

# **Biloxi Marsh Lands Corporation**

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## **Biloxi Marsh Lands Corporation Announces Unaudited Results for the First Quarter of 2018 and provides update**

Metairie, LA., May 11, 2018 (BUSINESS WIRE) – Biloxi Marsh Lands Corporation (PINK SHEETS:BLMC) today announces its unaudited results for the first quarter of 2018 and provides update. The Company's revenue for the three months ending March 31, 2018 from oil and gas production for its fee lands was \$5,813 compared to revenue of \$58,016 in 2017.

Meanwhile, dividend and interest income for the first three months of 2018 was \$28,133, compared to \$23,464 for the first three months of 2017. For the quarter, the Company realized a cumulative gain from the sale of investment securities of \$231,649. The flow-through loss from B&L Exploration, LLC (B&L) reduced the Company's quarterly revenue by \$459,614 in 2018 compared to \$110,076 during 2017. Expenses for the quarter were \$173,577 compared to \$158,365 for the same period in 2017. The Company incurred a net loss of \$367,596 or \$.15 per share for the first quarter of 2018 compared to a net loss of \$186,961 or \$.07 per share in 2017.

In an effort to protect and sustain the Company's fee lands in St. Bernard Parish, Louisiana and in response to the Louisiana Coastal Protection and Restoration Authority (CPRA) 2017 Coastal Master Plan (CMP 2017), the Company has commenced the collection of critical data and engaged CPRA in discussions to make certain that all parties involved in the coastal restoration process clearly understand the value of our property and that the Biloxi Marsh Complex is sustainable beyond the time frame which was originally set forth in CPRA's CMP 2017. The Company's expert team, comprised of various scientists from local universities, is in the processing of assembling the critical data to revise and update *The Biloxi Marsh Stabilization and Restoration Plan* which was first published in 2006.

Based on information provided by the well's operator to the Louisiana Department of Natural Resources (LDNR) and published on LDNR's Strategic Online Natural Resources Information System (SONRIS – [www.sonris.com](http://www.sonris.com)), during February 2018 the Highlander discovery well produced at a flow rate of approximately 49,600 Mcfg per day from the Tuscaloosa sand interval. B&L is contractually entitled to a 1.5% of 8/8ths overriding royalty interest (ORRI) in the Highlander discovery well and in all mineral leases obtained and maintained by Freeport-McMoRan Oil & Gas in its Highlander Project Area located in Assumption, Iberia, Iberville, St. Martin and St. Mary Parishes, Louisiana. During the public hearing held on March 20, 2018 by the State of Louisiana, Office of Conservation, McMoRan Oil & Gas, LLC (McMoRan), the Operator of the Highlander discovery well, presented updated data from the first unit well and the Operator's progress on the development of its plan for drilling the second unit well within the 9,000 acre - EOC-TUSC BL UDS SUA located in St. Martin Parish, Louisiana. Among other information presented by the Operator, a second pipeline connection and meter station have recently been added and this additional capacity should allow the gross production from the Highlander discovery well to be increased to approximately 60,000 Mcfg per day. The unit order (262-T-3) as amended on

January 31, 2017 extended the obligation to spud the second unit well to February 6, 2019. During the March 20, 2018 public hearing, McMoRan stated that it has entered into a Purchase and Sale Agreement with a third party for the sale of its interest in the EOC-TUSC BL UDS SUA. McMoRan stated that the closing of the Purchase and Sale Agreement is contingent upon a third party closing an unrelated transaction. McMoRan is not able to guarantee the closing will occur and did not disclose the identity of the third party. In the event the closing occurs, McMoRan stated that it believes that the third party intends to drill a second unit well after closing which is contingently scheduled to take place no later than early July 2018.

As of May 1, 2018, B&L's net daily production from five wells was approximately 1,640 thousand cubic feet of natural gas (Mcf) and 15 barrels of oil per day (BOPD). Meanwhile, B&L continues to develop its Lago Verde project in South Texas. B&L currently has four producing wells within its Lago Verde project area. While B&L still has additional PUD locations to drill in the fault block discovered by the Welder No. 3 well, B&L's current plans are to drill an exploratory well to test a neighboring fault block during 2018. B&L's current mineral lease position is approximately 2,500 gross acres in South Texas.

B&L was organized as a limited liability Company (LLC) under the laws of Louisiana in July of 2006. B&L's members are BLMC and Lake Eugenie Land & Development, Inc. (LKEU), which have membership percentages of 75% and 25%, respectively.

During its meeting held on December 14, 2017, the board of directors declared a dividend of \$.10 per outstanding share of common stock payable on Wednesday, January 3, 2018 to shareholders of record at the close of business on Friday, December 29, 2017. This represents a total cash dividend payment of \$252,801 or \$.10 per share. Since 2002, the Company has paid approximately \$55,729,000 in total dividends. With the Company's fee land based production depleting and no new wells being drilled on its fee lands, it will be difficult to maintain the level of dividends paid since 2002.

As previously reported, on June 15, 2012, the Company filed a claim (Biloxi Marsh Lands Corp., et al. v. United States; Case No. 12-382L) in the U.S. Court of Federal Claims against the US Army Corps of Engineers ("The Biloxi Case") seeking monetary damages for property damage and losses caused by the Mississippi River Gulf Outlet (MR-GO). A trial solely on the liability portion of the claims was originally set for October of 2017, and was continued to March 19, 2018. In January of 2018 The Biloxi Case was consolidated with other similar landowners' cases against the US Army Corps of Engineers and will proceed as Biloxi Marsh Lands Corp., et al. v. United States, No. 12-382L. Liability is the first phase of the litigation process with the trial currently scheduled for October of 2018. It should be noted that this is the third continuance of the initial trial on the liability portion of this matter. If the liability portion of this matter is resolved in favor of the Company, there will be a second trial on damages to determine the value of the Company's claims. At this time the Company cannot predict the timing of resolution or the outcome of this litigation process. While we will continue to aggressively pursue this claim, it is anticipated that this litigation against the federal government will be a long process.

Reluctantly, during 2017 the Company was forced to file suit in Louisiana State District Court (34<sup>th</sup> Judicial District Court in St. Bernard Parish, LA) against Alta Mesa Holdings LP for specific performance demanding clean up and remediation of the Company's property.

The Company maintains a stock buyback program. On December 14, 2015, the board of directors authorized the additional purchase of up to 30,000 shares of the Company's common stock. The purchases will be made from time to time on the open market at the sole

discretion of the Company. All shares purchased will be held as treasury stock. As of the date of this press release, the Company has acquired 7,020 shares.

William B. Rudolf, President and CEO, commented: "Attracting third parties interested in exploring for and developing the minerals beneath our lands continues to prove difficult due to a combination of factors which include the depth of prospects beneath our property, the current price of natural gas and the difficult environment for oil and gas operators in Louisiana's coastal zone. With this said, we are continually looking for a catalyst that will create an opportunity to test one of the subsurface structures identified using 3D seismic data within the Tuscaloosa sand interval which are located beneath the Company's fee lands in St. Bernard Parish, Louisiana. Meanwhile, B&L's management is focusing on its Lago Verde Project in South Texas and is cognizant that the Highlander discovery continues to produce at significant rates."

The Company maintains a website, [www.biloximarshlandscorp.com](http://www.biloximarshlandscorp.com), and strongly recommends that all investors and interested parties visit the website to view historical press releases, historical financial statements, and other relevant information.

Biloxi Marsh Lands Corporation owns approximately 90,000 acres of marsh lands located in St. Bernard Parish, Louisiana. As the landowner, it derives revenues from oil and gas exploration and production activities that take place on or near the Company's fee lands and revenues from surface rentals. BLMC also owns a seventy-five percent interest in B&L Exploration, LLC which explores for and develops oil and gas primarily in Louisiana and Texas.

This news release contains forward-looking statements regarding oil and gas discoveries, oil and gas exploration, development and production activities and reserves. Accuracy of the forward-looking statements depends on assumptions about events that change over time and is thus susceptible to periodic change based on actual experience and new developments. The Company cautions readers that it assumes no obligation to update or publicly release any revisions to the forward-looking statements in this report. Important factors that might cause future results to differ from these forward-looking statements include: variations in the market prices of oil and natural gas; drilling results; unanticipated fluctuations in flow rates of producing wells; oil and natural gas reserves expectations; the ability to satisfy future cash obligations and environmental costs; and general exploration and development risks and hazards. Readers are cautioned not to place undue reliance on forward-looking statements made by or on behalf of the Company. Each such statement speaks only as of the day it was made. The factors described above cannot be controlled by the Company. When used in this report, the words "believes", "estimates", "plans", "expects", "could", "should", "outlook", and "anticipates" and similar expressions as they relate to the Company or its management are intended to identify forward-looking statements.

The following "Statements of Assets, Liabilities and Stockholders' Equity" and "Statements of Revenues and Expenses" have been derived from interim un-audited financial statements which do not include the information and footnotes that are an integral part of a complete financial statement.

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**BILOXI MARSH LANDS CORPORATION**  
 Statements of Revenues and Expenses  
 March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues:		
Oil and gas royalties	\$ 5,813	\$ 13,016
Surface rentals	\$ -	\$ 45,000
Total oil and gas revenues	<u>5,813</u>	<u>58,016</u>
Other income (loss):		
Loss from investment in partnership	(459,614)	(110,076)
Dividends and interest income	28,133	23,464
Gain on sale of securities	231,649	-
Total other income	<u>(199,832)</u>	<u>(86,612)</u>
Total revenues and income	<u>(194,019)</u>	<u>(28,596)</u>
Expenses:		
Total expenses	<u>173,577</u>	<u>158,365</u>
Net loss before income taxes	(367,596)	(186,961)
Income tax benefit	<u>-</u>	<u>-</u>
Net loss	<u>\$ (367,596)</u>	<u>(186,961)</u>
Net loss per share	\$ (0.15)	\$ (0.07)

**BILOXI MARSH LANDS CORPORATION**

Statements of Assets, Liabilities, and Stockholders' Equity

March 31, 2018 and 2017

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Current assets:		
Cash and cash equivalents	\$ 2,422,464	1,988,794
Accounts receivable	4,934	8,300
Prepaid expenses	23,748	23,587
Accrued interest receivable	8,329	17,142
Deferred tax asset	21,055	21,055
Federal income taxes receivable	7,195	7,195
State income taxes receivable	1,591	4,948
Other assets	3,830	3,830
Total current assets	<u>2,493,146</u>	<u>2,074,851</u>
Other assets:		
Investment in partnership	605,895	1,697,030
Marketable debt and equity securities - at cost	6,373,737	6,780,053
Land	234,939	234,939
Geological and geophysical costs - fee lands, net of amortization	—	6,168
Levees and office furniture and equipment	314,943	314,943
Accumulated depreciation	<u>(314,854)</u>	<u>(314,571)</u>
Total other assets	<u>7,214,660</u>	<u>8,718,562</u>
Total assets	<u>\$ 9,707,806</u>	<u>10,793,413</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accrued expenses	\$ <u>41,852</u>	<u>9,907</u>
Total current liabilities	41,852	9,907
Stockholders' equity:		
Common stock, \$.001 par value. Authorized, 20,000,000 shares; issued, 2,851,196 shares; outstanding, 2,528,008 and 2,530,028 shares in 2018 and 2017, respectively	47,520	47,520
Retained earnings	12,523,882	13,623,686
Treasury stock - 323,188 and 321,168 shares in 2018 and 2017, respectively, at cost	<u>(2,905,448)</u>	<u>(2,887,700)</u>
Total liabilities and stockholders' equity	<u>\$ 9,707,806</u>	<u>10,793,413</u>