

# AMERICAN ENERGY, INC.

*Renewable Energy Supplying the World*

## CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

© COPYRIGHT 2011

**Units consisting of:  
Five Shares of 10% Series A Convertible Preferred Stock and  
One Warrant to Purchase 1 Share of Common Stock  
\$5 per Unit, 4,000 Units (\$20,000) Minimum Subscription  
\$3,000,000 Total Offering Amount**

American Energy, Inc., a California Corporation (“The Company”) is organized to focus exclusively on the development, acquisition and operation local and utility scale renewable energy facilities worldwide. The Companies business goal is to be one of the leading owners and operators of renewable electric generating assets in the world. The Company intends to play an active role, as a long term owner, in all phases of renewable energy generation, from planning and development, through construction and commercial operation. The Company believes that this involvement will allow us to better ensure, with our experienced personnel, that our projects are well planned, structured and managed, thus maximizing value creation.

We believe that our competitive strengths position us to enhance our financial performance, expand our business and pursue strategic opportunities in independent power markets both domestically and abroad. Our management team has broad experience in renewable energy projects including, transmission line development, meteorology, engineering, permitting, construction, finance, law, asset management, maintenance, and operations. We have established land control, stakeholder relationships, meteorological programs, community initiatives, and developed transmission solutions in the markets in which we focus and expect to continue to do so in the future.

**The Units offered hereby are highly speculative and involve a high degree of risk. An investor should purchase Units only if they can afford a complete loss of their investment. An investor should carefully consider the information set forth in the “Risk Factors” section for a discussion of risks relevant to an investment in the Units.**

The maximum offering is 600,000 Units at the purchase price of \$5 per Unit, with a minimum purchase of 4,000 Units per investor (\$20,000). The Company reserves the right, in its sole discretion, to accept smaller subscriptions. The net proceeds of this offering will be used for general corporate purposes and to pay certain expenses relating to the acquisition of projects, as described herein. **The Company may need additional funding after this offering to consummate the actual acquisition of a project.** The Company will sell these Units until **December 31, 2011** or on the date the offering has been sold in its entirety. The Company may extend this offer.

The Units offered hereby have not been registered under the Securities Act of 1933, as amended (the “Act”) or applicable state securities laws, nor has the Securities and Exchange Commission or any state regulatory authority passed upon the accuracy or adequacy of this memorandum or endorsed the merits of this offering. Any representation to the contrary is unlawful.

---

	(Per Unit)	(Offering)
Price to Investors:	\$5.00	\$3,000,000
Selling Commissions and Expenses (1)	\$0.50	\$ 300,000
Proceeds to the Company (2)	\$4.50	\$2,700,000

- *Units may be available by the Company by selling agents (the selling agents) and broker-dealers (“Broker – Dealers”) who are members of the Financial Industry Regulatory Authority (FINRA). The FINRA will assist the Company in the placement of the Units. Selling agents will be compensated for their efforts with cash and, in some cases, Series A Convertible Stock which, together, is not expected to exceed 10% of the offering price in value. See “Plan of Distribution” and Estimated Use of Proceeds”.*

\* *Amounts shown are proceeds after deducting selling commissions and expenses, but before deducting offering expenses and other expenses incurred in connection with the offering.*

---

The offer and sale of Units described in this Memorandum have not been registered with the Securities and Exchange Commission under the Act, in reliance upon exemptions from such requirements including the exemptions provided under Section 4 (2) of the Act and Rule 506 thereunder relating to private offerings.

The Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933, as amended, and applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time, and the Units purchased hereby should be purchased only by investors who have no need for liquidity in their investment.

No person has been authorized to give any information or make any representation other than those contained in this Memorandum and, if given or made, such information or representation must not be relied upon.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy securities with respect to any person except those particular persons who satisfy the suitability standards described herein. Neither the information contained herein, nor any prior, contemporaneous or subsequent communication should be construed by the prospective investor as legal or tax advice. Each prospective investor should consult his legal, tax and financial advisors to ascertain the merits and risks of the offering prior to subscribing for the Units offered hereby.

**NOTICE REGARDING PERSONS RECEIVING AN ELECTRONIC  
TRANSMISSION OF THIS PRIVATE PLACEMENT MEMORANDUM**

**DISTRIBUTION OF THIS PRIVATE PLACEMENT MEMORANDUM TO ANY PERSONS (OTHER THAN THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE COMPANY OR ANY SELLING GROUP MEMBER REFERRED TO HEREIN AND THEIR RESPECTIVE AGENTS, AND ANY PERSONS RETAINED TO ADVISE THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE COMPANY WITH RESPECT THERETO) IS UNAUTHORIZED. ANY PHOTOCOPYING, DISCLOSURE OR ALTERATION OF THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM, AND ANY FORWARDING OF A COPY OF THIS PRIVATE PLACEMENT MEMORANDUM OR ANY PORTION THEREOF BY ELECTRONIC MAIL OR ANY OTHER MEANS TO ANY PERSONS (OTHER THAN THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE COMPANY OR A SELLING GROUP MEMBER OR THEIR RESPECTIVE AGENTS, OR ANY PERSONS RETAINED TO ADVISE THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE COMPANY WITH RESPECT THERETO). WITHOUT PRIOR CONSENT FROM THE COMPANY, A SELLING GROUP MEMBER OR AN AGENT OF THE COMPANY OR A SELLING GROUP MEMBER IS PROHIBITED. BY ACCEPTING DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM, THE RECIPIENT AGREES TO THE FOREGOING.**

**This Memorandum constitutes an offer only if a name  
appears in the space provided below and is an  
offer only to such named Offeree**

Name of Offeree

Memorandum No. \_\_\_\_\_

**January 2011**

## **NOTICE TO RESIDENTS OF ALL U.S. STATES**

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

## **NOTICE TO PURCHASERS**

THE UNITS ARE OFFERED SUBJECT TO PRIOR SALE, TO WITHDRAWAL, CANCELLATION OR MODIFICATION WITHOUT NOTICE. IT IS A CONDITION TO THEIR OFFERING THAT CERTAIN LEGAL CONDITIONS ARE MET.

NEITHER THE COMPANY, ANY SELLING AGENT OR ANY BROKER-DEALER IS MAKING ANY REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, TO ANY OFFEREE OR PURCHASER OF THE UNITS OFFERED HEREBY REGARDING THE LEGALITY OF ANY INVESTMENT THEREIN BY SUCH OFFEREE OR PURCHASER UNDER APPROPRIATE LEGAL INVESTMENT OR SIMILAR LAWS.

THE UNITS OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE. THE UNITS ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS

## TABLE OF CONTENTS

SUMMARY OF THE OFFERING.....	7
RISK FACTORS.....	9
WHO MAY INVEST.....	13
HOW TO SUBSCRIBE.....	14
CONFLICTS OF INTEREST.....	15
ESTIMATED USE OF PROCEEDS.....	15
BUSINESS OVERVIEW.....	16
LEGAL PROCEEDINGS.....	18
EXECUTIVE OFFICES AND WEBSITE.....	18
MANAGEMENT AND BOARD OF DIRECTORS.....	19
PRINCIPAL STOCKHOLDERS.....	20
DESCRIPTION OF THE CAPITAL STOCK.....	21
Description of the Preferred Shares.....	21
Description of the Warrants.....	22
Description of the Common Stock.....	22
Restrictions of Transferability.....	23
Limitation on Employee and Officer Liability Indemnification.....	23
PLAN OF DISTRIBUTION.....	25
Qualifications of Investors.....	25
Marketing of Units.....	25
Sales Materials.....	26
Subscription Procedures.....	26
Acceptance of Subscriptions.....	27
Limitation of Offering.....	27
ACCOUNTING MATTERS.....	27
ADDITIONAL INFORMATION.....	27
EXHIBITS:    Attached Separately	
Exhibit A.....	Common Stock Purchase Warrant
Exhibit B.....	Registration Rights Agreement
Exhibit C.....	Subscription Agreement and Investor Representation Letter

## SUMMARY OF THE OFFERING

The following summary is intended to provide selected information regarding the Company and the Offering and should be read together with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum and in the Exhibits (together, the “Memorandum”). **Each prospective investor is urged to read the entire Memorandum and each of the Exhibits before investing in the Company.**

The mailing address of the Company is: 8888 Old Road OC, CA. 90000 The telephone is 888-888-8888.

As used in this Memorandum, references to “we”, “our”, “The Company”, and American Energy, or American Energy, Inc. are to American Energy, Inc. unless the context otherwise requires.

### **The Company:**

American Energy, Inc. a California Corporation (The Company) intends to develop, own and operate local and utility electric generation projects in accordance with this Memorandum (with the Exhibits hereto, the “Memorandum”).

### **Securities Offered:**

The Company is offering for sale up to 600,000 Units at \$5.00 Per Unit, with a minimum purchase of 4,000 Units per investor (\$20,000). The Company reserves the right, in its sole discretion, to accept smaller subscriptions.

The Units being offered hereby (the “Offering”) consist of five shares of 10% Series A Convertible Preferred Stock of the Company (the “Units”) and one Warrant (the “Warrants”) to purchase one share of the common stock, as described in this Memorandum.

Each share may be converted, at any time at the holder’s option, into one share of the Company’s common stock. Each share will automatically convert into one share of the Company’s common stock upon the occurrence of certain events, including a reverse merger into a public Company, an initial public offering by the Company or a change in control of the Company. See “Description of the Capital Stock – Description of the Preferred Shares”. Each Warrant will entitle the holder to purchase one share of the Company’s common stock for a purchase price of \$0.50 per share. The Warrants expire on December 31, 2015. See “Description of the Capital Stock – Description of the Warrants”.

The offer and sale of Units described in this Memorandum have not been registered with the Securities and Exchange Commission under the ACT, in reliance upon exemptions from such registration requirements including the exemptions provided under section 4 (2) of the ACT and Rule 506 thereunder relating to private offerings.

**Registration Rights:**

The investors have certain Form S-3 Registration Rights.

**Liquidation Preference:**

Each share has a “liquidation preference” of \$1.00 per share. The total liquidation preference is \$3,000,000 that is \$1.00 per share times a maximum of 3,000,000 shares.

**Dividend Policy:**

The Series A Convertible Preferred Stock have an annual preferred dividend rate of 10% annually (the preferred dividend) based on an offering price of \$1.00 per share. The Preferred Dividend is payable quarterly in cash or common stock at \$1.00 per share on the last day of each quarter or if not a day when such banks are open in California, the next succeeding day when any such bank is open. The first Preferred Dividend is scheduled to be paid on June 30, 2011. The Preferred Dividend will be payable to holders of record on the applicable record date, which record date will be the 20<sup>th</sup> day quarter (described March, June, September, December or such other date designated by the Board of Directors of the Company).

**Ranking:**

The shares rank junior to all our existing and future indebtedness and other obligations and senior to any of our common stock.

**Limited Voting Rights:**

Holders of the shares are entitled to one vote for each share of common stock into which such shares could then be converted, and with respect to such vote, such holder shall generally have full voting rights and powers equal to the voting rights and powers of the holders of Common Stock.

**Investor Suitability Standards:**

The offering of Units is strictly limited to those investors who meet certain suitability requirements. This Memorandum will not constitute an offer to sell Units to any person who does not meet such requirements.

**Use of Proceeds:**

The net proceeds of this Offering will be used for (1) general corporate purposes, (2) expenses associated with acquisition of new projects, (3) legal, accounting, filing fees, broker-dealer expenses, stock exchange listing fees, and any expenses regarding sales, marketing, mergers, and public offering, (4) any miscellaneous fees and expenses as described herein. See “Estimated Use of Proceeds.

## RISK FACTORS

**Investors should be aware that Units are speculative and involve a high degree of risk. Investors should carefully read this Memorandum prior to making an investment and should be able to bear the complete loss of their investment.**

Each prospective investor should consider carefully, among other risks, the following risks, and should consult with their own legal, tax and financial advisors with respect thereto.

As used in this Memorandum references to “we, “our” and “American Energy” or “American Energy, Inc.” are to American Energy, Inc. and its subsidiaries, collectively, unless the context otherwise requires.

The Company cannot guarantee that investors in the Company will realize any return on their investment or that they will not lose their entire investment in the Company. For this reason, each prospective subscriber for the Units should carefully read this Memorandum and all Exhibits to this Memorandum. The Company’s Common Stock and the Units lack liquidity and marketability. All such persons or entities should consult with their attorney or financial advisor prior to making any investment.

Each investor will be required to represent that they are acquiring the Units for investment and not with a view to distribution or resale, that such investor understands that none of the Units or the Company’s Common Stock are freely transferable and, in any event, that such investor must bear the economic risk of investment in the Units for an indefinite period of time because: (1) none of the Units or the Company’s stock have been registered under the ACT; and (2) none of the Units or the Company’s Common Stock may be sold unless they are subsequently registered or an exemption from such registration is available and such investor complies with the other applicable provisions of the Company’s organizational documents. There will be no market for the shares or any portion thereof, and investors cannot expect to be able to liquidate their investment in case of an emergency. Furthermore, the Company cannot assure investors that a public trading market will develop for the Company’s Common Stock.

We are recently incorporated development stage Company with no operating results to date and have no operating history. The Company’s business is subject to the risks inherent in the establishment and development of a new business enterprise. Because the Company was only recently formed and has engaged in little operations as of the date of this Memorandum, The Company cannot provide prospective investors with the type of information that would be available from a company with a more substantial history of operations. The Company cannot assure investors that it will ever operate profitably.

### **Our key personnel may leave which could disrupt our operations and harm our business.**

Our success depends upon the continued service of our executive officers or key employees. None of our officers or key employees is bound by an employment agreement for any specific term. If we lost the services of one or more of our key employees, or if one or more of our executive officers or employees decided to join a competitor or otherwise compete directly or indirectly with us, our business could be harmed. We cannot assure you that we will be able to successfully retain our key personnel or, in the event we were to lose the services of any key personnel, to replace these personnel. If one or more

members of our management team were unable or unwilling to continue in their present positions, our operations could be disrupted and our business could be harmed.

**We will be subject to the significant influence of our current stockholders after this offering, and their interests may not always coincide with those of our other stockholders.**

The Company and entities affiliated with it will, in the aggregate, beneficially own a majority of our outstanding Common Stock following the completion of this Offering. The CEO or Director will be able to significantly influence all matters requiring approval by our stockholders, including the election of directors and the approval of mergers or other business combination transactions. Because the interests of the Company may not always coincide with those of our other stockholders, such stockholders may influence or cause us to take actions with which our other stockholders disagree.

**We have broad discretion to use the Offering proceeds, and we may not use these proceeds in a way with which our stockholders agree.**

The net proceeds of this Offering are not allocated for specific uses other than to generally further our business of acquiring assets along with other general corporate purposes. Our management can spend most of the proceeds from this Offering in ways which our stockholders may not agree.

**This Memorandum contains forward looking statements that are based on our current expectations, estimates and projections but are not guarantees of future performance and are subject to risks and uncertainties.**

This Memorandum contains forward-looking statements. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about our industry, our beliefs and our assumptions. Words such as “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, and “estimates”, and variations of these words and similar expressions, are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These risks and uncertainties include those described in “Risk Factors” and elsewhere in this Memorandum. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect our managements view only as of the date of this Memorandum. Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

### **Arbitrary Offering price of Units**

The Offering price of **\$1.00 per Share** has been arbitrarily determined by the Company and bears no relationship to the assets, earnings, book value or any other objective standard of the Company’s value. The purchase price of the Units has been determined primarily by the capital needs of the Company. Further, the price of the Units is not based on past earnings of the Company, nor does the price necessarily reflect the current market value for the Company’s assets.

## **The Company may not be able to obtain financing required to maintain and grow its business.**

The Company may need additional funding for further business and growth. However, there can be no assurance that the Company will be successful in obtaining such funding on acceptable terms or at all. Additional financing will increase risks of an investment in the Company. For example, outside debt financing could restrain the Company's cash flow, and additional equity financing could dilute current investors, including investors who purchase Units in this Offering.

## **Sale or Disposition of the Company Project**

The sales price and valuation of the Company will depend on many factors and there can be no assurance given that the sales prices assumed in the Company's projections will be realized. Adverse changes in the market such as increases in interest rates, changes or loss of tax incentives by the Government, regulations and fiscal policies, legislation, acts of God, and other factors that are beyond the Company's control. All or any of these could affect the Company's financial performance and results of operation could be materially and adversely affected. Any leverage may increase the risk of loss because of the debt payments. Leveraging allows the Company to decrease the amount of equity required to finance any project of the Company and thus increase the returns to the equity investors. However, leveraging can also increase the risk of loss. If there is a foreclosure of a project financing loan on all or part of the project, the investors may lose all or a substantial part of their investment.

## **Laws and Regulations**

The Company will be subject to state and local licensing requirements and other laws, regulations and rules. Failure by the Company to comply with such laws and regulations could result in diminution in the value of the Company.

## **Tax Considerations**

The tax aspects of an investment in the Company are complicated and each investor should have them reviewed by professional advisors familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and the investment company. Investors are urged to consult their own tax advisors concerning these matters.

## **Liquidation**

If the Company should become insolvent, the shareholders may be required to return with interest any property distributed that represented a return of capital, repay any distributions wrongfully made to them and forfeit any undistributed profits.

## **Offering Registration Exemption**

The Offering of the Share pursuant to this Memorandum (The Offering) is being made in reliance upon the so-called “private placement” exemption from registration provided by Sections 4(2) and 4(6) of the Securities Act, by Regulation D adopted thereunder and the exemptions from registration provided by the laws of certain states in which it was made. Reliance on these exemptions does not, however, constitute a representation or guaranty that such exemptions are indeed available. The Company may seek to qualify, register or otherwise obtain authorization for the Offering in certain states if appropriate. If for any reason the Offering is deemed to be non-private (and if no other exemption from registration is available) and the Offering is not registered with the applicable federal or state authorities, the sale of Units will be deemed to have been made in violation of the applicable laws requiring registration.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Various statements in this Memorandum, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects, revenues, income and capital spending. We generally identify forward-looking statements with the words “believe”, “intend”, “expect”, “seek”, “may”, “should”, “anticipate”, “could”, “estimate”, “plan”, “predict”, “project”, or their negatives, and other similar expressions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements.

These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. The forward-looking statements contained in this Memorandum are largely based on our expectations, which reflect many estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions are reasonable, we caution that it is difficult to predict the impact of known factors and it is impossible for us to anticipate all factors that could affect our actual results. In addition, management’s assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this Memorandum are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to the factors listed in the “Risk Factors” section and elsewhere in the Memorandum. All forward-looking statements are based upon information available to us on the date of this Memorandum. We undertake no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, except as otherwise required by law.

## WHO MAY INVEST

The Offer and sale of the Units is being made pursuant to an exemption from the registration requirements of the Act. Accordingly, distribution of this Memorandum has been strictly limited to persons who satisfy the requirements and make the representations set forth below. The Company reserves the right, in its sole discretion, to declare any prospective investor ineligible to purchase Units based on any information which may become known or available to the Company concerning the suitability of such prospective investor, for any other reason, or for no reason.

Investment in the Units involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. Additionally, this investment will be sold only to investors who represent in writing that they satisfy the investor suitability requirements established by the Company and as may be required under federal or state law.

**Each Investor (They) must represent in writing that they meet, among other, ALL the following requirements.**

- They have received, read and fully understand this Memorandum and all Exhibits hereto and are basing their decision to invest on the Memorandum and all Exhibits hereto. They have relied on the information contained in said materials and have not relied upon any representations made by any other person; and
- They understand that an investment in the Units involves substantial risks and they are fully aware of and understands all of the risks associated with the Units, including, without limitation, those risks set forth above in the section “Risk Factors”; and
- Their overall commitment to investments that are not readily marketable is not disproportionate to their individual net worth, and their investment in the Units will not cause such overall commitment to become excessive; and
- They have adequate means of providing for their financial requirements, both current and anticipated, and have no need for liquidity in this investment; and
- They can bear, and is willing to accept, the economic risk of losing their entire investment in the Units; and
- They are acquiring the Units for their own account and for investment purposes only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Units; and
- If they are an individual, that has either (1) a net worth of \$1,000,000 or (2) an annual income of at least \$200,000 (or \$300,000 when combined with a spouse’s income) in each of the two most recent years and the reasonable expectation of achieving the same income level in the current year; and
- Their investment in the Units does not exceed ten percent (10%) of their net worth.

For purposes of calculating an investor's net worth above, "net worth" is defined as the difference between total assets and total liabilities. In the case of fiduciary accounts, the net worth and/or income suitability requirements may be satisfied by the beneficiary of the account, or by the fiduciary, if the fiduciary directly or indirectly provides funds for the purchase of the Units.

In order to assure adherence to the suitability standards described above, requisite suitability standards must be met as set forth in the Subscription Agreement (including the Subscription Agreement Signature Page) which is attached as Exhibit C to this Memorandum. The Company and each person selling the Units on the Company's behalf are required to (1) make reasonable efforts to assure that each person purchasing the Units is suitable in light of such person's age, educational level, knowledge of investments, financial means and other pertinent factors, and (2) maintain records for at least four years of the information used to determine that an investment in the Units is suitable and appropriate for each investor.

The Company will rely on the accuracy of each investor's representations set forth in the Subscription Agreement and may require additional evidence that an investor satisfies the applicable standards at any time prior to the acceptance of an investor's Subscription. An investor is not obligated to supply any information so requested by the Company, but the Company may reject a subscription from any investor who fails to supply any information so requested.

Satisfaction of the suitability requirements by an investor will not necessarily mean that the Units are a suitable investment for such investor or that the Company will accept the investor as a subscriber. Furthermore, the Company, as appropriate, may modify such requirements in its sole discretion.

## **HOW TO SUBSCRIBE**

Prospective investors who would like to subscribe for the Units must carefully read Memorandum and the Exhibits hereto. Then, prospective investors must complete execute and deliver the Subscription Agreement attached hereto as Exhibit C along with their check made payable to "American Energy, Inc." in the amount of the purchase price for the Units purchased. These documents should be mailed or delivered to the Company.

**AMERICAN ENERGY, INC.**  
**8888 OLD ROAD**  
**ORANGE COUNTY, CA. 90000**  
**ATTENTION: Investor Relations**

Investors who would like to purchase Units via Federal Funds wire should send the Subscription Agreement to the address above and request wire instructions from the Company when submitting the Subscription Agreement.

Upon receipt of the signed Subscription Agreement, verification of the investors investment qualifications, and acceptance of the investors subscription by the Company (in the Company's sole discretion), the Company will notify each investor of receipt and acceptance of the subscription.

## **CONFLICTS OF INTEREST**

### **The Company's Legal Counsel Does Not Represent the Investors**

The Company's legal counsel is not acting as council for the Company's shareholders or any potential investor. The Company's legal counsel may act a legal counsel to the Company. If the interests of the Company becomes adverse, under the Code of Professional Responsibility of the legal profession the Company's legal counsel may be precluded from representing any one or all the parties. Additional counsel may be retained by one or more of the parties to assure that their interests are adequately protected. Moreover, should such a conflict not be readily apparent, the Company's legal counsel may inadvertently act in derogation of the interest of parties which could affect the Company and its ability to meet its investment requirements and objectives.

### **Resolution of Conflicts of Interest**

The Company has not developed, and does not expect to develop, any formal process for resolving conflicts of interest. While the foregoing conflicts could materially and adversely affect the Company's investors, the Company, in its sole judgment and discretion, will attempt to mitigate such potential adversity by the exercise of business judgment in an attempt to fulfill its fiduciary obligations. The Company cannot assure that such an attempt will prevent adverse consequences resulting from the conflicts of interest.