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ASX Announcement  
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## AMERICAN PATRIOT TO ACQUIRE NEW TEXAS ASSET, FURTHER INCREASING PROVEN RESERVES

- **South Texas acquisition increases company reserves to 2.3 million barrels of oil equivalent, which generates ~US\$80m in revenue at US\$50 oil**
- **Letter of Intent signed and engineering due diligence completed; transaction expected to close mid-January**
- **American Patriot on track to exit 2017 producing 500 barrels of oil equivalent per day**
- **Further transformation in store for 2018, with transactions in pipeline that will triple production and reserves**

American Patriot Oil and Gas Ltd (ASX:AOW) (“American Patriot” or “the Company”) has signed a Letter of Intent (LOI) to acquire an additional conventional oil and gas asset in South Texas, currently producing 40 barrels of oil a day (boepd) and 374 mcf/d of gas (102 boepd) and possessing significant upside potential. The asset contains 430,000 boe proven oil and gas 1P reserves certified by independent reserve reports. These reserves have been acquired for US\$1.2 million and are estimated to have the potential to generate more than US\$15 million in revenue for American Patriot. The reserve study has been conservatively valued at US\$50/bbl versus current market prices of US\$55/bbl.

American Patriot is acquiring the field from private oil and gas company, HJH Resources LLC, in a private, off-market transaction expected to close mid-January 2018. Engineering due diligence has been completed, while land title and environmental due diligence remains to be carried out. The asset consists of 38 Austin Chalk producing wells on 43 leases and requires minimal workover expenditure to significantly increase production. American Patriot will operate this asset, with the existing owner assisting with this process during the transition period.

The existing infrastructure is complete and in good working order consisting of pump jacks, tanks and batteries, with ready access to market through gas pipeline and delivery to nearby refineries. Operating costs in this region are approximately US\$23/bbl, ensuring the wells are economic at low oil prices. As with American Patriot’s other recent acquisitions, the Company sees substantial opportunity to lower the Lease Operating Expenses and achieve further cost efficiencies.

Including this acquisition, American Patriot is on track to achieve production of 500 boepd by the end of 2017 with over 2.3 mboe of proven oil and gas reserves certified by independent reserve reports. Combined, the Company’s assets are estimated to have the potential to generate more than US\$80 million in revenue based on current oil and gas prices.

American Patriot CEO Alexis Clark said: *“We are continuing our rapid build-up of producing assets in Texas, completing our fifth transaction in the second half of 2017. The transformation of American Patriot into a significant production company focused on the US continues with this deal, building a significant reserve base with upside potential to grow production and cash flow in line with an increasing oil price.”*

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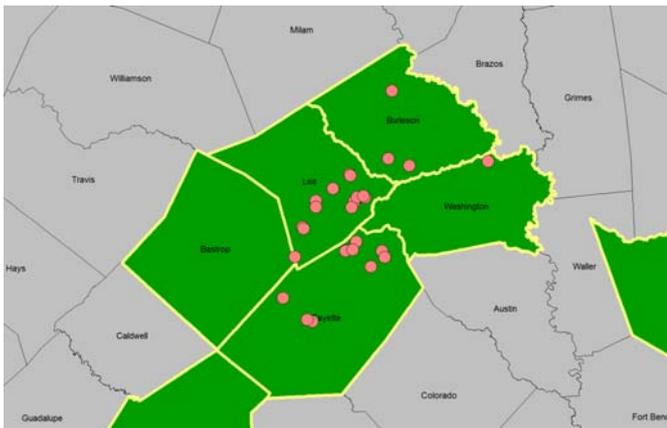
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*“We have identified a number of additional acquisition opportunities, including assets that are an order of magnitude larger than those we have recently acquired, and we will look to execute on those as build production to well over 1,000 boepd in 2018. This strategy is underpinned by a growing reserve base and cash flow to the company and supported by our US-based funder.”*

The South Texas assets are being acquired using the recently announced US\$40m facility, which is expected to close in December. This facility has been provided by a significant US-based funder that has successfully completed engineering due diligence on American Patriot’s other assets. The lender is now completing additional due diligence including land title and environmental reviews on all assets including this transaction.

The fields acquired in this transaction are located in Lee, Fayette and Burleson Counties, Texas. They are mature legacy assets with current daily production of 40 boepd oil and 374 mcf/d gas production from the Austin Chalk, with significant proven behind pipe pay and infill drilling opportunities that have not yet been exploited with the ability to grow production significantly for minimal capital expenditure. There are over 38 producing wells across 43 leases with an average NRI of 76%. Estimated proven reserves are 236,000 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 is focused on developing a significant conventional oil and gas production company focused on assets in the Texas and Gulf Coast region. The company has announced a number of recent acquisitions with a focus 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.