

# American Energy Group

A Non-Operating Oil & Gas Royalty Company With The Upside of  
Drilling Activities in Pakistan Without  
The Downside Risk of Exploration and Production Costs



Pierce Onthank

Chairman and CEO

February 18, 2010

OTCBB: AEGG

# Forward-Looking Statement Disclaimer

In the interest of providing American Energy Group's shareholders and potential investors with information regarding the Company, including management's assessment of the Company's future plans and operations, certain statements set forth in this presentation are forward-looking within the meanings of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this presentation, including, without limitation, statements regarding the Company's future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "project," "estimate," "anticipate," "believe," or "continue" or the negative thereof or similar terminology. Although any forward-looking statements contained in this presentation are to the knowledge or in the judgment of the officers and directors of the Company, believed to be reasonable, there can be no assurances that any of these expectations will prove correct or that any of the actions that are planned will be taken. Forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual performance and financial results in future periods to differ materially from any projection, estimate or forecasted result. Some of the key factors that may cause actual results to vary from those the Company expects include inherent uncertainties in interpreting engineering and reserve or production data; operating hazards; delays or cancellations of drilling operations because of weather and other natural and economic forces; fluctuations in oil and natural gas prices in response to changes in supply; competition from other companies with greater resources; environmental and other government regulations; defects in title to properties; increases in the Company's cost of borrowing or inability or unavailability of capital resources to fund capital expenditures; and other risks.



# AEGG At A Glance

■ Ticker	-----	AEGG
■ Rating	-----	Aggressive Speculative Buy
■ Sector	-----	Oil & Gas
■ Fiscal Year	-----	June
■ Report Date	-----	2/18/10
■ Market Cap	-----	\$25M
■ 52 Week High	-----	\$0.96
■ 52 Week Low	-----	\$0.40
■ Shares Outstanding Fully Diluted 2/18/10	-----	34.7M
■ Float	-----	27M
■ Avg. Daily Volume (3 month.)	-----	30,000
■ Insider Shareholders	-----	16%
■ 12 Month Target Price by	-----	Venture Research \$4.50 by Wallstreet Research \$3.78



# An Overview of American Energy Group: AEGG.OB

- An E&P company with assets in Pakistan and Texas
  - Focus play on Pakistan which has enormous potential reserves and has recently opened up
  - 18% overriding gross royalty in Yasin Concession Block (#2768-7)
  - \*2.5% convertible carried working interest in Zamzama North Block (#2667-8)
  - \*2.5% convertible carried working interest in Sanjawi Block (#3068-2)
    - In both blocks AEGG has the option to convert it's working interest at any time, on a well by well basis, to a gross 1.5% royalty. Free of operating and exploration costs
  - 100% working interest operator >10,000 feet in Galveston County, TX property
- 34MM fully diluted shares outstanding
  - Shares held by insiders: 5,509,000 or 16% diluted
  - Trades 30,000 shares per day, 3 month average)
- Zero debt, market cap \$25MM (2/18/2010)
  - 52-week High/Low \$0.96 - \$0.40
  - 4-year High/Low: \$3.25 - \$0.40



# Corporate Objectives

- Develop substantial South Asian oil and gas reserves
  - Reduce risk to investors by taking royalties or carried working interests in oil and gas leases. No drilling or exploration capital required
  - Expose shareholders to the excellerating growth and underexplored oil and gas markets in Pakistan
- Use cash to invest in properties with the potential for high cash flow and multi-billion dollar reserves
- Use financial strategies that minimize shareholder dilution and maximize shareholder values



# AEGG Strategy

- American Energy Group aims to increase shareholder value by focusing on high-impact Pakistan plays that provide multiple targets with the potential to discover substantial hydrocarbon reserves.
- AEGG's growth strategy is to acquire and expand its portfolio of royalty and carried working interest in long-term petroleum leases, and create shareholder value by investing in exploration and early development projects with high cash flow potential. .
- To be successful AEGG's has relied on a very effective network of industry and political relationships. These should enable AEGG to gain access to new oil & gas opportunities.





# Management and Directors

- **Pierce Onthank, 49, President, Secretary, Treasurer and Director**

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 Crary, 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. He is a member of the Pakistan-American Business Council in Washington D.C.

- **Dr. Iftikhar Zahid, 50, Director**

Dr. Iftikhar 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.

- **Karl Welser, 56, Director**

Has been actively involved in private real estate and finance ventures since 1999. After attending business school in Zurich, Mr. Welser joined Bank J. Vontobel in 1971 which specialized in private financial management. In the late 1970s Mr. Welser attended the Zurich Management School where he obtained his Economist KSZH degree. From 1980 through 1998, while employed at Zürcher Kantonalbank, Bankinstitut and UBS in Zurich, Switzerland, respectively, Mr. Welser's primary activities included analysis of the securities markets.



# World-class Technical Advisors

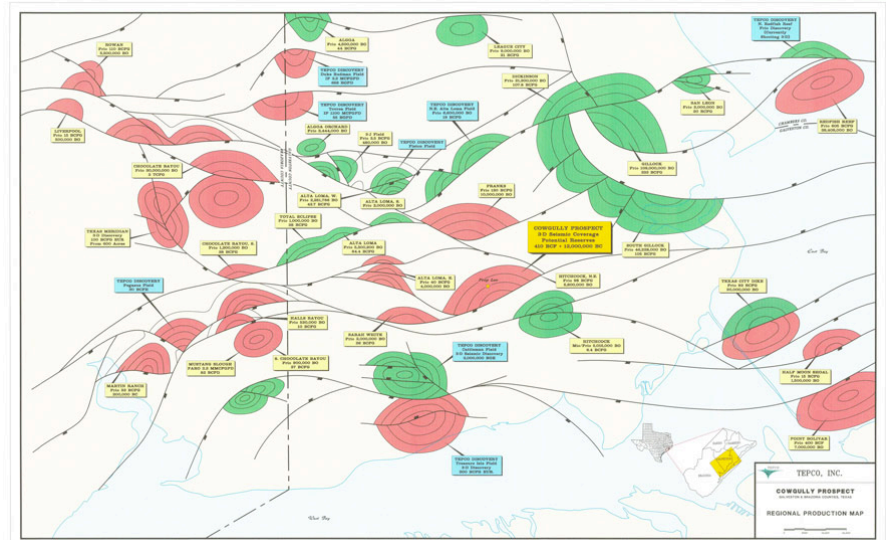
- Schlumberger: Wireline Logging, Well Testing, Stimulation/Acidizing, Cementing, BHP Surveys etc
- Halliburton: Cementation, Down-hole Testing, BHP Surveys etc.
- Baker: Mud Engineering, Well Completion
- MI Swaco: Mud Engineering
- Weatherford: Casing / Tubing Running in
- Core Lab: Oil / Gas Sample Analysis, Core/Cutting Analysis
- Geofisyska (Polish) seismic





# Galveston County, TX

- AEGG owns 100% operated WI on acreage below 10,000 feet
- 3 large finds between 5 MMcf/d and 20 MMcf/d within five-mile radius of acreage:
- 2010 plans:
  - Evaluate acreage for farm-out opportunity
  - Shoot additional seismic for interpretation



# Pakistan's Strong Demand for Energy

- Pakistan is the 6th most populous country in the world at 170 million people, which is more than half the population of the United States. 100MM are under the age of 21.
- World Bank compares Pakistan's economic energy intensity per GDP to its neighbors India and China
  - Fourth fastest growing economy: 6.0% GDP/annum
- Commercial use: 80% oil & gas, 15% hydro, with the balance coming from coal and LPG
  - Indigenous natural gas accounts for 40% of annual consumption
- Most households depend on biomass (wood and dung) for energy needs
  - 80% of households do not use natural gas yet
- Country imports 86% of annual consumption of oil
- Energy represents 33% of total imports



# Pakistan's New Innovative Petroleum Policies

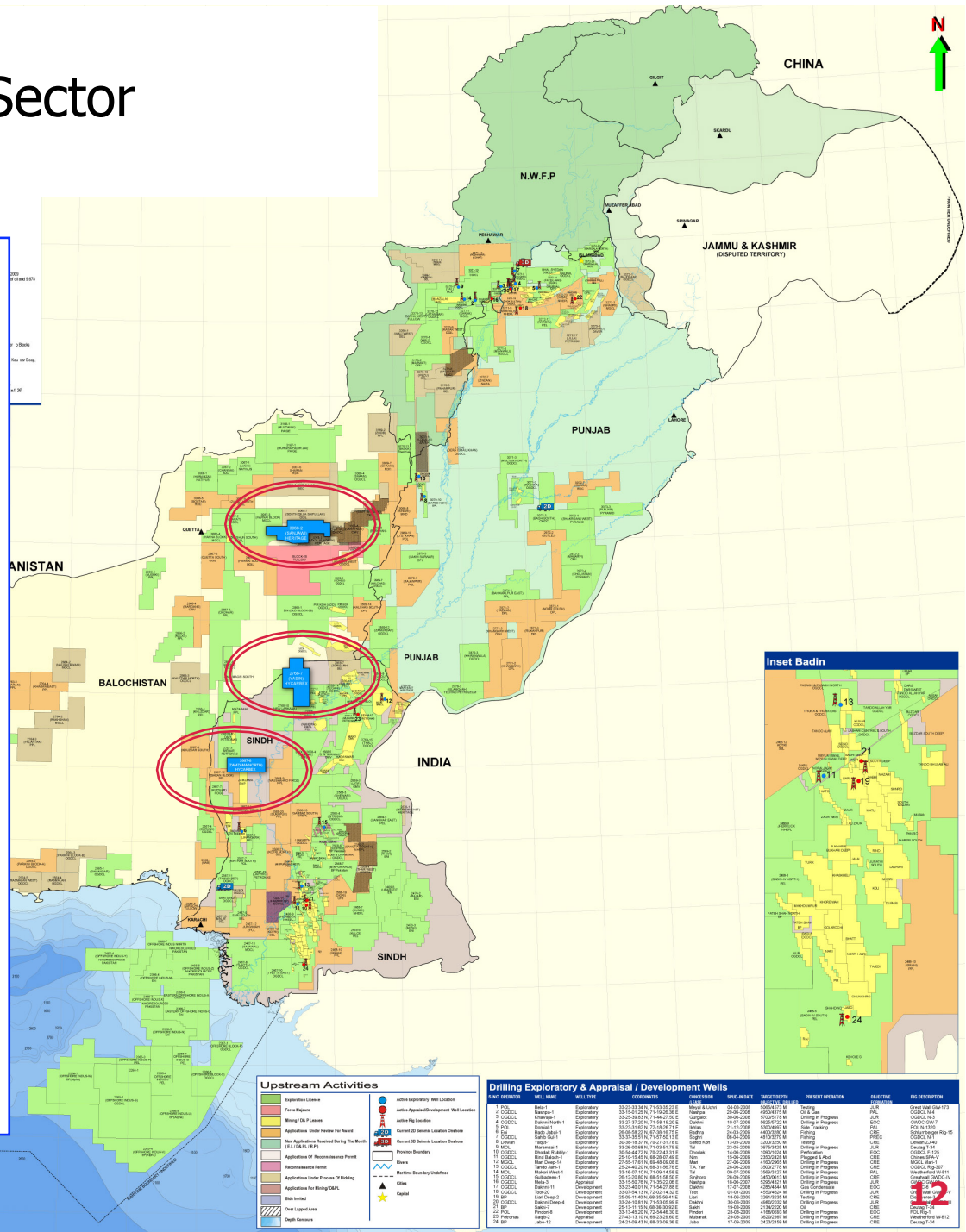
- Government enacted free-market based economy for oil and gas development in 2009, with a long-term goal to induce foreign investment and accelerate in-country exploration activities, including new petroleum pricing policies which will increase the gas pricing available for the Yasin Block.
  - **Places Pakistan now as one of the best countries to engage in Exploration and Production**
  - Promote private investments in the upstream sector
  - Incentivise foreign exploration companies to accelerate Drilling for Oil and Gas
  - Increase market-related price caps for petroleum products



# Pakistan Oil/Gas Sector

- Annual Daily Production:
  - 70,000 Boe/d
  - 3.9 Bcf/d
- World Bank estimates modern energy growth of 4.6% per annum
- 9,063 km of transmission lines
- 67,942 km of distribution and service lines
- Companies operating in Pakistan
  - Schlumberger and Halliburton
  - BP (UK), BHP (Australia), China Oil, OMV (Austria), Premier (UK), Petronas (Malaysia) Shell Oil (Netherlands)
- 725 exploratory wells drilled; 709 development wells
  - Exploratory density: 1 well per 378,404 acres
- 219 discoveries, 60% natural gas; overall success rate 1:3.3

11	2007 (Zimbabwe Govt)	2004 (Zimbabwe Govt)
12	2007 (Zimbabwe Govt)	2004 (Zimbabwe Govt)
13	2007 (Zimbabwe Govt)	2004 (Zimbabwe Govt)
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# Our Operations in Pakistan

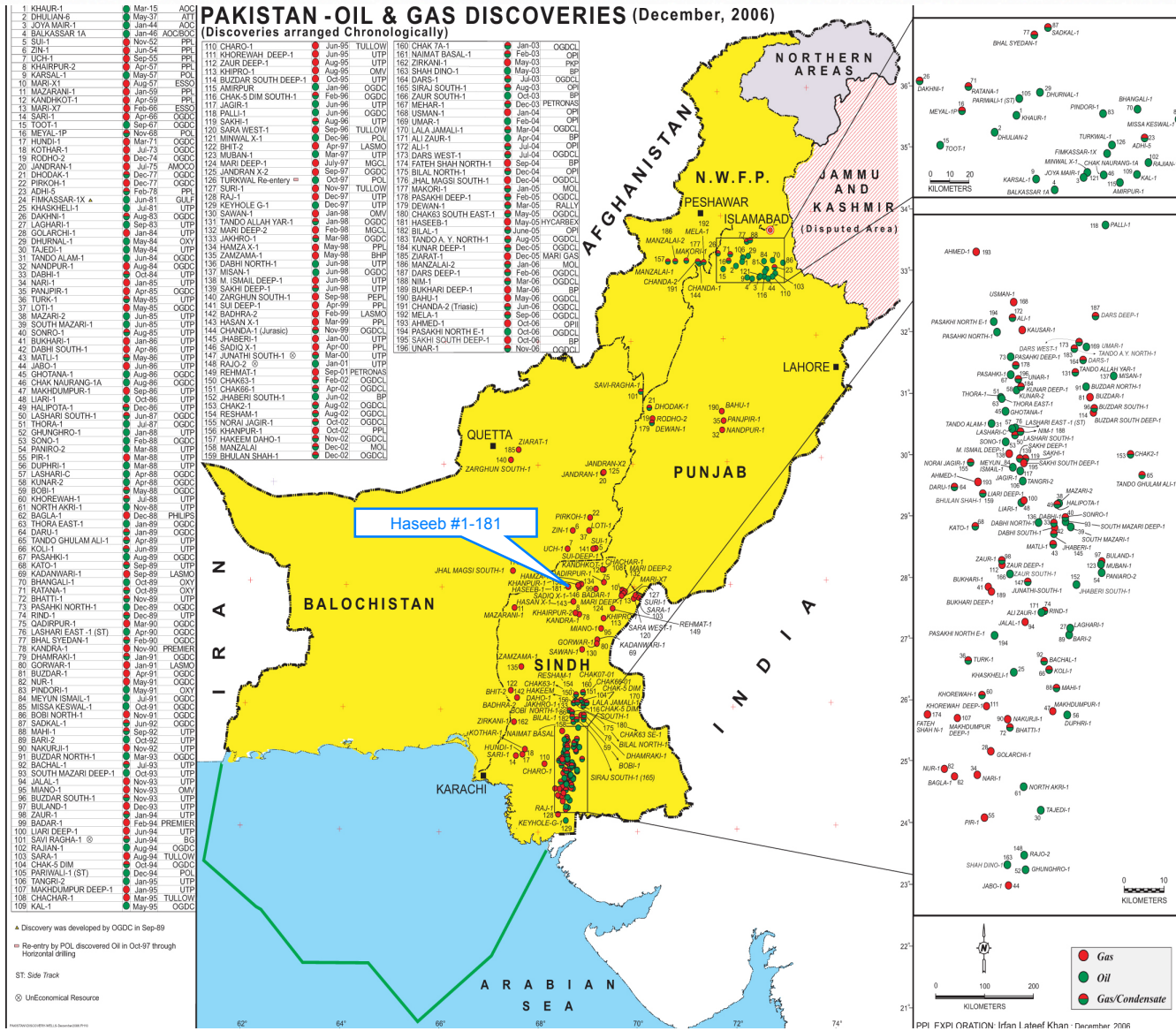








# Pakistan - Oil & Gas Discoveries

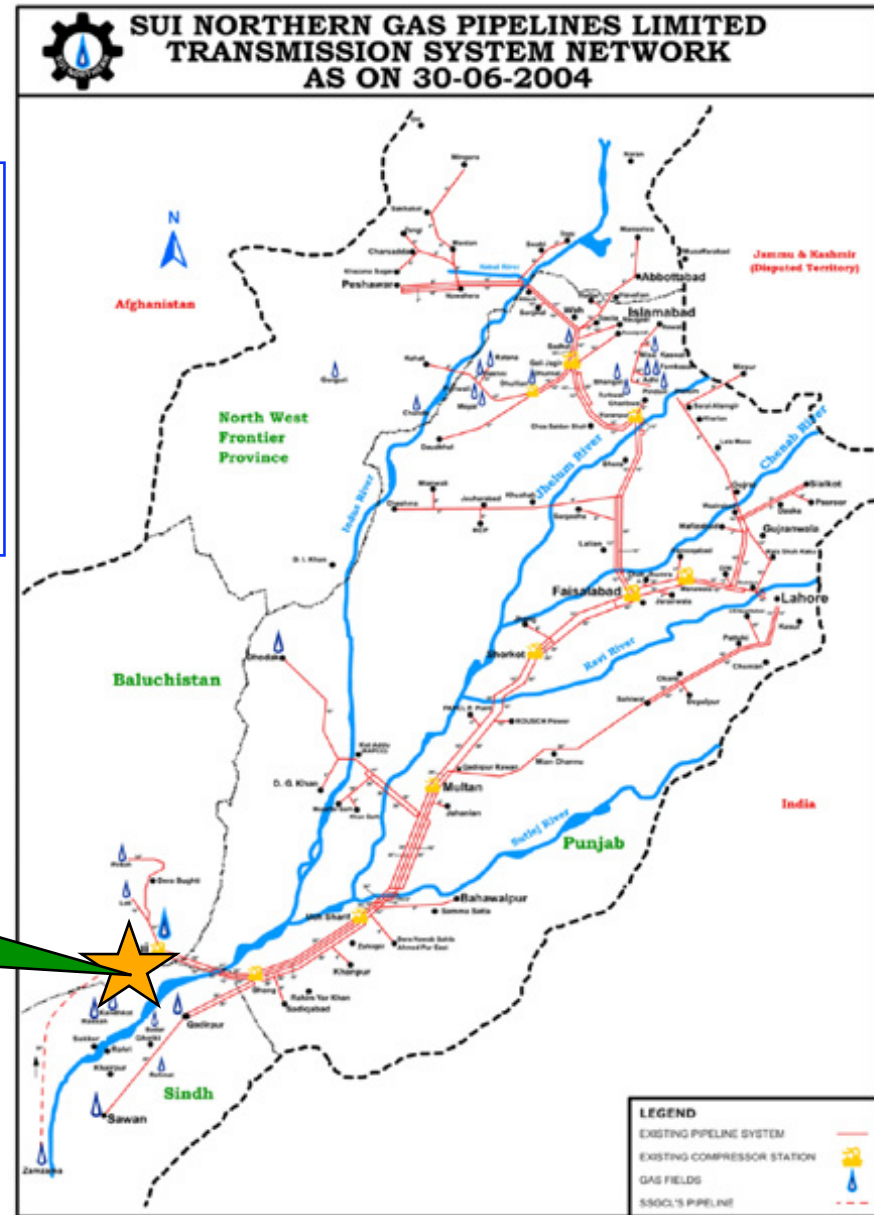


# Infrastructure Yasin Concession

- Electrical plant within 10 miles of Yasin Concession
- Two gas and one oil pipelines run through AEGG's Concession
- Can transport gas production from Yasin to consumer centers
- Very minimal Investment in Infrastructure is required

**AEGG's  
Yasin Concession**

SUI NORTHERN GAS COMPANY (SNGL) PAKISTAN / GAS-PIPELINE INFRASTRUCTURE



HYCARBEX Inc. ISLAMABAD / PAKISTAN (HASEEB-Finding next to HASSAN) July 2005



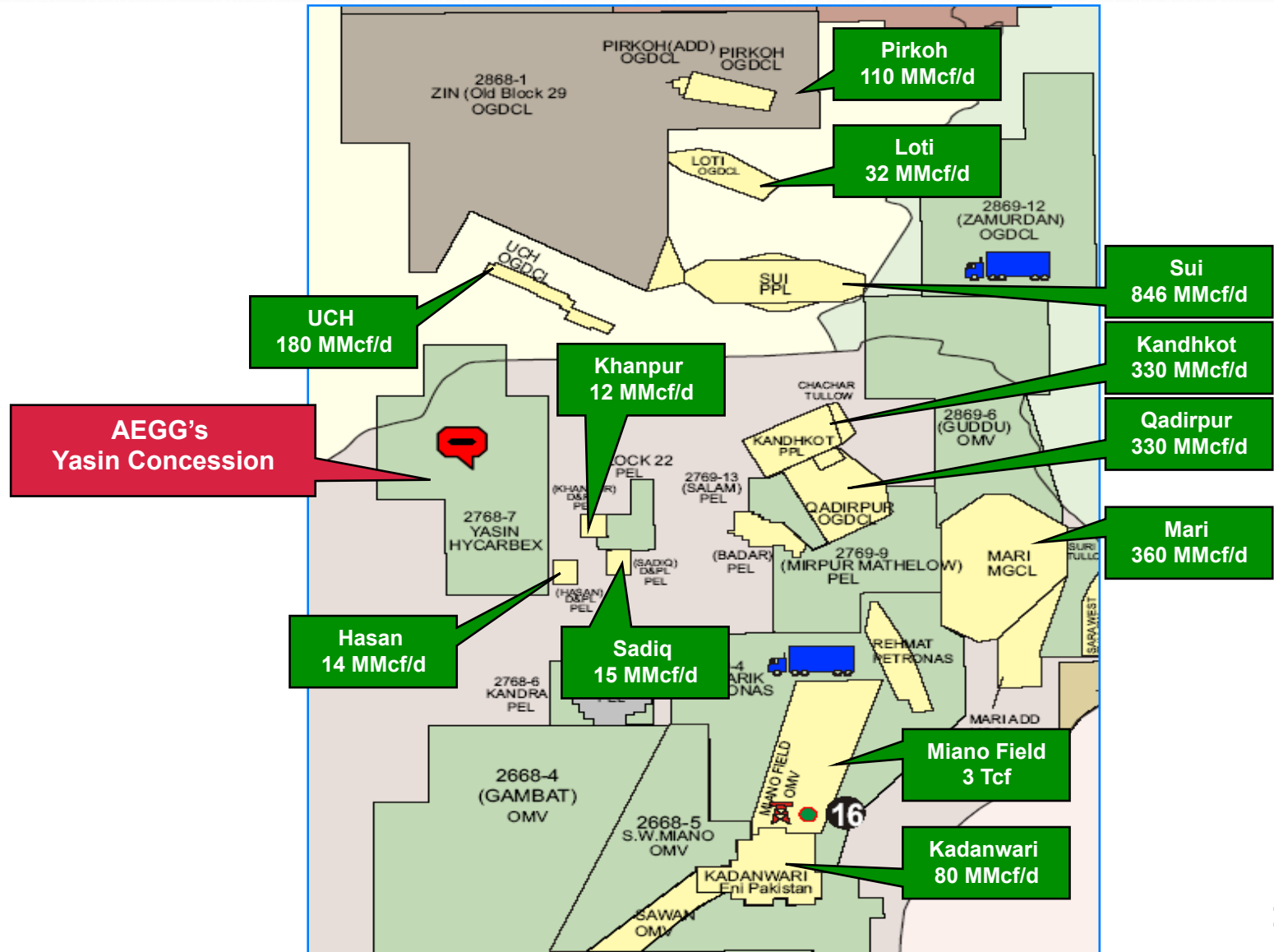


# Positives for Operating in Pakistan

- Very favorable relationship with U.S. since 9/11
- New Government moving forward on privatization and enticing international development of Pakistan's massive oil and gas reserves
- New liberal government policies for E&P companies are very favorable
- Ready market for natural gas as Pakistan is one of the world's fastest growing economies
- All oil & gas is sold locally in Pakistan
- Majors and large international independents are increasing their operations in the Country, which has attracted the large, international oil service firms
- Large, world class proven producing fields adjacent to and around AEGG's Concessions with very high potential for discovering additional oil/gas reserves
- Production infrastructure in place through AEGG's Yasin Concession: 2 gas and 1 oil pipelines with need for near-term production
- Gas prices are expected to go from \$3.06 mcf to over \$6.00 mcf over the next 3 years
- Outstanding success rate of discoveries vs. drilling 1:3.3
- Tax treaty with the U.S. guarantees no double taxation
- Enacted foreign investment protection law, under which the Pakistan Government guarantees full safeguards for foreign investment

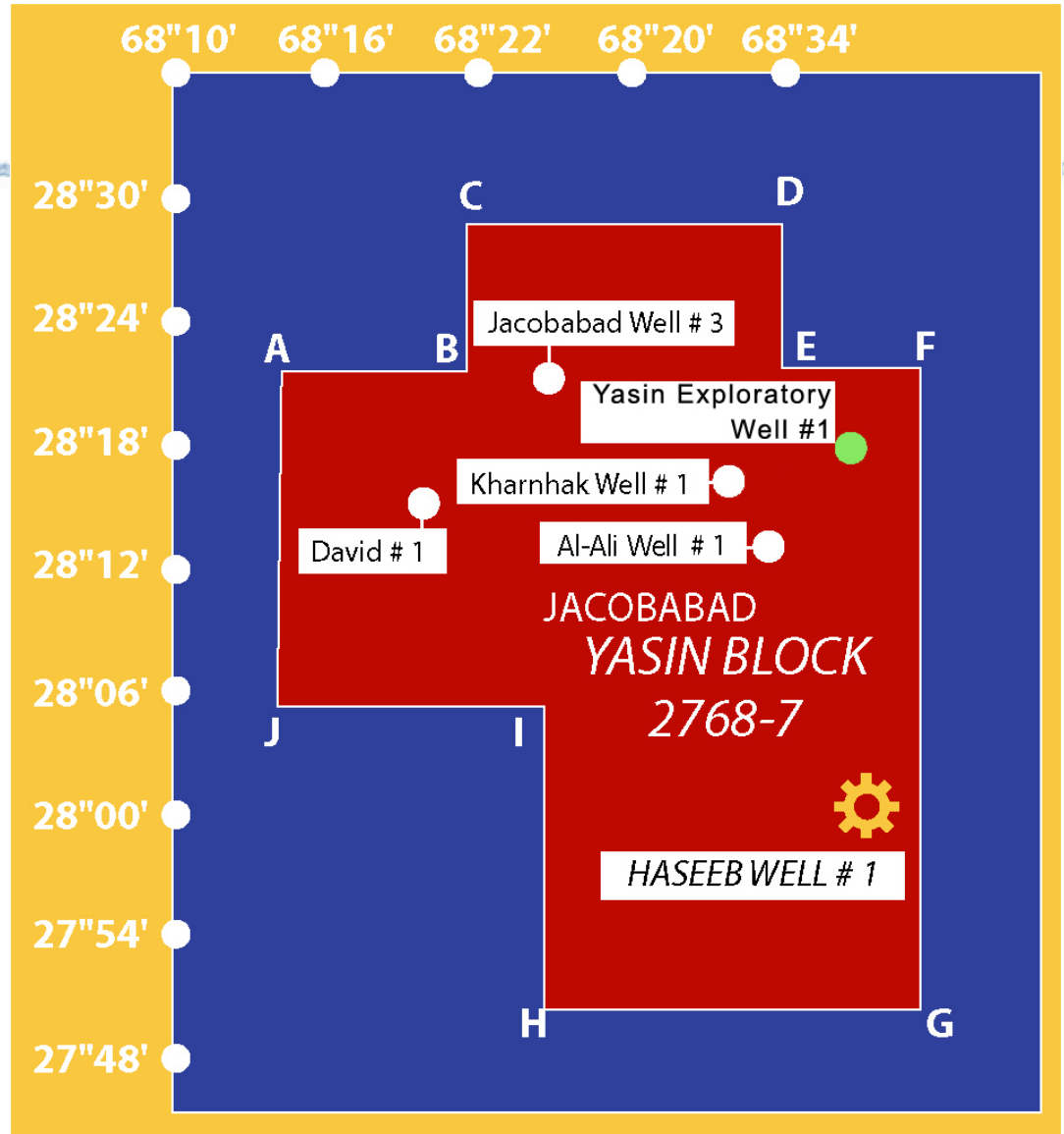


# Production of adjacent wells in vicinity of Yasin concession



# Yasin Concession

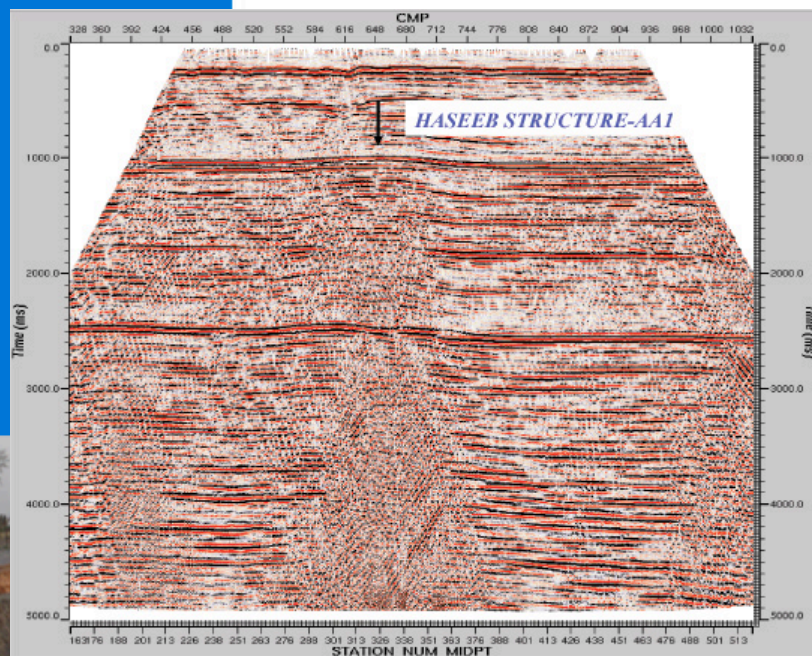
- Yasin block is located in the Northwest section of the highly prolific upper Sindh Valley zone which produces most of the natural gas found in Pakistan
- Surrounded by numerous world class discoveries of > 1 TCF
- The concession is approximately 40 miles wide by 70 miles long
- Yasin consists of 539,172 acres, which is about 80% of the size of the state of Rhode Island
- Hycarbex-American Energy is the operator and has a 85% working interest in the block
- Hycarbex-American Energy has spent approximately \$35M in drilling and geologic work over the last 12 years





# Discovery Well Haseeb #1 "A Company Maker"

- TD: 4,945 feet
- Open hole logs with gas shows from 3,543 feet to 3,688 feet -- Net pay 108 feet
  - Aerial extent: 2,965 acres
- **Reserve Report estimates recoverable proven reserves of 174 (Bscf)**
- Operator estimates Yasin Concession has greater than 5 Tcf of natural gas potential
- Production testing done through 1/2 inch choke with > 16,000 PSI and porosity of 23%
- Schlumberger believes well can produce 25 MMcf/d to 28 MMcf/d



# Proved and Certified Reserves

Volumetric original gas in place and original recoverable gas reserves in place in the Haseeb #1 well Sind Province, Pakistan attributable to certain interests as of 2005 are tabulated below:

Formation	Sui Main Limestone
Constant	43560
Area (acres)	3583
Net Pay Thickness (hn) ft	108.273
Porosity (o)	23%
Water Saturation (Sw)	32%
Gas Saturation (Sg)	(1-Sw) 68%
Formation Volume Factor (Bgi) (Scf/cuft)	104 0.0096
Geometric Correction Factor	0.95
Gas Gravity (g/ce)	0.705
GHP (BSCF)	261
Recovery Factor	0.75
Recoverable Reserves (BSCF)	196

## Total Gas Reserves

Possible Reserves (P10) = 261 BSCF  
 Probable Reserves (P50) = 230 BSCF  
 Proven Reserves (P90) = 217 BSCF

## Recoverable Gas Reserves

Possible Reserves (P10) =  $261 \times 0.75 = 196$  BSCF  
 Probable Reserves (P50) =  $230 \times 0.77 = 177$  BSCF  
 Proven Reserves (P90) =  $217 \times 0.80 = 174$  BSCF



# Haseeb #1 Surface Treatment Facility

- Estimated completion of the construction was originally expected during the first quarter of calendar 2009, delays were encountered due to local heavy monsoon rains and weather damage to parts of the facility requiring replacement fabrications. The surface facility completion is currently expected by the end of February 2010, together with the connection to the pipeline and commencement of Haseeb #1 gas sales to Sui Southern Pipeline Company.



## Re-drilling Yasin #1 "A Potential Elephant"

- This exploratory well is expected to be re-drilled in the next six months and could be very large
- Two potential reservoirs - Sui Main Limestone (3,642') with an estimated closure of 9 square miles and vertical relief of 40Msec and the deeper Pab Sandstone (5,085') with an estimated closure of 8.3 square miles and vertical relief of 30Msec
- Yasin #1 has the potential to be 3-7X the reserves reported for the Haseeb #1 Well





# Hycarbex American Energy Inc "Operator"



- E&P Company, Operator of the Yasin, Peshawar, and Karachi Concessions and working interest owners in Zamzama North and Sanjawi
- Active in Pakistan since 1995
  - Since founding has drilled 7 exploration wells
  - Has captured >700 km of high-resolution 2D seismic
  - Spent >\$35MM to date
- Experienced technical, financial and management operating team of 20 Pakistani energy professionals with an average of 25 years experience



# Heritage Oil “Operator”



- A very experienced, aggressive and successful E&P company with operations in Africa, Middle East and Russia
- Operator of Sanjawi, Zamzama North Blocks in Pakistan which AEGG has recently invested in
- Trades on the London Stock Exchange (LSE under the symbol HOIL) and the Toronto Stock Exchange (TSX under the symbol HOL)
- Well funded balance sheet with cash of over \$255 million.





# Zamzama North Concession



- AEGG has a carried 2.5% working interest for their first 3 wells drilled. After that AEGG will bear its' proportional cost.
- AEGG has an option to convert working interest to a 1.5% royalty, free of any exploration and production costs.
- Gross area of 1,229 sq km located in the south of Pakistan in the western part of the Sindh Province.
- Adjacent to fourth largest gas field, Zamzama, operated by BHP.
- Zamzama has current reserves of 2.3 Tcf and is producing 320 MMcf a day from just four wells and 2,000 barrels per day of condensate
- Zamzama North lies close to existing pipeline infrastructure. The pipeline is approximately 6 km east of the concession field.
- 750 km of recent 2-D seismic has been interpreted and shows many large and promising structures
- Minimum of three wells are expected to be drilled over the next two years



# Sanjawi Concession



- Gross area of 2,258 sq km
- Block is considered highly prospective due to the presence of oil seeps to the south of the license
- AEGG is carried through the first two wells drilled
- AEGG can convert it's 2.5% carried interest to a 1.5% gross royalty interest at any time. Free of exploration and operating costs.
- Wells expected to drill down to 13-18,000 feet target depth.
- Minimal of two wells contracted to be drilled over the next two years.



# Reasons for Investing in AEGG now

- Grossly under valued: currently priced at <20 percent of Fair Value (\$4.00/share) as determined by six varying methods (NAV of Reserves, present value of cash flow, Acquisition by royalty trust, Peer Group Operating Metrics, Peer Group Relative P/E, and Subjective potential vs. High Growth Peer Group)
- Reserves attributed to this acreage were estimated at 7.3 trillion cubic feet (probable and possible) in 1998 by Martin and Associates: truly a world class situation.
- Recently released reserve study for Haseeb #1 shows better than expected proved recoverable reserves of 174 (Bscf). This translates into a PV10 of \$1.42/share for AEGG.
- Growth potential: Twenty-eight 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
- No debt. All short-term shareholder loans have been repaid.
- Tax loss carry forward- \$46 million- value to acquirer of \$0.52/share: a no risk 50 percent price increase
- Expected to drill 2-4 high-impact wells in 2010



# Reasons for Investing in AEGG now

(Continued)

- Institutional ownership: 2006 \$3.95 million private placement of common shares and warrants, eight institutions
- Factors contributing to 75 percent price decline from June 2005 high (\$3.25) have been rectified (operating delays, delayed tie in to pipeline, minimal shareholder awareness efforts, and institutional support). Management is committed to an aggressive Investor Relations and Public Relations campaign.
- 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, Heritage)
- 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. Iftikhar 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 16 percent of the Company and are highly motivated to increase shareholder value.



# Near Term Catalysts

- Imminent income stream from Yasin #1 well.
- Significant additional drilling expected this year on all three Concessions.
- Additional expected reserves from the Yasin Block which are covered by the existing 18% royalty.
- Opportunistically building this portfolio by the addition of significant royalty or carried working interest in other blocks.





# Stock Price/Volume



# Contact AEGG

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