



Dear Shareholder,

I am writing to update you on your company's progress since listing over 12 months ago.

Since listing, we have grown the business significantly increasing our key Northern Star project acreage position from 36,000 to over 61,000 gross acres adding a valuable asset to the business. Importantly there are no drilling commitments for AOW as the wells are paid for by our partners. We are in joint venture (JV) with a first-class, US-based, operator Treasure Exploration (TEC) based in Denver USA. The management team sold their previous company for over US\$7bn and acquired an interest in our project due to its significant value potential.

We have already drilled a successful oil producing conventional well and have also drilled the first high impact horizontal well, commencing the process of unlocking the significant value at our key Northern Star project in Montana, USA. The horizontal well encountered good oil shows and the testing process has recently commenced with results expected in the third quarter of 2015.

This well is part of a four well program that has the potential of unlocking a significant new tight oil resource, adding significant acreage value for shareholders. AOW does not pay for its drilling and is carried by TEC on the first two horizontal wells. We are moving quickly and planning is underway for the second carried horizontal well with drilling and testing expected by Q4 2015. We structured the JV like this as in previous successful oil resource projects, companies have taken three to four wells to determine the optimal drilling completion techniques to prove the oil play. This is required in order to understand the geological properties of the rocks and to develop a successful drilling programme.

Other oil companies pay for their own drilling commitments which can put those companies under significant financial strain. This can also limit the company's flexibility as to when and how they meet their drilling commitments, often forcing them to undertake financing transactions at a time of weakness in the company. AOW is not in that position.

Our business plan is straightforward: we lease acreage cheaply prove it as a resource project and then look to sell it for a multiple of that price. AOW is working to prove up our key Northern Star project in a focused drilling campaign and then sell that acreage at a multiple of the company's current market value. We will then return the capital to shareholders as a special dividend and look to repeat the model with proven US operators as JV partners. This is a proven model used by other successful US oil and gas companies who have sold assets, paid a special distribution to shareholders and then repeated the process. Our JV partners are aligned with this strategy.

Across the rest of our portfolio in our Rough House project in Colorado and Panther project in Montana we have acquired over 21,000 gross acres since listing. This acreage is a significant asset for the company and comes with no drilling



commitments. AOW is in the fortunate position in that it can always sell this asset or farm down to an industry partner to realise the value on this acreage. To that end, we are in advanced discussions with potential JV partners on both these projects and expect to close a JV transaction in late 2015.

AOW's business model continues to be robust even during volatile oil markets. We will continue to focus on delivering on this model for our shareholders by looking for quality, low cost, early entry acreage plays and we will also look to maximise value and protect shareholder funds by entering into joint ventures with high quality US operators who pay for the drilling costs on our projects. The current market conditions represent one of the best opportunities to acquire valuable acreage in the USA and a number of respected commentators in the market are suggesting oil prices could be recovering by the end of the year with production and drilling rig counts rapidly falling in the US.

If you have any questions in relation to AOW please do not hesitate to contact the company. We thank you for your ongoing support of American Patriot Oil and Gas.

A handwritten signature in black ink, appearing to be "Alexis Clark", written in a cursive style.

Kind Regards,
Alexis Clark | CEO | American Patriot Oil & Gas Ltd