

Quarterly Report for the period ending 30 September 2017

Release Date: 31 October 2017, Melbourne, Australia:

Highlights

- Acquired conventional oil & gas producing assets in Texas in two transactions
- 300 barrels of oil and gas equivalent per day/US\$30m revenue
- Set to grow to +500boepd by end-2017 – AOW cash flow positive end 2017
- 1m barrels proven oil and gas reserves certified by independent reserve reports
- A number of additional Texas transactions to be completed and funded in 2H 2017
- Executed Debt facility Term sheet for increased facility size of up to USD\$40m
- Successfully completed oversubscribed capital raising of \$1.3m

In the third quarter of 2017, American Patriot announced two oil and gas production acquisitions. The transactions announced will generate production of 300boepd by the end of 2017 with 1 million barrels of proven oil and gas reserves certified by independent reserve reports. This will generate approximately \$30m USD revenue at current oil and gas prices over a period of time.

First Acquisition: Anasazi and Safari acquisition

In the first transaction AOW has acquired conventional oil and gas assets in south Texas. 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 this transaction transforms American Patriot into a US oil production company with an immediate and growing cash flow and reserve base. We are now well on the path to being cash flow positive and importantly this is only the first of many such deals to come as Tranche 2 is on track to close in September more than doubling the production in this deal and we have a number of additional transactions in the pipeline set to close in the second half of 2017, which will further accelerate the production growth and reserves of American Patriot.

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

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

This is the first acquisition of many and we have a number of target assets in the pipeline, as we look to deliver on the strategy of aggressively building a producing conventional oil business with well over 1000bopd production in 2018. We now have 280boepd of oil and gas production which will generate immediate cash flow with the ability to grow this quickly to over 500bopd by the end-2017 and potentially double that by early 2018 through additional acquisitions and quickly restarting shut in production at low cost to the company. This is all underpinned by a growing reserve base.

We continue to conduct due diligence on a number of additional asset acquisitions. Our extensive due diligence process on the assets includes lease title review, site visits and other technical due diligence of the asset including review of any existing environmental liabilities and independent technical engineering assessment of the reserves and production potential on the assets. Whilst this process takes some time, we will continue to undertake thorough due diligence on all assets and will not acquire assets which do not pass our strict criteria in order to protect AOW shareholders and we have already rejected a number of transactions as a result of this rigorous screening process. We will be updating shareholders on this growing business with regular announcements. AOW is now dual listed on the US stock market and we are look to attract further US investors.

We would like to thank our shareholders for their ongoing support of the company as we look to deliver on our company strategy in 2017. We appreciate your patience in this challenging oil and gas market, that has seen many bankruptcies and significant shareholder wealth destruction in the US and Australian markets.



Second Acquisition: Lost Lake & Goose Creek Oil Field

American Patriot Oil and Gas has acquired additional conventional oil and gas assets in Texas known as the Lost Lake and Goose Creek Oil fields, consisting of 50 barrels of oil a day of conventional production (bopd) with significant upside potential. The asset contains 300,000 barrels equivalent proven oil and gas 1P reserves certified by independent reserve reports. These reserves have been acquired for US\$430,000 and are estimated to have the potential to generate USD\$11m revenue with a PV10 value of \$USD3m. The assets have been acquired out of Chapter 11 Bankruptcy from the major lender Solstice Capital LLC.

This transaction is part of tranche two of the recently announced assets acquired. Combined with the other assets we have recently acquired we are on track to achieving production of 300boepd by the end of 2017 with 1 million barrels of proven oil and gas reserves certified by independent reserve reports. This will generate approximately \$30m USD revenue at current oil and gas prices over a period of time.

The assets are being acquired using existing AOW cash plus funding from a significant US based funder which is partnering with AOW to acquire these and additional future conventional assets.

The Lost Lake and Goose Creek Oil fields acquired in this transaction are located in Harris and Chambers Counties Texas. Both fields are mature legacy assets with current daily production of 50bopd shut-in, with significant proven behind pipe pay that has not yet been exploited with the ability to grow production significantly for minimal capital expenditure. There is also substantial workover and behind pipe potential on the existing wells. Importantly all the existing infrastructure is in place consisting of pump jacks, tanks, batteries and piping. The asset requires minimal workover expenditure to bring these fields back to life and the field consists of 37 recompletions and underdeveloped wells with significant potential in these mature legacy fields. AOW will be operator of this asset with the existing owner assisting with this process. Operating costs in this region are approximately \$22/bbl so the wells are economic down to a low oil price.

We have been working on this deal for almost 12 months as the asset moved into bankruptcy extending the timelines, so completion of the transaction is a satisfying outcome given the work involved. Due to the distressed nature of the acquisition we have acquired the assets at a low cost entry point, with significant reserve potential and upside which the previous owner was unable to exploit. We can quickly restart the 50bopd shut-in production at a low or minimal cost and generate immediate cash flow. The upside potential is also readily achievable with workovers at low cost, which will double or triple production in the next 12 months.

On this deal and the other transactions we have completed we see substantial opportunities to lower the Lease Operating Expenses and achieve further cost efficiencies such as through the use of solar power in the field vs diesel to increase the net cash flows on the assets. We will have more information on these initiatives in the coming months

This is the second acquisition of many and following our recent trip to the US we have sourced a number of attractive new target assets, as we look to deliver on the strategy of aggressively building a producing conventional oil business with well over 1000bopd production in 2018. This is all underpinned by a growing reserve base.



With the pipeline of deals we have in place American Patriot is now a growing US oil and gas production company with an immediate and growing cash flow and reserve base in Texas - the heart of the US oil industry fully supported by our US based funders. We are now well on the path to being cash flow positive by the end of 2017 and importantly we are now demonstrating a track record of success in execution by closing and funding conventional production deals. 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.

Lost Lake & Goose Creek Oil Field

Lost Lake/Goose Creek acquisition includes 50 bopd shut in and 1P proven reserves of 300 mboe. The assets have been acquired from the major lender Solstice Capital LLC at the Bankruptcy court in Houston Texas and consist of the assets owned by OTeX Resources LLC a Texas limited liability company in Chapter 11 Bankruptcy. The assets consist of 65 oil wells covering approximately 340 leasehold acres HBP at 100% GWI/average 75-81% NRI in Harris and Chambers counties Texas.

The Lost Lake field is located in Chambers County and encompassed the entire Lost Lake Salt dome. Wells produce from the shallow Miocene zones with cumulative production of 1.37 million barrels of oil and 230 million cubic feet of gas since first production in the 1970's. Existing 2D seismic has identified 8-10 additional infill drilling sites upon the leases. The primary objective is to return the shut-in wells to production and rework behind pipe zones.

The Goose Creek Field is located in Baytown Texas. The wells produce from the shallow Miocene at depths from 1200 to 3860 feet. Cumulative production of 1.8 millions barrels of oil has been recovered since the first production in the 1950's. Rework of the shut-in wells should result in daily production increases in the range of 25-30bopd per well at minimal capex to rework the wells. In addition there are numerous additional locations for infill drilling targeting 50 to 100bopd per well targeting additional reserves of 300,000 barrels of oil. The producing wells are fully equipped while many of the shut-in wells have tubing and or rods in them.

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

Executed Debt facility Term sheet for increased facility size of up to USD\$40m

In late September AOW announced it has signed a term sheet for an increased debt facility size of up to USD\$40m with a major New York based institutional investor. The facility is subject to completion of loan documentation satisfactory to both parties and the completion of full technical due diligence on American Patriot's recent and all future acquisitions. This process is expected to take 30-40 days.

Execution of this term sheet is a key next step in further progressing American Patriot's US conventional oil and gas acquisition programme. We welcome the partnership with such a significant New York based funder who are supporting AOW on the back of our conventional oil and gas acquisition strategy in Texas. This increased facility size will enable American Patriot to

undertake a number of material acquisitions in the next 12 months that will have the potential to significantly grow the production, cash flow and reserves base of the company and generate significant value

Successfully completed oversubscribed capital raising of \$1.3m

American Patriot Oil and Gas Ltd (AOW, American Patriot or the Company) successfully completed a placement of its securities (Placement) to raise AUD\$1.3m. 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 of the issue of 42,981,804 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 it was oversubscribed is an indication of the endorsement by shareholders of the conventional acquisition strategy in Texas being pursued by American Patriot.

Current Petroleum tenements as at 30 September 2017

United States Acreage	Location	Working Interest	Joint Venture Partner	Gross Acres Held at 30 September 2017	Acres acquired during the quarter	Acres disposed during the quarter
Northern Star (includes 319 leases)	Montana	Depth Dependent	Treasure Exploration/Anadarko Minerals	59,027	-	3,416
Panther Prospect (includes 28 leases)	Montana	100%		6,840	-	-
Southern Sun (includes 6 leases)	Utah	100%		3,728	-	-
Overthrust (includes 3 leases)	Wyoming	100%		2,598	-	-
Rough House (includes 21 leases)	Colorado	100%	Running Foxes Petroleum	22,402	-	1,779



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About American Patriot Oil and Gas

American Patriot Oil and Gas (AOW) is an oil and natural gas exploration and development (E&P) group headquartered in Melbourne, Australia with a U.S. office in Denver Colorado. The company has approximately 28,256 net mineral acres under lease across 5 key projects. The projects are geographically focused on tight oil exploration and development opportunities in the Rocky Mountain Basins. Since its establishment, AOW has assembled a portfolio of prospective oil and gas exploration assets in the USA and has completed joint venture agreements on its key Northern Star asset in Montana with US based partners. AOW's business model is to internally generate prospects using geological knowledge, capture significant land positions at a low cost, and then reduce or remove risk capital exposure through a farm-out of a majority interest to a qualified US operator in a cash and carry deal. The directors of AOW all have significant experience with public companies in the oil and gas industry and will use their experience and energy to build an outstanding oil and gas production and exploration company.