

## ADDENDUM TO PROTEUM ENERGY, LLC 4Q20 QUARTERLY REPORT:

(February 1, 2021)

Proteum Energy's Board of Directors (the "Board") would like to bring to your attention the following matters:

1. Conversion of \$3,326,250 note to equity. Under the Plan of Reorganization creditor Pure Power Financial II, LLC Series A ("PPFII, SA") received a 10-year balloon note in the principal amount of \$3,326,250 in consideration for its allowed claim. The interest rate on that note was 23.25% per annum, compounded monthly. Other than a payment plan to pay off a sales tax liability to the State of Texas (12/31/20 balance, \$114,232), this PPFII, SA note was the only material debt obligation the Company had coming out of bankruptcy. Conversion of the PPFII, SA note to equity was discussed on several of the Company's monthly ZOOM calls with its Members. To minimize the cost of this obligation and to improve the Company's Round B fundraising efforts by eliminating Company debt, the Board voted to convert the PPFII, SA loan to equity based upon the original principal balance without accrued interest. This was done in December and PPFII, SA received 66,525,000 common units of Proteum Energy, LLC.

2. Material litigation. The Company continues to prosecute an adversary proceeding against Dual Fuel, LLC, Kenneth Losch and Cochise Investments to recover the dual fuel business and American Power Group stock on the grounds that they were usurped from AGI/ZHRO Power from Mr. Losch, and other grounds. The Company is a co-plaintiff with all but one of the dual fuel DAs that invested in the dual fuel business. Discovery is proceeding and a portion of the first day of Mr. Losch's deposition has been completed. Discovery pertaining to APG, AGI's prior counsel and certain investments of Losch are also proceeding. The defendants requested a jury trial, which would likely significantly delay the start of the trial. The bankruptcy judge granted the request for jury trial over our objection, but the plaintiffs have appealed that decision to the District Court judge. Since this is an active litigation matter, the Company is unable to provide more detailed information in this report. If you have questions about the Dual Fuel adversary proceeding, please do not hesitate to contact our Chief Legal Officer, John Rosenfeld at (602) 457-8474 or [john.rosenfeld@proteumenergy.com](mailto:john.rosenfeld@proteumenergy.com).

3. Note to Statement of Cash Flows. The Company offers an alternate analysis of cash flows into the Company which just shows the amount of cash coming in from the CH4 Power, LLC DIP Loan and Warrants, less expenses and adjustments to asset balance with a net balance.

	YTD 2020
<b>Cash Sources:</b>	
CH4 Power	2,246,135
Warrant Exercise	<u>499,811</u>
Total Cash Sources	2,745,946
<b>Cash Uses:</b>	
Net Operating Loss	(2,144,196)
Working Capital Adjustments	<u>156,582</u>
Net Cash Uses	<u>(1,987,614)</u>
Net Increase in Cash	758,332
Beginning Cash Balance 8/1/20	<u>86,159</u>
Ending Cash Balance 12/31/20	844,491

### **IMPORTANT NOTICE TO MEMBERS**

The information provided in this report is for information purposes and is solely for the benefit of members of Proteum Energy, LLC (the "Company") and their principals (collectively, "Investors"). The information provided is proprietary to Proteum and should be considered "Confidential Information" under the Non-Disclosure Agreements each Investor has signed with the Company's predecessors AGI/ZHRO or with CH4 Power, LLC.

This report, including, without limitation, the financial information provided, contains certain statements, estimates and projections that are "forward-looking statements." All statements other than statements of historical fact on this presentation are forward-looking statements and include statements and assumptions relating to: plans and objectives of management for future operations or economic performance of the Company; conclusions and projections about current and future economic and political trends and conditions; and projected financial results and results of operations. Investors are cautioned that actual results could differ materially from such forward-looking statements; and participants of this presentation are cautioned not to place undue reliance on forward-looking statements.

The financial information provided in this report has been prepared in the regular course of business using the Company's customary practices and accounting principles. The Company's financial records and reports may not comply with Generally Accepted Accounting Principles and have not been audited or verified by the Company's CPA or any independent party. All financial information provided in this report is preliminary and subject to year-end review and any adjustments for tax purposes deemed appropriate by the Company's management.

Nothing in this presentation should be construed as an offer to buy or sell securities. No information contained in this presentation should be regarded as a suggestion to engage in or refrain from any action or investment as the Company and its management are not undertaking to provide investment, legal or tax advice.