**CONFIDENTIAL**

# PRIVATE PLACEMENT MEMORANDUM


## PHOENIX CAPITAL GROUP HOLDINGS, LLC

**DECEMBER 9, 2023**

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**This Private Placement Memorandum, as may be supplemented and including any exhibits hereto (this "Memorandum"), was prepared solely for use in connection with the offering. Recipients of this Memorandum may not distribute it or disclose the contents of it to anyone without the prior written consent of Phoenix Capital Group Holdings, LLC, other than to persons who advise potential investors in connection with the offering, or otherwise use the same for any purpose other than evaluation by such prospective investor of the offering. The recipient, by accepting delivery of this Memorandum, agrees to return this Memorandum and all documents furnished herewith to Phoenix Capital Group Holdings, LLC or its representatives upon request if the recipient does not purchase any of the Bonds offered hereby or if the offering is withdrawn or terminated.**

**This Memorandum supersedes in its entirety any prior private placement memorandum or other investment information (including any offering document, marketing information or supplement to any of the foregoing) provided by Phoenix Capital Group Holdings, LLC and its representatives and agents.**

**The information in this Memorandum is current only as of the above date and may change after that date.**

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**PRIVATE PLACEMENT MEMORANDUM**

**PHOENIX CAPITAL GROUP HOLDINGS, LLC**

**9.0% Unsecured Bonds (Series U Bonds)**

**9.0% Unsecured Bonds (Series U-1 Bonds)**

**10.0% Unsecured Bonds (Series V Bonds)**

**10.0% Unsecured Bonds (Series V-1 Bonds)**

**11.0% Unsecured Bonds (Series W Bonds)**

**11.0% Unsecured Bonds (Series W-1 Bonds)**

**12.0% Unsecured Bonds (Series X Bonds)**

**12.0% Unsecured Bonds (Series X-1 Bonds)**

**12.50% Unsecured Bonds (Series Y Bonds)**

**12.50% Unsecured Bonds (Series Y-1 Bonds)**

**13.0% Unsecured Bonds (Series Z Bonds)**

**13.0% Unsecured Bonds (Series Z-1 Bonds)**

**$750,000,000 Aggregate Maximum Offering Amount (750,000 Bonds)**

**$100,000 Minimum Purchase Amount (100 Bonds)**

Phoenix Capital Group Holdings, LLC, a Delaware limited liability company (the" Company") is offering a maximum of $750,000,000 (the "Maximum Offering Amount") in the aggregate of its (i) 9.0% unsecured bonds, comprised of the "Series U Bonds" and "Series U-1 Bonds," (ii) 10.0% unsecured bonds, comprised of "Series V Bonds" and "Series V-1 Bonds," (iii) 11.0% unsecured bonds, comprised of the "Series W Bonds," and "Series W-1 Bonds," (iv) 12.0% unsecured bonds, comprised of the "Series X Bonds" and Series "Series X-1 Bonds,", (v) 12.50% unsecured bonds comprised of the "Series Y Bonds" and "Series Y-1 Bonds", and (vi) 13.0% unsecured bonds comprised of the "Series Z Bonds" and "Series Z-1" and collectively, the "Bonds," pursuant to this Memorandum. As of November 30, 2023, the Company had issued $88,320,000 of these Bonds. The sole difference between the two forms of Bonds per series is the form of payment of interest. For example, the Series V Bonds will pay simple interest to the Bondholder monthly through cash distributions in arrears on the tenth (10th) day of each month, while the Series V-1 Bonds will earn interest compounded monthly and not pay monthly cash distributions. At maturity, the Series U Bonds, the Series V Bonds, the Series W Bonds, the Series X Bonds, Series Y Bonds, and the Series Z Bonds will pay the principal. At maturity, the Series U-1 Bonds, the Series V-1 Bonds, the Series W-1

Bonds, the Series X-1 Bonds, the Series Y-1 Bonds, and the Series Z-1 Bonds will pay the entirety of accrued interest and principal. Interest will accrue on the basis of a 360-day year consisting of twelve 30-day months.

The purchase price per Bond is $1,000, with a minimum purchase amount of $100,000 (the "Minimum Purchase"); however, the Company, in our sole discretion, reserves the right to accept smaller purchase amounts. *See* "***Summary of Offering***." The Series U Bonds and the Series U-1 Bonds will mature on the first anniversary of the initial issuance date. The Series V Bonds and the Series V-1 Bonds will mature on the third anniversary of the initial issuance date. The Series W Bonds and the Series W-1 Bonds will mature on the fifth anniversary of the initial issuance date. The Series X Bonds and the Series X-1 Bonds will mature on the seventh anniversary of the initial issuance date. The Series Y Bonds and Series Y-1 Bonds will mature on the ninth anniversary of the initial issuance date. The Series Z Bonds and Series Z-1 Bonds will mature on the eleventh anniversary of the initial issuance date.

At each closing date, the net proceeds for such closing will be disbursed to our Company and Bonds relating to such net proceeds will be issued to their respective investors. This offering will terminate on earliest of: (i) the date we sell the Maximum Offering Amount; (ii) the second anniversary of the date of this Memorandum, as may be extended by up to one year by the Company by supplement hereto; or (iii) such date upon which we determine to terminate the offering in our sole discretion. The Company may elect to extend the maturity date of all or any portion of the Bonds, including all or any portion of any series, for up to two (2) additional one-year periods in the Company's sole discretion.

The Bonds have been offered to prospective investors on a commercially reasonable efforts basis by Dalmore Group, LLC (our "Managing Broker-Dealer" or "Dalmore Group") a New York limited liability company and a member of the Financial Industry Regulatory Authority, or "FINRA," which includes a maximum broker-dealer fee of up to 5.0% of the gross proceeds of the offering. The Bonds are offered to prospective investors on a commercially reasonable efforts basis by Dalmore Group. Certain of our personnel, including Mr. Willer, our Managing Director, Capital Markets, are licensed registered representatives of Dalmore Group and will be paid a portion of the Broker-Dealer Fee (as defined herein) as sales compensation with respect to the sales of our Bonds. Mr. Willer will be paid up to 4.0% of the gross proceeds of the offering out of the Broker-Dealer Fee. "Commercially reasonable efforts" means that our broker/dealer of record is not obligated to purchase any specific number or dollar amount of Bonds but will use commercially reasonable efforts to sell the Bonds. At each closing date, the net proceeds for such closing will be disbursed to our Company and Bonds relating to such net proceeds will be issued to their respective investors.

| | Price to Investors | Broker-Dealer Fee[(1)(2)] | Proceeds to Company | Proceeds to Other Persons |
|---|---|---|---|---|
| Per Bond[(1)(2)] | $ 1,000 | $ 50 | $ 950 | $ 0 |
| Offering Amount Based on Bonds Remaining to be Sold[(1)(2)] | $750,000,000 | $ 37,500,000 | $712,500,000 | $ 0 |

(1) This includes a maximum broker-dealer fee of up to 5.0% of the gross proceeds of the offering (the "***Broker-Dealer Fee***"). The Broker-Dealer Fee will be paid to Dalmore Group as our broker/dealer of record. Dalmore Group will pay a portion of the Broker-Dealer Fee to its associated persons, including certain of our personnel, including Mr. Willer, who are licensed registered representatives of Dalmore Group. See "***Estimated Use of Proceeds***" and "***Plan of Distribution***" for more information.

(2) All figures are rounded to the nearest dollar.

## NOTICE TO INVESTORS

**THE BONDS OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE BONDS IN ANY JURISDICTION IN WHICH OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. THIS OFFERING DOES NOT CONSTITUTE AN OFFER OF BONDS TO THE PUBLIC AND NO ACTION HAS BEEN OR WILL BE TAKEN TO PERMIT A PUBLIC OFFERING IN ANY STATE OR JURISDICTION WHERE ACTION WOULD BE REQUIRED FOR THAT PURPOSE.**

**NEITHER THIS MEMORANDUM NOR THE BONDS OFFERED HEREBY HAVE BEEN APPROVED BY ANY REGULATORY OR SUPERVISORY AUTHORITY IN THE UNITED STATES OR IN ANY STATE OR OTHER JURISDICTION, INCLUDING BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS ANY SUCH AUTHORITY OR COMMISSION PASSED ON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

**THE BONDS WILL BE OFFERED AND SOLD IN THE UNITED STATES UNDER THE EXEMPTION FROM REGISTRATION PROVIDED BY SECTION 4(A)(2) OF THE SECURITIES ACT AND RULE 506(c) OF REGULATION D PROMULGATED THEREUNDER, OR BOTH, AND OTHER EXEMPTIONS OF SIMILAR IMPORT IN THE LAWS OF THE STATES AND JURISIDICTIONS WHERE THE OFFERING WILL BE MADE. AS SUCH, EACH PURCHASER OF THE BONDS OFFERED HEREBY IN THE UNITED STATES MUST BE AN "ACCREDITED INVESTOR" WITHIN THE MEANING REGULATION D PROMULGATED UNDER THE SECURITIES ACT. THIS OFFERING IS INTENDED FOR INVESTORS PURCHASING THE BONDS IN THE ORDINARY COURSE FOR THEIR OWN ACCOUNT FOR INVESTMENT AND NOT WITH A VIEW TO, OR ANY ARRANGEMENTS OR UNDERSTANDINGS REGARDING, ANY SUBSEQUENT DISTRIBUTION. SUBSCRIPTIONS FOR THE BONDS OFFERED WILL ONLY BE ACCEPTED FROM THOSE INVESTORS WHO REPRESENT AND WARRANT THAT SUCH INVESTOR IS (I) INVESTING IN THE COMPANY SOLELY FOR HIS OR HER OWN ACCOUNT FOR INVESTMENT PURPOSES ONLY, AND NOT WITH A VIEW TO RESALE OR DISTRIBUTION; (II) IS AN "ACCREDITED INVESTOR" AS THAT TERM IS DEFINED BY RULE 501(a) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT; (III) IS FAMILIAR WITH THIS TYPE OF INVESTING AND IS CAPABLE OF EVALUATING THE RISKS AND MERITS OF AN INVESTMENT IN THE COMPANY; (IV) HAS HAD ACCESS TO SUFFICIENT INFORMATION TO MAKE AN INVESTMENT DECISION ABOUT THE COMPANY; (V) UNDERSTANDS THAT THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED UNLESS REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE; AND (VI) IS ABLE TO ACCEPT THE LACK OF LIQUIDITY OF THE BONDS AND TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE SHARES FOR AN INDEFINITE PERIOD OF TIME. *SEE* "WHO MAY INVEST."**

**THE BONDS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND MAY NOT BE TRANSFERRED EXCEPT AS PERMITTED BY THE SECURITIES ACT AND APPLICABLE STATE OR OTHER JURISDICTIONS SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THERE IS NO PUBLIC MARKET FOR THESE SECURITIES AND THERE IS NO ASSURANCE THAT A PUBLIC MARKET FOR THESE SECURITIES WILL DEVELOP IN THE FORESEEABLE FUTURE OR AT ALL. ACCORDINGLY, INVESTORS MAY FIND IT DIFFICULT OR IMPOSSIBLE TO DISPOSE OF ANY OF THESE SECURITIES AND MUST BE PREPARED TO RETAIN THEM FOR AN INDEFINITE PERIOD OF TIME.**

**THE OFFERING IS SUBJECT TO WITHDRAWAL, CANCELLATION OR MODIFICATION BY THE COMPANY WITHOUT NOTICE. THE COMPANY RESERVES THE RIGHT TO REJECT ANY**

**SUBSCRIPTION FOR BONDS IN WHOLE OR IN PART OR TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE NUMBER OF SHARES SUCH INVESTOR DESIRES TO PURCHASE.**

**THE BONDS OFFERED HEREBY ARE SPECULATIVE AND INVESTMENT IN THE BONDS INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" TO READ ABOUT IMPORTANT FACTORS THAT EACH PROSPECTIVE INVESTOR SHOULD CONSIDER BEFORE INVESTING IN THE BONDS.**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION TO THE RECIPIENT HEREOF REGARDING THE OFFERING OTHER THAN THE INFORMATION PROVIDED BY THE COMPANY HEREIN, OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFERING, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. THIS MEMORANDUM HAS BEEN PREPARED BY THE COMPANY. THERE HAS BEEN NO INDEPENDENT THIRD-PARTY VERIFICATION OF ANY INFORMATION CONTAINED HEREIN AND THERE IS NO REPRESENTATION OR WARRANTY AS TO ITS ACCURACY OR COMPLETENESS. FURTHER, THE COMPANY DISCLAIMS ANY AND ALL LIABILITIES FOR REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, CONTAINED IN OR OMISSIONS FROM, THIS MEMORANDUM OR ANY OTHER WRITTEN OR ORAL COMMUNICATIONS OR TRANSMISSIONS MADE AVAILABLE TO RECIPIENT. EACH INVESTOR WILL BE ENTITLED TO RELY SOLELY ON THOSE REPRESENTATIONS AND WARRANTIES THAT MAY BE MADE TO THE INVESTOR BY THE COMPANY IN ANY PURCHASE AGREEMENT OR SUBSCRIPTION DOCUMENTATION RELATING TO THE INVESTOR'S PURCHASE OF THE SECURITIES.**

**THIS MEMORANDUM INCLUDES CERTAIN STATEMENTS AND PROJECTIONS PROVIDED BY THE COMPANY WITH RESPECT TO THE ANTICIPATED FUTURE PERFORMANCE OF THE COMPANY. SUCH STATEMENTS AND PROJECTIONS REFLECT VARIOUS ASSUMPTIONS MADE BY THE COMPANY CONCERNING ANTICIPATED RESULTS. THESE ASSUMPTIONS ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES AND MAY OR MAY NOT PROVE TO BE ACCURATE. ACCORDINGLY, THE COMPANY MAKES NO REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF THE STATEMENTS REGARDING THE COMPANY'S FUTURE PERFORMANCE OR THE ASSUMPTIONS UNDERLYING THEM. THE ACHIEVEMENT OF THE FORECASTS CONTAINED HEREIN DEPENDS UPON NUMEROUS FACTORS, MANY OF WHICH ARE BEYOND THE COMPANY'S CONTROL. THEREFORE, THERE CAN BE NO ASSURANCE THAT THE COMPANY'S FUTURE PERFORMANCE WILL BE CONSISTENT WITH THE FORECASTS SET FORTH IN THIS MEMORANDUM. THIS MEMORANDUM HAS BEEN PREPARED FOR THE PURPOSE OF INTRODUCING PROSPECTIVE INVESTORS TO THE COMPANY IN ORDER TO ENABLE THEM TO DETERMINE IF THEY HAVE SUFFICIENT INTEREST IN THE COMPANY, ITS BUSINESS, AND PROSPECTS TO JUSTIFY FURTHER ACTION ON THEIR PART. IT IS EXPECTED THAT ANY INVESTOR PURCHASING BONDS IN THE OFFERING WILL PURSUE ITS OWN INDEPENDENT INVESTIGATION AND ANALYSIS OF THE COMPANY AND ITS PROSPECTS. THE DELIVERY OF THIS MEMORANDUM WILL NOT UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE, OR THAT INFORMATION CONTAINED IN THIS MEMORANDUM IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF THIS MEMORANDUM.**

**THE SEC GENERALLY PERMITS OIL AND GAS COMPANIES, IN FILINGS MADE WITH THE SEC, TO DISCLOSE PROVED RESERVES, WHICH ARE RESERVE ESTIMATES THAT GEOLOGICAL AND ENGINEERING DATA DEMONSTRATE WITH REASONABLE CERTAINTY TO BE RECOVERABLE IN FUTURE YEARS FROM KNOWN RESERVOIRS UNDER EXISTING ECONOMIC AND OPERATING CONDITIONS, AND CERTAIN PROBABLE AND POSSIBLE RESERVES THAT MEET THE SEC'S DEFINITIONS FOR SUCH TERMS. THE COMPANY DISCLOSES ESTIMATED PROVED RESERVES AND ESTIMATED PROBABLE RESERVES IN ITS FILINGS WITH THE SEC. THE COMPANY'S ESTIMATED RESERVES ARE PREPARED BY THE COMPANY'S INTERNAL RESERVOIR ENGINEER AND COMPLY WITH DEFINITIONS PROMULGATED BY THE SEC. THESE ESTIMATED RESERVES ARE NOT AUDITED BY AN INDEPENDENT PETROLEUM ENGINEERING FIRM. ADDITIONAL INFORMATION ON THE COMPANY'S ESTIMATED**

**RESERVES IS CONTAINED IN THE COMPANY'S FILINGS WITH THE SEC. ACTUAL QUANTITIES THAT MAY BE ULTIMATELY RECOVERED WILL DIFFER SUBSTANTIALLY. FACTORS AFFECTING ULTIMATE RECOVERY INCLUDE THE SCOPE OF DRILLING PROGRAMS, WHICH WILL BE DIRECTLY AFFECTED BY THE AVAILABILITY OF CAPITAL, DRILLING AND PRODUCTION COSTS, AVAILABILITY OF DRILLING SERVICES AND EQUIPMENT, DRILLING RESULTS, LEASE EXPIRATIONS, TRANSPORTATION CONSTRAINTS, REGULATORY APPROVALS AND OTHER FACTORS AND ACTUAL DRILLING RESULTS, INCLUDING GEOLOGICAL AND MECHANICAL FACTORS AFFECTING RECOVERY RATES. ESTIMATES MAY CHANGE SIGNIFICANTLY AS DEVELOPMENT OF PROPERTIES PROVIDE ADDITIONAL DATA. IN ADDITION, THE COMPANY'S PRODUCTION FORECASTS AND EXPECTATIONS FOR FUTURE PERIODS ARE DEPENDENT UPON MANY ASSUMPTIONS, INCLUDING ESTIMATES OF PRODUCTION, DECLINE RATES FROM EXISTING WELLS AND THE UNDERTAKING AND OUTCOME OF FUTURE DRILLING ACTIVITY, WHICH MAY BE AFFECTED BY SIGNIFICANT COMMODITY PRICE DECLINES OR DRILLING COST INCREASES. ESTIMATED PROVED RESERVES AND ESTIMATED PROBABLE RESERVES DO NOT REPRESENT OR MEASURE THE FAIR VALUE OF THE RESPECTIVE PROPERTIES OR THE FAIR MARKET VALUE AT WHICH A PROPERTY OR PROPERTIES COULD BE SOLD FOR. IN THE EVENT OF ANY SUCH SALE, PROCEEDS TO THE COMPANY MAY BE SIGNIFICANTLY LESS THAN THE VALUE OF THE ESTIMATED RESERVES.**

**THE STATEMENTS CONTAINED IN THIS MEMORANDUM AND ANY COMMUNICATIONS, WRITTEN OR ORAL, FROM THE COMPANY, OR ANY OF ITS EMPLOYEES OR AGENTS, SHOULD NOT BE CONSTRUED AS LEGAL, TAX, INVESTMENT, ACCOUNTING OR OTHER EXPERT ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS ON THE POTENTIAL TAX, LEGAL AND OTHER CONSEQUENCES OF SUBSCRIBING FOR, PURCHASING, HOLDING OR SELLING THE BONDS AND RESTRICTIONS AND INVESTMENT RISKS ASSOCIATED THEREWITH. EACH PROSPECTIVE INVESTOR SHOULD CONSULT AND RELY ON THE PROSPECTIVE INVESTOR'S OWN EVALUATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, IN MAKING AN INVESTMENT DECISIONS WITH RESPECT TO THE BONDS.**

**THIS MEMORANDUM CONTAINS CERTAIN INFORMATION REGARDING OTHER OFFERINGS OF SECURITIES BEING MADE BY PHOENIX CAPITAL GROUP HOLDINGS, LLC AND/OR ONE OR MORE OF ITS SUBSIDIARIES (A "SEPARATE OFFERING") THAT PHOENIX CAPITAL GROUP HOLDINGS, LLC HAS DETERMINED TO BE MATERIAL TO EVALUATING A POTENTIAL INVESTMENT IN THE BONDS. THIS MEMORANDUM IS NOT INTENDED TO BE AN OFFER OF SECURITIES IN ANY SEPARATE OFFERING NOR A SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY SEPARATE OFFERING. ANY OFFER OF SECURITIES OR SOLICITATION OF AN OFFER TO BUY SECURITIES IN A SEPARATE OFFERING MAY BE MADE SOLELY BY THE OFFERING CIRCULAR, PRIVATE PLACEMENT MEMORANDUM, OR OTHER OFFERING DOCUMENT (COLLECTIVELY, "SEPARATE OFFERING DOCUMENTS") WITH RESPECT TO SUCH SEPARATE OFFERING. THE FOLLOWING LINK HTTPS://PHXCAPITALGROUP.COM/INVESTMENT-OFFERINGS/ PROVIDES THE SEPARATE OFFERING DOCUMENTS OF ANY AND ALL OFFERINGS OF SECURITIES BEING GENERALLY SOLICITED BY PHOENIX CAPITAL GROUP HOLDINGS, LLC AND/OR ANY OF ITS SUBSIDIARIES.**

## FOR FLORIDA RESIDENTS

The securities referred to in this Memorandum have not been registered under the Florida Securities Act. If sales are made to five or more investors in Florida, any Florida investor may, at his option, void any purchase hereunder within a period of three days after he (a) first tenders or pays to the Company, an agent of the Company, or an escrow agent the consideration required hereunder or (b) delivers his executed Subscription Agreement, whichever occurs later. To accomplish this, it is sufficient for a Florida investor to send a letter or telegram to the Company within such three-day period, stating that he is voiding and rescinding the purchase. If any purchaser sends a letter, it is prudent to do so by certified mail, return receipt requested, to ensure that the letter is received and to evidence the time of mailing.

## FOR PENNSYLVANIA RESIDENTS

These securities have not been registered under the Pennsylvania Securities Act of 1972 in reliance upon an exemption therefrom. Any sale made pursuant to such exemption is voidable by a Pennsylvania purchaser within two business days from the date of receipt by the issuer of his written binding contract of purchase or, in the case of a transaction in which there is not a written binding contract or purchase, within two business days after he or she makes the initial payment for the shares being offered. However, this right is not available to any purchaser who is a bank, trust company, savings institution, insurance company, securities dealer, investment company (as defined in the Investment Company Act of 1940, as amended (the "Investment Company Act")), pension or profit-sharing trust, any qualified institutional buyer as defined in 17 C.F.R. 230.144A(a), under the Securities Act, or such other financial institutions as defined by the Pennsylvania Securities Act of 1932 or regulation of the Pennsylvania Securities Commission.

**TABLE OF CONTENTS**

## EXECUTIVE SUMMARY

*This summary highlights information contained elsewhere in this Memorandum. This summary does not contain all of the information that you should consider before deciding whether to invest in the Bonds. You should carefully read this entire Memorandum, including the information under the heading "**Risk Factors**" and all information included in this Memorandum.*

**Our Company**, Phoenix Capital Group Holdings, LLC, a Delaware limited liability company, was formed on April 23, 2019. The Company is focused on oil and gas operations and executing on a three prong strategy involving the acquisition of royalty assets, acquisition of non-operated working interest assets, and direct drilling operations conducted through the Company's wholly owned subsidiary, Phoenix Operating LLC ("PhoenixOp"). Pursuant to this strategy, the Company purchases a variety of assets, including mineral interests, leasehold interests, overriding royalty interests, and perpetual royalty interests. While the Company has primarily targeted assets in the Williston Basin, Permian Basin, Powder River, and Denver Julesburg Basin ("DJ Basin"), it is agnostic to geography and prioritizes asset potential in executing on its acquisition strategy.

The Company leverages its specialized software system and experienced management team to identify asset opportunities that fit its desired criteria and potential for returns. The Company prioritizes assets with potential for high monthly recurring cashflows and primarily targets assets that have a potential payback period of 12-48 months and long-term (often more than 20 years) lifetime cashflows. The Company developed its software system to be scalable and process inputs from a variety of internal and external sources. A typical analysis examines, among others, the geography of the asset, the estimated probability of future oil wells, the estimated predictability of the timing and value of cashflows, and local and national oil prices.

Following the acquisition of an asset, the Company typically partners with a third-party oil and gas operator to share in the proceeds of the natural resources extracted and sold by the operator. While the Company anticipates that extraction activities at its assets will continue to be primarily performed by third parties in the near term, the Company also expects to increase the extent to which PhoenixOp is utilized to drill and operate producing wells, beginning with oil and gas properties contributed to PhoenixOp by the Company. While running extraction activities through PhoenixOp will require significantly more capital than partnering with a third-party oil and gas operator, the Company believes that this operating model will provide greater control of cashflow and increases the potential for shorter payback periods as compared to returns on royalty assets and non-operating working interest assets. The Company estimates that this operating model will require approximately $150,000,000 in additional capital throughout 2024 in order to achieve the Company's intended business plan. PhoenixOp commenced initial spudding at its first wells in the third quarter of 2023 and the Company anticipates that the first operated production from the initially contributed properties could occur as early as the first quarter of 2024.

The Company's principal executive offices are located at 18575 Jamboree Road, Suite 830, Irvine, CA 92612, and its telephone number is (303) 376-9778. For more information about the Company, please visit its website at https://www.phxcapitalgroup.com. The information on, or otherwise accessible through, our website does not constitute a part of this Memorandum.

**The Offering.** We are offering to eligible investors the opportunity to purchase up to an aggregate of $750,000,000 of the Bonds (the "Maximum Offering Amount") with a minimum purchase amount of $100,000 at a price of $1,000 per Bond. All sales of the Bonds will be strictly limited to persons who (i) are "accredited investors," as such term is defined in Rule 501 of Regulation D under the Securities Act and (ii) meet the requirements and make the representations set forth herein and in the subscription agreement attached hereto as Exhibit B (the "Subscription Agreement"). *See* "***Who May Invest***" for further information regarding your eligibility to purchase Bonds. This offering will terminate on earliest of: (i) the date we sell the Maximum Offering Amount; (ii) the second anniversary of the date of this Memorandum, as may be extended by up to one year by the Company by supplement hereto; or (iii) such date upon which we determine to terminate the offering in our sole discretion. The Company may elect to extend the maturity date of all or any portion of the Bonds, including all or any portion of any series, for up to two (2) additional one-year periods in the Company's sole discretion.

The Offering consists of its (i) 9.0% unsecured bonds, comprised of the "Series U Bonds" and "Series U-1 Bonds," (ii) 10.0% unsecured bonds, comprised of "Series V Bonds" and "Series V-1 Bonds," (iii) 11.0% unsecured bonds, comprised of the "Series W Bonds," and "Series W-1 Bonds," (iv) 12.0% unsecured bonds, comprised of the

"Series X Bonds" and Series "Series X-1 Bonds,", (v) 12.50% unsecured bonds comprised of the "Series Y Bonds" and "Series Y-1 Bonds", and (vi) 13.0% unsecured bonds comprised of the "Series Z Bonds" and "Series Z-1" and collectively, the "Bonds," pursuant to this Memorandum. The sole difference between the two forms of Bonds per series is the form of payment of interest. For example, the Series V Bonds will pay simple interest to the Bondholder monthly through cash distributions in arrears on the tenth (10th) day of each month, while the Series V-1 Bonds will earn interest compounded monthly and not pay monthly cash distributions. The Series U Bonds and the Series U-1 Bonds will mature on the first anniversary of the initial issuance date. The Series V Bonds and the Series V-1 Bonds will mature on the third anniversary of the initial issuance date. The Series W Bonds and the Series W-1 Bonds will mature on the fifth anniversary of the initial issuance date. The Series X Bonds and the Series X-1 Bonds will mature on the seventh anniversary of the initial issuance date. The Series Y Bonds and Series Y-1 Bonds will mature on the ninth anniversary of the initial issuance date. The Series Z Bonds and Series Z-1 Bonds will mature on the eleventh anniversary of the initial issuance date. *See* ***"Summary of Offering"*** and "***Description of Bonds***."

Our Company will conduct closings, the "closing dates," and each, a "closing date," in this offering to be scheduled at the Company's discretion until the offering termination. Once a subscription has been submitted and accepted by the Company, an investor will not have the right to request the return of its subscription payment prior to the closing date. It is expected that settlement will occur on the same day as each closing date. On each closing date, offering proceeds for that closing will be disbursed to us and Bonds will be issued to investors, or the "Bondholders." If the Company is dissolved or liquidated after the acceptance of a subscription, the respective subscription payment will be returned to the subscriber.

## SUMMARY OF OFFERING

**Issuer**..... Phoenix Capital Group Holdings, LLC, a Delaware limited liability company.

**Securities Offered** ..... Aggregate Maximum Offering Amount of $750,000,000. The Company reserves the right to increase the Maximum Offering Amount by $250,000,000 for a total of $1,000,000,000 in the Company's sole discretion by supplement to this Memorandum.

Minimum Purchase of $100,000. The Company reserves the right to accept smaller purchase amounts in the Company's sole discretion.

**Investor Suitability Requirements** ..... You should purchase Bonds only if you have substantial financial means and you have no need for liquidity in your investment. The sale of Bonds in this offering is strictly limited to "accredited investors," as such term is defined in Rule 501 of Regulation D under the Securities Act, and who meet certain minimum suitability and verification requirements. See "***Who May Invest***" for more information.

**Maturity Date**..... The Series U Bonds and the Series U-1 Bonds will mature on the first anniversary of the initial issuance date.

The Series V Bonds and the Series V-1 Bonds will mature on the third anniversary of the initial issuance date.

The Series W Bonds and the Series W-1 Bonds will mature on the fifth anniversary of the initial issuance date.

The Series X Bonds and the Series X-1 Bonds will mature on the seventh anniversary of the initial issuance date.

The Series Y Bonds and Series Y-1 Bonds will mature on the ninth anniversary on the initial issuance date.

The Series Z Bonds and Series Z-1 Bonds will mature on the eleventh anniversary on the initial issuance date.

The Company may elect to extend the maturity date of all or any portion of the Bonds, including all or any portion of any series, for up to two (2) additional one-year periods in the Company's sole discretion.

**Interest Rate**..... Series U Bonds and Series U-1 Bonds: 9.0% per year.

Series V Bonds and Series V-1 Bonds: 10.0% per year.

Series W Bonds and Series W-1 Bonds: 11.0% per year.

Series X Bonds and Series X-1 Bonds: 12.0% per year.

The Series Y Bonds and Series Y-1 Bonds: 12.50% per year.

The Series Z Bonds and Series Z-1 Bonds: 13.0% per year.

**Interest Payments** ..... The sole difference between the two forms of Bonds per series is the form of payment of interest. For example, the Series U Bonds will pay simple interest to the Bondholder monthly through cash distributions in arrears on the tenth (10th) day of each month, while the Series U-1 Bonds will earn

interest compounded monthly and not pay monthly cash distributions. At maturity of the Series U Bond, the Series V Bonds, the Series W Bonds, the Series X Bonds, the Series Y Bonds, and the Series Z Bonds, such Bonds will receive repayment of principal. At maturity of the Series U-1 Bonds, the Series V-1 Bonds, the Series W-1 Bonds, the Series X-1 Bonds, the Series Y-1, and the Series Z-1 Bonds, such Bonds will receive repayment of principal plus the entirety of accrued interest. Interest will accrue on the basis of a 360-day year consisting of twelve 30-day months.

**Offering Price**..... $1,000 per Bond

**Ranking** ..... The Bonds will be subordinated, unsecured indebtedness of the Company. The Bonds will be contractually subordinated to any other indebtedness that the Company expressly agrees is senior to the Bonds and effectively subordinated to any of the Company's current or future secured indebtedness, to the extent of the value of the assets securing that indebtedness. The Bonds will also be structurally subordinated to all of the existing and future liabilities (including trade payables) of each of the Company's subsidiaries.

As of November 30, 2023, the Company's secured indebtedness consists of amounts under (i) its $30,000,000 revolving credit loan from Amarillo National Bank ("ANB") pursuant to that certain Commercial Credit Agreement, dated as of July 24, 2023 (the "Credit Agreement"), by and among ANB, the Company and its subsidiary, PhoenixOP, as borrower, which is secured by a senior security interest in all of the assets of the Company and its subsidiaries, and (ii) its loan agreement with its subsidiary, Adamantium Capital, LLC ("Adamantium"), dated September 14, 2023 (as amended, the "Adamantium Loan Agreement"), which provides for borrowings up to a maximum principal amount of $200,000,000 in one or more advances to the Company and PhoenixOP, and is secured by junior mortgages (junior to the Credit Agreement or other senior secured indebtedness) on certain properties owned by the Company and its subsidiaries. The Company intends to enter into the PCGHI Loan (as defined herein) which will be secured by junior mortgages (junior to the Credit Agreement or other senior secured indebtedness) on certain properties of the Company and its subsidiaries and, if executed, will also rank effectively senior to the Bonds with respect to PCGHI's collateral interest in such properties. See "***Certain Related Party Transactions***" for more information.

The Bonds will be structurally subordinated to the unsecured bonds offered and sold by Adamantium pursuant to an offering under Rule 506(c) of Regulation D that commenced in September 2023 with maturity dates on the seventh anniversary of the issue date and interests rates ranging from 14-15% (the "Adamantium Bonds"), to the extent of Adamantium's assets, and contractually subordinated to: (i) the unsecured bonds offered and sold pursuant to an offering under Regulation A that are being offered serially, over a maximum period of three years, starting in December 2021 with maturity dates on the third anniversary of the issue date and an interest rate of 9% (the "Regulation A Bonds"); (ii) the unsecured bonds offered and sold pursuant to an offering under Rule 506(b) of Regulation D that commenced in July 2020 and was terminated in September 2020 with maturity dates ranging from one to four years and interest rates ranging from 6.5% to 15% (the "2020 506(b) Bonds"); (iii) the unsecured bonds offered and sold pursuant to an offering under Rule 506(c) of Regulation D

that commenced on October 22, 2020 and terminated in December 2021 with maturity dates ranging from one year to four years and annual interest from 6.5% to 15% (the "2020 506(c) Bonds"); (iv) the unsecured bonds offered and sold pursuant to an offering under Rule 506(c) of Regulation D that commenced in July 2022 and terminated in December of 2022 with five year maturity and annual interest of 11% (the "11% 2022 506(c) Bonds"); and (v) the unsecured bonds offered and sold pursuant to Rule 506(c) that commenced on July 22, 2022 and terminated in December of 2022 with a nine month maturity and interest rates of 8% or 9% (the "8% 2022 506(c) Bonds" and, collectively with the 2020 506(b) Bonds, the 2020 506(c) Bonds, and the 11% 2022 506(c) Bonds, the "Senior Reg D Obligations").

The Bonds will rank *pari passu* with the Series AAA through Series D-1 Bonds offered pursuant to an offering under Rule 506(c) of Regulation D that commenced in December 2022 and terminated in August of 2023 with maturity dates from nine months to seven years with interest rates from 8% to 12% (the "Subordinated Reg D Bonds"). As of November 30, 2023, the Company had issued $88,320,000 of these Series U through Series Z-1 Bonds. The Subordinated Reg D Bonds are hereinafter referred to collectively with the Bonds as the "Pari Passu Obligations."

As of November 30, 2023, there was: (i) $30,000,000 outstanding under the Credit Agreement; (ii) $13,107,000 of Adamantium Bonds outstanding, with maturities ranging from September 10, 2030 to November 10, 2034, and the corollary amount outstanding under the Adamantium Loan Agreement; (iii) $85,742,000 of Regulation A Bonds outstanding, with maturities ranging from January 31, 2025 to November 10, 2026; (iv) $21,279,728 of Senior Reg D Obligations outstanding, with maturities ranging from December 1, 2023 to December 31, 2027; and (v) $273,154,000 of Pari Passu Obligations outstanding, with maturities ranging from December 10, 2023 to November 10, 2034 (which amount includes $88,320,000 of previously issued Series U through Series Z-1 Bonds).

As of November 30, 2023, there was (i) $120,128,728 in debt obligations outstanding that will rank senior to the Bonds and (ii) $273,154,000 in debt obligations that will rank *pari passu* with the Bonds.

The terms of the Bonds do not prohibit the Company or any current or future direct or indirect subsidiaries from issuing more debt securities or incurring any other indebtedness, and any such issuance or incurrence may rank senior to the Bonds. For example, the Company may issue additional Regulation A debt obligations as permitted by Regulation A that it designates as senior to the Bonds in its discretion and Adamantium may issue additional structurally senior debt obligations under Rule 506(c). Any such issuance would rank senior to the Bonds.

See "***Risk Factors - Risks Related to the Bonds and to this Offering***," "***General Information About Our Company – Unsecured Debt Obligations***" and "***Company Structure Chart***" for more information.

**Securities Laws Matters and Restrictions on Transferability** ..... The Bonds offered under this Memorandum have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction. The Bonds are subject to restrictions on transferability and may not be transferred except as permitted by the Securities Act and applicable state or other jurisdictions securities laws pursuant to registration

or exemption therefrom. Before selling or transferring a Bond, an investor must obtain the written consent of the Company and comply with applicable requirements of federal and state securities laws and regulations, including the financial suitability requirements of such laws and regulations. There is no public market for these securities and there is no assurance that a public market for these securities will develop in the foreseeable future or at all. Bondholders cannot expect to be able to liquidate their investment in case of an emergency. Bondholders may find it difficult or impossible to dispose of any of these securities and must be prepared to retain them for an indefinite period of time.

In addition, the Company does not intend to be registered as an investment company under the Investment Company Act, nor do the Company's managers (the "Managers") plan to register as an investment advisor under the Investment Advisers Act.

**Bondholder Redemption** ..... Bondholders may request to have their Bonds redeemed at any time prior to the maturity date, subject to an annual cap referenced below, regardless of the reason for the redemption, at the option of the Company, at a price equal to $950, plus all accrued but unpaid interest per Bond, regardless of when such Bonds are redeemed. The Company may allow Bondholders to redeem Bonds in its sole discretion.

We do not anticipate redeeming Bonds in any given year pursuant to this redemption policy in excess of 10% of the outstanding principal balance of the Bonds, in the aggregate, on the most recent of January 1st, April 1st, July 1st or October 1st of the applicable year while the Offering is open, and January 1st of the applicable year, following the offering termination. ***We are not required to establish a sinking fund or reserve for the redemption of Bonds, and our ability to redeem Bonds will be subject to the availability of cash or other financing sources and cannot be assured.***

**Redemption at the Option of the Company** ..... The Bonds may be redeemed at our option at no penalty. Any redemption will occur at a price equal to the then outstanding principal amount of the Bonds, plus any accrued but unpaid interest. For the specific terms of the Optional Redemption, please see "***Description of Bonds – Optional Redemption***" for more information.

**Default** ..... The Indenture governing the Bonds will contain events of default, the occurrence of which may result in the acceleration of our obligations under the Bonds in certain circumstances. Events of default, other than payment defaults, will be subject to our Company's right to cure within a certain number of days of such event of default. Our Company will have the right to cure any payment default within 60 days before the trustee may declare a default and exercise the remedies under the Indenture. See "***Description of Bonds - Events of Default***" for more information.

**Form** ..... Bonds will be registered in book-entry form on the books and records of the Company. See "***Plan of Distribution - Book-Entry, Delivery and Form***" for more information.

**Denominations** ..... We will issue the Bonds only in denominations of $1,000.

**Payment of Principal and Interest**..... Principal and interest on the Bonds will be payable in U.S. dollars or other legal tender, coin or currency of the U.S.

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|---|---|
| **Future Issuances** ..... | The Company may, from time to time, without notice to or consent of the Bondholders, increase the aggregate principal amount of any series of the Bonds outstanding by issuing additional bonds in the future with the same terms of such series of Bonds, except for the issue date and offering price, and such additional bonds shall be consolidated with the applicable series of Bonds and form a single series. No consent of the Bondholders is required under the Bonds for the issuance of additional series of Bonds, including such additional series which may have payment priority superior to current Bonds. |
| **Trustee, Registrar and Paying Agent**. | The Company is the registrar and designated paying agent with respect to the Bonds, and as such, will make payments on the Bonds. UMB Bank, N.A. acts as trustee under the Indenture. The Bonds will be issued in book-entry form only, evidenced by global certificates. |
| **Governing Law** ..... | The Indenture and the Bonds will be governed by the laws of the State of Delaware. |
| **Material Tax Considerations** ..... | You should consult your tax advisors concerning the U.S. federal income tax consequences of owning the Bonds in light of your own specific situation, as well as consequences arising under the laws of any other taxing jurisdiction. |
| **Risk Factors** ..... | An investment in the Bonds involves certain risks. You should carefully consider the risks above, as well as the other risks described under "***Risk Factors***" beginning on page 14 of this Memorandum before making an investment decision. |

## WHO MAY INVEST

We will offer and sell the Bonds in reliance on an exemption from the registration requirements of the Securities Act and state securities laws pursuant to Rule 506(c) of Regulation D. Accordingly, sales of the Bonds will be strictly limited to persons who (i) are verified to be "accredited investors" and (ii) meet the requirements and make the representations set forth below and in the Subscription Agreement. We reserve the right, in our sole discretion, to reject any subscription based on any information that may become known or available to us about the suitability of a prospective investor, or "Investor," or for any other reason.

An investment in the Bonds involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. Only Investors who (i) purchase the Minimum Purchase as set forth in the Memorandum, and (ii) represent in writing that they are "accredited investors" (as defined under Rule 501 of Regulation D) and meet the Investor suitability and verification requirements set by us and as may be required under federal or state law, may acquire Bonds. The written representations you make will be reviewed to determine your suitability.

The Investor Suitability Requirements stated below represent minimum suitability requirements established for investors in Bonds. However, your satisfaction of these requirements will not necessarily mean that the Bonds are a suitable investment for you, or that we will accept you as a Bondholder. Furthermore, we may modify such requirements in our sole discretion, and such modifications may raise the suitability requirements for Investors.

You must represent in writing that you meet, among others, all of the following requirements (the "Investor Suitability Requirements").

(a) You have received, read and fully understand the Memorandum and are basing your decision to invest solely on the information contained in the Memorandum. You have relied only on the information contained in the Memorandum and have not relied on any representations made by any other person.

(b) You have such knowledge of, and experience in, financial and business matters as to be capable of:

(A) evaluating the merits and risks of, and bearing the economic risks entailed by, an investment in the Company; and

(B) protecting his, her or its interests in connection with that investment. You acknowledge that an investment in the Company involves a high degree of risk.

(c) You may be required to hold the Bonds indefinitely or to transfer the Bonds in "private placements" that are exempt from registration under the Securities Act, in which event the transferee will acquire "restricted securities" subject to the same limitations as in the hands of an Investor. You acknowledge that, as a consequence, you must bear the economic risks of the investment in the Bonds for an indefinite period of time.

(d) You understand that the Bonds are, and will remain, illiquid. You have reviewed your financial condition and commitments, and discussed those matters with advisors to the extent that you consider necessary. Based on that review, you are satisfied that you (A) have adequate means of providing for your financial needs without selling, transferring or otherwise disposing of any the Bonds and (B) are capable of bearing the economic risk of (y) investing in the Securities for an indefinite period of time and (z) the possible loss of all or part of your investment in the Bonds.

(e) You are acquiring the Bonds for your own account, and not with a view to, or for, resale or distribution in violation of the Securities Act, the securities laws of any U.S. state or the securities Laws of any other applicable jurisdiction. No individual, corporation, association, partnership, estate, trust or any other entity or organization (a "Person") has a direct or indirect beneficial interest in the Bond to be issued to you under the Operating Agreement and, other than the Operating Agreement, you do not have any contract, understanding, agreement or arrangement with any Person to sell, assign, transfer or otherwise dispose of any the Bonds to any Person.

(f) You are an "Accredited Investor" as defined in Rule 501(a) of Regulation D under the Securities Act if you meet one of the following tests you qualify as an Accredited Investor:

(i) you are a natural person who has had individual income in excess of $200,000 in each of the two most recent years, or joint income with your spouse (or spousal equivalent) in excess of $300,000 in each of these years, and have a reasonable expectation of reaching the same income level in the current year;

(ii) you are a natural person and your individual net worth, or joint net worth with your spouse (or spousal equivalent), exceeds $1,000,000 at the time you purchase the Bonds (please see below on how to calculate your net worth);

(iii) you are an executive officer, director, trustee, general partner or advisory board member of the issuer or a person serving in a similar capacity as defined in the Investment Company Act, or a manager or executive officer of the general partner of the issuer;

(iv) you are an investment adviser registered pursuant to Section 203 of the Investment Advisers Act of 1940 or an exempt reporting adviser as defined in Section 203(1) or Section 203(m) of that act, or an investment adviser registered under applicable state law;

(v) you are an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, the Code, a corporation, a Massachusetts or similar business trust or a partnership or a limited liability company, not formed for the specific purpose of acquiring the Bonds, with total assets in excess of $5,000,000;

(vi) you are an entity, with investments, as defined under the Investment Company Act, exceeding $5,000,000, and you were not formed for the specific purpose of acquiring the Bonds;

(vii) you are a bank or a savings and loan association or other institution as defined in the Securities Act, a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended, the Exchange Act, an insurance company as defined by the Securities Act, an investment company registered under the Investment Company Act, or a business development company as defined in that act, any Small Business Investment Company licensed by the Small Business Investment Act of 1958, any Rural Business Investment Company as defined in the Consolidated Farm and Rural Development Act of 1961 or a Private Business Development Company as defined in the Investment Advisers Act of 1940;

(viii) you are an entity with investments of not less than $5,000,000 (including an Individual Retirement Account trust) in which each equity owner is an accredited investor;

(ix) you are a trust with total assets in excess of $5,000,000, your purchase of the Bonds is directed by a person who either alone or with his purchaser representative(s) (as defined in Regulation D promulgated under the Securities Act) has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment, and you were not formed for the specific purpose of investing in the Bonds;

(x) you are a family client of a family office, as defined in the Investment Advisers Act, with total assets not less than $5,000,000, your purchase of the Bonds is directed by a person who has such knowledge and experience in financial and business matters that the family office is capable of evaluating the merits and risks of the prospective investment, and the family office was not formed for the specific purpose of investing in the Bonds;

(xi) you are a "family office," as defined in Rule 202(a)(11)(G)-1 of the Investment Advisers Act, with (i) assets under management in excess of $5 million, (ii) that is not formed for the specific purpose of acquiring the securities offered and (iii) whose prospective investment is directed by a person who has the knowledge and experience capable of evaluating the merits and risks of the prospective investment will now qualify as an accredited investor; or

(xii) you are a holder in good standing of certain professional certifications or designations, including the Financial Industry Regulatory Authority, Inc. Licensed General Securities Representative (Series 7), Licensed Investment Adviser Representative (Series 65), or Licensed Private Securities Offerings Representative (Series 82) certifications.

(g) You also certify that neither you nor any subsidiary, affiliate, owner, shareholder, partner, member, indemnitor, guarantor or related person or entity:

(i) is a Sanctioned Person (as defined below);

(ii) has more than 15% of its assets in Sanctioned Countries (as defined below); or

(iii) derives more than 15% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries.

For purposes of the foregoing, a "Sanctioned Person" means: (a) a person named on the list of "specially designated nationals" or "blocked persons" maintained by the U.S. Office of Foreign Assets Control ("OFAC") athttps://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx, or as otherwise published from time to time; or (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country or (iii) a person residing in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

A "**Sanctioned Country**" shall mean a country subject to a sanctions program identified on the list maintained by OFAC and available at https://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx, or as otherwise published from time to time.

NOTE: For the purposes of calculating your net worth, Net Worth is defined as the difference between total assets and total liabilities. This calculation must exclude the value of your primary residence and may exclude any indebtedness secured by your primary residence (up to an amount equal to the value of your primary residence). In the case of fiduciary accounts, net worth and/or income suitability requirements may be satisfied by the beneficiary of the account or by the fiduciary, if the donor or grantor is the fiduciary and the fiduciary directly or indirectly provides funds for the purchase of the Bonds.

SEC Rule 506(c) requires an issuer to take "reasonable steps" to verify that each investor in this offering is accredited. If an investor does not provide information reasonably required by the Company to verify the accredited status of the Investor, or if the Company does not believe an investor's accredited status has been verified, then the investor will not be permitted to invest, regardless of whether the investor is actually accredited. The Subscription Agreement requires a prospective investor to submit such verification information to the Company, our Managing Broker-Dealer, or any third party verification service selected by the Company.

**IF YOU DO NOT MEET THE REQUIREMENTS DESCRIBED ABOVE, IMMEDIATELY RETURN THIS MEMORANDUM TO US OR THE APPLICABLE SELLING GROUP MEMBER. IN THE EVENT YOU DO NOT MEET SUCH REQUIREMENTS, THIS MEMORANDUM WILL NOT CONSTITUTE AN OFFER TO SELL BONDS TO YOU.**

**Discretion of the Managers**. The Investor Suitability Requirements stated above represent minimum suitability requirements, as established by the Company, for the Bondholders. Accordingly, the satisfaction of applicable requirements by an Investor will not necessarily mean that the Bonds are a suitable investment for such Investor, or that the Company will accept the Investor as a subscriber. Furthermore, the Company may modify such requirements at its sole and absolute discretion for all or certain Investors, and any such modification may raise the suitability requirements for Investors; provided, however that no modification will permit a non-accredited investor, or an Accredited Investor for whom the Company has not taken reasonable steps to verify accredited status, to invest in this Offering.

The written representations you make will be reviewed to determine your suitability. The Company may, in its sole and absolute discretion, refuse a subscription for Bonds if it believes that an Investor does not meet the

applicable Investor Suitability Requirements, the Bonds otherwise constitute an unsuitable investment for the Investor, or for any other reason.

## HOW TO SUBSCRIBE

If, after carefully reading the entire Memorandum, obtaining any other information available hereby and being fully satisfied with the results of pre-investment due diligence activities, you would like to purchase Bonds, you should complete and sign the Subscription Agreement as attached hereto as Exhibit B. The Subscription Agreement may be submitted in paper form or electronically. Paper subscriptions should be delivered to Phoenix Capital Group Holdings, LLC, Attn: Lindsey Wilson, 18575 Jamboree Road, Suite 830, Irvine, CA 92612. Subscriptions may also be submitted electronically at invest.phxcapitalgroup.com. Generally, when submitting a Subscription Agreement electronically, a prospective investor will be required to agree to various terms and conditions by checking boxes and to review and electronically sign any necessary documents. You may pay the purchase price for your Bonds by check, ACH, or wire of your subscription purchase price in accordance with the instructions in the subscription agreement. ACH payments are the Company's preferred method of subscription payment delivery. An investor must purchase at least the Minimum Purchase.

Upon receipt of the signed Subscription Agreement and full payment for the Bonds to be purchased, verification of your investment qualifications by the Company, and acceptance of the Investor's purchase by the Company (in the Managers' sole and absolute discretion), the Company will notify each Investor of receipt and acceptance of the purchase and issue a Bond in appropriate form. In the event the Company does not accept an Investor's purchase of the Bonds for any reason, the Company will promptly return the payment to such subscriber.

By completing and executing your Subscription Agreement you will also acknowledge and represent that you have received a copy of this Memorandum, you are purchasing the Bonds for your own account and that your rights and responsibilities regarding your Bonds will be governed by the Indenture and the Form of Bond certificate each included as an exhibit to this Memorandum.

**Instructions for subscribing for the Bonds are in the Subscription Agreement.**

All subscription payments should be payable and completed as follows:

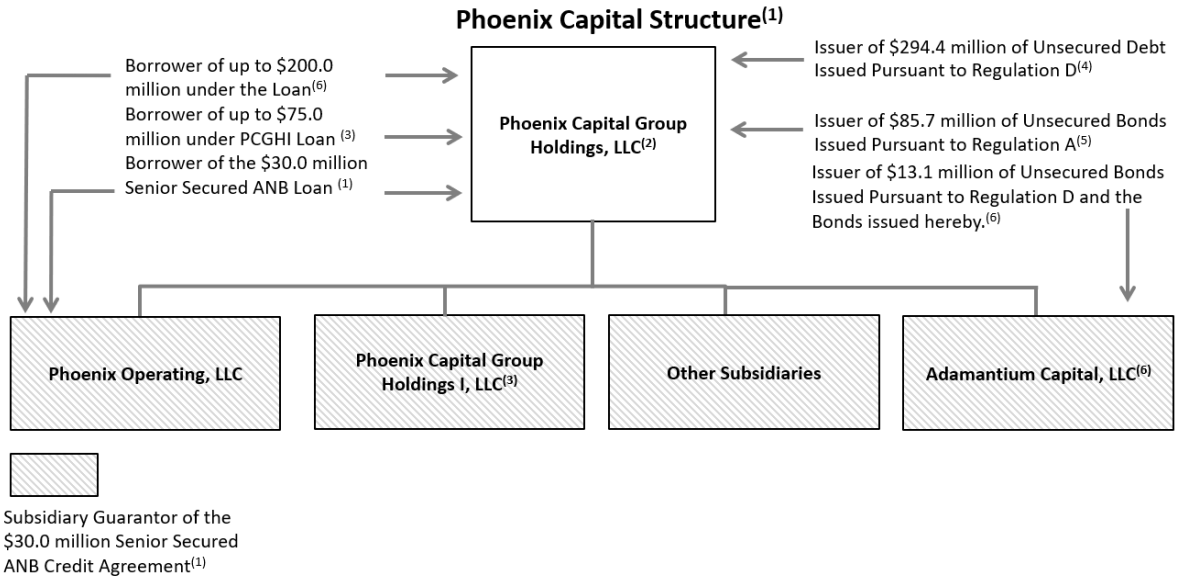
**Wire or ACH:**

| | |
|---|---|
| Receiving Financial Institution: | Amarillo National Bank |
| Routing Number: | 111300958 |
| Beneficiary: | Phoenix Capital Group Holdings, LLC |
| Beneficiary Address: | 18575 Jamboree Road, Suite 830, Irvine, CA 92612 |
| Account Number: | 319279 |

**Mail**:

All checks should be made payable to "Phoenix Capital Group Holdings, LLC" and sent to Phoenix Capital Group Holdings, LLC, Attn: Lindsey Wilson, 18575 Jamboree Road, Suite 830, Irvine, CA 92612.

## COMPANY STRUCTURE CHART




(1) All amounts and information as of November 30, 2023. See "***Risk Factors***" for a discussion of the risks related to our capital structure and your investment in the Bonds. The terms of the Bonds do not prohibit the Company or any current or future direct or indirect subsidiaries from issuing more debt securities or incurring indebtedness, and any such issuance or incurrence may rank structurally senior to the Bonds. See "***Description of Bonds***—***Ranking***."

(2) The Company is managed by one or more managers selected by Lion of Judah, LLC in its sole discretion. As of the date of this Memorandum, Adam Ferrari, our Chief Executive Officer, and Lindsey Wilson, our Chief Operating Officer, jointly act as Managers. See "Security Ownership of Certain Beneficial Owners and Management" and "Managers, Executive Officers and Significant Employees."

(3) As of the date of this Memorandum, PCGHI has filed for an offering of senior subordinated unsecured bonds in an amount not to exceed $75 million in the aggregate. Upon qualification of PCGHI's proposed offering, the Company will enter into the PCGHI Loan with PCGHI, pursuant to which it may borrow up to $75 million of loans secured on a junior basis to the Credit Agreement by mortgages on certain of the Company's property. The amount available to be borrowed will depend upon the gross proceeds of PCGHI's offering, if any. The PCGHI Loan will rank effectively senior to the Bonds with respect to PCGHI's collateral interests in such properties. Bonds issued by PCGHI, if any, would rank structurally senior in priority to the Bonds to the extent of the assets of PCGHI. See "***Certain Relationships and Related Party Transactions***—***Phoenix Capital Group Holdings I LLC***."

(4) Debt issued pursuant to Regulation D has maturities ranging from December 1, 2023 to November 10, 2034, at interest rates ranging from 6.5% to 15% per annum. The terms of the Bonds do not prohibit the Company from issuing more debt pursuant to Regulation D. Any such Regulation D issuances may rank senior to the Bonds. See "***Executive Summary***—***Summary of Offering***—***Ranking***" and "***General Information About Our Company***—***Unsecured Debt Obligations***."

(5) Debt issued pursuant to Regulation A has maturities ranging between January 31, 2025 and November 10, 2026 and bears interest at 9% per annum. The terms of the Bonds do not prohibit the Company from issuing more debt pursuant to Regulation A. Any such Regulation A issuances are expected to rank senior to the Bonds.

(6) As of November 30, 2023, Adamantium had issued $13,107,000 in debt pursuant to Regulation D, with the corollary amount outstanding lent to the borrowers (the Company and PhoenixOp) under the Adamantium Loan Agreement. Amounts loaned under the Adamantium Loan Agreement are secured by certain junior mortgage interests in various oil and gas properties owned by the Company and its subsidiaries. Such junior mortgage interests are and will be junior to the interest of the Credit Agreement and other senior secured indebtedness. As a result, the Adamantium Bonds will rank structurally senior in priority to the Bonds to the extent of Adamantium's assets.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Memorandum contains certain forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "potential," "intend," "expect," "outlook," "seek," "anticipate," "estimate," "approximately," "believe," "could," "project," "predict," or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain financial and operating projections or state other forward-looking information. Our ability to predict results or the actual effect of future events, actions, plans or strategies is inherently uncertain. Although we believe that the expectations reflected in our forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth or anticipated in our forward-looking statements. Factors that could have a material adverse effect on our forward-looking statements and upon our business, results of operations, financial condition, funds derived from operations, cash flows, liquidity and prospects include, but are not limited to, the factors referenced in this Memorandum, including those set forth below.

When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this Memorandum. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our views as of the date of this Memorandum. The matters summarized below and elsewhere in this Memorandum could cause our actual results and performance to differ materially from those set forth or anticipated in forward-looking statements. Accordingly, we cannot guarantee future results or performance. Furthermore, except as required by law, we are under no duty to, and we do not intend to, update any of our forward-looking statements after the date of this Memorandum, whether as a result of new information, future events or otherwise.

## RISK FACTORS

*An investment in the Bonds is highly speculative and is suitable only for persons or entities that are able to evaluate the risks of the investment. An investment in the Bonds should be made only by persons or entities able to bear the risk of and to withstand the total loss of their investment. Prospective investors should consider the following risks before making a decision to purchase the Bonds. To the best of our knowledge, we have included all material risks to investors in this section.*

**Risks Related to the Bonds and to this Offering**

***We may not have sufficient available cash to pay any interest or principal on the Bonds and our significant level of indebtedness and liabilities could limit cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition and results of operations and impair our ability to satisfy our obligations under the Bonds.***

We may not have or generate sufficient available cash to pay any interest or principal on the Bonds. The amount of cash available to us to make payment on the Bonds will depend principally on the cash that we generate from operations, which will depend on, among other factors, the amount of oil and gas we or the third-party operators at our properties can produce, the prices at which we or the third-party operators are able to sell oil and gas, the level of our capital expenditures and operating costs; and the level of our interest expense, which will depend on the amount of our outstanding indebtedness and the applicable interest rate.

Furthermore, we have and will continue to have a significant amount of indebtedness and liabilities following this offering. We may also incur additional indebtedness to meet future financing needs. Our indebtedness could have significant negative consequences for our business, results of operations and financial condition, including increasing our vulnerability to adverse economic and industry conditions, limiting our ability to obtain additional financing, requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the amount of our cash flow available for other purposes, limiting our flexibility in planning for, or reacting to, changes in our business, and placing us at a possible competitive disadvantage with less leveraged competitors and competitors that may have better access to capital resources.

We cannot assure you that we will continue to maintain sufficient cash reserves or that our business will generate cash flow from operations at levels sufficient to permit us to pay principal and interest on the Bonds, or that our cash needs will not increase. If we are unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments, or if we fail to comply with the various requirements of the Bonds, or any other indebtedness then outstanding, we may default, which would permit the holders of the affected indebtedness to accelerate the maturity of such indebtedness and could cause defaults under any other indebtedness. Any default under the Bonds or any other indebtedness could have a material adverse effect on our business, results of operations and financial condition.

***The Bonds are not obligations of our subsidiaries and will be effectively subordinated to all of the liabilities of the Company's subsidiaries. Such subordination increases the risk that we will be unable to meet our obligations on the Bonds.***

The Bonds are obligations of the Company exclusively and not of any of our subsidiaries. The Bonds are effectively subordinated to all of the liabilities of the Company's subsidiaries, to the extent of their assets, because they are separate and distinct legal entities with no obligation to pay any amounts due under the Company's indebtedness, including the Bonds, or to make any funds available to make payments on the Bonds. For example, the holders of the Adamantium Bonds are structurally senior to our creditors, including Bondholders, with respect to Adamantium's assets. The Company's right to receive any assets of any subsidiary in the event of a bankruptcy or liquidation of the subsidiary, and therefore the right of the Company's creditors, including holders of the Bonds, to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors, in each case to the extent that the Company is not recognized as a creditor of such subsidiary. In addition, even where the Company is recognized as a creditor of a subsidiary, the Company's rights as a creditor with respect to certain amounts are subordinated to other indebtedness of that subsidiary, including secured indebtedness to the extent of the assets securing such indebtedness.

***The Bonds will be effectively subordinated to our current and future secured indebtedness, including amounts outstanding under the Credit Agreement with ANB and the Adamantium Loan Agreement, and any indebtedness we may incur in connection with the PCGHI Loan.***

The Bonds will be subordinated, unsecured indebtedness of the Company. The Bonds will be effectively subordinated to any of the Company's current or future secured indebtedness, including the Credit Agreement and the Adamantium Loan Agreement, to the extent of the value of the assets securing that indebtedness. The Bonds will be subordinate to the collateral interest of any future secured indebtedness of the Company, including with respect to the PCGHI Loan. As of November 30, 2023, there was $30,000,000 outstanding under the Credit Agreement and $13,107,000 of Adamantium Bonds outstanding, with the corollary amount outstanding under the Adamantium Loan Agreement; provided that amounts under the Adamantium Loan may increase as and to the extent additional debt obligations are issued by Adamantium.

In the event of the Company's bankruptcy, liquidation, reorganization or other winding up, ANB, Adamantium and PCGHI, as the lenders under the various credit agreements. will be senior in priority with respect to the collateral securing their loans. If the Company defaults under the aforementioned loan agreements, the lender of the defaulted loan could foreclose on its security interest in our assets pledged as collateral, which may result in our inability to pay interest or principal on the Bonds and exist as a going concern. In the event of default, there may not be sufficient assets remaining to pay amounts due on any or all of the Bonds then outstanding.

***Amounts outstanding under our other unsecured debt will generally be senior to our payment obligations under the Bonds.***

The Bonds will be structurally subordinated to the Adamantium Bonds to the extent of Adamantium's assets, and will be contractually subordinated to the Regulation A Bonds and Senior Reg D Obligations. As of November 30, 2023, there was $13,107,000 of Adamantium Bonds outstanding, with the corollary amount outstanding under the Adamantium Loan Agreement, $85,742,000 of Regulation A Bonds outstanding and $21,279,728 of Senior Reg D Obligations outstanding. The terms of the Bonds do not prohibit the Company or any current or future direct or indirect subsidiaries, such as PhoenixOp, Adamantium or PCHGI, from issuing more debt securities or incurring additional indebtedness, and any such issuance or incurrence may rank senior to the Bonds. For example, the Company may issue additional Regulation A debt obligations as permitted by Regulation A that it designates as senior to the Bonds in its discretion and Adamantium may issue additional structurally senior debt obligations under Rule 506(c). Any such issuance would rank senior to the Bonds. If the Company is unable to pay the amounts due under these senior debt obligations, then it will be unable to satisfy its payment obligations under the Bonds. The Bonds will rank *pari passu* with the Pari Passu Obligations. As of November 30, 2023, the Company had $273,154,000 of Pari Passu Obligations outstanding (which amount includes $88,320,000 of previously issued Series U through Series Z-1 Bonds).

***We may engage in a variety of transactions that may impair our ability to pay interest and principal on the Bonds.***

In addition to the existing debts described above, we may engage in activities, such as issuing additional debt that may rank senior or *pari passu* with the Bonds, that may hinder our ability to pay our bond service obligations. In addition, other than the limited covenants contained in the Indenture and discussed in this Memorandum, we are not subject to additional restrictions on our activities.

***Bonds with longer terms may be subject to higher risk as a result.***

We are offering Bonds with maturities ranging from one to eleven years and we are offering Bonds with the option to have interest compound and be paid at maturity rather be paid monthly in cash. A Bond with a longer term will be subject to and affected by the potential risks to the Company's operations for a longer period of time than a shorter-term Bond would. As a result, there will be a greater chance of an adverse event occurring with regarding to the Company during the term of a longer-termed Bond. Risks that may be increased by the passage of time may include:

- our ability to attract and retain key personnel;
- changing regulations and legislation that affect our business;
- short and long-term fluctuations in oil prices;

- costs and expenses associated with extraction on our properties; and
- the potential for a change of control or other significant transaction.

***The Company is subject to regular and balloon payments of principal and interest which may adversely impact our ability to service our debt and other Company obligations.***

The Company is obligated to service multiple series of Bonds with various payment schedules, maturity dates and interest rates. As a result, payments by the Company toward a certain series of Bonds reduces cashflow available to a different series of Bonds, which may increase the Company's risk of default or business failure.

***Redemption requests of Bonds at the option of the Bondholder will be limited by the 10% Limit and to the extent they are accepted, will be subject to financial penalties for early redemption.***

Bondholders may request to have their Bonds redeemed at any time prior to the maturity date, subject to an annual 10% redemption limit, regardless of the reason for the redemption, at the option of the Company, at a price equal to $950, plus all accrued but unpaid interest per Bond, regardless of when such Bonds are redeemed. The Company may allow Bondholders to redeem Bonds in its sole discretion. As a result, requests for redemption from Bondholders may be rejected by the Company.

***The Indenture does not allow the Bondholders to require the Company to repurchase the Bonds in the event of a change in control of the issuer.***

In the event of a change of control of the Company, Bondholders will not have the right to require us to repurchase their Bonds, even though such a transaction could adversely affect the Bondholders. The absence of such a change of control provision in the Indenture increases risk to the Bondholders.

***An event of default under the Credit Agreement and/or any other debt to which the Bonds are subordinate would likely impair the Company's ability to make payments of principal and interest on the Bonds.***

The Company is not permitted to make any payments to the Bondholders, including any payments of principal or interest under the Bonds, for so long as any event of default remains uncured or outstanding under the Credit Agreement. As a result, the Bondholders may not receive the payments they expect, or at all, upon an event of default under the Credit Agreement. In addition, following the cure of any such event of default or ANB's successful remedy of such event of default, the Company may not have the funds, or otherwise have the means, to make any payments due to the Bondholders at such time.

***Our trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request, order or direction of any of the Bondholders, pursuant to the provisions of the Indenture, unless such Bondholders shall have offered to the trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby.***

The Indenture governing the Bonds provides that in case an event of default occurs and not be cured, the trustee will be required, in the exercise of its power, to use the degree of care of a reasonable person in the conduct of its own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Bondholder, unless the Bondholder has offered to the trustee security and indemnity satisfactory to it against any loss, liability or expense.

***We may redeem all or any part of the Bonds that have been issued before their maturity, and you may be unable to reinvest the proceeds at either the same or a higher rate of return.***

We may redeem all or any part of the outstanding Bonds prior to maturity. See "***Description of Bonds - Optional Redemption***" for more information. If redeemed, you may be unable to reinvest the money you receive in the redemption at a rate that is equal to or higher than the rate of return on the Bonds.

***The Bonds are subject to significant restrictions on transfer.***

You will be required to represent that you are acquiring the Bonds for investment and not with a view to distribution or resale, that you understand the Bonds are not freely transferable and, in any event, that you must bear

the economic risk of investment in the Bonds for an indefinite period of time because (i) the Bonds have not been registered under the Securities Act or applicable state "Blue Sky" or securities laws; and (ii) the Bonds cannot be sold unless they are subsequently registered or an exemption from such registration is available. There will be no market for the Bonds, and Bondholders cannot expect to be able to liquidate their investment in case of an emergency. Further, the sale of Bonds may have adverse federal income tax consequences. The Bondholders will be required to obtain the prior written consent of the Company to transfer the Bonds. There are no specified circumstances relating to the granting or withholding of the required prior written consent of the Managers. Accordingly, the Company may not consent to a request for approval to transfer the Bonds.

***There is no established trading market for the Bonds and we do not expect one to develop. Therefore, Bondholders may not be able to resell them for the price that they paid or sell them at all.***

Prior to this offering, there was no active market for the Bonds and we do not expect one to develop. We do not have any present intention to apply for a quotation for the Bonds on an alternative trading system or over the counter market and even if we obtain that quotation in the future, we do not know the extent to which investor interest will lead to the development and maintenance of a liquid trading market. Further, the Bonds will not be quoted on an alternative trading system or over the counter market until after the termination of this offering, if at all. Therefore, investors will be required to wait until at least after the final termination date of this offering for such quotation. The initial public offering price for the Bonds has been determined by us. You may not be able to sell the Bonds you purchase at or above the initial offering price or sell them at all.

Alternative trading systems and over the counter markets, as with other public markets, may from time to time experience significant price and volume fluctuations. As a result, if the Bonds are listed on such a trading system, the market price of the Bonds may be similarly volatile, and Bondholders may from time to time experience a decrease in the value of their Bonds, including decreases unrelated to our operating performance or prospects. The price of the Bonds could be subject to wide fluctuations in response to a number of factors, including those listed in this "***Risk Factors***" section of this Memorandum. No assurance can be given that the market price of the Bonds will not fluctuate or decline significantly in the future or that Bondholders will be able to sell their Bonds when desired on favorable terms, or at all. Further, the sale of the Bonds may have adverse federal income tax consequences.

***The Indenture does not require the Company to provide Bondholders cash statements or certification of compliance with the Bonds.***

The Indenture does not require the Company to provide Bondholders cash statements or financial information other than what is required to be filed with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act or under Rule 257 of Regulation A. Further, so long as such filings by the Company are available on the SEC's Electronic Data Gathering, Analysis and Retrieval System (EDGAR), such filings shall be deemed to have been provided to the Bondholders without any further action required by the Company. Moreover, the Company is only required to notify the Trustee annually, within one hundred twenty (120) days following December 31st, a written statement certifying that to the knowledge of the Company's officers the Company is in compliance with this Indenture, or specifying any Event of Default hereunder.

***We may invest or spend the proceeds of this offering in ways with which you may not agree.***

Although we intend to use the proceeds from this offering for continued acquisitions of mineral rights and non-operated working interests, as well as additional asset acquisitions, and for capital contributions to PhoenixOp as necessary, we will not be contractually obligated to do so and will retain broad discretion over the use of proceeds from this offering. Bondholders may not deem such uses desirable. Because of the number and variability of factors that could determine our use of the proceeds from this offering, our actual uses of the proceeds from this offering may vary substantially from our currently planned uses.

**Risks Related to Our Business and Our Industry**

***We have a limited operating history and may not be able to operate our business successfully***

The Company was formed on April 23, 2019 and has had a limited operating history. As a result, an investment in securities offered by the Company may entail more risk than an investment in the securities of an oil

and gas company with a substantial operating history. Our limited operating history may adversely impact our ability to conduct business and financial operations.

***Because of the unique difficulties and uncertainties inherent in the mineral rights investment business, we face a potential risk of business failure.***

Potential investors should be aware of the difficulties normally encountered by companies investing in mineral rights and the potential failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the mineral rights investment that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to finding mineral rights assets, and additional costs and expenses that may exceed current estimates. The search for minerals may also involve numerous hazards. Thus, we may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material adverse effect on our financial position. In addition, there is no assurance that the expenditures to be made by us in the exploration phase will result in the discovery of economic deposits of minerals. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts.

***If we are unable to successfully compete within the mineral rights business, we will not be able to achieve profitable operations.***

The mineral rights business is highly competitive. This industry has a multitude of competitors. Our exploration activities will be focused on attempting to locate commercially viable mineral deposits. Many of our competitors have greater financial resources than us. As a result, we may experience difficulty competing with other businesses when investing in mineral rights. If we are unable to retain qualified third-party operators to assist us in production activities if a commercially viable deposit is found to exist, we may be unable to enter into production and achieve profitable operations.

***Because of factors beyond our control which could affect the marketability of minerals found, we may experience difficulty selling any minerals we discover.***

Even if commercial quantities of mineral reserves are discovered, a ready market may not exist for the sale of these reserves. Numerous factors beyond our control may affect the marketability of any minerals discovered. These factors include market fluctuations, the proximity and capacity of minerals markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. These factors could inhibit our ability to sell minerals in the event that commercial amounts of minerals are found.

***Because we will be subject to compliance with government regulation which may change, the anticipated costs of our exploration program may increase.***

State and local government bodies regulate mineral exploration or exploitation within that state. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these regulations. While our planned exploration program budgets for regulatory compliance, there is a risk that new regulations could increase our costs of doing business, prevent us from carrying out our exploration program, and make compliance with new regulations unduly burdensome.

***A shortage of equipment and supplies for our third-party operators could adversely affect our ability to operate our business.***

Our third-party operators are dependent on various supplies and equipment in order to carry out its extraction operations. Any shortage of such supplies, equipment and parts could have a material adverse effect on their ability to carry out operations and therefore limit or increase the cost of production and, ultimately, our profitability.

***We will be contracting with third parties to perform the actual extraction operations, and these third-party contractors may not perform as we expect.***

We will be utilizing third-party contractors to perform the drilling and extraction operations on our assets to extract the natural resources we rely on to generate revenue. If the third-party contractors we hire do not perform as we expect, we may not generate as much of a profit as we anticipate, which could limit our ability to make interest and principal payments to Bondholders. Further, if the contractors are not competent with respect to environmental laws and risks, we may face enforcement actions, lawsuits, civil or criminal fines or penalties, loss or reputation or other costly expenditures, all of which could damage our business operations. Reckless action on the part of incompetent contractors could also lead to damage to, or destruction of, our assets leading to delays in future actions and loss of revenue, among other costly outcomes.

***We are subject to significant governmental regulations, which affect our operations and costs of conducting our business.***

The current and future operations of our business and that of the third-party contractors on our land are and will be governed by laws and regulations, including:

- laws and regulations governing mineral concession acquisition, prospecting, development, mining and production;
- laws and regulations related to exports, taxes and fees;
- labor standards and regulations related to occupational health and mine safety;
- environmental standards and regulations related to waste disposal, toxic substances, land use and environmental protection; and
- other matters.

Companies engaged in exploration activities often experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Failure of the third parties we contract with to comply with applicable laws, regulations and permits may result in enforcement actions, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. We may be required to compensate those suffering loss or damage by reason of our mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

***Our estimated mineral reserves quantities and future production rates are based on many assumptions that may prove to be inaccurate. Any material inaccuracies in the reserves estimates or the underlying assumptions will materially affect the quantities and present value of our reserves.***

Numerous uncertainties are inherent in estimating quantities of mineral reserves. The process of estimating mineral reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, engineering and economic data for each reservoir, including assumptions regarding future natural gas and oil prices, subsurface characterization, production levels and operating and development costs. For example, our estimates of our reserves are based on the unweighted first-day-of-the-month arithmetic average commodity prices over the prior 12 months in accordance with SEC guidelines. Future prices received for production and costs may vary, perhaps significantly, from the prices and costs assumed for purposes of those estimates. Sustained lower prices will cause the 12-month unweighted arithmetic average of the first-of-the-day price for each of the 12 months preceding to decrease over time as the lower prices are reflected in the average price, which may result in the estimated quantities and present values of our reserves being reduced. To the extent that prices become depressed or decline materially from current levels, such conditions could render uneconomic a portion of our proved reserves, and we may be required to write down our proved reserves.

Furthermore, SEC rules require that, subject to limited exceptions, proved undeveloped reserves may only be recorded if they relate to wells scheduled to be drilled within five years after the date of booking. This rule may limit our potential to record additional proved undeveloped reserves as we pursue our drilling program through PhoenixOp. To the extent that prices become depressed or decline materially from current levels, such condition could render uneconomic a number of our identified drilling locations, and we may be required to write down our proved undeveloped reserves if we do not drill those wells within the required five-year time frame or choose not to develop those wells at all.

As a result, estimated quantities of reserves and projections of future production rates and the timing of development expenditures may prove to be inaccurate. Over time, we may make material changes to our reserves estimates. Any significant variance in our assumptions and actual results could greatly affect our estimates of reserves, the economically recoverable quantities of minerals attributable to any particular group of properties, the classifications of reserves based on risk of non-recovery and estimates of future net cash flows.

In addition, estimates of probable reserves, and the future cash flows related to such estimates, are inherently imprecise and are more uncertain than estimates of proved reserves, and the future cash flows related to such estimates, but have not been adjusted for risk due to that uncertainty. Because of such uncertainty, estimates of probable reserves, and the future cash flows related to such estimates, may not be comparable to estimates of proved reserves, and the future cash flows related to such estimates, and should not be summed arithmetically with estimates of proved reserves and the future cash flows related to such estimates. When producing an estimate of the amount of minerals that are recoverable from a particular reservoir, an estimated quantity of probable reserves is an estimate of those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered. Estimates of probable reserves are also continually subject to revisions based on production history, results of additional exploration and development, price changes and other factors. When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir. Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves. See "***General Information About our Company—Our Properties***."

The present value of future net revenues from our proved reserves, or PV-10, will not necessarily be the same as the current market value of our estimated proved reserves. You should not assume that the present value of future net revenues from our proved reserves is the current market value of our estimated proved reserves. We currently base the estimated discounted future net revenues from our proved reserves on the 12-month unweighted arithmetic average of the first-day-of-the-month price for the preceding 12 months. Actual future net revenues from our reserves will be affected by factors such as:

- actual prices we receive for natural gas and oil;
- actual cost of development and production expenditures;
- the amount and timing of actual production;
- transportation and processing; and
- changes in governmental regulations or taxation.

The timing of both our production and our incurrence of expenses in connection with the development and production of our properties will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual present value. In addition, the 10% discount factor we use when calculating discounted future net revenues may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the natural gas and oil industry in general. Actual future prices and costs may differ materially from those used in the present value estimate.

***Estimated reserves do not represent or measure the fair value of the respective property or asset and we may sell or divest an asset for much less than the amount of estimated reserves.***

Estimated proved reserves and estimated probable reserves do not represent or measure the fair value of the respective properties or the fair market value at which a property or properties could be sold. In the event of any such sale, proceeds to the Company may be significantly less than the value of the estimated reserves.

***The development of our estimated proved undeveloped reserves may take longer and may require higher levels of capital expenditures than we currently anticipate.***

Recovery of proved undeveloped reserves requires significant capital expenditures and successful drilling operations. As of June 30, 2023, approximately 73% of our total estimated proved reserves were undeveloped. Our reserves estimates assume that substantial capital expenditures will be made to develop non-producing reserves. We cannot be sure that the estimated costs attributable to our reserves are accurate. We anticipate needing to raise additional capital, or causing PhoenixOp to raise additional capital, to develop our estimated proved undeveloped reserves over the next five years and we cannot be certain that additional financing will be available to us on acceptable terms, or at all. Additionally, sustained or further declines in commodity prices may require us to revise the future net revenues of our estimated proved undeveloped reserves and may result in some projects becoming uneconomical. Further, our drilling efforts may be delayed or unsuccessful and actual reserves may prove to be less than current reserves estimates, which could have a material adverse effect on our financial condition, future cash flows and results of operations.

***Regulations and pending legislation governing issues involving climate change could result in increased operating costs, which could have a material adverse effect on our business.***

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to various climate change interest groups and the potential impact of climate change. Legislation and increased regulation regarding climate change could impose significant costs on us, the third parties we will contract with to perform the mining operations, our venture partners and our suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. Any adopted future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Given the emotion, political significance and uncertainty around the impact of climate change and how it should be dealt with, we cannot predict how legislation and regulation will affect our financial condition, operating performance and ability to compete. Furthermore, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by us or other companies in our industry could harm our reputation. The potential physical impacts of climate change on our operations are highly uncertain, and would be particular to the geographic circumstances in areas in which we operate. These may include changes in rainfall and storm patterns and intensities, water shortages, changing sea levels and changing temperatures. These impacts may adversely impact the cost, production and financial performance of our operations.

Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation, could have a material adverse impact on our business and cause increases in capital expenditures or require abandonment or delays in exploration.

***Our exploration and development activities are subject to environmental risks, which could expose us to significant liability and delay, suspension or termination of our operations.***

The exploration and possible future development phases of our business will be subject to federal, state and local environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set out limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments, and a heightened degree of responsibility for companies and their officers, directors and employees. Future changes in environmental regulations, if any, may adversely affect the operations of the third-party contractors on our land as well as our business. If we fail to comply with any of the applicable environmental laws, regulations or permit requirements, we could face regulatory or judicial sanctions. Penalties imposed by either the courts or

administrative bodies could delay or stop the operations of the third-party contractors on our land or require a considerable capital expenditure. Although we and our third-party operators intend to comply with all environmental laws and permitting obligations in conducting our business, there is a possibility that those opposed to exploration and mining will attempt to interfere with our operations, whether by legal process, regulatory process or otherwise.

Environmental hazards unknown to us, which have been caused by previous or existing owners or operators of the properties, may exist on the properties in which we hold an interest. It is possible that our properties could be located on or near the site of a Federal Superfund cleanup project. Although we will endeavor to avoid such sites, it is possible that environmental cleanup or other environmental restoration procedures could remain to be completed or mandated by law, causing unpredictable and unexpected liabilities to arise.

*U.S. Federal Laws*

The Comprehensive Environmental, Response, Compensation, and Liability Act ("CERCLA"), and comparable state statutes, impose strict, joint and several liability on current and former owners and operators of sites and on persons who disposed of or arranged for the disposal of hazardous substances found at such sites. It is not uncommon for the government to file claims requiring cleanup actions, demands for reimbursement for government-incurred cleanup costs, or natural resource damages, or for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances released into the environment. The Federal Resource Conservation and Recovery Act ("RCRA"), and comparable state statutes, govern the disposal of solid waste and hazardous waste and authorize the imposition of substantial fines and penalties for noncompliance, as well as requirements for corrective actions. CERCLA, RCRA and comparable state statutes can impose liability for clean-up of sites and disposal of substances found on exploration, mining and processing sites long after activities on such sites have been completed.

The Clean Air Act, as amended, restricts the emission of air pollutants from many sources, including mining and processing activities. The mining operations conducted by third parties on our land may produce air emissions, including fugitive dust and other air pollutants from stationary equipment, storage facilities and the use of mobile sources such as trucks and heavy construction equipment, which are subject to review, monitoring and/or control requirements under the Clean Air Act and state air quality laws. New facilities of theirs may be required to obtain permits before work can begin, and existing facilities may be required to incur capital costs in order to remain in compliance. In addition, permitting rules may impose limitations on their production levels or result in additional capital expenditures in order to comply with the rules.

The National Environmental Policy Act ("NEPA") requires federal agencies to integrate environmental considerations into their decision-making processes by evaluating the environmental impacts of their proposed actions, including issuance of permits to mining facilities, and assessing alternatives to those actions. If a proposed action could significantly affect the environment, the agency must prepare a detailed statement known as an Environmental Impact Statement ("EIS"). The U.S. Environmental Protection Agency, other federal agencies, and any interested third parties will review and comment on the scoping of the EIS and the adequacy of and findings set forth in the draft and final EIS. This process can cause delays in issuance of required permits or result in changes to a project to mitigate its potential environmental impacts, which can in turn impact the economic feasibility of a proposed project.

The Clean Water Act ("CWA"), and comparable state statutes, imposes restrictions and controls on the discharge of pollutants into waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the Environmental Protection Agency ("EPA") or an analogous state agency. The CWA regulates storm water mining facilities and requires a storm water discharge permit for certain activities. Such a permit requires the regulated facility to monitor and sample storm water run-off from its operations. The CWA and regulations implemented thereunder also prohibit discharges of dredged and fill material in wetlands and other waters of the United States unless authorized by an appropriately issued permit. The CWA and comparable state statutes provide for civil, criminal and administrative penalties for unauthorized discharges of pollutants and impose liability on parties responsible for those discharges for the costs of cleaning up any environmental damage caused by the release and for natural resource damages resulting from the release.

The Safe Drinking Water Act ("SDWA") and the Underground Injection Control ("UIC") program promulgated thereunder, regulate the drilling and operation of subsurface injection wells. EPA directly administers the UIC program in some states and in others the responsibility for the program has been delegated to the state. The

program requires that a permit be obtained before drilling a disposal or injection well. Violation of these regulations and/or contamination of groundwater by mining related activities may result in fines, penalties, and remediation costs, among other sanctions and liabilities under the SWDA and state laws. In addition, third-party claims may be filed by landowners and other parties claiming damages for alternative water supplies, property damages, and bodily injury.

***We or our third-party operators could be subject to environmental lawsuits.***

Neighboring landowners and other third parties could file claims based on environmental statutes and common law for personal injury and property damage allegedly caused by the release of hazardous substances or other waste material into the environment on or around our properties. There can be no assurance that our defense of such claims will be successful. A successful claim against us or any of the third parties we contract with to conduct operations on our land could have an adverse effect on our business prospects, financial condition and results of operation.

***While the testing of our mineral right exploration software system has been successful to date, there can be no assurance that we will be able to replicate the process, along with all of the expected economic advantages, on a large commercial scale.***

As of the date of this Memorandum, we have built and operated our mineral right exploration software system on a limited scale. While we believe that our development and testing to date has proven the concept of our software, there can be no assurance that as we commence large scale operations that we will not incur unexpected costs or hurdles that might restrict the desired scale of our intended operations or negatively impact our business prospects, financial condition and results of operation. In addition, due to the relatively limited scale of use, there can be no assurance that the software will be accurate on an ongoing or continuous basis. If our software is unable to scale or is inaccurate, our business and operating results may suffer.

***We do not currently own any intellectual property rights relating to our mineral right exploration software system and may be subject to competitors developing the same technology.***

As of the date of this Memorandum, we do not own any intellectual property rights for any of our software used in our mineral rights exploration. We substantially rely on this software to identify profitable assets ahead of our competitors. If a competitor or anyone else replicates our software, then our business would materially suffer and our ability to repay any of our debts, including the obligations under the Bonds, may be affected.

***Our mineral right exploration software system may infringe on the intellectual property rights of others, which could lead to costly disputes or disruptions.***

The applied science industry is characterized by frequent allegations of intellectual property infringement. Though we do not expect to be subject to any of these allegations, any allegation of infringement could be time consuming and expensive to defend or resolve, result in substantial diversion of management resources, cause suspension of operations or force us to enter into royalty, license, or other agreements rather than dispute the merits of such allegation. If patent holders or other holders of intellectual property initiate legal proceedings, we may be forced into protracted and costly litigation. We may not be successful in defending such litigation and may not be able to procure any required royalty or license agreements on acceptable terms or at all.

***Our business is sensitive to the price of oil and timing of oil production, which may have an adverse effect on our ability to generate returns for investors.***

We are in the business of purchasing mineral rights and non-operated working interests in land in the United States, including the rights to drill for oil and gas. A decline in oil prices can have an adverse effect on the value of our interests in the land which will materially and adversely affect our ability to generate cash flows and in turn our ability to make interest payments on the Bonds. Further, a slowdown in the timing of oil production may reduce our ability to collect lease payments from leaseholders, which could limit our ability to make interest and principal payments to Bondholders.

***Our investments are focused on acquiring properties where oil production is either ongoing or imminent. Therefore, very few of our investments are expected to generate returns that substantially exceed our projections.***

We focus on acquiring properties where oil production is ongoing or imminent, which we believe allows us to better estimate the potential for predictable near-term cash flows. As such, it is unlikely that production from such properties will substantially exceed our estimates and generate greater than expected revenue to the Company.

***Our business could be adversely affected by unfavorable economic and political conditions, which in turn, can negatively impact our ability to generate returns to you.***

The Company's future business and operations are sensitive to general business and economic conditions in the United States. National and regional economies and financial markets have become increasingly interconnected, which increases the possibilities that conditions in one country, region, or market might adversely impact issuers in a different country, region, or market. Major economic or political disruptions, such as the slowing economy in China, the war in Ukraine and sanctions on Russia, the Israeli-Hamas conflict and a potential economic slowdown in the United Kingdom and Europe, may have global negative economic and market repercussions. While the Company does not have or intend to have operations in those countries, such disruptions may nevertheless cause fluctuations in oil prices, which could impact our ability to generate cash flows, and in turn, make payments to you.

***The lingering effects of the coronavirus (also known as the COVID-19 virus) pandemic and uncertainty in the financial markets may adversely affect our ability to generate revenues.***

The long-term impact of the coronavirus pandemic on the U.S. and world economies remains unknown, but effects of the pandemic, as well as inflation and rising interest rates, has led to uncertainty in the financial markets that could significantly and negatively impact the global, national and regional economies, the length and breadth of which cannot currently be predicted. Extended disruptions to the global economy are likely to cause fluctuations in oil prices and the timing of oil production, which could have a material adverse effect on our ability to generate cash flow, which in turn could limit our ability to pay interest on the Bonds.

***The Company, through its investment in PhoenixOp and future assignment of oil and gas properties to PhoenixOp, intends to conduct extraction activities. Such activities will pose additional risks to the Company which could adversely affect the Company.***

PhoenixOp, a wholly owned subsidiary of the Company, will face numerous risks while drilling, including: failing to place a well bore in the desired target producing zone; not staying in the desired drilling zone while drilling horizontally through the formation; failing to run its casing the entire length of the well bore; and not being able to run tools and other equipment consistently through the horizontal well bore. Risks PhoenixOp may face while completing our wells include, but are not limited to, not being able to fracture stimulate the planned number of stages; failing to run tools the entire length of the well bore during completion operations; not successfully cleaning out the well bore after completion of the final fracture stimulation stage; increased seismicity in areas near its completion activities; unintended interference of completion activities performed by us or by third parties with nearby operated or non-operated wells being drilled, completed, or producing; and failure of our optimized completion techniques to yield expected levels of production.

Further, many factors may occur that cause PhoenixOp to curtail, delay or cancel scheduled drilling and completion projects, including but not limited to:

- abnormal pressure or irregularities in geological formations;
- shortages of or delays in obtaining equipment or qualified personnel;
- shortages of or delays in obtaining components used in fracture stimulation processes such as water and proppants;
- delays associated with suspending our operations to accommodate nearby drilling or completion operations being conducted by other operators;

- mechanical difficulties, fires, explosions, equipment failures or accidents, including ruptures of pipelines or storage facilities, or train derailments;
- restrictions on the use of underground injection wells for disposing of waste water from oil and gas activities;
- political events, public protests, civil disturbances, terrorist acts or cyber attacks;
- decreases in, or extended periods of low, crude oil and natural gas prices;
- title problems;
- environmental hazards, such as uncontrollable flows of crude oil, natural gas, brine, well fluids, hydraulic fracturing fluids, toxic gas or other pollutants into the environment, including groundwater and shoreline contamination;
- adverse climatic conditions and natural disasters;
- spillage or mishandling of crude oil, natural gas, brine, well fluids, hydraulic fracturing fluids, toxic gas or other pollutants by us or by third party service providers;
- limitations in infrastructure, including transportation, processing, refining and exportation capacity, or markets for crude oil and natural gas; and
- delays imposed by or resulting from compliance with regulatory requirements including permitting.

PhoenixOp is not insured against all risks associated with our business. PhoenixOp may elect to not obtain insurance if we believe the cost of available insurance is excessive relative to the risks presented or for other reasons. In addition, pollution and environmental risks are generally not fully insurable.

Losses and liabilities arising from any of the above events could reduce the value of the Company's capital contributions to PhoenixOp, increase the need for the Company to provide additional capital to PhoenixOp, and otherwise harm the Company's financial position, which could adversely affect the Company and its ability to pay its obligations under the Bonds.

***Any cybersecurity-attack or other security breach of our technology systems, or those of third-party vendors we rely on, could subject us to significant liability and harm our business operations and reputation.***

Cybersecurity attacks and security breaches of our technology systems, including those of our clients and third-party vendors, may subject us to liability and harm our business operations and overall reputation. Our operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Threats to information technology systems associated with cybersecurity risks and cyber incidents continue to grow, and there have been a number of highly publicized cases involving financial services companies, consumer-based companies and other organizations reporting the unauthorized disclosure of client, customer or other confidential information in recent years. Cybersecurity risks could disrupt our operations, negatively impact our ability to compete and result in injury to our reputation, downtime, loss of revenue, and increased costs to prevent, respond to or mitigate cybersecurity events. Although we have developed, and continue to invest in, systems and processes that are designed to detect and prevent security breaches and cyber-attacks, our security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions that could result in unauthorized disclosure or loss of sensitive information; damage to our reputation; the incurrence of additional expenses; additional regulatory scrutiny or penalties; or our exposure to civil or criminal litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition and results of operations.

## USE OF PROCEEDS

Our broker/dealer of record will receive a Broker-Dealer Fee of up to 5.0% of the gross proceeds of the offering. The Broker-Dealer Fee will be paid to Dalmore Group as our broker/dealer of record. Total underwriting compensation to be received by or paid to participating FINRA member broker-dealers, including, without limitation, the Broker-Dealer Fee, will not exceed 5.0% of proceeds raised with the assistance of those participating FINRA member broker-dealers. Certain of our personnel, including Mr. Willer, our Managing Director of Capital Markets, are licensed registered representatives of Dalmore Group and will be reallowed a portion of the Broker-Dealer Fee as sales compensation with respect to the sales of our Bonds.

We estimate that the net proceeds we will receive from this offering will be $712.5 million after deducting the Broker-Dealer Fee. We plan to use substantially all of the net proceeds from this offering for continued acquisitions of mineral rights and non-operated working interests, as well as additional asset acquisitions, and for capital contributions to PhoenixOp as necessary. The table below demonstrates our anticipated uses of offering proceeds, but the table below does not require us to use offering proceeds as indicated. Our actual use of offering proceeds will depend upon market conditions, among other considerations. The numbers in the table are approximate.

| | Maximum Offering Amount* | |
|---|---|---|
| | **Amount[(2)]** | **Percent** |
| Gross offering proceeds | $750,000,000 | 100% |
| Less offering expenses: | | |
| Broker-Dealer Fee[(1)] | $ 37,500,000 | 5% |
| Net Proceeds | $712,500,000 | 95% |
| Acquisitions of Mineral Rights and Non-Operated Working Interests[(3)] | $525,000,000 | 70% |
| Investment in PhoenixOp[(4)] | $150,000,000 | 20% |
| Working Capital and other asset acquisitions[(5)] | $ 37,500,000 | 5% |

* Amounts and percentages may vary from the above, provided that selling commission and expenses will not exceed 5.0% of gross offering proceeds.

(1) This represents the maximum broker-dealer fee payable to Dalmore Group of up to 5.0% of the gross proceeds of the offering. See "***Plan of Distribution***" for more information. Certain of our employees, including Mr. Willer, are registered as associated persons of our broker-dealer and will be paid part of any Broker-Dealer Fee resulting from Bonds sold with their assistance.

(2) This assumes we sell the Maximum Offering Amount comprised of $750,000,000.

(3) We anticipate up to approximately 70% of the gross proceeds of this offering will be used to acquire the mineral rights and non-operated working interests which represent our core business. As disclosed herein, we have multiple sources and potential of financing, as well as significant cash from operations, and as a result cannot predict with specificity whether any particular financing, including the Bonds, will be used for investment in mineral assets.

(4) We anticipate up to approximately 20% of our gross proceeds from this offering will be invested in PhoenixOp. The Company estimates that its operating model will require approximately $150,000,000 in additional capital throughout 2024 in order to achieve the Company's intended business plan. The Company expects to fund its contributions to PhoenixOp from the proceeds of this offering (up to the estimated amount disclosed above), but may also fund such contributions from the PCGH1 Loan in the estimated amount of $8,000,000, if the Company is able to borrow the maximum amount of the PCGH 1 Loan, from the Adamantium Loan Agreement in the estimated amount of $32,000,000, if the Company is able to borrow the maximum amount of the Adamantium Loan Agreement, from the Credit Agreement, and from the proceeds of the sale of Regulation A Bonds. The exact amount and source of funding for our contributions to PhoenixOp will be dependent upon the timing and ultimate amount of the Company's available sources of liquidity and funds to contribute to PhoenixOp, as well as on PhoenixOp's capital needs, PhoenixOp's other available sources of funding and which source of our financing may then be available to meet such needs.

(5) We anticipate approximately 5% of our gross proceeds will be used for general working capital needs, such as the payment of executive and employee salaries, general overhead and operating costs, and the acquisition of assets in the oil and gas space that are not mineral rights or non-operated working interests.

## PLAN OF DISTRIBUTION

### Who May Invest

See "***Who May Invest***" for further information regarding your eligibility to purchase Bonds.

### The Offering

We are offering a maximum offering amount of $750,000,000 aggregate principal amount of the Bonds to the public with a minimum purchase amount of $100,000 at a price of $1,000 per Bond. We reserve the right to increase the Maximum Offering Amount by $250,000,000 for a total maximum amount of $1,000,000,000. As of November 30, 2023, the Company had issued $88,320,000 of Bonds.

This Offering will terminate on earliest of: (i) the date we sell the Maximum Offering Amount; (ii) the second anniversary of the date of this Memorandum, as may be extended by up to one year by the Company by supplement hereto; or (iii) such date upon which we determine to terminate the offering in our sole discretion. The Company may elect to extend the maturity date of all or any portion of the Bonds, including all or any portion of any series, for up to two (2) additional one-year periods in the Company's sole discretion.

We have arbitrarily determined the selling price of the Bonds and such price bears no relationship to our book or asset values, or to any other established criteria for valuing issued or outstanding Bonds. The Bonds are being offered on a "commercially reasonable efforts" basis, which means generally that our broker/dealer of record is required to use only its commercially reasonable efforts to sell the Bonds and it has no firm commitment or obligation to purchase any of the Bonds. The offering will continue until the offering termination. The offering is being made on commercially reasonable efforts basis through Dalmore Group, our broker/dealer of record.

*Broker-Dealer and Compensation We Will Pay for the Sale of the Bonds*

Our broker/dealer of record will receive a Broker-Dealer Fee of up to 5.0% of the gross proceeds of the offering. The Broker-Dealer fee will be paid to Dalmore Group as our broker/dealer of record. Total underwriting compensation to be received by or paid to participating FINRA member Managing Broker-Dealers, including, without limitation, the Broker-Dealer fee, will not exceed 5.0% of proceeds raised with the assistance of those participating FINRA member Managing Broker-Dealers. Certain of our employees, including Mr. Willer, are registered as associated persons of our Managing Broker-Dealer and will be paid a portion of the Broker-Dealer Fee as sales compensation with respect to the sales of our Bonds. As part of our previous engagement with Dalmore Group, we paid Dalmore Group minor one-time advance set up fee and consulting fees.

Set forth below are tables indicating the estimated compensation and expenses that have been or may be paid in connection with the offering to our broker-dealers.

| Offering: | Per Bond | Maximum Offering Amount |
|---|---|---|
| Price to investor: | $ 1,000 | $ 750,000,000 |
| Less broker-dealer fee: | $ 50 | $ 37,500,000 |
| Remaining Proceeds: | $ 950 | $ 712,500,000 |

We have agreed to indemnify our broker/dealer of record and selected registered investment advisors, against certain liabilities arising under the Securities Act. However, the SEC takes the position that indemnification against liabilities arising under the Securities Act is against public policy and is unenforceable.

In accordance with the rules of FINRA, the table above sets forth the nature and estimated amount of all items that will be viewed as "underwriting compensation" by FINRA that are anticipated to be paid by us in connection with the offering. The amounts shown assume we sell all the Bonds offered hereby.

It is illegal for us to pay or award any commissions or other compensation to any person engaged by you for investment advice as an inducement to such advisor to advise you to purchase the Bonds; however, nothing herein

will prohibit a registered broker-dealer or other properly licensed person from earning a sales commission in connection with a sale of the Bonds.

**Discounts for Bonds Purchased by Certain Persons**

We may pay reduced or no Broker-Dealer Fees in connection with the sale of Bonds in this offering to:

- registered principals or representatives of our dealer-manager or a participating broker (and immediate family members of any of the foregoing persons);
- our employees, officers and directors or those of our Managers, or the affiliates of any of the foregoing entities (and the immediate family members of any of the foregoing persons), any benefit plan established exclusively for the benefit of such persons or entities, and, if approved by our board of directors, joint venture partners, consultants and other service providers;
- clients of an investment advisor registered under the Investment Advisers Act of 1940 or under applicable state securities laws (other than any registered investment advisor that is also registered as a broker-dealer, with the exception of clients who have "wrap" accounts which have asset based fees with such dually registered investment advisor/broker-dealer); or
- persons investing in a bank trust account with respect to which the authority for investment decisions made has been delegated to the bank trust department.

For purposes of the foregoing, "immediate family members" means such person's spouse, parents, children, brothers, sisters, grandparents, grandchildren and any such person who is so related by marriage such that this includes "step-" and "-in-law" relations as well as such persons so related by adoption. In addition, participating brokers contractually obligated to their clients for the payment of fees on terms inconsistent with the terms of acceptance of all or a portion of the Broker-Dealer Fees may elect not to accept all or a portion of such compensation. In that event, such Bonds will be sold to the investor at a per Bond purchase price, net of all or a portion of selling commissions. The net proceeds to us will not be affected by reducing or eliminating Broker-Dealer Fees payable in connection with sales to or through the persons described above. Purchasers purchasing net of some or all of the Broker-Dealer Fees will receive Bonds in principal amount of $1,000 per Bond purchased.

Either through this offering or subsequently on any secondary market, affiliates of our Company may buy Bonds if and when they choose. There are no restrictions to these purchases. Affiliates that become Bondholders will have rights on parity with all other Bondholders.

We reserve the right to sell Bonds at a discount of up to ten percent (10%) of the offering price of $1,000 per Bond to certain investors purchasing 100 Bonds or more. Any discounts applied to the purchase price of the Bonds will reduce net proceeds to the Company.

**How to Invest**

*Subscription Agreement*

All investors will be required to complete and execute a subscription agreement. The subscription agreement may be submitted in paper form and should be delivered to Phoenix Capital Group Holdings, LLC, Attn: Lindsey Wilson, 18575 Jamboree Road, Suite 830, Irvine, CA 92612. Subscriptions may be also submitted electronically. Generally, when submitting a subscription agreement electronically, a prospective investor will be required to agree to various terms and conditions by checking boxes and to review and electronically sign any necessary documents. You may pay the purchase price for your bonds by check, ACH or wire of your subscription purchase price in accordance with the instructions in the subscription agreement. An investor must purchase at least the Minimum Purchase. All checks should be made payable to "Phoenix Capital Group Holdings, LLC."

By completing and executing your subscription agreement, you will also acknowledge and represent that you have received a copy of this Memorandum, you are purchasing the Bonds for your own account and that your rights

and responsibilities regarding your Bonds will be governed by the applicable Form of Bond and Indenture included as an exhibit to this Memorandum.

You will be required to represent and warrant in your Subscription Agreement or order form that you are an "accredited investor" as defined under Rule 501 of Regulation D. We are required as an issuer under SEC Rule 506(c) to take "reasonable steps" to verify that each investor in this offering is accredited. The Company, the Managing Broker-Dealer or the Company's affiliates will perform the accredited investor verification required by SEC Rule 506(c) for this offering, using verification methods deemed to be reasonable and satisfactory under Rule 506(c), and will provide a certificate prior to each closing certifying the accredited investor status of each investor. See "***Who May Invest***" for more information. By completing and executing your Subscription Agreement or order form you will also acknowledge and represent that you have received a copy of this Memorandum, you are acquiring the Bonds for your own account and that your rights and responsibilities regarding your Bonds will be governed by the Form of Bond and Indenture, each included as an exhibit to this Memorandum.

Our Company will conduct closings, the "closing dates," and each, a "closing date," in this offering to be scheduled at the Company's discretion until the offering termination. Once a subscription has been submitted and accepted by the Company, an investor will not have the right to request the return of its subscription payment prior to the closing date. It is expected that settlement will occur on the same day as each closing date. On each closing date, offering proceeds for that closing will be disbursed to us and Bonds will be issued to investors, or the "Bondholders." If the Company is dissolved or liquidated after the acceptance of a subscription, the respective subscription payment will be returned to the subscriber.

*Book-Entry, Delivery and Form*

The Bonds purchased will be registered in book-entry form on the books and records of the Company. The ownership of Bonds will be reflected on the books and records of the Company.

*Book-Entry Format*

Under the book-entry format, the Company, as paying agent, will pay interest or principal payments directly to beneficial owners of Bonds.

**The Trustee**

UMB Bank, N.A. has agreed to be the trustee under the Indenture. The Indenture contains certain limitations on the rights of the trustee, should it become one of our creditors, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any claim as security or otherwise. The trustee will be permitted to engage in other transactions with us and our affiliates.

The Indenture provides that in case an event of default specified in the Indenture shall occur and not be cured, the trustee will be required, in the exercise of its power, to use the degree of care of a reasonable person in the conduct of his own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Bondholder, unless the Bondholder has offered to the trustee security and indemnity satisfactory to it against any loss, liability or expense.

*Resignation or Removal of the Trustee.*

The trustee may resign at any time or may be removed by the holders of a majority of the principal amount of then-outstanding Bonds. In addition, upon the occurrence of contingencies relating generally to the insolvency of the trustee, we may remove the trustee, or a court of competent jurisdiction may remove the trustee, upon petition of a holder of certificates. However, no resignation or removal of the trustee may become effective until a successor trustee has been appointed.

We are offering the Bonds pursuant to an exemption to the Trust Indenture Act of 1939, or the Trust Indenture Act. As a result, investors in the Bonds will not be afforded the benefits and protections of the Trust Indenture Act. However, in certain circumstances, the Indenture makes reference to the substantive provisions of the Trust Indenture Act.

**Registrar and Paying Agent**

The Company is the designated paying agent with respect to the Bonds, and as such, will make payments on the Bonds. The Bonds will be issued in book-entry form only, evidenced by global certificates.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### General

Phoenix Capital Group Holdings, LLC was formed in the state of Delaware on April 16, 2019. As of December 31, 2022, the Company conducts operations from four physical offices located in Irvine, CA, Denver, CO, Dallas, TX and Casper, WY respectively.

The Company developed a software platform in 2019 to support its ability to identify, analyze, underwrite, and formally transact in the purchasing of oil and gas assets. The software is used solely for the internal benefit of Phoenix and is not currently licensed to any third parties. The data-driven system incorporates data sets from multiple third party sources through custom API's that automatically call in refreshed data. Within the system, various dashboards can be accessed to analyze and review granular data sets at the asset level. Internal underwriting criteria generate offers to purchase assets furnished to the Phoenix sales and marketing team based on a discounted cash flow model driven by conservative estimates and inputs as a function of the data analysis and management inputs and assumptions.

From inception until June 30, 2023, Phoenix acquired over 2,664 different mineral assets of which roughly 2,459 remain owned by the Phoenix as of June 30, 2023. Assets that were disposed of were conveyed principally to private equity firms who operate in the vibrant, liquid secondary market.

As of June 30, 2023, the Company database had nearly 375,000 individual records in the current markets of interest which are comprised of the key basins in North Dakota, Montana, Wyoming, Colorado, Utah, and Texas. The software can incorporate data sets from basin across the United States, however, the Company believes that the addressable markets in its focus regions provide a significant opportunity for continued growth and scale. Over time, the Company anticipates expanding beyond these focus regions.

Phoenix is a private, family and employee-owned company.

### Results of Operations — For the Years Ended December 31, 2022 and December 31, 2021 and the Six Month Period Ended June 30, 2023

Phoenix closed its $28 million investment facility on October 28, 2021 with Cortland Credit Lending Corporation. In addition, Phoenix formally launched its Regulation A and D offerings in early 2022. These offerings raised over $83 million in funds as of December 31, 2022. The company views its methods and ability to capitalize the Company as unique competitive advantages over its peers.

#### *Revenue*

Royalty revenues significantly increased in the same period in 2022 in comparison to 2021, as was expected by the increase in capital investment in the Company and the price increase across the global commodity markets ($57,562,966 and $13,568,798, respectively). If our capital raising efforts continue at our recent pace, or increase in pace, Management believes revenues will grow at a similar pace over the next several years as additional capital is deployed and the Company continues to generate compounding revenue streams.

Our royalty revenues significantly increased in the semi-annual period ended June 30, 2023 in comparison to the same period in 2022 ($52,692,741 and $24,520,165, respectively), despite commodity prices dropping over 35% from the prior period. Our management believes revenues will continue to grow substantially throughout 2023 and into 2024 as (1) increases in commodity prices are realized, (2) properties Phoenix Capital acquired in 2023 begin producing revenues and (3) Phoenix Operating LLC investments begin to generate revenues.

#### *Operating Expenses*

The Company recorded operating expenses of $45,037,108 in the annual period ended December 31, 2022, in comparison to $12,928,033 in the same period in 2021. The increases in period over period operating expenses were

driven by increased personnel expense, general increased overhead expenses, increased sales and marketing expenditures, and associated professional fees and expenses. The operating expenses of the Company will continually grow in relation to assets in the portfolio due to the relational manner of mineral rights royalties to depletion and various oil and gas taxes and expenses (owner deductions, severance taxes and ad valorem taxes) as well as increased costs of maintaining and improving mineral, leasehold, and capital acquisition systems. A large portion of the operating expenses of the Company are related to building for future growth – as one example, advertising for mineral, leasehold, and capital acquisition in 2022 increased over 23 times the similar expense line item in 2021. This expense, when isolated, is targeted at future growth for the Company, while the expense is incurred in the then-current period.

Our recorded operating expenses of $42 million in the semi-annual period ended June 30, 2023, in comparison to $11 million in the same period in 2022. The largest increase in spending occurred in relation to the Company's capital program. Approximately $22 million of expenses were directly attributable to the up-front costs of the $160 million of bonds the Company raised in the first half of 2023. We incurred substantial up-front fees to raise capital through our Regulation A and Regulation D offerings. Those fees include advertising and marketing, fees to broker-dealers and registered representatives, legal fees related to regulatory filings and other related up-front fees. The weighted-average maturity of the bonds sold through these offerings is approximately four years.

The expenses related to the capital raise programs are discretionary and could be eliminated immediately, if markets or needs change. If the expenses were amortized over the benefit period (eight semi-annual periods), the up-front costs would be approximately $2.75 million rather than $22 million. The Company believes the long-term benefit of the capital that the Company is raising is critical to the Company's growth and will lead to substantially increased revenues in the coming periods.

***Net Loss***

The Company recorded a net loss of $702,676 in the annual period ending December 31, 2022 and $659,546 for the same period in 2021. The Company expects to operate at a net income (again) starting as early as 2023. The company expects revenues to increase in greater proportion to expenses as the Company continues to leverage its competitive advantages over the industry. In addition, the company invested over $72.5 million in assets and drilling projects in the second half of 2022, the majority of which will begin contributing revenues in 2023.

The Company recorded a net loss of $11,613,115 in the semi-annual period ended June 30, 2023 compared to a net gain of $2,382,390 for the same period in 2022. The Company strategically accelerated its capital raise program in 2023 which resulted in a substantial increase in notes available to the Company ($243 million as of June 30, 2023 compared to $83 million at December 31, 2022). The Company believes the capital raised in 2023 is crucial to the growth of the Company and its ability to capitalize on the opportunities presented. Management expects substantial revenue growth throughout 2023 and 2024.

As discussed under "—Operating Expenses," the largest driving factor of the GAAP net loss in the first half of 2023 was the up-front expenses related to the Company's capital raising programs. In the first half of 2023, those capital program expenses tallied $22 million.

***EBITDA***

The Company maintained positive EBITDA in the semi-annual ended June 30, 2023 compared to the same period in 2022 ($10 million in 2023 compared to $11 million in 2022), in the face of substantially increased capital raising expenses. The Company expects EBITDA to grow substantially in 2023 and 2024 as the capital raised and deployed by the Company is expected to produce meaningful revenues. As of June 30, 2023, the majority of revenues are being produced from assets the Company had on its books in 2022. The approximately $160 million that the Company raised in 2023 has not yet materially produced revenues to the Company in 2023. Management expects the contribution of that capital deployed throughout 2023 to begin producing revenues in 2024.

EBITDA is a non-GAAP supplemental financial measure used by management and by external users of financial statements such as investors, research analysts, and others, to assess the financial performance of our assets and their ability to sustain distributions over the long term without regard to financing methods, capital structure, or

historical cost basis. EBITDA is defined as net income (loss) before interest expense, income taxes, and depreciation, depletion, and amortization. EBITDA does not represent and should not be considered an alternative to, or more meaningful than, net income (loss), income from operations, cash flows from operating activities, or any other measure of financial performance presented in accordance with U.S. GAAP as measures of financial performance. EBITDA has important limitations as an analytical tool because it excludes some but not all items that affect net income (loss), the most directly comparable U.S. GAAP financial measure. The computation of EBITDA may differ from computations of similarly titled measures of other companies.

***Liquidity and Capital Resources***

As of June 30, 2023, the Company had cash and receivables of $22,058,721. The Company strategically decided to pay down its balance with Cortland Credit, which as of June 30, 2023 had a principal balance of $18,608,333. See "***General Information About Our Company – Summary of the ANB Commercial Credit Agreement***" for more information. The Company engages in private placement offerings of securities, including unsecured debt. As of June 30, 2023, the Company's aggregate bonds payable balance was $267,332,447 compared to $94,357,504 on December 31, 2022. The Company had total current liabilities of $114,275,575 as of June 30, 2023, comprised primarily of accounts payable, maturing Senior Reg D Obligations, and the then current balance of the Cortland facility. Phoenix intends to continue to rely on its cash from operations and ability to incur additional indebtedness for its short- and long-term liquidity.

***Plan of Operations***

Phoenix Capital Group Holdings plans on engaging in the continued acquisition of mineral and leasehold assets over the course of the next 12 months along with material investment in its subsidiary, Phoenix Operating LLC. In the opinion of management, based on historical profitability and positive cash flows, the Company's capital program and anticipated cash from operations, the aggregate liquidity resources available to the Company are sufficient to meet its ongoing and prospective capital needs to continue to execute its business plan. Fixed overhead is not anticipated to materially increase, and resources from this offering and those available from organic and existing sources will largely be deployed in the continued purchase of mineral assets.

***Trend Information***

The Company is excited and encouraged by the success of its capital raising program. The Company believes it has three very powerful competitive advantages to its peers: its software, its ability to capitalize on opportunities through PhoenixOp, and its unique (in the Company's industry) successful capital raising program. Management believes that coupling those competitive advantages has the potential to create a sustainable and attractive growth vehicle that can elevate the Company to an industry leader in the mineral rights, operated and non-operated working interest domains.

## GENERAL INFORMATION ABOUT OUR COMPANY

### Our Company

Phoenix Capital Group Holdings, LLC, a Delaware limited liability company, was formed on April 23, 2019. The Company is focused on oil and gas operations and executing on a three prong strategy involving the acquisition of royalty assets, acquisition of non-operated working interest assets, and direct drilling operations conducted through the Company's wholly owned subsidiary, PhoenixOp. Pursuant to this strategy, the Company purchases a variety of assets, including mineral interests, leasehold interests, overriding royalty interests, and perpetual royalty interests. While the Company has primarily targeted assets in the Williston Basin, Permian Basin, Powder River, and Denver Julesburg Basin ("DJ Basin"), it is agnostic to geography and prioritizes asset potential in executing on its acquisition strategy.

The Company leverages its specialized software system and experienced management team to identify asset opportunities that fit its desired criteria and potential for returns. The Company prioritizes assets with potential for high monthly recurring cashflows and primarily targets assets that have a potential payback period of 12-48 months and long-term (often more than 20 years) lifetime cashflows. The Company developed its software system to be scalable and process inputs from a variety of internal and external sources. A typical analysis examines, among others, the geography of the asset, the estimated probability of future oil wells, the estimated predictability of the timing and value of cashflows, and local and national oil prices. The Company's software has customized inputs that pull in detailed land and title data, well level data including operator, production metrics, well status, date of all activities, well-specific activities, and historical reporting. Separately, a discounted cash flow model, using management inputs for discount rate and the price of oil, are used in an underwriting function to price assets. Various application programming interfaces ("APIs") pull data from third party databases and aggregate them into a dashboard with various levels of permission for management. These APIs automatically call in refreshed data, presenting management with updated information on a regular basis. In function, this tool provides the Company's sales and marketing team with a summary version of assets to prospect for acquisition. These assets are graded internally based on management's desired target criteria for high probability of high near-term cash flows. An acquisition price is subsequently furnished to the sales team so that the sales team is informed as to the maximum price that the Company may be willing to offer in any prospective transaction. Prospects then go through an automated document request using the Salesforce workflow, which distributes the opportunities to our operations team for the preparation of an offering and sale package. The offering and sale package is then delivered to the prospective seller. Using the CRM features, the sales team is able to record notes and each opportunity can be tracked from its original data upload through the lifecycle of the sales process. While the data inputs are largely based on public information, considerable customization and coding has been done specific to what we desire from the tool. This software is specific to us and the Company is not aware of a similar competitive product. As such, the software creates considerable intrinsic value to operational efficiencies and execution of the Company's strategy. In addition, while we currently have no intention of licensing or selling the software, the software has potential additional value should it ever be licensed or sold. The Company does not own any copyright, patent rights or any other intellectual property rights regarding its software; however, the Company believes the investment of significant monetary and intellectual resources have created a specialized software platform that would be difficult to replicate. *See* "***Risk Factors – Risks Related to Our Business and Industry***."

Following the acquisition of an asset, the Company typically partners with a third-party oil and gas operator to share in the proceeds of the natural resources extracted and sold by the operator. While the Company anticipates that extraction activities at its assets will continue to be primarily performed by third parties in the near term, the Company also expects to increase the extent to which its wholly owned subsidiary, PhoenixOp, is utilized to drill and operate producing wells, beginning with oil and gas properties contributed to PhoenixOp by the Company. While running extraction activities through PhoenixOp will require significantly more capital than partnering with a third-party oil and gas operator, the Company believes that this operating model will provide greater control of cashflow and increases the potential for shorter payback periods as compared to returns on royalty assets and non-operating working interest assets. The Company estimates that this operating model will require approximately $150,000,000 in additional capital throughout 2024 in order to achieve the Company's intended business plan. PhoenixOp commenced initial spudding at its first wells in the third quarter of 2023 and the Company anticipates that the first operated production from the initially contributed properties could occur as early as the first quarter of 2024.

Organizationally, the Company is broken into five departments made up of land and title, operations, technology, sales and marketing, and finance. Each business unit collaborates both internally and with the other departments to create both autonomy and a team environment.

## Our Properties

### *Wells*

The following table sets forth information about the wells in which we have a mineral or royalty interest as of June 30, 2023:

| | Well Count | |
|---|---|---|
| **Basin or Producing Region** | **Gross** | **Net** |
| Bakken/Williston Basin | 2,976 | 47.0 |
| DJ Basin/Rockies/Niobrara | 460 | 6.5 |
| Permian Basin | 448 | 1.0 |
| Other | 46 | 0.1 |
| Total | 3,930 | 54.6 |

### *Oil and Natural Gas Data*

*Definitions*.

Set forth below are certain definitions commonly used in the oil and natural gas industry and useful in understanding our reserves and related disclosures.

"***Bbl***" refers to one stock tank barrel, of 42 U.S. gallons liquid volume, used in reference to crude oil or other liquid hydrocarbons.

"***Btu***" refers to British thermal unit, which is the heat required to raise the temperature of one pound of liquid water by one degree Fahrenheit.

"***MMBtu***" refers to one million Btus.

"***Probable reserves***" refers to those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered. When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates. Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir. Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves. The proved plus probable estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects. Where direct observation has defined a highest known oil ("HKO") elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations.

"***Proved reserves***" refers to quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible — from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations — prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation.

The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. The area of the reservoir considered as proved includes: (i) the area identified by drilling and limited by fluid contacts, if any, and (ii) adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data. In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty. Where direct observation from well penetrations has defined an HKO elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty. Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when: (a) successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and (b) the project has been approved for development by all necessary parties and entities, including governmental entities. Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

*Evaluation and Review of Estimated Proved and Probable Reserves*

The proved and probable reserves estimates reported herein are for six (6) months ended June 30, 2023 and year ended December 31, 2022. The technical persons primarily responsible for preparing the estimates set forth in the reserves reports each have over 15 years of industry experience. Each meet or exceed the education, training, and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers and are proficient in judiciously applying industry standard practices to engineering and geoscience evaluations as well as applying SEC and other industry reserves definitions and guidelines. Our VP of Reservoir Engineering, Mr. Brandon Allen, is primarily responsible for overseeing the preparation of the reserves estimation. He has approximately 18 years of oil and gas operations and reserves estimation and reporting experience. He has earned Bachelor of Science degrees in Biochemistry and Chemical Engineering from the University of Colorado, Boulder, and is an active member of the Society of Petroleum Engineers.

Proved and probable reserve estimates are based on the unweighted arithmetic average prices on the first day of each month for the 12-month periods ended December 31, 2022 and June 30, 2023. Average prices for the 12-month periods were as follows: WTI crude oil spot price of $83.23 per Bbl and $94.14 per barrel as of June 30, 2023 and December 31, 2022, respectively, adjusted by lease or field for quality, transportation fees, and market differentials and a Henry Hub natural gas spot price of $4.763 per MMBtu and $6.357 per MMBtu as of June 30, 2023 and December 31, 2022, respectively, adjusted by lease or field for energy content, transportation fees, and market differentials. All prices and costs associated with operating wells were held constant in accordance with SEC guidelines.

The Company estimates the quantity or perceived cashflow of proved undeveloped reserves for financial reporting purposes in accordance with the 5-year rule as set forth by the SEC. Most proved undeveloped properties are operated by the Company's subsidiary, PhoenixOp, whereby the Company and PhoenixOp have the property on the most current drill schedule. Non-operated proved undeveloped properties are properties whereby the Company has a high confidence that the property will be converted to a producing property within 5 years based on public and non-public data sources. As it relates to a majority of the mineral and non-operated working interest holdings by the

Company, the Company does not have the ability to accurately estimate when or if undeveloped reserves under its holdings will be extracted and instead takes the conservative approach of only estimating the reserves that are either currently producing or have a clear line of sight to being extracted for proved reserves with the remainder of the reserves being categorized as probable reserves.

Estimates of probable reserves, and the future cash flows related to such estimates, are inherently imprecise and are more uncertain than estimates of proved reserves, and the future cash flows related to such estimates, but have not been adjusted for risk due to that uncertainty. Because of such uncertainty, estimates of probable reserves, and the future cash flows related to such estimates, may not be comparable to estimates of proved reserves, and the future cash flows related to such estimates, and should not be summed arithmetically with estimates of proved reserves, and the future cash flows related to such estimates. When producing an estimate of the amount of natural gas and oil that is recoverable from a particular reservoir, an estimated quantity of probable reserves is an estimate of those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered. Estimates of probable reserves are also continually subject to revisions based on production history, results of additional exploration and development, price changes and other factors. When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir. Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.

The reserves information in this disclosure represents only estimates. Reserve evaluation is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. In addition, results of drilling, testing and production subsequent to the date of an estimate may lead to revising the original estimate. Accordingly, initial reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. The meaningfulness of such estimates depends primarily on the accuracy of the assumptions upon which they were based. Except to the extent we acquire additional properties containing proved reserves or conduct successful exploration and development activities or both, our proved reserves will decline as reserves are produced.

In addition, we anticipate that the preparation of our proved reserve estimates are completed in accordance with internal control procedures, including the following:

- Review and verification of historical production data, which data is based on actual production as reported by the operators of our properties;
- Preparation of reserves estimates by Mr. Brandon Allen or under his direct supervision;
- Review by Mr. Brandon Allen and Mr. Curtis Allen, our CFO, of all of our reported proved reserves at the close of the calendar year, including the review of all significant reserve changes and all new proved undeveloped reserves additions;
- Verification of property ownership by our land department; and
- No employee’s compensation is tied to the amount of reserves booked.

The following table presents our estimated proved and probable oil and natural gas reserves as of June 30, 2023 (dollars in thousands):

| | June 30, 2023[1] | December 31, 2022[2] |
|---|---|---|
| **Estimated proved developed reserves** | | |
| Oil (Bbl) | 4,522,531 | 3,691,722 |
| Natural Gas (Mcf) | 10,476,338 | 7,624,212 |
| Natural Gas Liquids (Bbl) | — | — |
| Total (Boe)(6:1)[4] | 6,268,587 | 4,962,424 |
| PV10[5] | $ 200,481 | $ 189,885 |
| Discounted Future Income Taxes[6] | $ — | $ — |
| Standardized Measure of Discounted Future Net Cash Flows | $ 200,481 | $ 189,885 |
| **Estimated proved undeveloped reserves[3]** | | |
| Oil (Bbl) | 12,504,492 | — |
| Natural Gas (Mcf) | 9,730,287 | — |
| Natural Gas Liquids (Bbl) | 3,210,380 | — |
| Total (Boe)(6:1)[4] | 17,336,587 | — |
| PV10[5] | $ 207,596 | |
| Discounted Future Income Taxes[6] | $ — | $ — |
| Standardized Measure of Discounted Future Net Cash Flows | $ 207,596 | $ — |
| **Estimated proved reserves** | | |
| Oil (Bbl) | 17,027,023 | 3,691,722 |
| Natural Gas (Mcf) | 20,206,625 | 7,624,212 |
| Natural Gas Liquids (Bbl) | 3,210,380 | — |
| Total (Boe)(6:1)[4] | 23,605,174 | 4,962,424 |
| Percent proved developed | 27% | 100% |
| PV10[5] | $ 408,077 | $ 189,885 |
| Discounted Future Income Taxes[6] | $ — | $ — |
| Standardized Measure of Discounted Future Net Cash Flows | $ 408,077 | $ 189,885 |
| **Estimated probable undeveloped reserves** | | |
| Oil (Bbl) | 55,972,428 | — |
| Natural Gas (Mcf) | 65,919,590 | — |
| Natural Gas Liquids (Bbl) | — | — |
| Total (Boe)(6:1)[4] | 66,959,026 | — |
| PV10[5] | $ 911,618 | $ — |
| Discounted Future Income Taxes[6] | $ — | $ — |
| Standardized Measure of Discounted Future Net Cash Flows | $ 911,618 | $ — |

(1) Estimates of reserves as of June 30, 2023 were prepared using an average price equal to the unweighted arithmetic average of hydrocarbon prices received on a field-by-field basis on the first day of each month of the last twelve (12) months ended June 30, 2023, in accordance with SEC guidelines applicable to reserve estimates as of the end of such period. The unweighted arithmetic average first day of the month prices were $83.23 per Bbl for oil and $4.763 per MMBtu for natural gas at June 30, 2023. The reserve estimates represent our net revenue interest in our properties. Although we believe these estimates are reasonable, actual future production, cash flows, taxes, development expenditures, production costs and quantities of recoverable oil and natural gas reserves may vary substantially from these estimates.

(2) Estimates of reserves as of December 31, 2022 were prepared using an average price equal to the unweighted arithmetic average of hydrocarbon prices received on a field-by-field basis on the first day of each month within the year ended December 31, 2022, in accordance with SEC guidelines applicable to reserve estimates as of the end of such period. The unweighted arithmetic average first day of the month prices were $94.14 per Bbl for oil and $6.357 per MMBtu for natural gas at December 31, 2022. Reserve estimates do not include any value for probable or possible reserves that may exist, nor do they include any value for undeveloped acreage. The reserve estimates represent our net revenue interest in our properties. Although we believe these estimates are reasonable, actual future production, cash flows, taxes, development expenditures, production costs and quantities of recoverable oil and natural gas reserves may vary substantially from these estimates.

(3) In early 2023, PhoenixOp was established with the intention that certain leaseholds held by the Company would be developed by PhoenixOp. PhoenixOp executed a contract for a drilling rig with Patterson-UTI Drilling Company on June 20, 2023. This allowed for previously unbooked reserves to be estimated and booked as proved undeveloped in accordance with SEC guidelines for reserves categorization and estimation and in adherence to the 5-year rule as set forth by the SEC.

(4) Estimated proved reserves are presented on an oil-equivalent basis using a conversion of six Mcf per barrel of "oil equivalent". This conversion is based on energy equivalence and not price or value equivalence. If a price equivalent conversion based on the twelve-month average prices for the period ended June 30, 2023 was used, the conversion factor would be approximately 17.5 Mcf per Bbl of oil.

(5) PV-10 represents the discounted future net cash flows attributable to our proved oil and natural gas reserves before income tax, discounted at 10%. PV-10 of our total year-end proved reserves is considered a non-U.S. GAAP financial measure as defined by the SEC. We believe that the presentation of the PV-10 is relevant and useful to our investors because it presents the discounted future net cash flows attributable to our proved reserves before taking into account any future corporate income taxes. We further believe investors and creditors use our PV-10 as a basis for comparison of the relative size and value of our reserves to other companies. Refer to the reconciliation of our PV-10 to the standardized measure of discounted future net cash flows in the table above.

(6) The Company is a limited liability company and has elected to be treated as a partnership for income tax purposes. The pro rata share of taxable income or loss is included in the individual income tax returns of members based on their percentage of ownership. Consequently, no provision for incomes taxes is made in the accompanying standardized measure of discounted future next cash flows in the table above.

## Oil and Natural Gas Production Prices and Production Costs

### *Production and Price History*

The following table sets forth information regarding production of oil and natural gas and certain price and cost information for each of the periods indicated:

| | Six Months Ended June 30, | Year Ended December 31, | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| **Production Data (All Properties):** | | | |
| Oil (Bbl) | 646,286 | 523,416 | 203,532 |
| Natural Gas (Mcf) | 2,523,974 | 1,058,506 | 452,293 |
| Total (Boe)(6:1)[(1)] | 1,066,948 | 699,834 | 278,914 |
| Average daily production (Boe/d)(6:1) | 2,923 | 1,917 | 764 |
| **Average Realized Prices:** | | | |
| Oil (Bbl) | $ 71.10 | $ 91.01 | $ 67.46 |
| Natural Gas (Mcf) | $ 2.67 | $ 6.66 | $ 2.77 |
| **Average Unit Cost per Boe (6:1):** | | | |
| Operating costs, production and ad valorem taxes | $ 15.40 | $ 19.89 | $ 13.18 |
| % of Revenue | 21.7% | 21.9% | 19.5% |

(1) "Btu-equivalent" production volumes are presented on an oil-equivalent basis using a conversion factor of six Mcf of natural gas per barrel of "oil equivalent," which is based on approximate energy equivalency and does not reflect the price or value relationship between oil and natural gas.

### *Productive Wells*

Productive wells consist of producing wells, wells capable of production, and exploratory, development, or extension wells that are not dry wells. As of June 30, 2023, we owned mineral, royalty and working interests in 4,572 productive wells, the majority of which are primarily oil wells which produce natural gas and natural gas liquids as well.

Out of the total productive wells, 642 fall under our 'wells in progress' (WIP) category. We define a WIP as a spud well in a stage preliminary to production. We utilize both proprietary and public systems to identify WIPs based on four distinct criteria: 1) a well that has been spud but is not actively being drilled, 2) a well currently being drilled and awaiting completion, 3) a drilled well in the completion process, and 4) a drilled well that has been completed but is not yet producing. This term serves as a guide in our acquisition strategy, enabling us to pinpoint lower-risk investment opportunities for our stakeholders.

### *Drilling Results*

As of June 30, 2023, the operators of our properties had drilled 3,748 gross productive development wells on the acreage underlying our mineral and royalty interests. As of June 30, 2022, the operators of our properties had drilled 2,126 gross productive development wells on the acreage underlying our mineral and royalty interests. As a

holder of mineral and royalty interests, we generally are not provided information as to whether any wells drilled on the properties underlying our acreage are classified as exploratory. We are not aware of any dry holes drilled on the acreage underlying our mineral and royalty interests during the relevant periods.

## Acreage

### *Mineral and Royalty Interests*

The following table sets forth information relating to the acreage underlying our mineral interests as of June 30, 2023:

| | Net Mineral Interests | | |
|---|---|---|---|
| **Basin** | **Developed Acreage** | **Undeveloped Acreage** | **Total Acreage** |
| Bakken/Williston Basin | 59,940 | 5,409 | 65,349 |
| DJ Basin/Rockies/Niobrara/PRB | 9,882 | 1,019 | 10,901 |
| Permian Basin/Other | 5,312 | 346 | 5,659 |
| Total Net Mineral Interest | 75,134 | 6,775 | 81,909 |

| | Gross Mineral Interests | | |
|---|---|---|---|
| **Basin** | **Developed Acreage** | **Undeveloped Acreage** | **Total Acreage** |
| Bakken/Williston Basin | 2,486,398 | 205,826 | 2,692,224 |
| DJ Basin/Rockies/Niobrara/PRB | 409,912 | 38,792 | 448,704 |
| Permian Basin/Other | 220,352 | 13,184 | 233,536 |
| Total Gross Mineral Interest | 3,116,662 | 257,802 | 3,374,464 |

The methodology for computing the gross mineral acreage associated with our net mineral interest holdings was modified from June 30, 2022. This new methodology changed the estimation of the acreage associated with the drilling spacing unit (DSU) of each development well drilled on our underlying mineral interest holdings.

### Summary of the ANB Commercial Credit Agreement

The Company, PhoenixOP, and ANB entered into the Credit Agreement dated as of July 24, 2023. As of November 30, 2023, amounts available under the Credit Agreement were fully drawn, with a current outstanding principal balance was $30,000,000. The Company used a portion of the proceeds from the Credit Agreement to pay off its prior senior indebtedness with Cortland Credit Corporation ("Cortland"). Amounts borrowed under the Credit Agreement shall bear interest at a floating rate equal to the prime rate published by the Wall Street Journal plus 3.00%, subject to a floor of 9.00%. Interest accrued on the outstanding balance shall be payable on the 24th of each month and will be calculated on the basis of a calendar year of 365 days or 366 days. The maturity date is July 24, 2024. All principal will be due and payable at maturity so long as the Company maintains a sufficient borrowing base under the Credit Agreement. As general and continuing security for the due payment and performance under the Credit Agreement, the Company has granted ANB a first priority lien over mineral interests and personal property owned by the Company.

### Summary of Adamantium Loan Agreement

On September 14, 2023, the Company entered into a loan agreement (the "Adamantium Loan Agreement") with its wholly owned subsidiary, Adamantium Capital, LLC ("Adamantium"). On October 30, 2023, the Company and Adamantium entered into an amendment to the Adamantium Loan Agreement to add PhoenixOP as a borrower. Pursuant to the Adamantium Loan Agreement, Adamantium will loan up to an aggregate principal amount of $200,000,000 to the Company and PhoenixOp. Amounts loaned under the Adamantium Loan Agreement are secured by certain junior mortgage interests in various oil and gas properties owned by the Company and PhoenixOp. Such junior mortgage interests are and will be junior to the Credit Agreement and other senior secured indebtedness. As of November 30, 2023, $13,107,000 was outstanding under the Adamantium Loan Agreement. See "***Certain Related Party Transactions***" for more information.

**Summary of PCGHI Line of Credit Loan Agreement**

We intend to enter into a Line of Credit Loan Agreement (the "Credit Loan Agreement") with our subsidiary, Phoenix Capital Group Holdings I LLC ("PCGHI"). To secure the loan from PCGHI (the "PCGHI Loan"), the Company expects to enter into junior mortgages for various oil and gas properties owned by the Company. See "***Certain Relationships and Related Party Transactions***" for more information.

**Unsecured Debt Obligations**

This offering relates to up to a maximum of $750,000,000 in the aggregate of Series U through Series Z-1 Bonds, which represent subordinated, unsecured indebtedness, in an offering exempt from registration under the Securities Act pursuant to Rule 506(c) of Regulation D. As of November 30, 2023, the Company had previously issued $88,320,000 of these Bonds.

As of November 30, 2023, there was: (i) $13,107,000 of Adamantium Bonds outstanding, with maturities ranging from September 10, 2030 to November 10, 2034, and the corollary amount outstanding under the Adamantium Loan Agreement; (ii) $85,742,000 of Regulation A Bonds outstanding, with maturities ranging from January 31, 2025 to November 10, 2026; (iii) $21,279,728 of Senior Reg D Obligations outstanding, with maturities ranging from December 1, 2023 to December 31, 2027; and (iv) $273,154,000 of Pari Passu Obligations outstanding, with maturities ranging from December 10, 2023 to November 10, 2034 (which amount includes $88,320,000 of previously issued Series U through Series Z-1 Bonds). The Bonds rank junior to the Adamantium Bonds, Regulation A Bonds and Senior Reg D Obligations, and rank *pari passu* with the Pari Passu Obligations. See "***Company Structure Chart***."

Set forth below is a chart of our outstanding unsecured debt obligations as of November 30, 2023.

| Offering Type | Offering Commencement | Principal Amount Outstanding | Term | Earliest Maturity | Latest Maturity | Interest Rate |
|---|---|---|---|---|---|---|
| **Senior** | | | | | | |
| Rule 506(c) (Adamantium)*** | 9/29/2023 | $ 13,107,000 | 7 years | 9/10/2030 | 11/10/2034 | 14-15% |
| Regulation A | 12/23/2021 | 85,742,000 | 3 years | 1/31/2025 | 11/10/2026 | 9% |
| Rule 506(b)* | 7/20/2020 | 2,505,695 | 1-4 years | 12/1/2023 | 8/15/2024 | 6.5%-15% |
| Rule 506(c)* | 10/22/2020 | 5,918,033 | 1-4 years | 1/1/2024 | 7/1/2024 | 6.5%-15% |
| Rule 506(c) Series A and Series B* | 7/20/2022 | 12,856,000 | 5 years | 7/31/2027 | 12/31/2027 | 11% |
| Rule 506(c) Series C* | 7/22/2022 | - | 9 months | 10/31/2023 | 10/31/2023 | 8%-9% |
| *Total Senior* | | *$ 120,128,728* | | | | |
| **Pari Passu** | | | | | | |
| Rule 506(c) Series AAA** | 12/22/2022 | 4,709,000 | 9 months | 12/31/2023 | 5/31/2024 | 8% |
| Rule 506(c) Series A** | 12/22/2022 | 55,538,000 | 1 year | 12/10/2023 | 9/10/2024 | 9% |
| Rule 506(c) Series B** | 12/22/2022 | 25,916,000 | 3 years | 12/10/2025 | 10/10/2026 | 10% |
| Rule 506(c) Series C** | 12/22/2022 | 12,647,000 | 5 years | 12/10/2027 | 9/10/2028 | 11% |
| Rule 506(c) Series D** | 12/22/2022 | 86,024,000 | 7 years | 12/10/2029 | 10/10/2030 | 12% |
| Rule 506(c) Series U** | 8/29/2023 | 15,557,000 | 1 year | 8/10/2024 | 11/10/2024 | 9% |
| Rule 506(c) Series V** | 8/29/2023 | 9,103,000 | 3 years | 8/10/2026 | 11/10/2026 | 10% |
| Rule 506(c) Series W** | 8/29/2023 | 6,047,000 | 5 years | 8/10/2028 | 11/10/2028 | 11% |
| Rule 506(c) Series X** | 8/29/2023 | 18,051,000 | 7 years | 8/10/2030 | 11/10/2030 | 12% |
| Rule 506(c) Series Y** | 8/29/2023 | 467,000 | 9 years | 9/10/2032 | 10/10/2032 | 12.5% |
| Rule 506(c) Series Z** | 8/29/2023 | 39,095,000 | 11 years | 8/10/2034 | 11/10/2034 | 13% |
| *Total Pari Passu* | | *$ 273,154,000* | | | | |
| Total | | 393,282,728 | | | | |

* Senior Reg D Obligations

** Pari Passu Obligations

*** Correlates to amounts loaned under the Adamantium Loan Agreement, which obligations are senior to the Bonds.

**Market Opportunity**

We focus on specific subsets of mineral and leasehold assets in the United States. From a market perspective, we focus on high, attractive and defined basins, currently serviced by top-tier operators, with assets that we believe will generate high near-term cash flow. All the assets which we seek to acquire are purchased at what management believes are attractive price points and have a liquidity profile that is desirable in the secondary market. The assets we seek to acquire have near term payback and long-term residual cash flow upside.

**Business Strategy**

We have developed a process for the identification, acquisition and monetization of our assets. Below is a general illustration of our process:

1. Our specialized software provides market intelligence to identify and rank potential assets. We believe this is our core competitive advantage because we are able to identify and unlock value that may otherwise be missed.

2. We make contact with the owner of the asset and begin the conversation on how we can help unlock value of the property for the owner.

3. We provide the potential seller with a packet detailing the Company, industry data, property valuation and an all-cash offer based on the valuation.

4. Our sales team engages the potential seller to discuss the terms of the sale and the value of the property.

5. We handle the closing of the property and the property is migrated to our portfolio.

6. We utilize our land rights to immediately extract natural resources from the property using our trusted third-party operator network. Our specialized software, which originally identified the potential natural resource capability of the land, allows us to immediately create cash flow from the property through the extraction of the natural resource using the operator.

7. We collect a portion of the revenue generated from the natural resources extracted and sold by the third-party operator. Our share of the revenue depends on the type of asset, either mineral rights or non-operated working interests, and our contract with the third-party operator.

8. We continue to operate the property to extract the minerals through third-party operators until we decide to sell the property rights typically for many multiples than our original purchase price. Separate from the ordinary royalty income assets, we maintain a structural discipline to participate in non-operated working interests, in part for their tax benefits. Due to favorable IRS treatment, marrying this asset class to our pure royalty income creates an augmented “write off” strategy whereby the balanced portfolio effectively creates little to no annual taxable income. The Company is data driven. The Company’s software platform applies managements criteria to catalogs of data points to automate 95% of business functions while also allowing for robust reporting. The goal is to give the sales and marketing team the best information, quickly, to execute on managements acquisition strategy targeting high value assets. The system allows for adjusted focus based on size and region very efficiently as the Company grows and scales into new markets and price-points using the same fundamental underlying guidelines. Functionally, these transactions are very similar to traditional real estate transactions with respect to the mechanics. A seller agrees to sell to us, a purchase and sale agreement is executed, earnest money is conveyed, manual diligence and title review is conducted as an audit function prior to closing. Upon closing the funds are conveyed to the seller and the title is recorded in the respective jurisdiction by us. At this point, the operator is directed to convey all future payments to us at the defined rate. In most cases, our interaction with the operator is more administrative and clerical in nature unless it is a working interest or an alternative scenario. Assets can produce for upwards of 20 years however there is a considerable regression/depletion curve that commences over the life of the asset. As such, we tend to focus on wells that have recently began producing, or are likely to have new production in the near term. we focus on a closed loop process from discovery to acquisition to long term balance sheet ownership. The recurring nature of these cash flows allows for considerable scale without material increases in fixed overhead.

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**Phoenix Operating**

While the Company anticipates that extraction activities at its assets will continue to be primarily performed by third parties in the near term, the Company also expects to increase the extent to which its wholly owned subsidiary, PhoenixOp, is utilized to drill and operate producing wells, beginning with oil and gas properties contributed to PhoenixOp by the Company.

PhoenixOp has its own employees who are not employees of the Company or any other Company affiliate. The Company is and will remain the sole voting member and manager of PhoenixOp, and retains the substantial majority of the economic interest in PhoenixOp, subject only to a small number of minority, non-voting membership interests granted by PhoenixOp to its employees. While running extraction activities through PhoenixOp will require significantly more capital than partnering with a third-party oil and gas operator, the Company believes that this operating model will provide greater control of cashflow and increases the potential for shorter payback periods as compared to returns on royalty assets and non-operating working interest assets. The Company estimates that this operating model will require approximately $150,000,000 in additional capital throughout 2024 in order to achieve the Company's intended business plan. The Company expects that such capital needs will be met in the near to medium term by capital contributions to PhoenixOP by the Company, which the Company expects to fund through a combination of cash from operations, the proceeds from unregistered debt offerings, the proceeds of the PCGHI Loan, if any, the proceeds of the Adamantium Loan, the proceeds of debt procured by any future subsidiary lender to Company, and the Credit Agreement. The Company intends to make such capital contributions to PhoenixOp until such time as PhoenixOp procures its own financing, if any, or has sufficient cash from operations to operate without supplemental financing from the Company. While PhoenixOp may procure its own financing in the future, there is no definitive plan with respect to the same and neither PhoenixOp nor the Company or any affiliate has entered into any arrangement with a third party for the provision of financing to PhoenixOp.

As of November 1, 2023, the Company had contributed approximately $11.7 million in cash and $15.3 million in lease assets to PhoenixOp. Lease contributions are contributed to PhoenixOp at a value equal to the Company's cost of acquisition for the contributed asset. The Company anticipates contributing additional oil and gas properties to PhoenixOp in the future. PhoenixOp commenced initial spudding at its first wells in the third quarter of 2023 and the Company anticipates that the first operated production from the initially contributed properties could occur as early as the first quarter of 2024.

**Financial Statements**

As an issuer under Tier II of Regulation A, the Company is required to file publicly annual and semi-annual reports containing our audited annual financial statements and unaudited semi-annual financial statements, respectively, on the SEC's EDGAR filing system. Those filings are available at

https://www.sec.gov/edgar/browse/?CIK=1818643. Prospective investors are urged to review the financial statements available in our most recent annual report on Form 1-K and our most recent semi-annual report on Form 1-SA, which financial statements are incorporated into this Memorandum by reference.

**Liquidity and Track Record**

There is currently no public trading market for any of our securities, and an active market may not develop or be sustained. If an active public trading market for our securities does not develop or is not sustained, it may be difficult or impossible for you to resell your interests at any price. Even if a public market does develop, the market price could decline below the amount you paid for your interests.

The Company's management team has not sponsored any prior programs, and so does not have any prior program history.

## MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain material U.S. federal income tax consequences relevant to the purchase, ownership and disposition of the Bonds, but does not purport to be a complete analysis of all potential tax consequences. The discussion is based upon the Code, current, temporary and proposed U.S. Treasury regulations issued under the Code, or collectively the Treasury Regulations, the legislative history of the Code, IRS rulings, pronouncements, interpretations and practices, and judicial decisions now in effect, all of which are subject to change at any time. Any such change may be applied retroactively in a manner that could adversely affect a Bondholder. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such Bondholder's particular circumstances or to Bondholders subject to special rules, including, without limitation:

- a broker-dealer or a dealer in securities or currencies;
- an S corporation;
- a bank, thrift or other financial institution;
- a regulated investment company or a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person subject to the alternative minimum tax provisions of the Code;
- a person holding the Bonds as part of a hedge, straddle, conversion, integrated or other risk reduction or constructive sale transaction;
- a partnership or other pass-through entity;
- a person deemed to sell the Bonds under the constructive sale provisions of the Code;
- a U.S. person whose "functional currency" is not the U.S. dollar; or
- a U.S. expatriate or former long-term resident.

In addition, this discussion is limited to persons that purchase the Bonds in this offering for cash and that hold the Bonds as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address the effect of any applicable state, local, non-U.S. or other tax laws, including gift and estate tax laws.

As used herein, "U.S. Holder" means a beneficial owner of the Bonds that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S., any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more
- U.S. persons that have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If an entity treated as a partnership for U.S. federal income tax purposes holds the Bonds, the tax treatment of an owner of the entity generally will depend upon the status of the particular owner and the activities of the entity. If you are an owner of an entity treated as a partnership for U.S. federal income tax purposes, you should consult your tax advisor regarding the tax consequences of the purchase, ownership and disposition of the Bonds.

We have not sought and will not seek any rulings from the IRS with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Bonds or that any such position would not be sustained.

**THIS SUMMARY OF MATERIAL FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND DOES NOT CONSTITUTE TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE TAX CONSIDERATIONS DISCUSSED BELOW TO THEIR PARTICULAR SITUATIONS, POTENTIAL CHANGES IN APPLICABLE TAX LAWS AND THE APPLICATION OF ANY STATE, LOCAL, FOREIGN OR OTHER TAX LAWS, INCLUDING GIFT AND ESTATE TAX LAWS, AND ANY TAX TREATIES.**

**U.S. Holders**

***Interest***

A U.S. Holder generally will be required to recognize and include in gross income any stated interest as ordinary income at the time it is paid or accrued on the Bonds in accordance with such holder's method of accounting for U.S. federal income tax purposes.

*Sale or Other Taxable Disposition of the Bonds*

A U.S. Holder will recognize gain or loss on the sale, exchange, redemption (including a partial redemption), retirement or other taxable disposition of a Bond equal to the difference between the sum of the cash and the fair market value of any property received in exchange therefore (less a portion allocable to any accrued and unpaid stated interest, which generally will be taxable as ordinary income if not previously included in such holder's income) and the U.S. Holder's adjusted tax basis in the Bond. A U.S. Holder's adjusted tax basis in a Bond (or a portion thereof) generally will be the U.S. Holder's cost therefore decreased by any payment on the Bond other than a payment of qualified stated interest. This gain or loss will generally constitute capital gain or loss. In the case of a non-corporate U.S. Holder, including an individual, if the Bond has been held for more than one year, such capital gain may be subject to reduced federal income tax rates. The deductibility of capital losses is subject to certain limitations.

*Medicare Tax*

Certain individuals, trusts and estates are subject to a Medicare tax of 3.8% on the lesser of (i) "net investment income," or (ii) the excess of modified adjusted gross income over a threshold amount. Net investment income generally includes interest income and net gains from the disposition of Bonds, unless such interest payments or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). U.S. Holders are encouraged to consult with their tax advisors regarding the possible implications of the Medicare tax on their ownership and disposition of Bonds in light of their individual circumstances.

*Information Reporting and Backup Withholding*

A U.S. Holder may be subject to information reporting and backup withholding when such holder receives interest and principal payments on the Bonds or proceeds upon the sale or other disposition of such Bonds (including a redemption or retirement of the Bonds). Certain holders (including, among others, corporations and certain tax-exempt organizations) generally are not subject to information reporting or backup withholding. A U.S. Holder will be subject to backup withholding if such holder is not otherwise exempt and:

- such holder fails to furnish its taxpayer identification number, or TIN, which, for an individual is ordinarily his or her social security number;

- the IRS notifies the payor that such holder furnished an incorrect TIN;
- in the case of interest payments such holder is notified by the IRS of a failure to properly report payments of interest or dividends;
- in the case of interest payments, such holder fails to certify, under penalties of perjury, that such holder has furnished a correct TIN and that the IRS has not notified such holder that it is subject to backup withholding; or
- such holder does not otherwise establish an exemption from backup withholding.

A U.S. Holder should consult its tax advisor regarding its qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be allowed as a credit against the holder's U.S. federal income tax liability or may be refunded, provided the required information is furnished in a timely manner to the IRS.

***Non-U.S. Holders are encouraged to consult their tax advisors.***

## ERISA CONSIDERATIONS

The following is a summary of material considerations arising under ERISA and the prohibited transaction provisions of the Code that may be relevant to a prospective investor, including plans and arrangements subject to the fiduciary rules of ERISA and plans or entities that hold assets of such plans ("ERISA Plans"); plans and accounts that are not subject to ERISA but are subject to the prohibited transaction rules of Section 4975 of the Code, including IRAs, Keogh plans, and medical savings accounts (together with ERISA Plans, "Benefit Plans" or "Benefit Plan Investors"); and governmental plans, church plans, and foreign plans that are exempt from ERISA and the prohibited transaction provisions of the Code but that may be subject to state law or other requirements, which we refer to as Other Plans. This discussion does not address all the aspects of ERISA, the Code or other laws that may be applicable to a Benefit Plan or Other Plan, in light of their particular circumstances.

In considering whether to invest a portion of the assets of a Benefit Plan or Other Plan, fiduciaries should consider, among other things, whether the investment:

- will be consistent with applicable fiduciary obligations;
- will be in accordance with the documents and instruments covering the investments by such plan, including its investment policy;
- in the case of an ERISA plan, will satisfy the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA, if applicable, and other provisions of the Code and ERISA;
- will impair the liquidity of the Benefit Plan or Other Plan;
- will result in unrelated business taxable income to the plan; and
- will provide sufficient liquidity, as there may be only a limited or no market to sell or otherwise dispose of our Bonds.

ERISA and the corresponding provisions of the Code prohibit a wide range of transactions involving the assets of the Benefit Plan and persons who have specified relationships to the Benefit Plan, who are "parties in interest" within the meaning of ERISA and, "disqualified persons" within the meaning of the Code. Thus, a designated plan fiduciary of a Benefit Plan considering an investment in our shares should also consider whether the acquisition or the continued holding of our shares might constitute or give rise to a prohibited transaction. Fiduciaries of Other Plans should satisfy themselves that the investment is in accord with applicable law.

Section 3(42) of ERISA and regulations issued by the Department of Labor, or DOL, provide guidance on the definition of plan assets under ERISA. These regulations also apply under the Code for purposes of the prohibited transaction rules. Under the regulations, if a plan acquires an equity interest in an entity which is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the plan's assets would include both the equity interest and an undivided interest in each of the entity's underlying assets unless an exception from the plan asset regulations applies.

We do not believe the DOL's plan assets guidelines apply to our Bonds or our company because our Bonds are debt securities and not equity interests in us.

If the underlying assets of our company were treated by the Department of Labor as "plan assets," the management of our Company would be treated as fiduciaries with respect to Benefit Plan Bondholders and the prohibited transaction restrictions of ERISA and the Code could apply to transactions involving our assets and transactions with "parties in interest" (as defined in ERISA) or "disqualified persons" (as defined in Section 4975 of the Code) with respect to Benefit Plan Bondholders. If the underlying assets of our company were treated as "plan assets," an investment in our company also might constitute an improper delegation of fiduciary responsibility to our company under ERISA and expose the ERISA Plan fiduciary to co-fiduciary liability under ERISA and might result in an impermissible commingling of plan assets with other property.

If a prohibited transaction were to occur, an excise tax equal to 15% of the amount involved would be imposed under the Code, with an additional 100% excise tax if the prohibited transaction is not "corrected." Such taxes will be imposed on any disqualified person who participates in the prohibited transaction. In addition, our Managers, and possibly other fiduciaries of Benefit Plan Bondholders subject to ERISA who permitted such prohibited transaction to occur or who otherwise breached their fiduciary responsibilities, could be required to restore to the plan any losses suffered by the ERISA Plan or any profits realized by these fiduciaries as a result of the transaction or beach. With respect to an IRA or similar account that invests in our company, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiary, would cause the IRA to lose its tax-exempt status. In that event, the IRA or other account owner generally would be taxed on the fair market value of all the assets in the account as of the first day of the owner's taxable year in which the prohibited transaction occurred.

## DESCRIPTION OF BONDS

This description sets forth certain terms of the Bonds that we are offering pursuant to this Memorandum. In this section we use capitalized words to signify terms that are specifically defined in the Indenture, by and between us and UMB Bank, N.A., as trustee, or the trustee. We refer you to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used in this Memorandum for which no definition is provided.

### Ranking

The Bonds will be subordinated, unsecured indebtedness of the Company. The Bonds will be contractually subordinated to any other indebtedness that the Company expressly agrees is senior to the Bonds and effectively subordinated to any of the Company's current or future secured indebtedness, to the extent of the value of the assets securing that indebtedness. The Bonds will also be structurally subordinated to all of the existing and future liabilities (including trade payables) of each of the Company's subsidiaries.

As of November 30, 2023, the Company's secured indebtedness consists of amounts under (i) its $30,000,000 revolving credit loan from ANB pursuant to the Credit Agreement, which is secured by a senior security interest in all of the assets of the Company and its subsidiaries, and (ii) the Adamantium Loan Agreement, which provides for borrowings up to a maximum principal amount of $200,000,000 in one or more advances to the Company and PhoenixOP, and is secured by junior mortgages (junior to the Credit Agreement or other senior secured indebtedness) on certain properties owned by the Company and its subsidiaries. The Company intends to enter into the PCGHI Loan which will be secured by junior mortgages (junior to the Credit Agreement or other senior secured indebtedness) on certain properties of the Company and its subsidiaries and, if executed, will also rank effectively senior to the Bonds with respect to PCGHI's collateral interest in such properties. See "***Certain Related Party Transactions***" for more information.

The Bonds will be structurally subordinated to the Adamantium Bonds, to the extent of Adamantium's assets, and contractually subordinated to: (i) the Regulation A Bonds; and (ii) the Senior Reg D Obligations.

The Bonds will rank *pari passu* with the Subordinated Reg D Bonds. As of November 30, 2023, the Company had issued $88,320,000 of these Series U through Series Z-1 Bonds. The Subordinated Reg D Bonds are hereinafter referred to collectively with the Bonds as the "Pari Passu Obligations."

As of November 30, 2023, there was: (i) $30,000,000 outstanding under the Credit Agreement; (ii) $13,107,000 of Adamantium Bonds outstanding, with maturities ranging from September 10, 2030 to November 10, 2034, and the corollary amount outstanding under the Adamantium Loan Agreement; (iii) $85,742,000 of Regulation A Bonds outstanding, with maturities ranging from January 31, 2025 to November 10, 2026; (iv) $21,279,728 of Senior Reg D Obligations outstanding, with maturities ranging from December 1, 2023 to December 31, 2027; and (v) $273,154,000 of Pari Passu Obligations outstanding, with maturities ranging from December 10, 2023 to November 10, 2034 (which amount includes $88,320,000 of previously issued Series U through Series Z-1 Bonds).

As of November 30, 2023, there was (i) $120,128,728 in debt obligations outstanding that will rank senior to the Bonds and (ii) $273,154,000 in debt obligations that will rank *pari passu* with the Bonds.

The terms of the Bonds do not prohibit the Company or any current or future direct or indirect subsidiaries from issuing more debt securities or incurring any other indebtedness, and any such issuance or incurrence may rank senior to the Bonds. For example, the Company may issue additional Regulation A debt obligations as permitted by Regulation A that it designates as senior to the Bonds in its discretion and Adamantium may issue additional structurally senior debt obligations under Rule 506(c). Any such issuance would rank senior to the Bonds.

See "***Risk Factors - Risks Related to the Bonds and to this Offering***" for more information.

### Interest and Maturity

The Series U Bonds and Series U-1 Bonds will bear interest at a rate equal to 9.0% per year. The Series V Bonds and Series V-1 Bonds will bear interest at a rate equal to 10.0% per year. The Series W Bonds and Series W-1

Bonds will bear interest at a rate equal to 11.0% per year, and the Series X Bonds and Series X-1 Bonds will bear interest at a rate equal to 12.0% per year. The Series Y Bonds and Series Y-1 Bonds will bear interest at a rate equal to 12.50% per year. The Series Z Bonds and Series Z-1 Bonds will bear interest at a rate equal to 13.0% per year.

The sole difference between the two forms of Bonds per series is the form of payment of interest. For example, the Series U Bonds will pay simple interest to the Bondholder monthly through cash distributions in arrears on the tenth (10th) day of each month, while the Series U-1 Bonds will earn interest compounded monthly and not pay monthly cash distributions. At maturity, the Series U-1 Bonds, the Series V-1 Bonds, the Series W-1 Bonds, the Series X-1 Bonds, Series Y-1 Bonds, and Series Z-1 Bonds will pay the entirety of accrued interest and principal. Interest will accrue on the basis of a 360-day year consisting of twelve 30-day months.

The Series U Bonds and the Series U-1 Bonds will mature on the first anniversary of the initial issuance date. The Series V Bonds and the Series V-1 Bonds will mature on the third anniversary of the initial issuance date. The Series W Bonds and the Series W-1 Bonds will mature on the fifth anniversary of the initial issuance date. The Series X Bonds and the Series X-1 Bonds will mature on the seventh anniversary of the initial issuance date. The Series Y Bonds and the Series Y-1 Bonds will mature on the ninth anniversary of the initial issuance date. The Series Z Bonds and the Series Z-1 Bonds will mature on the eleventh anniversary of the initial issuance date.

THE REQUIRED INTEREST PAYMENTS AND PRINCIPAL PAYMENT ARE NOT A GUARANTY OF ANY RETURN TO YOU NOR ARE THEY A GUARANTY OF THE RETURN OF YOUR INVESTED CAPITAL. While our Company is required to make interest payments and principal payment as described in the Indenture and above, we do not intend to establish a sinking fund to fund such payments. Therefore, our ability to honor these obligations will be subject to our ability to generate sufficient cash flow or procure additional financing in order to fund those payments. If we cannot generate sufficient cash flow or procure additional financing to honor these obligations, we may be forced to sell some or all of the Company's assets to fund the payments. We cannot guarantee that the proceeds from any such sale will be sufficient to make the payments in their entirety or at all. If we cannot fund the above payments, Bondholders will have claims against us with respect to such violation as further described under the Indenture.

**Optional Redemption**

We may redeem the Bonds, in whole or in part, without penalty at any time. Any redemption of a Bond will be at an amount equal to the then outstanding principal on the Bonds being redeemed, plus any accrued but unpaid interest on such Bonds. If we plan to redeem the Bonds, we are required to give notice of redemption not less than 5 days nor more than 60 days prior to any redemption date to each Bondholder subject to redemption at such Bondholder's address appearing in the securities register maintained by the Registrar. In the event we elect to redeem less than all of any class or series of the Bonds, the particular Bonds to be redeemed will be selected by us, in our sole discretion.

**Merger, Consolidation or Sale**

We may consolidate or merge with or into any other corporation or entity, and we may sell, lease or convey all or substantially all of our assets to any corporation, provided that the successor entity, if other than us:

- is organized and existing under the laws of the United States of America or any United States, or
- U.S. state or the District of Columbia; and
- assumes all of our obligations to perform and observe all of our obligations under the Bonds.
- and provided further that no event of default shall have occurred and be continuing.

**Restrictions of Transferability**

There are substantial restrictions on the transferability of the Bonds under the terms of the Indenture and applicable state and federal securities laws. Before selling or transferring a Bond, a Bondholder must obtain the written consent of the Managers and comply with applicable requirements of federal and state securities laws and

regulations, including the financial suitability requirements of such laws and regulations. There is no market for the Bonds, and it is highly unlikely that any market for the Bonds will develop, and Investors should view the Bonds as solely a long-term investment.

The Bonds offered under this Memorandum have not been registered under the Securities Act nor by the securities regulatory authority of any state. The Bonds may not be resold unless they are registered under the Securities Act and registered or qualified under applicable state securities laws or unless exemptions from such registration and qualification are available.

**Future Issuances**

We may, from time to time, without notice to or consent of the Bondholders, increase the aggregate principal amount of any series of the Bonds outstanding by issuing additional bonds in the future with the same terms of such series of Bonds, except for the issue date and offering price, and such additional bonds shall be consolidated with the applicable series of Bonds and form a single series. No consent of the Bondholders is required under the Bonds for the issuance of additional series of Bonds, including such additional series which may have payment priority superior to current Bonds.

**Payment of Taxes and Other Claims**

We will pay or discharge or cause to be paid or discharged, before the same shall become delinquent: (i) all taxes, assessments and governmental charges levied or imposed upon us or upon our income, profits or assets; and (ii) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon our property; provided, however, that we will not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings or for which we have set apart and maintain an adequate reserve.

**Events of Default**

The following are events of default under the Indenture with respect to the Bonds:

- default in the payment of any interest on the Bonds when due and payable, which continues for 60 days, a cure period;
- default in the payment of any principal of or premium on the Bonds when due, which continues for 60 days, a cure period;
- default in the performance of any other obligation or covenant contained in the Indenture or in this Memorandum for the benefit of the Bonds, which continues for 120 days after written notice, a cure period; and
- specified events in bankruptcy, insolvency or reorganization of us.

We will deliver to the Bondholders a written notification of any uncured event of default within 60 days after we become aware of such uncured event of default.

**Remedies if an Event of Default Occurs**

Subject to any respective cure period, if an event of default occurs and is continuing, the Bondholders of not less than a majority in aggregate principal amount of the Bonds of a particular series outstanding may declare the principal thereof, premium, if any, and all unpaid interest thereon to be due and payable immediately.

At any time after the Bondholders have accelerated the repayment of the principal, premium, if any, and all unpaid interest on the Bonds, but before the Bondholders have obtained a judgment or decree for payment of money due, the Bondholders of a majority in aggregate principal amount of outstanding Bonds of a particular series may rescind and annul that acceleration and its consequences, provided that all payments and/or deliveries due, other than those due as a result of acceleration, have been made and all events of default have been remedied or waived.

The Bondholders of a majority in principal amount of the outstanding Bonds of a particular series may waive any default, except a default:

- in the payment of any amounts due and payable or deliverable under the Bonds; or
- in an obligation which cannot be modified without the consent of each Bondholder.

The Bondholders of a majority in principal amount of the outstanding Bonds of a particular series may direct the time, method and place of conducting any proceeding for any remedy available with respect to the Bonds, provided that such direction is not in conflict with any rule of law. The Bondholder has the right, which is absolute and unconditional, to receive payment of the principal of and interest on such Bond on the respective due dates (or any redemption date, subject to certain discounts) and to institute suit for the enforcement of any such payment and such rights shall not be impaired without the consent of such Bondholder.

A Bondholder will have the right to institute a proceeding with respect to the Indenture or for any remedy under the Indenture, if:

- that Bondholder previously gives to the trustee written notice of a continuing event of default in excess of any cure period,
- the Bondholders of not less than a majority in principal amount of the outstanding Bonds have made written request;
- such Bondholder or Bondholders have offered to indemnify the trustee against the costs, expenses and liabilities incurred in connection with such request;
- the trustee has not received from the Bondholders of a majority in principal amount of the outstanding Bonds a direction inconsistent with the request (it being understood and intended that no one or more of such Bondholders shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other of such Bondholders, or to obtain or to seek to obtain priority or preference over any other of such Bondholders or to enforce any rights under the Indenture, except in the manner herein provided and for equal and ratable benefit of all Bondholders); and
- the trustee fails to institute the proceeding within 60 days.

However, the Bondholder has the right, which is absolute and unconditional, to receive payment of the principal of and interest on such Bond on the respective due dates (or any redemption date, subject to certain discounts) and to institute suit for the enforcement of any such payment and such rights shall not be impaired without the consent of such Bondholder.

Moreover, as long as any Senior Indebtedness remains outstanding, the Trustee shall not, without prior written consent of the holder of the Senior Indebtedness, including ANB and PCGHI:

- exercise or seek to exercise any right or remedy with respect to an event of default including any collection or enforcement right or remedy; or
- institute any action or proceeding against the Company or any of its assets including without limitation any possession, sale or foreclosure action or proceeding; or
- contest, protest or object to any enforcement proceeding or other action commenced under the Senior Indebtedness.

for a period of 90 days after delivery of notice of an event of default to the holder of the Senior Indebtedness, including ANB and PCGHI (the "Standstill Period"). The Trustee will only be permitted to commence such enforcement proceedings upon the receipt of written consent from the holder of the Senior Indebtedness or upon the following of the expiration of the Standstill Period.

## SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN SECURITYHOLDERS

The table below sets forth, as of the issuance date of this report, certain information regarding the beneficial ownership of our outstanding membership units for (1) each beneficial owner of 10% or more of our outstanding membership units and (2) each of our executive officers, individually naming each executive officer who beneficially owns more than 10% or more of our outstanding membership units. Each person named in the table has sole voting and investment power with respect to all of the membership units shown as beneficially owned by such person. The SEC has defined "beneficial ownership" of a security to mean the possession, directly or indirectly, of voting power and/or investment power over such security.

| Title of Class | Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership Acquirable | Percent of Class |
|---|---|---|---|
| LLC Interests | Daniel Ferrari* | N/A | 29.14% |
| LLC Interests | Charlene Ferrari* | N/A | 29.14% |
| LLC Interests | All Executives and Managers | N/A | 28.98% |

*Daniel Ferrari and Charlene Ferrari each own 50% of the voting membership interests in and are the managers of Lion of Judah, LLC, which owns 58.28% of the Company. Their address is 1983 Water Chase Drive, New Lenox, IL 60451. Adam Ferrari, one of the Company's Managers and its Chief Executive Officer, is the economic interest owner of Lion of Judah, LLC. Mr. Ferrari does not have voting or dispositive power over Lion of Judah, LLC or the LLC Interests in the Company held by Lion of Judah, LLC. As a result, Mr. Ferrari is not determined to be a beneficial interest holder of the Company.

## MANAGERS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES

Our Company is a manager-managed limited liability company and managed by our managers pursuant to our limited liability company agreement. Lion of Judah, LLC has the power to select the managers of our Company in its sole discretion. The following table sets forth information on our executive officers, managers and significant employees.

***Manager/Officers/Significant Employee***

| Name | Age | Position with our Company | Since |
|---|---|---|---|
| Adam Ferrari | 40 | Manager and Chief Executive Officer | November 2023 |
| Lindsey Wilson | 38 | Manager and Chief Operating Officer | April 2019 |
| Curtis Allen | 38 | Chief Financial Officer | February 2020 |
| Kris Woods | 37 | Chief Technology Officer | August 2019 |
| Sean Goodnight | 49 | Chief Acquisition Officer | June 2020 |
| Justin Arn | 43 | Chief Land and Title Officer | April 2020 |
| Brynn Ferrari | 34 | Chief Marketing Officer | April 2023 |
| Matt Willer | 47 | Managing Director, Capital Markets | March 2021 |
| Julia Mao | 37 | Vice President of Business Process | November 2021 |
| Nick Young | 40 | Vice President of Land - WY & TX | May 2020 |
| Tom Kruk | 61 | Vice President of Mineral Acquisitions | August 2019 |
| David McDonald | 40 | GIS Analyst | April 2021 |

Set forth below is biographical information for the executive officers, managers and significant employees of our Company.

***Adam Ferrari, Manager and Chief Executive Officer.*** Adam graduated from the University of Illinois at Urbana-Champagne Magna Cum Laude with a Bachelor's of Science Degree in Chemical Engineering. Adam began his career with BP America as a completions engineer in 2005. During his tenure with BP, Adam served in various drilling, completions, and production roles both in the Gulf of Mexico and the onshore US business units. Following his experience at BP, Adam transitioned to an equity analyst role within the Oil and Gas division at Macquarie Capital in Denver, CO. After gaining experience on the financial services side of oil and gas, Adam transitioned back to the operating side of the industry in a lead Petroleum Engineering role with start-up Halcon Resources. While at Halcon, Adam supported various exploration and development programs in the broader gulf coast region and the Bakken shale asset in North Dakota. Following his tenure at Halcon, Adam pursued various entrepreneurial opportunities on the mineral acquisitions side of the oil and gas industry that ultimately led him to the Company. Immediately prior to becoming a consultant, Adam was the Chief Executive Officer of The Petram Group, LLC (f/k/a Wolfhawk Energy Holdings, LLC d/b/a "Ferrari Energy") until March of 2019. Adam has served in an advisory role at various points for Phoenix and as of April of 2023, Adam was promoted to VP of Engineering for the company. Prior to his employment at the Petram Group, Mr. Ferrari founded and operated Ferrari Energy, LLC, a single member Colorado LLC, which was active in acquiring and disposing of mineral interests from 2014 to 2017. Currently, Ferrari Energy, LLC has no employees, holds only one remaining mineral property and is otherwise inactive. In early 2016, Wolfhawk Energy Holdings, LLC started operating under the brand name "Ferrari Energy," even though there was no formal connection between Ferrari Energy, LLC and Wolfhawk Energy Holdings, LLC. From December 14, 2016 through March 11, 2019, Adam Ferrari served as the CEO of Wolfhawk Energy Holdings, LLC. Subsequently, Wolfhawk Energy Holdings, LLC underwent name changes and became The Petram Group, LLC on April 2, 2019. Before becoming Manager and Chief Executive Officer, Adam was responsible for conducting engineering evaluations across all areas of interest and making purchase recommendations to the executive team at Phoenix Capital Group. Adam Ferrari is Brynn Ferrari's spouse and the son of Charlene and Daniel Ferrari.

***Lindsey Wilson, Manager and Chief Operating Officer.*** Lindsey brings years of extensive practical experience leading diverse, multidisciplinary teams in the energy sector. Lindsey entered the oil and gas industry in 2011 as a Leasing Agent in Texas and this foundational experience was the springboard that ultimately allowed her to transition into more advanced management roles within the mineral and leasehold acquisition space. Immediately prior to helping to found our company, Ms. Wilson was employed in the operations department of The Petram Group, LLC, (f/k/a Wolfhawk Energy Holdings, LLC d/b/a "Ferrari Energy"), a mineral and leasehold acquisition company, until early 2019. As a founding member of Phoenix Capital Group, Lindsey establishes the objectives of

the business and leads all operational functions within the Company. Responsible for overseeing the day-to-day operations of Phoenix Capital Group, Lindsey takes great pride in working with all departments on setting and achieving aggressive business goals. Lindsey graduated from the University of Texas Arlington and holds a Bachelor of Business Administration with a concentration in Marketing.

***Curtis Allen, Chief Financial Officer***. Curtis graduated *magna cum laude* from SUNY Oswego with both his BS and MBA concentrated in accounting. Curtis has over 10 years' experience in financial services with an emphasis on investment analysis. As a CPA, Curtis has a range of experiences from his private tax-practice to auditing billion-dollar defense contractors with the Department of Defense. Most recently, he has spent over 7 years managing investments for personal and corporate clients. Alongside being a CPA, Curtis also holds series 7 and 66 licenses and has passed the CFA level I. At Phoenix Capital Group, Curtis is responsible for all accounting and finance functions and underwriting new potential deals along with a multitude of day-to-day operational tasks.

***Kristopher Woods, Chief Technology Officer.*** Kris has over 12 years' experience as a consultant and software engineer working across a number of industries including energy, health & fitness and consumer goods. At Phoenix Capital Group, his responsibilities include identifying and validating technological needs, as well as overseeing the implementation and management of all software solutions. He has developed extensive insights into custom software and technology solutions over the course of his career and brings that knowledge and ability to lead diverse teams to his role at Phoenix Capital Group. Kris holds a B.A. in Computer Science from Lewis & Clark College and dual Masters degrees from Loyola Marymount in Business Administration and Systems Engineering.

***Sean Goodnight, Chief Acquisitions Officer.*** Sean brings over 25 years of consultative sales experience to Phoenix Capital Group. As a Colorado native, he attended the University of Northern Colorado and spent the early part of his career in the health care and insurance industries. He was introduced into the oil and gas industry in 2016 working with mineral acquisitions where he quickly transitioned into management. Immediately prior to joining our company in June of 2020, Mr. Goodnight was employed by The Petram Group, LLC, (f/k/a Wolfhawk Energy Holdings, LLC d/b/a "Ferrari Energy"), as an acquisitions landman. With Phoenix Capital Group, Sean leads the Acquisitions department and has implemented processes, developed tools, and introduced materials that have contributed to the continued success of the Company. He has built a team of talented, sophisticated professionals who possess the expertise and skillset to maintain the high level of standards that have become the foundation of his department.

***Justin Arn, Chief Land & Title Officer.*** Justin graduated from the University of Hawaii at Manoa and majored in Philosophy with a minor in Business Administration. Justin began his Land career researching mineral and royalty rights for multiple mineral acquisition companies focusing on the DJ Basin in Weld County, Colorado and Laramie County, Wyoming. He has coordinated and managed title projects, large and small, in Wyoming, Colorado, North Dakota, Montana, and Texas, and performed and managed opportunity and due diligence title work for the purchase of thousands of Royalty Acres throughout the DJ, Bakken, and Permian basins. Justin is an active member of the American Association of Professional Landmen, and the Wyoming Association of Professional Landmen. Immediately prior to joining our Company, Mr. Arn was employed as a landman for The Petram Group, LLC (f/k/a Wolfhawk Energy Holdings, LLC d/b/a "Ferrari Energy").

***Brynn Ferrari, Chief Marketing Officer.*** Brynn comes to us bringing over 12 years of experience with a variety of marketing experience across digital, talent relations, events and social media. With a Public Relations degree from the University of Southern California she is a true Trojan at heart and is a Young Leader for the USC Alumni Association. Prior to her position at the Company, Brynn led projects working in-house for American Honda Motor Co., Amazon, the Estee Lauder Companies, and Unilever Prestige. She also managed multi-million dollar advertising campaigns and spearheaded creative innovation for first-to-market products including the launch of an AR partnership integration with Modiface for Estee Lauder Companies for the brand, Smashbox Cosmetics. As the Chief Marketing Officer at the Company, she is responsible for developing both the marketing team and the Investor Relations team with a focus on process efficiencies and team growth. She owns strategy across all marketing platforms passionately sharing our story and the people behind the Company. Brynn Ferrari is Adam Ferrari's spouse and the daughter-in-law of Charlene and Daniel Ferrari.

***Matt Willer, Managing Director, Capital Markets.*** Matt Willer is a seasoned finance professional that has spent 22 years professionally assisting Companies of all sizes, in a variety of industries, with their financing needs. Matt's career began at Smith Barney and after his early professional life was spent at a large investment bank he

sequentially migrated to smaller firms where he has been able to have more autonomy and interaction with clients. For the past decade, Matt's experience has largely been in an internal investment banking function to the operating companies that he is assisting. With experience in both debt and equity transactions, across both private and public Companies, Matt has raised well over $100 million in new capital for the Companies he's worked with. Matt brings an entrepreneurial finance background to Phoenix Capital Group Holdings where he currently maintains the title of Managing Director, Capital Markets and has recently become a partner with the firm. Matt graduated from the University of Southern California with a degree in Business Administration with a dual specialty in Finance and Management. Mr. Willer is a registered representative and associated person of Dalmore Group.

***Julia Mao, Vice President of Business Process***. At Phoenix Capital Group, Julia is responsible for identifying areas in need of process business improvement and implementing solutions in creating better efficiencies, as well as developing reporting tools for more informed executive business decisions. Ms. Mao has worked professionally for 10 years at Lakeshore Learning Materials from accounting to the marketing field and has extensive experience in improving business processes within a variety of departments utilizing various technology software systems. Julia has earned a BA in Business Economics from the University of California Irvine. In addition, Ms. Mao holds an MBA from the prestigious University of Southern California at the globally recognized Marshall School of Business with dual Graduate Certificates in Business Analytics and Marketing.

***Nick Young, Vice President of Land - WY & TX***. Nick has over 10 years' experience as a Landman. Starting out as an intern with Colorado State Land Board working in their mineral division and later working as an Independent Landman for various Industry leading companies. Immediately prior to joining the company in 2020, Nick was employed with The Petram Group, LLC. (f/k/a Wolfhawk Energy Holdings, LLC d/b/a "Ferrari Energy"). Nick is responsible for examining Due Diligence on purchases and performing curative tasks that arrive from these purchases. Nick holds a Bachelor of Business Administration in Financial and Marketing Management from the University of New Mexico.

***Tom Kruk, Vice President of Mineral Acquisitions.*** Tom's careers in sales, management and training include the fields of energy, insurance and communications. Tom studied Energy Engineering before graduating with his Bachelor of Science as a Marketing major at the University of Arizona. Prior to joining Phoenix Capital Group as a partner, Tom worked as an Acquisitions Landman at The Petram Group, LLC (f/k/a Wolfhawk Energy Holdings, LLC d/b/a "Ferrari Energy") until mid-2019. Tom's focus at Phoenix centers around working with individuals, businesses and other organizations to lease and purchase mineral holdings in the areas Phoenix targets for investment.

***David McDonald, GIS Analyst.*** David has over 15 years of experience in the oil and gas industry working as Senior Geotechnical Analyst supporting exploration and development in the Raton, DJ, Uintah, and Williston Basins. Prior to joining our company, David worked for El Paso Oil & Gas and Whiting Petroleum. David graduated from Brigham Young University Idaho with a B.A. in Geology and in 2020 completed his Masters in Geographic Information Science from the University of Denver.

None of our Managers, executive officers, or significant employees have been involved in or subject to any action or event that would require disclosure under Item 10(d) of Form 1-A.

## COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Below is the annual compensation of each of the three highest paid executive officers of our Company for the fiscal year ended December 31, 2022.

| Name | Position | Cash Compensation | Other Compensation | Total Compensation |
|---|---|---|---|---|
| Sean Goodnight ..... | Chief Acquisitions Officer | $364,000 | (1) | $364,000 |
| Lindsey Wilson..... | Manager and Chief Operating Officer | $180,000 | (2) | $180,000 |
| Curtis Allen..... | Chief Financial Officer | $196,000 | (3) | $196,000 |

(1) The Company has granted Mr. Goodnight a 3.5% "profits interest," as that term is used in Internal Revenue Service revenue rulings, pursuant to a Profits Interest Award Agreement.

(2) The Company has granted Ms. Wilson an 8.16% "profits interest," as that term is used in Internal Revenue Service revenue rulings, pursuant to a Profits Interest Award Agreement.

(3) The Company has granted Mr. Allen an 8.16% "profits interest," as that term is used in Internal Revenue Service revenue rulings, pursuant to a Profits Interest Award Agreement.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

During the fiscal year ended December 31, 2020, the Company received mineral and royalty interests as a capital contribution by Lion of Judah Capital, LLC, the controlling entity of the Company. The capital contribution is valued at $630,425 and Lion of Judah Capital, LLC received its equity ownership in the Company as consideration.

The Company and Adam Ferrari, our Chief Executive Officer and one of our Managers, and son of Charlene and Daniel Ferrari, entered into a Consulting Agreement on November 1, 2021 for Mr. Ferrari to provide petroleum engineering consulting services to the Company. This Consulting Agreement terminated as of the commencement of Mr. Ferrari's employment as our Vice President of Engineering in April 2023. Over the course of the Consulting Agreement, we paid Mr. Ferrari a total of $507,416.69 in consulting fees, including $323,000 in fiscal year 2022. On November 29, 2023, Mr. Ferrari was appointed our Chief Executive Officer and as one of our Managers. In connection with this appointment, we entered into an employment agreement with Mr. Ferrari.

**Phoenix Capital Group Holdings I LLC**

The Company will pay all expenses of PCGHI, including its offering expenses, but will not be obligated to pay PCGHI's obligations with respect to the PCGHI Bonds. The Company will pay the PCGHI broker-dealer fee and other expense reimbursements and fees due to Dalmore Group pursuant to that certain Amended and Restated Broker-Dealer Agreement (the "PCGHI BD Agreement") among our Company, PCGHI and Dalmore Group. Certain officers of the Company operate and manage PCGHI. Those officers are and are expected to continue to be Ms. Wilson and Mr. Allen. They will not receive any compensation from PCGHI in such regard.

We intend to enter into a PCGHI Loan with our wholly owned subsidiary PCGHI dated on or about the commencement of PCGHI's proposed Regulation A offering. The following summarizes some of the key provisions of the potential PCGHI Loan. This summary is qualified in its entirety by the form of PCGHI Loan which is filed as an exhibit to PCGHI's most recent Form 1-A.

The PCGHI Loan will provide that PCGHI will lend in one or more advances up to the maximum principal amount of $75,000,000 to the Company for the funding of (i) purchasing mineral rights and non-operated working interests, as well as additional asset acquisitions, (ii) financing potential drilling and exploration operations of one or more subsidiaries and (iii) other working capital needs. The timing of the disbursement of any advance shall be contingent upon PCGHI's receipt of the proceeds if any of the bonds sold pursuant to its offering of bonds pursuant to Regulation A (the "PCGHI Bonds"). The maximum aggregate principal amount of the PCGHI Loan will be $75,000,000. The aggregate outstanding amount of all advances shall not exceed eighty-five percent (85%) of the aggregate total discounted present value of the collateral granted as security for the loan in the form of one or more mortgages, after deducting any allocable amount securing any of our outstanding senior indebtedness (the "Loan-to-Value Ratio"). The value of such collateral will be determined by one or more reserve studies performed by a third party retained by the Company on an annual basis. In the event the aggregate outstanding loan exceeds the Loan-to-Value ratio, such event shall not be deemed an event of default and the Company shall cure such deficiency by either pledging additional collateral or repaying a portion of the loan until the Loan-to-Value Ratio is met. To the extent the PCGHI Bonds are accelerated or prepaid, in whole or in part, the Company shall be obligated to pay or prepay, in whole or in part, all or any part of any outstanding indebtedness under the Subordinate Master Credit Note (the "Credit Note") on the same terms as the PCGHI Bonds. The terms of the advance will correspond to the maturity date and gross proceeds of the PCGHI Bonds providing the funds to make the advance. The PCGHI Loan is not a revolving facility and the Company may not reborrow amounts repaid, and PCGHI intends to use any amounts repaid under the PCGHI Loan will be used to repay the corresponding PCGHI Bonds.

At the option of PCGHI, an advance will be made on a current basis whereby the Company makes monthly payments on the tenth ($10^{th}$) day of each month to PCGHI of interest only pursuant to the Credit Note. On each respective maturity date for advances, the outstanding principal sum, together will all accrued and unpaid interest thereon, as calculated in accordance with the above, shall mature and be due and payable to PCGHI. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and shall accrue a full pro-rata portion of the annual rate of interest for each calendar month regardless of the number of days an advance is outstanding during such calendar month, on the same terms as the interest payable from the proceeds of the Bonds from which such advance of the loan is made.

To secure the payment of the PCGHI Loan, the Company will agree to enter into junior mortgages for various oil and gas properties owned by the Company.

**PCGH I Subordinated Mortgage Interests In Certain Of Our Oil And Gas Producing Properties**

| Asset Identifier | County | Disc 10% Value* | ANB's First Lien** | Remaining Value |
|---|---|---|---|---|
| Lime Rock - Southern Dunn | Dunn | $ 28,731,037.00 | $ 3,209,762.19 | $ 25,521,274.81 |
| Anadarko - Lund | Converse | $ 38,982,539.00 | $ 4,355,035.28 | $ 34,627,503.72 |
| Continental - Tolksdorfs | Richland | $ 8,436,353.25 | $ 942,489.05 | $ 7,493,864.20 |
| Hunt - Blue Ridge | Williams | $ 8,824,672.03 | $ 985,871.09 | $ 7,839,800.95 |
| Total | | $ 84,974,601.28 | $ 9,493,157.60 | $ 75,481,443.68 |

* The Discounted 10% Value set forth above represents the net present value of the estimated cash flows from the assets set forth in the table above as determined in accordance with the Credit Loan Agreement. Such net present value will decrease over time as the reserves at such assets are depleted.

** This represents the portion of ANB's outstanding principal balance as of July 31, 2023 allocable to each of the properties in which we have a collateral interest as determined under the Credit Loan Agreement.

**Adamantium Capital, LLC**

The Company will pay all expenses of Adamantium, including its offering expenses, but will not be obligated to pay Adamantium's obligations with respect to the Adamantium Bonds (as defined below). The Company will pay the Adamantium broker-dealer fee and other expense reimbursements and fees due to Dalmore Group pursuant to that certain Amended and Restated Broker-Dealer Agreement (the "Adamantium BD Agreement") among our Company, Adamantium, and Dalmore Group. If Adamantium sells the proposed maximum offering amount of $200,000,000, then the approximate maximum payment to Dalmore Group would be $9,500,00.

Certain officers of the Company operate and manage Adamantium. Those officers are and are expected to continue to be Ms. Wilson and Mr. Allen. They will not receive any compensation from Adamantium in such regard.

Pursuant to the Adamantium Loan Agreement, Adamantium will loan up to an aggregate principal amount of $200,000,000 to the Company and PhoenixOp for the funding of (i) purchasing mineral rights and non-operated working interests, as well as additional asset acquisitions, (ii) financing potential drilling and exploration operations of one or more subsidiaries and (iii) other working capital needs. The aggregate outstanding amount of all advances shall not exceed one hundred percent (100%) of the aggregate total discounted present value of the collateral granted as security for the loan in the form of one or more mortgages, after deducting any allocable amount securing any of our outstanding senior indebtedness (the "Loan-to-Value Ratio"). The value of such collateral will be determined by one or more reserve studies performed by a third party retained by the Company on an annual basis. In the event the aggregate outstanding loan exceeds the Loan-to-Value ratio, such event shall not be deemed an event of default and the Company shall cure such deficiency by either pledging additional collateral or repaying a portion of borrowings under Adamantium Loan Agreement until the Loan-to-Value Ratio is met. To the extent the Adamantium Notes are accelerated or prepaid, in whole or in part, the Company shall be obligated to pay or prepay, in whole or in part, all or any part of any outstanding indebtedness under the subordinate master credit notes evidencing borrowings under the Adamantium Loan Agreement on the same terms as the Adamantium Notes. The terms of the advance will correspond to the maturity date and gross proceeds of the Adamantium Notes providing the funds to make the advance. The Adamantium Loan Agreement is not a revolving facility and the Company may not reborrow amounts repaid, and Adamantium will use any amounts repaid under the Adamantium Loan Agreement to repay the corresponding Adamantium Notes. As of November 30, 2023, $13,107,000 was outstanding under the Adamantium Loan Agreement.

At the option of Adamantium an advance may either be (i) on a current basis whereby the Company makes monthly payments on the tenth (10th) day of each month to Adamantium of interest only pursuant to the Subordinate Master Credit Note (Current Pay) or (ii) on an accrual pay basis whereby interest will compound monthly and the Company will pay all accrued and unpaid interest at maturity pursuant to the Subordinate Master Credit Note (Accrual Pay). On each respective maturity date for advances on both a current and accrual basis, the

outstanding principal sum, together will all accrued and unpaid interest thereon, as calculated in accordance with the above, shall mature and be due and payable to Adamantium. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and shall accrue a full pro-rata portion of the annual rate of interest for each calendar month regardless of the number of days an advance is outstanding during such calendar month, on the same terms as the interest payable from the proceeds of the Bonds from which such advance of the loan is made.

To secure the payment under the Adamantium Loan Agreement, the Company will agree to enter into junior mortgages for various oil and gas properties owned by the Company.

**Adamantium's Subordinated Mortgage Interests In Certain Of Our Oil And Gas Producing Properties**

| Asset Identifier | County | Disc 10% Value* | ANB's First Lien** | Remaining Value |
|---|---|---|---|---|
| CLR – Williams | Williams | $ 11,825,389.00 | $ 717,457.64 | $ 11,107,931.36 |
| Phoenix JF Pad | Divide | $ 65,419,095.00 | $ 3,969,038.94 | $ 61,450,056.06 |
| Total | | $ 77,244,484.00 | $ 4,686,496.57 | $ 72,557,987.43 |

* The Discounted 10% Value set forth above represents the net present value of the estimated cash flows from the assets set forth in the table above as determined in accordance with the Adamantium Loan Agreement. Such net present value will decrease over time as the reserves as such assets are depleted.

** This represents the portion of ANB's outstanding principal balance as of November 13, 2023 allocable to each of the properties in which Adamantium has a collateral interest as determined under the Adamantium Loan Agreement.

**Phoenix Operating LLC**

We have formed PhoenixOp as a subsidiary of the Company. The Company is the sole voting member of PhoenixOp pursuant to the Limited Liability Company Agreement of Phoenix Operating LLC (the "PhoenixOp Operating Agreement"). As the voting member, the Company is entitled to a share of the net profits, net losses, and any tax credits of PhoenixOp. The Company may contribute projects to PhoenixOp in its sole discretion. At the time of contribution, the Company's costs of acquiring the leasehold and other mineral interests giving rise to the drilling or extraction rights associated with the project undertaken by PhoenixOp will be reflected in the Company's capital account as a capital contribution. The Company will receive all distributions of cash and other property of PhoenixOp in accordance with its unreturned capital contributions and in an amount equal to its accrued but undistributed preferred return; thereafter, the distributions will go to the Company and non-voting members pro-rata in accordance with their LLC interests in Phoenix OP, with up to 15% going to non-voting members. As of the date of this Memorandum, PhoenixOp has granted non-voting membership interests equal to 14% of its membership interest to its employees, with no individual employee receiving more than a 2.5% non-voting membership interest. PhoenixOp's made the grants as compensation to such employees who did not contribute any other cash or property as consideration for their non-voting membership interests. The preferred return is the cumulative, non-compounding return of 10% per annum of the aggregate amount of the capital contribution then outstanding by the Company. Any future non-voting members of PhoenixOp will also receive a share in the profits, losses, and tax credits of PhoenixOp. The Company is also the sole manager of PhoenixOp and directs and manages the business and affairs of PhoenixOp.

As of November 1, 2023 we have contributed approximately $11.7 million in cash and $15.3 million in lease assets to PhoenixOp. Lease contributions are contributed to PhoenixOp at a value equal to our cost of acquisition for the contributed asset.

## LIMITATIONS ON LIABILITY

Our Managers and executive officers will owe fiduciary duties to the Company and our members in the manner prescribed in the Delaware Limited Liability Company Act and applicable case law. Neither our Managers nor any executive officer will owe fiduciary duties to our Bondholders. Each Manager is required to act in good faith and in a manner that it determines to be in our best interests. However, nothing in our Operating Agreement precludes a Manager or our executive officers or any affiliate of any Manager or any of their respective officers, directors, employees, members or trustees from acting, as a director, officer or employee of any corporation, a trustee of any trust, an executor or administrator of any estate, a member of any company or an administrative official of any other business entity, or from receiving any compensation or participating in any profits in connection with any of the foregoing, and neither our company nor any member shall have any right to participate in any manner in any profits or income earned or derived by our Managers or any affiliate thereof or any of their respective officers, directors, employees, members or trustees, from or in connection with the conduct of any such other business venture or activity. Our Managers, our executive officers, any affiliate of any of them, or any shareholder, officer, director, employee, partner, member or any person or entity owning an interest therein, may engage in or possess an interest in any other business or venture of any nature or description, provided that such activities do not compete with the business of our company or otherwise breach their agreements with our company; and no member or other person or entity shall have any interest in such other business or venture by reason of its interest in our company.

Our Managers or executive officers have no liability to the Company or to any member or Bondholder for any claims, costs, expenses, damages, or losses suffered by our company which arise out of any action or inaction of any Managers or executive officer if such Managers or executive officer meets the following standards: (i) such Managers or executive officer, in good faith, reasonably determined that such course of conduct or omission was in, or not opposed to, the best interests of our company, and (ii) such course of conduct did not constitute fraud, willful misconduct or gross negligence or any breach of fiduciary duty to our company or its members. These exculpation provisions in our operating agreement are intended to protect our Managers and executive officers from liability when exercising their business judgment regarding transactions we may enter into.

Insofar as the foregoing provisions permit indemnification or exculpation of our Managers, executive officers or other persons controlling us from liability arising under the Securities Act, we have been informed that in the opinion of the SEC this indemnification and exculpation is against public policy as expressed in the Securities Act and is therefore unenforceable.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We incorporate by reference into this Memorandum certain information that the Company files with the SEC, which means we can disclose important information to you by referring you to those documents. We incorporate by reference into this Memorandum annual and semi-annual reports, including audited financial reports, as filed with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act or Rule 257 of Regulation A, including::

- The Company's Annual Report on Form 1-K for the year ended December 31, 2022, filed with the SEC on May 1, 2023;
- The Company's Semi-Annual Report on Form 1-SA/A for the period ended June 30, 2023, filed with the SEC on November 13, 2023; and
- The Company's Current Report Pursuant to Regulation A on Form 1-U, filed with the SEC on December 5, 2023.

The information incorporated by reference contains important information about us and our financial condition, and is considered to be part of this Memorandum. Any statement contained in a document incorporated or deemed to be incorporated by reference into this Memorandum will be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which is or is deemed to be incorporated by reference into this Memorandum modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this offering memorandum.

Documents incorporated by reference are available from us without charge, excluding all exhibits, except that if we have specifically incorporated by reference an exhibit into this Memorandum, the exhibit will also be provided without charge. You may obtain documents incorporated by reference into this Memorandum by requesting them in writing or by calling us at the following address or telephone number, as applicable, attention Investor Relations:

Phoenix Capital Group Holdings, LLC
18575 Jamboree Road, Suite 830
Irvine, CA 92612
(303)-376-9778

You should rely only upon the information contained or incorporated by reference in this Memorandum. We have not authorized anyone to provide you with different information. You should not assume that the information in this Memorandum is accurate as of any date other than the date of this Memorandum.

## LEGAL PROCEEDINGS

On June 15, 2022, Phoenix Capital Group Holdings, LLC filed a civil lawsuit against William Francis and Incline Energy Partners, L.P. in the 116th District Court of Dallas County, Texas, asserting claims of (i) defamation, (ii) business disparagement, (iii) tortious interference with contract, (iv) tortious interference with prospective contract/relations, (v) unfair competition and (vi) civil conspiracy. The Company is seeking monetary damages in the amount of $50 million.

## INDEPENDENT AUDITOR

The consolidated financial statements of Phoenix Capital Group Holdings, LLC and Subsidiaries as of December 31, 2022 and 2021, included in this Memorandum, have been audited by Cherry Bekaert LLP, independent auditors, as set forth in their reports thereon.

## ADDITIONAL INFORMATION

The Managers will answer inquiries from prospective subscribers concerning the Company and other matters relating to the offer and sale of the Bonds, and the Managers will afford prospective subscribers the opportunity to obtain any additional information to the extent the Managers possess such information or can acquire such information without unreasonable effort or expense.

**PRIVATE PLACEMENT MEMORANDUM**


**PHOENIX CAPITAL GROUP HOLDINGS, LLC**

**December 9, 2023**

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**This Private Placement Memorandum, as may be supplemented and including any exhibits hereto (this "Memorandum"), was prepared solely for use in connection with the offering. Recipients of this Memorandum may not distribute it or disclose the contents of it to anyone without the prior written consent of Phoenix Capital Group Holdings, LLC, other than to persons who advise potential investors in connection with the offering, or otherwise use the same for any purpose other than evaluation by such prospective investor of the offering. The recipient, by accepting delivery of this Memorandum, agrees to return this Memorandum and all documents furnished herewith to Phoenix Capital Group Holdings, LLC or its representatives upon request if the recipient does not purchase any of the Bonds offered hereby or if the offering is withdrawn or terminated.**

**This Memorandum supersedes in its entirety any prior private placement memorandum or other investment information (including any offering document, marketing information or supplement to any of the foregoing) provided by Phoenix Capital Group Holdings, LLC and its representatives and agents.**

**The information in this Memorandum is current only as of the above date and may change after that date.**

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