

Quarterly Report for the period ending 30 September 2015

Release Date: 30 October 2015, Melbourne, Australia:

Highlights

- Letter of Intent received to sell entire company assets for USD\$20m cash (AUD\$28m)
- Share Purchase Plan launched
- Right to acquire up to \$15,000 per shareholder at \$0.14 per share
- Free attaching option for every two shares subscribed exercisable at \$0.25 per share
- Testing of a number of zones in the first horizontal well completed
- Petrophysical analysis indicates potential oil resource
- Planning and selection of second well location underway

Letter of Intent received to sell entire company assets for US\$20m/AUD \$28m

American Patriot Oil and Gas (AOW) received a Letter of Intent for the sale of the entire oil and gas assets of AOW for US\$20m cash (AUD\$28m) to a private US oil company, Edward Mike Davis, LLC. The Letter of Intent was received from the legal advisors of Edward Mike Davis, LLC and is subject to a number of terms and conditions.

We were pleased to have received this approach from a significant private US oil company for the entire assets of American Patriot at this early stage in the development program. The offer demonstrates the quality of AOW's portfolio of assets and validates the company strategy, particularly in the current challenging market environment. However we believe this offer is opportunistic in the current oil price environment and substantially undervalues the potential value of AOW assets.

Accordingly, the board believes that is in the best interests of shareholders of AOW to focus on the performance of the assets to realise the significant value and to continue discussions with potential bidders to extract a higher offer price for the assets.

American Patriot'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 and to grow the business by looking for quality, low cost, early entry acreage plays. 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 low oil price environment represents a great opportunity to acquire valuable acreage in the USA. AOW will continue to look to expand its existing acreage positions and look to acquire attractive new projects if they become available.



Our business plan is straightforward. We lease acreage at low cost, prove it as a resource project and then look to sell it for a multiple of the entry price. We will then return the capital to shareholders as a special distribution and look to repeat the model with proven US operators as JV partners. This is a proven model used by successful US oil and gas companies. Our Joint Venture partners are aligned with this strategy.

Share Purchase Plan launched

On 20 October 2015 American Patriot Oil & Gas Limited launched a Shareholder Purchase Plan (SPP). The Directors are pleased to offer shareholders the opportunity to participate in the AOW Share Purchase Plan (SPP). The SPP provides eligible shareholders with the opportunity to invest up to \$15,000 in fully paid ordinary shares in AOW without paying any brokerage, commissions or other transaction costs.

Under the SPP, eligible shareholders have the opportunity to subscribe for AOW Shares at \$0.14 per AOW share. This represents a 6.1% discount to the volume weighted average price of AOW shares in the last five trading days before the date of this announcement (which was \$0.1491).

Eligible shareholders who subscribe for AOW Shares under the SPP, and investors who subscribe for SPP Shortfall Shares under the SPP Shortfall Placement, will be allocated one free attaching option for every two AOW Shares issued to them. The Attaching Options will be exercisable for \$0.25 on or before 20 October 2018. AOW will seek to have the Attaching Options quoted on ASX.

In the event that any shares available for issue under the SPP are not subscribed for by eligible shareholders the Directors may, in their sole discretion, offer the SPP Shortfall Shares to investors to whom disclosure is not required to be made under section 708 of the Corporations Act as a separate placement.

The funds raised under the SPP will be used:

1. To acquire more acreage across AOW's existing projects;
2. To acquire more projects; and
3. For general working capital purposes.

Participation in the SPP is optional. To be eligible to participate in the SPP, you must be a registered holder of AOW Shares at 5.00pm (AEST) on 19 October 2015, and have your registered address in Australia or New Zealand.

Full details of the SPP were contained in the SPP Letter and Prospectus sent to shareholders. It is important that shareholders carefully read and consider all of the SPP materials enclosed within the letter (including the SPP booklet, SPP Rules, Attaching Options Prospectus and Application Form) before making any decision to participate in the SPP. To apply for AOW Shares and Attaching Options under the SPP, please follow the instructions in the enclosed Application Form to complete and submit the Application Form.



We are pleased to offer our shareholders the opportunity to participate in American Patriot's future growth and development. The funds to be raised from this SPP will provide AOW with the financial flexibility to continue to fund the acquisition of low-cost, high potential acreage in its key Northern Star project and to strategically expand the rest of its portfolio. We believe this acreage will have the potential to sell for a multiple of our low entry price.

AOW's management team is also working hard to significantly lower the company's cost base and drive efficiencies within the business so it can continue to grow in an environment of lower oil prices. The directors and senior management are confident in American Patriot's future and will be participating in the SPP. We thank our shareholders for the continued support of the company and we are determined to successfully execute on the AOW strategy.

Northern Star Project, - 12,602 net acres Valley County, Montana

The initial testing phase of the first unconventional, horizontal well in the Northern Star Project in Montana, USA (the "Project") has been completed. Perforation, acidisation and swabbing of 4 zones in the well has indicated that further testing including a possible frac job, will have to be implemented.

The well was tested in 4 zones with various strengths of acid, completion fluid combinations and injection rates and recoveries indicate that the reservoir was tight. Accordingly, it has been determined that further evaluation of the current test results needs to be completed before further testing is initiated including a potential frac job.

Planning is currently underway for the site selection of the second horizontal well, with drilling and testing expected by Q1 2016. The lessons learnt from the first horizontal well will be used in the testing process of the second well. AOW has a 21.5% working interest in these wells. As per the terms of the applicable agreement AOW is carried on all costs of drilling and completing these first two horizontal test wells.

We are encouraged by the early results and the indication of a potential oil resource and whilst further testing is required, this was expected in these early test wells as the geological properties are analysed and optimal completion methods are determined. The lessons learnt from this well will be used in the next well which is currently in advanced stages of planning. Importantly, AOW is free carried with no cost caps on the first two horizontal wells.

The Northern Star wells are part of a four well program that has the potential to unlock a significant new tight oil resource, creating additional acreage value for shareholders. AOW does not pay for the drilling of these initial test wells and is carried through the testing phase. We have carefully structured the JV in this manner, knowing that all successful resource projects require multiple wells to determine the most economic methods to drill and complete in order to understand the geological and engineering properties of the play and to develop a successful drilling programme.

Rough House Project, 11,291 net acres DJ Basin, Colorado

AOW is in advanced discussions with potential JV partners on the (Rough House project) Colorado acreage and is looking to close a JV transaction in late 2015.



Panther Project, 10,293 net acres, Garfield County, Montana

AOW holds 12,430 gross acres/10,293 net mineral acres on the Panther project in Garfield County, Montana. AOW is in the process of actively marketing this project to potential JV partners. Detailed analysis suggests the project has significant conventional oil resource potential with a number of identified high impact drillable targets at shallow depths. Vertical wells can be drilled cheaply and are economic at low oil prices

Current Petroleum tenements as at 30 September 2015

United States Acreage	Location	Working Interest	Joint Venture Partner	Gross Acres Held at 30 Sept 2015	Acres acquired during the quarter
Northern Star (includes 319 leases)	Montana	Depth Dependent	Treasure Exploration/Anadarko Minerals	62,443	-
Panther Prospect (includes 28 leases)	Montana	100%		12,430	-
Southern Sun (includes 6 leases)	Utah	100%		3,728	-
Overthrust (includes 1 lease)	Wyoming	100%		640	-
Rough House (includes 21 leases)	Colorado	100%		17,095	-

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About American Patriot Oil and Gas

American Patriot Oil and Gas (AOW) is an oil and natural gas exploration and development (E&P) group headquartered in Melbourne, Australia with a U.S. office in Denver Colorado. The company has approximately 40,466 net mineral acres under lease across 5 key projects. The projects are geographically focused on tight oil exploration and development opportunities in the Rocky Mountain Basins. Since its establishment, AOW has assembled a portfolio of prospective oil and gas exploration assets in the USA and has completed joint venture agreements on its key Northern Star asset in Montana with US based partners. AOW's business model is to internally generate prospects using geological knowledge, capture significant land positions at a low cost, and then reduce or remove risk capital exposure through a farm- out of a majority interest to a qualified US operator in a cash and carry deal. The directors of AOW all have significant experience with public companies in the oil and gas industry and will use their experience and energy to build an outstanding oil and gas production and exploration company.

AOW project map:

