SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Amazing Energy Oil & Gas, Co.

Form: 10-Q

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Corporate Issuer CIK: 1375618

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended:

January 31, 2020

o **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 000-52392

AMAZING ENERGY OIL AND GAS, CO.

(Exact name of registrant as specified in its charter)

Nevada	**82-0290112**
(State or other jurisdiction of incorporation)	*(I.R.S. Employer Identification Number)*

5700 W Plano Pkwy
Suite 3600
Plano, Texas 75093

(Address of principal executive office)

Registrant's telephone number, including area code: (972) 233-1244

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**	**Trading Symbol**
Common Stock, par value $0.001 per share	**OTCQX**	**AMAZ**

Indicate by check mark whether the Registrant (i) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (ii) has been subject to such filing requirements for the past 90 days. **YES x NO o**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (SS 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **YES x NO o**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	o	**Accelerated Filer**	o
Non-accelerated Filer	o	**Smaller Reporting Company**	x
(Do not check if smaller reporting company)		**Emerging Growth company**	o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **YES o NO x**

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 98,101,232 a **s** of March 16, 2020**.**

AMAZING ENERGY OIL AND GAS, CO.

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PART I

ITEM 1. FINANCIAL STATEMENTS.

AMAZING ENERGY OIL AND GAS, CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)

	January 31, 2020	July 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 78,597	$ 177,227
Receivable from working interest owners	96,616	93,708
Production revenue receivable	125,977	38,575
Other current assets	89,311	70,221
Total current assets	390,501	379,731
Oil and gas properties - proved, net	6,271,144	6,243,003
Oil and gas properties - unproved	7,318,963	3,765,501
Property and equipment, net	242,114	297,112
Right of use asset	225,554	-
Other assets	178,105	126,362
TOTAL ASSETS	$ 14,626,381	$ 10,811,709
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,728,204	$ 1,987,826
Payable to related parties	170,038	85,038
Notes payable, related parties	528,502	528,502
Note payable, acquisition	1,900,000	1,900,000
Production payable	876,528	-
Convertible notes payable, net of debt discount	761,097	-
Promissory note payable, net of debt discount	321,740	200,560
Operating lease liability	64,534	-
Equipment note payable	11,928	11,928
Due to working interest owners	587,780	414,122
Accrued interest payable	184,148	-
Accrued interest payable, related parties	303,379	152,858
Total current liabilities	7,437,878	5,280,834
Long term liabilities:		
Notes payable, related party	3,452,668	3,452,668
Equipment note payable	1,834	9,090
Production payable	3,623,472	-
Operating lease liability	162,142	-
Stock subscriptions	-	330,000
Asset retirement obligation	1,048,387	636,205
Total liabilities	15,726,381	9,708,797
Commitments and contingencies, (Notes 5, 10 and 12)	-	-
Stockholders' equity (deficit):		
Preferred stock, no par value, 10,000,000 shares authorized;		
Series A, par value $0.01, none issued and outstanding	-	-
Series B, par value $0.01, 50,000 shares issued and outstanding	500	500
Common stock, par value $0.001 per share; 3,000,000,000 shares authorized;	98,105	94,430
103,726,232 issued and 97,801,232 outstanding at October 31, 2019		
94,426,232 issued and outstanding at July 31, 2019		
Additional paid-in capital	43,682,025	41,602,711
Accumulated deficit	(44,880,630)	(40,594,729)
Total stockholders' equity (deficit):	(1,100,000)	1,102,912
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 14,626,381	$ 10,811,709

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

AMAZING ENERGY OIL AND GAS, CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended January 31		Six Months Ended January 31,	
	2020	2019	2020	2019
Revenue				
Oil and gas sales	$ 245,410	$ 95,803	$ 447,152	$ 225,828
Salt water disposal income	3,552	-	30,453	-
Total revenue	248,962	95,803	477,605	225,828
Operating expenses				
Production costs	239,753	95,530	496,221	182,810
Depreciation, depletion and amortization	101,988	71,520	202,909	151,389
General and administrative expense	988,508	1,114,940	2,142,448	2,101,599
Accretion	23,022	3,479	35,756	6,958
Impairment of oil and gas properties	-	-	605,937	-
Total operating expenses	1,353,271	1,285,469	3,483,271	2,442,756
Loss from operations	(1,104,309)	(1,189,666)	(3,005,666)	(2,216,928)
Other (income) expense				
Interest and other income	(425)	(952)	(555)	(1,274)
Interest expense	580,783	69,988	1,012,769	79,001
Financing costs	-	-	117,500	-
Financing costs, related parties	-	-	-	60,000
Interest expense, related parties	75,260	68,531	150,521	360,420
Total other (income) expense	655,618	137,567	1,280,235	498,147
Loss before taxes	(1,759,927)	(1,327,233)	(4,285,901)	(2,715,075)
Provision for income taxes	-	-	-	-
Net loss	$ (1,759,927)	$ (1,327,233)	$ (4,285,901)	$ (2,715,075)
Net loss per share:				
Net loss per share of common stock, basic and diluted	$ (0.018)	$ (0.016)	$ (0.044)	$ (0.032)
Weighted average shares of common stock outstanding, basic and diluted	98,035,298	85,026,721	97,468,827	84,668,585

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

AMAZING ENERGY OIL AND GAS, CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

	Six Months Ended January 31,	
	2020	2019
Cash Flows From Operating Activities		
Net loss	$ (4,285,901)	$ (2,715,075)
Adjustments to reconcile net loss to net cash from operations:		
Stock based compensation	665,767	1,055,390
Financing costs, related parties	-	60,000
Accretion expense	35,756	6,958
Depreciation, depletion and amortization	202,909	151,389
Impairment of oil and gas properties	605,937	-
Amortization of note discount	879,499	336,060
Financing fee paid with common stock	117,500	-
Change in:		
Receivable from working interest owners	(2,908)	(29,947)
Production revenue receivable	(87,402)	18,132
Other current assets	(19,090)	23,837
Other assets	(9,121)	26,623
Accounts payable and accrued liabilities	(247,122)	657,001
Payable to related parties	85,000	-
Due to working interest owners	173,658	43,492
Production payable	4,500,000	-
Accrued interest payable, related parties	150,521	
Accrued interest payable	184,148	93,195
Net cash from (used in) operating activities	2,949,151	(272,945)
Cash Flows From Investing Activities		
Investment in oil and gas properties	(3,959,025)	(1,451,804)
Proceeds from sale of oil and gas working interests	-	924,751
Net cash from (used in) investing activities	(3,959,025)	(527,053)
Cash Flows From Financing Activities		
Proceeds from sale of common stock and warrants	150,000	200,249
Proceeds from notes payable, related parties	-	600,000
Proceeds from notes payable	-	500,000
Proceeds from convertible notes payable, net	810,000	-
Payments on equipment note payable	(7,256)	(5,019)
Payments on note payable, related parties	-	(400,000)
Net cash from financing activities	952,744	895,230
Net change in cash, cash equivalents, and restricted cash	(57,130)	95,232
Cash and cash equivalents and restricted cash - beginning of period	297,227	573,695
Cash and cash equivalents and restricted cash - end of period	$ 240,097	$ 668,927
Non-cash investing and financing activities		
Warrant modification with issuance of note payable	$ -	$ 480,771
Note payable, related party settled with participation in oil and gas working interest	-	100,000
Accounts payable settled with shares of common stock	12,500	16,482
Warrants issued with notes payable, related parties	-	288,000
Beneficial conversion feature on convertible notes payable	807,222	-
Oil and gas property acquired with debt		1,900,000
Accounts payable settled with common stock and participation in oil and gas working interest	-	25,000
Related party note payable settled with common stock and participation in oil and gas working interest	-	160,000
Related party interest payable settled with common stock and participation in oil and gas working interest	-	50,000

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

AMAZING ENERGY OIL AND GAS, CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT) (Unaudited)

	Common stock shares	Common stock amount	Preferred Stock shares	Preferred Stock amount	Additional paid-in capital	Accumulated deficit	Total
Balance, July 31, 2019	94,426,232	$ 94,430	50,000	$ 500	$41,602,711	$(40,594,729)	$ 1,102,912
Issuance of common stock for cash	600,000	600	-	-	149,400	-	150,000
Issuance of common stock for common stock payable	1,200,000	1,200	-	-	328,800	-	330,000
Issuance of common stock for services	400,000	400	-	-	45,600	-	46,000
Issuance of common stock for accounts payable	50,000	50	-	-	12,450	-	12,500
Issuance of common stock for financing costs	1,125,000	1,125	-	-	116,375	-	117,500
Beneficial conversion feature on convertible notes payable	-	-	-	-	807,222	-	807,222
Stock based compensation - warrants	-	-	-	-	106,919	-	106,919
Stock based compensation - options	-	-	-	-	293,037	-	293,037
Net loss	-	-	-	-	-	(2,525,974)	(2,525,974)
Balance, October 31, 2019	97,801,232	97,805	50,000	500	43,462,514	(43,120,703)	440,116
Issuance of common stock for services	300,000	300	-	-	35,700	-	36,000
Stock based compensation - warrants	-	-	-	-	(9,945)	-	(9,945)
Stock based compensation - options	-	-	-	-	193,756	-	193,756
Net loss	-	-	-	-	-	(1,759,927)	(1,759,927)
Balance, January 31, 2020	98,101,232	$ 98,105	50,000	$ 500	$43,682,025	$(44,880,630)	$(1,100,000)
Balance, July 31, 2018	83,975,232	$ 83,977	59,000	$ 590	$37,637,323	$(32,543,703)	$ 5,178,187
Issuance of common stock for cash	400,000	400	-	-	99,600	-	100,000
Issuance of common stock for services	599,000	599	-	-	141,169	-	141,768
Warrants issued for services	-	-	-	-	23,449	-	23,449
Stock Options issued for services	-	-	-	-	448,976	-	448,976
Accounts payable settled with shares of common stock	66,000	66	-	-	16,416	-	16,482
Warrants issued with notes payable, related party	-	-	-	-	288,000	-	288,000
Warrant modification with issuance of note payable, related party	-	-	-	-	480,771	-	480,771
Net loss	-	-	-	-	-	(1,387,842)	(1,387,842)
Balance, October 31, 2018	85,040,232	$ 85,042	59,000	$ 590	$39,135,704	$(33,931,545)	$ 5,289,791
Issuance of common stock for services	406,000	408	-	-	97,495	-	97,903
Issuance of common stock in offering for working interest	630,000	630	-	-	125,770	-	126,400
Warrants issued for services	-	-	-	-	17,199	-	17,199
Stock Options issued for services	-	-	-	-	326,094	-	326,094
Net loss	-	-	-	-	-	(1,327,233)	(1,327,233)
Balance, January 31, 2019	86,076,232	$ 86,080	59,000	$ 590	$39,702,262	$(35,258,778)	$ 4,530,154

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

NOTE 1 – NATURE OF OPERATIONS

Amazing Energy Oil and Gas, Co. ("Amazing" or the "Company") is incorporated in the State of Nevada. Through its wholly owned subsidiaries the Company is primarily engaged in the acquisition, exploration and development of oil and gas properties and the productions and sale of oil and natural gas from its properties in Texas, New Mexico and Mississippi.

Amazing Energy, LLC was formed in December 2008 as a Texas Limited Liability Company. Amazing Energy, Inc. was formed in 2010 as a Texas corporation and then changed its domicile to Nevada in 2011.

During the year ended July 31, 2019, an additional subsidiary was formed, Amazing Energy Holdings, LLC, a Texas limited liability company, for the acquisition of the Lea County, New Mexico assets and the Pecos County, Texas assets that the Company acquired in a transaction with Wyatt Energy, LLC.

During the three months ended January 31, 2020, an two additional subsidiaries were formed, Amazing Energy MS, LLC, for the acquisition of the Denver Mint properties located in Mississippi (See Note 5), and Amazing Energy Technologies, LLC which remains inactive at date of this filing.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States. (U.S. GAAP) for interim financial information, as well as the instructions to Form 10-Q. Accordingly, the financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, the accompanying unaudited financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of January 31, 2020, and its results of operations, cash flows, and statement of changes in stockholders' equity for the three and six months ended January 31, 2020 and 2019. The balance sheet at July 31, 2019 was derived from audited annual financial statements but does not contain all of the footnote disclosures from the annual financial statements. All amounts presented are in U.S. dollars. For further information, refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-K for the year ended July 31, 2019.

The financial statements are presented on a consolidated basis and include all of the accounts of Amazing Energy Oil and Gas, Co. and its wholly owned subsidiaries, Amazing Energy, Inc., Amazing Energy LLC, Jilpetco, Inc., Amazing Energy Holdings, LLC, and Amazing Energy MS, LLC. All significant intercompany balances and transactions have been eliminated.

Going Concern

These consolidated financial statements have been prepared in accordance with U.S. GAAP as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months.

As shown in the accompanying financial statements, the Company has incurred operating losses since inception. As of January 31, 2020, the Company has limited financial resources with which to achieve its objectives to obtain profitability and positive cash flows. At January 31, 2020, the Company has an accumulated deficit of $44,880,630 and a working capital deficit of $7,047,377. Achievement of the Company's objectives will be dependent upon the Company's ability to obtain additional financing, to locate profitable oil and gas properties and to generate revenue from current and planned business operations, and control costs. The Company plans to fund its future operations by joint venturing, obtaining additional financing from investors, and/or lenders, and attaining additional commercial production. However, there is no assurance that the Company will be able to achieve these objectives, therefore substantial doubt as to its ability to continue as a going concern exists. Although management believes that it will be able to obtain the necessary funding to allow the Company to remain a going concern through the methods discussed above, there can be no assurances that such methods will prove successful. The financial statements do not include adjustments relating to the recoverability of recorded assets nor the implications of associated bankruptcy costs should the Company be unable to continue as a going concern.

Revenue Recognition

The Company recognizes revenues from the sales of oil and natural gas to its customers and presents them disaggregated on the Company's Consolidated Statements of Operations. The Company enters into contracts with customers to sell its oil and natural gas production. Revenue on these contracts is recognized in accordance with the five-step revenue recognition model prescribed in Accounting Standard Codification ("ASC") 606. Specifically, revenue is recognized when the Company's performance obligations under these contracts are satisfied, which generally occurs with the transfer of control of the oil and natural gas to the purchaser. Control is generally considered transferred when the following criteria are met: (i) transfer of physical custody, (ii) transfer of title, (iii) transfer of risk of loss and (iv) relinquishment of any repurchase rights or other similar rights. Given the nature of the products sold, revenue is recognized at a point in time based on the amount of consideration the Company expects to receive in accordance with the price specified in the contract. Consideration under the oil and natural gas marketing contracts is typically received from the purchaser one to two months after production.

During the six months ended January 31, 2020, the Company started providing salt-water disposal services to a non-related oil and gas well working interest owner. Revenue generated from salt-water disposal services is recognized in the period the services are provided.

Beginning in the six month period ending January 31, 2020, the Company has an agreement for a limited-term overriding royalty interest in oil reserves from its newly acquired Denver Mint interests in Mississippi. This royalty interests (i) entitles the purchaser to receive scheduled barrels of oil extracted from the reserves over a period of time; (ii) is free and clear of all associated future production costs and capital expenditures and (ii) allows the Company to retain the remaining reserves after the scheduled production volumes have been delivered. At the inception of the contract, we recognized the proceeds as production payable which will be amortized on a unit-of-production basis to other revenue as the barrels of oil are delivered over the term of the contract.

Receivables

Production revenue receivable consist of oil and natural gas revenues due under normal trade terms. Receivables are carried at original amounts on joint interest billings less an estimate for doubtful accounts. Management determines the allowance by regularly evaluating individual working interest owner receivables and considering their financial condition, credit history and current economic conditions.

Due to Working Interest Owners

The Company provides oilfield services which includes interest owner accounting and subsequent disbursement of the interest owners' net pro-rata share of oil proceeds from a given lease. Generally, the pro-rata share of oil proceeds less any applicable pro-rata share of operating expenses is distributed to the interest owner within two months of sale of oil and natural gas. The due to working interest owners' balances comprises those proceeds which have yet to be distributed to interest owners as a result of the time required to process administrative functions and process payment and any revenue suspense.

Asset Retirement Obligations

The fair value of a liability for an asset's retirement obligation ("ARO") is recognized in the period in which a contractual obligation is created and if a reasonable estimate of fair value can be made. A corresponding charge capitalized as part of the carrying amount of the related long-lived asset. The liability is accreted to its then-present value each subsequent period, and the capitalized cost is depleted over the useful life of the related asset. Abandonment costs incurred are recorded as a reduction of the ARO liability.

Inherent in the fair value calculation of an ARO are numerous assumptions and judgments including the ultimate settlement amounts, inflation factors, credit adjusted discount rates, timing of settlement, and changes in the legal, regulatory, environmental, and political environments. To the extent future revisions to these assumptions impact the fair value of the existing ARO liability, a corresponding adjustment is made to the oil and gas property balance. Settlements greater than or less than amounts accrued as ARO are recorded as a gain or loss upon settlement.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and certain assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Management's estimates include estimates of impairment in carrying value of assets and liabilities, and collectability of recorded oilfield services receivables, stock-based compensation, deferred income taxes, asset retirement obligations, oil and gas property ceiling tests, and depreciation, depletion and amortization. Actual results could differ from these estimates.

Risks and Uncertainties

The Company's operations are subject to significant risks and uncertainties, including financial, operational, technological, and other risks associated with operating an emerging oil and gas business, including the potential risk of business failure.

Concentration of Risks

The Company's cash is placed with a highly rated financial institution, and the Company periodically reviews the credit worthiness of the financial institutions with which it does business. At times, the Company's cash balances are in excess of amounts guaranteed by the Federal Deposit Insurance Corporation.

The Company's oil and gas revenue originates from production from its properties in Texas and New Mexico. Each revenue stream in both Texas and New Mexico is sold to a single purchaser of minerals through month to month contracts. While this creates a purchaser concentration, there are alternate buyers of the production in event the sole customer in each state is unable or unwilling to purchase.

The Company sells all of its production to only four purchasers; two in Texas and two in New Mexico. As a result, during the six months ended January 31, 2020 and 2019, these purchasers represented 50% or more of its oil and gas revenue.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a remaining maturity of three months or less when acquired to be cash equivalents. Cash and cash equivalents and restricted cash on the Consolidated Statement of Cash Flows includes restricted cash of $161,500 and $145,000 as of January 31, 2020 and July 31, 2019, respectively.

Restricted Cash

As of January 31, 2020 and July 31, 2019, the Company has a letter of credit in the amount of $50,000 in favor of the Texas Railroad Commission as a bond for reclamation on its Texas based oil and gas properties and three reclamation bonds totaling $ 95,000 in favor of the State of New Mexico, all of which are included in Other assets on the Consolidated Balance Sheet. Additionally, in the six month period ended January 31, 2020, a deposit of $16,500 has been placed with the State of Mississippi for a one year operating license.

Income Taxes

The Company accounts for income taxes using the liability method. The liability method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of (i) temporary differences between financial statement carrying amounts of assets and liabilities and their basis for tax purposes and (ii) operating loss and tax credit carry-forwards for tax purposes. Deferred tax assets are reduced by a valuation allowance when management concludes that it is more likely than not that a portion of the deferred tax assets will not be realized in a future period. The Company recognizes a tax benefit from an uncertain position when it is more likely than not that the position will be sustained upon examination, based on the technical merits of the position and will record the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement with a taxing authority. The Company classifies any interest and penalties associated with income taxes as income tax expense.

Fair value of financial instruments

Financial instruments consist of cash and various notes payable. The fair value of these financial instruments approximates the carrying values at January 31, 2020 and July 31, 2019.

Property and equipment

Property and equipment are stated at cost. Improvements which significantly increase an asset's value or significantly extend its useful life are capitalized and depreciated over the asset's remaining useful life. When property, plant or equipment is sold at a price either higher or lower than its carrying amount, or un-depreciated cost at the date of disposal, the difference between the sale proceeds over the carrying amount is recognized as gain, while a loss is recognized when the carrying amount exceeds the sale proceeds. Property and equipment are depreciated on a straight-line basis over their useful lives, which are typically five to seven years for equipment. Realization of the carrying value of other property and equipment is reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets are determined to be impaired if a forecast of undiscounted estimated future net operating cash flows directly related to the asset, including disposal value, if any, is less than the carrying amount of the asset. If any asset is determined to be impaired, the loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. Repairs and maintenance costs are expensed in the period incurred.

Oil and gas properties

The Company uses the full cost method of accounting for oil and gas properties. Under this method of accounting, all costs incurred in the acquisition, exploration and development of oil and natural gas properties, including unproductive wells, are capitalized. This includes any internal costs that are directly related to property acquisition, exploration and development activities but does not include any costs related to production, general corporate overhead or similar activities. Gain or loss on the sale or other disposition of oil and natural gas properties is not recognized, unless the gain or loss would significantly alter the relationship between capitalized costs and proved reserves.

Oil and natural gas properties include costs that are excluded from costs being depleted or amortized. Excluded costs represent investments in unproved and unevaluated properties and include non-producing leasehold, geological and geophysical costs associated with leasehold or drilling interests and exploration drilling costs. These costs are excluded until the project is evaluated and proved reserves are established or impairment is determined. Excluded costs are reviewed periodically to determine if impairment has occurred. The amount of any evaluated or impaired oil and gas properties is transferred to capitalized costs being amortized.

Depletion and amortization

The depletion base for oil and natural gas properties includes the sum of all capitalized costs net of accumulated depreciation, depletion, and amortization ("DD&A"), estimated future development costs and asset retirement costs not included in oil and natural gas properties, less costs excluded from amortization. The depletion base of oil and natural gas properties is amortized on a units-of-production method.

Limitation on Capitalized Costs

Under the full-cost method of accounting, the Company is required, at the end of each fiscal quarter, to perform a test to determine the limit on the book value of our oil and natural gas properties (the "Ceiling Test"). If the capitalized costs of our oil and gas properties, net of accumulated amortization and related deferred income taxes, exceed the "Ceiling", this excess or impairment is charged to expense and reflected as additional accumulated depreciation, depletion and amortization or as a credit to oil and natural gas properties. The expense may not be reversed in future periods, even though higher oil and natural gas prices may subsequently increase the Ceiling. (See Note 5) The Ceiling is defined as the sum of: (a) the present value, discounted at 10 percent, and assuming continuation of existing economic conditions, of 1) estimated future gross revenues from proved reserves, which is computed using oil and natural gas prices determined as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period (with consideration of price changes only to the extent provided by contractual arrangements including hedging arrangements), less 2) estimated future expenditures (based on current costs) to be incurred in developing and producing the proved reserves; plus (b) the cost of properties not being amortized; plus (c) the lower of cost or estimated fair value of unproven properties included in the costs being amortized; and net of (d) the related tax effects related to the difference between the book and tax basis of our oil and natural gas properties.

The determination of oil and gas reserves is a subjective process, and the accuracy of any reserve estimate depends on the quality of available data and the application of engineering and geological interpretation and judgment. Estimates of economically recoverable reserves and future net cash flows depend on several variable factors and assumptions that are difficult to predict and may vary considerably from actual results. In particular, reserve estimates for wells with limited or no production history are less reliable than those based on actual production. Subsequent re-evaluation of reserves and cost estimates related to future development of proved oil and gas reserves could result in significant revisions to proved reserves. Other issues, such as changes in regulatory requirements, technological advances, and other factors, which are difficult to predict, could also affect estimates of proved reserves in the future.

Stock-based compensation

Compensation cost for equity awards is based on the fair value of the equity instrument on the date of grant. The Company estimates the fair value of options and warrants to purchase common stock using the Black-Scholes model, which requires the input of some subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them ("expected life"), the estimated volatility of the Company's common stock price over the expected term ("volatility"), employee forfeiture rate, the risk-free interest rate and the dividend yield. Changes in the subjective assumptions can materially affect the estimate of fair value of stock-based compensation. Options granted have a ten-year maximum term and varying vesting periods as determined by the Board of Directors.

For options issued with service vesting conditions, compensation cost is recognized over the vesting period. For options issued with performance conditions, compensation cost is recognized if and when the Company concludes that the performance condition will be achieved, net of an estimate of pre-vesting forfeitures. For options issued with market conditions, compensation cost is recognized over the requisite service period and discounted by the probability of the condition thereof being met.

Environmental laws and regulations

The Company is subject to extensive federal, state, and local environmental laws and regulations. Environmental expenditures are expensed or capitalized depending on their future economic benefit. The Company believes that it is in compliance with existing laws and regulations.

Fair value measurements

When required to measure assets or liabilities at fair value, the Company uses a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used. The Company determines the level within the fair value hierarchy in which the fair value measurements in their entirety fall. The categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Level 1 uses quoted prices in active markets for identical assets or liabilities, Level 2 uses significant other observable inputs, and Level 3 uses significant unobservable inputs. The amount of the total gains or losses for the period are included in earnings that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date. At January 31, 2020 and July 31, 2019, the Company had no assets or liabilities measured at fair value on a recurring basis.

Recent accounting pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02 Leases (ASC 842). The update modifies the classification criteria and requires lessees to recognize the assets and liabilities on the balance sheet for most leases. The update is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company adopted the update on August 1, 2019. Upon implementation of the new guidance, the Company recognized a liability and right-of-use asset of $256,092 as of August 1, 2019 for its one operating lease. The Company elected the transition option to apply the new guidance at the effective date without adjusting comparative periods presented. (See Note 10). In addition, the Company elected the practical expedient on not separating lease components from non-lease components contained in its one operating lease agreement.

In June 2018, the FASB issued ASU No. 2018-07, Compensation-Stock Compensation, Improvements to Nonemployee Share-Based Payment Accounting. ASU No. 2018-07 expands the scope of the standard for stock-based compensation to include share-based payment transactions for acquiring goods and services from nonemployees. Adoption of ASU No. 2018-07 on August 1, 2019 did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13 Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. The update removes, modifies and makes additions to certain disclosure requirements with respect to fair value measurements. The update is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the impact of this update on its consolidated financial statements and related disclosures.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

NOTE 3 – EARNINGS PER SHARE

Basic Earnings Per Share ("EPS") is computed by dividing net income (loss) by the weighted-average number of shares outstanding during the period and includes no dilution. Diluted EPS reflects the potential dilution of securities that could occur from common shares issuable through convertible debt, convertible preferred stock and warrants.

The outstanding securities at January 31, 2020 and 2019, that could have a dilutive effect are as follows:

	January 31, 2020	January 31, 2019
Convertible preferred stock	5,500,000	6,490,000
Warrants	10,951,308	9,100,158
Stock options	32,085,000	31,585,000
Convertible notes payable	16,666,667	-
Total potential dilution	65,202,975	47,175,158

For the six months ended January 31, 2020 and 2019, the effect of this potential dilution has not been recognized since it would have been anti-dilutive due to net losses in those periods.

NOTE 4 – PROPERTY AND EQUIPMENT

As of January 31, 2020 and July 31, 2019, property and equipment were composed of the following:

	January 31, 2020	July 31, 2019
Drilling equipment	$ 751,936	$ 751,936
Other equipment	22,235	22,235
	774,171	774,171
Less: Accumulated depreciation	(532,057)	(477,059)
Total property and equipment, net	$ 242,114	$ 297,112

NOTE 5 – OIL AND GAS PROPERTIES

The Company is currently participating in oil and gas exploration activities in Texas, New Mexico, and Mississippi. The Company's oil and gas properties are located entirely in the United States.

Texas

The Company's interests include leased acreage within Pecos County, Texas of an approximate 70,000 acre AMI as of January 31, 2020. Through a series of agreements with representatives of mineral owners, the Company has the right to acquire additional acreage for future development encompassing a large percentage of the approximately 70,000 acre AMI in Pecos County, Texas not already under lease as of January 31, 2020. Under those agreements the Company is required to make annual payments into trust accounts to hold the acquisition opportunity. As actual leases are acquired, those trust funds are available to pay the lease cost per acre at predetermined amounts ranging from $200 to $300 per acre.

The Company is obligated to pay certain bonus lease payments related to certain of its lease properties in Pecos County, Texas. The Company is required to pay $27,000 each year on the JT Walker lease on August 7th. The Company is also required to pay $200,000 every five years on August 7th to continue the JPMorgan lease. The most recent payment on this lease was made in July, 2017. The next JPMorgan lease payment is due by August 7, 2022. The Company is current in its lease payments under these leases.

At January 31, 2020, the Company has a working interest in twenty-eight wells located on the leasehold premises in Pecos County, Texas. The Company has drilled twenty-six wells throughout the property, with seven wells currently producing, seventeen wells being temporarily shut-in and awaiting further evaluation and with three wells having been permanently shut-in and awaiting either plugging or conversion to injector wells for a possible future water flood program.

New Mexico

The Company's oil and gas interests in New Mexico are comprised of 5,385 gross acre interest (4,682 net acres) in Lea County, New Mexico as of January 31, 2020. The lease interests are currently being held by production . Moreover, as long as the wells on each lease continues to produce oil and gas in commercial quantities, no additional lease payments will have to be made to the mineral owners.

At January 31, 2020, the Company has a working interest in ten wells located on the leasehold premises in Lea County, New Mexico. Seven wells are currently producing oil and/or gas and three wells are being used to dispose of produced water from its seven producing wells.

Mississippi

On November 22, 2019 Amazing Energy MS, LLC ("AMS") a newly formed, wholly-owned subsidiary of the Company closed on the acquisition of assets consisting of certain oil and gas leases encompassing approximately 900 net acres, nine oil wells and a saltwater disposal well, all located in Mississippi and generally known as the "Denver Mint Project." The Company acquired the Denver Mint Project from multiple parties for approximately $3,050,000.

Simultaneously, on November 22, 2019, the Company entered into an agreement for a limited-term overriding royalty interest ("ORRI") in oil reserves from the Denver Mint Project for $4,500,000. The ORRI (i) entitles the recipient to receive delivery of barrels of oil extracted from the reserves over a period of time; (ii) is free and clear of all associated future production costs and capital expenditures and (iii) allows the Company to retain the remaining reserves after the scheduled barrels of oil have been delivered. Proceeds received were recognized as production payable which will be amortized on a unit-of-production basis to other revenue as the barrels of oil are delivered over the term of the contract. Deliveries are scheduled to begin in February 2020.

Pursuant to the Denver Mint ORRI, the Company will provide total aggregate production of 146,470 barrels of oil (the "Total Production") to the Denver Mint ORRI recipient over a period of 48 months (the "Production Schedule"). The Production Schedule provides for monthly production requirements, beginning in February 2020, which range from 280 barrels per month to 4,560 barrels per month (the "Monthly Production"). Once the Monthly Production is met each month, the Company retains 100% of its 75% of the remaining production.

Under the terms of the agreement, the Company is required to execute defined workover and/or recompletion efforts to improve the production potential of the existing wells. Such efforts include improving existing wellbores, field infrastructure, and saltwater disposal well.

The oil and gas property balances at January 31, 2020 and July 31, 2019, are set forth in the table below:

	January 31, 2020	July 31, 2019
Unproved and other properties not subject to amortization	$ 7,318,963	$ 3,765,501
Property costs subject to amortization	10,264,715	9,510,574
Asset retirement assets	568,320	540,472
Total cost of oil and gas properties	18,151,998	13,816,547
Less: Accumulated depletion and impairment	(4,561,891)	(3,808,043)
Oil and gas properties, net full cost method	$ 13,590,107	$ 10,008,504

Ceiling Test

For the six months ended January 31, 2020, the Company recorded a full cost ceiling impairment of $605,937. The ceiling is defined as the sum of: (a) the present value, discounted at 10 percent, and assuming continuation of existing economic conditions, of 1) estimated future gross revenues from proved reserves, which is computed using oil and natural gas prices determined as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period less 2) estimated future expenditures (based on current costs) to be incurred in developing and producing the proved reserves plus (b) the cost of properties not being amortized; plus (c) the lower of cost or estimated fair value of unproven properties included in the costs being amortized; and net of (d) the related tax effects related to the difference between the book and tax basis of our oil and natural gas properties.

Excluded from the Ceiling Test at January 31, 2020 is the carrying value of the Denver Mint Project in Mississippi of $3,478,734 acquired during the three months ended January 31, 2020. Production on this property began after January 31, 2020. The carrying value of this property will be included in the ceiling test for the three months ended April 30, 2020.

NOTE 6 – RELATED PARTY TRANSACTIONS

Effective June 1, 2018 the Company ceased to be the operator of record of properties in which it owns no working interest. The properties' principal working interest owner is Petro Pro, Ltd. ("Petro Pro"), an entity controlled by Jed Miesner, former Chairman of the Board of Directors and current Director at January 31, 2020. In connection with the transfer of operations to US Petro, LLC (an entity is controlled by related parties, Mr. Miesner and Mr. Alford, current Chairman of the Board), the Company agreed to transfer $25,038 to US Petro which was the amount of suspended revenue attributable to owners in the transferred properties.

At January 31, 2020 and July 31, 2019, the Company has a payable to the Thornhill Law Firm, A PLC for $145,000 and $60,000, respectively, for legal services. The Company recognized $145,000 and nil in legal expense during the six months ended January 31, 2020 and 2019, respectively. The principal of the firm is Tommie Thornhill, who is also a Director of the Company.

NOTE 7 – REVENUE

The Company's customer sales contracts include oil and natural gas sales. Each unit (thousand cubic feet or barrel) of commodity product represents a separate performance obligation which is sold at variable prices, determinable on a monthly basis. The pricing provisions of the Company's contracts are primarily tied to a market index with certain adjustments based on factors such as delivery, product quality and prevailing supply and demand conditions in the geographic areas in which the Company operates. The transaction price is allocated to each performance obligation and recognize revenue upon delivery of the commodity product when the customer obtains control. Control of produced oil volumes passes to customers when the oil is measured either by a trucking oil ticket or by a meter when entering an oil pipeline. Similarly, control of produced natural gas volumes passes to customers at specific metered points indicated in our natural gas contracts. The Company has no control over the commodities after those points and the measurement at those points dictates the amount on which the customer's payment is based. The Company's oil and natural gas revenue streams include volumes burdened by royalty and other joint owner working interests. Revenues are recorded and presented on the consolidated financial statements net of the royalty and other joint owner working interests.

Revenue is recorded in the month production is delivered to the purchaser. However, settlement statements and payments for oil and natural gas sales may not be received for up to 60 days after the date production is delivered, and as a result, management is required to estimate the amount of production delivered to the purchaser and the price that will be received for the sale of the product. The Company records any differences, which historically have not been significant, between the actual amounts ultimately received and the original estimates in the period they become finalized.

Detailed oil and gas revenue for the six months and three months ended January 31, 2020 and 2019 is as follows:

	For the Six Months ended January 31,	
	2020	2019
Oil revenue	$ 447,152	$ 224,754
Gas revenue	-	1,074
	$ 447,152	$ 225,828

	For the Three Months ended January 31,	
	2020	2019
Oil revenue	$ 245,410	$ 95,803
Gas revenue	-	-
	$ 245,410	$ 95,803

In August, 2019, the Company entered into a salt-water disposal agreement with a non-related oil and gas operator in Lea County, New Mexico. Under the terms of the agreement, the Company will allow the oil and gas operator to dispose its produced water into one of the Company's salt-water disposal wells. The Company will charge the oil and gas operator a monthly fee based on the number of barrels of salt-water disposed. Revenue is recognized at the time the water is disposed in the Company's salt-water disposal wells. Total income on this agreement was $3,552 for the three months ended January 31, 2020 and $30,453 during the six months ended January 31, 2020.

NOTE 8 – NOTES PAYABLE

Notes payable, related parties

On January 3, 2011, Jed Miesner, the Company's CEO and Chairman at the time of the agreement signed a note for Amazing Energy, LLC (AEL) in the amount of $1,940,000. A recent review of the historical records of AEL, now a subsidiary of the Company, shows that Miesner signed as manager and member of AEL, although he was neither. AEL was private then, and Miesner claims he disclosed to the board this note, although no loan proceeds were paid to AEL. As shown in notes ten and twelve, this has led to a dispute with Miesner over this and other notes he made about the same time. The loan is scheduled to mature on December 31, 2030, bear interest at the rate of 8% per annum, and collateralized with a leasehold deed of trust covering certain leasehold interests in Pecos County, Texas. Unaware of the facts surrounding this dispute, effective April 1, 2019, the Company redeemed all of the issued and outstanding shares of its Series A Preferred Stock. The holder of 100% of the Series A was Jed Miesner. The Company redeemed all 9,000 shares of the Series A, which had the voting power equivalent to 90,000,000 shares of the Company's common stock, for the consideration of $100.00 per share, or a total payment of $900,000. The redemption price was effectuated through an increase in the principal balance of a promissory note issued to Mr. Miesner by the Company's wholly owned subsidiary Amazing Energy, LLC. The principal balance of the Note was increased from $1,940,000 to $2,840,000.

On December 30, 2010, Jed Miesner, again, who was neither a member, nor a manager of AEL signed a note from AEL to Petro Pro Ltd., an entity controlled by Jed Miesner for $1,100,000. No loan proceeds were paid from Petro Pro to AEL, instead, Petro Pro claims that it paid for consulting services of a third party which were proceeds from a fourth party in an unrelated deal. This note is also part of the dispute that is shown in notes ten and twelve. The loan is scheduled to mature on December 31, 2030, bear interest at the rate of 8% per annum and is collateralized with a leasehold deed of trust covering certain leasehold interests in Pecos County, Texas.

Terms of the notes were modified effective February 1, 2015, pursuant to an agreement between Jed Miesner, Petro Pro, Ltd., JLM and the Company. Beginning February 1, 2017, and continuing through February 1, 2019, the interest rate on the aforementioned notes was reduced from 8% to 6% per annum. Starting February 1, 2019 and continuing through the maturity date of the two notes (December 31, 2030), the annual interest rate on the notes was set at a rate equal to the Happy State Bank prime rate of 5.25% plus 2% at January 31, 2020.

On December 30, 2010, again, although he was neither member, nor manager of AEL, now a wholly owned subsidiary of the Company) a note to secure a $2,000,000 line of credit facility with JLM Strategic Investments LP, an entity controlled by Jed Miesner. Funds advanced on the line of bear interest at the rate of 8% per annum and are collateralized with a leasehold deed of trust covering certain leasehold interests in Pecos County, Texas.

Principal maturities for the two loan agreements and the credit facility outstanding at January 31, 2020 for the remaining terms are summarized by year as follows:

Twelve months ending October 31,	Principal Maturities			
	Jed Miesner	Petro Pro, Ltd.	JLM Strategic Investments, LP	Total
2020	$ 310,995	$ 176,337	$ 41,170	$ 528,502
2021	67,272	38,144	-	105,416
2022	72,655	41,196	-	113,851
2023	78,467	44,492	-	122,959
2024	84,744	48,051	-	132,795
Subsequent years	2,225,867	751,780	-	2,977,647
	$ 2,840,000	$ 1,100,000	$ 41,170	$ 3,981,170

Related party interest expense on these notes for the six months ended January 31, 2020 and 2019 was $150,521 and $93,195, respectively. Accrued interest payable – related parties as of January 31, 2020 and July 31, 2019 was $303,379 and $152,858, respectively.

At January 31, 2020, the balance of the convertible debt and accrued interest was convertible into membership units of Amazing Energy, LLC, a wholly owned subsidiary of the Company, at $.60 per unit.

See Note 10 Commitments and Contingencies and Note 12 Subsequent Events about negotiations with Mr. Miesner regarding these notes payable.

On October 16, 2018, the Company entered into promissory notes with its Chairman of the Board and one of its Directors to fund the acquisition of the Wyatt properties in Pecos County, Texas and to allow the Company to enter into an Option Agreement for acquisition of several oil and gas producing properties in Lea County, New Mexico. The aggregate principal amount of the two new notes was $600,000. The notes required a placement fee of $60,000 (equal to 10% of the principal amounts of the loans), which was expensed as financing cost during year ended July 31, 2019. As additional consideration for the financing, the Company issued 2,400,000 warrants for the right to acquire its common stock at an exercise price of $0.25 per share for a term of six years. As a result, the Company recorded a debt discount of $288,000 to account for the relative fair value of the warrants. The debt discount was amortized as interest expense over the term of the note.

On October 26, 2018, the Company paid $400,000 on the promissory notes. During the fiscal year ended July 31, 2019, an additional $260,000 of the promissory notes were satisfied through the noteholders' participation in an offering of working interest.

At July 31, 2019, the notes have been paid in full and the related debt discount has been fully amortized. Related party financing costs on these notes for the year ended July 31, 2019 was $77,000.

Promissory note payable – October 2018

On October 22, 2018, the Company entered into a promissory note with Bories Capital, LLC (Bories) for $500,000, the owner of which is a holder of all of the outstanding shares of the Company's Preferred B stock. The note bears interest at the Hancock Whitney Bank prime rate plus two percent (7.50% at January 31, 2020) and is due in full at maturity on October 24, 2020. Interest is payable monthly beginning on November 30, 2018. As additional consideration for the note, the Company agreed to modify the terms of 2,674,576 warrants to acquire common stock held by the owner of Bories. The warrants were amended to change the exercise price from $0.60 to $0.40 per share and to extend the expiration date from July 31, 2019 to April 1, 2024. These modifications resulted in a financing fee of $480,771 which represents the difference in the fair value of the warrants before and after the change in terms. The amount was recognized as a discount on the note and is being amortized as interest expense over the term of the note. Amortization of $121,180 and $62,126 was recognized as interest expense during the six months ended January 31, 2020 and 2019, respectively. At January 31, 2020, the discount balance is $178,259.

In addition, terms of the Series B Preferred Stock held by the owner of Bories were modified. The Company agreed to suspend its right to call the preferred stock April 1, 2024; the original call date was April 1, 2019. Additionally, the Series "B" Preferred stockholder's right to convert the preferred shares into warrants to acquire the Company's common stock was amended to extend the conversion period to April 1, 2024.

Note payable, acquisition – October 2018

On October 12, 2018, the Company entered into an agreement for the acquisition of oil and gas producing interests in New Mexico for $2,000,000. As part of the agreement, the Company entered into a seller financed note payable of $1,900,000. The note bears interest at the rate of 7% per year and the entire balance of principal and interest was due at maturity on December 31, 2019. At January 31, 2020, the Company and the Seller are in negotiations related to extending the maturity date of the note. The note is secured by the assets of Amazing Energy, LLC.

Convertible notes payable – August and September, 2019

On August 20, 2019, September 2, 2019, and September 9, 2019, the Company entered into three convertible note agreements with face values of $400,000, $250,000, and $250,000, respectively. The notes bear interest at the rate of 12% per year and are due six months after the borrowing dates. The notes were issued with an original issue discount of 10%. The principal and unpaid interest on the notes are convertible in whole or in part into shares of the Company's common stock by the lenders at any time prior to maturity. The conversion rate is the lesser of (i) 50% of the lowest trading price during the previous 20 day trading period ending on the latest completed trading date prior to the date of each note, or (ii) 50% of the lowest trading price during the previous 20 day trading period ending on the latest completed trading date prior to the lender electing conversion. The Company may pre-pay the notes, in full, at any time prior to the due date so long as Company is not in default under any terms of the notes.

The original issue discount of 10% resulted in a discount on the notes payable balance. In addition, the conversion terms of the notes resulted in a beneficial conversion feature that created an additional discount on the notes payable balance. For two of the three notes, the 10% original issue discount and the beneficial conversion feature amounts were greater than the net proceeds received. Thus, the notes were fully discounted on the date of issuance. The third note was discounted to all but $2,778 of the note's face value. The discount is being recognized as interest expense over the term of the notes.

Each lender received shares of the Company's common stock as a commitment fee in connection with the borrowings. The fair value of these shares of $117,500 was recognized as a financing expense during the six months ended January 31, 2020.

A summary of the convertible notes payable upon issuance is as follows:

Lender	Face Value	Original Interest Discount	Net Proceeds	Beneficial Conversion feature	Total discount on date of loan	Shares of common stock issued	Fair value of shares
Labrys Fund, LP	$ 400,000	$ (40,000)	$ 360,000	$ (360,000)	$ (400,000)	500,000	$ 55,000
Morningview Financial, LLC.	250,000	(25,000)	225,000	(225,000)	(250,000)	312,500	31,250
Firstfire Global Opportunities Fund, LLC.	250,000	(25,000)	225,000	(222,222)	(247,222)	312,500	31,250
	$ 900,000	$ (90,000)	$ 810,000	$ (807,222)	$ (897,222)	1,125,000	$ 117,500

Under the terms of the notes, the Company also issued shares of its common stock (the "Returnable Shares"). These shares will be returned to the Company if the convertible notes are fully repaid and satisfied prior to their due dates. If the convertible notes are not paid timely, the fair value of the shares will be recognized as a financing fee. At January 31, 2020, the Returnable Shares total 5,625,000 shares and have a fair value of $787,500. At January 31, 2020, the notes are classified current liabilities. The notes were not paid when they became due in February and March 2020. Because the notes were not repaid by their respective maturity dates (see Note 12 Subsequent Events), the lenders are entitled to retain these shares. The fair value of these shares on the maturity dates will be recognized as a financing cost in the three months ended April 30, 2020.

The note agreements contain a provision whereby the conversion rate will be adjusted in the event that the Company issues any common stock at a per share price lower than the current conversion rate. The agreements also contain covenants whereby the Company will be required to obtain consent from the lenders to acquire its own common stock, borrow, sell assets, and lend funds.

At January 31, 2020, information about the convertible notes payable is as follows:

	Face Value	Discount	Net Balance	Accrued interest payable	Number of convertible common shares
Labrys Fund, LP	$ 400,000	$ (43,011)	$ 356,989	$ 21,436	6,666,667
Morningview Financial, LLC.	250,000	(44,355)	205,645	12,411	5,000,000
Firstfire Global Opportunites Fund,	250,000	(51,537)	198,463	11,836	5,000,000
	$ 900,000	$ (138,903)	$ 761,097	$ 45,683	16,666,667

Amortization of the discount of $758,319 was recognized as interest expense during the six months ended January 31, 2020.

Equipment note payable

On September 13, 2016, the Company entered into a retail installment sale contract and security agreement (the “equipment note”) for the purchase of equipment. The equipment note is collateralized by a tractor loader backhoe. The equipment note requires 60 monthly installment payments of $994 through September 13, 2021. At January 31, 2020 and July 31, 2019, the balance of the note was $13,762 and $21,018, respectively. Future principal payments for the twelve months ending October 31, 2020 and 2021 total $11,928 and $1,834, respectively.

NOTE 9 – ASSET RETIREMENT OBLIGATIONS

The information below reconciles the value of the asset retirement obligation for three months ended January 31, 2020 and 2019 respectively:

Balance, July 31, 2019	$ 636,205
Asset retirement obligation incurred	376,426
Accretion expense	35,756
Balance, January 31, 2020	$ 1,048,387
Balance, July 31, 2018	$ 258,575
Asset retirement obligation incurred	7,845
Accretion expense	6,958
Balance, January 31, 2019	$ 273,378

During the six months ended January 31, 2020, the Company drilled and completed one well and recompleted a second well in its Pecos County, Texas AMI. The Company estimated future costs to retire these wells and recorded asset retirement obligations. The estimated future costs were discounted using a credit adjusted, risk-free interest rate of 6.0% and adjusted for inflation rate of 2.6%. As a result, the Company increased its asset retirement obligation by $27,848 to reflect the increased ownership in additional wells that were added during the three months ended October 31, 2019.

The acquisition of the Denver Mint properties in Mississippi required further increase in the asset retirement obligation of $348,578 during the three months ended January 31, 2020. The Company estimated future costs to retire these wells and recorded asset retirement obligations using a credit adjusted, risk-free interest rate of 6.0% and adjusted for inflation rate of 2.6%.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Environmental contingency:

The Company is subject to contingencies because of environmental laws and regulations. Present and future environmental laws and regulations applicable to the Company's operations could require substantial capital expenditures or could adversely affect its operations in other ways that cannot be predicted at this time.

Legal contingency

On September 7, 2017, Amazing Energy LLC and Jilpetco Inc. were served with a summons and complaint in Cause No. P-7600-83-CV in the 83rd District Court in Pecos County, Texas. The nature of the litigation is that Amazing Energy &Jilpetco were joined as defendants in a case in Pecos County, Texas, between Fredrick Bartlett Wulff, Sr. et al plaintiffs and Benedum& Trees, LLC et al defendants. The suit alleges breach of lease, breach of implied duty to explore and develop, and requests a declaratory judgment that the leases are terminated, and the suit requests an accounting of lease production. The plaintiffs sought a release of the oil and gas leases except as to Section 91. The lease from Wulf plaintiffs was released per the order of the court. The then Company's counsel handling this case failed to comply with discovery and the court awarded sanctions and legal costs against the Company in July 2019. August, ___,, 2019, the Company paid $65,492 due to working interest owners related to the Wulff claims, In addition, at January 31, 2020 and July 31, 2019, the Company has accrued an additional $98,291 in accounts payable for the sanctions and legal costs relating to prior counsel's failure to fully and timely answer discovery, said amount to be paid subsequent to January 31, 2020. The plaintiffs still contend that attorney fees are owed for a breach of contract as to Section 91 leases. In the opinion of the Company's management, the pending litigation claims against it, if decided adversely, will not have a material adverse effect on the Company's financial condition, cash flows or results of operations. This litigation also includes a third party, Benedum and Trees, LLC, against which there are claims, motions, and other matters indirectly relating to the Company which have not been resolved. Negotiations are proceeding, accordingly.

On December 11, 2017, Amazing Energy LLC and Jilpetco Inc. were each served with a summons and complaint in Cause No. P-7813-83-CV in the 83rd District Court in Pecos County, Texas. Amazing Energy and Jilpetco were named as defendants in a case by Rumson Royalty Company as the plaintiff. The suit alleges Amazing Energy and Jilpetco have suspended certain royalty and/or overriding interest payments owed to the plaintiff, and requests a declaratory judgment seeking the plaintiff's share of production proceeds and reasonable attorney's fees. Management is vigorously defending the case. It is too early in the litigation to evaluate the likely outcome or to evaluate the financial impact of the lawsuit, if any. In the opinion of the Company's management, none of the pending litigation, disputes or claims against it, if decided adversely, will have a material adverse effect on the Company's financial condition, cash flows or results of operations.

On October 24, 2018 AAPIM, LLC ("AAPIM") filed a lawsuit in the District Court of Pecos County, Texas, 112th Judicial District (Cause No. P-12363-112-CV) against Amazing Energy, LLC, a wholly-owned subsidiary of the Company. The Petition alleged Amazing Energy, LLC failed to pay plaintiff its proportionate share of the proceeds from oil and gas production from minerals in Pecos County, Texas. The Company referred the matter to its then regular counsel to represent Amazing Energy, LLC, however it failed to answer AAPIM's Petition in a timely manner. AAPIM, on January 7, 2019 filed a Motion for Default Judgment against Amazing Energy, LLC. Amazing Energy, LLC was not notified, by its counsel or its registered agent, of the Motion for Default Judgment and as a result the Motion for Default Judgment was unopposed and on January 9, 2019, AAPIM obtained a Default Judgment against Amazing Energy, LLC. Although a Judgment was rendered for approximately $391,275, the defenses to the Judgment were recognized and AAPIM agreed in a Rule 11 settlement agreement to allow an independent Arbitrator to decide whether any payment was due to AAPIM as a non-consenting leasehold owner. The company has submitted accounting information to the Arbitrator showing that no payment is due to AAPIM. A response will soon be due by AAPIM which has claimed that record keeping by AEL and Jilpetco, the private entities of the Miesners and their related entities, which operated the assets before the public entity, the Company, are incomplete. The Company believes to the contrary. In short order, replies may be filed by each litigant and then the matter submitted for decision by the Arbitrator. The Company has been in negotiations with AAPIM to settle the amount owed by Amazing Energy, LLC pursuant to the Rule 11 Agreement with Arbitration that is to be completed by April 17, 2020, according to the current Rule 11 Agreement deadlines. Although the Company believes it will prevail in the Arbitration, owing little or nothing to AAPIM as a non-consenting leasehold owner, before the year ending July 31, 2019, the Company recognized an expense for the potential litigation settlement of $340,972 representing the amount of the judgment, and interest expense of $50,303 as an accounts payable.

On August 28, 2019, TCI Business Capital, Inc. ("TCI") filed a petition, in the 416th District Court of Colin County, Texas (Case No. 416-04883-2019), against the Company and its wholly-owned subsidiary Jilpetco, Inc. TCI is a commercial factoring company that purchased certain accounts receivable from Diligent Well Site Services, LLC ("Diligent"). Diligent had previously performed services to Jilpetco. On October 10, 2019, the Company and Jilpetco entered into a settlement agreement with TCI whereby the Company/Jilpetco agreed to pay TCI the total amount of $66,085 in two installments. The first installment of $33,085 was paid on October 16, 2019. The second installment, in the amount of $33,000 was due on or before October 30, 2019. The Company failed to make the second installment and on November 11, 2019, the Company was served, by TCI, with an amended petition. The total amount of $66,085 was accrued as an accounts payable at July 31, 2019. The Company paid the second installment ($33,000) to TCI on November 22, 2019, and on November 25, 2019, paid TCI an additional $2,500 for legal fees that were incurred in connection with the case. This matter was resolved in full on November 22, 2019.

The Company's records show a subsidiary, Amazing Energy, LLC ("AEL"), executed three notes, as described in Note 8 of these financial statements, with Jed Miesner, his wife LesaMiesner and two affiliated companies; Petro Pro, Ltd, and JLM Strategic Investments, LP (collectively "Miesner"). These notes were previously the subject of a settlement agreement with Miesners and their entities. The settlement agreement called for purchase of the interest of the Miesners and their entities by December 31, 2019, which was not closed because of delays in funding the settlement. On January 7, 2020, Miesner alleged that the notes were in default and that he had the right to foreclose on Company assets. Miesner also challenged the effectiveness of the redemption of Preferred Stock that occurred April 1, 2019.

On January 10, 2020, the Company filed a Petition in Pecos County and on January 30, 2020, it filed an Amended Petition and request for a temporary restraining order prohibiting foreclosure of the notes by Miesner, making the arguments that the notes and mortgages are invalid based on the grounds of a lack of corporate authority to enter into the notes, conflicts of interest, lack of consideration, self-dealing and breach of fiduciary duties.

On January 31, 2020 the Company was granted the temporary restraining order prohibiting Miesner from enforcing the notes and foreclosing upon the properties. Management believes that the Petition will be decided in the Company's favor. Subsequently, on February 27, 2020, the Company and the Miesners and their entities then entered into an Amendment and Reaffirmation of the Settlement Agreement and Release of Claims between the parties that expires March 27, 2020, if the Company does not purchase all the rights of the Miesners and their entities. In the event the settlement is not completed, the litigation will continue.

Lease commitments

The Company's principal offices are located at 5700 West Plano Parkway, Suite 3600 in Plano, Texas. Prior to May 1, 2019, the Company subleased office space from a tenant under an approved sublease agreement. On May 1, 2019, the Company agreed to assume the remaining lease obligations (through November 30, 2019) of the former tenant and became a co-lessee under an assumption and assignment of the prior lease agreement that extended the lease term to February 28, 2023. Terms of the new lease agreement require monthly lease payments of a base lease amount of $7,024.71, with periodic increases, plus additional amounts for reimbursement of certain operating costs. The lease does not include any provision that would allow the lessor or lessee to elect to extend or terminate the lease or buy the building at the end of the lease term. At January 31, 2020, the remaining lease term is 3.0 years.

Upon implementation of ASC 842 on August 1, 2019, the Company recognized an operating lease liability and right-of-use asset of $256,092 for its one operating lease for its principal offices in Plano, Texas. To calculate the operating lease liability and right to use asset, the Company utilized a 10.0% incremental borrowing rate to discount the future rent payments over the remaining lease term of 3.58 years. The incremental borrowing rate was estimated based on the interest rate the Company would expect to incur if it borrowed the funds to purchase the office on a collateralized basis with similar terms.

The Company subleases a small portion of the office space to multiple tenants on a non-binding month-to-month basis. The Company has no leases or subleases with any related parties.

As of January 31, 2020, total future lease payments are as follows:

For the 12 months ended January 31,		
2021	$	84,297
2022		85,754
2023		87,345
2024		7,290
Total		264,686
Less imputed interest		(38,010)
Net lease liability		226,676
Current portion		(64,534)
Long-term portion	$	162,142

For the three and six months ended January 31, 2020, costs relating to the operating lease were recognized as lease expense in the Consolidated Statements of Operations as follows:

	Three Month		Six Month	
Base rent pursuant to lease agreement	$	21,370	$	43,100
Variable lease operating costs		5,893		11,480
Sublease income		(2,000)		(14,501)
Total lease costs	$	25,263	$	40,079

Oil and gas lease commitments

Royalties: The Company is obligated to pay royalties to holders of oil and natural gas interests in its operations.

Working Interest Holders: The Company is obligated to pay working interest holders a pro-rata portion of revenue in oil operations net of shared operating expenses. The amounts are based on monthly oil and gas sales and are charged monthly net of oil and gas revenue and recognized as "Due to working interest owners" on the Company's Consolidated Balance Sheet.

The typical oil and natural gas lease agreement covering our acreage positions in Pecos County, Texas, Lea County, New Mexico, and in Mississippi provides for the payment of royalties to the mineral owners for all oil and natural gas produced form any wells drilled on the leased premises. The lessor royalties and other leasehold burdens on our properties generally range from 20% to 25%, resulting in a net revenue interest to the Company working interest generally ranging from 75% to 80%.

NOTE 11 – STOCKHOLDERS' EQUITY

Common stock

The Company is authorized to issue 3,000,000,000 shares of its common stock. All shares of common stock are equal to each other with respect to voting, liquidation, dividend, and other rights. Owners of shares are entitled to one vote for each share owned at any Shareholders' meeting. The common stock of the Company does not have cumulative voting rights, which means that the holders of more than fifty percent (50%) of the shares voting in an election of directors may elect all of the directors if they choose to do so.

Preferred stock

The Company is authorized to issue 10,000,000 shares of its preferred stock, $.001 par value per share.

Series A convertible preferred stock:

As of January 31, 2020 and July 31, 2019, the Company has no shares of Series A preferred stock outstanding.

Effective April 1, 2019, the Company redeemed all of the issued and outstanding shares of its Series A preferred stock. The holder of 100% of the Series A was Jed Miesner, a member of the Company's Board of Directors. The Company redeemed 9,000 shares of the Series A, which had the voting power equivalent to 90,000,000 shares of the Company's common stock, for the consideration of $100.00 per share, or a total payment of $900,000. The redemption price was effectuated through an increase in the principal balance of a promissory note issued to Mr. Miesner by the Company's wholly owned subsidiary Amazing Energy, LLC. The principal balance of the Note was increased from $1,940,000 to $2,840,000.

Series B convertible preferred stock:

The Company has 50,000 shares of Series B preferred stock outstanding at January 31, 2020. These Series B shares were issued from the designated 10,000,000 shares of preferred stock, $.001 par value, with the following rights and preferences:

- Liquidation preference: Upon a liquidation event, an amount in cash equal to $100 per share, for a total of $5,000,000 computed as of January 31, 2020, shall be paid prior to liquidation payments to holders of Company securities junior to the Series B preferred stock.
- Dividends: Holders of the Series B preferred stock are not entitled to receive a dividend.
- Voting: The Series B preferred stock has no voting rights other than to be voted when required by the laws of the State of Nevada.
- Non-transferrable: The shares of Series B preferred stock are not transferable except under a plan for wealth transfer and estate planning or upon conversion or redemption as set forth below.
- Conversion: Beginning July 31, 2024 (as amended), any shares of the Series B preferred stock outstanding will be convertible, at the discretion of the shareholder, for a period of three years, into common stock purchase warrants of the Company with an conversion price of $1.00 per share on the basis of 110 shares of common stock for each one share of Series "B" preferred stock outstanding.

As additional consideration for a new promissory note dated October 22, 2018 (see Note 8), the terms of the right to convert preferred shares into warrants to acquire common stock attached to the Company's Series "B" Preferred Stock, were amended to extend the conversion period to April 1, 2024 and to reduce the underlying warrant exercise price from $0.60 per share to $0.40 per share. The Company further agreed to suspend its right to call the Series "B" Preferred Stock until April 1, 2024.

Common Stock:

During the six months ended January 31, 2020 and 2019, the Company issued the following:

- 600,000 and 400,000 shares of common stock, respectively, for cash of $150,000 and $100,000.
- 1,200,000 and -0- shares of common stock with a value of $330,000 for common stock payable at July 31, 2019.
- 700,000 and 1,005,000 shares of common stock with total fair values of $82,000 and $239,071, respectively, as compensation for services.
- -0- and 630,000 shares of common stock with total fair values of $-0- and $126,400, respectively, for common stock issued in connection with offering for working interest.
- 1,125,000 and -0- shares of common stock with total fair values of $117,500 and $-0- for financing costs related to the issuance of convertible notes payable (Note 8).
- 5,625,000 and -0- shares of common stock issued in connection with convertible notes payable (Note 8). These shares were issued in conjunction with certain convertible notes entered into by the Company (Note 8). These shares were to be returned and retired if the Company paid the notes in full by or before their respective maturity dates. Because the notes were not repaid by their respective maturity dates (see Note 12 Subsequent Events), the lenders are entitled to retain these shares.
- 50,000 and 66,000 shares of common stock with total fair values of $12,500 and $16,482, respectively, in settlement of accounts payable.

Warrants:

During the six months ended January 31 2020, the Company issued 300,000 warrants to purchase common stock and recognized compensation of $92,975 for the vesting of warrants issued currently and in prior periods.

During the six months ended January 31, 2019, the Company issued 419,525 warrants to purchase common stock valued at $328,648 for professional services. Additionally, during the six months ended January, 31, 2019, the Company issued 2,400,000 warrants to purchase common stock in connection with promissory notes with a fair value of $288,000 and changed the terms of 2,674,576 existing warrants with an incremental fair value due to the modification of $480,771. See Note 8.

Warrant transactions for the six months ended January 31, 2020 and 2019 are summarized as follows:

	Six Months Ended January 31,	
	2020	2019
Outstanding warrants - beginning of period	10,651,308	6,280,633
Issued	300,000	2,819,525
Exercised	-	-
Expired	-	-
Outstanding warrants - end of period	10,951,308	9,100,158

The Company's outstanding warrants at January 31, 2020 are as follows:

Expiration Year	of Warrants	Exercise Price
2020	1,200,000	$0.50
2021	1,858,332	$0.40 to $1.00
2022	785,200	$0.25 to $0.60
2023	721,625	$0.23 to $0.74
2024	6,386,151	$0.12 to $0.40
	10,951,308	

Stock Options:

For the six months ended January 31, 2020 and 2019, the Company recognized stock based compensation of $486,793 and $775,070, respectively, related to vesting of options granted in prior periods.

During the six months ended January 31, 2020, the Company did not grant any stock options.

On October 23, 2018, the Board of Directors authorized the grant of 1,000,000 options to purchase shares of common stock of the Company to its Chief Financial Officer. The options have an exercise price of $0.30 and expire five years from the date of grant. 100,000 of the options vested immediately on the grant date and the remainder were to vest 25% annually upon each anniversary of the grant date. For the six months ended January 31, 2019, the Company recognized stock based compensation of $44,178 for these options. Effective January 31, 2020 the employment agreement was terminated in connection with a Separation Agreement and 600,000 unvested options as of that date were forfeited.

On October 10, 2018, the Board of Directors also authorized the grant of 1,000,000 options to purchase shares of common stock of the Company to certain directors. The options vested immediately at the date of grant. These options have an exercise price of $0.30 and expire on October 23, 2023. The fair value of the grant was $214,726 which the Company recognized as stock-based compensation for the three month period ended October 31, 2018.

At January 31, 2020, unrecognized compensation related to all option grants is $928,679 which will be recognized over the next 2.25 years.

The following is a summary of the Company's option activity for the six months ended January 31, 2020 and 2019:

	For the six months ended January 31			
	2020		2019	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding options - beginning of period	32,085,000	$ 0.31	28,085,000	$ 0.31
Granted	-		3,500,000	
Exercised	-		-	
Forfeited or rescinded	(600,000)		-	
Outstanding options - end of period	31,485,000	$ 0.31	31,585,000	$ 0.31
Outstanding at the end of the period, vested	11,895,833	$ 0.31	9,475,000	$ 0.31

The Company's outstanding options at January 31, 2020 are as follows:

Expiration Year	Number of Options	Exercise Price
2021	2,600,000	$0.30 to $0.40
2022	27,885,000	$0.25 to $0.40
2023	1,000,000	$0.30
	31,485,000	

At January 31, 2020, the vested options had no intrinsic value.

NOTE 12 – SUBSEQUENT EVENTS

On February 6, 2020, the Company came to terms with Jed and LesaMiesner (the "Miesners"), and their affiliated companies JLM Strategic Investments, LP ("JLM"), Petro Pro, Ltd. ("PPL"), US Petro, LLC ("US Petro"). Pursuant to the settlement, the Company will pay the total sum of $1,800,000 to the Miesners and/or their affiliated entities. Subsequently, on February 27, 2020, the Company and the Miesners and their entities then entered into an Amendment and Reaffirmation of the Settlement Agreement and Release of Claims between the parties that expires March 27, 2020, if the Company does not purchase all the rights of the Miesners and their entities. In the event the settlement is not completed, the litigation will continue. The Company has paid a total of $225,000 toward the purchase price if it closes on the deal. If the Company does not close on or before March 27, 2020, the deposit is lost and the pending litigation resumes. Currently, many of the substantive and procedural rules for pending litigation are suspended because of Novel Coronavirus (Covid 19) emergency orders of the United States and the State of Texas governmental orders. The settlement and litigation Miesner and his entities may be subject to those orders suspending resolution of the matter.

The settlement provides that the Company will acquire all right, title and interest in and to three notes and mortgages/deeds of trust, with a balance of approximately $4,200,000 held by the Miesners, JLM, and PPL, respectively. Furthermore, the parties have agreed that the Miesners, and their related affiliates, will surrender all of the shares of the Company's common stock held by them, forgo any claims to all options to acquire shares of the Company's common stock, all warrants to purchase the Company's common stock, and any claims for compensation and wrongful termination pursuant to Jed Miesner's former employment agreement with the Company, as well as a release of any and all other claims the Miesners, and/or any of their affiliated companies, may have against the Company and/or any of its subsidiaries. In exchange, the Company will forgo any claims it may have against Jed Miesner pursuant to his former employment agreement with the Company and any other additional claims the Company, and/or any of its subsidiaries, may have against the Miesners and/or any of their affiliated companies. As a part of the settlement, Jed Miesner resigned from the Company's board of directors. The Company has made initial payments totaling $175,000 toward the total sum of $1,800,000 to be paid on or before February 21, 2020, according to the potential settlement. Subsequent to February 6, 2020 the Company paid an additional $50,000 to Miesner to extend out the balloon payment date to March 27, 2020.In light of the granting of the temporary restraining order (See Note 10) and current economic conditions related to the Novel Coronavirus (Covid-19) outbreak Worldwide and the international cartel agreements that lead to collapse of crude prices, the Company and Miesner have continued to negotiate to modify the settlement terms. Any failure in the negotiation will result in loss of the deposit and the resumption of litigation, which again is likely stayed or suspended by the entry of order of the United States and State of Texas governments.

On August 20, 2019, September 2, 2019, and September 9, 2019, the Company entered into three convertible note agreements with face values of $400,000, $250,000, and $250,000, respectively. Under the terms of the notes, the Company also issued shares of its common stock (the "Returnable Shares"). These shares were to be returned to the Company if the convertible notes are fully repaid and satisfied prior to their due dates. If the convertible notes were not paid timely, the fair value of the shares will be recognized as a financing fee. At January 31, 2020, the Returnable Shares total 5,625,000 shares and have a fair value of $787,500. The notes were not paid when they became due in February and March, 2020.Because the notes were not repaid by their respective maturity dates, the lenders are entitled to retain these shares.

On March 16, 2020, the Company issued 8,333,333 shares of its common stock (the "Shares") to Cicero Transact Group, Inc. for $250,000. The Shares constitute 7% of the issued and outstanding shares of the Company's common stock.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with our audited financial statements and notes thereto date July 31, 2019. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward-looking statements in the following discussion and elsewhere in this report and in any other statement made by us, or on our behalf, whether or not in future filings with the Securities and Exchange Commission. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward-looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by us, or on our behalf. We disclaim any obligation to update forward-looking statements.

The independent registered public accounting firm's report on the Company's financial statements as of July 31, 2019, and for each of the fiscal years in the two-year period then ended, includes a "going concern" explanatory paragraph that describes substantial doubt about the Company's ability to continue as a going concern.

Safe Harbor Provision

This Management's Discussion and Analysis includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like: "believe," "expect," "plan," "estimate," "anticipate," "intend," "project," "will," "predicts," "seeks," "may," "would," "could," "potential," "continue," "ongoing," "should," and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this Form 10-Q. These forward-looking statements are subject to certain risks or uncertainties that could cause actual results to differ materially from historical results or from our predictions. We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise.

Overview

We are in the business of exploration, development, and production of oil and gas in the Permian Basin of West Texas, in southeastern New Mexico, and in Mississippi. The Permian Basin, which is one of the major producing basins in the United States, is characterized by an extensive production history, a favorable operating environment, mature infrastructure, long reserve life, multiple producing horizons, enhanced recovery potential and a large number of operators. The Permian Basin is characterized by high oil and liquids rich natural gas, multiple vertical and horizontal target horizons, extensive production history, long-lived reserves and high drilling success rates. As of January 31, 2020, the Company has leasehold rights located within approximately 70,000 acres in Pecos County, Texas, 5,385 gross acres (4,682 net acres) in Lea County, New Mexico and approximately 900 acres in Walthall County, Mississippi. We believe that our concentrated acreage positions provides us with an opportunity to achieve cost, operating and recovery efficiencies in the development of our drilling inventory. Historically, our activities have been primarily focused on vertical development of the Queen formation over the Central Basin platform, which separates the Midland Basin from the Delaware Basin, all of which are part of the Permian Basin in West Texas. Recently, however, the Company has had several successful completions in the deeper San Andres zone of its Pecos County, Texas and Lea County, New Mexico properties. Future drilling targets could include the Grayburg, Clear Fork, Glorietta, and Devonian zones in Pecos County, Texas and the Devonian, Pennsylvanian and Wolfcamp/Wolfbone zones in Lea County, New Mexico and Lower Tuscaloosa Stinger B,C, and D Sands, Yequa, Cook Mountain, and Sparta pay zones.

The properties acquired in Mississippi include eleven production capable wells and three salt water disposal wells. The Company intends to begin a program of workover and recompletion in 2020. Existing wellbores, field infrastructure, and saltwater disposal well reduces cost and time. To date the primary saltwater well has been reworked with a successful Mechanical Integrity Test approved by the Mississippi Oil and Gas Board. The well in now in operation. The first well on the schedule to be reworked is the Doster A-1 Well. Operations are now underway in the 11,000-foot-deep formation called the Lower Tuscaloosa Stringer pay sand

Our near-term success depends primarily on attracting developmental capital to continue to drill, develop reserves and increase production within the leased acreage that we currently control. We are also open to acquiring oil and gas producing properties that would add value to our shareholders. We are the operator of 100% of our Permian Basin acreage. This operating control allows us to better execute on our strategies of enhancing returns through operational and cost efficiencies and increasing ultimate hydrocarbon recovery by seeking to continually improve our drilling techniques, completion methodologies and reservoir evaluation processes. Additionally, as the operator of all of our acreage, we retain the ability to increase or decrease our capital expenditure program based on commodity price outlooks. This operating control also enables us to obtain data needed for efficient exploration of our prospects. The Company owns a small drilling rig (2,500'), completion rig, pulling unit and various equipment to operate the property.

We have been operating at a net loss situation. Given the current oil prices, and the inherent expenses of running a public company in the oil and gas industry, it is uncertain if and when we may achieve profitable operations as a small company.

Commodity Prices.

Our results of operations are heavily influenced by commodity prices. Factors that may impact future commodity prices, including the price of oil and natural gas, include: (1) weather conditions in the United States and where the Company's property interests are located; (2) economic conditions, including demand for petroleum-based products, in the United States and the rest of the world; (3) actions by OPEC, the Organization of Petroleum Exporting Countries; (4) political instability in the Middle East and other major oil and natural gas producing regions; (5) governmental regulations; (6) domestic tax policy; (7) the price of foreign imports of oil and natural gas; (8) the cost of exploring for, producing and delivering oil and natural gas; (9) the discovery rate of new oil and natural gas reserves; (9) the rate of decline of existing and new oil and natural gas reserves; (10) available pipeline and other oil and natural gas transportation capacity; (11) the ability of oil and natural gas companies to raise capital; (12) the overall supply and demand for oil and natural gas; and (13) the availability of alternate fuel sources.

The Company cannot predict the occurrence of events that may affect future commodity prices or the degree to which these prices will be affected, the prices for any commodity that we produce will generally approximate current market prices in the geographic region of the production. Furthermore, the Company has not entered into any derivative contracts, including swap agreements for oil and gas.

Fiscal Year 2019 Activity

During the fiscal year ended July 31, 2019, the Company continued to raise funds to drill oil and gas wells located within the approximately 70,000 acres, in Pecos County, Texas and the approximate 5,385 acres in Lea County, New Mexico, where our leasehold rights currently exist. Our fund raising activities were primarily through joint venture working interest holder participations, whereby the Company retained a carried working interest. In order to keep the leasehold in good standing, we adhered to the Continuous Drilling Clause for each respective lease and strictly adhered to the requirements within said Drilling Clauses.

Additionally, the WWJD #30 well was drilled to a total depth of 1,768 feet and Amazing encountered approximately fourteen feet of pay zone thickness based on comparison to a southern offset well. The Company completed the well utilizing a technique known as an "open hole completion". Once the well quit flowing on its own, a pump jack system was installed to restart oil production. The well is currently producing an average of 5-7 BOPD.

On October 17, 2018 the Company closed on the acquisition of the deep rights in 26,000 mostly contiguous acres in the Permian Basin in Pecos County, Texas. Post-closing the Company now controls all rights to all depths within the 61,000 acres with undivided mineral interest and rights to the depth of 3,000 feet to surface on its additional ~9,000 acres. The purchased acreage is subject to the same option terms that are applicable to the other Pecos County, Texas acreage controlled by the Company. Jilpetco, Inc. will be the operator of record on all current and future wells, if any, on the acquired acreage. The cost of the acquisition was $500,000.

During the fiscal quarter ended October 31, 2019, the Company drilled and completed the Wilson 498 well and recompleted the Wilson 49-2 well on the Pecos County, Texas leasehold that was acquired in the transaction with Wyatt Energy, LLC. Management is still in the process of evaluating the results of both wells as the just entered the initial production stage. At January 31, 2020, the Company has a 100% working interest in twenty-seven (27) wells and a 37% working interest in the WWJD #31-H well located in the Pecos County, Texas leasehold premises. The Company has drilled 27 wells throughout the property, and recompleted one well that was drilled by a previous operator. Twenty-six of the wells either current producers or subjects of a scheduled workover/recompletion plan. Two wells are currently shut-in and will probably be converted to injection wells associated with a future water-flood plan. The level of capital expenditures for the remainder of the fiscal year will significantly depend on the future market prices for oil and the Company's ability to source the necessary capital to fund the drilling of any wells in the future.

Fiscal Year 2020 Activity

At January 31, 2020, the Company has seven producing wells and three saltwater disposal wells in the Lea County project. A location has been selected and a drilling pad has been built for the Curly Well.

Amazing will leverage the extensive geological work done on the Pecos County, Texas acreage to select new well drilling locations. Identified and prolific pay zone horizons proven on the acreage include the Queen, Grayburg, Clear- Fork, Wolfcamp, Pennsylvanian, Devonian and Ellenberger. Modern 3-D seismic covers most of the leasehold, where 17 deep exploratory wells were drilled in the early 2000's targeting Devonian and Ellenberger pay at depths of 8,000-9,000 foot Measured Depth. The Seismic data set primarily targeted Devonian wells which have produced 4 BCFG and 150,000 barrels of oil in the area. Additionally, the data has identified prospects that have yet to be drilled on the acreage and a recent new field discovery by an offset operator in 2017 which will provide additional detailed geological insight as to rock properties, reserves, and production potentials. Amazing plans to shoot a larger 3-D survey which has the potential to uncover additional new target areas from the deeper horizons.

On November 22, 2019 Amazing Energy MS, LLC ("AMS") a newly formed, wholly-owned subsidiary of the Company closed on the acquisition of assets consisting of certain oil and gas leases encompassing approximately 900 acres, nine oil wells and a saltwater disposal well, all located in Mississippi and generally known as the "Denver Mint Project." The company plans to restore and enhance production with multiple workovers identified in proven Lower Tuscaloosa pay zones as well as expand production into shallow regional pay zones. Shallow Yegua, Cook Mountain, and Sparta pay zones above 3,300 ft. are regional pay zones that have not been produced in Dinan Field to date. Existing well bores, field infrastructure, and saltwater disposal well reduces cost and time.

In the past Amazing has focused on shallower plays available under our existing options to incrementally increase production. Our strategy is getting a tremendous boost with the addition of these deep rights and associated well-known pay zones. We expect this acquisition to add several hundred potential new well locations to our current drilling inventory. The potential of our acreage is now on par with many of our much larger peers and in the same well-known plays where they are experiencing marked success.

The Company's Expansion Strategy for 2020 includes the following subject to economic and liquidity conditions:

- Capital Expenditure Strategy for Pecos County, Texas, Lea County, New Mexico, and Mississippi assets:
    - Pecos County, Texas and Lea County, New Mexico acreage represent the main revenue drivers for Amazing Energy.
    - Management plans to implement a monthly capital budget to drill additional wells and workover/recomplete existing wells in all areas.
- Seek to Acquire Additional Assets:
    - Potential pipeline acquisition with current positive cash flow.
    - The Company is geographically agnostic within the U.S. and is comfortable participating in both operated and non-operated transactions in most geological basins located in the lower 48 states, but on a more practical basis prefers locations proximate to our current operations in Texas and New Mexico.
- Growth through JV/ Farm Out
    - The Company intends to initiate discussions with other operators and investors for the purpose of forming joint-ventures on acreage that we currently hold as well as any acreage that we may acquire in the future.
    - Any such joint-ventures would allow Amazing to leverage the financial resources and knowledge of leading operators in an effort to enhance Amazing's shareholders' value.

Overview of Current Operations

Through January 31, 2020, the Company has drilled twenty-seven wells and recompleted one well on its leasehold in Pecos County, Texas. Twenty-six of the twenty-eight wells are either currently producing or awaiting workover/recompletion and two wells are currently shut in. The wells have not been commercially productive. As a result of the recent Lea County, New Mexico acquisition, the Company has seven wells that are currently producing oil and gas. The Company also acquired three salt-water disposal wells in the Lea County, New Mexico asset acquisition transaction. In August, 2019, the Company began disposing salt-water in one of its Lea County, New Mexico salt-water disposal wells for another unrelated local operator. The Company will be paid an amount each month based on the total number of barrels of salt-water disposed.

The newly acquired Mississippi properties are being reviewed to develop plans to restore and enhance production with multiple workovers identified in proven Lower Tuscaloosa pay zones as well as expand production into shallow regional pay zones. Shallow Yegua, Cook Mountain, and Sparta pay zones above 3,300 ft. are regional pay zones that have not been produced in Dinan Field. Existing wellbores, field infrastructure, and saltwater disposal well reduces cost and time. To date the primary saltwater well has been reworked with a successful Mechanical Integrity Test approved by the Mississippi Oil and Gas Board. The well in now in operation. The first well on the schedule to be reworked is the Doster A-1 Well. Operations are now underway in the 11,000-foot-deep formation called the Lower Tuscaloosa Stringer pay sand.

Compliance with Government Regulations

The oil and gas industry in the United States is subject to extensive regulation by federal, state and local authorities. At the federal level, various federal rules, regulations and procedures apply, including those issued by the U.S. Department of Interior, the U.S. Department of Transportation Office of Pipeline Safety (the "DOT") and the U.S. Environmental Protection Agency (the "EPA"). At the state and local level, various agencies and commissions regulate drilling, production and midstream activities. For the state of Texas, the regulatory agency is the Texas Railroad Commission. These federal, state and local authorities have various permitting, licensing and bonding requirements. Various remedies are available for enforcement of these federal, state and local rules, regulations and procedures, including fines, penalties, revocation of permits and licenses, actions affecting the value of leases, wells or other assets, suspension of production, and, in certain cases, criminal prosecution. As a result, there can be no assurance that we will not incur liability for fines, penalties or other remedies that are available to these federal, state and local authorities. However, we believe that we are currently in material compliance with federal, state and local rules, regulations and procedures, and that continued substantial compliance with existing requirements will not have a material adverse effect on our financial position, cash flows or results of operations.

Transportation and Sale of Oil

Historically, the Company's oil and gas revenues originated from production from its properties in Texas. Beginning February 1, 2019, the Company will also begin generating oil and gas from its newly acquired properties in New Mexico. Each revenue stream is sold to a single customer through month to month contracts. While this creates a customer concentration, there are alternate buyers of the production in event the sole customer is unable or unwilling to purchase.

During the six months ended January 31, 2020, the Company sold its oil and gas production to only four customers. Oil production was sold to Rio Energy International, Inc. (Pecos County, Texas) and to Plains Marketing L.P. (Lea County, New Mexico), and natural gas production was sold to Trans-Pecos Natural Gas Company, LLC (Pecos County, Texas) and Targa Resources (Lea County, New Mexico). During the six months ended January 31, 2019, oil and gas production in Pecos County, Texas was sold to Sunoco, LP and Trans-Pecos Natural Gas Company, LLC, respectively.

Regulation of Production

Oil and gas production is regulated under a wide range of federal and state statutes, rules, orders and regulations. State and federal statutes and regulations require permits for drilling operations, drilling bonds and reports concerning operations. The states in which we operate, Texas and New Mexico, have regulations governing conservation matters, including provisions for the unitization or pooling of oil and gas properties, the establishment of maximum rates of production from oil and gas wells, the regulation of spacing, and requirements for plugging and abandonment of wells. Also, Texas and New Mexico impose a severance tax on production and sales of oil, and gas within its jurisdiction. The failure to comply with these rules and regulations can result in substantial penalties. Our competitors in the oil and gas industry are subject to the same regulatory requirements and restrictions that affect our operations.

Environmental Matters and Regulation

Our oil and natural gas exploration, development and production operations are subject to stringent laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. Numerous federal, state and local governmental agencies, such as the EPA, issue regulations that often require difficult and costly compliance measures that carry substantial administrative, civil and criminal penalties and may result in injunctive obligations for non-compliance. These laws and regulations may require the acquisition of a permit before drilling commences; restrict the types, quantities and concentrations of various substances that can be released into the environment in connection with drilling and production activities; limit or prohibit construction or drilling activities on certain lands lying within wilderness, wetlands, ecologically or seismically sensitive and other protected areas; require action to prevent or remediate pollution (from current or former operations), such as plugging abandoned wells or closing pits; take action resulting in the suspension or revocation of necessary permits, licenses and authorizations; and/or require that additional pollution controls be installed and impose substantial liabilities for pollution resulting from our operations or related to our owned or operated facilities. Liability under such laws and regulations is often strict (i.e., no showing of "fault" is required) and can be joint and several. Moreover, it is not uncommon for neighboring landowners and other third-parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances, hydrocarbons or other waste products into the environment. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly pollution control or waste handling, storage, transport, disposal or cleanup requirements could materially adversely affect our operations and financial position, as well as the oil and natural gas industry in general. Our management believes that we are in substantial compliance with applicable environmental laws and regulations and we have not experienced any material adverse effect from compliance with these environmental requirements. This trend, however, may not continue in the future.

Waste Handling. The Resource Conservation and Recovery Act, as amended, and comparable state statutes and regulations promulgated thereunder, affect oil and natural gas exploration, development and production activities by imposing requirements regarding the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. With federal approval, the individual states administer some or all the provisions of the Resource Conservation and Recovery Act, sometimes in conjunction with their own, more stringent requirements. Although most wastes associated with the exploration, development and production of crude oil and natural gas are exempt from regulation as hazardous wastes under the Resource Conservation and Recovery Act, such wastes may constitute "solid wastes" that are subject to the less stringent non-hazardous waste requirements. Moreover, the EPA or state or local governments may adopt more stringent requirements for the handling of non-hazardous wastes or categorize some non-hazardous wastes as hazardous for future regulation. Indeed, legislation has been proposed from time to time in Congress to re-categorize certain oil and natural gas exploration, development and production wastes as "hazardous wastes." Also, in December 2016, the EPA agreed in a consent decree to review its regulation of oil and gas waste by March, 2019 to determine whether any revisions are necessary. Any such changes in the laws and regulations could have a material adverse effect on our capital expenditures and operating expenses.

Administrative, civil and criminal penalties can be imposed for failure to comply with waste handling requirements. We believe that we are in substantial compliance with applicable requirements related to waste handling, and that we hold all necessary and up-to-date permits, registrations and other authorizations to the extent that our operations require them under such laws and regulations. Although we do not believe the current costs of managing our wastes, as presently classified, to be significant, any legislative or regulatory reclassification of oil and natural gas exploration and production wastes could increase our costs to manage and dispose of such wastes.

Remediation of Hazardous Substances. The Comprehensive Environmental Response, Compensation and Liability Act, as amended, which we refer to as CERCLA or the "Superfund" law, and analogous state laws, generally impose liability, without regard to fault or legality of the original conduct, on classes of persons who are considered to be responsible for the release of a "hazardous substance" into the environment. These persons include the current owner or operator of a contaminated facility, a former owner or operator of the facility at the time of contamination, and those persons that disposed or arranged for the disposal of the hazardous substance at the facility. Under CERCLA and comparable state statutes, persons deemed "responsible parties" are subject to strict liability that, in some circumstances, may be joint and several for the costs of removing or remediating previously disposed wastes (including wastes disposed of or released by prior owners or operators) or property contamination (including groundwater contamination), for damages to natural resources and for the costs of certain health studies. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. During our operations, we use materials that, if released, would be subject to CERCLA and comparable state statutes. Therefore, governmental agencies or third parties may seek to hold us responsible under CERCLA and comparable state statutes for all or part of the costs to clean up sites at which such "hazardous substances" have been released.

Water Discharges. The Federal Water Pollution Control Act of 1972, as amended, also known as the "Clean Water Act," the Safe Drinking Water Act, the Oil Pollution Act and analogous state laws and regulations promulgated thereunder impose restrictions and strict controls regarding the unauthorized discharge of pollutants, including produced waters and other gas and oil wastes, into navigable waters of the United States, as well as state waters. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or the state. Spill prevention, control and countermeasure plan requirements under federal law require appropriate containment berms and similar structures to help prevent the contamination of navigable waters in the event of a petroleum hydrocarbon tank spill, rupture or leak. The Clean Water Act and regulations implemented thereunder also prohibit the discharge of dredge and fill material into regulated waters, including jurisdictional wetlands, unless authorized by an appropriately issued permit. The EPA has also adopted regulations requiring certain oil and natural gas exploration and production facilities to obtain individual permits or coverage under general permits for storm water discharges. In addition, on June 28, 2016, the EPA published a final rule prohibiting the discharge of wastewater from onshore unconventional oil and gas extraction facilities to publicly owned wastewater treatment plants, which regulations are discussed in more detail below under the caption "–Regulation of Hydraulic Fracturing." Costs may be associated with the treatment of wastewater or developing and implementing storm water pollution prevention plans, as well as for monitoring and sampling the storm water runoff from certain of our facilities. Some states also maintain groundwater protection programs that require permits for discharges or operations that may impact groundwater conditions.

The Oil Pollution Act is the primary federal law for oil spill liability. The Oil Pollution Act contains numerous requirements relating to the prevention of and response to petroleum releases into waters of the United States, including the requirement that operators of offshore facilities and certain onshore facilities near or crossing waterways must develop and maintain facility response contingency plans and maintain certain significant levels of financial assurance to cover potential environmental cleanup and restoration costs. The Oil Pollution Act subjects owners of facilities to strict liability that, in some circumstances, may be joint and several for all containment and cleanup costs and certain other damages arising from a release, including, but not limited to, the costs of responding to a release of oil to surface waters.

Non-compliance with the Clean Water Act or the Oil Pollution Act may result in substantial administrative, civil and criminal penalties, as well as injunctive obligations. We believe we are in material compliance with the requirements of each of these laws.

Air Emissions. The federal Clean Air Act, as amended, and comparable state laws and regulations, regulate emissions of various air pollutants through the issuance of permits and the imposition of other requirements. The EPA has developed, and continues to develop, stringent regulations governing emissions of air pollutants at specified sources. New facilities may be required to obtain permits before work can begin, and existing facilities may be required to obtain additional permits and incur capital costs to remain in compliance. For example, on August 16, 2012, the EPA published final regulations under the federal Clean Air Act that establish new emission controls for oil and natural gas production and processing operations, which regulations are discussed in more detail below in "Regulation of Hydraulic Fracturing." Also, on May 12, 2016, the EPA issued a final rule regarding the criteria for aggregating multiple small surface sites into a single source for air-quality permitting purposes applicable to the oil and gas industry. This rule could cause small facilities, on an aggregate basis, to be deemed a major source, thereby triggering more stringent air permitting processes and requirements. These laws and regulations may increase the costs of compliance for some facilities we own or operate, and federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with air permits or other requirements of the federal Clean Air Act and associated state laws and regulations. We believe that we are in substantial compliance with all applicable air emissions regulations and that we hold all necessary and valid construction and operating permits for our operations. Obtaining or renewing permits has the potential to delay the development of oil and natural gas projects.

Climate Change. In December 2009, the EPA issued an Endangerment Finding that determined that emissions of carbon dioxide, methane and other greenhouse gases present an endangerment to public health and the environment because, according to the EPA, emissions of such gases contribute to warming of the earth's atmosphere and other climatic changes. In May 2010, the EPA adopted regulations establishing new greenhouse gas emissions thresholds that determine when stationary sources must obtain permits under the Prevention of Significant Deterioration, or PSD, and Title V programs of the Clean Air Act. On June 23, 2014, in *Utility Air Regulatory Group v. EPA,* the U.S. Supreme Court held that stationary sources could not become subject to PSD or Title V permitting solely because of their greenhouse gas emissions. The Court ruled, however, that the EPA may require installation of best available control technology for greenhouse gas emissions at sources otherwise subject to the PSD and Title V programs. On August 26, 2016, the EPA proposed changes needed to bring the EPA's air permitting regulations in line with the Supreme Court's decision on greenhouse gas permitting. The proposed rule was published in the Federal Register on October 3, 2016 and the public comment period closed on December 2, 2016.

Additionally, in September 2009, the EPA issued a final rule requiring the reporting of greenhouse gas emissions from specified large greenhouse gas emission sources in the U.S., including natural gas liquids fractionators and local natural gas distribution companies, beginning in 2011 for emissions occurring in 2010. In November 2010, the EPA expanded the greenhouse gas reporting rule to include onshore and offshore oil and natural gas production and onshore processing, transmission, storage and distribution facilities, which may include certain of our facilities, beginning in 2012 for emissions occurring in 2011. In October 2015, the EPA amended the greenhouse gas reporting rule to add the reporting of greenhouse gas emissions from gathering and boosting systems, completions and workovers of oil wells using hydraulic fracturing, and blowdowns of natural gas transmission pipelines.

The EPA has continued to adopt greenhouse gas regulations applicable to other industries, such as its August 2015 adoption of three separate, but related, actions to address carbon dioxide pollution from power plants, including final Carbon Pollution Standards for new, modified and reconstructed power plants, a final Clean Power Plan to cut carbon dioxide pollution from existing power plants, and a proposed federal plan to implement the Clean Power Plan emission guidelines. Upon publication of the Clean Power Plan on October 23, 2015, more than two dozen states as well as industry and labor groups challenged the Clean Power Plan in the D.C. Circuit Court of Appeals. On February 9, 2016, the Supreme Court stayed the implementation of the Clean Power Plan while legal challenges to the rule proceed. Because of this continued regulatory focus, future greenhouse gas regulations of the oil and gas industry remain a possibility. In addition, the U.S. Congress has from time to time considered adopting legislation to reduce emissions of greenhouse gases and almost one-half of the states have already taken legal measures to reduce emissions of greenhouse gases primarily through the planned development of greenhouse gas emission inventories and/or regional greenhouse gas cap and trade programs. Although the U.S. Congress has not adopted such legislation at this time, it may do so in the future and many states continue to pursue regulations to reduce greenhouse gas emissions. Most of these cap and trade programs work by requiring major sources of emissions, such as electric power plants, or major producers of fuels, such as refineries and gas processing plants, to acquire and surrender emission allowances corresponding with their annual emissions of greenhouse gases. The number of allowances available for purchase is reduced each year until the overall greenhouse gas emission reduction goal is achieved. As the number of greenhouse gas emission allowances declines each year, the cost or value of allowances is expected to escalate significantly.

In December 2015, the United States participated in the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France (the "Paris Accords"). The Paris Accords call for the parties to undertake "ambitious efforts" to limit the average global temperature, and to conserve and enhance sinks and reservoirs of greenhouse gases. The Agreement went into effect on November 4, 2016. On June 1, 2017, President Trump announced the United States would withdraw from the Paris Accords. The Agreement establishes a framework for the parties to cooperate and report actions to reduce greenhouse gas emissions. Also, on June 29, 2016, the leaders of the United States, Canada and Mexico announced an Action Plan to, among other things, boost clean energy, improve energy efficiency, and reduce greenhouse gas emissions. The Action Plan specifically calls for a reduction in methane emissions from the oil and gas sector by 40% to 45% by 2025.

Restrictions on emissions of methane or carbon dioxide that may be imposed could adversely affect the oil and natural gas industry. At this time, it is not possible to accurately estimate how potential future laws or regulations addressing greenhouse gas emissions would impact our business.

In addition, claims have been made against certain energy companies alleging that greenhouse gas emissions from oil and natural gas operations constitute a public nuisance under federal and/or state common law. As a result, private individuals may seek to enforce environmental laws and regulations against us and could allege personal injury or property damages. While our business is not a party to any such litigation, we could be named in actions making similar allegations. An unfavorable ruling in any such case could significantly impact our operations and could have an adverse impact on our financial condition.

Moreover, there has been public discussion that climate change may be associated with extreme weather conditions such as more intense hurricanes, thunderstorms, tornadoes and snow or ice storms, as well as rising sea levels. Another possible consequence of climate change is increased volatility in seasonal temperatures. Some studies indicate that climate change could cause some areas to experience temperatures substantially colder than their historical averages. Extreme weather conditions can interfere with our production and increase our costs and damage resulting from extreme weather may not be fully insured. However, at this time, we are unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting our operations.

Regulation of Hydraulic Fracturing

Hydraulic fracturing is an important common practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations, including shales. The process, which involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions. However, legislation has been proposed in recent sessions of Congress to amend the Safe Drinking Water Act to repeal the exemption for hydraulic fracturing from the definition of “underground injection,” to require federal permitting and regulatory control of hydraulic fracturing, and to require disclosure of the chemical constituents of the fluids used in the fracturing process. Furthermore, several federal agencies have asserted regulatory authority over certain aspects of the process. For example, the EPA has recently taken the position that hydraulic fracturing with fluids containing diesel fuel is subject to regulation under the Underground Injection Control program, specifically as “Class II” Underground Injection Control wells under the Safe Drinking Water Act.

In addition, the EPA plans to develop a Notice of Proposed Rulemaking by June 2018, which would describe a proposed mechanism - regulatory, voluntary, or a combination of both - to collect data on hydraulic fracturing chemical substances and mixtures. Also, on June 28, 2016, the EPA published a final rule prohibiting the discharge of wastewater from onshore unconventional oil and gas extraction facilities to publicly owned wastewater treatment plants. The EPA is also conducting a study of private wastewater treatment facilities (also known as centralized waste treatment, or CWT, facilities) accepting oil and gas extraction wastewater. The EPA is collecting data and information related to the extent to which CWT facilities accept such wastewater, available treatment technologies (and their associated costs), discharge characteristics, financial characteristics of CWT facilities, and the environmental impacts of discharges from CWT facilities.

On August 16, 2012, the EPA published final regulations under the federal Clean Air Act that establish new air emission controls for oil and natural gas production and natural gas processing operations. Specifically, the EPA’s rule package includes New Source Performance standards to address emissions of sulfur dioxide and volatile organic compounds and a separate set of emission standards to address hazardous air pollutants frequently associated with oil and natural gas production and processing activities. The final rule seeks to achieve a 95% reduction in volatile organic compounds emitted by requiring the use of reduced emission completions or “green completions” on all hydraulically-fractured wells constructed or refractured after January 1, 2015. The rules also establish specific new requirements regarding emissions from compressors, controllers, dehydrators, storage tanks and other production equipment. The EPA received numerous requests for reconsideration of these rules from both industry and the environmental community, and court challenges to the rules were also filed. In response, the EPA has issued, and will likely continue to issue, revised rules responsive to some of the requests for reconsideration. On May 12, 2016, the EPA amended its regulations to impose new standards for methane and volatile organic compounds emissions for certain new, modified, and reconstructed equipment, processes, and activities across the oil and natural gas sector. On the same day, the EPA finalized a plan to implement its minor new source review program in Indian country for oil and natural gas production, and it issued for public comment an information request that will require companies to provide extensive information instrumental for the development of regulations to reduce methane emissions from existing oil and gas sources. These standards, as well as any future laws and their implementing regulations, may require us to obtain pre-approval for the expansion or modification of existing facilities or the construction of new facilities expected to produce air emissions, impose stringent air permit requirements, or mandate the use of specific equipment or technologies to control emissions.

Furthermore, there are certain governmental reviews either underway or being proposed that focus on environmental aspects of hydraulic fracturing practices. The EPA is currently evaluating the potential impacts of hydraulic fracturing on drinking water resources. On December 13, 2016, the EPA released a study examining the potential for hydraulic fracturing activities to impact drinking water resources, finding that, under some circumstances, the use of water in hydraulic fracturing activities can impact drinking water resources. Also, on February 6, 2015, the EPA released a report with findings and recommendations related to public concern about induced seismic activity from disposal wells. The report recommends strategies for managing and minimizing the potential for significant injection-induced seismic events. Other governmental agencies, including the U.S. Department of Energy, the U.S. Geological Survey, and the U.S. Government Accountability Office, have evaluated or are evaluating various other aspects of hydraulic fracturing. These ongoing or proposed studies could spur initiatives to further regulate hydraulic fracturing and could ultimately make it more difficult or costly for us to perform fracturing and increase our costs of compliance and doing business.

Several states, including Texas, and local jurisdictions, have adopted, or are considering adopting, regulations that could restrict or prohibit hydraulic fracturing in certain circumstances, impose more stringent operating standards and/or require the disclosure of the composition of hydraulic fracturing fluids. The Texas Legislature adopted legislation, effective September 1, 2011, requiring oil and gas operators to publicly disclose the chemicals used in the hydraulic fracturing process. The Texas Railroad Commission adopted rules and regulations implementing this legislation that apply to all wells for which the Texas Railroad Commission issues an initial drilling permit after February 1, 2012. The law requires that the well operator disclose the list of chemical ingredients subject to the requirements of OSHA for disclosure on an internet website and file the list of chemicals with the Texas Railroad Commission with the well completion report. The total volume of water used to hydraulically fracture a well must also be disclosed to the public and filed with the Texas Railroad Commission. Also, in May 2013, the Texas Railroad Commission adopted rules governing well casing, cementing and other standards for ensuring that hydraulic fracturing operations do not contaminate nearby water resources. The rules took effect in January 2014. Additionally, on October 28, 2014, the Texas Railroad Commission adopted disposal well rule amendments designed, among other things, to require applicants for new disposal wells that will receive non-hazardous produced water and hydraulic fracturing flow-back fluid to conduct seismic activity searches utilizing the U.S. Geological Survey. The searches are intended to determine the potential for earthquakes within a circular area of 100 square miles around a proposed new disposal well. The disposal well rule amendments, which became effective on November 17, 2014, also clarify the Texas Railroad Commission's authority to modify, suspend or terminate a disposal well permit if scientific data indicates a disposal well is likely to contribute to seismic activity. The Texas Railroad Commission has used this authority to deny permits for waste disposal wells. Similar types of legislation are under consideration in New Mexico and Mississippi where the Company has existing oil and gas operations.

There has been increasing public controversy regarding hydraulic fracturing with regard to the use of fracturing fluids, induced seismic activity, impacts on drinking water supplies, use of water and the potential for impacts to surface water, groundwater and the environment generally. A number of lawsuits and enforcement actions have been initiated across the country implicating hydraulic fracturing practices. If new laws or regulations that significantly restrict hydraulic fracturing are adopted, such laws could make it more difficult or costly for us to perform fracturing to stimulate production from tight formations as well as make it easier for third parties opposing the hydraulic fracturing process to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process could adversely affect groundwater. In addition, if hydraulic fracturing is further regulated at the federal, state or local level, our fracturing activities could become subject to additional permitting and financial assurance requirements, more stringent construction specifications, increased monitoring, reporting and recordkeeping obligations, plugging and abandonment requirements and also to attendant permitting delays and potential increases in costs. Such legislative changes could cause us to incur substantial compliance costs, and compliance or the consequences of any failure to comply by us could have a material adverse effect on our financial condition and results of operations. Currently, it is not possible to estimate the impact on our business of newly enacted or potential federal, state or local laws governing hydraulic fracturing.

Other Regulation of the Oil and Natural Gas Industry

The oil and natural gas industry is extensively regulated by numerous federal, state and local authorities. Legislation affecting the oil and natural gas industry is under constant review for amendment or expansion, frequently increasing the regulatory burden. Also, numerous departments and agencies, both federal and state, are authorized by statute to issue rules and regulations that are binding on the oil and natural gas industry and its individual members, some of which carry substantial penalties for failure to comply. Although the regulatory burden on the oil and natural gas industry increases our cost of doing business and, consequently, affects our profitability, these burdens generally do not affect us any differently or to any greater or lesser extent than they affect other companies in the industry with similar types, quantities and locations of production.

The availability, terms and cost of transportation significantly affect sales of oil and natural gas. The interstate transportation and sale for resale of oil and natural gas is subject to federal regulation, including regulation of the terms, conditions and rates for interstate transportation, storage and various other matters, primarily by FERC. Federal and state regulations govern the price and terms for access to oil and natural gas pipeline transportation. FERC's regulations for interstate oil and natural gas transmission in some circumstances may also affect the intrastate transportation of oil and natural gas.

Although oil and natural gas prices are currently unregulated, Congress historically has been active in oil and natural gas regulation. We cannot predict whether new legislation to regulate oil and natural gas might be proposed, what proposals, if any, might actually be enacted by Congress or the various state legislatures, and what effect, if any, the proposals might have on our operations. Sales of condensate and oil and natural gas liquids are not currently regulated and are made at market prices.

Drilling and Production. Our operations are subject to various types of regulation at the federal, state and local level. These types of regulation include requiring permits for the drilling of wells, drilling bonds and reports concerning operations. The state, and some counties and municipalities, in which we operate also regulate one or more of the following:

- the locations of wells;
- the method of drilling and casing wells;
- the timing of constructions or drilling activities, including seasonal wildlife closures;
- the rates of productions or “allowables”;
- the surface use and restoration of properties upon which wells are drilled;
- the plugging and abandoning of wells; and
- notice to, and consultation with, surface owners and other third-parties

State laws regulate the size and shape of drilling and spacing units or proration units governing the pooling of oil and natural gas properties. Some states allow forced pooling or integration of tracts to facilitate exploration while other states rely on voluntary pooling of lands and leases. In some instances, forced pooling or unitization may be implemented by third parties and may reduce our interest in the unitized properties. In addition, state conservation laws establish maximum rates of production from oil and natural gas wells, generally prohibit the venting or flaring of natural gas and impose requirements regarding the ratability of production. These laws and regulations may limit the amount of oil and natural gas we can produce from our wells or limit the number of wells or the locations at which we can drill. Moreover, each state generally imposes a production or severance tax with respect to the production and sale of oil, natural gas and natural gas liquids within its jurisdiction. States do not regulate wellhead prices or engage in other similar direct regulation, but we cannot assure you that they will not do so in the future. The effect of such future regulations may be to limit the amounts of oil and natural gas that may be produced from our wells, negatively affect the economics of production from these wells or to limit the number of locations we can drill.

Federal, state and local regulations provide detailed requirements for the abandonment of wells, closure or decommissioning of production facilities and pipelines and for site restoration in areas where we operate. The U.S. Army Corps of Engineers and many other state and local authorities also have regulations for plugging and abandonment, decommissioning and site restoration. Although the U.S. Army Corps of Engineers does not require bonds or other financial assurances, some state agencies and municipalities do have such requirements.

Natural Gas Sales and Transportation. Historically, federal legislation and regulatory controls have affected the price of the natural gas we produce and the manner in which we market our production. FERC has jurisdiction over the transportation and sale for resale of natural gas in interstate commerce by natural gas companies under the Natural Gas Act of 1938 and the Natural Gas Policy Act of 1978. Since 1978, various federal laws have been enacted which have resulted in the complete removal of all price and non-price controls for sales of domestic natural gas sold in “first sales,” which include all of our sales of our own production. Under the Energy Policy Act of 2005, FERC has substantial enforcement authority to prohibit the manipulation of natural gas markets and enforce its rules and orders, including the ability to assess substantial civil penalties.

FERC also regulates interstate natural gas transportation rates and service conditions and establishes the terms under which we may use interstate natural gas pipeline capacity, which affects the marketing of natural gas that we produce, as well as the revenues we receive for sales of our natural gas and release of our natural gas pipeline capacity. Commencing in 1985, FERC promulgated a series of orders, regulations and rule makings that significantly fostered competition in the business of transporting and marketing gas. Today, interstate pipeline companies are required to provide nondiscriminatory transportation services to producers, marketers and other shippers, regardless of whether such shippers are affiliated with an interstate pipeline company. FERC’s initiatives have led to the development of a competitive, open access market for natural gas purchases and sales that permits all purchasers of natural gas to buy gas directly from third-party sellers other than pipelines. However, the natural gas industry historically has been very heavily regulated; therefore, we cannot guarantee that the less stringent regulatory approach currently pursued by FERC and Congress will continue indefinitely into the future nor can we determine what effect, if any, future regulatory changes might have on our natural gas related activities.

Under FERC’s current regulatory regime, transmission services are provided on an open-access, non-discriminatory basis at cost-based rates or negotiated rates. Gathering service, which occurs upstream of jurisdictional transmission services, is regulated by the states onshore and in state waters. Although its policy is still in flux, FERC has in the past reclassified certain jurisdictional transmission facilities as non-jurisdictional gathering facilities, which has the tendency to increase our costs of transporting gas to point-of-sale locations.

Oil Sales and Transportation. Sales of crude oil, condensate and natural gas liquids are not currently regulated and are made at negotiated prices. Nevertheless, Congress could reenact price controls in the future.

Our crude oil sales are affected by the availability, terms and cost of transportation. The transportation of oil in common carrier pipelines is also subject to rate regulation. FERC regulates interstate oil pipeline transportation rates under the Interstate Commerce Act and intrastate oil pipeline transportation rates are subject to regulation by state regulatory commissions. The basis for intrastate oil pipeline regulation, and the degree of regulatory oversight and scrutiny given to intrastate oil pipeline rates, varies from state to state. Insofar as effective interstate and intrastate rates are equally applicable to all comparable shippers, we believe that the regulation of oil transportation rates will not affect our operations in any materially different way than such regulation will affect the operations of our competitors.

Further, interstate and intrastate common carrier oil pipelines must provide service on a non-discriminatory basis. Under this open-access standard, common carriers must offer service to all shippers requesting service on the same terms and under the same rates. When oil pipelines operate at full capacity, access is governed by prorationing provisions set forth in the pipelines' published tariffs. Accordingly, we believe that access to oil pipeline transportation services generally will be available to us to the same extent as to our competitors.

State Regulation. Texas, Mississippi and New Mexico regulate the drilling for, and the production, gathering and sale of, oil and natural gas, including imposing severance taxes and requirements for obtaining drilling permits. Texas currently imposes a 4.6% severance tax on oil production and a 7.5% severance tax on natural gas production, while New Mexico currently imposes a 3.75% severance tax on oil and gas production as well as an additional emergency school tax (3.15%), a conservation tax (1.9%) and a production ad-valorem tax (2.2886%). Mississippi has similar severance tax structures that will apply to the Company's future production. States also regulate the method of developing new fields, the spacing and operation of wells and the prevention of waste of oil and natural gas resources. States may regulate rates of production and may establish maximum daily production allowable from oil and natural gas wells based on market demand or resource conservation, or both. States do not regulate wellhead prices or engage in other similar direct economic regulation, but we cannot assure you that they will not do so in the future. The effect of these regulations may be to limit the amount of oil and natural gas that may be produced from our wells and to limit the number of wells or locations we can drill.

The petroleum industry is also subject to compliance with various other federal, state and local regulations and laws. Some of those laws relate to resource conservation and equal employment opportunity. We do not believe that compliance with these laws will have a material adverse effect on us.

OSHA and Other Laws and Regulations

We are subject to the requirements of the federal Occupational Safety and Health Act ("OSHA") and comparable state statutes. The OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of CERCLA and similar state statutes require that we organize and/or disclose information about hazardous materials used or produced in our operations. These laws also require the development of risk management plans for certain facilities to prevent accidental releases of pollutants. We believe that we are in substantial compliance with these applicable requirements and with other OSHA and comparable requirements.

Competition

The oil and natural gas industry is intensely competitive, and we compete with other companies that have greater resources. Many of these companies not only explore for and produce oil and natural gas, but also carry on midstream and refining operations and market petroleum and other products on a regional, national or worldwide basis. These companies may be able to pay more for productive oil and natural gas properties and exploratory prospects or to define, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit. In addition, these companies may have a greater ability to continue exploration activities during periods of low oil and natural gas market prices. Our larger or more integrated competitors may be able to absorb the burden of existing, and any changes to, federal, state and local laws and regulations more easily than we can, which would adversely affect our competitive position. Our ability to acquire additional properties and to discover reserves in the future will be dependent upon our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. In addition, because we have fewer financial and human resources than many companies in our industry, we may be at a disadvantage in bidding for exploratory prospects and producing oil and natural gas properties. Further, oil and natural gas compete with other forms of energy available to customers, primarily based on price. These alternate forms of energy include electricity, coal and fuel oils. Changes in the availability or price of oil and natural gas or other forms of energy, as well as business conditions, conservation, legislation, regulations and the ability to convert to alternate fuels and other forms of energy may affect the demand for oil and natural gas.

Office and Other Facilities

The Company leases its corporate headquarters in Plano, Texas. Reference detail in Note 10 of the Consolidated Financial Statements regarding Lease Commitments.

Employees

As of January 31, 2020, the Company had five full-time employees. We regularly use independent contractors and consultants to perform various field-level tasks as well as other required services. None of our employees are represented by a labor union or covered by any collective bargaining agreement.

Research and Development Expenditures

None.

Reports to Security Holders

We file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, proxy statements and other documents with the SEC under the Exchange Act. The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including the Company, that file electronically with the SEC. The public can obtain any document we file with the SEC at *www.sec.gov*.

PLAN OF OPERATION

Title to Properties

As is customary in the oil and natural gas industry, we initially conduct only a cursory review of the title to our properties. When we determine that we will conduct drilling operations on any properties, we conduct a thorough title examination and perform curative work with respect to significant defects prior to commencement of drilling operations. To the extent title opinions or other investigations reflect title defects on those properties, we are typically responsible for curing any title defects at our expense. We generally will not commence drilling operations on a property until we have cured any material title defects on such property. We have obtained title opinions on substantially all of our producing properties and believe that we have satisfactory title to our producing properties in accordance with standards generally accepted in the oil and natural gas industry. Prior to completing an acquisition of producing oil and natural gas leases, we perform title reviews on the most significant leases and, depending on the materiality of properties, we may obtain a title opinion, obtain an updated title review or opinion or review previously obtained title opinions. Our oil and natural gas properties are subject to customary royalty and other interests, liens for current taxes and other burdens which we believe do not materially interfere with the use of or affect our carrying value of the properties.

Oil and Gas Leases

The typical oil and natural gas lease agreement covering our acreage positions in Pecos County, Texas, Lea County, New Mexico, and Mississippi provide for the payment of royalties to the mineral owners for all oil and natural gas produced from any wells drilled on the leased premises. The lessor royalties and other leasehold burdens on our properties generally range from 20% to 25%, resulting in a net revenue interest to the working interest owners generally ranging from 75% to 80%.

RESULTS OF OPERATIONS

The following table presents selected financial and operational data for the six months ended January 31, 2020 and 2019, respectively.

	Six months ended January 31,			
	2020	2019	Change	% Change
Revenue, oil and gas sales	$ 447,152	$ 225,828	$ 221,324	98.01%
Number of BOE sold	11,584	4,754	6,830	143.67%
Average price per BOE	$ 38.60	$ 47.50	$ (8.90)	-18.74%
Net production (BOE)	12,532	4,901	7,631	155.70%
Average daily net production (BOE)	68.11	26.64	41.47	155.66%

	Three months ended January 31,			
	2020	2019	Change	% Change
Revenue, oil and gas sales	$ 245,410	$ 95,803	$ 149,607	156.16%
Number of BOE sold	7,662	2,241	5,421	241.90%
Average price per BOE	$ 32.03	$ 42.75	$ (10.72)	-25.08%
Net production (BOE)	8,007	2,249	5,758	256.02%
Average daily net production (BOE)	87.03	24.45	62.58	255.96%

Oil and Gas Production and Revenue

Production Costs

Production costs increased $313,411 from $182,810 for the six months ended January 31, 2019 to $496,221 for the six months ended January 31, 2020. This increase for the comparable three-month period was attributable primarily to increased reasonable and customary lease operating expenses.

Depletion, depreciation and amortization of asset retirement obligation liability accretion ("DD&A")

Depletion of oil and gas properties is calculated under the units of production method, following the full cost method of accounting. For the six month period ended January 31, 2020, DD&A was $202,909 as compared to $151,389 for the six month period ended January 31, 2019. The increase in DD&A of $51,520 for the six-month comparable period was primarily due to the change in increased production for the current period relative to the prior year and an increase in the basis for DD&A calculation for property acquired.

General and Administrative Expenses

For the six months ended January 31, 2020, the Company's general and administrative expenses were $2,142,449 compared to $2,101,599 for the comparative six months ended January 31, 2019, an increase of $40,850.

Increase (decrease) in non-cash stock and warrant compensation	$ (242,876)
Increase (decrease) in consulting services expense	(25,347)
Increase (decrease) in investor relations expense	(66,632)
Increase (decrease) in travel expense	12,201
Increase (decrease) in salaries, employee benefits and payroll taxes	11,126
Increase (decrease) in professional fees	243,962
Increase (decrease) in general corporate expenses	108,416
Total Decrease in General and Administrative Expenses	$ 40,850

For the three months ended January 31, 2020, the Company's general and administrative expenses were $988,509 compared to $1,114,940 for the comparative quarter ended January 31, 2019, a decrease of $126,431.

Detail of the changes in general and administrative expense is as follows:

Increase (decrease) in non cash stock and warrant compensation	$	(168,237)
Increase (decrease) in consulting	$	99,122
Increase (decrease) in investor relations expense		(3,419)
Increase (decrease) in travel expense		15,501
Increase (decrease) in salaries, employee benefits and payroll taxes		99,313
Increase (decrease) in professional fees		64,696
Increase (decrease) in general corporate expenses		(233,407)
Total Increase in General and Administrative Expenses	$	(126,431)

Liquidity and Capital Resources

The Company had a working capital deficit of $7,047,377 as of January 31 2020, compared to a working capital deficit of $4,901,103 as of July 31, 2019. The increase in the working capital deficit was primarily due to the net increase in accounts payable, issuance of convertible notes payable, and the financing of property acquisitions related to the New Mexico and Mississippi asset acquisitions.

Detail of changes in cash flows for the six months ended January 31, 2020 and 2019 are as follows:

		January 31, 2020		January 31, 2019		Increase (Decrease)
Net cash from (used in) operating activities	$	2,949,151	$	(272,945)	$	3,222,096
Net cash (used in) investing activities	$	(3,959,025)	$	(527,053)	$	(3,431,972)
Net cash provided by financing activities	$	952,744	$	895,230	$	57,514

The Company continues to seek sufficient capital to expand its drilling program. The most cost-effective source of capital would be joint-ventured working interest participation funds. A typical joint venture would involve 100% of the drilling and completion funds being provided by such working interest participants who would receive a negotiated working interest in the applicable wells.

The Company's operating cash flow is dependent upon many factors, including production levels, sales volume, oil and gas prices and other factors that may be beyond its control.

Critical Accounting Policies and Recent Accounting Pronouncements

The Company has identified the policies below as critical to business operations and the understanding of the Company's financial statements. The impact of these policies and associated risks is discussed throughout Management's Discussion and Analysis where such policies affect the Company's reported and expected financial results.

Principles of Consolidation

The Company's consolidated financial statements include all its subsidiaries.

The following table shows the wholly-owned subsidiaries of Amazing Energy Oil and Gas, Co. which are engaged in the oil and gas business:

Name of Subsidiary	State of Incorporation	Ownership Interest	Principal Activity
Amazing Energy, Inc.	Nevada	100%	Oil and gas exploration, development, and products
Amazing Energy, LLC	Texas	100%	Ownership of oil and gas leases
Jilpetco, Inc.	Texas	100%	Operating company
Amazing Energy MS LLC	Mississippi	100%	Oil and gas exploration, development, and products

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a Smaller Reporting Company, we are not required to provide the information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

Conclusions of Management Regarding Effectiveness of Disclosure Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision and with the participation of the Company's management, including the President and Principal Executive Officer ("PEO") and Principal Financial Officer ("PFO"), of the effectiveness of the design and operations of the Company's disclosure controls and procedures (as defined in Rule 13a – 15(e) and Rule 15d – 15(e) under the Exchange Act). Based on that evaluation, the PEO and the PFO have concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures were not effective as it was determined that there were material weaknesses affecting our disclosure controls and procedures.

Management of the Company believes that these material weaknesses are due to the small size of the company's accounting staff. The small size of the Company's accounting staff may prevent adequate controls in the future, such as segregation of duties, due to the cost/benefit of such remediation. To mitigate the current limited resources and limited employees, we rely heavily on direct management oversight of transactions, along with the use of external legal and accounting professionals. As the Company grows, management expects to increase the number of employees, which will enable us to implement adequate segregation of duties within the internal control framework.

PEO and PFO Certifications

Appearing immediately following the Signatures section of this report there are Certifications of the PEO and the PFO. The Certifications are required in accordance with Section 03 of the Sarbanes-Oxley Act of 2002 (the Section 302 Certifications). The items within this report represent the information concerning the Evaluation referred to in Section 302 Certifications and this information should be read in conjunction with Section 302 Certifications for a more complete understanding of the topics presented.

Changes in Internal Control over Financial Reporting

There have been no changes during the quarter ended January 31, 2020 in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS.

See Note 10 to the Financial Statements.

ITEM 1A. RISK FACTORS.

We are a Smaller Reporting Company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

During the six months ended January 31, 2020, the Company issued the following:

- 600,000 shares of common stock for cash of $150,000.
- 1,200,000 shares of common stock for common stock payable that existed at July 31, 2019.
- 700,000 shares of common stock with total fair values of $82,000 as compensation for services.
- 1,125,000 shares of common stock with total fair value of $117,500 for financing costs related to the issuance of convertible notes payable.
- 50,000 shares of common stock with total fair values of $12,500 in settlement of accounts payable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY SECURITIES.

Not Applicable.

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS.

Exhibit Number	Description of Document	Incorporated by Reference Form	Date	Number	Filed herewith
10.1	Exchange Agreement with K. Meade, effective June 27, 2018	8-K	9/24/2018	10 .1	
10.2	Exchange Agreement with J. Etter, effective June 27, 2018	8-K	9/24/2018	10.2	
10.3	Exchange Agreement with Golf South Energy Partners 2012A, LP, Gulf South Energy Partners 2013 LP, Gulf South Energy Partners 2014 LP and Gulf South Energy Partners 2015A LP, effective June 27, 2018	8-K	9/24/2018	10.3	
10.4	Exchange Agreement with R. O'Brien, effective June 27, 2018	8-K	9/24/2018	10.4	
10.5	Exchange Agreement with Petro Pro, Ltd., effective June 27, 2018	8-K	9/24/2018	10.5	
10.6	Exchange Agreement with M. Khorassani, effective June 27, 2018	8-K	9/24/2018	10.6	
10.7	Exchange Agreement with F.W. Thomas and B. Thomas, effective June 27, 2018	8-K	9/24/2018	10.7	
10.8	Exchange Agreement with T. Alford, effective July 24, 2018	8-K	9/24/2018	10.8	
10.9	Exchange Agreement with D. Hudson, effective July 30, 2018	8-K	9/24/2018	10.9	
10.10	Exchange Agreement with D. Bromberg, effective August 08, 2018	8-K	9/24/2018	10.10	
10.11	Exchange Agreement with D. Lazier, effective August 08, 2018	8-K	9/24/2018	10.11	
10.12	Wyatt Purchase and Sale Agreement dated October 12, 2018.	8-K	10/22/2018	10.1	
10.13	Wyatt Assignment and Bill of Sale.	8-K	10/22/2018	10.2	
10.14	Loan Agreement dated October 24, 2018.	8-K	10/26/2018	10.1	
10.15	Promissory Note dated October 24, 2018.	8-K	10/26/2018	10.2	
10.16	Employment Agreement with Benjamin M. Dobbins, effective October 23, 2018	10-Q	12/17/2018	10.16	
10.17	Employment Agreement with David C. Arndt, effective November 1, 2018	10-Q	12/17/2018	10.17	
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Taxonomy Extension – Schema				X
101.CAL	XBRL Taxonomy Extension – Calculation				X
101.DEF	XBRL Taxonomy Extension – Definition				X
101.LAB	XBRL Taxonomy Extension – Label				X
101.PRE	XBRL Taxonomy Extension – Presentation				X

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on March 23, 2020.

AMAZING ENERGY OIL AND GAS, CO.

By: ***WILLARD MCANDREW III***
Willard McAndrew III
Principal Executive Officer

By: ***BENJAMIN JACOBSON III***
Benjamin Jacobson III
Principal Financial Officer and Principal Accounting Officer

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Willard McAndrew III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amazing Energy Oil and Gas, Co.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 23, 2020

By: /s/ Willard McAndrew III
Willard McAndrew III
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Marty Dobbins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amazing Energy Oil and Gas, Co.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 23, 2020

By: /s/ Benjamin Jacobson III
Benjamin Jacobson III
Chief Financial Officer
(Principal Accounting and Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Willard McAndrew III, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report of Amazing Energy Oil and Gas, Co. on Form 10-Q for the quarterly period ended January 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) information contained in the Report fairly presents in all material respects the financial condition and results of operations of Amazing Energy Oil and Gas, Co.

Date: March 23, 2020

By: /s/ Willard McAndrew III
Willard McAndrew III
Title: Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Amazing Energy Oil and Gas, Co. and will be retained by Amazing Energy Oil and Gas, Co. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by Amazing Energy Oil and Gas, Co. for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that Amazing Energy Oil and Gas, Co. specifically incorporates it by reference.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Marty Dobbins, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report of Amazing Energy Oil and Gas, Co. on Form 10-Q for the quarterly period ended January 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) information contained in the Report fairly presents in all material respects the financial condition and results of operations of Amazing Energy Oil and Gas, Co.

Date: March 23, 2020

By: /s/ Benjamin Jacobson III
Benjamin Jacobson III
Title: Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Amazing Energy Oil and Gas, Co. and will be retained by Amazing Energy Oil and Gas, Co. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by Amazing Energy Oil and Gas, Co. for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that Amazing Energy Oil and Gas, Co. specifically incorporates it by reference.