

White Rock Oil & Gas Holdings, LLC

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This Brochure provides information about the qualifications and business practices of White Rock Oil & Gas Holdings, LLC. If you have any questions about the contents of this Brochure, please contact us at (214) 981-1405 and/or Gmccrory@whiterokog.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities' authority.

White Rock Oil & Gas Holdings, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide clients with information to use to determine to hire or retain an adviser.

Item 2 – Material Changes

On an annual basis, this item will be used to provide clients with a summary of all material changes made to the Brochure since the last annual update. The Firm will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of its business' fiscal year-end. Further, White Rock Oil & Gas Holdings, LLC will provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge. As this is the Firm's initial filing, there are no changes to be disclosed under this item at this time.

White Rock Oil & Gas Holdings, LLC's Brochure may be requested at any time by contacting Gayle McCrory, Chief Financial Officer, by phone at (214) 981-1405 or via email at Gmccrory@whiterockog.com.

Additional information about White Rock Oil & Gas Holdings, LLC is also available via the SEC's Web site at www.adviserinfo.sec.gov. The SEC's Web site also provides information about any persons affiliated with White Rock Oil & Gas Holdings, LLC who are registered, or are required to be registered, as investment adviser representatives of White Rock Oil & Gas Partners I, LP.

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*The SEC requires all investment advisers to organize their disclosure documents according to the specific categories listed above, some of which may not pertain to White Rock's business. When a required category is not relevant to our business, we list the category and state that it does not apply.

Item 4 – Advisory Business

White Rock Oil & Gas Holdings, LLC (“White Rock” or “Firm”) was formed in 2012 and is 50% owned by Charles Bray and 50% owned by Robert Matejek. White Rock is a Delaware Limited Liability Company and is seeking registration with the Securities Exchange Commission (“SEC”). White Rock was formed to serve as the investment adviser to White Rock Oil & Gas Partners I, LP (“Fund”). White Rock may also serve as the investment adviser to oil & gas funds that may be sponsored in the future by certain principals of White Rock Oil & Gas, LLC or other entities related to the Firm. White Rock does not participate or offer a wrap fee program. White Rock does not currently have any assets under management.

Investment Strategy

White Rock’s investment strategy is to generate attractive, relatively low risk returns, current cash distributions, and long-term exposure to oil and gas prices by: (i) acquiring a diverse portfolio of producing oil and gas properties within various U.S. basins; (ii) implementing a successful exploitation program; (iii) improving operations efficiencies by controlling costs; and (iv) hedging production for several years after an acquisition in order to protect cash flows and base rates of return. The Fund will target a double digit rate of return to limited partners in a flat price environment and a mid-teen rate of return to limited partners with improved commodity prices.

In implementing its investment strategy, White Rock has developed the following principles relating to the acquisition, operation and management of oil and gas assets.

Target Assets with Upside Opportunity

- Producing oil and/or gas properties in the continental United States
- Purchase prices ranging from \$5 million to \$50 million
- Contain in excess of 50% PDP reserves

Implement Proven Capital Program

Achieve Operating Efficiencies

Generate Oil and Gas Price Exposure

Minimize Risk

- Mechanical/Environmental
 - Due Diligence – Acquisition Process
 - Seasoned Executive Leadership / Experienced Operators
- Reserve Determination
 - Experienced Engineers
- Hedging Strategies
 - Secure Double Digit Returns
 - Acquisition – Enabling & Opportunistic
 - Up to 80% PDP

Maintain Values and Culture

- Attract hard working, entrepreneurial employees
- Leverage White Rock's seasoned executive and operational experience to assist with the professional development of its employee base
- Develop a culture emphasizing and requiring team work
- Buy-in from executive leadership

Align employee compensation with the performance of White Rock.

Item 5 – Fees and Compensation

Fee Structure

As the Firm may advise multiple funds in the future, it is not possible to provide a fee structure that will be used with all such funds. The Firm does anticipate, however, utilizing a fee structure that is generally **consistent with the following:**

The Fund will pay a management fee to the General Partner (White Rock Oil & Gas GP I, LLC) quarterly in arrears during the term of the Fund, starting on the date of the initial closing, at the rate of 1.5% per annum of invested capital. Management Fees may be funded from capital contributions or cash flow of the Fund.

The management fee will be deducted directly from the fund and each investor's share of the fund on a pro rata basis dependent on the amount invested. Such deduction is anticipated to be in arrears on a quarterly basis. The Firm anticipates that the funds it will manage will have an investment period and that investors will not be able to withdraw from the funds without prior written consent of the general partner. In the event an investor was permitted to withdraw from a fund prior to its termination, it is anticipated that there would be no provision for refunding any prepaid management fees.

Distributions generally will be made on an annual basis to the extent of cash available for distribution after satisfaction of any cash reserves established for expenses (including management fees), capital expenditures and contingent liabilities, provided that net cash flow in excess of amounts needed to pay the 8% preferred return may be retained for reinvestment during the Investment Period. Distributions will be allocated to all capital contributing partners (the Limited Partners and the General Partner to the extent of its 1% capital interest) in proportion to their capital commitments, and the distributions so allocated to the Limited Partners will be shared and made in the following order and priority:

8% Preferred Return: first, 100% to the Limited Partners until they have received a return on their average capital account balance equal to an 8% annual return, compounded annually;

Return of Capital: second, 100% to the Limited Partners until the aggregate distributions pursuant to this clause (ii) and clause (i) equals 100% of their capital contributions;

80-20 Split: third:

(A) in the event the 8% Book Hurdle is met, then:

(1) if any distributions have been made pursuant to clause (iii)(B), 100% to the General Partner until the aggregate distributions to the General Partner pursuant to this clause (iii)(A)(1) equal 20% of the total amounts distributed pursuant to this clause (iii)(A)(1) and clause (iii)(B), then

(2) 100% to the General Partner until the aggregate distributions to the General Partner pursuant to this clause (iii)(A)(2) equal the aggregated amount of all payments made by the General Partner or its affiliates pursuant to the provisions of the “General Partner Clawback” and

(3) 80% to the Limited Partners and 20% to the General Partner, and

(B) in the event the 8% Book Hurdle is not met, 100% to the capital contributing partners.

The distributions to the General Partner described in clause (iii) are referred to as “*Carried Interest*.”

The “**8% Book Hurdle**” means, as of the end of any year, that the cumulative profits allocated to the capital contributing partners for book purposes is sufficient to achieve an 8% annual return, compounded annually, on their average capital account balances.

The Fund will bear all direct expenses associated with its operations and administration, including costs for legal and accounting fees, preparation of its financial statements and reports to Limited Partners, costs of holding any meetings of partners, and any taxes, fees or other governmental charges levied against the Fund. The Fund will indirectly bear the fees, costs and expenses related to the purchase and sale of properties by paying its 93% share of all acquisition costs for the purchase of its net profits interests. The Fund will indirectly bear its 93% share of the expenses incurred in the financing, operation and development of the Fund’s properties by virtue of the manner in which net profits are calculated. In addition, the Fund will be responsible for its 93% share of all fees and expenses due to any legal, financial, accounting, consulting or other advisors or any lenders, investment banks and other financing sources in connection with transactions which are not consummated. The General Partner’s and its affiliated operating company’s net general and administrative expenses will also be charged against the net profits interests, provided, however, that the general and administrative expenses so charged in any year will be reduced by any management fees paid by the Fund in excess of \$937,500.

Item 6 – Performance-Based Fees and Side-By-Side Management

The Firm anticipates that any funds for which it acts as the adviser will include an incentive allocation or carried interest component in its fee structure. This fee is discussed in detail under Item 5 above.

Item 7 – Types of Clients

White Rock was formed to serve as the investment adviser to oil & gas funds that may be sponsored in the future by certain principals of White Rock or other entities related to the Firm. Investors in these funds will be individuals and institutions who are “qualified purchasers” within the meaning of the U.S. Investment Company Act of 1940, as amended (the “*Investment Company Act*”). It is anticipated that these investors will include high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, private investment funds and other U.S. and international institutions.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Before investing in the Fund, one should consider carefully the following risks together with the other information contained in this memorandum. Investment in the Interests involves a high degree of risk. There can be no assurance that the Fund’s investment objectives will be met. In addition, there will be occasions when White Rock, the General Partner or their affiliates may encounter potential conflicts of interests in connection with the Fund. If any of the adverse events described below occur, White Rock’s business, financial condition and operating results could be materially adversely affected. As a result, the investor could lose all or part of the money invested.

Oil and gas prices are volatile, and an extended decline in prices could adversely affect White Rock’s financial results, cash flows, access to capital and ability to grow.

The success of the Fund’s investments in oil and gas properties will be substantially dependent upon the market prices for oil and natural gas, both worldwide and particularly in North America. Historically, the markets have been volatile and such volatility may continue to recur in the future. Various factors beyond the control of White Rock will affect prices of oil and natural gas, including:

- the worldwide and North American supplies of oil and natural gas;
- the ability of the members of the Organization of Petroleum Exporting Countries (OPEC) to agree to and maintain oil prices and production controls;
- political instability, terrorist acts or armed conflict in oil or natural gas producing regions or involving transportation facilities;
- the price and level of oil and natural gas imported from non-North American countries;
- the level of consumer demand generally, and the rate of growth of demand for oil in China, India and other developing economies;
- the price, availability and acceptance of alternative fuels;
- the availability of pipeline capacity;
- weather conditions;
- governmental regulations, price controls and taxes;
- environmental laws and regulations; and
- the overall economic environment.

Future fluctuations in oil and natural gas prices could adversely affect the value of the Fund's investments and its income from its investments. In addition, the factors listed above make it extremely difficult to predict future oil and natural gas prices with any certainty. Price volatility also makes it difficult to budget for, and project the return on, acquisitions and development and exploitation projects.

While the Fund(s) will engage in limited commodity price risk management (hedging), it is the Fund's investment strategy to provide partners direct exposure to commodity prices. If the market prices for oil and natural gas decline substantially during the term of the Fund, the returns experienced by a limited partner will be adversely affected, and the investor could lose all or part of the investment.

White Rock's commodity price risk management activities may limit its realized oil and gas sales prices or may be insufficient to mitigate declining oil and gas prices.

In order to manage the Firm's exposure to price volatility in marketing oil and gas production, the Firm intends to enter into commodity price risk management transactions for a portion of the expected production. While intended to reduce the effects of volatile oil and gas prices, commodity price risk management transactions may limit White Rock's potential gains if oil and gas prices rise substantially over the price established by the transaction. Conversely, commodity price risk management transactions may be insufficient if oil and gas prices decline more than expected, or to the extent production is not subject to these risk management transactions. In addition, such transactions may expose investors to the risk of financial loss in certain circumstances, including:

- if production is less than expected, White Rock may have to purchase oil and gas on the open markets in order to cover its obligations on the commodity price risk management transactions;
- if there is a widening of price differentials between the delivery points for production and the delivery point assumed in the commodity price risk management transaction, the Firm may have insufficiently hedged the price risk;
- if the counterparties to futures contracts fail to perform on the contracts, the Firm may be forced to sell production on the open market at depressed prices and seek to recover the difference from such counterparty, which may be difficult or impossible if such counterparty is inadequately capitalized or in bankruptcy proceedings; and
- if a sudden, unexpected event materially impacts oil and gas prices, the Firm may not be sufficiently hedged to mitigate the price risk or there may be an increased risk of insolvency by the counterparties to the contracts.

Furthermore, there can be no assurance that the Fund will be able to execute the transactions necessary to implement its hedging policy. There may not be sufficient credit worthy counterparties who are willing to enter into hedging transactions with the Fund on terms that are acceptable.

In addition, in July 2010, federal legislation known as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "***Dodd-Frank Act***") was enacted. The Dodd-Frank Act provides for new statutory and regulatory requirements for derivative transactions, including oil and gas hedging transactions. Among

other things, the Dodd-Frank Act provides for the creation of position limits for certain derivatives transactions, as well as requiring certain transactions to be cleared on exchanges for which cash collateral will be required. The final impact of the Dodd-Frank Act on the Firm's hedging activities is uncertain at this time due to the requirement that the Securities and Exchange Commission and the Commodities Futures Trading Commission (the "*CFTC*") promulgate rules and regulations implementing the new legislation within 360 days from the date of enactment. These new rules and regulations could significantly increase the cost of derivative contracts, materially alter the terms of derivative contracts or reduce the availability of derivatives.

Limited Operating History

The Firm was formed in 2012 and has no significant operating history. While the investment strategies to be employed by the Firm are similar to strategies successfully employed by the Firm's management in connection with other ventures, there can be no assurance that these results can be repeated with the same degree of success, as prior success of any affiliate of the Firm or other entities with which the Firm's management have been involved should not be construed as an indication of future results of the Firm.

Lack of Geographic Diversity

There can be no assurance that the assets invested in will be geographically diverse. Consequently, the results of the operations may be at greater risk to events that are isolated to certain geographic areas, such as weather and other acts of God, equipment shortages, availability of labor, and local land use, environmental, or other regulation.

Increase in capital requirements could reduce distributions in earlier years.

While a goal of the Fund is to begin distributions of free cash flow to limited partners as early as possible in the life of the Fund, the General Partner retains significant discretion over the timing and amount of cash distributions. Many factors, including unforeseen issues associated with drilling and completion programs, such as drilling and execution risks as well as opportunities to enhance reserves, could result in available cash flow being used for additional capital expenditures if the General Partner deems such use prudent, subject to the restrictions in the Partnership Agreement.

Potential legislative and regulatory actions could increase costs, reduce revenue and cash flow from natural gas and oil sales, reduce liquidity or otherwise alter the way the Firm conducts business.

The activities of exploration and production companies operating in the United States are subject to extensive regulation at the federal, state and local levels. Changes to existing laws and regulations or new laws and regulations such as those described below could, if adopted, have an adverse effect on White Rock's business. Recent activities in the Gulf of Mexico have resulted in significant additional attention to U.S. federal and state oil and gas regulations, increasing the risk that additional regulations of the industry could occur in the near future, and are generally causing significant uncertainty for the entire oil and gas industry. Potential legislative and regulatory actions could increase costs, reduce White Rock's revenue and cash flow from natural gas and oil sales, reduce liquidity or otherwise alter the way the Firm conducts business.

Federal Taxation of Independent Producers

Federal budget proposals would potentially increase and accelerate the payment of federal income taxes of independent producers of natural gas and oil. Proposals that would significantly affect the Firm would repeal the expensing of intangible drilling costs, repeal the percentage depletion allowance, increase the amortization period of geological and geophysical expenses, repeal the enhanced oil recovery credit and marginal well tax credit, and repeal the deduction for tertiary injectants. These changes, if enacted, will lower the after-tax return realized by owners of oil and gas properties, including the Firm's limited partners who are not exempt from federal and state income taxes and, potentially, subsequent prospective purchasers of its properties, thereby lowering the price at which the Fund may be able to sell its assets.

Hydraulic Fracturing

It is customary in the oil and gas industry that most natural gas and oil wells use the hydraulic fracturing process. Certain environmental and other groups have suggested that additional laws and regulations may be needed to more closely regulate the hydraulic fracturing process, and additional federal, state and local laws and regulations have been considered or implemented. Legislation to further regulate hydraulic fracturing has been proposed in Congress. White Rock cannot predict whether any additional federal or state legislation or regulation will be enacted and if so, what its provisions would be. If additional levels of regulation and permits were required through the adoption of new laws and regulations, the Firm's business and operations could be subject to delays, increased operating and compliance costs and process prohibitions.

Climate Change

There is a growing belief that emissions of greenhouse gases may be linked to climate change. Climate change and the costs that may be associated with its impacts and the regulation of greenhouse gases have the potential to affect the business in many ways, including negatively impacting the costs White Rock incurs in providing its products and services, the demand for and consumption of its products and services (due to change in both costs and weather patterns), and the economic health of the regions in which the Firm operates, all of which can create financial risks.

The U.S. government and certain states for some time have been considering enacting new legislation or promulgating new regulations governing or restricting the emission of greenhouse gases from stationary sources such as White Rock's equipment and operations. The U.S. Environmental Protection Agency has already made findings and issued proposed regulations that could lead to the imposition of restrictions on greenhouse gas emissions from stationary sources such as the Firm's. In addition, the U.S. Congress has been considering various bills that would establish an economy-wide cap-and-trade program to reduce U.S. emissions of greenhouse gases, including carbon dioxide and methane. Such a program, if enacted, could require phased reductions in greenhouse gas emissions over several or many years as could the issuance of a declining number of tradable allowances to sources of these emissions so that they may continue to emit greenhouse gases into the atmosphere. Numerous states and other jurisdictions have also announced or adopted programs to stabilize and reduce greenhouse gases. Legislative and regulatory proposals for restricting greenhouse gas emissions or otherwise addressing climate change could require the Firm to incur additional operating costs and could adversely affect demand for the natural gas and oil

that White Rock sells. The potential increase in the Firm's operating costs could include new or increased costs to operate and maintain equipment and facilities, install new emission controls on the equipment and facilities, acquire allowances to authorize greenhouse gas emissions, pay taxes related to greenhouse gas emissions and administer and manage a greenhouse gas emissions program. Moreover, incentives to conserve energy or use alternative energy sources could reduce demand for natural gas and oil.

The loss of key personnel could adversely affect the Firm's ability to operate.

The success of the Fund depends in substantial part upon the skill and expertise of its management team. Limited partners will be relying entirely on such individuals to conduct and manage the affairs of the Fund. Because specific investments in oil and gas properties have not yet been identified, the limited partners must rely on the ability of the Fund's investment and operational personnel to make appropriate investments for the Fund and to manage and dispose of the applicable oil and gas properties. There can be no assurance that these key personnel will continue to be associated with the Fund throughout its life and White Rock does not maintain key man life insurance on the lives of these persons.

The Firm's inability to control external factors inherent in the energy industry may inhibit its ability to conduct cost-effective oil and gas production operations.

The goal of the Firm is to provide attractive returns to its partners through cost-effective management of energy investments in producing oil and gas properties. White Rock's ability to meet its goal depends on a number of external factors inherent in the energy industry that are beyond its control and cannot be foreseen or quantified. These external factors include:

- the risk that technology employed in an energy project will not be effective or efficient;
- uncertainty about the availability or efficacy of energy sales agreements or fuel supply agreements that may be entered into in connection with a project;
- risks of pricing or lack of availability of drilling or other equipment necessary to conduct operations;
- risks that domestic and foreign governmental and environmental laws and regulations affecting the energy industry will change or be applied in a manner detrimental to the industry;
- environmental liability risks related to energy properties and projects, including those caused by prior or subsequent owners or operators of the Fund's assets;
- risks of equipment failures, fuel interruptions, loss of sale and supply contracts or fuel contracts, decreases or escalations in power contracts or fuel contract prices, bankruptcy of key customers or suppliers, tort liabilities in excess of insurance coverage, inability to obtain desirable amounts of insurance at economic rates, acts of God and other catastrophes;
- uncertainty about the extent, quality and availability of oil and gas reserves; and
- risks that any of the foregoing may occur when the cost of performance on sale or supply contracts or hedges is high under prevailing market conditions.

If the Firm is unable to control or mitigate any of these factors, its results of operations and financial condition may be adversely affected. The identification of undervalued opportunities and the acquisition of suitable investments is a difficult task and there can be no assurance that the Fund will be able to implement its investment objective.

A significant component of White Rock's strategy is acquisitions, and the Firm's failure to locate or complete future acquisitions successfully could limit its ability to diversify and cause the unfavorable performance by one or more investments to have a substantial adverse impact on the returns realized by the limited partners.

White Rock's business strategy emphasizes growth through strategic acquisitions of producing oil and gas properties, but it may not be able to identify properties for acquisition or it may not be able to make acquisitions on terms it considers economically acceptable. There is intense competition for acquisition opportunities in the oil and gas industry, including from other private equity funds as well as corporations involved in the exploration and production business, many of which have substantially greater resources than the Fund. Competition for acquisitions may increase the cost of, or cause the Firm to refrain from, completing acquisitions. It is possible that the competition for appropriate investment opportunities may increase over time. If White Rock cannot locate or complete acquisitions, it may not be able to achieve the goal of diversification of portfolio investments and unfavorable performance by one or more investments could have a substantial adverse impact on the returns realized by the limited partners. The Firm's strategy of completing acquisitions may be dependent upon, among other things, its ability to obtain regulatory approvals. The Firm's ability to complete acquisitions and manage the resulting investments will require it to invest in operational, financial and management information systems and to attract, retain, motivate and effectively manage its employees. The inability to manage the integration of acquisitions could require it to devote additional time and resources on managing prior acquisitions at the expense of identifying, negotiating and completing future acquisitions, which could adversely affect the Firm's earnings and growth.

Estimates of oil and gas reserves are inherently uncertain and inaccurate estimates may cause White Rock to overpay for oil and gas properties and adversely affect the Firm's ability to generate attractive results of operations for such properties.

There are numerous uncertainties inherent in estimating quantities of proved oil and gas reserves and their values. Estimates of oil and gas reserves, by necessity, are projections based on engineering data, and there are uncertainties inherent in the interpretation of such data as well as the projection of future rates of production and the timing of development expenditures. Reserve engineering is a subjective process of estimating underground accumulations of oil and gas that are difficult to measure. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment. Estimates of economically recoverable oil and natural gas reserves and of future net cash flows necessarily depend on a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions concerning future oil and gas prices, future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable

quantities of oil and gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of the future net cash flows expected from such reserves may vary substantially. Any significant variance in the assumptions could materially affect the estimated quantity and value of the reserves. Inaccurate estimates may cause the Fund to underbid and fail to win an acquisition target, or overpay in its acquisitions and adversely affect its ability to generate targeted returns for the limited partners.

Some of White Rock's investments will produce longer than the term of the Fund.

The Fund expects to acquire a broad and diverse set of oil and gas properties. Each property will have its own distinct operating life and production profile. In some cases the properties are likely to produce oil and/or gas for periods longer than the expected term of the Fund. To the extent that the Fund owns such assets at the end of the term of the Fund (including any extensions), it will seek to capture the current value of those assets through their sale. However, if it is unsuccessful in finding a buyer for those assets at a price and on terms it deems acceptable, the final liquidation of all the Fund's assets may not occur until several years after the end of the Fund's term and then may still be subject to appropriate reserves for plugging, abandonment, remediation or other remaining obligations and liabilities with respect to the Fund's properties.

White Rock may incur risks upon the disposition of its investments.

In connection with the disposition of an investment in oil and gas properties, the Fund may be required to make representations, warranties and covenants related to the condition of the properties typical of those made in connection with the sale of oil and gas properties of the type owned by the Fund. The Fund may also be required to indemnify the purchasers of such properties to the extent that any such representations, warranties or covenants are breached. The Fund may hold reserves against any such indemnity obligations until such obligations have been satisfied or retired, which could affect the timing or amount of distributions to the limited partners during the term of the Fund and upon liquidation.

The Interests have restrictions on transfer, and there is no market for Interests, which may limit partners' ability to liquidate their investment at a time of their choosing.

Investments in the Fund will be illiquid and long-term. The Interests have not been registered under the Securities Act or any other securities laws and, therefore, cannot be resold unless the Fund subsequently registers the Interests under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that the Fund will register the Interests. There is no public market for the Interests and none is expected to develop. In addition, the Interests may not be transferred without the consent of the General Partner, which may be withheld in its sole discretion. Further, limited partners may not redeem the Interests or withdraw their capital from the limited partnership. Accordingly, partners must be able to bear the risks of owning the Interests for an extended period of time.

The General Partner has broad discretion in making investment and operational decisions, which may leave the limited partners with little recourse in the case of poor performance.

Limited partners will have no right or power to participate in the management or control of the business of the Fund. The Partnership Agreement provides that the General Partner may be removed, or held financially responsible for its decisions, only under very limited circumstances. Consequently, limited partners may have little recourse in the event the Fund performs poorly as a result of the General Partner's management or investment decisions.

In some situations, the interests of the General Partner and the limited partners may conflict, which may limit a partner's ability to meet its investment objectives.

There may be instances where the interests of the General Partner and its affiliates conflict with the interests of the Fund and its limited partners. By acquiring an Interest, each limited partner will be deemed to have acknowledged the existence of any such actual or potential conflict of interest and to have waived any claim with respect to future liability arising from the existence of any such conflict of interest. The Partnership Agreement will provide that the Fund may enter into conflict of interests transactions if the General Partner either determines in its discretion (subject only to a standard of good faith and fair dealing) that the terms of such transaction are fair to the Fund and were obtained on an arm's length basis or obtains the consent of a majority in interest of the Limited Partners.

The following discussion enumerates certain potential conflicts of interest:

Diverse Membership

Partners in the Fund may include persons or entities organized in various jurisdictions, and may include partners with differing investment goals. As a result, conflicts of interest may arise in connection with the decisions made by the General Partner that may be more beneficial for the General Partner or one type of limited partner than for another type of limited partner, including limited partners affiliated with General Partner. In addition, the Fund may make investments which may have a negative impact on related investments made by the limited partners in separate transactions. In selecting investments appropriate for the Fund, the General Partner will consider the investment objectives of the Fund as a whole, not the investment objectives of any limited partner individually.

Carried Interest

The General Partner will receive a carried interest as described under "Summary of Key Terms — Distributions" above. The existence of the General Partner's carried interest may create an incentive for the General Partner to make more speculative investments on behalf of the Fund than it would otherwise make in the absence of such carried interest.

Operation of Fund Assets

Properties and entities in which the Fund may have an ownership interest may be in direct competition with properties and entities in which White Rock and its other affiliates have an ownership interest, and White Rock or its affiliates may be subject to conflicts of interest with respect to the operation of properties in which the Fund has an ownership interest.

Limited partners may be required to indemnify the Fund and the General Partner.

The Fund will be required to indemnify the General Partner and its respective partners, members, agents, and employees, and all of their respective successors, heirs, and assigns for liabilities incurred in connection with the affairs of the Fund and otherwise as provided in the Partnership Agreement. Such liabilities may be material and may have an adverse effect on the returns to the limited partners. The indemnification obligation of the Fund would be payable from the assets of the Fund, including the unfunded capital commitments of the limited partners. If the assets of the Fund are insufficient, the General Partner may recall distributions previously made to the limited partners (subject to certain limitations set forth in the Partnership Agreement).

The Fund's obligations generally will be recourse to all of the Fund's assets.

The Fund's assets, including any investment made by the Fund, are available to satisfy all liabilities and other obligations of the Fund. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and such recourse may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability. Accordingly, partners could find their interest in the Fund's entire assets adversely affected.

Terrorist attacks could have a negative impact on the Funds' costs of operations.

The continued threat of terrorism and the impact of military or other action have led to, and will likely continue to lead to increased volatility in prices for oil and gas and could affect the Fund's financial results. Further, the United States government has issued public warnings indicating that energy assets worldwide might be specific targets of terrorist organizations. As a result of such a terrorist attack or of terrorist activities in general, the Fund may not be able to obtain insurance coverage and other endorsements at commercially reasonable prices or at all.

Compliance with U.S. anti-money laundering requirements could adversely affect partners.

In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the General Partner may request limited partners to provide additional documentation verifying, among other things, such limited partners' identity and source of funds used to purchase the Interests. The General Partner may decline to accept a subscription if this information is not provided or on the basis of such information that is provided. Requests for documentation and additional information may be made at any time during which a limited partner holds an Interest. The General Partner may be required to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the limited partners that the information has been provided. The General Partner will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives, or special measures. Governmental authorities are continuing to consider appropriate measures to implement, and at this point it is unclear what steps the General Partner may be required to take; however, these steps may include prohibiting a limited partner from making further contributions of capital to the Fund, depositing distributions which a limited partner would otherwise be entitled to in an escrow account, or causing the withdrawal of a limited partner from the Fund.

Other changes in applicable tax laws may adversely affect the returns of limited partners.

In addition to the potential changes in tax laws on independent producers discussed above, there may be changes in tax laws or interpretations of such tax laws adverse to the Fund or its partners. There can be no assurance that the structure of the Fund or of any investment will be tax efficient to any particular partner, or that the Internal Revenue Service will not challenge any tax position taken by the Fund. Prospective limited partners are urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. state or local or non-U.S. taxes and, in the case of U.S. tax exempt and non-U.S. partners, with reference to any special issues that investment in the Fund may raise for such partners. There can be no assurance that the Fund will have sufficient cash flow to permit it to make annual distributions in the amount necessary to pay all tax liabilities resulting from limited partners' ownership of the Interests. See the Section designated "Legal, Tax and Regulatory Considerations."

Some of the Fund's investments may be in non-operated properties, which would present risks associated with the non-performance of such third parties.

Although the Fund intends to focus on the acquisition of properties where an affiliate of the Fund will serve as operator (the "**Operator**"), the Fund may invest from time to time in properties operated by a third party. The Operator and its affiliates will not control the day-to-day operations of those properties, and the Fund will rely significantly upon the management decisions of the third party, which will be out of the Operator's control.

LEGAL, TAX AND REGULATORY CONSIDERATIONS

Material Employee Benefit Plan Considerations

The Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Code**"), govern the investment of the assets of certain employee benefit plans that may be partners in the Fund. ERISA, the Code and the rules and regulations of the Department of Labor ("**DOL**") under ERISA contain provisions that should be considered by fiduciaries of those plans and their legal advisers. This memorandum does not address any ERISA or DOL requirements or issues from the perspective of the ERISA plan. Prospective ERISA plan partners and their fiduciaries are urged to consult their own advisors with respect to the suitability, propriety and legality of an investment in the Fund under, among other things, ERISA, DOL rules and regulations, and the ERISA plan's own governing instruments. Further, prospective ERISA plan partners and their fiduciaries should take into account the fact that, as described below, neither the Fund, White Rock, nor any of their respective affiliates, representatives, agents, or employees will be acting as a fiduciary under ERISA to any ERISA plan, either with respect to the ERISA plan's purchase or retention of its investment or with respect to the management and operation of the assets and activities of the Fund.

Under regulations issued by the DOL, as amended by Section 3(42) of ERISA, when a plan subject to Title I of ERISA, a plan described in Section 4975 of the Code, or any entity whose underlying assets include plan assets by reason of a plan's investment in such entity (collectively, "**Plans**") acquires an equity interest (such as a limited partnership interest) in an entity (such as the Fund) that is neither a "publicly offered security" nor a security issued by an investment company registered under the

Investment Company Act of 1940, the assets of the Plan include not only such equity interest, but also an undivided interest in each of the underlying assets of the entity, unless an exception applies. If the Fund were deemed to hold “plan assets,” ERISA’s prohibited transaction restrictions and fiduciary standards would apply to, and would materially affect, the investments and operation of the Fund. One exception to this result is available if the ownership of every class of equity interest in the entity (the Fund), determined on the date of the most recent acquisition of any equity interest in the entity, by Plans has a value in the aggregate of less than 25% of the total value of such class of equity interest that is outstanding (ignoring for this purpose interests held by White Rock and its affiliates). White Rock intends to rely on this exception and not accept investments in the Fund from Plans that would cause their aggregate ownership to exceed this 25% limit. White Rock has the right to reject any transfer or other transaction that in the opinion of White Rock would result in such limitation being exceeded. Therefore, it is expected that the assets of the Fund will not constitute “plan assets” for purposes of ERISA and will be managed accordingly.

Governmental plans, as defined in Section 3(32) of ERISA, are not subject to the fiduciary and prohibited transaction rules under ERISA or Section 4975 of the Code. However, state laws applicable to certain governmental plans have provisions that impose restrictions on the investment and management of the assets of such plans that are similar to those under ERISA and the Code described above. Accordingly, fiduciaries of governmental plans should consider the impact of their respective state pension laws on investment in the Fund.

U.S. Securities Laws

Securities Act of 1933

The Interests will not be registered under the Securities Act or any other securities law, including state securities or blue sky laws. The Interests will be offered without registration in reliance upon the exemption contained in Section 4(2) of the Securities Act or Rule 506 of the Securities and Exchange Commission applicable to transactions not involving a public offering. Each prospective limited partner will be required to make customary private placement representations in a Subscription Agreement.

Investment Company Act of 1940

It is anticipated that the Fund will be exempt from the registration requirements of the Investment Company Act of 1940, as amended (the “***Investment Company Act***”). White Rock will rely on the exemption contained in Section 3(c)(7) of the Investment Company Act, which requires that each limited partner be a “qualified purchaser” as defined in Section 2(a)(51)(A) of the Investment Company Act, and will secondarily rely on the exemption contained in Section 3(c)(1) of the Investment Company Act, which exempts issuers whose outstanding voting securities are beneficially owned by not more than 100 persons who meet the conditions with respect to “beneficial ownership” contained in Section 3(c)(1). The Subscription Agreement will require appropriate representations and undertakings from partners in order to ensure that such partners meet the conditions of the foregoing exemptions on an ongoing basis.

Investment Advisors Act of 1940

Prior to formation of the Fund, White Rock or one of its affiliates intends to become registered as an investment adviser under the Investment Advisors Act of 1940, as amended (the “***Investment Advisors Act***”). White Rock or the General Partner may rely on an exemption contained in Rule 205-3 under the Investment Advisors Act in order to enter into the Partnership Agreement, which provides for the payment of the carried interest to the General Partner. In general, Rule 205-3 permits an advisor to be paid a performance-based fee if all partners are “qualified clients.” Qualified clients generally include (i) entities and individuals with at least \$750,000 under management by the advisor after entering into the Partnership Agreement; (ii) entities and individuals that the advisor reasonably believes, immediately prior to entering into the Partnership Agreement, either (a) have a net worth of more than \$1,500,000 or (b) are a qualified purchasers as defined by the Investment Company Act and (iii) the advisor’s directors, executive officers and investment-related employees. The Partnership Agreement will require appropriate representations and undertakings from partners in order to ensure that such partners meet the conditions of the foregoing exemption on an ongoing basis.

Commodity Exchange Act

White Rock and the General Partner are exempt from registering with the CFTC and the National Futures Association (the “***NFA***”) as a commodity pool operator in reliance upon Section 4.13(a)(4) of the CFTC Rules, which exempts from registration any person operating a commodity pool in which only qualified eligible persons participate. White Rock and the General Partner, therefore, unlike a registered commodity pool operator, are not required to deliver a disclosure document and a certified annual report to participants in the partnership. White Rock and the General Partner are also exempt from registering with the CFTC and the NFA as a commodity trading advisor.

U.S. Federal Income Tax Considerations for U.S. Partners

The United States federal income tax discussion set forth below is a summary of select issues included for general information purposes only and does not address all aspects of partnership taxation that may be relevant to a partner in light of the partner’s specific circumstances. The discussion is based on the Internal Revenue Code of 1986, as amended, administrative rulings, judicial decisions and Treasury Regulations as in effect on the date hereof, all of which are subject to change, possibly with retroactive effect.

Classification as a Fund

As a limited partnership formed under the laws of Delaware, the Fund will generally be treated as a partnership and not an association taxable as a corporation for United States federal income tax purposes. The General Partner will not elect to treat the Fund as anything other than such a partnership.

General Federal Income Tax Consequences

In general, a partnership is not subject as an entity to United States federal income tax. The Fund, however, will file a federal partnership information return reporting its operations for each calendar year and will provide each limited partner with the information necessary to enable the limited partner to

include in its federal income tax return items arising from its investment in the Fund. Each limited partner will be required to take into account its distributive share of all items of the Fund's income, expense, gain, loss, deduction and credit in determining its United States federal income taxes for each year, regardless of whether the Fund distributes any cash, which may result in so-called "phantom income." A limited partner generally will not be taxed upon cash distributions from the Fund, except in the event a cash distribution exceeds a limited partner's adjusted tax basis in its limited partnership interest in the Fund.

The character of the Fund's items of income will pass through to each limited partner as part of the limited partner's distributive share as a limited partner. To the extent the Fund recognizes royalty income or interest income that generally is exempt from federal income tax for a taxpayer that is an organization exempt from federal income taxes pursuant to Section 501(a) of the Code, the character of that income as exempt will pass through to limited partners who are such an exempt organization to the extent of their distributive share of such items of income. To the extent the Fund's net profits royalties and interest are not treated as investment royalties and interest, or the Fund otherwise recognizes business income that generally is taxable for a taxpayer that is an organization otherwise exempt from federal income taxes pursuant to Section 501(a) of the Code, the character of the royalties, interest and other income as taxable will pass through to limited partners who are such an exempt organization to the extent of their distributive share of such items of income.

The net profit interests the Fund will invest in will be structured to qualify as royalties for federal income tax purposes. For taxable limited partners, such royalties will constitute portfolio income for purposes of the passive activity provisions of the Code, and not trade or business income. Further, the royalty income will be subject to the new 3.8% Medicare tax on "net investment income" that becomes applicable in tax years beginning after December 31, 2012. For taxable limited partners who are individuals, estates or trusts, this new tax generally will be equal to the lesser of 3.8% of the taxpayer's net investment income or the excess (if any) of the taxpayer's modified adjusted gross income over a threshold amount (e.g., \$250,000 for a married taxpayer filing a joint return; \$7,500 for trusts and estates). Since under the law net investment income includes gross income from interest, dividends, annuities, royalties, rents (other than from a trade or business), and income from passive activities or from trading in financial instruments or commodities, White Rock expects all of each limited partner's share of the Fund's income to be subject to this new tax. For the effect royalty income will have on tax-exempt limited partners, see the Section designated "U.S. Federal Income Tax Considerations for U.S. Partners – *Unrelated Business Income Taxation*."

Additional complex rules govern the taxation of partners and partnerships. For example, in the event the Fund suffers losses or incurs certain kinds of deductions, a limited partner's ability to use its share of such losses or deductions to offset other income is limited by, among other things, the Code's at risk rules, passive activity loss rules, basis limitation rules, and rules limiting the deductibility of investment interest and miscellaneous itemized investment expenses. Similarly, there are limits on the ability to deduct costs and expenses associated with an investment in the Fund. Further, prospective limited partners that are or might become subject to the alternative minimum tax (the "**AMT**") should consider the tax consequences of an investment in the Fund in view of their AMT position, taking into account the special rules that apply in computing the AMT.

In addition, special federal income tax rules apply to income and deductions with respect to oil and gas properties and to partners in partnerships owning oil and gas properties, including rules limiting the depletion deduction, rules regarding recapture of certain deductions, and rules regarding the alternative minimum tax effects of oil and gas related items. The depletion deduction for federal income tax purposes currently is the greater of cost depletion (calculated as a unit of production method of cost recovery) or percentage depletion. In the case of investments by partnerships, the depletion allowance is computed separately by the partners and not by the partnership. Similarly, the statutory limitations on the amount of percentage depletion that can be deducted will be applied separately by each limited partner. Percentage depletion for independent producers and royalty owners (that is, generally, taxpayers who are not retailers or refiners) currently is 15% of the gross income from the property, not to exceed (i) 100% of the taxable income from the property, and (ii) 65% of the taxpayer's taxable income for the year. However, percentage depletion can be taken by a taxpayer only with respect to 1,000 barrels of oil production per day (or gas equivalent). This limitation applies to each limited partner's aggregate oil and gas production; therefore each limited partner will combine his production attributable to the Fund with all of his other oil and gas production to determine his limit. Finally, please note that the proposed tax legislation changes discussed below include the proposed repeal of all percentage depletion.

Prospective limited partners should carefully consider the impact of all of these rules as part of their evaluation of the tax consequences of an investment in the Fund, and are urged to consult their own tax advisers to obtain a full understanding of these rules.

In February 2012 the Obama Administration released its proposed fiscal 2013 federal budget, and that budget, like previous Obama Administration budgets, includes proposals to repeal the provisions of current law that provide certain tax benefits to owners and producers of oil and gas. Specifically, the budget proposes the repeal of, among other things, the percentage depletion allowance, the expensing of intangible drilling costs, the manufacturing deduction for oil and gas production, the enhanced oil recovery credit, the marginal well tax credit, and the deduction for tertiary injectants. These proposals may or may not become law, but prospective limited partners should carefully consider the impact of these proposed changes in the law as part of their evaluation of an investment in the Fund, and are urged to consult their own tax advisers to obtain a full understanding of these proposals.

Unrelated Business Income Taxation

Organizations exempt from federal income taxes pursuant to Section 501(a) of the Code and described in Section 511(a)(2) of the Code are subject to taxation with respect to any UBTI, or "unrelated business taxable income" as defined in Sections 512 to 514 of the Code. Any such organization is required to include in computing its UBTI its share of income of any partnership of which it is a member to the extent such income would be UBTI if earned directly by such organization. UBTI specifically includes "unrelated debt-financed income" as described in Section 514 of the Code, which generally includes any income derived from property to the extent that there is acquisition indebtedness outstanding with respect to such property during the taxable year. UBTI, however, generally does not include dividends, interest, royalties (including properly structured oil and gas net profits interests), or gains from the sale, exchange or other disposition of property other than inventory property. The net profit interests the Fund will invest in will be structured to qualify as royalties excluded from UBTI, and the Partnership Agreement

will require that the General Partner use its reasonable best efforts to conduct the business and affairs of the Fund in a manner that prevents the Fund from recognizing UBTI. However, each potential partner is advised to consult its own tax advisor with respect to the specific tax consequences and tax risks of being a partner in the Fund, including with respect to this issue.

Tax Matters Partner

In the event the tax returns of the Fund are audited by the Internal Revenue Service, the General Partner generally would control the conduct of such tax audit in its capacity as “tax matters partner,” which would include the decision as to whether to extend the statute of limitations of the Fund and the limited partners with respect to such returns. If the Internal Revenue Service were to successfully assert that any adjustment should be made to the returns of the Fund for any taxable year, the limited partners generally would be required to amend their own tax returns for such year to reflect that adjustment.

U.S. State and Local Taxes

The foregoing discussion does not address the U.S. state and local tax consequences of an investment in the Fund. Limited partners in the Fund may be subject to U.S. state and local taxation, and may be required to file tax returns, in the state and local jurisdictions of the Fund’s investments and activities. Further, the Fund may be subject to state and local withholding and other tax obligations. The Fund intends to fully comply with all such applicable state and local tax requirements. Prospective limited partners are urged to consult their tax advisors regarding the state and local tax consequences of an investment in the Fund and are reminded that local laws often differ from federal income tax laws with respect to the treatment of specific items of income, gain, loss deduction or credit.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client’s evaluation of the Firm or the integrity of its management. Neither White Rock, nor any of its supervised persons have reportable material legal or disciplinary events.

Item 10 – Other Financial Industry Activities and Affiliations

This Item is used to discuss the Firm’s other financial industry activities as well as any relationships between the Firm or its related persons that are material to its investment advisory business. White Rock has no information to disclose that is applicable to this Item.

Item 11 – Code of Ethics

White Rock has adopted a Code of Ethics to ensure that securities transactions by its employees are consistent with the Firm’s fiduciary duty to its clients and to ensure compliance with legal requirements and the Firm’s standards of business conduct. The Firm requires transaction confirmation and quarterly reporting from its supervised persons. A written copy of the Firm’s Code of Ethics is available upon request.

Item 12 – Brokerage Practices

This Item is used to disclose an investment adviser's securities brokerage practices. As White Rock does not deal with publicly traded securities, the Firm does not have any information to disclose under this Item.

Item 13 – Review of Accounts

Management of an investment includes a disciplined, active, hands-on, cash flow oriented approach to managing assets. Using the operational plan developed during the due diligence process, the investment team will work closely with the Firm during the life of the investment to refine and implement that plan.

The Firm and the investment team will meet at least monthly to analyze each asset in the Fund's portfolio and to discuss potential investments and market developments. During these meetings, the responsible asset manager of each investment will provide an update on performance, key milestones achieved or upcoming, and issues to be resolved. Internal management reporting takes place on a monthly basis. In the event of unusual economic changes in the market place, the Firm may review the assets on a more frequent basis.

Item 14 – Client Referrals and Other Compensation

This Item is utilized to disclose information regarding referral fees involving an investment advisory firm. As White Rock does not compensate any person or firm for referrals, the Firm does not have any information to disclose under this Item.

Item 15 – Custody

While it is White Rock's practice not to accept or maintain physical possession of any of its clients' assets, the Firm is deemed to have custody of their assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because it has the authority to access clients' funds and deduct fees and expenses from clients' accounts.

In order to comply with Rule 206(4)-2, the Firm will utilize the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all financial assets of its clients. The Firm will also ensure that a qualified custodian maintains these assets in accounts that contain only clients' funds and securities. In accordance with Rule 206(4)-2, White Rock will also (1) engage an outside auditor at the end of each fiscal year to audit any private fund it advises and (2) distribute the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all investors in the funds within 120 days after the end of the fiscal year.

Item 16 – Investment Discretion

White Rock provides investment advice directly to the funds it advises pursuant to a written investment management agreement with each fund, subject to the discretion and control of the general partner of the Fund. The Firm does not provide advice directly to the limited partners in the Funds. Powers of attorney

and any restrictions on the Firm's authority are set forth in the organizational documents and subscription documents of each fund.

Item 17 – Voting Client Securities

White Rock does not anticipate utilizing publicly traded securities in its funds and thus does not vote client proxies.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about their financial condition. White Rock does not have any financial commitments that impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.