Cash-Flow Secured Bond Proposal:
Project Phoenix (Sultan Oil Field)

Issuer: Tailored Bonds, LLC
Bond Type: Cash-Flow Secured Bond (Oil Production & Investment Returns)
Project: Reopening of 42 Capped Wells in the Sultan Oil Field
Bond Size: $1.99 billion
Oil Cash Flow Backed Coupon Rate: 5% (paid biannually)
Upside from Venture: 10% carry from AI venture exits (starting with first exit, earliest in Year 3)
Maturity: 10 years
Collateral: Oil production cash flow from 42 wells in the Sultan Oil Field and supplemented by reinvestment returns

Executive Summary

Tailored Bonds, LLC aims to raise $1.99 billion through a Cash-Flow Secured Bond to finance the reopening of 42 capped vertical wells in the Sultan Oil Field, Libya. These wells were taken offline due to political unrest but remain structurally intact and ready for reactivation. This project will reintroduce significant oil production capacity into the market, providing reliable cash flow to support the bond's 5% coupon rate. The bond is secured by the oil and gas revenues generated from these wells, offering investors steady returns from energy production.

In addition to the oil and gas revenue backing, this bond provides investors with an innovative upside. Beginning in Year 3, a 10% carry will be offered from Venture exits, giving investors exposure to high-growth opportunities in emerging technologies. These ventures are expected to yield significant returns, providing a diversified source of income beyond the energy sector. This dual-source income structure with stacked return streams ensures both stability and growth potential, making the bond an attractive long-term investment.

The 5% coupon will be paid biannually, supported fully by the cash flow from oil and gas production. The absence of principal repayment throughout the bond's term allows Tailored Bonds to fully reinvest available capital in AI ventures and other lucrative opportunities. This reinvestment strategy is designed to grow the capital base, enhancing both the bond's security and potential returns for investors.

Additionally, the bond structure is designed to hedge against oil price volatility, with a money market trading desk in place to mitigate potential risks. This offers further protection for bondholders, ensuring consistent returns even during market fluctuations in the oil and gas markets. The reinvestment into high-growth assets will further ensure liquidity and stability over the bond's term.

Overall, the bond offers a unique blend of secure, revenue-backed cash flow from traditional oil production, while providing the upside of stacked venture capital-style returns through investments. With strong protections, diversified income streams, and a long-term investment horizon, this bond is structured to deliver both reliability and high returns for institutional and qualified investors alike.

Project Assumptions and Cash Flow Projections

The Project Phoenix bond is supported by the reopening of 42 vertical oil wells in the Sultan Oil Field, Libya. These wells, which were taken out of production and capped in response to political unrest, remain structurally intact and are primed for reactivation.

Oil & Gas Cash Flow

The cash flow generated from the 42 vertical wells in the Sultan Oil Field provides the foundation for the bond's backing. These wells, each with an production rate of 1,000 barrels of oil per day, are expected to generate substantial revenue over the 10-year bond period. However, due to the phased reopening of these wells, the production schedule in Year 1 will ramp up gradually as new wells are brought online each month.

In Year 1, 10 wells will be reconditioned and uncapped every month, leading to staggered production across the year. This phased approach means that the first few months will see limited cash flow, but by the end of the year, all 42 wells will be fully operational. In this proposal we are using a modest pricing and thereby revenue from the oil production based with an oil price of $65 per barrel, with a 10% decline in production per well each year due to reservoir depletion. Additionally, gas production is expected at 5,614 cubic feet per barrel of oil, with gas priced at $0.0026 per cubic foot, further contributing to the project's revenue.

Fixed production costs per well are expected to be $5,000 per month, with variable costs of $2 per barrel (thereof $1 for production and $1 for transportation). After deducting these costs,and a 26% tax, 50% of the remaining net revenue will be allocated to the National Oil Corporation (NOC), with the other 50% allocated to Tailored Bonds. This split is based on the Exploration and Production Sharing Agreement (EPSA) between Tailored Bonds and the Libyan government.

Year 1 - Phased Production

In Year 1, as the wells are gradually brought online, cash flow will increase each month. For example, in Month 1, only 10 wells will be operational, producing approximately 300,000 barrels of oil. By Month 5, all 42 wells will be fully online, leading to maximum production capacity. The phased nature of the production means that while cash flow starts lower, it ramps up by the end of the year, reaching full potential by month 6.

Month 6 and Beyond

From month 6 onwards, with all 42 wells fully operational, the project will generate consistent revenue. However, production will decline by 10% annually due to natural reservoir depletion. This decline will be factored into the bond's financial structure to ensure that coupon payments can be met. In addition to oil revenue, gas production will provide a secondary income stream, further enhancing the bond's security.

These tables summarize the projected cash flow from oil & gas production over the bond's lifetime of 10 years, after accounting for production costs, the NOC's share, and the phased opening of wells in Year 1.

Table: Oil & Gas Total Revenue

Year	Wells	Oil Prod bbl	Oil Revenue	Gas Prod qbf	Gas Revenue	Tot Rev
1 Month 1	0	0.00	$0.00	0	$0.00	$0.00
2 Month 1	10	300,000.00	$19,500,000.00	1684200000	$4,378,920.00	$23,878,920.00
3 Month 1	20	600,000.00	$39,000,000.00	3368400000	$8,757,840.00	$47,757,840.00
4 Month 1	30	900,000.00	$58,500,000.00	5052600000	$13,136,760.00	$71,636,760.00
5 Month 1	40	1,200,000.00	$78,000,000.00	6736800000	$17,515,680.00	$95,515,680.00
6 Month 1	42	1,260,000.00	$81,900,000.00	7073640000	$18,391,464.00	$100,291,464.00
7 Month 1	42	1,260,000.00	$81,900,000.00	7073640000	$18,391,464.00	$100,291,464.00
8 Month 1	42	1,260,000.00	$81,900,000.00	7073640000	$18,391,464.00	$100,291,464.00
9 Month 1	42	1,260,000.00	$81,900,000.00	7073640000	$18,391,464.00	$100,291,464.00
10 Month 1	42	1,260,000.00	$81,900,000.00	7073640000	$18,391,464.00	$100,291,464.00
11 Month 1	42	1,260,000.00	$81,900,000.00	7073640000	$18,391,464.00	$100,291,464.00
12 Month 1	42	1,260,000.00	$81,900,000.00	7073640000	$18,391,464.00	$100,291,464.00
2	42	15,330,000.00	$996,450,000.00	86062620000	$223,762,812.00	$1,220,212,812.00
3	42	13,797,000.00	$896,805,000.00	77456358000	$201,386,530.80	$1,098,191,530.80
4	42	12,417,300.00	$807,124,500.00	69710722200	$181,247,877.72	$988,372,377.72
5	42	11,175,570.00	$726,412,050.00	62739649980	$163,123,089.95	$889,535,139.95
6	42	10,058,013.00	$653,770,845.00	56465684982	$146,810,780.95	$800,581,625.95
7	42	9,052,211.70	$588,393,760.50	50819116484	$132,129,702.86	$720,523,463.36
8	42	8,146,990.53	$529,554,384.45	45737204835	$118,916,732.57	$648,471,117.02
9	42	7,332,291.48	$476,598,946.01	41163484352	$107,025,059.31	$583,624,005.32
10	42	6,599,062.33	$428,939,051.40	37047135917	$96,322,553.38	$525,261,604.79
		105,728,439.04	$6,872,348,537.36	593559456750	$1,543,254,587.55	$8,415,603,124.91

Table: Oil & Gas Cash Flow

Year	Wells	Tot Rev	Costs	Tax	NOC share	TB Share
1 Month 1	0	$0.00	$0.00	$0.00	$0.00	$0.00
2 Month 1	10	$23,878,920.00	$1,482,735.20	$6,208,519.20	$8,093,832.80	$8,467,832.40
3 Month 1	20	$47,757,840.00	$2,965,470.40	$12,417,038.40	$16,187,665.60	$16,935,664.80
4 Month 1	30	$71,636,760.00	$4,448,205.60	$18,625,557.60	$24,281,498.40	$25,403,497.20
5 Month 1	40	$95,515,680.00	$5,930,940.80	$24,834,076.80	$32,375,331.20	$33,871,329.60
6 Month 1	42	$100,291,464.00	$6,227,487.84	$26,075,780.64	$33,994,097.76	$35,564,896.08
7 Month 1	42	$100,291,464.00	$6,227,487.84	$26,075,780.64	$33,994,097.76	$35,564,896.08
8 Month 1	42	$100,291,464.00	$6,227,487.84	$26,075,780.64	$33,994,097.76	$35,564,896.08
9 Month 1	42	$100,291,464.00	$6,227,487.84	$26,075,780.64	$33,994,097.76	$35,564,896.08
10 Month 1	42	$100,291,464.00	$6,227,487.84	$26,075,780.64	$33,994,097.76	$35,564,896.08
11 Month 1	42	$100,291,464.00	$6,227,487.84	$26,075,780.64	$33,994,097.76	$35,564,896.08
12 Month 1	42	$100,291,464.00	$6,227,487.84	$26,075,780.64	$33,994,097.76	$35,564,896.08
2	42	$1,220,212,812.00	$73,422,768.72	$317,255,331.12	$414,767,356.08	$432,706,235.64
3	42	$1,098,191,530.80	$66,101,491.85	$285,529,798.01	$373,280,120.47	$389,435,612.08
4	42	$988,372,377.72	$59,512,342.66	$256,976,818.21	$335,941,608.42	$350,492,050.87
5	42	$889,535,139.95	$53,582,108.40	$231,279,136.39	$302,336,947.58	$315,442,845.78
6	42	$800,581,625.95	$48,244,897.56	$208,151,222.75	$272,092,752.82	$283,898,561.20
7	42	$720,523,463.36	$43,441,407.80	$187,336,100.47	$244,872,977.54	$255,508,705.08
8	42	$648,471,117.02	$39,118,267.02	$168,602,490.43	$220,375,179.79	$229,957,834.57
9	42	$583,624,005.32	$35,227,440.32	$151,742,241.38	$198,327,161.81	$206,962,051.12
10	42	$525,261,604.79	$31,725,696.29	$136,568,017.25	$178,483,945.63	$186,265,846.01
		$8,415,603,124.91	$504,936,187.49	$2,188,056,812.48	$2,861,305,062.47	$2,984,302,338.91

10 Year Total Summary

Total Revenue: $8,415,603,124.91
Total Costs: $258,941,634.61
Total Tax: $2,188,056,812.48
Total NOC Share: $2,984,302,338.91
Total TB Share: $2,984,302,338.91

Use of Proceeds

The proceeds from the bond issuance will be allocated as follows:

Reopening of 42 Capped Wells ($168m):

$168 million will be used to recondition and bring the 42 vertical wells back into production. The process includes well integrity restoration, enhanced extraction infrastructure, and modern technology deployment.

Venture Investments:

The reminder will mostly be invested in high-growth AI ventures. These investments are expected to generate great returns within 3 years, providing capital appreciation and additional returns for investors. Expected Amount for AI Venture Investing: $1.5832 billion

Management Fees

To ensure effective management of the proceeds and maximize returns for investors, a management fee will be applied. This fee will cover the costs of administration, oversight, and ongoing operational management of the investments.

Management Fee: A management fee of 2% of the total bond proceeds will be allocated from the issuance amount, amounting to approximately $39.8 million on the $1.99 billion principal of the bond.

Utilization: These funds will be utilized to support the operational expenses related to the reopening of the capped wells and the management of AI venture investments.

Impact: This fee is designed to enhance the project's operational efficiency, ensuring that all investments are managed effectively and aligned with the financial goals of the bondholders.

Upside from Venture Exits Estimate (10% Carry)

A significant portion of the bond proceeds will be invested in ventures, targeting high-growth companies nearing IPO stages. These investments are projected to return 3-5x the original investment by Year 3, generating additional returns for bondholders. This strategic focus on emerging technologies aligns with market trends, positioning Tailored Bonds to capitalize on the rapid growth within the AI sector. The venture investments are expected to leverage the company's expertise in identifying promising startups, thus enhancing the overall value proposition of the bond for investors.

Year	Venture Investment ($ Billion)	Return at 3 - 5x ($ Billion)
Year 1	$1.58 billion	Returns start in Year 3
Year 2	$1.58 billion	Returns start in Year 3
Year 3 to 10	$1.58 billion	Planned Exits $4.75 - 7.9 billion

Investors will receive a 10% carry from these venture exits, providing additional upside returns starting in Year 3. Investors are predicted to share a minimum of $470 million during the lifetime of the bond. This structure not only enhances potential returns but also mitigates risks associated with the oil market fluctuations, offering a diversified investment approach. By balancing traditional oil and gas cash flow with high-growth ventures, the bond proposal stands to deliver robust and sustained value to investors over its term.

Reinvestment in Money Market Instruments

Any excess capital will be reinvested in short-term options trading or money market instruments, with an expected return of 5% annually. This reinvestment will enhance liquidity for coupon payments and provide additional income for investors while reducing the dilution of venture returns.

Year	Total	For ReInv	Returns
1	$333,632,596.56	$316,950,966.73	$15,847,548.34
2	$432,706,235.64	$411,070,923.86	$20,553,546.19
3	$389,435,612.08	$369,963,831.47	$18,498,191.57
4	$350,492,050.87	$332,967,448.32	$16,648,372.42
5	$315,442,845.78	$299,670,703.49	$14,983,535.17
6	$283,898,561.20	$269,703,633.14	$13,485,181.66
7	$255,508,705.08	$242,733,269.83	$12,136,663.49
8	$229,957,834.57	$218,459,942.85	$10,922,997.14
9	$206,962,051.12	$196,613,948.56	$9,830,697.43
10	$186,265,846.01	$176,952,553.71	$8,847,627.69

Bond Structure and Terms

Bond Size: $1.99 billion
Coupon Rate: 5% (paid biannually)
Maturity: 10 years
Upside from Venture: 10% carry starting in Year 3 from AI venture exits.
Collateral: The bond is secured by the oil and gas cash flow from 42 vertical wells, supplemented by returns from reinvestments.

Reinvestment Strategy and Risk Mitigation

Starting in Year 1, excess cash flow after coupon payments will be reinvested in short-term options trading, generating a 5% return. This strategy provides a hedge against oil price volatility and additional income to support coupon payments and bondholder returns.

Conclusion

The Project Phoenix Cash-Flow Secured Bond offers investors a secure, 10-year investment opportunity, with reliable 5% coupon payments backed by oil and gas revenues. The additional upside from AI venture exits (10% carry) provides significant growth potential starting in Year 3. With no principal repayment until maturity, the bond allows for full reinvestment in high-growth ventures and short-term trading strategies, delivering a balanced mix of stability and upside potential.

We are confident in the success of this bond and look forward to delivering strong returns to investors.