AMERICAN PATRIOT OIL & GAS LIMITED
ABN 79 154 049 144

ANNUAL REPORT – 30 JUNE 2017

Directors	Mr David Shaw (Non-Executive Chairman) Mr Alexis Clark (Chief Executive Officer) Mr Frank Pirera (Director, Company Secretary, CFO)
Company secretary	Mr Frank Pirera
Registered office	Level 1, 23 Oxford St Oakleigh VIC 3166
Principal place of business	Level 1, 23 Oxford St Oakleigh VIC 3166
Share register	Link Market Services Tower 4, 727 Collins Street Melbourne VIC 3008
Auditor	William Buck Audit (VIC) Pty Ltd Level 20, 181 William Street Melbourne VIC 3000
Stock exchange listing	American Patriot Oil & Gas Limited shares are listed on the Australian Securities Exchange (ASX code: AOW, AOWOA)
Website	http://ap-oil.com/
Corporate Governance Statement	The Company's 2017 Corporate Governance Statement has been released to ASX on 28 September 2017 and is available on the Company's website.

Operations report

It has been an active 12 months for American Patriot Oil and Gas. During the year American Patriot has continued to review and assess a number of conventional oil production transactions. Following this process we have entered into multiple Letters of Intent (LOI) and paid refundable deposits on a number of potential oil and gas producing property acquisitions. These transactions have materially progressed and we have closed a number of deals and we are currently negotiating Purchase and Sale Agreements and Asset Assignment documentation with multiple preferred transactions. At the same time we have also rejected a number of transactions which did not meet our strict criteria.

We are focused on acquiring conventional producing properties with low operating costs onshore USA with reserve reports and significant production upside via shut in wells, workover potential, behind pipe potential and infill drilling upside. We are aware of numerous attractive oil and gas assets on the market however we are very selective in the assets we have chosen to pursue. For assets on which we have entered LOI's or paid deposits we are currently conducting due diligence on multiple asset acquisitions a process which is expected to take between 30 to 40 days per asset to complete. 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 confirmation of the reserves and confirmation of production income and potential upside production 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. We have already rejected a number of transactions as a result of this rigorous screening process. This was the right decision for shareholders. The AOW board will not complete a transaction simply for the sake of it and will always undertake full due diligence. Finding the right assets for the company will therefore take some time as we need to ensure the production and reserves are accurate and independently verified and there are no hidden liabilities on any assets we acquire.

We have agreements in place with a number of US based funders to finance these acquisitions subject to completion of full due diligence on the assets. AOW remains in a strong cash position and by using a combination of external funding and existing cash to acquire the production assets we will preserve the cash within AOW.

In early August 2017, American Patriot Oil and Gas announced that it had 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 mboe 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 600mboe. 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.

Completing these transactions 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.

These are the first acquisitions 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 looking 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.

In conjunction with these acquisitions, American Patriot Oil and Gas Ltd successfully completed a placement of its securities (Placement) to raise AUD$1.3m in August 2017. The placement was oversubscribed and the funds used from the placement will be used to fund further acquisitions of conventional oil and gas projects in Texas.

The placement comprised the issue of 46,539,000 shares to existing shareholders of American Patriot who are sophisticated and professional investors at an issue price of $0.03 per share, together with one free attaching option for every two shares subscribed for and issued under the Placement. The issue of the options is subject to shareholder approval and the options will be quoted and exercisable at $0.045 each on or before 20 September 2019.

Capital Investment Partners acted as lead manager for the Placement. The issue of the shares under the Placement will be issued out of the Company’s Placement capacities pursuant to ASX Listing Rule 7.1 and 7.1A.

The board of American Patriot would like to thank its shareholders and Capital Investment Partners for the successful completion of the placement. The fact that is was oversubscribed is an indication of the endorsement by shareholders of the conventional acquisition strategy in Texas being pursued by American Patriot.

Northern Star Project, - 12,000 net acres Valley County, Montana

The initial testing phase of the first unconventional, horizontal well in the Northern Star Project in Montana, USA (the “Project”) in the well indicated that further testing including a possible frac job, will have to be implemented. The well was tested in 4 zones with various strengths of acid, completion fluid combinations and injection rates and recoveries indicate that the reservoir was tight. Accordingly, it has been determined that further evaluation of the current test results needs to be completed before further testing is initiated including a potential frac job. Early analysis of the testing is encouraging and indicates the well has significant potential and the JV will look to further test the well.

As previously stated the JV partner was expected to drill the second horizontal well, in H2 2016 however this was behind schedule and they have not completed their well commitment by the due date in the JV agreement.

Rough House Project, 4,508 net acres DJ Basin, Colorado

On February 3rd 2016 AOW announced a farm out with Running Foxes Petroleum. American Patriot Oil & Gas Limited (AOW) signed a 5 well farm in agreement with Running Foxes Petroleum Inc (RFP) a private oil company based in Denver, Colorado USA. The new farm in covers the entire Rough House project acreage located in the Denver Julesburg (DJ) Basin, Colorado, USA. RFP has discovered a number of major producing oil fields in the region including the landmark Arikaree creek oil field (one of the original discoveries of the Mississippian play in the DJ basin) and a number of the AOW leases lie within and adjacent to the Arikaree Creek oil field.

Subject to permitting, RFP was expected to drill the first well in the 2H 2016 (AOW free carried) and the second well should follow shortly thereafter. RFP has not provided guidance on when the first well under this farm in will be drilled. AOW has agreed to assign a 70% working interest in the Rough House Project to RFP upon completion of two commitment wells, with an option to drill three additional wells.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of American Patriot Oil & Gas Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors

The following persons were directors of American Patriot Oil & Gas Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr David Shaw (Non-executive Chairman)
Mr Alexis Clark (Director and Chief Executive Officer)
Mr Frank Pirera (Director, Company Secretary and Chief Financial Officer)

Principal activities

During the financial year the principal activities of the consolidated entity consisted of oil and gas exploration.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $6,105,852 (30 June 2016: $2,317,972).

Financial Position

The net assets decreased by $6,244,196 to $4,792,307 at 30 June 2017 (30 June 2016: $11,036,503). The consolidated entity's working capital position at 30 June 2017, being current assets less current liabilities, was $1,417,540, a decrease of $2,395,568 compared to the prior year (30 June 2016: $3,813,108).

During the year, the consolidated entity incurred $554,338 (30 June 2016: $1,186,972) on its petroleum exploration assets. The consolidated entity also received $50,001 (30 June 2016: $47,031) in production revenues from oil produced during the year.

During the year, management has reviewed each area of interest of impairment indicators in accordance with AASB 6 and has recognised a full impairment to Panther project as the consolidated entity will not be renewing the acreage associated with this project. Partial impairments to Rough House and Northern Star projects for abandoned and expired leases for these leases.

Based on the above the Directors believe the Company is in a stable position to continue and pursue its current operations.

Refer to Operations Report preceding the Directors Report.

Significant changes in the state of affairs

On 10 November 2016, the consolidated entity issued 700,000 fully paid ordinary shares in consideration for services provided with a fair value of $0.085 (8.5 cents).

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 2 August 2017, the consolidated entity acquired conventional oil and gas producing assets in located in South Texas. It is estimated that the acquired assets will generate 285 barrels of oil and gas equivalent per day/US$2 million net cash flow p.a. @ US$47 oil and is set to grow to in excess of 500 boepd. The acquired assets contain 900,000 barrels proven oil and gas reserves certified by independent reserve reports. The consideration for these assets amounted to US$4.5 million, split over two tranches.

On 14 August 2017, the consolidated entity completed a capital raising sophisticated and professional investors issuing a total of 36,814,469 fully paid ordinary shares at an issue price of $0.03 per share raising a total of $1.1 million before costs.

On 12 September, the consolidated entity acquired additional conventional oil and gas assets in Texas known as the Lost Lake and Goose Creek Oil fields. The total consideration for these assets totalled US$430,000.

The management are currently working through the accounting treatment of the recent acquisition.

On 14 September 2017, the consolidated entity completed a capital raising sophisticated and professional investors issuing a total of 6,167,335 fully paid ordinary shares at an issue price of $0.03 per share raising a total of $185,020 before costs.

On 22 September 2017, the consolidated entity executed debt facility term sheet with a major New York based institutional investor, for increased facility of up to US$40 million. The facility is subject to completion of loan documentation satisfactory to both parties and the completion of full technical due diligence on the consolidated entity's recent and all future acquisitions.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
The consolidated entity is now well placed to build a focused and growing portfolio of oil and gas production assets within Texas and surrounding area which are fully supported by our US based funders.

Environmental regulation
The consolidated entity holds participating interests in petroleum exploration interest. The various authorities granting such interests require the permit holder to comply with the terms of the grant of the permit and all directions given to it under those terms of the permit. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2017.

Information on directors

Name:	Mr David Shaw
Title:	Director & Non-Executive Chairman
Qualifications:	LLB
Experience and expertise:	Mr Shaw is a Melbourne University law graduate and is currently a practising solicitor with his own firm Campbell & Shaw Lawyers. Mr Shaw is a director on a number of private company boards and advisory boards. Mr Shaw has a long history with the Australian Football League (AFL). Mr Shaw was the Essendon club President from 1992 to 2002. In addition, Mr Shaw was the former Commissioner of the AFL.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,257,143 fully paid ordinary shares
Interests in options:	53,572 options exercisable at $0.25 expiring on the 20 October 2018.
Interests in rights:	875,000 performance rights

Name:	Mr Alexis Clark
Title:	Director & Chief Executive Officer
Qualifications:	CFA, ACA
Experience and expertise:	Prior to his employment with the Company, Mr Clark was a Consultant to the Oil & Gas Industry. Mr Clark was employed as an Oil & Gas Analyst at Patersons Securities responsible for coverage of small-mid capitalisation Oil & Gas companies and has previously worked as an Energy Analyst at Merrill Lynch covering Large and Medium Capital Energy companies and more recently Shaw Stockbroking where he covered a basket of mid-capitalisation oil and gas companies. In addition to this Mr Clark has over 10 years of experience in the Institutional banking and finance sector where he has held positions at Westpac Institutional Bank, GE Capital and ANZ Banking Group responsible for the origination and execution of transactions across the Energy & Resources and Infrastructure client base.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	3,737,143 fully paid ordinary shares
Interests in options:	53,572 options exercisable at $0.25 expiring on 20 October 2018.
Interests in rights:	1,750,000 performance rights

Name:	Mr Frank Pirera
Title:	Director, Company Secretary & Chief Financial Officer
Qualifications:	BBus (Acc), FCPA
Experience and expertise:	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 with more than 30 years of experience in public practice. 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.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,267,143 fully paid ordinary shares
Interests in options:	53,572 options exercisable at $0.25 expiring on 20 October 2018.
Interests in rights:	875,000 performance rights

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board Attended	Full Board Held
Mr David Shaw	6	6
Mr Alexis Clark	6	6
Mr Frank Pirera	6	6

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The performance of the consolidated entity depends on the quality of its Directors and Other Key Management Personnel and therefore the consolidated entity must attract, motivate and retain appropriately qualified industry personnel. The Group embodies the following principles in its remuneration framework:
- provide competitive rewards to attract and retain high calibre directors and other key management personnel;
- link executive rewards to shareholder value (by both long and short term incentives);
- link reward with strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- focuses on sustained growth in shareholder wealth, consisting of growth in share price and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers value;
- attracts and retains high calibre executives; and
- strategic acquisitions that are beneficial to the company.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration.

For additional duties in assisting management beyond the normal time commitments of non-executive directors, non-executive directors are paid a per diem rate, with the amounts approved by other directors.

ASX Listing rules requires that the aggregate non-executive directors remuneration shall be determining periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 25 November 2014, where the shareholders approved a maximum aggregate remuneration of $300,000. No amendments have been made to the available non-executive director remuneration pool since that date.

Executive remuneration
The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- superannuation
- share-based payments
- other remuneration such as long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') include share-based payments.

Use of remuneration consultants
During the year ended 30 June 2017 the consolidated entity did not engage any remuneration consultants.

Voting and comments made at the company's 2016 Annual General Meeting ('AGM')
At the 2016 AGM, 83.72% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following persons:
- Mr David Shaw (Non-Executive Chairman)
- Mr Alexis Clark (Chief Executive Officer)
- Mr Frank Pirera (Director, Company Secretary, CFO)
- Mr Kleanthe Hatziladas (Consultant)

	Short-term benefits	Post-employment benefits	Long-term benefits	Share-based payments	
2017	Cash salary and fees $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:					
Mr David Shaw	39,996	3,780	-	-	43,776
Executive Directors:					
Mr Alexis Clark	200,000	19,000	-	-	219,000
Mr Frank Pirera	69,996	6,650	-	-	76,646
Other Key Management Personnel:					
Mr Kleanthe Hatziladas *	45,000	-	-	-	45,000
	354,992	29,430	-	-	384,422

* Payments were made to Mr Hatziladas through California Services Pty Ltd.

	Short-term benefits	Post-employment benefits	Long-term benefits	Share-based payments	
2016	Cash salary and fees $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:					
Mr David Shaw	63,334	6,017	-	-	69,351
Executive Directors:					
Mr Alexis Clark	200,000	19,000	-	-	219,000
Mr Jim Angelopoulos*	29,165	2,770	-	-	31,935
Mr Frank Pirera	69,996	6,650	-	-	76,646
Other Key Management Personnel:					
Mr Kleanthe Hatziladas **	75,000	-	-	-	75,000
	437,495	34,437	-	-	471,932

*	Mr Jim Angelopoulos resigned as Director and Chief Operations Officer on 26 November 2015.
**	Payments were made to Mr Hatziladas through California Services Pty Ltd.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration	
Name	2017	2016
Non-Executive Directors:		
Mr David Shaw	100%	100%
Executive Directors:		
Mr Alexis Clark	100%	100%
Mr Jim Angelopoulos	-	100%
Mr Frank Pirera	100%	100%
Other Key Management Personnel:		
Mr Kleanthe Hatziladas	100%	100%

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr David Shaw
Title:	Director & Non-executive Chairman
Agreement commenced:	6 March 2014
Term of agreement:	No fixed term
Details:	The Company may terminate the agreement immediately in the event of serious misconduct or neglect in the discharge of his duties. Furthermore the Company may terminate the agreement without cause at any time by giving 1 months written notice to the Director, and making payment of 1 month's remuneration in lieu of notice. The Director may terminate the agreement by providing 1 month's written notice to the Company.

Name:	Mr Alexis Clark
Title:	Chief Executive Officer
Agreement commenced:	7 April 2014
Term of agreement:	No fixed term
Details:	The Company may terminate the agreement immediately in the event of serious misconduct or neglect in the discharge by the CEO of his duties. Furthermore the Company may terminate the agreement without cause at any time by giving 3 months written notice to the CEO, and making payment of 3 month's remuneration in lieu of notice. The CEO may terminate the agreement by providing 3 month's written notice to the Company.

Name:	Mr Frank Pirera
Title:	Company Secretary and Chief Financial Officer
Agreement commenced:	6 March 2014
Term of agreement:	No fixed term
Details:	The Company may terminate the agreement immediately in the event of serious misconduct or neglect in the discharge of his duties. Furthermore the Company may terminate the agreement without cause at any time by giving 1 months written notice to the Director, and making payment of 1 month's remuneration in lieu of notice. The Director may terminate the agreement by providing 1 month's written notice to the Company.

Mr Kleanthe Hatziladas does not currently have service agreement in place.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Performance rights
The terms and conditions of each grant of performance rights affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per right at grant date
25/11/2014	Immediately upon satisfaction of terms	25/11/2019	$0.20	$0.078
25/11/2014	Immediately upon satisfaction of terms	25/11/2019	$0.50	$0.053
25/11/2014	Immediately upon satisfaction of terms	25/11/2019	$1.00	$0.033

* The performance rights were granted to Mr David Shaw, Mr Frank Pirera and Mr Alexis Clark.

Performance rights granted carry no dividend or voting rights.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Additional information

The earnings of the consolidated entity for the four years to 30 June 2017 are summarised below:

	2017 $	2016 $	2015 $	2014 $
Loss after income tax	(6,105,852)	(2,317,972)	(3,721,267)	(629,152)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2017	2016	2015	2014
Share price at financial year end ($)	0.02	0.16	0.17	-
Basic/diluted loss per share (cents per share)	(3.22)	(1.44)	(2.60)	(0.61)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr David Shaw	1,257,143	-	-	-	1,257,143
Mr Alexis Clark	3,737,143	-	-	-	3,737,143
Mr Frank Pirera	1,267,143	-	-	-	1,267,143
Mr Kleanthe Hatziladas	18,212,070	-	-	-	18,212,070
	24,473,499	-	-	-	24,473,499

Options

The number of options held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
Options over ordinary shares					
Mr David Shaw	553,572	-	-	(500,000)	53,572
Mr Alexis Clark	553,572	-	-	(500,000)	53,572
Mr Frank Pirera	553,572	-	-	(500,000)	53,572
	1,660,716	-	-	(1,500,000)	160,716

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Mr David Shaw	875,000	-	-	-	875,000
Mr Alexis Clark	1,750,000	-	-	-	1,750,000
Mr Frank Pirera	875,000	-	-	-	875,000
	3,500,000	-	-	-	3,500,000

Loans to key management personnel and their related parties
There were no loans to key management personnel and their related parties in place during the year.

Other transactions with key management personnel and their related parties
Set out below is a summary of all contracts that exist, or existed during the current or previous financial period, between the consolidated entity and Mr Kleanthe Hatzildas or his associates, and the resulting transactions.

ADC Service Agreement:
On 8 February 2012, Australian Development Consortium Residential and Commercial Developers Pty Ltd (ADC), a company associated with Mr Hatziladas, entered in a consultancy agreement with the Company (ADC Services Agreement) pursuant to which California Services Pty Ltd agreed to provide resources required by American Patriot to administer its business activities. Under the terms of the ADC Service Agreement, the consolidated entity paid costs of $130,000 during the financial year ended 30 June 2017 (30 June 2016: $105,000).

During the year, the consolidated entity paid California Services Pty Ltd (an entity associated with Mr Hatziladas) $102,469 (US$78,844) for purchases in consideration for office rental in the US. The purchase was completed at an arms-length transaction.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of American Patriot Oil & Gas Limited under option at the date of this report are as follows:

	Expiry date	Exercise price	Number under option
Listed options	20 October 2018	$0.25	21,621,725

During the financial year a total of 72,108,145 options expired which were purchased for $216,324 upon issue.

No person entitled to exercise the options had or has any right by virtue of the option/right to participate in any share issue of the company or of any other body corporate.

Shares under performance rights
Unissued ordinary shares of American Patriot Oil & Gas Limited under performance rights at the date of this report are as follows:

	Expiry date	Exercise price	Number under rights
Performance rights Class A	30 November 2019	$0.20	2,000,000
Performance rights Class B	30 November 2019	$0.50	1,000,000
Performance rights Class C	30 November 2019	$1.00	500,000
			3,500,000

Shares issued on the exercise of options
There were no ordinary shares of American Patriot Oil & Gas Limited issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of American Patriot Oil & Gas Limited issued on the exercise of performance rights during the year ended 30 June 2017 and up to the date of this report.

Indemnity and insurance of officers
The consolidated entity has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The consolidated entity is a party to Deeds of Indemnity in favour of each Director referred to in this report who held office during the year, as well as senior executives and statutory officers. The indemnities operate to the full extent permitted by law and are not subject to a monetary limit. American Patriot Oil and Gas limited is not aware of any liability having arisen, and no claim has been made, during or since the financial year under the Deeds of Indemnity.

Indemnity and insurance of auditor
The consolidated entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the consolidated entity has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of William Buck
There are no officers of the company who are former partners of William Buck.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

David Shaw
Non-Executive Chairman

28 September 2017

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AMERICAN PATRIOT OIL AND GAS LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2017 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director

Dated this 28th day of September, 2017

CHARTERED ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

American Patriot Oil & Gas Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Interest Income		5,511	38,760
Net foreign exchange gain		26,539	1,312
Expenses			
Administration		(35,152)	(78,991)
Employee benefits expense		(380,446)	(548,470)
Corporate, travel and consulting expenses		(1,371,296)	(1,306,301)
Depreciation and amortisation expense		(37,913)	(45,651)
Other expenses		(25,191)	(27,500)
Exploration costs written off	10	(4,185,238)	(1,633)
Occupancy expenses		(102,666)	(139,498)
Share based payments	5	-	(210,000)
Loss before income tax expense		(6,105,852)	(2,317,972)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of American Patriot Oil & Gas Limited		(6,105,852)	(2,317,972)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(197,844)	90,910
Other comprehensive income for the year, net of tax		(197,844)	90,910
Total comprehensive loss for the year attributable to the owners of American Patriot Oil & Gas Limited		(6,303,696)	(2,227,062)
		Cents	**Cents**
Basic/diluted loss per share	26	(3.22)	(1.44)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

American Patriot Oil & Gas Limited
Statement of financial position
As at 30 June 2017

	Note	Consolidated 2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	7	497,140	3,947,350
Trade and other receivables		33,241	39,901
Other deposits	8	1,056,854	-
Prepayments		5,244	23,839
Total current assets		1,592,479	4,011,090
Non-current assets			
Plant and equipment	9	103,729	120,061
Exploration and evaluation	10	3,276,322	7,106,716
Total non-current assets		3,380,051	7,226,777
Total assets		4,972,530	11,237,867
Liabilities			
Current liabilities			
Trade and other payables	12	144,826	176,456
Annual leave provision		30,113	21,526
Total current liabilities		174,939	197,982
Non-current liabilities			
Employee benefits		5,284	3,382
Total non-current liabilities		5,284	3,382
Total liabilities		180,223	201,364
Net assets		4,792,307	11,036,503
Equity			
Issued capital	13	17,978,483	17,918,983
Reserves	14	1,135,655	1,333,499
Accumulated losses		(14,321,831)	(8,215,979)
Total equity		4,792,307	11,036,503

The above statement of financial position should be read in conjunction with the accompanying notes

American Patriot Oil & Gas Limited
Statement of changes in equity
For the year ended 30 June 2017

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2015	12,209,387	1,356,087	(6,011,505)	7,553,969
Loss after income tax expense for the year	-	-	(2,317,972)	(2,317,972)
Other comprehensive income for the year, net of tax	-	90,910	-	90,910
Total comprehensive income for the year	-	90,910	(2,317,972)	(2,227,062)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 13)	5,709,596	-	-	5,709,596
Lapse of performance rights	-	(113,498)	113,498	-
Balance at 30 June 2016	17,918,983	1,333,499	(8,215,979)	11,036,503

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2016	17,918,983	1,333,499	(8,215,979)	11,036,503
Loss after income tax expense for the year	-	-	(6,105,852)	(6,105,852)
Other comprehensive loss for the year, net of tax	-	(197,844)	-	(197,844)
Total comprehensive loss for the year	-	(197,844)	(6,105,852)	(6,303,696)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 13)	59,500	-	-	59,500
Balance at 30 June 2017	17,978,483	1,135,655	(14,321,831)	4,792,307

The above statement of changes in equity should be read in conjunction with the accompanying notes

American Patriot Oil & Gas Limited
Statement of cash flows
For the year ended 30 June 2017

	Note	Consolidated 2017 $	2016 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,851,139)	(1,957,308)
Interest received		5,512	38,760
Net cash used in operating activities	25	(1,845,627)	(1,918,548)
Cash flows from investing activities			
Payments for plant and equipment	9	(21,580)	-
Payments for exploration and evaluation	10	(554,338)	(1,119,767)
Payments for deposits		(1,056,854)	-
Production revenue received	10	50,001	47,031
Net cash used in investing activities		(1,582,771)	(1,072,736)
Cash flows from financing activities			
Proceeds from issue of shares	13	-	6,054,078
Share issue transaction costs		-	(554,482)
Net cash from financing activities		-	5,499,596
Net increase/(decrease) in cash and cash equivalents		(3,428,398)	2,508,312
Cash and cash equivalents at the beginning of the financial year		3,947,350	1,501,722
Effects of exchange rate changes on cash and cash equivalents		(21,812)	(62,684)
Cash and cash equivalents at the end of the financial year	7	497,140	3,947,350

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover American Patriot Oil & Gas Limited as a consolidated entity consisting of American Patriot Oil & Gas Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is American Patriot Oil & Gas Limited's functional and presentation currency.

American Patriot Oil & Gas Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 September 2017. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period .The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management will be assessing the revenue contract for compliance under AASB 15 during the first half of the 2018 financial year for the oil and gas assets recently acquired.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However it will not have a material effect on the consolidated entity.

Note 2. Significant accounting policies (continued)

Going concern
The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity had net operating cash outflows for the year ended 30 June 2017 of $1,845,627 (30 June 2016: $1,918,548) and a closing cash balance of $497,140 at 30 June 2017 (30 June 2016: $3,947,350). The working capital position as at 30 June 2017 of the consolidated entity (current assets less current liabilities) of $1,417,540 (30 June 2016: $3,813,108).

The consolidated entity will continue to review current expenditure levels and further reduce corporate overhead costs. The consolidated entity has a successful history in raising funds and is well supported by its major shareholders. The consolidated entity has low capital commitments for both corporate and exploration activities.

The Directors continue to monitor the ongoing funding requirements of the consolidated entity. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors are confident that sufficient funds can be secured if required by a combination of capital raising and sale of assets to enable the consolidated entity to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

Therefore to continue as a going concern the consolidated entity must:
- Raise additional equity, as needed, and
- Manage the company's cost structure within the constraints of available cash resources; and
- Receive proceeds from either the full or partial sale of its existing tenement portfolio; and
- Secure farm-out arrangements of its existing tenement portfolio or obtain approval for the deferral of the current work programs.

The Directors continue to monitor the ongoing funding requirements of the consolidated entity. The Directors are confident that sufficient funds can be secured if required by a combination of capital raising and sale of assets to enable the consolidated entity to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis. The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Therefore to continue as a going concern the consolidated entity must:
- Raise additional equity, and
- Manage the company's cost structure within the constraints of available cash resources; and
- Receiving the proceeds from either the full or partial sale of its existing tenement portfolio; and
- Securing farm-out arrangements of its existing tenement portfolio or obtaining approval for the deferral of the current work programs.

The Directors continue to monitor the ongoing funding requirements of the consolidated entity. The Directors are confident that sufficient funds can be secured if required by a combination of capital raising and sale of assets to enable the consolidated entity to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, certain classes of property, plant and equipment.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of American Patriot Oil & Gas Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. American Patriot Oil & Gas Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Foreign currency translation
The financial statements are presented in Australian dollars, which is American Patriot Oil & Gas Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, where this approximates the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Management assesses acreage on an area of interest basis. Significant judgement is required by management when assessing each of area of interest and therefore managements judgement carries the risk of been misstated.

Joint arrangements
The consolidated entity holds a 30% interest in the Northern Star project. The arrangement relates to exploration activities in the Northern Star project, and is governed by a joint arrangement agreement with the operator of the project. Based on the agreement the consolidated entity has determined that it has joint control of the project. This therefore forms a joint operation in accordance with AASB 11 *Joint Arrangements*, as decision making requires both parties to agree and therefore has accounted for its expenditure in relation to this arrangement accordingly. As a result, all expenditure on the Northern Star project is capitalised in accordance with the consolidated entity's accounting policy for petroleum exploration assets.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity operates predominantly as an explorer for oil and gas with exploration activities being undertaken mainly in USA.

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the Chief Operating Decision Makers in order to allocate resources to the segment and to assess its performance. The Board of Directors reviews the consolidated entity as a whole in the business segment of oil and gas exploration.

Note 4. Operating segments (continued)

Geographical information

	Geographical non-current assets	
	2017	**2016**
	$	**$**
Australia	73,582	72,959
USA	3,306,468	7,153,818
	3,380,050	7,226,777

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Expenses

	Consolidated	
	2017	**2016**
	$	**$**
Loss before income tax includes the following specific expenses:		
Share-based payments expense	-	210,000

During the prior year the consolidated entity issued a total of 1,500,000 fully paid ordinary shares at an issue price of $0.14 (14 cents) per share to employees in accordance with the Employee Share Scheme Incentive Plan.

Note 6. Income tax

	Consolidated	
	2017	**2016**
	$	**$**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(6,105,852)	(2,317,972)
Tax at the statutory tax rate of 27.5% (2016: 28.5%)	(1,679,109)	(660,622)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses relating to US operations not deductible in parent entity tax jurisdiction	74,435	79,038
Share-based payments	-	59,850
Other deductible items	-	(153,329)
Impact of change in Australia corporate tax rate on brought forward deferred tax balances and tax losses	-	68,454
	(1,604,674)	(606,609)
Current year tax losses not recognised	930,149	683,189
Current year temporary differences not recognised	(225,948)	(58,287)
Difference in overseas tax rates	900,473	(18,293)
Income tax expense	-	-

Note 6. Income tax (continued)

	Consolidated 2017 $	Consolidated 2016 $
Deferred tax assets not recognised		
Deferred tax assets not recognised are attributable to temporary differences and tax losses as follows:		
Tax losses	3,926,052	2,846,341
Temporary differences	(166,406)	28,883
Total deferred tax assets not recognised	3,759,646	2,875,224

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed or, failing that, the same business test is passed.

The taxation benefits of tax losses and temporary difference not brought to account will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
(iii) no change in tax legislation adversely affects the consolidated entity in realising the benefits from deducting the losses.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 7. Current assets - cash and cash equivalents

	Consolidated 2017 $	Consolidated 2016 $
Cash on hand	-	120
Cash at bank	497,140	3,947,230
	497,140	3,947,350

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 8. Current assets - Other deposits

	Consolidated 2017 $	Consolidated 2016 $
Other deposits	1,056,854	-

During the year, the consolidated entity undertook due diligence in relation to potential project acquisitions. As part of this process a number of fully refundable deposits were paid prior to due diligence commencing. In the event due diligence is completed and the consolidated entity decides not to proceed with the acquisition the deposits will be fully refunded. A total of US$500,000 has been refunded subsequent to year end.

Note 9. Non-current assets - Plant and equipment

	Consolidated 2017 $	Consolidated 2016 $
Leasehold improvements - at cost	90,000	90,000
Less: Accumulated depreciation	(54,000)	(36,000)
	36,000	54,000
Fixtures and fittings - at cost	77,473	121,149
Less: Accumulated depreciation	(34,808)	(92,366)
	42,665	28,783
Motor vehicles - at cost	57,669	59,735
Less: Accumulated depreciation	(32,605)	(22,457)
	25,064	37,278
	103,729	120,061

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvement $	Fixtures & fittings $	Motor vehicles $	Total $
Balance at 1 July 2015	72,000	43,422	47,747	163,169
Additions	-	232	-	232
Exchange differences	-	678	1,633	2,311
Depreciation expense	(18,000)	(15,549)	(12,102)	(45,651)
Balance at 30 June 2016	54,000	28,783	37,278	120,061
Additions	-	21,581	-	21,581
Depreciation expense	(18,000)	(7,699)	(12,214)	(37,913)
Balance at 30 June 2017	36,000	42,665	25,064	103,729

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 9. Non-current assets - Plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	5 years
Furniture & fixtures	4 years
Computer equipment & software	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 10. Non-current assets - exploration and evaluation

	Consolidated	
	2017 **$**	**2016** **$**
Exploration and evaluation	7,959,518	7,677,040
Less: Accumulated impairment	(4,683,196)	(570,324)
	3,276,322	7,106,716

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration & evaluation $
Balance at 1 July 2015	5,816,046
Additions	1,186,972
Receipts from production revenues	(47,031)
Exchange differences	152,362
Impairment of assets	(1,633)
Balance at 30 June 2016	7,106,716
Additions	554,338
Receipts from production revenues	(50,001)
Exchange differences	(149,493)
Impairment of assets	(4,185,238)
Balance at 30 June 2017	3,276,322

Note 10. Non-current assets - exploration and evaluation (continued)

The ultimate recoupment of capitalised expenditure in relation to each area of interest is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas the results of which are still uncertain. Capitalised costs amounting to $554,338 (2016: $1,119,767) have been included in cash flows from investing activities in the statement of cash flows.

Management has reviewed each area of interest for impairment indicators in accordance with AASB 6 and has recognised a full impairment in relation to the Panther project as the consolidated entity will not be renewing the acreage within the area of interest. Management has recognised a partial impairment in relation to the Northern Star and Rough House projects for abandoned leased in the two areas.

Accounting policy for exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 11. Non-current assets - other

During the year, the consolidated entity undertook due diligence in relation to potential project acquisitions. As part of this process a number of fully refundable deposits were paid prior to due diligence commencing. In the event due diligence was completed and the consolidated entity decided not to proceed with the acquisition the deposits were fully refunded.

Note 12. Current liabilities - trade and other payables

	Consolidated	
	2017	**2016**
	$	**$**
Trade payables	65,783	110,525
Other payables	79,043	65,931
	144,826	176,456

Refer to note 15 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 13. Equity - issued capital

	Consolidated			
	2017	**2016**	**2017**	**2016**
	No.	**No.**	**$**	**$**
Ordinary shares - fully paid	189,659,694	188,959,694	17,978,483	17,702,659
Options	-	72,108,145	-	216,324
	189,659,694	261,067,839	17,978,483	17,918,983

Note 13. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2015	144,216,290		11,993,063
Issue of shares through the share purchase plan offer	23 December 2015	2,921,443	$0.14	409,002
Issue of shares through the share purchase plan shortfall offer	22 January 2016	13,883,006	$0.14	1,943,621
Issue of shares through the share purchase plan shortfall offer	26 February 2016	26,438,955	$0.14	3,701,454
Issue of shares through the employee share scheme	22 March 2016	1,500,000	$0.14	210,000
Capital raising costs		-	-	(554,481)
Balance	30 June 2016	188,959,694		17,702,659
Issue of shares as settlement of third party liability	10 November 2016	700,000	$0.085	59,500
Transfer to issued capital upon lapse of options	24 October 2016	-	-	216,324
Balance	30 June 2017	189,659,694		17,978,483

Options

Details	Date	Options	Issue price	$
Balance	1 July 2015	72,108,145		216,324
Balance	30 June 2016	72,108,145		216,324
Transfer to issued capital upon lapse of options	24 October 2016	(72,108,145)	-	(216,324)
Balance	30 June 2017	-		-

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital which includes ensuring a balance of raising funds through new equity issues and debt.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 14. Equity - reserves

	Consolidated 2017 $	Consolidated 2016 $
Foreign currency reserve	988,108	1,185,952
Share-based payments reserve	147,547	147,547
	1,135,655	1,333,499

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation $	Share based payments $	Total $
Balance at 1 July 2015	1,095,042	261,045	1,356,087
Foreign currency translation	90,910	-	90,910
Lapse of performance rights	-	(113,498)	(113,498)
Balance at 30 June 2016	1,185,952	147,547	1,333,499
Foreign currency translation	(197,844)	-	(197,844)
Balance at 30 June 2017	988,108	147,547	1,135,655

Note 15. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by the Board of Directors ('the Board') using policies that include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The consolidated entity's subsidiary operates in the US, and its functional currency is US Dollars. The results of the consolidated entity are presented in Australian Dollars, and therefore the results and net assets of the US subsidiary are subject to fluctuations as a result of exchange rate fluctuations.

Note 15. Financial instruments (continued)

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates		Reporting date exchange rates	
	2017	**2016**	**2017**	**2016**
Australian dollars				
US Dollars	1.3229	1.3731	1.3001	1.3466

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2017 $**	**2016 $**	**2017 $**	**2016 $**
US dollars	255,141	77,006	45,597	38,500

The parent entity operated a US dollar account during the year, and the balance at 30 June 2017 was US$450 (A$598).

The US based operation held cash and cash equivalents of US$190,080 (A$247,113) (2016: US$34,596 (A$46,587)). Other receivables amounted to US$4,848 (A$6,302) (2016: US$5,046(A$29,640)).

A sensitivity analysis on the net loss after tax on the US operations and the effect that a 10% movement in the AUD/USD can be seen below.

	AUD strengthened			AUD weakened		
Consolidated - 2017	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
US dollar	10%	517,306	517,306	(10%)	(517,306)	(517,306)

	AUD strengthened			AUD weakened		
Consolidated - 2016	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
US dollar	10%	103,474	103,474	(10%)	(103,474)	(103,474)

Interest rate risk
The consolidated entity's exposure to interest rate risk is primarily in relation to short-term deposits held which are held with reputable financial institutions.

As at the reporting date, the consolidated entity had the following variable rate cash and deposits:

	2017		2016	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Cash and cash equivalents	1.75%	497,140	1.75%	3,947,350
Net exposure to cash flow interest rate risk		497,140		3,947,350

Potential variances in interest rates are not expected to have a significant impact on the financial report.

Note 15. Financial instruments (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity, and is related mainly to bank deposits, tax refunds and any other deposits held by the company by third parties. As at 30 June 2017 the consolidated entity had deposits held by third parties in relation to potential project acquisition as set out in note 8. The risk associated with these deposits is that the third parties that hold these deposits default and the deposits are unable to be recovered. The consolidated entity considers the risk of default to be low as all parties that hold the deposits are considered to be reputable.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	65,783	-	-	-	65,783
Other payables	-	81,039	-	-	-	81,039
Total non-derivatives		146,822	-	-	-	146,822

Consolidated - 2016	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	110,525	-	-	-	110,525
Other payables	-	65,931	-	-	-	65,931
Total non-derivatives		176,456	-	-	-	176,456

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 16. Key management personnel disclosures

Directors
The following persons were directors of American Patriot Oil & Gas Limited during the financial year:

Mr David Shaw	Non-Executive Chairman
Mr Alexis Clark	Chief Executive Officer
Mr Frank Pirera	Director, Company Secretary, CFO

Note 16. Key management personnel disclosures (continued)

Other key management personnel
The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr Kleanthe Hatziladas	Promoter and consultant

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2017 $	2016 $
Short-term employee benefits	354,992	437,495
Post-employment benefits	29,430	34,437
	384,422	471,932

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Pty Ltd, the auditor of the company, and unrelated firms:

	Consolidated	
	2017 $	2016 $
Audit services - William Buck Audit (Vic) Pty Ltd (2016: Connect Audit and Assurance Services)		
Audit or review of the financial statements	31,250	45,000
Other services - unrelated firms		
US auditors review of American Patriot Oil & Gas Inc.	16,750	11,500

Note 18. Contingent liabilities

During the year proceedings have been brought by AOW against RFP for failing to drill two test wells under the Arikaree creek JV as required Under the Joint Venture (JV) agreement. Under the JV agreement upon drilling of two wells RFP will earn the right to a 70% interest in the acreage.

Proceedings were bought against the consolidated entity by Running Foxes Petroleum Inc. (RFP) in regards to the drilling of wells as set out in an agreement between the two parties as announced on 29 July 2016. Under the terms of the agreement, AOW are required to fund all drilling costs in respect of two exploratory wells and have an option to fund drilling on an additional two exploratory wells in exchange for a working interest of 90% with RFP holding the remaining 10%. At the point where the AOW recovers their drilling and completion costs to the point of production, RFP will increase its working interest to 25% and AOW with reduce its working interest to 75%. The joint venture will have a net revenue interest (NRI) of 80% after royalties. RFP has claimed that AOW has breached the agreement as it has not paid for the drilling of the second well.

The matter is in the discovery phase and the expected outcome is not considered to be material.

The consolidated entity had no contingent liabilities at 30 June 2016.

Note 19. Commitments

	Consolidated	
	2017	**2016**
	$	**$**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	32,827	76,491
One to five years	-	32,827
	32,827	109,318

Service Agreements
The Company has a service agreement with Australian Development Consortium Residential and Commercial Developers Pty Ltd, to provide it with the use of certain resources required to enable the Company to administer its business activities (including office equipment, computer hardware and software) and, in addition, has agreed to provide certain administrative, clerical, book keeping and consultancy services to the Company. The initial agreement had a term of one year and a monthly service fee of $10,000. The Agreement now operates on a month to month basis with either party having the right to terminate the agreement upon the provision of 30 days' written notice to the other party.

Royalties:

American Patriot Oil & Gas, Inc has granted an overriding royalty interest to Morning Gun Exploration Inc. This overriding royalty interest was granted with respect to acreage that currently forms part of the Northern Star Project, the Panther Project, the Southern Sun Project and the Overthrust Project. Under the terms of the override Morning Gun Exploration is entitled to receive between 0% and 7.5% of production from the acreage the subject of Morning Gun Exploration's override. The override will not apply to newly acquired land, it will continue to apply to any extension, renewals, replacements of leases over land that is currently burdened by the overriding royalty interest.

Note 20. Related party transactions

Parent entity
American Patriot Oil & Gas Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 22.

Joint operations
Interests in joint operations are set out in note 23.

Key management personnel
Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the directors' report.

At the date of initial admission to listing on the ASX the Board considered Mr Kleanthe Hatziladas was a promoter of the Company. Mr Hatziladas was founder of APOG LLC and was previously a director of APOG Inc and is a substantial Shareholder of the Company.

Transactions with related parties
Set out below is a summary of all contracts between American Patriot and Mr Hatziladas or his Associates:

Note 20. Related party transactions (continued)

ADC Service Agreement:
Australian Development Consortium Residential and Commercial Developers Pty Ltd (ADC), a company associated with Mr Hatziladas, entered into a prior a consultancy agreement with the Company (ADC Services Agreement) pursuant to which California Services Pty Ltd agreed to provide resources required by American Patriot to administer its business activities. Under the terms of the ADC Service Agreement, ADC was entitled to receive a monthly retainer of $5,000 (inclusive of GST) and reimbursements for travel and accommodation expenses incurred in the provision of the services to the Company. The monthly retainer increased to $10,000 per month upon the Company being admitted to the official list of the ASX.

The Contract is now on a month by month basis. During the prior year, APOG paid $130,000 to ADC for service provided to the entity.

During the year, the consolidated entity paid California Services Pty Ltd (an entity associated with Mr Hatziladas) $102,469 (US$78,844) for purchases in consideration for office rental in the US. The purchase was completed at an arms-length transaction.

During the prior year the consolidated entity acquired the following leases from Colorado Land Management and Development LLP to add to existing projects as follows:

Overthrust - Wyoming 1958 Acres US$327,000
Rough House - Colorado 320 Acres US$107,520

During the prior year the consolidated entity paid United Petroleum Consulting Services LLC in the amount of US$395,000 for consulting services including due diligence, title, legal fees and clearing fees.

Colorado Land Management LLP and United Petroleum Consulting Services LLC are operated by Associates of Mr Kleanthe Hatziladas.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2017	**2016**
	$	**$**
Current receivables:		
Loan to subsidiaries	9,404,927	9,029,513

Terms and conditions
Interest is charged at 5% per annum and the loan is due for repayment on or before 31 December 2017.

Note 21. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2017	**2016**
	$	**$**
Loss after income tax	(932,794)	(1,283,226)
Total comprehensive loss	(932,794)	(1,283,226)

Note 21. Parent entity information (continued)

Statement of financial position

	Parent 2017 $	Parent 2016 $
Total current assets	2,591,235	4,675,228
Total assets	12,069,745	13,037,335
Total current liabilities	104,127	159,482
Total liabilities	109,411	162,864
Equity		
Issued capital	17,978,483	17,918,983
Foreign currency reserve	-	40,842
Share-based payments reserve	147,547	147,547
Accumulated losses	(6,165,696)	(5,232,901)
Total equity	11,960,334	12,874,471

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2017 and 30 June 2016.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for plant and equipment at as 30 June 2017 and 30 June 2016.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity; and
- Joint ventures that the consolidated entity controls are considered to be controlled by the parent entity as the consolidated entity shares the same key decision makers as the parent entity.

Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
American Patriot Oil and Gas Inc.	USA	100.00%	100.00%
American Patriot Oil and Gas LLC	USA	100.00%	100.00%

Note 23. Interests in joint operations

The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the consolidated entity are set out below:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2017 %**	**2016 %**
Northern Star project	USA	30.00%	30.00%

Note 24. Events after the reporting period

On 2 August 2017, the consolidated entity acquired conventional oil and gas producing assets in located in South Texas. It is estimated that the acquired assets will generate 285 barrels of oil and gas equivalent per day/US$2 million net cash flow p.a. @ US$47 oil and is set to grow to in excess of 500 boepd. The acquired assets contain 900,000 barrels proven oil and gas reserves certified by independent reserve reports. The consideration for these assets amounted to US$4.5 million, split over two tranches.

On 14 August 2017, the consolidated entity completed a capital raising sophisticated and professional investors issuing a total of 36,814,469 fully paid ordinary shares at an issue price of $0.03 per share raising a total of $1.1 million before costs.

On 12 September, the consolidated entity acquired additional conventional oil and gas assets in Texas known as the Lost Lake and Goose Creek Oil fields. The total consideration for these assets totalled US$430,000.

The management are currently working through the accounting treatment of the recent acquisition.

On 14 September 2017, the consolidated entity completed a capital raising sophisticated and professional investors issuing a total of 6,167,335 fully paid ordinary shares at an issue price of $0.03 per share raising a total of $185,020 before costs.

On 22 September 2017, the consolidated entity executed debt facility term sheet with a major New York based institutional investor, for increased facility of up to US$40 million. The facility is subject to completion of loan documentation satisfactory to both parties and the completion of full technical due diligence on the consolidated entity's recent and all future acquisitions.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 25. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2017 $	Consolidated 2016 $
Loss after income tax expense for the year	(6,105,852)	(2,317,972)
Adjustments for:		
Depreciation and amortisation	37,913	43,108
Share-based payments	-	210,000
Foreign exchange differences	(26,540)	1,230
Write off of petroleum exploration assets	4,185,238	1,633
Change in operating assets and liabilities:		
Decrease in trade and other receivables	6,660	2,735
Decrease in prepayments	18,594	225,363
Increase/(decrease) in trade and other payables	27,871	(90,874)
Increase in employee benefits	10,489	6,229
Net cash used in operating activities	(1,845,627)	(1,918,548)

Note 26. Loss per share

	Consolidated 2017 $	Consolidated 2016 $
Loss after income tax attributable to the owners of American Patriot Oil & Gas Limited	(6,105,852)	(2,317,972)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	189,406,543	161,241,494
Weighted average number of ordinary shares used in calculating diluted earnings per share	189,406,543	161,241,494
	Cents	**Cents**
Basic/diluted loss per share	(3.22)	(1.44)

Accounting policy for earnings per share

Basic loss per share
Basic loss per share is calculated by dividing the loss attributable to the owners of American Patriot Oil & Gas Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 27. Share-based payments

The consolidated entity granted a total of 5,250,000 unlisted Performance Options on 25 November 2015 which contained vesting conditions relating to the significant improvement in the market capitalisation of the Company, aligning the interests of the holders to those of the shareholders.

Note 27. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
25/11/2014	25/11/2019	$0.20	2,000,000	-	-	-	2,000,000
25/11/2014	25/11/2019	$0.50	1,000,000	-	-	-	1,000,000
25/11/2014	25/11/2019	$1.00	500,000	-	-	-	500,000
			3,500,000	-	-	-	3,500,000

2016

Grant date	Expiry date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
25/11/2014	25/11/2019	$0.20	3,000,000	-	-	(1,000,000)	2,000,000
25/11/2014	25/11/2019	$0.50	1,500,000	-	-	(500,000)	1,000,000
25/11/2014	25/11/2019	$1.00	750,000	-	-	(250,000)	500,000
			5,250,000	-	-	(1,750,000)	3,500,000

* On 17 November 2015 Mr Jim Angelopoulos resigned as Director and Chief Operations Officer and therefore the Performance Rights held by him lapsed.

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2017 Number	2016 Number
15/09/2014	24/10/2016	-	72,107,965
26/11/2015	20/10/2018	21,621,725	21,621,725
		21,621,725	93,729,690

The weighted average remaining contractual life of options outstanding at the end of the financial year was 4 years and 5 months.

For the performance rights granted during the prior financial years, the binomial option pricing model valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
25/11/2014	25/11/2019	$0.17	$0.20	79.99%	-	3.35%	$0.078
25/11/2014	25/11/2019	$0.17	$0.50	79.99%	-	3.35%	$0.053
25/11/2014	25/11/2019	$0.17	$1.00	79.99%	-	3.35%	$0.033

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options and performance rights over shares that are provided to employees in exchange for the rendering of services.

Note 27. Share-based payments (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

American Patriot Oil & Gas Limited
Directors' declaration
30 June 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

David Shaw
Non-Executive Chairman

28 September 2017

American Patriot Oil and Gas Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of American Patriot Oil and Gas Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $6,105,852 and, net cash-outflows from operations of $1,845,627 during the year ended 30 June 2017. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Other Matter

The financial report of the Company for the year ended 30 June 2016 was audited by another auditor who expressed an unmodified opinion on the financial report on 30 September 2016.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. The matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

<table>
<tr><th colspan="2">CARRYING VALUE OF EXPLORATION AND EVALUATION ASSETS</th></tr>
<tr><th>Area of focus
Refer also to notes 1 and 9</th><th>How our audit addressed it</th></tr>
<tr><td>The Group has incurred exploration and evaluation costs for oil and gas tenements in the USA over a number of years.

During the 2017 financial year the Group had a number of tenement licenses expire, resulting in an impairment expense in the statement of profit or loss and other comprehensive income. There is a risk that accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate to the remaining tenements and therefore should be impaired.

An impairment review is only required if an impairment trigger is identified.
Due to the nature of the oil and gas industry, indicators of impairment could include:
— Significant decrease seen in global oil and gas prices which has been experienced in 2017;
— Changes to exploration plans;
— Loss of rights to tenements;
— Changes to reserve estimates;
— Costs of extraction and production; and
— Fluctuations in exchange rates between the US Dollar and the Australian Dollar.</td><td>Our audit procedures included:
— Assessing and challenging the inputs into the impairment charges recorded by management in the year ended 30 June 2017 in relation the tenement licenses that expired;
— An assessment of the level of impairment recognised on the remaining tenements recorded by management in the year ended 30 June 2017;
— A review of the directors' assessment of the criteria for the capitalisation of exploration expenditure and evaluation of whether there are any indicators of impairment to capitalised costs of the remaining tenements;
— Performing an assessment of whether any indicators of impairment existed in line with requirements of AASB6 - Exploration for and Evaluation of Mineral Resources; and
— We assessed the adequacy of the Group's disclosures in respect of the carrying value of exploration and evaluation assets.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we accordingly do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

— Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of American Patriot Oil and Gas Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

N. S. Benbow
Director

Melbourne, 28th September 2017

American Patriot Oil & Gas Limited
Shareholder information
30 June 2017

The shareholder information set out below was applicable as at 22 September 2017.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of AOWOA options over ordinary shares
1 to 1,000	20	1
1,001 to 5,000	27	5
5,001 to 10,000	118	9
10,001 to 100,000	270	59
100,001 and over	264	39
	699	113
Holding less than a marketable parcel	208	104

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Fand (Vic) Pty Ltd	15,000,000	6.45
Xero Nominees Pty Ltd	14,582,382	6.27
AXL Financial Pty Limited	10,000,000	4.30
Holicarl Pty Limited	8,333,334	3.58
Pellicano Future Fund Pty Ltd	7,500,000	3.22
Silverstone Wealth Pty Ltd	5,166,667	2.22
Carad Investments Pty Ltd	4,500,000	1.93
23 Oxford Street Pty Ltd	3,535,744	1.52
Alexis Clark	3,500,000	1.50
Flue Holdings Pty Ltd	3,422,247	1.47
One Managed Invt Pty Ltd	3,000,000	1.29
A N D H PTY LTD	2,700,000	1.16
Gab Superannuation Fund Pty Ltd	2,684,286	1.15
Defender Equities Pty Ltd	2,641,333	1.14
Sayers Investments (Act) Pty Limited	2,530,000	1.09
Notting Enterprises Pty Ltd	2,500,000	1.07
Baddad Pty Ltd	2,500,000	1.07
Hatz Investments Pty Ltd	2,250,000	0.97
SMC Capital Pty Ltd	2,124,170	0.91
Miss Laura Franco & Mr Michael Franco & Mr Robert Franco	2,047,620	0.88
	100,517,783	43.19

American Patriot Oil & Gas Limited
Shareholder information
30 June 2017

	Options over ordinary shares AOWOA Number held	ordinary shares % of AOWOA options issued
AXL Financial Pty Ltd	5,000,000	23.12
Zero Nominees Pty Ltd	2,142,858	9.91
Alitime Nominees Pty Ltd	853,572	3.95
Drax Nominees Pty Ltd	750,000	3.47
S2S Investment Holdings Pty Ltd	714,287	3.30
ACP Investments Pty Ltd	714,286	3.30
Wavehill Investments Pty Ltd	642,857	2.97
Aust Executor Trustees Ltd	500,000	2.31
Mr Brett James Rudd	500,000	2.31
Mrs Angela Maree Rowe	367,857	1.70
Ocean View Wa Pty Ltd	357,144	1.65
Dr Salim Cassim	357,143	1.65
Gab Superannuation Fund Pty Ltd	357,143	1.65
Flue Holdings Pty Ltd	357,143	1.65
ACP Investments Pty Ltd	357,143	1.65
Miss Laura Franco & Mr Michael Franco & Mr Robert Franco	357,143	1.65
Hyndon Pty Ltd	357,143	1.65
BFB Holdings Pty Ltd	357,143	1.65
Mr Mark John Turner	267,144	1.24
Barry Fitzgerald & Helen Fitzgerald	200,000	0.92
	15,510,006	71.70

Unquoted equity securities

	Number on issue	Number of holders
Performance rights over ordinary shares issued	3,500,000	3

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares Number held	% of total shares issued
Fand (Vic) Pty Ltd	15,000,000	6.45
Xero Nominees Pty Ltd	14,582,382	6.27

	Options over ordinary shares AOWOA Number held	Ordinary shares % of total options issued
AXL Financial Pty Ltd	5,000,000	23.12
Zero Nominees Pty Ltd	2,142,858	9.91

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Tenements

Description	Location	Interest owned %
Northern Star (includes 319 leases)	Montana	Depth Dependent
Panther Prospect (includes 28 leases)	Montana	100.00
Southern Sun (includes 6 lease)	Utah	100.00
Overthrust (includes 3 leases)	Wyoming	100.00
Rough House (includes 21 leases)	Colorado	100.00