Ironman Disclaimer

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- Although this presentation has been prepared from public and private sources and data we believe to be reliable, we make no representations as to its accuracy or completeness. Hedge funds are considered highly speculative investments. No assurances can be made as to the returns experienced by the Fund. There can be no guarantee that the investments made by the Fund match the projected returns.
NAPE 2016
Ironman Energy Capital

- Who We Are
- What We Do
- What We Currently Think
  - Cycle
  - Oil Prices
  - Nat Gas
  - Stocks/Investment Opportunities
G. Bryan Dutt, CFA

- 30+ years experience in energy
- Chartered Financial Analyst
- Tulane Energy Board
- Founding member IPAA Finance Committee
- Past President New Orleans Financial Society
- Howard Weil Supervisory Analyst
- Recognized Institutional Investor/WSJ for Energy
- Wood McKenzie
- Baker International, (Baker Hughes)
- MBA Finance, Tulane University
- BA Geology & Economics, Colgate University
John Bishop

- 30+ years experience in energy
- Director of Finance, Salamander Energy / GFI Oil and Gas
- Managing Director, Energy, First Union Securities
- Managing Director, Head of Energy Group, Everen Securities
- Managing Director, Energy, Principal Financial Securities
- Vice President, Energy, CS First Boston, Bear Stearns
- Exxon Company USA, Senior Exploration Geologist
- MBA Finance, University of Texas
- MS, Geology, University of South Carolina
- BA, Geology, Colgate University
Christian Juengling

- Case Western Reserve/London School of Economics
  - Highest Math GPA
  - Winner - Western Godman Simon Math Award
- Colorado Capital Advisors (Energy Hedge Fund) 2011 Inert
- Resolute Energy: Intern 2014
Past Consultants

- Antonio Benavides
- Todd Dittman
- Tom Green
- Bobby Kincaid
- Roderick “Bo” McKenzie
- Dr. Rod Standley
What We Do
What We Do

- **Micro-Mid Cap Energy Investing**
  - Upstream and Oilfield Services oil and gas equities focus
  - Select preferred stock and debt investments
  - North America primarily with select international opportunities
What We Do

- Legal: Vinson & Elkins, Akin Gump
- Prime Broker/Custodian: Convergex Goldman Sachs
- Auditors: Weaver
- Administrator: Partners Admin
- Investors: Sophisticated in Energy Industry
What We Do

- SEC Registered
- Ironman PI I
- Ironman PI II
- Ironman Energy Master Fund, inception February 16, 1999
“I keep hearing the four most dangerous words in finance: “This time it’s different.’”

Sir John Templeton
“Those who ignore history are entitled to repeat it.”
## Historical Oil Price Recovery After Major Declines

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>% Change in Oil Price</th>
<th>Length of Oil Price Decline (in trading days)</th>
<th>% Increase in Oil Price – 1-Year Post-Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>Saudi Market Share War</td>
<td>-67.2%</td>
<td>82</td>
<td>79.0%</td>
</tr>
<tr>
<td>1988</td>
<td>Oil Glut</td>
<td>-43.7%</td>
<td>295</td>
<td>58.4%</td>
</tr>
<tr>
<td>1991</td>
<td>Global Recession / End of Gulf War</td>
<td>-57.2%</td>
<td>90</td>
<td>5.4%</td>
</tr>
<tr>
<td>1998</td>
<td>Asian Crisis</td>
<td>-59.6%</td>
<td>484</td>
<td>134.5%</td>
</tr>
<tr>
<td>2001</td>
<td>Global Recession</td>
<td>-53.1%</td>
<td>290</td>
<td>46.2%</td>
</tr>
<tr>
<td>2008</td>
<td>Great Recession</td>
<td>-78.4%</td>
<td>119</td>
<td>134.8%</td>
</tr>
<tr>
<td></td>
<td><strong>Average</strong></td>
<td><strong>-59.9%</strong></td>
<td><strong>227</strong></td>
<td><strong>76.4%</strong></td>
</tr>
</tbody>
</table>

*From Matador Resources, April 2015*

2014-16  Shale, SA Mkt War  -75%  497  ?
OPEC Spare Capacity at Historic Low

Excess OPEC Capacity

16 MMBbld in ’83 v.s. 1 MMBbld Today

15 Yr Bear Market For Oil

Sources: IEA, RJ&A, Bloomberg
Spending for New Supplies Cut by Half

Capital Spending of Large-Cap Oil and Gas Companies

Source: Company filings, Raymond James research
US Lower 48 Production

Current

Year Ago

2 Years Ago
Extreme Depth and Duration of Current Rig Count Decline

Oil Cycle Comparison – Total US Rig Count

- 2009 Cycle
- Current Cycle
- Scenario B

- Average Rig Adds of ~40 per Month
- Average Rig Adds of ~44 per Month

Plains All American, May 2016
U.S. Production Doesn’t Bottom until 2018

Source: EPD Fundamentals’ Estimates
2019+ Before U.S. Oil Production Recovers to 2015 High

Lower 48 Onshore Oil Production Forecast

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Jan-14</th>
<th>Sep-14</th>
<th>May-15</th>
<th>Jan-16</th>
<th>May-17</th>
<th>Jan-18</th>
<th>May-19</th>
<th>Jan-20</th>
<th>Sep-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>6,784</td>
<td>6,165</td>
<td>5,894</td>
<td>8,502</td>
<td>8,070</td>
<td></td>
<td></td>
<td></td>
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</tr>
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<td>B</td>
<td>6,784</td>
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<td>8,502</td>
<td>8,070</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Plains All American, May 2016

~400 mb/d

~600 mb/d
U.S. Crude Storage (OECD Proxy) – 130MMbo Above 5 Year Ave.

EIA Total U.S. Non-SPR Crude Oil Inventory

Million Barrels: 2016 Compared to the 5-Year Average

Crude Inventories Down ~4.2 MB; A Massive Record Weekly High In The Initial Seasonal De-stocking Period. We Have Witnessed Extraordinary Growth In Stored Volumes. The Surplus Relative to The 5-year Average Is ~132.8 MB, Down ~2.5 MB On The Week. Bearish.

Sources: EIA and Aperto Energy Research (2016)
Oil Supply/Demand Deficit in 2H2016

Quarterly Global Oil Supply/Demand Balance (MMBbls/d)

Inventory Build

Inventory Draw

Market balances

Way undersupplied!

RJ WTI Forecast:

<table>
<thead>
<tr>
<th>Quarter</th>
<th>4Q15</th>
<th>1Q16E</th>
<th>2Q16E</th>
<th>3Q16E</th>
<th>4Q16E</th>
<th>1Q17E</th>
<th>2Q17E</th>
<th>3Q17E</th>
<th>4Q17E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.42</td>
<td>1.40</td>
<td>0.49</td>
<td>-1.00</td>
<td>-1.96</td>
<td>-0.37</td>
<td>-0.38</td>
<td>-1.09</td>
<td>-1.42</td>
</tr>
</tbody>
</table>

RJ WTI Forecast: $35, $40, $60, $65, $75, $75, $75, $75
North American Natural Gas
Natural Gas – Production Declining

Source: Bentek, Jefferies
U.S. Natural Gas Production Growth Went Negative in Early 2016

Source: Bentek, Jefferies
Natural Gas – Reaching Balance Summer 2016

**Summer ’16 Demand** 67.6 Bcf/d
- Return to "Normal" Weather 2.5 Bcf/d
- New Gas-Fired Power 3 Bcf/d
- Recovery Industrial Demand 0.5 Bcf/d

**Summer ’16 Est. Demand** 73.6 Bcf/d

**Summer ’16 Supply** 76.6 Bcf/d
- Decline in U.S. Field or Wellhead 3.5 Bcf/d
- Add: Net Imports 2 Bcf/d

**Summer ’16 Est. Supply** 74 Bcf/d

Supply-Demand Excess
Percent of Excess

- 11 Bcf/d (16%)
- 0.4 Bcf/d (0.5%)

**Net Imports Bcf/d**
- 2015 2016E
- Canada Imports 5.3 5.0
- Mexico Exports -3.3 -3.6
- LNG Exports 0.0 0.5
- Net Imports 2.0 0.9

Source: EIA data and Daniel Hamilton estimates
Natural Gas – Significant Deficits Winter 2017

**Winter '15-'16 Demand**
- 89.1 Bcf/d
  - Plus:
    - Return to "Normal" Weather: 2.6 Bcf/d
    - New Gas-Fired Power: 2.5 Bcf/d
    - Recovery Industrial Demand: 1.0 Bcf/d

**Summer '16 Supply**
- 73.1 Bcf/d
  - Less:
    - Additional Decline in U.S. Field or Wellhead: 2.0 Bcf/d
    - Return of Curtailments/Well Shut-ins: 0.8 Bcf/d
    - Add: Net Imports: 2 Bcf/d

**Winter '16-'17 Est. Demand**
- 95.2 Bcf/d

**Winter '16-'17 Est. Supply**
- 72.8 Bcf/d

**Est. Storage Draw**
- 19.0 Bcf/d

**Supply-Demand Deficit**
- (3.4) Bcf/d
  - Percent in Deficit: 3.50%

### Storage Draw Bcf/d

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peak-Trough (Bcf)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11/16-4/17</td>
<td>8.8</td>
<td>19.0</td>
</tr>
<tr>
<td>4100-800</td>
<td>18.3</td>
<td></td>
</tr>
<tr>
<td>4200-700</td>
<td>19.4</td>
<td></td>
</tr>
</tbody>
</table>

Source: EIA data and Drew Hamilton estimates
High Correlation of Energy Equities and Oil
CRUDE FALLS NEARLY 8%

GARTMAN’S CRUDE CALL
Won’t see crude above $44 again ‘in my lifetime’
Should stabilize around $37
Doubt it will fall below $22/barrel
Raise $ When You Can: Q1 14, Q1 15

<table>
<thead>
<tr>
<th>Equity Raised for Energy Companies</th>
<th>Q1 2014</th>
<th>Q1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Raised ($Bn)</td>
<td>$0.7</td>
<td>$11.7</td>
</tr>
<tr>
<td>WTI Price ($/Bbl)</td>
<td>$91 - $101</td>
<td>$42 - $50</td>
</tr>
<tr>
<td>OSX</td>
<td>270 - 295</td>
<td>178 - 210</td>
</tr>
</tbody>
</table>
# Equity Raised for Energy Companies

<table>
<thead>
<tr>
<th></th>
<th>Q1 2014</th>
<th>Q1 2015</th>
<th>2016, 5mos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Raised ($Bn)</td>
<td>$0.7</td>
<td>$11.7</td>
<td>$15.1</td>
</tr>
<tr>
<td>WTI Price ($/Bbl)</td>
<td>$91 - $101</td>
<td>$42 - $50</td>
<td>$26 - $49</td>
</tr>
<tr>
<td>OSX</td>
<td>270 - 295</td>
<td>178 - 210</td>
<td>129 - 180</td>
</tr>
<tr>
<td>Company</td>
<td>Ticker</td>
<td>Offering Date</td>
<td>Shares (MM)</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------</td>
<td>---------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Parsley Energy, Inc. Class A</td>
<td>PE</td>
<td>12/9/2015</td>
<td>14.2</td>
</tr>
<tr>
<td>Pioneer Natural Resources Company</td>
<td>PXD</td>
<td>1/5/2016</td>
<td>12.0</td>
</tr>
<tr>
<td>Diamondback Energy, Inc.</td>
<td>FANG</td>
<td>1/13/2016</td>
<td>4.6</td>
</tr>
<tr>
<td>Synergy Resources Corporation</td>
<td>SYRG</td>
<td>1/21/2016</td>
<td>16.1</td>
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<tr>
<td>Oasis Petroleum Inc.</td>
<td>OAS</td>
<td>1/28/2016</td>
<td>39.1</td>
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<tr>
<td>Hess Corporation</td>
<td>HES</td>
<td>2/4/2016</td>
<td>28.8</td>
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<tr>
<td>Devon Energy Corporation</td>
<td>DVN</td>
<td>2/17/2016</td>
<td>79.4</td>
</tr>
<tr>
<td>Energen Corporation</td>
<td>EGN</td>
<td>2/17/2016</td>
<td>18.2</td>
</tr>
<tr>
<td>EQT Corporation</td>
<td>EQT</td>
<td>2/19/2016</td>
<td>7.5</td>
</tr>
<tr>
<td>Cabot Oil &amp; Gas Corporation</td>
<td>COG</td>
<td>2/22/2016</td>
<td>44.0</td>
</tr>
<tr>
<td>Newfield Exploration Company</td>
<td>NFX</td>
<td>2/25/2016</td>
<td>30.0</td>
</tr>
<tr>
<td>QEP Resources, Inc.</td>
<td>QEP</td>
<td>2/29/2016</td>
<td>38.0</td>
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<tr>
<td>Marathon Oil Corporation</td>
<td>MRO</td>
<td>3/1/2016</td>
<td>145.0</td>
</tr>
<tr>
<td>Weatherford International plc</td>
<td>WFT</td>
<td>3/1/2016</td>
<td>115.0</td>
</tr>
<tr>
<td>Callon Petroleum Company</td>
<td>CPE</td>
<td>3/3/2016</td>
<td>15.3</td>
</tr>
<tr>
<td>Matador Resources Company</td>
<td>MTDR</td>
<td>3/7/2016</td>
<td>8.6</td>
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<tr>
<td>PDC Energy Inc</td>
<td>PDC</td>
<td>3/7/2016</td>
<td>5.9</td>
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<tr>
<td>Gulfport Energy Corporation</td>
<td>GPOR</td>
<td>3/9/2016</td>
<td>16.9</td>
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<tr>
<td>U.S. Silica Holdings, Inc.</td>
<td>SLCA</td>
<td>3/16/2016</td>
<td>10.0</td>
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<tr>
<td>Spectra Energy Corp</td>
<td>SE</td>
<td>4/4/2016</td>
<td>16.1</td>
</tr>
<tr>
<td>Synergy Resources Corporation</td>
<td>SYRG</td>
<td>4/11/2016</td>
<td>22.4</td>
</tr>
<tr>
<td>Rice Energy Inc</td>
<td>RICE</td>
<td>4/12/2016</td>
<td>20.0</td>
</tr>
<tr>
<td>Ensco plc</td>
<td>ESV</td>
<td>4/14/2016</td>
<td>65.6</td>
</tr>
<tr>
<td>Callon Petroleum Company</td>
<td>CPE</td>
<td>4/19/2016</td>
<td>25.3</td>
</tr>
<tr>
<td>Independence Contract Drilling, Inc</td>
<td>ICD</td>
<td>4/20/2016</td>
<td>13.2</td>
</tr>
<tr>
<td>Ring Energy, Inc</td>
<td>REI</td>
<td>4/20/2016</td>
<td>11.5</td>
</tr>
</tbody>
</table>

* Assumes full exercise of shoe unless specified

Total $12,839
What We Learned/Different From THIS Collapse

- Debt and equity immediate and violent interaction
- Strip Pricing is “Wrong”
  - Shell CEO “…strip pricing tells you nothing about the price to produce oil, just the cost to store it.”
  - Strip was as wrong as consensus predictions
  - Contango/Backwardation is the issue
- Banking “Reform” has had its impact
  - OCC & holistic approach
  - Banking relationships
  - Banks as hedging counterparties?
- Rig count inversely proportional to service stocks
- Oil prices and stock market highly correlated
Energy Rebound – March 6-11, 2009

Stone Energy

Petroquest Energy
Energy Rebound – March to December, 2009

Stone Energy, Mar- Dec, 2009

PetroQuest Energy, Mar- Dec, 2009
Ironman: +267% Since Inception
March 1999 through May 2016

- Monthly Compounded Return vs. Indices since Inception
  - Ironman: +267%
  - Indices:
    - OSX / Oilfield Service Index: +114%
    - Dow Jones Industrials Average: +65%
    - S&P 500 Index: +57%
Investment Decision Tree:

Eternal Struggle of Oilfield Service vs. E&P
Breakeven Oil Prices by Play
0% and 10% Unlevered Returns

Source: KLR Group.
U.S. Drilling Efficiency is Sky Rocketing

Sources: EIA and Raymond James Research

* On Secondary Axis
Drilling Perspective and Oil Prices

- "Oil is at $90, interest rates are low, debt markets accessible, now is the best time I have ever seen in my career to drill”
  - Aug 2014, unnamed CEO of bankrupt oil & gas co.

- Oil is at $50 and we believe headed higher, the best rigs, best equipment with the best personnel at rock bottom prices
Investment Decision Tree: E&P

- Oil vs. Gas vs. Liquids
- Basins
  - Play breakeven prices / returns
  - Differentials
- Company Specific
  - Capital needs
  - Leverage
Production by Play Forecast

Year-over-Year Liquids Production Additions by Top North American Shale and Tight Plays

Thousand bbls/d

Source: Rystad Energy NASReport
Oil Field Services – Estimated Time to Recovery

- 1500HP AC Pad Rigs: 9 months
- Pressure Pumpers: 1 ½ YEARS
- Offshore Rigs: 5-10 years
- OSV: 10 Years
- Mechanical Land Rigs: infinity +1
Tidewater’s Active Fleet Versus the Worldwide OSV Fleet
Tidewater as of December 31, 2015 and Worldwide Fleet Estimated April 2016

- Deepwater vessels
- Towing Supply/Supply
- Other vessels

190 “New” vessels – 7.1 avg yrs
9 “Traditional” vessels – 25.2 avg yrs (only 1 OSV)

As of April 2016, there are approximately 349 additional AHTS and PSV’s (~10% of the global fleet) under construction. Some number of these, we believe, will not be completed and delivered.

Source: IHS-Petrodata and Tidewater

Global fleet is estimated at ~3,425 vessels, including ~650 vessels that are 25+ yrs old (19%)
Tidewater’s Active Fleet Versus the Worldwide OSV Fleet
Tidewater as of December 31, 2015 and Worldwide Fleet Estimated April 2016

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Source: IHS-Petrodata and Tidewater

Global fleet is estimated at ~3,425 vessels, including ~650 vessels that are 25+ yrs old (19%)
High Correlation of Oil Field Services and Oil
Summarize What We Think

- Bearish most of service (but stocks will go up short term with oil)
- Equity: Focus on micro-caps E&P with good rocks & mgmt. and balance sheet that will barely survive
- Debt: Highly stressed with good rocks/equipment either survive OR recovery expectations materially above purchase price
- Agnostic to modestly bullish natural gas
- **Ultimate Driver of Ironman’s Energy World: Bullish Oil**
What Can Go Wrong?

- Macroeconomic Collapse
- U.S. Dollar
- OPEC Dead.....who cares
- Anti-Fracking
- Earthquakes, SWD
- Global Warning Political Initiatives
“Something’s just not right—our air is clean, our water is pure, we all get plenty of exercise, everything we eat is organic and free-range, and yet nobody lives past thirty.”
Ironman Energy Capital

Celebrating 15 years of Global Warming
Our Outlook – “No Place To Go But Up”
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Suite 611
Houston, Texas  77098
Phone: 713-218-6945

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Bryan Dutt   bdutt@ironmanenergycapital.com