



3 August 2018

Dear Shareholder

Notification of underwritten non-renounceable rights issue

On 3 August 2018, American Patriot Oil & Gas Limited (**Company**) announced a non-renounceable 1 for 3.57 rights issue of fully paid ordinary shares (**Rights Issue**), to raise approximately \$3.0 million (before costs), with 1 free attaching new option for every 2 new shares subscribed for and issued. A Prospectus setting out the terms and conditions of the Rights Issue was lodged with ASX Limited (**ASX**) on 3 August 2018 (**Prospectus**) and will be sent to all eligible shareholders together with a personalised Entitlement and Acceptance Form on Monday, 13 August 2018.

This letter gives shareholders brief details of the Rights Issue, certain information required under the ASX Listing Rules, proposed use of funds and the important dates of the Rights Issue. The Rights Issue is non-renounceable which means that rights cannot be traded or sold.

The new shares to be issued pursuant to the Rights Issue will rank equally with the Company's existing fully paid ordinary shares.

The Rights Issue is only open to eligible shareholders, being shareholders whose registered address is in Australia or New Zealand at 7.00pm on AEST on Wednesday, 8 August 2018.

The Company has determined that it would be unreasonable to make offers under the Rights Issue to all shareholders with addresses outside of Australia or New Zealand (**Ineligible Shareholders**) having regard to the relatively small number of the Company's shareholders in those jurisdictions, the relatively low number and value of the shares that would be offered to those shareholders under the Rights Issue and the costs of complying with legal and regulatory requirements in those jurisdictions. Accordingly, the Rights Issue is not being extended to Ineligible Shareholders. Any entitlements to such shares will lapse and the relevant shares will form part of the additional shares and shortfall under the Rights Issue.

Actions required by Eligible Shareholders

To take up all of your rights to subscribe for shares pursuant to the Prospectus (**Entitlement**), you must ensure that your application money for your Entitlement is received by the share registry Link Market Services Limited no later than 5pm (AEST) on Monday, 27 August 2018, as outlined in your personalised Entitlement and Acceptance Form.

If you only wish to accept part of your Entitlement, you must ensure that your application money for the Entitlements you wish to take up is received by the share registry Link Market Services Limited no later than 5pm (AEST) on Monday, 27 August 2018, as outlined in your personalised Entitlement and Acceptance Form.

Eligible Shareholders may apply for additional shares (and attaching additional options) over and above their Entitlement at the same price of 2.5 cents per additional share, if and to the extent there is any shortfall in subscriptions under the Rights Issue. The allocation of any additional shares and attaching additional options will be subject to the Company's discretion and limited to the extent that there are sufficient new shares and new options from shareholders who did not take up their Entitlement.

You are not obliged to take up your Entitlement. However, if you do not take up your Entitlement, your existing interest in the Company will be diluted.

If you hold shares in the Company as nominee or custodian of an Ineligible Shareholder(s), the Company requests you not to:

- (a) send any Prospectus to Ineligible Shareholders; and
- (b) submit any Entitlement or Acceptance Form for the Rights Issue or otherwise purchase shares under the Prospectus on behalf of any such Ineligible Shareholder.

Funds raised under the Rights Issue may be used to pay the costs of the issue, partially fund the acquisition of Foothills Resources Inc and Magnolia/Burnett Assets as announced by the Company on 24 July 2018, expenses relating to the Company's existing oil and gas projects and for ongoing working capital purposes.

Details of the Rights Issue are as follows:

Type of issue	Pro-rata non-renounceable entitlement issue of fully paid ordinary shares (Shares) of 1 Share for each 3.57 Shares held, with 1 free attaching New Option for every 2 New Shares subscribed for and issued (with an exercise price of 4.5 cents and an expiry date of 20 September 2019).
Issue price	\$0.025 (2.5 cents) per Share.
Number of shares to be issued	Up to 122,405,134 Shares.
Amount to be raised	Up to \$3,060,128
Rights trading	Rights cannot be traded or sold.
Additional Shares and Additional Options	Eligible shareholders can apply for apply for additional shares (and attaching additional options) in excess of their Entitlement. Additional Shares and additional options will be allocated in accordance with the allocation policy set out in the Prospectus. Any Shares and options not taken by eligible shareholders will form part of the shortfall. The directors of the Company reserve the right to place the shortfall Shares and options at their absolute discretion.
Shortfall	The Company has entered into an underwriting agreement with Capital Investment Partners Pty Ltd ABN 37 110 468 589 (Capital Investment) under which Capital Investment has agreed to underwrite the Rights Issue, subject to terms and conditions which are customary for agreements of this kind. The

Company must pay Capital Investment an underwriting fee of 5% and management fee of 1% of the underwritten amount. In addition the Company will also issue 30,000,000 unlisted Options to the Underwriter, exercisable at 5 cents each, with an expiry date of 31 August 2021, subject to shareholder approval.

Listing The Company has applied to ASX for quotation of the Shares.

Key indicative dates*

Announcement of Offer	3 August 2018
Lodgement of cleansing notice, Prospectus and Appendix 3B with ASX	3 August 2018
Notice sent to shareholders	3 August 2018
Ex Date	7 August 2018
Record Date for determining entitlements	8 August 2018
Prospectus despatched to eligible shareholders and Company announces despatch has been completed	13 August 2018
Closing Date	27 August 2018
Securities quoted on a deferred settlement basis	28 August 2018
ASX notified of under subscriptions	30 August 2018
Issue date	3 September 2018

**The above timetable is indicative only and subject to change. Subject to the ASX Listing Rules, the directors of the Company reserve the right to vary these dates, including the Closing Date, without notice. The directors may extend the period of the Rights Issue or bring forward the Closing Date at their discretion.*

Full details of the terms and conditions of the Rights Issue are contained in the Prospectus which is available on the ASX website www.asx.com.au by searching under the ASX Code "AOW."

Yours faithfully



Alexis Clark
Chief Executive Officer