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COLLE SANTO

OWNERSHIP HISTORY

2007-2013 Forest Oil

In 2007 Forest Oil claimed to have drilled two wells in Bomba, Italy through their wholly owned subsidiary CMI Energia.

CMI Energia is a company that, according to LinkedIn, was co-founded in 1997 by Mark Frascogna and which owned 90% of the Colle Santo license.

	Exploration Costs	Development Costs
2007	\$13,785,000	\$0
2008	\$3,157,000	\$709,000
2009	\$7,578,000	\$0
2010	\$2,386,000	\$317,000
2011	\$1,003,000	\$366,000
2012	\$700	\$182
2013	\$0	\$0
Total	\$27,909,700	\$1,392,182

Their annual report of that year announced that:

"In 2007, the International business unit drilled and completed two wells in Italy, which established estimated proved reserves of approximately 56 Bcfe as of December 31, 2007. Production from these wells is expected to come on line in 2009."

The 2008 annual report announced that:

"We are in the process of procuring required permits in Italy to allow us to commence production after 2009"

There was no specific written mention of Italy in the 2009 or 2010 annual report, but in 2011 they stated that:

"Since 2007, we have been engaged with various governmental and jurisdictional agencies in a process to obtain approval of an environmental impact assessment ("EIA") and a production license needed to initiate production from the developed reserves, and to start full field development. The process has proceeded at a considerably slower pace than we anticipated and has still not reached a conclusion... At the present time, we anticipate obtaining approval of the EIA and production license during 2012. If we are successful in that respect, we would expect to initiate production in Italy in early 2015, following the construction of a needed desulfurization plant and pipeline."

There was then no further written mention of Italy in any of the annual reports and the asset appears to have been transferred over to Mark Frascogna who according to his LinkedIn profile has been the "Sole Administrator" of CMI Energia from January 2013 until the present day.

Experience



Sole Administrator
CMI Energia srl
Jan 2013 - Present · 11 yrs
Rome, Latium, Italy

Value attributed to Colle Santo by Forest Oil

The computation of the standardized measure of discounted future net cash flows relating to proved reserves was issued each year by Forest Oil. The Italian assets were written down every year of ownership until they were written down to zero by 2012.

	2007	2008	2009	2010	2011	2012	2013
Future oil, natural gas, and natural gas liquids sales	\$957,010,000	\$1,069,845,000	\$797,286,000	\$904,902,000	\$576,364,000	\$0	\$0
Future production costs	-\$71,658,000	-\$72,891,000	-\$77,679,000	-\$192,013,000	-\$199,054,000	\$0	\$0
Future development costs	-\$37,067,000	-\$37,067,000	-\$55,397,000	-\$17,100,000	-\$18,692,000	\$0	\$0
Future income taxes	-\$348,467,000	-\$362,914,000	-\$245,394,000	-\$260,541,000	-\$130,836,000	\$0	\$0
Future net cash flows	\$499,818,000	\$596,973,000	\$418,816,000	\$435,248,000	\$227,782,000	\$0	\$0
10% annual discount for estimated timing of cash flows	-\$208,767,000	-\$218,547,000	-\$193,396,000	-\$229,722,000	-\$125,783,000	\$0	\$0
Standardized measure of discounted future net cash flows	\$291,051,000	\$378,426,000	\$225,420,000	\$205,526,000	\$101,999,000	\$0	\$0

According to the Forest Oil annual accounts, the company spent \$29,301,882 over 5 years on developing the Colle Santo assets and then wrote their value down to zero and disposed of them for an undisclosed sum.

2012-2015 - Dove Oil

At an undisclosed time and for an undisclosed sum the CMI Energia 90% share of the Colle Santo assets then became the property of a Dubai-based company called Dove Oil. They sold them on to a Canadian based company called Avanti Energy Inc in April 2015 for a total consideration of \$5,421,000.

Avanti Energy Inc,
Suite 1450 - 701 W Georgia
Street Vancouver, BC V7Y 1G5

was founded on May
13th 2013 by John
McIntyre, Timothy Berge,
Bud Knell, and Mark
Frascogna. It was listed
on the TSX-V.

In April 2015 Avanti Energy Inc acquired CMI Energia spa, which was formerly owned by Forest Oil and then by Dove Energy. For a cash payment of \$1.53 million and 12,970,000 shares valued at \$0.30 per share (\$3,891,000) – a total consideration of \$5,421,000.

Dove Energy also retained a 15% working interest in the project so this left Avanti Energy Inc owning 75% of Colle Santo and having paid a total of \$5,421,000 for 75% this equates to paying \$72,280 for each 1% of Colle Santo.

At the same time as doing this deal, Avanti Energy Inc also arranged for a “syndicate of investors” to acquire a 41.66% working interest in Colle Santo for \$1.43 million plus the commitment of \$1.3 million to finance the 2015 operating budget for the project (total \$2,730,000).

This means that the “syndicate” acquired their investment for £65,530 for each 1% percent and that Avanti Energy Inc sold this share for a loss.

It is unclear as to why Avanti Energy Inc would immediately sell on the majority of the asset they had just acquired at a price that was considerably less than they had just paid for it.

However, it is worth noting that at least two companies in the syndicate are owned by John F. McIntyre who was at the time of the transaction also the CEO and President of Avanti Energy Inc.

In their 2015 Management Discussion and Analysis Report Avanti Energy Inc informed investors that:

“Since closing the CMI transaction, the Company has entered into agreements with Olimar Srl and a team of recognized Italian engineering firms to carry out the new gas development plan. The technical team involved in the design, engineering, and environmental aspects of the Project include: Ediltop Srl, Libra Engineering, TEA Sistemi, TEA Ambiente, DREAM Consulting of Torino, and Prof. Leonardo Tognotti, renowned chemical engineer University of Pisa.”

In their 2016 Management Discussion and Analysis Report Avanti Energy Inc informed investors that:

“The Company is pleased to report that it has completed its new development plan which was formally submitted to the Ministry of Economic Development on April 18, 2016. The new plan consists of placing the two existing wells on production, drilling two additional development wells at a later date, and construction of a 21 Km pipeline to connect the field with a new gas treatment facility located in an existing industrial park.”

In the March 2017 Management Discussion and Analysis Report the company informed investors that:

“On March 23, 2017 members of the Company’s technical staff met with the technical representative of the Ministry of Environment responsible for reviewing CMI’s EIA application. The meeting was productive and the Company received confirmation from the Ministry of Environment of the quality and completeness of its EIA, as well as the good intentions of the Ministry of Environment to move the review process along as quickly as possible.”

In the 2018 Management Discussion and Analysis Report the company informed investors that:

"As announced on November 21, 2018, the Company's wholly owned subsidiary, CMI, 90% titleholder and operator of the Colle Santo permit, was formally notified by the Ministry of Environment (the "MoE") of a "rejection warning" under law 241/90 being issued by the VIA Commission (the evaluation arm of the MoE)...

Since receiving the Notice from MoE, management has been evaluating and pursuing many alternatives on how to proceed to preserve some value from the Colle Santo project while not being unduly burdened by an Italian process that seems to have no end in sight. Part of management's due diligence has been seeking advice from international law firms regarding the process, costs and likely outcomes of litigation against the Republic of Italy for damages...

During the last 18 months the Company has entertained several expressions of interest in the Colle Santo project, however, all of that interest was contingent upon permitting success. The actions of the Italian permitting authorities have sparked a number of vocal industry participants to seek relief; thus far, those efforts have been most ineffective...

Faced with an untenable future, the Company agreed to sell its 33.33%, net, working interest in Colle Santo, representing its entire interest in the project, which interest is held through CMI. The disposition occurred on April 24, 2019 by way of the sale of 100% of the Company's shares in CMI pursuant to an agreement with an arm's length purchaser, Avanti Eurogas LLC (collectively referred to as AVX), who hold a 41.7% working interest in the Colle Santo project (the "AVX Agreement").

The purchase price payable to the Company by AVX shall consist of deferred compensation up to a maximum of US\$500,000 (the "Deferred Compensation"). Deferred Compensation will be calculated on the basis of 10% of all proceeds received by AVX from CMI, or any acquirer of the Colle Santo project, including but not limited to, royalties, dividends, carried interests, sale proceeds, legal settlements, production payments, management fees, loan payments, and equity interests. Deferred Payments will be made by AVX to the Company as and when received, in perpetuity, and without deduction."

Avanti Energy Inc acquired 90% of Colle Santo in April 2015 for USD \$5,421,000 and spent USD \$1.3 million on attempting to acquire permits.

On April 24th 2019 Avanti Energy Inc sold their remaining 33% stake in Colle Santo for a deferred payment of USD \$500,000 (effectively for free).

April 2019 – Present: The AVX Consortium

The “AVX Consortium” acquired their 90% stake in Colle Santo on three different occasions.

On April 2015 they acquired a 41.66% working interest in Colle Santo for USD \$1.43 million plus the commitment of USD \$1.3 million to finance the 2015 operating budget for the project (total USD \$2,730,000).

On April 24th 2019 they acquired Avanti Energy Inc’s 33.44% stake in Colle Santo for a deferred payment of USD \$500,000.

Somewhere along the line they also acquired Dove Energy’s 15% stake to take their holdings to 90% as per the announcement made by Avanti Energy Inc on 6th March 2019 where they wrote:

“Faced with an untenable future, the Company has agreed to sell its 44.44%, net, working interest in Colle Santo, representing its entire interest in the project, which interest is held through CMI. The disposition will occur by way of the sale of 100% of the Company’s shares in CMI pursuant to an agreement with an arm’s length syndicate of investors, including Avanti Exploration, LLC (collectively referred to as “AVX”), who hold a 55.56% working interest in the Colle Santo project (the “AVX Agreement”).”

All we know about the ADX consortium is that they own 90% of Colle Santo and that two of their members: Avanti Exploration LLC and Avanti Eurogas LLC are both companies controlled by John McIntyre, the former CEO of Avanti Energy. We also know that Mark Frascogna is still involved in the license via his LinkedIn declaration.

Experience



Sole Administrator

CMI Energia srl

Jan 2013 - Present · 11 yrs

Rome, Latium, Italy

On June 22nd 2022 CMI Energia submitted a scoping document including the request for a 24 month production test to the “Technical Commission for Environmental Impact Verification - Via and Vas Subcommission Via of the Ministry of the Environment and Energy Security. This application was signed by Steven Mark Frascogna.

On 14th November 2022 the request for the 24 month production test was rejected and CMI were informed that by law a full environmental impact assessment would need to be completed and approved before any production would be permitted to commence.

To the best of our knowledge, no other public applications for anything to do with Colle Santo have been received by the The Italian Ministry M.A.S.E. since this date.

The ADX Consortium acquired 90% of Colle Santo between April 2015 and April 2019, acquiring 41.66% for USD \$2.7 million and 33.44% for a deferred USD \$0.5 million.

To date, they have made no successful progress on advancing the project.

2021-Present - LNEnergy & Reabold Resources

LNEnergy Limited (LNE) was founded in London as a private company by Mark Fascogna and Girolamo Mazziotta on 29th September 2021.

This company does not own Colle Santo, but only has an option to acquire it for an unknown amount.

LNE have an option to acquire 90% of the Colle Santo license for an unspecified amount of money by an unspecified date in the future.

In May 2023 LNEnergy sold a 3.1% stake in itself to Reabold Resources for £250,000 valuing LNE at £8 million.

In June 2023 LNEnergy sold a 13.1% stake in itself to Reabold Resources for £2 million valuing LNE at £15 million.

In September 2023 LNEnergy sold a 1.6% stake in itself to Reabold Resources for £250,000 valuing LNE at £15.6 million.

In November 2023 LNEnergy sold a 0.8% stake in itself to Reabold Resources for £150,000 valuing LNE at £18.75 million.

On December 11th 2023 LNEnergy sold another 7.5% stake in itself to Reabold Resources for £1,650,000 valuing LNEnergy at £22 million.

In total Reabold Resources have invested £4.3 million for an 26.1% stake in LNE, valuing the company at £16.5 million. They have an effective stake of 23.49% in Colle Santo, assuming that the option is utilised and they are not diluted before this happens.

In an RNS released on 7th August 2023 , Reabold informed investors that:

Following a review with the heads of Environment, Energy, and Mining of the Abruzzo Region, the Abruzzo regional government confirmed its agreement with, and intention to approve, by decree, the Early Production Programme for the Colle Santo gas field, allowing early revenue generation from the Colle Santo project. The Early Production Programme includes the following:

- Production of gas for a period of 24 months;
- Conversion of gas to power for sale to the electricity grid; and
- Renewal of the Abruzzo Region's earlier 24-month test approval permit.
-

It is anticipated that the formal decree from the Abruzzo Region will be provided over the coming months and accordingly, LNEnergy, has entered the operational phase of development at the Colle Santo gas field

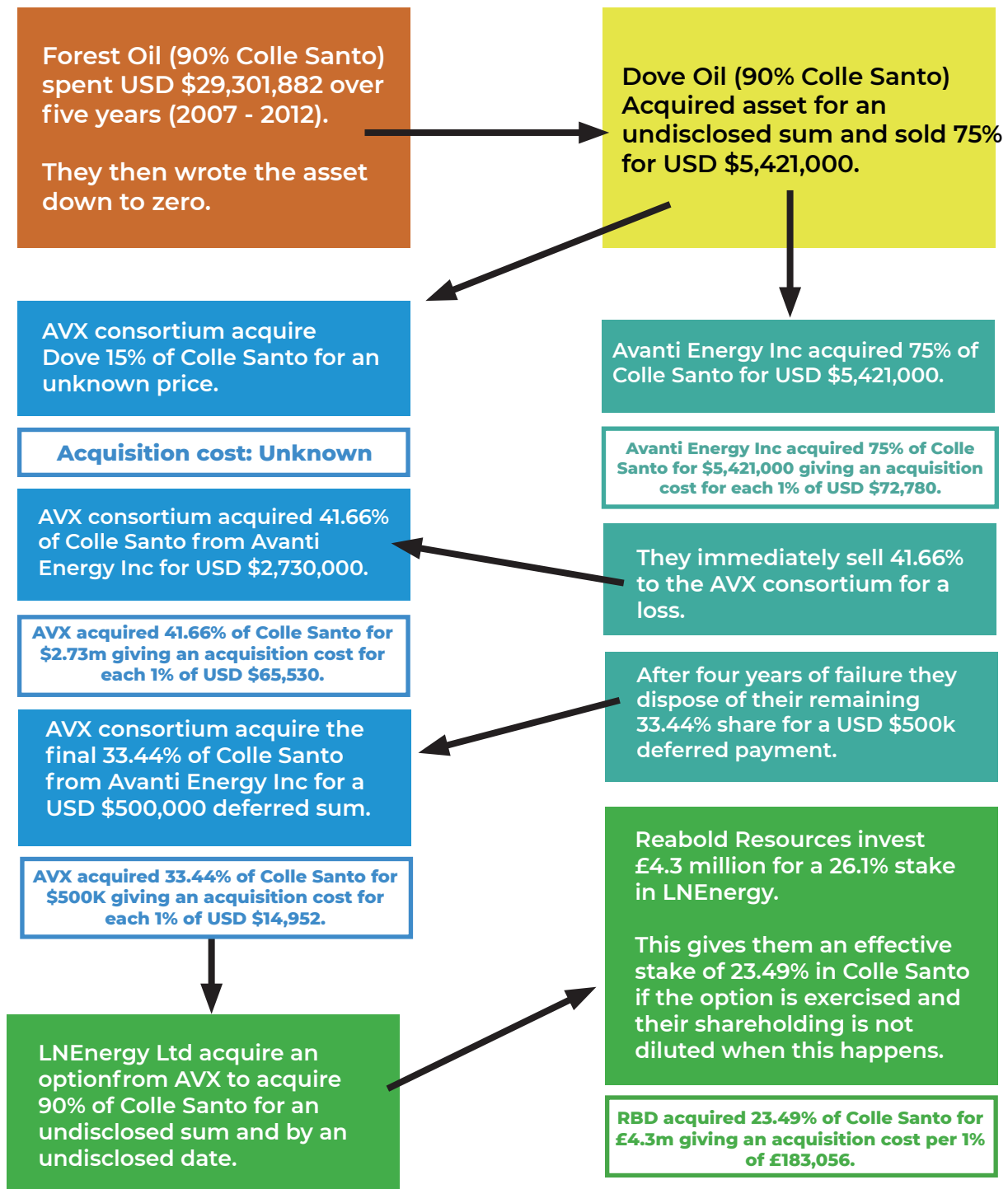
In an RNS released on 5th September, Reabold informed investors that:

"LNEnergy is seeking a two-year, long-term production test permit which would significantly de-risk the full concession permit approval to allow for 20+ years of production. The Company expects a decision to be made on the two-year permit later in 2023. Sachin Oza, Co-CEO of Reabold, commented:

"It is encouraging to note the favourable indication from UNMIG that early work on testing and monitoring can begin at the Colle Santo gas field. Our focus now turns to finalising this stage of the approvals process with a view to commencing operations later this year once all necessary permits are in place. We look forward to updating our shareholders with further progress on the project throughout the year."

No permission has been given for production testing at Colle Santo and as far as we can ascertain no request for production testing has been made to the The Italian Ministry M.A.S.E. since the 2022 request that was rejected.

Historical Costs spent on Colle Santo Acquisitions and Work



Reabold Resources have spent between three and thirteen times more for their percentage stake in Colle Santo than anybody else in this chain and they do not even own the asset yet - only a share of an option...

Historical Costs spent on Colle Santo Acquisitions and Work

Between 2007-2012 Forest Oil claims to have spent \$29 million on Colle Santo and in the face of constant failure to make the asset viable they wrote down the value of the asset to zero.

Avanti Energy Inc acquired 75% of Colle Santo in April 2015 for \$5,421,000 valuing the entire asset at \$7,228,000.

The AVX consortium finished their acquisition of 90% of Colle Santo in April 2019 for a total cost of \$3,230,000 valuing the entire asset at \$3,588,888.

LNENergy acquired an option to acquire 90% of Colle Santo for an unknown price.

Reabold Resources acquired a 26.1% stake in LNENergy for £4.3 million between May and December 2023 valuing Colle Santo at £18.3 million (USD\$23 million) plus the cost of exercising the option.