

# 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

### Quarterly Report

For the Period Ending: March 31, 2023  
(the "Reporting Period")

### Outstanding Shares

The number of shares outstanding of our Common Stock was:

377,288,277 as of May 10, 2023

377,288,277 as of March 31, 2023

### Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes:  No:

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

Yes:  No:

### Change in Control

Indicate by check mark whether a Change in Control 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

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 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:

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

6000 Town Center Blvd  
Suite 210  
Canonsburg, PA 15317

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

No:  Yes:  If Yes, provide additional details below:

## 2) Security Information

### 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

**Publicly Quoted or Traded Securities:**

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol:	<u>AEPT</u>
Exact title and class of securities outstanding:	<u>Class A Common Stock ("Class A")</u>
CUSIP:	<u>02563X102</u>
Par or stated value:	<u>\$0.001</u>
Total shares authorized:	<u>1,500,000,000</u> as of date: <u>3/31/2023</u>
Total shares outstanding:	<u>377,288,277</u> as of date: <u>3/31/2023</u>
Total number of shareholders of record:	<u>178</u> as of date: <u>3/31/2023</u>

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

**Other classes of authorized or outstanding equity securities:**

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

None

**Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

**1. For common equity, describe any dividend, voting and preemption rights.**

Dividend: Dividends on the Class A Common Stock may be declared and paid only when and as determined by the Board of Directors of the Corporation.

Voting: Each holder of Class A Common Stock shall be entitled to one vote for each share of such stock standing in his, her or its name on the books of the Corporation.

Preemption: There are no preemption rights.

**2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

N/A

**3. Describe any other material rights of common or preferred stockholders.**

N/A

**4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

N/A

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	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	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 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	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)

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	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)
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)

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	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)
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, controlled by Ken Griffin	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	Option Exercise	Restricted	Securities Act Rule 701

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			
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 John Rattaporn Pippy	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	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, controlled by	Option Exercise	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?
						Brad Domitrovitsch			
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	\$.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	\$.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	\$.081	No	Fortress Consulting LLC, controlled by Kurtis Hoffman	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
01-17-2022	New Issuance	925,926	Common A	\$.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	\$.081	No	Jason Ross	Shares issued in lieu of cash compensation	Restricted	Securities Act Section 4(a)(2)
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)

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?
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, controlled by Damian Georgino	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, controlled by Josh Hickman	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)
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, controlled by Matthew Rak	N/A	Restricted	Securities Act Section 4(a)(2)
1-13-2023	Cancellation	440,000	Common A	N/A	N/A	Josh Hickman	N/A	Restricted	Securities Act Section 4(a)(2)
1-20-2023	New Issuance	20,000,000	Common A	\$.061	No	Fortress Consulting LLC, controlled by Kurtis Hoffman	N/A	Restricted	Securities Act Section 4(a)(2)
1-20-2023	New Issuance	2,500,000	Common A	\$.061	No	Joseph Bement	N/A	Restricted	Securities Act Section 4(a)(2)
1-20-2023	New Issuance	2,000,000	Common A	\$.061	No	Patrick Horkman	N/A	Restricted	Securities Act Section 4(a)(2)
1-20-2023	New Issuance	5,000,000	Common A	\$.061	No	PSG Tek LLC, controlled by John Pippy	N/A	Restricted	Securities Act Section 4(a)(2)
1-20-2023	New Issuance	5,000,000	Common A	\$.061	No	Sewickley Capital Partners LLC controlled by Damian Georgino	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?
1-20-2023	New Issuance	50,000,000	Common A	\$.061	No	West End Consulting Group LLC, controlled by Brad Domitrovitsch	N/A	Restricted	Securities Act Section 4(a)(2)
1-20-2023	New Issuance	50,000,000	Common A	\$.061	No	West End Consulting Group LLC, controlled by Brad Domitrovitsch	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)
07-06-2021	Cancellation	(3,200,000)	Common B	N/A	N/A	West End Consulting Group, LLC, controlled by	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?
						Brad Domitrovitsch			
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	(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)
08-30-2021	Cancellation	(42,643)	Common B	N/A	N/A	Rocky Trust & Co., controlled by	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?
						Fidelity Bank (Trustee)			
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 March 31, 2023</b>	<u>Ending Balance:</u> Common A: <u>377,288,277</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. Promissory and Convertible Notes**

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities :

No:  Yes:  (If yes, you must complete the table below)

## **4) 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 environmental service operations. American Energy Partners, Inc. provides value through environmental services.

### **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.

## **5) 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](#)

## 6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuers securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders 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 (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

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.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Brad J. Domitrovitsch	CEO, CFO, Chairman 69.12%	Allentown, PA	317,084,815 (3)	Common A	70.76%	N/A
John Rattaporn Pippy	Director & CSO	Moon Township, PA	12,045,757 (4)	Common A	3.17%	N/A
Kurtis Hoffman	COO	McMurray, PA	47,478,545 (5)	Common A	11.78%	N/A
Damian Georgino	Director	Beaufort, SC	8,432,879 (6)	Common A	2.24%	N/A
<i>All Officers and Directors as a group (4 persons)</i>			385,041,996	Common A	80.74%	N/A

\*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 March 31, 2023. 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 377,288,277 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 March 31, 2023. 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) 246,251,988 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) 8,891,212 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) 21,851,852 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 25,626,693 shares of Common A held by Fortress Consulting LLC.

- (6) Includes (i) 65,000 shares of Common A held in the name of Damian Georgino and (ii) 8,367,879 shares of Common A held by Sewickley Capital Partners, LLC, an entity of which Mr. Georgino has voting and dispositive control.

## 7) 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.

## 8) Third Party Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

### 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

## 9) Financial Statements

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

- IFRS  
 U.S. GAAP

B. The financial statements for this reporting period were prepared by (name of individual)<sup>1</sup>:

Name: Richard Hurey

Title: Controller

Relationship to Issuer: American Energy Partner's Corporate Controller

Describe the qualifications of the person or persons who prepared the financial statements: Highly accomplished, motivated, results-driven financial executive with more than twenty years of experience directing financial operations for organizations with varying industry specialties. Proven financial analysis and operations acuity, developing systems to effectively integrate reporting, budgeting, and strategic planning in order to optimize company value, maximize cash flow, and minimize risk and cost.

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<sup>1</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.

Provide the following financial statements 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.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

Important Notes:

- Financial statements must be “machine readable”. Do not publish images/scans of financial statements.
- All financial statements for a fiscal period must be published together with the disclosure statement in one Annual or Quarterly Report.

## 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.

May 10, 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.

May 10, 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' Equity	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 29

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
<b>Current Assets</b>		
Cash	\$ 523,683	\$ 651,194
Accounts receivable – Environmental services	3,291,574	5,459,330
Accounts receivable – Other	-	423,464
Inventory	82,496	82,496
Prepays and other	<u>(873,718)</u>	<u>48,138</u>
<b>Total Current Assets</b>	<b>3,024,036</b>	<b>6,664,622</b>
<b>Operating lease – right-of-use asset</b>	<b>1,609,545</b>	<b>1,609,545</b>
<b>Property and equipment – net</b>	<b>2,724,233</b>	<b>2,919,562</b>
<b>Goodwill</b>	<b>6,980,331</b>	<b>6,945,653</b>
<b>Other Assets</b>	<b>111,838</b>	<b>12,331</b>
<b>Total Assets</b>	<b><u>\$ 14,449,982</u></b>	<b><u>\$ 18,151,713</u></b>
 <b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 4,335,686	\$ 4,898,180
Notes payable	4,423,838	3,981,061
Operating lease liability	848,075	848,075
Other Current Liabilities	-	<u>(3,379)</u>
<b>Total Current Liabilities</b>	<b><u>9,607,599</u></b>	<b><u>9,723,937</u></b>
 <b>Long Term Liabilities</b>		
Notes payable	3,345,297	5,216,036
Operating lease liability	<u>822,490</u>	<u>822,490</u>
<b>Total Long-Term Liabilities</b>	<b><u>4,167,787</u></b>	<b><u>6,038,526</u></b>
<b>Total Liabilities</b>	<b><u>13,775,386</u></b>	<b><u>15,762,463</u></b>
 <b>Stockholders' Equity</b>		
Common stock, Class A, \$0.001 par value, 1,500,000,000 shares authorized 377,288,277 and 243,228,277 shares issued and outstanding, respectively	377,288	243,228
Additional paid-in capital	70,397,321	60,964,413
Accumulated deficit	<u>(70,100,013)</u>	<u>(58,818,391)</u>
<b>Total Stockholders' Equity</b>	<b>674,596</b>	<b>2,389,250</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>\$ 14,449,982</u></b>	<b><u>\$ 18,151,713</u></b>

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

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

	For the Three Months Ended March 31,	
	2023	2022
<b>Revenues</b>		
Oil and natural gas	\$ -	\$ 349,778
Environmental Services	5,824,477	2,79,203
Other	-	-
<b>Total Revenues</b>	5,824,477	3,228,981
<b>Cost and expenses</b>		
General and administrative expenses	6,313,867	3,234,058
Lease operating expenses	299,495	133,216
Royalties	-	27,126
Depreciation, depletion, amortization and accretion	129,931	274,417
<b>Total costs and expenses</b>	6,743,293	3,668,817
<b>Income (Loss) from operations</b>	(918,816)	(439,836)
<b>Other income (expense)</b>		
Interest expense	(903,259)	(81,269)
Amortization of debt discount	-	(321,448)
Stock Option expense	(9,566,968)	-
Other income (loss)	107,421	(34,565)
<b>Total other income (expense) - net</b>	(10,362,807)	(437,282)
<b>Net Income (Loss)</b>	\$ (11,281,622)	\$ (877,118)
<b>Loss per share - basic and diluted</b>	\$ (0.03)	\$ (0.00)
<b>Weighted average number of shares - basic and diluted</b>	377,288,277	295,001,523

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



**American Energy Partners, Inc., and Subsidiaries**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**For the Three Months Ended March 31, 2023 and the Year Ended December 31, 2022**  
**(Unaudited)**

	<b>Common Stock – Class A</b>		<b>Additional Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Total Shareholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>			
<b>December 31, 2021</b>	<b>234,435,278</b>	<b>\$ 234,435</b>	<b>\$ 55,881,514</b>	<b>\$(53,471,705)</b>	<b>\$ 2,644,244</b>
Stock issued upon exercise of stock options	5,608,590	5,608	(6,306)	-	(698)
Restricted stock issued as compensation	15,265,430	15,266	1,246,234	-	1,261,500
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 options granted during year	-	-	1,699,102	-	1,699,102
Stock cancelled in 4 <sup>th</sup> Qtr.	(38,213,153)	(38,212)	-	-	(38,212)
Net loss from continuing operations	-	-	-	(5,006,901)	(5,006,901)
Net loss from discontinued operations	-	-	-	(339,785)	(339,785)
<b>December 31, 2022</b>	<b>243,228,277</b>	<b>\$243,228</b>	<b>\$60,964,413</b>	<b>\$(58,818,391)</b>	<b>\$ 2,389,250</b>
Stock issued (\$0.061/share)	134,500,000	134,500	8,070,000	-	8,204,500
Stock options granted	-	-	1,362,908	-	1,362,908
Stock canceled in 2023	(440,000)	(440)	-	-	(440)
Net Income – 2023	-	-	-	(11,281,622)	(11,281,622)
<b>March 31, 2023</b>	<b>377,288,277</b>	<b>\$377,288</b>	<b>\$70,397,321</b>	<b>\$(70,100,013)</b>	<b>\$ 674,596</b>

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

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

	<b>For the Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Net income (loss)	\$ (11,281,622)	\$ (877,118)
Adjustments to reconcile net loss to net cash provided by (used in) operations		
Depreciation, depletion, amortization and accretion	95,253	274,417
Stock issued for services	8,204,500	-
Stock options issued for services	1,362,468	-
Changes in Goodwill	-	32,605
Accounts receivable - oil and natural gas	-	193,658
Accounts receivable - environmental services	2,167,756	(2,242,839)
Prepays and other	2,232	(233,333)
Increase (decrease) in		
Accounts payable and accrued expenses	(581,165)	1,640,409
Operating lease liability	-	60,690
<b>Net cash provided by (used in) operating activities</b>	<b>(8,529)</b>	<b>(1,151,511)</b>
<b>Investing activities</b>		
Acquisition of property and equipment	95,823	(1,623,539)
Deposit on future acquisition	-	100,000
<b>Net cash provided by investing activities</b>	<b>95,823</b>	<b>(1,523,539)</b>
<b>Financing activities</b>		
Proceeds from issuance of debt	-	2,257,088
Repayments on notes payable	(236,855)	-
Stock issued upon exercise of stock options	-	291,447
<b>Net cash provided by (used in) financing activities</b>	<b>(236,855)</b>	<b>2,548,535</b>
<b>Net increase (decrease) in cash</b>	<b>(149,561)</b>	<b>(126,515)</b>
<b>Cash - beginning of period</b>	<b>651,194</b>	<b>1,020,432</b>
<b>Cash - end of period</b>	<b>\$ 501,633</b>	<b>\$ 893,917</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ 903,259	\$ 81,269
Cash paid for income tax	\$ -	\$ -
<b>Supplemental disclosure of non-cash investing and financing activities</b>		
Stock issued upon exercise of stock options	\$ -	\$ 291,447

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**

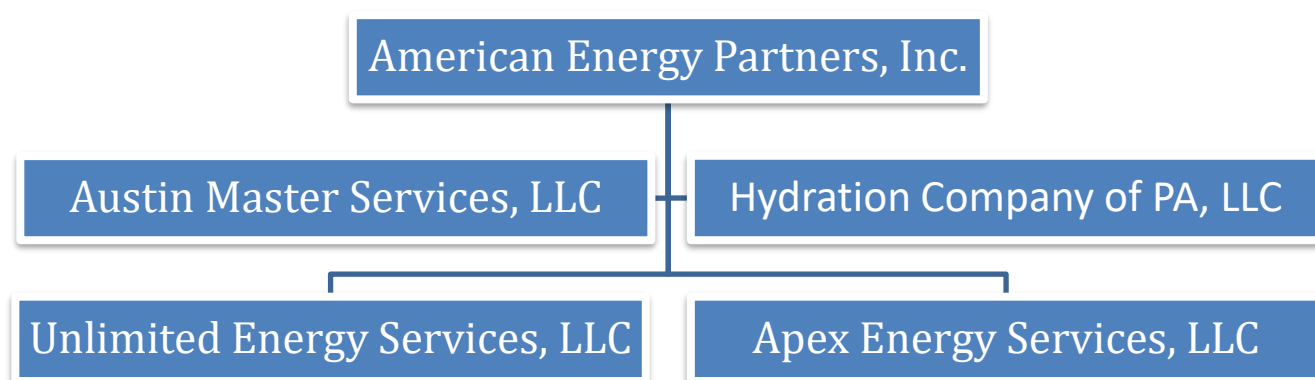
American Energy Partners, Inc. (“AEPT”), and Subsidiaries (collectively, “we,” “us,” “our” or the “Company”) is a diversified environmental service company. AEPT serves as the parent company for multiple subsidiaries. American Energy provides shareholder value through the acquisition and growth of environmental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

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

<u>Company Name</u>	<u>Incorporation Date</u>	<u>State of Incorporation</u>
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 5.

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 three months ended March 31, 2023, the Company had:

- Net loss from operations of (\$11,281,622); and
- Net cash used in operations was (\$8,529)

Additionally, at March 31, 2023, the Company had:

- Accumulated deficit of (\$70,100,013), and
- Working capital deficit of (\$6,583,563)

We manage liquidity risk by reviewing, on an ongoing basis, our sources of liquidity and capital requirements. The Company has cash on hand of \$501,633 on March 31, 2023. 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.

**Business Combinations**

The Company accounts for business combinations using the acquisition method in

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

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**

The Company uses the "management approach" to identify its reportable segments. The management approach requires companies to report segment financial information

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

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 one reportable segment and the consolidated financial statements are presented as one operating business segment, consisting of environmental services provided by AMS, UES and APEX.

### **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 years ended December 31, 2022 and 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 stock-based compensation, uncertain tax positions, and the valuation allowance on deferred tax assets.

\*Oil and natural gas reserves at December 31, 2021 were 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. These assets were sold in 2022. (See Note 8)

### **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 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



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

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.

### **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

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

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 March 31, 2023 and December 31, 2022 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 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

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

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 March 31, 2023 and December 31, 2022, 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 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.

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

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 \$42,222 at March 31, 2023 and \$42,222 at December 31, 2022, respectively.

The Company's concentrations of its receivables consisted of three customers with 11%, 9% and 6% of the outstanding balances at March 31, 2023 and consisted of three customers with 15%, 13% and 12% of the outstanding balances at December 31, 2022.

### **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 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.

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

There were no impairment losses for the three months ended March 31, 2023 and 2022, 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 three months ended March 31, 2023 and 2022, 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 which the carrying amount of the assets exceeds the fair value of the assets.

There were no impairment losses for the three months ended March 31, 2023 and 2022, 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.

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

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 three months ended March 31, 2023 and 2022, 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 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.

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

**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.

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 three months ended March 31, 2023 and 2022:

Environmental Services	Three Months Ended March 31,	
Customer	2023	2022
A	13%	21%
B	7%	-
C	7%	-
Total	27%	21%

**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

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

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 recorded for the three months ended March 31, 2023 and 2022, 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 \$4,443 and \$7,138 in marketing and advertising costs during the three months ended March 31, 2023 and 2022, 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



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

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,
- 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

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

issuance if there is not a service period.

There were no warrants granted during the three months ended March 31, 2023 and 2022, respectively. Additionally, there were no warrants issued, outstanding or exercisable as of March 31, 2023 and December 31, 2022, 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 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.

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

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 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 March 31, 2023 and 2022 were as follows:

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

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Stock options (exercise price \$0.065 - \$0.085/share)	117,266,105	30,167,616
Total common stock equivalents	117,266,105	30,167,616

Based on the potential common stock equivalents noted above at March 31, 2023, 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.

**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

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

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.

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:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Buildings	\$ -	\$ -
Equipment	8,820,144	8,254,769
	8,820,144	8,254,769
Accumulated Depreciation	6,095,912	5,335,207

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

Property and equipment - net    \$            2,724,233            \$            2,919,562

Depreciation expense for the three months ended March 31, 2023 was \$122,372 and the year ended December 31, 2022 was \$489,487, respectively.

These amounts are included as a component of depreciation, depletion, amortization, and accretion in the accompanying consolidated statement of operations.

**Note 4 - Stockholders' Deficit**

At March 31, 2023, 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.

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

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

**Equity Transactions for the Three Months Ended March 31, 2023**

**Stock Issued for Services – Related Parties**

The Company issued 134,500,000 shares of common stock on January 20, 2023 for services rendered, having a combined fair value of \$8,204,500 (\$0.061/share), based on the quoted closing trading prices at the time of issuance.

**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 three months ended March 31, 2023 and the year ended December 31, 2022 are summarized as follows:

Stock Options	Number of Options	Weighted Average Exercise Price	Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value	Average Grant Date Fair Value
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	\$ -	\$ -
Granted	0				
Exercised	0				
Cancelled/Forfeited	(5,545,455)				
Outstanding – March 31, 2023	117,266,105	0.11	8.61	\$103,265	\$ -
Vested and Exercisable – March 31, 2022	2,500,000	0.04	3.25	\$103,265	\$ -
Unvested and non-exercisable – March 31, 2022	114,766,105	0.11	8.63	\$103,265	\$ -

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

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

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.

In March 2023, an employee was terminated and as a result, the Company cancelled 5,545,455 options. All previously recognized expense was reversed.

For the quarter ended March 31, 2023, fair value was based upon the following management estimates:

	Quarter Ended March 31, 2023
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 quarters ended March 31, 2023 and 2022, was \$1,362,468 and \$0, respectively.



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

As of March 31, 2023, compensation cost related to the unvested options not yet recognized was \$6,828,859.

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

**Note 5 – Acquisitions**

**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.

Consideration:

Cash	\$1,200,000
Common Stock (12,500,000 shares)	\$1,000,000
Liabilities assumed	<u>\$2,879,000</u>
Fair value of consideration transferred	<u>\$5,079,000</u>

Recognized amounts of identifiable assets acquired and liabilities assumed:

Cash	\$349,000
Accounts Receivable	\$1,645,000
Prepays and other assets	\$657,000
Property, Plant and Equipment, net of accumulated depreciation	<u>\$228,000</u>
Total assets acquired	<u>\$2,879,000</u>
Liabilities assumed	<u>\$2,879,000</u>
Total identifiable net assets	<u>\$ -</u>
Goodwill	<u>\$2,200,000</u>

**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, 2022. 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 Qtr. Ended March 31, 2023</u>	<u>For the Qtr. Ended March 31, 2022</u>
Revenues	<u>\$5,824,477</u>	<u>\$5,582,475</u>
Net (loss)	<u>(\$11,281,622)</u>	<u>(\$1,519,553)</u>
(Loss) per share – Basic	(\$0.03)	(\$0.01)
(Loss) per share – Diluted	(\$0.03)	(\$0.01)
Weighted average number of shares – Basic	377,288,277	270,474,131
Weighted average number of shares – Diluted	377,288,277	270,474,131