Core Resource Management
Webinar Copy

<Announcer>

Andrews County, Texas.

If you're not looking for oil,
there's not much reason to be here.

Not unless you like poking around ghost towns…
places like Coyote Corner, Frankel City, and Sixteen Corner Windmill.

The first wells here started producing back in 1929
when the Deep Rock Oil Company struck oil on land owned by Charles Ogden.

Over the years
more than a billion barrels of crude
have been produced here in Andrews County.

Today,
when you look at current oil production reports
you'll see that this hardscrabble land out in West Texas
is still one of America's leading sources of oil.

You look at what's happening in the oil business
all over the state of Texas these days,
and you see something that's much more than a boom
in the historic boom and bust cycle.

You see a powerful trend
shaped by new geo-political realities
that is steering America closer and closer toward something
every President since Richard Nixon has made a national security priority.

American energy independence.

There are a lot of political and economic reasons why
energy independence has been so elusive…
a complex and frustrating blend of political interests,
conflicting policies, technology, and economics.

But what we've seen in terms of oil production over the past five years
is evidence of a deep and substantive change.

America is finally turning the corner and marching toward long-awaited independence.

The implications this presents for America's role on the world stage
are historic,
and the opportunities this presents for investors in the oil and gas sector
are unprecedented.

When it comes to energy,
America has finally moved beyond inertia and wishful thinking.

We're producing oil and natural gas at record rates,
and the world is paying close attention.

In Paris, the International Energy Agency,
a cautious and conservative organization not known for making wild claims,
is forecasting what it refers to as a balance
in U.S. supply and demand by the year 2020.

In other words, energy independence.

America's oil production
is growing at seven percent…
it's reaching daily production of ten point nine million barrels.

This is the fourth straight year of crude increases
and the largest one-year gain since 1951.

At the Department of Energy,
economic forecasters see domestic production levels
quickly closing in on production levels in Saudi Arabia.

Eleven point four million barrels a day for us,
eleven point six a day for the Saudis.

It's no wonder that analysts with Citibank
are referring to North America as "The New Middle East."

And it's no wonder that investors are looking to identify the best opportunities
in the domestic oil and gas sector.

The early stages of a long term economic trend
with such widespread implications,
with such a significant footprint,
are where wealth has always been created.

When we look at what's happening in the oil and gas business right now
we can't help but take note of the role technology is playing,
how innovation is finally letting us unlock our resources.

This means oil production from shale formations
will more than double in the next few years.

It also means that the reluctance and the restrictions from regulators
go down as the efficiencies and the safety aspects of production go up.

But regulators and producers aren't the only people concerned with safety.

Investors in the sector know that oil and gas exploration can very easily take on high risk.

This is why investments in existing production
instead of investments in exploration
have historically been preferred by knowledgeable oil men.

Exploration comes with uncertainty,
existing production comes with the assurance of a hard-nosed banker's signoff.

It's always been easy to find an investment opportunity in oil and gas exploration…
there's always a wildcatter out there
who's determined to tap into the next big <right word>

But people in the oil and gas business here in Texas know
that the companies out there drilling and exploring
which have existing production
are often looking to draw credit against their existing production.

This proven, bank-audited production
is what lets these operators finance new projects.

And the people who invest in this,
who acquire working interests in the oil that's already flowing
have a clear cut advantage over every other energy investor.

They're not making a bet on whether or not a new source will be found…
they're quietly acquiring positions in what's already been proven to deliver.

This oil is already flowing.

It's the safest and shrewdest way to invest.

But not anybody can make these investments in existing production.

That's because of the tight knit nature of the Texas oil community,
where who your family has done business with over the years matters.

These drillers and explorers who want to do a deal
so they can draw credit against their production
tend to sell their interests to people they know.

New York hedge fund managers who come down to Dallas
to try and find opportunities like this
are treated with respect,
but at the end of the day,
they're outsiders and the deal never gets done.

Money might talk,
but in this case it doesn't talk loudly enough
to overcome the natural inclination to keep the deal in Texas with known investors.

It's the way the industry works
and it's why a small group of Texas oil men with longstanding relationships and knowledge
are able to run such a successful investment firm in Dallas.

Back in 1949
the Energy Information Administration began publishing
its Annual Energy Review.

This report compiles statistics that paint two pictures.

One is disturbing, and one is encouraging.

The disturbing picture:
look at our domestic energy production over the long term
and you see prolonged periods of production declines.

Year after year, less and less oil coming out of the ground…
year after year, as demand continues to grow,
production continues to decline.

But this trend was broken in 2011.

That was the year that domestic oil production rebounded to hit its highest level since 2003.

At the same time production is growing,
America is firming up a trend of lower energy imports.

The U.S. Energy Information Administration forecasts that liquid fuel imports,
a category which includes crude oil,
will fall dramatically in the next two years.

By 2014 these imports are forecast to be cut in half,
down to six million barrels a day by 2014.

That's a significantly different picture…
a stark decline from the 12 million barrels a day
we were importing between 2004 and 2007.

It will mark the lowest level of imports since 1987.

So as we hit these historic 25 year lows
we're placing a newfound reliance on our own production.

And over these past 25 years,
our population has grown by 30 percent.

Our thirst for energy has grown exponentially as well.

When investors examine this historic shift,
there's an interesting reaction on Wall Street.

The stock market's reaction:
the market may be more focused on actual oil prices,
than shifts in production.

Energy stocks in the S&P 500 were up just 2.3 per cent in 2012,
compared with a 13.4 per cent gain for the overall index.

During 2012, the price of oil fell 7 per cent over this period.

A key factor is obviously demand…
global demand,
where analysts are challenged
when it comes to calibrating their overall economic outlooks
with specific forecasts of the world's thirst for oil.

China, India, and Europe remain question marks
but there is no question
that what's been happening with production here in the U.S.
is already changing the playing field.

One of the critical aspects of this…
as our domestic oil production surges back
OPEC is lowering its oil export forecasts.

When we look at the growing global demand for oil,
it's only natural that our attentions focus on China…
the world's #2 oil consumer.

China's oil imports are once again growing as its economic resurgence accelerates.

But to fully grasp the issue we look beyond China,
and we see countries such as India,
which imports 80 percent of its oil.

As the Indian economy continues to expand,
this dependence on imports will grow.

Something that's not growing
is the ability of alternate energy to help meet America's rising demands.

According to the United States Energy Information Administration,
for the first nine months of 2012
domestic energy production was up two percent.

Take a closer look at the data
and you'll see that fossil fuel production was up 3.1%
while renewable energy production was actually down by 2.8%.

So for all of the publicity that's riveted on renewable energy,
for all of the promise and even factoring in all the progress that's been made,
the fact is that windmills, solar panels and batteries just aren't getting the job done.

Not yet,
and not in the foreseeable future.

Crude oil is powering America
and barring massive technological disruption,
crude oil will continue to power America.

Crude oil from Texas.

Investors who want to be positioned
to take advantage of these trends
understand that exploration comes with uncertainty.

This means an investment in bank-audited production,
in oil that's actually flowing and generating a profit
is the preferred choice.

This is why Core Resource management
is focused exclusively on acquiring interests in production
so investors have the opportunity to realize above average returns
with a maximum assurance of safety.

Core Resource Management is led by President, COO and Director James Clark

<Audio James Clark>
<Still Image James Clark>

Let me tell you about what we've been doing,
how our investment thesis was developed,
and introduce you to our leadership team.

I founded Core Resource Management
after serving for four years with the U.S. Marine Corps Intelligence Activity,
and working as a senior associate in the advisory branch
of KPMG's Silicon Valley office
where some of my Fortune 500 clients included Apple and Google.

I was graduated from Arizona State University's W.P. Carey School of Business
Summa Cum Laude with degrees in accounting and finance.

Founding Core Resource Management
represents my longstanding goal to give investors access
to a direct, pure-play investment in domestic oil and gas production
that has historically been limited to members of the close-knit Texas oil community.

This opportunity fascinated me,
being able to make the connections with a select group of people
who understand where the best opportunities exist
to make a direct investment in existing production.

To build the kind of organization that would make this possible,
I recruited an elite team…
a group of people whose roots in the Texas oil and gas business run deep,
whose personal relationships go back generations,
and whose knowledge and insight is unparalleled.

I knew from the start
that without the right people
this concept of connecting investors with opportunities
would never succeed.

So the success that our investors enjoy today
comes from the work of our Texas-based team.

<Announcer>

W. Brown Glenn is Core Resource management's CEO.

Brown is a managing director of Dallas-based Pegasus Funds.

His thirty-year career in finance and management
includes fourteen years in New York
with the corporate finance and investment banking departments
of Smith Barney, Merrill Lynch,
and Nippon Credit Bank's U.S. investment and merchant banking subsidiary,
Eastbridge Capital and Asset Management.

Core's advisory board gives the firm the ability to identify and acquire
proven and producing mineral and royalty interests
in oil and gas fields
that few other investors will ever have.

The Texas oil community is defined by personal relationships
that drive business dealings.

Drillers selling off production prefer to do business with people they know…
it's the longstanding nature of the industry.

This is why Core Resource Management is privileged
to have two well-known, well-connected Texas oil men
on it's advisory board.

Bob Cargill has managed his family's East Texas oil and gas interests
for more than thirty years.

It was back in 1932 when oil was first discovered on his family's property.

Dr. Cargill has been involved in more than one hundred real estate and mineral transactions
and before joining his family's energy business,
was a Professor of Chemistry at the University of South Carolina.

Bob Shuey's career has been spent in corporate finance and investment banking,
starting at Salomon Brothers in the nineteen seventies.

As an investment banker,
Bob led IPO's, secondaries, and major financings
for numerous energy companies such as
Transocean, Endevco, Parallel Petroleum, Fortune Petroleum, Empiric Energy,
Triton Energy, Search Energy, Barton Valve, Dorchester Gas, and more.

Today, Bob serves as a managing director for Pegasus Funds in Dallas.

Between them,
Bob Shuey and Bob Cargill have relationships in the Texas oil drilling community
that run deep.

These relationships that have been forged over generations
stretch from Houston to Dallas,
from Midland to Tyler,
and all the places in between where Texas oil fields are producing.

When there's a driller who's ready to sell off production
it's often Bob Cargill or Bob Shuey who find out first.

Transactions tend to stay close to home,
and the good opportunities don't just stay in Texas,
they stay in their region.

East Texas, West Texas, Dallas Fort Worth, and Houston,
each operates as its own market.

Only the people who are known, respected, and trusted,
get near an opportunity to acquire an interest in these producing assets.

There's an old saying in the Texas oil business…
if a deal makes it outside the state
that's because nobody inside the state figured it was worth investing in.

So here's how the team at Core Resource Management
can help you get involved with these opportunities.

First, our people stay abreast of the investment opportunities.

Typically, when a driller sells off production, one of two things is happening.

He could be selling off at a distressed rate…
maybe there's been a death, a divorce, or unforeseen debt,
maybe the driller is over-leveraged at his bank.

The other scenario is a market rate sale,
where assets are being sold to finance a new project,
such as accumulating new reserves or new exploration rights,
or freeing up credit lines at the bank for new leases.

Either way,
the Core Resource team is aware of these opportunities
when most others aren't.

Validating the actual assets involved,
and verifying the precise nature of the production
is crucial.

This due diligence takes place twice
with a thoroughness and a redundancy that protects investors
from unwelcome surprises.

First, there's an existing valuation that's been made by the producer's bank…
a conservatively arrived at figure
that reflects the amount of the loan originally advanced by the bank
to the driller.

This is similar to the independent appraisal of a home in the real estate industry,
or any independent appraisal covering any transaction.

The difference is that the valuation of the oil production
comes from a tough-minded bank
that needs to protect its own interests,
and will pursue a highly cautious approach.

The other aspect of this valuation process
is the due diligence performed by the Core Resource Management Team.
Analysts pore over everything from historical cash flow reports
to depletion curve studies,
from seismics to flow rate data,
and arrive at a valuation that is supported by documented fact.

This is why investors are assured of acquiring an interest in quality assets
at an attractive price.

Once purchase agreements are signed for an interest in production,
the original driller,
who still maintains an interest,
continues to manage operations.

This allows Core Resource Management
to benefit from profitable partnerships with trusted partners,
and to give investors the kind of access to production opportunities
that are rarely, if ever, available elsewhere.

Investors interested in learning more about opportunities to
be a part of America's long-awaited energy independence
are invited to get in touch with Core Resource Management.

Direct investors can enjoy a number of rewarding benefits
such as the ability to strip away many of the expenses.

You will bypass costly commissions that water down your upside
and you will be a preferred investor in a public company
with all the benefits of transparency and accountability.

We know you have questions about the exact details of your investment,
how it's structured, and what your choices are.

That's why we would welcome the opportunity to talk with you
and provide all of the information you need to make an informed decision.

We also know that you understand the benefits of timing.

We're a young company…
our people have been part of the close-knit Texas oil fraternity for generations,
but our firm is new.

This means you have the benefits of investing in a small cap firm
where the opportunities for returns
may be more significant than you'll find with a larger organization.

Let us show you how this rare opportunity to take a stake
in America's long awaited energy independence
can play a key role in the growth of your portfolio.

You'll be aligned up with a team of people
who know the business,
who know the players,
and who are bullish on America's long term energy prospects.

And because this is an investment in production,
not exploration…
because this is a direct investment in domestic oil that's flowing
and where production has been validated,
significant risk has been removed.

Thanks for your time.

We look forward to your call.