

To the Shareholders of Genesis Development,

It's been a long journey of seven years since we took control of Tera Resource, Ltd. As you may recall, I stated that our paths to success will be akin to the Greek God Sisyphus, constantly pushing the immovable boulder up the mountain one step at a time, over and over again. As a way of background, we took over Tera in the spring of 2014 at a time when our 30% minority partner enlisted the help of upper ranking state police, federal prosecutor and others to forcefully and illegally takeover Vinka. One afternoon, they ransacked our corporate offices with a dozen to 20 men and did a hostile takeover of our main office in Ufa, Bashkortostan, forever blocking access to our corporate records and files. Mr. Reitman's men also slit the arm of the General Director of Vinka with a knife and took many aggressive actions against Tera.

At this time, Tera had over \$3.0mm in payables and over \$7-10mm in potential liabilities resulting from lawsuits and claimants. Vinka's oil licenses were in jeopardy due to non performance and it was nearing the end of the license term. Between 2014-2016, we had to focus our efforts to meet our drilling obligations as per our license and fight the many legal lawsuits with Mr. Reitman and other Russian companies as well as companies and individuals in Korea. Together, we were involved in over 50 lawsuits. Mostly through hard work and hustle, we managed to win majority of the lawsuits in Russia as well as in Korea. In 2016, as we approached final courts on judgements against Mr. Reitman and as we were preparing for new round of drilling. A new Russian law gave Mr. Reitman's group an entry to file an action in court to win judgment against Tera which gave Mr. Reitman temporarily 100% ownership of Vinka and Tera complete (although temporary) loss of management and shareholder control over Vinka. Mr. Reitman spread vicious false rumors about Tera and used the court judgement to turn our employees against us and every single employee with the exception of 1 brave employee (Mr. Dinar Musin who is now a key part of our management team) left us to join Mr. Reitman. This again suspended our efforts to begin our oil development plans.

Fortunately, between 2014 and 2016, we've made considerable progress in developing relationships with the Russian business community and better understanding the Russian market. We managed to assemble a highly capable group of friends to advise and help us with our situation. Due to the highly corrupt and unscrupulous actions of Mr. Reitman's group, we are not able to share all the details but there are some public information through court cases and news media reports that are public information that we will share with the shareholders.

As of today, I am happy to report that Mr. Reitman and his group are no longer shareholders of Vinka. As per the Russian courts that confirmed this all the way up to the Supreme court, Mr. Reitman's companies have been permanently removed and excluded as shareholders. This case made headlines in the legal community as it was a precedent making judgment for the first time ever that an AOA (which is status held for larger corporations) corporation in the oil industry received such judgment. It really gave us confidence in the Russian courts to render such judgment to a foreign corporation and we congratulate our team and the Russian courts for their brave and right judgment. It is possible for Mr. Reitman to try again to gain footing into Vinka, but we have ample data of his malfeasance along with many court judgments to retaliate and file many suits both civil and criminally. At the

advice of our advisors, we've held back in pursuing actions against Mr. Reitman and his team for now.

As an investor, we generally avoid situations involving legal disputes because of its unpredictability of outcome, unpredictability of time and unpredictability of capital. PLA, a comparable oil development company in Kazakhstan spent over \$10-15mm in legal fees in the region, but ultimately lost to the local partner. Thanks to the herculean effort of Mr. HS Park and BO Park, we managed to win 95% of cases in Korea saving Tera over \$10mm in potential liabilities, in reverse we managed to win some lawsuits and actually received compensation in some cases. Mr. Park even took enormous risk to his law practice to be the CEO of Tera and we saved millions of dollars from his generous giving of his time and smarts. The good news from this difficult experience is that Genesis has developed a strong foundational understanding of doing business in Russia and the importance of regulation and legal plays in the business environment. We recently won a judgment against Transneft, which is the national oil and gas pipeline company. Transneft sued us from bad contracts that were entered when Mr. Reitman was in control. This is the first time ever that a company sued by Transneft on this type of case prevailed against Transneft. The next round is the supreme court and we pray and hope that the Russian courts continue to uphold its righteous decision as the supreme arbiter of law in Russia. The key concept of the law that excluded Mr. Reitman as a shareholder is that when you have a cancerous shareholder that's blocking the growth of a promising enterprise, the shareholders can petition the court to remove them as they provide no public benefit and its cancerous to the growth of the enterprise.

I am happy to report that after 7 grueling years of legal battle, we no longer have any major legal battles on the horizon. Further, we are now better prepared to develop our oil business with the right foundational understanding of Russia's legal and business landscape. As we move past our legal challenges, we are excited for the next chapter in Genesis' evolution which is to drill and develop for oil.

As you may know, Vinka's overall reserves are approximately 400 million barrels and 100 million recoverable. When Sinopec did their study of Vinca fields in 2012, their figure for recoverable were approximately 80 million. Our asset size is quite attractive for a junior oil company. However, the big risk for Vinka in 2014 and throughout 2020 were the following

1. Legal Risks - associated with Mr. Reitman, and over 50 lawsuits against Tera and Vinka
2. Ending of Oil License - end of our oil license was September 21, 2020
3. Economic Feasibility - of oil development plan
4. Execution Risk - Ability for foreign owner to execute a development plan effectively

Since taking over in 2014, we've accomplished the following

1. Removed the legal risks associated with Mr. Reitman
2. Extended our oil license by 95 years
3. The cost of our new drilling technology is at least 50% less than in 2012
4. We have a highly experienced team in place with the appropriate amount of ownership in Vinka to align our interest for the growth of Vinka.

Today, Vinka is poised for growth, which will benefit our shareholders and employees as well as the Republic of Bashkortostan and Russia as we've essentially upgraded our cancerous minority partner with a top tier operating team and we can finally start investing in our main business, oil development.

Its ultimately up to the investors to determine the value of a company, but if Genesis was valued at \$30mm when we had legal risks, termination of our oil license, less favorable ROI on each well and huge execution risks. All of these areas have been dramatically improved and/or eliminated as of August 2021. The removal of Mr. Reitman and the extension of the oil license for another 95 years is a huge win for Genesis alone but to also have accomplished 3 and 4 really provides good tailwind for Genesis as we move into development mode.

Oil Development Economics

Although oil development is not easy and highly technical. The business model of oil development is fairly straightforward. Start with amount of reserves and multiply by how many wells that can be developed and at what investment per well and oil recovery per well. Depending on the quality of the oil and logistically costs, you can determine the ROI (return on investment) for a well as well as the entire project. As an example, if Vinka's net margin is \$1.00 per barrel, we can calculate that we will make \$100mm from the wells (100 mm recoverable oil X \$1.00 net profit). If our net margin is \$10, the aggregate net profit will be \$1 billion and etc. There are many oil fields that have net profit margin well over \$50 a barrel. Given the high taxes in Russia (MET) and the challenging type of formation of Vinka, we do not expect to reach \$50 a barrel net margin.

So, imagine if we owned the entire Gangnam area , which is about 39.55 km² in the 1970s. As Hyundai, Kunyong, Hanyang, LG and others develop profitable apartments, the entire value of the land increases. Similar to here, Vinca, which is about 100 km², is 2.5 times as big as Gangnam ,as we drill each well, as more wells are drilled profitably the value of our license will continue to go up and further up as we drill more wells.

Development Mode

As of August 2021, Genesis is well positioned to initiate our drilling development plan and execute on this plan. We are currently meeting twice a week with our development partner to work through all the details of our development plan. Recently we will decided to reduce our initial funding size from Russian partners and instead use our own resources in order to expedite our initial drilling Our goals are to use approximately \$2-3mm to drill exploratory wells utilizing various techniques to learn about the character of our oil structure and best way to maximize production. We are in the final documentation stages with our oil development partner and have targeted September and October as the start dates of our development plan. These development plans usually takes 6 to 18 months. We need to obtain approvals from government entities. And Covid-19 and weather must also cooperate so the specific timing is difficult to determine at this time but we are moving ahead at a brisk pace.

From the bottom of our heart, I thank the good Lord, our shareholders, our advisors, our management team and our employees for the herculean efforts to get us to this point.

Rick Cho
Chairman of the Board