



Release Date: 2 August 2017
ASX Announcement

AOW ACQUIRES PRODUCTION AND OIL AND GAS RESERVES

Highlights

- Acquired conventional oil & gas producing assets in Texas
- 285 barrels of oil and gas equivalent per day/US\$2m net cash flow p.a. @ US\$47 oil
- Set to grow to +500boepd by end-2017 – AOW cash flow positive end 2017
- 900,000 barrels proven oil and gas reserves certified by independent reserve reports
- A number of additional Texas transactions to be completed and funded in 2H 2017
- AOW Backed by US based debt funder for this acquisition and future acquisitions

American Patriot Oil and Gas has acquired conventional oil and gas assets in south Texas consisting of 285 barrels of oil and gas equivalent (boepd)/900,000 barrels proven oil and gas (mboe) 1P reserves certified by independent reserve reports. The total transaction of our first acquisition is US\$4.5m, split over two tranches and the assets will generate over US\$2m in annual net cash flow assuming a US\$47/bbl oil price.

Under Tranche 1 American Patriot has successfully completed due diligence and signed Purchase and Sale agreements (PSA) and Asset Assignments covering transactions with Safari Oil and Gas Production Inc and Anasazi New Ventures Corporation (the sellers) to acquire 100% of these companies' oil and gas assets located in South Texas in Hidalgo, Hopkins and Goliad Counties. The transactions in tranche 1 include oil and gas production of 170boepd and 1P proven reserves of 300 mmboe supported by an independent reserve report. The assets generate USD\$1m of annual cash flow net to AOW and have low cost economics of approximately \$20/bbl so the wells are economic down to a low oil price. The purchase includes over 30 well bores of existing conventional production with the ability to grow production significantly for minimal capital expenditure to restart shut in production. There is also substantial workover and behind pipe potential on the existing wells.

The assets included in Tranche 2 are expected to more than double the production and reserve base acquired in Tranche 1 delivering an additional 120 boepd and 1P reserves of 600mmboe. The second tranche is scheduled to close in September. The assets are being acquired using existing AOW cash plus funding from a significant US based funder who is partnering with AOW to acquire these and additional future assets.

These are the first of a number of conventional oil and gas production assets to be acquired in the 2H of 2017, with a strong pipeline of additional deals in Texas currently under due diligence. Further announcements will be made in the near future on these transactions.



In conjunction with these acquisitions, AOW is also raising A\$1.3m through a committed placement to Capital Investment Partners Pty Ltd who has placed the funds to existing shareholders who are sophisticated investors. The placement has been made at \$0.03 per share with one free attaching option for every two shares subscribed for, exercisable at \$0.045 on or before the 20th of September 2019. The option will be listed and is subject to shareholder approval.

American Patriot CEO Alexis Clark commented: *“Completing this transaction transforms American Patriot into a US oil production company with an immediate and growing cash flow and reserve base. We are now well on the path to being cash flow positive and importantly this is only the first of many such deals to come as Tranche 2 is on track to close in September more than doubling the production in this deal and we have a number of additional transactions in the pipeline set to close in the second half of 2017, which will further accelerate the production growth and reserves of American Patriot.”*

“We have acquired these assets at a low cost entry point and with production upside potential which positions American Patriot well should commodity prices rebound. The cash flow and production growth from these assets even at current oil prices will generate significant cash flow and revenue for American Patriot more than covering existing costs and importantly the assets are economic at low oil prices”

We are now well placed to build a focused and growing oil and gas production business in Texas - the heart of the US oil industry fully supported by our US based funders” This business has the potential to deliver significant value for AOW shareholders particularly given the number of attractive producing properties we have been introduced to in the current oil price environment”

“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 producing conventional oil business with well over 1000bopd production in 2018” “We now have 280boepd of oil and gas production which will generate immediate cash flow with the ability to grow this quickly to over 500bopd by the end-2017 and potentially double that by early 2018 through additional acquisitions and quickly restarting shut in production at low cost to the company. This is all underpinned by a growing reserve base.”

“We continue to conduct due diligence on a number of additional asset acquisitions. Our extensive due diligence process on the assets includes lease title review, site visits and other technical due diligence of the asset including review of any existing environmental liabilities and independent technical engineering assessment of the reserves and production potential on the assets. Whilst this process takes some time, 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 and we have already rejected a number of transactions as a result of this rigorous screening process.” “We will be updating shareholders on this growing business with regular announcements. AOW is now dual listed on the US stock market and we are look to attract further US investors”

“We would like to thank our shareholders for their ongoing support of the company as we look to deliver on our company strategy in 2017.” We appreciate your patience in this challenging oil and



gas market, that has seen many bankruptcies and significant shareholder wealth destruction in the US and Australian markets.”

The acquisition is split between the following transactions:

Safari Oil and Gas Production Inc

The Safari acquisition includes 25 bopd and 470 mcf and 1P proven reserves of 30 mbbbl and 709 mmcf. American Patriot is acquiring the assets from the Safari Production Company Inc. The assets consist of 2 producing gas wells, 1 producing oil well, 1 non producing well and 1 salt water disposal well. The assets include 40 leasehold acres HBP at 100% GWI/ 78% NRI in the Cano-Mexico field in Hidalgo County Texas and Hopkins counties. AOW will be operator of this asset with the existing owner assisting with this process. There is significant upside potential on the asset with a number of additional zones to complete in the well. Operating costs in this region are approximately \$20/bbl so the wells are economic down to a low oil price.

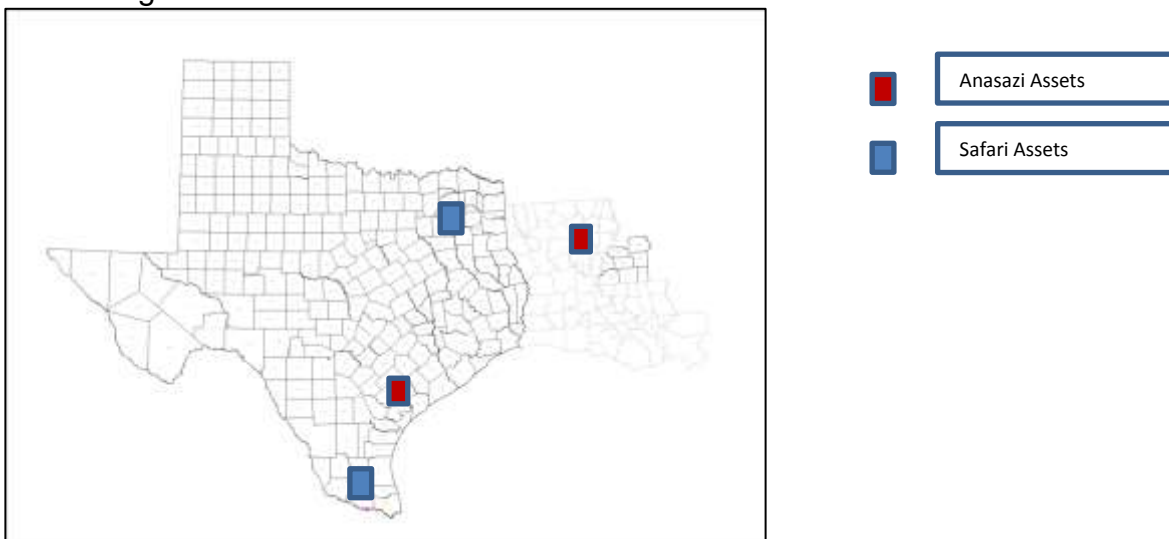
Anasazi New Ventures Corporation

The Anasazi transaction includes the non-operated Williams Gas unit and non-operated producing oil wells owned by Rose Royalties. American Patriot is acquiring the assets from Anasazi New Ventures Corporation. The assets include 20bopd oil and 300 mcf gas production and 1P proven reserves 62mbbl oil and 285mmcf gas. The assets consist of 1 producing gas well, and 22 producing oil wells located in Goliad County Texas, and La Salle Parish, Louisiana. Operator of the Williams gas asset is Alta Mesa a large private US oil and gas company with significant operations in the region. There is significant upside potential for behind pipe at minimal capex to deliver additional production upside. Operator of the Rose Royalties oil wells are Sanchez Energy Corporation, Belle Exploration and CTR.

American Patriot is now listed on the US OTC QB market and the ASX and we will also be looking to up list to a significant US stock exchange in the next 12mths.

Acreege Map

The acreage is located in Texas:





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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 28,256 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:

