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ASX Announcement

## NEW ACQUISITION DOUBLES AOW PROVEN RESERVES TO 2 MILLION BARRELS

- **East Texas acquisition doubles reserves to 2.1 million barrels of oil equivalent**
- **Signed LOI - engineering due diligence completed expected to close in early December**
- **AOW now on track for 500 barrels of oil equivalent per day/ USD \$50m revenue @ \$50/oil**
- **Lender due diligence completed on reserves for this acquisition and other assets acquired**

American Patriot Oil and Gas has signed a new LOI to acquire additional conventional oil and gas assets in East Texas, consisting of 37 barrels of oil a day and 440 mcf/d of gas production (110 boepd) with significant upside potential. The asset contains 1,100,000 barrels of oil equivalent proven oil and gas 1P reserves certified by independent reserve reports. These reserves have been acquired for US\$2.5m and are estimated to have the potential to generate USD\$20m revenue over a period of time. The reserve study has been conservatively valued at \$50 USD/bbl oil prices vs current market prices of USD\$55/bbl. The assets have been acquired from a number of private oil and gas companies.

AOW has already completed an independent reserve report and full engineering study on the assets with further due diligence including land title and environmental work currently being undertaken. The transaction is scheduled to close in early December. Operating costs in this region are approximately \$23/bbl so the wells are economic down to a low oil price. Importantly all the existing infrastructure is in place consisting of pump jacks, tanks, batteries and ready access to market through gas pipeline and delivery to nearby refineries. The asset requires minimal workover expenditure to increase the production in the field. AOW will be operator of this asset with the existing owner assisting with this process.

Combined with the other assets we have recently acquired we are now on track to achieving production of 500boepd by the end of 2017 with 2 million barrels of proven oil and gas reserves certified by independent reserve reports. These assets will generate over \$50m USD revenue at current oil and gas prices over a period of time.

The USD\$40m facility recently announced is almost finalised. These assets are being acquired using funding from the facility provided by a significant US based funder who has already successfully completed engineering due diligence on this asset and American Patriot's other assets – this review was conducted by the Lender's independent reserve auditor. The lender is now completing additional due diligence including land title and environmental reviews on all assets. We are expecting to close the facility in the next 40 days in conjunction with the closing of the transaction announced today.



American Patriot CEO Alexis Clark commented: *“Completion of this transaction is a step change in the transformation of American Patriot into a significant production company. In our largest transaction to date we have now doubled our reserve base and production potential in one transaction which underpins the cash flow of the business. “We are continuing to find attractive distressed conventional assets in the current market with significant upside potential and we are currently completing due diligence on assets which are more than five times the size of this current deal”*

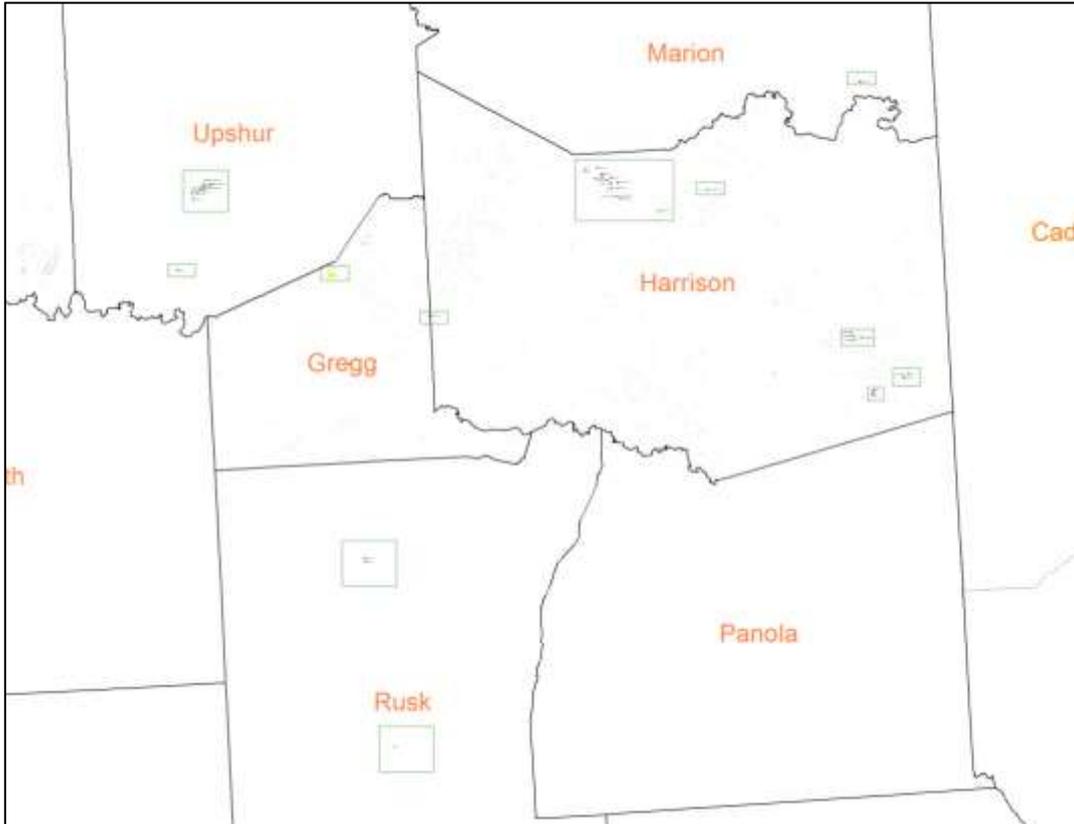
*“Importantly we have completed our engineering analysis prior to finalising the LOI which gives us confidence to move to the next phase and we have valued the reserves at a conservative USD\$50bbl vs current market prices. Our Lenders have also now successfully completed the due diligence of our reserves and using their own independent engineers they have confirmed the value of the reserves we are acquiring in this transaction and our other assets. Engineers in the current market environment are adopting conservative valuation metrics and this is supported by both engineering studies. We are well on track to quickly close the debt facility when we close this latest transaction”*

*“We have acquired the assets at a low cost entry point, with significant reserve potential and upside potential through production growth and future growth in the oil price. The asset is already generating 110 bopd production and we expect to be able to increase this significantly 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.*

*“This is our fourth acquisition of many and we have a pipeline of 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 - 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 early 2018, which will further accelerate the production growth and reserves of American Patriot.”*

The East Texas fields acquired in this transaction are located in Harrison, Gregg, Rusk and Upshur Counties, Texas. The fields are mature legacy assets with current daily production of 37bopd oil and 440mcf/d gas production, with significant proven behind pipe pay and infill drilling opportunities that has not yet been exploited with the ability to grow production significantly for minimal capital expenditure. There are over 38 producing wells over 43 leases with an average NRI of 76%. Estimated reserves are 400,000 bbls oil and 4 bcf gas.



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**About American Patriot Oil and Gas**

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