

Quarterly Report for the period ending 31 December 2014

Release Date: 30 January 2015, Melbourne, Australia:

Highlights

- American Patriot strikes oil with first well in Montana Fort Peck 6-32
- First of four horizontal unconventional wells due to be drilled March 2015 (AOW free carried)
- Second conventional well drilling in March – part of a 17 well programme
- Acquired an additional 5,206 net acres during the quarter in the DJ Basin Colorado
- Exposure to 40,000 net acres in Montana, Colorado, Utah, Wyoming

American Patriot (AOW.ASX) became an oil producer in the December quarter, less than 4 months after listing. Success in the company's first conventional well is being followed up with planning for a second conventional well, as well as the high-impact unconventional well in the Northern Star project in Montana, both to be drilled in March. AOW also acquired more acreage in the DJ Basin which is prospective for low cost conventional drilling projects.

Whilst the oil markets have been increasingly volatile, AOW has a business model which ensures the company is protected from the harshest impact of this. AOW's business model protects shareholder funds by shifting the costs of seismic data acquisition and drilling on to our JV partner. In addition to this AOW also has an extensive portfolio of low-cost conventional drilling targets which are economic at very low oil prices. AOW will continue to focus on implementing and delivering on this business model.

AOW now controls over 40,000 net mineral acres across 5 key projects in the Rocky Mountain Basins and the company is in advanced discussions on new JV's across our acreage position. Following an active 2014, 2015 is shaping up to be a landmark year for AOW with potentially up to 9 wells to be drilled during the year on the Northern Star project in Montana. Importantly the high-impact unconventional drilling programme is scheduled to commence in March. AOW is free carried, with no cost cap, on the first two Ratcliffe horizontal wells with an additional 2 optional wells. Success in these wells could unlock a significant, new, tight oil resource with the potential to create significant acreage value and upside for shareholders.

Our JV partners may drill up to 5 conventional wells in 2015 with the second conventional well poised to spud in March 2015. This follows on the successful Fort Peck 6-32 well which produced oil in the Lustre Field at the Northern Star project, Montana. There is a potential 17 conventional oil prospects generated from modern 3D seismic data on the project. Importantly, vertical wells can be drilled cheaply and with a low decline rate such that the wells are economic at very low oil prices.

In addition to this AOW is actively marketing the highly prospective Panther project in Montana and the Rough House project in Colorado. Both are low risk conventional oil projects economic at low oil prices. We expect to close JV agreements on these projects by mid-2015.

Key project updates are as follows:

Northern Star Project, -12,602 net acres Valley County, Montana

Unconventional drilling programme to commence at Northern Star project

The high impact unconventional drilling programme is scheduled to commence in March. AOW is free carried with no cost cap on the first two Ratcliffe horizontal wells with an additional 2 optional wells. AOW's JV partner is committed to drilling these wells in 2015. Success on these wells could unlock a significant, new, tight oil resource with the potential to create significant acreage value and upside for shareholders.

AOW conventional drilling programme well underway – Fort Peck 6-32 well successful

On the 21st October AOW announced that it had become a commercial oil producer less than four months after listing on the ASX. The first conventional well, Fort Peck 6-32, was successfully completed in the Lustre Field at the Northern Star project, Montana. AOW's JV partners are now in the advanced stages of planning for the next conventional well with drilling expected in March.

The successful Fort Peck 6-32 well is the first of a potential 17 conventional oil prospects generated from modern 3D seismic data, with multiple stacked reservoirs that are proven producers in the region with access to infrastructure and significant upside potential. Success in all or some of these prospects opens up the possibility of extended in-fill drilling and additional field development representing a significant potential new conventional oil resource, worth hundreds of millions of dollars which could create significant shareholder wealth and cash flow to underpin the business. With the recent sharp fall in the oil price we are expecting a reduction in drilling costs with rig day rates dropping sharply which could reduce overall exploration costs. AOW will be looking to take advantage of these favourable new industry conditions.

Rough House Project, 13,456 net acres DJ Basin, Colorado

Acquisition of 5,206 net acres in DJ Basin, Washington & Elbert Counties, Colorado

During the quarter AOW acquired an additional 5,206 net acres in the DJ Basin, in Washington & Elbert Counties Colorado. This acreage has been acquired from different vendors during the quarter. The lease terms are for an average 5 years with and there are no seismic or drilling commitments on the acreage acquired. Importantly as part of this transaction AOW has acquired the remaining 10% interest held by Colorado Land Management and extinguished a commitment of \$2.5m to undertake seismic and drill a well on this acreage by February 2015. These transactions lifted AOW's holding to 30,706 gross acres (13,456 net acres), in the oil producing DJ Basin in Colorado (Rough House project).

Recently prospective acreage in Washington County and the DJ Basin has been the subject of very significant leasing activity supported by positive conventional drilling results from a number of major companies. For example, Nighthawk Energy has 14 conventional wells producing at a combined rate of ≈2000bopd and Cascade Petroleum has over 10 wells permitted for drilling nearby in 2014. Both companies have significant acreage positions right next door to AOW's acreage. These conventional wells are economic to low oil prices. AOW is in advanced discussions with potential JV partners on the Colorado acreage and is looking to close a JV transaction in early 2015.

Panther Project, 10,293 net acres, Garfield County, Montana

AOW holds 12,150 gross acres/10,293 net mineral acres on the Panther project in Garfield County in Montana. AOW is in the process of actively marketing this project to potential JV partners. Detailed analysis suggests the project has significant conventional oil resource potential with a number of identified high impact drillable targets at shallow depths. Vertical wells can be drilled cheaply and are economic at low oil prices.

Corporate

On the 17 October 2014 the Company completed its pro-rata entitlements offer of options raising \$193,204 through the issue of 64,401,284 options. Company founder and business development manager Mr Kleo Hatziladas has acquired 938,454 additional shares in AOW since the 7th August 2014 demonstrating his ongoing commitment to AOW.

Current Petroleum tenements as at 31 December 2014

United States Acreage	Location	Working Interest	Joint Venture Partner	Gross Acres Held at 31 December 2014	Acres acquired during the quarter
Northern Star (includes 230 leases)	Montana	Depth Dependent	Treasure Exploration/Anadarko Minerals	61,489	-
Panther Prospect (includes 28 leases)	Montana	100%		12,150	-
Southern Sun (includes 6 leases)	Utah	100%		3,728	-
Overthrust (includes 1 lease)	Wyoming	100%		640	-
Rough House (includes 63 leases)	Colorado	80-100%		30,706	3,763

There were no acres disposed of during the period.

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www.ap-oil.com**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 has approximately 40,466 net mineral acres under lease across 5 key projects. The projects are geographically focused on tight oil exploration and development opportunities in the Rocky Mountain Basins. Since its establishment, AOW has assembled a portfolio of prospective oil and gas exploration assets in the USA and has completed joint venture agreements on its key Northern Star asset in Montana with US based operators Great Western Oil and Gas and Anadarko Minerals. AOW's business model is to internally generate prospects using geological knowledge, capture significant land positions at a low cost, and then reduce or remove risk capital exposure through a farm-out of a majority interest to a qualified US operator in a cash and carry deal. The directors of AOW all have significant experience with public companies in the oil and gas industry and will use their experience and energy to build an outstanding oil and gas production and exploration company.

AOW project map:

