



**AMERICAN  
PATRIOT**  
OIL AND GAS

**AGM  
PRESENTATION**

**BUILDING A PRODUCING OIL  
BUSINESS**

NOVEMBER 2016



AOW.ASX

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# Agenda

- Chairman's Address
- AGM Resolutions
- Managing Director/CEO's Address
  - Key Highlights
  - Projects
  - Forward Plans for 2017
  - Questions

# Key Highlights 2016

- Acquiring first producing properties in the US with a number more planned
- West-world 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 2.1mdbl proven oil reserves
- Gas plant & pipeline & additional production acquisition to be completed in H1 2017 – subject to more extensive due diligence
- Preparing to dual list on US stock market
- First of a number of oil production transactions currently being reviewed
- AOW is selectively targeting distressed opportunities in Mid Continent basins
- Running Foxes bid not successful - however production opportunities present greater potential

# BUSINESS PLAN – BUILDING A PRODUCING OIL BUSINESS



Infill Drilling Free Carried/Monetise existing properties in US Mid-continent



Targeting distressed producing opportunities in US Mid-continent



Partner Equity/Debt providers



Repeatable acquisition and development strategy



Operational and Deal making capability



Grow positive cash flow producing oil business

# BUSINESS PLAN – STRATEGY

<p>Build producing oil business in Mid Continent US oil basins</p>	<ul style="list-style-type: none"> <li>• Infill drilling- free carried/monetise acreage existing properties – real estate play – low operating cost/conventional</li> <li>• Acquire distressed low cost conventional producing assets 100 - 1500 BOPD a low cost per flowing BOPD</li> <li>• First assets in due diligence – targeting 4+ per annum</li> <li>• Expansion of reserve/resource base, drive efficiencies &amp; aggressive build out next 12-18 months</li> </ul>
<p>Partner Equity/Debt providers</p>	<ul style="list-style-type: none"> <li>• Partner with Equity/Hedge Funds for equity finance</li> <li>• Partner with Banks for debt to optimise the capital structure</li> <li>• AOW has no current debt outstanding</li> </ul>
<p>Operational and Deal making capability</p>	<ul style="list-style-type: none"> <li>▪ Competitive advantage with in house operational capability and ownership of drill rig fleets</li> <li>▪ Management/deal making strength to source new opportunities</li> </ul>
<p>Grow Production/Attractive Returns</p>	<ul style="list-style-type: none"> <li>• Targeting significant production growth</li> <li>• 2017 1000 BOPD; 2018 3000 BOPD; 2019 5000 BOPD</li> <li>• Risk mitigation: not exploration, low borrowing level, conservative acquisition assumption</li> <li>• Target 30% +IRR and ROI of 3X</li> </ul>
<p>Monetize Asset</p>	<ul style="list-style-type: none"> <li>▪ Build significant producing business</li> <li>▪ Exit 3 yrs plus post achievement of production milestone</li> <li>▪ Oil price recovery</li> </ul>

# BUSINESS PLAN – PATHWAY TO VALUE



## REAL ESTATE

- Existing Assets: Real Estate Play
- Free carried
- Monetise Existing JV properties

## PRODUCTION

- Target Low cost/ distressed
- Conventional producing assets
- low decline/long life
- End 2017: 1000 boepd
- End 2018: 5000+ boepd

## EXIT

- Exit after 3 years
- track oil price recovery
- repeat model

Assess up to 20 deals per annum and close on 3-4 year – targeting +5000 plus bopd

# KEY BENEFITS – WEST-WORLD AQUISITION

✓	Production/Cash Flow/Self funding	<ul style="list-style-type: none"> <li>• 90boepd of existing production with ability to grow quickly to 800boepd by mid 2017/1000boepd by end 2017 in a two phase completion process</li> <li>• Restarting low cost conventional shut-in production</li> <li>• Cash flow positive at current oil prices by early 2017</li> <li>• Projected Gross Revenue from USD\$1m to USD\$12m with growth in production and small lift in oil prices</li> </ul>
✓	Reserves	<ul style="list-style-type: none"> <li>• 4.3mmboe oil &amp; gas reserves certified by independent third party PV10 of US\$98m, Revenue of \$US 211m</li> <li>• Ability to significantly grow/expand reserve base over next 12mths</li> </ul>
✓	Key Infrastructure	<ul style="list-style-type: none"> <li>• Includes gas plant (200 MMSCFPD capacity) and 25mile pipeline – phase 2 deal</li> <li>• Ex Delta Petroleum key strategic mid stream assets</li> <li>• Capex spend of over USD\$90m acquired by AOW for stock</li> <li>• Ability to generate tolling revenue of \$100,000 per day at full capacity</li> </ul>
✓	100% stock deal	<ul style="list-style-type: none"> <li>• Phase One : All stock transaction 19m shares /Escrowed for 12 months plus bonus shares additional 20m shares based on achievement of production milestones</li> <li>• Phase Two : All stock deal tba</li> </ul>
✓	Platform for expansion	<ul style="list-style-type: none"> <li>• First deal - platform for expansion of the business</li> <li>• Targeting significant production and cash flow growth :</li> <li>• 2017 1000 BOPD; 2018 3000 BOPD; 2019 5000 BOPD</li> <li>• Coincide with oil price recovery</li> <li>• Dual list on US stock market and attract US investor base</li> </ul>
✓	US Board appointments	<ul style="list-style-type: none"> <li>• Ex Nevada Governor and US Oil and Gas executives US based – will be made upon completion of phase 2 acquisition</li> <li>• Deliver access to US based stock brokers, Investors and fund raising</li> </ul>



# OVERVIEW – ACQUISITION OF WEST-WORLD PROSPECT

- Acquisition of 100% of assets held by private oil company JMD/Entrada Energy in two phase transaction
- Assets located in Utah and Texas – 22,600 net acres in Utah, 356 net acres in Texas
- 90boepd existing production and ability to grow to over 500 boepd by mid 2017 and 2000 boepd by end 2018 and key strategic mid stream assets: gas plant and pipeline ex Delta Assets
- 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 & additional production acquisition to be completed in H1 2017
- Preparing to dual list on US stock market
- Total 4.3m mboe oil and gas reserves supported by fully independent reserve report
- Includes key strategic mid stream assets: gas plant and pipeline ex Delta Assets
- Over 400 hundred drill sites with the ability to significantly grow production restarting production at shut in well sites not drilling new wells
- All stock transaction: phase one to result in 19m shares issued escrowed for 12 months plus an additional 20m shares based on achievement of production milestones of up to 200bopd production
- New US based board members appointed upon completion of phase 2
- Letter of Intent signed undertaking due diligence expected to close phase one in early December

# WESTWORLD PROSPECT AQUISITION

Assets	Net Acreage	NRI	Location	1P (Mboe)	3P (Mboe)	PV (M\$)	Production	Phase
Paradox Asset 1	160	82.50%	Utah	315		5,400	Shut-in	1
Paradox Asset 2	880	85.50%	Utah	1,730	6,110	46,500	Shut-in	1
Paradox Asset 3	640	85.00%	Utah	20	20	-----	Shut-in	1
Texas Asset	356.4	80.00%	Texas	176	176	-----	40 bopd	1
Paradox Asset 4	21,271+/-	81.00%	Utah	2,140	11,280	46,900	40 bopd	2
<b>Total</b>	<b>23,308+/-</b>	<b>83.40%</b>		<b>4,381</b>	<b>17,586</b>	<b>98,800</b>	<b>80-90 bopd</b>	

**Transaction delivers Reserves base of 4.2MMboe, \$98 PV10, \$211 M FNOR revenue**

All Revenues in USD.

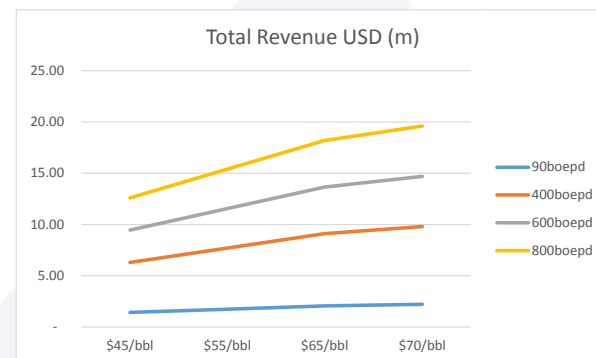
M = thousands Bbls oil equivalent



# WESTWORLD PROSPECT – PRODUCTION/REVENUE SCENARIOS

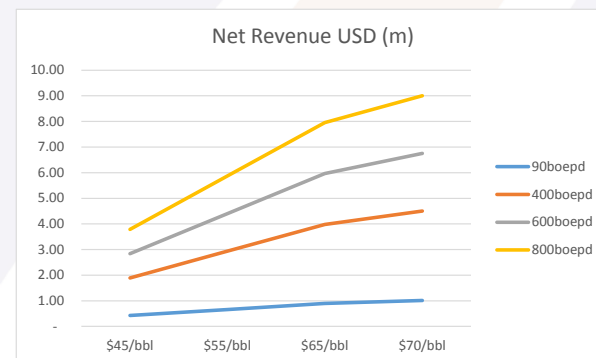
## Oil Price Revenue Scenarios USD (m)

Oil Price USD	\$45/bbl	\$55/bbl	\$65/bbl
Production (boepd)	90	90	90
Revenue (\$USDm)	1.42	1.73	2.05
Royalties (18%)	0.26	0.31	0.37
Operating Costs (\$20/bbl)	0.63	0.63	0.63
Taxes (7.5%)	0.11	0.13	0.15
Net Revenue (net AOW)	0.43	0.66	0.90



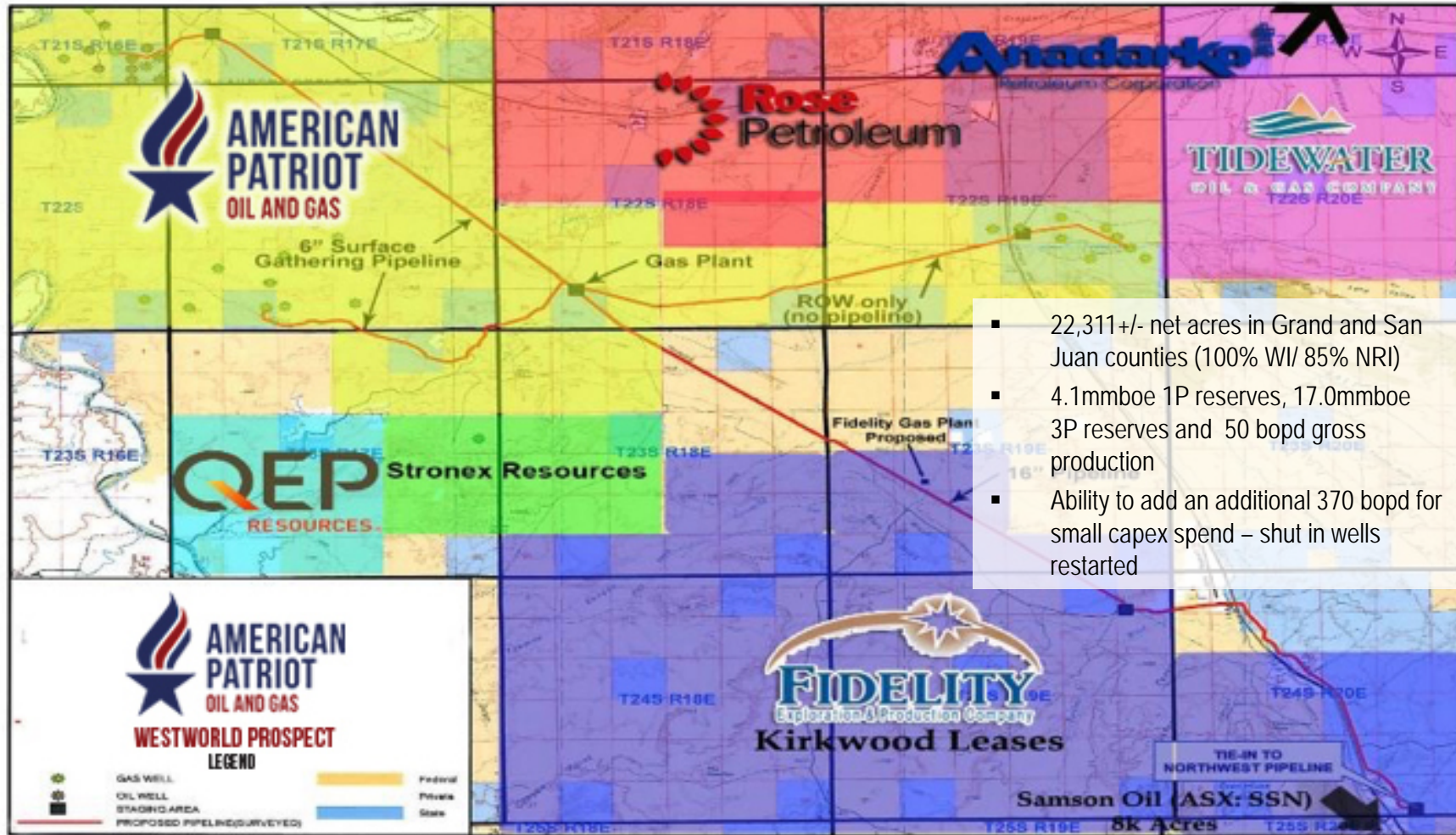
## Production Scenarios USD (m)

Production (boepd)	90	400	800
Oil Price (USD bbl)	\$50	\$50	\$50
Revenue (USD\$m)	1.58	7.00	14.00
Royalties (18%)	0.28	1.26	2.52
Operating Costs (\$20/bbl)	0.63	2.80	5.60
Taxes (7.5%)	0.12	0.53	1.05
Net Revenue (net AOW)	0.54	2.42	4.83



Significant cash flow generation & cash flow positive at current oil prices

# PARADOX BASIN ASSETS – 23k+/- NET ACRES UTAH

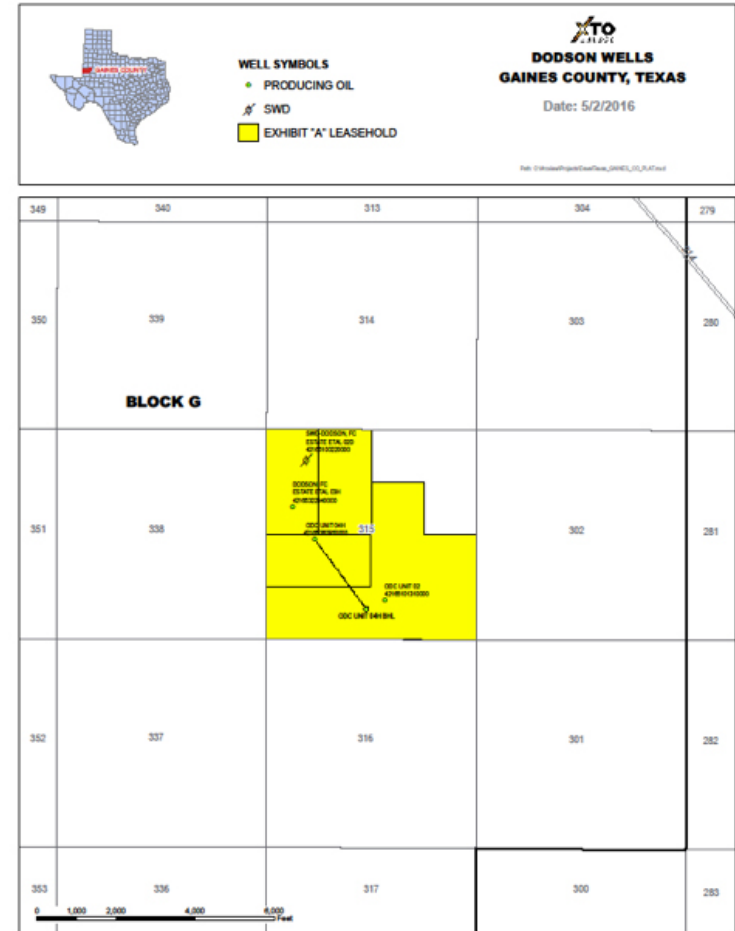


- 22,311+/- net acres in Grand and San Juan counties (100% WI/ 85% NRI)
- 4.1mmboe 1P reserves, 17.0mmboe 3P reserves and 50 bopd gross production
- Ability to add an additional 370 bopd for small capex spend – shut in wells restarted

\*Not to Scale-Representation of Acreage- Due Diligence Required

# TEXAS – 356 NET ACRES GAINES COUNTY TX

- 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.
- Existing production of 50bopd and reserves of 176m mboe. Ability to grow production to 320 bopd in the near term
- 356 net acres at \$30,000 acre = \$10m USD asset – potential valuation

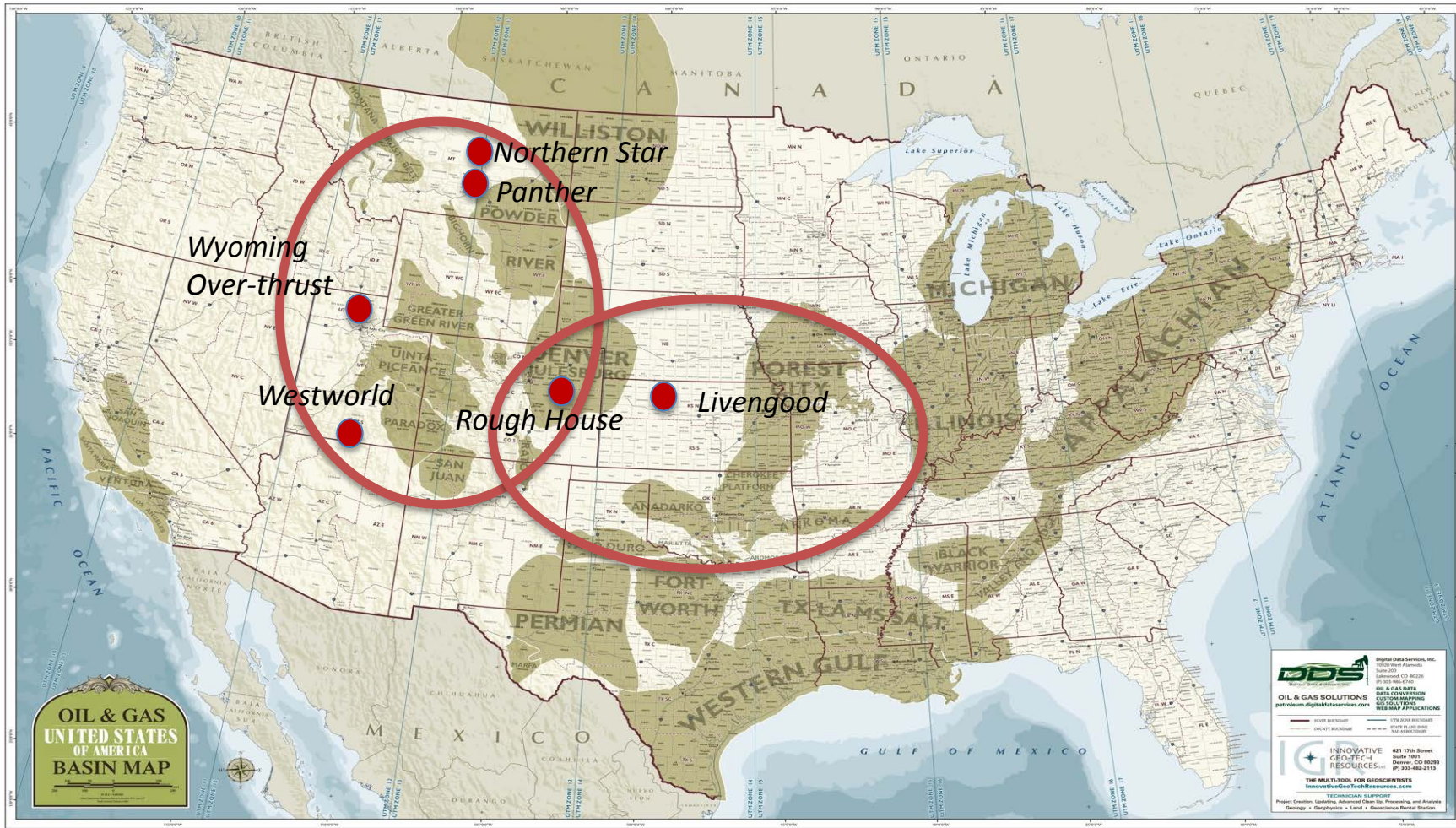


# VALUE DELIVERED JMD/ENTRADA TRANSACTION

Asset	Potential Value*	Comments
1P Reserves	\$98,000,000	PV 10
Gas Plant	\$ 5,000,000	
Pipeline	\$40,000,000	
Texas Acreage	\$10,000,000	Nearby acreage transactions
Total	\$153,000,000	

Over \$153MM USD of assets acquired under the transaction using AOW stock

# MID-CONTINENT BASIN FOCUS



Infill drilling & acquire distressed production > Build significant producing business

# WTI PRICE PATH – MARKET VOLATILE BUT RECOVERING

- Oil has returned to \$50/bbl following \$26/bbl in early 2016
- Consensus analyst forecasts suggest \$65/bbl some suggest \$80/bbl end 2017
- Supply constrained and demand increasing but short term volatility
- Focus on conventional low cost oil production with low decline but long life production
- Now is the time to build production and acquire distressed properties

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Energy: Energy Stat of the Week

**Energy Stat: Like \$50 Oil? You Ain't Seen Nothing Yet - Raising 2017 WTI Forecast to \$80**

Welcome back to the world of \$50+/Bbl oil! Well, okay, we've only had a few days of it to enjoy thus far, but just wait, we think oil prices have much more to run. At the start of 2016, [we made the case](#) – very contrarian at the time – that WTI oil prices would be pushing \$70 by the end of 2016. As oil fell below \$30/Bbl in February, [we encouraged investors](#) to hang in there and look for a second half of 2016 oil price surge. Over the past few months, we've gained even more confidence that tightening global oil supply/demand dynamics will support a much higher level of oil prices in 2017. We continue to believe that 2017 WTI oil prices will average about \$30/Bbl higher than current futures strip prices would

WTI back on the rise –  
forecast to reach \$65/70  
bbl in 2017

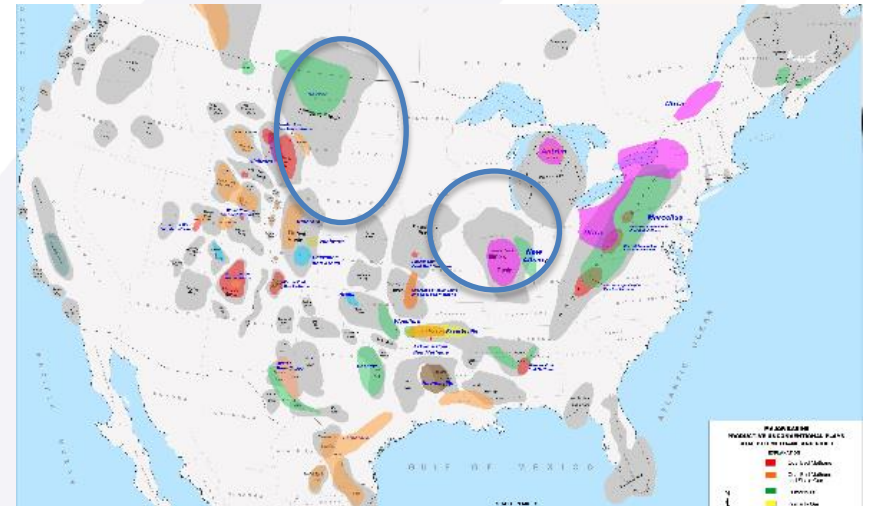


# MARKET OPPORTUNITY– DISTRESSED COMPANIES

- Banks are limiting lending to the sector only for selective opportunities
- Reduced borrowing bases and requiring debt repayment is forcing asset sales and bankruptcies
- AOW is selectively targeting distressed opportunities in Mid Continent basins
- Focus on conventional low cost oil production with low decline but long life production
- Assets that are economic at current prices with further efficiency gains/stacked pays
- Window will be open for a short period of time to build significant producing business
- Acquisitions will be largely underpinned by PDP value at current strip pricing with limited PUD, Probable or Possible value attributed
- Roll up of low middle market development opportunities, cash flow positive - majors focused on larger plays
- Can offer stock and cash in AOW

# WHY MID CONTINENT (ON-SHORE) BASINS?

- Low cost/low breakeven conventional plays compelling economics with drilling costs significantly lower – rig counts down over 80% in some parts;
- Unconventional economics are high cost and uncompetitive – not targeted;
- Know the geology intimately – made a number of significant discoveries in the area;
- Access to deal flow/contacts and attractive pricing;
- Significant number of low cost conventional producing oil opportunities;
- In proven oil producing basins in targeted area of focus;
- Access to infrastructure – extensive storage/transportation in place;
- Proven financial, geological, geophysical and operations team.



Gray areas are basins. Colored areas are shale and CBM areas

# EXISTING ACERAGE – REAL ESTATE PLAY

- Early entry in underexplored, prospective acreage in Rocky Mountain and Mid-Continent basins;
- All in proven hydrocarbon basins in close proximity to proven oil fields held at high retained interest;
- Delivering shareholder value through quality exploration and development team, geology and low cost leasing;
- Northern Star project most advanced: Two JV's completed and two successful wells drilled;
- 5 projects at various stages of completion.

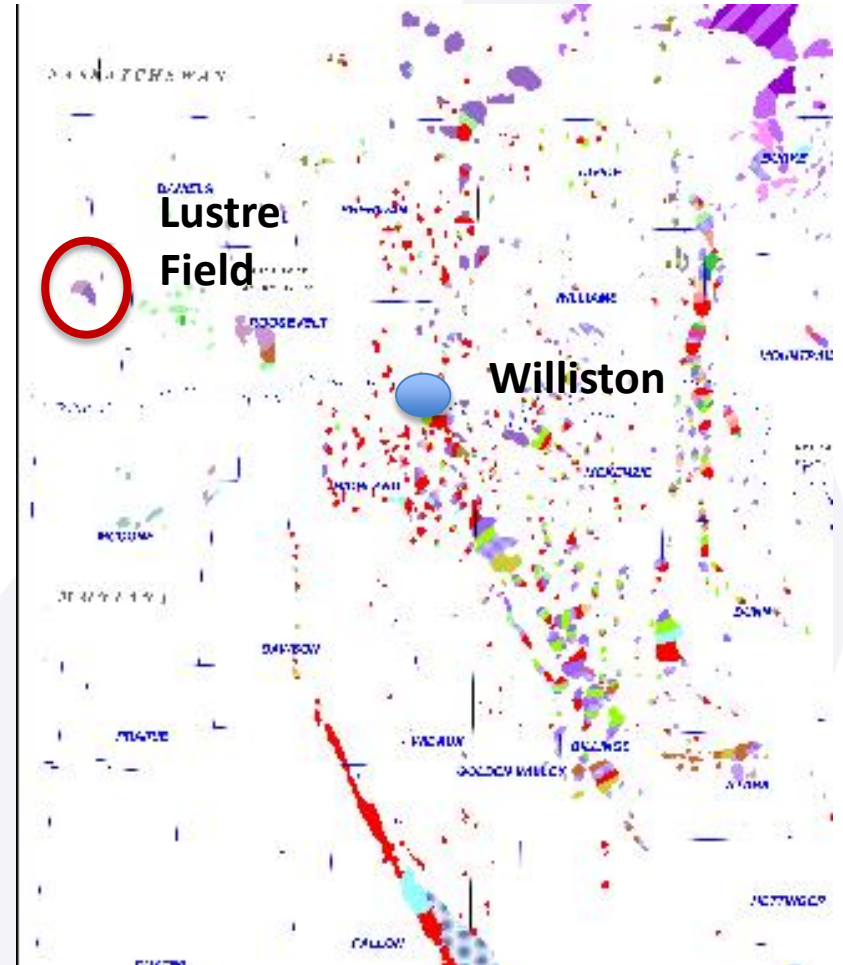
Project	Location	WI	NRI	Date Acquired	Term	Acres (net)	Operator
Northern Star	Montana	16-30%	~13-24%	2012/13	5 years	12,000	Great Western/Anadarko
Rough House	Colorado	30%	~22.5%	2014	5 years	4,507	Running Foxes Petroleum
Livengood	Kansas	75%	~80%	2016	HBP	20	Running Foxes Petroleum
Other projects	Montana, Wyoming, Utah	100%	~80%	2012,2013	5 years	16,364	American Patriot
Total						32,891	

Near term drilling projects robust at low oil prices. JV's in place in conventional/tight oil plays in proven oil fields

# NORTHERN STAR – LUSTRE OIL FIELD

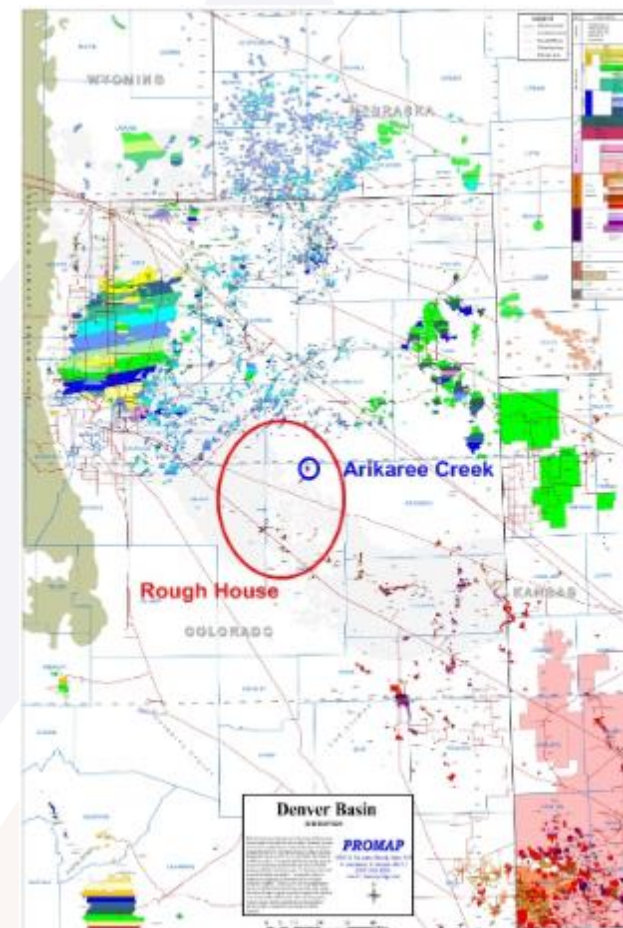
- Partnered with Great Western (Operator) and Anadarko Minerals
- 61,000 acres gross/AOW 12,600 net acres (25% average WI)
- Lustre Oil Field produced over 7.5mmbbl oil from Ratcliffe and Mission Canyon zones.
- AOW free carried on 2 horizontal exploration wells (no cost caps) plus back-in right on 2 well option
- 3D seismic survey over the Lustre and Midfork oil field
- Excellent oil shows were encountered in well.
- Planning for second horizontal underway for H1 2017 – AOW carried
- Lower permeability rocks around and up-dip of the old field sweet spot suggests that horizontal drilling can be utilized to target significant resource and value potential
- Expected IP: 250-500 BOPD

Significant resource potential of over 100 mmbbl oil



# ROUGH HOUSE PROJECT – RUNNING FOXES JV

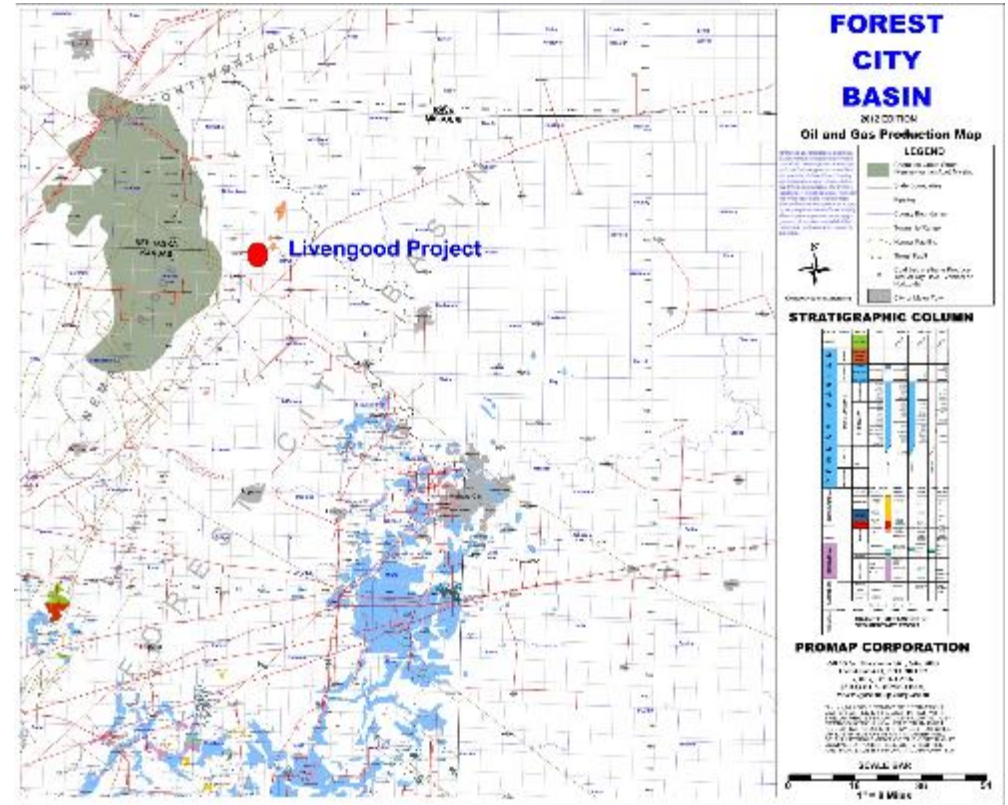
- 30% Working interest covering 24,221 gross acres (4,508 net AOW) located in the DJ Basin in Washington, Lincoln Arapahoe and Elbert Counties, Colorado
- New Farm out Feb 2016 with Running Foxes leading Colorado oil company discovered Arikaree Creek oil field (2000 BOPD)
  - 5 well deal/economic low cost conventional drilling
  - Two commitment wells free carried plus 3 well option
  - Future JV opportunities with RFP in Area of Mutual Interest established
- Conventional oil play focussed on stacked pays with multiple carbonate reservoir targets
- Acreage in close proximity to recent oil producing discoveries/quick paybacks & nearby active leasing:
  - **Nighthawk Energy: 300-400 BPOD from 4 wells currently ~1500 BOPD total production – Arikaree Creek Oil field,**
  - **Wiepking Fullerton: 184,000 net acres, 3 wells drilled 694-1600 BOPD IP, and**
- Vertical drilling opportunity (≈11,000ft) with large upside potential
- First two wells development wells next to the Arikaree Creek Field
- **Next Steps:** First two wells carried Q1 2017. Well costs \$1m



**Conventional oil play – drilling Q1 2017 targeting 200+ BOPD per well – free carried**

# LIVENGOOD OIL FIELD

- Partnered with Running Foxes Petroleum Inc.
- Development Drilling in field that was discovered in 1944
- Each well averages 45,000 to 100,000 bbls per 10 acres
- Production and reserves opportunity
- Viola and Hunton carbonates
- Low risk
- 3D seismic survey over the Livengood Oil Field.
- Has defined oil/water contact
- Low cost conventional drilling
- First well drilled producing at 20bopd (AOW 75%)
- No more wells until assessment made as expecting higher production of over 40 BOPD
- Several other opportunities to the Livengood Field have been identified by RFP
- Oil friendly state of Kansas



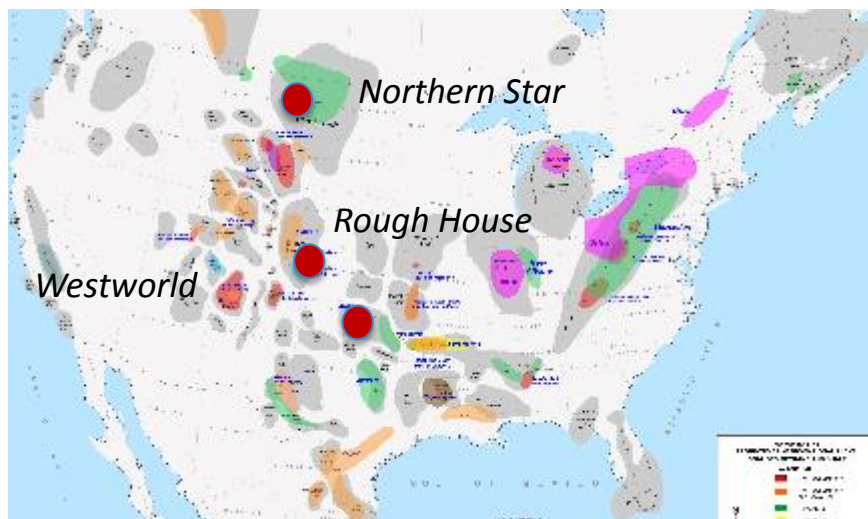
Low risk long term consistent and predictable production

# CATALYSTS– ACTIVE NEXT 6 MONTHS

Catalyst	Indicative Timing
Acquire and close JMD/Entrada Energy transaction	Q4 2016 and H1 2017
Restart shut in production	Q1 and Q2 2017
Infill drilling existing projects	Q1 2017
Acquire Second project conventional production	Q1 2017

# COMPANY SNAPSHOT

Focusing on low cost conventional production opportunities in this focus area – building to 3000+ BOPD and monetising existing acreage  
33,000 net acres onshore USA/ with high retained working interest, Rocky Mountain basins.



## Corporate Snapshot

Exchange	ASX
Share Code	AOW
Current Shares on issue	189,659,694
JMD/Entrada Shares issued (phase 1)	19,297,818
New shares on issue post transaction	208,957,512
Options	21.6m (ex \$0.25/expiry Oct 2018)
Share Price	\$0.09 (29/11/16)
Market Cap	\$17.1m
Debt	Nil
Listing date	9 July 2014

## Shareholder Structure – pre deal

Substantial Shareholders	%
Fand Pty Ltd	8.0%
AXL Financial Pty Ltd	5.3%
Top 20 ownership	66%

Building & acquiring conventional production opportunities in Mid continents basins



# MANAGEMENT TEAM

## Alexis Clark - CEO and Managing Director

- Previously Oil & Gas Analyst at Patersons Securities also Energy Analyst at Merrill Lynch.
- Over 15 years experience in Institutional banking and finance for Energy & Resources companies.
- Chartered Financial Analyst, Chartered Accountant Bachelor of Economics & Commerce at the University of Adelaide.

## Brett A. Murray - Senior VP Business Development/Land.

- 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,
- Senior Management for Gunnison Energy Corporation, Sundance Energy Australia Limited (ASX: SEA), Anschutz Exploration and Anadarko Petroleum Corporation.
- Bachelor of Arts in Communications from Kansas Wesleyan University.

## Dan Green - Director and Executive – appointment on completion of phase 2 of transaction

- Petroleum Engineer with over 37 years of Professional Experience in Oil and Gas Industry. President of Pacific Energy & Mining Company an oil and gas operator.
- Previously President of Western Energy Inc., an independent oil company that was publicly traded which held leases in Utah and Kansas.
- Bachelor of Science in Mineral Engineering with Minor in Geology from Colorado School of Mines.

## Frank Pirera - Chairman, Company Secretary and CFO

- Director of the Company since listing on the ASX in 2014, and has more than 30 years of experience in the public accounting practice.
- Graduate of Monash University where he obtained a Bachelor of Business (Accounting) and is a fellow of the Certified Practising Accountants.
- Frank is classified as a non-independent Director.

## James Gibbons - Independent Director – appointment on completion of phase 2 of transaction

- Former Governor of the State of Nevada, Former Member of the United States Congress, Attorney,
- Fighter Pilot in the United States Air Force, an Air Line Pilot, Geologist and a Hydrologist.
- Bachelor of Science and Master of Science from University of Nevada, Reno and a JD from Southwestern University.

# CONTACT INFORMATION

**Alexis Clark**

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