



## **BUSINESS PLAN**

### **Background and Summary**

Dynamic Resources Corporation (“Dynamic”), a Texas corporation, was founded by H. Roice Nelson, Jr. in early in 2001. Over the past three decades, Nelson has led geotechnical teams developing and redefining methodologies and tools for hydrocarbon exploration. These activities have changed the way the oil industry looks for oil and gas, have resulted in better discovery rates and significant new field discoveries, and provided key technology drivers for the “reengineering” of the petroleum exploration industry.

With several strategic development partners, Nelson has now created an extensive professional NetWork to directly explore for oil and gas utilizing these and other emerging technologies. This NetWork consists of over 60 experienced oil finders employing both traditional and new, often proprietary, exploration technologies and tools, in conjunction with new proprietary data mining and pattern recognition technology application service providers.

Dynamic is now seeking the start-up funding for the geotechnical work required to define where to acquire mineral leases and what additional data are required for final analyses to identify optimum drilling locations.

### **Business Model**

Dynamic will define and develop new exploration concepts, leads and plays (CLPs), lease mineral rights, acquire new data as required, and partner with industry operators for drilling and development. Dynamic’s business philosophy will be based on a “successful efforts” basis, participating in what is found by exploration through over-riding royalty interests, performance bonuses, and/or carried working interests.

By partnering with proven geotechnical professionals already working in their specific areas of expertise and experience, Dynamic will be able to apply NetWork technologies to exploration projects virtually around the globe. The first focus area is the Gulf Coast AOI (Area-Of-Interest) extending from Texas to Florida and adjacent state and federal waters.

Dynamic’s professional NetWork associates represent the leading geotechnical experts in essentially every hydrocarbon basin in the world. Dynamic and its associates will have unlimited access to interactive interpretation software (Landmark Graphics), hypertext tools, and immersive visualization tools designed and developed by, and under lifetime license to Mr. Nelson. NetWork associates provide access to GeoQuest, SMT, and other applications.

In addition, Dynamic has working relationships with service providers of technology including data mining and vetting, automated self-classification of data, pattern recognition enabled seismic interpretation, azimuthal anisotropy, core and cutting scanning, 3-D seismic while drilling, seismic velocity modeling and inversion, and quantified prospect ranking.

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#### **• Dynamic Resources Corporation. •**

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### **Exploration Strategy**

Initial Dynamic exploration activities will be focused in the Gulf Coast AOI on existing concepts and plays already defined by Dynamic associates. These concepts and plays, with several existing prospects, are located within proven hydrocarbon producing areas. Extensive data available at reasonable costs will provide the basis for application of further data mining and pattern recognition technologies.

Numerous “proof-of-concept” tests have demonstrated the proven applicability and value of these technologies. Several plays and prospects are currently available for review and further action by investing partners. Potentially 10 to 20 new concepts and plays and 50+ new prospects will be developed within the next 12 months in this AOI.

The principal use of invested funds, both equity and exploration, will be utilized for data acquisition and analyses during the first 12 months of operations. The principal areas of interest will be in existing producing fields, where the potential of multiple stacked pays exist, and in areas where potential dynamic reserve replenishment is either known or very likely to exist.

### **Investment Plan**

Dynamic is seeking an investment in equity and prospect development of \$10 million over the next two years. This investment, from either one or two investors, will be divided into a \$5 million equity investment for a 20% net profits interest in Dynamic and a \$5 million exploration investment for lease and data acquisition and prospect development.

Areas of Mutual Interest (AMIs) will be defined and agreed as to area, scope and objectives by the investing partners, Dynamic and the AMI exploration-initiating group prior to expenditure of invested funds. On agreed AMIs, working interests will be held 50% by the investing partners, 25% by Dynamic Resources and 25% by the AMI initiating group, with Dynamic and the initiating group also retaining a 4% of 8/8ths over-riding royalty interest. For AMIs not receiving investor approval, Dynamic will seek to farm-out such AMIs to prospective industry partners.

In any AMI in which either or both Dynamic or the initiating group is not able to fund their working interest for further evaluation and prospect definition, the investing partners will have exclusive first rights to farm-in on such unfunded working interest on a “half for a quarter basis”. Following prospect definition, the investing partners will have an identical exclusive first right to farm-in on the drilling of such prospect on a “third for a quarter basis”.

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## Financial Forecasts and Assumptions

A four-year financial forecast for Dynamic Resources Corporation is attached. The key assumptions in this forecast are as follows:

1. Founding Investment A total investment of \$10 million made semi-annually by two investment groups over a two-year period is currently being developed. In the event a total investment of \$10 million is not obtained, DRC activities will nonetheless be initiated albeit on a proportionately reduced scale.
2. Consulting Fees DRC will perform consulting services for industry clients through its AMI team members and technical service providers as and where prospective clients request and contract for such services.
3. Prospect Fees Prospect fee income is based on generating prospects for clients and selling them for an average of \$50M/prospect. With a backlog of 21 CLPs, and over 50 to be added during April, conservative projections are 12 Prospects in Year 1 and 35 in Year 4.
4. Over Riding Royalties Royalties, or their equivalent, are based on \$4/MCF, 4% ORR, and an average of 100MCF OEG/month for 50% of prospects sold, cash delayed 5 months.
5. Sales, Training, 3D Seismic While Drilling & Other Revenue sources from asset sales for portfolio balancing, training, 3D seismic while drilling, and related technologies are now available through DRC and its associated members and will be further expanded and brought to market upon initiation of DRC activities.
6. AOI Development Principal Areas Of Interest have been defined. AOI leaders will coordinate all activities within their respective AOIs with AMI members responsible for the definition, development, and final preparation of plays and prospects within that AOI.
7. Purchase of II&T/Office/Computer DRC offices will be located in 5,000 sq ft geotechnical office facility now partially equipped with computers and supporting geotechnical software. These facilities will be modified and expanded to include a rear presentation immersive wall for presentations and interactive interpretation facilities.
8. Administrative/Legal/Financial/Other Due to the fundamental structure of DRC, only a minimum of full time administrative and support staff will be required and employed. Legal and financial support services will be out-sourced. Professional team members and technical service providers will, like DRC itself, be compensated primarily through “successful effort” activities.
9. AMI Expenses As noted, AMI expenses and Investments will essentially be in balance throughout the forecast period. In most instances, major AMI expenses will be financed by participating clients and industry partners before said major expenses are incurred.
10. Founding Investor Return Founding investors will receive annually 20% of DRC’s Net Income – Before Taxes.

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**Dynamic Resources Corporation**  
locating replenishing reserves

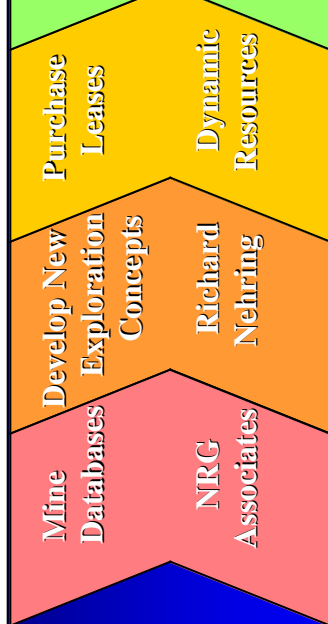
## Dynamic Resources Financial Model in \$MM

YEAR	1st/2 Y1	2nd/2 Y1	1st/2 Y2	2nd/2 Y2	Y1	Y2	Y3	Y4	Total
<b>REVENUE</b>									
Founding Investment	\$2,500	\$2,500	\$2,500	\$2,500	\$5,000	\$5,000	\$0,000	\$0,000	\$10,000
Consulting Fees	\$0,025	\$0,030	\$0,048	\$0,072	\$0,055	\$0,120	\$0,120	\$0,120	\$0,415
Prospect Fees	\$0,200	\$0,300	\$0,480	\$0,720	\$0,500	\$1,200	\$1,440	\$1,728	\$4,868
Over-Riding Royalties	\$0,000	\$0,256	\$0,267	\$0,277	\$0,256	\$0,544	\$0,845	\$1,014	\$2,659
Sale of Assets	\$0,000	\$0,000	\$0,040	\$0,060	\$0,000	\$0,100	\$0,500	\$0,750	\$1,350
NetWork Courses	\$0,040	\$0,060	\$0,048	\$0,072	\$0,100	\$0,120	\$0,120	\$0,120	\$0,460
Other	\$0,000	\$0,030	\$0,064	\$0,096	\$0,030	\$0,160	\$0,160	\$0,160	\$0,510
<b>Total</b>	<b>\$2,765</b>	<b>\$3,176</b>	<b>\$3,447</b>	<b>\$3,797</b>	<b>\$5,941</b>	<b>\$7,244</b>	<b>\$3,185</b>	<b>\$3,892</b>	<b>\$20,262</b>
<b>CORPORATE EXPENSES</b>									
AOI Development	\$0,165	\$0,165	\$0,167	\$0,196	\$0,330	\$0,363	\$0,399	\$0,439	\$1,532
Purchase II&T/Office/Computers	\$0,482	\$0,186	\$0,949	\$0,237	\$0,668	\$1,187	\$1,020	\$1,100	\$3,974
Administration	\$0,246	\$0,246	\$0,216	\$0,325	\$0,492	\$0,541	\$0,595	\$0,655	\$2,283
Legal/Financial	\$0,098	\$0,090	\$0,086	\$0,130	\$0,188	\$0,216	\$0,259	\$0,311	\$0,974
<b>Total</b>	<b>\$0,990</b>	<b>\$0,687</b>	<b>\$1,419</b>	<b>\$0,888</b>	<b>\$1,677</b>	<b>\$2,307</b>	<b>\$2,273</b>	<b>\$2,505</b>	<b>\$8,763</b>
<b>AMI EXPENSES</b>									
Technical Support	\$0,570	\$0,900	\$1,517	\$2,275	\$1,470	\$3,792	\$6,450	\$11,140	\$22,853
Development Leases	\$0,600	\$0,600	\$0,960	\$1,440	\$1,200	\$2,400	\$3,600	\$5,400	\$12,600
<b>Sub-Total</b>	<b>\$1,170</b>	<b>\$1,500</b>	<b>\$2,477</b>	<b>\$3,715</b>	<b>\$2,670</b>	<b>\$6,192</b>	<b>\$10,050</b>	<b>\$16,540</b>	<b>\$35,453</b>
(Less AMI Investments)	-\$1,200	-\$1,575	-\$2,544	-\$3,816	-\$2,775	-\$6,360	-\$10,320	-\$16,800	-\$36,255
<b>Total</b>	<b>-\$0,030</b>	<b>-\$0,075</b>	<b>-\$0,067</b>	<b>-\$0,101</b>	<b>-\$0,105</b>	<b>-\$0,168</b>	<b>-\$0,270</b>	<b>-\$0,260</b>	<b>-\$0,802</b>
<b>TOTAL EXPENSES</b>									
	<b>\$0,960</b>	<b>\$0,612</b>	<b>\$1,352</b>	<b>\$0,787</b>	<b>\$1,572</b>	<b>\$2,139</b>	<b>\$2,004</b>	<b>\$2,246</b>	<b>\$7,961</b>
<b>NET INCOME - BEFORE TAXES</b>									
	<b>\$1,805</b>	<b>\$2,564</b>	<b>\$2,095</b>	<b>\$3,011</b>	<b>\$4,369</b>	<b>\$5,105</b>	<b>\$1,181</b>	<b>\$1,646</b>	<b>\$12,301</b>
<b>20% TO FOUNDING INVESTORS</b> (20% of Net Income less Investment)									
	<b>\$0,000</b>	<b>\$0,000</b>	<b>\$0,000</b>	<b>\$0,021</b>	<b>\$0,000</b>	<b>\$0,021</b>	<b>\$0,236</b>	<b>\$0,329</b>	<b>\$0,586</b>
<b>NET PROFIT - BEFORE TAXES</b>									
	<b>\$1,805</b>	<b>\$2,564</b>	<b>\$2,095</b>	<b>\$2,990</b>	<b>\$4,369</b>	<b>\$5,084</b>	<b>\$0,945</b>	<b>\$1,317</b>	<b>\$11,714</b>

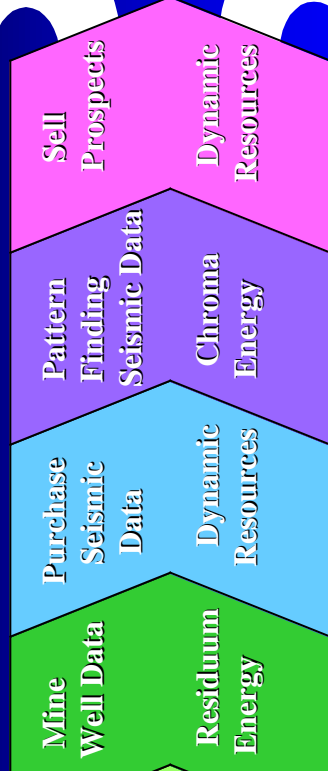


# The Prospect Machine

**US\$5 million Equity Investment:**



**Return to Investors**

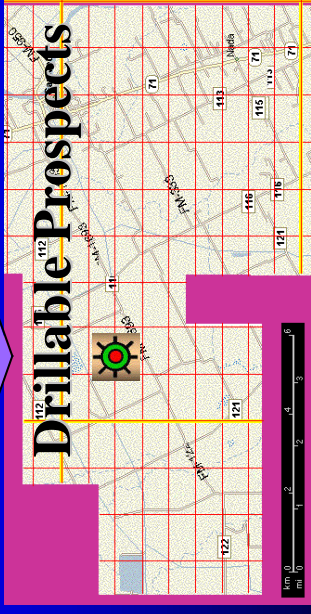
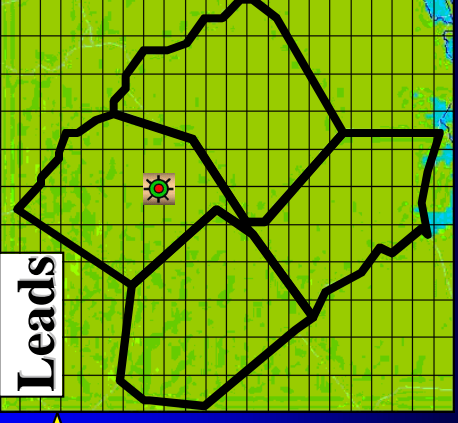
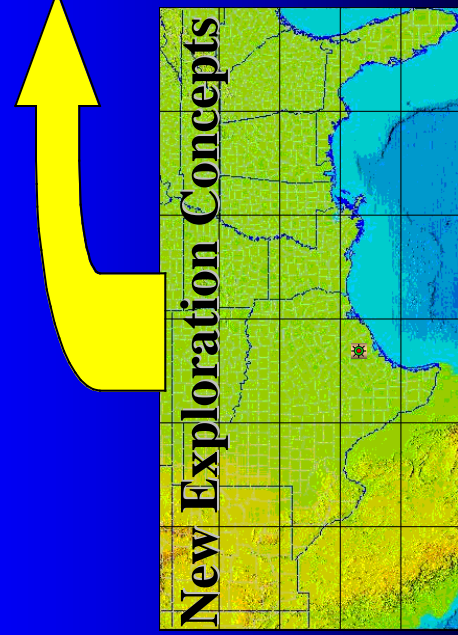


**US\$5 million Prospect Development:**

**Data Acquisition, Lease, Drilling, and Working Interest Fund**

**Proprietary Technology Fund: Core and Cuttings Capture, 3-D Seismic While Drilling**

**Reinvest in new Concepts, Leads, & Prospects**



**Dynamic Resources Corporation** locating replenishing reserves

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