

# NORTH AMERICAN OIL AND GAS CORPORATION

## Ground Floor Energy Play

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December 11, 2012

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### NORTH AMERICAN OIL AND GAS CORPORATION (OTC:QB – CLDDD - \$0.97)

*Industry: Energy*

*Rating: Speculative Buy*

### COMPANY SNAPSHOT

North American Oil and Gas Corporation ("NAMG") is an emerging oil and gas company. The Company is focused on the prolific San Joaquin Basin, onshore California, with existing foundation assets targeting exploration and exploitation of high impact oil and gas projects located near infrastructure and existing discoveries.

### KEY STATISTICS

Price as of 12/11/12	\$0.97
52 Wk High – Low	\$1.13 – 1.06
Est. Shares Outstanding	60.1M
Market Capitalization	\$58.3M
3 Mo Avg Vol	45,000
Exchange	OTC:QB

### COMPANY INFORMATION

North American Oil and Gas Corporation  
56 E. Main Street, Suite 202  
Ventura, CA 93001

Phone: 805.643.0385  
Website: [www.namoag.com](http://www.namoag.com)

### INVESTMENT HIGHLIGHTS

**North American Gas and Oil Company is a new entity formed from the merger between Calendar Dragon Inc., and Lani LLC.** The Company has interests in 5,000 gross acres in the San Joaquin Basin, noted for the largest oil and gas discovery in 35 years. Occidental Petroleum (NYSE – OXY) made an estimated 150-300 mmbob discovery in this region in 2009.

**For a new entity, NAMG has a remarkably experienced management team with a history of success in the industry.**

**NAMG selected this region for the emergence of unconventional hydrocarbon plays, along with the continued discovery of conventional oil reserves.**

**NAMG's Asset Portfolio includes 2 ready drillable asset targets.** In late November, the Tejon Extension, in which NAMG owns a 75% interest, began drilling an exploration well. News regarding initial test results from this well and the start of drilling another exploration well in the region, are in the offing.

**Management has secured a key partnership with a wholly-owned subsidiary of East West Petroleum, a publicly traded oil player in Canada.** In exchange for working interests and collaboration, this subsidiary has agreed to provide \$3M in funding, including \$500,000 in a private placement.

**Investors can look forward to a series of exploration, development, and funding milestones which will serve as catalysts to drive the stock higher.** Plus, the Company's symbol will soon change to "NAMG."

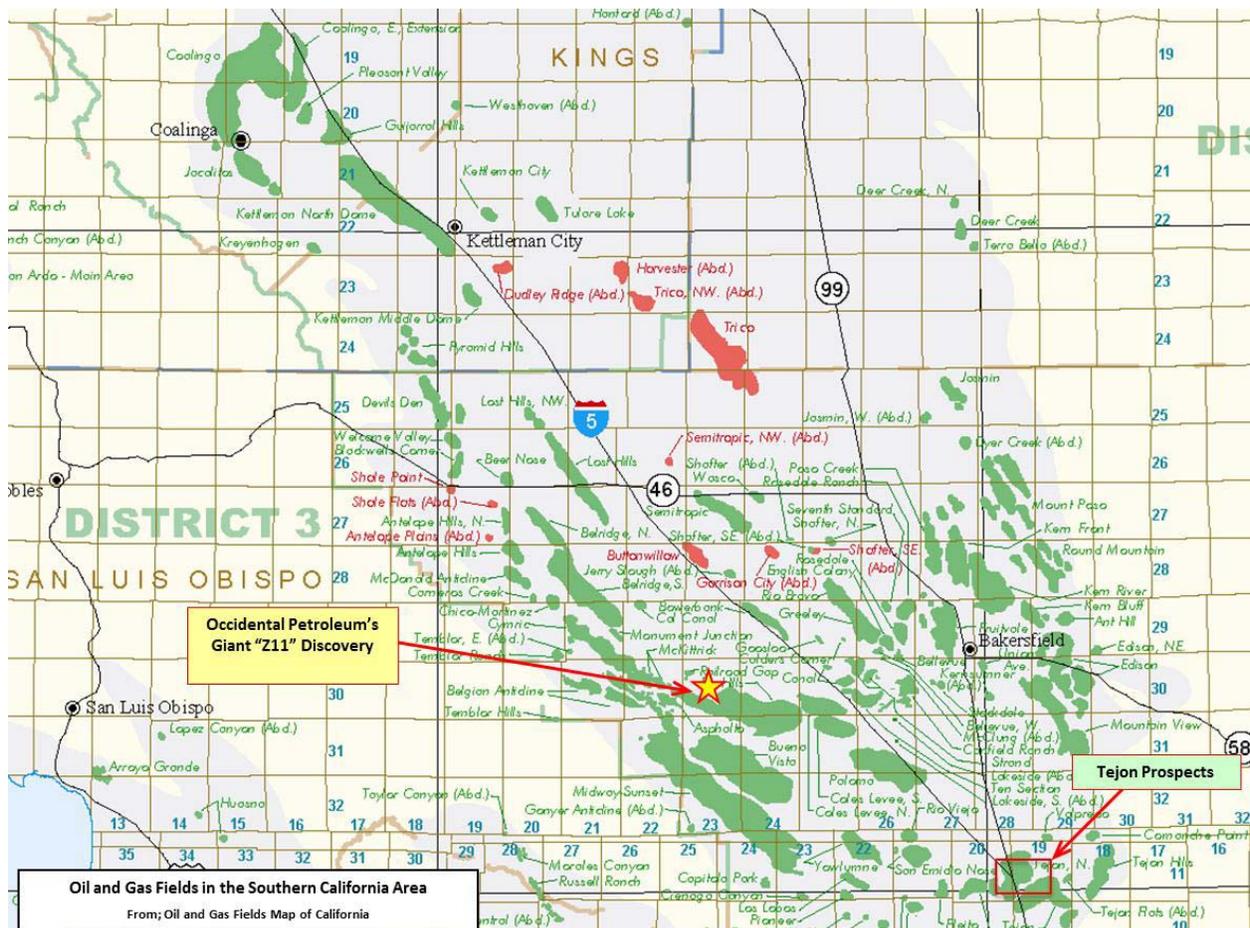
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## COMPANY OVERVIEW

North American Gas and Oil Company is a new entity formed via the merger between Calendar Dragon Inc., and Lani LLC. The Firm is led by an experienced leadership team with extensive expertise and specialization in geology, engineering, operations, financial and capital markets related to oil and gas exploration and production. The Company has interests in 5,000 gross acres in the San Joaquin Basin, noted for the largest oil and gas discovery in 35 years. Occidental Petroleum (NYSE – OXY) reported an estimated 150-300 mmbob discovery in this region in 2009 and the region remains a lucrative oil production region.

The property includes the Tejon Extension, in which an exploration well has just begun drilling as well as a ready drillable asset designated Tejon Main and an unnamed new acreage play as well. This land was part of a joint venture that the predecessor firm Lani entered into with East West Petroleum (TSX.V – EW). Figure I illustrates an area map of the location of these sites.

**Figure I. National Oil and Gas Sites Map**



Source: [www.namoag.com](http://www.namoag.com)

[www.goldmanresearch.com](http://www.goldmanresearch.com)



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### NAMG Portfolio

*Tejon Extension:* NAMG owns a 75% working interest in this prospect and also serves as the operator. An exploration well was drilled to test the hydrocarbon potential of this prolific area of the San Joaquin Basin. The gross acreage of the prospect is 314 (237 net.)

*Tejon Footwall:* NAMG owns a 21.25% working interest in this exploration well. This prospect encompasses 3114 gross acres (2,685 net.)

*New Acreage Play:* NAMG owns a 50% working interest in a prospect being acquired in the southern region of the basin that encompasses 1,854 gross acres (590 net.)

### **THE EAST WEST – NAMG PARTNERSHIP: A HUGE OPPORTUNITY**

NAMG and a subsidiary of East West Petroleum (EW) recently signed a Letter of Intent to carry out a joint exploration program in the San Joaquin Basin of California. In conjunction with the joint exploration program, EW will provide up to \$3M in funding including a \$500,000 investment into NAMG.

NAMG has assembled an exploration acreage position in the southern sector of the Basin with a number of oil prospects and leads identified. Under the terms of the partnership, the Company will assume participation interests in NAMG's acreage position, contributing \$2.5 million to drill two exploration prospects and acquire additional leases.

This joint venture represents the EW's entry into the U.S. and is now a critical piece of its growth model.

It should be noted that the current production from Occidental's famous 2009 discovery is about 150 mmcf/d and 7500 bpd liquids. The East West- NAMG exploration program will focus on a number of shallow oil prospects and leads and target the deeper section which is thought to have similar geologic characteristics to the Occidental discovery area. Based on a qualified reserves evaluator assessment, the Tejon Shallow and Deep leases, in which NAMG holds participation interests and constitute a portion of the farm in acreage, have unrisked gross prospective resource potential (Pmean) of approximately 16 mmboe. The acreage lies between two fields that have produced a combined 58 MMBbl and 252 Bcf gas from the primary zones of interest, attesting to the presence of a proven petroleum system.

In addition to the farm in, EW has agreed to enter an Area of Mutual Interest ("AMI") with NAMG covering the southern sector of the San Joaquin Basin. Under the terms of the AMI, the companies will target additional investment opportunities including the acquisition of up to 10,000 gross acres over the next 6 months. EW's estimated participation interest in the AMI will be 25%.



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### THE NAMG TEAM

As mentioned previously, North American Oil and Gas has an outstanding leadership team with a strong combination of technical, commercial, and financial experience.

#### **Robert Rosenthal – Chairman and President, CEO**

Mr. Rosenthal has nearly 15 years of experience in the oil and gas industry in California related to evaluations, leasing, and drilled discoveries. He has had several high level positions at BP (NYSE – BP), Sohio Petroleum, and Novus Petroleum as an exploration leader, consultant, and project supervisor. Additionally, Mr. Rosenthal was a founding partner in Orchard Petroleum Ltd. He has an MSc in Geology from the University of Southern California.

#### **Don Boyd – Petroleum Engineer, Manager & Executive Director**

Mr. Boyd has had a long and prosperous career in oil exploration at companies including ExxonMobil (NYSE – XOM), Phillips Petroleum (NYSE – PSX), Sun Oil, Texaco, and Global Marine. He has also served in leadership with roles in government agencies including the USSR Oil and Gas Department. Mr. Boyd graduated from Cal State Long Beach with a BSc in Petroleum Engineering.

#### **Rob Hoar – Geologist Manager**

Mr. Hoar brings over 30 years of experience as a geologist and geophysicist in the oil industry to the company. His prior work was at large and mid-size companies like Kerr McGee, Oryx, and Amoco. Mr. Hoar has worked on exploration projects all over the globe with North America and North Africa as the focus yielding discoveries in the Gulf of Mexico, Algeria, Wyoming, North Dakota, and California.

#### **Linda Gassaway – Chief Financial Officer**

Ms. Gassaway has had a prolific career with over 30 years of experience in finance, including 10 in the oil and gas industry. She was CFO for Behavioral Healthcare Inc. and COO of Omega Computer Services prior to transitioning to the oil and gas industry where she served as Controller for Bentley-Simonson, Inc. She is an expert in federal and state reporting, joint interest accounting, royalty management, and reporting for specifically for the oil and gas industry.

#### **Cosimo Damiano – Non-Executive Director**

Mr. Damiano brings nearly 20 years to the company with extensive experience in financial analysis and investment banking, including 12 years in the energy industry. His most recent role was Director of Upstream Investments for Mercuria Energy Group and Moco SA. He was also Head of Australian Oil and Gas Research for Merrill Lynch. He has served on advisory boards for several energy companies.

#### **Greg Renwick – Non-Executive Director**

Mr. Renwick is presently President and CEO of East West Petroleum (TSX.V– EW). He has over 30 years of experience in the oil and gas industry with several technical management and leadership roles. He had a 25 year career at Mobil Oil Canada progressing rapidly through the ranks to senior leadership.



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### **Nicolaus Petri – Non-Executive Director**

Mr. Petri's career has included wide-ranging experiences in investment management with large oil and gas companies in Eastern Europe. He has worked with investment firms such as McKinsey and Company, Bain Capital, and Morgan Stanley (NYSE – MS). Currently, he is Head of Foreign Asset Strategy and Investments for Gazprom Neft and Deputy CEO for Strategy and Investments for Naftna Industrije Srbije where he is instrumental in the implementation of investments and long-term planning.

### **RISK FACTORS**

In our view, the greatest risk to these shares is not achieving success in the exploration of its key prospects, including producing boe that is lower than the preliminary estimated reserves. Still, we believe the risk is mitigated due to the close proximity to the huge OXY find. As is the case with all E&P firms, a financial risk related to the availability of capital to procure property and equipment, as well explore and produce these hydrocarbons. Finally, the Company faces competition from other, larger, firms, should they decide to enter the region. In our view, all of these risks are consistent with the companies of NAMG's size. Thus, investors should use progress in exploration, production levels, 3-D seismic data for new wells, financial results, and other news as a performance measure since these shares could be news-driven until NAMG achieves cash flow positive status.

### **CONCLUSION**

Although NAMG is a young company, it has a great story that offers major upside with measured risk. NAMG is an oil and gas E&P player whose properties are in close proximity to one of the largest finds in the California, which mitigates a large part of the risk inherent in small E&P stocks. Moreover, the partnership with another North American player enables NAMG to overcome one of the major obstacles associated with success of E&P firms, namely funding. Based on a back of the envelope forecast, we do not believe NAMG will require funding again for some time, which is a big plus for ground floor investors.

In the meantime, investors can look forward to a series of near term exploration, development, and funding milestones which will serve as catalysts to drive the stock higher. Plus, the Company's symbol will soon change to "NAMG," which will be more readily associated with the new entity and will aid in trading and liquidity. We should also note that the public float is only 40% of the outstanding shares, which is also a positive.

We rate these shares Speculative Buy.



## NORTH AMERICAN OIL AND GAS (OTC:QB CLDDD)

### Analyst: Robert Goldman

Rob Goldman 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

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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