COMPANY-SPONSORED INVESTOR RELATIONS REPORT

NATURAL RESOURCE INVESTOR

Advanced Environmental Petroleum Producers Inc. (OTCQB: AEPP) August 31, 2016

New Wealth From High-Tech Oil Production

AEPP Technologies Can Slash the Costs of Producing Oil From Shale Compared to Current Industry Methodologies – While Also Lessening the Environmental Impact.

Not Yet Known on Wall Street, and Trading Below $1/Share Today, The AEPP Opportunity Presents a Breakthrough for Low-Cost Oil Recovery Technology.

Introducing Advanced Environmental Petroleum Producers Inc. (OTCQB: AEPP) – a petroleum developer with an exciting vision to dramatically reduce the costs of major petroleum production, including both financially and environmentally.

AEPP's technologies revolutionize oil recovery from shale by:

1) pulverizing oil-rich rock against itself using high-speed air flows,

2) using a one-step liquid catalyst to recover the oil from the resultant pebbles,

3) reinstating the cleaned rock back where it was – eliminating contaminated tailings and tailings-pond costs and,

4) the last phase uses proprietary low-temperature cracking to break down complex low-grade oil molecules into very high-value, high-demand, high-margin, jet-fuel-grade-and-above hydrocarbons.

AEPP is a petroleum exploration and development company which controls the Technical Evaluation Agreements (TEA) from PeruPetro S.A., Peru's controlling state agency, to evaluate and potentially develop and produce oil and gas from Block 19 in southern Peru. Block 19 consists of 10,100 square kilometers of oil and gas leases holding minimally 745 square kilometers of on-surface shale oil based on 2D seismic geophysical surveys performed by leading Peruvian petroleum engineers.

These very large, accessible resources are now being further evaluated and defined into qualified reserves by respected Chapman Petroleum Engineering of Calgary. The concession has excellent infrastructure for production and markets.

Concurrently, AEPP has entered into an exclusive technology contract with PointSource Processing Inc. (PSP) of Victoria, B.C., for the extraction and upgrading

of shale oil. PSP has completed five years of testing oil recovery methods from on-surface shale formations, and is providing the three phases of radically new recovery technologies, as described in the first paragraph above. Importantly, this includes the low-cost refining methods that can produce jet-fuel-grade-and-higher hydrocarbons.

Corporate Information
Advanced Environmental Petroleum Producers Inc.

Exchange/Symbol	OTCQB/AEPP
Recent Price Range	$0.50/share
Shares Outstanding	93.0 million
Shares Outstanding Fully Diluted	94.2 million
Shares in Float	28 million
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Technology Phases 1, 2 and 3

AEPP is building a mobile processing plant specifically engineered for the oil shales of Block 19 which will demonstrate the application of Phases 1 and 2 technologies for the recovery of oil from shale.

Phase 1 technology is known as Air Fractionation. Here the shale is pulverized against itself into pebble-size particles for the extraction of the petroleum.

The process involves feeding the shale rock into a large container and injecting a high-speed (~220 mph) air flow, causing the shale pieces to pulverize against each other at a combined speed of 440 mph. This process replaces the current capital-intensive, three-step crushing and milling process known to tar sands producers and most mining operations. The technology uses a single, very low-energy output with operating expenses that are one-tenth that of conventional processes, and capital expenditures that are a tiny fraction of the mass crushing, cone crushing and milling known throughout the industry.

Air fractionation is already being applied today in several industries for several cost-saving and environment-saving objectives. What is new is that AEPP's mobile plant is anticipated to be the first demonstration of the process for petroleum recovery.

Phase 2 – The pebble-sized pieces from Phase 1 are loaded into a rotating drum and sprayed with a proprietary liquid catalyst which draws essentially all hydrocarbons from the shale pebbles, effectively separating oil from shale. The oil/catalyst liquid is drawn off and the catalyst, after light heating to separate the catalyst from the hydrocarbons, is recycled and used again in a closed-loop cycle. The cleaned pebbles are separated for replacement in the ground. There are no contaminated tailings, no tailings pond, no poisons, and no tailings spills or possible tailings liability – an additional large savings.

The liquid catalyst is being used successfully today by several petroleum-producing governments in controlled environmental clean-up operations. It works. What is new is that AEPP's mobile production plants are anticipated to be the first demonstration of the catalyst for petroleum recovery.

At this point, the hydrocarbons are low-grade oils, API's ranging from 20API to approx. 25API, with very low sulfur, approximately 0.1-0.3%, and ready for sale to market at prices in the range of US$40/bbl. with the simplified oil recovery having costs in the range of approximately US$22 - $24/bbl. A substantial gross profit margin. Two tons of shale from Block 19 are known to generate approximately one ton of low-grade oil (also called bitumen).

("API" refers to the grade and price of any hydrocarbon as measured by the American Petroleum Institute. West Texas sweet crude oil, the most quoted grade of oil, is 40API. The higher the number, the greater the price in the market.)

Canadian Oil Sands Comparative

TD Securities, a division of Toronto Dominion Bank, stated in their July 28, 2016 analysis of Canadian oil sands producers (13 major companies) that their average operating costs thus far in 2016 are US$35.50/bbl. (Cdn$46.80) as of the time they were reporting. AEPP's pro forma cost structure compares very favorably, targeted at 35% lower operating costs or US$22 - $24/bbl. This comparison indicates a very bright future for the technologies that AEPP is bringing to the sector.

Phase 3 Technology

The third technology, a proprietary low-temperature cracking, breaks down the low-grade oil molecules produced from Phase 2 into more advanced forms of hydrocarbons, changing them into gaseous Acetylene, Ethylene and molecular hydrogen dissolved in Pentane (API 95), Hexane (API 84) and Octane (API 93). This advanced process converts low-grade oil into specific high-grade oils along the lines of jet fuel and lighter hydrocarbons. The gases dissolve in the liquids, changing the specific gravity into a highly valuable hydrocarbon mix marketable in the range of approx. $300/bbl. at an all-in cost in the range of approximately $120/bbl. This takes refining into a whole new world of advances. The low-temperature cracking module has no moving parts and is designed to operate 24/7/365 for approx. three years before replacement.

Procedurally, the phase 1 and 2 pilot plant can be constructed for approx. US$7.2 million. The initial levels of defining reserves at Block 19 are targeted to cost US$2 million. The company is targeting initial production of low-grade oil from the Phase 1 and 2 mobile plant in the range of 8 - 12 months.

Phase 3, the advanced high-grade fuel technology application, is, on the other hand, two-plus years from readiness at a cost of approx. US$25 million. Profits from the sale of low-grade oil are anticipated to cover the majority of the capital expenditure for Phase 3 production.

Management, Directors

Management is entrepreneurial, with the specific experience to deliver on AEPP objectives.

Loong Yip Juy (Vincent), *President* – Mr. Loong, age 66, was born in Guangzhou China and is a resident of Peru. He is a graduate of the National Engineering University of Peru, and has served in business management throughout his career in Peru. He has served as a mining industry executive for the last 17 years.

Nigel Bosworth, *Chief Technology Officer* – Mr. Bosworth is a veteran entrepreneur. He earlier owned and operated a successful environmental company for 22 years in Scotland. Today, based in Canada, he has 35 years as an environmental entrepreneur and has established a number of joint ventures featuring technologies and processing, including several in Peru.

Andrew Mynheer, *Director* – Mr. Mynheer, age 55, was born in Oxford, UK, and is a resident of British Columbia. He is a graduate of Brookes University in Oxford and has a distinguished career as a manager bringing complex designs through to

successful operation.

Peter Weichler, *Investor Relations* – Mr. Weichler is a financial professional whose background includes commercial and corporate banking, investment banking and brokerage, as well as having served as a partner in a leading investment communications firm.

Outlook

With the successful application of Phases 1 and 2, AEPP is anticipated to be a stable, operating petroleum producer with an enviable profit margin and a world-class environmental record. Trading today in the range of 50 cents/share, the potential value to shareholders could be truly significant.

Beyond this, in Phase 3, AEPP can move into truly exceptional profit margins with premium and jet-fuel grade oils, taking the breakthrough advances in technology to truly exciting levels.

For more information, visit www.aeppinc.com and register to receive breaking news. Call Peter Weichler, IR, at 800-299-5003 to speak with the company directly, or email peter.weichler@aeppinc.com.