

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Amazing Energy Oil & Gas, Co.

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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended:

April 30, 2019

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 000-52392

AMAZING ENERGY OIL AND GAS, CO.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation)

82-0290112

(I.R.S. Employer Identification Number)

5700 W Plano Pkwy
Suite 3600
Plano, Texas 75093

(Address of principal executive office)

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

Indicate by check mark whether the Registrant (i) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (ii) has been subject to such filing requirements for the past 90 days. YES 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 (SS 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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

Large Accelerated Filer Accelerated Filer
Non-accelerated Filer Smaller Reporting Company
(Do not check if 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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 94,131,232 a s of June 14, 2019.

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PART I

ITEM 1. FINANCIAL STATEMENTS.

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

	April 30 2019	July 31 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 113,072	\$ 523,695
Receivable from working interest owners	103,428	33,954
Subscription receivable	410,000	-
Production revenue receivable	90,715	48,188
Other current assets	24,242	40,000
Total current assets	<u>741,457</u>	<u>645,837</u>
Oil and gas properties - proved, net	7,869,918	5,422,989
Oil and gas properties - unproved	3,970,024	3,079,492
Property and equipment, net	331,199	434,528
Other assets	122,856	78,600
TOTAL ASSETS	<u>\$ 13,035,454</u>	<u>\$ 9,661,446</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,278,838	\$ 295,015
Payable to related party	25,038	25,038
Notes payable, related parties	528,502	311,730
Note payable, acquisition	1,900,000	-
Equipment note payable	10,247	10,247
Due to working interest owners	421,565	389,562
Accrued interest payable, related parties	77,597	400,805
Total current liabilities	<u>4,241,787</u>	<u>1,432,397</u>
Long term liabilities:		
Promissory note payable, net of debt discount	139,970	-
Notes payable, related parties	3,452,668	2,769,440
Equipment note payable	11,765	22,847
Asset retirement obligation	599,694	258,575
Total liabilities	<u>8,445,884</u>	<u>4,483,259</u>
Commitments and contingencies, (Note 13)	-	-
Stockholders' equity:		
Preferred stock, no par value, 10,000,000 shares authorized;		
Series A, par value \$0.01	-	90
-0- shares issued and outstanding at April 30, 2019		
9,000 shares issued and outstanding at July 31, 2018		
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;	94,110	83,977
94,106,232 issued and outstanding at April 30, 2019		
83,975,232 issued and outstanding at July 31, 2018		
Additional paid-in capital	41,153,075	37,637,323
Accumulated deficit	(36,658,115)	(32,543,703)
Total stockholders' equity	<u>4,589,570</u>	<u>5,178,187</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 13,035,454</u>	<u>\$ 9,661,446</u>

The accompanying notes are an integral part of these financial statements

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

	Three Months Ended April 30		Nine Months Ended April 30,	
	2019	2018	2019	2018
Revenue				
Oil and gas sales	\$ 151,323	\$ 94,194	\$ 377,151	\$ 222,254
Oilfield service revenue	-	32,250	-	78,389
Total Revenue	<u>151,323</u>	<u>126,444</u>	<u>377,151</u>	<u>300,643</u>
Operating Expense				
Production costs	174,088	23,534	356,898	118,898
Depreciation, depletion and amortization	92,287	49,224	243,676	185,230
General and administrative expense	1,073,104	1,342,797	3,174,703	5,270,392
Accretion expense	12,081	2,362	19,039	7,087
Total Operating Expenses	<u>1,351,560</u>	<u>1,417,917</u>	<u>3,794,316</u>	<u>5,581,607</u>
Loss from operations	<u>(1,200,237)</u>	<u>(1,291,473)</u>	<u>(3,417,165)</u>	<u>(5,280,964)</u>
Other (income) expense				
Interest and other income	(234)	(463)	(1,508)	(881)
Interest expense	99,960	-	178,661	3,062
Financing costs, related parties	17,000	-	77,000	-
Interest expense, related parties	82,674	45,234	443,094	156,469
Total other (income) expense	<u>199,100</u>	<u>44,771</u>	<u>697,247</u>	<u>158,650</u>
Loss before taxes	(1,399,337)	(1,336,244)	(4,114,412)	(5,439,614)
Provision for income taxes	-	-	-	-
Net loss	<u>\$ (1,399,337)</u>	<u>\$ (1,336,244)</u>	<u>\$ (4,114,412)</u>	<u>\$ (5,439,614)</u>
Net Loss per share:				
Net Loss per share of common stock, basic and diluted	<u>\$ (0.016)</u>	<u>\$ (0.018)</u>	<u>\$ (0.048)</u>	<u>\$ (0.078)</u>
Weighted average shares of common stock outstanding, basic and diluted				
	<u>89,837,116</u>	<u>73,347,356</u>	<u>86,353,564</u>	<u>69,993,462</u>

The accompanying notes are an integral part of these financial statements

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

	Nine Months Ended April 30,	
	2019	2018
Cash Flows From Operating Activities		
Net loss	\$ (4,114,412)	\$ (5,439,614)
Adjustments to reconcile net loss to net cash from operations:		
Stock based compensation	1,549,189	3,450,393
Financing fee in debt issuance	60,000	-
Accretion expense	19,039	7,087
Depreciation, depletion and amortization	243,676	185,230
Amortization of note discount	408,741	-
Change in:		
Receivable from working interest owners	(69,473)	19,045
Production revenue receivable	(42,527)	7,381
Other current assets	15,758	16,915
Other assets	25,744	(11,977)
Accounts payable and accrued liabilities	1,012,475	46,370
Due to working interest owners	32,003	4,952
Accrued interest payable	(218,312)	110,199
Net cash from operating activities	(1,078,099)	(1,604,019)
Cash Flows From Investing Activities		
Investment in oil and gas properties	(4,289,393)	(748,637)
Acquisition of property and equipment	-	(455)
Proceeds from sale of oil and gas working interests	924,751	200,000
Net cash from investing activities	(3,364,642)	(549,092)
Cash Flows From Financing Activities		
Proceeds from sale of common stock	1,513,200	2,525,000
Proceeds from notes payable, related parties	600,000	25,000
Proceeds from notes payable	2,400,000	-
Payments on notes payable	-	(620,829)
Payments on equipment note payable	(11,082)	-
Payments on note payable, related parties	(400,000)	(33,911)
Net cash from financing activities	4,102,118	1,895,260
Net change in cash	(340,623)	(257,851)
Cash and cash equivalents and restricted cash - beginning of period	573,695	756,603
Cash and cash equivalents and restricted cash - end of period	\$ 233,072	\$ 498,752
Non-cash investing and financing activities		
Warrant modification with issuance of note payable, related party	\$ 480,771	\$ -
Note payable, related party settled with participation in oil and gas working interest	\$ 100,000	\$ -
Accounts payable settled with shares of common stock	\$ 16,482	\$ -
Warrants issued with notes payable, related party	\$ 288,000	\$ -
Redemption of preferred stock in exchange for note payable, related parties	\$ 900,000	\$ -
Accounts payable settled with common stock and participation in oil and gas working interest	\$ 50,000	\$ -
Related party note payable settled with common stock and participation in oil and gas working interest	\$ 160,000	\$ -
Related party interest payable settled with common stock and participation in oil and gas working interest	\$ 67,000	\$ -
Subscription receivable for sale of common stock and participation in oil and gas working interest	\$ 410,000	\$ -

The accompanying notes are an integral part of these financial statements

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

	Common stock shares	Common stock amount	Preferred Stock shares	Preferred Stock amount	Additional paid-in capital	Accumulated deficit	Total
Balance, July 31, 2017	<u>66,581,040</u>	<u>\$ 66,581</u>	<u>59,000</u>	<u>\$ 590</u>	<u>\$28,814,857</u>	<u>\$(26,028,247)</u>	<u>\$ 2,853,781</u>
Issuance of common stock for cash	1,200,000	1,200	-	-	298,800	-	300,000
Issuance of common stock for services	100,000	100	-	-	39,851	-	39,951
Warrants issued for services	-	-	-	-	274,112	-	274,112
Stock Options issued for services	-	-	-	-	1,572,866	-	1,572,866
Net loss	-	-	-	-	-	(2,682,669)	(2,682,669)
Balance, October 30, 2017	<u>67,881,040</u>	<u>\$ 67,881</u>	<u>59,000</u>	<u>\$ 590</u>	<u>\$31,000,486</u>	<u>\$(28,710,916)</u>	<u>\$ 2,358,041</u>
Issuance of common stock for cash	6,650,000	6,650	-	-	1,655,850	-	1,662,500
Issuance of common stock for services	544,970	545	-	-	381,525	-	382,070
Warrants issued for services	-	-	-	-	102,828	-	102,828
Stock Options issued for services	-	-	-	-	216,251	-	216,251
Net loss	-	-	-	-	-	(1,420,701)	(1,420,701)
Balance, January 31, 2018	<u>75,076,010</u>	<u>\$ 75,076</u>	<u>59,000</u>	<u>\$ 590</u>	<u>\$33,356,940</u>	<u>\$(30,131,617)</u>	<u>\$ 3,300,989</u>
Issuance of common stock for cash	2,250,010	2,250	-	-	560,250	-	562,500
Issuance of common stock for services	211,656	212	-	-	112,987	-	113,199
Warrants issued in connection with lease interests	-	-	-	-	77,962	-	77,962
Warrants issued in connection with promissory note	-	-	-	-	-	-	-
Warrants issued for services	-	-	-	-	532,817	-	532,817
Stock Options issued for services	-	-	-	-	216,298	-	216,298
Net loss	-	-	-	-	-	(1,336,244)	(1,336,244)
Balance, April 30, 2018	<u>77,537,676</u>	<u>\$ 77,538</u>	<u>59,000</u>	<u>\$ 590</u>	<u>\$34,857,254</u>	<u>\$(31,467,861)</u>	<u>\$ 3,467,521</u>

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Balance, July 31, 2018	<u>83,975,232</u>	<u>\$ 83,977</u>	<u>59,000</u>	<u>\$ 590</u>	<u>\$37,637,323</u>	<u>\$(32,543,703)</u>	<u>\$ 5,178,187</u>
Issuance of common stock for cash	400,000	400	-	-	99,600	-	100,000
Issuance of common stock for services	599,000	599	-	-	141,169	-	141,768
Warrants issued for services	-	-	-	-	23,449	-	23,449
Stock Options issued for services	-	-	-	-	448,976	-	448,976
Accounts payable settled with shares of common stock	66,000	66	-	-	16,416	-	16,482
Warrants issued with notes payable, related party	-	-	-	-	288,000	-	288,000
Warrant modification with issuance of note payable, related party	-	-	-	-	480,771	-	480,771
Net loss	-	-	-	-	-	(1,387,842)	(1,387,842)
Balance, October 31, 2018	<u>85,040,232</u>	<u>\$ 85,042</u>	<u>59,000</u>	<u>\$ 590</u>	<u>\$39,135,704</u>	<u>\$(33,931,545)</u>	<u>\$ 5,289,791</u>
Issuance of common stock for services	406,000	408	-	-	97,495	-	97,903
Issuance of common stock in offering for working interest	630,000	630	-	-	125,770	-	126,400
Warrants issued for services	-	-	-	-	17,199	-	17,199
Stock Options issued for services	-	-	-	-	326,094	-	326,094
Net loss	-	-	-	-	-	(1,327,233)	(1,327,233)
Balance, January 31, 2019	<u>86,076,232</u>	<u>\$ 86,080</u>	<u>59,000</u>	<u>\$ 590</u>	<u>\$39,702,262</u>	<u>\$(35,258,778)</u>	<u>\$ 4,530,154</u>
Issuance of common stock for cash	1,100,000	1,100	-	-	273,900	-	275,000
Issuance of common stock for services	370,000	370	-	-	101,730	-	102,100
Issuance of common stock in offering for working interest, net of offering costs	6,560,000	6,560	-	-	1,583,390	-	1,589,950
Redemption of Preferred Stock - Series A	-	-	(9,000)	(90)	(899,910)	-	(900,000)
Warrants issued for services	-	-	-	-	89,010	-	89,010
Stock Options issued for services	-	-	-	-	302,693	-	302,693
Net loss	-	-	-	-	-	(1,399,337)	(1,399,337)
Balance, April 30, 2019	<u>94,106,232</u>	<u>\$ 94,110</u>	<u>50,000</u>	<u>\$ 500</u>	<u>\$41,153,075</u>	<u>\$(36,658,115)</u>	<u>\$ 4,589,570</u>

The accompanying notes are an integral part of these financial statements

NOTE 1 – NATURE OF OPERATIONS

Amazing Energy Oil and Gas, Co. (“Amazing” “Amazing Energy” or the “Company”) 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 and southeastern New Mexico. 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.

The Company owns interests in oil and gas properties located in Texas and New Mexico. 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.

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. The accompanying unaudited financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information, as well as the instructions to Form 10-Q. Accordingly, the financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, the accompanying unaudited financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of April 30, 2019, and its results of operations for the three and nine months ended April 30, 2019 and 2018, and cash flows for the nine months ended April 30, 2019 and 2018. The balance sheet at July 31, 2018, was derived from audited annual financial statements but does not contain all of the footnote disclosures from the annual financial statements. All amounts presented are in U.S. dollars. For further information, refer to the financial statements and footnotes thereto in the Company’s Annual Report on Form 10-K for the year ended July 31, 2018.

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, LLC, Amazing Energy, Inc., Amazing Energy Holdings LLC, and Jilpetco, Inc. All significant intercompany balances and transactions have been eliminated.

Going Concern

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

As shown in the accompanying financial statements, the Company has incurred operating losses since inception. As of April 30, 2019, the Company has limited financial resources with which to achieve the objectives and obtain profitability and positive cash flows. As shown in the accompanying Consolidated Balance Sheet, the Company has an accumulated deficit of \$36,658,115. At April 30, 2019, the Company’s working capital deficit was \$3,500,330 compared to \$786,560 at July 31, 2018. The increase in the working capital deficit was primarily due to the net increase in accounts payable and the new financing of \$1,900,000 related to the New Mexico asset acquisition in January, 2019. Achievement of the Company’s objectives will be dependent upon its ability to obtain additional financing, to locate profitable mineral properties, 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 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 Recognition

The Company recognizes revenues from the sales of oil and natural gas to its customers and presents them disaggregated on the Company’s Consolidated Statements of Operations. The Company enters into contracts with customers to sell its oil and natural gas production. Revenue on these contracts is recognized in accordance with the five-step revenue recognition model prescribed in Accounting Standard Codification (“ASC”) 606. Specifically, revenue is recognized when the Company’s performance obligations under these contracts are satisfied, which generally occurs with the transfer of control of the oil and natural gas to the purchaser. Control is generally considered transferred when the following criteria are met: (i) transfer of physical custody, (ii) transfer of title, (iii) transfer of risk of loss and (iv) relinquishment of any repurchase rights or other similar rights. Given the nature of the products sold, revenue is recognized at a point in time based on the amount of consideration the Company expects to receive in accordance with the price specified in the contract. Consideration under the oil and natural gas marketing contracts is typically received from the purchaser one to two months after production. At April 30, 2019, the Company had receivables related to contracts with customers of \$90,715.

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AMAZING ENERGY OIL AND GAS, CO. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
April 30, 2019

Detailed revenue for the nine and three months ended April 30, 2019 and 2018 is as follows:

	Three months ended April 30,	
	2019	2018
Oil	\$ 151,323	\$ 113,264
Gas	-	13,180
Total	\$ 151,323	\$ 126,444

	Nine months ended April 30,	
	2019	2018
Oil	\$ 376,134	\$ 252,855
Gas	1,017	47,788
Total	\$ 377,151	\$ 300,643

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. Revenues suspended for specific reasons are released as those matters are resolved. The Due to working interest owners balance is comprised of 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 is capitalized as part of the carrying amount of the related long-lived asset. The liability is accreted to its then-present value each subsequent period, and the capitalized cost is depleted over the useful life of the related asset. Abandonment costs incurred are recorded as a reduction of the ARO liability.

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

Use of estimates

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

Risks and uncertainties

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

Concentration of risks

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

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AMAZING ENERGY OIL AND GAS, CO. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
April 30, 2019

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

During the nine months ended April 30, 2019, the Company sold its oil and gas production to only four customers. Oil production was sold to Rio Energy International, Inc. and to Plains Marketing L.P. Natural gas production was sold to Trans-Pecos Natural Gas Company, LLC and Targa Resources. During the nine months ended April 30, 2018, oil and gas production was sold to Sunoco, LP and Trans-Pecos Natural Gas Company, LLC, respectively.

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 April 30, 2019, the Company has a letter of credit in the amount of \$50,000 in favor of the Texas Railroad Commission as a bond for reclamation on its oil and gas properties and a \$70,000 cash deposit with the state of New Mexico for the Operator Bond required for the Company's wholly owned subsidiary, Jilpetco, Inc., to operate the New Mexico properties. These amounts are presented in Other assets on the Consolidated Balance Sheet. Management has complete discretionary authority over the use of unrestricted cash.

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 has a greater than 50% chance of being realized upon settlement with a taxing authority. The Company classifies any interest and penalties associated with income taxes as income tax expense.

Fair value of financial instruments

Financial instruments consist of cash and various notes payable. The fair value of these financial instruments approximates the carrying values.

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 un-depreciated cost at the date of disposal, the difference between the sale proceeds over the carrying amount is recognized as gain, while a loss is recognized when the carrying amount exceeds the sale proceeds. Property, 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.

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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 at April 30, 2019 or July 31, 2018.

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.

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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 April 30, 2019 and April 30, 2018, the Company had no assets or liabilities accounted for at fair value on a recurring 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 adopted the new standard on August 1, 2018 using the modified retrospective method. The adoption resulted in no changes in the timing of revenue recognition compared to the prior methodology.

In February 2016 the FASB issued ASU, No. 2016-02, Leases. The ASU requires companies to recognize on the Consolidated 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.

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 adoption of this update on August 1, 2018 had no impact to the consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash. The update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The Company adopted this update as of August 1, 2018. Cash, cash equivalents and restricted cash on the Consolidated Statement of Cash Flows includes restricted cash of \$120,000 and \$50,000 as of April 30, 2019 and July 31, 2018, respectively.

In June 2018, the FASB issued ASU No. 2018-07, Compensation-Stock Compensation, Improvements to Nonemployee Share-Based Payment Accounting. ASU No. 2018-07 expands the scope of the standard for stock-based compensation to include share-based payment transactions for acquiring goods and services from nonemployees. 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 preferred stock, stock options, and warrants to purchase common stock.

The outstanding securities at April 30, 2019 and 2018, that could have a dilutive effect on future periods are as follows:

	<u>April 30, 2019</u>	<u>April 30, 2018</u>
Convertible preferred stock	5,500,000	6,490,000
Warrants	10,576,308	5,948,408
Stock options	32,085,000	28,085,000
Total potential dilution	<u>48,161,308</u>	<u>40,523,408</u>

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For the three and nine month periods ended April 30, 2019 and 2018, the effect of this potential dilution has not been recognized since it would have been anti-dilutive.

NOTE 4 – PROPERTY AND EQUIPMENT

As of April 30, 2019 and July 31, 2018, the property and equipment asset balance was composed of the following:

	<u>April 30, 2019</u>	<u>July 31, 2018</u>
Drilling equipment	\$ 811,340	\$ 811,340
Other equipment	42,189	52,864
	<u>853,529</u>	<u>864,204</u>
Less: Accumulated depreciation	(522,330)	(429,676)
Total property and equipment	<u>\$ 331,199</u>	<u>\$ 434,528</u>

NOTE 5 – OIL AND GAS PROPERTIES

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

As of April 30, 2019, the Company has drilled and completed twenty-six (26) wells on the Pecos County, Texas leasehold premises. The company owns a 100% working interest (75% net revenue interest) in twenty-five (25) of the wells and a 37% working interest (27.75% net revenue interest) WWJD #31-H. Two wells are currently shut-in and will probably be converted to injection wells associated with a future water-flood plan.

On January 28, 2019, but by the terms of the purchase agreement made effective January 1, 2019, the Company acquired several oil and gas producing leaseholds in Lea County, New Mexico. As of April 30, 2019, the Company operated seven (7) producing wells in Lea County, New Mexico and three (3) salt water disposal wells. The Company currently has a 56.25% working interest (42.1875% net revenue interest) in six of the producing wells and a 7.05% working interest (5.2875% net revenue interest) in one well, the Moe 35 1-04H.

The Texas and New Mexico oil and gas property balances at April 30, 2019 and July 31, 2018, are set forth in the table below:

	<u>April 30, 2019</u>	<u>July 31, 2018</u>
Unproved properties not subject to amortization	\$ 3,970,024	\$ 3,079,492
Property costs subject to amortization	8,904,666	6,627,470
Asset retirement obligation, asset	<u>516,696</u>	<u>194,615</u>
Total cost of oil and gas properties	13,391,386	9,901,577
Less: Accumulated depletion	(1,551,444)	(1,399,096)
Oil and gas properties, net full cost method	<u>\$ 11,839,942</u>	<u>\$ 8,502,481</u>

The Company's mineral lease interests represent the leased acreage within the Pecos County, Texas 70,000 acres and the approximately 16,000 leased acreage within the New Mexico project as of April 30, 2019. 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 Pecos County, Texas acreage not under lease at April 30, 2019. 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 on the JT Walker lease annually on August 7th. The Company is also required to pay \$200,000 every five years on August 7th for the JPMorgan lease. The most recent payment on the JPMorgan lease was made in July, 2017. The next JPMorgan lease payment is due on August 7, 2022. The Company is current in its lease payments under all of these leases.

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On October 17, 2018, the Company acquired the deep rights in 26,000 mostly contiguous acres in the Permian Basin in Pecos County, Texas. With that acquisition, the Company now has a right to explore and develop all depths within 61,000 acres of the 70,000 acres that it controls in Pecos County, Texas and the right to explore and develop the remaining 9,000 acres to a depth defined at 100 feet below the bottom of the San Andres formation (approximately 3,000 feet). The purchased acreage is subject to the same option terms that are applicable to the other Pecos County, Texas acreage controlled by the Company. The cost of the acquisition was \$500,000.

During the nine months ended April 30, 2019, the Company offered an opportunity to several investors for participation in development of the WWJD #31- H well. The investment was offered to joint venture working interest partners (the "WWJD #31 Partners") who paid 100% of all recompletion costs on a turnkey basis for the development of the horizontal well. In exchange, the WWJD #31 Partners received a 63% working interest in the well-bore, but will receive a preferred payout of 75% of the net monthly revenue to the working interest until such time that they have received a cumulative payout equal to 110% of their initial investment. As of April 30, 2019, fluid was being recovered from the fracturing performed during the recompletion.

In addition, the WWJD #31 Partners received shares of the Company's common stock proportionately to their cash investment (at the rate of one half share of common stock for each \$1.00 invested in the well). Proceeds from the offering received during the nine months ended April 30, 2019 totaled \$1,260,000, which was first allocated to the shares of common stock based on the fair value of the shares on the date of each shareholders' investment and the remainder of the proceeds were allocated to the percentage participation interest acquired by the participants. Proceeds received during the nine months ended April 30, 2019 are as follows:

	Proceeds	Allocated to Common stock		Working interest in WWJD Well #31	
		No. of Shares	Value	Participation % Interest	Value
Cash	\$ 1,025,000	512,500	\$ 100,249	51.25%	\$ 924,751
Settlement of accounts payable and accrued liabilities	25,000	12,500	2,251	1.25%	22,749
Settlement of accrued interest payable, related party	50,000	25,000	5,000	2.50%	45,000
Settlement of notes payable, related parties	160,000	80,000	18,900	8.00%	141,100
Totals	\$ 1,260,000	630,000	\$ 126,400	63.00%	\$ 1,133,600

Mr. Will McAndrew, the Company's CEO, participated in the above transaction in exchange for settlement of accounts payable and accrued liabilities representing accrued compensation of \$25,000 due to him.

On October 12, 2018, the Company entered into an Option Agreement for the acquisition of several oil and gas producing leaseholds in New Mexico. At the date that the Option Agreement was executed, the Company paid the potential seller a non-refundable deposit of \$100,000, with the understanding that the cash deposit would be applied against the negotiated purchase price if a purchase was consummated. The Company exercised its option to purchase the New Mexico properties and the transaction was closed effective January 1, 2019. The negotiated purchase price was \$2,000,000, and in addition to applying the \$100,000 deposit against the purchase price, the Seller agreed to take a \$1,900,000 promissory note, which will become due and payable, including accrued interest at a rate of 7% per annum, on December 31, 2019.

During the three months ended April 30, 2019, the Company offered an opportunity to several investors to participate in a recompletion attempt on the Moe 35 1-04H which is located in Lea County, New Mexico. The investment was offered to joint venture working interest partners (the "Moe Partners") who will pay 100% of all completion costs on a turnkey basis for the development and reworking of the horizontal well. In exchange, the Moe Partners received working interests in the well-bore and they will receive a preferred payout of 75% of the net monthly revenue to the working interest until such time that they have received a cumulative payout equal to 110% of their investment. Proceeds received from the sale of the working interests in the well and common stock issued to participating Moe Partners during the three months ended April 30, 2019 are summarized as follows:

	Proceeds	Allocated to Common stock		Working interest in Moe 35 1-04H	
		No. of Shares	Value	Participation % Interest	Value
Cash	\$ 1,088,000	4,352,000	\$ 1,088,000	29.740%	\$ -
Subscription receivable	410,000	1,640,000	\$ 410,000	11.210%	-
Settlement of accounts payable and accrued liabilities	25,000	100,000	25,000	0.750%	-
Settlement of accrued interest payable, related party	17,000	68,000	17,000	1.275%	-
Settlement of notes payable, related parties	100,000	400,000	100,000	6.225%	-
Totals	\$ 1,640,000	6,560,000	\$ 1,640,000	49.200%	\$ -

Mr. Will McAndrew, the Company's CEO, participated in the above transaction in exchange for settlement of accounts payable and accrued liabilities representing accrued compensation of \$25,000 due to him.

At April 30, 2019 the recompletion of the Moe well was in progress.

NOTE 6 – NOTES PAYABLE

Notes payable, related parties

On January 3, 2011, the Company formalized a loan agreement for \$1,940,000 with Jed Miesner, who at the time, was the Company's CEO and Chairman. The loan, which is scheduled to mature on December 31, 2030, had an original interest at the rate of 8% per annum and was collateralized with a leasehold deed of trust covering certain leasehold interests in Pecos County, Texas.

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, which is scheduled to mature on December 31, 2030, had an original interest rate of 8% per annum, and is collateralized with a leasehold deed of trust covering certain leasehold interests in Pecos County, Texas.

On December 30, 2010, Amazing Energy, LLC 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.

Terms of the \$1,940,000 note and the \$1,100,000 note were modified effective February 1, 2017, pursuant to an agreement between Jed Miesner, Petro Pro, Ltd. and the Company. Beginning February 1, 2017, and continuing through February 1, 2019, the interest rate on the two aforementioned notes was reduced from 8% to 6% per annum. After February 1, 2019, and continuing through the maturity date of the two notes (December 31, 2030), the annual interest rate on the two notes was set at a rate equal to the Happy State Bank prime rate of 7.5% plus 2% at April 30, 2019.

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

Principal maturities for the two loan agreements and the credit facility outstanding at April 30, 2019 for the remaining terms are summarized by year as follows:

Year ending October 31,	Principal Maturities			
	Jed Miesner	Petro Pro, Ltd.	JLM Strategic Investments, LP	Total
2019	\$ 310,995	\$ 176,337	\$ 41,170	\$ 528,502
2020	67,272	38,144	-	105,416
2021	72,655	41,196	-	113,851
2022	78,467	44,492	-	122,959
2023	84,744	48,051	-	132,795
Subsequent years	2,225,867	751,780	-	2,977,647
	<u>\$ 2,840,000</u>	<u>\$ 1,100,000</u>	<u>\$ 41,170</u>	<u>\$ 3,981,170</u>

As of April 30, 2019 and July 31, 2018, the accrued and unpaid interest on these borrowings was \$77,597 and \$400,805, respectively. Related party interest expense for the nine months ended April 30, 2019 and 2018 was \$155,090 and \$93,195, respectively. On September 10, 2018, the Company agreed to pay accrued interest of \$309,130 on or before December 31, 2018 and \$169,168 on or before February 28, 2019 for a total of \$478,298. During the three months ended January 31, 2019, Mr. Miesner obtained participation in the WWJD Well #31-H and shares of the Company's common stock in exchange for \$50,000 of accrued interest due to him (see Note 5). At April 30, 2019, all required payments under the September 10, 2018 agreement, as amended, have been satisfied.

At April 30, 2019, the balance of the notes and accrued interest was convertible into membership shares of Amazing Energy, LLC, a wholly owned subsidiary of the Company at \$0.60 per membership share.

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Promissory notes payable, related parties

On October 16, 2018, the Company entered into promissory notes with its Chairman of the Board and one of its Directors to fund the acquisition of the Wyatt properties in Pecos County, Texas and to allow the Company enter into an Option Agreement for acquisition of several oil and gas producing properties in Lea County, New Mexico. The aggregate principal amount of the two new notes was \$600,000. The notes required a placement fee of \$60,000 (equal to 10% of the principal amounts of the loans), which was expensed as financing costs during the nine months ended April 30, 2019. As additional consideration for the financing, the Company issued 2,400,000 warrants for the right to acquire its common stock at an exercise price of \$0.25 per share for a term of six years. As a result, the Company recorded a debt discount of \$288,000 to account for the relative fair value of the warrants (see note 9). The debt discount is being amortized as interest expense over the term of the note.

On October 26, 2018, the Company paid \$400,000 on the promissory notes. During the nine months ended April 30, 2019, an additional \$160,000 of the promissory notes were satisfied through the holders participation in the offering of working interest in the WWJD #31H and Moe 35 1-04H. The note holders received a 6.225 % working interest in the WWJD #31-H well and 400,000 shares of the Company's common stock (see Note 5). The remaining related party note balance of \$100,000 was satisfied on April 10 by granting a 3% working interest in the Moe 35 1-04H well via the remaining note holder's election to participate in the Company's offering to raise capital for the recompletion of the well. At April 30, 2019, the notes have been paid in full and the related debt discount has been fully amortized. Related party financing costs on these notes for the three and nine months ended April 30, 2019 was \$17,000 and \$77,000, respectively.

Promissory note payable

On October 22, 2018, the Company entered into a promissory note with Bories Capital, LLC (Bories) for \$500,000, the owner of which is a holder of all of the outstanding shares of the Company's Preferred B stock. The note bears interest at the Hancock Whitney Bank prime rate plus two percent (7.50% at April 30, 2019) and is due in full at maturity on October 24, 2020. Interest is payable monthly beginning on November 30, 2018. As additional consideration for the note, the Company agreed to modify the terms of 2,674,576 warrants to acquire common stock held by the owner of Bories. The warrants were amended to change the exercise price from \$0.60 to \$0.40 per share and extend the expiration date from July 31, 2019 to April 1, 2024. These modifications resulted in financing fee of \$480,771 which represents the difference in the fair value of the warrants before and after the change in terms. The amount was recognized as a discount on the note and is being amortized as interest expense over the term of the note. Amortization of \$120,741 was recognized as interest expense during the nine months ended April 30, 2019. At April 30, 2019, the discount balance is \$360,030.

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

Note payable, acquisition

On October 12, 2018 the Company entered into an agreement for the acquisition of oil and gas producing interest in New Mexico for \$2,000,000. During the quarter ended January 31, 2019 the company closed on the transaction with a seller financing note payable of \$1,900,000. The note bears interest of 7% and the entire balance of principal and interest is due at maturity on December 31, 2019. See Note 5.

NOTE 7 – ASSET RETIREMENT OBLIGATIONS

The information below details the asset retirement obligation for the nine months ended April 30, 2019 and 2018 as follows:

Balance, July 31, 2018	\$ 258,575
Asset retirement obligation incurred	322,081
Accretion expense	19,038
Balance, April 30, 2019	<u>\$ 599,694</u>
Balance, July 31, 2017	\$ 183,397
Asset retirement obligation incurred	-
Accretion expense	7,087
Balance, April 30, 2018	<u>\$ 190,484</u>

The asset obligation incurred is connected with the acquired wells in the Lea County, New Mexico acquisition and wells placed into production in the Pecos County, Texas project during the nine months ended April 30, 2019.

NOTE 8 – 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 contingencies

On September 7, 2017, Amazing Energy LLC and Jilpetco Inc. were served with a lawsuit, in Cause No. P-7600-83-CV in the 83rd District Court in Pecos County, Texas. The nature of the litigation is that Amazing Energy & Jilpetco were joined as defendants in a case in Pecos County, Texas, between Fredrick Bartlett Wulff, Sr. et al plaintiffs and Benedum & Trees, LLC et al defendants. The suit alleges breach of lease, breach of implied duty to explore and develop, and requests a declaratory judgment that the leases are terminated, and the suit requests an accounting of lease production. The case is 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 83rd District Court in Pecos County, Texas. Amazing Energy and Jilpetco were named as defendants in a case by Rumson Royalty Company as the plaintiff. The suit alleges Amazing Energy and Jilpetco have suspended certain royalty and/or overriding interest payments owed to the plaintiff, and requests a declaratory judgment seeking the plaintiff's share of production proceeds and reasonable attorney's fees. Management 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.

On March 26, 2019, Amazing Energy Oil and Gas Co. (AEOG) was served with a lawsuit (Cause No. 75747C) in the 251st district Court in Randall County, Texas. AEOG was named as defendant in a suit filed by Stephen Salgado, the Company's former Chief Financial Officer. The suit alleges that AEOG breached the terms of Mr. Salgado's Employment Agreement by assigning him duties and responsibilities that were inconsistent with his Chief Financial Officer position; thereby entitling him to resign "For Cause". The case is in the early stages of discovery as to the claims against the Company. The Company plans to vigorously defend the case. Management does not believe that the pending litigation, disputes or claims alleged by Mr. Salgado against the Company would have a material adverse effect on the Company's financial position, cash flows, or results of operations in the unlikely event that the case is decided against the Company.

Lease commitments

The Company, as lessee, subleases its corporate headquarters in Plano, Texas at a cost of \$3,500 per month. Effective May 1, 2019, the Company assumed the lease obligation until its November 30, 2019 expiration date at which time the lease will renew for three years with the Company as lessee.

Oil and gas lease commitments

The Company is obligated to pay royalties to holders of oil and natural gas interests in its Texas and New Mexico operations. The Company is also obligated to pay other working interest owners, if any, a pro-rata portion of revenues generated from oil and gas sales, after deducting all leasehold operating expenses.

The Company is also obligated to pay certain bonus lease payments related to certain of its Pecos County, Texas leaseholds. The Company is required to pay \$27,000 each year on the JT Walker lease, beginning August 7, 2017. The Company is also required to pay \$200,000 every five years on the JPMorgan lease, beginning August 7, 2017. The Company is current in its lease payments under these leases. These payments are included in Oil and Gas Properties – Leasehold acquisition costs (Note 5) in accordance with full-cost accounting.

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NOTE 9 – 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 had 9,000 shares of Series A preferred stock outstanding at January 31, 2019. These shares were issued from the designated 10,000,000 shares of preferred stock, no par value.

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

Series B convertible preferred stock:

The Company has 50,000 shares of Series B preferred stock outstanding at April 30, 2019. 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.

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- 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 conversion price of \$1.00 per share on the basis of 110 shares of common stock for each one share of Series B preferred stock outstanding.

As additional consideration for a new promissory note dated October 22, 2018 (Note 6), the terms of the right to convert preferred shares into warrants to acquire common stock attached to the Company's Series "B" Preferred Stock, were amended to extend the conversion period to April 1, 2024 and to reduce the underlying warrant exercise price from \$0.60 per share to \$0.40 per share. The Company further agreed to suspend its right to call the Series "B" Preferred Stock until April 1, 2024.

Common Stock

During the nine months ended April 30, 2019, in addition to shares of common stock sold with working interest in the wells WWJD #31-H and the Moe 35 1-04H (See Note 5), the Company issued 1,500,000 shares of common stock for cash of \$375,000. Sales of 1,100,000 of these common shares included warrants to purchase 275,000 shares of the Company's common stock for \$0.50 for a period of three years. During the nine months ended April 30, 2018 the Company issued 10,100,000 shares of common stock for cash of \$2,525,000.

During the nine months ended April 30, 2019 and 2018, the Company issued 1,374,808 and 856,636 shares of common stock with total fair value of \$341,702 and \$561,168, respectively as compensation for professional services. In addition, the Company issued 66,192 shares of common stock with a fair value of \$16,482 for satisfaction of accounts payable.

During the nine months ended April 30, 2019 the Company issued 7,190,000 shares of common stock in connection with the sale of working interest in the WWJD # 31- H and the Moe 35 1-04H wells with a fair value of \$1,766,400. See Note 5. Commission of \$50,050 was paid relating to these sales. At April 30, 2019, subscription receivables related to these sales of \$410,000 had not yet been received. As of May 22, 2019, all funds have been received.

Warrants:

During the nine months ended April 30, 2019 and 2018, the Company issued 1,620,675 and 3,273,832 warrants to purchase common stock valued at \$129,658 and \$987,718, respectively, for professional services. Additionally, during the nine months ended April 30, 2019, the Company issued 2,400,000 warrants to purchase common stock in connection with promissory notes with a fair value of \$288,000 and changed the terms of 2,674,576 existing warrants with an incremental fair value due to the modification of \$480,771. See Note 6.

Warrant transactions for the nine months ended April 30, 2019 and 2018 are summarized as follows:

	<u>Nine Months ended April 30,</u>	
	<u>2019</u>	<u>2018</u>
Outstanding warrants - beginning	6,280,633	2,674,576
Issued	4,295,675	3,273,832
Exercised	-	-
Expired	-	-
Outstanding warrants - ending	<u>10,576,308</u>	<u>5,948,408</u>

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:

<u>2019</u>	
Weighted average fair value	\$0.12 to \$0.47
Exercise price	\$0.23 to \$0.50
Risk-free interest rate	2.23% - 3.05%
Expected volatility of common stock	157% - 168%
Dividend yield	0.00%
Expected term of warrant	Three to Six Years

<u>2018</u>	
Weighted average fair value	\$0.27
Exercise price	\$0.40 to \$1.00
Risk-free interest rate	2.54%
Expected volatility of common stock	168.97%
Dividend yield	0.00%
Expected term of warrant	Four Years

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The Company's outstanding warrants at April 30, 2019 are detailed as follows:

Expiration Year	Number of Warrants	Exercise Price
2020	1,200,000	\$0.50
2021	1,858,332	\$0.40 to \$1.00
2022	785,200	\$0.25 to \$0.60
2023	646,625	\$0.23 to \$0.74
2024	6,086,151	\$0.31 to \$0.40
	<u>10,576,308</u>	

Stock Options

Stock Option based compensation from Fiscal Year 2018 Grants

During the three and nine months ended April 30, 2019, the Company recognized \$192,243 and \$639,195, respectively, of stock-based compensation related to the vesting of options that were granted during the year ended July 31, 2018. Of this amount, the Company recognized \$14,360 of additional compensation due to reduction in the exercise price from \$0.40 to \$0.25 on options held by the Company's Chief Executive Officer. At April 30, 2019, of unrecognized compensation of approximately \$1,372,100 associated with the 2017 grants will be recognized over the next 3.33 years.

Stock Option based compensation from Fiscal Year 2019 Grants

During the nine months ended April 30, 2019, the Board of Directors authorized the grant of 3,000,000 options to purchase shares of common stock of the Company to its Chief Financial Officer, Chief Operating Officer, Corporate Secretary and to its Assistant Controller. The options have an exercise price of \$0.30 and expire three to five years from the date of grant. The fair value of these grants was \$677,036. A portion of the options vested immediately with the remainder to vest over the next three years. For the three and nine month periods ended April 30, 2019, the Company recognized stock-based compensation of \$110,450 and \$223,908, respectively, for these options. At April 30, 2019, unrecognized compensation related to the option grants is \$453,128 which will be recognized over the next three years.

On October 10, 2018, the Board of Directors also authorized the grant of 1,000,000 options to purchase shares of common stock of the Company to certain directors. The options vested immediately at the date of grant. These options have an exercise price of \$0.30 and expire on October 23, 2023. The fair value of the grant was \$214,726 which the Company recognized as stock-based compensation for the nine month period ended April 30, 2019.

Option activity for the nine months ending April 30, 2019 and 2018 is summarized as follows:

	For the nine months ended April 30			
	2019		2018	
	Options	Exercise price	Options	Exercise Price
Beginning balance, outstanding	28,085,000		-	
Granted	4,000,000	\$ 0.30	28,085,000	\$ 0.40
Exercised	-		-	
Forfeited or rescinded	-		-	
Balance outstanding, ending	<u>32,085,000</u>		<u>28,085,000</u>	
Outstanding at the end of the period, vested	<u>9,675,000</u>		<u>5,437,500</u>	

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The Company has estimated the fair value of all stock option grants using the Black-Scholes model with the following information and range of assumptions:

	For the nine months ended	
	April 30, 2019	April 30, 2018
Weighted average fair value	\$0.02 to \$0.17	\$0.24 to \$0.27
Options issued	4,000,000	28,085,000
Exercise Price	\$0.30	\$0.40
Expected volatility	157 % to 166%	175% to 200%
Term	Three to Five Years	Four to Five years
Risk-free rate	2.49% to 2.96%	1.57% to 1.74%

The following is a summary of the Company's outstanding stock options as of April 30, 2019:

Expiration Year	Number of Options	Exercise Price
2021	2,600,000	\$0.30 to \$0.40
2022	27,885,000	\$0.25 to \$0.40
2023	1,300,000	\$0.30
2024	300,000	\$0.30
	<u>32,085,000</u>	

At April 30, 2019, the Company had reserved 42,661,308 common shares for future exercise of warrants for purchase of common stock and stock options. At April 30, 2019, the Company's stock options had no intrinsic value.

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

The following discussion should be read in conjunction with our audited financial statements and notes thereto date July 31, 2018. 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 fiscal years in the two-year period then ended, includes a "going concern" explanatory paragraph that describes substantial doubt about the Company's ability to continue as a going concern.

Safe Harbor Provision

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

Overview

We are in the business of exploration, development, and production of oil and gas in the Permian Basin of West Texas and in southeastern New Mexico. 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 April 30, 2019, the Company has leasehold rights located within approximately 70,000 acres in Pecos County, Texas and approximately 16,000 acres in Lea County, New Mexico. We believe that our concentrated acreage positions provides us with an opportunity to achieve cost, operating and recovery efficiencies in the development of our drilling inventory. Historically, our activities have been primarily focused on vertical development of the Queen formation over the Central Basin platform, which separates the Midland Basin from the Delaware Basin, all of which are part of the Permian Basin in West Texas. Recently, however, the Company has had several successful completions in the deeper San Andres zone of its Pecos County, Texas and Lea County, New Mexico properties. Future drilling targets could include the Grayburg, Clear Fork, Glorietta, and Devonian zones in Pecos County, Texas and the Devonian, Pennsylvanian and Wolfcamp/Wolfbone zones in Lea County, New Mexico.

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 Year 2018 Activity

Our fiscal year ended July 31, 2018 activity focused on conventional drilling in the Queen formation in Pecos County, Texas. We spudded two conventional wells and completed two wells in fiscal 2018, compared to spudding one conventional well and completion of one 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.

Fiscal Year 2019 Activity

During the fiscal year to date, the Company has continued to raise funds to drill oil and gas wells located within the approximately 70,000 acres, in Pecos County, Texas and the approximate 16,000 acres in Lea County, New Mexico, where our leasehold rights currently exist. Our fund raising activities have been primarily through joint venture working interest holder participations, whereby the Company has retained a carried working interest. In order to keep the leasehold in good standing, we adhere to the Continuous Drilling Clause for each respective lease and strictly adhere to the requirements within said Drilling Clauses. The level of capital expenditures for the remainder of the fiscal year will significantly depend on the future market prices for oil and the Company's ability to source the necessary capital to fund the drilling of any wells in the future.

At April 30, 2019, the Company has a 100% working interest in twenty-five (25) wells and a 37% working interest in the WWJD #31-H well located in the Pecos County, Texas leasehold premises. The Company has drilled 26 wells throughout the property, with twenty-four of the wells being either current producers or subjects of a scheduled workover/recompletion plan. Two wells are currently shut-in and will probably be converted to injection wells associated with a future water-flood plan.

Effective January 1, 2019 the Company acquired several oil and gas producing leaseholds in Lea County, New Mexico. At April 30, 2019 the Company has seven producing wells and three salt water disposal wells in the Lea County project.

During the nine months ended April 30, 2019, the Company continued its development activities by completing the WWJD #31-H well in Pecos County, Texas and by recompleting the Moe 35 1-04 H well and working over the Maxwell 24-1H well which are located on two of the newly acquired properties in Lea County, New Mexico.

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

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

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

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

The Company's Expansion Strategy includes the following:

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

Overview of Current Operations

Through April 30, 2019, the Company has drilled twenty-six wells on its leasehold in Pecos County, Texas. Twenty-four of the twenty-six wells are either currently producing or awaiting workover/recompletion attempts and two wells are currently shut in. During the quarter ended April 30, 2019, the Company drilled and completed one horizontal well in the San Andres formation in Pecos County, Texas (WWJD #31 H). While it is too early to evaluate the results of the new well, the Company believes that the well will be commercially productive. As a result of the recent Lea County, New Mexico acquisition (effective January 1, 2019), the Company now has seven additional wells that are currently producing oil and gas. The Company also acquired three salt water disposal wells in the Lea County, New Mexico asset acquisition transaction.

Compliance with Government Regulations

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

Transportation and Sale of Oil

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

During the nine months ended April 30, 2019, the Company sold its oil and gas production to only four customers. Oil production was sold to Rio Energy International, Inc. and to Plains Marketing L.P., and natural gas production was sold to Trans-Pecos Natural Gas Company, LLC and Targa Resources. During the nine months ended April 30, 2018, oil and gas production was sold to Sunoco, LP and Trans-Pecos Natural Gas Company, LLC, respectively.

Regulation of Production

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

Environmental Matters and Regulation

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

Waste Handling. The Resource Conservation and Recovery Act, as amended, and comparable state statutes and regulations promulgated thereunder, affect oil and natural gas exploration, development and production activities by imposing requirements regarding the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. With federal approval, the individual states administer some or all the provisions of the Resource Conservation and Recovery Act, sometimes in conjunction with their own, more stringent requirements. Although most wastes associated with the exploration, development and production of crude oil and natural gas are exempt from regulation as hazardous wastes under the Resource Conservation and Recovery Act, such wastes may constitute "solid wastes" that are subject to the less stringent non-hazardous waste requirements. Moreover, the EPA or state or local governments may adopt more stringent requirements for the handling of non-hazardous wastes or categorize some non-hazardous wastes as hazardous for future regulation. Indeed, legislation has been proposed from time to time in Congress to re-categorize certain oil and natural gas exploration, development and production wastes as "hazardous wastes." Also, in December 2016, the EPA agreed in a consent decree to review its regulation of oil and gas waste. 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 U.S. Supreme Court held that stationary sources could not become subject to PSD or Title V permitting solely because of their greenhouse gas emissions. The Court ruled, however, that the EPA may require installation of best available control technology for greenhouse gas emissions at sources otherwise subject to the PSD and Title V programs. On August 26, 2016, the EPA proposed changes needed to bring the EPA’s air permitting regulations in line with the Supreme Court’s decision on greenhouse gas permitting. The proposed rule was published in the Federal Register on October 3, 2016 and the public comment period closed on December 2, 2016.

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

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

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

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

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

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

Regulation of Hydraulic Fracturing

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

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

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

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

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

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

Other Regulation of the Oil and Natural Gas Industry

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

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

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

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

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

State laws regulate the size and shape of drilling and spacing units or proration units governing the pooling of oil and natural gas properties. Some states allow forced pooling or integration of tracts to facilitate exploration while other states rely on voluntary pooling of lands and leases. In some instances, forced pooling or unitization may be implemented by third parties and may reduce our interest in the unitized properties. In addition, state conservation laws establish maximum rates of production from oil and natural gas wells, generally prohibit the venting or flaring of natural gas and impose requirements regarding the ratable 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 and New Mexico regulate the drilling for, and the production, gathering and sale of, oil and natural gas, including imposing severance taxes and requirements for obtaining drilling permits. Texas currently imposes a 4.6% severance tax on oil production and a 7.5% severance tax on natural gas production, while New Mexico currently imposes a 3.75% severance tax on oil and gas production as well as an additional emergency school tax (3.15%), a conservation tax (1.9%) and a production ad-valorem tax (2.2886%). States also regulate the method of developing new fields, the spacing and operation of wells and the prevention of waste of oil and natural gas resources. States may regulate rates of production and may establish maximum daily production allowable from oil and natural gas wells based on market demand or resource conservation, or both. States do not regulate wellhead prices or engage in other similar direct economic regulation, but we cannot assure you that they will not do so in the future. The effect of these regulations may be to limit the amount of oil and natural gas that may be produced from our wells and to limit the number of wells or locations we can drill.

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

OSHA and Other Laws and Regulations

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

Competition

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

Office and Other Facilities

The Company, as lessee, subleases its corporate headquarters in Plano, Texas at a cost of \$3,500 per month. Effective May 1, 2019 the Company assumed the lease obligation until its November 30, 2019 expiration date at which time the lease will renew for three years with the Company as lessee.

Employees

As of April 30, 2019, the Company had four full-time employees. We regularly use independent contractors and consultants to perform various field-level tasks as well as other required services. None of our employees are represented by a labor union or covered by any collective bargaining agreement.

Research and Development Expenditures

None.

Reports to Security Holders

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

PLAN OF OPERATION

Title to Properties

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

Oil and Gas Leases

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

RESULTS OF OPERATIONS

The following table presents selected financial and operational data for the three and nine month periods ended April 30, 2019 and 2018, respectively.

	Three months ended April 30,		Change	% Change
	2019	2018		
Revenue, oil and gas sales	\$ 151,323	\$ 94,194	\$ 57,129	60.65%
Number of BOE sold	2,806	2,613	193	7.39%
Average price per BOE	\$ 53.93	\$ 36.05	\$ 17.88	49.60%
Net production (BOE)	3,070	2,530	540	21.34%
Average daily net production (BOE)	33.37	27.50	5.87	21.34%

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	Nine months ended April 30,		Change	% Change
	2019	2018		
Revenue, oil and gas sales	\$ 377,151	\$ 222,254	\$ 154,897	69.69%
Number of BOE sold	7,560	7,278	282	3.87%
Average price per BOE	\$ 49.89	\$ 30.54	\$ 19.35	63.36%
Net production (BOE)	10,551	7,381	3,170	42.95%
Average daily net production (BOE)	38.65	27.04	11.61	42.95%

Oil and Gas Production and Revenue

Production Costs

Production costs increased \$150,554 from \$23,534 for the three months ended April 30, 2018 to \$174,088 for the three months ended April 30, 2019. This increase for the comparable three-month period was attributable primarily to increased reasonable and customary lease operating expenses.

Production costs increased \$238,000 from \$118,898 for the nine months ended April, 2018 to \$356,898 for the nine months ended April 30, 2019. This increase for the comparable nine month period was attributable primarily to increased reasonable and customary lease operating expenses.

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

Depletion of oil and gas properties is calculated under the units of production method, following the full cost method of accounting. For the three month period ended April 30, 2019, DD&A was \$92,287 as compared to \$49,224 for the three month period ended April 30, 2018. The increase in DD&A of \$43,063 for the three-month comparable period was primarily due to the change in proved reserves for the current period relative to the prior year.

For the nine month period ended April 30, 2019, DD&A was \$243,676 as compared to \$185,230 for the nine month period ended April 30, 2018. The increase in DD&A of \$58,446 for the nine month comparable period was primarily due to the change in proved reserves for the current period relative to the prior year.

General and Administrative Expenses

For the three months ended April 30, 2019, the Company’s general and administrative expenses were \$1,073,104 compared to \$1,342,797 for the comparative quarter ended April 30, 2018, a decrease of \$269,693.

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

Increase(decrease) in non cash stock and warrant compensation	\$ (353,214)
Increase(decrease) in consulting services expense	(9,574)
Increase(decrease) in investor relations expense	45,352
Increase(decrease) in travel expense	23,332
Increase(decrease) in salaries, employee benefits and payroll taxes	79,072
Increase(decrease) in professional fees	13,929
Increase(decrease) in general corporate expenses	(68,590)
Total Decrease in General and Administrative Expenses	\$ (269,693)

For the nine months ended April 30, 2019, the Company’s general and administrative expenses were \$3,174,703 compared to \$5,270,392 for the comparative period ended April 30, 2018, a decrease of \$2,095,689.

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

Increase(decrease) in non-cash stock and warrant compensation	\$ (1,930,355)
Increase(decrease) in consulting services expense	115,172
Increase(decrease) in investor relations expense	81,062
Increase(decrease) in travel expense	(61,919)
Increase(decrease) in salaries, employee benefits and payroll taxes	(142,249)
Increase(decrease) in professional fees	(70,996)
Increase(decrease) in general corporate expenses	(86,404)
Total Decrease in General and Administrative Expenses	\$ (2,095,689)

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Liquidity and Capital Resources

The Company had a working capital deficit of \$3,500,330 as of April 30, 2019, compared to a working capital deficit of \$786,560 as of July 31, 2018. The increase in the working capital deficit was primarily due to the net increase in accounts payable and the new short term financing of \$1,900,000 related to the New Mexico asset acquisition.

Detail of changes in cash flows for the nine months ended April 30, 2019 and 2018 are as follows:

	April 30, 2019	April 30, 2018	Increase (Decrease)
Net cash (used in) operating activities	\$ (1,078,099)	\$ (1,604,019)	\$ 525,920
Net cash (used in) investing activities	\$ (3,364,642)	\$ (549,092)	\$ (2,815,550)
Net cash provided by financing activities	\$ 4,102,118	\$ 1,895,260	\$ 2,206,858

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

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

Critical Accounting Policies and Recent Accounting Pronouncements

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

Principles of Consolidation

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

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

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

Oil and Gas Reserve Information

The Company's total proved developed, proved undeveloped and probable oil and gas reserves and related values for the Pecos County properties as of July 31, 2018 are summarized in the following table:

	Proved and Probable Reserves				
	Oil (Bbl)	Natural Gas (Mcf)	Total (BOE)	Percent (%)	PV-10 (\$)
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
Total proved	289,270	654,230	398,308	65.33%	\$ 6,513,030
Probable undeveloped	154,820	339,210	211,355	34.67%	\$ 2,564,390
Total Reserves	444,090	993,440	609,663	100.00%	\$ 9,077,420

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The Company's total proved developed, proved undeveloped and probable oil and gas reserves and related values for the Lea County properties as of April 30, 2019 are summarized in the following table:

	Proved and Probable Reserves				
	Oil (Bbl)	Natural Gas (Mcf)	Total (BOE)	Percent (%)	PV-10 (\$)
Proved developed	40,000	-	40,000	1.15%	\$ 872,000
Proved undeveloped	1,315,000	-	1,315,000	37.79%	\$ 8,689,000
Total proved	1,355,000	-	1,355,000	38.94%	\$ 9,561,000
Probable undeveloped	2,125,000	-	2,125,000	61.06%	\$ 28,345,000
Total Reserves	3,480,000	-	3,480,000	100.00%	\$ 37,906,000

The information regarding the Company's oil and gas reserves, the changes thereto and the estimated future net cash flows are dependent upon reservoir evaluation, price and other assumptions used in preparing its annual reserve study. A qualified independent petroleum engineer was engaged to prepare the estimates of the Company's oil and gas reserves in accordance with applicable reservoir engineering standards and in accordance with Securities and Exchange Commission guidelines. However, there are numerous uncertainties inherent in estimating quantities of proved reserves and in 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. 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. The Company's oil and gas reserve data represent estimates only and are not intended to be a forecast or fair market value of its assets.

Full Cost Method of Accounting

The Company accounts for its oil and natural gas operations using the full cost method of accounting. Under this method, all costs associated with property acquisition, exploration and development of oil and gas reserves are capitalized. Costs capitalized include acquisition costs, geological and geophysical expenditures, lease rentals on undeveloped properties and cost of drilling and equipping productive and non-productive wells. Drilling costs include directly related overhead costs. All of the Company's properties are located within the continental United States.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

ITEM 4. CONTROLS AND PROCEDURES

Conclusions of Management Regarding Effectiveness of Disclosure Controls and Procedures

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

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

PEO and PFO Certifications

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

Changes in Internal Control over Financial Reporting

There have been no changes during the quarter ended April 30, 2019 in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

ITEM 1. LEGAL PROCEEDINGS.

Reference Note 8

ITEM 1A. RISK FACTORS.

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

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

During the quarter ended January 31, 2019, the Company closed an offering of working interests and common stock which raised a total of \$1,260,000 for the development of the WWJD Well #31-H.

During the quarter ended April 30, 2019, the Company closed an offering of working interests and common stock which raised a total of \$1,640,000 for the development of the Moe 35 1-04H well.

During the nine months ended April 30, 2019, the Company issued 1,500,000 shares of common stock for cash of \$375,000.

During the nine months ended April 30, 2019, the Company issued 1,441,000 shares of common stock with total fair value of \$358,250 as compensation for professional services. In addition, the Company issued 66,192 shares of common stock with a fair value of \$16,481 for satisfaction of accounts payable.

During the nine months ended April 30, 2019, the Company issued 1,895,675 warrants to purchase common stock valued at \$129,658 for professional services. Additionally, during the nine months ended April 30, 2019, the Company issued 2,400,000 warrants to purchase common stock in connection with promissory notes with a fair value of \$288,000 and changed the terms of 2,674,576 existing warrants with an incremental fair value due to the modification of \$480,771.

During the nine months ended April 30, 2019, the Board of Directors authorized the grant of a total of 4,000,000 options to purchase shares of common stock of the Company to its Chief Financial Officer, Chief Operating Officer and employees.

On October 10, 2018, the Board of Directors also authorized the grant of 1,000,000 options to purchase shares of common stock of the Company to certain directors.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY SECURITIES.

Not Applicable.

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS.

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

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on June 14, 2019.

AMAZING ENERGY OIL AND GAS, CO.

By: **WILLARD MCANDREW III**

Willard McAndrew III
Principal Executive Officer

By: **Benjamin M. Dobbins**

Benjamin M. Dobbins
Principal Financial Officer and Principal Accounting Officer

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

I, Willard McAndrew III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amazing Energy Oil and Gas, Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 14, 2019

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

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

I, Marty Dobbins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amazing Energy Oil and Gas, Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 14, 2019

By: /s/ Marty Dobbins

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

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

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

- (1) the Quarterly Report of Amazing Energy Oil and Gas, Co. on Form 10-Q for the quarterly period ended April 30, 2019 (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: June 14, 2019

By: /s/ Willard McAndrew III

Willard McAndrew III

Title: Chief Executive Officer
(Principal Executive Officer)

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

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

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

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

- (1) the Quarterly Report of Amazing Energy Oil and Gas, Co. on Form 10-Q for the quarterly period ended April 30, 2019 (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: June 14, 2019

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