

TEXAS PRODUCTION GAINS MOMENTUM

- **Goose Creek/CWS production restarted – 22 bopd online from seven wells**
- **Revenue in excess of US\$30k recorded so far this month**
- **15 wells restarted by 30 September – targeting 50bopd and US\$60k revenue per month**
- **White Oak Global Advisers site visit successfully completed at Foothills with additional upside potential identified and loan documentation being prepared**
- **Closing of acquisitions on track to deliver value of US\$48m/AU\$66m PV10 vs current market cap of AU\$11m**
- **Purchase and Sale Agreement signed/deposit paid for Magnolia/Burnett assets**
- **Rights Issue closes Monday 27 August at 5.00pm AEST**

American Patriot Oil and Gas Limited (ASX:AOW; “American Patriot” or “the company”) has further advanced the re-work process at its Goose Creek oil field in Baytown, Texas and the CWS Aceite assets in South Texas to restart shut-in production at both locations.

The assets are now generating 22 barrels of oil per day (bopd) of production from seven wells, which has so far generated revenue of US\$32,592 from production sold. The company expects to generate at least US\$40,000 by the end of the month from production sold with a daily average of 30 to 40 bopd.

American Patriot Chief Executive Officer Alexis Clark believes these are important milestones as the Company prepares to commence sustained production.

“In the near future we expect to significantly grow production and net cash flows just from these assets, not including the significant uplift from the new acquisitions” Mr Clark said.

“The past six months has seen our team, led by Chief Operating Officer Nicholas Melosi, successfully persisted to obtain regulatory approvals and progress this field to production.

“The location of these assets is also important, situated directly adjacent to The Foothills project allowing us to use the same infrastructure and work crews to achieve significant economies of scale.

“Today we have access to an additional 50 wells, some of which we are currently permitting for recompletions, and expect to generate over 100bopd by the end of the year with current assets.”

This week, American Patriot hosted a successful site visit at the Foothills asset with the lender, White Oak Global Advisers, and loan documentation has commenced. The company is also well advanced in discussions with several hedging counterparties to lock in the best commodity price hedging.

“The site visit further affirmed the significant upside potential to the asset coming from the workover and recompletion program which will commence immediately after the close of the transaction.

“Importantly, the visit identified further additional upside from multiple waterflood testing programs and pumping unit/downhole pump sizing exercises on the asset.

The company plans to run a fluid level testing program to get a handle on water movement in the different reservoirs. In addition to this, we have also signed the Purchase and Sale Agreement on the Magnolia and Burnett assets and paid a 10 per cent deposit.

At the completion of these deals, estimated EBITDA will increase to approximately US\$11.5m per annum in CY2019 (for all assets), following the completion of the capex program based on an oil price of US\$65bbl.

“The assets deliver significant value to the company of US\$48m PV10/AU\$68m with our current market cap of AU\$11m.

“The production potential and the reserves base of the acquired assets is shifting the Company to becoming a significant explorer and producer.

“We have already commenced the early stage process of identifying the next asset acquisition, which will be more than double the current deal size.

“With the support of funding from our partner, we will continue to build a significant reserve base with upside potential to grow production and cash flow in line with increasing oil prices.

“We are now positioned for a period of significant growth and on a path to becoming cash flow positive.”

The company remains on track to close the Foothills, Peak Energy and Magnolia/Burnett deals in the coming weeks.

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Workover rig and crew repairing the Busch H. #2B well at the Goose Creek Field



Aerial view of the Goose Creek Field

Goose Creek Field – Otex Resources

The Lost Lake and Goose Creek Oil fields are located in Harris and Chambers Counties Texas. Both fields are mature legacy assets with current daily production of 50bopd shut-in, with significant proven behind pipe pay that has not yet been exploited with the ability to grow production significantly for minimal capital expenditure.

There is also substantial workover and behind pipe potential on the existing wells. The assets consist of 65 oil wells covering approximately 340 leasehold acres HBP at 100% GWI/average 75-81% NRI in Harris and Chambers counties Texas.

The Busch lease received minor surface repairs to bring the wells back online. The Busch Et al A3 needed general electrical and plumbing work to restore the production.

The electrical work performed was replacing the motor starter, overloads and replaced the grounding wire. As far as plumbing the flow line had to be transferred to a new holding facility to assure safety.

The 1B needed a new motor starter, overloads, disconnect, HOA and Repair grounding. Since mid-June, the wells have averaged approximately 10 BOPD since repairs were undertaken, we anticipate the production to drop off over the next 60 days but are currently preparing to perform work on 3 more wells in the next 2 weeks and another 12 wells in the next 60 days.

The 2B needed several joints of tubing replaced and the downhole pump repaired.

The work performed on the 9B was downhole pump repair and replaced 3 number 1 rods

We are currently testing tubing and inspecting the pump on the 10B and has historically produced 8 – 10 bopd.

We plan to inspect equipment on 3 other wells on this lease in the next 2 weeks.



CWS Aceite Assets

CWS Aceite ANB/STS are located in South West Texas that American Patriot acquired. The subject wells are located in Lasalle Co., Texas, and produce from various formations. Production potential is: 30-50 boepd (post restart shut in production, re-works and new Drills) 1P Proven reserves: 225 mboe; US\$2.4m PV10. Significant upside potential for PDNP and behind pipe at minimal capex to grow production significantly.

Work on Wells –

STS #12 – Polish rod replaced

STS #1 – The well was pulled to repair the downhole pump

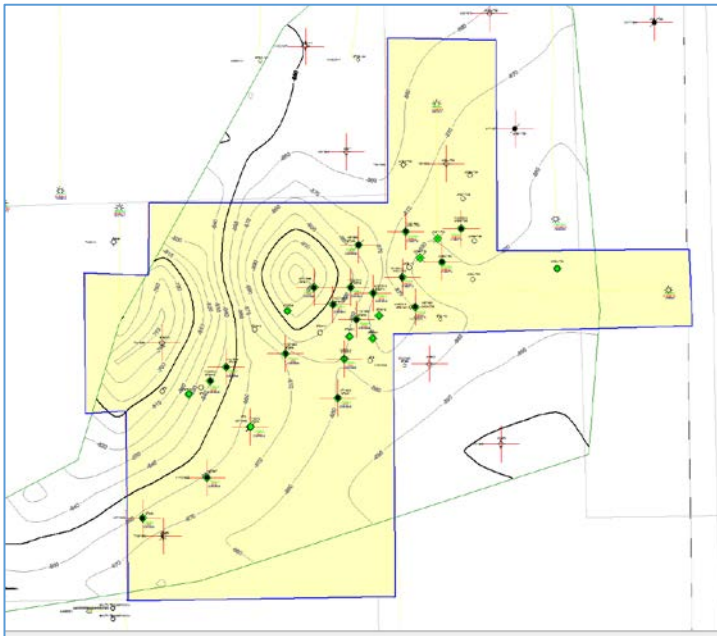
STS #9 – The well was pulled to repair the downhole pump, we are currently waiting on the Saddle bearings to be installed

STS #2(SWD) – Electrical meter installation

STS #8-756 – Down hole pump repaired and waiting on saddle bearings for installation

ANB #5-756 – Pumping unit moved from the ANB #11-756

ANB #1-756 – Electrical Capacitor Replacement



Rights Issue

As a reminder the rights issue close on Monday August 27 at 5.00pm. The rights issue is a fully underwritten, pro-rata non-renounceable 1 for 3.57 rights issue ("Rights Issue") to Eligible Shareholders, to raise approximately \$3.0 million (before costs), with 1 free attaching New Option for every 2 New Shares subscribed for and issued. The options will have an exercise price of 4.5 cents and an expiry date of 20 September 2019 and will be listed under the code AOWOB. New shares are priced at 2.5 cents per share.



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ASX Announcement

AOW.ASX ANPOF.OTC

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.