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ASX Announcement

AMERICAN PATRIOT RECEIVES LETTER OF INTENT TO SELL COMPANY ASSETS FOR USD\$20m (AUD\$28m)

- AOW has received a Letter of Intent to sell the entire company assets for USD\$20m cash (AUD\$28m)
- Letter of Intent from private US oil company – Edward Mike Davis, LLC
- Opportunistic bid in current oil price market

American Patriot Oil and Gas (AOW) has received a Letter of Intent for the sale of the entire oil and gas assets of AOW for US\$20m cash (AUD\$28m) to a private US oil company, Edward Mike Davis, LLC. The Letter of Intent was received from the legal advisors of Edward Mike Davis, LLC and is subject to a number of terms and conditions.

American Patriot CEO Alexis Clark said, *"We are pleased to have received this approach from a significant private US oil company for the entire assets of American Patriot at this early stage in the development program. The offer demonstrates the quality of AOW's portfolio of assets and validates the company strategy, particularly in the current challenging market environment."*

"However we believe this offer is opportunistic in the current oil price environment and substantially undervalues the potential value of AOW assets."

"Accordingly, the board believes that is in the best interests of shareholders of AOW to focus on the performance of the assets to realise the significant value and to continue discussions with potential bidders to extract a higher offer price for the assets."

"American Patriot's business model continues to be robust, even during volatile oil markets. We will continue to focus on delivering on this model for our shareholders and to grow the business by looking for quality, low cost, early entry acreage plays. We will also look to maximise value and protect shareholder funds by entering into joint ventures with high quality US operators who pay for the drilling costs on our projects."

"The current low oil price environment represents a great opportunity to acquire valuable acreage in the USA. AOW will continue to look to expand its existing acreage positions and look to acquire attractive new projects if they become available."

"Our business plan is straightforward. We lease acreage at low cost, prove it as a resource project and then look to sell it for a multiple of the entry price. We will then return the capital to shareholders as a special distribution and look to repeat the model with proven US operators as JV partners. This is a proven model used by successful US oil and gas companies. Our Joint Venture partners are aligned with this strategy."



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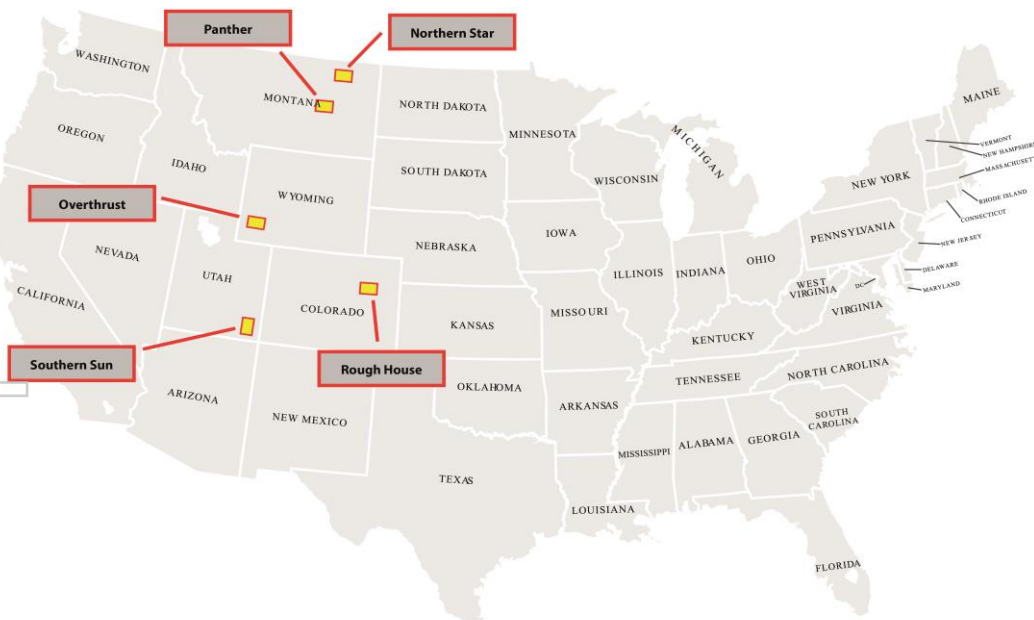
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www.ap-oil.com

About American Patriot Oil and Gas

American Patriot Oil and Gas (AOW) is an oil and natural gas exploration and development (E&P) group headquartered in Melbourne, Australia with a U.S. office in Denver Colorado. The company has approximately 40,466 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. AOW project map:



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