

innov8-resources-board-resolution-allocation-policy-v7.3.10

2026-05-28

v7.3.9 | 2026-05-28

ACTION BY WRITTEN CONSENT OF THE BOARD OF DIRECTORS OF INNOV8 RESOURCES, INC.

Adoption of Affiliate Allocation and Sales Policy and Authorization for Implementation

The undersigned, being all of the directors of **INNOV8 RESOURCES, INC.**, a Delaware corporation (the "**Corporation**" or "**Holdco**"), acting pursuant to **Section 141(f) of the General Corporation Law of the State of Delaware** (the "**DGCL**") and the Corporation's Bylaws, hereby adopt the following resolutions by written consent in lieu of a meeting of the Board of Directors, with the same force and effect as if adopted at a duly noticed meeting of the Board at which all directors were present and acting throughout.

These resolutions shall take effect as of the date set forth on the signature page hereto (the "**Effective Date**") and shall be entered in the minute book of the Corporation.

RECITALS

WHEREAS, the Corporation, **Innov8 Resources, Inc.**, is a Delaware corporation that serves as the sole Managing Member of each of **Innov8 Resources Program 1, LLC** ("**Program 1 LLC**") and **Innov8 Resources Program 2, LLC** ("**Program 2 LLC**"), each a Delaware limited liability company (collectively, the "**Programs**"), and holds working-interest revenue rights, mineral lease interests, and related contractual rights through the Drilling and Operating Agreement (the "**DOA**") with **Innov8 Gases Corporation**, a Wyoming corporation ("**Gases Corp**"), which serves as the field Operator of all Holdco-owned production assets across Wells 1–115 in Apache County and Navajo County, Arizona;

WHEREAS, the same third-party customer may, from time to time, purchase helium, hydrogen, neon, carbon dioxide, nitrogen, argon, liquefied natural gas, oil, and other producible gases and hydrocarbons (collectively, "**Gases**") attributable to more than one of Program 1 LLC, Program 2 LLC, and Gases Corp;

WHEREAS, plant selection and volume allocation among the Programs and Gases Corp must be based on objective economic criteria and must not systematically favor any Program, Gases Corp, the Corporation, or any Sponsor GP for the benefit of any related party;

WHEREAS, it is in the best interest of the Corporation, the Programs, and their respective stakeholders (including the limited equity investors in Program 2 LLC) to adopt a formal **Affiliate Allocation and Sales Policy** to ensure arm's-length, non-discriminatory treatment among affiliates and to provide transparency and documentation for limited equity investors and regulators;

WHEREAS, the Board has reviewed the form of **Affiliate Allocation and Sales Policy** attached hereto as **Exhibit A** (the "**Policy**") and has determined that adoption of the Policy is consistent with the Corporation's fiduciary obligations, the Holdco Stockholders Agreement, and Section 144 of the DGCL;

NOW, THEREFORE, BE IT RESOLVED, that the following resolutions are adopted by the Board:

ARTICLE I – ADOPTION OF AFFILIATE ALLOCATION AND SALES POLICY

RESOLVED, that the **Affiliate Allocation and Sales Policy** attached hereto as **Exhibit A** is hereby **adopted** as the official policy of the Corporation, effective as of the Effective Date.

FURTHER RESOLVED, that the Corporation, in its capacity as sole Managing Member of each of Program 1 LLC and Program 2 LLC, is hereby authorized and directed to:

1. **Incorporate the Policy by reference** into the LLC Operating Agreement of Program 1 LLC and the LLC Operating Agreement of Program 2 LLC (each as the same may be amended, restated, or otherwise modified from time to time), to the extent permitted by each such Operating Agreement;
 2. **Reference the Policy** in the Drilling and Operating Agreement and any related operating-partner instruments executed with Gases Corp, to the extent permitted by such agreements; and
 3. **Implement the Policy** in all allocation decisions involving Program 1 LLC, Program 2 LLC, and Gases Corp.
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ARTICLE II – IMPLEMENTATION AUTHORITY

RESOLVED, that **Innov8 Gases Corporation**, as the field Operator under the DOA, and the Corporation's management are hereby authorized and directed to:

1. **Apply the Allocation Principles** and Decision-Maker rules set forth in Section 4 and Section 5 of the Policy;
2. **Document each allocation decision** in accordance with Section 7 of the Policy; and
3. **Coordinate internally** with the Corporation (as Managing Member of each Program) to ensure operational feasibility and fair treatment of each affiliate.

ARTICLE III – REVIEW AND OVERSIGHT

RESOLVED, that the Board shall (a) review the Policy at least annually; (b) review aggregate allocation outcomes annually to confirm no systematic favoritism; and (c) update the Policy as needed to reflect changes in market conditions, operations, or legal requirements.

FURTHER RESOLVED, that any director, officer, or employee of the Corporation with a material interest in any allocation decision shall (a) disclose that interest to the Board and (b) recuse himself or herself from any vote, deliberation, or decision where a conflict exists, in accordance with **DGCL §144** and the Corporation's Stockholders Agreement related-party transaction provisions.

ARTICLE IV – DISCLOSURE TO LIMITED EQUITY INVESTORS

RESOLVED, that a copy of this resolution and the Policy attached as Exhibit A shall be included in the Program 2 LLC Subscription Pack furnished to prospective limited equity investors of Program 2 LLC, so that such investors are advised of the Board's adoption of the Policy and its governance of related-party allocation decisions.

FURTHER RESOLVED, that the Corporation shall furnish to the limited equity investors of Program 2 LLC, as part of the annual report required under the Program 2 LLC Operating Agreement, a summary of material aggregate related-party transactions and allocation outcomes for the prior fiscal year.

ARTICLE V – MINUTE BOOK AND DISTRIBUTION

RESOLVED, that this resolution shall be entered in the minute book of the Corporation, and a certified copy shall be provided to (a) Program 1 LLC, (b) Program 2 LLC, and (c) Gases Corp for their respective records.

ARTICLE VI – GENERAL AUTHORIZATION

RESOLVED, that each officer and director of the Corporation (now and hereafter) is hereby authorized, empowered, and directed, in the name and on behalf of the Corporation, to take any and all such further actions, to execute and deliver any and all such further instruments and documents, and to pay any and all such expenses, fees, and other amounts as such officer or director, in his or her sole discretion, may deem necessary or appropriate to carry out the intent and purposes of the foregoing resolutions, and that all such actions, executions, deliveries, and payments heretofore taken or made by any such officer or director are hereby ratified, confirmed, and approved in all respects.

SIGNATURE PAGE TO ACTION BY WRITTEN CONSENT OF THE BOARD OF DIRECTORS OF INNOV8 RESOURCES, INC.

IN WITNESS WHEREOF, the undersigned, being all of the directors of the Corporation, have executed this Action by Written Consent of the Board of Directors as of the Effective Date.

Adrian Garcia	Skylar Cotton
Class A Director	Class A Director
Date: _____	Date: _____
Signature: _____	Signature: _____

Charles Mui	[Additional Director – if seated]
Class B Director	[Class – if seated] Director
Date: _____	Date: _____
Signature: _____	Signature: _____

Counterpart execution permitted. Each director may sign a separate counterpart of this Consent, and all such counterparts taken together shall constitute one and the same instrument.

EXHIBIT A – AFFILIATE ALLOCATION AND SALES POLICY

(Adopted by Resolution of the Board of Directors of Innov8 Resources, Inc., dated as of the Effective Date set forth above. Adapted from Jack-supplied form (Conflict Resolution Document 2) and conformed to the v7.3.x corporate architecture of Innov8 Resources, Inc.)

INNOV8 RESOURCES, INC.

AFFILIATE ALLOCATION AND SALES POLICY

Applicable Entities:

- **Program 1 LLC** (Innov8 Resources Program 1, LLC – Wells 1–15, Apache County and Navajo County, Arizona)
 - **Program 2 LLC** (Innov8 Resources Program 2, LLC – Wells 16–115, Apache County and Navajo County, Arizona)
 - **Innov8 Resources, Inc.** (the "Corporation" or "Holdco"), as sole Managing Member of each Program and counterparty under the Drilling and Operating Agreement with Gases Corp
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1. Purpose

This **Affiliate Allocation and Sales Policy** (the "**Policy**") establishes the framework for allocating Gas sales among **Program 1 LLC**, **Program 2 LLC**, and **Innov8 Resources, Inc.** (in its capacity as DOA counterparty and Managing Member) when the same third-party customer purchases helium, hydrogen, neon, or other Gases attributable to more than one entity.

The Policy is designed to:

- Ensure **arm's-length, non-discriminatory** treatment among affiliates;
 - Prevent systematic favoritism toward any entity for the benefit of any Sponsor GP, Gases Corp, or the Corporation;
 - Base allocation decisions on **objective economic factors**; and
 - Provide transparency and documentation for limited equity investors and regulators.
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2. Scope

This Policy applies to:

- All sales of helium, hydrogen, neon, carbon dioxide, nitrogen, argon, liquefied natural gas, oil, and other producible gases and hydrocarbons ("**Gases**") where the same third-party customer may

purchase Gas attributable to:

- Program 1 LLC,
 - Program 2 LLC, and/or
 - the Corporation (in its capacity as DOA counterparty); and
- Any internal allocation decisions that affect:
 - Which well or processing facility fulfills a customer contract;
 - Which entity recognizes revenue; and
 - How volumes and pricing are assigned among affiliates.
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3. Definitions

- **Affiliate:** Program 1 LLC, Program 2 LLC, and the Corporation, collectively, as entities under common ownership and control by the Corporation.
 - **Arm's-Length Terms:** Terms (including pricing) consistent with those that would be agreed upon between unrelated third parties in the same market under similar circumstances.
 - **Plant:** A production facility, well, well field, or processing site associated with Program 1 LLC, Program 2 LLC, or the Corporation (in each case operated by Gases Corp under the DOA).
 - **Customer:** Any third-party buyer of Gases.
 - **Gases Corp: Innov8 Gases Corporation,** a Wyoming corporation, which serves as the field Operator of all Holdco-owned production assets across Wells 1–115 under the Drilling and Operating Agreement.
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4. Allocation Principles

When a Customer seeks to purchase Gases attributable to more than one Affiliate, allocation of volumes and Plant selection shall be based on the following **objective economic criteria**, in order of priority unless otherwise agreed in writing:

1. **Freight Cost Differentials** — Prefer the Plant that minimizes total freight cost to the Customer, unless contractually constrained.
2. **Delivery Time and Logistics** — Prefer the Plant that can meet required delivery schedules and reliability requirements.
3. **Price Differentials (Netback)** — Consider netback price (price minus freight and delivery costs) to maximize overall economic return consistent with contract terms.
4. **Capacity and Operational Constraints** — Respect well/Plant capacity, maintenance schedules, and operational limitations.
5. **Contractual Obligations** — Honor existing volume commitments, take-or-pay provisions, and contractual Plant designations.

The selection of Plants **shall not systematically favor** Program 1 LLC, Program 2 LLC, the Corporation, Gases Corp, or any Sponsor GP for the benefit of any related party.

5. Decision-Maker for Plant Selection

- **Primary Rule:** Where the Customer has contractual or practical ability to choose the Plant, the Customer's choice controls, subject to operational feasibility.
 - **Secondary Rule:** Where the Customer does not choose, **Gases Corp** (as the field Operator under the DOA) will decide which Plant ships where, based on:
 - The criteria in Section 4; and
 - The objective of maximizing the aggregate Holdco-system economic return consistent with this Policy and the DOA.
 - **Internal Coordination:** Gases Corp shall coordinate with the Corporation (in its capacity as Managing Member of each Program) to ensure (a) operational feasibility and (b) fair treatment of each Affiliate.
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6. Pricing

- All pricing for Gases sold to Customers shall be:
 - **Arm's-length**; and
 - Consistent with market terms for similar volumes, specifications, and delivery points.
 - Pricing shall reflect:
 - Market index prices where applicable;
 - Negotiated contract prices for term deals; and
 - Adjustments for freight, quality, and delivery terms.
 - Internal transfers or accounting allocations among Program 1 LLC, Program 2 LLC, and the Corporation (if any) shall be recorded at **arm's-length prices** consistent with external Customer sales.
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7. Documentation of Allocation Decisions

For each significant allocation decision involving multiple Affiliates, the following shall be documented:

- Customer name and contract reference;
- Total volume and product type;
- Plant(s) used and volumes from each Plant;

- Pricing and freight assumptions;
- Rationale for Plant selection (referencing the Section 4 criteria);
- Date of decision and responsible party (Customer or Gases Corp).

These records shall be:

- Maintained by Gases Corp and the Corporation;
 - Available for review by the Holdco Board and, as permitted by the LLC Operating Agreements, by limited equity investors of Program 2 LLC or their authorized representatives.
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8. Review and Oversight

- The Holdco Board shall:
 - Review this Policy at least annually;
 - Review aggregate allocation outcomes annually to confirm no systematic favoritism; and
 - Update the Policy as needed to reflect changes in market conditions, operations, or legal requirements.
 - Any director, officer, or employee with a material interest in Program 1 LLC, Program 2 LLC, the Corporation, Gases Corp, or any Sponsor GP shall:
 - Disclose that interest; and
 - Recuse himself or herself from decisions where a conflict exists, in accordance with **DGCL §144** and the Corporation's Stockholders Agreement related-party transaction provisions.
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9. Dispute Resolution

- If any Affiliate, Gases Corp, or any limited equity investor of Program 2 LLC believes that allocation decisions are not consistent with this Policy:
 - The issue shall first be raised internally with Gases Corp and the Corporation (as Managing Member);
 - If unresolved, the matter shall be referred to the Holdco Board for review; and
 - If still unresolved, the dispute shall be resolved in accordance with the dispute resolution provisions of the applicable LLC Operating Agreement or the DOA, as applicable.
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10. Relationship to Agreements

- This Policy is incorporated by reference into:
 - The LLC Operating Agreement of Program 1 LLC;

- The LLC Operating Agreement of Program 2 LLC; and
 - The Drilling and Operating Agreement, in each case to the extent permitted by such agreement.
 - To the extent of any conflict between this Policy and an LLC Operating Agreement, the DOA, or the Holdco Stockholders Agreement, the **governing agreement** shall control, but this Policy shall be interpreted to give effect to its arm's-length and non-discriminatory principles.
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End of Exhibit A – Affiliate Allocation and Sales Policy.

v7.3.9 | 2026-05-28