

ACQUISITION FOR OIL ASSETS IN UTAH AND TEXAS TO CLOSE IN DECEMBER 2016

Highlights

- **Acquisition to be completed in a two phase process with first phase fast tracked**
- **First transaction to acquire production assets & reserves to close December 2016**
- **Delivers production of 40bopd and 2.1m bbl proven oil reserves**
- **Gas plant & pipeline acquisition to be completed in H1 2017**
- **Preparing to dual list on US stock market**
- **First of a number of oil production transactions currently being reviewed**

In order to fast track the completion process of the West-World transaction for assets in Utah and Texas it has been decided to split the transaction into a two-phase completion process. We have decided to undertake this approach due to the complexities of the transaction on the acquisition of the pipeline and gas plant and the extensive due diligence required.

In phase one of the transaction American Patriot will be acquiring the production assets in Utah/Texas consisting of 40bopd production and 2.1m bbl proven oil reserves with significant shut-in production of over 300bopd - this transaction is on track to close in early December 2016. Due diligence is well underway with completion of a recent site visit, technical due diligence of the asset including independent confirmation of the reserves and legal documentation of the transaction commencing.

Under phase two of the transaction American Patriot will be acquiring the gas plant and pipeline and this is targeted to be completed in the first half of 2017. We have engaged technical consultants to assess the performance of the asset including the care and maintenance of the plant, conduct extensive environmental due diligence, and complete any necessary government and environmental approvals required to transfer the asset. This is necessary to ensure there are no liabilities attached to the asset. This process is expected to take at least the first half of 2017 to complete.

The assets acquired under the first acquisition will be funded using all script of AOW and will result in AOW issuing 19m shares to the selling entities with the stock issued escrowed for 12 months. Post completion of the transaction, the selling entities will control 9.2% of the combined entity. The vendors will also be entitled to receive an additional 20m shares issued in staged tranches if the assets they contribute grow production to 200bopd. This additional stock will also be escrowed for 12 months. This transaction is on target to close in early December 2016 and phase one of the transaction does not require shareholder approval. American Patriot has also commenced the process to list on the US OTC market which is expected to commence in early 2017 – we will update the market when this is completed.



American Patriot CEO Alexis Clark commented: *"We are moving quickly to complete the first phase of this landmark transaction for American Patriot to acquire transformative production assets in the Paradox and Permian Basin. By splitting the transaction into two phases enables American Patriot to quickly close the current production assets and begin the process of undertaking workovers to rapidly restart and grow this production potentially almost 10 fold during 2017"* *"We expect to grow the production quickly from 40bopd providing immediate cash flow with the ability to grow this quickly to over 300bopd by the mid-2017 and potentially double that by end of 2017 by quickly restarting shut in production at low cost to the company"*

"We are well advanced in the due diligence process recently completing a site visit to the assets and the legal documentation process is underway and we are expecting to close the first phase of this transaction in early December" *We will then be quickly focusing on closing the second phase of the deal consisting of the mid stream pipeline and gas plant assets in early 2017."* *"The appointment of two new US based board members to the company will occur upon completion of phase two of the transaction"*.

Closing this transaction will set American Patriot on the path to becoming a significant US oil production company as we look to deliver on the strategy of aggressively building a significant producing conventional oil business". "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".

"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".

Under the first phase acquisition American Patriot will acquire 1,680+/- 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. The purchase includes over 13 well bores and 40bopd of existing conventional production with the ability to grow production to over 300bopd by mid-2017 for minimal capex spend restarting shut in production. The selling companies also deliver minimum reserves of 2.2mmbbl oil 1P Reserves supported by a fully independent reserve report. As a part of the transaction, American Patriot is able to obtain its own independent reserve report from a third party engineer.

The second phase of the acquisition will be focused on the reserves, production and mid stream assets of the pipeline and gas plant. Completion of due diligence and closure of this is expected to occur in early 2017. The transaction is subject to full due diligence.

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 12 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.

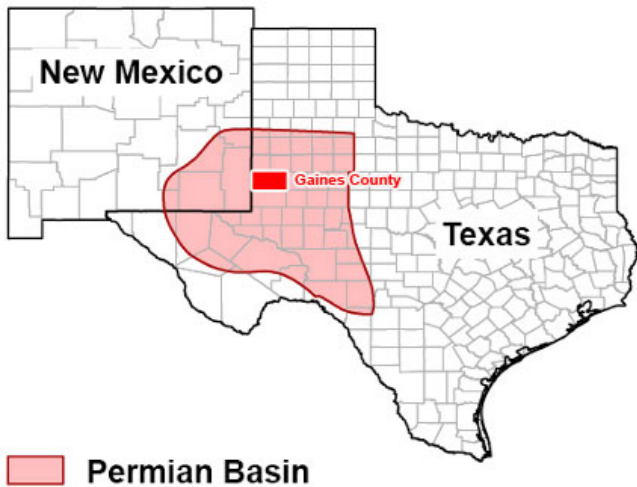
Key assets included in the Phase one acquisition are as follows:

Sellers Assets

Assets	Net Acreage	NRI	Location	1P	3P	Production
Paradox Asset No. 1	160	82.50%	Utah	315 Mbo	315 Mbo	Shut-in
Paradox Asset No. 2	880	82.50%	Utah	1,730 Mbo	6,110 Mbo	Shut-In
Paradox Asset No. 4	640	85.00%	Utah	20 Mbo	20 Mbo	Shut-in
Texas Asset	356.40	58.00%	Texas	176 Mbo	176 Mbo	40bopd
Total	2036 +/-	83.00%		2241 Mbls	6,621 Mbo	40 bopd

Acreage Map

The acreage is located in Texas and Utah:



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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 30,914 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.