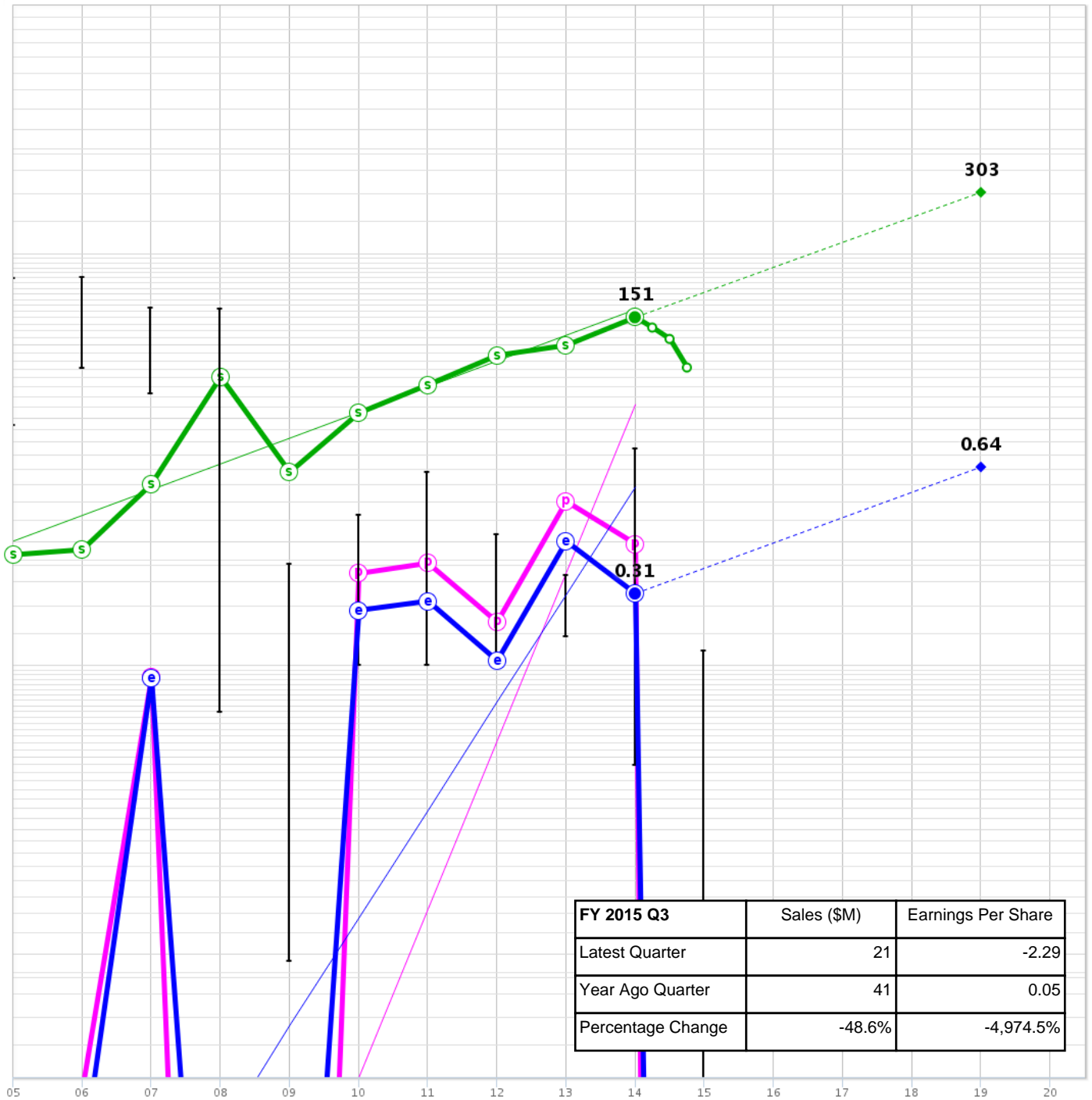


Company	Warren Resources		Date	12/18/15	
Prepared by	HARPER		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Oil & Gas E&P		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.1	% Insiders	% Institution		
Common (M Shares)	81.2		11.2	20.4	
Debt (\$M)	449.0	% to Tot Cap	121.4	% Pot Dil	0.0

Stock Selection Guide

Symbol: WRES

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 15.5% | (3) Historical Earnings Per Share Growth | 82.5% |
| (2) Estimated Future Sales Growth | 15.0% | (4) Estimated Future Earnings Per Share Growth | 15.2% |

2 EVALUATING Management

Warren Resources

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Last 5 Year Avg.
Pre-tax Profit on Sales	-12.2%	2.8%	19.2%	-223.6%	-21.5%	23.1%	20.9%	12.7%	23.6%	15.9%	19.2%
% Earned on Equity	-7.8%	0.2%	3.2%	-221.1%	-12.5%	13.4%	12.5%	8.0%	13.8%	8.7%	11.3%
% Debt To Capital	1.0%	0.9%	12.3%	50.5%	41.8%	33.1%	38.8%	34.7%	30.2%	59.7%	39.3%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 0.14 (12/18/15)

HIGH THIS YEAR 2.27

LOW THIS YEAR 0.14

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2010	4.9	2.1	0.29	17.0	7.4	0.00	0.0	0.0
2011	6.2	2.1	0.30	20.5	7.0	0.00	0.0	0.0
2012	4.4	2.1	0.22	20.3	9.7	0.00	0.0	0.0
2013	3.5	2.5	0.42	8.3	5.9	0.00	0.0	0.0
2014	7.0	1.2	0.31	22.4	3.8	0.00	0.0	0.0
AVERAGE		2.0		17.7	6.7			
CURRENT/TTM			-4.59					
AVERAGE PRICE EARNINGS RATIO 12.2				CURRENT PRICE EARNINGS RATIO 0.0				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 12.2 X Estimate High Earnings/Share 0.64 = Forecasted High Price \$ 7.7

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 6.7 X Estimate Low Earnings/Share 0.31 = Forecasted Low Price \$ 2.1

(b) Avg. Low Price of Last 5 Years 2.0

(c) Recent Market Low Price 0.1

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 0.1

C ZONING using 25%-50%-25%

Forecasted High Price 7.7 Minus Forecasted Low Price 0.1 = 7.6 Range. 25% of Range 1.9

Buy Zone 0.1 to 2.0

Hold Zone 2.0 to 5.8

Sell Zone 5.8 to 7.7

Present Market Price of 0.14 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price } 7.7 - \text{Minus Present Price } 0.14}{\text{Present Price } 0.14} = \frac{7.61}{0.01} = 1,521.5$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price } 7.7}{\text{Closing Price } 0.14} = 55.3401 \times 100 = 5,534.01 - 100 = 5,434.0$ % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend } 0.00}{\text{Closing Price } 0.14} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout } 0.0\%}{\text{Forecast High PE } 12.20} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout } 0.0\%}{\text{Forecast Average PE } 9.45} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 123.2 %
Average Yield 0.0 %
Annualized Rate of Return 123.2 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 112.0 %
Average Yield 0.0 %
Annualized Rate of Return 112.0 %