



Release Date: 31 October 2016
ASX Announcement

Quarterly Report for the period ending 30 September 2016

Release Date: 31 October 2016, Melbourne, Australia:

Highlights

- Acquiring 100% of oil and gas assets owned by US private oil companies
- 4.3mmboe 1P reserves certified by independent reserve reports from Tier 1 certifier
- 90 boepd (US\$90m future revenue at US\$45/bbl oil price) set to grow to +800boepd
- Deal includes gas plant & pipeline ex Delta Petroleum assets
- All stock transaction escrowed for 18months from closing expected in 60 days
- Key US Board Member Appointments including ex-Governor of Nevada
- First transaction with a number of deals in pipeline/US stock listing near term

Company Making Acquisition in Utah and Texas

During the quarter, American Patriot Oil & Gas Limited executed a Letter of Intent with two Private US companies (the sellers) to acquire 100% of these companies' oil and gas assets. The transaction includes 22,311+/- net acres in Utah (100% WI/ 85% NRI) in Grand and San Juan Counties and 356 net acres in Texas (66.67% WI/58.3% NRI) in Gaines County. Gaines County is located in the middle of the Permian Basin and adjacent to recent transactions of QEP Resources, Inc \$US600m cash purchase of 9,400 net acres in Martin County, TX at a price of US\$65k a net acre; and SM Energy Co's US\$980m purchase of Permian acreage at a price of US\$39k per net acre.

The purchase includes over 23 well bores and 90boepd of existing conventional production with the ability to grow production to over 800boepd by mid-2017 for minimal capex spend restarting shut in production. Importantly as a part of the transaction, American Patriot will also acquire key strategic mid-stream assets: an existing gas plant and 25-mile pipeline previously developed by Delta within the Prospect. The selling companies also deliver minimum reserves of 3.2mm bbl oil and 6,700 mmcf gas 1P Reserves supported by a fully independent reserve report completed by a Tier one reserves certifier. As a part of the transaction, American Patriot is able to obtain its own independent reserve report from a third party engineer.

The acquisition will be funded using all script of AOW (subject to shareholder approval) and will result in AOW issuing 139m shares to the selling entities to fund the 100% acquisition of all the oil and gas assets and mid-stream assets of the selling entities. The stock to be issued to the selling entities will be escrowed for 18mths. Post completion of the transaction, the selling entities will control approximately 40% of the combined entity. The Selling entities will be granted 2 board seats on American Patriot Oil and Gas and American Patriot will have 2 board members. The transaction is subject to full due diligence and is expected to close in less than 60 days (subject



to shareholder approval). American Patriot will also seek to list on the US OTC market in the near term and also look to dual list on a significant US stock exchange in the next 12mths.

This is a landmark transaction for American Patriot to acquire Paradox and Permian Basin Oil and Gas assets fundamentally transforms the company putting it on the path to becoming a significant US oil production company with substantial mid-stream strategic assets. The production will generate immediate cash flow when the transaction is closed and the cash flow from these assets will put AOW on the path to being cash flow positive by the end of 2016. It is a testament to our ability to originate and execute deals in the onshore US market and we expect this is the first of many such deals to come as we have a number of additional deals in the pipeline.

To acquire these key production and mid-stream strategic assets of the Gas Plant and Pipeline positions American Patriot well to develop a significant oil and gas production business including the ability to charge third party providers and generate tolling revenue. This is a once in a generation opportunity for AOW as if it wasn't for today's low oil price environment and the strict criteria oil bankers have, a company like AOW would rarely have an opportunity to acquire assets like these or any other assets we are looking to acquire. By undertaking an all stock transaction the sellers are also clearly demonstrating their belief in the asset and the management team at AOW as they want to realise the significant upside these assets can deliver within AOW.

This strategy has the potential to deliver significant value for AOW shareholders particularly given the number of attractive distressed producing properties we have been introduced to. As a part of this transaction we will be appointing two new US based board members to the company who will deliver increased opportunities to acquire valuable distressed assets, as well as introduce new investors, shareholders, and broker networks based in the USA providing AOW with significant on the ground, in house capability.

This is the first acquisition of many and we have a number of target assets in the pipeline, as we look to deliver on the strategy of aggressively building a significant producing conventional oil business with well over 5,000bopd production. We now have 90boepd of oil production which will generate immediate cash flow with the ability to grow this quickly to over 800bopd by mid-2017 and potentially double that by end of 2017 by quickly restarting shut in production at low cost to the company. This is all underpinned by a certified 1P reserve base of 3mmbbl oil and 6,700 mmcf gas which is also expected to grow.

We expect to be in a position to regularly update shareholders on this growing business with regular news flow and announcements. The cash flow and production growth from this asset even at current oil prices will generate significant cash flow and revenue for American Patriot more than covering existing costs and importantly we will also be looking to dual list on the US stock market to attract further US investors.

A large number of the wells on the acreage were shut in due to the low oil price and at minimal cost we expect to be able to switch the production back online. There are still over 19 well bores on the acreage to put back online at low cost. The production is long life with an expected 15 to 20 years remaining production per well. The wells will be operated by American Patriot with an experienced on the ground team in Utah and Texas. Operating costs in this region are



approximately \$20/bbl so the wells are economic down to a low oil price. At existing production and current oil prices, revenue per annum is expected to be US\$1.3m with the ability to grow this in line with production growth to over US\$12.6m at current oil prices. Anadarko Petroleum Corporation is a Non-Operating partner inside the Federal Unit in Utah where AOW will be Operator.

The transaction is a material transaction and will be subject to shareholder approval. Details on this process will be provided shortly.

Key Appointments to the American Patriot Board

Following the announcement of the recent transaction acquiring 100% of the oil and gas assets owned by US private oil companies, we are pleased to announce the appointment of two new key US based board members to AOW. The appointments will be effective following completion of due diligence on the acquisition. Importantly both appointments will deliver significant US based connections including, access to US based stockbrokers, investors, private equity funds and deal flow in the US for AOW as we look to build a significant US based oil and gas production business listed on the US stock exchange.

We are pleased to announce that Mr James Gibbons the former Governor of the State of Nevada and former Member of the United States Congress will join the board. Mr Gibbons brings extensive experience to AOW including US based connections through his extensive government and distinguished military career and is a Geologist by training. Mr. Gibbons has a Bachelor of Science and Master of Science from University of Nevada, Reno and a JD from Southwestern University. He will be classified as an Independent Director.

We are also pleased to announce the appointment of Mr Dan Green to the board. Dan is an experienced oil and gas executive and Petroleum Engineer with over 37 years of experience in the Oil and Gas Industry. Mr. Green is the President of Pacific Energy & Mining Company an oil and gas operator and he was the President of Western Energy Inc., an independent oil company that was publicly traded and held leases in Utah and Kansas. Previously he managed operations for NP Energy a publicly traded oil company which held assets in Utah, Colorado and Texas. He has a Bachelor of Science in Mineral Engineering with Minor in Geology from Colorado School of Mines. Mr. Green will serve in an executive position and is classified as non-independent Director.

We are also pleased to announce the appointment of Mr Brett A. Murray as Senior Vice President Business Development and Land for American Patriot Oil and Gas subject to completion of due diligence. Brett is based in Denver and has over 12 years' experience in the Oil and Gas Industry including the last two years as Chief Operating Officer for publicly traded Virtus Oil and Gas Corporation, Land Manager and Senior Management for Gunnison Energy Corporation, Sundance Energy Australia Limited (ASX: SEA), Anschutz Exploration and Anadarko Petroleum Corporation. His knowledge of the industry through multiple acquisitions and divestures with leadership abilities will work well for American Patriot in delivering transactions and deal flow to grow the company. He has a Bachelor of Arts in Communications from Kansas Wesleyan University.



American Patriot Oil and Gas board of directors would also like to announce that effective at the November AGM Mr. David Shaw will retire as Chairman and from its board of directors. The vacancy created by Mr. Shaw's departure will be filled by the appointment of current director Frank Pirera as its new Chairman from the AGM.

We are pleased to announce these key strategic appointments to American Patriot. The new board members and executives will bring significant US based connections for AOW including new US investors, stockbrokers and private equity fund raising capabilities as we look to build a significant US oil and gas producing business listed on the US stock market. In conjunction with this they will deliver strong technical and development expertise to the company including access to new, joint venture partners, and locating and delivering additional producing assets to the company.

We would also like to thank Mr. David Shaw for his service to the company while Chairman of the board of directors. David was involved with the company since AOW's IPO and successful ASX listing in 2014 and we thank him for his efforts with the company over the last two years. We would also like to congratulate Frank Pirera for his appointment as Chairman of American Patriot Oil and Gas.

Mr Pirera has been a Director, Company Secretary and Chief Financial Officer of the Company since listing on the ASX in 2014, and has more than 30 years of experience in the public accounting practice. Mr. Pirera is a graduate of Monash University where he obtained a Bachelor of Business (Accounting) and is a fellow of the Certified Practising Accountants. Mr. Pirera has a wealth of experience in financial control and management and strategic planning having advised numerous public and private companies throughout his career. Frank is classified as a non-independent Director.

Expanded JV with Running Foxes Petroleum

On the 29th July the board, in consultation with major shareholders, advised Running Foxes Petroleum Inc. (RFP) that the recent proposal to acquire all of the shares in the AOW, announced to the market on 23rd of February 2016 would 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 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. 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.



Current Petroleum tenements as at 30 September 2016

United States Acreage	Location	Working Interest	Joint Venture Partner	Gross Acres Held at 30 Sept 2016	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 3 leases)	Wyoming	100%		2,598	
Rough House (includes 21 leases)	Colorado	100%	Running Foxes Petroleum	24,181	

For further information please contact:

American Patriot Oil and Gas:

CEO Alexis Clark +61 9945 8739.

Media & Investor Enquiries:

Ian Howarth

Collins Street Media

+61 407 822 319

Or visit the website:

www.ap-oil.com

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 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:

