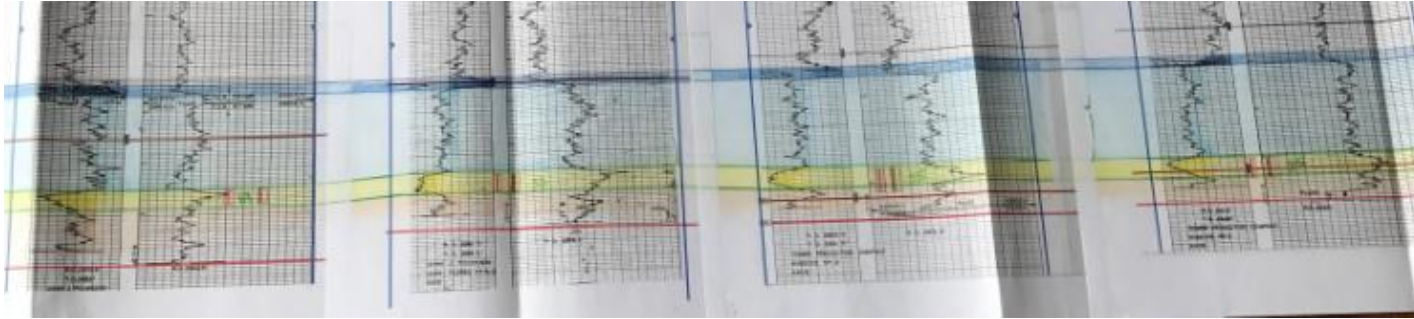


I use this as an example for what Advantagewon wants to implement on pools in Texas. I have attached a photo of an opportunity I have identified. This is a working map, and work still needs to be done to it. The wells highlighted in pink have produced oil from a Poth reservoir which is continuous inside the pink fairway identified on the map. The pool has never been infill drilled or waterflooded. The oil in place here is very large with over 75 million bbls minimum in place. This pool alone will do over 1000 bbls/d once properly developed. The plan is to develop this pool the same way as my Alberta analogy was developed, with a line drive Waterflood. There are many more of these types of under developed oil pools in this area.



### **Stage 3**

In order to grow the production to over 1000 bbls/d we will be getting aggressive on horizontal (HZ) Drilling in the Navarro. The Navarro is a low permeability blanket sand in this area. It has always been developed with vertical wells. This sand will make an excellent HZ drilling candidate. It is very similar to the Viking formation in Saskatchewan. The Viking is being pursued by many companies, most notably Raging River Exploration. They are "Viking Experts". They are producing over 20,000 bbl/d from the Viking. I want to emulate what they have done. Advantagewon wants to be "Navarro Experts" and want to dominate this play in this area like Raging River has done in the Viking. Below is a picture of a Navarro sand cross section. You can see that the reservoir is very consistent and predictable. That's what makes it a great HZ candidate.



In this letter I have only addressed the Shallow potential for the area. The deepest well we would have to drill in any of these prospects is 3000 feet deep. There is deeper potential in the Austin Chalk (AC) as well. Lots of wells have been drilled for the AC and there have been some individual wells with rates of 500 bbl/d in this area. Recording of properly designed 3D seismic will be required to evaluate the deeper potential. We have not found any evidence that 3D seismic has been utilized in this area previously. This would be a stage 2 or 3 activity. 3D is expensive, but one 3D could give Advantagewon several high impact wells to drill. We plan to shoot 3D once the company has established cash flow from the shallower lower risk prospects.

In closing, in my 27 year career, I have never seen an opportunity that compares with what I see in these areas. We want to be "The Operator" for this area of Texas. We have the opportunity to do so right now as the area is very quiet and opportunities to get leases and underperforming assets are available to exploit.

Thank You,

Derek Stonehouse