

PETROTECH OIL & GAS, INC. Meaningful Progress To Be Rewarded

Rob Goldman
rob@goldmanresearch.com

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Aaron Schweitzer
aaron@goldmanresearch.com

PETROTECH OIL & GAS, INC. (OTC:PK – PTOG - \$0.04)

Price Target: \$0.78

Rating: Speculative Buy

COMPANY SNAPSHOT

PetroTech Oil and Gas, Inc. is a diversified oil services firm that utilizes its multiple patented technologies for Enhanced Oil Recovery (EOR) in conjunction with existing tools to in order to recover stranded oil reserves representing billions of barrels of oil in the U.S. The deployment of new technologies, which greatly reduce operating and extraction costs, allow PTOG to bring back to production previously producing wells and recognize near term cash flow. In addition to other services, PetroTech entered into a JV contract purchase leases in mineral interests of up to 30,000 acres in North Dakota's Bakken Shale Formation that has Probable and Possible reserves of 116M barrels of oil could result in huge profitability down the road.

KEY STATISTICS

Price as of 7/1/13	\$0.04
52 Wk High – Low	\$8.039 – 0.036
Est. Shares Outstanding	35.5M
Market Capitalization	\$1.6M
3 Mo Avg Vol	237,000
Exchange	OTC:PK

COMPANY INFORMATION

PetroTech Oil and Gas, Inc.
2520 Harwood Road
Suite 200
Bedford Texas 76021
www.petrotechog.com
info@petrotechog.com

KEY TAKEAWAYS

Conclusion: PTOG shares have declined since our initiation 2 weeks ago in conjunction with the poor market conditions, particularly for oil and gas stocks. Given the Company's prospects and progress of late, we believe that current prices present a great entry point for investors.

The Company's patented tools may potentially recover hundreds of millions of barrels of oil from primarily depleted oil reservoirs in the U.S., representing a multi-billion dollar revenue opportunity.

PetroTech's process will have a major impact on the recovery of stranded oil in U.S. basins by enhancing the recovery of stranded oil reserves in areas that otherwise may never be produced.

The EOR is currently being tested in the field on 8 of its wells in Navarro County, Texas and will expand to 110 in the coming months and could be successful on 70% of wells producing tens of barrels per day (BOPD).

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Separately, the Company already has 2 major oil services commitments for solid controls solutions which could generate millions in revenue in the next 2 years.



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Recent and Pending Steps

In the near term, management plans to install cameras in order to post live feed of activity of its current leases in Texas on the Company's website. This is an unusual move which would keep investors apprised of its progress in real-time. This move will likely provide investors with confidence that management is on track relative to its enhanced oil recovery testing. In addition, the Company has commenced the building of production equipment with CGM Energy in Minneola, Texas. In just the past 2 weeks, PTOG moved a rig out, pulled two wells and have started conditioning two well bores on its leases. Moreover, management is currently testing wellbores for formation treatment.

Separately, we expect to receive more clarity on progress in North Dakota later this month as not only has the Company lined up vendors for the Bakken Joint Venture for an AFE (similar to RFI/RFP.) Plus, management plans to visit the region and could seek to obtain additional leases.

The Bottom Line

Looking ahead, we continue to believe that PTOG's 3-pronged strategy could ultimately result in huge profits. The innovative EOR tools could transform the way oil from depleted oil reservoirs is recovered and generate meaningful cash flow and profitability from the Company 110 wells in Navarro County, Texas. We expect that revenue meaningful production on a handful of wells could occur sometime in 2H13 which could ultimately produce a peak production level of hundreds of barrels per day over the next few years.

Separately, we believe that the pending closing of the JV Bakken contract could be huge for the stock, which only has 3.8M shares in the public float. The 30,000 acres (including the option) has huge Probable and Possible Reserves of 116.2M barrels of oil. Management hopes to begin drilling one well in 4Q13. The oil produced via this transaction could dwarf the Company's wells in Texas, especially if PetroTech uses its EOR tools. We plan to provide a forecast once closing on the transaction occurs and more clarity is provided.

We rate PTOG Speculative Buy with a \$0.78 price target based on the value of the EOR and services segments alone. Favorable field test results, clarity on new business and any activity on the JV front would likely prompt a higher price target as much of the risk in the stock would be reduced. Moreover, we will be able to better extrapolate and forecast future financial results.



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Senior Analyst: Robert Goldman

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

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