

MULTI-CORP INTERNATIONAL, INC. A Niche E&P with Huge Potential

Rob Goldman
rob@goldmanresearch.com

June 7, 2012

Aaron Schweitzer
aaron@goldmanresearch.com

MULTI-CORP INTERNATIONAL, INC. (OTC:PK – LRUSF - \$1.21)

Price Target: \$2.50

Rating: Speculative Buy

COMPANY SNAPSHOT

Multi-Corp International, Inc. is an emerging exploration and production (E&P) company that has acquired 100% working interest of property in New Mexico. The working interest in the 2,800 acres of the Cave Pool Unit and field contain approximately 32 wells that have produced but are currently shut-in. Total estimated and probable reserves have a net present value of roughly \$80M as projected by a leading third party in an independent reserve evaluation.

KEY STATISTICS

Price as of 6/6/13	\$1.21
52 Wk High – Low	\$1.69 – 0.01
Est. Shares Outstanding	87.2M
Market Capitalization	\$106M
3 Mo Avg Vol	285,000
Exchange	OTC:PK

COMPANY INFORMATION

Multi-Corp International, Inc.
3651 Lindell Rd, Suite D414
Las Vegas NV 89103
702.483.2974
www.multi-corpinternational.com
info@multi-corpinternational.com

INVESTMENT HIGHLIGHTS

Multi-Corp International is a niche E&P company that is nearing key inflection points that will likely drive the stock significantly higher. MULI owns 100% working interest in 2,800 acres in New Mexico that has an abundant and favorable drilling history.

On Monday, June 10th, MULI management will be meeting with the New Mexico authorities regarding licensing and bonding which essentially should give the green light for MULI to move forward with pumping on federal lands. A positive meeting, which would involve obtaining a targeted start date, would be a huge positive for the stock.

The Cave Pool Unit and field contain 32 wells that have produced but are currently shut-in. Combined estimated oil production is roughly 1200 BOPD (barrels of oil per day).

MULI just signed an LOI to purchase 100% working Double X property from bankruptcy for 3M restricted shares. Double X consists of 1480 acres of land holdings with 14 producible wells capable of producing 38 BOPD. Once undisclosed sanctioned conditions related to the bankruptcy are met, the property can be delivered to MULI.

In our view, MULI is an intriguing play as it is seeking to produce oil and gas on what could be viewed as unconventional properties with favorable history that offer great upside. With key inflection points such as the New Mexico go-ahead and the meeting of bankruptcy transaction conditions around the corner, the stock could enjoy a couple of jumps prior to the commencement of production in 2H13. We rate MULI Speculative Buy with a \$2.50 price target reflecting a 15x P/E on preliminary 2015 net income of \$14M.

MULTI-CORP INTERNATIONAL (OTC:PK MULI)

COMPANY OVERVIEW

Multi-Corp International, Inc. is an emerging exploration and production (E&P) company. The Company owns a 100% working interest in 2,800 acres in the Cave Pool Unit and field, which contains approximately 32 wells that have produced but are currently shut-in. The Company paid 12M shares of stocks in exchange for the interests.

An independent reserve evaluation prepared by Chapman Petroleum Engineering Ltd. indicates estimated Proved light oil reserves of 386,000 STB having a net present value of \$11,954,000 at 10% DCF/annum and additional Probable reserves of 1,570,000 STB, having a value of \$67,479,000 at 10% DCF/annum. Production of these reserves will be realized through drilling of wells on unexploited locations from the Grayburg sand identified on well logs of the existing wells on these lands. Some of the wells on these lands will be re-entered for production from previously uncompleted zones in the Grayburg reservoir. Combined estimated oil production is roughly 1200 BOPD (barrels of oil per day).

MULI just signed an LOI to purchase 100% working Double X property from bankruptcy for 3M restricted shares. Double X consists of 1480 acres of land holdings with 14 producible wells capable of producing 38 BOPD. Once undisclosed sanctioned conditions related to the bankruptcy are met, the property can be delivered to MULI.

Cave Pool

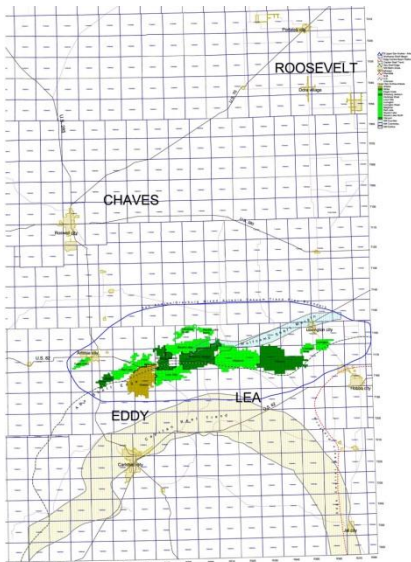


Image I. Cave Pool Region
 Source: Company Website

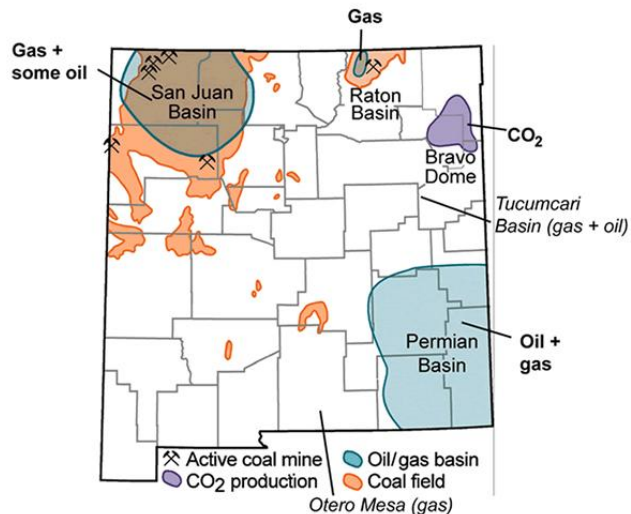


Image II. Key Oil Regions
 Source: Company Website



MULTI-CORP INTERNATIONAL (OTC:PK MULI)

The Cave Pool Unit property covers 2800 acres located within Eddy County, NM. It is located within the prolific Artesia Vacuum Trend, specifically within the Grayburg Jackson Pool. The Artesia Vacuum Trend play contains thirteen reservoirs with more than 1 MMBO cumulative production. Cumulative production from these 13 reservoirs was 796 MMBO as of 2000. Depths to the top of reservoirs range from 1290 to 4700 ft. This is a mature play, especially within the highly productive San Andres carbonates. Recent development of lower permeability Grayburg sandstones in the Grayburg Jackson reservoir during the mid-1990's has been successful to the point of reversing production decline and is a major focus of current and future development. There are currently 32 wells which are capable of producing approximately 40 BOPD with 30 MCF based on 40 acre spacing and over 100 possible drilling locations based upon 20 acre spacing.

Management has currently identified 10 wells that are currently shut-in that will be returned to producing status within the first sixty days of operation. Production should increase by a minimum of 20 BOPD once the 10 wells are placed on production. Water disposal is currently handled via the Cave Pool Units injection well which decreases water hauling costs thus increasing the economics of the Cave Pool Unit.

Oil PUD reserves of 3M BOE are based on third party reserves on adjoining offset leases (Doral – with 3 leases bordering Cave Pool on SE border) in the Grayburg only. The Cave Pool Unit produces from both the Grayburg and San Andreas formations and therefore credit for reserves on the San Andreas formation are not included.

The Artesia Vacuum Trend consists of reservoirs of the Upper San Andres and Grayburg Platform, extending in an east-west direction from the city of Artesia, NM to the city of Hobbs, NM. The play contains 13 reservoirs with more than 1 million BOE of combined annual production. Cumulative production from the 13 reservoirs exceeds 800 million BOE. Production in most reservoirs is commingled from the San Andres and Grayburg Formations, with depths to the top of the reservoirs ranging from 1290 to 4700 ft.

On Monday, June 10th, MULI management will be meeting with the New Mexico state authorities regarding licensing and bonding which essentially should give the green light for MULI to move forward with pumping on federal lands. A positive meeting, which would involve obtaining a targeted start date and the necessary licenses and permits, would be a huge positive for the stock.

Double X

The Company just signed an LOI with Quad Energy (previous owner of the Cave pool site) to purchase 100% working Double X property from bankruptcy in exchange for 3M restricted shares. Quad Energy Corp has been in negotiations with the U.S. federal government and bankruptcy court since December 2010. This transaction was sanctioned by the bankruptcy court with conditions. Once these undisclosed conditions are met Quad can deliver the property to Multi-Corp International. This pending transaction between Quad and Multi has been approved by the bankruptcy court as of March 28, 2013.

Double X consists of 1480 acres of land holdings with 14 producible wells. The wells are capable of producing 38 BOPD. Production is from the Delaware formation. There is also sufficient acreage to drill 21 new wells. The



MULTI-CORP INTERNATIONAL (OTC:PK MULI)

Double X site is production ready with all pump jacks and infrastructure ready to go. This property has a past record of producing over 660,000 bbls oil and 1,207,026 mcf of hydrocarbon production.

In addition to these sites, management is contemplating acquiring more property down the road. Figure 1 is a summary of the size and capacity of the current properties in which MULI owns 100% interests. Management plans to increase capacity on both sites with new wells, as summarized below in columns 'Incremental Wells' and Incremental Capacity' which are additional to existing figures. These new wells listed in Figure 1 could be realized with just drilling alone on both sites maximizing the land space.

Figure 1: Multi-Corp Existing Site Summary (Capacity is Per Well)

Site	Acres	Existing Wells	Existing Capacity (Barrels/Day)	Incremental Wells	Incremental Capacity (Barrels/Day)
<i>Cave Pool</i>	2800	32	40	10	20
<i>Double X</i>	1480	14	38	21	25

Multi-Corp plans to use various methods to increase capacity on both sites which include the following:

- Acidizing and Reporforation
- Remediation of non-producing wells
- Horizontal Drilling and Fracking
- Deep Drilling (Cave Pool)

Based on these figures, we project that approximately 3,400 barrels/day can be produced if all of these plans are implemented in addition to the new wells listed above.

INDUSTRY OVERVIEW

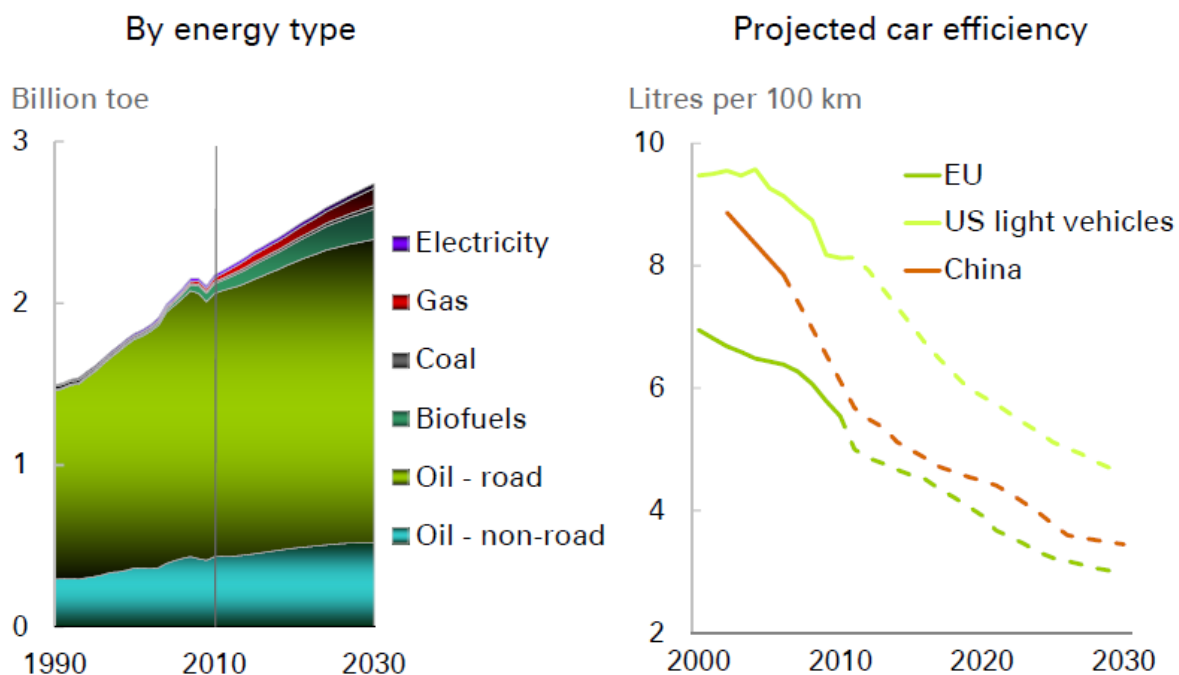
Despite rising costs, there is still a high demand word wide for oil which does not seem to be slowing down anytime soon. 'Green Energy' subsidized by government initiatives have neither demonstrated a competitive cost structure nor sufficient efficiency in comparison to traditional fossil fuels and oil. Additionally, there has been increased pressure on government to loosen regulation related to oil exploration, especially in the U.S., to accomplish several goals. These include the creation of jobs, an increase in the supply of oil in an effort to decrease prices, and create energy independence from unstable parts of the globe. For all these reasons, oil is not going anywhere soon.

MULTI-CORP INTERNATIONAL (OTC:PK MULI)

One point to notice is that there has been a huge spike in consumption in Asia as China and other economies have developed. Another compelling and telling fact is the demand for oil over taking the supply in North America. The need for more exploration in this region is apparent if you subscribe to the 'energy independence' priority.

The global economy is limping along, with each region dealing with its own maladies. One indisputable fact is that people are living longer; increasing the world population, which means demand for all types of consumable products, will continue to increase. Figure 2 is a projection showing the forecasted increase use of energy sources for transportation along with an estimate of relative efficiency improvements. It can be seen that oil is a major player, even with increased efficiency.

Figure 2: Projected Transportation Fuel Source Consumption and Efficiency
(Source: BP Energy Outlook: 2030, 2012)



So what does it all mean? First, it is apparent that the need for oil will increase. Second, as the economy hopefully improves soon in the U.S., prices should rise allowing oil exploration companies improved margins. In our view, Multi-Corp International is a new player in the oil exploration space and poised to take advantage of this market.



MULTI-CORP INTERNATIONAL (OTC:PK MULI)

THE MULTI-CORP INTERNATIONAL LEADERSHIP

Jean Mann, President, Chief Executive Officer

Mrs. Mann for the past 47 years has been undertaking consulting work for various companies by way of providing Full Accounting & Financial Services, assistance in raising funding, contract negotiation and preparation of Oil and Gas reports for leases in New Mexico and Texas, as well as working closely with the Oil Conservation Board on BLM on sundry reports for lease lands.

For the last 35 years, in addition to her private consulting business she has worked in the Oil and Gas industry preparing weekly gauge reports, Federal Production Reports to deal with the MMS and BLM, Texas Oil reports, and NM State Production reports, as well as working closely with the OCD, preparing working interest statements, Division Orders and assignment of Oil and Gas Interests plus transfers of ownership.

RISK FACTORS

MULI is an exploration company with no current revenues or cash flows. Prior to generating any revenue, the Company must successfully obtain all of the bonding, licensing, and permitting on the Cave pool site and meet the conditions outlined in bankruptcy, for the Double X site.

While there is a very favorable and abundant history of oil on these sites, there is risk as to the presence of oil in the proposed drilling area. Additionally, there is risk in the execution of the drilling and fracking process even once the presence of oil has been established.

According to our projections, the Company may need finance subsequent drilling through revenues from the initial wells. However, if the first well is unsuccessful, additional financing will be required. In that case, should MULI fail to receive sufficient financing in a timely manner, the company will not be able to bring new productive wells online as rapidly as originally projected. This will impact both the amount of time needed to achieve positive cash flow as well as overall valuation. Even if MULI is able to successfully develop some wells, failures in one or more of the first few wells could significantly delay profitability and increase financing needs.

Fracking has become quite controversial due to the potential for environmental impacts. Opponents are concerned about the potential for fracking water, which typically contains chemicals, to contaminate drinking water. Some of these chemicals may be radioactive and/or known human carcinogens.

In our view, all of these risks are consistent with firms of MULI's size and standing and we believe that the Company's positioning, strategy, and favorable history data will enable it to succeed. A word of caution for traders: While we believe that on Monday June 10th, management will be successful, which would drive the stock higher, conversely, delays would negatively impact the Company.



MULTI-CORP INTERNATIONAL (OTC:PK MULI)

CONCLUSION

In our view, MULI is an intriguing play as it is seeking to produce oil and gas on what could be viewed as unconventional properties with favorable history that offer great upside. Moreover, the stock could be a great trade as the entry point we have selected is a day ahead of a key meeting, which while fraught with risk, is more likely to be a success than a failure, in our opinion. The fact that there are less than 7M shares in the public float bolsters our aggressive expectation.

With key inflection points such as the New Mexico go-ahead and the Company meeting undisclosed bankruptcy transaction conditions around the corner, the stock could enjoy a couple of jumps prior to the commencement of production in 2H13. We rate MULI Speculative Buy with a \$2.50 price target reflecting a 15x P/E on preliminary 2015 net income of \$14M based on nearly full production run-rates.

MULTI-CORP INTERNATIONAL (OTC:PK MULI)

Recent Trading History For MULI

(Source: BarChart.com)

MULI - Aquasil International Inc - Daily OHLC Chart





MULTI-CORP INTERNATIONAL (OTC:PK MULI)

Senior Analyst: Robert Goldman

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

Disclaimer

This *Opportunity Research* report was prepared for informational purposes only. *Goldman Small Cap Research*, (a division of Two Triangle Consulting Group, LLC) produces research via two formats: *Goldman Select Research* and *Goldman Opportunity Research*. The *Select* product reflects the Firm's internally generated stock ideas while the *Opportunity* product reflects sponsored research reports. It is important to note that while we may track performance separately, we utilize the same coverage criteria in determining coverage of all stocks in both research formats. While stocks in the *Opportunity* format may have a higher risk profile, they typically offer greater upside as well. *Goldman Small Cap Research* has been compensated by a third party in the amount of \$5,000 for a research subscription service. The Firm does not accept any equity compensation. All information contained in this report was provided by the Company. Our analysts are responsible only to the public, and are paid in advance to eliminate pecuniary interests, retain editorial control, and ensure independence. Analysts are compensated on a per report basis and not on the basis of his/her recommendations.

The information used and statements of fact made have been obtained from sources considered reliable but we neither guarantee nor represent the completeness or accuracy. *Goldman Small Cap Research* did not make an independent investigation or inquiry as to the accuracy of any information provided by the Company, or other firms. *Goldman Small Cap Research* relied solely upon information provided by the Company through its filings, press releases, presentations, and through its own internal due diligence for accuracy and completeness. Such information and the opinions expressed are subject to change without notice. A *Goldman Small Cap Research* report or note is not intended as an offering, recommendation, or a solicitation of an offer to buy or sell the securities mentioned or discussed.

This report does not take into account the investment objectives, financial situation, or particular needs of any particular person. This report does not provide all information material to an investor's decision about whether or not to make any investment. Any discussion of risks in this presentation is not a disclosure of all risks or a complete discussion of the risks mentioned. Neither *Goldman Small Cap Research*, nor its parent, is registered as a securities broker-dealer or an investment adviser with FINRA, the U.S. Securities and Exchange Commission or with any state securities regulatory authority.

ALL INFORMATION IN THIS REPORT IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, TWO TRIANGLE CONSULTING GROUP, LLC WILL NOT BE LIABLE FOR THE QUALITY, ACCURACY, COMPLETENESS, RELIABILITY OR TIMELINESS OF THIS INFORMATION, OR FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT MAY ARISE OUT OF THE USE OF THIS INFORMATION BY YOU OR ANYONE ELSE (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF OPPORTUNITIES, TRADING LOSSES, AND DAMAGES THAT MAY RESULT FROM ANY INACCURACY OR INCOMPLETENESS OF THIS INFORMATION). TO THE FULLEST EXTENT PERMITTED BY LAW, TWO TRIANGLE CONSULTING GROUP, LLC WILL NOT BE LIABLE TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT



MULTI-CORP INTERNATIONAL (OTC:PK MULI)

LIABILITY, PRODUCTS LIABILITY, OR OTHER THEORY WITH RESPECT TO THIS PRESENTATION OF INFORMATION.

For more information, visit our Disclaimer: www.goldmanresearch.com