



**10,000,000 Shares  
of Common Stock  
\$.50 per share**

Converde Energy USA, Inc. d/b/a American Energy Partners Inc. (“AEPI” or “we” or the “Company”) is offering, by means of this Private Offering Memorandum, up to 10,000,000 shares of its common stock at a price of \$.50 per share (the “Offering”).

We are offering the shares of common stock directly. The Offering is for 10,000,000 shares of common stock (\$5,000,000). The Offering is being made on a best efforts basis.

Our officers and directors, and persons associated with us, may purchase shares in this Offering. The shares will only be offered and sold to “accredited investors” as that term is defined in Regulation D of the Securities and Exchange Commission.

There is only a limited market for our common stock and there is no assurance that a market for our common stock will continue. The price of the shares we are offering does not bear any relation to our book value, assets, or any other recognized criteria of value.

This offering involves substantial risks. Any person who is not financially able to lose the entire amount of his or her investment should not participate in this offering. See “Risk Factors” and “Terms of Offering”.

Upon the completion of this offering, the Company plans to file a registration statement with the Securities and Exchange Commission so that the shares of common stock and the shares issuable upon the exercise of the warrants sold in this offering, can be resold in the public market.

THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED WITH, NOR APPROVED OR DISAPPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, AND NO COMMISSION OR AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM, NOR IS IT INTENDED THAT THEY WILL.

**December 15, 2016**

<b>Offering</b>	<b>Sales Price <sup>(1)</sup></b>	<b>Proceeds Commissions <sup>(2)</sup></b>	<b>to Company <sup>(3)</sup></b>
Per share	\$0.50	--	\$5,000,000
Maximum Offering	\$5,000,000	\$ --	\$5,000,000

- (1) The securities are being offered and sold to investors on a “best efforts” basis. There is no firm commitment by any person to purchase or sell any of the securities and there is no assurance that any securities offered will be sold. There is no minimum number of securities which are required to be sold in this offering. The Company may terminate this offering at any time.
- (2) The Company may pay selected sales agents a commission up to 10% of the amount sold by the sales agents.
- (3) Before deducting expenses of the offering payable by the Company, which are estimated to be \$10,000.

In its discretion, the Company may increase the size of this offering to 15,000,000 shares.

**NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE "MEMORANDUM") AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. THE DELIVERY OF THIS MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.**

**THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH, OR APPROVED OR DISAPPROVED BY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR THE SECURITIES REGULATORY AGENCY OF ANY STATE, NOR HAS ANY SUCH COMMISSION OR AUTHORITY PASSED ON THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM.**

**THE INFORMATION CONTAINED IN THIS MEMORANDUM IS FURNISHED ON A CONFIDENTIAL BASIS FOR USE BY THE OFFEREE. BY ACCEPTANCE OF THIS MEMORANDUM, EACH OFFEREE AGREES THAT SUCH OFFEREE WILL NOT TRANSMIT, REPRODUCE, OR MAKE AVAILABLE TO ANY OTHER PERSON, EXCEPT SUCH OFFEREE'S AGENTS AND ADVISORS, THIS MEMORANDUM OR ANY APPENDICES OR DOCUMENTS SUPPLIED IN CONNECTION HEREWITH.**

**THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY OF THE SECURITIES OFFERED HEREBY, EXCEPT TO OR FROM THE PERSON TO WHOM THIS MEMORANDUM WAS DELIVERED BY, OR ON BEHALF OF, THE COMPANY. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, IN ANY STATE OR OTHER JURISDICTION IN WHICH, OR TO ANY PERSON TO WHOM, SUCH OFFER OR SOLICITATION IS UNLAWFUL OR UNAUTHORIZED.**

**THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR, AND SHOULD BE USED ONLY IN CONNECTION WITH, A PROSPECTIVE INVESTOR'S CONSIDERATION OF AN INVESTMENT IN THE SECURITIES OF THE COMPANY DESCRIBED HEREIN.**

**THIS OFFER MAY BE WITHDRAWN AT ANY TIME AND IS SPECIFICALLY MADE SUBJECT TO THE TERMS DESCRIBED IN THIS MEMORANDUM. THE COMPANY RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTION, IN WHOLE OR IN PART, OR TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE AMOUNT OF SHARES SUBSCRIBED FOR BY SUCH PROSPECTIVE INVESTOR. ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND MUST NOT BE RELIED UPON.**

**PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM, THE OTHER DOCUMENTS DELIVERED HEREWITH, IF ANY, OR ANY OTHER COMMUNICATION FROM THE COMPANY AS INVESTMENT OR LEGAL ADVICE. THIS MEMORANDUM, THE OTHER DOCUMENTS DELIVERED HEREWITH, AND ANY SUCH OTHER MATERIALS, AS WELL AS THE NATURE OF AN INVESTMENT IN THE SECURITIES OFFERED HEREBY, SHOULD BE REVIEWED BY EACH PROSPECTIVE INVESTOR AND SUCH INVESTOR'S INVESTMENT, TAX, LEGAL, ACCOUNTING AND OTHER ADVISORS.**

**NO GENERAL SOLICITATION WILL BE CONDUCTED AND NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM WILL OR MAY BE EMPLOYED IN THE**

**OFFERING OF THE SECURITIES OFFERED HEREBY, EXCEPT FOR THIS MEMORANDUM (INCLUDING AMENDMENTS AND SUPPLEMENTS HERETO) AND THE DOCUMENTS SUMMARIZED HEREIN OR ENCLOSED HERewith. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS MEMORANDUM OR IN THE DOCUMENTS SUMMARIZED HEREIN OR ENCLOSED HERewith AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON.**

#### **NASAA UNIFORM LEGEND**

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.**

#### **FLORIDA RESIDENTS**

**ANY SALE TO A RESIDENT OF FLORIDA IS VOIDABLE BY THE PURCHASER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE COMPANY, ANY AGENT OF THE COMPANY, OR TO ANY ESCROW AGENT.**

#### **PENNSYLVANIA RESIDENTS**

**PENNSYLVANIA RESIDENTS MAY NOT UNDER ANY CIRCUMSTANCES SELL THE SECURITIES PURCHASED IN THIS OFFERING FOR A PERIOD OF TWELVE MONTHS FOLLOWING THE DATE OF PURCHASE, EXCEPT IN ACCORDANCE WITH RULE 204.11 OF THE PENNSYLVANIA SECURITIES COMMISSION.**

## SUMMARY

THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION APPEARING ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

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Securities Offered:	10,000,000 shares of common stock.
Price Per Share:	\$.50
Plan of Distribution:	The Company is offering the shares of common stock directly.
Use of Proceeds:	The gross proceeds from this offering, before deduction of the non-accounting expense allowance and other estimated Offering expenses, will be \$5,000,000 if all shares offered are sold. The Company intends to use the proceeds to pay the legal, accounting and other expenses associated with this Offering, salaries, marketing, consultants, operational costs, the acquisition of oil & gas (O&G) assets, and filings related to the foregoing with the Securities and Exchange Commission. See "Use of Proceeds" for more information.
Resale Restrictions:	The shares of common stock to be sold in this Offering, are subject to limitations on their resale or transfer. See "Terms of Offering - Resale Restrictions".
Risk Factors:	The purchase of the securities offered by this Private Offering Memorandum involves a high degree of risk. See the "Risk Factors" section of this Private Offering Memorandum.

### Forward Looking Statements

This Private Offering Memorandum contains various forward-looking statements that are based on our beliefs as well as assumptions made by and information currently available to us. When used in this Private Offering Memorandum, the words "believe", "expect", "anticipate", "estimate" and similar expressions are intended to identify forward-looking statements. Such statements may include statements regarding and are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from projections or estimates. Factors which could cause actual results to differ materially are discussed at length under the heading "Risk Factors". Should one or more of the enumerated risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Investors should not place undue reliance on forward-looking statements, all of which speak only as of the date made.

### RISK FACTORS

Investors should be aware that this offering involves certain risks, including those described below, which could adversely affect the value of our common stock. We do not make, nor has it authorized any other person to make, any representation about the future market value of our common

stock. In addition to the other information contained in this Private Offering Memorandum, the following factors should be considered carefully in evaluating an investment in our common stock.

## RISKS RELATED TO THIS OFFERING

The price of the shares of common stock we are offering has been arbitrarily determined.

The price of the shares of common stock we are offering does not bear any relationship to our assets, book value, or any other recognized criteria of value and should not be regarded as an objective valuation or an indication of any future resale value of our common stock.

There is only limited market for our common stock.

Currently, there is only limited market for our common stock. As a result, investors in this offering may have difficulty selling their shares in the public market.

Disclosure requirements pertaining to penny stocks may reduce the level of trading activity in the market for our common stock and investors may find it difficult to sell their shares.

Trades of our common stock are subject to Rule 15c-9 of the Securities and Exchange Commission, which rule imposes certain requirements on broker/dealers who sell securities subject to the rule to persons other than established customers and accredited investors. For transactions covered by the rule, brokers/dealers must make a special suitability determination for purchasers of the securities and receive the purchaser's written agreement to the transaction prior to sale. The Securities and Exchange Commission also has rules that regulate broker/dealer practices in connection with transactions in "penny stocks". Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in that security is provided by the exchange or system). The penny stock rules require a broker/ dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the Commission that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker/dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker/dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker/dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation.

Consequently, the penny stock rules may affect the ability of broker-dealers to sell shares of common stock and may affect the ability of shareholders to sell their shares in the secondary market, as compliance with such rules may delay and/or preclude certain trading transactions. The rules could also have an adverse effect on the market price of our common stock. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for our common stock. Many brokers may be unwilling to engage in transactions in our common stock because of the added disclosure requirements, thereby making it more difficult for shareholders to dispose of their shares. You may also find it difficult to obtain accurate information about, and/or quotations as to the price of our common stock.

**There will be restrictions on the resale of the common stock sold in this Offering**

**The Securities sold in this Offering will be “restricted securities” as that term is defined in Rule 144 of the Securities Act of 1933 (the “Act”). They may be resold only in compliance with Rule 144 or some other exemption from registration under the Act, unless the securities are covered by an effective registration statement under the Act. Rule 144 provides, in essence, that a person who is not affiliated with us may, approximately after one year after the date of acquisition of the O&G assets (see “Proposed Business”), sell restricted securities without restriction, provided we are current in our filings with the Securities and Exchange Commission. There can be no assurance that Rule 144 or any other exemption will be available for the resale of the Securities purchased by investors in this Offering.**

We have agreed to file a registration statement with the Securities and Exchange Commission so that the shares of common stock sold in this offering can be resold in the public market. Although we will use our best efforts to file the registration statement and to cause the registration statement to be declared effective, we cannot unconditionally guarantee that any registration statement will be declared effective by the Securities and Exchange Commission. In addition, recent interpretations by the Securities and Exchange Commission may limit the number of shares which we can register. As a result, it is possible that all of the securities purchased by investors in this offering may not be included in the registration statement.

**Possible purchases of shares by our affiliates.**

**The shares of common stock we are offering by means of this Private Offering Memorandum may be purchased by persons associated with us or with broker dealers participating in the Offering.**

We do not intend to pay any cash dividends on our common stock.

We have never declared or paid any cash dividends on our common stock and we do not anticipate paying any cash dividends in the foreseeable future. Prospective investors should not purchase these securities with any view toward the receipt of dividends.

Your ownership could be diluted by future issuances of our stock, options, warrants or other securities.

Your ownership in our shares may be diluted by future issuances of capital stock or the exercise of outstanding or to be issued options, warrants or convertible notes to purchase our common stock. In particular, we may sell securities in the future in order to finance or expand our operations without obtaining the approval of the holders of our common stock.

**RISKS RELATED TO OUR BUSINESS**

We may not be successful in completing the acquisition of the oil and gas assets.

The amount of capital raised in this or other offerings will dictate the amount of O&G assets bought. We will need to raise capital these assets. The acquisition of the O&G assets is subject to a number of other conditions and there can be no assurance that we will be able to raise capital complete any acquisitions

Our industry is sensitive to changing economic conditions and various other factors. Business and results of operations are substantially dependent on commodity price levels and the level of gross profit margins that can be achieved on the sales of new wells, all of which are difficult to predict.

Many factors affect sales of O&G and an O&G's gross profit margins, including the economy, fuel prices, credit availability, interest rates, consumer confidence, and the success of third-party sales platforms, the level of personal discretionary spending, unemployment rates, the state of housing markets, production levels and capacity, the rate of inflation, currency exchange rates, intense industry competition, the prospects of war, other international conflicts or terrorist attacks, severe weather events, product quality, affordability and innovation. Changes in interest rates can significantly impact industry pricing and product affordability due to the direct relationship between interest rates and commodity prices, a critical factor for many buyers, and the impact interest rates have on borrowing capacity and disposable income. In addition, volatility in commodity prices can cause rapid shifts in price which are difficult to accommodate even with hedging strategies.

If production exceeds the industry selling rate, production margins could be adversely impacted by excess supply. Further, the performance of a particular company may differ from the performance of industry due to particular economic conditions and other factors in the geographic markets in which it operates. Economic conditions and the other factors described above may also materially adversely impact sales.

Our operations are subject to extensive governmental laws and regulations. If the Company is found to be in violation of, or subject to, liabilities under any of these laws or regulations, or if new laws or regulations are enacted that adversely affect operations, its business, operating results and prospects could suffer.

Our industry is subject to a wide range of federal, state, and local laws and regulations, such as those relating to sales, finance and insurance, advertising, licensing, consumer protection, consumer privacy, escheatment, anti-money laundering, environmental, health and safety, and employment practices. With respect to sales, finance and insurance, and advertising, we are subject to various laws and regulations, the violation of which could subject the Company to consumer class action or other lawsuits or governmental investigations and adverse publicity, in addition to administrative, civil, or criminal sanctions. With respect to employment practices, we are subject to various laws and regulations, including complex federal, state, and local wage and hour and anti-discrimination laws. The violation of laws and regulations to which we are subject also can result in administrative, civil, or criminal sanctions, which may include a cease and desist order against the subject operations or even revocation or suspension of a license to operate the subject business, as well as significant fines and penalties. In addition, we may be subject to broad liabilities arising out of contamination at currently and formerly owned or operated facilities, at locations to which hazardous substances were transported from such facilities, and at locations related to entities formerly affiliated with the Company. Failure to comply with applicable laws and regulations or the unfavorable resolution of one or more lawsuits or governmental investigations may have an adverse effect on a Company's business.

Pressure from the federal agencies could lead to significant changes in the manner that we are allowed to operate, and while it is difficult to predict how any such changes might impact a Company, any adverse changes could have a material adverse impact on a Company's business and results of operations.

We are subject to interest rate risk in connection with their commodities and loans that could have a material adverse effect on their profitability.



Some of the debt held is subject to variable interest rates. Variable interest rate debt will fluctuate with changing market conditions and, accordingly, interest expense will increase if interest rates rise. In addition, inventory carrying cost may increase due to changes in interest rates, inventory levels, and lower economic activity. A significant increase in interest rates will usually have a material adverse effect on our business.

New laws, regulations, or governmental may affect the Company's ability to produce cost-effective products that consumers demand, which could adversely impact our business.

Companies such as ours are subject to government-mandated standards, which continue to change and become more stringent over time. These and other laws and regulations could materially adversely affect the ability of us to produce, and our ability to sell assets at profitable prices.

### **USE OF PROCEEDS**

We expect to use the proceeds from this offering as follows:

Use of Proceeds	\$500,000	\$1,000,000	\$2,500,000	\$5,000,000
Legal	25,000	50,000	125,000	250,000
Consulting	12,500	25,000	62,500	125,000
SG&A	1,250	2,500	6,250	12,500
Salaries	50,000	100,000	250,000	500,000
Operational Costs	5,000	10,000	25,000	50,000
Working Capital	68,750	137,500	343,750	687,500
Business Development	25,000	50,000	125,000	250,000
Marketing	12,500	25,000	62,500	125,000
Acquisitions of O&G	300,000	600,000	1,500,000	3,000,000
Sum of Proceeds	\$500,000	\$1,000,000	\$2,500,000	\$5,000,000

There can be no assurance that the Company will be able to complete the acquisition of assets, in which case any proceeds from this offering which have not been used for this purpose indicated will be used by the Company for general corporate purposes.

There is no commitment by any person to purchase any of the shares which we are offering and there can be no assurance that any shares will be sold.

### **MARKET FOR OUR COMMON STOCK**

Our common stock is traded in the OTC Markets under the symbol XFUL. We intend to re-domicile the corporation in Colorado, officially changing the name of the corporation from Converde Energy USA, Inc to American Energy Partners, Inc. Thereafter we intend to change the trading symbol of the company.

### **PROPOSED BUSINESS**

We were incorporated in Nevada on October 12, 2004. We plan to re-domicile in Colorado early 2017. Between 2011 and 2016 we were involved in the exploration and development of water rights in Pennsylvania including the treatment of these assets and others.

We built a pipeline of pending contracts and in August of 2016 we began investigating the possibility of acquiring oil and gas properties to vertically integrate the Company.

In October of 2016, the Company received a verbal approval from the Susquehanna River Basin Commission in partnership with EPCAMR to commence the first three phases of due diligence on the Mocanaqua Tunnel. The first three phases have a value of approximately \$85,000.

On November 21, 2016, the Company signed a non-binding letter of intent to aid in financing and supply multiple treatment systems for Stony Creek Properties. The purchase price for landfill asset is cash of \$2,000,000 with subsequent funding for permits and construction. The landfill is believed to be able to support in excess of \$100,000,000 of cash flow over a ten year time period.

On December 15, 2016, the Company signed a non-binding letter of intent to supplying multiple treatment systems for Area 2 Energy in their coal slurry operations and O&G operations. The value of this deal is unknown as of this date.

As of December 2016 the Company has a developed a pipeline of deal flow with over 20 current opportunities. The projects revenues range in size from under \$100,000 to over \$1,000,000, None of which have been substantiated.

The acquisition of assets is subject to a number of conditions, including the execution of a definitive agreements containing customary representations and warranties.

The following shows the pro-forma gross revenue from the potential assets and net income before taxes less all capital expenditures for the year ending December 31, 2017 and 2018. These numbers are dependent upon Private Equity participation and successful public market capital rises.

	<u>Proforma</u> <u>December 31, 2017</u>	<u>Proforma</u> <u>December 31, 2018</u>
Gross Revenue	\$ 1,717,661	\$ 3,435,322
Net income		
Less CapEx	\$ (18,797,363)	\$ (17,595,275)

Potential investors should note that the foregoing numbers are unaudited and the audited numbers could be significantly different than the unaudited numbers.

## **The O&G Industry**

### **Operations**

Oil & Gas Companies (sometimes referred to as “Oil & Gas” or “O&G”) acquire new properties from either directly the landowner or another O&G Company or through liquidation events. O&G Companies generally acquire producing properties from another O&G Company, as well as through auctions, lease terminations, and other sources. An O&G Company can also acquire mineral rights from landowners and develop the land into producing properties.

O&G assets often vary depending on topography, geography and the strategies put in place by the O&G Company. O&G wells can be deep or shallow. The age of the well is also a determinate of how much revenue the well will produce, also known as the depletion rate.

O&G assets also vary in the quality or desirability of the commodity. For instance, gas wells in certain regions have dry gas as opposed to wet gas that carries a higher profit margin historically.

### **Agreements with Transmission Companies**

O&G Companies typically enter into agreements with major pipelines and distributors. These agreements contain provisions relating to the sale of the commodity, most importantly at specified prices. These agreements contain certain requirements pertaining to operating performance (with respect to matters such as sales volume), which, are not satisfied, adversely impact a Company's ability to make further acquisitions or could result in a Company being compelled to take certain actions, such as divesting a significantly underperforming wells. Additionally, these agreements set limits (nationally, regionally, and in local markets) on the volume of O&G that a well can pump into distribution. Some of these agreements give the Company or distributor the right to acquire at fair market value or a predetermined price.

### **Regulations**

O&G Companies operate in a highly regulated industry. A Company must obtain various licenses in order to operate its businesses, including insurance. Numerous laws and regulations govern a Company's conduct of business, including those relating to sales, operations, finance and insurance, advertising, and employment practices. These laws and regulations include state laws and regulations, environmental laws, consumer protection laws, privacy laws, escheatment laws, anti-money laundering laws, and other extensive laws and regulations applicable to O&G, as well as a variety of other laws and regulations. These laws also include federal and state wage and hour, anti-discrimination, and other employment practices laws. Furthermore, new laws and regulations, particularly at the federal level, may be enacted that could also affect a Company.

### **Competition**

O&G Companies operate in a highly competitive industry. The principal competitive factors in the O&G business are location, service, price and volume. Competitors include a large number of well-capitalized competitors that have extensive O&G managerial experience and strong producing properties and significant acreage under control. O&G Companies face competition from several public companies that operate a vast number of wells on a regional or national basis and private companies that operate wells on a regional or national basis that hold acreage also. O&G Companies compete with other operators in the exploration and production space.

### **Seasonality**

In a stable environment, O&G assets generally experience higher volumes of sales in the first and third quarters of each year due in part to consumer buying trends. Demand for O&G is generally higher during the winter months than in other seasons, particularly in regions of the United States where people may be subject to adverse winter conditions. Revenue and operating results may be impacted significantly from quarter to quarter by changing economic conditions and actual or threatened severe weather events.

## MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Position</u>
Brad Domitrovitsch	35	Chairman & Chief Executive Officer

Mr. Domitrovitsch has been a Managing Member of HCPA for the last five years. Prior to his role at AEPI he was the President of a recycling company servicing the Northeast market. Mr. Domitrovitsch grew this company into a multi-million dollar business and successfully exited his firm to form AEPI.

Mr. Domitrovitsch holds a B.S. in Economics and obtained his MBA from Moravian College.

Mr. Domitrovitsch brings his experience and skill set to provide value to his shareholders first, while putting to work a suite of environmental solutions with demonstrated success. He welcomes you to contact him to see how AEPI can put your investment to work.

Directors are generally elected at our annual shareholders' meeting and hold office until the next annual shareholders' meeting, or until their successors are elected and qualified. Our executive officers are elected by our directors and serve at their discretion.

The following shows the amounts we expect to pay to Mr. Domitrovitsch during the twelve months ending December 31, 2017, assuming we successfully acquire O&G assets and secure other contracts, and the amount of time Mr. Domitrovitsch expects to devote to us.

<u>Projected Compensation</u>	<u>Percent of Time to be Devoted to the Company's Business</u>
\$175,000	100%

If the O&G assets are acquired, we expect to appoint additional executive officers and directors who are presently the management inside O&G. Prior to closing the acquisition of the O&G assets, we plan to enter into employment agreements with Mr. Domitrovitsch and any other person who becomes one of our executive officers.

## PRINCIPAL SHAREHOLDERS

The following table shows, as of December 15, 2015, information with respect to those persons owning beneficially 5% or more of our common stock and the number and percentage of outstanding shares owned by each of our officers and directors, and by all the officers and directors as a group. Unless otherwise indicated, each owner has sole voting and investment powers over his shares of common stock. Share ownership does not reflect shares issuable upon the exercise of options held by the persons named in the table.

<u>Name</u>	<u>Percent of Class</u>
Brad J. Domitrovitsch	70%

## **PLAN OF DISTRIBUTION**

This Offering is intended as a non-public offering, exempt from registration under Section 4(2) of the Securities Act of 1933 ("the Act"), as amended, and/or Regulation D promulgated pursuant to the Act and the securities laws and regulations of certain states. The Securities which are subject to the Offering have not been registered under the securities Act of 1933, nor pursuant to the provisions of any state securities laws. Availability of the exemptions from the securities laws for the sale of the Securities is dependent upon the investment intent of the investors. Accordingly, each investor will be required to acknowledge, among other things, that the purchase is for investment, for his own sole account, and without any view to resale or other distribution thereof. Since the sale of the Securities is not registered, the Securities will be restricted and may not be resold without registration, except under specific exemptions from the securities registration requirements.

There is no firm commitment by any person to purchase or sell any of the Units and there is no assurance that any Units offered will be sold. There is no minimum number of Units which are required to be sold in this offering. The Company may terminate this offering at any time.

Proceeds from the sale of the Units will be released to the Company from time to time at interim closings until all Units offered are sold or until the Offering is terminated at which time a final closing will take place.

### ***How to Subscribe***

Any investor desiring to purchase the Units offered should complete and sign a Subscription Agreement and the documents listed, as applicable, in the Subscription Agreement Instructions.

The Company has the right to refuse to accept subscriptions from any person for any reason whatsoever. No subscription shall be deemed to be binding upon the Company until accepted in writing by an authorized officer of the Company.

### ***Investor Suitability Standards***

The Company will offer and sell the Securities to a limited number of persons (the "Investor") who meet certain standards of suitability.

Sales will be made only to persons who the Company, upon making reasonable inquiry, believes, and has reasonable grounds to believe, immediately prior to such sale (a) are able to bear the economic risk of the investment; and (b) either personally or together with their advisors possess the requisite knowledge and experience in business and financial matters necessary to evaluate the merits and risks of the prospective investment.

Prior to the purchase of the Securities, each prospective investor will be required to represent in the Subscription Agreement that:

(a) Such investor's overall commitment to investments which are not readily marketable is not disproportionate to his or her net worth and such investor's investment in the Securities will not cause his or her overall commitment to become excessive;

(b) Such investor has adequate means of providing for current needs and personal contingencies, has no need for liquidity in his or her investment in the Securities and has no reason to anticipate any change in personal circumstances, financial or otherwise, which might cause or require any sale or distribution of the Securities;

(c) Such investor has evaluated the risks of investing in the Securities;

(d) Such investor is able to bear the economic risks of the investment and has the capacity to protect his or her own interests in connection with the transaction;

(e) Such investor has substantial experience in making investment decisions of this type or is relying on his or her own advisor or qualified purchaser representative in making this investment decision;

(f) Such investor is aware that the Securities have not been registered under the Securities Act of 1933, as amended, but rather are being offered in reliance upon an exemption from the registration requirements of that Act, and that the subsequent sale or other disposition of such Securities will require, in the absence of such registration, the satisfaction of such conditions as the Company may require;

(g) Such investor is aware that there is no market for the Company's common stock at this time, and there is no assurance that a market will ever develop. The Securities being offered will not be transferable unless such Securities are registered or except with the prior written consent of the Company, which consent may be withheld under certain circumstances;

(h) Such investor is aware that any person to whom the investor may subsequently wish to sell the Securities (if the Securities are not registered) may have to satisfy standards of suitability at least as stringent as those set forth herein and that, in addition, the prior written approval of any such sale by certain state securities regulatory authorities may be required; and

(i) Such investor is purchasing the Securities for his or her own account, for investment, and not with a view to resale or distribution.

The Securities will be offered only to individuals who are able to represent that they meet the foregoing standards and who are residents of states in which the Securities have been qualified for sale or in which there is an available exemption from registration. Prospective investors which are not natural persons (e.g., corporations, trusts, or partnerships) will be required to meet the foregoing standards or such other more stringent standards, and to make such representations in connection therewith, as the Company may deem appropriate. If a purchaser representative is required, he must also execute a disclosure and acknowledgment form.

### ***Resale Restrictions***

The Securities issued in this Offering will be "restricted securities" as that term is defined in Rule 144 of the General Rules and Regulations under the Securities Act of 1933 ("the Act"), and may, in the future, be sold only in compliance with Rule 144 or some other exemption from registration under the Act, the availability of which must be established by the holder to the satisfaction of the Company, unless the securities are covered by an effective registration statement under the Act. In addition, any shares issuable upon the conversion of the notes exercise of the Series B Warrants (included as part of the Units), unless registered, will also be restricted securities. Rule 144 provides, in essence, that a person who is not affiliated with the Company may, after one year from the date of acquisition, sell restricted securities without restriction. There can be no assurance that Rule 144 or any other exemption will be available for the resale of the Securities purchased by investors in this Offering.

In order to facilitate compliance with the limitations on the resale of the securities purchased by investors in this Offering: (i) a legend will be placed on the certificates stating that the securities have not been registered under the Act and setting forth the restrictions on transferability and sale; (ii) a stop transfer notation will be made with respect to the securities in the appropriate records of the Company; and, (iii) stop transfer instructions will be issued to the Company's transfer agent.

### ***Registration Rights***

Upon the completion of this offering, the Company plans to file a registration statement with the Securities and Exchange Commission so that the shares of common stock issuable upon the conversion of the notes, as well as the shares of common stock issuable upon the exercise of the Series A warrants, can be resold in the public market.

## **DESCRIPTION OF SECURITIES**

By means of this Private Offering Memorandum we are offering up to 10,000,000 shares of common stock at a price of \$.50 per share. ***Common Stock***

We are authorized to issue 5,000,000,000 shares of common stock. Holders of common stock are each entitled to cast one vote for each share held of record on all matters presented to shareholders. Cumulative voting is not allowed; hence, the holders of a majority of our outstanding shares of common stock can elect all directors.

Holders of common stock are entitled to receive such dividends as may be declared by our Board out of funds legally available and, in the event of liquidation, to share pro rata in any distribution of our assets after payment of liabilities. Our directors are not obligated to declare a dividend. It is not anticipated that dividends will be paid in the foreseeable future.

Holders of common stock do not have preemptive rights to subscribe to any additional shares we may issue in the future. There are no conversion, redemption, sinking fund or similar provisions regarding the common stock. All outstanding shares of common stock are fully paid and non-assessable.

We have Series B common stock authorized of which 56,000,000 shares were outstanding. The Class B Stock has a dividend and liquidation preference to our common stock, has ten votes per share on all matters requiring a shareholder vote.

### ***Preferred Stock***

We are authorized to issue 750,000 shares of preferred stock. Shares of preferred stock may be issued from time to time in one or more series as may be determined by our Board of Directors. The voting powers and preferences, the relative rights of each such series and the qualifications, limitations and restrictions of each series will be established by the Board of Directors. Our directors may issue preferred stock with multiple votes per share and dividend rights which would have priority over any dividends paid with respect to the holders of our common stock. The issuance of preferred stock with these rights may make the removal of management difficult even if the removal would be considered beneficial to shareholders generally, and will have the effect of limiting shareholder participation in transactions such as mergers or tender offers if these transactions are not favored by our management.

The Preferred Stock has a dividend and liquidation preference to our common stock, has ten votes per share on all matters requiring a shareholder vote, and each share is convertible into ten shares of our common stock at the election of the holder thereof. As of December 31, 2016, there were 21,382,184 shares of our Class A Preferred Stock issued and outstanding and held by 10 shareholders, two of which are our directors.

In December of 2016 the holders of the series B common stock and series A preferred shares agreed to cancel these shares in exchange for a newly designated preferred share the issuance of which will allow the holders to have liquidation preference of 30% of any sale of the Company and voting power of not less than 30% on any matter put forth to the common stockholders.

### **LEGAL PROCEEDINGS**

On March 28, 2017 Mr. William Formica filed suit against American Energy Partners, Inc. and its subsidiaries in the court of common pleas of Philadelphia county alleging fraud. We believe Mr. Formica's suit is without merit and we intend to defend ourselves vigorously.

### **INDEMNIFICATION**

Our Bylaws authorize indemnification of a director, officer, employee or agent of the Company against expenses incurred by him in connection with any action, suit, or proceeding to which he is named a party by reason of his having acted or served in such capacity, except for liabilities arising from his own misconduct or negligence in performance of his duty. In addition, even a director, officer, employee, or agent of the Company' who was found liable for misconduct or negligence in the performance of his duty may obtain such indemnification if, in view of all the circumstances in the case, a court of competent jurisdiction determines such person is fairly and reasonably entitled to indemnification. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, or persons controlling the Company' pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

### **ADDITIONAL INFORMATION**



Each prospective investor is encouraged to verify any of the information contained in this Private Offering Memorandum from any of our officers or directors. For further information with respect to the Company and the Securities offered, investors should contact any of our officers or directors.

## **SUBSCRIPTION AGREEMENT**

1. Subscription. I hereby agree to purchase \_\_\_\_\_ Units offered by Company at a price of \$0.50 per share in accordance with the terms and conditions of this Subscription Agreement. This subscription may be rejected by the Company in whole or in part.

2. Representations and Warranties. I warrant and represent to the Company that:

a. The Securities are being purchased by me for investment only, for my own account and not with a view to the offer or sale in connection therewith, or the distribution thereof, and I am not participating, directly or indirectly, in an underwriting of any such undertaking.

b. I will not take, or cause to be taken, any action that would cause me to be deemed an underwriter of the Securities, as defined in Section 2(11) of the Securities Act of 1933, as amended (the "Act").

c. I have had an opportunity to review the Company's Private Offering Memorandum dated \_\_\_\_\_, 2016 and (the "Disclosure Documents").

d. I (and my purchaser representative, if any) have had an opportunity to ask questions of, and receive answers from the officers of the Company to verify the accuracy and completeness of the information set forth in the "Disclosure Documents".

e. In determining whether to make an investment in the Securities, I am not relying on any information other than the Disclosure Documents referred to above.

f. By virtue of my net worth and by reason of my knowledge and experience in financial and business matters in general, and investments in particular, I am capable of evaluating the merits and risks of an investment in the Securities on the basis of the information contained in the Disclosure Documents.

g. I am capable of bearing the economic risks of an investment in the Securities.

h. My present financial condition is such that I am under no present or contemplated future need to dispose of any portion of the Securities to satisfy any existing or contemplated undertaking, need or indebtedness.

i. If required to do so, I have retained to advise me, as to the merits and risks of the prospective investment in the Securities, a purchaser representative as defined in Rule 501 of Regulation D promulgated under the Act, and I have previously forwarded, or am simultaneously with the execution of this Subscription Agreement forwarding, a completed Purchaser Representative Disclosure and Acknowledgment form which, if needed, I will request the Company to provide.

j. I am aware that the Securities have not been registered under the Securities Act of 1933, as amended, but rather are being offered in reliance upon an exemption from the registration requirements of that Act.

k. I am aware that no market exists for the Company's common stock at this time.

l. I am aware that (A) that the Securities being offered will not be transferable unless such Securities are registered or except with the prior written consent of the Company, which consent may be withheld under certain circumstances, (B) any person to whom the investor may subsequently wish to sell the Securities (if the Securities are not registered) may have to satisfy standards of suitability at least as stringent as those set forth herein and (C) the subsequent sale or other disposition of such Securities will require, in the absence of such registration, the satisfaction of such conditions as the Company may require.

m. I hereby represent and warrant that all the representations, warranties and acknowledgments contained in this Subscription Agreement are true, accurate and complete as of the date hereof.

3. Accredited or Other Special Investors. I am (initial all applicable responses):

A small business investment company licensed by the U.S. Small Business Administration under the Small Business Investment Company Act of 1958.

A business development company as defined in the Investment Company Act of 1940.

A national or state-chartered commercial bank, whether acting in an individual or fiduciary capacity.

An insurance company as defined in Section 2(13) of the Act.

An investment company registered under the Investment Company Act of 1940.

\_\_\_\_ An employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, where the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, insurance company, or registered investment advisor, or an employee benefit plan which has total assets in excess of \$5,000,000.

\_\_\_\_ A private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940.

\_\_\_\_ An organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation or a partnership with total assets in excess of \$5,000,000.

\_\_\_\_ A natural person (as opposed to a corporation, partnership, trust or other legal entity) whose net worth, or joint network together with his/her spouse, exceeds \$1,000,000 exclusive of the value of my primary residence.

\_\_\_\_ Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Section 506(b)(2)(ii) of Regulation D.

\_\_\_\_ A natural person (as opposed to a corporation, partnership, trust or other legal entity) whose individual income was in excess of \$200,000 in each of the two most recent years (or whose joint income with such person's spouse was at least \$300,000 during such years) and who reasonably expects an income in excess of such amount in the current year.

\_\_\_\_ A corporation, partnership, trust or other legal entity (as opposed to a natural person) and all of such entity's equity owners fall into one or more of the categories enumerated above.

\_\_\_\_ A managed account if it is acquiring a security that is not a security of a mutual fund or non-redeemable investment fund.

4. Restrictions on Transferability. I hereby agree that the Securities being purchased by me may be stamped or otherwise imprinted with a conspicuous legend in substantially the following form:

The securities represented by this certificate may not be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Securities Act of 1933 (the "Act"), or pursuant to an exemption from registration under the Act, the availability of which is to be established to the satisfaction of the issuer.

I further agree that the Securities may also be stamped with any other legend(s) required by applicable state securities laws (the "State Acts").

The Securities shall be sold, pledged, assigned, hypothecated or otherwise transferred, with or without consideration ("Transfer") only pursuant to an effective registration statement under the Act, or pursuant to an exemption from registration under the Act, the availability of which is established to the satisfaction of the Company, which may include an opinion of my counsel, which cost shall be borne by me, as to the availability of such an exemption. I realize that by becoming a holder of the Securities pursuant to the terms of the legend set forth above, I agree, prior to any Transfer, to give written notice to the Company expressing my desire to effect the Transfer and describing the proposed Transfer.

Upon receiving any such notice, the Company shall present copies thereof to counsel for the Company and the following provisions shall apply:

a. If, in the opinion of such counsel, the proposed Transfer may be effected without registration thereof under the Act and the State Acts, the Company shall promptly thereafter notify the holder of such Securities whereupon such holder shall be entitled to effect the Transfer, all in accordance with the terms of this notice delivered by such holder to the Company, and upon such further terms and conditions as shall be required by the Company in order to assure compliance with the Act and the State Acts.

b. If, in the opinion of such counsel, the Transfer may not be effected without registration under the Act and/or the State Acts, a copy of such opinion shall promptly be delivered to the holder who had proposed the Transfer and the Transfer shall not be made unless registration of the Transfer is then in effect.

5. Offshore Transaction

**If I (the "Buyer") am not a resident of the United States, and if the securities were not offered or sold within the United States, then I warrant and represent to the Company the following:**

- (i) **The Buyer is not a U.S. Person (as defined in Regulation S) or if the Buyer is not a natural person, is not organized under the laws of any jurisdiction within the United States, was not formed by a U.S. Person for the purpose of investing in Regulation S securities and is not otherwise a U.S. Person. The Buyer is not, and on the date of acceptance of this Agreement by the Seller, will not be, an affiliate of the Company;**
- (ii) At the time the buy order was originated, the Buyer was outside the United States and is outside of the United States as of the date of the execution and delivery of this Agreement;
- (iii) No offer to purchase the Securities was made by the Buyer in the United States;
- (iv) The buyer is purchasing the Securities under the laws of his or its jurisdiction of residence and domicile, and the offer and sale of the Securities will not violate the securities or other laws of such jurisdiction;

- (v) All offers and sale of any of the Securities by the Buyer prior to the end of the restricted period (Restricted Period) as defined by Regulation S, will be made in accordance with the securities laws of any applicable jurisdiction and in accordance with Regulation S or pursuant to registration of Securities under the 1933 Act or pursuant to an exemption from registration.
- (vi) The transaction contemplated by this Agreement (a) has not been and will not be pre-arranged by the Buyer with a purchaser located in the United States or a purchaser which is a U.S. Person, and (b) are not and will not be part of a plan or scheme by the Buyer, to evade the registration provisions of the 1933 Act;
- (vii) The Buyer understands that the Securities are not registered under the 1933 Act and are being offered and sold to it in reliance on specific exclusions from the registration requirements of Federal and State securities laws, and that the Company is relying upon the truth and accuracy of the representation, warranties, agreements, acknowledgements and understandings of the Buyer set forth herein in order to determine the applicability of such exclusions and the suitability of the Buyer to acquire the Securities;
- (viii) The Buyer shall take all reasonable steps to ensure its compliance with Regulation S and shall promptly send to each purchaser who acts as a distributor, dealer or person receiving a selling concession, fee or other remuneration with respect to any of the Securities, and who purchases prior to the expiration of one year from the date of this Agreement, a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales as the Buyer pursuant to Regulation S;
- (ix) The Buyer has not conducted or permitted and shall not conduct or permit on its behalf any “directed selling efforts” as that term is defined in Rule 902(b) of Regulation S; nor has the Buyer conducted any general solicitation relating to the offer and sale of any of the Securities in the United States or elsewhere;
- (x) All invitations, offers and sales of or with respect to any of the Securities, by the Buyer and any distribution by the Buyer of any documents relating to any offer by it of any of the Securities will be in compliance with applicable laws and regulations and will be made in such a manner that no prospectus need be filed and no other filing need be made by the Company with any regulatory authority or stock exchange in any country or any political sub-division of any country; and
- (xi) The Buyer will not make any offer of sale of the Securities by any means which would not comply with the law and regulations of the territory in which such offer or sale takes place or to which such offer or sale impose upon the Company any obligation to satisfy any public filing or registration requirement or provide or publish any information of any kind whatsoever or to otherwise undertake or become obligated to do any act.

(xii) The Buyer certifies that it is not acquiring the Securities for the account of any U.S. Person and agrees to resell such Securities only in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act of 1933 (the "Act") or pursuant to an available exemption from registration; and agrees not to engage in hedging transactions with regard to such securities unless in compliance with the Act.

6. Registration Rights. In accordance with Disclosure Documents.

7. Payment of Subscription. Enclosed herewith is a personal check (or bank cashier's certified check) payable to the order of the Company for the Securities purchased. I recognize that if my subscription is rejected, in whole or in part, the funds delivered herewith, to the extent that my subscription has been rejected, will be returned to me without deduction therefrom or interest thereon, as soon as practicable.

8. Notices. Any notices or other communications required or permitted hereby shall be sufficiently given if sent by registered or certified mail, postage prepaid, return receipt requested, and, if to the Company, at the address to which this letter Subscription Agreement is addressed, and, if to me, at the address set forth below my signature hereto, or to such other addresses as either the Company or I shall designate to the other by notice in writing.

9. Successors and Assigns. This Subscription Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to the successors and assigns of the Company and to my personal and legal representatives, heirs, guardians, successors and permitted assignees.

10. Reliance Upon Representations. I understand that the Company is relying upon the accuracy of the representations and warranties which I have made in this agreement. I agree to indemnify the Company (and any control persons of such entities) for any loss they may suffer as the result of any false or misleading warranty, representation or statement of facts which I have made in connection with the purchase of the Securities.

11. Applicable Law/Arbitration. This Subscription Agreement shall be governed by and construed in accordance with the laws of Delaware and, to the extent it involves any United States statute, in accordance with the laws of the United States. Any dispute, claim or controversy involving this Subscription Agreement, or the circumstances surrounding the sale of the securities described in this Subscription Agreement shall be settled through binding arbitration in accordance with the Commercial Rules of the American Arbitration Association, in Denver, Colorado.

**IN WITNESS WHEREOF**, I have executed and sealed this Subscription Agreement this \_\_\_ day of \_\_\_\_\_ 2017.

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature of Subscriber

\_\_\_\_\_  
Social Security or Tax Id. #

\_\_\_\_\_  
Residence Address

\_\_\_\_\_  
City, State & Zip Code

ACCEPTED:

By: \_\_\_\_\_

Dated: \_\_\_\_\_.

RETURN THIS SUBSCRIPTION AGREEMENT TO:

**American Energy Partners, Inc.**  
3140 W. Tilghman St.  
PMB 153  
Allentown, PA 18104