





- Growth potential: Twenty-seven drilling sites have been identified in Yasin Block, which is 80 percent of the size of Rhode Island
- Numerous high producing wells within 25 km radius area: 12 – 846MMCF/day
- Future lease acquisition in Pakistan to include royalty interest only
- No debt. All short-term shareholder loans have been repaid.
- Significant insider purchases of 474,000 shares in last 18 months: no sales
- Tax loss carry forward- \$45 million- value to acquirer of \$0.52/share: a no risk 50 percent price increase
- Institutional ownership: 2006 \$3.95 million private placement of common shares and warrants, eight institutions
- Factors contributing to 67 percent price decline from June 2005 high (\$3.00) have been rectified (operating delays, delayed reserve study, delayed tie in to pipeline, minimal shareholder awareness efforts, legal action, and institutional support). Management is committed to an aggressive Investor Relations and Public Relations campaign.
- Valuation does not include future acquisitions of royalty or non-working interest positions.
- Exposure to high growth, emerging, and under explored oil and gas market in Pakistan
- Pakistan is privatizing national oil and gas companies: OGDC company recently listed on London Stock Exchange with valuation of \$8 billion (OGDC)
- Favorable government policy to encourage oil and gas exploration including substantial increases of local prices
- International oil companies expanding local position (BP, OMV, BHP, Billiton)
- Management: Mr. Pierce Onthank was brought in and has successfully managed the transition out of bankruptcy, arranged financing on attractive terms, resolved key legal and operational issues, and positioned the Company for extraordinary growth with little risk to investors. Dr. Iftikar Zahid has intimate knowledge of the oil and gas opportunities in Pakistan operations and is leading an effort to secure additional high growth reserves. They own 17 percent of the Company and are highly motivated to increase shareholder value.



**Near Term Catalysts:**

1. Reserve report. DeGolyer and MacNaughton will issue a reserve report describing the reserves in the structure around the Haseeb No. 1 well- within 60 days.
2. Tie in to pipeline- only 10 km from Haseeb No 1 site- within 120 days
3. Surface facility- will be completed by the operator - within 90 days.
4. Announcement of new acquisition in Pakistan in which AEGG will have a royalty/carried working interest
5. Spudding of next well- within 120 days.

**BACKGROUND**

American Energy Group, Ltd. was formed in 1987, and the SEC deemed its Form S-18 effective in 1989. The original efforts to pursue exploration in Belize were not successful. The Company acquired Texas based Simmons Oil and Gas in 1994 and adopted the current name. In 1995 Hycarbex American Energy, its 100 percent owned subsidiary, acquired an exploration license in Pakistan (the Jacobabad Lease 2768-4) in the central Sindh Valley, about 250 miles north east of the major port city of Karachi. In 1997 the Company acquired the assets of Luck Petroleum including reversionary working interests in mid-depth zones as well as undeveloped deep rights working interests in two oil and gas leases in Galveston County, TX. In 2002 involuntary bankruptcy proceedings were brought against the Company that were later converted to Chapter 11 debtor-in-possession. The Bankruptcy Court approved the Second Amended Reorganization Plan in 2003 that required cancelling all outstanding common and preferred shares and new shares were issued to the creditors. The Company emerged in 2004 virtually debt free and had two assets: the lease interests in Galveston, TX and in Pakistan. The Company sold its working interest in Hycarbex-American Energy in November of 2003 to Hydro Tur (Energy) Ltd in exchange for an 18 percent overriding royalty on the Yasin lease block. The entire US work force was laid off and the current Management team was brought in to rebuild the Company. The Company received a new trading symbol in late 2004 and began trading on the Over the Counter Bulletin Board at \$0.25/share.

**Business Strategy**

- Build a royalty based, non-operating, oil and gas revenue stream focused on Pakistan.
- Farm out its working interest in the Galveston lease for a carried interest.
- Capitalize on its local knowledge in Pakistan to acquire additional leases and to farm out to a carried interest/ over riding royalty position.
- Pursue actions to maximize shareholder value



### Exhibit 1 Company Timeline

- 1987 Company organized in Nevada as a subsidiary of Dimension, Inc.
- 1989 SEC Registration Statement deemed effective
- 1991 Secured operating lease from Belize
- 1994 Acquired Simmons Oil Company, Inc. and certain oil and gas leases
- 1995 Hycarbex-American Energy, Inc. (a 100 percent owned subsidiary) acquired an exploration license on the Jacobabad Block in Pakistan
- 1997 Acquired assets of Luck Petroleum
- 2002 Bankruptcy proceedings initiated
- 2003 Emerge from bankruptcy
- 2005 Hycarbex-American drills commercial well on lease, Haseeb No 1. Proved reserves estimated at 100-150 BCF by the government of Pakistan
- 2006 The Company, Hycarbex, and management are sued by an attorney in Pakistan: settled later that year \$3.95 million raised in private placement with eight US institutional investors

### RECENT DEVELOPMENTS

In 2006 the Company was sued by an attorney in Pakistan claiming he was entitled to a carried working interest in the Yasin Lease Block based on agreements allegedly made in 2003 by the prior President of AEGG. The suit was settled in December 2006 with cash payments to the plaintiff. This contributed to a significant delay in executing the business plan.

In June 2006 the Company closed on a \$3,950,000 private placement of 2,352,941 common shares at \$1.70 and 1,627,671 warrants (one for every two shares) exercisable at \$1.70. The buyers were eight institutions. The share and warrant exercise prices were at the market price at the time. The intended uses of the funds are acquisition of additional oil and/or gas leases in Pakistan and general corporate purposes. After the placement was closed, \$2,000,000 was placed in a reserve account in Pakistan for such an acquisition. No announcement has been made as to any purchase.





**Valuation Basis.** A comprehensive series of alternative methods were employed to develop a basis for a current valuation and price targets. The current value is determined to be \$5.00, and an 18-24 month price target of \$8.00 is accepted.

**Ex. 2 Valuation Basis**

|   |  |
|---|--|
| 1. Net Asset Value (NAV) of Reserves  | \$5.42 @ 30 percent discount rate<br>\$8.91 @ 20 percent discount rate<br>\$15.61 @ 10 percent discount rate |
| 2. Present Value of Cash Flows  | \$5.53   |
| 3. Acquisition Current Value, Yield Basis   | \$5.16   |
| 4. Operating Metrics of Comparable<br>\$/MCF proved reserves  | \$5.00 assumes 82 percent risk   |
| 5. P/E Multiple vs. Peer Group  | \$5.67   |
| 6. Qualitative Comparison of Market Capitalization vs. Prospects of High Growth Peer<br>Group Supporting \$5.00/share price |  |

The estimated current fair value is the approximate average of several methods, and the \$8.00 price target is in line with the NAV at 20 percent. Although an eight-fold price increase in one to two years seems very speculative, in most cases there are solid reasons this will occur for AEGG. First, the severe current undervaluation is due to several factors: operational delays, legal actions against the Company, very conservative communications policy, lack of awareness in the investing public, etc. The 2005 high of \$3.24 was set the day the news came out on the Haseeb No 1 well and has never recovered for the reasons given. For the most part, each of these problems has now been addressed. An increase from \$3 to \$8 would not seem unreasonable given the high leverage to new drilling seen with AEGG.

GeoGlobal Enterprises (AMEX: GGR), a similarly positioned oil and gas company (royalty interest only on a single drilling lease in India, lack of institutional following, low public awareness) enjoyed a seven fold price increase in six months following its first commercial well in June 2005.

**Method 1. Net Asset Value of Reserves.** Martin Petroleum and Associates, a recognized engineering firm with expertise in Pakistan, conducted an evaluation of the Jacobabad Concession in 1998 of the reserves in the Sui Main Limestone and assigned the following estimates:

|          |           |
|----------|-----------|
| Probable | 5,160 BCF |
| Possible | 2,203 BCF |
| Total    | 7,363 BCF |



The Jacobabad Concession was relinquished, reconfigured, and reissued as the Yasin Block in 2001. The Haseeb No 1 well was drilled in 2005 and has proved 100-150 BCF reserves and additional 2-D seismic (135 km, 85 miles) has been shot. The internationally recognized petroleum engineering firm, DeGolyer & MacNaughton, has been engaged to complete a reserve study on this structure.

The following are risk estimates:

|                           | BCF   | Reserve Risk | Net BCF |
|---------------------------|-------|--------------|---------|
| <b>Proved</b>             | 125   | 10%          | 113     |
| <b>Probable</b>           | 5,035 | 70%          | 1,511   |
| <b>Possible</b>           | 2,203 | 100%         | -       |
| <b>Total</b>              | 7,363 |              | 1,623   |
| <b>Field Average Risk</b> |       | 78%          |         |

Based on the following assumptions, the Net Asset Value of the field was determined by calculating the per well production by year and determining the net present value

|  |              |           |
|--|--------------|-----------|
| <b>Total Recoverable resources, BCF</b>              |              | 7,363     |
| <b>Production, MCF/well/yr, yr 1</b>                 |              | 1,825,000 |
| <b>Initial production/well, MCF/d</b>                |              | 5,000     |
| <b>Production life, yrs</b>                          |              | 15        |
| <b>Decline rate, %/yr</b>                            |              | 30%       |
| <b># wells/year</b>                                  |              | 20        |
| <b>Gas Price Increase, %/yr</b>                      | next 5 years | 20%       |
| <b>Gas Price Increase, yrs 5-15</b>                  |              | 0%        |
| <b>Royalty, %</b>                                    |              | 18%       |
| <b>Pakistan Income Tax Rate, %</b>                   |              | 40%       |
| <b>Production Risk (In addition to Reserve Risk)</b> |              | 20%       |
| <b>AEGG shares out, MM fully diluted</b>             |              | 33.9      |

These are conservative assumptions, especially the decline rate, but they take into account average performance across the field that captures possible mechanical problems, dry holes, etc. As part of the agreement to secure the proposed Iran-India Pipeline, the government has committed to a price of \$4.97 based on current oil prices once this pipeline is in place in about five years. It is assumed prices increase 20 percent year over the next five years to a value of \$5.18/MCF, and from that point forward are held constant. The proposed privatization of 51 percent of PPL will also put upward pressure on local prices since price will be the primary factor in how much the government receives on this sale. Although the



government is concerned with high prices on lower income residents, the windfall from this sale can be used to subsidize targeted segments of the economy.

The NAV to AEGG, after 78 percent reserve risk, 20 percent production risk, 40 percent Pakistan tax, and 10 percent discount rate is \$529,000,000 or \$15.61 per share fully diluted. A higher discount rate of 30 percent is more appropriate at this time (no production, only one well to come on line in the next few months, etc) and gives a present value of \$5.42. As wells are drilled and proved reserves and production increase, the discount rate can be reduced. The NPV20 percent is taken as the 12-18 month target. The NPV10 percent of \$15.00 value may be a fair three to five year price target. Details are shown in Appendix Table 4 (see page 35).

This is a world-class find. It is important to note the proximity of adjacent, highly productive wells as strong validation of this estimate.

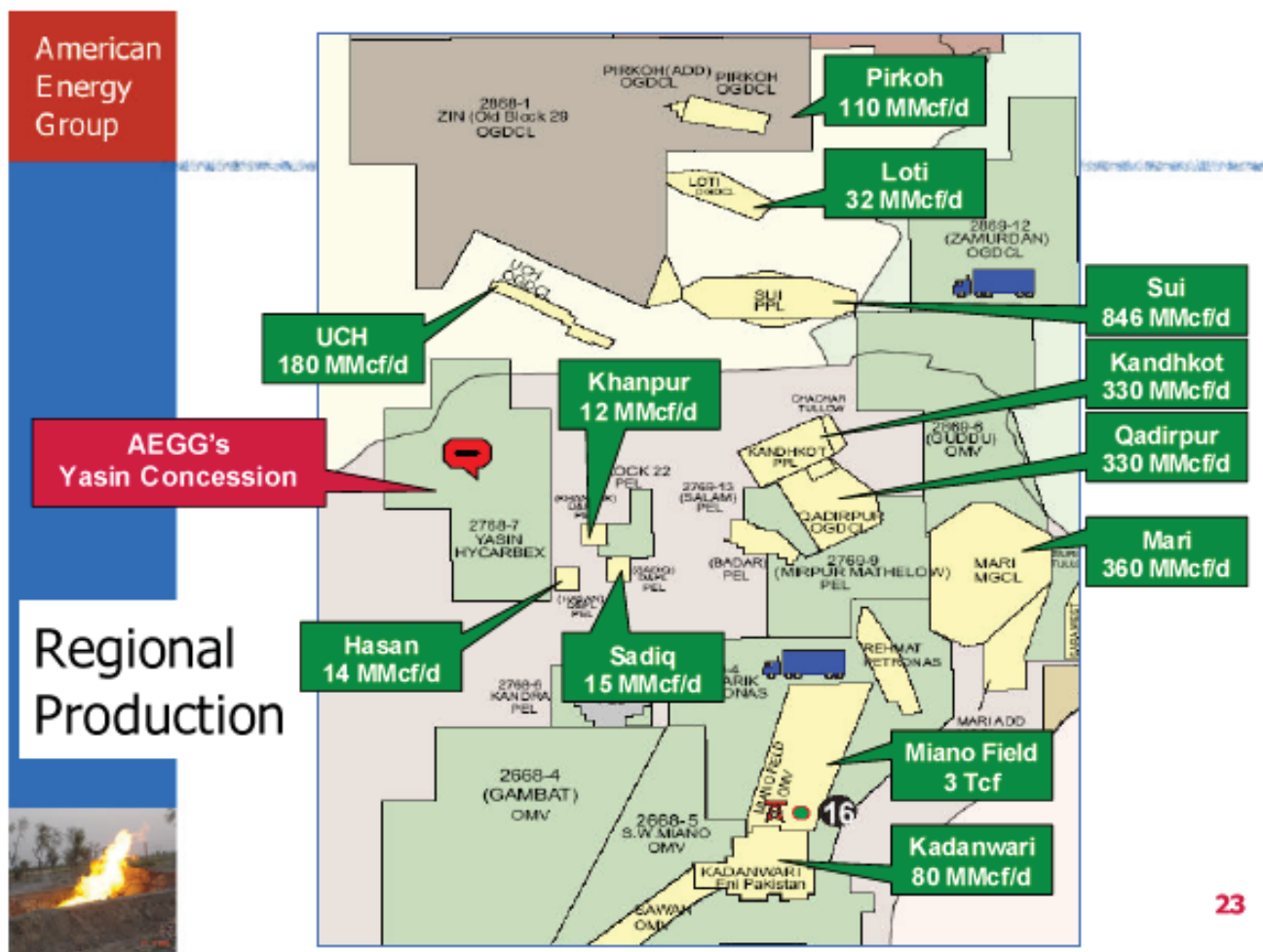
| <u>Year</u> | <u>Concession</u> | <u>Location</u>     | <u>Well</u>  | <u>Production, MMCF/D</u> |
|-------------|-------------------|---------------------|--------------|---------------------------|
| 1998        | Block 22          | adjacent, east side | Hamza X-1    | 8.0                       |
|             | “                 | “ “                 | Hasan X-1    | 13.4- separate structure  |
|             | “                 | “ “                 | Sadiq X-1    | 12.4                      |
| 2000        | -                 | southeast           | Hassan #1    | 14.0                      |
| 2005        | -                 | “                   | Hassan No. 2 | successful                |

The Martin Report of 7,300 BCF (probable and possible) is in range of several other large fields within this Basin:

| <u>Field</u> | <u>Location</u> | <u>Proved Reserves, BCF</u> |
|--------------|-----------------|-----------------------------|
| Sui          | 40 mi NE        | 9,600                       |
| Uch          | 10 mi           | 3,300                       |
| Mari         | 75 mi east      | 6,300                       |

The map below map shows in great detail the location of the Yasin concession and production in nearby fields. This further supports the Martin Report that this is a multi TCF field.

Figure 1 Production of Adjacent Wells in Vicinity of Yasin Concession

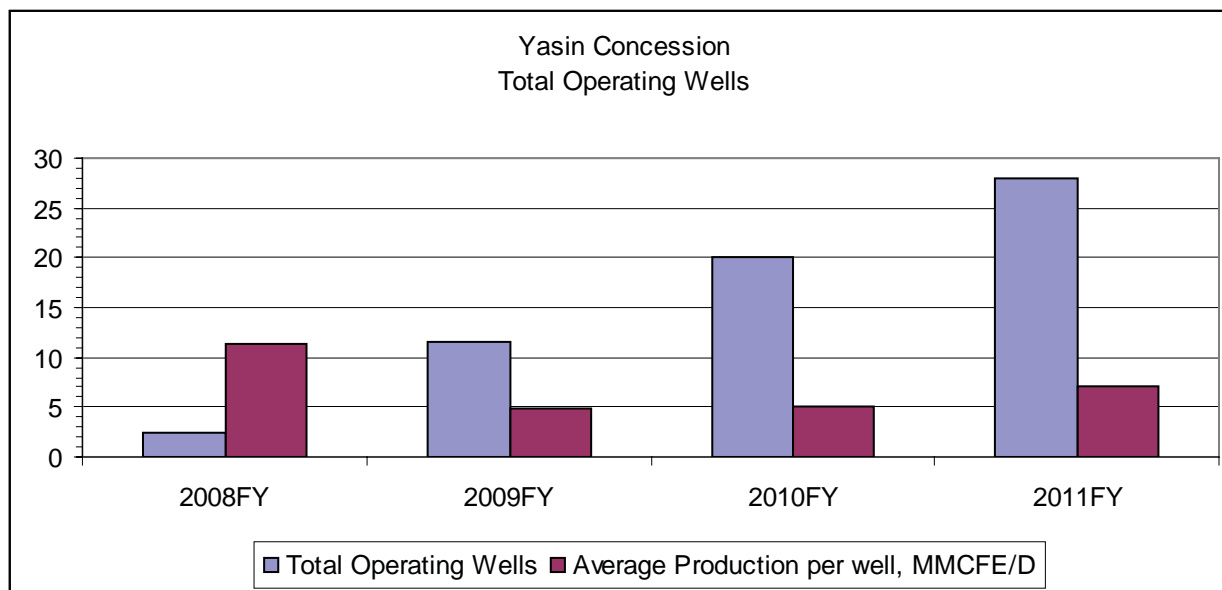


Source: Company

2. **Present Value of Cash Flows.** Assuming a 27 well drilling program is initiated immediately, as was proposed by Hycarbex several years ago, and production per well and risk assumptions as noted in the attached Table x production grows as shown below.



Figure 2 Yasin Lease Operating Assumptions



The terminal value in 2011FY is assumed to be 10 times cash flow which is approximately a 20 percent premium to an industry average but justified given the superior growth prospects and relatively low drilling rate (eight wells/year). The present value is \$5.51/share.

### Ex. 3 Present Value of Cash Flows

| Present Value of Cash Flows      |             |                             |                             |                             |                             |                             |
|----------------------------------|-------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Discount Rate, %                 |             | 10%                         |                             |                             |                             |                             |
| Terminal Value Multiple of 2011  |             | 10                          |                             |                             |                             |                             |
| Cash Flow                        |             |                             |                             |                             |                             |                             |
|                                  |             | Forecast<br>2007FY<br>Total | Forecast<br>2008FY<br>Total | Forecast<br>2009FY<br>Total | Forecast<br>2010FY<br>Total | Forecast<br>2011FY<br>Total |
| Net Income                       |             | (1,076,853)                 | 2,056,949                   | 5,016,743                   | 10,673,136                  | 22,432,929                  |
| Add Depreciation                 |             | 3,459                       | 3,793                       | 3,793                       | 3,793                       | 3,793                       |
| Working Capital Change           |             | 155,036                     | (118,079)                   | (118,079)                   | (118,079)                   | (118,079)                   |
| Exercise of Warrants             |             | 0                           | 7,667,672                   |                             |                             |                             |
| Total Cash Flow                  |             | (918,358)                   | 9,610,335                   | 4,902,457                   | 10,558,850                  | 22,318,643                  |
| Present Value Factor             |             | 1                           | 0.91                        | 0.83                        | 0.75                        | 0.68                        |
| Present Value of Cash Flows      | 35,046,881  | (918,358)                   | 8,736,669                   | 4,051,617                   | 7,933,020                   | 15,243,934                  |
| Terminal Value                   | 223,186,431 |                             |                             |                             |                             |                             |
| Present Value of Terminal Value  | 152,439,336 |                             |                             |                             |                             |                             |
| Total Present Value              | 187,486,217 |                             |                             |                             |                             |                             |
| Shares Outstanding Fully Diluted | 34,021,326  |                             |                             |                             |                             |                             |
| Present Value/share              | \$5.51      |                             |                             |                             |                             |                             |



**3. Dividend Yield Approach.** As a non-operating Company, the AEGG royalty stream would be attractive to other actively managed royalty trusts that have authority to make acquisitions. This is typically the case for Canadian oil trusts. Canadian oil trusts are currently not taxed, but legislation passed in November 2006 will require them to be taxed at the 35 percent corporate rate beginning in 2011. The tax loss carry forward of \$45 million (which was retained after the bankruptcy since the Company remained in the same line of business) increases each year based on income taxes paid to the Pakistani government on the royalties received. This has a value of \$0.52/share for an acquirer in a 40 percent tax bracket. It is our belief that the 20-30 Canadian oil trusts will be positioning themselves to continue revenue growth and offset the impending tax changes and would find the AEGG business very attractive. An acquirer would pay, at most, an amount that would generate cash flow at a rate equal to his current yield. This amount was estimated for each of the next five years by dividing that year's cash flow by an estimated 10 percent yield. The one time benefit of the tax loss carry forward was added to that amount. Each year was discounted to the present at 10 percent/year rate. The highest value is for year five, which is \$5.12/share.

**Ex. 5 Dividend Yield Approach: Assumes the Company is Sold in Year Indicated, and Price Based on Cash Available for Dividends**

|  |        | 2007FY      | 2008FY     | 2009FY     | 2010FY      | 2011FY      |
|--|--------|-------------|------------|------------|-------------|-------------|
| Net Income                                       |        | (1,076,853) | 2,056,949  | 5,016,743  | 10,674,317  | 22,435,303  |
| Add SG&A   |        | 1,105,997   | 783,793    | 783,793    | 783,793     | 783,793     |
| Cash Available to Acquirer-assume constant \$/yr |        | 29,144      | 2,840,742  | 5,800,536  | 11,458,109  | 23,219,096  |
| Value at Target Yield                            | 10%    | 291,441     | 28,407,423 | 58,005,358 | 114,581,095 | 232,190,955 |
| # shares Outstanding fully diluted               |        | 34,021,326  |            |            |             |             |
| Ongoing Value, \$/share                          | A      | \$0.01      | \$0.83     | \$1.70     | \$3.37      | \$6.82      |
| Add Tax Loss @ 40% (one time)                    |        | 18,197,827  | 19,379,428 | 20,092,214 | 21,116,381  | 22,985,307  |
| Add Tax Loss @ 40% (one time), \$/share          | B      | \$0.53      | \$0.57     | \$0.59     | \$0.62      | \$0.68      |
| Total Value, \$/share                            | A+B    | \$0.54      | \$1.40     | \$2.30     | \$3.99      | \$7.50      |
| Discount Factor at 10%                           |        | 1           | 0.91       | 0.83       | 0.75        | 0.68        |
| Present Value @ 10%                              |        | \$0.54      | \$1.28     | \$1.90     | \$3.00      | \$5.12      |
| Highest Value of Possible Cases                  | \$5.12 | 2011FY      |            |            |             |             |

**4. Operating Metrics of Comparable.** Oil and gas (O&G) companies can be compared based on key valuation ratios such as enterprise value/MCF proved reserves and Enterprise Value/MCF production per day. These ratios are appropriate when comparing companies with similar revenues and growth prospects. Oil and Gas Development Company, Ltd (OGDC) went public on the London Stock Exchange in 2006 and raised \$710 million. They are the largest O&G company in Pakistan and are owned 78 percent by the government with a current valuation of \$8.6 billion. They have 84 producing properties, proved plus probable (2P) reserves of 8,542 BCFe (unrisked), and daily



production of 1.4 BCFequivalent. This gives OGDC operating valuation metrics of \$1.00/MCFe 2P reserves and \$6,159/MCFe/D of production.

**Ex 5: Operational Metrics Comparable Valuation**

**Oil & Gas Development Company, Ltd**

|  |               |                                    |
|--|---------------|------------------------------------|
| # Global Depository Shares outstanding | 40,858,800    | 1 GDS for every 10 ordinary shares |
| \$/share                               | 20            | Symbol: OGDC.IL                    |
| Market Capitalization, \$              | 8,601,852,632 | GDS are 9.5% of all shares         |
| Net Debt                               | 0             |                                    |
| Enterprise Value, \$                   | 8,601,852,632 |                                    |

|                                   | Oil,000Bbl | Gas, MMCF | Total, MMCFeq | % Gas |
|-----------------------------------|------------|-----------|---------------|-------|
| Total Proved Reserves             | 79,501     | 5,271,468 | 5,748,474     | 92%   |
| Production, per/day               | 39,431     | 1,160     | 1,397         | 83%   |
| Enterprise Value/MCFeq proved     | \$1.50     |           |               |       |
| Enterprise Value/MCF/D production | \$6,159    |           |               |       |

Source: Oil & Gas Development Company, Ltd Private Placement Memorandum, September, 2006, OGDC Q3 Reports

The Hycarbex/Yasin Field is an emerging property with no production at the moment and very low proved reserves as a percent of 2P reserves (2 percent, see Ex. 6), indicating significant drilling upside.

**Ex. 6 Comparison of Maturity of OGDC Reserves vs. Yasin Field**

|                                  | OGDC  | Yasin |
|----------------------------------|-------|-------|
| Proved reserves, BCFeq           | 5,748 | 125   |
| Probable Reserves, BCFeq         | 2,794 | 5,035 |
| Proved Plus Probable (2P), BCFeq | 8,542 | 5,160 |
| Proved, % 2P                     | 67%   | 2%    |

Source: Oil & Gas Development Company, Ltd Private Placement Memorandum, September, 2006

Clearly Hycarbex should be valued at a higher \$/MCF proved reserves multiple than OGDC due to the very high growth potential as new structures are proved out. One drilling could very possibly increase its valuation by 100 percent or more. In any event, the valuation of Hycarbex is based on its net reserves so is reduced proportionately to the AEGG overriding royalty. If the 18 percent royalty was eliminated, Hycarbex net reserves and value would increase 18 percent on this basis.



Another approach is to make assumptions as to the percentage of the 2P reserves that are ultimately proved and use that value and the \$1.50/MCF factor (realized by the mature OGDC operations) to estimate the market value. Scenario A in Ex. 7 shows that the current AEGG share price implies a 97 percent reserve risk (percent of 2P reserves that are not proved). Similarly, Scenario B indicates the estimated \$5.00 Current Fair Value implies an 88 percent risk assessment. Note that in this case the proved reserves as percentage of 2P is only 12 percent vs. 67 percent for OGCD. The estimated Fair Value (\$5.00/share) is equivalent to \$7.55/MCF proved (\$170 million divided by 18 percent x 125 BCF) which is very reasonable given the prospects. However, the 630 BCF proved reserves is an increase of 505 BCF over the Haseeb No. 1 structure, and whether that can be achieved, and when, is yet to be determined.

**Ex. 7 AEGG Valuation Based on Reserve Factor and Risk Assessment**

| Scenario             | Unrisked 2P Reserves, BCF | Risk, % | Proved Reserves, BCF | Proved Reserves, % 2P | Yasin Field Value @\$1.50/MCF, \$mil | AEGG @18% \$mil | AEGG, \$/sh |
|----------------------|---------------------------|---------|----------------------|-----------------------|--------------------------------------|-----------------|-------------|
| A Recent Price       | 5,160                     | 97%     | 155                  | 3%                    | 232                                  | 42              | \$1.23      |
| B Current Fair Value | 5,160                     | 88%     | 630                  | 12%                   | 944                                  | 170             | \$5.00      |
| C 50% Risk           | 5,160                     | 50%     | 2,580                | 50%                   | 3,870                                | 697             | \$20.49     |

**5. Peer Group Relative PE.** The average P/E of three micro-cap O&G companies with low-moderate growth is 18.8. Applying growth premiums to this ratio and multiplying by the projected AEGG EPS gives an average target value of \$5.80 as shown below.



Ex. 8 Peer Group Relative P/E

|                                |                       | Price,<br>4/27/07 | P/E             | Price,<br>4/15/06 | %<br>Change,'06-<br>'07 |              |
|--------------------------------|-----------------------|-------------------|-----------------|-------------------|-------------------------|--------------|
| Panhandle Oil and Gas Inc.     | PHX                   | 21.26             | 23.6            | 19.50             | 9.0%                    |              |
| TGC Industries, Inc.           | TGE                   | 10.23             | 19.8            | 10.43             | -1.9%                   |              |
| WHITTIER ENERGY CORP           | WHIT                  | 11.00             | 17.5            | 7.80              | 41.0%                   |              |
| Brigham Exploration Company    | BEXP                  | 6.19              | 14.3            |                   |                         |              |
| Average                        |                       |                   | 18.8            |                   |                         |              |
| AEGG                           |                       | Yr 1              | Yr 2            | Yr 3              | % Growth                |              |
| P/E premium                    |                       | 300%              | 100%            | 50%               |                         |              |
| P/E                            |                       | 75                | 38              | 28                |                         |              |
| EPS                            |                       | 0.07              | 0.16            | 0.34              | 113%                    |              |
| % Growth                       |                       | NA                | 139%            | 113%              |                         |              |
| Target Price                   |                       | 5.05              | 6.04            | 12.85             |                         |              |
| AEGG Discount rate             | 15%                   |                   |                 |                   |                         |              |
| Current Value, discounted back |                       | 4.39              | 4.57            | 8.45              |                         |              |
| Current Value, average of 3    |                       | 5.80              |                 |                   |                         |              |
|                                | Shares<br>Outstanding | Volume            | 52 Week<br>High | 52 Week<br>Low    | Exchange                | Mkt Cap \$MM |
| Panhandle Oil and Gas Inc.     | 4,220,000             | 3,300             | 22.20           | 16.68             | AMEX                    | 89.7         |
| TGC Industries, Inc.           | 15,745,720            | 24,200            | 14.71           | 6.79              | AMEX                    | 161.1        |
| WHITTIER ENERGY CORP           | 12,510,000            | 181,968           | 11.00           | 5.93              | NASDAQ                  | 137.6        |
| Brigham Exploration Company    | 45,513,160            | 289,058           | 9.75            | 5.30              | NASDAQ                  | 281.7        |

**6. High Growth Peer Group.** Emerging O&G companies with strong prospects often sell at very substantial premiums to current metrics whether sales or proved reserves. The companies below are typical in the sense that they are raising funds, operating the leases, and managing a capital expense budget. AEGG is included in this group assuming the fair value price of \$5.00/share or \$170 million market capitalization. A subjective comparison of the market capitalization, capex budget, and two to three year prospects, whether measured by lease acreage or unrisks reserve potential, indicates the \$5.00/share AEGG fair value is reasonable.

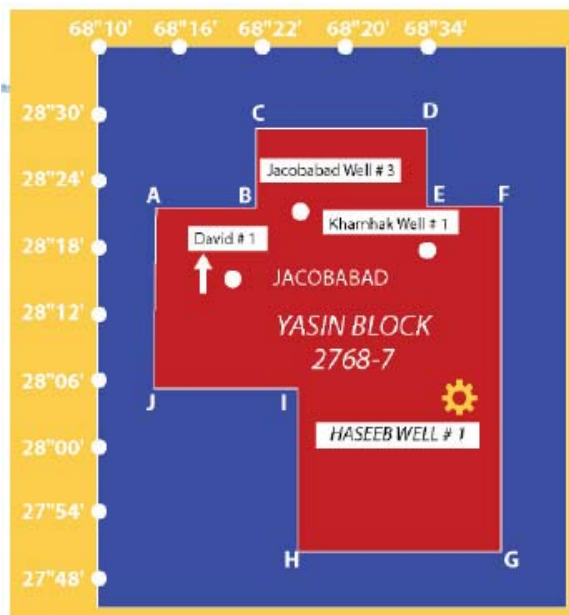


Ex. 9 High Growth O&G Companies: Snap Shot

| Company                     | Symbol | Recent Price | Shares Outstanding | Market Capitalization, \$M | Sales, TTM, \$M | Cap. Ex, \$M | Region     | Acreage     | 2-3 Year Outlook, Unrisked Potential |
|-----------------------------|--------|--------------|--------------------|----------------------------|-----------------|--------------|------------|-------------|--------------------------------------|
| Foothills Resources, Inc    | FTRS   | \$1.23       | 82.8               | 0                          | 4.8             | 12           | CA;TX;     | ?           | 500-1,000 BCF                        |
| Far East Energy Corporation | FEEC   | \$0.95       | 123.8              | 0                          | 0               | 11           | China; CBM | 1.3 million | 6,000 - 12,000 BCF                   |
| American Energy Group       | AEGG   | \$5.00*      | 34.0               | 170                        | 0               | 0            | Pakistan   | 539,000     | 18% royalty on 7,000 BCF             |
| FX Energy, Inc.             | FXEN   | \$8.52       | 35.6               | 0                          | 8.2             | 40-50        | Poland     | 2.7 million | 10,000-12,000 BCF                    |
| Kodiak Oil & Gas Corp.      | KOG    | \$6.30       | 87.5               | 0                          | 5               | 60           | WY         | 87,000      | medium-high risk targets             |

\* Assumed current fair market value

YASIN CONCESSION BLOCK



The 539,172 acre (80 percent the size of Rhode Island) Yasin Block is in the northwest section of the highly prolific Upper Sindh Valley zone which produces most of the natural gas found in Pakistan. AEGG has an 18 percent over riding royalty. Hycarbex-American Energy, Inc. is the operator and has a 90 percent working interest in the Block. Hycarbex has expended \$20 million in drilling and geologic work over the last 10 years. In January 2005, Hycarbex sold 10 percent of the interest to Techno Petroleum (Private) which is a subsidiary of a Techno Engineering Services (Private) Limited. “Techno” is a financially strong, large engineering and construction firm based in Islamabad, Pakistan and is cooperating with China Petroleum Engineering & Construction to build a \$400 million pipeline within Pakistan.

Figure 3. Yasin Lease Block 2768-7  
Source: Company



**Ex. 10 Yasin Block Drilling Track Record**

| <u>Company</u>                  | <u>Name</u>  | <u>Result</u>   |
|---------------------------------|--------------|---|
| Burmah Oil (predecessor to PPL) |              | Two wells in 1950’s to 5,800 ft indicated hydrocarbons  |
| Amoco                           |              | drilled to 15,000 ft indicated gas and oil  |
| Hycarbex                        |              | 1997 262 km 2-D seismic   |
| “                               | #1           | 1998 –indicated hydrocarbons, down hole problem, not completed.   |
| “                               | #2           | mechanical problems-did not reach target depth  |
| “                               | #3           | low quality gas (high hydrogen sulfide and carbon dioxide content)  |
| “                               | -            | 40 km new 2-D seismic shot  |
| “                               | #4           | 2001 indicated hydrocarbon: not completed   |
| “                               | Haseeb No. 1 | March 2005. 100-150 BCF reserves indicated. 805MMBTU/MCF is acceptable. Depth 4,950 feet, 82 feet of pay. |
| “                               | “            | November 2005 Schlumberger completed acidification study indicating 25-28 MMCF/d production is likely.    |
| “                               | Al-Ali No. 1 | not commercial quantities of hydrocarbon  |

**Ex. 11 Hycarbex Drilling Economics**

60 days to reach total depth of 4-5,000 feet

\$3 million per well

Expected production of 5 MMCF/d to 30 MMCF/d depending on structure

A 27 well drilling program is assumed based on a similar plan adopted by Hycarbex two years ago.

See Appendix Figure 4 Pakistan Upstream Petroleum Activity on page 21.

Figure 5 Pakistan Exploration Drilling History on page 22.



**Ex 12 Recent Oil and Gas M&A Results in Pakistan**

- 2007 BP acquired working interest of Occidental Petroleum in two wells
- 2006 OGDC has over subscribed IPO on London Stock Exchange: raises \$710 million, market capitalization \$8.6 billion

Capitalization as of 12/31/06

|                     | <u>Mgt &amp; Dirextors</u> | <u>Institutions</u> | <u>Public</u> | <u>Total</u> |
|---------------------|----------------------------|---------------------|---------------|--------------|
| <b>Common Stock</b> | 3,539,000                  | 2,323,529           | 24,216,653    | 30,079,182   |
| <b>Warrants</b>     | 2,000,000                  | 1,682,326           | 260,000       | 3,942,326    |
| <b>Total</b>        | 5,539,000                  | 4,005,855           | 24,476,653    | 34,021,508   |
| <b>%</b>            | 16.3%                      | 11.8%               | 71.9%         | 100%         |

Ready pipeline access. The 12 inch Quetta pipeline and 20 inch Karachi- Muzaffargarh runs through the concession, so time and capital costs to connect should be minimal.

**MANAGEMENT**

R. Pierce Onthank is President, CEO, Secretary-Treasurer, and a Director. He has been a Director since 2003 and in his current capacity since 2004. He served as the investment banker for the Company from 1998 to 2001, and in that capacity he raised million of dollars for the Company. He has worked for a number of Wall Street firms starting with Merrill Lynch and subsequently employed by Bear Stearns in 1985 and became limited partner in 1987. He was later a Senior Vice President of Drexel Burnham Lambert and Smith Barney Shearson and managed private client and institutional investments. He was a founder in 1998 of Cray, Onthank & O’Neill, an investment banking firm, prior to joining American Energy Group. He has a BA Degree in Economics from Denison University. Mr. Onthank’s Wall Street experience focused on raising capital for oil and gas properties, both public and private, including over \$20 million for American Energy Group, Ltd as well as expertise in international finance and deal structuring.

Dr. Iftikar Zahid is a Director. Dr. Zahid joined the Pakistan Police Services in 1981 and resigned in 1988 as Superintendent of Police. He worked as an advisor and consultant to a variety of multi-national companies doing business in Pakistan from 1988 to 1996. In 1996, Dr. Zahid joined the Company as Resident Director/Country Manager for the Pakistan Office of Hycarbex-American Energy, Inc. In 2001 he was promoted to Vice President and Resident Director and also a Director of the Company. In 2004 he was elected President of Hycarbex-American Energy and in 2005 a Director. In this capacity he has recruited a number of experienced and highly skilled local engineers with expertise and knowledge of the petroleum industry. He has been managing the Company’s 18 percent royalty interest in the Yasin Block since 2003.



He received a BS Degree in Science from Murray College in Saikot, Pakistan and has a degree in medicine from Dow Medical College at Karachi University.

Karl Welser is a Director. He was employed at Bank J. Vontobel and specialized in financial management. He was later employed at Zurcher Kantonalbank, Bankinstitut and UBS in Zurich, Switzerland in analysis of securities. He is a graduate of Dr. Raeber/ZH and KV/ZH business school in Zurich, Switzerland.

## PAKISTAN

Pakistan is a developing country with a population of 165 million that is strategically located between India and Iran with ocean access. The World Bank ranks Pakistan as the third fastest growing economy at 8.6 percent/year. Pakistan is a staunch supporter of US efforts against terrorism and al Qaeda and a significant trade partner with China. China has financed development of a new port at Gwadar on the western end of the country. They have proposed building an oil pipeline from Gwadar to western China to transport crude oil from the Middle East to China. The planned Iran-India natural gas pipeline will pass through Pakistan and has received government approvals

Oil and gas policies are favorable. The country is a net importer of crude oil and is taking major steps to encourage exploration. Annual production is 66,000 barrels/day of oil and 3.7 BCF/day of gas. Six hundred twenty exploratory and 709 development wells have been drilled, a net of one well per 374,000 acres. Licensing rounds are conducted privately in negotiation with the government.

### Exhibit 13 Key Government Petroleum Policies

|                  |  |
|------------------|--|
| Lease acreage    | 2,500 km <sup>2</sup>  |
| Term:            | Five years. Phase I is three years for pre-drilling, Phase II with at least one well drilled |
| Relinquishments  | Phase I: 30 percent of initial acreage, Phase II: 20 percent                                 |
| Royalty          | 12.5 percent at the gate   |
| Local Partners   | 15-20 percent  |
| Tax Rate         | 35-40 percent  |
| Production Bonus | \$0.5MM to \$5MM   |

The government owns the key petroleum companies although they are in process of being privatized. Oil and Gas Development Company Ltd. (OGDC) is the second largest oil producer and second largest natural gas producer. Pakistan Petroleum Limited (PPL) is the largest gas producer. Five percent of OGDC was sold to the public in 2002 and another 9.5 percent in December 2006, with a very successful and over subscribed IPO on the London Stock Exchange. PPL is publicly traded, and individuals and the World Bank hold 21 percent. A sale of an additional 51 percent by the government is in process and five bidders have been qualified.



According to Oil and Gas Journal (OGJ), Pakistan had proven oil reserves of 300 million barrels and 28 trillion cubic feet of natural gas as of January 2006. Oil and gas production has been flat for nearly twenty years at 60,000 BOPD and 2.6 BCF/D. The government is committed to increasing production and has set policies to encourage this key sector. The privatization plans, aggressive exploration policies, relatively under explored fields with massive reserve potential, move to international pricing, eager local markets, and strategic pipeline programs make this a very exciting and potentially high growth country.

**Exhibit 14 Major Operators and Recent Developments**

| <u>Company</u>   | <u>Year</u> | <u>Event</u>  |
|------------------|-------------|---|
| OGDC             | -           | 10 TCFeq reserves, 1.4 BCFe/D production  |
| “                | 2006        | Raised \$710 million with IPO: Market Capitalization over \$8 billion   |
| “                | 2006        | awarded three new exploratory licenses  |
| “                | 2007        | four discoveries: Sono 7 (Sindh Province) is 35MMCFe/D, Bahu (Punjab) is 12-15MMCFe/D, Kunnar West No 1A is 10MMCFe/D, and Dakhni Deep No.1 is 10 MMCFe/D |
| BP               | -           | 30,000 BPD oil production, 43 fields, 100 wells   |
| “                | 2006        | awarded three offshore exploration blocks   |
| “                | 2007        | acquired working interests in two wells from Occidental Petroleum   |
| PPL              | -           | 1.0 BCFe/D production from 155 wells  |
| “                | 2006        | Bidding on international blocks with OMV in Africa  |
| OMV              | -           | Second largest gas producer 440MMCFe/D. Sawan Field, 100 MMCFPD is 50km from Yasin Block and largest in Pakistan  |
| BHP Billiton     | -           | Zamzama Field, Dadu Block 2667-1 is 1.7TCF (2P basis); 220km South of Yasin Block. Production to be 450MMCF/D in two years                                |
| Hycarbex         | 2005        | Haseeb No 1 proved 100-150 BCF gas in Yasin Block   |
| Petronas         | -           | Several non-operated producing leases   |
| Premier          | -           | UK based independent with operating production  |
| MOL              | -           | Hungarian Oil Trust- operating leases   |
| China Oil        | -           | non-operating working interests   |
| Shell            | -           | non-operating working interests   |
| Eni              | -           | operating working interests   |
| Orient Petroleum | -           | Canadian independent- operates three fields   |
| Tullow           | -           | Ireland based independent- operator   |
| Bow Energy       | -           | Calgary based non-operating partner of Orient   |



Prices. Retail and well head natural gas and petroleum products prices are set by the independent agency, the Oil and Gas Regulatory Authority <http://www.ogra.org.pk>. The allowed well head price varies from field to field, and retail prices are also set for a specific category of users, i.e. residential, commercial, or industrial. All prices are set on a baseline per million BTU then adjusted based on the calorific content. The drill stem test of the Haseeb No 1 indicated 805 MMBTU's/MCF, so if the well head price was \$3.00/MMBTU's, Hycarbex would receive \$2.42/MCF. Hycarbex is in process of negotiating a gas sales agreement with local utility company; Sui Northern Gas Company.

Pakistan's largest energy source is natural gas, most of which is produced in the southern half of the country, the Southern Indus Basin, which includes the Yasin Block. The largest field in the Basin is the Sui field which is 50 km north east of the Yasin Block and has produced 7 TCF of gas since it was discovered in 1952 and still produces a total of 846 MMCF/D. The government is planning to address the supply shortage by importing gas via pipeline or LNG (liquefied natural gas).

Iran, Pakistan, and India have been discussing a proposed 2,100 km pipeline from Iran to India for several years. In March 2007 Pakistan accepted a price from Iran of \$4.93/MMBTU at the Iran/Pakistan border, and India also accepted verbally but has not been formally accepted. The price is a formula of 6.3 percent of the Japanese crude basket plus \$1.15/million BTU. Pakistan would also receive a \$1.50/MMBTU pumping and transportation fee from gas sold to India. Pakistan gas demand far exceeds local production, so the \$4.93+/MCF price is would become the local price.

## RISKS

**Operations.** AEGG is not the operator of the Yasin Lease and has no direct control over these operations. The operator is Hycarbex-American Energy which is owned by Hydro-Tur (Energy) Ltd. They must obtain financing and manage the drilling program.

**Commodity Pricing Royalties are based on commodity prices over which the Company has no control.**

**Concentrated assets.** The bulk of the Company valuation is based on a single lease in Pakistan.

**Verification of proved reserves.** No independent engineering firm has validated the extent of proved reserves from the Haseeb No. 1 well.

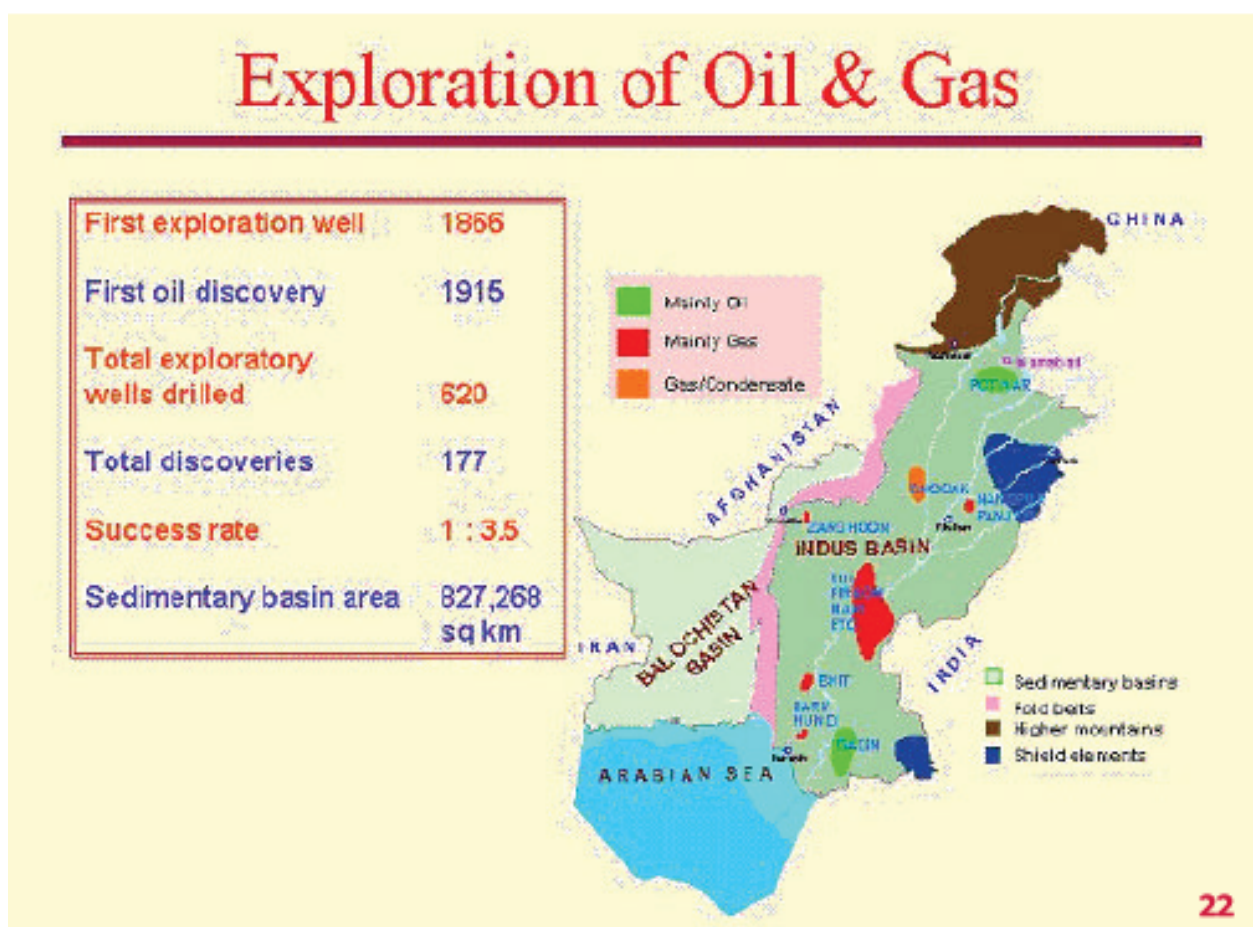
**Reliance on Reserve Reports.** The Company valuation is almost entirely based on the Martin Petroleum Engineering Report completed in 1998. Such petroleum reserve reports are not conclusive.

**Management.** The Company is highly dependent on two key executives, Mr. Onthank and Dr. Zahid, and their inability to serve might harm the Company prospects.

**Government of Pakistan.** The government has favorable policies towards the petroleum industry at this time but there can be no assurance these policies will continue for an extended time.

Figure 6

## Fossil Chart

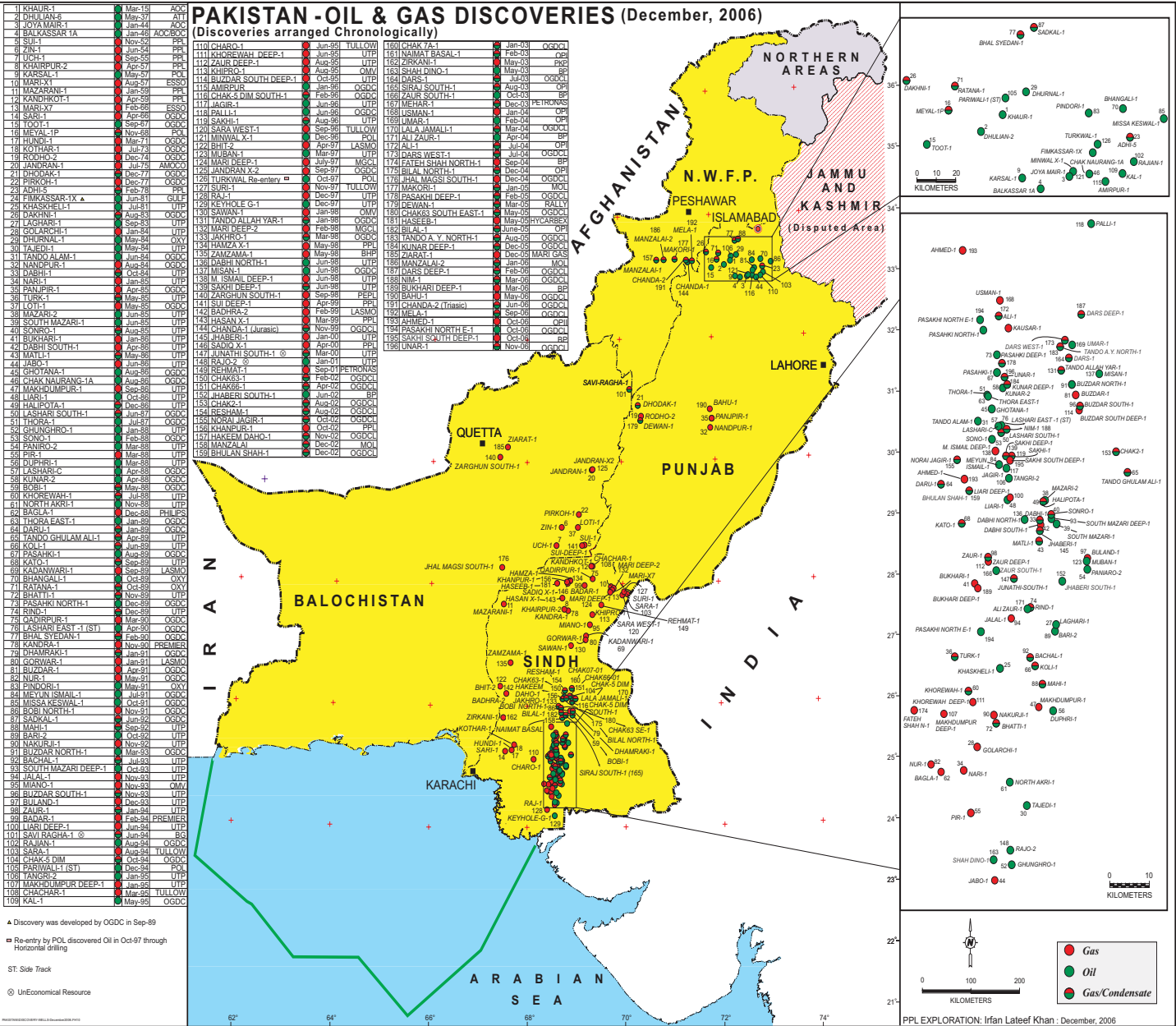


Source: Company





FIGURE 5





CONSOLIDATED STATEMENTS OF OPERATIONS (TABLE 1)

|   | Forecast<br>2007FY<br>Total | Forecast<br>2008FY<br>Total | Forecast<br>2009FY<br>Total | Forecast<br>2010FY<br>Total | Forecast<br>2011FY<br>Total |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Production, MMCF                                  | 0                           | 10,429                      | 20,120                      | 37,465                      | 71,585                      |
| Average Gas Well Head Price, \$/MCF               | 2.50                        | 2.50                        | 2.65                        | 2.81                        | 2.98                        |
| Gross Gas Sales,\$                                | -                           | 26,071,500                  | 53,318,265                  | 105,238,342                 | 213,147,648                 |
| Royalties on Production @ 18%                     | 0                           | 4,692,870                   | 9,597,288                   | 18,942,902                  | 38,366,577                  |
| Pakistan Taxes @40%                               | 0                           | (1,877,148)                 | (3,838,915)                 | (7,577,161)                 | (15,346,631)                |
| Net Revenue                                       | 0                           | 2,815,722                   | 5,758,373                   | 11,365,741                  | 23,019,946                  |
| General and Administrative Expenses               |                             |                             |                             |                             |                             |
| Legal and professional                            | 406,243                     | 60,000                      | 60,000                      | 60,000                      | 60,000                      |
| Depreciation and amortization expense             | 3,459                       | 3,793                       | 3,793                       | 3,793                       | 3,793                       |
| General and administrative                        | 696,295                     | 720,000                     | 720,000                     | 720,000                     | 720,000                     |
| Total Expenses                                    | 1,105,997                   | 783,793                     | 783,793                     | 783,793                     | 783,793                     |
| Net Operating Income (Loss)                       | (1,105,997)                 | 2,031,929                   | 4,974,580                   | 10,581,948                  | 22,236,153                  |
| Interest income                                   | 29,144                      | 25,020                      | 42,163                      | 92,368                      | 199,150                     |
| Total Other Income and (Expense)                  | (1,076,853)                 | 2,056,949                   | 5,016,743                   | 10,674,317                  | 22,435,303                  |
| US Income Tax Loss Carry Forward & Pakistan Taxes | (45,494,568)                | (48,448,569)                | (50,230,535)                | (52,790,953)                | (57,463,267)                |
| Income tax @ 40%                                  | 0                           | 0                           | 0                           | 0                           | 0                           |
| Net Income (Loss)                                 | (1,076,853)                 | 2,056,949                   | 5,016,743                   | 10,674,317                  | 22,435,303                  |
| Basic Income ( Loss) per Common Share             | (0.04)                      | 0.07                        | 0.16                        | 0.34                        | 0.72                        |
| Weighted Average Number of Shares Outstanding     | 30,079,000                  | 30,659,883                  | 31,240,766                  | 31,240,766                  | 31,240,766                  |



CONSOLIDATED STATEMENTS OF CASH FLOWS (TABLE 1)

| Consolidated Statements of Cash Flows                                 | Forecast<br>2007FY<br>Total | Forecast<br>2008FY<br>Total | Forecast<br>2009FY<br>Total | Forecast<br>2010FY<br>Total | Forecast<br>2011FY<br>Total |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Cash Flows From Operating Activities</b>                           |                             |                             |                             |                             |                             |
| Net Income ( loss)  | (1,076,903)                 | 2,056,949                   | 5,016,743                   | 10,674,317                  | 22,435,303                  |
| Depreciation  | 3,459                       | 3,793                       | 3,793                       | 3,793                       | 3,793                       |
| Common stock issued for current debt and services                     | 209,041                     | 0                           |                             |                             |                             |
| (Increase) decrease in prepaid expenses                               | 39,318                      | 0                           | 0                           | 0                           | 0                           |
| Increase (decrease) in accounts payable                               | 122,049                     | (118,079)                   | 0                           | 0                           | 0                           |
| Increase (decrease) in accrued postpetition liabilities               | (12,831)                    | 0                           | 0                           | 0                           | 0                           |
| Increase (decrease) in accrued expenses and other current liabilities | 6,500                       | 0                           | 0                           | 0                           | 0                           |
| <b>Net Cash Provided By (Used In) Operating Activities</b>            | <b>(709,367)</b>            | <b>1,942,663</b>            | <b>5,020,536</b>            | <b>10,678,109</b>           | <b>22,439,096</b>           |
| <b>Cash Flows From Investing Activities</b>                           |                             |                             |                             |                             |                             |
| Funds reserved for acquisitions                                       | (100,000)                   | 0                           | 0                           | 0                           | 0                           |
| Deposits  | 0                           | 0                           | 0                           | 0                           | 0                           |
| Expenditures for property and equipment                               | (30,194)                    | 0                           | 0                           | 0                           | 0                           |
| <b>Net Cash (Used In) Investing Activities</b>                        | <b>(130,194)</b>            | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |
| <b>Cash Flows From Financing Activities</b>                           |                             |                             |                             |                             |                             |
| Proceeds from the issuance of common stock                            | 0                           | 0                           | 0                           | 0                           | 0                           |
| Proceeds from the exercise of warrants                                | 0                           | 1,975,002                   | 0                           | 0                           | 0                           |
| <b>Net Cash Provided By Financing Activities</b>                      | <b>0</b>                    | <b>1,975,002</b>            | <b>0</b>                    | <b>0</b>                    | <b>0</b>                    |
| <b>Net Increase (Decrease) in Cash</b>                                | <b>(839,561)</b>            | <b>3,917,665</b>            | <b>5,020,536</b>            | <b>10,678,109</b>           | <b>22,439,096</b>           |
| <b>Cash and Cash Equivalents, Beginning of Period</b>                 | <b>1,138,209</b>            | <b>298,648</b>              | <b>4,216,314</b>            | <b>9,236,850</b>            | <b>19,914,959</b>           |
| <b>Cash and Cash Equivalents, End of Period</b>                       | <b>298,648</b>              | <b>4,216,314</b>            | <b>9,236,850</b>            | <b>19,914,959</b>           | <b>42,354,055</b>           |



CONSOLIDATED BALANCE SHEETS (TABLE 1)

|  | Forecast<br>2007FY<br>Total | Forecast<br>2008FY<br>Total | Forecast<br>2009FY<br>Total | Forecast<br>2010FY<br>Total | Forecast<br>2011FY<br>Total |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Assets</b>  |                             |                             |                             |                             |                             |
| <b>Current Assets</b>  |                             |                             |                             |                             |                             |
| Cash (Note 1)  | 298,648                     | 4,216,314                   | 9,236,850                   | 19,914,959                  | 42,354,055                  |
| Funds reserved for acquisitions  | 2,100,000                   | 2,100,000                   | 2,100,000                   | 2,100,000                   | 2,100,000                   |
| Prepaid expenses   | 0                           | 0                           | 0                           | 0                           | 0                           |
| <b>Total Current Assets</b>  | <b>2,398,648</b>            | <b>6,316,314</b>            | <b>11,336,850</b>           | <b>22,014,959</b>           | <b>44,454,055</b>           |
| <b>Property and Equipment</b>  |                             |                             |                             |                             |                             |
| Office equipment   | 36,980                      | 36,980                      | 36,980                      | 36,980                      | 36,980                      |
| Accumulated depreciation   | (4,425)                     | (8,218)                     | (12,011)                    | (15,804)                    | (19,597)                    |
| <b>Net Property and Equipment</b>  | <b>32,555</b>               | <b>28,762</b>               | <b>24,969</b>               | <b>21,176</b>               | <b>17,383</b>               |
| <b>Other Assets</b>  |                             |                             |                             |                             |                             |
| Security deposit   | 22,209                      | 22,209                      | 22,209                      | 22,209                      | 22,209                      |
| <b>Total Assets</b>  | <b>2,453,412</b>            | <b>6,367,285</b>            | <b>11,384,028</b>           | <b>22,058,344</b>           | <b>44,493,647</b>           |
| <b>Liabilities and Stockholders' Equity</b>                                |                             |                             |                             |                             |                             |
| <b>Current Liabilities</b>   |                             |                             |                             |                             |                             |
| Accounts payable   | 168,079                     | 50,000                      | 50,000                      | 50,000                      | 50,000                      |
| Accrued liabilities  | 21,500                      | 21,500                      | 21,500                      | 21,500                      | 21,500                      |
| <b>Total Current Liabilities</b>   | <b>189,579</b>              | <b>71,500</b>               | <b>71,500</b>               | <b>71,500</b>               | <b>71,500</b>               |
| <b>Liabilities Not Subject to Compromise</b>                               |                             |                             |                             |                             |                             |
| Accrued postpetition expenses  | 44,870                      | 44,870                      | 44,870                      | 44,870                      | 44,870                      |
| <b>Liabilities Subject to Compromise</b>                                   |                             |                             |                             |                             |                             |
| Prepetition trade accounts payable   | 238,588                     | 238,588                     | 238,588                     | 238,588                     | 238,588                     |
| Prepetition accrued liabilities  | 45,500                      | 45,500                      | 45,500                      | 45,500                      | 45,500                      |
| Current portion of capital lease obligation                                | 679                         | 679                         | 679                         | 679                         | 679                         |
| <b>Total Liabilities Subject to Compromise</b>                             | <b>284,767</b>              | <b>284,767</b>              | <b>284,767</b>              | <b>284,767</b>              | <b>284,767</b>              |
| <b>Total Liabilities</b>   | <b>519,216</b>              | <b>401,137</b>              | <b>401,137</b>              | <b>401,137</b>              | <b>401,137</b>              |
| <b>Stockholders' Equity (Notes 7 &amp; 8)</b>                              |                             |                             |                             |                             |                             |
| Common stock, par value \$0.001 per share;<br>authorized 80,000,000 shares |                             |                             |                             |                             |                             |
| Issued and outstanding   | 30,079                      | 31,241                      | 31,241                      | 31,241                      | 31,241                      |
| Capital in excess of par value   | 7,819,393                   | 9,793,233                   | 9,793,233                   | 9,793,233                   | 9,793,233                   |
| Expenses prepaid with common stock   | 0                           | 0                           | 0                           | 0                           | 0                           |
| Accumulated deficit  | (5,915,276)                 | (3,858,327)                 | 1,158,416                   | 11,832,733                  | 34,268,035                  |
|  | 0                           | 0                           |                             |                             |                             |
| <b>Total Stockholders' Equity</b>  | <b>1,934,196</b>            | <b>5,966,147</b>            | <b>10,982,890</b>           | <b>21,657,207</b>           | <b>44,092,510</b>           |



CONSOLIDATED BALANCE SHEETS CONTINUED (TABLE 1 CONTINUED)

|  | Forecast<br>2007FY<br>Total | Forecast<br>2008FY<br>Total | Forecast<br>2009FY<br>Total | Forecast<br>2010FY<br>Total | Forecast<br>2011FY<br>Total |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total Liabilities and Stockholders' Equity               | 2,453,412<br>(0)            | 6,367,284<br>(0)            | 11,384,027<br>(0)           | 22,058,344<br>(0)           | 44,493,647<br>(0)           |
| <b>Ratios</b>  |                             |                             |                             |                             |                             |
| Working Capital  | 2,209,069                   | 6,244,814                   | 11,265,350                  | 21,943,459                  | 44,382,555                  |
| Current Ratio  | 13                          | 88                          | 158.6                       | 307.9                       | 621.7                       |
| Quick Ratio  | 2                           | 59                          | 129.2                       | 278.5                       | 592.4                       |
| Cash Expenses/mo-Burn Rate-trailing period               | (15,872)                    | 65,329                      | 418,378                     | 889,842                     | 1,869,925                   |
| # Months Cash Reserves                                   | 19 NA                       |                             | NA                          | NA                          | NA                          |
| Debt/Equity  | 0                           | 0                           | 0.0                         | 0.0                         | 0.0                         |
| Equity Dilution-Change in Common<br>outstanding vs Prior | 0                           | 1,161,766                   | 0                           | 0                           | 0                           |
| Warrants Outstanding                                     | 3,942,326                   | 2,780,560                   | 2,780,560                   | 2,780,560                   | 2,780,560                   |
| Total dilution   | 3,942,326                   | 3,942,326                   | 2,780,560                   | 2,780,560                   | 2,780,560                   |
| Fully Diluted Shares Outstanding                         | 34,021,326                  | 34,021,326                  | 32,859,560                  | 32,859,560                  | 32,859,560                  |
| EPS Growth, % vs prior                                   |                             | NA                          | 139%                        | 113%                        | 110%                        |



THE AMERICAN ENERGY GROUP, LTD. AND SUBSIDIARY (TABLE 2)

CONSOLIDATED STATEMENTS OF OPERATIONS

| Consolidated Statements of Operations | Actual<br>2007FY<br>Q1-9/30/06 | Actual<br>2007FY<br>Q2 12/31/06 | Forecast<br>2007FY<br>Q3-3/31/07 | Forecast<br>2007FY<br>Q4 6/30/07 | Forecast<br>2007FY<br>Total |
|---------------------------------------|--------------------------------|---------------------------------|----------------------------------|----------------------------------|-----------------------------|
| Revenue                               |                                |                                 |                                  |                                  |                             |
| Royalties on Production               | 0                              | 0                               | 0                                | 0                                |                             |
| General and Administrative Expenses   |                                |                                 |                                  |                                  |                             |
| Legal and professional                | 131,794                        | 244,449                         | 15,000                           | 15,000                           | 406,243                     |
| Depreciation and amortization expense | 614                            | 949                             | 948                              | 948                              | 3,459                       |
| General and administrative            | 162,437                        | 173,858                         | 180,000                          | 180,000                          | 696,295                     |
| Total Expenses                        | 294,845                        | 419,306                         | 195,948                          | 195,948                          | 1,106,047                   |
| Net Operating Income ( Loss )         | 294,845                        | (419,306)                       | (195,948)                        | (195,948)                        | (516,357)                   |
| Other Income and (Expense)            |                                |                                 |                                  |                                  |                             |
| Interest income                       | 10,115                         | 8,548                           | 5,942                            | 4,540                            | 29,144                      |
| Interest expense                      | 0                              | 0                               | 0                                | 0                                | 0                           |
| Total Other Income and (Expense)      | 10,115                         | 8,548                           | 5,942                            | 4,540                            | 29,144                      |
| Net Loss                              | (284,730)                      | (410,758)                       | (190,007)                        | (191,409)                        | (1,076,903)                 |
| Basic Loss per Common Share           | (0.01)                         | (0.01)                          | (0.01)                           | (0.01)                           | (0.03)                      |
| Wtd. Avg Number of Shares Outstanding | 29,876,038                     | 29,973,353                      | 30,079,000                       | 30,079,000                       | 30,001,848                  |

| Consolidated Statements of Operations | Forecast<br>2008FY<br>Q1 | Forecast<br>2008FY<br>Q2 | Forecast<br>2008FY<br>Q3 | Forecast<br>2008FY<br>Q4 | Forecast<br>2008FY<br>Total |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|
| Revenue                               |                          |                          |                          |                          |                             |
| Royalties on Production               | 199,017                  | 749,385                  | 902,948                  | 964,373                  | 2,815,722                   |
| General and Administrative Expenses   |                          |                          |                          |                          |                             |
| Legal and professional                | 15,000                   | 15,000                   | 15,000                   | 15,000                   | 60,000                      |
| Depreciation and amortization expense | 948                      | 948                      | 948                      | 948                      | 3,793                       |
| General and administrative            | 180,000                  | 180,000                  | 180,000                  | 180,000                  | 720,000                     |
| Total Expenses                        | 195,948                  | 195,948                  | 195,948                  | 195,948                  | 783,793                     |
| Net Operating Income ( Loss )         | 3,069                    | 553,437                  | 706,999                  | 768,424                  | 2,031,929                   |
| Other Income and (Expense)            |                          |                          |                          |                          |                             |
| Interest income                       | 0                        | 3,027                    | 7,420                    | 14,574                   | 25,020                      |
| Interest expense                      | 0                        | 0                        | 0                        | 0                        | 0                           |
| Total Other Income and (Expense)      | 0                        | 3,027                    | 7,420                    | 14,574                   | 25,020                      |
| Net Loss                              | 3,069                    | 556,463                  | 714,419                  | 782,998                  | 2,056,949                   |
| Basic Loss per Common Share           | 0.00                     | 0.02                     | 0.02                     | 0.03                     | 0.07                        |
| Wtd. Avg Number of Shares Outstanding | 30,079,000               | 30,079,000               | 30,079,000               | 30,659,883               | 30,224,221                  |



THE AMERICAN ENERGY GROUP, LTD. AND SUBSIDIARY (TABLE 2 CONTINUED)

CONSOLIDATED STATEMENTS OF CASH FLOWS

| Consolidated Statements of Cash Flows                                 | Actual<br>2007FY<br>Q1-9/30/06 | Actual<br>2007FY<br>Q2 12/31/06 | Forecast<br>2007FY<br>Q3-3/31/07 | Forecast<br>2007FY<br>Q4 6/30/07 |                  |
|---|--------------------------------|---------------------------------|----------------------------------|----------------------------------|------------------|
| <b>Cash Flows From Operating Activities</b>                           |                                |                                 |                                  |                                  |                  |
| Net Income ( loss)  | (284,730)                      | (410,758)                       | (190,007)                        | (191,409)                        | (1,076,903)      |
| Depreciation  | 614                            | 949                             | 948                              | 948                              | 3,459            |
| Common stock issued for current debt and services                     | 63,745                         | 145,296                         | 0                                |                                  | 209,041          |
| (Increase) decrease in prepaid expenses                               | 13,200                         | 12,472                          | 13,646                           | 0                                | 39,318           |
| Increase (decrease) in accounts payable                               | 16,578                         | 35,157                          | 35,157                           | 35,157                           | 122,049          |
| Increase (decrease) in accrued postpetition liabilities               | (3,216)                        | (9,615)                         | 0                                | 0                                | (12,831)         |
| Increase (decrease) in accrued expenses and other current liabilities | 16,700                         | (10,200)                        | 0                                | 0                                | 6,500            |
| <b>Net Cash Provided By (Used In) Operating Activities</b>            | <b>(177,109)</b>               | <b>(236,699)</b>                | <b>(140,255)</b>                 | <b>(155,303)</b>                 | <b>(709,367)</b> |
| <b>Cash Flows From Investing Activities</b>                           |                                |                                 |                                  |                                  |                  |
| Funds reserved for acquisitions                                       | (100,000)                      | 0                               | 0                                | 0                                | (100,000)        |
| Deposits  |                                | 0                               | 0                                | 0                                | 0                |
| Expenditures for property and equipment                               | (15,659)                       | (14,535)                        | 0                                | 0                                | (30,194)         |
| <b>Net Cash (Used In) Investing Activities</b>                        | <b>(115,659)</b>               | <b>(14,535)</b>                 | <b>0</b>                         | <b>0</b>                         | <b>(130,194)</b> |
| <b>Cash Flows From Financing Activities</b>                           |                                |                                 |                                  |                                  |                  |
| Proceeds from the issuance of common stock                            | 0                              | 0                               | 0                                |                                  | 0                |
| Proceeds from the exercise of warrants                                | 0                              | 0                               | 0                                |                                  | 0                |
| <b>Net Cash Provided By Financing Activities</b>                      | <b>0</b>                       | <b>0</b>                        | <b>0</b>                         | <b>0</b>                         | <b>0</b>         |
| <b>Net Increase (Decrease) in Cash</b>                                | <b>(292,768)</b>               | <b>(251,234)</b>                | <b>(140,255)</b>                 | <b>(155,303)</b>                 | <b>(839,561)</b> |
| Cash and Cash Equivalents, Beginning of Period                        | 1,138,209                      | 845,441                         | 594,207                          | 453,952                          |                  |
| Cash and Cash Equivalents, End of Period                              | 845,441                        | 594,207                         | 453,952                          | 298,648                          |                  |



THE AMERICAN ENERGY GROUP, LTD. AND SUBSIDIARY (TABLE 2 CONTINUED)

CONSOLIDATED STATEMENTS OF CASH FLOWS CONTINUED

| Consolidated Statements of Cash Flows<br>Continued                       | Forecast<br>2008FY<br>Q1 | Forecast<br>2008FY<br>Q2 | Forecast<br>2008FY<br>Q3 | Forecast<br>2008FY<br>Q4 | Forecast<br>2008FY<br>Total |
|--|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|
| <b>Cash Flows From Operating Activities</b>                              |                          |                          |                          |                          |                             |
| Net Income ( loss)   | 3,069                    | 556,463                  | 714,419                  | 782,998                  | 2,056,949                   |
| Depreciation   | 948                      | 948                      | 948                      | 948                      | 3,793                       |
| Common stock issued for current debt and services                        |                          |                          |                          |                          | 0                           |
| (Increase) decrease in prepaid expenses                                  | 0                        | 0                        | 0                        | 0                        | 0                           |
| Increase (decrease) in accounts payable                                  | 0                        | (118,079)                | 0                        | 0                        | (118,079)                   |
| Increase (decrease) in accrued postpetition liabilities                  | 0                        | 0                        | 0                        | 0                        | 0                           |
| Increase (decrease) in accrued expenses and other<br>current liabilities | 0                        | 0                        | 0                        | 0                        | 0                           |
| <b>Net Cash Provided By (Used In) Operating Activities</b>               | <b>4,017</b>             | <b>439,333</b>           | <b>715,367</b>           | <b>783,946</b>           | <b>1,942,663</b>            |
| <b>Cash Flows From Investing Activities</b>                              |                          |                          |                          |                          |                             |
| Funds reserved for acquisitions  | 0                        | 0                        | 0                        | 0                        | 0                           |
| Deposits   | 0                        | 0                        | 0                        | 0                        | 0                           |
| Expenditures for property and equipment                                  | 0                        | 0                        | 0                        | 0                        | 0                           |
| <b>Net Cash (Used In) Investing Activities</b>                           | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 | <b>0</b>                    |
| <b>Cash Flows From Financing Activities</b>                              |                          |                          |                          |                          |                             |
| Proceeds from the issuance of common stock                               |                          |                          |                          |                          | 0                           |
| Proceeds from the exercise of warrants                                   |                          |                          |                          | 1,975,002                | 1,975,002                   |
| <b>Net Cash Provided By Financing Activities</b>                         | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 | <b>1,975,002</b>         | <b>1,975,002</b>            |
| <b>Net Increase (Decrease) in Cash</b>                                   | <b>4,017</b>             | <b>439,333</b>           | <b>715,367</b>           | <b>2,758,948</b>         | <b>3,917,665</b>            |
| <b>Cash and Cash Equivalents, Beginning of Period</b>                    | <b>298,648</b>           | <b>302,665</b>           | <b>741,998</b>           | <b>1,457,366</b>         |                             |
| <b>Cash and Cash Equivalents, End of Period</b>                          | <b>302,665</b>           | <b>741,998</b>           | <b>1,457,366</b>         | <b>4,216,314</b>         |                             |



THE AMERICAN ENERGY GROUP, LTD. AND SUBSIDIARY (TABLE 2 CONTINUED)

CONSOLIDATED BALANCE SHEETS

|  | Actual<br>2007FY<br>Q1-9/30/06 | Actual<br>2007FY<br>Q2 12/31/06 | Forecast<br>2007FY<br>Q3-3/31/07 | Forecast<br>2007FY<br>Q4 6/30/07 |
|--|--------------------------------|---------------------------------|----------------------------------|----------------------------------|
| <b>Assets</b>                                  |                                |                                 |                                  |                                  |
| <b>Current Assets</b>                          |                                |                                 |                                  |                                  |
| Cash (Note 1)                                  | 845,441                        | 594,157                         | 453,952                          | 298,648                          |
| Funds reserved for acquisitions                | 2,100,000                      | 2,100,000                       | 2,100,000                        | 2,100,000                        |
| Prepaid expenses                               | 26,118                         | 13,646                          | 0                                | 0                                |
| <b>Total Current Assets</b>                    | <b>2,971,559</b>               | <b>2,707,803</b>                | <b>2,553,952</b>                 | <b>2,398,648</b>                 |
| <b>Property and Equipment</b>                  |                                |                                 |                                  |                                  |
| Office equipment                               | 22,445                         | 36,980                          | 36,980                           | 36,980                           |
| Accumulated depreciation                       | (1,580)                        | (2,529)                         | (3,477)                          | (4,425)                          |
| <b>Net Property and Equipment</b>              | <b>20,865</b>                  | <b>34,451</b>                   | <b>33,503</b>                    | <b>32,555</b>                    |
| <b>Other Assets</b>                            |                                |                                 |                                  |                                  |
| Security deposit                               | 22,209                         | 22,209                          | 22,209                           | 22,209                           |
| <b>Total Assets</b>                            | <b>3,014,633</b>               | <b>2,764,463</b>                | <b>2,609,664</b>                 | <b>2,453,412</b>                 |
| <b>Liabilities and Stockholders' Equity</b>    |                                |                                 |                                  |                                  |
| <b>Current Liabilities</b>                     |                                |                                 |                                  |                                  |
| Accounts payable                               | 62,608                         | 97,765                          | 132,922                          | 168,079                          |
| Accrued liabilities                            | 31,700                         | 21,500                          | 21,500                           | 21,500                           |
| <b>Total Current Liabilities</b>               | <b>94,308</b>                  | <b>119,265</b>                  | <b>154,422</b>                   | <b>189,579</b>                   |
| <b>Liabilities Not Subject to Compromise</b>   |                                |                                 |                                  |                                  |
| Accrued postpetition expenses                  | 54,485                         | 44,870                          | 44,870                           | 44,870                           |
| <b>Liabilities Subject to Compromise</b>       |                                |                                 |                                  |                                  |
| Prepetition trade accounts payable             | 238,588                        | 238,588                         | 238,588                          | 238,588                          |
| Prepetition accrued liabilities                | 45,500                         | 45,500                          | 45,500                           | 45,500                           |
| Current portion of capital lease obligation    | 679                            | 679                             | 679                              | 679                              |
| <b>Total Liabilities Subject to Compromise</b> | <b>284,767</b>                 | <b>284,767</b>                  | <b>284,767</b>                   | <b>284,767</b>                   |
| <b>Total Liabilities</b>                       | <b>433,560</b>                 | <b>448,902</b>                  | <b>484,059</b>                   | <b>519,216</b>                   |



THE AMERICAN ENERGY GROUP, LTD. AND SUBSIDIARY (TABLE 2 CONTINUED)

CONSOLIDATED BALANCE SHEETS CONTINUED

|  | Forecast<br>2008FY<br>Q1 | Forecast<br>2008FY<br>Q2 | Forecast<br>2008FY<br>Q3 | Forecast<br>2008FY<br>Q4 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Assets</b>                                  |                          |                          |                          |                          |
| <b>Current Assets</b>                          |                          |                          |                          |                          |
| Cash (Note 1)                                  | 302,665                  | 741,998                  | 1,457,366                | 4,216,314                |
| Funds reserved for acquisitions                | 2,100,000                | 2,100,000                | 2,100,000                | 2,100,000                |
| Prepaid expenses                               | 0                        | 0                        | 0                        | 0                        |
| <b>Total Current Assets</b>                    | <b>2,402,665</b>         | <b>2,841,998</b>         | <b>3,557,366</b>         | <b>6,316,314</b>         |
| <b>Property and Equipment</b>                  |                          |                          |                          |                          |
| Office equipment                               | 36,980                   | 36,980                   | 36,980                   | 36,980                   |
| Accumulated depreciation                       | (5,374)                  | (6,322)                  | (7,270)                  | (8,218)                  |
| <b>Net Property and Equipment</b>              | <b>31,606</b>            | <b>30,658</b>            | <b>29,710</b>            | <b>28,762</b>            |
| <b>Other Assets</b>                            |                          |                          |                          |                          |
| Security deposit                               | 22,209                   | 22,209                   | 22,209                   | 22,209                   |
| <b>Total Assets</b>                            | <b>2,456,481</b>         | <b>2,894,865</b>         | <b>3,609,284</b>         | <b>6,367,285</b>         |
| <b>Liabilities and Stockholders' Equity</b>    |                          |                          |                          |                          |
| <b>Current Liabilities</b>                     |                          |                          |                          |                          |
| Accounts payable                               | 168,079                  | 50,000                   | 50,000                   | 50,000                   |
| Accrued liabilities                            | 21,500                   | 21,500                   | 21,500                   | 21,500                   |
| <b>Total Current Liabilities</b>               | <b>189,579</b>           | <b>71,500</b>            | <b>71,500</b>            | <b>71,500</b>            |
| <b>Liabilities Not Subject to Compromise</b>   |                          |                          |                          |                          |
| Accrued postpetition expenses                  | 44,870                   | 44,870                   | 44,870                   | 44,870                   |
| <b>Liabilities Subject to Compromise</b>       |                          |                          |                          |                          |
| Prepetition trade accounts payable             | 238,588                  | 238,588                  | 238,588                  | 238,588                  |
| Prepetition accrued liabilities                | 45,500                   | 45,500                   | 45,500                   | 45,500                   |
| Current portion of capital lease obligation    | 679                      | 679                      | 679                      | 679                      |
| <b>Total Liabilities Subject to Compromise</b> | <b>284,767</b>           | <b>284,767</b>           | <b>284,767</b>           | <b>284,767</b>           |
| <b>Total Liabilities</b>                       | <b>519,216</b>           | <b>401,137</b>           | <b>401,137</b>           | <b>401,137</b>           |



THE AMERICAN ENERGY GROUP, LTD. AND SUBSIDIARY (TABLE 2 CONTINUED)

**STOCKHOLDERS' EQUITY (NOTES 7 & 8)**

| Stockholders' Equity (Notes 7 & 8)                    | Actual      | Actual      | Forecast    | Forecast    |
|---|-------------|-------------|-------------|-------------|
| Common stock, par value \$0.001 per share;            | 2007FY      | 2007FY      | 2007FY      | 2007FY      |
|   | Q1-9/30/06  | Q2 12/31/06 | Q3-3/31/07  | Q4 6/30/07  |
| <b>AUTHORIZED 80,000,000 SHARES</b>                   |             |             |             |             |
| ISSUED AND OUTSTANDING                                | 29,868      | 30,079      | 30,079      | 30,079      |
| CAPITAL IN EXCESS OF PAR VALUE                        | 7,674,258   | 7,819,343   | 7,819,393   | 7,819,393   |
| EXPENSES PREPAID WITH COMMON STOCK                    | 0           | 0           | 0           | 0           |
| ACCUMULATED DEFICIT                                   | (5,123,103) | (5,533,861) | (5,723,868) | (5,915,276) |
| TOTAL STOCKHOLDERS' EQUITY                            | 2,581,073   | 2,315,561   | 2,125,604   | 1,934,196   |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY            | 3,014,633   | 2,764,463   | 2,609,663   | 2,453,412   |
|   | 0           | 0           | (0)         | (0)         |
| <b>RATIOS</b>   |             |             |             |             |
| WORKING CAPITAL                                       | 2,877,251   | 2,588,538   | 2,399,530   | 2,209,069   |
| CURRENT RATIO   | 31.5        | 22.7        | 16.5        | 12.7        |
| QUICK RATIO   | 9.0         | 5.0         | 2.9         | 1.6         |
| CASH EXPENSES/MO-BURN RATE-TRAILING PERIOD            | (73,457)    | (88,171)    | (15,755)    | (15,872)    |
| # MONTHS CASH RESERVES                                | 11.5        | 6.7         | 28.8        | 18.8        |
| DEBT/EQUITY   | 0.0         | 0.0         | 0.0         | 0.0         |
| EQUITY DILUTION-CHANGE IN COMMON OUTSTANDING VS PRIOR | 0           | 211,295     | 0           | 0           |
| WARRANTS OUTSTANDING                                  | 3,942,326   | 3,942,326   | 3,942,326   | 3,942,326   |
| TOTAL DILUTION  | 3,942,326   | 4,153,621   | 3,942,326   | 3,942,326   |
| FULLY DILUTED SHARES OUTSTANDING                      | 33,810,031  | 34,021,326  | 34,021,326  | 34,021,326  |

| Stockholders' Equity (Notes 7 & 8)                    | Forecast    | Forecast    | Forecast    | Forecast    |
|---|-------------|-------------|-------------|-------------|
| Common stock, par value \$0.001 per share;            | 2008FY      | 2008FY      | 2008FY      | 2008FY      |
|   | Q1          | Q2          | Q3          | Q4          |
| <b>AUTHORIZED 80,000,000 SHARES</b>                   |             |             |             |             |
| ISSUED AND OUTSTANDING                                | 30,079      | 30,079      | 30,079      | 31,241      |
| CAPITAL IN EXCESS OF PAR VALUE                        | 7,819,393   | 7,819,393   | 7,819,393   | 9,793,233   |
| EXPENSES PREPAID WITH COMMON STOCK                    | 0           | 0           | 0           | 0           |
| ACCUMULATED DEFICIT                                   | (5,912,208) | (5,355,744) | (4,641,325) | (3,858,327) |
| TOTAL STOCKHOLDERS' EQUITY                            | 1,937,264   | 2,493,728   | 3,208,147   | 5,966,147   |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY            | 2,456,480   | 2,894,865   | 3,609,284   | 6,367,284   |
|   | (0)         | (0)         | (0)         | (0)         |
| <b>RATIOS</b>   |             |             |             |             |
| WORKING CAPITAL                                       | 2,213,086   | 2,770,498   | 3,485,866   | 6,244,814   |
| CURRENT RATIO   | 12.7        | 39.7        | 49.8        | 88.3        |
| QUICK RATIO   | 1.6         | 10.4        | 20.4        | 59.0        |
| CASH EXPENSES/MO-BURN RATE-TRAILING PERIOD            | 335         | 0           | 59,614      | 65,329      |
| # MONTHS CASH RESERVES                                | (904.2)     | NA          | NA          | NA          |
| DEBT/EQUITY   | 0.0         | 0.0         | 0.0         | 0.0         |
| EQUITY DILUTION-CHANGE IN COMMON OUTSTANDING VS PRIOR | 0           | 0           | 0           | 1,161,766   |
| WARRANTS OUTSTANDING                                  | 3,942,326   | 3,942,326   | 3,942,326   | 2,780,560   |
| TOTAL DILUTION  | 3,942,326   | 3,942,326   | 3,942,326   | 3,942,326   |
| FULLY DILUTED SHARES OUTSTANDING                      | 34,021,326  | 34,021,326  | 34,021,326  | 34,021,326  |



**AEGG PAKISTAN DRILLING PLAN ASSUMPTIONS AND ESTIMATES (TABLE 3)**

**AEGG Pakistan Drilling Plan Assumptions and Estimates**

| Sui Main Prospects       | km2          | Acre          | Est Reserves, BCF | Est Prod, Unrisked, MMCF/D | Risk,% | Net Risked Production, MMCF/D | # Wells   | Acres/well   |
|--------------------------|--------------|---------------|-------------------|----------------------------|--------|-------------------------------|-----------|--------------|
| Prospect 1               | 12.9         | 3186.3        | 180               | 30                         | 0.1    | 27                            | 2         | 1,593        |
| Prospect 2               | 5.44         | 1344          | 75                | 12                         | 0.5    | 6                             | 1         | 1,344        |
| Prospect 3               | 20           | 4940          | 280               | 45                         | 0.5    | 22.5                          | 4         | 1,235        |
| Prospect 4               | 4            | 988           | 55                | 9                          | 0.5    | 4.5                           | 1         | 988          |
| Prospect 5,6,7           | 20           | 4940          | 280               | 45                         | 0.5    | 22.5                          | 6         | 823          |
| Others- Oil Pab and Goru |              |               |                   | 5                          | 0.5    | 2.5                           |           |              |
| <b>Total</b>             | <b>62.34</b> | <b>15,398</b> | <b>870</b>        | <b>146</b>                 |        | <b>85</b>                     | <b>14</b> | <b>1,100</b> |
| Natural Gas, 2008FY      | \$/MCF       | 2.50          |                   |                            |        |                               |           |              |
| 2009FY                   | 6%           | 2.65          |                   |                            |        |                               |           |              |
| 2010FY                   |              | 2.81          |                   |                            |        |                               |           |              |
| 2011FY                   | \$/MCF       | 2.98          |                   |                            |        |                               |           |              |

**ESTIMATED DRILLING PLAN, NEW WELLS COMPLETED AND TIED IN TO PIPELINES**

**Estimated Drilling Plan, New Wells Completed and Tied In To Pipelines**

|   | 2007FY * | 2008FY     | 2008FY     | 2008FY     | 2008FY     | 2008FY     | 2009FY      | 2010FY    | 2011FY    |
|---|----------|------------|------------|------------|------------|------------|-------------|-----------|-----------|
|   | Total    | Q1-Sep     | Q2-Dec     | Q3-Mar     | Q4Jun      | Total      | Total       | Total     | Total     |
| Prospect 1                                  | 0        | 1          | 0          | 0          | 0          | 1.0        | 1           | 0         | 0         |
| Prospect 2                                  | 0        | 0          | 1          | 0          | 0          | 1.0        | 0           | 0         | 0         |
| Prospect 3                                  | 0        | 0          | 0          | 1          | 1          | 2.0        | 2           | 0         | 0         |
| Prospect 4                                  | 0        | 0          | 0          | 0          | 0          | 0.0        | 1           | 0         | 0         |
| Prospect 5,6,7                              | 0        | 0          | 0          | 0          | 0          | 0.0        | 1           | 3         | 4         |
| Others                                      | 0        | 0          | 1          | 1          | 1          | 3.0        | 4           | 5         | 4         |
| <b>Total New Wells</b>                      | <b>0</b> | <b>1</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>7.0</b> | <b>9</b>    | <b>8</b>  | <b>8</b>  |
| <b>Cumulative Total New Wells</b>           |          |            |            |            |            | <b>7</b>   | <b>16</b>   | <b>24</b> | <b>32</b> |
| <b>Average Producing Well Count, Period</b> |          |            |            |            |            |            |             |           |           |
| Prospect 1                                  | 0        | 0.3        | 1          | 1          | 1          | 0.825      | 1.5         | 2         | 2         |
| Prospect 2                                  | 0        | 0          | 0.5        | 1          | 1          | 0.625      | 1           | 1         | 1         |
| Prospect 3                                  | 0        | 0          | 0          | 0          | 0          | 0          | 3           | 4         | 4         |
| Prospect 4                                  | 0        | 0          | 0          | 0          | 0          | 0          | 0.5         | 1         | 1         |
| Prospect 5,6,7                              | 0        | 0          | 0          | 0          | 0          | 0          | 0.5         | 2.5       | 6         |
| Others                                      | 0        | 0          | 0.2        | 1.5        | 2.5        | 1.05       | 5           | 9.5       | 14        |
| <b>Total Operating Wells</b>                | <b>0</b> | <b>0.3</b> | <b>1.7</b> | <b>3.5</b> | <b>4.5</b> | <b>2.5</b> | <b>11.5</b> | <b>20</b> | <b>28</b> |



PRODUCTION, MMCFE AND REVENUE (TABLE 3 CONTINUED)

Production, MMCFE

|   | 2007FY * | 2008FY     | 2008FY       | 2008FY       | 2008FY       | 2008FY        | 2009FY        | 2010FY        | 2011FY        |
|---|----------|------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
|   | Total    | Q1-Sep     | Q2-Dec       | Q3-Mar       | Q4Jun        | Total         | Total         | Total         | Total         |
| Prospect 1                                  | 0        | 737        | 2,457        | 2,457        | 2,457        | 8,108         | 14,783        | 19,710        | 19,710        |
| Prospect 2                                  | 0        | 0          | 273          | 546          | 546          | 1,365         | 2,190         | 2,190         | 2,190         |
| Prospect 3                                  | 0        | 0          | 0            | 0            | 0            | 0             | 24,638        | 32,850        | 32,850        |
| Prospect 4                                  | 0        | 0          | 0            | 0            | 0            | 0             | 821           | 1,643         | 1,643         |
| Prospect 5,6,7                              | 0        | 0          | 0            | 0            | 0            | 0             | 4,106         | 20,531        | 49,275        |
| Others                                      | 0        | 0          | 46           | 341          | 569          | 956           | 4,563         | 8,669         | 12,775        |
| <b>Total</b>                                | <b>0</b> | <b>737</b> | <b>2,776</b> | <b>3,344</b> | <b>3,572</b> | <b>10,429</b> | <b>20,120</b> | <b>37,465</b> | <b>71,585</b> |
| <b>Average Production, MMCF/D</b>           |          | <b>8.1</b> | <b>30.5</b>  | <b>36.8</b>  | <b>39.3</b>  | <b>28.6</b>   | <b>55.1</b>   | <b>102.6</b>  | <b>196.1</b>  |
| <b>Average Production per well, MMCFE/D</b> | <b>0</b> | <b>27</b>  | <b>18</b>    | <b>11</b>    | <b>9</b>     | <b>11</b>     | <b>5</b>      | <b>5</b>      | <b>7</b>      |
| <b>Average Production per well, MMCFE/D</b> |          |            |              |              |              |               |               |               |               |

Revenue

|                                  | 2007FY * | 2008FY         | 2008FY         | 2008FY         | 2008FY         | 2008FY           | 2009FY           | 2010FY            | 2011FY            |
|----------------------------------|----------|----------------|----------------|----------------|----------------|------------------|------------------|-------------------|-------------------|
|                                  | Total    | Q1-Sep         | Q2-Dec         | Q3-Mar         | Q4Jun          | Total            | Total            | Total             | Total             |
| Hycarbex Revenue                 | 0        | 1,842,750      | 6,938,750      | 8,360,625      | 8,929,375      | 26,071,500       | 53,318,265       | 105,238,342       | 213,147,648       |
| AEGG 18% Royalty                 | 0        | 331,695        | 1,248,975      | 1,504,913      | 1,607,288      | 4,692,870        | 9,597,288        | 18,942,902        | 38,366,577        |
| Less Pakistan Income Tax 40%     | 0        | (132,678)      | (499,590)      | (601,965)      | (642,915)      | (1,877,148)      | (3,838,915)      | (7,577,161)       | (15,346,631)      |
| <b>AEGG Gross Revenue Income</b> | <b>0</b> | <b>199,017</b> | <b>749,385</b> | <b>902,948</b> | <b>964,373</b> | <b>2,815,722</b> | <b>5,758,373</b> | <b>11,365,741</b> | <b>23,019,946</b> |

\* FY end June 30, 2007



AEGG RSRVE VALUATION (TABLE 4)

Table 4 AEGG Reserve Valuation

|   |           |                    | BCF   | Reserve Risk | Net BCF |
|---|-----------|--------------------|-------|--------------|---------|
| Total Recoverable resources, BCF              | 7,363     | Proved             | 125   | 10%          | 113     |
| Production, MCF/well/yr, yr 1                 | 1,825,000 | Probable           | 5,035 | 70%          | 1,511   |
| Initial production/well, MCF/d                | 5,000     | Possible           | 2,203 | 100%         | -       |
| Production life, yrs                          | 15        |                    | 7,363 |              | 1,623   |
| Decline rate, %/yr                            | 30%       | Field Average Risk |       | 78%          |         |
| # wells/year                                  | 20        |                    |       |              |         |
| Gas Price Increase, %/yr next 5 years         | 20%       |                    |       |              |         |
| Gas Price Increase, yrs 5-15                  | 0%        |                    |       |              |         |
| Royalty, %                                    | 18%       |                    |       |              |         |
| Income Tax Rate, %                            | 40%       |                    |       |              |         |
| Production Risk (In addition to Reserve Risk) | 20%       |                    |       |              |         |
| AEGG shares out, MM                           | 33.9      |                    |       |              |         |
| Present Value Discount Rate, %                | 10%       |                    |       |              |         |

| Year | Yr    | Production MCF /yr | Production MCF /yr | Gross Revenue | Royalty Income | PV Factor @10% | Royalty Income, Present Value | YoY Growth, % |      |
|------|-------|--------------------|--------------------|---------------|----------------|----------------|-------------------------------|---------------|------|
|      |       | Unrisked           | Risked             | \$/MCF        | Risked         | Risked         | Risked                        |               |      |
| 2007 | 1     | 36,500,000         | 29,200,000         | 2.50          | 73,000,000     | 13,140,000     | 1.00                          | 13,140,000    |      |
| 2008 | 2     | 98,550,000         | 78,840,000         | 3.00          | 236,520,000    | 42,573,600     | 0.83                          | 35,184,793    | 168% |
| 2009 | 3     | 105,485,000        | 84,388,000         | 3.60          | 303,796,800    | 54,683,424     | 0.75                          | 41,084,466    | 17%  |
| 2010 | 4     | 110,339,500        | 88,271,600         | 4.32          | 381,333,312    | 68,639,996     | 0.68                          | 46,882,041    | 14%  |
| 2011 | 5     | 113,737,650        | 90,990,120         | 5.18          | 471,692,782    | 84,904,701     | 0.62                          | 52,719,139    | 12%  |
| 2012 | 6     | 116,116,355        | 92,893,084         | 5.18          | 481,557,747    | 86,680,395     | 0.56                          | 48,928,823    | -7%  |
| 2013 | 7     | 117,781,449        | 94,225,159         | 5.18          | 488,463,223    | 87,923,380     | 0.51                          | 45,118,596    | -8%  |
| 2014 | 8     | 118,947,014        | 95,157,611         | 5.18          | 493,297,056    | 88,793,470     | 0.47                          | 41,422,809    | -8%  |
| 2015 | 9     | 119,762,910        | 95,810,328         | 5.18          | 496,680,739    | 89,402,533     | 0.42                          | 37,915,401    | -8%  |
| 2016 | 10    | 120,334,037        | 96,267,229         | 5.18          | 499,049,318    | 89,828,877     | 0.39                          | 34,632,921    | -9%  |
| 2017 | 11    | 120,733,826        | 96,587,061         | 5.18          | 500,707,322    | 90,127,318     | 0.35                          | 31,589,075    | -9%  |
| 2018 | 12    | 121,013,678        | 96,810,942         | 5.18          | 501,867,926    | 90,336,227     | 0.32                          | 28,783,906    | -9%  |
| 2019 | 13    | 121,209,575        | 96,967,660         | 5.18          | 502,680,348    | 90,482,463     | 0.29                          | 26,209,546    | -9%  |
| 2020 | 14    | 121,346,702        | 97,077,362         | 5.18          | 503,249,044    | 90,584,828     | 0.26                          | 23,853,816    | -9%  |
| 2021 | 15    | 121,442,692        | 97,154,153         | 5.18          | 503,647,130    | 90,656,483     | 0.24                          | 21,702,441    | -9%  |
|      | Total | 1,663,300,386      | 1,330,640,309      |               | 6,437,542,748  | 1,158,757,695  |                               | 529,167,775   |      |

|                               |         |
|-------------------------------|---------|
| Present Value @ 10%, \$/share | \$15.61 |
| Present Value @ 20%, \$/share | 8.59    |
| Present Value @ 30%, \$/share | 5.42    |

Disclosures

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