



AMERICAN PATRIOT OIL & GAS LIMITED
ABN 79 154 049 144

HALF YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

American Patriot Oil & Gas Limited
Contents
31 December 2017



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Directors	Mr David Shaw (Non-Executive Chairman) Mr Alexis Clark (Director and Chief Executive Officer) Mr Frank Pirera (Director and Chief Financial Officer)
Company secretary	Mr Frank Pirera
Registered office	Level 1, 23 Oxford Street Oakleigh, Victoria 3166
Principal place of business	Level 1, 23 Oxford Street Oakleigh, Victoria 3166
Share register	Link Market Services Level 1, 333 Collins Street Melbourne VIC 3000 Phone: 1300 554 474
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Stock exchange listing	American Patriot Oil & Gas Limited securities are listed on the Australian Securities Exchange (ASX Code: AOW, AOWOA and AOWOB)
Website	http://ap-oil.com/

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of American Patriot Oil & Gas Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were directors of American Patriot Oil & Gas Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr David Shaw (Non-Executive Chairman)
Mr Alexis Clark (Director and Chief Executive Officer)
Mr Frank Pirera (Director, Company Secretary and Chief Financial Officer)

Principal activities

During the half year the principal continuing activities of the consolidated entity consisted of oil and gas exploration and the completion of production assets acquisitions within the United States of America.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,900,010 (31 December 2016: \$3,176,148).

Financial Position

The consolidated entity's net assets at 31 December 2017 were \$4,332,490 (30 June 2017: \$4,792,307) and its working capital position was \$506,358 (30 June 2017: \$1,417,540).

Cash and cash equivalents at 31 December 2017 were \$76,944 (30 June 2017: \$497,140). This reduction is caused by operating expenditure and the consolidated entity's investment in oil and gas assets during the period. The consolidated entity had net operating cash outflows from operating activities for the period ended 31 December 2017 of \$986,581 (31 December 2016: \$1,193,752).

Significant changes in the state of affairs

On 2 August 2017, the consolidated entity acquired an interest in the Anasazi conventional oil and gas assets in Southern Texas.

On 14 August 2017, the consolidated entity completed a capital raising with sophisticated and professional investors issuing a total of 36,814,469 fully paid ordinary shares at an issue price of \$0.03 (3 cents) per share raising a total of \$1.1 million before costs.

On 12 September 2017, the consolidated entity acquired additional conventional oil and gas assets in Texas known as the Lost Lake and Goose Creek Oil fields. The total consideration for these assets totalled USD\$450,000.

On 14 September 2017, the consolidated entity completed a capital raising with sophisticated and professional investors issuing a total of 6,167,335 fully paid ordinary shares at an issue price of \$0.03 (3 cents) per share raising a total of \$185,020 before costs.

On 22 November 2017, the consolidated entity completed a capital raising with sophisticated and professional investors issuing a total of 4,433,117 fully paid ordinary shares at an issue price of \$0.034 (3.4 cents) per share raising a total of \$150,726 before costs.

On 7 December 2017, the consolidated entity issued 666,666 fully paid ordinary shares at deemed price of \$0.03 (3 cents) per share to a director as approved by shareholders at the consolidated entity's Annual General Meeting held on 30 November 2017 raising a total of \$20,000 before costs.

On 7 December 2017, the consolidated entity issued 24,680 and 1,612,903 fully paid ordinary share to third parties for services provided.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 31 January 2018, the consolidated entity issued a total of 23,924,238 fully paid ordinary shares at an issue price of \$0.033 (3.3 cents) per share raising a total of \$789,500 before costs. As per the terms of the offer one free attaching quoted option was issued for every two shares subscribed. As a result the consolidated entity issued 11,962,119 quoted options with an exercise price of \$0.045 (4.5 cents) per option expiring on 20 September 2019.

On 7 February 2018, the consolidated entity signed a Purchase and Sale Agreement (PSA) pertaining to the acquisition of conventional oil and gas assets in East Texas. It is expected that the deal will close within 40 days of the announcement.

On 7 March 2018, the consolidated entity issued a total of 2,181,817 fully paid ordinary shares at a deemed issue price of \$0.033 (3.3 cents) raising \$72,000 before costs. On this day the consolidated entity also issued 242,424 and 1,000,000 fully paid ordinary shares to third parties for services provided. In addition a total of 7,090,909 quoted options were issued with an exercise price of \$0.045 (4.5 cents) per option expiring on 20 September 2019.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be "Alexis Clark", written over a horizontal line.

Alexis Clark
Executive Director

16 March 2018

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF AMERICAN PATRIOT OIL AND
GAS LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31
December 2017 there have been:

- no contraventions of the auditor independence requirements as set out in the
Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the
review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A handwritten signature in blue ink, appearing to be 'N. S. Benbow'.

N. S. Benbow
Director

Dated this 16th day of March, 2018

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Melbourne VIC 3000

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American Patriot Oil & Gas Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017



	Consolidated	
	31 December 2017	31 December 2016
Note	\$	\$
Revenue	86,590	4,496
Expenses		
Administration expenses	(52,988)	(23,794)
Employee benefits expense	(250,618)	(201,369)
Corporate, travel and consulting expenses	(744,600)	(838,847)
Occupancy expense	(57,179)	(52,543)
Other expenses	(161,923)	(16,721)
Depreciation and amortisation expense	(47,415)	(15,963)
Impairment of exploration assets	3 (671,877)	(2,031,407)
Loss before income tax expense	(1,900,010)	(3,176,148)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of American Patriot Oil & Gas Limited	(1,900,010)	(3,176,148)
Other comprehensive loss		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(60,672)	169,437
Other comprehensive loss for the half-year, net of tax	(60,672)	169,437
Total comprehensive loss for the half-year attributable to the owners of American Patriot Oil & Gas Limited	<u>(1,960,682)</u>	<u>(3,006,711)</u>
	Cents	Cents
Basic loss per share	9 (0.85)	(1.68)
Diluted loss per share	9 (0.85)	(1.68)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

American Patriot Oil & Gas Limited
Statement of financial position
As at 31 December 2017



	Consolidated	
	31 December	
Note	2017	30 June 2017
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	76,944	497,140
Trade and other receivables	34,045	33,241
Other deposits	697,836	1,056,854
Prepayments	27,394	5,244
Total current assets	<u>836,219</u>	<u>1,592,479</u>
Non-current assets		
Property, plant and equipment	219,125	103,729
Exploration and evaluation	3,049,158	3,276,322
Production assets	567,349	-
Total non-current assets	<u>3,835,632</u>	<u>3,380,051</u>
Total assets	<u>4,671,851</u>	<u>4,972,530</u>
Liabilities		
Current liabilities		
Trade and other payables	290,326	144,826
Employee benefits	39,535	30,113
Total current liabilities	<u>329,861</u>	<u>174,939</u>
Non-current liabilities		
Employee benefits	9,500	5,284
Total non-current liabilities	<u>9,500</u>	<u>5,284</u>
Total liabilities	<u>339,361</u>	<u>180,223</u>
Net assets	<u>4,332,490</u>	<u>4,792,307</u>
Equity		
Issued capital	19,479,348	17,978,483
Reserves	1,074,983	1,135,655
Accumulated losses	(16,221,841)	(14,321,831)
Total equity	<u>4,332,490</u>	<u>4,792,307</u>

The above statement of financial position should be read in conjunction with the accompanying notes

American Patriot Oil & Gas Limited
Statement of changes in equity
For the half-year ended 31 December 2017



Consolidated	Issued capital \$	Foreign currency reserve \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	17,918,983	1,185,952	147,547	(8,215,979)	11,036,503
Loss after income tax expense for the half-year	-	-	-	(3,176,148)	(3,176,148)
Other comprehensive income for the half-year, net of tax	-	169,437	-	-	169,437
Total comprehensive loss for the half-year	-	169,437	-	(3,176,148)	(3,006,711)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity	59,500	-	-	-	59,500
Balance at 31 December 2016	<u>17,978,483</u>	<u>1,355,389</u>	<u>147,547</u>	<u>(11,392,127)</u>	<u>8,089,292</u>
Consolidated	Issued capital \$	Foreign currency reserve \$	Share based payment reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	17,978,483	988,108	147,547	(14,321,831)	4,792,307
Loss after income tax expense for the half-year	-	-	-	(1,900,010)	(1,900,010)
Other comprehensive loss for the half-year, net of tax	-	(60,672)	-	-	(60,672)
Total comprehensive loss for the half-year	-	(60,672)	-	(1,900,010)	(1,960,682)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 5)	1,500,865	-	-	-	1,500,865
Balance at 31 December 2017	<u>19,479,348</u>	<u>927,436</u>	<u>147,547</u>	<u>(16,221,841)</u>	<u>4,332,490</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

American Patriot Oil & Gas Limited
Statement of cash flows
For the half-year ended 31 December 2017



	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	86,349	28,933
Interest received	241	4,496
Payments to suppliers and employees (inclusive of GST)	<u>(1,073,171)</u>	<u>(1,227,181)</u>
Net cash used in operating activities	<u>(986,581)</u>	<u>(1,193,752)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(136,638)	-
Payments for exploration and evaluation	(497,031)	(489,176)
Payments for production assets	(594,744)	-
Payments for deposits	(847,971)	(2,872,334)
Proceeds from deposits	1,206,989	2,477,597
Proceeds from disposal of property, plant and equipment	<u>-</u>	<u>1,428</u>
Net cash used in investing activities	<u>(869,395)</u>	<u>(882,485)</u>
Cash flows from financing activities		
Proceeds from issue of shares	1,460,180	-
Share issue transaction costs	<u>(10,091)</u>	<u>-</u>
Net cash from financing activities	<u>1,450,089</u>	<u>-</u>
Net decrease in cash and cash equivalents	(405,887)	(2,076,237)
Cash and cash equivalents at the beginning of the financial half-year	497,140	3,947,350
Effects of exchange rate changes on cash and cash equivalents	<u>(14,309)</u>	<u>15,600</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>76,944</u></u>	<u><u>1,886,713</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover American Patriot Oil & Gas Limited as a consolidated entity consisting of American Patriot Oil & Gas Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is American Patriot Oil & Gas Limited's functional and presentation currency.

American Patriot Oil & Gas Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 March 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity had net operating cash outflows for the half year ended 31 December 2017 of \$986,581 (31 December 2016: \$1,193,752) and a closing cash balance of \$76,944 at 31 December 2017 (30 June 2017: \$497,140). The working capital position as at 31 December 2017 of the consolidated entity (current assets less current liabilities) was \$506,358 (30 June 2017: \$1,417,540).

Subsequent to the end of the period the consolidated entity completed two shares placements. On 31 January 2018, the consolidated entity issued 23,923,238 fully paid ordinary shares at an issue price of \$0.033 (3.3 cents) per share raising a total of \$789,500 before costs. On 7 March 2018, the consolidated entity issued a total of 2,181,817 fully paid ordinary shares at an issue price of \$0.033 (3.3 cents) raising \$72,000 before costs.

In considering the ability of the consolidated entity to continue as a going concern the Directors considered the following matters:

- The consolidated entity has the ability to raise additional working capital through the issue of equity, as needed;
- The consolidated entity has a successful history in raising funds and is well supported by its major shareholders;
- The consolidated entity has the ability to significantly reduce its expenditures as required in order to manage the cost structure within the constraints of available cash resources;
- The consolidated entity has low capital commitments for both corporate and exploration activities;
- The directors are confident of increasing production on the consolidated entity's newly acquired oil and gas assets and utilising the proceeds from sale of the output for working capital purposes: and
- If required the consolidated entity has the ability to undertake either the full or partial sale of its existing tenement portfolio, enter into farm-out arrangements of its existing tenement portfolio or obtain approval for the deferral of the current work programs.

Note 2. Significant accounting policies (continued)

The Directors will continue to monitor the ongoing funding requirements of the consolidated entity.

As a consequence of the above, the directors believe that the consolidated entity will be able to continue as a going concern and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 3. Non-current assets - exploration and evaluation

	Consolidated	
	31 December	30 June 2017
	2017	2017
	\$	\$
Exploration and evaluation	<u>3,049,158</u>	<u>3,276,322</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Exploration and evaluation \$
Balance at 1 July 2017	3,276,322
Additions	497,031
Net receipts from production revenues	(7,164)
Exchange differences	(45,154)
Impairment of assets	<u>(671,877)</u>
Balance at 31 December 2017	<u>3,049,158</u>

The ultimate recoupment of capitalised expenditure in relation to each area of interest is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas the results of which are still uncertain.

Management has reviewed each area of interest for impairment indicators in accordance with AASB 6 and has recognised a full impairment of its Southern Sun and Running Foxes Petroleum projects as the consolidated entity will not be renewing the acreage within the area of interest. Management has recognised a partial impairment in relation to the Northern Star and Rough House projects for abandoned leases in the two areas.

During the period the consolidated entity acquired American Patriot Lost Lake LLC and American Patriot Goose Creek LLC for a total of US\$345,000. The consolidated entity assessed the acquisition and determined that it did not constitute a business and therefore it did not meet the requirements of AASB 3 Business Combinations. The consideration paid has therefore been considered exploration and evaluation expenditure in accordance with AASB 6.

The consolidated entity has a number of wells that are producing pre-production 'test oil' from development wells prior to entering full production. The test oil is considered necessary to the completion of the asset, the proceeds from sales have been offset against the asset cost instead of being recognised as revenue within the statement of profit and loss and other comprehensive income.

Note 4. Non-current assets - production assets

	Consolidated	
	31 December	30 June 2017
	2017	2017
	\$	\$
Production asset	<u>567,349</u>	<u>-</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Production assets \$
Balance at 1 July 2017	-
Additions	594,744
Exchange differences	(655)
Amortisation expense	<u>(26,740)</u>
Balance at 31 December 2017	<u>567,349</u>

On 2 August 2017, the consolidated entity acquired a working interest in conventional oil and gas assets located in Southern Texas for total consideration of US\$550,000 (less closing adjustments as set out in the Asset Purchase Agreement). Included in the due diligence process prior to the completion of the acquisitions the consolidated entity engaged third party consultants to complete independent reports to determine the production reserves within the assets.

The acquisition included 35 wells which are governed by operating agreements with third party Operators. The consolidated entity acquired varying non-Operator interests. In some wells, the consolidated entity obtained joint control, and in other wells the consolidated entity obtained only a passive investment and in concluding this the Director's considered the terms and condition of each agreement.

On initial recognition, the consolidated entity assessed the acquisition and determined that it was a party to a joint operation under AASB 11 – Joint Arrangements. As the assets acquired did not constitute a business the consolidated entity did not apply the fair value requirements of AASB 3 – Business Combinations.

The consolidated entity determined that in accounting for the acquisition the appropriate accounting policy was to recognise the consolidated entity's share of assets, liabilities, revenues and expenses.

The wells acquired are at an advanced production stage and accordingly the consolidated entity will amortise the carrying amount over the expected life of the wells.

The consolidated entity also considered the reports outlining production reserves when assessing whether there is any indication that the production assets may be impaired in accordance with AASB 136. Accordingly, no impairments have been booked.

Note 5. Equity - issued capital

	Consolidated			
	31 December 2017 No.	30 June 2017 No.	31 December 2017 \$	30 June 2017 \$
Ordinary shares - fully paid	239,378,864	189,659,694	19,479,348	17,978,483
Options - AOWOA	21,621,725	21,621,725	-	-
Options - AOWOB	24,040,803	-	-	-
	<u>285,041,392</u>	<u>211,281,419</u>	<u>19,479,348</u>	<u>17,978,483</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2017	189,659,694		17,978,483
Issue of shares - share placement	15 August 2017	36,814,469	\$0.03	1,104,434
Issue of shares - share placement	14 September 2017	6,167,335	\$0.03	185,020
Issue of shares -share placement	23 November 2017	4,433,117	\$0.034	150,726
Issue of shares -share placement	7 December 2017	666,666	\$0.03	20,000
Issue of shares to consultant	7 December 2017	12,768	\$0.03	383
Issue of shares to consultant	7 December 2017	11,912	\$0.033	393
Issue of shares to consultant	7 December 2017	1,612,903	\$0.031	50,000
Capital raising costs		-	-	(10,091)
Balance	31 December 2017	<u>239,378,864</u>		<u>19,479,348</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Listed options

The consolidated entity currently has two classes of listed options on issue (AOWOA and AOWOB), both classes of options have been issued as free attaching options with capital raisings completed during current and prior periods. The options do not carry any voting rights.

Share buy-back

There is no current on-market share buy-back.

Note 6. Contingent liabilities

During 2017 financial year proceedings were brought by the consolidated entity against Running Foxes Petroleum Inc. ("RFP") for failing to drill two test wells under the Arikaree creek JV as required under the Joint Venture (JV) agreement. Under the JV agreement upon drilling of two wells RFP will earn the right to a 70% interest in the acreage.

Proceedings were brought against the consolidated entity by RFP in regards to the drilling of wells as set out in an agreement between the two parties as announced on 29 July 2016. Under the terms of the agreement, the consolidated entity was required to fund all drilling costs in respect of two exploratory wells and have an option to fund drilling on an additional two exploratory wells in exchange for a working interest of 90% with RFP holding the remaining 10%. At the point where the consolidated entity recovers their drilling and completion costs to the point of production, RFP will increase its working interest to 25% and consolidated entity will reduce its working interest to 75%. The joint venture will have a net revenue interest (NRI) of 80% after royalties. RFP claimed that the consolidated entity breached the agreement as it has not paid for the drilling of the second well.

During the period the two parties reached a settlement agreement and there were no material costs incurred by the consolidated entity.

The consolidated entity had no other contingent liabilities at 31 December 2017 and 30 June 2017.

Note 7. Commitments

There has been no material change in commitments since the last annual reporting date 30 June 2017.

Note 8. Events after the reporting period

On 31 January 2018, the consolidated entity issued a total of 23,924,238 fully paid ordinary shares at an issue price of \$0.033 (3.3 cents) per share raising a total of \$789,500 before costs. As per the terms of the offer one free attaching quoted option was issued for every two shares subscribed. As a result the consolidated entity issued 11,962,119 quoted options with an exercise price of \$0.045 (4.5 cents) per option expiring on 20 September 2019.

On 7 February 2018, the consolidated entity signed a Purchase and Sale Agreement (PSA) pertaining to the acquisition of conventional oil and gas assets in East Texas. It is expected that the deal will close within 40 days of the announcement.

On 7 March 2018, the consolidated entity issued a total of 2,181,817 fully paid ordinary shares at a deemed issue price of \$0.033 (3.3 cents) raising \$72,000 before costs. On this day the consolidated entity also issued 242,424 and 1,000,000 fully paid ordinary shares to third parties for services provided. In addition a total of 7,090,909 quoted options were issued with an exercise price of \$0.045 (4.5 cents) per option expiring on 20 September 2019.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 9. Earnings per share

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
Loss after income tax attributable to the owners of American Patriot Oil & Gas Limited	<u>(1,900,010)</u>	<u>(3,176,148)</u>

Note 9. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>222,555,587</u>	<u>189,153,716</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>222,555,587</u>	<u>189,153,716</u>
	Cents	Cents
Basic loss per share	(0.85)	(1.68)
Diluted loss per share	(0.85)	(1.68)

During the period the consolidated entity made a loss from continuing operations and the options are also "out of the money". Therefore the options over ordinary shares on issue are non-dilutive.

American Patriot Oil & Gas Limited
Directors' declaration
31 December 2017



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be "Alexis Clark", written over a horizontal line.

Alexis Clark
Executive Director

16 March 2018

American Patriot Oil and Gas Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of American Patriot Oil and Gas Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of American Patriot Oil and Gas Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the consolidated entity incurred a net loss of \$1,900,010 and had net cash outflows from operating activities of \$986,581 during the half-year ended 31 December 2017. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

CHARTERED ACCOUNTANTS & ADVISORS

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- giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

As the auditor of American Patriot Oil and Gas Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N.S Benbow

N.S Benbow
Director

Dated this 16th day of March, 2018