



Inflection Energy LLC
Consolidated Statement of Operations
For the Twelve Months Ended November 30, 2018

	YTD 2018	Nov 2018	Oct 2018	Sept 2018	Aug 2018	Jul 2018	Jun 2018	May 2018	Apr 2018	Mar 2018	Feb 2018	Jan 2018	Dec 2017
Operating Income													
Gas sales revenue	\$ 50,586,432	\$ 5,303,506	\$ 4,917,870	\$ 4,955,528	\$ 4,619,154	\$ 4,517,518	\$ 3,190,612	\$ 4,148,114	\$ 4,492,341	\$ 4,305,094	\$ 5,302,218	\$ 4,834,477	\$ 4,319,342
Production taxes - impact fee	(713,648)	(68,398)	(68,398)	(68,398)	(68,398)	(68,398)	(68,398)	(68,398)	(68,398)	(29,671)	(71,773)	(65,023)	(124,649)
Marketing and gathering	(13,062,245)	(1,054,077)	(1,434,023)	(1,380,883)	(1,140,888)	(1,177,132)	(1,145,627)	(1,184,816)	(1,155,577)	(1,204,276)	(1,091,734)	(1,093,210)	(2,995,370)
Revenue deductions	(13,775,893)	(1,122,475)	(1,502,421)	(1,449,281)	(1,209,286)	(1,245,530)	(1,214,025)	(1,253,214)	(1,223,975)	(1,233,947)	(1,163,507)	(1,158,233)	(3,120,019)
Total net gas revenue	36,810,539	4,181,031	3,415,449	3,506,247	3,409,868	3,271,988	1,976,587	2,894,900	3,268,366	3,071,147	4,138,711	3,676,244	1,199,323
Lease operating expenses	(1,608,684)	(175,840)	(124,114)	(146,767)	(142,077)	(133,500)	(240,824)	(115,332)	(141,168)	(127,060)	(150,961)	(111,041)	(327,105)
Income from gas properties	35,201,855	4,005,191	3,291,335	3,359,480	3,267,791	3,138,488	1,735,763	2,779,568	3,127,198	2,944,087	3,987,750	3,565,203	872,218
Realized gain (loss) on derivative instruments	(2,590,504)	(1,330,650)	(709,451)	(641,340)	(239,847)	(94,767)	1,175,400	273,420	(61,050)	359,290	(1,133,440)	(188,069)	(212,195)
General and administrative expenses	(7,254,640)	(910,523)	(773,886)	(607,714)	(835,102)	(671,492)	(549,785)	(660,114)	(687,217)	(567,801)	(585,674)	(405,331)	(1,744,391)
EBITDAX	25,356,711	1,764,018	1,807,998	2,110,426	2,192,842	2,372,229	2,361,378	2,392,874	2,378,931	2,735,576	2,268,636	2,971,803	(1,084,368)
Exploration expenses	(1,022,866)	(266,224)	(52,644)	(244,950)	(63,192)	(68,034)	(62,413)	(78,172)	7,386	(69,483)	(61,435)	(63,704)	(10,688,818)
EBITDA	24,333,845	1,497,794	1,755,354	1,865,476	2,129,650	2,304,195	2,298,965	2,314,702	2,386,317	2,666,093	2,207,201	2,908,099	(11,773,186)
Other income (expense)													
Noble Americas Marketing Contract Termination	440,446	219,172	221,275	-	-	-	-	-	-	-	-	-	2,000,000
Misc Income/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-	(3,646)
LWI Water Sales, net	336,394	(1,916)	(6,315)	(1,097)	367,356	(4,731)	(1,286)	(15,616)	-	-	-	-	-
Depletion, depreciation and accretion	(19,012,187)	(1,562,308)	(1,667,636)	(1,657,309)	(1,751,814)	(1,808,819)	(1,781,606)	(1,854,401)	(1,759,688)	(1,823,623)	(1,661,364)	(1,683,621)	1,142,886
Unrealized gain (loss) on derivative instruments	(10,755,477)	(7,214,537)	(723,839)	237,259	(2,102,232)	(304,546)	(2,001,787)	(3,274,881)	2,502,964	(4,156,737)	3,574,126	2,708,733	15,434
Interest income (expense), net	(843,135)	(63,430)	(25,570)	(172,196)	(120,519)	(73,877)	(68,044)	(59,452)	(88,910)	(69,067)	(60,158)	(41,912)	(33,093)
Total other income (expense)	(29,833,959)	(8,623,019)	(2,202,085)	(1,593,343)	(3,607,209)	(2,191,973)	(3,852,723)	(5,204,350)	654,366	(6,049,427)	1,852,604	983,200	3,121,581
Net income (loss) for the period	\$ (5,500,114)	\$ (7,125,225)	\$ (446,731)	\$ 272,133	\$ (1,477,559)	\$ 112,222	\$ (1,553,758)	\$ (2,889,648)	\$ 3,040,683	\$ (3,383,334)	\$ 4,059,805	\$ 3,891,299	\$ (8,651,605)



Inflection Energy LLC
Consolidated Balance Sheets
For the Twelve Months Ended November 30, 2018

ASSETS	Nov 2018	Oct 2018	Sept 2018	Aug 2018	Jul 2018	Jun 2018	May 2018	Apr 2018	Mar 2018	Feb 2018	Jan 2018	Dec 2017
Current assets												
Cash	\$ 15,852,348	\$ 15,193,809	\$ 15,466,510	\$ 12,667,872	\$ 11,928,250	\$ 10,109,736	\$ 8,750,986	\$ 5,951,599	\$ 6,206,899	\$ 6,398,397	\$ 5,231,748	\$ 7,263,301
Accounts receivable	7,587,693	6,999,892	6,669,447	6,387,631	5,994,102	5,193,392	6,404,220	6,732,045	6,664,766	7,770,424	7,054,686	7,728,837
Prepaid expenses and other assets	661,145	686,685	482,869	539,905	541,232	361,799	437,185	726,074	770,725	749,413	755,670	620,879
ST derivative asset	58,136	553,295	763,717	733,796	1,585,375	564,481	650,833	2,393,665	2,115,192	4,085,948	523,429	2,693,717
Total current assets	24,159,322	23,433,681	23,382,543	20,329,204	20,048,959	16,229,408	16,243,224	15,803,383	15,757,582	19,004,182	13,565,533	18,306,734
Unproved oil and gas properties	59,665,016	58,729,810	58,255,707	57,421,504	80,006,504	79,685,462	79,090,972	77,850,871	77,333,497	77,754,171	79,074,082	79,827,603
Proved producing oil and gas properties	328,920,031	328,912,241	328,904,452	328,896,662	305,972,577	305,861,750	305,832,050	305,791,695	305,770,799	305,445,766	303,866,712	297,250,987
Other property and equipment	2,402,885	2,360,422	2,313,619	2,313,619	2,313,619	2,313,619	2,313,619	2,313,619	2,297,352	2,273,913	2,231,913	2,231,913
Accumulated DD&A	(101,838,421)	(100,294,463)	(98,645,055)	(97,005,854)	(95,272,027)	(93,481,077)	(91,717,221)	(89,880,452)	(88,138,279)	(86,332,056)	(84,687,976)	(83,021,524)
Total property, plant and equipment, net	289,149,511	289,708,010	290,828,723	291,625,931	293,020,673	294,379,754	295,519,420	296,075,733	297,263,369	299,141,794	300,484,731	296,288,979
Deferred financing fees, net	372,704	382,021	389,060	398,323	407,586	411,693	420,842	428,343	437,457	446,571	455,391	456,137
LT derivative asset	70,811	113,584	367,613	526,088	787,604	722,352	922,836	1,495,486	1,131,212	1,102,909	609,210	556,694
Other assets	85,892	85,892	85,892	85,892	85,892	85,892	85,892	85,892	85,892	85,892	85,892	85,892
Total assets	\$ 313,838,240	\$ 313,723,188	\$ 315,053,831	\$ 312,965,438	\$ 314,350,714	\$ 311,829,099	\$ 313,192,214	\$ 313,888,837	\$ 314,675,512	\$ 319,781,348	\$ 315,200,757	\$ 315,694,436
LIABILITIES AND EQUITY												
Current liabilities												
Accounts payable - trade	\$ 357,794	\$ 283,259	\$ 280,325	\$ 212,736	\$ 1,562,312	\$ 649,347	\$ 1,904,217	\$ 717,591	\$ 780,347	\$ 983,001	\$ 2,894,616	\$ 3,598,965
Revenue distributions payable	3,655,929	3,522,183	4,331,847	3,028,308	2,727,918	2,597,830	2,927,155	2,918,112	3,146,926	3,094,057	2,807,054	2,223,143
Accrued expenses	3,369,135	3,020,709	3,364,151	2,560,785	2,415,942	2,447,689	2,295,106	2,264,363	3,947,057	7,741,139	11,084,735	18,029,628
ST derivative liability	15,211,407	7,953,165	7,522,214	8,021,770	6,927,313	5,538,299	3,609,756	2,920,718	3,914,602	2,059,132	2,135,960	4,393,978
Total current liabilities	22,594,265	14,779,316	15,498,537	13,823,599	13,633,485	11,233,165	10,736,234	8,820,784	11,788,932	13,877,329	18,922,365	28,245,714
Long-term debt	12,400,000	12,400,000	12,400,000	12,400,000	12,400,000	12,400,000	12,500,000	12,500,000	12,500,000	12,500,000	7,500,000	-
Other liabilities	60,039	67,152	74,266	80,579	86,892	93,205	99,519	105,832	112,145	118,415	124,772	131,085
LT derivative liability	3,139,612	3,721,250	3,892,812	3,759,069	3,864,388	3,862,710	4,076,302	3,805,942	4,672,275	4,313,460	3,754,541	6,323,028
Asset retirement obligations	2,125,767	2,111,689	2,097,704	2,083,812	2,070,012	2,056,304	2,042,686	2,029,158	2,015,720	2,002,371	1,989,110	1,975,937
Total liabilities	40,319,683	33,079,407	33,963,319	32,147,059	32,054,777	29,645,384	29,454,741	27,261,716	31,089,072	32,811,575	32,290,788	36,675,764
Members' equity												
Capital - Class A Units	18,969,240	18,969,240	18,969,240	18,969,240	18,969,240	18,969,240	18,969,240	18,969,240	18,969,240	18,969,240	18,969,240	18,969,240
Capital - Class B Units	38,609,102	38,609,102	38,609,102	38,609,102	38,609,102	38,609,102	38,609,102	38,609,102	38,609,102	38,609,102	38,609,102	38,609,102
Capital - Class C Units	61,207,046	61,207,046	61,207,046	61,207,046	61,207,046	61,207,046	61,207,046	61,207,046	61,207,046	61,207,046	61,207,046	61,207,046
Capital - Class D Units	99,494,574	99,494,574	99,494,574	99,494,574	99,494,574	99,494,574	99,494,574	99,494,574	99,494,574	99,494,574	99,494,574	99,494,574
Capital - Class E Units	223,589,780	223,589,780	223,589,780	223,589,780	223,589,780	223,589,780	223,589,780	223,589,780	223,589,780	223,589,780	223,589,780	223,589,780
Capital - Class M Units	152,339	152,339	152,339	152,339	152,339	152,339	152,339	152,339	152,339	152,339	152,339	152,339
Accumulated deficit	(168,503,524)	(161,378,300)	(160,931,569)	(161,203,702)	(159,726,144)	(159,838,366)	(158,284,608)	(155,394,960)	(158,435,641)	(155,052,308)	(159,112,112)	(163,003,409)
Total members' equity	273,518,557	280,643,781	281,090,512	280,818,379	282,295,937	282,183,715	283,737,473	286,627,121	283,586,440	286,969,773	282,909,969	279,018,672
Total liabilities and members' equity	\$ 313,838,240	\$ 313,723,188	\$ 315,053,831	\$ 312,965,438	\$ 314,350,714	\$ 311,829,099	\$ 313,192,214	\$ 313,888,837	\$ 314,675,512	\$ 319,781,348	\$ 315,200,757	\$ 315,694,436



Inflection Energy LLC
Consolidated Statement of Cash Flows
For the Period Ended November 30, 2018

	Current month	CM Budget	Variance	YTD	YTD Budget	Variance
Cash provided by (used in):						
Operating activities						
Net income (loss) for the period	\$ (7,125,225)	\$ 164,101	\$ (7,289,326)	\$ (5,500,114)	\$ 5,190,787	\$ (10,690,901)
Adjustments to reconcile net loss to net cash used in operating activities						
Depreciation, depletion, amortization and accretion	1,562,308	2,193,387	(631,079)	19,012,187	24,570,789	(5,558,602)
Amortization of deferred financing costs	9,318	-	9,318	101,170	-	101,170
Impairment of oil and gas properties	-	-	-	21,460	-	21,460
Unrealized loss on derivative instruments	7,214,537	(1,862)	7,216,399	10,755,477	(2,951,768)	13,707,245
Changes in operating assets and liabilities						
Accounts receivable	(587,802)	(307,552)	(280,250)	141,145	3,268,724	(3,127,579)
Prepays and other assets	25,050	-	25,050	(34,659)	-	(34,659)
Accounts payable and accrued expenses	112,876	(2,740,722)	2,853,598	(2,339,475)	(8,082,662)	5,743,187
Accrued interest payable	(15,884)	-	(15,884)	(111,883)	-	(111,883)
Other liabilities	(7,114)	5,401	(12,515)	(71,046)	180,788	(251,834)
Net cash provided by (used in) operating activities	1,188,064	(687,247)	1,875,311	21,974,262	22,176,658	(202,396)
Investing activities						
Purchase of unproved oil & gas properties	(354,156)	(398,367)	44,211	(3,123,374)	(4,903,817)	1,780,443
Drilling and completion costs	(132,904)	(110,222)	(22,682)	(22,473,130)	(14,122,981)	(8,350,149)
Purchase of property and equipment	(42,465)	(1,601)	(40,864)	(170,973)	(9,612)	(161,361)
Net cash used in investing activities	(529,525)	(510,190)	(19,335)	(25,767,477)	(19,036,410)	(6,731,067)
Financing activities						
Payment of financing costs	-	-	-	(17,738)	-	(17,738)
Proceeds from credit facility	-	-	-	12,400,000	-	12,400,000
Net cash provided by financing activities	-	-	-	12,382,262	-	12,382,262
Increase (decrease) in cash	658,539	(1,197,437)	1,855,976	8,589,047	3,140,248	5,448,799
Cash, beginning of period	15,193,809	10,693,883	4,499,926	7,263,301	6,356,198	907,103
Cash, end of period	\$ 15,852,348	\$ 9,496,446	\$ 6,355,902	\$ 15,852,348	\$ 9,496,446	\$ 6,355,902