

Frequently Asked Questions

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For Koala Royalties Shareholders – formerly Titan Oil Recovery Shareholders.

Did Hunting buy out Titan?

No. Hunting bought the main asset of Titan which was the intellectual property known as the Titan Process or Organic Oil Company (OOR). In exchange, Titan received a \$17.5 million upfront payment and a 15% royalty of Hunting's OOR global revenue for a period of 15 years.

What are the main deal points of the Hunting transaction?

The Hunting transaction was based on three key components: The amount of upfront cash paid to Titan, the per cent royalty from Hunting's global OOR revenues to be distributed to Titan and the number of years the royalty would remain in force. The upfront cash was \$17.5 million. \$3.5 million to be held in escrow until certain criteria are met. The remaining \$14 million was used to pay existing debts and allows for a reserve of approximately \$3.5 million. The 15% Royalty for 15 years was the main driver of the transaction and what your management and Board believes should allow shareholders a significant return on their investment.

What is Koala Royalties?

As part of the transaction, Hunting required us to change our name. Chief among the reasons for the name change was the fact Hunting already had a division called Titan and wanted all future references of the OOR technology to be associated with Hunting. Since your company will now be a royalty company and Hunting will be the sole entity offering this proprietary technology, we willingly changed our name. The Australian Koala was a meaningful part of Titan's technical and scientific origins and was deemed to represent the lasting legacy of Titan's work to create this process.

A Royalty or Upfront Cash? What was Titan's Rationale?

Had the upfront cash option been considerably higher then the royalty value would likely have been lower. However, a royalty that is expected to increase each year could eventually yield a more lucrative financial return to our shareholders than a one-time cash payment. A royalty generated from global revenue of a cutting edge technology that promises to solve a major oil industry problem – trapped oil – is now in the hands of a global oil service company. Your Board of Directors considered the royalty to be a potentially rewarding model for shareholders.

Upfront cash is, by definition, a onetime payment of fixed value. A royalty that could increase annually for many years would have definite advantages as the payments over a period of time could ultimately exceed the value of the upfront cash realistically available from our negotiations.

Koala will have a royalty that is based on a technology that could have decades of growth from a large market that has few solutions thereby yielding bona fide growth potential. Next, the negotiated royalty is based on one of the largest markets in the world, oil production. The expected model for investors with the yield growth based on just a small penetration of a very large market is significant. Third, the royalty is based on a commodity that can be considered an inflation hedge. An asset that is offering an expanding yield that is also commodity-based is a rare and very positive combination.

Where is the \$17.5 million upfront cash going?

Most of the cash received was designated to pay-off payables and debt that Titan had accumulated over several years as we attempted to monetize the technology. Debt that was still owed to the original I.P. holders of approximately \$7.2 million was a major cash requirement. Legal and past patent expenses were \$850,000 and other obligations amounted to over \$1,200,000. Debt to employees that were owed back-pay for many years amounted to \$7.5 million (without including interest payable). In the future, 20% of royalties will be allocated to pay these debts while 80% will be paid to shareholders. As the debts are eliminated over time, 100% of the royalty payments will be allocated to shareholders.

What do I do with my Titan shares?

Your Titan shares will be the basis for your ownership percentage of Koala and the future royalties. Keep your share certificates in a safe place and we will be informing you soon with instructions for you to follow to be able to receive your royalties on a quarterly basis. In short, your shares in Titan will become defacto shares of Koala Royalties, Inc.

How will the Royalties pay out this year and in the future?

Depending on the class of stock one owns, some royalty payments are expected to be available from the 2nd quarter accounting and to be paid out within 30-60 days depending on specific accounting procedures. The plan is to pay out a quarterly royalty to shareholders beginning with the second quarter of 2025.

If you are a Preferred C shareholder, you will be getting a payout starting after the second quarter ends. When the Preferred C shareholders are paid, then the Preferred B shareholders will be getting a payout. The Preferred A, B and C payouts will amount to

approximately the first \$8 million of royalties received. After this threshold is achieved, then all common and preferred shareholders will be getting royalties as if they are all common shareholders. There is a Preferred A shareholder base that is the legacy I.P. owners. They will be getting 15% of Koala's pretax profits as this was established at the formation of Titan many years ago.

What about Taxes?

The tax status of Koala is undefined at this point in time. It would be prudent for all concerned participants to consider that taxes are a part of any transaction and avoiding them or constructing opportunities to lessen the tax burden need to be well thought out. Koala will be employing the services of a reputable and well recognized tax consulting group to advise us. At present, there is a potential for revenues being "double-taxed", first, when revenues are received by Koala and again when royalty revenues are distributed to shareholders. We are investigating opportunities for mitigating the initial payment of taxes on revenues to Koala consistent with the tax code. We will keep you apprised of our findings.

As far as shareholders and their personal tax consequences, each shareholder will need to investigate and determine the best course of action for their particular circumstances.

How much money can I expect per share from future royalties?

This is a question no one can answer as it will depend 100% on future contracts and revenue from Hunting's global business generated from OOR. We have a good idea about how much the technology costs oil operators and how much Hunting will most likely charge their customers, but the unknown is how many fields and how much oil production will be treated using Organic Oil Recovery. From our own experience, we know the profit margins are excellent and the returns to oil operators are excellent so it will really come down to how much Hunting can accomplish each year as they ramp up their delivery capability. We have high confidence that Hunting has the resources to push the technology forward. They have greater capability of expanding the use of OOR where Titan had reached its financial limitations. We believe a reasonable estimate could be that for every 100,000 barrels of oil per day (bopd) of production serviced by Hunting with OOR a possible royalty could be approximately 30 cents to 50 cents a share. We believe we will be in good hands with the Hunting technical team.

What's the next thing for me to do?

Please wait for advices and further communications from Koala. We are creating a new private website that will be available only for shareholders.

Further, we are organizing the administration of the expected royalties from Hunting through a third-party company who will be responsible for accuracy, confidentiality and timeliness of distributions on a quarterly basis. We expect funds will be delivered to your personal bank account by electronic funds transfer (EFT) or to your home by a physical check each quarter. This banking step will be carried out via a secure and encrypted shareholder only private portal where you will be instructed to create an account with a disbursement bank that will be sending you your royalty each quarter.

We will be sending you further instructions as soon as the procedures are confirmed by the royalty administrator.

How large can Hunting get with Organic Oil Recovery?

This is a question no one can answer but we believe the OOR technology could have a significant impact in the enhanced oil recovery marketplace. Hunting's other businesses had sales revenue in 2024 of over \$1 billion. OOR will be additive to this impressive total.

Is it possible for Koala to become a public company?

As the royalty stream starts to increase to a reasonable level then it would qualify Koala to become a publicly traded company allowing shareholders a "liquidity event." Royalty companies and companies that offer yields by dividends or royalties are usually very attractive to investors. However, there is much to consider before taking such a step and we can only commit to evaluating the pros and cons of such an option. Koala shareholder will ultimately make this final evaluation and decision.

How Important is the oil price to Hunting contracts?

The oil price will always be important to oil operators budgeting process. A lower oil price yields less revenues and cash flow to operators. Therefore, spending budgets on oil field services can be negatively impacted. Since Hunting will be offering a low priced and very efficient enhanced oil recovery product, it could supersede other more expensive oil recovery services and products to give Hunting an advantage in a low oil price environment. In a low price oil environment having the ability to recover oil at a low cost is important. In a high priced oil environment oil operators want to get as much oil out of the ground as possible. So the OOR process can be very important whether in a high or low price environment.

Will the green movement and EV's ruin the oil industry in the next 10-15 years?

The green movement has been focused on solar and wind energy. Windmills and solar panels only produce electricity. Electricity is 20% of the world's energy consumption. The

other 80% is dependent on fossil fuels. Fossil fuel supply and consumption for transportation, petrochemicals and power generation will be around for a long time.

What can I expect in Royalties in 2025 and 2026 as a common shareholder

The first phase that shareholders approved was to fulfill Titan's obligations of \$8 million to holders of the Preferred A, B and C shares. Therefore a royalty payout is not expected for common shareholders in 2025. In 2026, it could be possible for all shareholders to be receiving a share of royalties based on the percentage of the company they own via their shareholdings. But, this will be 100% dependent on Hunting's revenue from contracts.

Predicting the royalty amount to shareholders is at best very difficult. We expect the royalty to increase annually as Hunting expands their global marketing efforts. The royalty will be based on how much business Hunting can acquire each year.

Do I own Titan or Koala shares?

The shares you owned in Titan will be the basis for the percentage of the royalty stream that you would own as a shareholder of Titan. Royalties after expenses will then be distributed to you as a Koala royalty participant.

Can I sell my Royalty or shares in Koala?

Since Koala is currently a private company selling your shareholdings, would have to abide by numerous federal and state security laws. It would be unlawful to try and sell your shareholdings online or through social media or through any form of advertising as this would be strictly illegal. Your Titan shares and your new ownership in Koala Royalties is your private property and as such can be used in any way that does not violate various security laws.

What is a reasonable medium to long term Hunting revenue stream for the 15% royalty

This question is difficult to answer as the future revenues of Hunting will depend on many factors that will affect the future contracts and revenue.

Logical thinking for any future projection should start with the following facts:

Approximately 50% of the world's oil fields are under waterflooding. Waterflooded fields are the sweet spot for OOR technology. As much as 50% of these fields could be in the proper OOR temperature and salinity range. This creates a significant potential for Hunting's OOR services and our hope is that this will generate a significant royalty stream for Koala shareholders.

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements included herein that address activities, events or developments that the Company expects, believes, intends, or anticipates will or may occur in the future, are forward-looking statements as well as words like “could”, “should”, “will”, “can”, and words of a similar nature. Actual events may differ materially from those anticipated in the forward-looking statements. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate. There can be no assurance that the forward-looking statements included in this presentation will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company that the objectives and expectations of the company will be achieved.