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## EXPANDED JV WITH RUNNING FOXES PETROLEUM

Highlights

- AOW and Running Foxes Petroleum (RFP) enter into expanded JV agreement to jointly acquire producing assets
- Due diligence well advanced on first acquisition including infill drilling potential
- Drilling targeted for Q3 2016 on the AOW's Rough House Project (AOW free-carried)
- Board has advised RFP that minimum acceptance for its \$0.22 per share bid will not be achieved

The directors of American Patriot Oil and Gas Ltd (**AOW** or the **Company**) are pleased to provide an update on recent corporate and project developments. The board, in consultation with major shareholders, have advised Running Foxes Petroleum Inc. (**RFP**) that the recent proposal to acquire all of the shares in the AOW, announced to the market on 23<sup>rd</sup> of February 2016 will not achieve minimum acceptance, and undervalues the Company given the upside potential of AOW's development projects. It also comes at a low point in the oil price cycle, with the board determining that the best way forward is to seek to acquire additional producing oil properties with infill drilling potential whilst a number of attractive, distressed assets are on the market.

Following RFP's completion of successful due diligence on AOW's current assets, AOW and RFP and have negotiated an expanded Joint Venture Agreement (**JV**) to focus on the acquisition of a number of attractive oil production assets which have infill drilling potential for conventional production wells. The area of focus for acquisitions is within the mid-continent basins of the US. AOW believe this is the best opportunity to maximise value for shareholders and due diligence on the first asset is well advanced. American Patriot expects to provide an update to the market on the progress on this within the next few weeks.

AOW CEO, Alexis Clark, stated: "We appreciate the patience of shareholders during the takeover proposal, however we believe our joint acquisition strategy has the potential to unlock significant value for AOW shareholders in the near term given the number of attractive, distressed properties we have sourced.

Drilling will shortly commence on the five well programme at Arikaree Creek Oil (Rough House Project), with AOW free carried by RFP on the first two wells. This area has seen significant drilling success with a number of significant discoveries, and to partner with an operator with the experience of Running Foxes Petroleum (who discovered the 1400bopd Arikaree Creek oil field) bodes well for success in this drilling programme.

RFP has advised that they are focused on pursuing the drilling of the first well in the Arikaree Creek Oil field with the first well spudding in Q3 2016 and the second in early 2017. This region has seen a number of significant successful oil discoveries producing from the same target formations including Night Hawk Energy producing around ~1,400 BOPD and Wiepking-Fullerton's successful Aloha Mula #1 well - Initial Production ~1500 BOPD.

RFP is operator on the JV which is split RFP 70%/AOW 30%. RFP is to carry AOW on two wells to the tanks with the option to drill three additional wells with the JV covering an acreage position of over 24,221



gross acres/ 15,026 net acres with the majority of the acreage in Washington and Lincoln Counties. This a conventional oil play with significant nearby successes drilling cheap vertical wells with attractive economics at current oil prices. There are multiple play concepts and reservoir targets with conventional vertical wells producing from Carboniferous reservoirs.

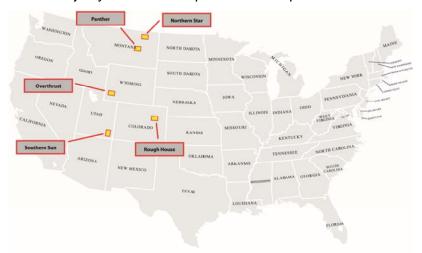
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## **About Running Foxes Petroleum Inc**

Founded in 1998, Running Foxes Petroleum Inc. (RFP) is a private energy company located in Centennial, Colorado. The company is actively engaged in the drilling and development of natural gas and oil projects in the continental United States with their primary focus on shallow conventional oil and gas and unconventional shale oil and gas plays in the Mid-Continent and Rocky Mountain regions. RFP continues to operate successfully as a low cost operator with extensive experience in waterfloods, coal bed methane and shale gas, RFP has discovered significant fields such as Old Homestead and Arikaree Creek, and revitalized old fields such as Livengood for itself and partners. Commitment to cost control has allowed RFP to continue and expand regardless of the price environment. RFP is fortunate to be able to offset costs inherent with drilling and remain generally self-sufficient by owning drill rigs, work over units, water trucks, acid trucks and staffing a versatile and knowledgeable staff. With a focus on shallow conventional production, RFP continues to look for opportunities in areas away from overpriced shale plays.

## 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 33,993 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 U.S. 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 U.S. operator in a cash and carry deal. AOW project map:



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