Sell-side Advisory Case Study: Process Overview

Butler County, PA Assets

have been acquired by

LOLA ENERGY.

The Undersigned Acted as Sell-Side Advisor

Process Overview

- KBCM was engaged in late March 2020 to explore the sale of an Undisclosed exploration and production company with operations in Butler County, PA (“Seller”)
- Immediately following engagement, the COVID-19 pandemic struck the U.S. and abroad, resulting in an unprecedented uncertainty in commodity pricing and global supply/demand dynamics
- Due to the unfavorable conditions, KBCM advised the Seller at the time to wait on launching a formal process, while entertaining highly qualified unsolicited buyers on a one-off basis
- Details of the process, which was formally launched in 3Q 2020, are shown below:

>70
Buyers Contacted

>30
CIMs Distributed

>10
Initial Bids Received

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Sell-side Advisory Case Study: The ‘Power of the Process’

Sell-side Advisory Highlights and Critical Steps Taken to Maximize Value

- **Pre-Process Preparation**
  - Early process preparation provided KBCM the optionality to launch a process when the market was right
  - By preparing critical diligence items prior to launching, KBCM was able to address potential buyer concerns ahead of buyer diligence and accelerate the timeline post-launch

- **Marketing Launch Decision**
  - Upfront preparation allowed KBCM to launch a process when the M&A market recovered from the initial shock of the pandemic
  - KBCM held several preliminary buyer conversations to gauge market interest and determine the correct process timing

- **Competitive Tension**
  - KBCM was able to create and maintain competitive tension among potential buyers throughout the process
  - Competitive tension enabled KBCM to generate ~20% increase in incremental transaction value

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KeyBanc Capital Markets has a proven track record of maximizing value and certainty of close in similar energy processes

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Recent Natural Gas A&D Valuation Metrics

Henry Hub vs. $ per Flowing, Last Five Years

Source: Enverus, Thomas Reuters Eikon

1Includes all Appalachia acreage, corporate, and property transactions > $15.0 million since 01/01/15 for which transaction values are available (note: excludes transactions with $ / Mcfe/d > $20,000/Mcfe/d)