

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **AMERICAN ENERGY PARTNERS, INC.**

A Colorado Corporation

PO Box 1395  
Canonsburg, PA 15317

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(610) 217-3275

<http://www.americanenergy-inc.com>

[Contact@americanenergy-inc.com](mailto:Contact@americanenergy-inc.com)

SIC Code: 4941

### **Annual Report**

**For the Period Ending:** December 31, 2022  
(the "Reporting Period")

As of December 31, 2022, the number of shares outstanding of our Common Stock was:

243,228,277 shares of Class A Common Stock

As of September 30, 2022, the number of shares outstanding of our Common Stock was:

278,663,200 shares of Class A Common Stock

As of December 31, 2021, the number of shares outstanding of our Common Stock was:

234,435,278 shares of Class A Common Stock

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐

No: ☒ (Double-click and select "Default Value" to check)

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐

No: ☒

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐

No: ☒

### **1) Name of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

American Energy Partners, Inc.	08/05/2017 - Present
Converde Energy USA Inc.	09/09/2014 - 08/05/2017
W2 Energy, Inc.	12/01/2004 - 09/09/2014
World Wise Technologies, Inc.	06/26/1997 - 12/01/2004

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The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g., active, default, inactive):

American Energy Partners, Inc. (the "Company") was originally incorporated in Nevada on June 26, 1997 as World Wise Technologies, Inc.

On August 5, 2017, the Company entered into a Plan of Conversion where it changed its name and domicile from Converde Energy USA, Inc., a Nevada corporation, to American Energy Partners, Inc., a Colorado corporation. The trading symbol for the Common Stock was changed from "XFUL" to "AEPT."

The Company is currently active in the State of Colorado.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

- On January 1, 2022, the Company entered into that certain Membership Interest Purchase Agreement with Albert Bove, Sr. ("Bove Sr."), Albert Bove, Jr. ("Bove Jr.") and Richard Ripepi ("Ripepi"), in which the Company purchased one-third (1/3) of the membership interests of Apex Energy Service, LLC, a Pennsylvania limited liability company ("Apex"), from each of Bove Sr., Bove Jr. and Ripepi, totaling one hundred percent (100%) of the membership interests of Apex (the "Apex Acquisition"). Total consideration due for the Apex Acquisition is as follows: (i) One Hundred Thousand Dollars (\$100,000) due at closing; (ii) Two Hundred Thousand Dollars (\$200,000) due within ninety (90) days from the closing date; and (iii) Nine Hundred Thousand Dollars (\$900,000) worth of shares of common stock due at closing. In addition, the Company will pay earnouts as follows: (i) on March 31, 2023, an amount equal to Apex's EBITDA multiplied by 0.30 for the year ended December 31, 2022 (the "First Earnout Payment"); (ii) on March 31, 2024, an amount equal to Apex's EBITDA multiplied by 0.30 for the year ended December 31, 2023 (the "Second Earnout Payment"); and (iii) on March 31, 2025, an amount equal to the Company's EBITDA multiplied by 0.30 for the year ended December 31, 2024 (together with the First Earnout Payment and the Second Earnout Payment, the "Earnout Payments"). The Earnout Payments are secured by certain Pledge Agreements dated as of January 1, 2022.
- On May 13, 2022, Unlimited Energy Services, LLC entered into that certain Asset Purchase Agreement with Black Diamond Energy Services LLC, a West Virginia limited liability company ("Black Diamond"), to purchase assets of Black Diamond, for a total consideration of 2,026,266 shares of stock valued at \$270,000 issued equally to Lambert W. Fitzwater and Michael Goodwin, \$100,000 in cash, and issuance of promissory notes to the sellers totaling \$316,000.
- On July 1, 2022, the Company entered into that certain Membership Interest Purchase Agreement with Austin Master Services, LLC, a Pennsylvania limited liability company ("AMS"), Joseph Bement ("Bement") and Patrick Horkman ("Horkman"), in which the Company purchased all of the membership interests of AMS from Bement and Horkman (the "AMS Acquisition"). Total consideration for the AMS Acquisition is as follows: (i) One Million Two Hundred Thousand Dollars (\$1,200,000) due at closing; (ii) One Million Dollars (\$1,000,000) worth of shares of common stock due at closing; and (iii) \$1,454,332.74 of indebtedness assumed by the Company at closing.
- On September 30, 2022, the Company entered into that certain Purchase and Sale Agreement with Derek Kreig ("Kreig"), in which the Company sold all of the membership interests it owns in Oilfield Basics, LLC, an Ohio limited liability company ("Oilfield Basics"), to Kreig, which represents all of the outstanding membership interests of Oilfield Basics, in exchange for 696,970 shares of Class A common stock and the cancellation of 303,030 options.
- On December 29, 2022, the Company entered into that certain Membership Interest Purchase and Sale Agreement, as amended, with Big Dog Companies, LLC, a Pennsylvania limited liability company ("BDC"), in which the Company sold all of the membership interests it owns in (i) Gilbert Oil & Gas, LLC, (ii) Dahlmont, LLC, (iii) Freedom Oil & Gas, Inc., Washington Energy Company, LLC, and Oil & Gas Management, Inc., in exchange for a total purchase price of Three Dollars (\$3).

The address(es) of the issuer's principal executive office:

6000 Town Center Blvd  
Suite 210  
Canonsburg, PA 15317

The address(es) of the issuer's principal place of business:

6000 Town Center Blvd  
Suite 210  
Canonsburg, PA 15317

Check box if principal executive office and principal place of business are the same address: ☒

Has the issuer or any of its predecessors ever been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

Not applicable.

## 2) Security Information

Trading symbol: AEPT  
Exact title and class of securities outstanding: Class A Common Stock ("Class A")  
CUSIP: 02563X102  
Par or stated value: \$0.001

Total shares authorized: 1,500,000,000 as of date: 12/31/2022  
Total shares outstanding: 243,228,277 as of date: 12/31/2022  
Number of shares in the Public Float: 38,413,322 as of date: 12/31/2022  
Total number of shareholders of record: 178 as of date: 12/31/2022

All additional class(es) of publicly traded securities (if any): None

### Transfer Agent

Name: Transfer Online, Inc.  
Phone: (503) 227-2950  
E-mail: [info@transferonline.com](mailto:info@transferonline.com)  
Address: 512 SE Salmon St., Portland, OR 97214

Is the Transfer Agent registered under the Exchange Act? Yes: ☒ No: ☐

## 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services. Using the tabular format below, please describe these events.

### A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Number of Shares outstanding as of <u>January 1, 2021</u>	<u>Opening Balance:</u> Common A: <u>721,477,325</u> Common B: <u>0</u> Preferred: <u>0</u>	*Right-click the rows below and select "Insert" to add rows as needed.
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Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
<b>Class A Common Stock</b>									
02-01-2021	New Issuance	100,000,000	Common A	N/A	N/A	Carmel, Milazzo & DiChiara, LLP, controlled by Ross D. Carmel, Esq.	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	1,000,000,000	Common A	N/A	N/A	Converde Industries Inc., controlled by Michael McLaren	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	50,000,000	Common A	N/A	N/A	Dan Sisolak Dan Sisolak	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	100,000,000	Common A	N/A	N/A	Derekallen L. Krieg	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	100,000,000	Common A	N/A	N/A	John Rattaporn Pippy	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	588,000,000	Common A	N/A	N/A	Josh Hickman	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	810,000,000	Common A	N/A	N/A	Josh Hickman	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	20,000,000	Common A	N/A	N/A	Karl Georg Neubacher	Shares issued as result of conversion of preferred stock	Unrestricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	59,400,000	Common A	N/A	N/A	Mark Brierley	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	6,600,000	Common A	N/A	N/A	Mark Brierley	Shares issued as result of conversion of preferred stock	Unrestricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	90,000,000	Common A	N/A	N/A	Michael Brierley	Shares issued as result of	Restricted	Securities Act Section 3(a)(9)

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
							conversion of preferred stock		
02-01-2021	New Issuance	10,000,000	Common A	N/A	N/A	Michael Brierley	Shares issued as result of conversion of preferred stock	Unrestricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	124,956,680	Common A	N/A	N/A	Michael McLaren	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	100,000,000	Common A	N/A	N/A	Michalis Souroulla	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	2,420,000,000	Common A	N/A	N/A	Mike McLaren	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	100,000,000	Common A	N/A	N/A	Pamela Kulas	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	66,238,220	Common A	N/A	N/A	Pierre Besuchet	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	100,000,000	Common A	N/A	N/A	Random Walk Consulting LLC, controlled by Gardner Dean Schroth	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	6,000,000	Common A	N/A	N/A	Rob Loucks	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	100,000,000	Common A	N/A	N/A	Robert McLaren	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	20,000,000	Common A	N/A	N/A	Robert McLaren	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	5,000,000	Common A	N/A	N/A	Robert McLaren	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	9,000,000	Common A	N/A	N/A	Ron Brierley	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	1,000,000	Common A	N/A	N/A	Ron Brierley	Shares issued as result of conversion of preferred stock	Unrestricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	100,000,000	Common A	N/A	N/A	Sewickley Capital Partners LLC, controlled by Damian Georgino	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
02-01-2021	New Issuance	1,780,000	Common A	N/A	N/A	Sigmund Friberg	Shares issued as result of conversion of preferred stock	Unrestricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	20,000,000	Common A	N/A	N/A	Sigmund Friberg	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	100,000,000	Common A	N/A	N/A	Wan Muhamad HasNew Issuance Bin Wan Sulaiman	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	10,370,025,100	Common A	N/A	N/A	West End Consulting Group, LLC, controlled by Brad Domitrovitsch	Shares issued as result of conversion of preferred stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	10,000,000	Common A	N/A	N/A	Carmel, Milazzo & DiChiara, LLP, controlled by Ross D. Carmel, Esq.	Shares issued as result of conversion of Class B Common Stock	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	2,500,000	Common A	N/A	N/A	Converde Industries Inc., controlled by Michael McLaren	Class B conversion	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	4,000,000	Common A	N/A	N/A	Derekallen L. Krieg	Class B conversion	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	10,000,000	Common A	N/A	N/A	Elliot Berman	Class B conversion	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	3,000,000	Common A	N/A	N/A	John Rattaporn Pippy	Class B conversion	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	20,000,000	Common A	N/A	N/A	Josh Hickman	Class B conversion	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	50,000	Common A	N/A	N/A	Michael McLaren	Class B conversion	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	250,000	Common A	N/A	N/A	Mike McLaren	Class B conversion	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	10,000,000	Common A	N/A	N/A	Random Walk Consulting LLC, controlled by Gardner Dean Schroth	Class B conversion	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	3,000,000	Common A	N/A	N/A	Sewickley Capital Partners LLC, controlled by Damian Georgino	Class B conversion	Restricted	Securities Act Section 3(a)(9)
02-01-2021	New Issuance	9,700,000	Common A	N/A	N/A	West End Consulting Group, LLC, controlled by Brad Domitrovitsch	Class B conversion	Restricted	Securities Act Section 3(a)(9)

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
02-01-2021	New Issuance	140,000,000	Common A	N/A	N/A	West End Consulting Group, LLC, controlled by Brad Domitrovitsch	Class B conversion	Restricted	Securities Act Section 3(a)(9)
02-02-2021	New Issuance	3,284,672	Common A	N/A	N/A	Pritchard Griffin Advisors, LLC	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
02-17-2021	New Issuance	26,666,667	Common A	\$0.0030	Yes	GPL Ventures, LLC, controlled by Alexander Dillon	Investment under Regulation A offering qualified on January 24, 2020	Unrestricted	Regulation A offering qualified on January 24, 2020
02-19-2021	100:1 Reverse Stock Split	(20,437,506,342)	Common A	N/A	N/A	N/A	N/A	N/A	N/A
03-12-2021	New Issuance	35	Common A	N/A	No	Fast Balance CEDE & CO	See Item A below	Unrestricted	N/A
04-19-2021	New Issuance	565,170	Common A	\$0.126	Yes	Silverback Capital Corp. controlled by Gillian Gold	Note Conversion. (See Item B below).	Unrestricted	Securities Act Section 3(a)(9)
04-26-2021	New Issuance	852,869	Common A	\$0.0750	No	West End Consulting Group, LLC, controlled by Brad Domitrovitsch	Option Exercise	Restricted	Securities Act Rule 701
04-26-2021	New Issuance	597,008	Common A	\$0.0750	No	Josh Hickman	Option Exercise	Restricted	Securities Act Rule 701
04-26-2021	New Issuance	42,643	Common A	\$0.0750	No	Cathy Domitrovitsch	Option Exercise	Restricted	Securities Act Rule 701
04-26-2021	New Issuance	987,249	Common A	\$0.0065	No	West End Consulting Group, LLC, controlled by Brad Domitrovitsch	Option Exercise	Restricted	Securities Act Rule 701
04-26-2021	New Issuance	691,074	Common A	\$0.0065	No	Josh Hickman	Option Exercise	Restricted	Securities Act Rule 701
07-01-2021	New Issuance	22,290,076	Common A	\$0.131	No	Hickman Management Company LLC controlled by Josh Hickman	Purchase of Dahlmont, LLC (See Item C below)	Restricted	Securities Act Section 4(a)(2)
07-01-2021	New Issuance	22,290,076	Common A	\$0.131	No	Rak Family Trust controlled by Matthew Rak	Purchase of Dahlmont, LLC (See Item C below)	Restricted	Securities Act Section 4(a)(2)
10-04-2021	New Issuance	454,545	Common A	\$0.165	Yes	Hickman Management Company LLC controlled by Josh Hickman	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
10-04-2021	New Issuance	454,545	Common A	\$0.165	Yes	PGS Tek LLC, controlled by	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
						John Rattaporn Pippy			
10-04-2021	New Issuance	454,545	Common A	\$0.165	Yes	Sewickley Capital Partners LLC, controlled by Mr. Georgino	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
10-04-2021	New Issuance	606,061	Common A	\$0.165	Yes	West End Consulting Group LLC, controlled by Brad Domitrovitsch	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
10-25-2021	Cancellation	(22,290,076)	Common A	N/A	N/A	Hickman Management Company LLC controlled by Josh Hickman	N/A (See Item C below)	Restricted	Securities Act Section 4(a)(2)
01-01-2022	New Issuance	3,868,472	Common A	\$0.07755	No	Albert Bove Jr	Purchase of Apex Energy Service, LLC (See Item D below)	Restricted	Securities Act Section 4(a)(2)
01-01-2022	New Issuance	3,868,472	Common A	\$0.07755	No	Albert Bove Sr	Purchase of Apex Energy Service, LLC (See Item D below)	Restricted	Securities Act Section 4(a)(2)
01-01-2022	New Issuance	3,868,472	Common A	\$0.07755	No	Richard Ripepi	Purchase of Apex Energy Service, LLC (See Item D below)	Restricted	Securities Act Section 4(a)(2)
01-05-2022	New Issuance	116,667	Common A	\$0.075	No	Cathy Domitrovitsch	Option Exercise	Restricted	Securities Act Section 4(a)(2)
01-05-2022	New Issuance	6,188,889	Common A	\$0.075	No	West End Consulting Group LLC	Option Exercise	Restricted	Securities Act Section 4(a)(2)
01-14-2022	Cancellation	(3,868,472)	Common A	N/A	N/A	Albert Bove Sr	N/A	Restricted	Securities Act Section 4(a)(2)
01-14-2022	Transfer	3,868,472	Common A	\$0.07755	No	Gina Avery	Albert Bove Sr gifted shares	Restricted	Securities Act Section 4(a)(2)
01-17-2022	New Issuance	617,284	Common A	\$0.081	No	Derekallen L Kreig	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
01-17-2022	New Issuance	1,851,852	Common A	\$0.081	No	Fortress Consulting LLC	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
01-17-2022	New Issuance	925,926	Common A	\$0.081	No	Hickman Management Company LLC controlled by Josh Hickman	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
01-17-2022	New Issuance	61,728	Common A	\$0.081	No	Jason Ross	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)



Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
01-17-2022	New Issuance	771,605	Common A	\$.081	No	Michael Goodwin	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
01-17-2022	New Issuance	1,333,333	Common A	\$.081	No	PGS Tek LLC, controlled by John Rattaporn Pippy	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
01-17-2022	New Issuance	1,000,000	Common A	\$.081	No	Sewickley Capital Partners LLC, controlled by Mr. Georgino	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
01-17-2022	New Issuance	2,962,963	Common A	\$.081	No	West End Consulting Group LLC, controlled by Brad Domitrovitsch	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
01-17-2022	New Issuance	2,962,963	Common A	\$.081	No	West End Consulting Group LLC, controlled by Brad Domitrovitsch	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
05-16-2022	New Issuance	1,013,133	Common A	\$.13325	No	Lambert W. Fitzwater	Purchase of Black Diamond (See Item E below)	Restricted	Securities Act Section 4(a)(2)
05-16-2022	New Issuance	1,013,133	Common A	\$.13325	No	Michael Goodwin	Purchase of Black Diamond (See Item E below)	Restricted	Securities Act Section 4(a)(2)
07-01-2022	New Issuance	6,250,000	Common A	\$.08	No	Joseph Bement	Purchase of Austin Master Service (See Item F below)	Restricted	Securities Act Section 4(a)(2)
07-01-2022	New Issuance	6,250,000	Common A	\$.08	No	Patrick Horkman	Purchase of Austin Master Service (See Item F below)	Restricted	Securities Act Section 4(a)(2)
09-30-2022	Cancellation	(696,970)	Common A	N/A	N/A	Derek Allen Krieg	N/A	Restricted	Securities Act Section 4(a)(2)
10-01-2022	New Issuance	833,334	Common A	\$.09	No	PSG Tek LLC, controlled by John Pippy	N/A	Restricted	Securities Act Section 4(a)(2)
10-01-2022	New Issuance	833,334	Common A	\$.09	No	Sewickley Capital Partners LLC	N/A	Restricted	Securities Act Section 4(a)(2)
10-01-2022	New Issuance	1,111,112	Common A	\$.09	No	West End Consulting Group LLC, controlled by Brad Domitrovitsch	N/A	Restricted	Securities Act Section 4(a)(2)
12-21-2022	Cancellation	454,545	Common A	N/A	N/A	Hickman Management Company LLC	N/A	Restricted	Securities Act Section 4(a)(2)
12-21-2022	Cancellation	200,000	Common A	N/A	N/A	Josh Hickman	N/A	Restricted	Securities Act Section 4(a)(2)
12-21-2022	Cancellation	5,880,000	Common A	N/A	N/A	Josh Hickman	N/A	Restricted	Securities Act Section 4(a)(2)

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
12-21-2022	Cancellation	8,100,000	Common A	N/A	N/A	Josh Hickman	N/A	Restricted	Securities Act Section 4(a)(2)
12-21-2022	Cancellation	597,008	Common A	N/A	N/A	Josh Hickman	N/A	Restricted	Securities Act Section 4(a)(2)
12-21-2022	Cancellation	691,074	Common A	N/A	N/A	Josh Hickman	N/A	Restricted	Securities Act Section 4(a)(2)
12-21-2022	Cancellation	22,290,076	Common A	N/A	N/A	Rak Family Trust	N/A	Restricted	Securities Act Section 4(a)(2)
<b>Class B Common Stock</b>									
02-01-2021	Cancellation	(10,000,000)	Common B	N/A	N/A	Carmel, Milazzo & Feil, LLP, controlled by Ross David Carmel, Esq.	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
02-01-2021	Cancellation	(2,500,000)	Common B	N/A	N/A	Converde Industries Inc., controlled by Michael McLaren	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
02-01-2021	Cancellation	(4,000,000)	Common B	N/A	N/A	Derekallen L. Krieg	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
02-01-2021	Cancellation	(10,000,000)	Common B	N/A	N/A	Elliot Berman	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
02-01-2021	Cancellation	(3,000,000)	Common B	N/A	N/A	John Rattaporn Pippy	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
02-01-2021	Cancellation	(20,000,000)	Common B	N/A	N/A	Josh Hickman	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
02-01-2021	Cancellation	(50,000)	Common B	N/A	N/A	Michael McLaren	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
02-01-2021	Cancellation	(10,000,000)	Common B	N/A	N/A	Random Walk Consulting LLC, controlled by Gardner Dean Schroth	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
02-01-2021	Cancellation	(3,000,000)	Common B	N/A	N/A	Sewickley Capital Partners LLC, controlled by Damian Georgino	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
02-01-2021	Cancellation	(9,700,000)	Common B	N/A	N/A	West End Consulting Group, LLC, controlled by Brad Domitrovitsch	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
02-01-2021	Cancellation	(140,000,000)	Common B	N/A	N/A	West End Consulting Group, LLC, controlled by Brad Domitrovitsch	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
07-06-2021	Cancellation	(3,200,000)	Common B	N/A	N/A	West End Consulting Group, LLC, controlled by Brad Domitrovitsch	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
07-06-2021	Cancellation	(97,000)	Common B	N/A	N/A	West End Consulting Group, LLC, controlled by Brad Domitrovitsch	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
07-06-2021	Cancellation	(103,700,251)	Common B	N/A	N/A	West End Consulting Group, LLC, controlled by Brad Domitrovitsch	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
07-08-2021	Cancellation	(6,997,251)	Common B	N/A	N/A	Rocky Trust & Co., controlled by Fidelity Bank (Trustee)	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
07-26-2021	Cancellation	(6,997,251)	Common B	N/A	N/A	Rocky Trust & Co., controlled by Fidelity Bank (Trustee)	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
07-27-2021	Cancellation	(42,643)	Common B	N/A	N/A	Cathy Domitrovitsch	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
08-10-2021	Cancellation	(30,000)	Common B	N/A	N/A	John Rattaporn Pippy	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
08-10-2021	Cancellation	(90,000)	Common B	N/A	N/A	John Rattaporn Pippy	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
08-10-2021	Cancellation	(30,000)	Common B	N/A	N/A	John Rattaporn Pippy	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
08-10-2021	Cancellation	(30,000)	Common B	N/A	N/A	John Rattaporn Pippy	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
08-10-2021	Cancellation	(30,000)	Common B	N/A	N/A	John Rattaporn Pippy	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
08-10-2021	Cancellation	(30,000)	Common B	N/A	N/A	John Rattaporn Pippy	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
08-10-2021	Cancellation	(1,000,000)	Common B	N/A	N/A	John Rattaporn Pippy	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
08-10-2021	Cancellation	(500,000)	Common B	N/A	N/A	John Rattaporn Pippy	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
08-10-2021	Cancellation	(750,000)	Common B	N/A	N/A	John Rattaporn Pippy	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
08-10-2021	Cancellation	(1,250,000)	Common B	N/A	N/A	John Rattaporn Pippy	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
08-30-2021	Cancellation	(42,643)	Common B	N/A	N/A	Rocky Trust & Co., controlled by Fidelity Bank (Trustee)	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
09-10-2021	Cancellation	(42,643)	Common B	N/A	N/A	Rocky Trust & Co., controlled by Fidelity Bank (Trustee)	Converted into Common A (1:1 basis)	Restricted	Securities Act Section 4(a)(2)
<b>Preferred Stock</b>									
02-01-2021	Cancellation	(5,000,000)	Preferred	N/A	N/A	Carmel, Milazzo & Feil, LLP, controlled by Ross David Carmel, Esq.	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(6,247,834)	Preferred	N/A	N/A	Michael McLaren	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(5,000,000)	Preferred	N/A	N/A	Michalis Souroulla	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(6,000,000)	Preferred	N/A	N/A	Mike McLaren	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(15,000,000)	Preferred	N/A	N/A	Mike McLaren	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(10,000,000)	Preferred	N/A	N/A	Mike McLaren	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(20,000,000)	Preferred	N/A	N/A	Mike McLaren	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(20,000,000)	Preferred	N/A	N/A	Mike McLaren	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(50,000,000)	Preferred	N/A	N/A	Mike McLaren	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(5,000,000)	Preferred	N/A	N/A	Pamela Kulas	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(311,910)	Preferred	N/A	N/A	Pierre Besuchet	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(311,910)	Preferred	N/A	N/A	Pierre Besuchet	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
02-01-2021	Cancellation	(688,091)	Preferred	N/A	N/A	Pierre Besuchet	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(1,000,000)	Preferred	N/A	N/A	Pierre Besuchet	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(1,000,000)	Preferred	N/A	N/A	Pierre Besuchet	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(5,000,000)	Preferred	N/A	N/A	Random Walk Consulting LLC, controlled by Gardner Dean Schroth	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(300,000)	Preferred	N/A	N/A	Rob Loucks	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(250,000)	Preferred	N/A	N/A	Robert McLaren	Conversion of Preferred Stock into Class A Common Stock	Unrestricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(5,000,000)	Preferred	N/A	N/A	Robert McLaren	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(1,000,000)	Preferred	N/A	N/A	Robert McLaren	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(450,000)	Preferred	N/A	N/A	Ron Brierley	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(50,000)	Preferred	N/A	N/A	Ron Brierley	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(5,000,000)	Preferred	N/A	N/A	Sewickley Capital Partners LLC, controlled by Damian Georgino	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(89,000)	Preferred	N/A	N/A	Sigmund Friberg	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(1,000,000)	Preferred	N/A	N/A	Sigmund Friberg	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(5,000,000)	Preferred	N/A	N/A	Wan Muhamad Hasni Bin Wan Sulaiman	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
02-01-2021	Cancellation	(155,100,000)	Preferred	N/A	N/A	West End Consulting Group, LLC, controlled by	Conversion of Preferred Stock	Restricted	Section 3(a)9 of Securities Act of 1933

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
						Brad Domitrovitsch	into Class A Common Stock		
02-01-2021	Cancellation	(518,501,255)	Preferred	N/A	N/A	West End Consulting Group, LLC, controlled by Brad Domitrovitsch	Conversion of Preferred Stock into Class A Common Stock	Restricted	Section 3(a)9 of Securities Act of 1933
<b>Shares Outstanding on December 31, 2022</b>	<u>Ending Balance:</u> Common A: <u>243,228,277</u> Common B: <u>0</u> Preferred: <u>0</u>								

Use the space below to provide any additional details, including footnotes to the table above:

Does not include options issued to any shareholder.

Item A – On February 19, 2021, the Company effected a 1-for-100 reverse stock split of all outstanding shares of Class A common stock. These shares were issued to satisfy a shortfall due to rounded shares.

Item B – Conversion of \$71,211.42 of the principal due under the 8% Convertible Promissory Note issued by American Energy Partners, Inc (Borrower) dated as of May 23, 2017 by delivery of Common Stock of Borrower on and subject to the conditions set forth in such Note. Whereas the Note was originally issued to LQD Ventures LLC, was acquired by Random Walk Consulting LLC on October 18, 2019, and Silverback Capital Corporation acquired the Note on March 24, 2021. Price of Conversion: \$0.126 (60% of the lowest traded price over the prior 40 days).

Item C – On July 1, 2021, the Company entered into that certain Stock Purchase Agreement with James Paulick, trustee of the Rak Family Trust and Hickman LLC, pursuant to which the Company purchased five hundred (500) shares from each of Rak Family Trust and Hickman LLC, totaling one hundred percent (100%) of the issued and outstanding stock of Oil & Gas Management, Inc., a Pennsylvania corporation, in exchange for the issuance of 22,290,076 shares of common stock to each of Rak Family Trust and Hickman LLC, for a total issuance of 44,580,152 shares of common stock. As a post-closing adjustment, 22,290,076 shares of common stock that was issued as part of the share issuance to Hickman Management Company was canceled.

Item D – On January 1, 2022, the Company entered into that certain Membership Interest Purchase Agreement with Bove Sr., Bove Jr. and Ripepi, in which the Company purchased one-third (1/3) of the membership interests of Apex Energy Service, LLC, a Pennsylvania limited liability company, from each of Bove Sr., Bove Jr. and Ripepi, totaling one hundred percent (100%) of the membership interests of Apex. Total consideration due for the Apex Acquisition is as follows: (i) One Hundred Thousand Dollars (\$100,000) due at closing; (ii) Two Hundred Thousand Dollars (\$200,000) due within ninety (90) days from the closing date; and (iii) Nine Hundred Thousand Dollars (\$900,000) worth of shares of common stock due at closing. In addition, the Company will pay earnouts as follows: (i) on March 31, 2023, an amount equal to Apex's EBITDA multiplied by 0.30 for the year ended December 31, 2022; (ii) on March 31, 2024, an amount equal to Apex's EBITDA multiplied by 0.30 for the year ended December 31, 2023; and (iii) on March 31, 2025, an amount equal to the Company's EBITDA multiplied by 0.30 for the year ended December 31, 2024. The Earnout Payments are secured by certain Pledge Agreements dated as of January 1, 2022.

Item E – On May 13, 2022, Unlimited Energy Services, LLC entered into an Asset Purchase Agreement to purchase assets of Black Diamond Energy Services, LLC, for a total consideration of 2,026,266 shares of stock valued at \$270,000

issued equally to Lambert W. Fitzwater and Michael Goodwin, \$100,000 in cash, and issuance of promissory notes to the sellers totaling \$316,000.

Item F – On July 1, 2022, the Company entered into that certain Membership Interest Purchase Agreement with Austin Master Services, LLC, a Pennsylvania limited liability company, Joseph Bement and Patrick Horkman, in which the Company purchased all of the membership interests of AMS from Bement and Horkman. Total consideration for the AMS Acquisition is as follows: (i) One Million Two Hundred Thousand Dollars (\$1,200,000) due at closing; (ii) One Million Dollars (\$1,000,000) worth of shares of common stock due at closing; and (iii) \$1,454,332.74 of indebtedness assumed by the Company at closing.

## B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)
02/15/2018	\$23,848	\$68,614	--	05/15/2024	N/A	Ally Acct 611925735344	Equipment
05/21/2018	\$49,679	\$431,627	--	05/21/2023	N/A	Waterford Bank #402-20	Equipment
10/17/2018	\$22,253	\$132,058	--	10/16/2023	N/A	CAT Financing 5188	Equipment
06/27/2019	\$39,991	\$68,113	--	09/27/2026	N/A	Ally Acct 611929054190	Equipment
07/07/2019	\$91,282	\$193,112	--	11/07/2024	N/A	BMO Harris Bank 2001	Equipment
08/01/2019	\$95,174	\$193,926	--	12/01/2024	N/A	BMO Harris Bank 2002	Equipment
12/31/2019	\$1,400,000	\$1,400,000	--	On Demand	N/A	Dollar Bank LOC 0101	Working Capital
12/31/2019	\$604,014	\$706,138	--	11/15/2024	N/A	Dollar Bank Loan 9005	Working Capital
06/01/2020	\$141,866	\$158,763	--	06/01/2024	N/A	CAT Financial	Equipment
06/17/2020	\$500,000	\$500,000	--	06/17/2050	N/A	EIDL	Working Capital
09/15/2020	\$128,732	\$120,900	--	09/15/2050	N/A	SBA Loan (BD)	Working Capital
09/28/2020	\$58,402	\$101,569	--	10/03/2025	N/A	Kubota 0826	Equipment
11/23/2020	\$274,097	\$655,712	--	03/05/2024	N/A	CCG 4T11252002	Equipment
01/01/2021	\$789,042	\$404,784	--	On Demand	N/A	NBT – 5700741135	Line of Credit
02/02/2021	\$989,737	\$1,400,000	--	01/01/2027	N/A	NBT – X1127	Term Loan

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)
06/17/2021	\$122,673	\$227,283	--	06/17/2024	N/A	CCG 4T06242101	Equipment
09/01/2021	\$500,000	\$600,000	--	10/01/2024	N/A	Gary Lang and Larry Lang	Acquisition of Unlimited Energy Service, LLC (See Item A)
09/08/2021	\$768,831	\$832,255	--	09/08/2033	N/A	Citizens Bank #5821	Equipment
12/06/2021	\$61,669	\$78,467	--	12/06/2026	N/A	Wells Fargo Bank	Equipment
06/01/2022	\$95,000	\$95,000	--	06/01/2025	N/A	BDES Goodwin	Working Capital
06/01/2022	\$95,000	\$95,000	--	06/01/2025	N/A	BDES Goodwin	Working Capital
06/01/2022	\$75,000	\$100,000	--	06/01/2025	N/A	Black Diamond Purchase	Working Capital
07/01/2022	\$347,063	\$1,430,000	--	04/30/2023	N/A	C6 Capital	Working Capital
07/31/2022	\$9,139	\$11,314	--	08/01/25	N/A	Commodore Financial	Equipment
09/12/2022	\$137,915	\$153,040	--	08/12/2027	N/A	CNH Industrial	Equipment
09/13/2022	\$947,833	\$1,595,000	--	04/13/2023	N/A	Agile Capital	Working Capital
09/27/2022	\$32,971	\$33,658	--	09/26/2026	N/A	Leaf Account #7580608	Equipment
10/13/2022	\$15,887	\$15,887	--	10/12/2027	N/A	Leaf Account #7630668	Equipment
11/16/2022	\$380,000	\$1,314,000	--	06/14/2023	N/A	Slate Capital	Working Capital
11/25/2022	\$400,000	\$400,000	--	04/15/2025	N/A	Spartan Environmental	Working Capital

Use the space below to provide any additional details, including footnotes to the table above:

Item A – On July 3, 2021, the Company entered into that certain Unit Purchase Agreement with Matthew Rak and Josh Hickman, the transactions of which were to be deemed effective July 1, 2021, pursuant to which the Company purchased one hundred percent (100%) of the issued and outstanding equity of Dahlmont LLC, a Pennsylvania limited liability company, for a total purchase price of Two Million Nine Hundred Thirty-Eight Thousand Dollars (\$2,938,000), evidenced by that certain Promissory Note dated as of July 1, 2021, and secured by that certain (i) Voting Trust Agreement dated as of July 1, 2021 and (ii) Stock and Unit Pledge and Security Agreement dated as of July 1, 2021. As a post-closing adjustment, the amount of \$1,469,000 that was issued as part of the Promissory Note to Josh Hickman was canceled. As a post-closing adjustment, 22,290,076 shares of common stock that was issued as part of the share issuance to Hickman Management Company was canceled.



#### 4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP  
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)<sup>2</sup>:

Name: Richard Hurey

Title: Controller

Relationship to Issuer: American Energy Partner's Corporate Controller

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;
- D. Statement of income;
- E. Statement of cash flows;
- F. Financial notes; and
- G. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below.

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Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

#### 5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Company is comprised of nine subsidiaries that provide shareholder value through the acquisition and growth of energy assets, energy and infrastructure services, and the design, build, and operations of regional water treatment facilities.

B. Please list any subsidiaries, parents, or affiliated companies

**American Energy Partners, Inc** serves as the parent company for multiple subsidiaries. American Energy Partners is comprised of Hydration Company of PA LLC ("Hydration"), Unlimited Energy Services, LLC ("UES"), Apex Energy Service, LLC, and Austin Master Services, LLC. These subsidiaries currently, and will continue to own energy operations as well as design, build and operate regional water treatment facilities that serve the industrial and energy sectors. American Energy Partners, Inc. provides value through energy services, energy assets and oil & gas production.

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<sup>2</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

## **Hydration Company of PA LLC**

Hydration Company of PA LLC was organized on January 31, 2011 in the Commonwealth of Pennsylvania. Hydration is engaged in the businesses of water exploration and water augmentation. Hydration provides a solution to locate, procure, treat and distribute water. This patented process provides treated water which results in an improved, safer environment. It can also mitigate drought conditions by accessing water previously unavailable. Applications may include, but are not limited to oil and gas, pipelines, industrial use, utilities, mining, municipalities and landowners.

We believe that Hydration's technology delivers one of the highest energy yields from a broad range of water-bearing assets, with one of the lowest capital expenditures of any other known water processes.

Hydration, via its water conveyance methodologies produces low-cost water solutions in partnership with select small to large-size industrial energy users, government agencies and non-profit watershed groups in target markets.

Hydration has designed a unique, patent pending system to treat and distribute water in an efficient and economical process that should encourage treated water to be used by gas drillers, pipeline companies, utility companies, industry and municipalities.

Hydration's competitive edge lies within its pure volume of reclaimed water and its access to low cost treatment with high flow rates and highly concentrated solids through AES' partners' technologies. Because of this volume, Hydration can effectively gain market share immediately as large corporations want access to one source that can supply massive amounts of reclaimed water to fulfill their input of production through Hydration's patented (USPTO #10730760) methodology and conveyance methods.

Link to our Patent: [Natural Pipeline Water Conveyance System & Method](#)

## **Unlimited Energy Services, LLC**

Unlimited Energy Services, LLC was organized on June 1, 2017 in the State of Ohio. UES is a regional provider of services to reduce customers' environmental footprint including decommissioning, plug and abandonment, and reclamation services of oil and gas assets. UES is Headquartered in Jane Lew, West Virginia, and is currently performing services in Ohio, West Virginia, Pennsylvania, Virginia, and Kentucky for public and private customers.

## **Apex Energy Service LLC**

Apex was organized on February 9, 2011 in the Commonwealth of Pennsylvania. Apex was acquired on January 1, 2022 and is a premier provider of well-site services to upstream energy companies in PA, WV, and OH. Services include general labor, pressure washing, hotshot hauling, vacuum service, erosion control, as well as primary and secondary containment.

## **Austin Master Services, LLC**

AMS was organized on August 17, 2010 in the Commonwealth of Pennsylvania. AMS was acquired on July 1, 2022 and is a full-service, comprehensive environmental services firm specializing in radiological waste management solutions, including deactivation and decommissioning (D&D), remediation, and transportation. AMS provides professional safety, industrial hygiene, and health physics services. Its licensed and permitted Ohio facility can handle trans-loading of contaminated debris and soils, as well as decontamination of building material surfaces for the purpose of volume reduction of waste materials.

### **C. Describe the issuers' principal products or services, and their markets**

Environmental and energy services that include water sourcing, treatment, and distribution in industrial and government markets. Acquisition of oil and gas assets.

## **6) Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Hydration Company, a subsidiary of American Energy Partners, Inc. has a patent –USPTO #10,730,760, dated August 4, 2020, natural pipeline water conveyance system and method.

Current Assignee: Hydration Company of PA, LLC

Abstract: A method of supplying water using a natural water pipeline includes withdrawing impaired water from an impaired water body connected to a waterway and treating the impaired water from the impaired water body to produce treated water. The method also includes discharging the treated water into the waterway and conveying the treated water via the waterway to one or more locations proximate to one or more remote operational facilities that withdraws water from the waterway at the one or more locations. The method further includes receiving a monetary value from one or more operational entities operating the one or more remote operational facilities and providing at least a portion of one or more water access rights to the one or more operational entities in exchange for the monetary value.

[Our Patent](#)

## 7) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information regarding any person or entity owning 5% or more of the issuer, as well as any officer, and any director of the company, regardless of the number of shares they own. **If any listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information of an individual representing the corporation or entity in the note section.**

Name of Officer-Director and Control Person	Affiliation with Company (e.g. Officer-Director-Owner of more than 5%)	Residential Address (City - State Only)	Number of shares owned (1)	Share type-class	Ownership Percentage of Class Outstanding (2)
Brad J. Domitrovitsch	CEO, CFO, Chairman	Allentown, PA	217,084,815 (3)	Common A	69.12%
John Rattaporn Pippy	Director & CSO	Moon Township, PA	5,321,212 (4)	Common A	*
Kurtis Hoffman	COO	McMurray, PA	24,637,444 (5)	Common A	9.26%
Damian Georgino	Director	Beaufort, SC	3,432,879 (6)	Common A	*
<i>All Officers and Directors as a group (4 persons)</i>			250,476,350	Common A	73.67%
Michael McLaren	More than 5%	Alberta, Canada	25,452,569	Common A	10.46%

\*Less than 1%

- (1) Beneficial ownership is determined in accordance with the Rule 13d-3 of the Securities Exchange Act of 1934, as amended, and includes any shares of Common A over which a person exercises sole or shared voting or investment power, or of which a person has a right to acquire ownership at any time within 60 days of December 31, 2022. Except as otherwise indicated, we believe that the persons named in the table have sole voting and investment power with respect to all shares of Common A beneficially owned by them.
- (2) Applicable percentage ownership in the table is based on 243,228,277 shares of Common A plus, for each individual, any shares of Common A that the individual has the right to acquire within 60 days of December 31, 2022. Any securities not outstanding which are subject to such options, warrants, rights, or conversion privileges shall be deemed to be outstanding for the purpose of computing the percentage of outstanding securities of the class owned by such person but shall not be deemed to be outstanding for the purpose of computing the percentage of the class by any other person.
- (3) Consists of (i) 146,251,988 shares of Common A held by West End Consulting, LLC ("West End"), an entity of which Mr. Domitrovitsch has voting and disposable control; and (ii) options to purchase 70,832,827 shares of Class A held by West End.
- (4) Includes (i) 2,166,667 shares of Common A held by PGS TEK LLC, an entity of which John Rattaporn Pippy has voting and dispositive control; and (ii) option to purchase 3,154,545 shares of Common A held by PGS Tek LLC.
- (5) Includes (i) 1,851,852 shares of Common A held by Fortress Consulting LLC, an entity of which Kurtis Hoffman has voting and dispositive control; and (ii) option to purchase 22,785,592 shares of Common A held by Fortress Consulting LLC.
- (6) Includes 3,367,879 shares of Common A held by Sewickley Capital Partners, LLC, an entity of which Mr. Georgino has voting and dispositive control.

## 8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

On April 22, 2022, the Company filed suit in the Court of Common Pleas of Allegheny County, Pennsylvania naming Josh C. Hickman and Matthew D. Rak as defendants. The suit claims Mr. Rak and Mr. Hickman made intentional, material misrepresentations and/or omitted material facts related to the Dahlmont Acquisition. Additionally, Mr. Rak and Mr. Hickman made similar misrepresentations and/or omissions with respect to assets which were excluded from the Dahlmont Unit Purchase Agreement. These misrepresentations resulted in fraudulent inducement into the entering of the Dahlmont Unit Purchase Agreement itself, as well as numerous breaches of the Dahlmont Unit Purchase Agreement and the representations and warranties contained therein. As a direct and proximate result of the fraudulent inducement and associated breaches, the Company has suffered damages and continues to suffer damages. After refusals by both Mr. Rak and Mr. Hickman to honor the parties' agreement relating to the Dahlmont Acquisition, the Company brings this action for fraud, breach of contract, breach of fiduciary duties, breach of the duty of good faith and fair dealing, unjust enrichment, and quantum meruit. The Company settled its claims against Mr. Hickman. The Company's suit against Mr. Rak is ongoing.

## 9) Third Party Providers

Please provide the name, address, telephone number and e-mail address of each of the following outside providers:

### Securities Counsel

Name: Ross David Carmel, Esq.  
Firm: Carmel, Milazzo & Feil LLP  
Address 1: 55 West 39<sup>th</sup> Street, 18<sup>th</sup> Floor  
Address 2: New York, NY 10018  
Phone: 212-658-0458  
E-mail: [rcarmel@cmfllp.com](mailto:rcarmel@cmfllp.com)

### Accountant or Auditor

Name: Rich Hurey, Controller  
Firm: American Energy Partners, Inc.  
Address 1: PO Box 1395  
Address 2: Canonsburg, PA 15317  
Phone: 610-217-3275  
E-mail: [accounting@americanenergy-inc.com](mailto:accounting@americanenergy-inc.com)

### Other Service Providers

Provide the name of any other service provider(s), including, counsel, advisor(s) or consultant(s) **that assisted, advised, prepared or provided information with respect to this disclosure statement**, or provided assistance or services to the issuer during the reporting period.

Name: N/A  
Firm: N/A  
Nature of Services: N/A  
Address 1: N/A  
Address 2: N/A  
Phone: N/A  
E-mail: N/A

## 10) Issuer Certification

### *Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Brad Domitrovitsch, certify that:

1. I have reviewed this Quarterly Disclosure Statement of American Energy Partners, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 31, 2023 [Date]

/s/ Brad Domitrovitsch [CEO's Signature]

### *Principal Financial Officer:*

I, Brad Domitrovitsch, certify that:

1. I have reviewed this Quarterly Disclosure Statement of American Energy Partners, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 31, 2023 [Date]

/s/ Brad Domitrovitsch [CFO's Signature]

American Energy Partners, Inc. and Subsidiaries

	<u>Page(s)</u>
Consolidated Balance Sheets	2
Consolidated Statements of Operations	3
Consolidated Statements of Changes in Stockholders' Deficit	4-5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 42



**American Energy Partners, Inc., and Subsidiaries**  
**Consolidated Balance Sheets**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Current Assets</b>		
Cash	\$ 651,194	\$ 1,020,432
Accounts receivable – Oil and natural gas	-	272,206
Accounts receivable – Environmental services	5,459,796	568,512
Accounts receivable – Other	423,464	214,719
Inventory	82,496	-
Prepays and other	48,137	47,861
<b>Total Current Assets</b>	<u>6,665,087</u>	<u>2,123,730</u>
<b>Operating lease – right-of-use asset</b>	1,609,545	175,515
<b>Mortgage receivable</b>	-	42,283
<b>Property and equipment – net</b>	2,649,562	1,744,526
<b>Oil and natural gas properties – full cost method of accounting – net</b>	-	6,456,616
<b>Goodwill</b>	3,258,110	2,190,932
<b>Deposit – future acquisition</b>	-	100,000
<b>Other Assets</b>	12,331	-
<b>Total Assets</b>	<u>\$ 14,194,635</u>	<u>\$ 12,833,602</u>
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 4,898,180	\$ 1,303,058
Notes payable	3,981,061	804,956
Operating lease liability	848,075	59,992
Other Current Liabilities	(3,379)	-
<b>Total Current Liabilities</b>	<u>9,723,937</u>	<u>2,168,006</u>
<b>Long Term Liabilities</b>		
Notes payable	5,216,036	7,904,138
Operating lease liability	822,490	117,214
<b>Total Long Term Liabilities</b>	<u>6,038,526</u>	<u>8,021,352</u>
<b>Total Liabilities</b>	<u>15,762,463</u>	<u>10,189,358</u>
<b>Stockholders' Equity (Deficit)</b>		
Common stock, Class A, \$0.001 par value, 1,500,000,000 shares authorized		
243,228,277 and 234,435,278 shares issued and outstanding, respectively	243,228	234,435
Additional paid-in capital	57,440,307	55,881,514
Accumulated deficit	(59,251,363)	(53,471,705)
<b>Total Stockholders' Equity (Deficit)</b>	<u>(1,567,828)</u>	<u>2,644,244</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 14,194,635</u>	<u>\$ 12,833,602</u>

The accompanying notes are an integral part of these consolidated financial statements

**American Energy Partners, Inc., and Subsidiaries**  
**Consolidated Statements of Operations**

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenues</b>		
Oil and natural gas	\$ -	\$ -
Environmental Services	21,326,338	1,455,531
Other	-	8,098
<b>Total Revenues</b>	<b>21,326,338</b>	<b>1,463,629</b>
<b>Cost and expenses</b>		
General and administrative expenses	20,455,201	1,358,284
Lease operating expenses	876,331	-
Royalties	-	43,272
Depreciation, depletion, amortization and accretion	489,487	-
<b>Total costs and expenses</b>	<b>21,821,019</b>	<b>1,401,556</b>
<b>Income (Loss) from operations</b>	<b>(494,681)</b>	<b>62,073</b>
<b>Other income (expense)</b>		
Change in fair value of derivative liabilities	-	258,467
Interest expense	(1,160,388)	(13,067)
Amortization of debt discount	-	(56,070)
Stock option expense	(1,985,114)	-
Derivative expense	-	(33,403)
Gain on debt extinguishment	-	2,978
Impairment of oil and gas assets	-	-
Other income (loss)	(107,441)	28,735
<b>Total other income (expense) - net</b>	<b>(3,252,943)</b>	<b>187,640</b>
<b>Net Income (Loss) from Continuing Operations</b>	<b>\$ (3,747,624)</b>	<b>\$ 249,713</b>
<b>Net Loss from Discontinued Operations (incl. disposal)</b>	<b>\$ (2,032,034)</b>	<b>\$ (2,977,233)</b>
<b>(Net Loss)</b>	<b>\$ (5,779,658)</b>	<b>\$ (2,727,520)</b>
<b>Loss per share – basic and diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares – basic and diluted</b>	<b>243,228,277</b>	<b>217,345,392</b>

The accompanying notes are an integral part of these consolidated financial statements

**American Energy Partners, Inc. and Subsidiaries**  
**Consolidated Statements of Changes in Stockholders' Deficit**  
**For the Years Ended December 31, 2022 and 2021**

	<u>Preferred Stock – Class A</u>		<u>Common Stock – Class A</u>		<u>Common Stock – Class B</u>		<u>Common Stock - Returnable</u>		<u>Additional</u>	<u>Subscription</u>	<u>Accumulated</u>	<u>Total Shareholders'</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Receivable</u>	<u>Deficit</u>	<u>Equity (Deficit)</u>
<b>December 31, 2020</b>	<b>9,840,000</b>	<b>\$ 9,840</b>	<b>7,214,773</b>	<b>\$ 7,214</b>	<b>2,125,000</b>	<b>\$ 2,125</b>	-	\$ -	<b>\$ 49,943,269</b>	<b>\$ (80,000)</b>	<b>\$(50,744,185)</b>	<b>\$ (861,737)</b>
Conversion into common stock	(9,840,000)	(9,840)	198,925,000	198,925	(2,125,000)	(2,125)	-	-	(186,960)	-	-	-
Collection of stock subscription receivable	-	-	-	-	-	-	-	-	-	80,000	-	80,000
Stock issued for cash (\$0.30/share)	-	-	266,667	267	-	-	-	-	79,733	-	-	80,000
Stock issued for services (\$0.685/share)	-	-	32,847	33	-	-	-	-	22,467	-	-	22,500
Stock issued for services – related parties (\$0.19/share)	-	-	1,969,696	1,970	-	-	-	-	372,075	-	-	374,050
Fractional shares adjustment due to reverse split	-	-	206	-	-	-	-	-	-	-	-	-
Stock issued to settle debt and accrued interest (\$0.126/share)	-	-	565,170	565	-	-	-	-	70646	-	-	71,211
Stock issued upon exercise of stock options	-	-	3,170,843	3,171	-	-	-	-	(3,171)	-	-	-
Reclassification of financial instruments that ceased to be derivative liabilities	-	-	-	-	-	-	-	-	257,211	-	-	257,211
Stock issued in connection with business combination (OGM)	-	-	44,580,152	44,580	-	-	(22,290,076)	(22,290)	4,881,526	-	-	4,903,816
Stock option issued for services	-	-	-	-	-	-	-	-	444,718	-	-	444,718
Net Loss	-	-	-	-	-	-	-	-	-	-	(2,727,520)	(2,727,520)
<b>December 31, 2021</b>	<b>-</b>	<b>\$ -</b>	<b>234,435,278</b>	<b>\$ 234,434</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 55,881,514</b>	<b>-</b>	<b>\$(53,471,705)</b>	<b>\$ 2,644,244</b>
Stock issued in 1 <sup>st</sup> Qtr.	-	-	18,793,210	18,793	-	-	-	-	-	-	-	18,793
Stock issued in connection with business combination (APEX) (\$0.0775/share)	-	-	11,605,416	11,605	-	-	-	-	888,395	-	-	900,000
Stock issued in connection with business combination (BD) (\$0.133/share)	-	-	2,026,266	2,026	-	-	-	-	267,974	-	-	270,000
Stock issued in connection with business combination (AMS) (\$0.08/share)	-	-	12,500,000	12,500	-	-	-	-	987,500	-	-	1,000,000
Stock cancelled in 3 <sup>rd</sup> Qtr.	-	-	(696,970)	(697)	-	-	-	-	-	-	-	(697)
Retirement of Treasury Stock from AMS	-	-	-	-	-	-	-	-	(2,570,190)	-	-	(2,570,190)
Stock options granted during year	-	-	-	-	-	-	-	-	1,985,114	-	-	1,985,114
Stock cancelled in 4 <sup>th</sup> Qtr.	-	-	(35,435,373)	(35,434)	-	-	-	-	-	-	-	(35,434)
Net loss from continuing operations	-	-	-	-	-	-	-	-	-	-	(3,747,623)	(3,747,623)
Net loss from discontinued operations	-	-	-	-	-	-	-	-	-	-	(2,032,034)	(2,032,034)
<b>December 31, 2022</b>	<b>-</b>	<b>\$ -</b>	<b>243,228,277</b>	<b>\$243,228</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$57,440,307</b>	<b>\$ -</b>	<b>\$(59,251,362)</b>	<b>\$ (1,567,828)</b>

The accompanying notes are an integral part of these consolidated financial statement

**American Energy Partners, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Net income (loss)	\$ (5,779,658)	\$ (2,727,520)
Adjustments to reconcile net loss to net cash provided by (used in) operations		
Disposal of discontinued operations	2,032,034	-
Amortization of operating lease – right-of-use asset	534,430	15,956
Bad debt expense	42,222	25,000
Depreciation, depletion, amortization and accretion	530,807	508,637
Stock cancelled during the year	(36,132)	-
Stock issued for services	-	22,500
Stock issued for services – related parties	321,846	374,045
Stock options issued for services	1,985,114	444,718
Change in fair value of derivative liability	-	(258,467)
Derivative expense	-	33,403
Amortization of debt discount	-	56,070
Gain on debt extinguishment	-	(2,978)
Loss on sale of oil and gas properties	-	1,733
Impairment of oil and gas assets	-	1,579,179
(Increase) decrease in		
Accounts receivable - oil and natural gas	272,206	235,813
Accounts receivable – environmental services	(4,891,284)	(381,787)
Accounts receivable – other	(108,745)	(154,189)
Mortgage receivable	42,283	-
Inventory	(82,496)	-
Prepays and other	(276)	(977)
Increase (decrease) in		
Accounts payable and accrued expenses	3,591,743	397,977
Operating lease liability	-	(14,265)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,545,906)</b>	<b>154,848</b>
<b>Investing activities</b>		
Cash acquired in acquisitions of OGM and Dahlmont	-	868,510
Cash acquired in acquisition of UES	-	62,812
Cash paid for acquisitions, net of cash received	(1,400,000)	-
Cash received from owner financed mortgage receivable	-	3,216
Acquisition of natural gas wells	-	(14,110)
Acquisition of property and equipment	(371,014)	(95,223)
Proceeds from sale of oil and natural gas properties	-	698,267
Deposit on future acquisition	-	(100,000)
<b>Net cash provided by investing activities</b>	<b>(1,771,014)</b>	<b>1,423,472</b>
<b>Financing activities</b>		
Proceeds from issuance of convertible notes - related party	-	25,000
Repayments on convertible notes – related party	-	(75,000)
Repayments on notes payable	(3,459,181)	(702,608)
Proceeds from issuance of debt	6,406,863	-
Stock issued for cash	-	80,000
Collection of stock subscription receivable	-	80,000
<b>Net cash provided by (used in) financing activities</b>	<b>2,947,682</b>	<b>(592,608)</b>
<b>Net increase (decrease) in cash</b>	<b>(369,238)</b>	<b>985,712</b>
<b>Cash – beginning of year</b>	<b>1,020,432</b>	<b>34,720</b>
<b>Cash – end of year</b>	<b>\$ 651,194</b>	<b>\$ 1,020,432</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ 1,222,770	\$ 31,372
Cash paid for income tax	\$ -	\$ -
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Acquisition of OGM and Dahlmont	\$ -	\$ 11,863,988
Acquisition of UES	\$ -	\$ 2,872,020
Stock issued for acquisition of APEX, BD and AMS	\$ 2,170,000	\$ -
Conversion of Series A, preferred stock and Class B, common stock into Class A, common stock	\$ -	\$ 198,925
Debt discount recorded in connection with derivative liabilities	\$ -	\$ 25,000
Common stock issued in settlement of convertible debt and accrued interest	\$ -	\$ 74,189
Stock issued upon exercise of stock options	\$ -	\$ 3,171
Reclassification of financial instruments that ceased to be derivative liabilities	\$ -	\$ 257,211
ARO layer adjustment	\$ -	\$ 52,025

The accompanying notes are an integral part of these consolidated financial statements

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**Note 1 - Organization and Nature of Operations**

**Organization and Nature of Operations**

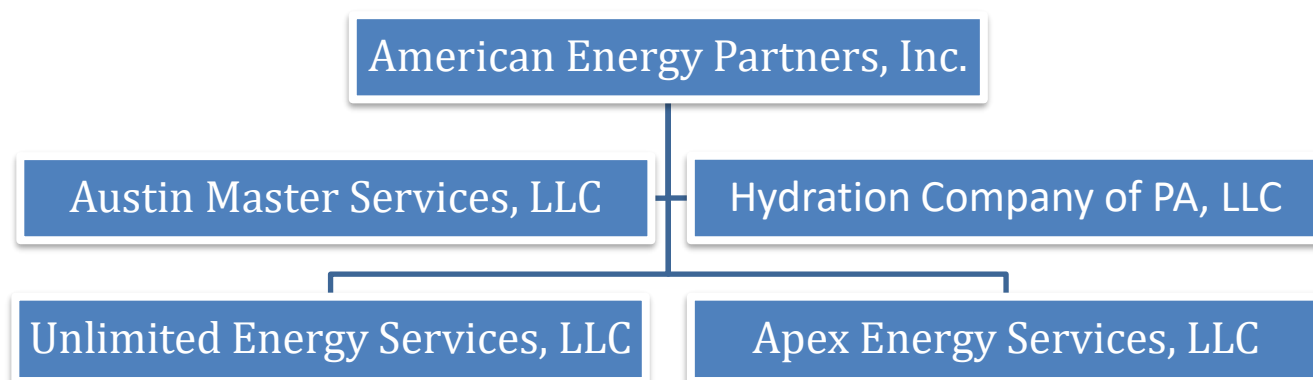
American Energy Partners, Inc. ("AEPT"), and Subsidiaries (collectively, "we," "us," "our" or the "Company") is a diversified environmental service company. AEPT serves as the parent company for multiple subsidiaries. American Energy provides shareholder value through the acquisition and growth of environmental services.

The parent (American Energy Partners, Inc.) and subsidiaries, as of December 31, 2022, are organized as follows:

<b><u>Company Name</u></b>	<b><u>Incorporation Date</u></b>	<b><u>State of Incorporation</u></b>
American Energy Partners, Inc.	January 10, 2017	Colorado
Hydration Company of PA, LLC	January 31, 2011	Pennsylvania
Unlimited Energy Services, LLC	June 1, 2017	Ohio
Apex Energy Service, LLC	February 9, 2011	Pennsylvania
Austin Master Services, LLC	* July 1, 2022	Pennsylvania

\* Entity was acquired July 1, 2022. See Note 6.

The following represents the Company's organization chart:



**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

Hydration Company of PA, LLC (“HCPA”)

Hydration is engaged in the businesses of water exploration and water augmentation. Hydration provides a solution to locate, procure, treat and distribute water. This patented process provides treated water which results in an improved, safer environment.

Unlimited Energy Services, LLC (“UES”)

An energy service company that focuses on reducing the environmental footprint of energy assets through efficient operations and the decommissioning and reclamation of oil and gas wells. The Company provides plugging and abandonment services.

Apex Energy Service, LLC (“APEX”)

Apex Energy Service, LLC is a premier provider of environmental services to industrial companies in Pennsylvania, West Virginia, and Ohio. Services include general labor, pressure washing, vacuum service, and erosion control.

Austin Master Services, LLC (“AMS”)

Austin Master Services, LLC is a full-service, comprehensive environmental services firm specializing in radiological waste management solutions, including deactivation and decommissioning (D&D), remediation and transportation. They provide professional safety, industrial hygiene and health physics services. Their licensed and permitted Ohio facility can handle trans-loading of contaminated debris and soils, as well as decontamination of building material surfaces for the purpose of volume reduction of waste materials.

Impact of COVID-19

The ongoing COVID-19 global and national health emergency has caused significant disruption in the international and United States economies and financial markets. In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labor shortages, supply chain interruptions and overall economic and financial market instability. The COVID-19 pandemic has the potential to significantly impact the Company’s supply chain, distribution centers, or logistics and other service providers.

In addition, a severe prolonged economic downturn could result in a variety of risks to the business, including weakened demand for products and services and a decreased ability to raise additional capital when needed on acceptable terms, if at all. As the situation continues to evolve, the Company will continue to closely monitor market conditions and respond

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

accordingly.

We have implemented adjustments to our operations designed to keep employees safe and comply with international, federal, state, and local guidelines, including those regarding social distancing. The extent to which COVID-19 may further impact the Company's business, results of operations, financial condition and cash flows will depend on future developments, which are highly uncertain and cannot be predicted with confidence. In response to COVID-19, the United States government has passed legislation and taken other actions to provide financial relief to companies and other organizations affected by the pandemic.

The ultimate impact of the COVID-19 pandemic on the Company's operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that governments, or the Company, may direct, which may result in an extended period of continued business disruption, reduced customer traffic and reduced operations.

Any resulting financial impact cannot be reasonably estimated at this time but is anticipated to have a material adverse impact on our business, financial condition, and results of operations. To date, the Company has not experienced any significant economic impact due to COVID-19.

### **Basis of Presentation**

Management acknowledges its responsibility for the preparation of the accompanying consolidated financial statements which reflect all adjustments, consisting of normal recurring adjustments, considered necessary in its opinion for a fair statement of its

consolidated financial position and the consolidated results of its operations for the years presented.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S GAAP").

### **Liquidity, Going Concern and Management's Plans**

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

As reflected in the accompanying consolidated financial statements, for the year ended December 31, 2022, the Company had:

- Net loss from continuing operations of \$3,747,624; and
- Net cash used in operations was \$1,545,906

Additionally, at December 31, 2022, the Company had:

- Accumulated deficit of (\$59,251,363)
- Stockholders' deficit of (\$1,567,828); and
- Working capital deficit of (\$3,058,850)

We manage liquidity risk by reviewing, on an ongoing basis, our sources of liquidity and capital requirements. The Company has cash on hand of \$651,194 on December 31, 2022. Management estimates the likelihood of positive cash flow to occur in 2023. Favorable environmental service markets and acquisition synergies have contributed to the Company's improved cash flow, and are projected to do so in 2023.

The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

Management's strategic plans include the following:

- Pursuing additional capital raising opportunities,
- Continuing to explore and execute prospective partnering or distribution opportunities;
- Identifying strategic acquisitions to add to our portfolio of operating businesses; and
- Identifying unique market opportunities that represent potential positive short-term cash flow.

**Note 2 - Summary of Significant Accounting Policies**

**Principles of Consolidation**

These consolidated financial statements have been prepared in accordance with U.S. GAAP and include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated.



**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**Business Combinations**

The Company accounts for business combinations using the acquisition method in accordance with Accounting Standards Codification, ASC 805, *Business Combinations* which requires recognition of assets acquired and liabilities assumed, including contingent assets and liabilities, at their respective fair values on the date of acquisition.

Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates, with the corresponding gain or loss recognized in earnings.

Non-controlling interests in the acquiree are measured at fair value on the acquisition date. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred, and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements).

Purchase price allocations may be preliminary, and, during the measurement period not to exceed one year from the date of acquisition, changes in assumptions and estimates that result in adjustments to the fair value of assets acquired and liabilities assumed are recorded in the period the adjustments are determined.

The fair value of the consideration paid, including contingent consideration, is assigned to the assets acquired and liabilities assumed based on their respective fair values. Goodwill

represents excess of the purchase price over the estimated fair values of the identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Significant judgments are used in determining fair values of assets acquired and liabilities assumed, as well as intangibles. Fair value and useful life determinations are based on, among other factors, estimates of future expected cash flows, and appropriate discount rates used in computing present values. These judgments may materially impact the estimates used in allocating acquisition date fair values to assets acquired and liabilities assumed, as

well as the Company's current and future operating results. Actual results may vary from these estimates which may result in adjustments to goodwill and acquisition date fair values of assets and liabilities during a measurement period or upon a final determination of asset and liability fair values, whichever occurs first. Adjustments to fair values of assets and liabilities made after the end of the measurement period are recorded within the Company's earnings.

**Business Segments and Concentrations**

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

The Company uses the “management approach” to identify its reportable segments. The management approach requires companies to report segment financial information consistent with information used by management for making operating decisions and assessing performance as the basis for identifying the Company’s reportable segments.

The Company manages its business as two reportable segments and the consolidated financial statements are presented as two operating business segments, consisting of oil and natural gas sales from its wells through Gilbert Oil and Gas (GOG), Oil and Gas Management (OGM), and Dahlmont, and environmental services provided by AMS, UES and APEX.

The Company also has insignificant operations from Oilfield Basics (OB), as a result, no separate financial reporting is required for this segment.

### **Use of Estimates**

Preparing financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates, and those estimates may be material.

Significant estimates during the year ended December 31, 2021, include proved developed reserves of oil and natural gas\*, depletion of oil and natural gas wells, asset impairments related to oil and natural gas wells, ARO layer adjustments, acquisition purchase price with asset and liability allocations associated with business combinations, valuation of derivative liabilities, valuation of stock-based compensation, uncertain tax positions, and the valuation

allowance on deferred tax assets. These estimates are not required for the year ended December 31, 2022, due to the sale of the oil and gas producing operations and related assets.

\*Oil and natural gas reserves are based on available geologic and seismic data, reservoir pressure data, core analysis reports, well logs, analogous reservoir performance history, production data and other available sources of engineering, geological and geophysical information.

### **Full Cost Method of Accounting**

The Company uses the full cost method of accounting for its oil and gas exploration and development activities. Under the full cost method of accounting, all costs associated with successful and unsuccessful exploration and development activities are capitalized into a single cost center (“full cost pool”). Such costs include property acquisition costs, geological and geophysical (“G&G”) costs, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells. Overhead costs, which includes employee

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

compensation and benefits including stock-based compensation, incurred that are directly related to acquisition, exploration and development activities are capitalized. Interest expense is capitalized related to unevaluated properties and wells in process during the period in which the Company is incurring costs and expending resources to get the properties ready for their intended purpose. For significant investments in unproved properties and major development projects that are not being currently depreciated, depleted, or amortized and on which exploration or development activities are in progress, interest costs are capitalized. Proceeds from property sales will generally be credited to the full cost pool, with no gain or loss recognized, unless such a sale would significantly alter the relationship between capitalized costs and the proved reserves attributable to these costs. A significant alteration would typically involve a sale of 25% or more of the proved reserves related to a single full cost pool.

Proved properties are amortized using the units of production method ("UOP"), whereby capitalized costs are amortized over total proved reserves. The amortization base in the UOP calculation includes the sum of proved property, net of accumulated depreciation, depletion, and amortization ("DD&A"), estimated future development costs (future costs to access and develop proved reserves), and asset retirement costs, less related salvage value.

The costs of unproved properties and related capitalized costs (such as G&G costs) are withheld from the amortization calculation until such time as they are either developed or abandoned. Unproved properties and properties under development are reviewed for impairment at least quarterly and are determined through an evaluation by management and third-party consultants considering, among other factors, seismic data, requirements to relinquish acreage, drilling results, remaining time in the commitment period, remaining capital plan, and political, economic, and market conditions.

Companies that use the full cost method of accounting for oil and natural gas exploration and development activities are required to perform a ceiling test calculation each quarter. The full cost ceiling test is an impairment test prescribed by SEC Regulation S-X Rule 4-10. The ceiling test is performed quarterly, utilizing the average of prices in effect on the first day of the month for the preceding twelve-month period. The cost center ceiling is defined as the sum of (a) estimated future net revenues, discounted at 10% per annum, from proved reserves, (b) the cost of properties not being amortized, if any, and (c) the lower of cost or market value of unproved properties included in the cost being amortized. If such capitalized costs exceed the ceiling, the Company will record a write-down to the extent of such excess

as a non-cash charge to earnings. Any such write-down will reduce earnings in the period of occurrence and results in a lower depreciation, depletion, and amortization rate in future periods. A write-down may not be reversed in future periods even though higher oil and natural gas prices may subsequently increase the ceiling.

For the year ended December 31, 2021, we recorded an impairment loss of \$1,579,179, on our oil and natural gas properties.

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**Environmental Costs**

As the Company was directly involved in the extraction and use of natural resources See Note 8, it was subject to various federal, state, and local provisions regarding environmental and ecological matters. Compliance with these laws may necessitate significant capital outlays. The Company does not believe the existence of current environmental laws or interpretations thereof will materially hinder or adversely affect the Company's business operations; however, there can be no assurances of future effects on the Company of new laws or interpretations thereof. Since the Company does not operate any wells where it owns an interest, actual compliance with environmental laws is controlled by the well operators, with the Company being responsible for its proportionate share of the costs involved.

The Company carries the requisite liability and pollution control insurance. However, all risks may not be insured due to the availability and cost of insurance.

Environmental liabilities, which historically have not been material, are recognized when it is probable that a loss has been incurred and the amount of that loss is reasonably estimable. Environmental liabilities, when accrued, are based upon estimates of expected future costs. At December 31, 2022 and 2021 respectively, there were no such costs accrued.

**Fair Value of Financial Instruments**

The Company accounts for financial instruments under Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurements*. ASC 820 provides a framework for measuring fair value and requires disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on the Company's principal or, in absence of a principal, most advantageous market for the specific asset or liability.

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs, when determining fair value.

The three tiers are defined as follows:

- Level 1—Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2—Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

data, which require the Company to develop its own assumptions.

The determination of fair value and the assessment of a measurement's placement within the hierarchy requires judgment. Level 3 valuations often involve a higher degree of judgment and complexity. Level 3 valuations may require the use of various cost, market, or income valuation methodologies applied to unobservable management estimates and assumptions. Management's assumptions could vary depending on the asset or liability valued and the valuation method used. Such assumptions could include estimates of prices, earnings, costs, actions of market participants, market factors, or the weighting of various valuation methods. The Company may also engage external advisors to assist us in determining fair value, as appropriate.

Although the Company believes that the recorded fair value of our financial instruments is appropriate, these fair values may not be indicative of net realizable value or reflective of future fair values.

The Company's financial instruments, including cash, accounts receivable – oil and natural gas, accounts receivable – geotechnical consulting services, accounts receivable – plugging and abandonment services, accounts payable and accrued expenses, are carried at historical cost. At December 31, 2022 and 2021, respectively, the carrying amounts of these instruments approximated their fair values because of the short-term nature of these instruments.

ASC 825-10 *"Financial Instruments"* allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value ("fair value option"). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding financial instruments.

### **Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the purchase date and money market accounts to be cash equivalents.

At December 31, 2022 and 2021, respectively, the Company did not have any cash equivalents.

### **Accounts Receivable**

Accounts receivable are due from purchasers of oil, and natural gas or operators of the oil and

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

natural gas properties. Oil, and natural gas sales receivables are generally unsecured. This industry concentration has the potential to impact our overall exposure to credit risk, in that the purchasers of our oil, and natural gas and the operators of the properties we have an interest in may be similarly affected by changes in economic, industry or other conditions.

Credit is extended to customers based on an evaluation of their financial condition and other factors. Interest is not accrued on overdue accounts receivable. Management periodically assesses the Company's accounts receivable and, if necessary, establishes an allowance for estimated uncollectible amounts. Accounts determined to be uncollectible are charged to operations when that determination is made. The Company does not require collateral.

The allowance for doubtful accounts is determined based on the Company's previous loss history. The Company has not experienced any significant credit losses. Allowance for doubtful accounts was \$142,222 at December 31, 2022 and \$0 at December 31, 2021, respectively.

The Company's concentrations of its receivables at December 31, 2021 consisted of two customers with 54% and 42% of the outstanding balance. No customer at December 31, 2022 accounted for 10% or more of the outstanding receivable balance.

### **Goodwill and Impairment**

Goodwill is the excess of purchase price over the value of net assets acquired in acquisitions. Goodwill is tested using a two-step process. The first step of the goodwill impairment assessment, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill ("net book value"). If the fair value of a reporting unit exceeds its net book value, goodwill of the reporting unit is considered not impaired, thus the second step of the impairment test is unnecessary. If net book value of a reporting unit exceeds its fair value, the second step of the goodwill impairment test will be performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment assessment, used to measure the amount of impairment loss, if any, compares the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. The implied fair value of reporting unit goodwill is determined as the residual between the fair value of the reporting unit and the fair value of its assets (including any unrecognized intangible assets) and liabilities. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss shall be recognized in an amount

equal to that excess.

In the first step of the goodwill impairment assessment, the Company uses an income approach to derive a present value of the reporting unit's projected future annual cash flows and the present residual value of the reporting unit. The Company uses the income approach because it believes that the discounted future cash flows provide greater detail and opportunity to reflect facts, circumstances, and economic conditions for each reporting unit. In addition, the Company believes that this valuation approach is a proven valuation

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

technique and methodology for its industry and is widely accepted by investors. The Company uses a variety of underlying assumptions to estimate these future cash flows, which vary for each of the reporting units and include (i) future revenue growth rates, (ii) future operating profitability, (iii) the weighted-average cost of capital and (iv) a terminal growth rate. If the Company's estimates and assumptions used in the discounted future cash flows should change at some future date, the Company could incur an impairment charge which could have a material adverse effect on the results of operations reported for the period in which the impairment occurs.

Goodwill and certain intangible assets are not amortized for book purposes. They may be, however, amortized for tax purposes.

There were no impairment losses for the years ended December 31, 2022 and 2021, respectively.

### **Intangible Assets and Impairment**

Definite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives. Indefinite-lived intangible assets are reviewed for impairment annually. The Company reviews definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the estimated future cash flows (undiscounted) expected to result from the use and eventual disposition of an asset is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss is based on the fair value of the asset.

There were no impairment losses for the years ended December 31, 2022 and 2021, respectively.

### **Impairment of Long-lived Assets**

Management evaluates the recoverability of the Company's identifiable intangible assets and other long-lived assets when events or circumstances indicate a potential impairment exists, in accordance with the provisions of ASC 360-10-35-15 "*Impairment or Disposal of Long-Lived Assets*." Events and circumstances considered by the Company in determining whether the carrying value of identifiable intangible assets and other long-lived assets may not be

recoverable include but are not limited to significant changes in performance relative to expected operating results; significant changes in the use of the assets; significant negative industry or economic trends; and changes in the Company's business strategy. In determining if impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of these assets.

If impairment is indicated based on a comparison of the assets' carrying values and the undiscounted cash flows, the impairment to be recognized is measured as the amount by

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

which the carrying amount of the assets exceeds the fair value of the assets.

There were no impairment losses for the years ended December 31, 2022 and 2021, respectively.

**Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets.

Expenditures for repair and maintenance which do not materially extend the useful lives of property and equipment are charged to operations. When property or equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts with the resulting gain or loss reflected in operations.

Management reviews the carrying value of its property and equipment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

There were no impairment losses for the years ended December 30, 2022 and 2021, respectively.

**Derivative Liabilities**

The Company analyzes all financial instruments with features of both liabilities and equity under FASB ASC Topic No. 480, ("ASC 480"), "*Distinguishing Liabilities from Equity*" and FASB ASC Topic No. 815, ("ASC 815") "*Derivatives and Hedging*". Derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives. The Company uses a binomial model to determine fair value.

Upon conversion, exercise or repayment, the respective derivative liability is marked to fair value at the conversion, repayment, or exercise date and the change is reflected in the consolidated statements of operations. Then the related fair value amount is reclassified to additional paid in capital.

The Company has adopted ASU 2017-11, "*Earnings per share (Topic 260)*", provided that when determining whether certain financial instruments should be classified as liability or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock.

If a down round feature on the conversion option embedded in the note is triggered, the Company will evaluate whether a beneficial conversion feature exists, the Company will record the amount as a debt discount and will amortize it over the remaining term of the



**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

debt.

If the down round feature in the warrants that are classified as equity is triggered, the Company will recognize the effect of the down round as a deemed dividend, which will reduce the income available to common stockholders.

**Debt Issue Cost**

Debt issuance cost paid to lenders, or third parties are recorded as debt discounts and amortized to interest expense in the consolidated statements of operations, over the life of the underlying debt instrument.

**Revenue Recognition**

Pursuant to ASC 606, we recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration or payment the Company expects to be entitled to receive in exchange for those goods or services. Our revenue is recognized by applying the following five steps: 1) identify the contracts with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) we satisfy a performance obligation.

We apply judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit or financial information pertaining to the customer. If a contract includes multiple promised goods or services, we apply judgment to determine whether the promised goods or services are capable of being distinct and are distinct within the context of the contract. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation. We determine the transaction price based on the consideration which we will be entitled to receive in exchange for transferring goods or services to our customer. We recognize revenue at the time that the related performance obligation is satisfied by transferring the promised goods or services to our customer.

**Oil and Natural Gas**

Sales of oil and natural gas are recognized when production is sold to a purchaser and control has transferred. Oil is priced on the delivery date based upon prevailing prices published by purchasers with certain adjustments related to oil quality and physical location. The price the Company receives for natural gas is tied to a market index, with certain adjustments based on, among other factors, whether a well delivers to a gathering or transmission line, quality and heat content of natural gas, and prevailing supply and demand conditions, so that the price of natural gas fluctuates to remain competitive with other available natural gas supplies. These market indices are determined on a monthly basis. Each unit of commodity is considered a separate performance obligation; however, as consideration is variable, the Company utilizes

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

the variable consideration allocation exception permitted under the standard to allocate the variable consideration to the specific units of commodity to which they relate.

The following represents the Company's concentration of its oil and natural gas sales for the years ended December 31, 2022 and 2021:

<b>Oil and Natural Gas Receivables</b>		<b>Year Ended December 31,</b>	
<b>Customer</b>		<b>2022</b>	<b>2021</b>
A		-	54%
B		-	42%
Total		0%	96%

**Environmental Services**

Revenue is generally recognized ratably over the period of performance, provided all other revenue recognition criteria have been met. Payments due or received from the customers prior to rendering the associated services are recorded as deferred revenue.

The following represents the Company's concentrations of its environmental services for the year ended December 31, 2022 and 2021 (services acquired October 1, 2021, therefore 2021 reflects 3 months of activity):

<b>Environmental Services</b>		<b>Year Ended December 31,</b>	
<b>Customer</b>		<b>2022</b>	<b>2021</b>
A		20%	46%
B		-	31%
C		-	11%
Total		20%	88%

**Asset Retirement Obligations ("ARO")**

In 2021, the Company owned interests in oil and natural gas properties, which required expenditures to plug and abandon the wells upon the end of their economic lives. The fair value of legal obligations

to retire and remove long-lived assets was recorded in the period in which the obligation was incurred (typically when the asset was installed at the production location). The Company was required to record a separate liability for the present value of the ARO, with an offsetting increase to the related oil and natural gas properties on the consolidated balance sheets. When the liability was initially recorded, this cost was capitalized by increasing the carrying amount of the related properties and equipment. Over time the liability was increased for the change in its present value. The Company does not have any assets restricted for the purpose of settling the asset retirement obligations.

Estimating such costs requires the Company to make judgments on both the costs and the timing of ARO. Asset removal technologies and costs are constantly changing, as are regulatory, political,

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

environmental, safety and public relations considerations, which can substantially affect the estimates of these future costs from period to period. These assets were fully disposed of in December 2022 (see Notes 4 and 7).

At December 31, 2021, the Company had recorded a long-term ARO obligation of \$4,321,885 and accretion expense of \$169,112. The accretion expense was included as a component of depreciation, depletion, amortization, and accretion in the accompanying financial statements.

Revenue is generally recognized ratably over the period of performance, provided all other revenue recognition criteria have been met. Payments due or received from the customers prior to rendering the associated services are recorded as deferred revenue.

The following represents the Company's disaggregation of revenues for years ended December 31, 2022 and 2021:

Revenue	Year Ended December 31,			
	2022		2021	
	Revenue	% of Revenues	Revenue	% of Revenue
Oil & natural gas	\$ -	0%	\$ 937,590	39%
Environmental services	21,326,338	100%	1,455,539	61%
Other	-	0%	8,090	0%
Total Revenues	<u>\$21,326,338</u>	<u>100%</u>	<u>\$2,401,219</u>	<u>100%</u>

## Income Taxes

The Company accounts for income tax using the asset and liability method prescribed by ASC 740, "Income Taxes". Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the year in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date.

The Company follows the accounting guidance for uncertainty in income taxes using the provisions of ASC 740 "Income Taxes". Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. As of December 31, 2022 and December 31, 2021, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Company recognizes interest and penalties related to uncertain income tax positions in other expense. No interest and penalties related to uncertain income tax positions were

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

recorded for the years ended December 31, 2022 and 2021, respectively.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law in March 2020. The CARES Act lifts certain deduction limitations originally imposed by the Tax Cuts and Jobs Act of 2017 ("2017 Tax Act"). Corporate taxpayers may carry back net operating losses (NOLs) originating between 2018 and 2020 for up to five years, which was not previously allowed under the 2017 Tax Act. The CARES Act also eliminates the 80% of taxable income limitations by allowing corporate entities to fully utilize NOL carry forwards to offset taxable income in 2018, 2019 or 2020. Taxpayers may generally deduct interest up to the sum of 50% of adjusted taxable income plus business interest income (30% limit under the 2017 Tax Act) for 2019 and 2020. The CARES Act allows taxpayers with alternative minimum tax credits to claim a refund in 2020 for the entire amount of the credits instead of recovering the credits through refunds over a period of years, as originally enacted by the 2017 Tax Act.

### **Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs are included as a component of general and administrative expense in the consolidated statements of operations.

The Company recognized \$35,157 and \$12,339 in marketing and advertising costs during the years ended December 31, 2022 and 2021, respectively.

### **Stock-Based Compensation**

We account for our stock-based compensation under ASC 718 "*Compensation – Stock Compensation*" using the fair value-based method. Under this method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. This guidance establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments.

We use the fair value method for equity instruments granted to non-employees and use the

Black-Scholes model for measuring the fair value of options. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

When determining fair value, the Company considers the following assumptions in the Black-Scholes model:

- Exercise price,
- Expected dividends,

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

- Expected volatility,
- Risk-free interest rate; and
- Expected life of option

Common Stock Awards

The Company may grant common stock awards to non-employees in exchange for services provided. The Company measures the fair value of these awards using the fair value of the services provided or the fair value of the awards granted, whichever is more reliably measurable. The fair value measurement date of these awards is generally the date the performance of services is complete. The fair value of the awards is recognized on a straight-line basis as services are rendered.

The share-based payments related to common stock awards for the settlement of services provided by non-employees is recorded in accordance with ASU 2018-07 on the consolidated statements of operations in the same manner and charged to the same account as if such settlements had been made in cash.

Stock Warrants

In connection with certain financing, consulting and collaboration arrangements, the Company may issue warrants to purchase shares of its common stock. The outstanding warrants are standalone instruments that are not puttable or mandatorily redeemable by the holder and are classified as equity awards. The Company measures the fair value of the awards using the Black-Scholes option pricing model as of the measurement date. Warrants issued in conjunction with the issuance of common stock are initially recorded at fair value as a reduction in additional paid-in capital of the common stock issued. All other warrants are recorded at fair value as expense over the requisite service period or at the date of issuance if there is not a service period.

There were no warrants granted during the years ended December 31, 2022 and 2021, respectively. Additionally, there were no warrants issued, outstanding or exercisable as of December 31, 2022 and 2021, respectively.

**Operating Lease**

We account for leases in accordance with ASC Topic 842: Leases, which requires a lessee to utilize the right-of-use model and to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of operations. In addition, a lessor is required to classify leases as either sales-type, financing or operating. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as financing. If the lessor does not convey risk and rewards or control, the lease is treated as operating. We determine if an

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

arrangement is a lease, or contains a lease, at inception and record the lease in our financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments over the lease term. Lease right-of-use assets and liabilities at commencement are initially measured at the present value of lease payments over the lease term. We generally use our incremental borrowing rate based on the information available at commencement to determine the present value of lease payments except when an implicit interest rate is readily determinable. We determine our incremental borrowing rate based on market sources including relevant industry data.

We have a lease agreement with lease and non-lease components and have elected to utilize the practical expedient to account for lease and non-lease components together as a single combined lease component, from both a lessee and lessor perspective with the exception of direct sales-type leases and production equipment classes embedded in supply agreements. From a lessor perspective, the timing and pattern of transfer are the same for the non-lease components and associated lease component and, the lease component, if accounted for separately, would be classified as an operating lease.

We have elected not to present short-term leases on the balance sheet as these leases have a lease term of 12 months or less at lease inception and do not contain purchase options or renewal terms that we are reasonably certain to exercise. All other lease assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. Because most of our leases do not provide an implicit rate of return, we used our incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments.

Our lease, where we are the lessee, includes an option to extend the lease term. Our lease does not include an option to terminate the lease prior to the end of the agreed upon lease term. For purposes of calculating lease liabilities, lease term would include options to extend or terminate the lease when it is reasonably certain that we will exercise such options.

Lease expense for operating leases is recognized on a straight-line basis over the lease term as an operating expense, included as a component of general and administrative expenses, in the accompanying statements of operations. Certain operating leases provide for annual increases to lease payments based on an index or rate, our lease has no stated increase, payments were fixed at lease inception. We calculate the present value of future lease payments based on the index or rate at the lease commencement date. Differences between the calculated lease payment and actual payment are expensed as incurred.

**Basic and Diluted Earnings (Loss) per Share and Reverse Stock Split**

Pursuant to ASC 260-10-45, basic earnings (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding for

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

the periods presented. Diluted earnings per share is computed by dividing net income by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period. Potentially dilutive common shares may consist of common stock issuable for stock options and warrants (using the treasury stock method), convertible notes and common stock issuable. These common stock equivalents may be dilutive in the future. In the event of a net loss, diluted loss per share is the same as basic loss per share since the effect of the potential common stock equivalents upon conversion would be anti-dilutive.

On January 19, 2021, all of the Company's issued and outstanding Class A, preferred stock and Class B, common stock was converted into Class A, common stock (see Note 5).

Effective February 8, 2021, the Company executed a 1:100 reverse stock split for its Class A, common stock.

As a result, all disclosures herein for the Series A, preferred stock and all Class B, common stock are reflected on a split adjusted basis giving effect for the reverse stock split of the Class A, common stock (post conversion).

All share and per share amounts have been retroactively restated to the earliest period presented. However, the issued and outstanding stock options prior to the stock split were not subject to the stock split.

The following potentially dilutive equity securities outstanding as of December 31, 2022 and 2021 were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 30,</u> <u>2021</u>
Stock options (exercise price \$0.04/share)	<u>2,500,000</u>	<u>16,300,000</u>
Total common stock equivalents	<u>2,500,000</u>	<u>16,300,000</u>

Based on the potential common stock equivalents noted above at December 31, 2022, the Company has sufficient authorized shares of Class A, common stock (1,500,000,000) to settle any potential exercises of common stock equivalents.

### **Related Parties**

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**Recent Accounting Standards**

Changes to accounting principles are established by the FASB in the form of ASU's to the FASB's Codification. We consider the applicability and impact of all ASU's on our consolidated financial position, results of operations, stockholders' deficit, cash flows, or presentation thereof.

In June 2016, the FASB issued ASU 2016-13 - Financial Instruments-Credit Losses-Measurement of Credit Losses on Financial Instruments. Codification Improvements to Topic 326, Financial Instruments – Credit Losses, have been released in November 2018 (2018-19), November 2019 (2019-10 and 2019-11) and a January 2020 Update (2020-02) that provided additional guidance on this Topic. This guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For SEC filers meeting certain criteria, the amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For SEC filers that meet the criteria of a smaller reporting company (including this Company) and for non-SEC registrant public companies and other organizations, the amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. Early adoption will be permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019.

The Company is currently in the process of its analysis of the impact of this guidance on its consolidated financial statements and does not expect the adoption of this guidance to have a material impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income

Taxes." This guidance, among other provisions, eliminates certain exceptions to existing guidance related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. This guidance also requires an entity to reflect the effect of an enacted change in tax laws or rates in its effective income tax rate in the first interim period that includes the enactment date of the new legislation, aligning the timing of recognition of the effects from enacted tax law changes on the effective income tax rate with the effects on deferred income tax assets and liabilities. Under existing guidance, an entity recognizes the effects of the enacted tax law change on the effective income tax rate in the period that includes the effective date of the tax law. ASU 2019-12 is effective for interim and annual

periods beginning after December 15, 2020, with early adoption permitted. We adopted this pronouncement on January 1, 2021; however, the adoption of this standard did not have a material effect on the Company's consolidated financial statements.



**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

In August 2020, the FASB issued ASU 2020-06, “Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity”, to reduce complexity in applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 is effective for interim and annual periods beginning after December 15, 2023, with early adoption permitted. We adopted this pronouncement on January 1, 2021; however, the adoption of this standard did not have a material effect on the Company’s consolidated financial statements.

**Reclassifications**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no material effect on the consolidated results of operations, stockholders’ deficit, or cash flows.

**Note 3 – Property and Equipment**

Property and Equipment consisted of the following:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Buildings	\$ -	\$ 802,833
Equipment	7,984,769	989,375
	7,984,769	1,792,208
Accumulated Depreciation	5,335,207	47,222
Property and equipment - net	<u>\$ 2,649,562</u>	<u>\$ 1,744,986</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$530,807 and \$47,222, respectively. These amounts are included as a component of depreciation, depletion, amortization, and accretion in the accompanying consolidated statement of operations. Buildings and equipment totaling \$1,696,525 were acquired on July 1, 2021 and October 1, 2021 in connection with the acquisitions of OGM and UES.

**Note 4 – Oil and Natural Gas Properties**

Oil and Natural Gas Properties consisted of the following:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Producing oil and natural gas wells (including ARO)	\$ -	\$ 3,939,201
Surface land	-	2,829,926
Mineral rights	-	2,000
	-	6,771,127
Accumulated depletion	-	314,511
Total oil and natural gas properties – net	<u>\$ -</u>	<u>\$ 6,456,616</u>

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

Depletion expense for the years ended December 31, 2022 and 2021 was \$0 and \$292,303, respectively. These amounts are included as a component of depreciation, depletion, amortization, and accretion in the accompanying consolidated statements of operation

**Note 5 – Notes Payable**

The following represents a summary of the notes payable, key terms, and outstanding balances on December 31, 2022 and 2021, respectively:

<b>Terms</b>	<b>1 Notes Payable</b>	<b>2, 3 Note Payable</b>	<b>4, 5 Note Payable</b>	<b>5, 6 Note Payable</b>	<b>5, 7 Note Payable</b>	<b>5, 8 Note Payable</b>	<b>Total</b>
				January 22	June 2022	July 2022	
Issuance date of notes	June 2021 / December 2021	December 2019 / July 2021	July 2017 / September 2021				
Maturity dates	December 2026 / June 2027	June 2026 / July 2027	July 2022 / September 2033				
Interest rates	0.00% - 6.74%	1.00% - 5.00%	3.70% - 6.50%				
Collateral	All assets of the Company	All assets of the Company	All assets of the Company	All assets of the Company (APEX)	All assets of the Company (BDES)	All assets of the Company (AMS)	
<b>Balance - December 31, 2021</b>	<b>\$ 110,927</b>	<b>\$ 1,989,799</b>	<b>\$1,878,916</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,979,642</b>
Note issued by AEPT in acquisition of AMS	-	-	-	-	-	1,200,000	1,200,000
Note issued by AEPT in acquisition of UES	-	-	600,000	-	-	-	600,000
Note issued by AEPT in acquisition of Apex	-	-	-	150,000	-	-	150,000
Note issued by AEPT in acquisition of BDES	-	-	-	-	100,000	-	100,000
Debt assumed in acquisition of AMS	-	-	-	-	0	1,454,333	1,454,333
Debt assumed in acquisition of Apex	-	-	-	3,801,807	0	0	3,801,807
Debt assumed in acquisition of BDES	-	-	-	-	140,046	-	140,046
Debt assumed in acquisition of UES	-	-	1,444,601	0	0	0	1,444,601
Repayments	(110,927)	(1,989,799)	(356,872)	(720,074)	(27,176)	(254,333)	(3,459,181)
Balance - December 31, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,566,645</u>	<u>\$ 3,231,733</u>	<u>\$ 212,870</u>	<u>\$ 2,400,000</u>	<u>\$ 9,411,248</u>

1 - Notes are for a vehicle and equipment. Assets sold at year end (See Footnote 8)

2 - Notes are for equipment. Assets sold at year end (See Footnote 8)

3 – Assets sold at year end (See Footnote 8)

4 - In October 2021, The Company issued a note for \$600,000 as consideration for the acquisition of UES. The Company paid \$100,000 on the acquisition date.

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

5 - Notes are for equipment.

6 - In January 2022, The Company issued a note for \$150,000 as consideration for the acquisition of Apex. The Company paid \$150,000 through 2022.

7 - In June 2022, The Company issued a note for \$100,000 as consideration for the acquisition of BDES. The Company paid \$25,000 through 2022.

8 - In July 2022, The Company issued a note for \$1,200,000 as consideration for the acquisition of AMS. The Company paid \$1,200,000 on the acquisition date.

### **Employee Retention Credit**

The Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted December 27, 2020, made a number of changes to employer retention tax credits previously made available under the CARES Act, including modifying and extending the Employee Retention Credit ("ERC"). As a result of such legislation, the Company qualified for ERC. At December 31, 2021 the Company had an ERC of \$214,719, which is reflected in the accompanying consolidated balance sheets. The ERC was applied in 2022.

The following represents a summary of the other notes payable, its key terms, and outstanding balances at December 31, 2022 and 2021, respectively:

<b>Terms</b>	<b>Note Payable #1</b>	<b>Note Payable #2</b>	<b>Note Payable #3</b>	<b>Total</b>
Issuance date of note		June 2020	September 2020	
Maturity date		May 2050	August 2050	
Interest rate		3.75%	3.75%	
Collateral		Unsecured	Unsecured	
Balance - December 31, 2021	\$ 108,967	\$ 148,600	\$ 150,000	\$ 407,567
Repayments	(108,967)	(148,600)	(150,000)	(407,567)
Note assumed in acquisition of Apex	-	500,000	-	500,000
Note assumed in acquisition of BDES for UES	-	-	128,732	128,732
Balance - December 31, 2021	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 128,732</u>	<u>\$628,732</u>

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**Commitments – Debt Maturity**

The following represents the Company's future minimum payments required under notes that have remaining terms in excess of one year at December 31, 2022:

2024	1,239,541
2025	765,300
2026	705,213
2027	402,550
2028	357,179
Thereafter	<u>1,746,253</u>
Notes payable – long term portion	5,216,036
Plus: current portion of notes payable	<u>3,981,061</u>
Notes payable - total	<u><u>\$ 9,197,097</u></u>

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**Note 6 – Stockholders’ Deficit**

At December 31, 2022, and prior to the conversions noted below, the Company has two (2) classes of stock:

**Class A Common Stock**

- 1,500,000,000 shares authorized
- Par value - \$0.001
- Voting at 1 vote per share

**Series A Preferred Stock**

- 1,000,000,000 shares authorized
- Par value - \$0.001
- Voting at 20 votes per share
- Ranks senior to Class A common stock
- Eligible for dividends if declared by the Board of Directors
- Liquidation preference - \$1/share
- Conversion into 20 shares of Class A, common stock for each share held, this option is held by the majority of the Series A, Preferred Stockholders, provided there are a sufficient amount of unissued authorized Class A, common stock.

At December 31, 2020, and in connection with the 1:100 reverse split on February 8, 2021, the Company had sufficient authorized shares to settle any potential conversions. As a result, the Company reclassified the preferred shares previously reflected as temporary equity at December 31, 2019 to permanent equity in the accompanying consolidated balance sheets at December 31, 2020.

On January 19, 2021, all 9,840,000 issued and outstanding shares were converted into 19,680,000 shares of Class A, Common Stock at par value.

**Preferred Stock**

On February 19, 2021, the Company amended its Articles of Incorporation to reflect a new class of Preferred Stock.

- 250,000,000 shares authorized
- Par value - \$0.001
- None issued and outstanding

**Equity Transactions for the Year Ended December 31, 2022**

**Stock Issued for Acquisitions – 3<sup>rd</sup> Parties – Class A Common Stock:**

On January 1, 2022, the Company issued 11,605,416 shares of Class A, common stock, for

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

\$900,000 (\$0.075/share), based upon the quoted closing trading price on the acquisition date, to purchase 100% of APEX outstanding stock in a transaction treated as a business combination.

On May 16, 2022, the Company issued 2,026,266 shares of Class A, common stock, for \$270,000 (\$0.133/share), based on a negotiated price at the acquisition date, to purchase the assets of Black Diamond Energy Services.

On July 1, 2022, the Company issued 12,500,000 shares of Class A, common stock, for \$1,000,000 (\$0.08/share), based on the closing price at the acquisition date, to purchase 100% of Austin Master Services' outstanding equity in a transaction treated as a business combination.

**Stock Issued for Services – Related Parties**

The Company issued 26,870,850 shares of common stock on various dates during 2021, for services rendered, having a combined fair value of \$2,106,500 (\$0.078/share), based on the quoted closing trading prices at the time of issuance.

**Stock Issued upon Exercise of Stock Options**

On January 5, 2022, the Company issued 6,305,556 shares of common stock in exchange for the cashless exercise of 8,200,000 stock options. The net effect on Stockholders' Equity was \$0.

**Equity Transactions for the Year Ended December 31, 2021**

**Stock Issued for Cash – 3rd Parties – Class A Common Stock**

The Company issued 266,667 shares of Class A, common stock, for \$80,000 (\$0.30/share).

**Stock Issued for Services – 3rd Parties – Class A Common Stock**

The Company issued 32,847 shares of Class A, common stock, for services rendered, having a fair value of \$22,500 (\$0.685/share), based upon the quoted closing trading price.

**Stock Issued for Services – Related Parties**

The Company issued 1,969,696 shares of common stock, for services rendered, having a fair value of \$374,045 (\$0.19/share), based upon the quoted closing trading price.

**Conversion of Series A, Preferred Stock and Class B, Common Stock**

On January 19, 2021, the Company converted all issued and outstanding shares of its Series A, preferred stock and Class B, common stock, in exchange for Class A, common stock. The net effect on stockholders' equity due to the conversion was \$0.

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**Stock Issued in Settlement of Convertible Debt and Accrued Interest and Gain on Debt Extinguishment – Class A Common Stock**

On April 12, 2021, the Company issued 565,170 shares of Class A common stock to repay \$70,000 of note principal and \$4,189 of accrued interest on its convertible note payable (See Note 5). These shares had a fair value of \$71,211 (\$0.126/share), based upon the quoted closing trading price of the Company's common stock. The remaining \$2,978 was reflected as a gain on debt extinguishment as follows:

Note payable repaid	\$ 70,000
Accrued interest payable repaid	<u>4,189</u>
Total debt repaid	74,189
Fair value of Class A, common stock issued	<u>71,211</u>
Gain on debt extinguishment	<u>\$ 2,978</u>

**Stock Issued for upon Exercise of Stock Options**

On April 26, 2021, the Company issued 3,170,843 shares of common stock in exchange for the cashless exercise of 3,450,000 stock options. The net effect on stockholders' equity was \$0.

**Stock Issued for Acquisition of OGM**

On July 1, 2021, the Company issued 22,290,076 shares of common stock, having a fair value of \$4,903,816 (\$0.22/share), based upon the quoted closing trading price on the acquisition date, to purchase 100% of OGM's outstanding stock in a transaction treated as a business combination. The Company's former Chief Operating Officer was an officer, director, and control person of OGM.

**Stock Options**

During 2017, the Company adopted the Company's 2017 Incentive Plan (the "Plan"). The Plan provides stock-based compensation to employees, directors, and consultants. The

Company has reserved 20,000,000 shares under the Plan. In May 2021, the Company revised the Plan to allow for up to 150,000,000 shares to be available for issuance under the Plan. Stock option transactions under the Company's Plan for the years ended December 31, 2022 and 2021 are summarized as follows:

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

<b>Stock Options</b>	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>	<b>Average Remaining Contractual Term (Years)</b>	<b>Aggregate Intrinsic Value</b>	<b>Average Grant Date Fair Value</b>
Outstanding – December 31, 2020	19,750,000	0.04	2.23	\$ -	\$ -
Exercisable – December 31, 2020	19,750,000	0.04	2.23	\$ -	\$ -
Granted	15,456,624	0.17			\$ 0.18
Exercised	(3,450,000)	0.04			
Cancelled/Forfeited	(821,403)	0.17			
Outstanding – December 31, 2021	30,935,221	0.10	2.86	\$ 592,355	\$ -
Vested and Exercisable - Dec 31, 2021	16,300,000	0.04	1.23	\$ 592,355	\$ -
Unvested, Non-exercisable – Dec 31, 2021	14,635,221	0.17	4.68	\$ -	\$ -
Outstanding – December 31, 2021	30,935,221	0.10	2.86	\$ 592,355	\$ -
Vested and Exercisable - Dec 31, 2021	16,300,000	0.04	1.23	\$ 592,355	\$ -
Unvested, Non-exercisable – Dec 31, 2021	14,635,221	0.17	4.68	\$ -	\$ -
Granted	107,443,003	0.10			\$ -
Exercised	(8,200,000)	0.04			
Cancelled/Forfeited	(7,366,664)	0.07			
Outstanding – December 31, 2022	122,811,560	0.11	8.86	\$ 103,265	\$ -
Vested and Exercisable – December 31, 2022	2,500,000	0.04	3.75	\$ 103,625	\$ -
Unvested and non-exercisable – December 31, 2022	120,311,560	0.11	8.88	\$ -	\$ -

On July 1, 2021, the Company granted 4,166,667 ten (10) year options, which vest at the end of two (2) years. The Company recognizes compensation expense ratably over the vesting term. Using the Black-Scholes option pricing model, the Company determined that the fair value of these options granted was \$916,370.

On August 1, 2021, the Company granted 476,190 ten (10) year options, which vest at the end of two (2) years. The Company recognizes compensation expense ratably over the vesting term. Using the Black-Scholes option pricing model, the Company determined that the fair value of these options granted was \$104,683. The employee was terminated in 2021, as a result, the Company cancelled these options. All previously recognized expense was reversed. For the year ended December 31, 2021, total expense recognized was \$0.

On October 1, 2021, the Company granted 10,813,767 ten (10) year options, which vest at the end of two (2) years. The Company recognizes compensation expense ratably over the vesting term. Using the Black-Scholes option pricing model, the Company determined that the fair value of these options granted was \$1,781,880. Certain employees were terminated in 2021, as a result, the Company cancelled 345,213 options. All previously recognized expense was reversed. For the year ended December 31, 2021, total expense recognized was \$0.

On January 3, 2022, the Company granted 7,614,213 (10) year options, which vest at the end of two (2) years. The Company recognizes compensation expense ratably over the vesting term. Using



**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

the Black-Scholes option pricing model, the Company determined that the fair value of these options granted was \$572,686. Also in January 2022, an employee was terminated and as a result, the Company cancelled 181,818 options. All previously recognized expense was reversed.

On May 17, 2022, the Company granted 5,000,000 (10) year options, which vest at the end of two (2) years. The Company recognizes compensation expense ratably over the vesting term. Using the Black-Scholes option pricing model, the Company determined that the fair value of these options granted was \$603,266.

On July 1, 2022, the Company granted 29,545,455 (10) year options, which vest at the end of two (2) years. The Company recognizes compensation expense ratably over the vesting term. Using the Black-Scholes option pricing model, the company determined that the fair value of these options granted was \$3,239,248. Also in July 2022 and September 2022, certain employees were terminated and as a result, the Company cancelled 6,843,636 options. All previously recognized expense was reversed.

On October 1, 2022, the Company granted 65,283,335 (10) year options, which vest at the end of two (2) years. The Company recognizes compensation expense ratably over the vesting term. Using the Black-Scholes option pricing model, the Company determined that the fair value of these options granted was \$4,553,877. Also in December 2022, an employee was terminated and as a result, the Company cancelled 18,909 options. All previously recognized expense was reversed.

For the year ended December 31, 2022, fair value was based upon the following management estimates:

	Year Ended December 31, 2022
Exercise price	\$0.09 - \$0.18
Expected volatility	244% - 368%
Expected dividends	0.00%
Expected life in years	5.75
Risk-free interest rate	0.25% - 3.88%

Compensation expense recorded for stock-based compensation for the years ended December 31, 2022 and 2021, was \$1,985,114 and \$444,718, respectively.

As of December 31, 2022, compensation cost related to the unvested options not yet recognized was \$8,218,337.

Weighted average period in which unvested stock option compensation will vest is 1.67 years.

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**Note 7 – Acquisitions**

Unlimited Energy Services, LLC acquired the assets of Black Diamond Energy Services, a fabrication company located in Jane Lew, WV. These assets were acquired May 13, 2022 and for financial reporting purposes is included in the accompanying consolidated balance sheets, statements of operations, statements of stockholders' equity (deficit) or cash flows at December 31, 2022.

Apex Energy Service, LLC ("APEX") is a premier provider of well-site services to upstream energy companies in Pennsylvania, West Virginia, and Ohio. Services include general labor, pressure washing, hotshot hauling, vacuum service, erosion control, as well as primary and secondary containment. APEX was acquired on January 1, 2022 and for financial reporting purposes is included in the accompanying consolidated balance sheets, statements of operations, statements of stockholders' equity (deficit) or cash flows at December 31, 2022.

**Pro Forma Financial Information For Acquisition of APEX**

The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value of the net assets acquired may be subject to adjustments pending completion of final valuations and post-closing adjustments. The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the effective closing date.

Consideration:

Cash	\$300,000
Common Stock (11,605,416 shares)	\$900,000
Liabilities assumed	<u>\$3,802,000</u>
Fair value of consideration transferred	<u>\$5,002,000</u>

Recognized amounts of identifiable assets acquired and liabilities assumed:

Accounts Receivable	\$1,473,000
Prepays and other assets	\$ 860,000
Property, Plant and Equipment, net of accumulated depreciation	<u>\$ 1,083,000</u>
Total assets acquired	<u>\$ 3,426,000</u>
Liabilities assumed	<u>\$3,802,000</u>
Total identifiable net assets	<u>\$ (376,000)</u>
Goodwill	<u>\$ 900,000</u>

The Goodwill is primarily related to factors such as synergies and market share, and is not deductible for tax purposes.

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

Supplemental Pro Forma Information (Unaudited)

The unaudited pro forma information for the periods set forth gives effect to the acquisition as if the transaction occurred on January 1, 2021. The pro forma information is presented for informational purposes only and is not indicative of the results of operations that actually would have been achieved had the transaction been consummated as of that time:

	<u>For the Year Ended December 31, 2022</u>	<u>For the Year Ended December 31, 2021</u>
Revenues	<u>\$21,326,338</u>	<u>\$8,793,715</u>
Net (loss)	<u>(\$5,779,658)</u>	<u>(\$2,523,887)</u>
(Loss) per share – Basic	(\$0.02)	(\$0.01)
(Loss) per share – Diluted	(\$0.02)	(\$0.01)
Weighted average number of shares – Basic	243,228,277	228,950,808
Weighted average number of shares – Diluted	243,228,277	228,950,808

American Energy Partners, Inc. acquired 100% Austin Master Services, LLC, located in Pottstown, PA on July 1, 2022 and for financial reporting purposes is included in the accompanying consolidated balance sheets, statements of operations, statements of stockholders' equity (deficit) or cash flows at December 31, 2022.

Austin Master Services is a full-service, comprehensive environmental services firm specializing in radiological waste management solutions, including deactivation and decommissioning (D&D), remediation and transportation. They provide professional safety, industrial hygiene and health physics services. Their licensed and permitted Ohio facility can handle trans-loading of contaminated debris and soils, as well as decontamination of building material surfaces for the purpose of volume reduction of waste materials.

**Pro Forma Financial Information For Acquisition of Austin Master Services, LLC**

The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value of the net assets acquired may be subject to adjustments pending completion of final valuations and post-closing adjustments. The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the effective closing date.

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

Consideration:

Cash	\$1,200,000
Common Stock (12,500,000 shares)	\$1,000,000
Liabilities assumed	<u>\$1,800,000</u>
Fair value of consideration transferred	<u>\$4,000,000</u>

Recognized amounts of identifiable assets acquired and liabilities assumed:

Cash	\$ 348,871
Accounts Receivable	\$1,645,378
Prepays and other assets	\$ 657,137
Property, Plant and Equipment, net of accumulated depreciation	<u>\$ 227,550</u>
Total assets acquired	<u>\$2,878,936</u>
Liabilities assumed	<u>\$1,800,000</u>
Total identifiable net assets	<u>\$1,078,936</u>

Supplemental Pro Forma Information (Unaudited)

The unaudited pro forma information for the periods set forth gives effect to the acquisition as if the transaction occurred on January 1, 2021. The pro forma information is presented for informational purposes only and is not indicative of the results of operations that actually would have been achieved had the transaction been consummated as of that time:

	<u>For the Year Ended December 31 2020</u>	<u>For the Year Ended December 31, 2021</u>
Revenues	<u>\$26,977,641</u>	<u>\$14,009,061</u>
Net (loss)	<u>(\$6,367,991)</u>	<u>(\$1,332,094)</u>
(Loss) per share – Basic	(\$0.03)	(\$0.01)
(Loss) per share – Diluted	(\$0.03)	(\$0.01)
Weighted average number of shares – Basic	243,228,277	229,845,392
Weighted average number of shares – Diluted	243,228,277	229,845,392

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**Note 8 – Discontinued Operations**

On December 29, 2022, the Company sold its oil and gas producing operations and related assets which included 100% of its interests in Gilbert Oil & Gas, LLC; Dahlmont, LLC; Freedom Oil & Gas, Inc.; Washington Energy Company, LLC; and Oil & Gas Management, Inc. companies (the "Oil & Gas Producing Companies"). In exchange for the Oil & Gas Producing Companies, the buyers agreed to assume all liabilities of the Oil & Gas Producing Companies, including plugging and abandonment costs, along with certain debt obligations and legal proceedings.

The Company recorded the transaction as discontinued operations and recognized a net loss from the sale of \$2,726,728 in its earnings (loss) from discontinued operations in its Consolidated Statements of Operations for the year ended December 31, 2022.

The information below sets forth selected financial information related to the operating results of the Oil & Gas Producing Companies classified as discontinued operations. The Oil & Gas Producing Companies' revenue and expenses have been reclassified to net earnings (loss) from discontinued operations in prior periods. The Consolidated Balance Sheets present the assets and liabilities that were reclassified from the specified line items to assets and liabilities held for sale and the Consolidated Statements of Operations present the revenue and expenses that were reclassified from the specified line items to discontinued operations.

The following table summarizes amounts of assets and liabilities for the discontinued Oil & Gas Producing assets and liabilities on the Consolidated Balance Sheets:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Current Assets</b>		
Cash	\$ -	\$ 822,910
Accounts receivable – Oil and natural gas	-	1,055,437
Prepays and other	-	47,009
<b>Total Current Assets held for sale</b>	-	1,925,356
 Mortgage receivable	-	0
Building & Land	-	175,515
Property and equipment	-	0
Oil & Gas Producing Properties	-	8,201,602
Other Assets	-	42,283
<b>Total Assets held for sale</b>	\$ -	\$ 10,344,756
 <b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ -	\$ 802,551
Current portion of Notes Payable	-	1,786,508
Operating Lease liabilities	-	177,206
Other Current Liabilities	-	1,134,622
<b>Total Current Liabilities held for sale</b>	-	3,900,887
 <b>Long Term Liabilities</b>		
Notes payable	-	-
Asset retirement obligations	0	4,321,885
<b>Total Long Term Liabilities held for sale</b>	\$ -	\$ 4,321,885

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

The following table summarizes Consolidated Statements of Operations information of discontinued operations:

	<u>For the Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Total Revenues	\$ 2,699,722	\$ 937,590
Cost and Administrative Expenses	(1,624,592)	(1,577,138)
Lease Operating Expenses	(22,762)	(308,657)
Depreciation, Depletion, Amortization, ARO and Accretion	(3,014,297)	(2,087,816)
Interest	(62,382)	(49,988)
Other Income (Expenses)	(7,723)	108,776
Net Loss on Sale of Companies	<u>(2,032,034)</u>	<u>(2,977,233)</u>

**Note 9 – Right-of-Use Operating Lease**

On October 1, 2021, in connection with the acquisition of UES, the Company executed a Right-of-Use operating lease for an energy facility that includes an office, shop, and fenced yard. The lease is for an initial term of three (3) years at \$6,000 per month. The lease contains two (2), one (1) year renewal options.

On September 1, 2022, the Company executed a Right-of-Use operating lease for an energy facility that includes an office, shop, and fenced yard. The lease is for an initial term of two (2) years at \$4,500 per month.

On April 1, 2022, the Company executed a Right-of-Use operating lease for an energy facility that includes an office, shop, and fenced yard. The lease is for an initial term of two (2) years at \$6,000 per month.

On May 15, 2022, the Company executed a Right-of-Use operating lease for office space. The lease is for an initial term of forty (40) months at a variable monthly rate (average \$11,741 per month).

On June 1, 2022, in connection with the acquisition of AMS, the Company executed a Right-of-Use operating lease for office space. The lease is for an initial term of two (2) years at a variable monthly rate (average \$1,700 per month).

On June 1, 2022, in connection with the acquisition of AMS, the Company executed a Right-of-Use operating lease for an environmental facility that includes an office, shop, and fenced yard. The lease is for an initial term of twenty-nine (29) months at \$49,179 per month. The lease contains two (2), ten (10) year renewal options.

At December 31, 2022, the Company has no financing leases as defined in ASC 842, "Leases".

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

The tables below present information regarding the Company's operating lease assets and liabilities at December 31, 2022:

	<b>December 31, 2022</b>
<b>Assets</b>	
Operating lease – right-of-use asset – non current	\$ 1,609,545
<b>Liabilities</b>	
Operating lease liability	\$ 1,610,573
Weighted-average remaining lease term (years)	1.96
Weighted-average discount rate	8.0%
<b>The components of lease expense were as follows:</b>	
Amortization of right-of-use operating lease asset	\$ 534,430
Lease liability expense in connection with obligation repayment	97,902
Total operating lease costs	\$ 632,332

Supplemental cash flow information related to operating lease as follows:

Operating cash outflows from operating lease (obligation payment – principal and interest)	\$ 573,003
Right-of-use asset obtained in exchange for new operating lease liability	\$ 1,968,460

Future minimum lease payments required under leases that have initial or remaining non-cancelable lease terms in excess of one year at December 31, 2022:

2023	951,154
2024	758,325
2025	101,880
Total undiscounted cash flows	1,811,359
Less: amount representing interest	(140,794)
Present value of operating lease liability	1,670,565
Less: current portion of operating lease liability	(848,075)
Long-term operating lease liability	\$ 822,490

**Note 10 – Income Taxes**

The Company's tax expense differs from the "expected" tax expense for the period (computed by applying the blended corporate tax rate of 28.89% to loss before taxes), are approximately as follows:

**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Federal income tax benefit net of state benefit - 18.90%	\$ (1,100,000)	\$ (516,000)
State income tax - net of federal tax effect - 9.99%	(581,000)	(272,000)
Non-deductible items	<u>0</u>	<u>9,000</u>
Subtotal	(1,681,000)	(779,000)
Valuation allowance	<u>1,681,000</u>	<u>779,000</u>
	<u>\$ -</u>	<u>\$ -</u>

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2022 and 2021 are approximately as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b><u>Deferred Tax Assets</u></b>		
Stock issued for services (common and preferred)	\$ (5,482,000)	\$ (5,389,000)
Stock options issued for services	(861,000)	(288,000)
Bad Debt Expense	(41,000)	0
Amortization of debt discount	0	(51,000)
Change in value of derivative	(7,000)	(7,000)
Impairment expense	0	(534,000)
Net operating loss carryforwards	<u>(542,000)</u>	<u>(444,000)</u>
Total deferred tax assets	(6,933,000)	(6,713,000)
Less: valuation allowance	<u>6,933,000</u>	<u>6,713,000</u>
Net deferred tax asset recorded	<u>\$ -</u>	<u>\$ -</u>

Deferred tax assets and liabilities are computed by applying the federal and state income tax rates in effect to the gross amounts of temporary differences and other tax attributes, such as net operating loss carryforwards. In assessing if the deferred tax assets will be realized, the Company considers whether it is more likely than not that some or all of these deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which these deductible temporary differences reverse.

During the years ended December 31, 2022 and 2021, the valuation allowance increased by approximately \$220,000 and \$779,000, respectively. The total valuation allowance results from the Company's estimate of its inability to recover its net deferred tax assets.

At December 31, 2022, the Company has federal and state net operating loss carryforwards, which are available to offset future taxable income, of approximately \$7,093,000. The Company is in the process of analyzing their NOL and has not determined if



**AMERICAN ENERGY PARTNERS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

the company has had any change of control issues that could limit the future use of these NOL's. NOL carryforwards that were generated after 2017 of approximately \$6,524,000 may only be used to offset 80% of taxable income and are carried forward indefinitely. NOL's totaling approximately \$569,000 expire through December 31, 2038.

These carryforwards may be subject to an annual limitation under Section 382 and 383 of the Internal Revenue Code of 1986, and similar state provisions if the Company Experienced one or more ownership changes which would limit the amount of NOL and tax credit carryforwards that can be utilized to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382 and 383, results from transactions increasing ownership of certain stockholders or public groups in the stock of the corporation by more than 50 percentage points over a three-year period. The Company has not completed an IRC Section 382/383 analysis. If a change in ownership were to have occurred, NOL and tax credit carryforwards could be eliminated or restricted.

If eliminated, the related asset would be removed from the deferred tax asset schedule with a corresponding reduction in the valuation allowance. Due to the existence of the valuation allowance, limitations created by future ownership changes, if any, will not impact the Company's effective tax rate.

The Company files corporate income tax returns in the United States and the States of Pennsylvania, Maryland, and West Virginia jurisdictions. Due to the Company's net operating loss posture, all tax years are open and subject to income tax examination by tax authorities. The Company's policy is to recognize interest expense and penalties related to income tax matters as tax expense. At December 31, 2022 and 2021, there are no unrecognized tax benefits, and there are no significant accruals for interest related to unrecognized tax benefits or tax penalties.