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ASX Announcement

## AOW TERMINATE WESTWORLD TRANSACTION

### Highlights

- **Due diligence uncovers concerns over reserve and production potential on key assets**
- **Also discovered previously undisclosed environmental liabilities**
- **Currently in due diligence on a number of additional oil & gas production transactions**

As previously announced American Patriot has been undertaking extensive due diligence on the West-World transaction assets located in Utah and Texas. We have been undertaking extensive due diligence on the assets in phase one including completion of a recent site visit and technical due diligence of the asset including review of any existing environmental liabilities and independent technical confirmation of the reserves and production potential on the assets.

Our technical advisers conducting the independent review of the assets have discovered previously undisclosed environmental liabilities existing on the assets. In addition to this the reserves and production potential on the assets was significantly lower than estimated in the reserve report and other key technical information. We endeavoured to discuss these concerns with the sellers however they could not overcome our key concerns. The LOI on this transaction has expired and we continued to negotiate post the expiry to overcome the key risks including the oil reserves, production potential and liabilities on the assets however we were unable to do so. Unless we can get comfort with these issues we will not be progressing with the transaction including phase 2. This decision is in the best interests of protecting AOW shareholders. In addition to this any proposed US based board or executive appointments who were to be the operators of these assets will also not be proceeding at this point in time.

American Patriot is currently undertaking due diligence to acquire a number of oil and gas producing properties using AOW script and we expect to announce a number of new LOI's in early 2017. We will continue to undertake thorough due diligence on all assets and will not acquire assets which do not pass our strict criteria in order to protect AOW shareholders. This process will take some time to find the right assets for the company as we need to ensure the production and reserves are accurate and there are no hidden liabilities on the assets we acquire. We will not complete a transaction simply for the sake of it and will always undertake full due diligence.

AOW remains in a strong cash position and by using AOW stock to acquire the production assets we will preserve the cash in AOW. In addition to this we are well down the path of listing on the US stock market with the process expected to close in early 2017. Completion of this will be important as we acquire US production assets and look to attract further US investors.

We would like to thank our shareholders for their ongoing support of the company and we appreciate their patience as we look to execute on our company strategy in 2017.



**For further information please contact:**

American Patriot Oil and Gas: CEO Alexis Clark +61 9945 8739.  
Media & Investor Enquiries: Collins Street Media  
Ian Howarth +61 407 822 319  
ian@collinsstreetmedia.com.au  
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 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.