CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

SLTN Sydri Cooke County Texas #1, LP

(a Texas limited partnership)

Limited Partnership Interests

Minimum Investment: $200,000

THE LIMITED PARTNERSHIP INTERESTS OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH OR APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY STATE SECURITIES AGENCY. THIS IS A PRIVATE OFFERING MADE ONLY PURSUANT TO EXEMPTIONS PROVIDED BY SECTION 4(A)(2) OF THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), RULE 506 THEREUNDER, AND APPLICABLE STATE SECURITIES LAWS. NONE OF THE SEC OR ANY STATE AGENCY HAS PASSED UPON THE VALUE OF THESE INTERESTS, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THIS OFFERING OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THESE ARE SPECULATIVE SECURITIES

SLTN EXPLORATION, LLC
General Partner of the Partnership

January 24, 2025

SLTN

GENERAL NOTICES

THE LIMITED PARTNERSHIP INTERESTS (THE "INTERESTS") OF SLTN SYDRI COOKE COUNTY TEXAS #1, LP (THE "PARTNERSHIP") ARE OFFERED EXCLUSIVELY TO FINANCIALLY SOPHISTICATED, HIGH NET WORTH INDIVIDUALS AND INSTITUTIONAL INVESTORS CAPABLE OF EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE PARTNERSHIP.

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THIS "MEMORANDUM") CONSTITUTES AN OFFER ONLY TO THE PROSPECTIVE INVESTOR (EACH, AN "INVESTOR") NAMED ON THE COVER PAGE OF THIS MEMORANDUM, AND ONLY IF DELIVERY OF THIS MEMORANDUM TO SUCH PROSPECTIVE INVESTOR IS PROPERLY AUTHORIZED BY THE PARTNERSHIP AND PERMITTED UNDER APPLICABLE LAW. THIS MEMORANDUM HAS BEEN PREPARED BY SLTN EXPLORATION, LLC (THE "GENERAL PARTNER") SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN THE PROPOSED SALE OF THE INTERESTS.

ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS WITHOUT THE PRIOR WRITTEN CONSENT OF THE PARTNERSHIP OR THE MANAGING GENERAL PARTNER IS PROHIBITED. ANY CONTRARY ACTION MAY PLACE THE PERSON OR PERSONS TAKING SUCH ACTION IN VIOLATION OF SECURITIES LAWS IN CERTAIN JURISDICTIONS. THE OFFEREE AGREES TO RETURN THIS MEMORANDUM TO THE GENERAL MANAGING PARTNER UPON REQUEST.

THE PROSPECTIVE INVESTOR AGREES NOT TO DUPLICATE THIS MEMORANDUM OR FURNISH COPIES OF THIS MEMORANDUM TO ANY PERSON OTHER THAN SUCH PROSPECTIVE INVESTOR'S PROFESSIONAL ADVISERS (SUBJECT TO CUSTOMARY UNDERTAKINGS OF CONFIDENTIALITY), AND FURTHER AGREES PROMPTLY TO DISPOSE OF THIS MEMORANDUM SHOULD THE PROSPECTIVE INVESTOR DECIDE NOT TO INVEST.

PROSPECTIVE INVESTORS SHOULD READ THIS MEMORANDUM CAREFULLY BEFORE DECIDING WHETHER TO PURCHASE INTERESTS IN THE PARTNERSHIP AND SHOULD PAY PARTICULAR ATTENTION TO THE INFORMATION SET FORTH UNDER THE HEADING "CERTAIN RISK FACTORS". INVESTMENT IN THE INTERESTS IS SPECULATIVE AND INVOLVES SIGNIFICANT RISK. INVESTORS SHOULD UNDERSTAND SUCH RISKS AND HAVE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THEM FOR AN EXTENDED PERIOD OF TIME.

WHEN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE PARTNERSHIP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THIS MEMORANDUM CONTAINS A SUMMARY OF THE MATERIAL TERMS OF THE INFORMATION PURPORTED TO BE SUMMARIZED HEREIN. HOWEVER, THIS IS A SUMMARY ONLY AND DOES NOT PURPORT TO BE COMPLETE. ACCORDINGLY, REFERENCE IS MADE TO THE LIMITED PARTNERSHIP AGREEMENT OF THE PARTNERSHIP (THE "PARTNERSHIP AGREEMENT") AND THE OTHER AGREEMENTS, DOCUMENTS, STATUTES AND REGULATIONS REFERRED TO HEREIN FOR THE EXACT TERMS OF SUCH LIMITED PARTNERSHIP AGREEMENT AND OTHER AGREEMENTS, DOCUMENTS, STATUTES AND REGULATIONS.

DURING THE COURSE OF THIS OFFERING AND PRIOR TO SALE, EACH OFFEREE AND ITS OFFEREE REPRESENTATIVE(S), IF ANY, ARE INVITED TO QUESTION THE MANAGING GENERAL PARTNER CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND TO OBTAIN ADDITIONAL INFORMATION, TO THE EXTENT THE MANAGING GENERAL PARTNER HAS SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EXPENSE OR EFFORT, CONCERNING THE OFFERING OR TO VERIFY THE ACCURACY OF INFORMATION CONTAINED IN THIS MEMORANDUM. SUBJECT TO THE FOREGOING, ANY REPRESENTATION OR INFORMATION NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE PARTNERSHIP OR ITS MANAGING GENERAL PARTNER SINCE NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY SUCH REPRESENTATIONS OR TO PROVIDE ANY SUCH INFORMATION. THE DELIVERY OF THIS MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE ON THE COVER HEREOF.

THE CONTENTS OF THIS MEMORANDUM SHOULD NOT BE CONSTRUED AS INVESTMENT, LEGAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR IS URGED TO SEEK INDEPENDENT INVESTMENT, LEGAL AND TAX ADVICE CONCERNING THE CONSEQUENCES OF INVESTING IN THE PARTNERSHIP.

ALL REFERENCES HEREIN TO "DOLLARS", "$" OR "U.S.$" ARE TO UNITED STATES DOLLARS.

REGULATORY NOTICES

THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. IN ADDITION, INTERESTS ARE NOT TRANSFERABLE WITHOUT THE CONSENT OF THE MANAGING GENERAL PARTNER. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE INTERESTS FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO SELL OR A SOLICITATION OF AN OFFER TO BUY, NOR WILL THERE BE ANY OFFER, SOLICITATION OR SALE OF THE INTERESTS IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE ANY SUCH OFFER, SOLICITATION OR SALE. THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS IT TO BE CONSTRUED AS, A PROSPECTUS OR ADVERTISEMENT, AND THE OFFERING CONTEMPLATED IN THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS IT TO BE CONSTRUED AS, A PUBLIC OFFERING OF THE INTERESTS.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This Memorandum contains forward-looking statements, which can be identified by words like "anticipate", "intend", "believe", "plan", "hope", "goal", "initiative", "expect", "future", "intend", "will", "could"and "should"and by similar expressions. Other information herein, including any estimated, targeted or assumed information, may also be deemed to be, or to contain, forward-looking statements. Prospective investors should not place undue reliance on forward-looking statements. Actual results could differ materially from those referred to in forward-looking statements for many reasons, including the risks described in "Certain Risk Factors." Forward-looking statements are speculative in nature, and it can be expected that some or all of the assumptions underlying any forward-looking statements will not materialize or will vary significantly from actual results.

Without limiting the generality of the foregoing, the inclusion of forward-looking statements herein should not be regarded as a representation by any of the Partnership or the Managing General Partner or any of their respective Affiliates or any other person of the results that will actually be achieved by the Partnership or the Interests. None of the foregoing persons has any obligation to update or otherwise revise any forward-looking statements, including any revision to reflect changes in any circumstances arising after the date hereof relating to any assumptions or otherwise.

CERTAIN INTERPRETATIVE MATTERS

Except as otherwise specified herein or as the context may otherwise require: (i) capitalized terms used in this Memorandum have the respective meanings assigned them herein for all purposes of this Memorandum; (ii) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Memorandum as a whole (including any attachments hereto) and not to any particular section or other subdivision; (iii) the word "including" and correlative words shall be deemed to be followed by the phrase "without limitation"; (iv) references to a person include references to such person's successors and assigns; (v) all determinations, including calculations, conclusions, judgments, elections and decisions made by the Managing General Partner shall be final and conclusive, and discretion to make such determinations shall be deemed to be sole and absolute; (vi) references to an agreement or other document are to it as amended, supplemented, restated and otherwise modified from time to time and to any successor document; (vii) references to a statute, regulation or other government rule are to it as amended from time to time and, as applicable, are to corresponding provisions of successor governmental rules; (viii) any determination to be made by the Managing General Partner may be made in respect of any one or more or all applicable Limited Partners (as defined herein), in the discretion of the Managing General Partner, as applicable; (ix) any references to the "General Partner" herein or a determination or other action ascribed to the Managing General Partner shall include any delegate of the Managing General Partner or any determination or other action taken by such delegate; and (x) the terms "purchase" or "sale" and similar expressions include any form of participation or transfer of such participation rights, respectively.

While forward-looking statements in this Memorandum reflect the Partnership's estimates and beliefs, they are not guaranties of future performance. The Partnership does not promise to update any forward-looking statements to reflect changes in the underlying assumptions or factors, new information, future events or other changes.

EXECUTIVE SUMMARY

SLTN Sydri Cooke County Texas #1, LP (the ***"Partnership"***) owns, as described below, a 90% interest in an oil and gas participation agreement dated November 1, 2024, to be effective January 1, 2025 (the ***"Participation Agreement"***), a copy being attached hereto as Exhibit B, between Silverton Energy, Inc., a Nevada corporation (***"Silverton"***), and 3 Point Oil and Gas Company (***"3 Point"***), and will seek to achieve returns therefrom. Information concerning the oil and gas properties subject to the Participation Agreement is attached hereto as Exhibit C.

The Managing General Partner, by assignment (the ***"Silverton Assignment"***), a copy of which is attached hereto as Exhibit D, from its parent company, Silverton, owned all right, title and interest in and to the Participation Agreement. Immediately after the Silverton Assignment, the Managing General Partner owned 100% of 10.875% of 8/8ths working interest in certain oil and gas leases and wells located in Cooke County, Texas, all as set forth in the Participation Agreement.

Following the Silverton Assignment, pursuant to an Agreement of Conveyance, Transfer and Assignment of Contractual Interest and Assumption of Obligations (the ***"Transfer and Assumption Agreement"***), a copy of which is attached hereto as Exhibit E, the Managing General Partner assigned to the Partnership 90% of its right, title and interest in and to the Participation Agreement, in consideration of the Partnership's assuming all of the Managing General Partner's duties and obligations under the Participation Agreement.

Under the Participation Agreement, the Partnership is required to pay to 3 Point a total of $2,384,814 (the ***"Participation Payment"***) to maintain ownership of its interests under the Participation Agreement. The Partnership is dependent upon the proceeds of this offering to make the Participation Agreement. There is no assurance that the Partnership will be able to meet such payment obligation. (See "Partnership Investment Objective and Strategy" and "Certain Investment Considerations").

SLTN Exploration, LLC, a Texas limited liability company (the ***"Managing General Partner"***), serves as the general partner of the Partnership and is responsible for managing and conducting the Partnership's activities, including making all investment decisions on behalf of the Partnership, as well as for evaluating and monitoring the Investments (defined below) and providing day-to-day managerial and administrative services to the Partnership. The Managing General Partner is not registered with the Securities and Exchange Commission (***"SEC"***) as an investment adviser and intends to operate the Partnership such that it will not be required to register.

Samuel C. Smith and Thomas Tapia (the ***"Principals"***) control the Managing General Partner.

Investors in the Partnership will be (a) issued limited partnership interests in the Partnership (***"Interests"***) and (b) admitted to the Partnership as limited partners (***"Limited Partners"***, and, collectively with the Managing General Partner, the ***"Partners"***).

In conjunction with the Managing General Partner's acceptance of an Investor's subscription and Investor's being admitted to the Partnership as a Limited Partner, the Managing General Partner will cause Silverton, the parent company of the Managing General Partner to issue common stock purchase warrants (the ***"Silverton Warrants"***), in the form of Exhibit F attached hereto, to each Limited Partner at the rate of one Silverton Warrant for each $1.00 invested in the Partnership. The Silverton Warrants entitle their holders to purchase one share of Silverton common stock (the ***"Silverton Common Stock"***) at an exercise price of $0.25 per share, for a period of three (3) years from their respective issuance dates. Information concerning Silverton, including additional information concerning the Silverton Warrants and the Silverton Common Stock, is set forth in Exhibit G attached hereto.

The Managing General Partner is seeking aggregate capital commitments to the Partnership (***"Capital Commitments"***) of $4,000,000, but may, in its discretion, hold a Final Closing (as defined below) provided the Partnership has received Capital Commitments of at least $2,500,000. Capital Commitments in excess of this amount may be accepted, at the sole discretion of the Managing General Partner, but in no event will Capital Commitments exceed, in the aggregate, $4,000,000. The minimum Capital Commitment for each Limited Partner will be $200,000, subject to the Managing General Partner's discretion to permit Limited Partners to make Capital Commitments in lower amounts.

The Managing General Partner, its affiliates and their respective members, partners (including, without limitation, the Principals), and employees (collectively, the ***"GP-Related Persons"***) shall not be required to contribute to the capital of the Partnership.

Until such time as the Partnership shall have received $2,500,000 in Capital Commitments, Investor funds, as received, will be deposited immediately into an escrow account (the ***"Escrow Account"***) established by the Partnership at Prosperity Bank. At such time as the Partnership shall have received $2,500,000 in Capital Commitments (that have been accepted by the Managing General Partner), The initial closing for subscriptions of Interests (the ***"Initial Closing"***) will be held. Following the Initial Closing, the Managing General Partner may initiate at any time thereafter a capital draw in accordance with the terms and conditions of the Partnership Agreement and the Managing General Partner may accept additional subscriptions (and increases in Capital Commitments by existing Limited Partners) at subsequent

closings (each, a ***"Subsequent Closing"***) that may be held in the Managing General Partner's discretion; provided that the final Subsequent Closing (the ***"Final Closing"***) must occur no later than December 31, 2025, unless extended by the Managing General Partner for up to six (6) months, in its sole discretion. If Capital Commitments of $2,500,000 shall not have been received prior to December 31, 2025, including any extensions, all Investor funds held in the Escrow Account will be returned to Investors, without interest thereon.

The term of the Partnership will continue until the fiftieth anniversary of the Final Closing (as defined herein); provided that, unless the Partnership is already dissolved in accordance with the Partnership Agreement, the term of the Partnership may be extended by the Managing General Partner (a) for up to two additional successive periods not to exceed one year each, in the Managing General Partner's sole discretion, and (b) for any period thereafter, with the consent of Limited Partners (excluding Limited Partners that are affiliated with GP Partners (each, an ***"Affiliated Limited Partner"***)) holding a majority of the outstanding Interests (a ***"Majority in Interest"***).

There can be no assurance that the Partnership will achieve its objectives or avoid substantial or total losses. The Interests offered hereby are a speculative investment. No Investor should make an investment in the Partnership with the expectation of receiving cash distributions. Potential Investors are urged to consult with their personal tax and investment advisers in connection with any investment in the Partnership.

USE OF PROCEEDS

The table below sets forth the manner in which the Partnership intends to apply the net proceeds derived in this offering. All amounts set forth below are estimates.

Item of Expenditure	**Amount of Expenditure**
Participation Payment	$ 2,400,000
Management Fees	600,000
Organization, Offering Expenses, Contingency	1,000,000
Total	$ 4,000,000

The Managing General Partner reserves the right to change the foregoing use of proceeds, should it believe it to be in the best interest of the Partnership. The allocations of the proceeds of this offering presented above constitute the current estimates of the Managing General Partner and are based on the Partnership's current plans, assumptions made with respect to the oil and gas industry, general economic conditions and the Partnership's future revenue and expenditure estimates.

Investors must rely on the judgment of the General Manager, who has broad discretion regarding the application of the proceeds of this offering.

In the event the Partnership does not obtain the entire offering amount hereunder, the Partnership may attempt to obtain additional funds through private offerings of securities or by borrowing funds. Currently, the Partnership does not have any committed sources of financing.

PARTNERSHIP INVESTMENT OBJECTIVE AND STRATEGY

The Partnership owns, as described below, a 90% interest in the Participation Agreement and will seek to achieve attractive returns therefrom. Information concerning the oil and gas properties subject to the Participation Agreement is attached hereto as Exhibit C.

The Managing General Partner, by the Silverton Assignment owned all right, title and interest in and to the Participation Agreement. Immediately after the Silverton Assignment, the Managing General Partner owned 100% of 10.875% of 8/8ths working interest in certain oil and gas leases and wells located in Cooke County, Texas, all as set forth in the Participation Agreement.

Following the Silverton Assignment, pursuant to an the Transfer and Assumption Agreement, the Managing General Partner assigned to the Partnership 90% of its right, title and interest in and to the Participation Agreement, in consideration of the Partnership's assuming all of the Managing General Partner's duties and obligations under the Participation Agreement.

Under the Participation Agreement, the Partnership is required to pay the $2,384,814 Participation Payment to maintain ownership of its interests under the Participation Agreement. The Partnership is dependent upon the proceeds of this offering to make the Participation Agreement. There is no assurance that the Partnership will be able to meet such payment obligation. (See "Partnership Investment Objective and Strategy" and "Certain Investment Considerations").

The Principals are experienced in the oil and gas industry. The Principals will manage the Partnership's portfolio of oil and gas investments, including the Participation Agreement (the ***"Investments"***).

Should adequate funds be available from operating revenues, borrowings or equity investments, the Partnership may, in addition to acquiring the Participation Agreement, acquire one or more oil and gas interests.

Diversification and Other Investment Restrictions

The Partnership will not:

(a) Blind Pool Funds: invest in any "blind pool"investment funds;

(b) Publicly-Traded Securities: invest in open market purchases of equity securities that, at the time of such investment, are publicly traded.

Investments

With available capital, the Partnership will make one or more Investments in the oil and gas industry, including its first Investment, the Participation Agreement.

Ownership Structure. The Partnership's Investments will, in most instances, be direct and unencumbered. In its possible, however, that the Partnership will make certain Investments either directly or indirectly through limited liability companies, limited partnerships or other entities owned and/or controlled by the Partnership and/or the Managing General Partner. The Partnership may make Investments by acquiring the entity that holds the desired property or other opportunity. The Partnership also may make Investments in joint ventures, partnerships or other co-ownership arrangements with third parties, including Affiliates of the Managing General Partner.

Investment Decisions. The Managing General Partner has substantial discretion with respect to the selection of the specific Investments. In making Investment decisions on the Partnership's behalf, the Managing General Partner will evaluate the proposed terms of the Investment against all aspects of the proposed transaction. Because the factors considered, including the specific weight the Managing General Partner will place on each factor, vary for each potential Investment, the Partnership does not, and is not able to, assign a specific weight or level of importance to any particular factor of evaluation.

Joint Venture Investments

The Partnership may enter into joint ventures, partnerships and other co-ownership arrangements with third parties, including Affiliates of the Managing General Partner, in making an one or more Investments. In determining whether to invest in a particular joint venture, the Managing General Partner will evaluate the proposed terms of the Investment against all aspects of the proposed transaction. The Managing General Partner also will evaluate the joint venture or co-ownership partner and the proposed terms of the joint venture or a co-ownership arrangement.

Disposition Policies

The Managing General Partner intends to hold Investments for varying periods of time, so as to maximize the Partnership's rate of return on each Investment. Regardless of intended holding periods, circumstances might arise that prevent the Managing General Partner from generating the rate of return from a particular Investment.

Investment Limitations to Avoid Registration as an Investment Company

The Partnership is not registered under the Investment Company Act of 1940. The Managing General Partner intends to conduct the operations of the Partnership such that it falls outside the definition of an "investment company" under Section 3(a)(1)(C) of the Investment Company Act. If the Partnership inadvertently falls within the definition of an "investment company," the Partnership intends to rely on an exemption set forth in Section 3(c)(5) of the Investment Company Act available to entities primarily engaged in the purchase or other acquisition of interests in real estate.

The descriptions contained herein of specific investment strategies and methods that may be engaged in by the Partnership should not be understood as in any way limiting the Partnership's investment activities. The Partnership may engage in investment strategies and methods not described herein that the Managing General Partner considers appropriate; provided, however, that the Investors will receive advance notice of any material change in the Partnership's overall strategy or approach.

MANAGEMENT OF THE PARTNERSHIP

The Managing General Partner

The Managing General Partner of the Partnership is SLTN Exploration, LLC, a Texas limited liability company wholly owned by Silverton Energy, Inc. (Silverton), a publicly-traded Nevada corporation (symbol: SLTN). The strategic direction and investment objectives of the Partnership are the focus of the Principal.

The Principals

Samuel C. Smith. Mr. Smith is a United States Marine Corps Veteran who graduated from Texas A&M University in Commerce with degrees in both Economics and Political Science. Subsequently, he attended the University of Tulsa College of Law. His career started in 2001 as a registered representative for an NASD Member Firm soliciting high net worth investors for participation in Limited Partnership Projects. Shortly following his role in sales, Mr. Smith moved into analysis and ultimately investment banking with activities focused on the "Buy-Side" of Mergers & Acquisitions, Leveraged Buyouts, and other types of combinations. In 2009, with almost a decade of corporate finance experience, Sam embarked on a career as a Venture Capitalist, raising private and public equity, managing buying and selling groups, and identifying niche opportunities in a variety of industries. Mr. Smith has owned and operated numerous businesses with an emphasis on corporate finance, growth and innovation. He has extensive experience in origination, structuring and oversight for seed capital funding and structured finance. He guided or overseen numerous private and public companies from the startup phase through the growth stage including and in particular exploration and production companies in the oil and gas space. At one point, Mr. Smith actively managed three operatorships, extensive acreage and upwards of 400 producing wells.

Since May 2024, Mr. Smith has served as a Director and CEO of Silverton Energy, Inc. (Silverton), a publicly-traded Nevada corporation, engaged in the oil and gas industry (symbol: SLTN). Silverton is the parent company of the Managing General Partner.

From 2018 to 2021, Mr. Smith was CEO of United Energy Corp., a publicly-traded Nevada corporation, engaged in the oil and gas industry (symbol: UNRG).

Thomas Tapia. Mr. Tapia currently serves as a Director (since May 2024) and COO of Silverton Energy, Inc. (Silverton), a publicly-traded Nevada corporation, engaged in the oil and gas industry (symbol: SLTN). Silverton is the parent company of the Managing General Partner. Since June 2016, Mr. Tapia has been President and Owner of Lakonia Capital, LLC/OilWellStore.com, a Texas-based company engaged in the oil and gas industry. From February 2008 through May 2026, Mr. Tapia was Managing Director and a Co-Owner of DW Energy Group, a Texas-based oil and gas exploration company.

WHO MAY INVEST; SUITABILITY REQUIREMENTS

The Partnership is organized as a Texas limited partnership. The Partnership is offering and selling the Interests in reliance on an exemption from the registration requirements of the Securities Act and state laws. Accordingly, distribution of the Memorandum has been strictly limited to persons believed to meet the requirements set forth below. Participation in the Offering is limited to Accredited Investors who can make the representations set forth below to the Partnership. The Managing General Partner reserves the right, in its sole and absolute discretion, to reject any subscription based on any information that may become known or available to it about the suitability of an Investor or for any other reason, or no reason.

An investment in the Interests involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. Only Investors who (i) represent in writing that they meet the Investor suitability requirements set herein and as may be required under federal or state law may acquire the Interests. The Partnership has the right to and will rely on the written representations a prospective Investor makes and supporting information supplied by prospective Investor. Each prospective Investor must provide truthful and accurate information.

The Investor suitability requirements stated below represent minimum suitability requirements established by the Partnership. However, a prospective Investor's satisfaction of these requirements will not necessarily mean that the Interests are a suitable investment for the prospective Investor, or that the Partnership will accept the prospective Investor as a Limited Partner. Furthermore, the Managing General Partner may modify those requirements in its sole and absolute discretion, and any modification may change the suitability requirements for investors.

You (as the prospective Investor) must represent in writing that you meet, among other, all of the following requirements (the ***"Investor Suitability Requirements"***).

(a) You have received, read, and fully understand the Memorandum and are basing your decision to invest on the information contained in the Memorandum. You have relied only on the information contained in the Memorandum and have not relied on any representations made by any other person;

(b) You understand that an investment in the Interests involves substantial risks and you are fully cognizant of and understand all of the risks relating to an investment in the Interests, including those risks discussed under "Certain Investment Considerations" below;

(c) Your overall commitment to investments that are not readily marketable is not disproportionate to your individual net worth, and your investment in the Interests, will not cause such overall commitment to become excessive;

(d) You have adequate means of providing for your financial requirements, both current and anticipated, and have no need for liquidity in this investment;

(e) You can bear and are willing to accept the economic risk of losing your entire investment in the Interests;

(f) You are acquiring the Interests for your own account and for investment purposes only and have no present intention, agreement or arrangement for the distribution, transfer, assignment, resale, or subdivision of the Interests;

(g) You have sufficient knowledge and experience in financial and business matters that you are capable of evaluating the merits of investing in the Interests and have the ability to protect your own Interests in connection with this investment; and

(h) You are an "Accredited Investor"as defined in Rule 501(a) of Regulation D under the Securities Act.

An "Accredited investor" is any:

(a) Natural person that has (i) individual net worth (as defined below), or joint net worth with his or her spouse or spousal equivalent, of more than $1,000,000; or (ii) individual income in excess of $200,000, or joint income with his or her spouse or spousal equivalent in excess of $300,000, in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year;

(b) Natural person that is a holder of (i) a General Securities Representative license (Series 7); (ii) a Private Securities Offerings Representative license (Series 82); or (iii) an Investment Adviser Representative license (Series 65).

(c) Corporation, Massachusetts or similar business trust, partnership, limited liability company or organization described in Code Section 501(c)(3) of the Internal Revenue Code (the "Code"), not formed for the specific purpose of acquiring Interests, with total assets over $5,000,000;

(d) Trust with total assets over $5,000,000, not formed for the specific purpose of acquiring Interests and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in Interests as described in Rule 506(b)(2)(ii) under the Securities Act;

(e) Broker-dealer registered under Section 15 of the Exchange Act, as amended;

(f) Investment adviser registered pursuant to Section 203 of the Investment Advisers Act of 1940 or registered pursuant to the laws of a state;

(g) Investment adviser relying on the exemption from registering with the Commission under Section 203(l) or (m) of the Investment Advisers Act of 1940;

(h) Investment company registered under the Investment Company Act or a business development company (as defined in Section 2(a)(48) of the Investment Company Act);

(i) Small business investment company licensed by the Small Business Administration under Section 301 (c) or (d) of the Small Business Investment Act of 1958, as amended;

(j) Rural Business Investment Company as defined in Section 384(A) of the Consolidated Farm and Rural Development Act;

(k) An employee benefit plan within the meaning of ERISA, if the investment decision is made by a plan fiduciary (as defined in Section 3(21) of ERISA), which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are Accredited Investors;

(l) Private business development company (as defined in Section 202(a)(22) of the Investment Advisors Act of 1940, as amended);

(m) Bank as defined in Section 3(a)(2) of the Securities Act, any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity, or any insurance company as defined in Section 2(a)(13) of the Securities Act;

(n) Plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets of more than $5,000,000;

(o) Entity in which all of the equity owners are Accredited Investors. If you rely on this section, you are required to have each equity owner of that entity complete an Investor Questionnaire to certify the owner's status as an Accredited Investor.

(p) Entity of a type not listed in Sections (d) – (o), not formed for the specific purpose of acquiring Interests, owning investments in excess of $5,000,000.

(q) A "family office,"as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1): (i) with assets under management in excess of $5,000,000; (ii) that is not formed for the specific purpose of acquiring Interests; and (iii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment.

(r) A "family client,"as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1), of a family office meeting the requirements in Section (q) above and whose prospective investment in the issuer is directed by such family office pursuant to (r)(iii) above.

For purposes of calculating your net worth, "net worth" means the excess of total assets at fair market value (including personal and real property but excluding the estimated fair market value of a person's primary home) over total liabilities. Total liabilities exclude any mortgage on the primary home in an amount of up to the home's estimated fair market value as long as the mortgage was incurred more than 60 days before the securities were purchased but includes (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the closing date for the sale of securities for the purpose of investing in the securities. In the case of fiduciary accounts, the net worth and/or income suitability requirements must be satisfied by the beneficiary of the account, or by the fiduciary, if the fiduciary directly or indirectly provides Partnerships for the purchase of the Interests.

In addition, the SEC has issued certain no action letters and interpretations in which it deemed certain trusts to be Accredited Investors, such as a trust where the trustee is a bank as defined in Section 3(a)(2) of the Securities Act and revocable grantor trusts established by individuals who meet the requirements of clause (a) or (b) of the first sentence of paragraph (h) of the Investor Suitability Requirements. However, these no-action letters and interpretations are fact specific and should not be relied upon without close consideration of your unique circumstance.

SUMMARY OF PARTNERSHIP TERMS

The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Memorandum, in the Partnership Agreement and other definitive governing documentation. Capitalized terms used but not defined herein have the meanings set forth in the Partnership Agreement.

Partnership	SLTN Sydri Cooke County Texas #1, LP, a Texas limited partnership (the Partnership).
Investment Objective	The Partnership owns a 90% interest in the Participation Agreement and will seek to achieve attractive returns therefrom. Information concerning the oil and gas properties subject to the Participation Agreement is attached hereto as Exhibit C.
General Partner	SLTN Exploration , LLC, a Texas limited liability company wholly owned by Silverton Energy, Inc. (Silverton), a publicly-traded Nevada corporation (symbol: SLTN) (the Managing General Partner), serves as the general partner of the Partnership and is responsible for managing and conducting the Partnership's activities, including making all investment decisions on behalf of the Partnership. Samuel C. Smith (the Principal) controls the Managing General Partner.
Affiliates	An affiliate with reference to the Partnership or the Managing General Partner includes such entity's officers and directors (or persons acting in a similar capacity), and entities controlled by or under common control with the Managing General Partner (collectively, the ***"Affiliates"***).
Limited Partners	Investors in the Partnership will be (a) issued limited partnership interests in the Partnership (the Interests) and (b) admitted to the Partnership as limited partners (the Limited Partners and, collectively with the Managing General Partner, the Partners).
Capital Commitments by Limited Partners	The Managing General Partner is seeking aggregate capital commitments to the Partnership (Capital Commitments) of $4,000,000, but may, in its discretion, hold a Final Closing (as defined below) provided the Partnership has received Capital Commitments of at least $2,500,000. Capital Commitments in excess of this amount may be accepted, at the sole discretion of the Managing General Partner, but in no event will Capital Commitments exceed, in aggregate, $5,000,000. The minimum Capital Commitment for each Limited Partner will be $200,000, subject to the Managing General Partner's discretion to permit Limited Partners to make Capital Commitments in lower amounts.
Issuance of Warrants	In conjunction with the Managing General Partner's acceptance of an Investor's subscription and Investor's being admitted to the Partnership as a Limited Partner, the Managing General Partner will cause Silverton, the parent company of the Managing General Partner to issue the ***"Silverton Warrants"***) to each Limited Partner at the rate of one Silverton Warrant for each $1.00 invested in the Partnership. The Silverton Warrants entitle their holders to purchase one share of Silverton Common Stock at an exercise price of $0.25 per share, for a period of three (3) years from their respective issuance dates. Information concerning Silverton, including additional information concerning the Silverton Warrants and the Silverton Common Stock.

Capital Commitment of GP-Related Parties	The Managing General Partner shall not be required to contribute to the capital of the Partnership.
Closings	The initial closing for subscriptions of Interests (the ***"Initial Closing"***) will be held at such time as the Managing General Partner determines, following which the Managing General Partner may initiate at any time thereafter a capital draw in accordance with the terms and conditions of the Partnership Agreement. The Managing General Partner may accept additional subscriptions (and increases in Capital Commitments by existing Limited Partners) at subsequent closings (each, a ***"Subsequent Closing"***) that may be held in the Managing General Partner's discretion; provided that the final Subsequent Closing (the ***"Final Closing"***) must occur no later than the earlier of (i) one year following the Initial Closing, or (ii) at such time as the Partnership has received $5,000,000 in Capital Commitments.
Term	The Partnership will dissolve on the fiftieth anniversary of the Final Closing; provided that, unless the Partnership is already dissolved in accordance with the Partnership Agreement, the term of the Partnership may be extended by the Managing General Partner (a) for up to two additional successive periods not to exceed one year each, in the Managing General Partner's sole discretion, and (b) for any period thereafter, with the consent of Limited Partners (excluding Limited Partners that are affiliated with the Managing General Partner (each, an ***"Affiliated Limited Partner"***)) holding a majority of the outstanding Interests (a Majority in Interest).
Withdrawal Rights	No Limited Partner may withdraw from the Partnership without the Managing General Partner's written consent. The Managing General Partner has sole discretion to withhold consent. The Managing General Partner may in its sole and absolute discretion great a redemption request upon receipt proper notice received in writing due to the death, legal or medical disability of a Limited Partner, or other exigent circumstances as determined by the Managing General Partner in its sole discretion (each, a ***"Redemption Waiver Event"***) of a Limited Partner. The Managing General Partner shall have the sole discretion to determine whether a purported disability or other exigent circumstances qualify for special redemption consideration.
Diversification and Other Investment Restrictions	The Partnership will not: (a) Blind Pool Funds: invest in any "blind pool" investment funds; or (b) Publicly-Traded Securities: invest in open market purchases of equity securities that, at the time of such investment, are publicly traded.
Borrowings and Guarantees	The Managing General Partner may cause the Partnership and its subsidiaries to guarantee borrowing on a secured or unsecured basis to the extent necessary or desirable in connection with an Investment. To the extent necessary or desirable in connection with any Investment, the Principal or his Affiliates may enter into guarantees for the benefit of the Partnership and its subsidiaries, including, without limitation (a) completion, lease-up, carry, interest rate or similar guaranties; and (b) guaranty or indemnification obligations with respect to so-called "non-recourse carve-outs," "bad-boy acts," or other industry-accepted carve-outs with respect to indebtedness (including misapplication of funds, bankruptcy, and environmental indemnities).

The Managing General Partner may cause the Partnership to indemnify and reimburse the Principals and their Affiliates and related persons with respect to such guarantees, including, without limitation, any obligation to make any payment with respect to any such undertaking.

The Partnership will use a combination of equity and debt financing for any Investment, provided, however, the Managing General Partner will make reasonable efforts to assure that the Partnership's total leverage will not exceed, in the aggregate, fifty percent (50%) of the value of the assets of the Partnership. Any financing may be secured or guaranteed by the Partnership and may be provided by unrelated third parties (i.e., a lender or a seller of a property) or affiliates of the Managing General Partner. If such financing is provided by affiliates of the Managing General Partner, terms will be consistent with those then currently available from third parties. In circumstances where interim financing is used for an Investment, the Managing General Partner will seek to raise additional equity or take such other steps as may be appropriate (generally, by finding a co-investor for such Investment) in order to bring the Partnership's total debt to current fair market value ratio to 50% or below. Although the Managing General Partner would prefer to seek non-recourse loans that would limit the exposure of such loans to the underlying property for each such loan, current market conditions may require the Managing General Partner to obtain loans with either full or partial recourse to the Partnership or cross-collateralization with other investments of the Partnership.

In the event the Partnership borrows money from an Affiliate of the Managing General Partner, the Affiliate will receive compensation from the Partnership for providing any such loans. Such loans, if any, will be on terms that the Managing General Partner believes to be no less favorable to the Partnership than generally available from third parties; however, loan terms will be established by the Managing General Partner and not as a result of arm's length negotiations.

Distributions

Distributable cash attributable to Investments will be allocated pro rata in accordance with the amount of capital contributions. To the extent that the Managing General Partner deems amounts allocated to each Limited Partner unnecessary for the Partnership to retain, such amounts will be distributed to the Limited Partners on a quarterly basis.

Allocations of Gains, Losses, Income and Expenses

Income, expenses, gains, and losses of the Partnership will generally be allocated among the Partners in a manner consistent with distributions outlined under "Distributions" above and the requirements of the Internal Revenue Code of 1986, as amended (the ***"Code"***).

General Partner Clawback

Upon liquidation of the Partnership, the Managing General Partner generally will be required to restore funds to the Partnership (the ***"GP Clawback Obligation"***) to the extent that it received cumulative distributions of carry in excess of the carry otherwise distributable to the Managing General Partner pursuant to the distribution formula set forth in "Distributions" above, applied on an aggregate basis covering all transactions of the Partnership, but in no event more than the cumulative carry actually received by the Managing General Partner less income taxes thereon.

Reinvestment and Recycling	The Managing General Partner may elect for the Partnership to retain, for future use by the Partnership, any amounts that are otherwise distributable, returnable or payable by the Partnership to the Partners.
Removal of the Managing General Partner	The Managing General Partner may be removed as the general partner of the Partnership promptly upon delivery to the Managing General Partner of written notice of the election of a Majority in Interest, made within 90 calendar days after an arbitrator has determined in accordance with the Partnership Agreement that the Managing General Partner or either of the Principals has engaged in Removable Conduct (as defined below), to remove the Managing General Partner for cause (such removal, a ***"Removal For Cause"***). For purposes hereof, "Removable Conduct" means, with respect to any person, any (a) fraud or (b) willful malfeasance in connection with the Partnership. Upon a Removal For Cause, the Partnership will liquidate unless a Majority in Interest elects to continue the Partnership by, among other things, appointing a new general partner. Upon any such removal, the Managing General Partner will become a special limited partner and the Managing General Partner will resign and no longer be entitled to receive future Management Fees. Additionally, in the event of a Removal For Cause, any future carry distributions to the Managing General Partner will be reduced by 50%.
Management Fee	The Partnership will pay the Managing General Partner a fee (the ***"Management Fee"***) for management and administrative services of $600,000.
Other Fees	The Managing General Partner or its Affiliates (other than the Partnership) may receive, from time to time, origination, acquisition, disposition, break-up, exit, commitment, financing, documentation, development, consulting, management, asset management, servicing, monitoring fees or other similar fees with respect to any Investment (collectively, ***"Other Fees"***). No portion of any Other Fees received by the Managing General Partner or any of its Affiliates will offset the Management Fee.
Organizational Expenses	The Partnership will bear, directly or through reimbursement, all costs and expenses of the Managing General Partner and the Partnership (other than Placement Fees (as defined below)) that are incurred (whether before, on or after the date hereof) in connection with any of the planning, formation and organization of either the Managing General Partner or the Partnership or the sale and marketing of Interests in the Partnership, including related out-of-pocket legal, accounting, printing, consultation, travel-related expenses, administrative and filing fees and expenses (***"Organizational Expenses"***).
Placement Fees	The Managing General Partner may cause the Partnership to pay placement fees (if any) relating to the offering of Interests (***"Placement Fees"***) from capital contributions made by Limited Partners to the Partnership; provided that the Management Fee payable with respect to each Limited Partner will be offset by the amount of such capital contributions made by such Limited Partner that are used to fund such payments.

General Partner Expenses

The Managing General Partner will bear the reasonable costs and expenses for its normal operating overhead, including (a) salaries, other compensation, and benefits of the Managing General Partner's professionals and employees, (b) out-of-pocket costs and expenses incurred in maintaining any applicable state or Federal registration, (c) out-of-pocket costs and expenses incurred by the Managing General Partner in connection with its general regulatory and compliance obligations incurred in managing the Partnership, and (d) rent and other expenses incurred in maintaining the the Managing General Partner's principal places of business.

Partnership Expenses

The Partnership will be responsible for all reasonable costs, fees, expenses, and liabilities that are incurred by or arise out of the operation of the Partnership, including: (a) the Management Fee; (b) Organizational Expenses; (c) all out-of-pocket costs of the administration of the Partnership, which administrative services may be provided by (i) third-party service providers or (ii) Affiliates of the Managing General Partner, including administrative, tax, accounting, audit, legal, consulting, brokerage, custody, depositary, safekeeping, investment banking, information services and other professional fees and expenses, costs of holding any meetings of Partners, costs of any liability insurance, costs associated with reporting and providing information to existing and prospective Limited Partners, including the preparation and dispatch to the Partners of distributions, financial reports, IRS Schedule K-1s and notices, and expenses associated with the maintenance of books and records of the Partnership and the preparation and filing of tax returns; (d) all appraisal and valuation expenses; (e) all registrations, fees and duties payable by the Partnership, including expenses incurred in connection with the registration, qualification or exemption of the Partnership under any applicable laws, and all expenses incurred in connection with any investigation or review of the Partnership or any settlement entered into by the Partnership; (f) all unreimbursed fees, costs and expenses incurred in connection with the collection of amounts due to the Partnership, including all fees, costs and expenses relating to defaults by Limited Partners; (g) all fees, costs and expenses incurred in connection with any restructuring or amendment to the constituent documents of the Partnership; (h) all fees, costs and expenses (and damages) related to regulation, litigation, government inquiries, investigations or proceedings, in each case related to the Partnership or its Investments, including regulatory expenses of the Managing General Partner; (i) all liabilities for indemnity or contribution; (j) all expenses incurred by the Partnership Representative (as defined herein) in its capacity as such and of any audit with respect to taxes; (k) all expenses incurred in connection with the dissolution, winding up, and liquidation of the Partnership; (l) all taxes, fees or other governmental charges payable by or of the Partnership (that are not specifically attributable to a Limited Partner) and related expenses; (m) all fees, costs and out-of-pocket expenses and liabilities directly related to Investments (including broken-deal expenses and expenses incurred in relation to Investments prior to the Initial Closing) and follow-on investments, including (i) legal, accounting, consulting, investment banking and other professional costs, (ii) travel, accommodation, meal, and entertainment costs, (iii) private placement fees, syndication fees, bank charges, appraisal fees, underwriting commissions and discounts, brokerage fees, sales commissions, finder's fees, closing and execution costs, and information services, (iv) costs of other third-party services, (v) fees, costs and expenses associated with environmental, zoning and entitlements, local asset and property management, engineering and appraisal services, insurance premiums, leasing commissions and loan servicing fees, (vi) fees, costs and expenses associated with the discovery, evaluation, origination, underwriting, execution, acquisition, holding, development, management, monitoring, servicing, enforcing, maintaining, improving, leasing, developing, redeveloping and renovating of

Investments or prospective Investments, (vii) expenses associated with financing, refinancing, pledging or disposition of or proposed financing, refinancing, pledging or disposition of all or any portion of Investments, (viii) expenses related to structuring and maintaining joint ventures and investment vehicles, and (ix) withholding, transfer or other taxes imposed on the Partnership (that are not specifically attributable to a Limited Partner); (n) all net fees, costs and out-of-pocket expenses relating to unconsummated transactions relating to Investments not otherwise reimbursed by third parties, including amounts that would otherwise have been borne directly or indirectly by potential co-investors were such Investments consummated, regardless of whether a determination had been made as to the identity of any potential co-investors or the amount of the anticipated co-investment prior to the time that it was determined that the prospective Investment would not be consummated; (o) all principal, interest, fees, costs, expenses and other amounts payable in respect of or in connection with borrowings, financings, guaranties or derivative transactions; (p) all fees, costs and expenses incurred for research or obtaining information for the Partnership; (q) all fees, costs and expenses that are classified as extraordinary expenses under U.S. generally accepted accounting principles; (t) the costs of acquiring and maintaining insurance policies, including the costs of premiums with respect to cybersecurity insurance, errors and omissions insurance, directors and officers insurance, or similar insurance for the owners, managers, or employees of the Managing General Partner; (u) and all other expenses properly chargeable to the Partnership (collectively, ***"Partnership Expenses"***); provided that Partnership Expenses shall exclude Placement Fees.

Alternative Investment Structure

If the Managing General Partner determines in good faith that, for legal, tax, regulatory, or other reasons, it is in the best interests of some or all of the Partners that their participation in an Investment be made through an alternative investment structure, the Managing General Partner will be permitted to structure the making of all or any portion of such Investment outside of the Partnership (or restructure any existing Investment), including by requiring one or more Partners to make such Investment either directly (which will not include a general partner interest or other similar interest) or indirectly through a limited partnership or other vehicle (other than the Partnership) (each, an ***"Alternative Investment Vehicle"***) that will invest on a parallel basis with or in lieu of the Partnership, as the case may be.

Joint Ventures

The Managing General Partner may, from time to time, cause the Partnership to directly or indirectly enter into one or more joint ventures with third-party partners (each, a ***"Joint Venture Partner"***). Investments made with Joint Venture Partners may involve carried interests and/or other fees payable to such Joint Venture Partners, as determined by the Managing General Partner, in its sole discretion.

Co-Investments

The Managing General Partner may, in its sole discretion, (a) permit one or more of the Limited Partners (but not necessarily all Limited Partners) or any other persons or entities (including Affiliates of the Managing General Partner) (each, a ***"Co-Investor"***) to co-invest alongside the Partnership in one or more Investment on such terms as it may determine in its sole discretion, which may include terms that are more favorable than the terms offered to Limited Partners pursuant to the Partnership Agreement; provided that, for the avoidance of doubt, to the extent that any such Co-Investor and the Partnership jointly invest in the same Investment, such Co-Investor and the Partnership are generally expected to invest and divest at the same time and on substantially similar terms and conditions, and (b) allocate any Work among the Partnership and such Co-Investors in such amounts and in such manner as the Managing General Partner determines to be reasonably appropriate. Notwithstanding

anything to the contrary herein, to the extent that the Managing General Partner allows Co-Investors to co-invest alongside the Partnership in an Investment, (i) the Managing General Partner may structure such co-investment through a partnership, company or other collective investment vehicle managed or advised by the Managing General Partner or any of its Affiliates (each, a ***"Co-Investment Fund"***) and (ii) the Managing General Partner or such Affiliate, as the case may be, may charge a management fee and obtain a carried interest in respect of any such co-investment.

With respect to each Investment in which Co-Investors co-invest (or propose to co-invest) alongside the Partnership, any investment expenses related to such Investment will be borne by the Partnership and such Co-Investors in proportion to the capital committed (or proposed to be committed) by each to such Investment; provided that the Managing General Partner may in its sole discretion, allocate broken-deal expenses relating to unconsummated Investments among the Partnership and such potential Co-Investors in a manner different than on a pro rata basis, including by allocating such broken-deal expenses entirely to the Partnership.

For the avoidance of doubt, the Managing General Partner will be under no obligation to provide co-investment opportunities to any particular person or entity, including Limited Partners.

Structure of Investments

The Partnership may invest directly in Works or may acquire Works through one or more affiliated companies, partnerships, limited liability companies, real estate investment trusts or other vehicles.

Reports to Limited Partners

From and after the Partnership's first full calendar year of operations, the Managing General Partner will use its commercially reasonable efforts to deliver to each Partner (a) within 120 days after the close of each fiscal year, the audited annual financial statements of the Partnership, (b) within 45 days after the end of each of the first three quarters of each fiscal year, unaudited quarterly financial statements for such fiscal quarter, and (c) within 90 days or as soon as reasonably practicable after the close of each fiscal year, annual tax information reasonably necessary for completion of their income tax returns. Reports and information, and the Managing General Partner's obligation to provide such reports and information, will be subject to confidentiality restrictions and limitations as set forth in the Partnership Agreement.

Limited Partner Meetings

From and after the Partnership's first full calendar year of operations, meetings of the Partners will be held at least once every 12 months to discuss the investment activities of the Partnership. Meetings of the Partners may be held in person or telephonically.

Confidentiality

Limited Partners are subject to confidentiality obligations as set forth in the Partnership Agreement.

Indemnification; Limited Partner Giveback

The Partnership will indemnify the Managing General Partner, the Principals, including their respective Affiliates, against all claims, liabilities, costs, and expenses, including legal fees and judgments, incurred or paid by them relating to or arising out of the business and affairs of, or activities undertaken in connection with, the Partnership, any Investment or any involvement with an Investment, or otherwise relating to or arising out of the Partnership Agreement, subject to certain limited exceptions.

Indemnification obligations of the Partnership not satisfied by insurance or third parties will be paid from the assets of the Partnership.

However, the Managing General Partner may require each Partner to return distributions made to it to satisfy indemnity obligations; provided that no Limited Partner will be required to return any distribution after the third anniversary of the receipt of such distribution; provided, however, each Partner may be required to return to the Partnership such Partner's share of any payment made, or caused to be made, by the Partnership of any "imputed underpayment" of taxes and costs and other amounts related to an audit of the Partnership's tax returns or the tax returns of any direct or indirect subsidiary of the Partnership.

Notwithstanding the foregoing, if, at the end of any such three-year period with respect to a distribution, there are any legal actions, suits or proceedings then pending or threatened or any other liability (whether contingent or otherwise) or claim then outstanding, the Managing General Partner may so notify each Limited Partner at such time and, if the Managing General Partner so notifies the Limited Partners, the obligation of each Limited Partner to return any distribution shall survive until the date that such action, suit, proceeding, liability or claim is resolved and satisfied and such Limited Partner makes any payment required in respect thereof.

Transfers and Withdrawal

No Limited Partner may (whether directly or indirectly) sell, transfer, assign, convey, pledge, mortgage, encumber, hypothecate, or otherwise dispose of all or any part of its Interest in the Partnership without the Managing General Partner's prior written consent.

Default

The Partnership Agreement provides that a Limited Partner that defaults in respect of its obligation to make capital contributions will be subject to certain remedies set forth therein, including a requirement to pay interest on such defaulted capital contribution, a loss of voting rights, and a forfeiture of all or a portion of its Interest.

Side Letters

The Partnership and the Managing General Partner may, without any further act, approval, or vote of any Limited Partner, enter into side letters or other writings (each, a ***"Side Letter"***) with one or more Limited Partners or their investment advisers, financial advisers, agents or other representatives (collectively, the ***"Side Letter Recipients"***) that have the effect of establishing rights under, or altering or supplementing the terms of, the Partnership Agreement or the Subscription Agreement of the Partnership (the ***"Subscription Agreement"***). Any rights established, or any terms of the Partnership Agreement or the Subscription Agreement altered or supplemented, in a Side Letter with a Side Letter Recipient will govern with respect to such Side Letter Recipient, notwithstanding any other provision of the Partnership Agreement or Subscription Agreement, respectively. The Managing General Partner, on behalf of the Partnership, will not be required to notify any or all of the other Limited Partners of any Side Letters or any of the rights or terms or provisions thereof, nor will the Managing General Partner be required to offer such additional or different rights or terms to any or all of the other Limited Partners absent an agreement to do so.

Certain U.S. Federal Income Tax and ERISA Matters

The Partnership expects that it will be classified as a partnership and not as an association or publicly-traded partnership taxable as a corporation for U.S. federal income tax purposes. Accordingly, the Partnership generally will not be subject to U.S. federal income tax, and each Partner subject to U.S. federal income tax will be required to include in computing its U.S. federal income tax liability its allocable share of the

items of income, gain, loss and deduction of the Partnership, regardless of whether and to what extent distributions are made by the Partnership to such Partner.

Partners that are generally exempt from U.S. federal income tax are expected to recognize "unrelated business taxable income" or "UBTI" as a result of a direct investment in the Partnership. Non-U.S. investors are expected to recognize "effectively connected income" or "ECI" as a result of a direct investment in the Partnership.

The Managing General Partner will use commercially reasonable efforts to operate the Partnership so that the assets of the Partnership do not constitute "plan assets" under ERISA. In that regard, the Managing General Partner intends to limit investments by ERISA Partners (as defined herein) to less than 25% of the total Capital Commitments of the Limited Partners.

Each prospective investor subject to ERISA or any similar law is urged to consult its own advisors as to the provisions of ERISA or similar laws applicable to an investment in the Partnership.

Investment Company Act and Securities Act Status

The Partnership is not registered under the Investment Company Act of 1940, as amended (the ***"Investment Company Act"***). The Managing General Partner intends to conduct the operations of the Partnership such that it falls outside the definition of an "investment company" under Section 3(a)(1)(C) of the Investment Company Act. If the Partnership inadvertently falls within the definition of an "investment company," the Partnership intends to rely on an exemption set forth in Section 3(c)(5) of the Investment Company Act available to entities primarily engaged in the purchase or other acquisition of interests in real estate. In addition, investors must also be "accredited investors" within the meaning of Regulation D of the Securities Act, and meet certain other eligibility criteria.

Currency

All capital contributions to the Partnership are required to be made in U.S. dollars and all distributions from the Partnership, other than distributions of securities, are expected to be made in U.S. dollars.

Risk Factors and Potential Conflicts of Interest

Potential investors should be aware that an investment in the Partnership involves a high degree of risk. There can be no assurance that the Partnership's investment objective will be achieved, or that a Limited Partner will receive a return of its capital. In addition, there may be occasions when the Managing General Partner or its Affiliates may encounter potential conflicts of interest in connection with the Partnership.

Legal Counsel to the Managing General Partner

Newlan Law Firm, PLLC, or other counsel acceptable to the Managing General Partner, will serve as legal counsel to the Managing General Partner in matters relating to the Partnership. No independent counsel has been engaged to represent the Partnership or the Limited Partners.

CERTAIN INVESTMENT CONSIDERATIONS

Prospective Investors should carefully consider the following risk factors, together with all the other information, including all other risk factors and conflicts of interest relating to an investment in the Partnership, including those set forth in this Memorandum, before deciding to subscribe for Interests. Because of these factors, as well as other risks inherent in any investment, there can be no assurance that the Partnership will be able to meet its investment objectives or otherwise can successfully carry out its investment program. The risks described below are not the only risks relating to an investment in the Partnership and other risks also may adversely affect an investment in the Partnership.

General Investment Risks

Business Risks. The success of the Partnership depends upon the ability of the Managing General Partner to identify, select and consummate investments that will offer superior returns. The availability of such opportunities will depend, in part, upon general market conditions. The business of identifying and structuring transactions is highly competitive and involves a high degree of uncertainty. Even if the Managing General Partner identifies attractive investment opportunities, there can be no assurance that the Partnership will be permitted to invest in such opportunities. As a result, it is possible that the Partnership might never be fully invested. No assurance can be given that the Partnership's investment will generate any income or will appreciate in value.

Past Performance Not a Predictor of Future Results. The Managing General Partner and the Partnership are newly formed. The track record of the Principal, any Affiliates and any private investment vehicles they have managed should not be assumed to imply or predict, directly or indirectly, any level of future performance of the Partnership. The performance of the Partnership is dependent on future events and is, therefore, inherently uncertain. Past performance cannot be relied upon to predict future events for a variety of reasons, including, without limitation, local and national economic circumstances, supply and demand characteristics, degrees of competition and other circumstances pertaining to capital markets.

Inability to Achieve Targeted Rate of Return. The Partnership will make investments based on the Managing General Partner's estimates or projections of internal rates of return and current returns, which in turn are based on, among other considerations, assumptions regarding the performance of the investments, the amount and terms of available financing and the manner and timing of dispositions, including possible asset recovery and remediation strategies, all of which are subject to significant uncertainty. In addition, events or conditions that have not been anticipated may occur and may have a significant effect on the actual rate of return received on the investments.

Lack of Operating History. The Partnership is a newly organized entity and accordingly, has no operating history upon which prospective Investors can evaluate the Partnership's likely performance. Although the Partnership's management team has experience in the oil and gas industry, there can be no assurance that the performance of those activities will be reflective or indicative of the future performance of this Partnership.

Competition for Investments. The activity of identifying, completing, and realizing attractive acquisitions of assets in the Partnership's targeted investment types is highly competitive. The Partnership will compete for these opportunities with many other investors, including private equity and real estate Partnerships, and institutional investors. These competitors may have more experience, more resources and may be willing to accept more risk than the Partnership. This competition may increase prices, reduce returns, and eliminate investment opportunities.

Lack of Diversification. The Partnership will have a limited number of investments, the lack of diversification of the Partnership investments may arise in several different ways. The Partnership's investments will be focused in oil and gas opportunities in the states of Oklahoma and Texas. This lack of geographic diversification could increase the risk of the Partnership depending on pricing and other economic factors in those parts of the country. In addition, to the extent the investments involve multiple properties in a specified location, diversity is also impacted. There is no certainty as to the number of investments the Partnership will make or the diversification of the Partnership's assets. A limited degree of diversification increases risk because, therefore, the aggregate return of the Partnership may be substantially

adversely affected by the unfavorable performance of even a single investment. In addition, the diversification of the Partnership's investments could be even further limited to the extent the Partnership invests a significant portion of its capital in a transaction and is unsuccessful in refinancing a portion of that investment.

Investment Policies and Strategies. The Partnership may not meet its stated investment strategy and goals, and the Managing General Partner has the right to vary from its strategy and policies if it determines it is in the best interests of the Partnership, subject to the terms of the Partnership Agreement.

Reliance on Key Persons. The ability of the Managing General Partner to manage the Partnership's affairs currently depends on the Principal and the Managing General Partner's management team. There can be no assurance that the members of the management team will remain affiliated throughout the term of the Partnership or otherwise can continue to carry on their current duties throughout such term. The inability to recruit and hire replacement or additional key personnel as needed could have a material adverse effect on the Partnership's operations.

Co-Investments. The Partnership may co-invest with other parties, including the Managing General Partner and its Affiliates, when and on such terms as the Managing General Partner deems appropriate. In such co-investment transactions, the terms of investment of the Partnership, the Managing General Partner or its Affiliates may not be identical and may include situations where the Managing General Partner or its Affiliates receive returns or fees from such other parties which differ from those received from the Partnership. Co-investment opportunities may not be determined through arm's length negotiations with the Partnership. The Partnership will not be obligated to provide co-investment opportunities (or provide any concessions granted to any other Investor upon becoming a Limited Partner) to any Investor because such opportunity was made available to any other Investor.

General Economic and Other Conditions. The Partnership's investments may be adversely affected from time to time by such matters as changes in general economic, industrial and commercial conditions, changes in taxes, prices and costs and other factors of a general nature that are beyond the control of the Partnership.

Lack of Control by Investors. Investors will not have an opportunity to evaluate the investments made by the Partnership or the terms of any investment. Investors should expect to rely solely on the ability of the Managing General Partner to make appropriate investments for the Partnership and to appropriately manage and dispose of the investments. The business of the Partnership will generally be managed by the Managing General Partner who will have significant discretion in managing the Partnership's business. The rights and obligations of Investors will be subject to the limitations set forth in the Partnership Agreement and except for the rights specifically reserved to them by the Partnership Agreement and applicable law, Investors will have no part in the management and control of the Partnership. Moreover, the Managing General Partner is under no obligation to call or hold any meeting. The Managing General Partner may call a meeting of the Partnership in such number and at such times as General Partner deems advisable. Limited Partners holding at least sixty (60%) of the Partnership's ownership Interests may call meetings of the Partnership in accordance with the terms of the Partnership Agreement, Further, any action taken by Limited Partners, whether or not in a meeting, must be approved in writing by the Managing General Partner.

Lack of Marketability. There are significant restrictions on the ability to sell or transfer an Interest in the Partnership. There is no public market for the Interests, and, in addition, the Interests are being sold in reliance upon exemptions from registration under the Securities Act and applicable state securities laws. Thus, the Interests may not be sold unless they are subsequently registered under the Securities Act and applicable state securities law, if so required, or unless an opinion of counsel or other evidence satisfactory to the Managing General Partner is obtained that states that registration is not required. In addition, any sale, transfer, assignment or pledge of an Interest in the Partnership must be approved by the Managing General Partner which may be withheld in the Managing General Partner's sole and absolute discretion. Because of those restrictions, Investors may not be able to liquidate their investment in the case of emergency or otherwise. The restrictions may also influence the price an Investor would receive if a transfer were to occur.

Liability of Limited Partners for Repayment of Certain Distributions. Under Texas law (applicable to an investment in the Partnership), if an Investor has knowingly received a distribution from the Partnership at a time when its liabilities exceed the fair market value of its assets after giving effect to the distribution, the Investor is liable to the Partnership for a period of three years thereafter for the distribution. If the Partnership is otherwise unable to meet its obligations, the Investors may, under applicable law, be obligated to return, with interest, cash distributions previously received by them to the extent such distributions are deemed to constitute a return of their capital contributions or are deemed to have been wrongfully paid to them. In addition, an Investor may be liable under applicable Federal and State bankruptcy or insolvency laws to return a distribution made during the Partnership's insolvency.

Conflicts of Interest. An investment in the Partnership involves several inherent or potential conflicts of interest, which prospective Investors should carefully consider before subscribing for Interests.

The Partnership may borrow money from Affiliates of the Managing General Partner. In such event, such Affiliates will receive compensation from the Partnership for providing loans. Such loans, if any, will be on terms that the Managing General Partner believes to be no less favorable to the Partnership than generally available from third parties; however, loan terms will be established by the Managing General Partner and not as a result of arm's length negotiations.

Investors should note that the Managing General Partner will receive management fees and has the right to not take such management fees, in whole or in part, and to defer such management fees as the Managing General Partner may determine. The Managing General Partner and its Affiliates may also receive other fees about services provided to the Partnership.

The Principal also provides services to other Affiliates of the Managing General Partner. The Principal may devote significant time in the future to the management of his other existing investments and professional activities. No restrictions are placed upon the Managing General Partner or its Affiliates with respect to existing artwork investments or non-artwork investments separate and apart from the Partnership.

Management of Investment Property. The Managing General Partner may engage Affiliates of the Managing General Partner to manage certain operations of the investments under management agreement(s) from which they will be paid a fee for its management and/or administrative services.

Lack of Sufficient Funding. The success of the Partnership and the Managing General Partner's ability to implement its business strategy are dependent upon the Partnership's ability to raise capital. If the Partnership is unable to raise sufficient capital, it may not be able to carry out all its planned acquisitions. If that were the case, the Partnership would have to be more reliant upon outside financing or third parties to complete its business plan. As an alternative, the Partnership may reduce the number of planned acquisitions of Works and thereby limit its diversification.

Phantom Income. Although it is intended that distributions will be made on a regular basis, there can be no guaranty that that will be the case. Accordingly, it is possible that Limited Partners in the Partnership could be allocated taxable income in a given taxable year without corresponding distributions of cash or property by the Partnership to pay such tax liabilities.

Partnership Litigation Risk. In the ordinary course of business, the Partnership may be subject to litigation from time to time. The outcome of such proceedings, which may materially adversely affect the value of the Partnership may be impossible to anticipate, and such proceedings may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the Managing General Partner's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. No legal or arbitration proceedings are pending or, to the best of the Partnership's knowledge, threatened against the Partnership.

General Partner Risk of Litigation. In the ordinary course of business, the Managing General Partner may be subject to litigation from time to time. The outcome of such proceedings may be impossible to anticipate, and such proceedings may continue without resolution for long periods of time. Any litigation may consume substantial amounts

of the Managing General Partner's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. No legal or arbitration proceedings are pending or, to the best of the Managing General Partner's knowledge, threatened against the Partnership.

Risks Related to an Investment in the Partnership and the Partnership Structure

Dependence on Third-Party Operator. A third-party, Sydri Energy Group, is the operator of the oil and gas properties that are the subject of the Participation Agreement. While Sydri Energy Group has a successful history as an oil and gas operator, there is no assurance that Sydri Energy Group will operate successfully the oil and gas properties that are the subject of the Participation Agreement.

Source of Distributions. The Partnership has not established a minimum distribution payment level, and the Partnership's ability to make distributions to Limited Partners may be adversely affected by a number of factors, including the risk factors described in this Memorandum. The Managing General Partner will make determinations regarding distributions based upon, among other factors, the Partnership's financial performance, its debt service obligations, its debt covenants, and capital expenditure requirements. Among the factors that could impair the Partnership's ability to make distributions to Limited Partners are:

- the limited size of the Partnership's portfolio;
- the Partnership's inability to invest, on a timely basis and in attractive investments, the proceeds from sales of Interests;
- the Partnership's inability to realize attractive risk-adjusted returns on its investments;
- unanticipated expenses or reduced revenues that reduce cash flow or non-cash earnings;
- defaults in the Partnership's investment portfolio or decreases in the value of its properties; and
- the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates.

As a result, the Partnership may not be able to make distributions to the Limited Partners at any time in the future, and the level of any distributions the Partnership does make to the Limited Partners may not increase or even be maintained over time.

Lack of Marketability. There are significant restrictions on the ability to sell or transfer of the Partnership. There is no public market for the Interests, and, in addition, the Interests are being sold in reliance upon exemptions from registration under the Securities Act and applicable state securities laws. Thus, the Interests may not be sold unless they are subsequently registered under the Securities Act and applicable state securities law, if so required, or unless an opinion of counsel or other evidence satisfactory to the Managing General Partner is obtained that states that registration is not required.

General Partner Discretion. The Managing General Partner has sole and absolute discretion of the Partnership's investment and operational policies, including the Partnership's policies with respect to investments, acquisitions, growth, operations, indebtedness, capitalization, and distributions, at any time without the consent of Limited Partners, which could result in the Partnership making investments that are differing from, and possibly riskier than, the types of investment described in this Memorandum. A change to the Partnership's investment strategy may, among other things, increase the Partnership's exposure to interest rate risk, default risk, and market fluctuations, all of which could affect the Partnership's ability to achieve the Partnership's investment objectives.

Indemnification Obligations. The Partnership Agreement expressly limits the Managing General Partner's liability as well as its officers' and advisors' liability by providing that the Partnership and its officers, directors, agents, and employees, will not be liable or accountable, except in limited circumstances, to the Partnership for losses sustained, liabilities incurred, or benefits not derived. In addition, the Partnership Agreement is required to indemnify such persons to the extent permitted by applicable law from and against any and all claims arising from operations of the Managing General Partner, unless it is established that: (1) the act or omission was committed in bad faith, was fraudulent or was the result of active and deliberate dishonesty; (2) the indemnified party received an improper personal benefit in money, property or services; or (3) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful.

Risks Inherent in the Partnership's Investment Strategy

Lack of Liquidity of Investments. The Partnership's Investments will generally be illiquid compared to other asset classes. Given the nature of oil and gas investments, the Partnership may be unable to realize its investment objectives within any given period or may otherwise be unable to complete any exit strategy for its Investments. In some cases, particular Investments may not appreciate in value or generate positive cash flow for extended periods of time. In the event a loan repayment or other funding obligation arises at a time in which the Partnership does not have sufficient cash assets to cover such payment, the Partnership may have to liquidate certain of the Investments at less than their expected returns to satisfy any such obligations, resulting in lower realized proceeds to the Partnership than might otherwise be the case.

Inflation Risk. As of the date of this Memorandum, the United States market (as well as the larger global markets) is experiencing inflation in asset prices that have not been present in the market since the 1980s, and such inflation may adversely affect the Partnership's financial condition and results of operations. An increase in inflation could have an adverse impact on the Partnership's costs, labor and service provider costs, floating rate mortgages, credit facilities, property operating expenses, and general and administrative expenses, as these costs could increase at a rate higher than the Partnership's revenue.

Supply Chain Disruption. The oil and gas industry, similar to many other industries, has recently experienced worldwide supply chain disruptions due to a multitude of factors that are beyond the Partnership's control, including the COVID-19 pandemic, and such disruptions may continue to occur. Materials, parts and labor have also increased in cost over the recent past, sometimes significantly and over a short period of time. In the course of pursuing its investment objectives, the Partnership could incur costs for construction and development of oil and gas properties that exceeds original estimates due to increased costs for materials or labor or other costs that are unexpected.

Joint Venture Risks. Instead of making Investments directly, the Partnership may join other parties to make Investments through memberships, joint ventures, corporations, companies or other entities. Such Investments may involve risks not present in wholly-owned Investments, including, for example, the possibility that a co-venturer or Limited Partner of the Partnership might commit fraud, become bankrupt or may have economic or business interests or goals which are inconsistent with those of the Partnership. Furthermore, if such co-venturer defaults on its funding obligations, it may be difficult for the Partnership to make up the shortfall from other sources. Any default by any such co-venturer could have an adverse effect on the Partnership, its assets and the interests of the Limited Partners. In addition, the Partnership may be liable for actions of its co-venturers. While the Managing General Partner will attempt to limit the liability of the Partnership by reviewing qualifications and previous experience of co-venturers, such action may not be sufficient to protect the Partnership from liability or loss.

Delays in Project May Occur. The Partnership will not realize a profit until the Partnership is cash-flow positive. Therefore, if the Partnership is unable to generate cash from the Investments, including in the Participation Agreement, within reasonable time frames, the Partnership may not realize a return on investment, which could adversely affect Limited Partners' investments in the Partnership.

Economic and Regulatory Risk. The Partnership is subject to risks generally attributable to the ownership of oil and gas properties, including:

- changes in global, national, regional or local economic or capital market conditions;
- increased competition for oil and gas investments targeted by the Partnership's strategy;
- changes in interest rates and availability of financing, debt and/or equity; and
- changes in government rules, regulations and fiscal policies, including changes in tax, real estate, environmental and zoning laws.

All of these factors are beyond the Partnership's control. Any negative changes in these factors could affect the Partnership's ability to meet the Partnership's obligations and make distributions to Limited Partners.

Energy Infrastructure Risks. The Partnership will concentrate the Investments in the oil and gas sector and will, therefore, be susceptible to adverse economic, business, social, political, environmental, regulatory or other occurrences affecting that sector. The oil and gas sector has historically experienced substantial price volatility. At times, the performance of these investments may lag the performance of other sectors or the market as a whole. Companies like the Partnership operating in the oil and gas sector are subject to specific risks, including, among others: fluctuations in commodity prices and/or interest rates; increased governmental or environmental regulation; reduced availability of natural gas or other commodities for transporting, processing, storing or delivering; declines in domestic or foreign production; extreme weather or other natural disasters; and threats of attack by terrorists on energy assets. Energy companies like the Partnership can be significantly affected by the supply of, and demand for, particular energy products, which may result in overproduction or underproduction. Additionally, changes in the regulatory environment for oil and gas companies may adversely impact their profitability. Over time, depletion of natural gas reserves and other energy reserves may also affect the profitability of the Partnership.

Risks Associated to the Oil and Gas Industry

There May Be an Inability to Sell Oil and Gas. There can be no assurance that a market for any oil or gas produced from properties subject to the Participation Agreement, or any other of the Partnership's Investments, will exist or that the prices obtainable will be adequate to cover the cost of operating such properties. Revenues are highly dependent upon future prices of, and demand for, oil and gas. The energy market makes it particularly difficult to estimate accurately future oil and gas prices. Various factors beyond control of the Partnership will continue to affect oil and gas prices. Such factors include, among other things, the domestic and foreign supply of oil and gas and the price of foreign imports, war or civil unrest, terrorism, the levels of consumer demand and consumer confidence, recession, decline in economic activity, changes in weather, the price and availability of alternative fuels, the rate of inflation, the availability of pipeline capacity and changes in existing and proposed state and federal regulations.

Oil and Gas Activities Are Inherently Speculative. Oil and gas development involves a high risk of loss. Decisions to acquire properties will be dependent in part on the evaluation of data compiled by petroleum engineers and geologists and obtained through geophysical testing and geological analysis. The results of such studies and tests are sometimes inconclusive or subject to varying interpretations. In any oil or gas activity, economic success depends almost entirely on the accuracy of estimates of oil or gas reserves in the ground, rates of production, demand for oil or gas and the prices of oil or gas. There can be no assurance that the Partnership will recover any of its Investments.

Partnership Operating Results Are Subject to Fluctuation. Partnership operating results are subject to fluctuation, due to the unpredictable nature of producing lives of oil and gas wells. The Partnership cannot predict the life and production of any properties in which we may an interest, including the properties subject to the Participation Agreement. The actual life of individual wells could differ from the currently predicted economic life expectancy now anticipated. Sufficient natural gas or oil may not be produced from Partnership Investments to provide the Partnership with a profit on its Investments.

Federal Income Tax Risks

Generally, the income tax aspects of an investment in the Partnership are complicated. Prospective Investors should review the discussion herein under the heading "Certain U.S. Federal Income Tax Considerations"and discuss the applicable tax considerations with their own professional tax advisors familiar with the Investor's particular income tax situation and with the income tax laws and regulations applicable to the Investor and investment partnerships.

The Partnership expects to be treated as a partnership for Federal income tax purposes, with the result that the Investors, and not the Partnership, will be taxed on their distributive shares of the Partnership's items of income and gain. Investors will have this income tax liability even in the absence of cash distributions, and thus may have taxable income and income tax liability arising from their investments in the Partnership in years in which they receive no cash distributions from the Partnership. If this occurs, the tax on such profits will be an out-of-pocket cost of the Investors.

In addition to Federal income taxes, each Investor may incur income tax liabilities under the State or local income tax laws of certain jurisdictions in which the Partnership will operate and/or own assets, as well as in the jurisdiction of that Investor's residence or domicile. State and local income tax laws vary from one location to another, and Federal, State and local income tax laws are both complex and subject to change. In addition, special income tax considerations may apply to qualified employee benefit plans and other tax-exempt entities, as well as to non-U.S. residents.

No assurance can be given that the Partnership's interpretation of the existing Federal income tax laws and Treasury Regulations for any given year will not be challenged by the Internal Revenue Service, resulting in any increase in taxable income or a decrease in allowable deductions.

Changes in the Law-Recent Legislation. In recent years, numerous changes to the Code have been enacted. These changes have affected marginal tax rates, personal exemptions, itemized deductions, depreciation and amortization rates, and other provisions of the Code. There can be no assurance that the present federal income tax treatment of an investment in the Partnership will not be adversely affected by future legislative, judicial or administrative action. Any modification or change in the Code or the regulations promulgated thereunder, or any judicial decision, could be applied retroactively to an investment in the Partnership. In view of this uncertainty, prospective Investors are urged to consider ongoing developments in this area and consult their advisors concerning the effects of such developments on an investment in the Partnership considering their own personal tax situations.

Risk of Audit. Information returns filed by the Partnership are subject to audit by the IRS. An audit of the Partnership's return may lead to adjustments, in which event the Limited Partners may be required to file amended income tax returns. In addition, any such audit may lead to an additional audit of an Investor's income tax return, which may lead to adjustments other than those relating to such Investor's investment in the Partnership. The costs of such audit and adjustments would be borne by the affected Limited Partners. See the discussion under the heading "Certain U.S. Federal Income Tax Considerations—Audits and Tax Controversies"below.

Other Potential Tax Risks. In evaluating an investment in the Partnership, a prospective Investor should also consider, in addition to the above potential tax consequences, the following tax consequences (amongst others): (i) the possibility that there may be a recapture of depreciation so that upon a sale of Interests, or of a Partnership real estate investment, a portion of the gain may be taxed as ordinary income tax rates; (ii) the possibility that his or her income tax liability resulting from a sale of a Partnership investment (including a sale or disposition resulting from the foreclosure or other enforcement of a security interest) or from a sale or other disposition (e.g., by gift) of his or her Interests may exceed his or her share of the cash proceeds therefrom (whether or not distributed), and to the extent of such excess, the payment of such income taxes will be an out- of-pocket expense; (iii) the possibility that in connection with the reduction or compromise of a debt obligation of one or more of the Partnership's investments, the Investors may be required to recognize debt forgiveness income without a corresponding distribution; (iv) the possibility of tax liability on the Partnership's current operating income in excess of amounts that the Managing General Partner deems advisable to distribute; (v) the possibility that foreign, State or local income tax treatment may be adverse; (vi) the possibility that there may be adverse changes in the income tax laws and their interpretation; and (vii) the possibility that the interest

expense of the Partnership might not be allowable as a deduction to some or all of the Investors. Moreover, there is uncertainty concerning certain other of the income tax aspects of an investment in the Partnership, and there can be no assurance that some of the deductions claimed or positions taken by the Partnership may not be successfully challenged by the IRS.

Other Regulatory and Legal Risks

Limited Regulatory Oversight. The Partnership is not registered as an "investment company"under the Investment Company Act of 1940 (the ***"Investment Company Act"***) or any comparable regulatory requirements, and does not intend to do so. Accordingly, the provisions of such regulations, which among other things generally require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be maintained in segregated accounts and regulate the relationship between the investment company and its asset General Partner, are not applicable to an investment in the Partnership. The Partnership is not subject to comparable regulation in any non-U.S. jurisdiction. Therefore, Limited Partners in the Partnership do not have the benefit of the protections afforded by, nor is the Partnership subject to the restrictions contained in, such registration and regulation.

The Partnership does not intend, or expect to be required, to register as an investment company under the Investment Company Act. Rule 3a-1 under the Investment Company Act generally provides that an issuer will not be deemed to be an "investment company"provided that (1) it does not hold itself out as being engaged primarily, or propose to engage primarily, in the business of investing, reinvesting, or trading in securities and (2) no more than forty (40%) percent. of the value of its assets (exclusive of government securities and cash items) and no more than forty (40%) percent of its net income after taxes (for the past four fiscal quarters combined) is derived from securities other than government securities, securities issued by employees' securities companies, securities issued by certain majority owned subsidiaries of such company, and securities issued by certain companies that are controlled primarily by such issuer. If the Partnership was obligated to register as an investment company the Partnership would have to comply with a variety of substantive requirements under the Investment Company Act that impose significant restrictions.

If the Partnership was required to register as an investment company but failed to do so, the Partnership would be prohibited from engaging in its business, and criminal and civil actions could be brought against the Partnership. In addition, its contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of the Partnership and liquidate its business.

Registration with the SEC as an investment company would be costly, would subject the Partnership to a host of complex regulations, and would divert the attention of management from the conduct of the Partnership's business. In addition, the purchase of investments that does not fit its investment guidelines and the purchase or sale of investment securities or other assets to preserve the Partnership's status as a company not required to register as an investment company could adversely affect the amount of Partnerships available for investment and the Partnership's ability to pay distributions to the Limited Partners.

Liquidity of Interests. Limited Partners should be aware of the long-term nature of this investment. There is not now and will not be a public market for the Interests. Because the Interests have not been registered under the Securities Act or under the securities laws of any State or foreign jurisdiction, the Interests are "restricted securities"and cannot be resold in the United States except as permitted under the Securities Act and applicable State securities laws, pursuant to registration thereunder or exemption from such registration. It is not contemplated that registration of the Interests under the Securities Act or other securities laws will ever be affected. The Interests may also not be sold or otherwise transferred without the consent of the Managing General Partner and compliance with the Partnership Agreement. Accordingly, a Limited Partner may not be able to liquidate his, her or its investment in the Partnership in the event of an emergency or for any other reason, and a Limited Partner's Interests due to the illiquid nature of the Interests and the limitation on transfer may not be acceptable as collateral for loans. Limitations on the transfer of the Interests may also adversely affect the price that a Limited Partner might be able to obtain for Interests in a private sale.

ERISA and Pension Plan Investors. Special considerations apply to employee benefit plans subject to ERISA and other retirement plans and arrangements (such as Individual Retirement Accounts) subject to Section 4975 of the Code. Fiduciaries investing the assets of such a plan in the Interests should satisfy themselves that the investment is consistent with their fiduciary duties under ERISA, including the requirement to diversify the plan's assets, to take into account the liquidity needs of the plan and to comply with plan documents. In addition, fiduciaries should confirm that the investment will not constitute a nonexempt prohibited transaction under ERISA or the Code. Fiduciaries who fail to satisfy their fiduciary duties or who cause a plan to participate in a prohibited transaction can be subject to liability for plan losses, in addition to civil and criminal penalties.

The Managing General Partner intends to rely on exceptions provided by Department of Labor regulations so that the Partnership will not hold the "plan assets"of a plan or arrangement that is subject to ERISA or to Section 4975 of the Code. Despite this intention, there is no assurance that the Partnership will be successful in satisfying the requirements for a plan assets exception under such regulations, in which case the Managing General Partner would become a fiduciary and the Partnership would be subject to significant restrictions which could adversely affect its operations and investments. Also, if the Managing General Partner relies on the plan asset exemption for a "real estate operating company", the requirements that must be satisfied in order to maintain such qualification could affect the Partnership's choice of investments which could reduce the potential returns to Limited Partners.

Fiduciaries investing the assets of an employee benefit plan or other arrangement that is subject to ERISA and Section 4975 of the Code are advised to consult with their own counsel regarding these and other ERISA risks. See Section X. "ERISA Considerations."

THE PARTNERSHIP

This Memorandum contains an explanation of the more significant terms and provisions of the Partnership Agreement, a copy of which is annexed hereto as Exhibit A and is incorporated herein by this reference. The following description is a summary only of certain aspects of the Partnership's operations and significant terms of the Partnership Agreement not set forth elsewhere in this Memorandum, is not intended to be complete and is qualified in its entirety by reference to the attached Exhibit A.

Nature of the Partnership

The Partnership is a Texas limited partnership formed on January 2, 2025. The fiscal year of the Partnership begins on January 1st of each year and ends on December 31st of the same year (the ***"Fiscal Year"***).

The Partnership may have a claim against the Limited Partners after a distribution, including any distribution of redemption proceeds, or receipt of distributions from the Partnership for liabilities of the Partnership that arose before the date of such distribution, but such claim will not exceed the sum of such Limited Partner's unwithdrawn Capital Contributions (as defined herein), undistributed profits, if any, and any improperly distributed distributions, together with interest thereon. Neither the Managing General Partner nor any of its Affiliates will be personally liable to a Limited Partner (or its assignee) for the return or repayment of all or any portion of the capital or profits of such Limited Partner.

Management of Partnership Affairs

The Limited Partners, in their capacity as such, do not participate in the management or operations of the Partnership. The Managing General Partner has complete investment authority. Without limiting the generality of the foregoing, the Managing General Partner shall have full power and authority to do the following:

- Perform administrative and ministerial functions in connection with the day-to-day operation of the Partnership;

- Perform sales and accounting management functions for the Partnership;

- Maintain the Partnership's books and records;

- Negotiate and enter into any and all contracts by and on behalf of the Partnership deemed appropriate by the Managing General Partner, in its sole and absolute discretion, in connection with the operation of the Partnership's business;

- Borrow money on behalf of the Partnership, including, but not limited to, establishing lines of credit in the name of the Partnership, and, in connection therewith, to execute and deliver for, on behalf of and in the name of the Partnership, bonds, notes, pledges, security agreements, financing statements, profits interest agreements, assignments, and other agreements and documents creating liens on, or granting security interests in or otherwise affecting, the assets and properties of the Partnership (any of which loan documents may contain confessions of judgment and powers of attorney) including, without limitation, any portfolio property, and extensions, renewals, and modifications thereof, and to prepay in whole or in part, refinance, recast, increase, modify, or extend any indebtedness of the Partnership.

- Cause the Partnership to guarantee the debts or obligations of third parties that own Works and in which entities the Partnership has an interest;

- Hold, operate, manage, and otherwise deal with Partnership property;

- Purchase, sell, convey, assign, lease, rent, exchange, and otherwise dispose of, in whole or in part, any Partnership property, including Works;

- Sell all or substantially all Partnership property in a single transaction or plan;

- Engage, on behalf of the Partnership, all employees, agents, contractors, attorneys, accountants, securities broker-dealers, consultants, or any other Persons (including Affiliates of the Managing General Partner), as the Managing General Partner, in its sole and absolute discretion, deems appropriate for the performance of services in connection with the conduct, operation, and management of the Partnership's business and affairs, all on such terms and for such compensation as the Managing General Partner, in its sole and absolute discretion, deems proper and to replace any such employees, agents, contractors, attorneys, accountants, securities broker-dealers, consultants, or any other Persons, in the sole and absolute discretion of the Managing General Partner;

- Establish and maintain working capital reserves for operating expenses, capital expenditures, normal repairs, replacements, contingencies, and other anticipated costs relating to the assets of the Partnership by retaining a portion of Partnership proceeds as determined from time to time by the Managing General Partner to be reasonable under the then-existing circumstances;

- Determine the amounts of cash available for distribution, and when and in what amounts such funds shall be distributed;

- Pay the expenses of the Partnership from the funds of the Partnership, provided that all of the Partnership's expenses shall, to the extent feasible, be billed directly to and paid by the Partnership;

- File, on behalf of the Partnership, all required local, state, and federal tax returns relating to the Partnership or its assets and properties, and to make or determine not to make any and all elections with respect thereto;

- Invest and reinvest the Partnerships of the Partnership and to establish bank, money market and other accounts for the deposit of the Partnership's funds and permit withdrawals therefrom upon such signatures as the Managing General Partner designates;

- Execute and deliver any and all instruments and documents, and to do any and all other things necessary or appropriate, in the Managing General Partner's sole and absolute discretion, for the accomplishment of the business and purposes of the Partnership or necessary or incidental to the protection and benefit of the Partnership;

- Prosecute, defend, settle, or compromise, at the Partnership's expense, any suits, actions, or claims at law or in equity to which the Partnership is a party or by which it is affected as may be necessary or proper in the Managing General Partner's sole and absolute discretion, to enforce or protect the Partnership's interests, and to satisfy out of Partnership funds any judgment, decree, or decision of any court, board, agency, or authority having jurisdiction or any settlement of any suit, action, or claim prior to judgment or final decision thereon;

- Issue additional Interests or other forms of interest in the Partnership and admit additional Limited Partners as the Managing General Partner may determine in its sole and absolute discretion;

- Create and issue additional limited partnership interests and classes and groups of Limited Partners and admit such Limited Partners as the Managing General Partner may determine in its sole and absolute discretion;

- Redeem Limited Partners' Interests in the Partnership and determine the methodology for carrying out any redemptions;

- Negotiate the terms of and cause the Partnership to enter into joint ventures or other legal structures with one or more third parties, including with Affiliates of the Managing General Partner, as the Managing General Partner may determine in its sole and absolute discretion, in connection with the operation of the Partnership's business;

- Reinvest any cash available for distribution;

- Effect a Corporate Reorganization of the Partnership;

- Enter into any transactions with an Affiliate of the Managing General Partner or any Limited Partner at arm's length terms; and

- Amend the Partnership Agreement to address or reconcile any inconsistencies between the terms set forth therein and the terms set forth in this Memorandum.

General Partner Limitations

Without the consent of the Limited Partners holding at least fifty (50%) percent of the Participating Interests, voting as a single class, the Managing General Partner shall not have authority to:

Do any act in contravention of the Partnership Agreement;

- Do any act which would make it impossible to carry on the ordinary business of the Partnership, except as otherwise provided in the Partnership Agreement; or

- Possess Partnership property, or assign rights in specific Partnership property, for other than a Partnership purpose.

Removal of the Managing General Partner

The Managing General Partner may be removed as the general partner of the Partnership promptly upon delivery to the Managing General Partner of written notice of the election of a Majority in Interest, made within 90 calendar days after an arbitrator has determined in accordance with the Partnership Agreement that the Managing General Partner or either of the Principals has engaged in Removable Conduct (as defined below), to remove the Managing General Partner for cause (a Removal For Cause). For purposes hereof, ***"Removable Conduct"*** means, with respect to any person, any (a) fraud or (b) willful malfeasance in connection with the Partnership.

Upon a Removal For Cause, the Partnership will liquidate unless a Majority in Interest elects to continue the Partnership by, among other things, appointing a new general partner. Upon any such removal, the Managing General Partner will become a special limited partner and the Managing General Partner will resign and no longer be entitled to receive future Management Fees. Additionally, in the event of a Removal For Cause, any future carry distributions to the Managing General Partner will be reduced by 50%.

Sharing of Profits, Losses and Expenses

The Partnership will establish and maintain on its books a capital account (***"Capital Account"***), for each Limited Partner and the Managing General Partner, into which their capital contribution(s) (each, a ***"Capital Contribution"***), will be credited and in which certain other transactions will be reflected as further described in the Partnership Agreement. Any increase or decrease in Capital Contributions is added to or subtracted from the Capital Account of the Limited Partner.

Amendments to the Partnership Agreement

The provisions of the Partnership Agreement may be amended only as follows:

Managing General Partner Amendments: The Managing General Partner, without obtaining the authorization or approval of any Limited Partner and without giving prior notification to any Limited Partner, may amend the Partnership Agreement at any time and from time to time, whether by changing any one or more of the provisions thereof, removing any one or more provisions therefrom or adding one or more provisions thereto, to the extent necessary, in the reasonable judgment of the Managing General Partner, to: (i) cause the provisions of Article V of the Partnership Agreement to comply with the provisions of Section 704 of the Code and the Treasury Regulations thereunder; (ii) otherwise cause the provisions of the Partnership Agreement to comply with any requirement, condition or guideline contained in any order, directive, opinion, ruling or regulation of a U.S. federal or state agency or contained in U.S. federal or state law; (iii) ensure the Partnership's continuing classification as a partnership for U.S. federal income tax purposes; (iv) prevent the Partnership from being treated as a "publicly traded partnership" taxable as a corporation within the meaning of Section 7704 of the Code and the Treasury Regulations; (v) during periods in which the Managing General Partner has determined not to permit the assets of the Partnership to constitute "plan assets", take such action as may be necessary or appropriate to avoid the assets of the Partnership being treated as "plan assets" for any purpose of ERISA or Section 4975 of the Code; (vi) prevent the Partnership from being required to register as an "investment company" under the Company Act; (vii) avoid the Partnership's engaging in any non-exempt "prohibited transaction" (within the meaning of Section 406 of ERISA or Section 4975(c) of the Code); (viii) add to the obligations of the Managing General Partner for the benefit of the Partnership or the Limited Partners; (ix) reflect the admission, substitution, termination or withdrawal of Limited Partners after the date hereof in accordance with the provisions of the Partnership Agreement; (x) cure any ambiguity in the Partnership Agreement, or correct any provision in the Partnership Agreement that is manifestly incorrect or inconsistent with the terms of this Memorandum; or (xi) provide that any one or more Additional General Partners may possess and exercise any one or more of the rights, powers and authority of the Managing General Partner hereunder.

Upon giving notification to the Limited Partners, but without obtaining the authorization or approval of any Limited Partner, the Managing General Partner may amend the Partnership Agreement at any time and from time to time, whether by changing any one or more of the provisions of the Partnership Agreement, removing any one or more provisions therefrom or adding one or more provisions thereto, for such purpose or purposes as the Managing General Partner may deem necessary, appropriate, advisable or convenient, provided that, in the Managing General Partner's reasonable judgment, such amendment could not reasonably be expected to have a material adverse effect on the Partnership or any Limited Partner.

As long as the Partnership Agreement is not amended so as to modify the limited liability of a Limited Partner, the Managing General Partner may amend the Partnership Agreement at any time and from time to time, whether by changing any one or more of the provisions thereof, removing any one or more provisions therefrom or adding one or more provisions thereto, in a manner that materially adversely affects or could reasonably be expected to have a material adverse effect on the Partnership or the Limited Partners; provided, however, that the Managing General Partner may not make any such amendment, other than with respect to the treatment and allocation of New Issues, until it has provided notice of such amendment to each Limited Partner at least 30 calendar days prior to the implementation of such amendment, setting forth all material facts relating to such amendment, and obtaining the approval of a majority in interest of the Limited Partner to such amendment prior to the implementation thereof. Such approval may be acquired through negative consent whereby a Limited Partner's failure to reply to such a proposal would be deemed to be a vote for the proposal.

Attorney-in-Fact: Under the Partnership Agreement, each Limited Partner grants to the Managing General Partner a special power of attorney irrevocably making, constituting, and appointing the Managing General Partner as such Limited Partner's attorney-in-fact, to take certain actions permitted under the Partnership Agreement.

INDEMNIFICATION AND LIMITATION OF LIABILITY

The Partnership Agreement provides that the Managing General Partner, each member, officer, employee or Affiliates of the Managing General Partner, and any person or persons designated as the Liquidator (as such term is defined in the Partnership Agreement) (each an ***"Indemnitee"***) shall not be liable for any loss or cost arising out of, or in connection with, any act or activity undertaken (or omitted to be undertaken) in fulfillment of any obligation or responsibility under the Partnership Agreement, including any such loss sustained by reason of any investment or the sale or retention of any security or other asset of the Partnership, except that any such person shall not be exculpated from any liability arising from: (i) losses caused by its gross negligence, willful misconduct, breach of any applicable fiduciary duty under ERISA or violations of applicable law or (ii) for any misstatement of any material fact or any other misrepresentation concerning the Indemnitee. Each Indemnitee shall be indemnified and held harmless by the Partnership to the fullest extent legally permissible under and by virtue of the laws of the State of Texas from and against any and all loss, liability and expense (including, without limitation, judgments, fines, amounts paid or to be paid in settlement and reasonable attorney's fees) incurred or suffered by the Indemnitee in connection with the good faith performance by the Indemnitee of its responsibilities to the Partnership; provided, however, that an Indemnitee shall not be indemnified for losses resulting from: (i) its own gross negligence, willful misconduct, breach of any applicable fiduciary duty under ERISA or violations of applicable law or (ii) any misstatement of any material fact or any other misrepresentation concerning the Indemnitee. The Partnership will, at the request of the Managing General Partner, advance amounts and/or pay expenses as incurred in connection with such indemnification obligation.

The Partnership Agreement is governed by the laws of Texas.

MANAGEMENT FEES AND COMPENSATION

The Partnership has no paid employees. The Principals, by and through the Managing General Partner, manage the day-to-day affairs of the Partnership.

Management Fee

The Partnership will pay the Managing General Partner a fee (the Management Fee) for management and administrative services. The Management Fee shall be $600,000.

The Managing General Partner or its Affiliates (other than the Partnership) may receive, from time to time, origination, acquisition, disposition, break-up, exit, commitment, financing, documentation, development, consulting, management, asset management, servicing, monitoring fees or other similar fees with respect to any Investment (Other Fees). No portion of any Other Fees received by the Managing General Partner or any of its Affiliates will offset the Management Fee.

Distributions

Distributable cash attributable to Investments will be allocated pro rata in accordance with the amount of capital contributions or reinvested capital of each Partner used to Partnership such Investments. Amounts allocated to each Limited Partner will be distributed to their respective accounts that the Managing General Partner deems unnecessary for the Partnership to retain.

Except as otherwise approved by a Majority in Interest, distributions prior to the dissolution of the Partnership may only take the form of cash or marketable securities. Upon the dissolution of the Partnership, distributions may include any assets of the Partnership.

DESCRIPTION OF INTERESTS

The rights, preferences, and obligations of the Interests are set forth in the Partnership Agreement.

A general description of the rights, preferences, and restrictions associated with the Interests is set forth below. Each Investor should carefully read this Memorandum and the Partnership Agreement to understand certain risks associated with acquiring Interests and the rights, restrictions, and obligations associated with the Interests.

Overview of Interests

The Managing General Partner is seeking Capital Commitments of $4,000,000, but may, in its discretion, hold a Final Closing provided the Partnership has received Capital Commitments of at least $2,500,000. Capital Commitments in excess of this amount may be accepted, at the sole discretion of the Managing General Partner, but in no event will Capital Commitments exceed, in aggregate, $5,000,000.

The minimum Capital Commitment for each Limited Partner will be $200,000, subject to the Managing General Partner's discretion to permit Limited Partners to make Capital Commitments in lower amounts.

The Interests

Investors in the Partnership will be issued partnership interests in the Partnership (the Interests). The holders of Interests are entitled to participate in the income and profit of the Partnership. The Interests will have limited voting rights, as described in the Partnership Agreement.

Closings

The initial closing for subscriptions of Interests (Initial Closing) will be held at such time as the Managing General Partner determines, following which the Managing General Partner may initiate at any time thereafter a capital draw in accordance with the terms and conditions of the Partnership Agreement. The Managing General Partner may accept additional subscriptions (and increases in Capital Commitments by existing Limited Partners) at subsequent closings (each, a Subsequent Closing) that may be held in the Managing General Partner's discretion; provided that the

final Subsequent Closing (Final Closing) must occur no later than one (1) year following the Initial Closing, unless extended by the Managing General Partner, in its sole discretion.

Transferability of Interests

There is no current market for the Interests. The Partnership and the Managing General Partner do not expect that a public market will ever develop, and the Partnership's Certificate of Formation does not require a liquidity event at a fixed time in the future. Therefore, a redemption of Interests by the Partnership, which must be agreed to by the Managing General Partner in its sole and absolute discretion, will likely be the only way for a Limited Partner to dispose of its Interests. While the redemption program of the Partnership was designed to allow Limited Partners to request redemptions of their Interests, the Partnerships ability to fulfill redemption requests is subject to a number of limitations.

Most significantly, the majority of the Partnership's assets will most likely consist of real estate assets which cannot generally be readily liquidated without impacting the Partnership's ability to realize full value upon disposition of such assets. As noted above, any redemption requests by a Limited Partner will require the approval of the Managing General Partner, which may be withheld in its sole and absolute discretion. As a result, a Limited Partner's ability to have its Interests redeemed by the Partnership may be limited, and the Interests should be considered a long-term investment with limited liquidity.

Under Partnership Agreement, the Managing General Partner may compulsorily redeem a Limited Partner's Interests in its sole and absolute discretion. The Managing General Partner does not intend to exercise its right to force the redemption of a Limited Partner except in very limited circumstances where such redemption would be in the best interests of the Partnership and remaining Limited Partners.

The Managing General Partner may in its sole and absolute discretion great a redemption request upon receipt proper notice received in writing due to the death, legal or medical disability of a Limited Partner, or other exigent circumstances as determined by the Managing General Partner in its sole discretion (each, a Redemption Waiver Event) of a Limited Partner. The Managing General Partner shall have the sole discretion to determine whether a purported disability or other exigent circumstances qualify for special redemption consideration.

Additional Capital

If the Partnership requires additional funds at any time in excess of Capital Contributions made by the Limited Partners, the Partnership or its Affiliates may borrow funds from a financial institution or other lender. In addition, the Managing General Partner is authorized to cause the Partnership to issue Interests and such other limited partnership interests in the Partnership, and to create such additional classes or groups of Limited Partners, and to amend the Partnership Agreement in connection therewith, as the Managing General Partner may determine in its sole and absolute discretion. Additional limited partnership interests in the Partnership and additional classes or groups of Limited Partners may have such relative rights, power and duties as the Managing General Partner may determine to be in the best interests of the Partnership in its sole and absolute discretion, including, without limitation, rights, powers and duties senior to the Interests, the Limited Partners and any other existing classes or groups of partners, providing for priority returns on capital contributed, providing for ownership which is not proportionate to the Interests of the existing Limited Partners, and/or providing for such other rights, powers and duties as the Managing General Partner may determine in its sole and absolute discretion.

CONFLICTS OF INTEREST

Conflicts Generally

Prospective Investors must recognize that the Partnership has been formed specifically as an investment product to be managed by the Managing General Partner and may not be inclined to appoint any other investment adviser for the Partnership, even if doing so might be in the Partnership's best interests.

The Principals will devote such time as is necessary in their reasonable judgment, to manage the Partnership, as described herein. However, the Managing General Partner and the Principal are and may in the future become involved in other business ventures as well, and may have incentives to favor certain of these ventures over the Partnership. The Partnership does not and will not share in the risks or rewards of any of such other ventures. However, such other ventures would compete for the Managing General Partner's and the Principal's time and attention which could create other conflicts of interest. The Partnership Agreement does not require the Managing General Partner or any Principal to devote any particular amount of time to the Partnership.

No Separate Counsel

The Partnership, the Managing General Partner and the Principals have not been represented by separate counsel in connection with the formation of the Partnership or the Managing General Partner, the drafting of this Memorandum and the Partnership Agreement, any other of the various agreements and other documents or entities relevant to this offering or the offering of the Interests themselves. Accordingly, the Partnership has not had the benefit of independent counsel advising it on its arrangements with the Managing General Partner.

The attorneys, accountants and other experts who perform services for the Partnership and the Managing General Partner may perform similar services for other partnerships and companies operated by Affiliates of the Managing General Partner and it is contemplated that those multiple representations will continue in the future. However, should the Partnership or the Managing General Partner become involved in disputes, the Managing General Partner will cause the disputing parties to retain separate counsel for those matters unless the respective parties' consent.

Other Clients; Allocation of Investment Opportunities

The Managing General Partner and its Affiliates may act as the manager of businesses similar in nature to that of the Partnership. There are no restrictions on the ability of the Managing General Partner and its Affiliates to engage in such activities. The operating results of the Partnership may differ significantly from the results achieved by the Managing General Partner in any of its other activities.

Different Economic Terms for Certain Limited Partners

From time to time, the Managing General Partner may permit certain Limited Partners (including, but not limited to, Affiliates of the Managing General Partner) to acquire Interests on different economic terms than other Limited Partners. The Partnership may, in its sole discretion and without the prior notice to, or consent of, the Limited Partners, also offer additional classes or series of Interests subject to different management and other fees. Such additional classes or series of Interests may participate in a similar or different underlying Investment.

Compensation and Incentives

The Managing General Partner is to be paid the Management Fee of $600,000.

Transactions with Affiliates

The Partnership's first Investment will be the Participation Agreement, its interest in which was acquired from the Managing General Partner. In addition, the Managing General Partner may from time to time engage in transactions with persons and entities that are associated with Affiliates of the Managing General Partner. Such transactions may include loans, sales or purchases of the Partnership's Works (***"Affiliated Transactions"***).

The Partnership will only engage in Affiliated Transactions to the extent the Managing General Partner believes the entry into such transactions are in the best interests of the Partnership, and will or are likely to result in efficiencies to the Partnership, reduced transaction costs or commissions, or access to transactions that would not otherwise be available to the Partnership.

The sale and purchase of any Affiliated Transactions is subject to the sole discretion of the Managing General Partner.

CERTAIN LEGAL MATTERS

Anti-Money Laundering and Similar Regulations

In 2001, Congress enacted the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001,"otherwise known as the USA PATRIOT Act. The USA PATRIOT Act imposes obligations upon "financial institutions"to ensure that its investors are not using their investments in such institutions for money laundering schemes. The USA PATRIOT Act does not clearly provide whether or not a real estate Partnership such as the Partnership qualifies as a "financial institution"; therefore, while the Managing General Partner does not believe that the Partnership so qualifies, out of the abundance of caution, it is requiring as a condition to any investment that each Limited Partner provide certain written certifications to the Partnership that, among other things, it does not support, is not affiliated with, or otherwise transacts business on behalf of any organization that is prohibited under the USA PATRIOT Act.

ERISA Considerations

The following summary does not include all the fiduciary investment considerations relevant to Investors subject to ERISA and/or Section 4975 of the Code and should not be construed as legal advice or a legal opinion. Prospective Investors should consult with their own counsel on these matters.

Fiduciary Investment Considerations under ERISA and the Code. Certain investors in the Partnership may be subject to the fiduciary responsibility and prohibited transaction requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA), and/or related provisions of the Code. The following is a summary of some of the material fiduciary investment considerations that may apply to such investors under ERISA and the Code.

This summary is based on the fiduciary responsibility provisions and prohibited transaction restrictions of ERISA, relevant regulations and opinions issued by the United States Department of Labor (the ***"DOL"***) and court decisions thereunder, and on the pertinent provisions of the Code, relevant regulations, published rulings and procedures of the IRS, and court decisions thereunder.

This summary is based on provisions of ERISA and the Code as of the date hereof. This summary does not purport to be complete and is qualified in its entirety by reference to ERISA and the Code. No assurance can be given that future legislation, administrative regulations or rulings in court decisions will not significantly modify the requirements summarized herein. Any such changes may be retroactive and thereby apply to transactions entered into prior to the date of their enactment or release and neither the Managing General Partner nor the Partnership assume any responsibility to notify Limited Partners of any such actual or potential changes.

Fiduciary Considerations. Before authorizing an investment in the Partnership, fiduciaries of pension, profit-sharing or other employee benefit plans subject to ERISA (the ***"Benefit Plans"***) should consider, among other matters:

(a) the fiduciary standards imposed by ERISA, or applicable state law;

(b) whether an investment in the Partnership by the Benefit Plan satisfies the prudence and diversification requirements of ERISA or applicable state law, taking into account the overall investment policy of the plan, the composition of the plan's portfolio, and the limitations on the marketability of interests in the Partnership;

(c) whether such fiduciaries have authority to make the investment under the appropriate plan investment policies and governing instruments; and

(d) prohibitions under ERISA, the Code and/or state law applicable to the Benefit Plans' engaging in certain transactions involving "plan assets" with persons who are "disqualified persons" under the Code or "parties in interest"under ERISA or applicable state law.

Accordingly, when considering an investment of Benefit Plan's assets in the Partnership, each fiduciary of a Benefit Plan should consider the effect of the investment on any applicable fiduciary standards of conduct, prohibited transaction rules, valuation requirements, reporting and disclosure requirements and other related requirements. The sale of Interests to a Benefit Plan is in no respect a representation by the Managing General Partner or the Partnership that this investment meets all relevant requirements with respect to investments by Benefit Plans generally or any particular Benefit Plan or that this investment is appropriate for a Benefit Plan generally or any particular Benefit Plan.

Definition of Plan Assets. ERISA and the Code impose various duties and restrictions with respect to the investment, management and disposition of plan assets. In the context of pooled investment Partnerships and other vehicles in which a plan may invest, the applicability of ERISA and Section 4975 of the Code are subject to regulations published by the DOL relating to the definition of "plan assets," pursuant to which the assets of an entity in which a plan or plans acquire an equity interest will or will not be deemed "plan assets" (the ***"Regulation"***), as applied in the context of Section 3(42) of ERISA. Under the Regulation, when a Benefit Plan or individual retirement account that is subject to ERISA or Section 4975 of the Code (a ***"Plan"***) makes an equity investment in an entity such as the Partnership, the plan's assets generally include both the Interests and an undivided interest in each of the underlying assets of the Partnership, unless: (i) the ownership in each class of equity interests in the Partnership on any date after the most recent acquisition of any equity interest in the Partnership by "benefit plan investors" (as defined in Section 3(42) of ERISA) has a value in the aggregate of less than 25% of the total value of such class of equity interests that are outstanding (exclusive of Interests held by the Managing General Partner and its affiliates); (ii) it is established that the Partnership is a "real estate operating company"as defined in the Regulation (***"REOC"***); or (iii) the Partnership qualifies for another exception under the DOL "plan asset"regulations.

If the assets of the Partnership are deemed to be "plan assets"of a Plan that is a Limited Partner, Subtitle A and Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code will extend to investments made by the Partnership. This would result, among other things, in: (i) the application of the prudence and other fiduciary standards of ERISA (which impose liability on fiduciaries) to investments made by the Partnership, which could materially affect the operations of the Partnership; (ii) potential liability for persons having investment discretion over the assets of an ERISA-Covered Plan investing in the Partnership should investments made by the Partnership not conform to ERISA's prudence and fiduciary standards under Part 4 of Subtitle B of Title I of ERISA, unless certain conditions are satisfied; and (iii) the possibility that certain transactions that the Partnership might enter into in the ordinary course of its business might constitute "prohibited transactions"under ERISA and the Code. A prohibited transaction, in addition to imposing potential personal liability upon fiduciaries of employee benefit plans, may also result in the imposition of an excise tax under the Code upon disqualified persons with respect to the Benefit Plans.

The Partnership intends to limit investment in the Partnership by "benefit plan investors" to less than 25% (excluding the Interests held by the Managing General Partner and its affiliates) in order to prevent the Partnership from being deemed to hold "plan assets"of any Plan. However, if investment by "benefit plan investors"exceeds this threshold, the Managing General Partner may cause the Partnership to qualify as a REOC and structure the Partnership's investments in compliance with the requirements for such exemption as set forth in the Regulation.

While the Managing General Partner intends to limit participation and/or seek to qualify as a REOC, there is no assurance that the Partnership will be able to continue to prevent the Partnership from being deemed to hold "plan assets" of any Plan.

Governmental plans and certain church plans (as defined in ERISA) are not subject to ERISA or the prohibited transaction provisions under Section 4975 of the Code. However, state laws or regulations governing the investment and management of the assets of such plans may contain fiduciary and prohibited transaction requirements similar to those under ERISA and the Code discussed above.

The application of ERISA, the Code and other relevant laws may be complex and dependent upon the particular facts and circumstances of the Partnership and of each plan, and it is the responsibility of the appropriate fiduciary of the plan to ensure that any investment in the Interests by such plan is consistent with all applicable requirements. Fiduciaries of benefit plans should consult their legal and other advisors concerning these considerations, and (particularly in the case of non-ERISA plans) concerning any additional Code and State law considerations, before making an investment in the Interests.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

Set forth below is a discussion, in summary form, of certain material U.S. federal income tax considerations related to an investment in the Partnership with respect to U.S. Investors. This summary is for general information only and may not apply to all categories of investors. This summary does not constitute tax advice nor does it attempt to present all aspects of the U.S. federal income tax laws or any state, local or foreign laws that may affect an investment in the Partnership. In particular, banks, thrifts, insurance companies, partnerships or other pass-through entities, dealers in securities or currencies, investors that do not hold an interest in the Partnership as a capital asset, foreign investors, financial institutions, insurance companies, taxexempt entities and other investors of special status must consult with their own professional tax advisors as to the tax considerations of an investment in the Partnership. The actual tax consequences of the purchase, ownership and disposition of interests in the Partnership may vary depending on an investor's particular circumstances. No ruling has been or will be requested from the Internal Revenue Service (the ***"IRS"***) and no assurance can be given that the IRS or the courts will agree with the tax consequences described in this summary.

Furthermore, the U.S. federal income taxation of Limited Partners in the Partnership is extremely complex and may involve, among other things, significant issues as to the timing, character, and allocation of gains and losses, various limitations on the deductibility of losses, and relationships between a Limited Partner's investment in the Partnership and the Limited Partner's other investments and activities. Accordingly, this discussion is not a substitute for careful tax planning, particularly since certain of the federal income tax consequences of an investment in the Partnership will vary depending upon the Investor's own circumstances. This discussion is based upon the Code, administrative rulings, judicial decisions and Treasury regulations as in effect on the date hereof, all of which are subject to change (possibly with retroactive effect).

As used in this summary, the term "U.S. Investor" means a beneficial owner of an Interest who is, for U.S. federal income tax purposes:

- a citizen or individual resident of the U.S.;
- a corporation, or other entity treated as an association taxable as a corporation, that is organized in or under the laws of the U.S., any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a court within the U.S. is able to exercise primary supervision over the trust's administration, and (ii) one or more "United States persons,"within the meaning of section 7701(a)(30) of the Code, has the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, certain electing trusts in existence on August 20, 1996 that were treated as United States persons prior to this date may also be considered U.S. investors.

If a partnership, including any entity or arrangement treated as a partnership for U.S. federal income tax purposes (collectively, referred to in this summary as a "partnership"), holds an Interest, then the federal income tax treatment of a partner in that partnership generally will depend on the status of the partner and the partnership's activities. Partners and partnerships should consult their own tax advisors with regard to the federal income tax treatment of an investment in the Interest.

As used in this summary, the term "Non-U.S. Investor" means a beneficial owner of an interest who is neither a U.S. Investor nor a partnership. Potential Non-U.S. Investors should review the discussion under the heading "Tax Considerations for Non-U.S. Investors" below.

Taxation of the Partnership

Generally. The Partnership is a Texas limited partnership. It is intended that the Partnership will be classified as a partnership for Federal income tax purposes, and not as an "association" taxable as a corporation. In addition, it is intended that the Partnership will not be treated as a "publicly traded partnership" for Federal income tax purposes.

In general, as a partnership for income tax purposes, the Partnership will not itself be a taxable entity for Federal income tax purposes. Rather, the Partnership's items of income, gain, loss, deduction and credit (if any) (collectively, ***"Tax Items"***), and the character of such items (e.g., as ordinary income, as short-term or longterm capital gain, or as investment interest deductions), will generally flow through to the Investors as though the Investors realized such items directly. Each Investor will report its distributive share of the items on such Investor's Federal and applicable State and local income tax returns for the taxable year that includes the end of the Partnership's taxable year, regardless of whether the Investor has received any cash distributions from the Partnership.

The Partnership will report based on a calendar year, unless required to adopt a different fiscal year for Federal income tax purposes or otherwise changed by the Managing General Partner. The Partnership will annually file U.S. Return of Partnership Income on IRS Form 1065, reporting its operations for each taxable year to the IRS. The Partnership will provide Limited Partners with the information on Schedule K-1 to Form 1065 necessary to enable them to include in their tax returns the tax information arising from their investment in the Partnership. The Partnership Agreement requires that the Limited Partners shall not treat any Partnership item inconsistently on such Limited Partner's federal, state, foreign or other income tax return with the treatment of the item on the Partnership's tax return.

Effect of Potential Reclassification of the Partnership. A domestic limited partnership will be classified as a partnership for U.S. federal income tax purposes if it has two or more members, unless an election is made to treat the entity as an association taxable as a corporation for income tax purposes. The Managing General Partner does not intend to elect to classify the Partnership as an association taxable as a corporation.

Certain organizations otherwise classified as partnerships may nonetheless be treated as associations taxable as corporations for federal income tax purposes if they are considered "publicly traded partnerships"under the Code (even if interests in these entities are not publicly traded) unless an exception applies. The Partnership Agreement allows the Managing General Partner to require a written opinion of counsel that a proposed transfer of an Interest would not cause the Partnership to become a "publicly traded partnership"for Federal income tax purposes. Proposed Investors should note that their ability to sell their Interests may therefore be limited.

If the Partnership were to be classified as an association taxable as a corporation for federal income tax purposes, then the Partnership's Tax Items would not be passed through to Investors and the Partnership would be subject to an entity-level corporate tax. In addition, all or a portion of distributions made to Investors could be taxable as dividends.

The remainder of this discussion is based on the assumption that the Partnership will be classified as a partnership for U.S. federal income tax purposes.

Taxation of the U.S. Investors

Generally. As discussed above, the Partnership generally will not be subject to U.S. Federal income tax. Instead, the Partnership's items of income, gain, loss, deduction and credit (i.e., Tax Items), and the character of such items (e.g., as ordinary income, short-term or long-term capital gain, or investment interest deductions), will generally flow through to the Investors as though the Investors realized such items directly.

Investors will be taxed on their respective distributive shares of the Partnership's items of income and gain, regardless of whether they receive distributions from the Partnership. There can be no assurance that the Partnership will make cash distributions in an amount necessary for Investors to pay tax liabilities resulting from holding Interests. Moreover, the Partnership is not required to make "tax distributions"in order to cover a Limited Partner's Partnership-related tax liability. Thus, it is possible that an Investor could incur income tax liability with respect to its share of the income of the Partnership without receiving a cash distribution from the Partnership to pay such liability.

A Limited Partner's tax liability with respect to the Partnership for any year may exceed the amount of cash distributed to such Limited Partner for that year for several reasons. If the tax liability exceeds the amount of cash distributed, then a Limited Partner will be required to make an out-of-pocket expenditure to cover its tax liability. The income from any investments will be derived directly by the Partnership from its ownership percentage in the Partnership assets and allocable to the Limited Partners in accordance with the Partnership Agreement.

Allocation of Tax Items. The taxable income and tax losses of the Partnership will be allocated among the Limited Partners in accordance with the Partnership Agreement in a manner that reflects the entitlement of the Limited Partners to cash distributions under the Partnership Agreement. Under Section 704(b) of the Code, a partnership's allocations of Tax Items generally will be respected for Federal income tax purposes if they have "substantial economic effect"or they are in accordance with the "partners' interests in the partnership."If the Partnership's allocations do not so comply, then the IRS may reallocate these items in accordance with "the partners' interests in the partnership." The Managing General Partner expects that the Partnership's allocations will be respected as complying with the requirements of Section 704(b) of the Code. However, there can be no absolute assurance in this regard. If the IRS were to not respect the Partnership's allocation of Tax Items, then any reallocation of Tax Items may have adverse tax consequences to a Limited Partner.

Tax Basis. As a general matter, the initial tax basis in a Limited Partner's Interest will equal the amount paid for the Interest (i.e., the Limited Partner's initial capital contribution), increased by the Limited Partner's allocable share of the Partnership's liabilities. A Limited Partner's tax basis will be increased by any additional capital contributions made by the Limited Partner and by the Limited Partner's allocated share of the Partnership's income and gain. A Limited Partner's tax basis will be reduced (but not below zero) by the Limited Partner's share of the Partnership's losses and deductions and by the amount of distributions from the Partnership. For this purpose, an increase in a Limited Partner's allocable share of the Partnership's liabilities will be treated as a capital contribution by the Limited Partner. Decreases in a Limited Partner's allocable share of the Partnership's liabilities will be treated as a cash distribution to the Limited Partner (and will be taxable as such, as described below).

Distributions. A non-liquidating cash distribution from the Partnership (including deemed cash distributions resulting from a decrease in a Limited Partner's allocable share of the Partnership's liabilities) generally will not be taxable to a Limited Partner except to the extent cash distributed to the Limited Partner exceeds the tax basis in the Limited Partner's Interest. Cash distributions in an amount exceeding the Limited Partner's tax basis generally will be taxable as capital gain (which may be short-term or long-term depending on the timing of the Limited Partner's capital contributions to the Partnership). However, such gain, however, may be taxable as ordinary income to the extent that the distribution represents a disproportionate change in the Limited Partner's share of "unrealized receivables" and "inventory" held by the Partnership.

Sale and other Taxable Dispositions of Interests by U.S. Investors

Generally. Interests are not transferable without the consent of the Managing General Partner and the satisfaction of requirements specified in the Partnership Agreement. In the event a Limited Partner does sell or dispose of its Interest, gain or loss will generally be recognized in an amount equal to the difference between:

- the sum of money and the fair market value of any property received in exchange for the interest plus the Limited Partner's share of Partnership liabilities as of such time; and

- the Limited Partner's adjusted tax basis in the Interest (which will be increased or decreased to take into account the selling Limited Partner's share of undistributed Partnership income (or loss) for the portion of the Partnership's taxable year ending on the date of disposition).

In general, gain or loss from the disposition of Interests will be treated as capital gain or loss. However, under Section 751 of the Code, any amount received that is attributable to the selling Limited Partner's share of the Partnership's "unrealized receivables" (which is defined to include depreciation recapture property to the extent of the recapture thereon) and "inventory items" is treated as an amount received for a non-capital asset and may result in ordinary income. Special rules will apply to the disposition of an Interest by a non-U.S. Limited Partner. See the discussion under the heading "Tax Considerations for Non-U.S. Investors" below.

No Code Section 754 Election to Step Up the Basis of Assets when Limited Partners Sell Their Interests in the Partnership. When a Limited Partner sells or disposes of an Interest in the Partnership, the transferee may have an adjusted basis in the transferred interests equal to the transferee's cost. Such a sale or disposition does not automatically adjust the tax basis of the Partnership's property to reflect the transferee's adjusted basis in his, her or its Interest. In addition, the Managing General Partner does not intend that the Partnership will make an election under Section 754 of the Code to adjust the tax basis of Partnership property in the event of such a sale or disposition. Accordingly, investors may be at a disadvantage in selling their Interests since, in the absence of an election under Code Section 754, transferees ordinarily would obtain no current tax benefit for the excess, if any, of the cost of a transferred Interest over the transferee's share of the Partnership's adjusted basis in its assets.

Limitation on Deductibility of Losses and Expenses

In General. Subject to certain conditions and limitations, some of which will be discussed below, Limited Partners will be entitled to deduct their respective allocable share of Partnership losses to the extent of the tax basis in the Limited Partner's Interest as of the end of the Partnership's taxable year in which the losses are recognized. Any loss that cannot be deducted under this basis limitation rule generally may be carried forward and deducted by the Limited Partner in any future taxable year to the extent of the tax basis in the Limited Partner's Interest as of the end of such future taxable year. In addition, various rules may apply to restrict a Limited Partner's ability to deduct such Limited Partner's share of Partnership loss and expenses (including interest), including but not limited to the following:

Limitations on Deducting Investment Interest. Interest, if any, paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment constitutes "investment interest." Investment interest is deductible by non-corporate taxpayers only to the extent it does not exceed "net investment income"as defined in the Code. Generally, "net investment income" is the excess of (1) the sum of (i) gross income from interest, rents and royalties, and (ii) net capital gains from the disposition of investment property over (2) the expenses directly connected with the production of such investment income, but only to the extent that the taxpayer elects to tax such net capital gains at ordinary rates (instead of at capital gains rates). Interest expense incurred by an Investor to acquire or carry the Investor's Interest generally will constitute investment interest. Any investment interest disallowed as a deduction in a taxable year solely by reason of the above limitation is generally treated as investment interest paid or accrued in a succeeding taxable year.

Limitation on Deducting Business Interest. The Code limits the deductibility of interest on debt allocable to a trade or business ("business interest") for certain highly leveraged taxpayers. Very generally, the deduction for business interest is limited to the sum of the taxpayer's business interest income and 30% of "adjusted gross income"as defined for this purpose in the Code. Business interest does not include investment interest (described in the prior paragraph). Any disallowed business interest may be carried forward to future taxable years. Businesses with average annual gross receipts of $25 million or less are exempt from this limitation.

Passive Activity Losses - Limitations. Losses from business activities in which a taxpayer other than a widely-held corporation does not "materially participate" ("passive activities") are generally only deductible to the extent of income from other passive activities. Subject to certain exceptions, income and losses derived by an investor from a liabilities liability company are generally treated as being from a passive activity. However, "portfolio income" (such

as dividends, interest and gain from the sale of property held for investment) is not treated as income from a passive activity, and thus may not be offset by losses from passive activities. Any losses that cannot be deducted under the passive activity loss rules may be carried forward and deducted in future taxable years to the extent permitted under such rules.

At-Risk Limitation. Losses of non-corporate and certain corporate investors may also be subject to the "at-risk" limitations under the Code. Under these rules, the amount of any losses from an activity for a taxable year that may be deducted cannot exceed the aggregate amount with respect to which the taxpayer is considered to be "at risk" for such activity as of the close of the taxable year. A taxpayer is generally "at risk" for an activity only (i) to the extent the taxpayer contributes money to the activity or (ii) for the taxpayer's share of amounts borrowed with respect to the activity for which the investor is personally liable. In the case of a partnership, a partner's amount "at risk" may include the partner's share of certain "qualified nonrecourse financing." Investors should expect that they should not be treated as "at risk" with respect to their Interests except to the extent of their actual cash investment in the Partnership.

Excess Business Losses. For taxable years beginning after December 31, 2017, and before January 1, 2026, non-corporate Investors may not deduct certain "excess business losses." An "excess business loss" is the excess (if any) of a taxpayer's aggregate deductions for the taxable year that are attributable to the trades or businesses of such taxpayer over the aggregate gross income or gain of such taxpayer for the taxable year that is attributable to such trades or businesses, plus $250,000 (or $500,000 for taxpayers filing a joint return). Any losses disallowed under this limitation may be used in the following taxable year if certain conditions are satisfied. Investors to whom this excess business loss limitation applies will take their allocable share of the Partnership's Tax Items into account in determining this limitation. This excess business loss limitation will be applied to a non-corporate Investor after the passive loss limitations (discussed above) and may the investor's ability to utilize any losses the Partnership generates that are allocable to the Investor and not otherwise limited by the other loss limitations described in this summary.

Limitations on Miscellaneous Itemized Deductions. For taxable years beginning before January 1, 2026, the Code generally disallows taxpayers who are individuals from deducting items characterized as "miscellaneous itemized deductions." "Miscellaneous itemized deductions"include expenses related to production or collection of investment income that are otherwise deductible under Code Section 212. It is possible that an investor's pro-rata share of some of the expenses directly incurred by the Partnership may constitute "miscellaneous itemized deductions" and, as such, the Investor's allocable share of such expenses may not be deductible. With respect to taxable years beginning after December 31, 2025, under current law, taxpayers who are individuals will be able to deduct "miscellaneous itemized deductions," but only to the extent that such deductions exceed 2% of the taxpayer's adjusted gross income.

Company Organization Fees, Start-up Expenditures and Syndication Expense. The Partnership will pay certain expenses relating to its organization and start-up. Generally, neither the Partnership nor the Limited Partners may deduct organizational or syndication expenses. Except for a limited amount of expenses (up to $5,000) which may be deducted currently, any expenses paid by the Partnership that constitute organizational and start-up must be capitalized but may be amortized upon proper election of the Partnership over a period of not less than 180 months. Syndication expenses must be capitalized and cannot be amortized or otherwise deducted.

It is not possible to predict the extent to which any of the foregoing provisions of the Code will be applicable, since that will depend upon the exact nature of the Partnership's future operations and the particular tax positions of the Limited Partners. However, the effect of such provisions could be to cause such Limited Partners to realize phantom income from the Partnership (income without corresponding cash distributions).

Tax on Net Investment Income

The Code imposes a 3.8% on the "net investment income" of U.S. individual taxpayers and most trusts and estates with income over a threshold amount. For individuals, the threshold amount is $250,000 for taxpayers making a joint return or surviving spouse, $125,000 for married taxpayers filing separate returns, and $200,000 in all other cases. This tax is in addition to the income taxes paid on the net investment income. A portion of the Partnership's income may be derived from net investment income and, as such, may be subject to the tax on net investment income. In addition,

subject to certain exceptions, income and losses derived by an investor from a limited partnership are generally treated as income and losses from a passive activity, thereby being subject to the tax on net investment income. The tax on net investment income does not apply to the income of Non-U.S. Investors.

Taxation of Tax-Exempt Investors

In General. Tax-exempt organizations generally are not subject to Federal income tax except on their "unrelated business taxable income"as defined in the Code (***"UBTI"***) at the regular corporate Federal income tax rate. Furthermore, If charitable remainder trusts or charitable remainder annuity unitrusts have UBTI, they must pay an excise tax equal to one hundred percent (100%) of their distributive share of UBTI.

Acquisition Indebtedness. Additionally, for certain tax-exempt Investors, UBTI includes "unrelated debt-financed income" (***"UDFI"***). A tax-exempt Investor may realize UDFI if the Partnership finances its operations through borrowings. In addition, if a tax-exempt Investor borrows an amount to acquire an Interest or to make capital contributions, then some or all of its distributive share of Partnership income could be UDFI and thus taxable to such Investor.

Private Foundations. In some instances, an investment in the Partnership by a private foundation could be subject to an excise tax to the extent that such investment constitutes an "excess business holding"within the meaning of the Code. Private foundations should consult their own tax advisors regarding an investment in the Partnership, including the potential applicability of the excess business holding provisions.

The Partnership's investments and operations may generate UBTI for tax-exempt Limited Partners. The Partnership is not required to structure its acquisitions, investments or operations to avoid UBTI. Prospective taxexempt Investors are urged to consult with their own tax advisors concerning the suitability of this investment, taking into account the likelihood that that the investment may generate UBTI and/or UDFI.

Tax Considerations for Non-U.S. Investors

The following section provides a limited discussion of some of the special tax considerations applicable to potential Non-U.S. Investors. Potential Non-U.S. Investors are urged to consult with their tax counsel concerning the Federal, state and local, as well as foreign, tax treatment of such investment.

Effectively Connected Income. In general, the U.S. tax treatment of a Non-U.S. Limited Partner will vary depending upon whether the Partnership is deemed to be "engaged in a trade of business in the United States"within the meaning of the Code ("engaged in a U.S. business"), which is determined annually based on the applicable facts and circumstances relating to the Partnership's operations and activities. The Managing General Partner believes that the Partnership may be engaged in a U.S. trade or business. If the Partnership is so engaged, income from such trade or business activities (***"ECI"***) will be taxable to a Non-U.S. Limited Partner on a net basis at regular U.S. Federal income tax rates, if the Limited Partner invests in the Partnership directly or through a tax-transparent entity, even if the Limited Partner has no other contacts with the United States. Non-U.S. Investors may be required to file appropriate federal (and possibly state and local) tax returns. Withholding tax may be claimed as a credit against a Non-U.S. Investor's U.S. federal income tax liability.

In addition, Non-U.S. Limited Partners that are corporations may be subject to an additional U.S. "branch-profits tax" and/or "branch-level interest tax" imposed at a 30% gross rate with respect to an investment in the Partnership, which may be subject to a reduced rate or exemption pursuant to an applicable income tax treaty. Non-U.S. Investors who wish to claim the benefit of an applicable income tax treaty may be required to satisfy certain certification requirements.

Withholding Taxes. The Internal Revenue Code requires the Partnership to report and pay a withholding tax under Code § 1446 on all ECI properly allocable to the foreign Limited Partners, computed at the highest rate of tax applicable to the applicable foreign Limited Partner. The partnership must pay the Code § 1446 withholding tax

regardless of the number of foreign Limited Partners' ultimate U.S. tax liability and regardless of whether the partnership makes any distributions during its tax year. Any amount withheld and paid over by the Partnership under Code § 1446 will be credited against the respective foreign Limited Partner's actual U.S. tax liability. Generally, a foreign Limited Partner will be entitled to a rePartnership from the IRS to the extent an amount is withheld that exceeds the amount of U.S. tax owed by such foreign Limited Partner. In addition, the Partnership may be required to withhold and pay over any withholding taxes imposed on the Partnership or with respect to any Limited Partner's Interest in the Partnership under Code § 1446(f) upon the disposition of an Interest by a foreign Limited Partner.

Other U.S. Source Income. If the Partnership generates certain categories of U.S. source income that does not constitute ECI, then Non-U.S. Investors will be generally subject to a withholding tax at a gross 30% rate on their allocable share of such income. This withholding tax may be subject to a reduced rate or exemption under an applicable income tax treaty or, in the case of certain U.S. source interest income, the "portfolio interest" exception; provided that a specified certification is provided as to the Non-U.S. Investor's eligibility for such reduced rate or exemption.

Investment Through an Intermediate Entity. Prospective Non-U.S. Investors should consider acquiring an Interest through an intermediate corporate entity (sometimes referred to as a "blocker"), and are so advised consult their own tax advisors.

Prospective Non-U.S. Investors are urged to consult their own tax advisors regarding all U.S. federal, state, and local and non-U.S. tax considerations relating to an investment in the Partnership.

Investor Tax Filings and Record Retention

The U.S. Treasury Department has adopted regulations designed to assist the IRS in identifying abusive tax shelter transactions. In general, the regulations require Limited Partners in specified transactions (including certain partners in partnerships that engage in such transactions) to satisfy certain special tax filing and record retention requirements. The tax law imposes significant monetary penalties for failure to comply with these tax filing and record retention rules.

The regulations are broad and additional transactions not now within the scope of these rules may be added in the future. Although not contemplated now based on the current scope of the rules, it is conceivable that the Partnership may enter into transactions that may subject the Partnership and certain Limited Partners to the special tax filing and record retention rules. Additionally, a Limited Partner's recognition of a loss on its disposition of its Interest could in certain circumstances subject such Limited Partner to these rules.

Audits and Tax Controversies

If the IRS audits tax returns of the Partnership, the Managing General Partner would control the conduct of such tax audit in its capacity as "partnership representative" of the Partnership. The tax treatment of items of Partnership income, loss, deductions, and credits will be determined at the partnership level in a unified partnership proceeding at which the partnership representative of the Partnership will have sole authority to act on behalf of the Partnership with respect to such audit.

The "partnership representative" will have considerable authority to make decisions affecting the tax treatment and procedural rights of all Limited Partners with respect to items of Partnership income, gain or loss. For example, the partnership representative will have the right to extend the statute of limitations with respect to the assessment of additional tax liability against a Limited Partner to the extent such assessment relates to an item of Partnership income, gain or loss. Under the Partnership Agreement, Limited Partners must comply with the partnership representative's directions with respect to any matter relating to an audit or other tax controversy, including potentially filing amended returns and paying any underpayment of Partnership tax liability. If the IRS were to successfully assert that any adjustment should be made to the tax returns of the Partnership for any taxable year, those persons who were Limited Partners of the Partnership either during the year to which the adjustment relates or the year in which the audit is

concluded may be required to amend their own tax returns for such year to reflect their share of such adjustment and pay any resulting tax related thereto. These obligations will remain with the Limited Partners with respect to all taxable years that they are a Limited Partner of the Partnership, even after they are no longer a Limited Partner of the Partnership.

State, Local and Foreign Tax Considerations

The foregoing discussion does not address the state, local and foreign tax considerations of an investment in the Partnership. Prospective investors are urged to consult their own tax advisors regarding those matters and all other tax aspects of an investment in the Partnership. It should be noted that the Limited Partners may be subject to state, local or foreign income, franchise or withholding taxes in those jurisdictions where the Partnership is regarded as doing business. It also should be noted that it is possible that the Partnership itself may be subject to state, local or foreign tax in certain jurisdictions, and/or responsible for collections and paying withholding taxes on amounts of income allocated to any foreign Investor.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (***"FATCA"***) contained in Sections 1471 through 1474 of the Code, the Treasury Regulations thereunder and IRS administrative practice impose a U.S. withholding tax at a thirty percent (30%) rate on specified "withholding payments" with respect to Interests held by or through "foreign financial institutions"as defined in FATCA (***"FFIs"***), unless such FFI (a) enters into, and complies with, an agreement with the IRS to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution that are owned by certain U.S. persons or by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold on certain payments, or (b) if required under an intergovernmental agreement between the United States and an applicable foreign country, reports such information to its local tax authority, which will exchange such information with the U.S. authorities. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements.

In addition, FATCA imposes withholding at a rate of 30% on specified "withholdable payments"with respect to Interests held by a "non-financial foreign entity"that does not qualify under certain exemptions, unless such non-financial foreign entity"either (a) certifies that such entity does not have any "substantial United States owners"or (b) provides certain information regarding the entity's "substantial United States owners,"which the Partnership will in turn provide to the U.S. Department of the Treasury.

If FATCA withholding is imposed, non-U.S. beneficial owners who are otherwise eligible for an exemption from, or a reduction of, U.S. withholding tax with respect to such distributions and sale proceeds would be required to seek a rePartnership from the Internal Revenue Service to obtain the benefit of such exemption or reduction. The Partnership will not pay any additional amounts in respect of any amounts withheld (under FATCA or otherwise).

PROSPECTIVE INVESTORS ARE URGED TO SEEK ADVICE BASED ON SUCH PERSON'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR. THE STATEMENTS IN THE ABOVE SUMMARY ARE NOT TO BE CONSTRUED AS TAX ADVICE.

EXHIBIT A

Limited Partnership Agreement of SLTN Sydri Cooke County Texas #1, LP

AGREEMENT OF LIMITED PARTNERSHIP
OF
SLTN SYDRI COOKE COUNTY TEXAS #1, LP

This Agreement of Limited Partnership (***"Agreement"***) is made and entered into as of the date set forth below, by and among SLTN Exploration, LLC, a Texas limited liability company, referred to as the ***"Managing General Partner"***, and the remaining parties from time to time signing a Subscription Agreement for Limited Partner Interests, these parties sometimes being referred to as ***"Limited Partners"***.

Article I
Formation

1.01. Formation. The parties have formed a limited partnership under the Texas Business Organizations Code on the terms and conditions set forth in this Agreement.

1.02. Name, Principal Office and Residence.

(a) Name. The name of the Partnership is SLTN Sydri Cooke County Texas #1, LP.

(b) Address. The address of the Managing General Partner is its principal place of business at 17304 Preston Road, Suite 1290C, Dallas, Texas 75252, which shall also serve as the principal place of business of the Partnership.

The address of each Participant shall be as set forth on the Subscription Agreement executed by the Participant.

All addresses shall be subject to change on notice to the parties.

(c) Agent for Service of Process. The name and address of the agent for service of process shall be Samuel C. Smith, 17304 Preston Road, Suite 1290C, Dallas, Texas 75252.

1.03. Purpose. The Partnership shall engage in all phases of the natural gas and oil business. This includes, without limitation, exploration for, development and production of natural gas and oil on the terms and conditions set forth below and any other proper purpose under the Texas Business Organizations Code.

The Managing General Partner may not, without the affirmative vote of Participants whose Interests equal 75% of the total Interests, do the following:

(a) change the investment and business purpose of the Partnership; or

(b) cause the Partnership to engage in activities outside the stated business purposes of the Partnership through joint ventures with other entities, except those with the Managing General Partner or its Affiliates and one or more Industry Partners.

Article II
Definition of Terms

2.01. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) ***"Administrative Costs"*** means all customary and routine expenses incurred by the Managing General Partner for the conduct of Partnership administration, including: legal, finance, accounting, secretarial, travel, office rent, telephone, data processing and other items of a similar nature.

(b) ***"Affiliate"*** means with respect to a specific person:

(1) any person directly or indirectly owning, controlling, or holding with power to vote 10% or more of the outstanding voting securities of the specified person;

(2) any person 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the specified person;

(3) any person directly or indirectly controlling, controlled by, or under common control with the specified person;

(4) any officer, director, trustee or partner of the specified person; and

(5) if the specified person is an officer, director, trustee or partner, any person for which the person acts in any such capacity.

(c) ***"Agreement"*** means this Agreement of Limited Partnership, including all exhibits to this Agreement.

(d) ***"Capital Account"*** or ***"account"*** means the account established for each party, maintained as provided in §5.02 and its subsections.

(e) ***"Capital Contribution"*** means the amount agreed to be contributed to the Partnership by a Partner pursuant to §§3.03 and 3.04 and their subsections.

(f) ***"Carried Interest"*** or ***"Carried Working Interest"*** means a working interest that is exempt from payment of costs of development and operations of a well, which costs are to be paid by someone else; the "carry" may be to the casing point, to the tanks, etc.

(g) ***"Code"*** means the Internal Revenue Code of 1986, as amended.

(h) ***"Cost"***, when used with respect to the sale or transfer of property to the Partnership, means:

(1) the sum of the prices paid by the seller or transferor to an unaffiliated person for the property, including bonuses;

(2) title insurance or examination costs, brokers' commissions, filing fees, recording costs, transfer taxes, if any, and like charges in connection with the acquisition of the property;

(3) a pro rata portion of the seller's or transferor's actual necessary and reasonable expenses for seismic and geophysical services; and

(4) rentals and ad valorem taxes paid by the seller or transferor for the property to the date of its transfer to the buyer, interest and points actually incurred on funds used to acquire or maintain the property, and the portion of the seller's or transferor's reasonable, necessary and actual expenses for geological, geophysical, engineering, drafting, accounting, legal and other like services allocated to the property cost in conformity with generally accepted accounting principles and industry standards, except for expenses in connection with the past drilling of wells which are not producers of sufficient quantities of oil or gas to make commercially reasonable their continued operations, and provided that the expenses enumerated in this subsection (iv) shall have been incurred not more than 36 months before the sale or transfer to the Partnership.

(i) ***"Cost"***, when used with respect to services, means the reasonable, necessary and actual expense incurred by the seller on behalf of the Partnership in providing the services, determined in accordance with generally accepted accounting principles.

As used elsewhere, ***"Cost"*** means the price paid by the seller in an arm's-length transaction.

(j) ***"Development Well"*** means a well drilled within the proved area of a natural gas or oil reservoir to the depth of a stratigraphic Horizon known to be productive.

(k) ***"Direct Costs"*** means all actual and necessary costs directly incurred for the benefit of the Partnership and generally attributable to the goods and services provided to the Partnership. Direct Costs may not include any cost otherwise classified as Organization and Offering Costs, Administrative Costs, Intangible Drilling Costs, Tangible Costs, Operating Costs or costs related to a Lease but may include the cost of services provided by the Managing General Partner or its Affiliates if the services are provided pursuant to written contracts and in compliance with this Agreement or pursuant to the Managing General Partner's role as Tax Matters Partner.

(l) ***"Distribution Interest"*** means an undivided interest in the Partnership's assets after payments to the Partnership's creditors or the creation of a reasonable reserve therefor, in the ratio the positive balance of a party's Capital Account bears to the aggregate positive balance of the Capital Accounts of all of the parties determined after taking into account all Capital Account adjustments for the taxable year during which liquidation occurs (other than those made pursuant to liquidating distributions or restoration of deficit Capital Account balances). Provided, however, after the Capital Accounts of all of the parties have been reduced to zero, the interest in the remaining Partnership assets shall equal a party's interest in the related Partnership revenues as set forth in §5.01 and its subsections.

(m) **Reserved.**

(n) ***"Exploratory Well"*** means a well drilled to:

(1) find commercially productive hydrocarbons in an unproved area;

(2) find a new commercially productive Horizon in a field previously found to be productive of hydrocarbons at another Horizon; or

(3) significantly extend a known prospect.

(o) ***"Farmout"*** means a contractual agreement with an owner who holds a working interest in an oil and gas lease to assign all or part of that interest to another party in exchange for fulfilling contractually specified conditions, the satisfaction of which will result in the partner's earning acreage on a Lease.

(p) ***"Final Terminating Event"*** means any one of the following:

(1) the expiration of the Partnership's fixed term;

(2) notice to the Participants by the Managing General Partner of its election to terminate the Partnership's affairs; or

(3) the termination of the Partnership under §708(b)(1)(A) of the Code or the Partnership ceases to be a going concern.

(q) ***"Horizon"*** means a zone of a particular formation; that part of a formation of sufficient porosity and permeability to form a petroleum reservoir.

(r) ***"Independent Expert"*** means a person with no material relationship to the Managing General Partner or its Affiliates who is qualified and in the business of rendering opinions regarding the value of natural gas and oil properties based on the evaluation of all pertinent economic, financial, geologic and engineering information available to the Managing General Partner or its Affiliates.

(s) ***"Industry Partner"*** means a person or entity (a) whose primary business is exploration, development and production of oil and gas or (b) who is an Accredited Investor for whom oil and gas investments represent a material portion of his investment portfolio.

(t) ***"Intangible Drilling Costs"*** or ***"Non-Capital Expenditures"*** means those expenditures associated with property acquisition and the drilling and completion of natural gas and oil wells that under present law are generally accepted as fully deductible currently for federal income tax purposes. This includes:

(1) all expenditures made for any well before production in commercial quantities for wages, fuel, repairs, hauling, supplies and other costs and expenses incident to and necessary for drilling the well and preparing the well for

production of natural gas or oil, that are currently deductible pursuant to §263(c) of the Code and Treasury Reg. §1.612-4, and are generally termed "intangible drilling and development costs";

(2) the expense of plugging and abandoning any well before a completion attempt; and

(3) the costs (other than Tangible Costs and Lease acquisition costs) to re-enter and deepen an existing well, complete the well to deeper reservoirs, or plug and abandon the well if it is nonproductive from the targeted deeper reservoirs.

(u) ***"Interests"*** means up to twenty (20) Limited Partner Interests in the Partnership.

(v) ***"Landowner's Royalty Interest"*** means an interest in production, or its proceeds, to be received free and clear of all costs of development, operation, or maintenance, reserved by a landowner on the creation of a Lease.

(w) ***"Leases"*** means full or partial interests in natural gas and oil leases, oil and natural gas mineral rights, fee rights, licenses, concessions, or other rights under which the holder is entitled to explore for and produce oil and/or natural gas, and includes any contractual rights to acquire any such interest.

(x) ***"Limited Partners"*** means:

(1) the Persons signing the Subscription Agreement as Limited Partners;

(2) any other Persons who are admitted to the Partnership as additional or substituted Limited Partners, including, without limitation, the Managing Limited Partner.

All Limited Partners shall be of the same class and have the same rights.

(y) ***"Managing General Partner"*** means:

(1) SLTN Exploration, LLC, a Texas limited liability company, whose principal executive offices are located at 17304 Preston Road, Suite 1290C, Dallas, Texas 75252, and any successor entity to SLTN Exploration, LLC, whether by merger or any other form of reorganization, or the acquisition of all, or substantially all, of SLTN Exploration, Inc.'s assets; or

(2) any Person admitted to the Partnership as a general partner who is designated to exclusively supervise and manage the operations of the Partnership.

(z) ***"Managing General Partner and Original Limited Partner Signature Page"*** means an execution and contribution instrument in the form attached as Exhibit A to this Agreement, which is incorporated in this Agreement by reference.

(aa) ***"Offering Termination Date"*** means the date on which the Managing General Partner determines, in its sole discretion, that the Partnership's subscription period is closed and the acceptance of subscriptions ceases, which may be any date up to and including December 31, 2025, unless extended for up to six months, in the discretion of the Managing General Partner.

Notwithstanding the above, the Offering Termination Date may not extend beyond the time that subscriptions for the maximum number of Interests set forth in §3.03(c)(i) have been received and accepted by the Managing General Partner.

(bb) ***"Operating Costs"*** means expenditures made and costs incurred in producing and marketing natural gas or oil from completed wells. These costs include, but are not limited to:

(1) labor, fuel, repairs, hauling, materials, supplies, utility charges and other costs incident to or related to producing and marketing natural gas and oil;

(2) ad valorem and severance taxes;

(3) insurance and casualty loss expense; and

(4) compensation to well operators or others for services rendered in conducting these operations.

Operating Costs also include reworking, workover, subsequent equipping, and similar expenses relating to any well, gathering fees and the reimbursement of Administrative Costs; but do not include the costs to re-enter and deepen an existing well, complete the well to deeper formations or reservoirs, or plug and abandon the well if it is nonproductive from the targeted deeper formations or reservoirs.

(cc) ***"Operator"***, as it relates to the Participation Agreement, means Sydri Energy Group, including Affiliates.

(dd) ***"Organization and Offering Costs"*** means all costs of organizing and selling the offering including, but not limited to:

(1) brokerage discounts and commissions, sales commissions and reimbursement for bona fide due diligence expenses;

(2) expenses for printing, engraving, mailing, salaries of employees while engaged in sales activities, charges of transfer agents, registrars, trustees, escrow holders, depositaries, engineers and other experts;

(3) expenses of compliance with federal and state law, including taxes and fees, accountants' and attorneys' fees; and

(4) other front-end fees.

(ee) ***"Overriding Royalty Interest"*** means an interest in the natural gas and oil produced under a Lease, or the proceeds from the sale thereof, carved out of a Working Interest, to be received free and clear of all costs of development, operation, or maintenance.

(ff) ***"Participants"*** means:

(1) the Managing General Partner, to the extent of its optional subscription under §3.03(b)(I); and

(2) the Limited Partners.

(gg) ***"Participation Agreement"*** shall have the meaning set forth in §4.01(a)(i).

(hh) ***"Partners"*** means:

(1) the Managing General Partner; and

(2) the Limited Partners.

(ii) ***"Partnership"*** means SLTN Sydri Cooke County Texas #1, LP, a Texas limited partnership.

(jj) ***"Partnership Net Production Revenues"*** means gross revenues after deduction of the related Operating Costs, Direct Costs, Administrative Costs and all other Partnership costs not specifically allocated.

(kk) ***"Partnership Well"*** means a well, some portion of the revenues from which is received by the Partnership.

(ll) ***"Person"*** means a natural person, partnership, corporation, association, trust or other legal entity.

(mm) ***"Sales Commissions"*** means all finder's fees and underwriting and brokerage discounts and commissions incurred in the sale of Interests payable to registered broker/dealers.

(nn) ***"Selling Agents"*** means the broker/dealers engaged by the Managing General Partner to participate in the offer and sale of the Interests.

(oo) ***"Subscription Agreement"*** means an execution and subscription instrument in the form attached as Exhibit B to this Agreement, which is incorporated in this Agreement by reference.

(pp) ***"Tangible Costs"*** or ***"Capital Expenditures"*** means those costs associated with property acquisition and drilling and completing natural gas and oil wells which are generally accepted as capital expenditures under the Code. This includes all of the following:

(1) costs of equipment, parts and items of hardware used in drilling and completing a well;

(2) the costs (other than Intangible Drilling Costs and Lease acquisition costs) to re-enter and deepen an existing well, complete the well to deeper reservoirs, or plug and abandon the well if it is nonproductive from the targeted deeper reservoirs; and

(3) those items necessary to deliver acceptable natural gas and oil production to purchasers to the extent installed downstream from the wellhead of any well and which are required to be capitalized under the Code and its regulations.

(qq) ***"Tax Matters Partner"*** means the Managing General Partner.

(rr) ***"Working Interest"*** means an interest in a Lease which is subject to some portion of the cost of development, operation, or maintenance of the Lease.

Article III
Subscriptions and Further Capital Contributions

3.01. Designation of Managing General Partner and Participants. SLTN Exploration, LLC (***"SLTN Exploration"***) shall serve as Managing General Partner of the Partnership. SLTN Exploration shall further serve as a Participant to the extent of any subscription made by it.

Limited Partners, including the Managing General Partner as to its purchased Interest, shall serve as Participants.

3.02. Participants.

(a) Limited Partner at Formation. SLTN Exploration, as Original Limited Partner, has acquired one Interest and has made a Capital Contribution of $100. On the admission of one or more Limited Partners, the Partnership shall return to the Original Limited Partner its Capital Contribution and shall reacquire its Interest. The Original Limited Partner shall then cease to be a Limited Partner in the Partnership with respect to that Interest.

(b) Offering of Interests. The Partnership is authorized to admit to the Partnership at any time additional Participants whose Subscription Agreements are accepted by the Managing General Partner, if, after the admission of the additional Participants, the total Interests sold does not exceed the maximum number of Interests set forth in §3.03(c)(i).

(c) Admission of Participants. No action or consent by the Participants shall be required for the admission of additional Participants pursuant to this Agreement.

All subscribers' funds shall be paid directly to the Partnership's escrow account to be established at Prosperity Bank and paid over to the Partnership, in accordance with the terms of the escrow agreement and the offering memorandum pursuant to which the Interests may be offered and sold by the Partnership.

3.03. Subscriptions to the Partnership.

(a) Subscriptions by Participants.

(i) Subscription Price and Minimum Subscription. The subscription price of an Interest in the Partnership shall be $200,000 and shall be designated on each Participant's Subscription Agreement and payable as set forth in §3.05(b)(i). The minimum subscription per Participant shall be one Interest. Subscriptions for less than one Interest are acceptable upon the consent of the Managing General Partner, in its sole discretion.

(ii) Effect of Subscription. Execution of a Subscription Agreement shall serve as an agreement by the Participant to be bound by each and every term of this Agreement.

(b) Optional Subscriptions for Interests by Managing General Partner.

(i) Managing General Partner's Optional Subscriptions for Interests. The Managing General Partner may, in its discretion, subscribe to any number of Interests.

(ii) Effect of and Evidencing Subscription. The Managing General Partner has executed a Managing General Partner and Original Limited Partner Signature Page.

Execution of the Managing General Partner and Original Limited Partner Signature Page serves as an agreement by the Managing General Partner to be bound by each and every term of this Agreement.

(c) Maximum and Minimum Number of Interests.

(i) Maximum Number of Interests. The maximum number of Interests may not exceed twenty (20) Interests, which is up to $4,000,000 of cash subscription proceeds, excluding the subscription discounts permitted under §3.03(a)(i).

(ii) No Minimum Number of Interests. There is no minimum number of Interests that must be sold to commence Partnership activities. All subscription funds will be paid into the general funds of the Partnership on receipt.

(d) Acceptance of Subscriptions.

(i) Discretion by the Managing General Partner. Acceptance of subscriptions is discretionary with the Managing General Partner. The Managing General Partner may reject any subscription for any reason it deems appropriate.

(ii) Time Period in Which to Accept Subscriptions. Subscriptions shall be accepted or rejected by the Managing General Partner within five (5) days of their receipt. If a subscription is rejected, then all of the subscriber's funds shall be returned to the subscriber promptly, without interest and without deduction for any fees.

(iii) Admission to the Partnership. The Participants shall be admitted to the Partnership on acceptance by the Managing General Partner.

3.04. Capital Contributions of the Managing General Partner.

(a) Managing General Partner's Required Capital Contributions. The Managing General Partner shall not be required to contribute to the capital of the Partnership.

(b) On Liquidation the Managing General Partner Must Contribute Deficit Balance in Its Capital Account. The Managing General Partner shall contribute to the Partnership any deficit balance in its Capital Account on the occurrence of either of the following events:

(i) the liquidation of the Partnership; or

(ii) the liquidation of the Managing General Partner's interest in the Partnership.

This shall be determined after taking into account all adjustments for the Partnership's taxable year during which the liquidation occurs, other than adjustments made pursuant to this requirement, by the end of the taxable year in which the liquidation occurs or, if later, within 90 days after the date of the liquidation.

(c) Managing General Partner's Right to Assign Its Partnership Interest. The Managing General Partner has the right at any time, in its discretion, without the consent of the Participants, and without affecting the allocation of costs and revenues to the Participants or the Managing General Partner's voting rights under this Agreement, to sell, contribute, exchange or otherwise transfer all or any portion of its interest as Managing General Partner or as a Participant (if it purchases Interests) in the Partnership, or any interest therein to an Affiliate of the Managing General Partner. In that event, except as otherwise may be permitted under this Agreement, if the Affiliated transferee of the Managing General Partner's transferred interest in the Partnership does not become a substituted Managing General Partner in the Partnership, the Affiliated transferee, as a partner in the Partnership

for tax purposes only, shall have the right to receive the share of the Partnership's profits, losses, income, gains, deductions, credits and depletion allowances, or items thereof, and cash distributions and returns of capital (including, but not limited to, cash distributions and returns of capital on dissolution and liquidation of the Partnership) to which the Managing General Partner would otherwise be entitled under this Agreement with respect to its transferred interest in the Partnership.

Subject to the foregoing, the transfer of the Managing General Partner's interest in the Partnership to any of its Affiliates may be made on any terms and conditions as the Managing General Partner determines, in its discretion, and the Partnership and the Participants shall have no right to receive or otherwise share in any consideration received by the Managing General Partner from its Affiliates for the transfer of the Managing General Partner's interest in the Partnership.

No transfer of the Managing General Partner's interest in the Partnership to its Affiliates under this §3.04(c) shall require an accounting by the Managing General Partner or the Partnership to the Participants.

3.05. Payment of Subscriptions.

(a) Managing General Partner's Subscriptions. The Managing General Partner shall pay any optional subscription under §3.03(b)(i) as set forth in §3.05(b)(i).

(b) Participant Subscriptions.

(i) Payment of Subscription Agreements. A Participant shall pay the subscription amount designated on his Subscription Agreement 100% in cash at the time of subscribing.

(ii) No Further Capital Contributions. Participants subscribing for Interests shall have no obligation to make additional capital contributions for any purpose.

(c) No Mandatory Capital Contribution of Participants. No Participant shall be subject to mandatory capital contributions (assessments).

3.06. Partnership Funds. The Managing General Partner has a fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in the Managing General Partner's possession or control. The Managing General Partner shall not employ, or permit another to employ, the funds and assets of the Partnership in any manner except for the exclusive benefit of the Partnership.

Neither this Agreement nor any other agreement between the Managing General Partner and the Partnership shall contractually limit any fiduciary duty owed to the Participants by the Managing General Partner under applicable law.

Article IV
Conduct of Operations

4.01. Acquisition of Working Interest.

(a) Assignment of Participation Agreement to Partnership.

(i) In General. The Managing General Partner, by assignment (the ***"Silverton Assignment"***) from its parent company, Silverton Energy, Inc., a Nevada corporation (***"Silverton"***), owns all right, title and interest in and to that certain Participation Agreement dated November 1, 2024, to be effective January 1, 2025 (the ***"Participation Agreement"***), between Silverton and 3 Point Oil and Gas Company.

By the Silverton Assignment, pursuant to the Participation Agreement, the Managing General Partner owns 100% of 10.875% of 8/8ths working interest in certain oil and gas leases and wells located in Cooke County, Texas, all as set forth in the Participation Agreement.

Pursuant to an Agreement of Conveyance, Transfer and Assignment of Contractual Interest and Assumption of Obligations (the ***"Transfer and Assumption Agreement"***), in the form of Exhibit C attached hereto, the Managing General Partner shall assign to the Partnership 90% of its right, title and interest in and to the Participation Agreement, in consideration of the Partnership's assuming all of the Managing General Partner's duties and obligations under the Participation Agreement.

(ii) No Breach of Duty. Acquisition of the interests in and to the Participation Agreement from the Managing General Partner shall not be considered a breach of any obligation owed by the Managing General Partner to the Partnership or the Participants.

(b) Overriding Interest. The Managing General Partner shall, pursuant to the Transfer and Assumption Agreement, retain a 10% interest in and to the Participation Agreement.

4.02. Conduct of Operations.

(a) Management. Subject to any restrictions contained in this Agreement, the Managing General Partner shall exercise full control over all operations of the Partnership.

(b) General Powers of the Managing General Partner.

(i) In General. The Managing General Partner shall have full authority to do all things deemed necessary or desirable by it in the conduct of the business of the Partnership. Without limiting the generality of the foregoing, the Managing General Partner is expressly authorized:

(A) to enter into the Participation Agreement with the Managing General Partner;

(B) to negotiate and execute on any terms deemed desirable in its sole discretion of any contracts, conveyances, or other instruments, considered useful to the conduct of the operations or the implementation of the powers granted it under this Agreement, including, without limitation, the making of agreements for the conduct of operations, including the drilling and operating agreement with the Managing General Partner;

(C) to select full or part-time employees and outside consultants and contractors and the determine their compensation and other terms of employment or hiring;

(D) to maintain insurance for the benefit of the Partnership and the parties as it deems necessary, but in no event less in amount or type than the following:

(1) worker's compensation insurance in full compliance with the laws of the State of Texas; and

(2) liability insurance, in such amounts as may be determined by the Managing General Partner, in its discretion.

(E) the use of the funds and revenues of the Partnership, and the borrowing on behalf of, and the loan of money to, the Partnership, on any terms it sees fit, for any purpose, including without limitation:

(1) the conduct or financing, in whole or in part, of the drilling and other activities of the Partnership;

(2) the conduct of additional operations; and

(3) the repayment of any borrowings or loans used initially to finance these operations or activities;

(F) to dispose, hypothecate, sell, exchange, release, surrender, reassign or abandon any or all assets of the Partnership, including, without limitation, the Lease, well, equipment and production therefrom, provided that the sale of all or substantially all of the assets of the Partnership only be made only on consent of 75% of the Participants;

(G) the formation of any further limited or general partnership, tax partnership, joint venture, or other relationship which it deems desirable with any parties who it, in its sole discretion, selects, including any of its Affiliates;

(H) the control of any matters affecting the rights and obligations of the Partnership, including:

(1) the employment of attorneys to advise and otherwise represent the Partnership;

(2) the conduct of litigation and incurring other legal expenses; and

(3) the settlement of claims and litigation;

(I) the operation of producing wells drilled on a Lease;

(J) the exercise of the rights granted to it under the power of attorney created under this Agreement; and

(K) the incurring of all costs and the making of all expenditures in any way related to any of the foregoing.

(ii) Scope of Powers. The Managing General Partner's powers shall extend to any operation participated in by the Partnership or other property or assets.

(iii) Delegation of Authority. The Managing General Partner may subcontract and delegate all or any part of its duties under this Agreement to any entity chosen by it, including any Affiliate, which party shall have the same powers in the conduct of the duties as would the Managing General Partner. The delegation, however, shall not relieve the Managing General Partner of its responsibilities under this Agreement.

(iv) Related Party Transactions. Subject to the provisions of §4.03 and its subsections, any transaction which the Managing General Partner is authorized to enter into on behalf of the Partnership under the authority granted in this section and its subsections, may be entered into by the Managing General Partner with itself or any of its Affiliates.

(v) Sales of Interests or Working Interests to Industry Partners. The Managing General Partner shall have the power to terminate the offering of Interests being offered by the Partnership at any time prior to the Offering Termination Date, should the Managing General Partner determine that it is in the best interests of the Partnership to (A) sell to an Industry Partner unsubscribed Interests or (B) sell to an Industry Partner an interest ina and to the Participation Agreement.

The price of the Interests or an interest in and to the Participation Agreement sold to an Industry Partner may not necessarily be the same as that paid by Participants for their Interests, and the Managing General Partner shall have discretion with regard to the selling price. In the event that the offering of Interests is terminated under this provision and said termination results in a reduction in the Partnership's interest in and to the Participation Agreement, the ownership percentage in the Partnership held by each Participant shall be adjusted upward such that they maintain the same equivalent ownership interest in and to the Participation Agreement as they would have had prior to the reduction of the Partnership's interest in and to the Partnership Agreement.

(c) Additional Powers. In addition to the powers granted the Managing General Partner under §4.02(b) and its subsections or elsewhere in this Agreement, the Managing General Partner, when specified, shall have the following additional express powers:

(i) Power of Attorney.

(A) In General. Each Participant appoints the Managing General Partner his true and lawful attorney-in-fact for him and in his name, place, and stead and for his use and benefit, from time to time:

(1) to create, prepare, complete, execute, file, swear to, deliver, endorse, and record any and all documents, certificates, government reports, or other instruments as may be required by law, or are necessary to amend this Agreement as authorized under the terms of this Agreement; and

(2) to create, prepare, complete, execute, file, swear to, deliver, endorse and record any and all instruments, assignments, security agreements, financing statements, certificates, and other documents as may be necessary from time to time to implement the borrowing powers granted under this Agreement.

(B) Further Action. Each Participant authorizes the attorney-in-fact to take any further action which the attorney-in-fact considers necessary or advisable in connection with any of the foregoing powers and rights granted

the Managing General Partner under this section and its subsections. Each party acknowledges that the power of attorney granted under §4.02(c)(i)(A):

(1) is a special power of attorney coupled with an interest and is irrevocable; and

(2) shall survive the assignment by the Participant of the whole or a portion of his Interests; except when the assignment is of all of the Participant's Interests and the purchaser, transferee, or assignee of the Interests is admitted as a successor Participant, the power of attorney shall survive the delivery of the assignment for the sole purpose of enabling the attorney-in-fact to execute, acknowledge, and file any agreement, certificate, instrument or document necessary to effect the substitution.

(d) Borrowings and Use of Partnership Revenues.

(i) Power to Borrow or Use Partnership Revenues.

(A) In General. If additional funds over the Participants' Capital Contributions are needed for Partnership operations, then the Managing General Partner may:

(1) use Partnership revenues for such purposes; or

(2) the Managing General Partner and its Affiliates may advance the necessary funds to the Partnership, although they are not obligated to advance the funds to the Partnership.

(B) Limitation on Borrowing. Partnership borrowings, other than credit transactions on open account customary in the industry to obtain goods and services, shall be subject to the following limitations:

(1) the borrowings must be without recourse to the Limited Partners except as otherwise provided in this Agreement; and

(2) the amount that may be borrowed at any one time may not exceed an amount equal to 25% of the Partnership's subscription proceeds.

(e) Tax Matters Partner.

(i) Designation of Tax Matters Partner. The Managing General Partner is hereby designated the Tax Matters Partner of the Partnership under §6231(a)(7) of the Code. The Managing General Partner is authorized to act in this capacity on behalf of the Partnership and the Participants and to take any action, including settlement or litigation, which it in its sole discretion deems to be in the best interest of the Partnership.

(ii) Costs Incurred by Tax Matters Partner. Costs incurred by the Tax Matters Partner shall be considered a Direct Cost of the Partnership.

(iii) Notice to Participants of IRS Proceedings. The Tax Matters Partner shall notify all of the Participants of any administrative or other legal proceedings involving the Partnership and the IRS or any other taxing authority, and thereafter shall furnish all of the Participants periodic reports at least quarterly on the status of the proceedings.

(iv) Participant Restrictions. Each Participant agrees as follows:

(A) he will not file the statement described in §6224(c)(3)(B) of the Code prohibiting the Managing General Partner as the Tax Matters Partner for the Partnership from entering into a settlement on his behalf with respect to partnership items, as that term is defined in §6231(a)(3) of Code, of the Partnership;

(B) he will not form or become and exercise any rights as a member of a group of Partners having a 5% or greater interest in the profits of the Partnership under §6223(b)(2) of the Code; and

(C) the Managing General Partner is authorized to file a copy of this Agreement, or pertinent portions of this Agreement, with the IRS under §6224(b) of the Code if necessary to perfect the waiver of rights under this subsection.

4.03. General Rights and Obligations of the Participants and Restricted and Prohibited Transactions.

(a) Limited Liability of Limited Partners. Limited Partners shall not be bound by the obligations of the Partnership other than as provided under the Texas Business Organizations Code. Limited Partners shall not be personally liable for any debts of the Partnership or any of the obligations or losses of the Partnership beyond the subscription amount designated on the Subscription Agreement executed by each respective Limited Partner unless, in the case of the Managing General Partner, it also purchases one ore more Interests.

(b) No Management Authority of Participants. Participants, other than the Managing General Partner if it buys Interests, shall have no power over the conduct of the affairs of the Partnership. No Participant, other than the Managing General Partner if it buys one or more Interests, shall take part in the management of the business of the Partnership, or have the power to sign for or to bind the Partnership.

(c) Reports and Disclosures.

(i) Annual Reports and Financial Statements. The Partnership shall provide each Participant an annual report within 120 days after the close of each calendar year of operations of the Partnership containing, except as otherwise indicated, at least the information set forth below:

(A) Financial statements of the Partnership, including a balance sheet and statements of income, cash flow, and Partners' equity, which shall be prepared on an accrual basis in accordance with generally accepted accounting principles with a reconciliation with respect to information furnished for income tax purposes.

(B) A summary itemization, by type and/or classification of the total fees and compensation, including any non-accountable, fixed payment reimbursements for Administrative Costs and Operating Costs, paid by, or on behalf of, the Partnership to the Managing General Partner and its Affiliates.

(ii) Tax Information. The Partnership shall, by March 15 of each year, prepare, or supervise the preparation of, and transmit to each Participant the information needed for the Participant to file the following:

(A) such Participant's federal income tax return;

(B) any required state income tax return; and

(C) any other reporting or filing requirements imposed by any governmental agency or authority.

(iii) Cost of Reports. The cost of all reports described in this §4.03(c) shall be paid by the Partnership as Direct Costs.

(iv) Participant Access to Records. The Participants and/or their representatives shall be permitted access to all Partnership records. Subject to the foregoing, a Participant may inspect and copy any of the Partnership's records after giving adequate notice to the Managing General Partner at any reasonable time.

Notwithstanding the foregoing, the Managing General Partner may keep logs, well reports, and other drilling and operating data confidential for reasonable periods of time. The Managing General Partner may release information concerning the operations of the Partnership to the sources that are customary in the industry or required by rule, regulation, or order of any regulatory body.

(v) Required Length of Time to Hold Records. The Managing General Partner must maintain and preserve during the term of the Partnership and for six years thereafter all accounts, books and other relevant documents which include a record that a Participant meets the suitability standards established in connection with an investment in the Partnership.

(d) Meetings of Participants.

(i) Procedure for a Participant Meeting.

(A) Meetings May Be Called by Managing General Partner or Participants. Meetings of the Participants may be called as follows:

(1) by the Managing General Partner; or

(2) by Participants whose Interests equal 25% or more of the total Interests for any matters on which Participants may vote.

The call for a meeting by the Participants as described above shall be deemed to have been made on receipt by the Managing General Partner of a written request from holders of the requisite percentage of Interests stating the purpose(s) of the meeting.

(B) Notice Requirement. The Managing General Partner shall deposit in the Interested States mail within 15 days after the receipt of the request, written notice to all Participants of the meeting and the purpose of the meeting which shall not be for any purpose set for in §4.03(d)(ii). The meeting shall be held on a date not less than 30 days nor more than 60 days after the date of the mailing of the notice, at a reasonable time and place.

Notwithstanding the foregoing, the date for notice of the meeting may be extended for a period of up to 60 days by the Managing General Partner.

(C) May Vote by Proxy. Participants shall have the right to vote at any Participant meeting either:

(1) in person; or

(2) by proxy.

(ii) Special Voting Rights. At the request of Participants whose Interests equal 25% or more of the total Interests, the Managing General Partner shall call for a vote by Participants. Each Interest is entitled to one vote on all matters, and each fractional Interest is entitled to that fraction of one vote equal to the fractional interest in the Interest. Participants whose Interests equal 75% of the total Interests may, without the concurrence of the Managing General Partner or its Affiliates, vote to:

(A) dissolve the Partnership;

(B) remove the Managing General Partner and elect a new Managing General Partner;

(C) elect a new Managing General Partner if the Managing General Partner elects to withdraw from the Partnership;

(D) approve or disapprove the sale of all or substantially all of the assets of the Partnership;

(E) cancel any contract for services with the Managing General Partner or its Affiliates without penalty on 60 days notice; and

(F) amend this Agreement; provided however:

(1) any amendment may not increase the duties or liabilities of any Participant or the Managing General Partner or increase or decrease the profit or loss sharing or required Capital Contribution of any Participant or the Managing General Partner without the approval of the Participant or the Managing General Partner, respectively; and

(2) any amendment may not affect the classification of Partnership income and loss for federal income tax purposes without the unanimous approval of all Participants.

(iii) Managing General Partner's Voting Rights. With respect to Interests owned by the Managing General Partner or its Affiliates, the Managing General Partner and its Affiliates may vote or consent on all matters brought to a vote

(iv) Restrictions on Limited Partner Voting Rights. The exercise by the Limited Partners of the rights granted Participants shall be subject to the prior legal determination that the grant or exercise of the powers will not adversely affect the limited liability of Limited Partners. Notwithstanding the foregoing, if in the opinion of counsel to the Partnership the legal determination is not necessary under Texas law to maintain the limited liability of the Limited Partners, then it shall not be required. A legal determination under this paragraph may be made either pursuant to:

(A) an opinion of counsel, the counsel being independent of the Partnership and selected on the vote of Limited Partners whose Interests equal a majority of the total Interests held by Limited Partners; or

(B) a declaratory judgment issued by a court of competent jurisdiction.

4.04. Designation, Compensation and Removal of Managing General Partner.

(a) Managing General Partner.

(i) Term of Service. Except as otherwise provided in this Agreement, SLTN Exploration shall serve as the Managing General Partner of the Partnership until either it:

(A) is removed pursuant to §4.04(a)(iii); or

(B) withdraws pursuant to §4.04(a)(iii)(F).

(ii) Compensation of Managing General Partner. The Managing General Partner shall be $600,000 for its management services on behalf of the Partnership, payable in such increments as the Managing General Partner shall determine, in its sole discretion.

(A) Charges Must Be Necessary and Reasonable. Charges by the Managing General Partner for goods and services must be fully supportable as to:

(1) the necessity of the goods and services; and

(2) the reasonableness of the amount charged.

All actual and necessary expenses incurred by the Partnership may be paid out of the Partnership's subscription proceeds and revenues.

(B) Direct Costs. The Managing General Partner and its Affiliates shall be reimbursed for all Direct Costs. Direct Costs, however, shall be billed directly to and paid by the Partnership to the extent practicable.

(iii) Removal of Managing General Partner.

(A) Vote Required to Remove the Managing General Partner. The Managing General Partner may be removed at any time on 60 days' advance written notice to the outgoing Managing General Partner by the affirmative vote of Participants whose Interests equal 75% of the total Interests.

If the Participants vote to remove the Managing General Partner from the Partnership, then Participants must elect by an affirmative vote of Participants whose Interests equal a majority of the total Interests either to:

(1) dissolve, wind-up, and terminate the Partnership; or

(2) continue as a successor limited partnership under all the terms of this Partnership Agreement as provided in §7.01(c).

If the Participants elect to continue as a successor limited partnership, then the Managing General Partner shall not be removed until a substituted Managing General Partner has been selected by an affirmative vote of Participants whose Interests equal a majority of the total Interests and installed as such.

(B) Valuation of Managing General Partner's Interest in the Partnership. If the Managing General Partner is removed, then its interest in the Partnership shall be determined by appraisal by a qualified Independent Expert. The Independent Expert shall be selected by mutual agreement between the removed Managing General Partner and the incoming Managing General Partner.

The cost of the appraisal shall be borne by the Partnership.

(C) Incoming Managing General Partner's Obligation to Purchase. The incoming Managing General Partner shall purchase the removed Managing General Partner's interest in the Partnership as Managing General Partner, but not as a Participant, for the value determined by the Independent Expert.

(D) Method of Payment. The method of payment for the removed Managing General Partner's interest must be fair and protect the solvency and liquidity of the Partnership. The method of payment shall be as follows:

(1) when the termination is voluntary, the method of payment shall be a non-interest bearing unsecured promissory note with principal payable, if at all, from distributions which the Managing General Partner otherwise would have received under this Agreement had the Managing General Partner not been terminated; and

(2) when the termination is involuntary, the method of payment shall be an interest bearing unsecured promissory note coming due in no less than three years with equal installments each year. The interest rate shall be 10% per annum.

(E) Termination of Contracts. At the time of its removal, the removed Managing General Partner shall cause, to the extent it is legally possible to do so, its successor to be transferred or assigned all of its rights, obligations and interests as Managing General Partner of the Partnership in contracts entered into by it on behalf of the Partnership. In any event, the removed Managing General Partner shall cause all of its rights, obligations and interests as Managing General Partner of the Partnership in any such contract to terminate at the time of its removal.

(F) The Managing General Partner's Right to Voluntarily Withdraw. At any time beginning after the Offering Termination Date and the Partnership's primary drilling activities, the Managing General Partner may voluntarily withdraw as Managing General Partner on giving 120 days' written notice of withdrawal to the Participants. If the Managing General Partner withdraws, then the following conditions shall apply:

(1) the Managing General Partner's interest in the Partnership shall be determined as described in §4.04(a)(iii)(B) above with respect to removal; and

(2) the interest shall be distributed to the Managing General Partner as described in §4.04(a)(iii)(D)(1) above.

Any successor Managing General Partner shall purchase the withdrawing Managing General Partner's interest in the Partnership at the value determined as described above with respect to removal.

(G) Right of Managing General Partner to Hypothecate Its Interests. The Managing General Partner shall have the authority without the consent of the Participants and without affecting the allocation of costs and revenues received or incurred under this Agreement, to hypothecate, pledge, or otherwise encumber, on any terms it chooses for its own general purposes, either:

(1) its Partnership interest; or

(2) an undivided interest in the assets of the Partnership equal to or less than its respective interest as Managing General Partner in the revenues of the Partnership.

All repayments of these borrowings and costs, interest or other charges related to the borrowings shall be borne and paid separately by the Managing General Partner. In no event shall the repayments, costs, interest, or other charges related to the borrowing be charged to the account of the Participants.

4.05. Indemnification and Exoneration.

(a) Standards for the Managing General Partner Not Incurring Liability to the Partnership or Participants. The Managing General Partner and its Affiliates shall not have any liability whatsoever to the Partnership, or to any Participant for any loss suffered by the Partnership or the Participants which arises out of any action or inaction of the Managing General Partner or its Affiliates if:

(i) the Managing General Partner and its Affiliates determined in good faith that the course of conduct was in the best interest of the Partnership;

(ii) the Managing General Partner and its Affiliates were acting on behalf of, or performing services for, the Partnership; and

(iii) the course of conduct did not constitute negligence or misconduct of the Managing General Partner or its Affiliates.

(b) Standards for Managing General Partner Indemnification. The Managing General Partner and its Affiliates shall be indemnified by the Partnership, but not by any Partner, against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by them in connection with the Partnership, provided that:

(i) the Managing General Partner and its Affiliates determined in good faith that the course of conduct which caused the loss or liability was in the best interest of the Partnership;

(ii) the Managing General Partner and its Affiliates were acting on behalf of, or performing services for, the Partnership; and

(iii) the course of conduct was not the result of negligence or misconduct of the Managing General Partner or its Affiliates.

Provided, however, payments arising from such indemnification or agreement to hold harmless are recoverable only out of the following:

(iv) the Partnership's tangible net assets, which include its revenues; and

(v) any insurance proceeds from the types of insurance for which the Managing General Partner and its Affiliates may be indemnified under this Agreement.

(c) Standards for Securities Law Indemnification. Notwithstanding anything to the contrary contained in this section, the Managing General Partner and its Affiliates and any person acting as a broker/dealer with respect to the offer or sale of the Interests shall not be indemnified for any losses, liabilities or expenses arising from or out of an alleged violation of federal or state securities laws by such party unless:

(i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee;

(ii) the claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee; or

(iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and the related costs should be made, and the court considering the request for indemnification has been advised of the position of the SEC and any state securities regulatory authority in which plaintiffs claim they were offered or sold Interests with respect to the issue of indemnification for violation of securities laws.

(d) Standards for Advancement of Funds to the Managing General Partner and Insurance. The advancement of Partnership funds to the Managing General Partner or its Affiliates for legal expenses and other costs incurred as a result of any legal action for which indemnification is being sought from the Partnership is permissible only if the Partnership has adequate funds available and the following conditions are satisfied:

(i) the legal action relates to acts or omissions with respect to the performance of duties or services on behalf of the Partnership;

(ii) the legal action is initiated by a third-party who is not a Participant, or the legal action is initiated by a Participant and a court of competent jurisdiction specifically approves the advancement; and

(iii) the Managing General Partner or its Affiliates undertake to repay the advanced funds to the Partnership, together with the applicable legal rate of interest thereon, in cases in which such party is found not to be entitled to indemnification.

The Partnership shall not bear the cost of that portion of insurance which insures the Managing General Partner or its Affiliates for any liability for which they could not be indemnified pursuant to §§4.05(a)(i) and 4.05(a)(ii).

(e) Liability of Partners. Under the Texas Business Organizations Code, the Managing General Partners is liable for all liabilities and obligations of the Partnership.

(f) Order of Payment of Claims. Claims shall be paid as follows:

(i) first, out of any insurance proceeds;

(ii) second, out of Partnership assets and revenues; and

(iii) last, by the Managing General Partner as provided in §§3.05(b)(ii) and (iii) and 4.05(b).

No Limited Partner shall be required to reimburse the Partnership, the Managing General Partner or its Affiliates for any liability in excess of such Limited Partner's agreed Capital Contribution, except:

(iv) for a liability resulting from the Limited Partner's unauthorized participation in management of the Partnership; or

(v) from some other breach by the Limited Partner of this Agreement.

(g) Authorized Transactions Are Not Deemed to Be a Breach. No transaction entered into or action taken by the Partnership, or by the Managing General Partner or its Affiliates, which is authorized by this Agreement shall be deemed a breach of any obligation owed by the Managing General Partner or its Affiliates to the Partnership or the Participants.

4.06. Other Activities.

(a) The Managing General Partner May Pursue Other Natural Gas and Oil Activities for Its Own Account. The Managing General Partner and its Affiliates are now engaged, and will engage in the future, for their own account and for the account of others, including other investors, in all aspects of the natural gas and oil business. This includes without limitation, the evaluation, acquisition, and sale of producing and nonproducing Leases, and the exploration for and production of natural gas, oil and other minerals.

The Managing General Partner is required to devote only so much of its time to the Partnership as it determines in its sole discretion, but consistent with its fiduciary duties, is necessary to manage the affairs of the Partnership. Except as expressly provided to the contrary in this Agreement, and subject to fiduciary duties, the Managing General Partner and its Affiliates may do the following:

(i) continue their activities, or initiate further such activities, individually, jointly with others, or as a part of any other limited or general partnership, tax partnership, joint venture, or other entity or activity to which they are or may become a party, in any locale and in the same fields, areas of operation or prospects in which the Partnership may likewise be active;

(ii) reserve partial interests in Leases being assigned to the Partnership or any other interests not expressly prohibited by this Agreement;

(iii) deal with the Partnership as independent parties or through any other entity in which they may be interested;

(iv) conduct business with the Partnership as set forth in this Agreement; and

(v) participate in such other investor operations, as investors or otherwise.

The Managing General Partner and its Affiliates shall not be required to permit the Partnership or the Participants to participate in or share in any profits or other benefits from any of the other operations in which the Managing General Partner and its Affiliates may be interested as permitted under this section. However, except as otherwise provided in this Agreement, the Managing General Partner and its Affiliates may pursue business opportInteresties that are consistent with the Partnership's investment objectives for their own account only after they have determined that the opportunity either:

(vi) cannot be pursued by the Partnership because of insufficient funds; or

(vii) it is not appropriate for the Partnership under the existing circumstances.

(b) Managing General Partner May Manage Multiple Partnerships. The Managing General Partner or its Affiliates may manage multiple partnerships simultaneously.

Article V
Participation in Costs and Revenues, Capital Accounts, Elections and Distributions

5.01. Participation in Costs and Revenues. Except as otherwise provided in this Agreement, costs and revenues of the Partnership shall be charged and credited to the Managing General Partner and the Participants as set forth in this section and its subsections.

(a) Costs. Costs shall be charged as set forth below.

(i) Organization and Offering Costs. Organization and Offering Costs shall be charged 100% to the Limited Partners. For purposes of sharing in revenues under §5.01(b)(iii), the Managing General Partner shall be credited with its 1% contribution to the Partnership capital set forth in §3.04.

(ii) Tangible Costs. All Tangible Costs shall be charged 100% to the Participants.

(iii) Operating Costs, Direct Costs, Administrative Costs and All Other Costs. Operating Costs, Direct Costs, Administrative Costs, and all other Partnership costs not specifically allocated shall be charged to the parties in the same ratio as the related production revenues are being credited.

(iv) Lease Costs. Lease costs, if any, shall be charged 100% to the Limited Partners.

(b) Revenues. Revenues shall be credited as set forth below.

(i) Allocation of Revenues on Disposition of Property. If the parties' Capital Accounts are adjusted to reflect the simulated depletion of a natural gas or oil property of the Partnership, then the portion of the total amount realized by the Partnership on the taxable disposition of the property that represents recovery of its simulated tax basis in the property shall be allocated to the parties in the same proportion as the aggregate adjusted tax basis of the property was allocated to the parties or their predecessors in interest. If the parties' Capital Accounts are adjusted to reflect the actual depletion of a natural gas or oil property of the Partnership, then the portion of the total amount realized by the Partnership on the taxable disposition of the property that equals the parties' aggregate remaining adjusted tax basis in the property shall be allocated to the parties in proportion to their respective remaining adjusted tax bases in the property. Thereafter, any excess shall be allocated to the Limited Partners in the proportion of their Partnership Interests in an amount equal to the difference between the fair market value of the Lease at the time it was contributed to the Partnership and its simulated or actual adjusted tax basis at that time. Finally, any excess shall be credited as provided in §5.01(b)(iii), below.

In the event of the Partnership's sale of developed natural gas and oil properties with equipment on the properties, the Managing General Partner may make any reasonable allocation of the sales proceeds between the equipment and the Lease.

(ii) Sale or Disposition of Equipment. Proceeds from the sale or disposition of equipment shall be credited to the parties charged with the costs of the equipment in the ratio in which the costs were charged.

(iii) Operating Revenues. The Managing General Partner and the Participants shall share in all other Partnership revenues in the same percentage as their respective Capital Contribution bears to the Partnership's total Capital Contributions.

(c) Allocations.

(i) Allocations among Participants. Except as provided otherwise in this Agreement, costs (other than Tangible Costs and Lease Costs) and revenues charged or credited to the Participants as a group, which includes all revenue credited to the Participants under §5.01(b)(iii), shall be allocated among the Participants, including the Managing General Partner to the extent of any optional subscription for Interests under §3.03(b)(i), in the ratio of their respective Interests.

Tangible Costs charged to the Participants as a group shall be allocated among the Participants, including the Managing General Partner to the extent of any optional subscription for Interests under §3.03(b)(i), in the ratio of the subscription amount designated on their respective Subscription Agreements rather than the number of their respective Interests.

(ii) Managing General Partner's Discretion in Making Allocations For Federal Income Tax Purposes. In determining the proper method of allocating charges or credits among the parties, allocating any item of income, gain, loss, deduction or credit pursuant to new laws or new IRS or judicial interpretations of existing law, allocating any other item that is not otherwise specifically allocated in this Agreement or is subsequently determined by the Managing General Partner to be clearly inconsistent with a party's economic interest in the Partnership, or making any other allocations under this Agreement, the Managing General Partner may adopt any method of allocation that it selects, in its sole discretion, after consultation with the Partnership's legal counsel and/or accountants. Any new allocation provisions shall be made in a manner that is consistent with the parties' economic interests in the Partnership and will result in the most favorable aggregate consequences to the Participants that are, as nearly as possible, consistent with the original allocations described in this Agreement.

5.02. Capital Accounts and Allocations Thereto.

(a) Capital Accounts for Each Party to this Agreement. A single, separate Capital Account shall be established for each party, regardless of the number of interests owned by the party, the class of the interests and the time or manner in which the interests were acquired.

(b) Charges and Credits.

(i) General Standard. Except as otherwise provided in this Agreement, the Capital Account of each party shall be determined and maintained in accordance with Treas. Reg. §1.704-l(b)(2)(iv) and shall be increased by:

(A) the amount of money contributed by him to the Partnership;

(B) allocations to him of Partnership income and gain, or items thereof, including income and gain exempt from tax and income and gain described in Treas. Reg. §1.704-l(b)(2)(iv)(g), but excluding income and gain described in Treas. Reg. §1.704-l(b)(4)(I);

and shall be decreased by:

(C) the amount of money distributed to him by the Partnership;

(D) the fair market value of property distributed to him by the Partnership, without regard to §7701(g) of the Code, net of liabilities secured by the distributed property that he is considered to assume or take subject to under §752 of the Code;

(E) allocations to him of Partnership expenditures described in §705(a)(2)(B) of the Code; and

(F) allocations to him of Partnership loss and deduction, or items thereof, including loss and deduction described in Treas. Reg. §1.704-l(b)(2)(iv)(g), but excluding items described in (E) above, and loss or deduction described in Treas. Reg. §1.704-l(b)(4)(i) or (iii).

(ii) **Exception.** If Treas. Reg. §1.704-l(b)(2)(iv) fails to provide guidance, Capital Account adjustments shall be made in a manner that:

(A) maintains equality between the aggregate governing Capital Accounts of the parties and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes;

(B) is consistent with the underlying economic arrangement of the parties; and

(C) is based, wherever practicable, on federal tax accounting principles.

(c) **Payments to the Managing General Partner.** The Capital Account of the Managing General Partner shall be reduced by payments to it pursuant to §4.04(a)(ii) only to the extent of the Managing General Partner's distributive share of any Partnership deduction, loss, or other downward Capital Account adjustment resulting from the payments. Also, in the event, and to the extent, that the Managing General Partner is treated under the Code as having been transferred an interest in the Partnership in connection with the performance of services for the Partnership (whether before or after the formation of the Partnership):

(i) any resulting compensation income shall be allocated 100% to the Managing General Partner;

(ii) any associated increase in Capital Accounts shall be credited 100% to the Managing General Partner; and

(iii) any associated deduction to which the Partnership is entitled shall be allocated 100% to the Managing General Partner.

(d) **Discretion of Managing General Partner in the Method of Maintaining Capital Accounts.** Notwithstanding any other provisions of this Agreement, the method of maintaining Capital Accounts may be changed from time to time, in the discretion of the Managing General Partner, to take into consideration §704 and other provisions of the Code and the related rules, regulations and interpretations as may exist from time to time.

5.03. **Allocation of Income, Deductions and Credits.**

(a) **In General.**

(i) **Deductions Are Allocated to Party Charged with Expenditure.** To the extent permitted by law and except as otherwise provided in this Agreement, all deductions and credits, including, but not limited to, intangible drilling and development costs and depreciation, shall be allocated to the party who has been charged with the expenditure giving rise to the deductions and credits; and to the extent permitted by law, these parties shall be entitled to the deductions and credits in computing taxable income or tax liabilities to the exclusion of any other party. Also, any Partnership deductions that would be nonrecourse deductions if they were not attributable to a loan made or guaranteed by the Managing General Partner or its Affiliates shall be allocated to the Managing General Partner to the extent required by law.

(ii) **Income and Gain Allocated in Accordance With Revenues.** Except as otherwise provided in this Agreement, all items of income and gain, including gain on disposition of assets, shall be allocated in accordance with the related revenue allocations set forth in §5.01(b) and its subsections.

(b) **Tax Basis of Each Property.** Subject to §704(c) of the Code, the tax basis of each oil and gas property for computation of cost depletion and gain or loss on disposition shall be allocated and reallocated when necessary based on the capital interest in the Partnership as to the property and the capital interest in the Partnership for this purpose as to each property shall be considered to be owned by the parties in the ratio in which the expenditures giving rise to the tax basis of the property has been charged as of the end of the year.

(c) **Gain or Loss on Oil and Gas Properties.** Each party shall separately compute its gain or loss on the disposition of the well in accordance with the provisions of §613A(c)(7)(D) of the Code, and the calculation of the gain or loss shall consider the party's adjusted basis in his property interest computed as provided in §5.03(b) and the party's allocable share of the amount realized from the disposition of the property.

(d) **Gain on Depreciable Property.** Gain from each sale or other disposition of depreciable property shall be allocated to each party whose share of the proceeds from the sale or other disposition exceeds its contribution to the adjusted basis of the property in the ratio that the excess bears to the sum of the excesses of all parties having an excess.

(e) Loss on Depreciable Property. Loss from each sale, abandonment or other disposition of depreciable property shall be allocated to each party whose contribution to the adjusted basis of the property exceeds its share of the proceeds from the sale, abandonment or other disposition in the proportion that the excess bears to the sum of the excesses of all parties having an excess.

(f) Allocation If Recapture Treated As Ordinary Income. Any recapture treated as an increase in ordinary income by reason of §§1245, 1250 or 1254 of the Code shall be allocated to the parties in the amounts in which the recaptured items were previously allocated to them; provided that to the extent recapture allocated to any party is in excess of the party's gain from the disposition of the property, the excess shall be allocated to the other parties but only to the extent of the other parties' gain from the disposition of the property.

(g) Tax Credits. If a Partnership expenditure, whether or not deductible, that gives rise to a tax credit in a Partnership taxable year also gives rise to valid allocations of Partnership loss or deduction, or other downward Capital Account adjustments, for the year, then the parties' interests in the Partnership with respect to the credit, or the cost giving rise thereto, shall be in the same proportion as the parties' respective distributive shares of the loss or deduction, and adjustments.

If Partnership receipts, whether or not taxable, that give rise to a tax credit, including a marginal well production credit under §45I of the Code, in a Partnership taxable year also give rise to valid allocations of Partnership income or gain, or other upward Capital Account adjustments, for the year, then the parties' interests in the Partnership with respect to the credit, or the Partnership's receipts or production of natural gas and oil production giving rise thereto, shall be in the same proportion as the parties' respective shares of the Partnership's production revenues from the sales of its natural gas and oil production as provided in §5.01(b)(iii).

(h) Deficit Capital Accounts and Qualified Income Offset. Notwithstanding any provision of this Agreement to the contrary, an allocation of loss or deduction which would result in a party having a deficit Capital Account balance as of the end of the taxable year to which the allocation relates, if charged to the party, to the extent the Participant is not required to restore the deficit to the Partnership, taking into account:

(i) adjustments that, as of the end of the year, reasonably are expected to be made to the party's Capital Account for depletion allowances with respect to the Partnership's natural gas and oil properties;

(ii) allocations of loss and deduction that, as of the end of the year, reasonably are expected to be made to the party under §§704(e)(2) and 706(d) of the Code and Treas. Reg. §1.751-1(b)(2)(ii); and

(iii) distributions that, as of the end of the year, reasonably are expected to be made to the party to the extent they exceed offsetting increases to the party's Capital Account, assuming for this purpose that the fair market value of Partnership property equals its adjusted tax basis, that reasonably are expected to occur during or prior to the Partnership taxable years in which the distributions reasonably are expected to be made shall be charged to the Managing General Partner. Further, the Managing General Partner shall be credited with an additional amount of Partnership income or gain equal to the amount of the loss or deduction as quickly as possible to the extent that the chargeback does not cause or increase deficit balances in the parties' Capital Accounts which are not required to be restored to the Partnership.

Notwithstanding any provision of this Agreement to the contrary, if a party unexpectedly receives an adjustment, allocation, or distribution described in (i), (ii), or (iii) above, or any other distribution, which causes or increases a deficit balance in the party's Capital Account which is not required to be restored to the Partnership, the party shall be allocated items of income and gain, consisting of a pro rata portion of each item of Partnership income, including gross income and gain for the year, in an amount and manner sufficient to eliminate the deficit balance as quickly as possible.

(i) Minimum Gain Chargeback. To the extent there is a net decrease during a Partnership taxable year in the minimum gain attributable to a Partner nonrecourse debt, then any Partner with a share of the minimum gain attributable to the debt at the beginning of the year shall be allocated items of Partnership income and gain in accordance with Treas. Reg. §1.704-2(i).

(j) Partners' Allocable Shares. Except as otherwise provided in this Agreement, each party's allocable share of Partnership income, gain, loss, deductions and credits shall be determined by using any method prescribed or permitted by the Secretary of the Treasury by regulations or other guidelines and selected by the Managing General Partner which takes into account the varying interests of the parties in the Partnership during the taxable year. In the absence of those regulations or guidelines,

except as otherwise provided in this Agreement, the allocable share shall be based on actual income, gain, loss, deductions and credits economically accrued each day during the taxable year in proportion to each party's varying interest in the Partnership on each day during the taxable year.

5.04. Election.

(a) Reserved.

(b) No Election Out of Subchapter K. No election shall be made by the Partnership, any Partner, or the Managing General Partner as Operator for the Partnership to be excluded from the application of the partnership provisions of the Code, including Subchapter K of Chapter 1 of Subtitle A of the Code.

5.05. Distributions.

(a) In General.

(i) Monthly Review of Accounts. The Managing General Partner shall review the accounts of the Partnership at least quarterly to determine whether cash distributions are appropriate and the amount to be distributed, if any.

(ii) Distributions. The Partnership shall distribute funds to the Managing General Partner and the Participants allocated to their respective accounts that the Managing General Partner deems unnecessary for the Partnership to retain.

(iii) Distributions to the Managing General Partner. Cash distributions from the Partnership to the Managing General Partner shall only be made as follows:

(A) in conjunction with distributions to Participants; and

(B) out of funds properly allocated to the Managing General Partner's account.

(b) Distributions on Winding Up. On the winding up of the Partnership, distributions shall be made as provided in §7.02.

(c) Interest and Return of Capital. No party shall under any circumstances be entitled to any interest on amounts retained by the Partnership. Each Participant shall look only to his share of distributions, if any, from the Partnership for a return of his Capital Contribution.

Article VI
Transfer of Interests

6.01. Transferability of Interests. A Participant's transfer of a portion or all his Interests, or any interest in his Interests, is subject to all of the provisions of this Article VI. For purposes of this Article VI, the term "transfer" shall include any sale, exchange, gift, assignment, pledge, mortgage, hypothecation, redemption or other form of transfer of a Interest, or any interest in a Interest, by a Participant (which may include the Managing General Partner or its Affiliates, if they purchase Interests) or by operation of law.

(a) Rights of Assignee. Unless a transferee of a Participant's Interest becomes a substitute Participant with respect to that Interest in accordance with the provisions of §6.02(d), he shall not be entitled to any of the rights granted to a Participant under this Agreement, other than the right to receive all or part of the share of the profits, losses, income, gains, deductions, credits and depletion allowances, or items thereof, and cash distributions or returns of capital to which his transferor would otherwise be entitled under this Agreement.

(b) Reserved.

6.02. Special Restrictions on Transfers of Interests by Participants.

(a) In General. Transfers of Interests by Participants are subject to the following general conditions:

(i) except as provided by operation of law:

(A) only whole Interests may be transferred unless the Participant owns less than a whole Interest, in which case his entire fractional interest must be transferred; and

(B) Interests may not be transferred to a person who is under the age of 18 or incompetent (unless an attorney-in-fact, guardian, custodian or conservator has been appointed to handle the affairs of that person) without the Managing General Partner's consent;

(ii) the costs and expenses associated with the transfer must be paid by the assignor Participant;

(iii) the transfer documents must be in a form satisfactory to the Managing General Partner; and

(iv) the terms of the transfer must not contravene those of this Agreement.

Transfers of Interests by Participants are subject to the following additional restrictions set forth in §§6.02(b) and 6.02©.

(b) Tax Law Restrictions. Subject to transfers permitted by §6.03 and transfers by operation of law, no transfer of a Interest by a Participant shall be made which, in the opinion of counsel to the Partnership, would result in the Partnership being either:

(i) terminated for tax purposes under §708 of the Code; or

(ii) treated as a "publicly-traded" partnership for purposes of §469(k) of the Code.

(c) Securities Laws Restriction. Subject to transfers permitted by operation of law, no Interest shall be transferred by a Participant unless there is either:

(i) an effective registration of the Interest under the Securities Act of 1933, as amended, and qualification under applicable state securities laws; or

(ii) an opinion of counsel acceptable to the Managing General Partner that the registration and qualification of the Interest is not required, unless this requirement is waived by the Managing General Partner.

(d) Substitute Participant.

(i) Procedure to Become Substitute Participant. Subject to §§6.02(a)(i) and 6.02(a)(ii), a transferee of a Participant's Interest shall become a substitute Participant entitled to all the rights of a Participant if, and only if:

(A) the transferor gives the transferee the right;

(B) the transferee pays to the Partnership all costs and expenses incurred by the Partnership in connection with the substitution; and

(C) the transferee executes and delivers the instruments necessary to establish that a legal transfer has taken place and to confirm the agreement of the transferee to be bound by all of the terms of this Agreement, in a form acceptable to the Managing General Partner.

(ii) Rights of Substitute Participant. A substitute Participant shall be entitled to all of the rights attributable to full ownership of the assigned Interests including the right to vote.

(e) A Transfer of Interests Does Not Relieve the Transferor of Certain Costs. No transfer of a Interest by a Participant, including a transfer of less than all of a Participant's Interests or the transfer of a Participant's Interests to more than one party, shall relieve the transferor of its responsibility for its proportionate part of any expenses, obligations and liabilities under this Agreement related to the Interests so transferred, whether arising before or after the transfer.

(f) A Transfer of Interests Does Not Require A Partnership Accounting. No transfer of a Interest by a Participant shall require an accounting of the Partnership. Also, no transfer of a Interest shall grant rights under this Agreement, including the exercise of any elections, as between the transferring Participant and the Partnership, the Managing General Partner

and the remaining Participants to more than one Person unanimously designated by the transferee(s) of the Interest, and, if he has retained an interest in the transferred Interest, the transferor of the Interest.

(g) Required Notice to Managing General Partner of Transfer of Interests. Until the Managing General Partner receives from the transferring Participant a written notice in a form acceptable to the Managing General Partner that designates the transferee(s) of a Interest, the Managing General Partner shall continue to account only to the Person to whom it was furnishing notices pursuant to §8.01 and its subsections before the purported transfer of the Interest. This party shall continue to exercise all rights under this Agreement applicable to the Interests owned by the purported transferor of the Interest.

Article VII
Duration, Dissolution and Winding up

7.01. Duration.

(a) Fifty Year Term. The Partnership shall continue in existence for a term of 50 years from the effective date of this Agreement unless sooner terminated as set forth below.

(b) Termination. The Partnership shall terminate following the occurrence of:

(i) a Final Terminating Event; or

(ii) any event that causes the dissolution of a limited partnership under the Texas Business Organizations Code.

(c) Continuance of Partnership Except on Final Terminating Event. Other than the occurrence of a Final Terminating Event, the Partnership or any successor limited partnership shall not be wound up, but shall be continued by the parties and their respective successors as a successor limited partnership under all of the terms of this Agreement. The successor limited partnership shall succeed to all of the assets of the Partnership. As used throughout this Agreement, the term "Partnership" shall include the successor limited partnership and the parties to the successor limited partnership.

7.02. Dissolution and Winding Up.

(a) Final Terminating Event. On the occurrence of a Final Terminating Event the affairs of the Partnership shall be wound up and there shall be distributed to each of the parties its Distribution Interest in the remaining Partnership assets.

(b) Time of Liquidating Distribution. To the extent practicable and in accordance with sound business practices in the judgment of the Managing General Partner, liquidating distributions shall be made by:

(i) the end of the taxable year in which liquidation occurs, determined without regard to §706(c)(2)(A) of the Code; or

(ii) if later, within 90 days after the date of the liquidation.

Notwithstanding, the following amounts are not required to be distributed within the foregoing time periods so long as the withheld amounts are distributed as soon as practical:

(i) amounts withheld for reserves reasonably required for liabilities of the Partnership; and

(ii) installment obligations owed to the Partnership.

(c) In-Kind Distributions. The Managing General Partner shall not be obligated to offer in-kind property distributions to the Participants, but may do so, in its discretion. Any in-kind property distributions to the Participants shall be made to a liquidating trust or similar entity for the benefit of the Participants, unless at the time of the distribution:

(i) the Managing General Partner offers the individual Participants the election of receiving in-kind property distributions and the Participants accept the offer after being advised of the risks associated with direct ownership; or

(ii) there are alternative arrangements in place which assure the Participants that they will not, at any time, be responsible for the operation or disposition of Partnership properties.

If the Managing General Partner has not received a Participant's consent within 30 days after the Managing General Partner mailed the request for consent, then it shall be presumed that the Participant has refused to give his consent.

(d) Sale If No Consent. Any Partnership asset which would otherwise be distributed in-kind to a Participant, except for the failure or refusal of the Participant to give his written consent to the distribution, may instead be sold by the Managing General Partner at the best price reasonably obtainable from an independent third-party, who is not an Affiliate of the Managing General Partner, or to the Managing General Partner itself, at fair market value as determined by an Independent Expert selected by the Managing General Partner.

Article VIII
Miscellaneous Provisions

8.01. Notices.

(a) Method. Any notice required under this Agreement shall be:

(i) in writing; and

(ii) given by mail or delivered by an overnight delivery company (although one-day delivery is not required) addressed to the party to receive the notice at the address designated in §1.02.

If there is a transfer of Interests under this Agreement, no notice to the transferee shall be required, nor shall the transferee have any rights under this Agreement, until notice of the transfer has been given to the Managing General Partner.

Any transfer of Interests under this Agreement shall not increase the Managing General Partner's or the Partnership's duty to give notice. If there is a transfer of Interests under this Agreement to more than one party, then notice to any owner of any interest in the Interests shall be notice to all of the owners of the Interests.

(b) Change in Address. The address of any party to this Agreement may be changed by notice as follows:

(i) to the Participants, if there is a change of address by the Managing General Partner; or

(ii) to the Managing General Partner, if there is a change of address by a Participant.

(c) Time Notice Deemed Given. If the notice is given by the Managing General Partner, then the notice shall be considered given, and any applicable time shall run, from the date the notice is placed in the mail or delivered to the overnight delivery company.

If the notice is given by any Participant, then the notice shall be considered given and any applicable time shall run from the date the notice is received.

(d) Effectiveness of Notice. Any notice to a party other than the Managing General Partner, including a notice requiring concurrence or nonconcurrence, shall be effective, and any failure to respond binding, irrespective of the following:

(i) whether or not the notice is actually received; or

(ii) any disability or death on the part of the noticee, even if the disability or death is known to the party giving the notice.

(e) Failure to Respond. Except pursuant to §7.02(c) or when this Agreement expressly requires affirmative approval of a Participant, any Participant who fails to respond in writing within the time specified to a request by the Managing General Partner as set forth below, for approval of, or concurrence in, a proposed action shall be conclusively deemed to have approved the action. Except pursuant to §7.02(c), when this Agreement expressly requires affirmative approval of a Participant, the Managing General Partner shall send a first request and the time period for the Participant's written response shall not be less than 15 business days from the date of mailing of the request. If the Participant does not respond in writing to the first request, then the

Managing General Partner shall send a second request. If the Participant does not respond in writing to the second request within seven calendar days from the date of mailing the second request, then the Participant shall be conclusively deemed to have approved the action.

8.02. Time. Time is of the essence of each part of this Agreement.

8.03. Applicable Law. The terms and provisions of this Agreement shall be construed under the laws of the State of Texas. However, this section shall not be deemed to limit causes of action for alleged violations of federal or state securities law to the laws of the State of Texas. Neither this Agreement nor the Subscription Agreement shall require mandatory venue or mandatory arbitration of any or all claims by Participants against the Managing General Partner.

8.04. Agreement in Counterparts. This Agreement may be executed in counterpart and shall be binding on all of the parties executing this or similar agreements from and after the date of execution by each party.

8.05. Amendment.

(a) Procedure for Amendment. No changes in this Agreement shall be binding unless:

(i) proposed in writing by the Managing General Partner, and adopted with the consent of Participants whose Interests equal a majority of the total Interests; or

(ii) proposed in writing by Participants whose Interests equal 10% or more of the total Interests and approved by an affirmative vote of Participants whose Interests equal a majority of the total Interests.

(b) Circumstances Under Which the Managing General Partner Alone May Amend. The Managing General Partner is authorized to amend this Agreement and its exhibits without the consent of Participants in any way deemed necessary or desirable by it to do any or all of the following:

(i) add, or substitute in the case of an assigning party, additional Participants;

(ii) enhance the tax benefits of the Partnership to the parties and amend the allocation provisions of this Agreement as provided in §5.01(c)(ii);

(iii) satisfy any requirements, conditions, guidelines, options, or elections contained in any opinion, directive, order, ruling, or regulation of the SEC, the IRS or any other federal or state agency, or in any federal or state statute, compliance with which it deems to be in the best interest of the Partnership; or

(iv) cure any ambiguity, correct or supplement any provision of this Agreement that may be inconsistent with any other provision of this Agreement, or add any provision to this Agreement with respect to matters, events or issues arising under this Agreement that is not inconsistent with the other provisions of this Agreement.

Notwithstanding the foregoing, no amendment materially and adversely affecting the interests or rights of Participants shall be made without the consent of the Participants whose interests or rights will be so affected.

8.06. Legal Effect. This Agreement shall be binding on and inure to the benefit of the parties, their heirs, devisees, personal representatives, successors and assigns, and shall run with the interests subject to this Agreement. The terms "Partnership", "Limited Partner", "Participant", "Partner", "Managing General Partner", or "parties" shall equally apply to any successor limited partnership, and any heir, devisee, personal representative, successor or assign of a party.

IN WITNESS WHEREOF, the parties hereto set their hands as of the 2nd day of January, 2025.

SLTN Exploration, LLC
Managing General Partner

By: */s/ Samuel C. Smith*
Samuel C. Smith
Manager

EXHIBIT A

Managing General Partner and
Original Limited Partner Signature Page

Attached to and made a part of the SLTN SYDRI COOKE COUNTY TEXAS #1, LP

The undersigned agrees to serve as the Managing General Partner of SLTN Sydri Cooke County Texas #1, LP and hereby executes, swears to and agrees to all of the terms of the Partnership Agreement.

Dated: January 2, 2025.

MANAGING GENERAL PARTNER:

SLTN EXPLORATION, LLC

By: */s/ Samuel C. Smith*
Samuel C. Smith
Manager

Address:
17304 Preston Road
Suite 1290C
Dallas, Texas 75252

ORIGINAL LIMITED PARTNER:

SLTN EXPLORATION, LLC

By: */s/ Samuel C. Smith*
Samuel C. Smith
Manager

Address:
17304 Preston Road
Suite 1290C
Dallas, Texas 75252

EXHIBIT B

Copy of Participation Agreement

SLTN Cooke County Texas #1, LP

PARTICIPATION AGREEMENT

THIS SLTN COOKE COUNTY TEXAS #1, LP PARTICIPATION AGREEMENT ("Agreement"), is by and between 3POINT OIL & GAS COMPANY, ("3Point") formerly Tankhead Oil & Gas Company, and SILVERTON ENERGY INC., ("Participant") and is dated November 1, 2024. The effective date of the sale of the WI Percentage, defined below, shall be January 1, 2025. Any or all of the above may be referred to herein as "Party" or, collectively, "Parties".

WHEREAS, 3POINT OIL & GAS COMPANY is the owner of those certain Oil and Gas Leases and Wells described on Exhibit "A" attached hereto; and

WHEREAS, 3Point is willing to sell, subject to the terms of this Agreement, ½ of its (approximately 10.875 % of 8/8ths) working interest in the subject Leases and Wells acquired pursuant to that certain Assignment, Conveyance and Bill of Sale dated May 16, 2022 from Ball Park Energy II, LLC to Tankhead Oil & Gas Company and recorded in Volume 2517 Pages 12-37 of the official records of Cooke County, Tx ; and

WHEREAS Participant desires to purchase ½ of 3Point's working interest in the subject Leases and Wells described above.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the following:

1. 3Point agrees to sell, and Participant agrees to purchase, an undivided ½ **of 3Point's,** approximately 10.875% (the "WI Percentage"), working interest in the subject Leases and Wells, for the sum of $2,384,814.00 (the "Payment"). The Payment shall be made to 3Point at Closing, as hereinafter defined.

2. Following Payment of all amounts owed by Participant to 3Point, 3Point shall immediately pay off its existing debt to Prosperity Bank, receiving a release of lien on the WI Percentage and shall execute and deliver to Participant, and Participant shall accept and record, an Assignment and Bill of Sale (the "Assignment") effective as of January 1, 2025, in substantially the form of Exhibit "B" attached hereto, being the same form of assignment **(the "Ballpark Assignment")** used when 3Point acquired the interest from Ball Park Energy II, LLC, conveying to Participant its undivided interest in the leases and wells described in the Ballpark Assignment.

3. 3Point and Participant agree that any wells not covered by the contracts listed in the Ballpark Assignment shall be governed by the terms of a Joint Operating Agreement currently in place in the form of Exhibit "C" attached hereto ("JOA"), with Sydri Operating, LLC, as Operator.

4. Contemporaneously with the planned closing date **(the "Closing")** on or before December 31, 2024 Participant shall pay to 3Point the sum of $2,384,814.00 in cash, representing the Payment. Participant acknowledges that the Payment is non-refundable. The parties may close the

transaction earlier and move the effective date forward or extend the closing date and move the closing date back with the mutual consent of both parties.

5. This Agreement shall not be construed as creating a partnership or joint venture between the Parties. This Agreement is not intended to create, and nothing herein shall be construed to create an association, a trust or joint venture, a mining partnership or other partnership entity of any kind. Should this Agreement be construed to create an association or partnership within the meaning of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954, as amended, or within the meaning of any similar statute of the State of Texas, the Parties affirm that they have elected to be excluded from the application of said statute. 3Point is hereby directed and authorized, when appropriate, to execute such an election on behalf of all the Parties and to file the election with the proper governmental office or agency. If requested, each Party hereto agrees to execute and join in such election.

6. Participant represents and acknowledges that Participant is knowledgeable of the oil and gas business and of the usual and customary practices of producers and of non-operating interest owners and that Participant has had access to the subject Leases and Wells and information regarding the subject Leases and Wells in making the decision to enter into this Agreement and consummate the transactions completed hereby. Participant has relied solely on the basis of its own independent due diligence investigation and, accordingly, Participant acknowledges that 3Point has not made, and 3Point hereby expressly disclaims and negates any representation or warranty, express, implied, or arising at common law, by statute or otherwise, relating to the subject Leases and Wells. Participant acknowledges that the disclaimers contained in this paragraph are "conspicuous" for purposes of any applicable state or federal securities law, rules, regulation or order.

7. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors and assigns.

8. This Agreement may be executed in one document signed by all parties, or in separate documents which shall be counterparts hereof, or may be joined in, confirmed and ratified by any and all necessary parties by a separate document specifically referring to this Agreement.

9. If any provision of this Agreement is held to be illegal, invalid or unenforceable under the present or future laws effective during the term hereof, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect.

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, not including, however, any of its conflicts of law rules which would direct or refer to the laws of another jurisdiction, and is performable in Dallas County, Texas.

3POINT OIL & GAS COMPANY

By: _____ Typed Name: Kenneth (Wes) Welch

Title: CEO/President

SILVERTON ENERGY, INC.

By: _____

Samuel Smith
Chief Executive Officer

EXHIBIT A

Subject Leases and Wells

EXHIBIT B Add assignment form

IN WITNESS WHEREOF, this Assignment is executed by Assignor and Assignee as of the respective acknowledgement dates set out below, but after execution by all parties-, shall be effective for all purposes as of January 1, 2025 (the "Effective Date").

ASSIGNOR: 3POINT OIL ~~AND&~~ GAS COMPANY

By:_____

Typed Name: **Kenneth (Wes) Welch** Title: CEO, President

ASSIGNEE: SILVERTON ENERGY INC.

By:_____

Typed Name: Title:

ACKNOWLEDGMENTS

STATE OF TEXAS

COUNTY OF ANGELINA

This instrument was acknowledged before me on the __ day of ___ 2024, by Kenneth (Wes) Welch, as president of 3Point Oil ~~and~~ & Gas Company., a Texas corporation, on behalf of said corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL OF OFFICE on this_____day of_____,_____.

Notary Public in and for the State of_____

My Commission expires_____

STATE OF TEXAS

COUNTY OF COOKE

The foregoing Assignment and Bill of Sale was acknowledged before me on the_____day of ____2024,

By: 3Point

SLTN Cook County Texas #1 LP, on behalf of said limited partnership.

GIVEN UNDER MY HAND AND OFFICIAL SEAL OF OFFICE on this_____day of_____, _____.

Notary Public in and for the State of_____

My Commission expires_____

STATE OF TEXAS
COUNTY OF COOKE

The foregoing Assignment and Bill of Sale was acknowledged before me on the_____day of____2024, by:

Silverton Energy Inc, as the Managing Director

GIVE UNDER MY HAND AND OFFICIAL SEAL OF OFFICE on this____day of Notary Public in and for the State of _____

My Commission Expires _____

EXHIBIT C

Syndri Operating JOA

EXHIBIT C

Information Concerning Properties Subject to the Participation Agreement

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Information Concerning Properties Subject to the Participation Agreement

EXHIBIT D

Copy of the Silverton Assignment

AGREEMENT OF CONVEYANCE, TRANSFER AND ASSIGNMENT OF CONTRACTUAL INTEREST AND ASSUMPTION OF OBLIGATIONS

This Agreement of Conveyance, Transfer and Assignment of Contractual Interest and Assumption of Obligations (the ***"Transfer and Assumption Agreement"***) is made as of January 2, 2025, by and between Silverton Energy, Inc., a Nevada corporation (***"Assignor"***), and SLTN Exploration, LLC, a Texas limited liability company, including its designee or designees (***"Assignee"***).

WHEREAS, Assignor is the owner of certain contractual rights (100% of 10.875% of 8/8ths working interest (the ***"Working Interest"***) in certain oil and gas leases and wells located in Cooke County, Texas), pursuant to a participation agreement dated as of November 1, 2024, as amended (the ***"Participation Agreement"***), between Assignor and 3 Point Oil and Gas Company (***"3 Point"***), a copy of which is attached hereto as Exhibit A and made a part hereof; and

WHEREAS, Assignor desires to assign 100% of its interest in the Participation Agreement to Assignee, in exchange for Assignee's agreement to assume all of Assignor's obligations under the Participation Agreement, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Assignment.

1.1. Assignment. For $10.00 and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Assignor, and Assignee's assumption agreement pursuant to Section 1.2, Assignor does hereby assign, grant, bargain, sell, convey, transfer and deliver to Assignee, and its successors and assigns, 100% of its interest in the Participation Agreement to Assignee.

1.2 Further Assurances. Assignor shall, from time to time after the date hereof, at the request of Assignee and without further consideration, execute and deliver to Assignee such additional instruments of transfer and assignment, including, without limitation, any bills of sale, assignments of leases, deeds and other recordable instruments of assignment, transfer and conveyance, in addition to this Transfer and Assumption Agreement, as Assignee shall reasonably request to evidence more fully the assignment made by Assignor to Assignee hereunder.

Section 2. Assumption of Liabilities.

2.1 Assumed Liabilities. As of the date hereof, Assignee hereby accepts the assignment set forth in Section 1.1 and assumes and agrees to pay, perform and discharge, fully and completely, any and all liabilities and obligations associated with, arising out of and attendant to, the Participation Agreement.

2.2 Further Assurances. Assignee shall, from time to time after the date hereof, at the request of Assignor and without further consideration, execute and deliver to Assignor such additional instruments of assumption in addition to this Transfer and Assumption Agreement as Assignor shall reasonably request to evidence more fully the assumption by Assignee of the liabilities and obligations associated with, arising out of and attendant to, with the Participation Agreement.

Section 3. Headings. The descriptive headings contained in this Transfer and Assumption Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Transfer and Assumption Agreement.

Section 4. Assignment of Interest in this Transfer and Assumption Agreement. The parties agree that Assignee shall have the right, in its sole discretion and without notice to Assignor, to assign its interest in this Transfer and Assumption Agreement.

Section 5. Governing Law. This Transfer and Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Texas applicable to contracts made and to be performed entirely within that state, except that any conveyances of leaseholds and real property made herein shall be governed by the laws of the respective jurisdictions in which such property is located.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Transfer and Assumption Agreement to be duly executed as of the day and year first above written.

ASSIGNOR:

SILVERTON ENERGY, INC.

By: */s/ Samuel C. Smith*
Samuel C. Smith
Chief Executive Officer

ASSIGNEE:

SLTN EXPLORATION, LLC

By: */s/ Samuel C. Smith*
Samuel C. Smith
Manager

EXHIBIT A

Participation Agreement

SLTN Cooke County Texas #1, LP

PARTICIPATION AGREEMENT

THIS SLTN COOKE COUNTY TEXAS #1, LP PARTICIPATION AGREEMENT ("Agreement"), is by and between 3POINT OIL & GAS COMPANY, ("3Point") formerly Tankhead Oil & Gas Company, and SILVERTON ENERGY INC., ("Participant") and is dated November 1, 2024. The effective date of the sale of the WI Percentage, defined below, shall be January 1, 2025. Any or all of the above may be referred to herein as "Party" or, collectively, "Parties".

WHEREAS, 3POINT OIL & GAS COMPANY is the owner of those certain Oil and Gas Leases and Wells described on Exhibit "A" attached hereto; and

WHEREAS, 3Point is willing to sell, subject to the terms of this Agreement, ½ of its (approximately 10.875 % of 8/8ths) working interest in the subject Leases and Wells acquired pursuant to that certain Assignment, Conveyance and Bill of Sale dated May 16, 2022 from Ball Park Energy II, LLC to Tankhead Oil & Gas Company and recorded in Volume 2517 Pages 12-37 of the official records of Cooke County, Tx ; and

WHEREAS Participant desires to purchase ½ of 3Point's working interest in the subject Leases and Wells described above.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the following:

1. 3Point agrees to sell, and Participant agrees to purchase, an undivided ½ **of 3Point's**, approximately 10.875% (the "WI Percentage"), working interest in the subject Leases and Wells, for the sum of $2,384,814.00 (the "Payment"). The Payment shall be made to 3Point at Closing, as hereinafter defined.

2. Following Payment of all amounts owed by Participant to 3Point, 3Point shall immediately pay off its existing debt to Prosperity Bank, receiving a release of lien on the WI Percentage and shall execute and deliver to Participant, and Participant shall accept and record, an Assignment and Bill of Sale (the "Assignment") effective as of January 1, 2025, in substantially the form of Exhibit "B" attached hereto, being the same form of assignment **(the "Ballpark Assignment")** used when 3Point acquired the interest from Ball Park Energy II, LLC, conveying to Participant its undivided interest in the leases and wells described in the Ballpark Assignment.

3. 3Point and Participant agree that any wells not covered by the contracts listed in the Ballpark Assignment shall be governed by the terms of a Joint Operating Agreement currently in place in the form of Exhibit "C" attached hereto ("JOA"), with Sydri Operating, LLC, as Operator.

4. Contemporaneously with the planned closing date **(the "Closing")** on or before December 31, 2024 Participant shall pay to 3Point the sum of $2,384,814.00 in cash, representing the Payment. Participant acknowledges that the Payment is non-refundable. The parties may close the

transaction earlier and move the effective date forward or extend the closing date and move the closing date back with the mutual consent of both parties.

5. This Agreement shall not be construed as creating a partnership or joint venture between the Parties. This Agreement is not intended to create, and nothing herein shall be construed to create an association, a trust or joint venture, a mining partnership or other partnership entity of any kind. Should this Agreement be construed to create an association or partnership within the meaning of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954, as amended, or within the meaning of any similar statute of the State of Texas, the Parties affirm that they have elected to be excluded from the application of said statute. 3Point is hereby directed and authorized, when appropriate, to execute such an election on behalf of all the Parties and to file the election with the proper governmental office or agency. If requested, each Party hereto agrees to execute and join in such election.

6. Participant represents and acknowledges that Participant is knowledgeable of the oil and gas business and of the usual and customary practices of producers and of non-operating interest owners and that Participant has had access to the subject Leases and Wells and information regarding the subject Leases and Wells in making the decision to enter into this Agreement and consummate the transactions completed hereby. Participant has relied solely on the basis of its own independent due diligence investigation and, accordingly, Participant acknowledges that 3Point has not made, and 3Point hereby expressly disclaims and negates any representation or warranty, express, implied, or arising at common law, by statute or otherwise, relating to the subject Leases and Wells. Participant acknowledges that the disclaimers contained in this paragraph are "conspicuous" for purposes of any applicable state or federal securities law, rules, regulation or order.

7. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors and assigns.

8. This Agreement may be executed in one document signed by all parties, or in separate documents which shall be counterparts hereof, or may be joined in, confirmed and ratified by any and all necessary parties by a separate document specifically referring to this Agreement.

9. If any provision of this Agreement is held to be illegal, invalid or unenforceable under the present or future laws effective during the term hereof, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect.

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, not including, however, any of its conflicts of law rules which would direct or refer to the laws of another jurisdiction, and is performable in Dallas County, Texas.

3POINT OIL & GAS COMPANY

By: _____ Typed Name: Kenneth (Wes) Welch

Title: CEO/President

SILVERTON ENERGY, INC.

By: _____

Samuel Smith
Chief Executive Officer

EXHIBIT A

Subject Leases and Wells

EXHIBIT B Add assignment form

IN WITNESS WHEREOF, this Assignment is executed by Assignor and Assignee as of the respective acknowledgement dates set out below, but after execution by all parties-, shall be effective for all purposes as of January 1, 2025 (the "Effective Date").

ASSIGNOR: 3POINT OIL ~~AND&~~ GAS COMPANY

By:_____

Typed Name: **Kenneth (Wes) Welch** Title: CEO, President

ASSIGNEE: SILVERTON ENERGY INC.

By:_____

Typed Name: Title:

ACKNOWLEDGMENTS

STATE OF TEXAS

COUNTY OF ANGELINA

This instrument was acknowledged before me on the __ day of ___ 2024, by Kenneth (Wes) Welch, as president of 3Point Oil ~~and~~ & Gas Company., a Texas corporation, on behalf of said corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL OF OFFICE on this_____day of_____,_____.

Notary Public in and for the State of_____

My Commission expires_____

STATE OF TEXAS

COUNTY OF COOKE

The foregoing Assignment and Bill of Sale was acknowledged before me on the_____day of ____2024,

By: 3Point

SLTN Cook County Texas #1 LP, on behalf of said limited partnership.

GIVEN UNDER MY HAND AND OFFICIAL SEAL OF OFFICE on this_____day of_____, _____.

Notary Public in and for the State of_____

My Commission expires_____

STATE OF TEXAS
COUNTY OF COOKE

The foregoing Assignment and Bill of Sale was acknowledged before me on the_____day of____2024, by:

Silverton Energy Inc, as the Managing Director

GIVE UNDER MY HAND AND OFFICIAL SEAL OF OFFICE on this____day of Notary Public in and for the State of _____

My Commission Expires _____

EXHIBIT C

Syndri Operating JOA

EXHIBIT E

Copy of the Transfer and Assumption Agreement

AGREEMENT OF CONVEYANCE, TRANSFER AND ASSIGNMENT OF CONTRACTUAL INTEREST AND ASSUMPTION OF OBLIGATIONS

This Agreement of Conveyance, Transfer and Assignment of Contractual Interest and Assumption of Obligations (the ***"Transfer and Assumption Agreement"***) is made as of January 2, 2025, by and between SLTN Exploration, LLC, a Texas limited liability company (***"Assignor"***), and SLTN Sydri Cooke County Texas #1, LP, a Texas limited partnership, including its designee or designees (***"Assignee"***).

WHEREAS, Assignor is the owner, by assignment, of certain contractual rights (100% of 10.875% of 8/8ths working interest (the ***"Working Interest"***) in certain oil and gas leases and wells located in Cooke County, Texas), pursuant to a participation agreement dated as of November 1, 2024, as amended (the ***"Participation Agreement"***), between Silverton Energy, Inc., the parent of Assignor, and 3 Point Oil and Gas Company (***"3 Point"***), a copy of which is attached hereto as Exhibit A and made a part hereof; and

WHEREAS, Assignor desires to assign 90% of its interest in the Participation Agreement to Assignee (such that Assignor would retain 10%, or 1/10th of 10.875% of 8/8ths of the Working Interest), in exchange for Assignee's agreement to assume all of Assignor's obligations under the Participation Agreement, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Assignment.

1.1. Assignment. For $10.00 and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Assignor, and Assignee's assumption agreement pursuant to Section 1.2, Assignor does hereby assign, grant, bargain, sell, convey, transfer and deliver to Assignee, and its successors and assigns, 90% of its interest in the Participation Agreement to Assignee (such that Assignor would retain 10%, or 1/10th of one-half (½) of 10.875% of 8/8ths of the Working Interest).

1.2 Further Assurances. Assignor shall, from time to time after the date hereof, at the request of Assignee and without further consideration, execute and deliver to Assignee such additional instruments of transfer and assignment, including, without limitation, any bills of sale, assignments of leases, deeds and other recordable instruments of assignment, transfer and conveyance, in addition to this Transfer and Assumption Agreement, as Assignee shall reasonably request to evidence more fully the assignment made by Assignor to Assignee hereunder.

Section 2. Assumption of Liabilities.

2.1 Assumed Liabilities. As of the date hereof, Assignee hereby accepts the assignment set forth in Section 1.1 and assumes and agrees to pay, perform and discharge, fully and completely, any and all liabilities and obligations associated with, arising out of and attendant to, the Participation Agreement.

2.2 Further Assurances. Assignee shall, from time to time after the date hereof, at the request of Assignor and without further consideration, execute and deliver to Assignor such additional instruments of assumption in addition to this Transfer and Assumption Agreement as Assignor shall reasonably request to evidence more fully the assumption by Assignee of the liabilities and obligations associated with, arising out of and attendant to, with the Participation Agreement.

Section 3. Headings. The descriptive headings contained in this Transfer and Assumption Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Transfer and Assumption Agreement.

Section 4. Assignment of Interest in this Transfer and Assumption Agreement. The parties agree that Assignee shall have the right, in its sole discretion and without notice to Assignor, to assign its interest in this Transfer and Assumption Agreement.

Section 5. Governing Law. This Transfer and Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Texas applicable to contracts made and to be performed entirely within that state, except that any conveyances of leaseholds and real property made herein shall be governed by the laws of the respective jurisdictions in which such property is located.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Transfer and Assumption Agreement to be duly executed as of the day and year first above written.

ASSIGNOR:

SLTN EXPLORATION, LLC

By: *//s Samuel C. Smith*
Samuel C. Smith
Manager

ASSIGNEE:

SLTN SYDRI COOKE COUNTY TEXAS #1, LP,
a Texas limited partnership

By: SLTN EXPLORATION, LLC,
its General Partner

By: */s/ Samuel C. Smith*
Samuel C. Smith
Manager

EXHIBIT A

Participation Agreement

SLTN Cooke County Texas #1, LP

PARTICIPATION AGREEMENT

THIS SLTN COOKE COUNTY TEXAS #1, LP PARTICIPATION AGREEMENT ("Agreement"), is by and between 3POINT OIL & GAS COMPANY, ("3Point") formerly Tankhead Oil & Gas Company, and SILVERTON ENERGY INC., ("Participant") and is dated November 1, 2024. The effective date of the sale of the WI Percentage, defined below, shall be January 1, 2025. Any or all of the above may be referred to herein as "Party" or, collectively, "Parties".

WHEREAS, 3POINT OIL & GAS COMPANY is the owner of those certain Oil and Gas Leases and Wells described on Exhibit "A" attached hereto; and

WHEREAS, 3Point is willing to sell, subject to the terms of this Agreement, ½ of its (approximately 10.875 % of 8/8ths) working interest in the subject Leases and Wells acquired pursuant to that certain Assignment, Conveyance and Bill of Sale dated May 16, 2022 from Ball Park Energy II, LLC to Tankhead Oil & Gas Company and recorded in Volume 2517 Pages 12-37 of the official records of Cooke County, Tx ; and

WHEREAS Participant desires to purchase ½ of 3Point's working interest in the subject Leases and Wells described above.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the following:

1. 3Point agrees to sell, and Participant agrees to purchase, an undivided ½ **of 3Point's**, approximately 10.875% (the "WI Percentage"), working interest in the subject Leases and Wells, for the sum of $2,384,814.00 (the "Payment"). The Payment shall be made to 3Point at Closing, as hereinafter defined.

2. Following Payment of all amounts owed by Participant to 3Point, 3Point shall immediately pay off its existing debt to Prosperity Bank, receiving a release of lien on the WI Percentage and shall execute and deliver to Participant, and Participant shall accept and record, an Assignment and Bill of Sale (the "Assignment") effective as of January 1, 2025, in substantially the form of Exhibit "B" attached hereto, being the same form of assignment **(the "Ballpark Assignment")** used when 3Point acquired the interest from Ball Park Energy II, LLC, conveying to Participant its undivided interest in the leases and wells described in the Ballpark Assignment.

3. 3Point and Participant agree that any wells not covered by the contracts listed in the Ballpark Assignment shall be governed by the terms of a Joint Operating Agreement currently in place in the form of Exhibit "C" attached hereto ("JOA"), with Sydri Operating, LLC, as Operator.

4. Contemporaneously with the planned closing date **(the "Closing")** on or before December 31, 2024 Participant shall pay to 3Point the sum of $2,384,814.00 in cash, representing the Payment. Participant acknowledges that the Payment is non-refundable. The parties may close the

transaction earlier and move the effective date forward or extend the closing date and move the closing date back with the mutual consent of both parties.

5. This Agreement shall not be construed as creating a partnership or joint venture between the Parties. This Agreement is not intended to create, and nothing herein shall be construed to create an association, a trust or joint venture, a mining partnership or other partnership entity of any kind. Should this Agreement be construed to create an association or partnership within the meaning of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954, as amended, or within the meaning of any similar statute of the State of Texas, the Parties affirm that they have elected to be excluded from the application of said statute. 3Point is hereby directed and authorized, when appropriate, to execute such an election on behalf of all the Parties and to file the election with the proper governmental office or agency. If requested, each Party hereto agrees to execute and join in such election.

6. Participant represents and acknowledges that Participant is knowledgeable of the oil and gas business and of the usual and customary practices of producers and of non-operating interest owners and that Participant has had access to the subject Leases and Wells and information regarding the subject Leases and Wells in making the decision to enter into this Agreement and consummate the transactions completed hereby. Participant has relied solely on the basis of its own independent due diligence investigation and, accordingly, Participant acknowledges that 3Point has not made, and 3Point hereby expressly disclaims and negates any representation or warranty, express, implied, or arising at common law, by statute or otherwise, relating to the subject Leases and Wells. Participant acknowledges that the disclaimers contained in this paragraph are "conspicuous" for purposes of any applicable state or federal securities law, rules, regulation or order.

7. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors and assigns.

8. This Agreement may be executed in one document signed by all parties, or in separate documents which shall be counterparts hereof, or may be joined in, confirmed and ratified by any and all necessary parties by a separate document specifically referring to this Agreement.

9. If any provision of this Agreement is held to be illegal, invalid or unenforceable under the present or future laws effective during the term hereof, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect.

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, not including, however, any of its conflicts of law rules which would direct or refer to the laws of another jurisdiction, and is performable in Dallas County, Texas.

3POINT OIL & GAS COMPANY

By: _____ Typed Name: Kenneth (Wes) Welch

Title: CEO/President

SILVERTON ENERGY, INC.

By: _____

Samuel Smith
Chief Executive Officer

EXHIBIT A

Subject Leases and Wells

EXHIBIT B Add assignment form

IN WITNESS WHEREOF, this Assignment is executed by Assignor and Assignee as of the respective acknowledgement dates set out below, but after execution by all parties-, shall be effective for all purposes as of January 1, 2025 (the "Effective Date").

ASSIGNOR: 3POINT OIL ~~AND&~~ GAS COMPANY

By:_____

Typed Name: **Kenneth (Wes) Welch** Title: CEO, President

ASSIGNEE: SILVERTON ENERGY INC.

By:_____

Typed Name: Title:

ACKNOWLEDGMENTS

STATE OF TEXAS

COUNTY OF ANGELINA

This instrument was acknowledged before me on the __ day of ___ 2024, by Kenneth (Wes) Welch, as president of 3Point Oil ~~and~~ & Gas Company., a Texas corporation, on behalf of said corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL OF OFFICE on this_____day of_____,_____.

Notary Public in and for the State of_____

My Commission expires_____

STATE OF TEXAS

COUNTY OF COOKE

The foregoing Assignment and Bill of Sale was acknowledged before me on the_____day of ____2024,

By: 3Point

SLTN Cook County Texas #1 LP, on behalf of said limited partnership.

GIVEN UNDER MY HAND AND OFFICIAL SEAL OF OFFICE on this_____day of_____, _____.

Notary Public in and for the State of_____

My Commission expires_____

STATE OF TEXAS
COUNTY OF COOKE

The foregoing Assignment and Bill of Sale was acknowledged before me on the_____day of____2024, by:

Silverton Energy Inc, as the Managing Director

GIVE UNDER MY HAND AND OFFICIAL SEAL OF OFFICE on this____day of Notary Public in and for the State of _____

My Commission Expires _____

EXHIBIT C

Syndri Operating JOA

EXHIBIT F

Form of Silverton Warrant

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

Warrant to Purchase [_____] Shares of Common Stock

Issue Date: [_____], 202___

SILVERTON ENERGY, INC.

Sydri #1 Common Stock Purchase Warrant

This Sydri #1 Common Stock Purchase Warrant (the ***"Warrant"***) certifies that, for value received, **[_____]** or its assigns (the ***"Holder"***) is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after **[_____]**, 202__ (the ***"Initial Issue Date"***), and on or prior to the close of business on the three (3) year anniversary of the Initial Issue Date (the ***"Termination Date"***) but not thereafter, to subscribe for and purchase from Silverton Energy, Inc., a Nevada corporation (the ***"Company"***), up to **[_____]** shares (as subject to adjustment hereunder, the ***"Warrant Shares"***) of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 1(b).

1. Exercise.

(a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy of the Notice of Exercise in the form annexed hereto and within three (3) Business Days of the date said Notice of Exercise is delivered to the Company, the Company shall have received payment of the aggregate Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise form be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Business Days of the date the final Notice of Exercise is delivered to the Company.

Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Business Day of receipt of such notice.

The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.

(b) Exercise Price. The exercise price per whole share of the Common Stock under this Warrant shall be $0.25, subject to adjustment hereunder (the ***"Exercise Price"***).

(c) Mechanics of Exercise.

(1) Delivery of Warrant Shares Upon Exercise. Within two (2) Business Days of receiving (A) a Notice of Exercise and (B) full payment of the aggregate Exercise Price, the Company shall have provided instructions to the Transfer Agent for the issuance of the Warrant Shares in book entry form. Warrant Shares purchased hereunder shall be transmitted by the Transfer Agent to the Holder in accordance with the Holder's written instructions. The Warrant Shares shall be deemed to have been issued, and the Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised, with payment to the Company of the aggregate Exercise Price and all taxes required to be paid by the Holder, if any, having been paid.

(2) Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

(3) Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 1(c)(1) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

(4) No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

(5) Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in book-entry form in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

(6) Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

(d) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 1 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (1) exercise of the remaining, non-exercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (2) exercise or conversion of the unexercised or non-converted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 1(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 1(d) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations

promulgated thereunder. For purposes of this Section 1(d), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Business Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The ***"Beneficial Ownership Limitation"*** shall be 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon not less than 61 days' prior notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 1(d). Any such increase or decrease will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(d) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

1A. Piggy-Back Registration Rights. If, at any time prior to the full exercise of this Warrant, the Company proposes to file a registration statement (a ***"Registration Statement"***) under the Securities Act of 1933, as amended (the ***"Securities Act"***), with respect to an offering of equity securities of the Company for its own account or for others for their accounts and the registration form to be used may be used for the registration of Warrant Shares, then the Company shall (a) give written notice of such proposed filing and offering to the Holder as soon as practicable, but in no event less than ten (10) days before the anticipated filing date, which notice shall describe the amount and type of securities to be included in such offering, the intended method(s) of distribution, and the name of the proposed managing underwriter(s), if any, of the offering, and (b) offer to the Holder in such notice the opportunity to register the sale of such number of Subject Securities as Holder may request in writing within five (5) days following receipt of such notice (a ***"Piggy-Back Registration"***).

If, at any time after giving written notice of its intention to register any securities and prior to the effective date of the Registration Statement filed in connection with such registration, the Company shall determine for any reason not to register or to delay registration of such securities, the Company may, at its election, give written notice of such determination to the Holder and, (x) in the case of a determination not to register, shall be relieved of its obligation to register any Warrant Shares in connection with such registration and, (y) in the case of a determination to delay registering, shall be permitted to delay registering any Warrant Shares for the same period as the delay in registering such other securities. The Company shall cause the Warrant Shares to be included in such registration and shall use its reasonable best efforts to cause the managing underwriter(s) of a proposed underwritten offering to permit the Warrant Shares requested to be included in a Piggy-Back Registration on the same terms and conditions as any similar securities of the Company and to permit the sale or other disposition of the Subject Securities in accordance with the intended method(s) of distribution thereof. The Holder shall enter into an underwriting agreement in reasonable and customary form with the underwriter(s) selected for such Piggy-Back Registration; provided that, with respect to such underwriting agreement or any other documents reasonably required under such agreement, (i) the Holder shall not be required to make any representation or warranty with respect to or on behalf of the Company or any other shareholder of the Company and (ii) the Holder shall be required to complete and execute all questionnaires, powers-of-attorney, indemnities, opinions and other documents reasonably required under the terms of such underwriting agreement.

2. Certain Adjustments.

(a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (1) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of any warrant or other convertible instrument), (2) subdivides outstanding shares of Common Stock into a larger number of shares, (3) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (4) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 2(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

(b) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

(c) Fundamental Transaction. If, at any time while this Warrant is outstanding, (1) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (2) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (3) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (4) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (5) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 1(d) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 1(d) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant and the other transaction documents (the "Transaction Documents") in accordance with the provisions of this Section 2(c) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

(d) Calculations. All calculations under this Section 2 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 2, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

(e) Notice to Holder.

(1) Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 2, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

(2) Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with OTC Markets pursuant to a Supplemental Disclosure Report. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

3. Transfer of Warrant.

(a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 3(d) hereof, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Business Days of the date the Holder delivers an assignment form to the Company assigning this Warrant full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

(b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 3(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Initial Exercise Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

(c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may

deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

(d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (1) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (2) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Rule 144.

(e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

4. Redemption. This Warrant shall be redeemable by the Company at $0.01 per share remaining subject hereto, after 20 business days' written notice (the ***"Redemption Date"***), if the price of the Common Stock closes above $0.50 for twenty (20) consecutive trading days; *provided, however*, that the Holder shall have the right to exercise this Warrant, in whole or in part, at any time prior to the Redemption Date. In this regard, the Warrant Shares delivered upon any such exercise of this Warrant shall be restricted shares, unless such Warrant Shares shall be the subject to a then-effective Registration Statement.

5. Miscellaneous.

(a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 1(c)(1), except as expressly set forth in Section 2.

(b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant, if mutilated, the Company will make and deliver a new Warrant of like tenor and dated as of such cancellation, in lieu of such Warrant.

(c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

(d) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and non-assessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its articles of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (1) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (2) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Warrant Shares upon the exercise of this Warrant and (3) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

(e) Governing Law; Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined under Nevada Law. This provision does not, nor is intended to, apply to claims under the Federal securities laws. This exclusive legal forum provision could add significant cost, discourage claims, and limits the ability of investors to bring a claim in a more favorable legal forum or jurisdiction. This provision does not apply to purchasers in secondary transactions.

(f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.

(g) Non-waiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

(h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the terms of this Warrant.

(i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

(j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

(k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

(l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

(m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

(n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the Initial Exercise Date.

SILVERTON ENERGY, INC.

By: */s/ Samuel C. Smith*
Samuel C. Smith
Chief Executive Officer

NOTICE OF EXERCISE

To: Silverton Energy, Inc.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of in lawful money of the United States; or

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

(4) The Warrant Shares shall be delivered to the following DWAC Account Number:

_____

(5) The undersigned is an "accredited investor."

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO NOTICE OF EXERCISE]

Dated: _____.

INDIVIDUAL

_____

(Signature)

_____

(Printed Name)

CORPORATION/LLC/TRUST

_____

(Name of Corporation/LLC/Trust)

_____

(Signature)

_____

(Printed Name)

_____

(Title)

PARTNERSHIP

_____

(Name of Partnership)

_____

(Signature)

_____

(Printed Name)

_____

(Title)

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
Address: _____
_____

Dated: _____.

INDIVIDUAL

_____
(Signature)

_____
(Printed Name)

CORPORATION/LLC/TRUST

_____
(Name of Corporation/LLC/Trust)

_____
(Signature)

_____
(Printed Name)

_____
(Title)

PARTNERSHIP

_____
(Name of Partnership)

_____
(Signature)

_____
(Printed Name)

_____
(Title)

EXHIBIT G

Information Concerning Silverton Energy, Inc.

Information Concerning SLTN @ OTCMarkets.com

Additional Information Concerning SLTN