

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## Amazing Energy Oil & Gas, Co.

Form: 10-K

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Corporate Issuer CIK: 1375618

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED JULY 31, 2018

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 or organization)

(IRS Employer Identification Number)

**5700 West Plano Parkway  
Suite 3600  
Plano, TX 75093**

*(Address of principal executive offices)*

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

Securities registered pursuant to Section 12(b) of the Act:

**NONE**

Securities registered pursuant to section 12(g) of the Act:

**COMMON STOCK**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act: YES  NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

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 (§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  NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer   
Non-accelerated Filer (*Do not check if a smaller reporting company*)  Smaller Reporting Company

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

The aggregate market value of the Common Stock held by non-affiliates (as affiliates are defined in Rule 12b-2 of the Exchange Act) of the registrant, computed by reference to the average of the high and low sale price on **January 31, 2018** was **\$33,945,429**.

At October 29, 2018, 84,095,232 shares of the registrant's common stock were outstanding.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and the exhibits attached hereto contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements concern the Company’s anticipated results and developments in the Company’s operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statement that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always using words or phrases such as “believes”, “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates”, or “intends”, or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- Risks related to some of the Company’s properties being in the exploration stage;
- Risks related to the Company’s operations being subject to government regulation;
- Risks related to the Company’s ability to obtain additional capital to develop the Company’s resources, if any;
- Risks related to exploration and development activities;
- Risks related to reserve and production estimates;
- Risks related to the Company’s insurance coverage for operating risks;
- Risks related to the fluctuation of prices for oil and gas;
- Risks related to the competitive industry of oil and gas;
- Risks related to the title and rights in the Company’s properties;
- Risks related to the possible dilution of the Company’s common stock from additional financing activities;
- Risks related to potential conflicts of interest with the Company’s management;
- Risks related to the Company’s shares of common stock;

This list is not exhaustive of the factors that may affect the Company’s forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the sections titled “Risk Factors and Uncertainties”, “Description of Business” and “Management’s Discussion and Analysis” of this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Amazing Energy Oil & Gas, Co. disclaims any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events, except as required by law. The Company advises readers to carefully review the reports and documents filed from time to time with the Securities and Exchange Commission (the “SEC”), particularly the Company’s Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

As used in this Annual Report, the terms “We,” “Us,” “Our,” “Amazing Energy” and the “Company”, mean Amazing Energy Oil & Gas, Co., unless otherwise indicated. All dollar amounts in this Annual Report are expressed in U.S. dollars, unless otherwise indicated.

Management’s Discussion and Analysis is intended to be read in conjunction with the Company’s consolidated financial statements and the integral notes (“Notes”) thereto for the fiscal year ending July 31, 2018. The following statements may be forward-looking in nature and actual results may differ materially.

## GLOSSARY AND SELECTED ABBREVIATIONS

The following is a description of the meanings of some of the oil and gas industry terms used in this report.

|                                       |   |
|---------------------------------------|---|
| <i>Basin</i>                          | A large natural depression on the earth's surface in which sediments generally brought by water accumulate.   |
| <i>Bbl</i>                            | One stock tank barrel, of 42 U.S. gallons liquid volume, used to reference oil, condensate or NGLs.   |
| <i>Boe</i>                            | Barrel of oil equivalent, determined using the ratio of six Mcf of gas to one Boe, and one Bbl of NGLs to one Boe.  |
| <i>Completion</i>                     | The installation of permanent equipment for production of oil or gas, or, in the case of a dry well, for reporting to the appropriate authority that the well has been abandoned.   |
| <i>Developed oil and gas reserves</i> | Has the meaning given to such term in Rule 4-10(a)(6) of Regulation S-X, as follows:<br><br>Developed oil and gas reserves are reserves of any category that can be expected to be recovered:<br><br>(i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and<br><br>(ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well. |
| <i>Dry hole or well</i>               | An exploratory, development or extension well that proved to be incapable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.  |
| <i>Hydraulic fracturing</i>           | The process of creating and preserving a fracture or system of fractures in a reservoir rock typically by injecting a fluid under pressure through a wellbore and into the targeted formation.  |
| <i>Lease operating expenses</i>       | The expenses of lifting oil or gas from a producing formation to the surface, and the transportation and marketing thereof, constituting part of the current operating expenses of a working interest, and including labor, superintendence, supplies, repairs, short-lived assets, maintenance, allocated overhead costs and other expenses incidental to production, but excluding lease acquisition or drilling or completion expenses.  |
| <i>Mbo</i>                            | Thousand barrels of oil or other liquid hydrocarbons.   |
| <i>Mboe</i>                           | Thousand barrels of oil equivalent, determined using the ratio of six Mcf of gas to one Boe, and one Bbl of NGLs to one Boe.  |
| <i>Mcf</i>                            | Thousand cubic feet of natural gas.   |
| <i>Mmcf</i>                           | Million cubic feet of gas.  |
| <i>Mineral interests</i>              | The interests in ownership of the resource and mineral rights, giving an owner the right to profit from the extracted resources.  |
| <i>Net Revenue Interest</i>           | An owner's interest in the revenues of a well after deducting proceeds allocated to royalty and overriding interests.   |
| <i>Oil and Natural Gas Properties</i> | Tracts of land consisting of properties to be developed for oil and natural gas resource extraction.  |
| <i>Operator</i>                       | The individual or company responsible for the exploration and/or production of an oil or natural gas well or lease.   |
| <i>Play</i>                           | A set of known or postulated oil and/or gas accumulations sharing similar geologic, geographic and temporal properties, such as source rock, migration pathways, timing, trapping mechanism and hydrocarbon type.   |

*Productive well* An exploratory, development or extension well that is not a dry well.

*Proved developed producing reserves* Proved developed oil and gas reserves that are expected to be recovered:

- (i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and
- (ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

*Proved oil and gas reserves*

Has the meaning given to such term in Rule 4-10(a)(22) of Regulation S-X, as follows:

Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be economically producible — from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations — prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

- (i) The area of the reservoir considered as proved includes:
  - (A) The area identified by drilling and limited by fluid contacts, if any, and
  - (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geosciences and engineering data.
- (ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geosciences, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.
- (iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geosciences, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.
- (iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:
  - (A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and
- (v) Existing economic conditions include prices and costs at which economic viability from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an un-weighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

|                                    |   |
|------------------------------------|---|
| <i>Proved Undeveloped Reserves</i> | Proved reserves that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion.   |
| <i>PUD</i>                         | Proved undeveloped  |
| <i>PV-10</i>                       | An estimate of the present value of the future net revenues from proved oil and gas reserves after deducting estimated production and ad valorem taxes, future capital costs and operating expenses, but before deducting any estimates of federal income taxes. The estimated future net revenues are discounted at an annual rate of 10% to determine their "present value." The present value is shown to indicate the effect of time on the value of the revenue stream and should not be construed as being the fair market value of the properties. Estimates of PV-10 are made using oil and gas prices and operating costs at the date indicated and held constant for the life of the reserves.  |
| <i>Reserves</i>                    | Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and natural gas or related substances to the market and all permits and financing required to implement the project. Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations). |
| <i>Royalty Interest</i>            | An interest that gives an owner the right to receive a portion of the resources or revenues without having to carry any costs of development or operations.   |
| <i>Standardized measure</i>        | The present value of estimated future net revenues to be generated from the production of proved reserves, determined in accordance with the rules and regulations of the SEC (using prices and costs in effect as of the period end date) without giving effect to non-property related expenses such as general and administrative expenses, debt service and future income tax expenses or to depletion, depreciation and amortization and discounted using an annual discount rate of 10%. Standardized measure does not give effect to derivative transactions.  |
| <i>Working interest</i>            | The operating interest that gives the owner the right to drill, produce and conduct operating activities on the property and receive a share of production.   |

## ***PART I***

### **ITEM 1. BUSINESS.**

#### **BUSINESS DEVELOPMENT**

Amazing Energy Oil and Gas, Co. is incorporated in the State of Nevada. Through its primary subsidiary, Amazing Energy, Inc., also a Nevada corporation, the Company operates its main business of exploration, development, and production of oil and gas in the Permian Basin of West Texas. On October 7, 2014, the Company entered into a change in control agreement with certain shareholders of Amazing Energy, Inc. The change in control agreement was the first step in a reverse merger process whereby the shareholders of Amazing Energy, Inc. would control about 95% of the shares of common stock of Amazing Energy Oil and Gas, Co., and Amazing Energy Oil and Gas, Co. would own 100% of the outstanding shares of common stock of Amazing Energy, Inc. This entire reverse merger process was completed in July of 2015.

Amazing Energy, Inc. ("AEI"), a wholly owned subsidiary of Amazing Energy Oil and Gas, Co., was formed in 2010 as a Texas corporation and re-domiciled to Nevada in 2011. The Company owns interests in oil and gas properties located in Texas. The Company is primarily engaged in the acquisition, exploration and development of oil and gas properties and the production and sale of oil and natural gas. Amazing Energy, LLC was formed in December 2008 as a Texas Limited Liability Company. In December of 2010, Amazing Energy, Inc. and Amazing Energy, LLC were combined as commonly controlled entities.

The following table shows the wholly owned subsidiaries of Amazing Energy Oil and Gas, Co. 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 oil and gas leases                       |
| Kisa Gold Mining, Inc. | Alaska                 | 100%               | Inactive   |
| Jilpetco, Inc.         | Texas                  | 100%               | Operator and Oilfield services                     |

On July 31, 2016, the Company acquired Gulf South Securities, Inc. ("GSSI"). GSSI was organized to be active in various aspects of the securities industry and was registered as a broker-dealer with the Financial Industry Regulatory Authority ("FINRA") and the Securities and Exchange Commission ("SEC"). The Company allowed GSSI's FINRA registration to lapse as of February 28, 2017. On January 8, 2018, the Company dissolved Gulf South Securities, Inc.

#### Any bankruptcy, receivership or similar proceedings

There have been no bankruptcy, receivership or similar proceedings.

#### OUR BUSINESS

We are in the business of exploration, development, and production of oil and gas in the Permian Basin of West Texas. This 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 July 31, 2018 the Company has leasehold rights located within approximately 70,000 acres in Pecos County, Texas. We believe that our concentrated acreage position provides us with an opportunity to achieve cost, operating and recovery efficiencies in the development of our drilling inventory. Our activities are 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. Additional drilling targets could include the Greyburg, San Andreas and Devonian zones.

At July 31, 2018 our estimated net proved reserves were 398,308 barrels of oil equivalent ("BOE"). Additionally, probable reserves total 211,355 as of July 31, 2018. Important facts of our proved and probable reserves at July 31, 2018 include:

- 73% oil and 27% gas;
- 65% proved developed and undeveloped;
- Reserve life of approximately 22.0 years;
- Non-discounted future net cash flows of \$13,045,460;
- and PV-10 of \$9,077,420

PV-10 is our estimate of the present value of future net revenues from proved oil, and gas reserves after deducting estimated production and ad valorem taxes, future capital costs and operating expenses, but before deducting any estimates for future income taxes. Estimated future net revenues are discounted at an annual rate of 10% to determine their present value. PV-10 is a financial measure that is not determined in accordance with accounting principles generally accepted in the United States ("GAAP"), and generally differs from the Standardized Measure, the most directly comparable GAAP financial measure, because it does not include the effects of income taxes on future cash flows. PV-10 should not be considered as an alternative to the Standardized Measure, as computed under GAAP.

At July 31, 2018, we owned 25 oil and gas wells in the Permian Basin. During the fiscal year ended July 31, 2018, we produced 11,177 BOE (Net). Production for the fiscal year ended July 31, 2017 was 11,820 BOE (Net).

#### Our Business Strategy

We intend to increase the value of the Company by increasing reserves and production in a cost-efficient manner by pursuing the following strategies:



- **Grow production and reserves by developing our oil-rich resource base.** We intend to drill and develop our acreage base to maximize its value and resource potential. Through the conversion of our undeveloped reserves to developed reserves, we will seek to increase our production, reserves and cash flow while generating favorable returns on invested capital.
- **Continue to drill and develop our shallow drilling play.** We believe that our current acreage position (leasehold rights located within approximately 70,000 acres) provides us with the ability to continue to increase reserves and production by drilling shallow, low cost wells with joint venture investors. Typically, we strive to structure an offering in which participants/investors will “carry” (that is, bear the financial responsibility) for 25% of 8/8ths Working Interests. Each participant/investor is responsible for their pro-rata share of the Working Interest expenses. A “Carried Working Interest” is defined as a working interest which is expense-free through the stages of drilling, testing and completing a well to first sales or plugging and abandoning a well as a dry hole; participants/investors bear the portion of those costs and expenses attributable to the Carried Working Interest of the Company. The Company typically offers 75% of 8/8ths Working Interest in a drilling offering with a net revenue interest of 75%. The Carried Working Interest that the Company receives varies on the participation levels for each drilling offering. For example, if there is full participation, the Company will receive a 25% Carried Working Interest. The Company is constantly reviewing other potential acreage acquisitions, or other potential alliances with industry partners.

## Our Competitive Strengths

We believe that the following strengths will help us achieve our business goals:

- **Economically efficient drilling.** Given the current relative low price for oil, we believe that we have a competitive advantage over higher risk, high cost, and deeper shale drilling operations. Most of our current wells are drilled and completed for around \$275,000 or less at depths of around 2,000 feet.
- **Oil rich resource base in one of North America’s leading resource plays.** All our leasehold acreage is located in one of the most prolific oil plays in North America, the Permian Basin in West Texas.
- **Favorable operating environment.** We have focused our drilling and development operations in the Permian Basin, one of the longest operating hydrocarbon basins in the United States, with a long and well-established production history and developed infrastructure. We believe that the geological and regulatory environment of the Permian Basin is more stable and predictable, and that we are faced with less operational risks in the Permian Basin as compared to emerging hydrocarbon basins.
- **Experienced, incentivized and proven management team.** Our management team has many years of experience in the oil and gas industry throughout Texas. Also, the Company strives to keep drilling, completion, operating expenses and general overhead to a minimum.
- **High degree of operational control.** We are currently 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 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.

## Markets and Customers

The revenues generated by our operations are highly dependent upon the prices, supplies and demand for oil and natural gas. Oil and natural gas are commodities, and therefore, we are subject to market-based pricing. Since our oil is sour, we receive somewhat less per barrel than the published WTI market prices, and since our natural gas is a sour gas, we are limited to selling through a sour gas transmission line and therefore are subject to a percent of proceeds (POP) gas contract with the purchaser. Overall, the prices that we receive for our oil and gas production depend on numerous factors beyond our control, including seasonality, the status of domestic and global economies, political conditions in other oil and gas producing countries, and the extent of domestic production and imports of oil.

## **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 to conduct drilling operations on those 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 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 position in Pecos County provides 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 Company working interest generally ranging from 75% to 80%.

## **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.

## **Patents and Trademarks**

The Company does not own, either legally or beneficially, any patents or registered trademarks.

## **Regulation**

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 (the "DOT") (Office of Pipeline Safety) 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**

Sales of crude oil and natural gas are negotiated with purchasers via crude oil purchase agreements which are subject to a month to month term, and a 30-day notice termination clause. The agreements specify the pricing terms and transportation deductions, among other terms. Our sales of crude oil are affected by the availability, terms and cost of transportation.

## **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 state in which we operate, Texas, has 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 imposes 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. It has until 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 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 resulting Paris Agreement calls 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. 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. . On June 1, 2017 President Trump announced the United States would withdraw from the Paris Agreement, which by its terms cannot happen prior to November 4, 2020.

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. It also remains unclear whether and how the results of the 2016 U.S. election could impact the regulation of greenhouse gas emissions at the federal and state level.

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 flowback 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.

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 location of the wells
- the method of drilling and casing wells;
- the timing of construction or drilling activities, including season wildlife closures;
- the rates of production 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 regulates 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. 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.

#### **Employees**

As of July 31, 2018, we had 3 full-time employees. We regularly use independent contractors and consultants to perform various drilling and other services. None of our employees are represented by a labor union or covered by any collective bargaining agreement.

#### **Facilities**

Our corporate headquarters were previously located in Amarillo, Texas but, at date of this filing, have been relocated to Plano, Texas. We believe that our facilities are adequate for our current operations.

#### **Insurance Matters**

The oil and natural gas industry involves a variety of operating risks, including the risk of fire, explosions, blow outs, pipe failures and, in some cases, abnormally high-pressure formations which could lead to environmental hazards such as oil spills, natural gas leaks and the discharge of toxic gases. If any of these should occur, we could incur legal defense costs and could be required to pay amounts due to injury, loss of life, damage or destruction to property, natural resources and equipment, pollution or environmental damage, regulatory investigation and penalties and suspension of operations. We are not insured fully against all risks associated with our business either because such insurance is not available or because premium costs are considered prohibitive. A loss not fully covered by insurance could have a material adverse effect on our business, financial condition and results of operations.

We reevaluate the purchase of insurance, policy terms and limits annually. Future insurance coverage for our industry could increase in cost and may include higher deductibles or retentions. In addition, some forms of insurance may become unavailable in the future or unavailable on terms that we believe are economically acceptable. No assurance can be given that we will be able to maintain insurance in the future at rates that we consider reasonable and we may elect to maintain minimal or no insurance coverage. We may not be able to secure additional insurance or bonding that might be required by new governmental regulations. This may cause us to restrict our operations, which might severely impact our financial position. The occurrence of a significant event, not fully insured against, could have a material adverse effect on our financial condition and results of operations.

## Available Information

We maintain an Internet website under the name [www.amazingenergy.com](http://www.amazingenergy.com). 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 public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, 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](http://www.sec.gov).

### ITEM 1A. RISK FACTORS.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

### ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

### ITEM 2. PROPERTIES – TEXAS OIL AND GAS



Pecos County, Texas – The Company has leasehold rights within approximately 70,000 gross acres in Pecos County, Texas, which lies within the Permian Basin. This basin, which is one of the major producing regions 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. The property is located in the Northeast region of the Pecos County. The Pecos leasehold is positioned west of the Yates Field (Approximately 1.6 Billion BO produced) and east of the Taylor Link Field (Approximately 17 million BO produced). Our leasehold also lies within the White & Baker Field (Approximately 5 million BO produced) and portions of the Walker Field (Approximately 10 million BO produced). The Pecos leasehold is comprised of multiple leases. Our acreage position in the Permian Basin is characterized by several commercial hydrocarbon formations which begin around 1,300 ft. down to around 10,000 ft. The formations in the area include the Yates, Seven Rivers, Greyburg, Queen (Upper and Lower), San Adreas, Strawn, Devonian and Ellenburger. The Company began drilling operations in October 2010 to target the Greyburg and Queen formation. Since then the Company has drilled 23 wells throughout the property of which 21 wells are producing intermittently and 2 wells are shut-in. All the wells that the Company has drilled have been to a depth of approximately 2,000 ft. During the year ended July 31, 2018, the WWJD #31 was drilled to approximately 4,000 ft. and the Company did several types of testing which included 26 sets of drilled sidewall cores.

The following table summarizes our estimated proved and probable oil and gas reserves for the fiscal years ended July 31, 2018, 2017 and 2016.

|                                   | Proved and Probable Reserves (BOE) |                |                |
|-----------------------------------|------------------------------------|----------------|----------------|
|                                   | July 31,                           |                |                |
|                                   | 2018                               | 2017           | 2016           |
| Proved developed                  | 40,090                             | 234,010        | 429,387        |
| Proved undeveloped                | 358,218                            | 261,958        | 315,803        |
| <b>Total proved</b>               | <b>398,308</b>                     | <b>495,968</b> | <b>745,190</b> |
| Probable undeveloped              | 211,355                            | -              | -              |
| <b>Total Reserves</b>             | <b>609,663</b>                     | <b>495,968</b> | <b>745,190</b> |
| Percent of total proved resources | 65%                                | 100%           | 100%           |

### Proved and probable oil and gas reserves

The following table sets forth information regarding our estimated proved reserves as of July 31, 2018. See Note 17 to our consolidated financial statements in this report for additional information.

### Summary of oil and gas reserves as of July 31, 2018

|                       | Proved and Probable Reserves |                      |                |                |                     |
|-----------------------|------------------------------|----------------------|----------------|----------------|---------------------|
|                       | Oil<br>(Bbl)                 | Natural Gas<br>(Mcf) | Total<br>(BOE) | Percent<br>(%) | PV-10<br>(\$)       |
| Proved developed      | 26,790                       | 79,800               | 40,090         | 6.58%          | \$ 390,410          |
| Proved undeveloped    | 262,480                      | 574,430              | 358,218        | 58.76%         | \$ 6,122,620        |
| <b>Total proved</b>   | <b>289,270</b>               | <b>654,230</b>       | <b>398,308</b> | <b>65.33%</b>  | <b>\$ 6,513,030</b> |
| Probable undeveloped  | 154,820                      | 339,210              | 211,355        | 34.67%         | \$ 2,564,390        |
| <b>Total Reserves</b> | <b>444,090</b>               | <b>993,440</b>       | <b>609,663</b> | <b>100.00%</b> | <b>\$ 9,077,420</b> |

### Reconciliation of PV-10 to Standardized Measure

PV-10 is our estimate of the present value of future net revenues from proved oil and gas reserves after deducting estimated production and ad valorem taxes, future capital costs and operating expenses, but before deducting any estimates of future income taxes. PV-10 is a non-GAAP, financial measure and generally differs from the Standardized Measure, the most directly comparable GAAP financial measure, because it does not include the effects of income taxes on future cash flows. PV-10 should not be considered as an alternative to the Standardized Measure as computed under GAAP.

We believe PV-10 to be an important measure for evaluating the relative significance of our oil and gas properties and that the presentation of PV-10 provides useful information to investors because it is widely used by professional analysts and sophisticated investors in evaluating oil and gas companies. Because there are many unique factors that can impact an individual company when estimating the amount of future income taxes to be paid, we believe the use of a pre-tax measure is valuable for evaluating our company. We believe that most other companies in the oil and gas industry calculate PV-10 on the same basis.

The following table provides a reconciliation of PV-10 to the Standardized Measure of discounted future net cash flows at July 31, 2018 and 2017:

|   | 2018                | 2017                |
|---|---------------------|---------------------|
| Standardized Measure, beginning of year                           | \$ 4,465,998        | \$ 4,628,877        |
| Sales of oil produced, net of production costs                    | (41,648)            | 22,999              |
| Net changes in prices, development and production costs           | 1,906,668           | 3,802,489           |
| Change in estimated future development costs                      | (960,920)           | 98,145              |
| Extensions, discoveries and improved recovery, less related costs | -                   | 616,979             |
| Development costs incurred and changes during the period          | 552,135             | 370,090             |
| Revisions of previous quantity estimates                          | (1,917,137)         | (3,752,407)         |
| Accretion of discount   | 491,923             | 792,334             |
| Net changes in production rates and other                         | 1,192,528           | (3,216,146)         |
| Purchase of reserves  | 69,060              | -                   |
| Sales of reserves   | -                   | (941,505)           |
| Net changes in income taxes                                       | 874,362             | 2,044,143           |
| Standardized Measure, end of year                                 | <u>\$ 6,632,969</u> | <u>\$ 4,465,998</u> |

### Proved Undeveloped Reserves

As of July 31, 2018, we had 358,218 BOE of undeveloped ("PUD") reserves, which is an increase of 96,260 BOE, compared with 261,958 BOE of PUD reserves at July 31, 2017.

### Preparation of Reserves Estimates

Our policies regarding internal controls over the recording of reserve estimates require reserve estimates to be in compliance with SEC rules, regulations and guidance and prepared in accordance with "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information (Revision as of February 19, 2007)" promulgated by the Society of Petroleum Engineers ("SPE standards"). Our proved reserves are estimated at the property level and compiled for reporting purposes by corporate reservoir engineering consultants, all of whom are independent of our operations team. We maintain our evaluations of our reserves in a secure reserve engineering database. The corporate reservoir engineering consultants interact with Company Management and with accounting employees to obtain the necessary data for the reserves estimation process. Our Management staff works closely with our external engineers to ensure the integrity, accuracy and timeliness of data that is furnished to them for their reserve estimation process. All of the reserve information maintained in our secure reserve engineering database is provided to the external engineers. In addition, other pertinent data is provided such as seismic information, geologic maps, well logs, production tests, material balance calculations, well performance data, operating procedures and relevant economic criteria. We make available all information requested, including our pertinent personnel, to the external engineers as part of their evaluation of our reserves. For the years ended July 31, 2018, and July 31, 2017, we engaged Mire & Associates, Inc., an independent petroleum engineer, to prepare independent estimates of the extent and value of the proved reserves associated with certain of our oil and gas properties.

### Controls over Reserve Estimates

Compliance as it relates to reporting the Company's reserves is the responsibility of Will McAndrew, CEO of the Company, who has over 47 years' experience in resource-based companies.

With respect to the Company's properties, the control over reserve estimates included retaining Mire & Associates, Inc. as our independent and geological engineering firm for the periods indicated in its reports. The Company provided Mire & Associates, Inc. with information about its oil and gas properties, including production profiles, prices and costs, and Mire & Associates, Inc. reviewed the estimates of the reserves attributable to oil properties. Mire & Associates, Inc. is an independent expert engineering, geological, technical and advisory company providing services to the oil and gas industry.

All of the information on the Company's oil and gas reserves for the years ended July 31, 2018, 2017 and 2016 in this Form 10-K is derived from Mire & Associates, Inc.'s reports.

### Oil and Gas Production, and Prices

The following table sets forth summary information regarding net oil and gas production for the last three fiscal years. We determined the BOE using the ratio of six MCF of natural gas to one BOE.

|                           | For the years ended July 31, |          |          |
|---------------------------|------------------------------|----------|----------|
|                           | 2018                         | 2017     | 2016     |
| <b>Production (NET)</b>   |                              |          |          |
| Oil (Bbls)                | 5,761                        | 5,566    | 7,396    |
| Gas (MCF)                 | 32,498                       | 37,521   | 21,492   |
| Total BOE                 | 11,177                       | 11,820   | 10,978   |
| Total average BOE per day | 31                           | 32       | 30       |
| <b>Average prices</b>     |                              |          |          |
| Oil (Bbls)                | \$ 52.59                     | \$ 42.91 | \$ 36.49 |
| Gas (Mcf)                 | 1.82                         | 2.22     | 2.03     |
| Total per BOE             | \$ 52.89                     | \$ 43.28 | \$ 36.83 |

The oil and gas sales revenues shown in the table below are the Company's net share of annual revenues in each project for the past three fiscal years:

|             | For the years ended July 31, |            |            |
|-------------|------------------------------|------------|------------|
|             | 2018                         | 2017       | 2016       |
| Oil revenue | 302,996                      | 219,078    | 224,997    |
| Gas revenue | 59,249                       | 57,424     | 25,479     |
|             | \$ 362,245                   | \$ 276,502 | \$ 250,476 |

### Drilling Activity – Past Two Years

The following table sets forth information on our drilling activity. The information should not be considered indicative of future performance nor should it be assumed that there is necessarily any correlation between the numbers of productive wells drilled, quantities of reserves found or economic value.

| Drilling Activity/Well Status | Cumulative Well Status<br>at 7/31/2018 |              | Wells Drilled<br>YE 7/31/2018 |             | Cumulative Well Status<br>7/31/2017 |              |
|-------------------------------|--|--------------|-------------------------------|-------------|-------------------------------------|--------------|
|                               | Gross                                  | Net          | Gross                         | Net         | Gross                               | Net          |
| <b>Development Wells:</b>     |  |              |                               |             |                                     |              |
| Productive -Texas             | 25.00                                  | 21.49        | 2.00                          | 2.00        | 23.00                               | 15.50        |
| Test Wells (Dry)              | -                                      | -            | -                             | -           | -                                   | -            |
| <b>Exploration Wells:</b>     |  |              |                               |             |                                     |              |
| Productive                    | -                                      | -            | -                             | -           | -                                   | -            |
| Dry                           | -                                      | -            | -                             | -           | -                                   | -            |
| <b>Total Drilled Wells:</b>   |  |              |                               |             |                                     |              |
| Productive -Texas             | 25.00                                  | 21.49        | 2.00                          | 2.00        | 23.00                               | 15.50        |
| Test Wells (Dry)              | -                                      | -            | -                             | -           | -                                   | -            |
| <b>Acquired Wells:</b>        |  |              |                               |             |                                     |              |
| Productive -Texas             | -                                      | -            | -                             | -           | -                                   | -            |
| <b>Total Wells:</b>           |  |              |                               |             |                                     |              |
| Productive -Texas             | 25.00                                  | 21.49        | 2.00                          | 2.00        | 23.00                               | 15.50        |
| Test Wells (Dry)              | -                                      | -            | -                             | -           | -                                   | -            |
| Total                         | <u>25.00</u>                           | <u>21.49</u> | <u>2.00</u>                   | <u>2.00</u> | <u>23.00</u>                        | <u>15.50</u> |
| <b>Well Type:</b>             |  |              |                               |             |                                     |              |
| Oil                           | -                                      | -            | -                             | -           | -                                   | -            |
| Gas                           | -                                      | -            | -                             | -           | -                                   | -            |
| Combination -Oil and Gas      | 25.00                                  | 21.49        | 2.00                          | 2.00        | 23.00                               | 15.50        |
| Test Wells (Dry)              | -                                      | -            | -                             | -           | -                                   | -            |
| Total                         | <u>25.00</u>                           | <u>21.49</u> | <u>2.00</u>                   | <u>2.00</u> | <u>23.00</u>                        | <u>15.50</u> |

Delivery Commitments.

As of July 31, 2018, the Company does not have any delivery commitments for product obtained from its wells.

**Mineral Lease Interests**

The following table summarizes the Company's leased acreage as of July 31, 2018:

| Leasehold Interests - 7/31/2018                                      | Total Acres   |               | AMAZ Interest Developed Acres |            | AMAZ Interest Undeveloped Acres |               |
|--|---------------|---------------|-------------------------------|------------|---------------------------------|---------------|
|  | Gross         | Net           | Gross                         | Net        | Gross                           | Net           |
| Surface through San Andres -<br>Pecos County, Texas AMI              | 43,176        | 18,708        | 465                           | 465        | 42,711                          | 18,243        |
| Total Acreage  | <u>43,176</u> | <u>18,708</u> | <u>465</u>                    | <u>465</u> | <u>42,711</u>                   | <u>18,243</u> |
| Additional Lease Deep Rights for a portion<br>of Total Acreage above | <u>20,400</u> | <u>8,192</u>  | <u>0</u>                      | <u>0</u>   | <u>20,400</u>                   | <u>8,192</u>  |

The Company's mineral lease interests as detailed above represents leased acreage within the Pecos County 70,000 acre AMI as of July 31, 2018. 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 70,000 acres not under lease at July 31, 2018. 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.

The Company is obligated to pay certain bonus lease payments related to certain of its lease properties. The Company is required to pay \$27,000 each year on the JT Walker lease on annually on August 7<sup>th</sup>. The Company is also required to pay \$200,000 every five years on August 7<sup>th</sup> for 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.

### ITEM 3. LEGAL PROCEEDINGS.

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 83<sup>rd</sup> 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 case in the early stages of discover as to the claims against the Company. Management intends to seek an early resolution of this case by settlement, but will vigorously defend the case. It is too early in the litigation to evaluate the likely outcome or to evaluate the range of losses, as the lease interests involved are small fractional interests. 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 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 83<sup>rd</sup> 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 will vigorously defend 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.

### ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

**ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.**

The Company's stock trades under the category OTCQX on the OTC Markets system. The Company's trading symbol is "AMAZ".

The Company changed its name from Gold Crest Mines, Inc. to Amazing Energy Oil and Gas, Co. and its trading symbol from "GCMN" to "AMAZ" on January 21, 2015. The Company also underwent a 40 to 1 reverse stock split. The Company also changed its fiscal year end in conjunction with the reverse acquisition from December 31<sup>st</sup> to July 31<sup>st</sup>.

The following table sets forth for our common stock, the high and low closing bid quotations per share, taken from the Internet, for our common stock for each quarter for the periods indicated. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

|  | Price Per Share |         |
|--|-----------------|---------|
|  | High Bid        | Low Bid |
| <b>Fiscal Year Ending July 31,2018</b> |                 |         |
| First quarter ending October 31, 2017  | \$ 0.46         | \$ 0.25 |
| Second quarter ending January 31, 2018 | 0.87            | 0.34    |
| Third quarter ending April 30, 2018    | 0.94            | 0.35    |
| Fourth quarter ending July 31,2018     | 0.60            | 0.25    |
| <b>Fiscal Year Ending July 31,2017</b> |                 |         |
| First quarter ending October 31, 2016  | \$ 0.63         | \$ 0.30 |
| Second quarter ending January 31, 2017 | 0.52            | 0.29    |
| Third quarter ending April 30, 2017    | 0.30            | 0.17    |
| Fourth quarter ending July 31,2017     | 0.40            | 0.20    |

**Shareholders**

As of July 31, 2018, there were approximately 601 shareholders of record of the Company's common stock as furnished to the Company by its transfer agent and does not account for shares owned through clearing houses.

**Dividend Policy**

Holders of common and preferred stock are entitled to receive dividends as may be declared by the Board of Directors. The Board of Directors is not restricted from paying any dividends, but is also not obligated to declare a dividend. No dividends have ever been declared and it is not anticipated that dividends will ever be paid. The Board of Director's discretion as to the payment of a dividend will be dependent upon the Company's financial condition, results of operations, capital requirements, and such other factors as the Board of Directors deem relevant.

**Transfer Agent**

The transfer agent for the Company's common stock is American Stock Transfer and Trust Company, 6201 15th Avenue, Brooklyn, NY 11219 - [astfinancial.com](http://astfinancial.com).

**Stockholders' Equity and Equity Transactions**

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



**During the year ended July 31, 2018 and 2017, the Company had the following equity transactions:**

**Common Stock:**

During the years ended July 31, 2018 and 2017, the Company issued 12,920,010 and 6,249,959 shares of common stock, respectively, for cash of \$3,230,000 and \$1,636,212.

During the years ended July 31, 2018 and 2017, the Company issued 856,626 and 31,625 shares of common stock with total fair values of \$535,200 and \$12,375, respectively, as compensation for services.

During the years ended July 31, 2018 and 2017, the Company issued 3,617,556 and -0- shares of common stock for lease interests with total fair values of \$1,736,429 and \$-0-, respectively.

On May 27, 2017, the related party noteholders of notes payable agreed to extend the maturity date of the Notes to December 31, 2017. As consideration for the change in terms, the Company issued to the noteholders an aggregate 460,000 shares of the Company's common stock with a fair value of \$105,800.

**Preferred Stock:**

On July 31, 2016, the Company issued 9,000 shares of its Preferred Series A stock with par value of \$0.01 per share. These shares were issued to Jed Miesner, the Company's controlling shareholder, in exchange for cancellation of \$900,000 of related party interest payable in the amount of \$612,697 and convertible debt payable to JLM Strategic Investments, LP in the amount of \$287,303. The stated issue price was \$100 per share. Each share of preferred stock has 10,000 votes and votes with the common shares on all matters submitted to the shareholders for a vote. Holders of the Series A Preferred Stock will not be entitled to receive a dividend. Upon a liquidation event, an amount in cash equal to \$100 per share, for a total of \$900,000 at July 31, 2017 shall be paid prior to liquidation payments to holders of Company securities junior to the Series A Preferred Stock. On July 31, 2021, any shares of the Series A Preferred Stock outstanding will be convertible, at the discretion of the holder, for a period of three years, into common stock purchase warrants of the Company with an exercise price of \$1.00 per share on the basis of 110 shares of common stock for each one share of Series A Preferred Stock outstanding.

During the years ended July 31, 2018 and 2017 there were no transactions with respect to outstanding preferred stock.

**Warrants:**

During the years ended July 31, 2018 and 2017, the Company issued 3,469,391 and -0- warrants with total fair values of \$1,038,587 and \$-0-, respectively, as compensation for services.

During the years ended July 31, 2018 and 2017, the Company issued 136,666 and -0- warrants for oil and gas property interests with total fair values of \$77,961 and \$-0-, respectively.

The composition of the Company's warrants outstanding at July 31, 2018 is as follows:

| Exercise Price | Expiration Date In |                  |                  |                |                | Total            |
|----------------|--------------------|------------------|------------------|----------------|----------------|------------------|
|                | 2019               | 2020             | 2021             | 2022           | 2023           |                  |
| \$ 0.37        | -                  | -                | -                | -              | 20,175         | 20,175           |
| \$ 0.40        | -                  | -                | 1,030,000        | 300,000        | 15,000         | 1,345,000        |
| \$ 0.43        | -                  | -                | -                | -              | 21,525         | 21,525           |
| \$ 0.44        | -                  | -                | -                | -              | 38,900         | 38,900           |
| \$ 0.50        | -                  | 1,200,000        | 400,000          | -              | -              | 1,600,000        |
| \$ 0.51        | -                  | -                | -                | -              | 58,150         | 58,150           |
| \$ 0.60        | 2,674,576          | -                | 200,000          | 5,000          | 23,875         | 2,903,451        |
| \$ 0.64        | -                  | -                | -                | -              | 12,125         | 12,125           |
| \$ 0.67        | -                  | -                | 25,000           | -              | 35,000         | 60,000           |
| \$ 0.74        | -                  | -                | -                | -              | 17,975         | 17,975           |
| \$ 1.00        | -                  | -                | 203,332          | -              | -              | 203,332          |
|                | <u>2,674,576</u>   | <u>1,200,000</u> | <u>1,858,332</u> | <u>305,000</u> | <u>242,725</u> | <u>6,280,633</u> |

There were no warrants exercised during the year ended July 31, 2018.

#### Stock Options:

In February 2017, the Board of Directors adopted and approved the 2017 Stock Option Plan (the "2017 Plan"). The 2017 Plan, by its terms, required a majority vote of the Company's shareholders, within 12 months of the adoption of the 2017 Plan, to approve the 2017 Plan. A majority of the Company's shareholders never approved the 2017 Plan and therefore the 2017 Plan is now void. No options were ever issued pursuant to the 2017 Plan.

On August 11, 2017, the Board of Directors authorized the grant of 5,835,000 options to purchase shares of common stock of the Company to certain officers related to their employment agreements (the "Listing Options"). The Listing Options will vest and be immediately exercisable on the date the Company's stock is traded on the American Stock Exchange, the New York Stock Exchange, or any of the NASDAQ trading tiers. The Listing Options shall have an exercise price equal to the closing price on the date such trading commences. As of July 31, 2018, management has determined the probability of such an event is doubtful and, therefore, has not recognized any compensation expense to date regarding the Listing Options.

On August 11, 2017, the Board of Directors authorized the grant of 11,750,000 options to purchase shares of common stock of the Company to certain officers. The options have an exercise price of \$0.40 and expire five years from the date of grant. 2,937,500 of the options vested immediately on the grant date and the remainder shall vest 25% annually upon each anniversary of the grant date. For the year ended July 31, 2018, the Company recognized a fair value of \$1,436,575 for the vested options and the ratable recognition of unvested options as stock-based compensation. Unrecognized compensation related to the option grant is \$1,436,575 as of July 31, 2018, to be recognized over the remaining life of the options.

On August 11, 2017, the Board of Directors authorized the grant of 10,000,000 options to purchase shares of common stock of the Company to its Chief Executive Officer. The options have an exercise price of \$0.40 per share and expire five years from the date of grant. 2,000,000 options vested on the date of grant. The fair value of the grant was \$489,047 which was recognized as stock-based compensation at the date of grant. The remaining 8,000,000 options contained market and performance conditions, of which 4,000,000 options are to vest based on market conditions being met and 4,000,000 options will vest upon achievement of certain performance objectives. Management has assessed the likelihood of market conditions and the probability of performance conditions being realized and recognize a fair value of \$647,987 for the year ending July 31, 2018.

On September 26, 2017, the Board of Directors also authorized the grant of 500,000 options to purchase shares of common stock of the Company to certain directors. These options have an exercise price of \$0.40 and expire on September 26, 2021. The fair value of the grant was \$137,056 which the Company recognized as stock-based compensation for the year ended July 31, 2018. The options vested immediately at the date of grant.

The composition of the Company's stock options outstanding at July 31, 2018 is as follows:

| Exercise Price | Expiration Date in |                   | Total             |
|----------------|--------------------|-------------------|-------------------|
|                | 2021               | 2022              |                   |
| \$0.40         | 500,000            | 27,585,000        | 28,085,000        |
| <b>Totals</b>  | <b>500,000</b>     | <b>27,585,000</b> | <b>28,085,000</b> |

At July 31, 2018, the Company had reserved 34,365,633 common shares for future exercise of warrants and options.

**ITEM 6. SELECTED FINANCIAL DATA.**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

**ITEM 7. 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 included herein. 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, 2018, and for each of the 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-K. 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. This 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 July 31, 2018, the Company has leasehold rights located within approximately 70,000 acres in Pecos County, Texas. We believe that our concentrated acreage position provides us with an opportunity to achieve cost, operating and recovery efficiencies in the development of our drilling inventory. 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. Additional drilling targets could include the Greyburg, San Andreas and Devonian zones.

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 be accretive 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 2018 Activity**

Our fiscal year 2018 activity focused on conventional drilling in the Queen formation in Pecos County, Texas. We spudded 2 conventional wells and completed 2 wells in fiscal 2018, compared to spudding 1 conventional well and completion of 1 well in fiscal 2017. We continued to develop the Queen formation in Pecos County, Texas during fiscal 2018. The rate of drilling wells depends on raising capital to fund drilling and completion. Our overall accomplishments in fiscal 2018 include:

- Production. Net production for fiscal 2018 totaled 11,177 BOE, compared to 11,820 BOE in fiscal 2017, a 5.5% decrease due to an emphasis on scientific testing for enhanced evaluation of the property during the year ended July 31, 2018. Production for fiscal 2018 was 52% oil and 48% natural gas.
- In July 2017, the Company paid its largest lessors their 5-year prepaid bonuses totaling \$200,000 in satisfaction of lease obligations.

In fiscal 2018, our estimated net proved reserves decreased 19.7%, or 97,660 BOE to 398,308 BOE from 495,968 BOE. Our proved reserves at fiscal year-end 2018 were 72% oil and 28% natural gas, compared to 62% oil and 38% natural gas at year-end 2017.

## Plan for Fiscal 2019

For the fiscal year ending July 31, 2019, in order to develop additional reserves and production, we plan to continue raising funds to continue drilling shallow oil and gas wells located within the 70,000 acres, in Pecos County, where our leasehold rights exist. We anticipate raising such funds through joint ventures working interest holder participation, whereby the company would retain a carried working interest participation because of its existing lease ownership. In order to keep the leasehold in good standing, we adhere to the Continuous Drilling Clause for each respective lease and meet the requirements found therein. Capital expenditures and thus drilling activity for fiscal 2019 depend, to a significant extent, on the future market prices for oil.

### The Company's Expansion Strategy includes the following:

- Capital Expenditure Strategy for Pecos Asset
  - Pecos County acreage represents the main revenue driver for Amazing Energy.
  - Management plans to implement a monthly capital budget to drill additional wells
- Seeking 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 contiguous to Texas.
- Growth through JV/ Farm Out
  - The Company intends to initiate discussions with other operators for the purpose of forming joint-ventures on current acreage as well as any acreage acquired in the future.
  - Any such joint-ventures could allow Amazing to leverage the resources and know-how of leading operators to drive significant shareholder value within Amazing.

### **RESULTS OF OPERATIONS – FOR THE YEARS ENDED JULY 31, 2018 AND 2017**

The following is a summary of the Company's revenue for the years ended July 31, 2018 and July 31, 2017:

|                        | Year ended July 31, |                   | Increase<br>(Decrease) | % Change      |
|------------------------|---------------------|-------------------|------------------------|---------------|
|                        | 2018                | 2017              |                        |               |
| Oil sales              | \$ 302,996          | \$ 219,078        | \$ 83,918              | 38.31%        |
| Natural gas sales      | 59,249              | 57,424            | 1,825                  | 3.18%         |
| Field services revenue | 84,389              | 124,618           | (40,229)               | -32.28%       |
| Total revenue          | <u>\$ 446,634</u>   | <u>\$ 401,120</u> | <u>\$ 45,514</u>       | <u>11.35%</u> |

Our oil and gas revenue increased from \$276,502 for the year ended July 31, 2017 to \$362,245 for the year ended July 31, 2018, which was an increase of \$85,743. Multiple factors contributed to the increase in oil and gas revenue. Although oil production slightly decreased, our natural gas production increased significantly as compared to the prior year's production. The average commodity prices for oil and natural gas were improved for fiscal 2018 as compared to than the average price of oil and gas in fiscal 2017.

Field service revenue decreased from \$124,618 for fiscal 2017 to \$84,389 for fiscal 2018, which was a decrease of \$40,229. The decrease in field service revenue was due in part to decreased field services on the properties that Jilpetco operated, acquisition of outside working interests in operated properties, and limited drilling and completion work during the fiscal year ending July 31, 2018.

As of July 31, 2018, the Company's oil and gas production was generated from twenty-five wells. The working interest ownership was 100% as of July 31, 2018.

The following is a summary of the Company operating expenses for the years ended July 31, 2018 and July 31, 2017:

|   | Year ended July 31, |                     | Increase<br>(Decrease) | % Change |
|---|---------------------|---------------------|------------------------|----------|
|   | 2018                | 2017                |                        |          |
| Production costs                            | \$ 130,056          | \$ 436,604          | \$ (306,548)           | -70.21%  |
| Depletion, depreciation and amortization    | 342,426             | 301,124             | 41,302                 | 13.72%   |
| Selling general and administrative expenses | 6,286,876           | 822,336             | 5,464,540              | 664.51%  |
| Accretion expense                           | 9,449               | 9,396               | 53                     | 0.56%    |
| (Gain) on sale of mineral properties        | -                   | (170,000)           | 170,000                | -100.00% |
| Total operating expenses                    | <u>\$ 6,768,807</u> | <u>\$ 1,399,460</u> | <u>\$ 5,369,347</u>    | 383.67%  |

General and administrative costs increased from \$822,336 incurred in fiscal 2017 compared to \$6,286,876 in fiscal 2018, which is an increase of \$5,464,540. Detail of the increase is detailed as follows:

|   |                     |
|---|---------------------|
| Increase(decrease) in non cash stock and warrant compensation       | \$ 3,795,472        |
| Increase(decrease) in consulting expense                            | \$ 268,790          |
| Increase(decrease) in legal fees                                    | \$ 49,213           |
| Increase(decrease) in investor relations expense                    | \$ 153,463          |
| Increase(decrease) in travel expense                                | \$ 54,345           |
| Increase(decrease) in reimbursements                                | \$ 111,194          |
| Increase(decrease) in salaries, employee benefits and payroll taxes | \$ 954,140          |
| Increase(decrease) in general corporate expenses                    | \$ 77,923           |
| Total Increase in General and Administrative Expenses               | <u>\$ 5,464,540</u> |

Depletion, depreciation and amortization expense increased from \$301,124 in fiscal 2017 to \$342,426 in fiscal 2018.

Due to the volatile nature of our business, we expect that revenues, as well as the related variable expenses, will continue to fluctuate substantially quarter-to-quarter and year-to-year. Our revenues may vary significantly from period to period as a result of changes in volumes of production sold, production mix or commodity prices. Our average price on a BOE basis for oil and gas changed from \$43.28 in fiscal 2017 to \$52.89 in fiscal 2018, which was an increase of \$9.61. Production expenses will fluctuate according to the number and percentage ownership of producing wells, as well as the amount of revenues being contributed by such wells. Our goal is to improve cash flow in order to cover operating costs and expenses by attracting additional working interest partners to fund our drilling program.

## LIQUIDITY AND CAPITAL RESOURCES

Our primary resource is our leasehold rights which are located within an approximately 70,000-acre position in Pecos County, TX and the related oil and gas reserves. Our ability to develop our leasehold position is dependent upon investor groups willing to deploy the requisite capital with us. Our plans are to continue to attract drilling and completion funds whereby the investor earns a 75% working interest participation and our company retains a 25% "carried working interest" participation. The ability to attract such capital is dependent upon, among other economic factors, the prices for oil and gas, and the continued favorable income tax treatment that passes through to working interest participants.

## CASH FLOWS

Changes in the net funds provided by or (used in) each of our operating, investing and financing activities are set forth in the table below:

|   | July 31, 2018  | July 31, 2017 | Increase<br>(Decrease) |
|---|----------------|---------------|------------------------|
| Net cash used in operating activities               | \$ (2,014,926) | \$ (961,340)  | \$ (1,053,586)         |
| Net cash provided by (used in) investing activities | \$ (934,922)   | \$ 5,543      | \$ (940,465)           |
| Net cash provided by financing activities           | \$ 2,716,440   | \$ 1,367,623  | \$ 1,349,317           |

### CASH FLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES

Cash flow from operating activities is derived from net loss less noncash items that impact net loss, plus changes in current asset and liabilities account balances. For the year ended July 31, 2018, cash used by operating activities was \$2,014,926 in comparison to cash used by operating activities in the amount of \$961,340 for the year ended July 31, 2017. This increase in cash used by operating activities of \$1,053,586 was primarily due to losses from operations.

### CASH FLOW (USED IN) INVESTING ACTIVITIES

Cash flow used in investing activities is primarily attributable to investment in oil and gas properties.

### CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities was principally attributable to \$3,230,000 in proceeds from sales of common stock. Cash used in note repayments was \$513,560.

## OIL AND GAS RESERVES

The Company's total net proved developed and undeveloped and probable oil and gas reserves and related values are summarized in the following table:

|                     | Net Reserves |              | Cash Flows        |                      |
|---------------------|--------------|--------------|-------------------|----------------------|
|                     | Oil<br>(BO)  | Gas<br>(Mcf) | Non<br>Discounted | Discounted<br>at 10% |
| As of July 31, 2018 | 444,090      | 993,440      | \$ 13,045,460     | \$ 9,077,420         |
| As of July 31, 2017 | 305,440      | 1,143,170    | \$ 9,722,900      | \$ 7,052,380         |

Quantities of the oil and gas net reserves have increased from July 31, 2017 to July 31, 2018 and the projected cash flows increased because the prices for the analysis as of July 31, 2017 were based upon oil at \$48.71 per barrel and gas at \$3.01 per MMBTU and the reserve analysis was based on oil prices at \$61.55 per barrel and gas at \$2.91 per MMBTU at July 31, 2018.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

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## Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of Amazing Energy Oil and Gas, Co. and Subsidiaries

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Amazing Energy Oil and Gas, Co. and Subsidiaries (the "Company") as of July 31, 2018 and 2017, the related statements of operations, changes in stockholders' equity and cash flows for each of the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of July 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### The Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has limited financial resources, negative working capital and an accumulated deficit at July 31, 2018. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*/s/ DeCoria, Maichel & Teague, P.S.*

DeCoria, Maichel & Teague, P.S.

We have served as the Company's independent auditor since 2014

Spokane, Washington

October 29, 2018

**AMAZING ENERGY OIL AND GAS, CO. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

|   | July 31<br>2018 | July 31<br>2017 |
|---|-----------------|-----------------|
| <b>ASSETS</b>   |                 |                 |
| Current assets:   |                 |                 |
| Cash and cash equivalents   | \$ 523,695      | \$ 756,603      |
| Receivable from working interest owners                                     | 33,954          | 64,392          |
| Production revenue receivable   | 48,188          | 39,901          |
| Prepaid expenses  | 40,000          | 67,843          |
| Total current assets  | 645,837         | 928,739         |
| Oil and gas properties - proved, net  | 5,422,989       | 3,869,489       |
| Oil and gas properties - unproved   | 3,079,492       | 2,049,593       |
| Property and equipment, net   | 434,528         | 545,812         |
| Other assets  | 78,600          | 76,622          |
| TOTAL ASSETS  | \$ 9,661,446    | \$ 7,470,255    |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                 |                 |                 |
| Current liabilities:  |                 |                 |
| Accounts payable and accrued liabilities                                    | \$ 295,015      | \$ 139,821      |
| Payable to related party  | 25,038          | -               |
| Promissory notes, related party   | 311,730         | 430,892         |
| Note payable  | -               | 50,000          |
| Notes payable, related parties  | -               | 347,500         |
| Note payable on acquisition, related party                                  | -               | 104,167         |
| Equipment note payable  | 10,247          | 10,006          |
| Due to working interest owners  | 389,562         | 421,423         |
| Accrued interest payable, related parties                                   | 400,805         | 244,009         |
| Total current liabilities   | 1,432,397       | 1,747,818       |
| Long term liabilities:  |                 |                 |
| Promissory notes, related party   | 2,769,440       | 2,650,278       |
| Equipment note payable  | 22,847          | 34,981          |
| Asset retirement obligation   | 258,575         | 183,397         |
| Total liabilities   | 4,483,259       | 4,616,474       |
| Commitments and contingencies, (Note 13)                                    | -               | -               |
| Stockholders' equity:   |                 |                 |
| Preferred stock, no par value, 10,000,000 shares authorized;                |                 |                 |
| Series A, par value \$0.01, 9,000 shares issued and outstanding             | 90              | 90              |
| 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; | 83,977          | 66,581          |
| 83,975,232 issued and outstanding at July 31, 2018                          |                 |                 |
| 66,581,040 issued and outstanding at July 31, 2017                          |                 |                 |
| Additional paid-in capital  | 37,637,323      | 28,814,857      |
| Accumulated deficit   | (32,543,703)    | (26,028,247)    |
| Total stockholders' equity  | 5,178,187       | 2,853,781       |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY                                  | \$ 9,661,446    | \$ 7,470,255    |

The accompanying notes are an integral part of these financial statements

**AMAZING ENERGY OIL AND GAS, CO. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

|  | Year Ended July 31,   |                       |
|--|-----------------------|-----------------------|
|  | 2018                  | 2017                  |
| <b>Revenue</b>   |                       |                       |
| Oil and gas sales  | \$ 362,245            | \$ 276,502            |
| Oilfield service revenue   | 84,389                | 124,618               |
| Total Gross Revenue  | <u>446,634</u>        | <u>401,120</u>        |
| <b>Operating Expense</b>   |                       |                       |
| Production costs   | 130,056               | 436,604               |
| Depreciation, depletion and amortization                               | 342,426               | 301,124               |
| General and administrative expense                                     | 6,286,876             | 822,336               |
| Accretion expense  | 9,449                 | 9,396                 |
| Gain on sale of mineral rights   | -                     | (170,000)             |
| Total Operating Expenses   | <u>6,768,807</u>      | <u>1,399,460</u>      |
| Loss from operations   | <u>(6,322,173)</u>    | <u>(998,340)</u>      |
| <b>Other (income) expense</b>  |                       |                       |
| Interest and other income  | (13,946)              | (3,175)               |
| Financing fees associated with debt modification                       | -                     | 105,800               |
| Interest expense   | -                     | 7,276                 |
| Interest expense, related parties                                      | 207,229               | 264,567               |
| Total other (income) expense   | <u>193,283</u>        | <u>374,468</u>        |
| Loss before taxes  | (6,515,456)           | (1,372,808)           |
| Provision for income taxes   | -                     | -                     |
| <b>Net loss</b>  | <u>(6,515,456)</u>    | <u>(1,372,808)</u>    |
| Deemed capital distribution on acquisition of common control entity    |                       |                       |
| <b>Net loss attributable to common stockholders</b>                    | <u>\$ (6,515,456)</u> | <u>\$ (1,796,456)</u> |
| <b>Net Loss per share:</b>   |                       |                       |
| Net Loss per share of common stock, basic and diluted                  | <u>\$ (0.092)</u>     | <u>\$ (0.030)</u>     |
| Weighted average shares of common stock outstanding, basic and diluted | <u>70,733,286</u>     | <u>64,437,390</u>     |

The accompanying notes are an integral part of these financial statements

**AMAZING ENERGY OIL AND GAS, CO. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

|   | Preferred Stock |               | Common Stock      |                  | Additional<br>paid-in<br>capital | Accumulated<br>deficit | Total               |
|---|-----------------|---------------|-------------------|------------------|----------------------------------|------------------------|---------------------|
|   | Shares          | Amount        | Shares            | Amount           |                                  |                        |                     |
| <b>Balance, July 31, 2016</b>                             | 59,000          | \$ 590        | 59,839,456        | \$ 59,840        | \$27,638,956                     | \$(24,655,439)         | \$ 3,043,947        |
| Issuance of common stock for cash                         |                 |               | 6,249,959         | 6,250            | 1,629,962                        |                        | 1,636,212           |
| Issuance of common stock for services                     |                 |               | 31,625            | 31               | 12,344                           |                        | 12,375              |
| Acquisition of common control entity                      |                 |               |                   |                  | (571,745)                        |                        | (571,745)           |
| Common shares issued for debt modification                |                 |               | 460,000           | 460              | 105,340                          |                        | 105,800             |
| Net loss  |                 |               |                   |                  |                                  | (1,372,808)            | (1,372,808)         |
| <b>Balance, July 31, 2017</b>                             | <u>59,000</u>   | <u>590</u>    | <u>66,581,040</u> | <u>66,581</u>    | <u>28,814,857</u>                | <u>(26,028,247)</u>    | <u>2,853,781</u>    |
| Issuance of common stock for cash                         |                 |               | 12,920,008        | 12,920           | 3,217,080                        |                        | 3,230,000           |
| Issuance of common stock for services                     |                 |               | 856,628           | 857              | 534,343                          |                        | 535,200             |
| Issuance of common stock for oil and gas properties       |                 |               | 3,617,556         | 3,619            | 1,732,810                        |                        | 1,736,429           |
| Stock purchase warrants issued for oil and gas properties |                 |               |                   |                  | 77,961                           |                        | 77,961              |
| Stock purchase warrants issued for services               |                 |               |                   |                  | 1,038,587                        |                        | 1,038,587           |
| Stock options issued for services                         |                 |               |                   |                  | 2,221,685                        |                        | 2,221,685           |
| Net loss  |                 |               |                   |                  |                                  | (6,515,456)            | (6,515,456)         |
| <b>Balance, July 31, 2018</b>                             | <u>59,000</u>   | <u>\$ 590</u> | <u>83,975,232</u> | <u>\$ 83,977</u> | <u>\$37,637,323</u>              | <u>\$(32,543,703)</u>  | <u>\$ 5,178,187</u> |

The accompanying notes are an integral part of these financial statements

**AMAZING ENERGY OIL AND GAS, CO. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  | Year Ended July 31, |                   |
|--|---------------------|-------------------|
|  | 2018                | 2017              |
| <b>Cash Flows From Operating Activities</b>                    |                     |                   |
| Net loss   | \$ (6,515,456)      | \$ (1,372,808)    |
| Adjustments to reconcile net loss to net cash from operations: |                     |                   |
| Stock based compensation                                       | 3,795,472           | 12,375            |
| Accretion expense  | 9,449               | 9,396             |
| Depreciation, depletion and amortization                       | 342,426             | 301,124           |
| Bad debt expense   | -                   | 31,404            |
| Gain on sale of leasehold interest                             | -                   | (170,000)         |
| Financing fees associated with debt modification               | -                   | 105,800           |
| Change in:   |                     |                   |
| Receivable from working interest owners                        | 30,438              | (24,454)          |
| Production revenue receivable                                  | (8,287)             | (2,858)           |
| Other assets   | (1,978)             | -                 |
| Prepaid expenses   | 27,843              | (6,760)           |
| Accounts payable and accrued liabilities                       | 155,194             | (66,802)          |
| Due to working interest owners                                 | (6,823)             | (1,442)           |
| Accrued interest payable, related parties                      | 156,796             | 223,685           |
| <b>Net cash from operating activities</b>                      | <b>(2,014,926)</b>  | <b>(961,340)</b>  |
| <b>Cash Flows From Investing Activities</b>                    |                     |                   |
| Investment in oil and gas properties                           | (1,122,422)         | (562,155)         |
| Acquisition of property and equipment                          | (12,000)            | (212,898)         |
| Purchase letter of credit for operator bond                    | -                   | (50,000)          |
| Proceeds from sale of oil and gas working interests            | 200,000             | 656,596           |
| Proceeds from sale of property and equipment                   | -                   | 4,000             |
| Proceeds from sale of leasehold and mineral rights             | -                   | 170,000           |
| <b>Net cash from investing activities</b>                      | <b>(934,422)</b>    | <b>5,543</b>      |
| <b>Cash Flows From Financing Activities</b>                    |                     |                   |
| Proceeds from sale of common stock                             | 3,230,000           | 1,603,961         |
| Proceeds from notes payable, related parties                   | 25,000              | 225,000           |
| Proceeds from note payable                                     | -                   | 50,000            |
| Payments on note payable                                       | (50,000)            | -                 |
| Advances from line of credit                                   | -                   | 175,000           |
| Payments on line of credit                                     | -                   | (225,000)         |
| Payments on notes payable, related parties                     | (372,500)           | (57,500)          |
| Payments on equipment note                                     | (11,893)            | (8,005)           |
| Payments on note payable on acquisition, related party         | (104,167)           | (395,833)         |
| <b>Net cash from financing activities</b>                      | <b>2,716,440</b>    | <b>1,367,623</b>  |
| <b>Net change in cash</b>                                      | <b>(232,908)</b>    | <b>411,826</b>    |
| <b>Cash and cash equivalents - beginning of year</b>           | <b>756,603</b>      | <b>344,777</b>    |
| <b>Cash and cash equivalents - end of year</b>                 | <b>\$ 523,695</b>   | <b>\$ 756,603</b> |

**AMAZING ENERGY OIL AND GAS, CO. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

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**Supplemental cash disclosures**

|                        |    |        |    |        |
|------------------------|----|--------|----|--------|
| Cash paid for interest | \$ | 34,993 | \$ | 27,834 |
|------------------------|----|--------|----|--------|

**Non-cash investing and financing activities**

|  |    |           |    |         |
|--|----|-----------|----|---------|
| Acquisition of oil and gas properties for shares of common stock   | \$ | 1,736,429 | \$ | -       |
| Acquisition of oil and gas properties for warrants to purchase common stock                                    | \$ | 77,961    | \$ | -       |
| Due to working interest owners transferred to related party, Note 6  | \$ | 25,038    | \$ | -       |
| Equipment acquired with note payable   | \$ | -         | \$ | 52,992  |
| Acquisition of common control entity in exchange for related party note and oilfield receivable, related party | \$ | -         | \$ | 571,745 |
| Deemed capital distribution on acquisition of common control entity  | \$ | -         | \$ | 423,648 |

The accompanying notes are an integral part of these financial statements

## **NOTE 1 – NATURE OF OPERATIONS**

Amazing Energy Oil and Gas, Co. is incorporated in the State of Nevada. Through its primary subsidiary, Amazing Energy, Inc., also a Nevada corporation, the Company operates its main business of exploration, development, and production of oil and gas in the Permian Basin of West Texas. On October 7, 2014, the Company entered into a change in control agreement with certain shareholders of Amazing Energy, Inc. The change in control agreement was the first step in a reverse merger process whereby the shareholders of Amazing Energy, Inc. would control about 95% of the shares of common stock of Amazing Energy Oil and Gas, Co., and Amazing Energy Oil and Gas, Co. would own 100% of the outstanding shares of common stock of Amazing Energy, Inc. This entire reverse merger process was completed in July of 2015.

Amazing Energy, Inc. was formed in 2010 as a Texas corporation and then changed its domicile to Nevada in 2011. The Company owns interests in oil and gas properties located in Texas. The Company is primarily engaged in the acquisition, exploration and development of oil and gas properties and the production and sale of oil and natural gas. Amazing Energy, LLC was formed in December 2008 as a Texas Limited Liability Company. In December of 2010, Amazing Energy, Inc. and Amazing Energy, LLC were combined as commonly controlled entities.

On July 31, 2016, the Company acquired Gulf South Securities, Inc. (“GSSI”). GSSI was organized to be active in various aspects of the securities industry and was registered as a broker-dealer with the Financial Industry Regulatory Authority (“FINRA”) and the Securities and Exchange Commission (“SEC”). The Company allowed GSSI’s FINRA registration to lapse as of February 28, 2017. On January 8, 2018, the Company dissolved Gulf South Securities, Inc.

On August 31, 2016, the Company acquired 100% of the total outstanding shares of common stock of Jilpetco, Inc., a Texas corporation (“Jilpetco”) which was owned by Jed Miesner, the Chairman of the Company’s board of directors at the time of the transaction, in consideration of \$500,000. Jilpetco is engaged in the business of operating and providing oilfield services to oil and gas properties. As a result, Jilpetco became a wholly owned subsidiary corporation of the Company. The parties agreed to allow Jed Miesner to assign certain accounts receivable and to exclude certain personal property from the transaction. In addition, the \$500,000 consideration for the acquisition is in the form of a note payable at 6% interest. (See Note 6).

Due to the Company and Jilpetco relationship with Jed Meisner, the acquisition was accounted for as common control acquisition. Under this method of accounting, the Company’s Consolidated Financial Statements were recasted to reflect Jilpetco’s historical book basis in its assets and liabilities as if the two companies had always been combined. The difference between the purchase price and historical cost of the net assets acquired was recorded as a deemed capital distribution of \$423,648 as of August 1, 2016.

## **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)

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, and Jilpetco, Inc. and Kisa Gold Mining, Inc. All significant intercompany balances and transactions have been eliminated.

The consolidated statement of operations for the year ended July 31, 2017 has been revised to eliminate intercompany oilfield service revenue and related production costs between Amazing Energy Oil and Gas, Co. and Jilpetco. The impact of the revisions was to decrease both categories by \$160,659. The revision had no impact on the net loss on the consolidated statement of operations, the consolidated balance sheet at July 31, 2017, or the consolidated statement of cash flows for the year ended July 31, 2017.

#### 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 July 31, 2018, the Company has limited financial resources with which to achieve the objectives and obtain profitability and positive cash flows. At July 31, 2018, the Company has an accumulated deficit of \$32,453,703 and a working capital deficit of \$786,560. Achievement of the Company's objectives will be dependent upon the ability to obtain additional financing, to locate profitable oil and gas properties and 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 about 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 and Cost Recognition

The Company uses the sales method of accounting for oil and gas revenues. Under this method, revenues are recognized based on the actual volumes of gas and oil sold to purchasers. The volume sold may differ from the volumes the Company may be entitled to, based on the Company's individual interest in the property. Periodically, imbalances between production and nomination volumes can occur for various reasons. In cases where imbalances have occurred, a production imbalance receivable or liability will be recorded when determined. Costs associated with production are expensed in the period in which they are incurred.

The Company also provided oilfield services to both related party entities and outside oil and gas well owners. Revenue from administration fees to unrelated working interest owners are recognized on an accrual basis in the period services are provided.

#### 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' 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 US 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. Each revenue stream 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 is unable or unwilling to purchase.

The Company sells most of its production to only two purchasers. As a result, during the fiscal years ended July 31, 2018 and 2017, 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.

#### Restricted Cash

As of July 31, 2018 and 2017, 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 oil and gas properties which is included in other assets on the consolidated balance sheet.

#### 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 approximate the carrying value.

Property, plant, and equipment

Property, plant, 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 undepreciated 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, plant, 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. 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 Ceiling Tests did not result in an impairment of our oil and natural properties during the years ended July 31, 2018 and 2017.

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 a number of 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 July 31, 2018 and July 31, 2017, the Company had no assets or liabilities accounted for at fair value on a recurring basis or nonrecurring basis.

#### Recent accounting pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 Revenue Recognition, replacing guidance currently codified in Subtopic 605-10 Revenue Recognition-Overall with various SEC Staff Accounting Bulletins providing interpretive guidance. The guidance establishes a new five step principle-based framework in an effort to significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. The Company intends to adopt the new standard on August 1, 2018 and expects to use the modified retrospective method. The Company has evaluated the impact of the future adoption of ASU No. 2014-09 on its consolidated financial statements and does not expect significant changes in the timing of revenue recognition compared to the existing methodology.

In February 2016 the FASB issued ASU, No. 2016-02, Leases. The ASU requires companies to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leased assets. ASU No. 2016-02 will be effective for the Company on August 1, 2019, with early adoption permitted. The Company is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on the Company's consolidated financial statements and related disclosures.

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In August 2016, the FASB issued ASU No. 2016-15 Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The update provides guidance on classification for cash receipts and payments related to eight specific issues. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of this update on the consolidated financial statements.

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 to include share-based payment transactions for acquiring goods and services from nonemployees. ASU No. 2018-07 will become effective for the Company on August 1, 2019 and early adoption is 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 July 31, 2018 and 2017, that could have a dilutive effect are as follows:

|                             | July 31, 2018     | July 31, 2017    |
|-----------------------------|-------------------|------------------|
| Convertible preferred stock | 6,490,000         | 6,490,000        |
| Warrants                    | 6,280,633         | 2,674,576        |
| Stock options               | 28,085,000        | -                |
| Total potential dilution    | <u>40,855,633</u> | <u>9,164,576</u> |

For the years ended July 31, 2018 and 2017, the effect of this potential dilution has not been recognized since it would have been anti-dilutive.

**NOTE 4 – PROPERTY AND EQUIPMENT**

As of July 31, 2018 and July 31, 2017, the property and equipment asset balance was composed of the following:

|                                | July 31, 2018     | July 31, 2017     |
|--------------------------------|-------------------|-------------------|
| Drilling equipment             | \$ 612,000        | \$ 600,000        |
| Other equipment                | 252,204           | 252,204           |
|                                | <u>864,204</u>    | <u>852,204</u>    |
| Less: Accumulated depreciation | (429,676)         | (306,392)         |
| Total property and equipment   | <u>\$ 434,528</u> | <u>\$ 545,812</u> |

**NOTE 5 – OIL AND GAS PROPERTIES**

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

The Company's mineral lease interests represent leased acreage within the Pecos County 70,000 acre AMI as of July 31, 2018. 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 70,000 acres not under lease at July 31, 2018. 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.

The Company is obligated to pay certain bonus lease payments related to certain of its lease properties. The Company is required to pay \$27,000 each year on the JT Walker lease on annually on August 7<sup>th</sup>. The Company is also required to pay \$200,000 every five years on August 7<sup>th</sup> for 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 July 31, 2018, the Company has a 100% working interest in twenty-three (25) wells located on these leasehold premises. The Company has drilled 25 wells throughout the property, with twenty-three producing and two shut-in. The oil and gas property balances at July 31, 2018 and July 31, 2017, are set forth in the table below:

|   | <u>July 31, 2018</u> | <u>July 31, 2017</u> |
|---|----------------------|----------------------|
| Unproved properties not subject to amortization | \$ 3,079,492         | \$ 2,049,593         |
| Property costs subject to amortization          | 6,627,470            | 4,920,558            |
| Asset retirement obligation, asset              | <u>194,615</u>       | <u>128,886</u>       |
| Total cost of oil and gas properties            | 9,901,577            | 7,099,037            |
| Less: Accumulated depletion                     | <u>(1,399,096)</u>   | <u>(1,179,955)</u>   |
| Oil and gas properties, net full cost method    | <u>\$ 8,502,481</u>  | <u>\$ 5,919,082</u>  |

During the year ended July 31, 2017, the Company sold an 11% working interest in four wells and a 60% working interest in three wells for a total of \$656,596 in cash to Gulf South Energy Partners, a related entity controlled by Robert Bories, who served as Treasurer of the Company at the time. The sale of working interests in seven wells resulted in a reduction in oil and gas properties of \$656,596 for the year ended July 31, 2017. No gain or loss was recognized since the sale did not significantly alter the relationship between capitalized costs and proved reserves.

Effective March 9, 2018, the Company transferred a 16.125% working interest in four wells and issued common stock purchase warrants to acquire the Company's common stock valued at \$77,961, see Note 14, in exchange for \$200,000 in cash. Gain or loss was not recognized on this sale since the sale did not significantly alter the relationship between capitalized costs and proved reserves.

During the year ended July 31, 2018, the Company issued 3,617,556 shares of common stock for lease interests with total fair value of \$1,736,429. The working interests below were acquired effective June 1, 2018 and resulted in the Company holding 100% of the working interest in the developed wells in Pecos County Section 91.

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| Owner Name                         | Number of<br>Shares | Fair<br>Value       | Working<br>Interest | Revenue<br>Interest | Net Revenue<br>Interest |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------------|
| <b>Related Parties</b>             |                     |                     |                     |                     |                         |
| TONY ALFORD, Chairman of the Board | 246,668             | \$ 118,401          | 10.83%              | 8.13%               | 75%                     |
| PETRO-PRO, LTD.                    | 246,668             | \$ 118,401          | 10.83%              | 8.13%               | 75%                     |
| <b>Unrelated Parties</b>           |                     |                     |                     |                     |                         |
|                                    | 3,124,220           | \$ 1,499,627        | 87.38%              | 65.59%              | 75%                     |
| Totals                             | <u>3,617,556</u>    | <u>\$ 1,736,429</u> |                     |                     |                         |

**NOTE 6 – OILFIELD SERVICE MATTERS, RELATED PARTY**

Effective June 1, 2018 the Company ceased to be the record operator 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, the Chairman of the Board of Directors at July 31, 2018. In connection with the transfer of operations to US Petro, LLC (an entity is controlled by related parties, Mr. Miesner and Mr. Afford, Chairman) the Company agreed to transfer \$25,038 in cash to US Petro which was the amount of suspended revenue attributable to owners in the properties.

**NOTE 7 – COMMON CONTROL ACQUISITION OF JILPETCO, INC.**

On April 15, 2016, the Company entered into an agreement with Jed Miesner, the Chairman of the Company's Board of Directors, to acquire all of his interest (100% of the total outstanding shares of common stock) in Jilpetco, Inc., a Texas corporation ("Jilpetco") in consideration of \$500,000. Jilpetco is engaged in the business of operating and providing oilfield services to oil and gas properties, including the Company's.

On August 25, 2016, the foregoing agreement was amended to extend the closing date to August 31, 2016 and exclude certain property therefrom. The parties agreed to allow Jed Miesner to exclude certain oilfield service receivables for \$71,745 from the transaction. In addition, the \$500,000 in additional consideration for the acquisition was in the form of a note payable at 6% interest calling for monthly payments of principal and interest totaling \$511,962 and maturing on December 25, 2017 (Note 8 – Notes Payable, Related Parties). The Note called for five monthly payments of \$50,752 commencing on September 25, 2016, and twelve payments of \$21,517 commencing on January 25, 2017.

The Company completed the acquisition of Jilpetco on August 31, 2016 (Note 1 - Nature of Operations).

**NOTE 8 – NOTES PAYABLE– RELATED PARTIES**

**Promissory notes, related parties**

On January 3, 2011, the Company formalized a loan agreement for \$1,940,000 with Jed Miesner, the Company's CEO and Chairman at the time of the agreement and currently a director. 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. At July 31, 2018 and 2017, the current component of this loan was \$172,660 and \$248,704, respectively. The long-term amounts at July 31, 2018 and 2017 were \$1,767,340 and \$1,691,296, respectively.

On December 30, 2010, Amazing Energy, LLC, formalized loan agreements with Petro Pro Ltd., an entity controlled by Jed Miesner for \$1,100,000. 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. At July 31, 2018 and 2017, the current component of this loan was \$97,900 and \$141,018, respectively. The long-term amounts at July 31, 2018 and 2017, were \$1,002,100 and \$958,982, respectively.

On December 30, 2010, Amazing Energy, LLC, (a wholly owned subsidiary of the Company) entered into 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. At July 31, 2018 and 2017, the current component of this loan was \$41,170.

Terms of the notes, as amended, provide for adjustment to the interest rate beginning February 1, 2017 from 8% to a rate of 6% through February 1, 2019, and a rate of Prime plus 2% for the remaining years.

Principal maturities for the two loan agreements and the credit facility outstanding at July 31, 2018 for the remaining terms are summarized by year as follows:

| Year ending July 31, | Principal Maturities |                     |                               |                     |
|----------------------|----------------------|---------------------|-------------------------------|---------------------|
|                      | Jed Miesner          | Petro Pro, Ltd.     | JLM Strategic Investments, LP | Total               |
| 2019                 | \$ 172,660           | \$ 97,900           | \$ 41,170                     | \$ 311,730          |
| 2020                 | 166,840              | 94,600              | -                             | 261,440             |
| 2021                 | 161,020              | 91,300              | -                             | 252,320             |
| 2022                 | 155,200              | 88,000              | -                             | 243,200             |
| 2023                 | 149,380              | 84,700              | -                             | 234,080             |
| Subsequent years     | 1,134,900            | 643,500             | -                             | 1,778,400           |
|                      | <u>\$ 1,940,000</u>  | <u>\$ 1,100,000</u> | <u>\$ 41,170</u>              | <u>\$ 3,081,170</u> |

At July 31, 2018, Mr. Miesner has waived any event of default on the delinquent payments of principal and interest due on the loans and credit facility.

As of July 31, 2018 and 2017, the accrued and unpaid interest on this related party convertible debt was \$400,805 and \$215,935, respectively. See Note 16 regarding payment of accrued interest amounts. Related party interest expense for the year ended July 31, 2018 and 2017, was \$198,698 and \$215,935, respectively.

At July 31, 2018, the balance of the convertible debt and accrued interest was convertible into membership shares of Amazing Energy, LLC, a wholly owned subsidiary of the Company at \$.60 per share.

**Note payable on acquisition, related party**

As described in Note 7, in August 2016, the Company executed a note with Jed Meisner for \$500,000 in consideration for the acquisition of Jilpetco. The note bore interest at 6% and had payments of principal and interest payments through maturity on December 25, 2017. On December 19, 2017, the Company made the final principal payment on the note.

**Notes payable, related parties**

On May 27, 2016, Jilpetco entered into several loan agreements totaling \$180,000 with Tony Alford, Robert Bories, Robert Manning, Petro Pro Ltd., and Reese Pinney. Messrs. Alford and Manning were directors of the Company at the time of the agreements. Messrs. Bories and Pinney are officers of the Company. During the years ended July 31, 2018 and 2017, additional borrowings and participation fees of \$25,000 and \$225,000, respectively, were added to these notes payable. The notes and related interest payable were paid in full in December 15, 2017 and January 2, 2018.

**NOTE 9 – NOTE PAYABLE**

On July 21, 2017, the Company entered into a note payable agreement with an unrelated party. The principal amount of the note was \$50,000. The note matured on January 21, 2018 and bore interest at a rate of 8% per annum and included a participation fee of \$5,000 equal to 10% of the principal amounts of the loan. The loan was paid in full including interest and fees on January 21, 2018.

**NOTE 10 – 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 principal amount of the equipment note was \$52,992, and it bears interest at 4.75% per annum. The equipment note requires 60 monthly installment payments of \$994 through September 13, 2021. At July 31, 2018 and 2017, the balance of the note was \$33,094 and \$35,987, respectively. Principal payments for future years ending July 31, 2019, 2020, 2021, and 2022 are \$10,247, \$10,998, \$11,535, and \$314, respectively.

**NOTE 11 – ASSET RETIREMENT OBLIGATIONS**

The information below reconciles the value of the asset retirement obligation for years ended July 31, 2018 and 2017 respectively:

|                                      | For the years ended July 31, |                   |
|--------------------------------------|------------------------------|-------------------|
|                                      | 2018                         | 2017              |
| Beginning balance                    | \$ 183,397                   | \$ 211,218        |
| Asset retirement obligation incurred | 65,729                       | -                 |
| Accretion expense                    | 9,449                        | 9,396             |
| Revisions in estimates               | -                            | (37,217)          |
| Ending balance, July 31, 2018        | <u>\$ 258,575</u>            | <u>\$ 183,397</u> |

During the year ended July 31, 2018, the Company increased its working interest ownership in oil and gas leases for which it already had an interest (See Note 5). As a result, the Company increased its asset retirement obligation by \$65,729 to reflect the increased ownership in these working interests.



**NOTE 12 - INCOME TAXES**

The Company did not recognize a tax provision for the years ended July 31, 2018 and 2017.

The following is reconciliation between the federal income tax benefit computed at the statutory federal income tax rate and actual income tax benefit for the years ended July 31, 2018 and July 31, 2017 and deferred taxes as of July 31, 2018 and 2017:

|  | For the years ended July 31, |                |
|--|------------------------------|----------------|
|  | 2018                         | 2017           |
| Applicable statutory benefit at 26.5% in 2018 and 34% in 2017  | \$ (1,766,977)               | \$ (736,582)   |
| Prior year change in estimate                                  | 112,187                      | (260,131)      |
| Impact on the change in federal tax rate                       | 1,471,136                    | -              |
| Sale of subsidiary   | -                            | 57,800         |
| Meals and entertainment and other                              | 3,959                        | 3,813          |
| Change in valuation allowance                                  | 179,695                      | 935,100        |
| Net tax benefit  | \$ -                         | \$ -           |
|  |                              |                |
|  | 2018                         | 2017           |
| Deferred Tax Assets:   |                              |                |
| Net operating loss carryforward                                | \$ 2,539,482                 | \$ 3,628,293   |
| Stock based compensation                                       | 867,731                      | -              |
| Depletion and depreciation                                     | -                            | 65,443         |
| Total deferred tax assets                                      | 3,407,213                    | 3,693,736      |
| Deferred Tax Liabilities:                                      |                              |                |
| Intangible drilling and other costs for oil and gas properties | \$ (905,799)                 | \$ (1,466,531) |
| Depletion and depreciation                                     | (33,824)                     | -              |
| Other  | (91,140)                     | (30,449)       |
| Total deferred tax liabilities                                 | (1,030,763)                  | (1,496,980)    |
| Net deferred tax assets and liabilities                        | 2,376,450                    | 2,196,756      |
| Less valuation allowance                                       | 2,376,450                    | 2,196,756      |
| Net deferred tax assets and liabilities                        | \$ -                         | \$ -           |

The Company had federal net operating loss carry forwards of approximately \$12,100,000 at July 31, 2018. The federal net operating loss carry forwards will begin to expire in fiscal years ending July 31, 2034 through July 31, 2038. Net operating losses incurred prior to the change in control transaction in October 2014 (see Note 1) could be subject to limitation. Realization of the deferred tax asset is dependent, in part, on generating sufficient taxable income prior to expiration of the loss carry forwards. The Company has placed a 100% valuation allowance against the net deferred tax asset because future realization of these assets is not assured.

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act (the "Act") resulting in significant modifications to existing law. The Company did not incur any income tax benefit or provision for the year ended July 31, 2018 as a result of the changes to tax laws and tax rates under the Act. The Company's net deferred tax asset was reduced by approximately \$1.5 million during the year ended July 31, 2018, which consisted primarily of the remeasurement of federal deferred tax assets and liabilities from 34% to 21%.

Management has reviewed the Company's tax positions and determined there were no uncertain tax positions requiring recognition in the consolidated financial statements. Currently tax years from fiscal 2016 through 2018 remain open for examination by tax authorities. Net operating losses prior to 2015 could be adjusted during an examination of open years.

## NOTE 13 – COMMITMENTS AND CONTINGENCIES

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 lawsuit, being Cause No. P-7600-83-CV in the 83<sup>rd</sup> 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 case in the early stages of discovery as to the claims against the Company. Management intends to seek an early resolution but will vigorously defend the case. It is too early in the litigation to evaluate the likely outcome or to evaluate the range of losses, as the lease interests involved are small fractional interests. 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 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 83<sup>rd</sup> 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 will vigorously defend 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.

No accrual has been made in the financial statements regarding these two matters.

The Company engages Mr. Darrell Carey to perform legal services. Mr. Carey is a director of the Company. Professional fees expensed for his services were \$7,995 during the year ended July 31, 2018.

### Lease commitments

The Company's principal executive offices are in leased office space in Amarillo, Texas. The leased office space consists of approximately 3,700 square feet and is leased through February 28, 2019 at an annual cost of approximately \$52,000.

### Oil and gas lease commitments

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

## NOTE 14 – 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 with a no par value per share.

**Series A convertible preferred stock:**

The Company has 9,000 shares of Series A preferred stock outstanding at July 31, 2018. These shares were issued from the designated 10,000,000 shares of preferred stock, no 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 \$900,000 computed as of July 31, 2018, shall be paid prior to liquidation payments to holders of the Company securities junior to the Series A preferred stock.
- Dividends: Holders of the Series A preferred stock are not entitled to receive a dividend.
- Voting: Each share of preferred stock has 10,000 votes and votes with the common shares on all matters submitted to the shareholders for a vote.
- Non-transferrable: The shares of Series A preferred stock are not transferrable except under a plan for wealth transfer and estate planning or upon conversion or redemption as set forth below.
- Conversion: On July 31, 2021, any shares of the Series A 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 exercise price of \$1.00 per share on the basis of 110 shares of common stock for each one share of Series A preferred stock outstanding.

**Series B convertible preferred stock:**

The Company has 50,000 shares of Series B preferred stock outstanding at July 31, 2018. These shares were issued from the designated 10,000,000 shares of preferred stock, no 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 July 31, 2018, shall be paid prior to liquidation payments to holders of Company securities junior to the Series B preferred stock. Holders of the Company's Series A preferred stock shall be paid in advance of holders of the Series B preferred stock on the occurrence of a liquidation event.
- 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 transferrable except under a plan for wealth transfer and estate planning or upon conversion or redemption as set forth below.
- Conversion: On July 31, 2021, 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 exercise 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.

**Redemption of preferred stock**

In connection with the issuance of the Series A and Series B Preferred Stock as discussed above, for each new oil and gas well drilled by the Company with funds raised or delivered due to the efforts of the former GSSI officers, who for a period of time served as Company officers, the Company was to pay Jed Miesner \$10,000 in exchange for 100 shares of Series A Preferred Stock and Robert Bories \$10,000 in exchange for 100 shares of Series B Preferred Stock. For the year ended July 31, 2017, there was no redemption or accrual made under this provision. During the year ended July 31, 2018, the Company acquired all of the working interests to which these provisions were attached effectively terminating the Company's obligation to redeem the preferred shares.

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**Common Stock:**

During the years ended July 31, 2018 and 2017, the Company issued 12,920,010 and 6,249,959 shares of common stock, respectively, for cash of \$3,230,000 and \$1,636,212.

During the years ended July 31, 2018 and 2017, the Company issued 856,628 and 31,625 shares of common stock with total fair values of \$535,200 and \$12,375, respectively, as compensation for professional services.

During the years ended July 31, 2018 and 2017, the Company issued 3,617,556 and -0- shares of common stock for oil and gas property working interests with total fair values of \$1,736,429 and \$-0-, respectively.

On May 27, 2017, the related party noteholders of notes payable agreed to extend the maturity date of the notes to December 31, 2017. As consideration for the change in terms, the Company issued to the noteholders an aggregate 460,000 shares of the Company's common stock with a fair value of \$105,800 which was recognized as a financing fee associated with debt modification in the year ended July 31, 2017.

**Warrants:**

At July 31, 2017, the Company had 2,674,576 warrants outstanding that had an exercise price of \$0.60 and an expiration date of July 31, 2019. During the year ended July 31, 2018, the Company issued 3,469,391 warrants to purchase common stock with total fair value of \$1,038,587 as compensation for services. In addition, the Company issued 136,666 for oil and gas working interests with total fair value of \$77,961. The weighted average fair value of warrants and the key assumptions used in the Black-Scholes valuation model to calculate the fair value, are as follows:

|                             |        |   |         |
|-----------------------------|--------|---|---------|
| Weighted average fair value | \$0.30 | - | \$0.59  |
| Stock price                 | 0.32   | - | 0.69    |
| Exercise price              | 0.37   | - | 1.00    |
| Expected term (in years)    | 3      | - | 5       |
| Risk-free rate              | 2.33%  | - | 2.85%   |
| Volatility                  | 166.4% | - | 177.65% |

The Company's outstanding warrants at July 31, 2018 are as follows:

| <b>Expiration Date -<br/>Year ending July<br/>31,</b> | <b>Number of<br/>Warrants</b> | <b>Exercise Price</b> |
|---|-------------------------------|-----------------------|
| 2019  | 2,674,576                     | \$ 0.60               |
| 2020  | 1,200,000                     | \$0.50                |
| 2021  | 1,858,332                     | \$0.40 to \$1.00      |
| 2022  | 305,000                       | \$0.40 to \$0.60      |
| 2023  | 242,725                       | \$0.34 to \$0.74      |
|   | <u>6,280,633</u>              |                       |

No warrants exercised during the year ended July 31, 2018.

**Stock Options:**

In February 2017, the Board of Directors adopted and approved the 2017 Stock Option Plan (the "2017 Plan"). Pursuant to the 2017 Plan terms, if the 2017 Plan was not approved by a majority of the shareholders of the Company within twelve months of the adoption of the 2017 Plan, the 2017 Plan would become void. The 2017 Plan was never approved by a majority vote of the shareholders of the Company and therefore is now void. No options were ever issued pursuant to the 2017 Plan.

On August 11, 2017, the Board of Directors authorized the grant of 5,835,000 options to purchase shares of common stock of the Company to certain officers related to their employment agreements (the "Listing Options"). The Listing Options will vest and be immediately exercisable on the date the Company's stock is traded on the American Stock Exchange, the New York Stock Exchange, or any of the NASDAQ trading tiers. The Listing Options shall have an exercise price equal to the closing price on the date such trading commences. As of July 31, 2018, management has determined the probability of such an event is doubtful and, therefore, has not recognized any compensation expense to date regarding the Listing Options.

On August 11, 2017, the Board of Directors authorized the grant of 11,750,000 options to purchase shares of common stock of the Company to certain officers. The options have an exercise price of \$0.40 and expire five years from the date of grant. 2,937,500 of the options vested immediately on the grant date and the remainder vest 25% annually upon each anniversary of the grant date. For the year ended July 31, 2018, the Company recognized stock based compensation of \$1,436,575 for the vested options and the ratable recognition of unvested options as stock-based compensation. Unrecognized compensation related to the option grant is \$1,436,575 as of July 31, 2018, to be recognized over the remaining vesting term of the options.

On August 11, 2017, the Board of Directors authorized the grant of 10,000,000 options to purchase shares of common stock of the Company to its Chief Executive Officer. The options have an exercise price of \$0.40 per share and expire five years from the date of grant. 2,000,000 options vested on the date of grant. The fair value of the grant was \$489,047 which was recognized as stock-based compensation at the date of grant. The remaining 8,000,000 options contained market and performance conditions, of which 4,000,000 options are to vest based on market conditions being met and 4,000,000 options will vest upon achievement of certain performance objectives. Management has assessed the likelihood of market conditions and the probability of performance conditions being realized and recognize a fair value of \$647,987 for the year ending July 31, 2018.

On September 26, 2017, the Board of Directors also authorized the grant of 500,000 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 \$0.40 and expire on September 26, 2021. The fair value of the grant was \$137,056 which the Company recognized as stock-based compensation for the year ended July 31, 2018.

The following is a summary of the Company's options for the year ended July 31, 2018. No options were granted in prior years:

|  | Options           | Exercise Price | Weighted<br>Average<br>Remaining<br>Term in Years |
|--|-------------------|----------------|---|
| Outstanding at the beginning of the year   | -                 | -              |   |
| Issued                                     | 28,085,000        | \$ 0.40        |   |
| Exercised                                  | -                 | -              |   |
| Expired                                    | -                 | -              |   |
| Outstanding at the end of the year         | <u>28,085,000</u> | <u>\$ 0.40</u> | <u>4.01</u>                                       |
| Outstanding at the end of the year, vested | <u>5,437,500</u>  | <u>\$ 0.40</u> | <u>3.95</u>                                       |

At July 31, 2018, the Company had reserved 34,365,633 common shares for future exercise of warrants and options. At July 31, 2018, the vested options had an intrinsic value of approximately \$462,000.

Options granted were valued using the Black-Scholes Option Pricing Model. The assumptions used in calculating the fair value of the options were as follows:

|                             |         |        |         |
|-----------------------------|---------|--------|---------|
| Weighted average fair value | \$0.245 | -      | \$0.285 |
| Stock price                 | \$0.26  | -      | \$0.30  |
| Exercise price              |         | \$0.40 |         |
| Expected term (in years)    | 4       | -      | 5       |
| Risk-free rate              | 1.57%   | -      | 1.74%   |
| Volatility                  | 175.1   | -      | 200.6%  |

**NOTE 15 – 2017 GAIN FROM SALES OF LEASEHOLD AND MINERAL RIGHTS**

Kisa Gold Mining, Inc (an inactive subsidiary of the Company at July 31, 2018) granted Afranex Gold Limited (“Afranex”) an option to purchase all of the outstanding common stock of Kisa or purchase all of Kisa’s right, title and interest in certain mining permits and associated assets of Kisa. The option period was to originally end on December 31, 2016 or such later date which was to be agreed upon by both parties.

On January 3, 2017, Afranex paid a \$50,000 non-refundable option fee to the Company, as consideration for extending the option period to March 31, 2017. Afranex agreed to pay the Company a total of \$120,000 to exercise the option and acquire either the stock or the claims. On March 29, 2017, Afranex exercised the option by paying the Company \$120,000 in cash and taking transfer of all of Kisa’s right, title and interest in and to the claims. For the year ended July 31, 2017, the Company recognized a gain on sales of mineral rights of \$170,000 because the carrying value of the mineral interest was zero.

**NOTE 16– SUBSEQUENT EVENTS**

**Modification of Rights of Security Holders**

Effective September 10, 2018 the sole holder of Series A Preferred Stock of the Company has agreed to material modifications of the rights associated with the Series A Preferred. Jed Miesner is the holder of 9,000 shares of Series A Preferred that possess the right to vote on any matters to which common stock holders of the Company are entitled to vote. The 9,000 shares of Series A Preferred possess the voting power equivalent to 90,000,000 shares of the Company’s common stock. Mr. Miesner has agreed, until January 1, 2019 to not vote the Series A Preferred shares on any matter not related to a change of control of the Company or its assets. As part of this agreement, the Company has agreed to pay accrued interest on promissory notes payable due to Mr. Miesner and related parties associated with him (see Note 8). Payments will be \$309,130 on or before December 31, 2018 and \$169,168 on or before February 28, 2019.

**Completion of Acquisition or Disposition of Assets.**

On October 17, 2018 the Company completed the acquisition of certain oil and gas leases from Wyatt Petroleum, LLC and Wyatt Permian, LLC (together “Wyatt”). Pursuant to the Purchase and Sale Agreement, the Company acquired the leases for a cash payment of \$500,000. Additionally, as a result of the acquisition of the leases, the Company obtained the deep rights to 21,000 mostly contiguous acres in the Permian Basin in Pecos County, Texas.

**NOTE 17 – SUPPLEMENTAL OIL AND GAS DISCLOSURES (UNAUDITED)**

**Costs Incurred** – Costs incurred in oil and gas property acquisition, exploration and development activities, whether expensed or capitalized, are reflected in the table below for the years ended July 31, 2018 and 2017.

|                      | 2018                | 2017              |
|----------------------|---------------------|-------------------|
| Development costs    | \$ 2,936,812        | \$ 370,090        |
| Total costs incurred | <u>\$ 2,936,812</u> | <u>\$ 370,090</u> |

**Capitalized Costs** – The aggregate amount of capitalized costs related to oil and gas producing activities and the aggregate amount of the related accumulated depreciation, depletion and amortization (“DD&A”), including any accumulated valuation allowances, are reflected in the table below for the years ended July 31, 2018 and July 31, 2017.

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|   | July 31, 2018       | July 31, 2017       |
|---|---------------------|---------------------|
| Unproved properties not subject to amortization | \$ 3,079,492        | \$ 2,049,593        |
| Property costs subject to amortization          | 6,627,470           | 4,920,558           |
| Asset retirement obligation, asset              | 194,615             | 128,886             |
| Total cost of oil and gas properties            | 9,901,577           | 7,099,037           |
| Less: Accumulated depletion                     | (1,399,096)         | (1,179,955)         |
| Oil and gas properties, net full cost method    | <u>\$ 8,502,481</u> | <u>\$ 5,919,082</u> |

**Proved Oil and Gas Reserve** – Proved oil and gas reserves were estimated by independent petroleum engineers. The reserves were based on the following assumptions:

- Future revenues were based on an un-weighted 12-month average of the first-day-of-the-month price held constant throughout the life of the properties.
- Production and development costs were computed using year-end costs assuming no change in present economic conditions.
- Future net cash flows were discounted at an annual rate of 10%.

Reserve estimates are inherently imprecise, and these estimates are expected to change as future information becomes available.

**Basis of Presentation** – The proved oil and gas reserve quantities for fiscal 2018 and 2017 are based on estimates prepared by Mire & Associates, Inc., Petroleum Engineering Consultants. There are numerous uncertainties in estimating quantities of proved reserves and projecting future rates of production and the timing of development expenditures. These uncertainties are greater for properties which are undeveloped or have a limited production history, such as our properties. The following reserve data represents estimates only and actual reserves may vary substantially from these estimates. All of our proved reserves were in United States as of July 31, 2018 and 2017. Our net quantities of proved developed and undeveloped reserves of crude oil and gas and changes therein are reflected in the table below.

As of July 31, 2018, we had twenty-three wells drilled with twenty-one producing and two wells shut-in awaiting workovers.

The proved reserves as of July 31, 2018 represent the reserves that were estimated to be recovered from twenty-five current wells. There are also seven wells planned for future drilling. All direct offset well locations in this report are proved undeveloped and are based on 10-acre drainage patterns unless current developed completions are estimated to drain an area larger than their volumetric assignment. In this case, the reserves of certain offset locations have been reduced. All locations have a scheduled Queen and/or Grayburg reservoir completion and each of these reservoir completions includes the cost of drilling a single wellbore. All reserves included in this report were estimated using either historical performance or volumetric methods.

**Estimated Quantities of Net Proved Oil and Natural Gas Reserves** – Estimated quantities of net proved oil and natural gas reserves are reflected in the table below for the years ended July 31, 2018 and 2017.

|   | 2018           |                 | 2017           |                  |
|---|----------------|-----------------|----------------|------------------|
|   | Oil (1)        | Natural Gas (1) | Oil (1)        | Natural Gas (1)  |
| <b>RESERVES:</b>                            |                |                 |                |                  |
| Beginning of year                           | 305,440        | 1,143,170       | 436,980        | 1,849,260        |
| Revisions of previous estimates             | (12,821)       | (461,404)       | (111,458)      | (638,992)        |
| Sales of reserves                           | -              | -               | (36,556)       | (119,157)        |
| Acquisition of reserves                     | 2,402          | 4,982           | -              | -                |
| Extensions, discoveries and other additions | -              | -               | 22,040         | 89,580           |
| Production                                  | (5,761)        | (32,498)        | (5,566)        | (37,521)         |
| End of year                                 | <u>289,260</u> | <u>654,250</u>  | <u>305,440</u> | <u>1,143,170</u> |

(1) Oil reserves are stated in barrels; gas reserves are stated in thousand cubic feet.

The downward revision of previous gas reserves estimates was primarily due to reassessment of reservoir mapping based on additional log analysis from drilling.

**Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves** – The following information was developed utilizing procedures prescribed by Accounting Standards Codification ASC 932-235, “Disclosures about Oil and Gas Producing Activities.” The information is based on estimates prepared by independent petroleum engineers. The “standardized measure of discounted future net cash flows” should not be viewed as representative of the current value of our proved oil and gas reserves. It and the other information contained in the following tables may be useful for certain comparative purposes, but should not be solely relied upon in evaluating us or our performance.

In reviewing the information that follows, we believe that the following factors should be considered:

- future costs and sales prices will probably differ from those required to be used in these calculations;
- actual production rates for future periods may vary significantly from the rates assumed in the calculations;
- a 10% discount rate may not be reasonable relative to risk inherent in realizing future net oil and gas revenues; and
- future net revenues may be subject to different rates of income taxation.

Under the standardized measure, future cash inflows were estimated by applying year-end oil and gas prices applicable to our reserves to the estimated future production of year-end proved reserves. Future cash inflows do not reflect the impact of open hedge positions. Future cash inflows were reduced by estimated future development, abandonment and production costs based on year-end costs in order to arrive at net cash flows before tax. Future income tax expense has been computed by applying year-end statutory tax rates to aggregate future pre-tax net cash flows reduced by the tax basis of the properties involved and tax carryforwards. Use of a 10% discount rate and year- end prices and costs are required by ASC 932-235. In general, management does not rely on the following information in making investment and operating decisions. Such decisions are based upon a wide range of factors, including estimates of probable as well as proved reserves and varying price and cost assumptions considered more representative of a range of possible outcomes.

**Basis of Presentation** – The standardized measure data includes estimates of oil and gas reserve volumes and forecasts of future production rates over the reserve lives. Estimates of future production expenditures, including taxes and future development costs, are based on management’s best estimate of such costs assuming a continuation of current economic and operating conditions. No provision is included for depletion, depreciation and amortization of property acquisition costs or indirect costs. Income tax expense has been computed using expected future tax rates and giving effect to tax deductions and credits available, under current laws, and which relate to oil and gas producing activities. The sales prices used in the calculation the SEC prices of crude oil and natural gas, which as of July 31, 2018 and 2017 were \$61.55 and \$48.71 per barrel and \$2.91 and \$3.01 per million cubic foot of gas, respectively. Changes in prices and cost levels, as well as the timing of future development costs, may cause actual results to vary significantly from the data presented. This information is not intended to represent a forecast or fair market value of the Company’s oil and gas assets, but does present a standardized disclosure of discounted future net cash flows that would result under the assumptions used.

**Standardized Measure of Discounted Future Net Cash Flows** – The standardized measure of discounted future net cash flows relating to proved oil and gas reserves for years ended July 31, 2018 and 2017 are as follows:

|   |                     |                     |
|---|---------------------|---------------------|
| Future cash inflows   | \$ 17,011,660       | \$ 16,391,090       |
| Future production costs   | (5,837,010)         | (4,979,820)         |
| Future development costs  | (2,397,960)         | (1,688,400)         |
| Future income tax expense   | (28,295)            | (3,403,010)         |
| Future net cash flows   | 8,748,395           | 6,319,860           |
| 10% annual discount for estimated timing of cash flows                              | (2,115,426)         | (1,853,862)         |
| Standardized measure of discounted future net cash flows related to proved reserves | <u>\$ 6,632,969</u> | <u>\$ 4,465,998</u> |



**AMAZING ENERGY OIL AND GAS, CO. AND SUBSIDIARIES**  
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The following table presents a reconciliation of changes in the standardized measure of discounted future net cash flows:

|   | 2018                | 2017                |
|---|---------------------|---------------------|
| Standardized Measure, beginning of year                           | \$ 4,465,998        | \$ 4,628,877        |
| Sales of oil produced, net of production costs                    | (41,648)            | 22,999              |
| Net changes in prices, development and production costs           | 1,906,668           | 3,802,489           |
| Change in estimated future development costs                      | (960,920)           | 98,145              |
| Extensions, discoveries and improved recovery, less related costs | -                   | 616,979             |
| Development costs incurred and changes during the period          | 552,135             | 370,090             |
| Revisions of previous quantity estimates                          | (1,917,137)         | (3,752,407)         |
| Accretion of discount   | 491,923             | 792,334             |
| Net changes in production rates and other                         | 1,192,528           | (3,216,146)         |
| Purchase of reserves  | 69,060              | -                   |
| Sales of reserves   | -                   | (941,505)           |
| Net changes in income taxes                                       | 874,362             | 2,044,143           |
| Standardized Measure, end of year                                 | <u>\$ 6,632,969</u> | <u>\$ 4,465,998</u> |

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

For the years ended July 31, 2018 and 2016 there were no disagreements with our auditors on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure. For the years ended July 31, 2018 and 2017, there were no "reportable events" as that term is described in Item 304(a)(1)(v) of Regulation S-K

## ITEM 9A. CONTROLS AND PROCEDURES.

### *Evaluation of Disclosure Controls and Procedures*

An evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures as required by Exchange Act Rules 13a-15(e) and 15d-15(e) as of the end of the period covered by this report. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures, including controls and procedures designed to ensure that information required to be disclosed by us is accumulated and communicated to our management (including our CEO and CFO), were not effective as of July 31, 2018, in ensuring them in a timely manner that material information required to be disclosed in this report has been properly recorded, processed, summarized and reported.

### *Management's Report on Internal Control over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of our company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud that could occur. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Management assessed our internal control over financial reporting as of July 31, 2018, the end of our fiscal year. Management based its assessment on criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Management identified significant deficiencies related to (i) accounting for complex transactions, (ii) the absence of an effective audit or oversight committee within the company's control environment, and (iii) a lack of segregation of duties within accounting and key financial decision-making functions. Management believes that these deficiencies amount to a material weakness. Therefore, our internal controls over financial reporting were ineffective as of July 31, 2018.

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 we grow, we expect to increase our number of employees, which will enable us to implement adequate segregation of duties within the internal control framework.

### **Changes in internal controls over financial reporting**

There have been no changes in the Company's internal control over financial reporting during the quarter ended July 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### **ITEM 9B. OTHER INFORMATION.**

None.

### **PART III**

### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

The following table provides the names, positions and ages of our directors and officers:

| <b>Name</b>      | <b>Age</b> | <b>Position</b>                   |
|------------------|------------|-----------------------------------|
| Willard McAndrew | 62         | Chief Executive Officer, Director |
| Jed Miesner      | 58         | Director                          |
| Bob Manning      | 68         | Director                          |
| Tony Alford      | 57         | Director (Chairman)               |
| Darrell Carey    | 62         | Director                          |
| Edward Devereaux | 76         | Director                          |
| Rolf Berg        | 62         | Director                          |
| Kurt Koeppler    | 70         | Director                          |
| Marty Dobbins    | 63         | Chief Financial Officer           |

We have no knowledge of any arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in our control. We are not, to the best of our knowledge, directly or indirectly owned or controlled by another corporation or foreign government.

**Willard McAndrew III, Chief Executive Officer, Director** - Willard McAndrew III was elected to the Board of Directors on September 5, 2017. Mr. McAndrew III, 62, has had forty-seven years of experience in the energy industry from field operations to refining. Since December 2006 Mr. McAndrew has served as the Chairman, CEO and President of Xtreme Oil & Gas, Inc. He began his career in 1969, gaining experience working for Hercules Drilling Company as a roustabout in South Louisiana. Mr. McAndrew attended Louisiana State University and served honorably in the United States Marine Corps. Later, he joined Exxon Corporation Refinery's Distillation and Specialties division in Baton Rouge, Louisiana, becoming the fourth generation in his family to work for Exxon. Mr. McAndrew has served as President and owner of several small companies that were involved in all phases of the oil and gas business from drilling, reworking, completion, leases etc. He has been a consultant since 1990 to companies and is responsible for the structure, formation and marketing of partnerships and energy financing. Mr. McAndrew was the COO and Director of Torchlight Energy Resources, Inc. (NASDAQ: TRCH) for three years from September 2013 to October 2016.

**Jed Miesner, Director** - Jed Miesner served as the Chairman of the Board of Directors from May 14, 2015 until September 10, 2018. Mr. Miesner was our principal executive officer and president from May 14, 2015 to April 29, 2016. Mr. Miesner began his career in the oil and gas industry on a drilling rig in the Texas Panhandle in 1978. In 1982, he became involved with production where he helped install CO2 flood operations. Mr. Miesner later joined Exxon USA and remained with the company for 13 years. Drawing on his experience at Exxon, Mr. Miesner formed his own oil and gas company, L&R Energy Corporation, in 1994, and was involved in drilling projects throughout Texas and Oklahoma. In 2002, Mr. Miesner founded Jilpetco, Inc., an oil and gas operating company, as well as Petro Pro, Ltd., which is currently involved in multiple purchase and sale transactions throughout Texas, Oklahoma, Wyoming and Louisiana. Building upon his successes at Jilpetco, Inc., Mr. Miesner founded Amazing Energy, LLC in 2008 and formed Amazing Energy, Inc. in 2010 to potentially serve as the vehicle to take the company public.

**Tony Alford, Director (Chairman)** - Tony Alford has been a Director of the Company since May 14, 2015 and Chairman of the Board of Directors since September 10, 2018. Mr. Alford has over thirty years of executive leadership and is the Founder and President of PBA Consultants, Inc., since April 1996, a consulting firm specializing in tax savings and cost reduction services, for many of the fortune 500 companies across the USA. Mr. Alford is also the Founder and CEO of Alford Investments, since 1993, a company which makes investments in real estate investment properties and natural resource companies. Mr. Alford attended Elon College in North Carolina and Liberty University, in Virginia where he studied business management and marketing. In 2009-2010 Mr. Alford was appointed as a director of Revett Minerals Company and was part of the Revett team that rang the bell on the NYSE Amex listing on Wall Street. He currently serves as a local board member for Wells Fargo Bank of NC, and several other nonprofit organizational boards. He and his wife Chris founded their own foundation to support orphan care and mission work across the world.

**Darrell Carey, Director** - Darrell R. Carey has been a Director of the Company since May 14, 2015. Mr. Carey was raised in Pampa, Texas. He graduated from West Texas State University in 1977 at the top of his class with a bachelor's degree in Finance. Mr. Carey attended University of Texas Law School and graduated from law school in 1979. He began his career with the Randall County District Attorney's office. Mr. Carey began working with Pioneer, a Fortune 500 oil and gas company in 1981. Mr. Carey was the senior staff attorney over the litigation department for Pioneer Energy until 1986. In 1986, Mr. Carey was appointed to serve as the Judge for Randall County Court at Law. At the time that he took the bench, Mr. Carey was 30 years old and one of the youngest judges to be seated on the bench. Mr. Carey served as the Randall County Court at Law Judge from 1986 until 1999. While on the bench, Mr. Carey was instrumental in establishing the High Plains Youth Center for juvenile offenders in the Texas Panhandle. Mr. Carey then went into private practice in 1999. His practice concentrates in oil and gas law, litigation, business law, family law and appellate law. He has served on several boards for different corporations over the years.

**Bob Manning, Director** - Bob Manning has been a Director of the Company since May 14, 2015. Mr. Manning is co-owner of Royal Glass of Amarillo, Ltd. located in Amarillo, Texas. Royal Glass of Amarillo, Ltd has designed, furnished and installed many premier projects. The company employs 50 people. He continues to own and manage this 62-year-old company over the last 30 years. Mr. Manning was born in Fairview, Oklahoma and attended Barton County Community Junior College, Fort Hays State University and University of Oklahoma. Mr. Manning was the contract sales manager for two commercial building supply companies prior to purchasing Royal Glass of Amarillo, Inc. in 1985. Mr. Manning achieved the accredited credentials of AHC - Architectural Hardware Consultant - where he is called upon to design and write specifications for architectural firms. Business planning and business developments are key assets for Mr. Manning. He has helped form several companies in the Texas Panhandle area which have become very successful ventures.

**Edward Devereaux, Director** - Edward Devereaux has been a Director of the Company since September 5, 2017. Mr. Devereaux has more than 45 years of experience in the financial services & investment banking industries. In the 1970 and 1980's he worked as an investment advisor and investment banker for national investment firms headquartered in New York. Between the late 1990's and mid 2000's, Mr. Devereaux served as President of both a mutual fund company in California and a New York based real estate investment trust (REIT). In 2007, Mr. Devereaux formed an investment banking consulting firm serving the retail brokerage and Registered Investment Advisory (RIA) communities. In 2013, he became a member of the board of directors for a public oil and gas exploration and production company located in Dallas where he served as Chairman of the company's audit committee until 2017. From 2016 to present, he has held a staff position at a Southwestern regional investment. Mr. Devereaux has participate in raising over \$10 billion of investment capital in his career. Mr. Devereaux has a Bachelor of Arts Degree from Hofstra University.

**Rolf Berg, Director** - Rolf Berg has been a Director of the Company since September 5, 2017. Mr. Berg founded Infnitive, Inc., a manufacturing "job shop," in 1979. Mr. Berg's business grew from the 1980's to late 2000's handling multiple products associated to large diesel engines and supported an original equipment manufacturer (OEM) as well as a large after-market provider until 2009. Mr. Berg is currently a supplier to Class 1 railroads and short lines in both the United States and Internationally. His interests include aviation, aeronautics, photography and SCUBA. Mr. Berg holds multiple ratings for fixed-wing land, sea and helicopter operation.

**Kurt Koeppler, Director** -- Kurt Koeppler has been a Director of the Company since September 17, 2018. Mr. Koeppler graduated from the University of Wisconsin-Oshkosh in 1975 with a Bachelor of Arts in Political Science. Mr. Koeppler has an extensive background in operations and management, primarily in the real estate industry. From 1978-2013 Mr. Koeppler worked for DB Curtiss Ltd. building and selling apartment buildings, condominium units and single-family homes. From 1985 to the present Mr. Koeppler has been a partner in Bayshore Development I and II and from 1995-present he has been President of Koeppler Management; both are real estate management companies. From 2006-17 Mr. Koeppler was the majority stockholder in and Chairman of the Board for Power Grid Solutions, which was sold to AZZ Manufacturing in 2017. Mr. Koeppler has a long history of community involvement in the Oshkosh, Wisconsin area including, serving on the board of Boys and Girls Club of Oshkosh from 1998-present and in 2018 he was awarded the Partners in Philanthropy Award by the Oshkosh Area Community Foundation.

**Marty Dobbins, Chief Financial Officer**-- Marty Dobbins was appointed as the Chief Financial Officer ("CFO") of Amazing Energy Oil & Gas, Co. ("Amazing Energy" or the "Company"). Mr. Dobbins brings more than 40 years of corporate and financial management across a variety of industries, with a focus on guiding companies expanding into new markets. From January 2014 to the present he has been President and CEO of InFocus Capital Advisors, LLC, a company that provides investment banking services to businesses wishing to acquire, sell, or merge businesses. From August, 2007 to December, 2013 Mr. Dobbins was CEO and President of Franskill, a consulting firm that assisted companies with global expansion and exit strategies; advising them on complex financial structures and models. From August, 2007 to December, 2014 Mr. Dobbins was Chief Global Investment Analyst with Motorskill Venture Group, LLC. Prior to his engagement with Motorskill, Mr. Dobbins served in various financial and management executive roles at Guardian Fire Protection Co., Inc., Café Adobe Restaurants, and K & W Resources, Inc. He began his career in the audit department of Arthur Young & Co., and then owned his own CPA firm for 25 years. Mr. Dobbins received a B.B.A. in Accounting, Magna Cum Laude, from Sam Houston State University.

### ***Audit Committee***

As of July 31, 2018, the entire board of directors comprised the audit committee with Tony Alford serving as the Audit Committee Chairman. The Audit Committee approves the selection of the Company's independent certified public accountants to audit the annual financial statements and review the quarterly financial statements, discusses with the auditors and approves in advance the scope of the audit and reviews, reviews management's administration of the system of internal controls, and reviews the Company's procedures relating to business ethics. During the last fiscal year, our audit committee met once. Tony Alford, Darrell Carey, Bob Manning, Rolf Berg and Ed Devereaux are independent members on our audit committee.

### ***Audit Committee Financial Expert***

We do not have an Audit Committee Financial Expert. We believe that the need for an Audit Committee Financial Expert and the costs associated with such retention is not warranted at the present time.

### ***Nominating and Corporate Governance Committee***

The entire board of directors comprises the Company's Nominating and Corporate Governance Committee with Darrell Carey serving as Chairman of the Corporate Governance Committee. The Corporate Governance and Nominating Committee are responsible for developing the Company's approach to corporate governance issues and compliance with governance rules. The Corporate Governance and Nominating Committee is also mandated to plan for the succession of the Company, including recommending director candidates, review of board procedures, size and organization, and monitoring of senior management with respect to governance issues. The committee is responsible for the development and implementation of corporate communications to ensure the integrity of the Company's internal control and management information systems. The purview of the Corporate Governance and Nominating Committee also includes the administration of the board's relationship with the management of the Company, monitoring the quality and effectiveness of the Company's corporate governance system and ensuring the effectiveness and integrity of the Company's communication and reporting to shareholders and the public generally.

### ***Compensation Committee***

The entire board of directors comprises the Company's compensation committee with Bob Manning serving as Chairman of the Compensation Committee. The Compensation Committee is responsible for setting the compensation for the officers and the other agents and employees of the corporation. The Committee may delegate the authority to set the compensation of the officers, agents, and employees to the President. No officer may be prevented from receiving compensation as an officer solely because the officer is also a director of the corporation. The Committee shall fix the amount or salary to be paid to each director for service as a director or for attendance at each meeting of the Board. Salary or payment for service as a director shall not preclude a director from serving the corporation in any other capacity or from receiving compensation for service in that other capacity.

### ***Legal Proceedings***

No Director, or person nominated to become a Director or Executive Officer, has been involved in any legal action involving the Company during the past five years.

### ***Family Relationships***

For the year ended July 31, 2018, the only family relationship between any director, executive officer, or person nominated or chosen by the Company to become a director or executive officer that existed was between Jed Miesner who serves as President and Chairman of the Board of Directors and Stephen Salgado who serves as Secretary and Chief Financial Officer. Jed Miesner is Mr. Salgado's father-in-law. Prior to Mr. Salgado's resignation Mr. Miesner and Mr. Salgado have worked with each other for 13 years.

### ***Section 16(a) Beneficial Ownership Reporting Compliance***

Under section 16(a) of the Securities Exchange Act of 1934, as amended, and pursuant to regulations there under, the Company's Directors, Executive Officers and beneficial owners of greater than 10% of our equity securities are required to file reports of their own ownership and changes in ownership with the Securities and Exchange Commission.

Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that during the fiscal year ended July 31, 2018, that certain Directors and Officers failed to timely file a Form 3 and 4 by July 31, 2018 and that certain Directors and Officers also failed to timely file Form 5 by September 14, 2018.

## Code of Ethics

We have adopted a Code of Conduct and Ethics for our Directors, Officers and employees. A copy of our Code of Conduct and Ethics can be obtained at no cost, by telephone at 972-233-1244, or by mail at: 5700 W Plano Pkwy – Ste 3600, Plano, TX 75093. We believe our Code of Conduct and Ethics is reasonably designed to deter wrongdoing and promote honest and ethical conduct; provide full, fair, accurate, timely and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of code violations; and provide accountability for adherence to the code.

## ITEM 11. EXECUTIVE COMPENSATION.

### Summary Compensation Table

The following table sets forth compensation paid to our executive officers:

**Summary Compensation Table**  
**For the Fiscal Years Ended July 31, 2018, 2017, and 2016**

| Name and Principal Position   | Fiscal Year<br>Ending | Salary<br>(\$) | Stock<br>Awards<br>(\$) | Option<br>Awards<br>(\$) | Total<br>(\$) |
|---|-----------------------|----------------|-------------------------|--------------------------|---------------|
| <b>Willard McAndrew</b>   |                       |                |                         |                          |               |
| CEO and Director  | 7/31/2018             | 395,176        | -                       | 1,259,295                | 1,654,471     |
| <b>Jed Miesner</b>  |                       |                |                         |                          |               |
| Director and Acquisitions Manager                                   | 7/31/2018             | 354,835        | -                       | 638,719                  | 993,554       |
| Former Principal Executive Officer and President                    | 7/31/2017             | 8,600          | -                       | -                        | 8,600         |
| <i>(resigned 8/29/2018)</i>   | 7/31/2016             | -              | -                       | -                        | -             |
| <b>Stephen Salgado</b>  |                       |                |                         |                          |               |
| Former Secretary and Chief Financial Officer                        | 7/31/2018             | 139,251        | -                       | 213,958                  | 353,209       |
|   | 7/31/2017             | 115,350        | -                       | -                        | 115,350       |
|   | 7/31/2016             | 103,875        | -                       | -                        | 103,875       |
| <b>Dan N. Denton</b>  |                       |                |                         |                          |               |
| Former Principal Financial Officer and Principal Accounting Officer | 7/31/2018             | -              | -                       | -                        | -             |
| <i>(resigned January 24, 2017)</i>                                  | 7/31/2017             | 45,000         | -                       | -                        | 45,000        |
| <b>Matthew J. Colbert</b>   |                       |                |                         |                          |               |
| Former Principal Financial Officer, Secretary, and Treasurer        | 7/31/2018             | -              | -                       | -                        | -             |
| <i>(resigned 4/20/2016)</i>   | 7/31/2017             | -              | -                       | -                        | -             |
|   | 7/31/2016             | 26,750         | -                       | -                        | 26,750        |

## Employment Agreements

On August 11, 2017, Mr. McAndrew entered into an employment agreement with us, where, among other things, Mr. McAndrew was awarded a signing bonus of \$100,000, an annual salary of \$250,000 plus a discretionary bonus to be determined by the board of directors, plus the options to acquire up to 15,000,000 shares of our common stock pursuant to two (2) stock option grants for a total of 15,000,000 shares of our common stock.

On August 11, 2017, Jed Miesner entered into a similar agreement with us. At various times in the past Mr. Miesner has served as our President, Chief Executive Officer and Chairman of the Board of Directors. As of September 10, 2018 Mr. Miesner transitioned from being our President and Chairman of the Board of Directors to being our Manager of Acquisitions. Under our agreement with Mr. Miesner, Mr. Miesner was owed a signing bonus of \$100,000, is entitled to an annual salary of \$250,000 plus a discretionary bonus to be determined by the board of directors, plus the options to acquire up to 5,000,000 shares of our common stock pursuant to one (1) stock option grant for a total of 5,000,000 shares of our common stock.

On August 11, 2017, Stephen Salgado entered into a similar agreement with us, wherein Mr. Salgado to serve as our Chief Financial Officer. Under our agreement with Mr. Salgado, Mr. Salgado was to be paid a signing bonus of \$33,000, an annual salary of \$125,000 plus a discretionary bonus to be determined by the board of directors, plus the options to acquire up to 1,750,000 shares of our common stock pursuant to one (1) stock option grant for a total of 1,750,000 shares of our common stock. Mr. Salgado resigned as our CFO effective August 7, 2018.

## Director Compensation

The following table reflects compensation paid to directors during the fiscal year ended July 31, 2018.

| Name             | Fees Earned or<br>Paid in Cash<br>(\$) | Stock Option<br>Awards<br>(\$) | All Other<br>Compensation<br>(\$) | Total<br>(\$) |
|------------------|--|--------------------------------|-----------------------------------|---------------|
| Tony Alford      | -                                      | 54,822                         | -                                 | 54,822        |
| Robert Manning   | -                                      | 61,675                         | -                                 | 61,675        |
| Darrell Carey    | -                                      | 41,116                         | -                                 | 41,116        |
| Jed Miesner      | -                                      | -                              | -                                 | -             |
| Rolf Berg        | -                                      | 20,558                         | -                                 | 20,558        |
| Edward Devereaux | -                                      | 20,558                         | -                                 | 20,558        |
| Kurt Koeppler    | -                                      | -                              | -                                 | -             |

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

### Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information as of July 31, 2018, regarding the ownership of our Common Stock by:

- Each person who is known by us to own more than 5% of our shares of common stock;
- Each of our named executive officers and directors; and
- All of our executive officers and directors as a group.

The number of shares beneficially owned, and the percentage of shares beneficially owned, are based on 75,076,010 shares of common stock outstanding as of January 30, 2018.

For the purposes of the information provided below, beneficial ownership is determined in accordance with the rules of the SEC, and for each person includes shares that person has the right to acquire within 60 days following January 30, 2018, subject to options, warrants or similar instruments.

| Name and Address of Beneficial Owner   | Total number of shares<br>beneficially owned | Pct of Class |
|--|--|--------------|
| Jed Miesner (1)<br>Amarillo, TX<br>Director                                  | 107,483,015 (1)(2)(3) (4)                    | 60.9% (5)    |
| Tony Alford (13)<br>Amarillo, TX<br>Director and Chairman                    | 1,687,393                                    | 2.0% (6)     |
| Bob Manning (14)<br>Amarillo, TX<br>Director                                 | 646,568                                      | 0.8% (7)     |
| Darrell Carey<br>Amarillo, TX<br>Director                                    | 207,604                                      | 0.2% (8)     |
| Willard McAndrew<br>Amarillo, TX<br>Principal Executive Officer and Director | 7,000,000                                    | 7.7% (9)     |
| Rolf Berg<br>Menomonee Falls, WI<br>Director                                 | 1,261,540                                    | 1.5% (10)    |
| Kurt Koepler<br>Menomonee Falls, WI<br>Director                              | 1,600,000                                    | 1.9% (11)    |
| Edward Devereaux<br>Corinth, TX<br>Director                                  | 185,000                                      | 0.2% (12)    |
| All Directors and Executive Officers as a Group                              | 120,096,120                                  | 65.1%        |

| Other entities that control over 5% of common stock | Total number of shares<br>beneficially owned | Pct of Class |
|---|--|--------------|
| The National Christian Charitable Foundation        | 15,053,617                                   | 17.9%        |

**TOTAL**

- (1) The nature of Jed Miesner's indirect beneficial ownership is due to Mr. Miesner being the natural person with voting and dispositive control over Petro Pro Ltd and JLM Strategic Investments LP. Mr. Miesner also has indirect beneficial ownership in Cornerstone Fidelity Capital, LLC.
- (2) Includes 359,448 common shares held directly by Jed Miesner (Direct ownership)
- (3) Includes 14,523,567 common shares held indirectly by Jed Miesner (Indirect ownership) Petro Pro = 376,688; JLM Strategic = 13,694,168; Cornerstone Fidelity Capital = 452,731
- (4) Direct beneficial ownership = 359,448 common shares + 2,600,000 exercisable stock options + 90,000,000 convertible preferred stock = 92,959,448  
Indirect beneficial ownership = 14,473,567 common shares  
Total beneficial ownership = 92,959,448 Direct + 14,473,567 Indirect = 107,433,015



- (5) Miesner: Shares Beneficially owned (Common shares owned + Stock options + Common stock equivalent-preferred stock) divided by (Current common shares outstanding common shares owned + Stock options + Common stock equivalent-preferred stock) = (14,883,015 common shares + +2,600,000 exercisable common stock options +90,000,000 common stock equivalents-preferred stock) divided by (83,975,232 +2,600,000+90,000,000) = (107,884,015/176,575,232) = 60.9%
- (6) Alford: Shares Beneficially owned consisting of (Common shares owned + Common share purchase warrants) divided by (Current common shares outstanding +Common share purchase warrants) = (1,487,393 common shares+200,000 common share purchase warrants) divided by (83,975,232 shares currently outstanding+200,000 share purchase warrants) = (1,687,393/84,175,232) = 2.0%
- (7) Manning: Shares Beneficially owned consisting of (Common shares owned + Common share purchase warrants) divided by (Current common shares outstanding + Common share purchase warrants) = (421,568 common shares + 225,000 common share purchase warrants) divided by (83,975,232 shares currently outstanding+225,000 share purchase warrants) = (646,568/84,200,232) = 0.8%
- (8) Carey: Shares Beneficially owned consisting of (Common shares owned + Common share purchase warrants) divided by (Current common shares outstanding + Common share purchase warrants) = (57,604 common shares + 150,000 common share purchase warrants) divided by (83,975,232 shares currently outstanding+150,000 share purchase warrants) = (207,604/84,124,232) = 0.2%
- (9) McAndrew: Shares Beneficially owned consisting of (Common shares owned + Common stock options) divided by (Current common shares outstanding + Common stock options) = (0 common shares + 7,000,000 exercisable common stock options) divided by (83,975,232 shares currently outstanding +7,000,000 exercisable common stock options) = (7,000,000/90,975,232) =7.7%
- (10) Berg: Shares Beneficially owned consisting of (Common shares owned + Common share purchase warrants) divided by (Current common shares outstanding + Common share purchase warrants) = (1,011,540 common shares + 250,000 common stock warrants) divided by (83,975,232 shares currently outstanding +250,000 common stock purchase warrants) = (1,261,540/84,225,232) =1.5%
- (11) Koepler: Shares Beneficially owned consisting of (Common shares owned) divided by (Current common shares outstanding) = (1,600,000 common shares) divided by (83,975,232 shares currently outstanding) = (1,600,000/83,975,232) = 1.9%
- (12) Devereaux: Shares Beneficially owned consisting of (Common shares owned + Common share purchase warrants) divided by (Current common shares outstanding + Common share purchase warrants) = (110,000 common shares + 75,000 common stock warrants) divided by (83,975,232 shares currently outstanding +75,000 common stock purchase warrants) = (185,000/84,050,232) =0.2%
- (13) Jointly owned with his wife, Christine Alford
- (14) Jointly owned with Happy State Bank Custodian of IRA fbo Bob Manning

There are no arrangements known to the Company, the operation of which may at a subsequent time result in the change of control of the Company.

### Securities Authorized for Issuance under Equity Compensation Plans

In February 2017, the Board of Directors adopted and approved the 2017 Stock Option Plan (the "2017 Plan"). Pursuant to the 2017 Plan terms, if the 2017 Plan was not approved by a majority of the shareholders of the Company within twelve months of the adoption of the 2017 Plan, the 2017 Plan would become void. The 2017 Plan was never approved by a majority vote of the shareholders of the Company and therefore is now void. No options were ever issued pursuant to the 2017 Plan.

On August 11, 2017, the Board of Directors authorized the grant of 5,835,000 options to purchase shares of common stock of the Company to certain officers related to their employment agreements (the "Listing Options"). The Listing Options will vest and be immediately exercisable on the date the Company's stock is traded on the American Stock Exchange, the New York Stock Exchange, or any of the NASDAQ trading tiers. The Listing Options shall have an exercise price equal to the closing price on the date such trading commences. As of July 31, 2018, management has determined the probability of such an event is doubtful and, therefore, has not recognized any compensation expense to date regarding the Listing Options.

On August 11, 2017, the Board of Directors authorized the grant of 11,750,000 options to purchase shares of common stock of the Company to certain officers. The options have an exercise price of \$0.40 and expire five years from the date of grant. 2,937,500 of the options vested immediately on the grant date and the remainder vest 25% annually upon each anniversary of the grant date.

On August 11, 2017, the Board of Directors authorized the grant of 10,000,000 options to purchase shares of common stock of the Company to its Chief Executive Officer. The options have an exercise price of \$0.40 per share and expire five years from the date of grant. 2,000,000 options vested on the date of grant. The fair value of the grant was \$489,047 which was recognized as stock-based compensation at the date of grant. The remaining 8,000,000 options contained market and performance conditions, of which 4,000,000 options are to vest based on market conditions being met and 4,000,000 options will vest upon achievement of certain performance objectives. Management has assessed the likelihood of market conditions and the probability of performance conditions being realized and recognize a fair value of \$647,987 for the year ending July 31, 2018.

On September 26, 2017, the Board of Directors also authorized the grant of 500,000 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 \$0.40 and expire on September 26, 2021. The fair value of the grant was \$137,056 which the Company recognized as stock-based compensation— for the year ended July 31, 2018.

#### Equity Compensation Plan

| Plan category   | Number of securities<br>issued upon exercise of<br>outstanding options,<br>warrants and rights | Weighted-average<br>exercise<br>price of outstanding<br>options,<br>warrants and rights | Number of securities<br>remaining<br>available for future<br>issuance<br>under equity<br>compensation<br>plans (excluding<br>securities<br>reflected in column (a)) |
|---|--|---|---|
|   | (a)  | (b)   | (c)   |
| Equity compensation plans approved by security holders <sup>(1)</sup> | 0  | 0   | 0   |
| Equity compensation plans not approved by security holders            | 0  | 0   | 0   |
| <b>Total</b>  | <b>0</b>   | <b>0</b>  | <b>0</b>  |

In February 2017, the Board of Directors adopted and approved the 2017 Stock Option Plan as it relates to 10,000,000 shares of Common Stock, par value \$0.001 per share (the "Common Stock"), to be offered and sold to accounts of eligible persons of the Company under the Plan. The 2017 Plan, by its terms, required the approval of a majority vote of the shareholders within 12 months of the adoption of the 2017 Plan. The 2017 Plan was not approved by a majority vote of the shareholders of the Company and therefore is now void. No options were issued pursuant to the 2017 Plan.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

During the fiscal years ended July 31, 2018 and 2017, and through the date of this report, the following related party transactions occurred:

The Company has a continuous field operating agreement with Jilpetco, Inc. (currently a 100% owned subsidiary) which was formerly owned by Jed Miesner, the CEO, President, and Chairman of the Board of Directors of Amazing Energy Oil and Gas, Co. During a given year, there are amounts collected from the sale of oil and gas by Jilpetco, Inc. These amounts are then remitted to working interest holders, of which the Company is the primary recipient of these funds. All intercompany balances are eliminated in consolidated financial statements.

On January 3, 2011, the Company formalized a loan agreement with Jed Miesner, the Company's CEO, President and Chairman of the Board of Directors for \$1,940,000. These notes are scheduled to mature on December 31, 2030, 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. At July 31, 2018 and 2017 the short-term components of this loan were \$172,660 and \$248,704 respectively. The long-term amounts at July 31, 2018 and 2017 were \$1,767,340 and \$1,691,296 respectively.

Amazing Energy, LLC. (a wholly owned subsidiary of the Company) entered a \$2,000,000 line of credit facility on December 30, 2010, with JLM Strategic Investments an entity controlled by Jed Miesner. Funds advanced on the line of credit mature on December 31, 2030, 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. At July 31, 2018 and 2017 the short-term components of this loan were \$41,170 and \$41,170 respectively. The long-term amounts at July 31, 2018 and 2015 were \$Nil and \$Nil respectively. There was a reduction in this debt of \$287,303 on July 31, 2017 by the issuance of the Series A Preferred Stock.

On December 30, 2010, Amazing Energy, LLC, formalized loan agreements with Petro Pro Ltd., an entity also controlled by Jed Miesner for \$1,100,000. These notes are scheduled to mature on December 31, 2030, 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. At July 31, 2018 and 2017 the short-term components of this loan were \$97,900 and \$141,018 respectively. The long-term amounts at July 31, 2018 and 2017 were \$1,002,100 and \$958,985 respectively.

Terms of the notes, as amended, provide for adjustment to the interest rate beginning February 1, 2017 from 8% to a rate of 6% through February 1, 2019, and a rate of Prime plus 2% for the remaining years. The notes also included a conversion feature that allows the principal and accrued interest of the loans to be converted into common stock of Amazing Energy, Inc. ("AEI") at \$0.60 per share at the option of related party note holders.

As of July 31, 2018 and 2017, the accrued and unpaid interest due to related parties was \$400,805 and \$215,935, respectively. Related party interest expense for the years ended July 30, 2018 and 2017 was \$198,698 and \$215,935 respectively.

Effective July 31, 2017, the Company authorized the issuance of 9,000 shares of Preferred Series A stock with par value of \$0.01 per share. The issue price is at \$100 per share. These shares were issued to Jed Miesner, the company controlling shareholder, in exchange for cancellation of related party interest payable in the amount of \$612,697 and debt payable to JLM Strategic Investments, LP in the amount of \$287,303.

On May 27, 2016, Jilpetco entered into loan agreements (the "May 2016 Notes") with Tony Alford, Robert Bories, Robert Manning, Petro Pro Ltd., and Reese Pinney. Messrs. Alford, Manning are members of the Board of Directors and Miesner is Chairman. Messrs. Bories and Pinney are officers of the Company. The aggregate principal amount of the notes was \$230,000.

The notes were scheduled to mature on November 23, 2016 and bore interest at the rate of 8% per annum and included a participation fee of \$23,000 equal to 10% of the principal amount of the loans. On August 15, 2016, the loan agreements were modified to accept additional amounts from all the individual noteholders except Mr. Manning.

At November 23, 2016, the Noteholders have waived any event of default and have commenced discussion to extend or replace the loan with a new loan agreement (Note 18 – Subsequent Events). This was accounted for as a modification. On January 6, 2017, the Company paid 25% of the principal, being \$57,500, paid the 10% note fee, being \$23,000, and paid the accrued interest through November 23, 2016, being \$ 8,035, for a grand total of payments being \$88,536.

On May 31, 2017, the noteholders of note payable, related parties agreed to extend the maturity date of the Notes to December 31, 2017. As consideration for the change in terms, the Company issued to the noteholders an aggregate 460,000 shares of the Company's common stock with a fair value of \$105,800 based on the closing share price of \$0.23.

On July 21, 2017, Amazing Energy Oil and Gas Co entered into additional loan agreements (the "July 2017 Notes") with Robert Bories, Robert Manning, Petro Pro Ltd., Rolf Berg, and James R. Parker. Messrs. Mr. Manning, and Mr. Berg, are members of the Board of Directors. Mr. Miesner is Chairman of the Board of Directors and an officer of the Company. Mr. Bories is an officer of the Company. Mr. Parker is a shareholder of the Company. The aggregate principal amount of the notes was \$225,000. The notes bear interest at a rate of 8% per annum and included a participation fee of \$22,500 equal to 10% of the principal amounts of the loans.

The director notes and related interest payable were paid in full in December 15, 2017 and January 2, 2018.

On October 3, 2017, Amazing Energy LLC entered into a Purchase and Sale Agreement with both Gulf South Energy Partners 2014, LP and Gulf South Energy Partners 2015A, LP to sell a total of 10% Working Interest in the WWJD C Wells which include the WWJD C1, C2, C3 and C4 for a total of \$120,000. Mr. Reese Pinney serves as President of Jilpetco Inc. and also serves as COO for Amazing Energy Oil and Gas, Co. Mr. Pinney also serves as the CEO of Gulf South Holding, Inc. (GSH) which is the Managing General Partner of each of the following partnerships: Gulf South Energy Partners 2012A, LP, Gulf South Energy Partners 2013, LP, Gulf South Energy Partners 2014, LP, and Gulf South Energy Partners 2015A, LP (collectively GSEP).

On November 23, 2017, Amazing Energy LLC entered into a Purchase and Sale Agreement with both Gulf South Energy Partners 2014, LP and Gulf South Energy Partners 2015A, LP to sell a total of 1% Working Interest in the WWJD C Wells which include the WWJD C1, C2, C3 and C4 for a total of \$3,260. Mr. Reese Pinney serves as President of Jilpetco Inc. and also serves as COO for Amazing Energy Oil and Gas, Co. Mr. Pinney also serves as the CEO of Gulf South Holding, Inc. (GSH) which is the Managing General Partner of each of the following partnerships: Gulf South Energy Partners 2012A, LP, Gulf South Energy Partners 2013, LP, Gulf South Energy Partners 2014, LP, and Gulf South Energy Partners 2015A, LP (collectively GSEP).

On November 23, 2017, Amazing Energy LLC entered into a Purchase and Sale Agreement with Gulf South Energy Partners 2012A, LP, Gulf South Energy Partners 2013, LP, Gulf South Energy Partners 2014, LP and Gulf South Energy Partners 2015A, LP to sell a total of approximately 59.26% Working Interest in the WWJD 7, 10 and 21 for a total of \$533,335. Mr. Reese Pinney serves as President of Jilpetco Inc. and serves as COO for Amazing Energy Oil and Gas, Co. Mr. Pinney also serves as the CEO of Gulf South Holding, Inc. (GSH) which is the Managing General Partner of each of the following partnerships: Gulf South Energy Partners 2012A, LP, Gulf South Energy Partners 2013, LP, Gulf South Energy Partners 2014, LP, and Gulf South Energy Partners 2015A, LP (collectively GSEP).

During the year ended July 31, 2017, the Company sold an 11% working interest in four wells and a 60% working interest in three wells for a total of \$656,596 in cash to Gulf South Energy Partners, a related entity controlled by Robert Bories, who served as Treasurer of the Company at the time. The sale of working interests in seven wells resulted in a reduction in oil and gas properties of \$656,596 for the year ended July 31, 2017.

In determining the matter of director independence, the following independence criteria were utilized:

- 1) A director who is, or at any time during the past three years was, employed by the company or by any parent or subsidiary of the company;
- 2) A director who accepted or who has a Family Member who accepted any compensation from the company in excess of \$60,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:
  - a) compensation for board or board committee service;
  - b) compensation paid to a Family Member who is an employee (other than an executive officer) of the company; or
  - c) benefits under a tax-qualified retirement plan, or non-discretionary compensation
- Other relationships include:
  - e) a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by the Company as an executive officer, or a director who is, or has a family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than (a) payments arising solely from investments in the company's securities; or (b) payments under non-discretionary charitable contribution matching programs.
  - f) a director of the Company who is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company serve on the compensation committee of such other entity; or
  - g) a director who is, or has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the company's audit at any time during any of the past three years.

#### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.**

The Company retained DeCoria, Maichel & Teague, P.S. as the independent public accounting firm for the fiscal year ended July 31, 2018 and July 31, 2017. During the fiscal year ended July 31, 2018 and July 31, 2017, DeCoria, Maichel & Teague, P.S. were paid \$65,073 and \$64,435, respectively for audit and review services.

##### **Audit-Related Fees**

There were no fees billed in the last two fiscal years for assurance and related services by the principal accountants that are reasonably related to the performance of the audit or review of the Company's financial statements except as set forth in the preceding paragraph.

##### **Tax Fees**

There were no fees billed in the last two fiscal years for professional services for tax compliance, tax advice or tax planning rendered by the Company's principal accountants.

## All Other Fees

The Company incurred no fees from the principal accountants during the last two fiscal years for products and services other than as set forth above.

## Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Auditors

The Audit Committee (which constitutes the board of directors) meets prior to the filing of any Form 10-Q or 10-K to approve those filings. In addition, the Company's audit committee pre-approves all services provided to the Company by DeCoria, Maichel & Teague P.S. or any other professional services firm that is related to the preparation of the Company's financial statements.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

| Exhibit<br>Number    | Description of Document   | Incorporated by Reference |          |        | Filed<br>herewith |
|----------------------|---|---------------------------|----------|--------|-------------------|
|                      |   | Form                      | Date     | Number |                   |
| <a href="#">2.1</a>  | Articles of Merger dated October 15, 2014   | 8-K                       | 10/17/14 | 2.1    |                   |
| <a href="#">3.1</a>  | Articles of Incorporation for Silver Crest Mines, Inc. dated September 11, 1968   | 10-SB12G                  | 01/08/07 | 3.1    |                   |
| <a href="#">3.2</a>  | Articles of Merger of Domestic Corporations into Silver Crest Mines, Inc. dated December 20, 1982   | 10-SB12G                  | 01/08/07 | 3.2    |                   |
| <a href="#">3.3</a>  | Articles of Incorporation of Silver Crest Resources, Inc. dated January 28, 2003  | 10-SB12G                  | 01/08/07 | 3.3    |                   |
| <a href="#">3.4</a>  | Articles of Merger between Silver Crest Mines, Inc. into Silver Crest Resources, Inc. as filed in Nevada dated June 11, 2003  | 10-SB12G                  | 01/08/07 | 3.4    |                   |
| <a href="#">3.5</a>  | Articles of Merger between Silver Crest Mines, Inc. into Silver Crest Resources, Inc. as filed in Idaho dated June 11, 2003   | 10-SB12G                  | 01/08/07 | 3.5    |                   |
| <a href="#">3.6</a>  | Articles of Exchange of Niagara Mining and Development Company, Inc., and Silver Crest Resources, Inc. as filed in Nevada dated August 4, 2006  | 10-SB12G                  | 01/08/07 | 3.6    |                   |
| <a href="#">3.7</a>  | Articles of Exchange of Niagara Mining and Development Company, Inc., and Silver Crest Resources, Inc. as filed in Idaho dated August 4, 2006   | 10-SB12G                  | 01/08/07 | 3.7    |                   |
| <a href="#">3.8</a>  | Certificate of Amendment to Articles of Incorporation for a Nevada Corporation dated August 14, 2006  | 10-SB12G                  | 01/08/07 | 3.8    |                   |
| <a href="#">3.9</a>  | Articles of Incorporation for Kisa Gold Mining, Inc. dated July 28, 2006  | 10-SB12G                  | 01/08/07 | 3.9    |                   |
| <a href="#">3.10</a> | Articles of Incorporation for Niagara Mining and Development Company, Inc. dated January 11, 2005   | 10-SB12G                  | 01/08/07 | 3.10   |                   |
| <a href="#">3.11</a> | Amended Bylaws adopted September 12, 2007   | 10-KSB                    | 03/26/08 | 3.11   |                   |
| <a href="#">3.12</a> | Articles of Incorporation – Amazing Energy, Inc.  | 10-K                      | 11/13/15 | 3.12   |                   |
| <a href="#">3.13</a> | Bylaws – Amazing Energy, Inc.   | 10-K                      | 11/13/15 | 3.13   |                   |
| <a href="#">3.14</a> | Articles of Organization – Amazing Energy LLC   | 10-K                      | 11/13/15 | 3.14   |                   |
| <a href="#">3.15</a> | Operating Agreement – Amazing Energy LLC  | 10-K                      | 11/13/15 | 3.15   |                   |
| <a href="#">3.16</a> | Articles of Incorporation – Gulf South Securities, Inc.   | 10-K                      | 11/14/16 | 3.16   |                   |
| <a href="#">3.17</a> | Bylaws of Gulf South Securities, Inc.   | 10-K                      | 11/14/16 | 3.17   |                   |
| <a href="#">3.18</a> | Articles of Incorporation – Jilpetco, Inc.  | 10-K                      | 11/14/16 | 3.18   |                   |
| <a href="#">3.19</a> | Bylaws of Jilpetco, Inc.  | 10-K                      | 11/14/16 | 3.19   |                   |
| <a href="#">10.1</a> | Employment Contract of Thomas H. Parker   | 10-SB12G/A                | 08/06/07 | 3.11   |                   |
| <a href="#">10.2</a> | Employment Contract of Chris Dail   | 10-SB12G                  | 07/08/07 | 10     |                   |
| <a href="#">10.3</a> | Option and Royalty Sales Agreement between Gold Crest Mines, Inc. and the heirs of the Estate of J.J. Oberbillig  | 10-KSB                    | 03/26/08 | 10.3   |                   |
| <a href="#">10.4</a> | Option and Real Property Sales Agreement between Gold Crest Mines, Inc. and JJO, LLC, an Idaho limited liability company and personal representative of the Estate of J.J. Oberbillig | 10-KSB                    | 03/26/08 | 10.4   |                   |
| <a href="#">10.5</a> | Mining Lease and Option to Purchase Agreement dated March 31, 2008, between Gold Crest Mines, Inc. and Bradley Mining Company, a California Corporation                               | 10-Q                      | 08/11/08 | 10.5   |                   |

|                       |  |            |          |       |   |
|-----------------------|--|------------|----------|-------|---|
| <a href="#">10.6</a>  | Golden Lynx, LLC, Limited Liability Company Agreement dated April 18, 2008, between Kisa Gold Mining, Inc. and Cougar Gold LLC                   | 10-Q       | 08/11/08 | 10.6  |   |
| <a href="#">10.7</a>  | AKO Venture Agreement dated May 5, 2008, between Kisa Gold Mining, Inc. and Newmont North America Exploration Limited, a Delaware Corporation    | 10-Q       | 08/11/08 | 10.7  |   |
| <a href="#">10.8</a>  | Luna Venture Agreement dated May 5, 2008, between Kisa Gold Mining, Inc. and Newmont North America Exploration Limited, a Delaware Corporation   | 10-Q       | 08/11/08 | 10.8  |   |
| <a href="#">10.9</a>  | Chilly Venture Agreement dated May 5, 2008, between Kisa Gold Mining, Inc. and Newmont North America Exploration Limited, a Delaware Corporation | 10-Q       | 08/11/08 | 10.9  |   |
| <a href="#">10.10</a> | Purchase Agreement dated March 13, 2009, between Gold Crest Mines, Inc. and Frank Duval  | 10-K       | 03/25/09 | 10.9  |   |
| <a href="#">10.11</a> | Master Earn-In Agreement dated March 28, 2011, between Kisa Gold Mining, Inc. and North Fork LLC   | 10-Q       | 05/18/11 | 10.1  |   |
| <a href="#">10.12</a> | Terms Sheet and Loan Agreement and amendments thereto between Kisa Gold Mining, Inc. and Afranex Gold Limited                                    | 10-KSB     | 04/17/13 | 10.12 |   |
| <a href="#">10.13</a> | Amendment to Terms Sheet and Loan Agreement between Kisa Gold Mining, Inc. and Afranex Gold Limited  | 10-Q       | 08/14/13 | 10.1  |   |
| <a href="#">10.14</a> | Change in Control Agreement with certain shareholders of Amazing Energy, Inc.  | 8-K        | 10/08/14 | 10.1  |   |
| <a href="#">10.15</a> | Stock Exchange Agreement with Jilpetco, Inc. dated 8-10-2015   | 8-K        | 08/12/15 | 10.1  |   |
| <a href="#">10.16</a> | Termination of Stock Exchange Agreement  | 10-Q       | 12/15/15 | 10.1  |   |
| <a href="#">10.17</a> | Agreement with Delaney Equity Group, LLC   | 10-Q       | 03/16/16 | 10.17 |   |
| <a href="#">10.18</a> | Agreement with Gulf South Holdings, Inc.   | 8-K        | 04/20/16 | 10.1  |   |
| <a href="#">10.19</a> | Agreement with Jed Miesner   | 8-K        | 04/20/16 | 10.2  |   |
| <a href="#">10.20</a> | Amendment No. 1 to Agreement with Gulf South Holdings, Inc.  | 8-K/A      | 04/29/16 | 10.1  |   |
| <a href="#">10.21</a> | Amendment No. 2 to Agreement with Gulf South Holdings, Inc.  | 8-K/A-2    | 07/22/16 | 10.1  |   |
| <a href="#">10.22</a> | Amended Agreement with Jilpetco, Inc.  | 8-K/A-5    | 08/29/16 | 10.2  |   |
| <a href="#">14.1</a>  | Code of Conduct and Ethics of Gold Crest Mines, Inc. adopted March 3, 2008   | 8-K        | 03/03/08 | 14.1  |   |
| <a href="#">21.1</a>  | Subsidiaries of the Issuer   | 10-K       | 11/14/16 | 21.1  |   |
| <a href="#">31.1</a>  | Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002   |            |          |       | X |
| <a href="#">31.2</a>  | Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002   |            |          |       | X |
| <a href="#">32.1</a>  | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   |            |          |       | X |
| <a href="#">32.2</a>  | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   |            |          |       | X |
| <a href="#">99.1</a>  | Gold Crest Mines, Inc., 2007 Stock Plan  | 10-SB12G/A | 08/06/07 | 99    |   |
| <a href="#">99.2</a>  | Audited Financial Statements of Amazing Energy, Inc. for the period ended July 31, 2014 and 2013   | 8-K        | 03/18/15 | 99.1  |   |
| <a href="#">99.3</a>  | Unaudited Financial Statements of Amazing Energy, Inc. for the period ended January 31, 2015   | 8-K        | 03/18/15 | 99.2  |   |
| <a href="#">99.4</a>  | Unaudited Pro Forma Consolidated Financial Statements  | 8-K        | 03/18/15 | 99.3  |   |
| 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 Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this amended report to be signed on its behalf by the undersigned, thereunto duly authorized.

**AMAZING ENERGY OIL AND GAS, CO.**

October 29, 2018

By: /s/ WILLARD MCANDREW III  
Willard McAndrew III  
Principal Executive Officer

October 29, 2018

By: /s/ MARTY DOBBINS  
Marty Dobbins  
Principal Financial Officer and Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| <b>Signature</b>  | <b>Title</b> | <b>Date</b>      |
|---|--------------|------------------|
| <u>/s/ JED MIESNER</u><br>Jed Miesner                   | Director     | October 29, 2018 |
| <u>/s/ BOB MANNING</u><br>Bob Manning                   | Director     | October 29, 2018 |
| <u>/s/ TONY ALFORD</u><br>Tony Alford                   | Director     | October 29, 2018 |
| <u>/s/ DARRELL CAREY</u><br>Darrell Carey               | Director     | October 29, 2018 |
| <u>/s/ EDWARD DEVEREAUX</u><br>Edward Devereaux         | Director     | October 29, 2018 |
| <u>/s/ ROLF BERG</u><br>Rolf Berg                       | Director     | October 29, 2018 |
| <u>/s/ WILLARD MCANDREW III</u><br>Willard McAndrew III | Director     | October 29, 2018 |

**EXHIBIT INDEX**

| Exhibit<br>Number    | Description of Document   | Incorporated by Reference |          |        | Filed<br>herewith |
|----------------------|---|---------------------------|----------|--------|-------------------|
|                      |   | Form                      | Date     | Number |                   |
| <a href="#">2.1</a>  | Articles of Merger dated October 15, 2014   | 8-K                       | 10/17/14 | 2.1    |                   |
| <a href="#">3.1</a>  | Articles of Incorporation for Silver Crest Mines, Inc. dated September 11, 1968   | 10-SB12G                  | 01/08/07 | 3.1    |                   |
| <a href="#">3.2</a>  | Articles of Merger of Domestic Corporations into Silver Crest Mines, Inc. dated December 20, 1982   | 10-SB12G                  | 01/08/07 | 3.2    |                   |
| <a href="#">3.3</a>  | Articles of Incorporation of Silver Crest Resources, Inc. dated January 28, 2003  | 10-SB12G                  | 01/08/07 | 3.3    |                   |
| <a href="#">3.4</a>  | Articles of Merger between Silver Crest Mines, Inc. into Silver Crest Resources, Inc. as filed in Nevada dated June 11, 2003  | 10-SB12G                  | 01/08/07 | 3.4    |                   |
| <a href="#">3.5</a>  | Articles of Merger between Silver Crest Mines, Inc. into Silver Crest Resources, Inc. as filed in Idaho dated June 11, 2003   | 10-SB12G                  | 01/08/07 | 3.5    |                   |
| <a href="#">3.6</a>  | Articles of Exchange of Niagara Mining and Development Company, Inc., and Silver Crest Resources, Inc. as filed in Nevada dated August 4, 2006  | 10-SB12G                  | 01/08/07 | 3.6    |                   |
| <a href="#">3.7</a>  | Articles of Exchange of Niagara Mining and Development Company, Inc., and Silver Crest Resources, Inc. as filed in Idaho dated August 4, 2006   | 10-SB12G                  | 01/08/07 | 3.7    |                   |
| <a href="#">3.8</a>  | Certificate of Amendment to Articles of Incorporation for a Nevada Corporation dated August 14, 2006  | 10-SB12G                  | 01/08/07 | 3.8    |                   |
| <a href="#">3.9</a>  | Articles of Incorporation for Kisa Gold Mining, Inc. dated July 28, 2006  | 10-SB12G                  | 01/08/07 | 3.9    |                   |
| <a href="#">3.10</a> | Articles of Incorporation for Niagara Mining and Development Company, Inc. dated January 11, 2005   | 10-SB12G                  | 01/08/07 | 3.10   |                   |
| <a href="#">3.11</a> | Amended Bylaws adopted September 12, 2007   | 10-KSB                    | 03/26/08 | 3.11   |                   |
| <a href="#">3.12</a> | Articles of Incorporation – Amazing Energy, Inc.  | 10-K                      | 11/13/15 | 3.12   |                   |
| <a href="#">3.13</a> | Bylaws – Amazing Energy, Inc.   | 10-K                      | 11/13/15 | 3.13   |                   |
| <a href="#">3.14</a> | Articles of Organization – Amazing Energy LLC   | 10-K                      | 11/13/15 | 3.14   |                   |
| <a href="#">3.15</a> | Operating Agreement – Amazing Energy LLC  | 10-K                      | 11/13/15 | 3.15   |                   |
| <a href="#">3.16</a> | Articles of Incorporation – Gulf South Securities, Inc.   | 10-K                      | 11/14/16 | 3.16   |                   |
| <a href="#">3.17</a> | Bylaws of Gulf South Securities, Inc.   | 10-K                      | 11/14/16 | 3.17   |                   |
| <a href="#">3.18</a> | Articles of Incorporation – Jilpetco, Inc.  | 10-K                      | 11/14/16 | 3.18   |                   |
| <a href="#">3.19</a> | Bylaws of Jilpetco, Inc.  | 10-K                      | 11/14/16 | 3.19   |                   |
| <a href="#">10.1</a> | Employment Contract of Thomas H. Parker   | 10-SB12G/A                | 08/06/07 | 3.11   |                   |
| <a href="#">10.2</a> | Employment Contract of Chris Dail   | 10-SB12G                  | 07/08/07 | 10     |                   |
| <a href="#">10.3</a> | Option and Royalty Sales Agreement between Gold Crest Mines, Inc. and the heirs of the Estate of J.J. Oberbillig  | 10-KSB                    | 03/26/08 | 10.3   |                   |
| <a href="#">10.4</a> | Option and Real Property Sales Agreement between Gold Crest Mines, Inc. and JJO, LLC, an Idaho limited liability company and personal representative of the Estate of J.J. Oberbillig | 10-KSB                    | 03/26/08 | 10.4   |                   |
| <a href="#">10.5</a> | Mining Lease and Option to Purchase Agreement dated March 31, 2008, between Gold Crest Mines, Inc. and Bradley Mining Company, a California Corporation                               | 10-Q                      | 08/11/08 | 10.5   |                   |
| <a href="#">10.6</a> | Golden Lynx, LLC, Limited Liability Company Agreement dated April 18, 2008, between Kisa Gold Mining, Inc. and Cougar Gold LLC  | 10-Q                      | 08/11/08 | 10.6   |                   |
| <a href="#">10.7</a> | AKO Venture Agreement dated May 5, 2008, between Kisa Gold Mining, Inc. and Newmont North America Exploration Limited, a Delaware Corporation   | 10-Q                      | 08/11/08 | 10.7   |                   |
| <a href="#">10.8</a> | Luna Venture Agreement dated May 5, 2008, between Kisa Gold Mining, Inc. and Newmont North America Exploration Limited, a Delaware Corporation  | 10-Q                      | 08/11/08 | 10.8   |                   |



|                       |  |            |          |       |   |
|-----------------------|--|------------|----------|-------|---|
| <a href="#">10.9</a>  | Chilly Venture Agreement dated May 5, 2008, between Kisa Gold Mining, Inc. and Newmont North America Exploration Limited, a Delaware Corporation | 10-Q       | 08/11/08 | 10.9  |   |
| <a href="#">10.10</a> | Purchase Agreement dated March 13, 2009, between Gold Crest Mines, Inc. and Frank Duval  | 10-K       | 03/25/09 | 10.9  |   |
| <a href="#">10.11</a> | Master Earn-In Agreement dated March 28, 2011, between Kisa Gold Mining, Inc. and North Fork LLC   | 10-Q       | 05/18/11 | 10.1  |   |
| <a href="#">10.12</a> | Terms Sheet and Loan Agreement and amendments thereto between Kisa Gold Mining, Inc. and Afranex Gold Limited                                    | 10-KSB     | 04/17/13 | 10.12 |   |
| <a href="#">10.13</a> | Amendment to Terms Sheet and Loan Agreement between Kisa Gold Mining, Inc. and Afranex Gold Limited  | 10-Q       | 08/14/13 | 10.1  |   |
| <a href="#">10.14</a> | Change in Control Agreement with certain shareholders of Amazing Energy, Inc.  | 8-K        | 10/08/14 | 10.1  |   |
| <a href="#">10.15</a> | Stock Exchange Agreement with Jilpetco, Inc. dated 8-10-2015   | 8-K        | 08/12/15 | 10.1  |   |
| <a href="#">10.16</a> | Termination of Stock Exchange Agreement  | 10-Q       | 12/15/15 | 10.1  |   |
| <a href="#">10.17</a> | Agreement with Delaney Equity Group, LLC   | 10-Q       | 03/16/16 | 10.17 |   |
| <a href="#">10.18</a> | Agreement with Gulf South Holdings, Inc.   | 8-K        | 04/20/16 | 10.1  |   |
| <a href="#">10.19</a> | Agreement with Jed Miesner   | 8-K        | 04/20/16 | 10.2  |   |
| <a href="#">10.20</a> | Amendment No. 1 to Agreement with Gulf South Holdings, Inc.  | 8-K/A      | 04/29/16 | 10.1  |   |
| <a href="#">10.21</a> | Amendment No. 2 to Agreement with Gulf South Holdings, Inc.  | 8-K/A-2    | 07/22/16 | 10.1  |   |
| <a href="#">10.22</a> | Amended Agreement with Jilpetco, Inc.  | 8-K/A-5    | 08/29/16 | 10.2  |   |
| <a href="#">14.1</a>  | Code of Conduct and Ethics of Gold Crest Mines, Inc. adopted March 3, 2008   | 8-K        | 03/03/08 | 14.1  |   |
| <a href="#">21.1</a>  | Subsidiaries of the Issuer   | 10-K       | 11/14/16 | 21.1  |   |
| <a href="#">31.1</a>  | Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002   |            |          |       | X |
| <a href="#">31.2</a>  | Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002   |            |          |       | X |
| <a href="#">32.1</a>  | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   |            |          |       | X |
| <a href="#">32.2</a>  | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   |            |          |       | X |
| <a href="#">99.1</a>  | Gold Crest Mines, Inc., 2007 Stock Plan  | 10-SB12G/A | 08/06/07 | 99    |   |
| <a href="#">99.2</a>  | Audited Financial Statements of Amazing Energy, Inc. for the period ended July 31, 2014 and 2013   | 8-K        | 03/18/15 | 99.1  |   |
| <a href="#">99.3</a>  | Unaudited Financial Statements of Amazing Energy, Inc. for the period ended January 31, 2015   | 8-K        | 03/18/15 | 99.2  |   |
| <a href="#">99.4</a>  | Unaudited Pro Forma Consolidated Financial Statements  | 8-K        | 03/18/15 | 99.3  |   |
| 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 |

## 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 annual report on Form 10-K 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: October 29, 2018

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

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## 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 annual report on Form 10-K 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: October 29, 2018

By: /s/ Marty Dobbins

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Marty Dobbins  
Chief Financial Officer  
(Principal Accounting and Financial Officer)

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## 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 Annual Report of Amazing Energy Oil and Gas, Co. on Form 10-K for the annual period ended July 31, 2018 (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: October 29, 2018

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 Annual Report on Form 10-K 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.

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## 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 Annual Report of Amazing Energy Oil and Gas, Co. on Form 10-K for the annual period ended July 31, 2018 (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: October 29, 2018

By: /s/ Marty Dobbins

Marty Dobbins

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 Annual Report on Form 10-K 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.

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