

MARKET ANNOUNCEMENT

Quarterly Report

SEPTEMBER QUARTER ACTIVITIES REPORT

Melbourne, October 31, 2018, American Patriot Oil and Gas Ltd ("AOW") is pleased to present its quarterly activities report for the period ending 30 September 2018.

Key highlights of these actions are:

Quarterly production of 38boepd (net AOW)

Net production income of \$234,000

Opening of Houston Office

Peak Energy & Magnolia / Burnett update

Rough House Project Update

We set out additional details below.

Quarterly Production

While AOW previously announced settlement of various acquisitions to the market, the September quarters results were the result of the Goose Creek, Anasazi and CWS assets which currently produce 38boepd. As a result the income for this quarter was a respectable \$234,000.

| Asset | Net Production (Quarter) | | Net Cash Flow (AUD) |
|--------------|--------------------------|--------------|---------------------|
| | Oil (bbl) | Gas (mcf) | |
| Anasazi | 623.0 | 7,949 | \$107,776 |
| Goose Creek | 945.8 | | \$98,501 |
| CWS | 572.4 | | \$28,321 |
| Total | 2,141 | 7,949 | \$234,598 |

As previously advised, AOW settled on the Peak Energy and Magnolia Burnett assets in October, accordingly we expect that the December quarter report will show a significant increase in the production and revenue in the upcoming period.





| Current production profile | SEPT QTR | DECEMBER QTR ADDITIONAL | | FORECAST DEC QTR MERGED PRODUCTION |
|----------------------------|------------------|-------------------------|-----------------------|---|
| | Existing Assets | Peak Energy | Magnolia / Burnett | |
| Asset Type | Conventional | Conventional | Conventional | Conventional |
| Operator | American Patriot | American Patriot | Various | Various |
| BOEPD | 38 | 114 | 156 | 308 |

Houston Office

AOW has opened an office in Houston, TX which is considered to be central to most of the company's assets in Texas. Houston has a number of benefits operationally, including being the centre of the oil and gas industry in the US. The office is part of a WeWork facility and gives us considerable flexibility for growth in the future to scale operations. We currently have a full time accounts and administrator operating from the space.

Peak Energy / Magnolia & Burnett acquisition

Operationally the Peak Energy and the Magnolia / Burnett assets have now settled and are operational.

| | |
|---|--|
|  |  |
| <p>Peak Energy well</p> | <p>Peak Energy well</p> |
|  |  |
| <p>Magnolia Well</p> | <p>Magnolia Well</p> |

Rough House Project - DJ Basin, Colorado

American Patriot has sold an interest of 640 net acres on the Rough House project to significant Colorado private oil company Weipking Fullerton for \$24,000 and a 2.5% override royalty. Weipking Fullerton are looking to undertake a 2 well drilling programme in 2019. We continue to look for opportunities to further monetise this acreage.

Lost Lake & Goose Creek Oil Field, Harris and Chambers County Texas CWS Acetite, La Salle County Texas

During the quarter, American Patriot continued the re-work process at Lost Lake and Goose Creek oil field to restart shut in production in that asset and production and first sales on the asset have commenced. Current production on these assets are 22bopd.

On the 20 acres we brought the 3 wells (Busch Enderli #1 & 2 and the Busch D #1) – The Motor was replaced. We are in the process of permitting a SWD to bring the operating cost down. In the Eastern part of the field we repaired our SWD and preparing to restart 3 additional wells – we anticipate repairing Rods, Tubing and Pumps. There is possibly a hole in the casing on one well.

On the CWS wells – we continue to pump the wells and moved pumping, we resized the #9 Pumping unit to produce more fluid and increase production. We will hook up electricity to it in the next week.

Current Petroleum tenements as at 30 September 2018

| United States Acreage | Location | Working Interest | Joint Venture Partner | Gross Acres Held at 30 September 2018 | Acres acquired during the quarter |
|---------------------------------------|----------|------------------|-----------------------|---------------------------------------|-----------------------------------|
| Northern Star (includes 319 leases) | Montana | Depth Dependent | Anadarko Minerals | 58,032 | - |
| Panther Prospect (includes 28 leases) | Montana | 100% | | 6,840 | - |
| Southern Sun (includes 6 leases) | Utah | 100% | | 1,078 | - |
| Overthrust (includes 3 leases) | Wyoming | 100% | | 2,598 | - |
| Rough House (includes 27 leases) | Colorado | 100% | | 20,807 | - |

-ENDS-



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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 Houston, Texas. 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.