

Quarterly Report for the period ending 31 March 2015

Release Date: 30 April 2015, Melbourne, Australia:

Highlights

- **Company making Northern Star project drilling commenced**
- **First horizontal well hits strong oil shows and drilled under budget**
- **First of four horizontal unconventional wells due to be drilled (AOW free carried)**
- **Exposure to 40,000 net acres in Montana, Colorado, Utah, Wyoming**

American Patriot (AOW.ASX) has begun unlocking the value of its key Northern Star project in Montana USA, encountering strong oil shows in the first of four unconventional, horizontal wells to be drilled. The first well, completed in the quarter, reached the target depth ahead of schedule and under budget, encountering good oil shows in the target zone. Treasure Exploration Corporation, (TEC) the project operator, noted that the reduced drilling time translates into lower drilling costs. Treasure Exploration is now working to identify the premium locations within the well bore to test for oil production. AOW has a 21.5% working interest in the well.

The success achieved in the first well demonstrates the importance of using a first-class, US-based operator that has substantial experience drilling and completing horizontal wells in similar reservoirs in the Rocky Mountains and justify our confidence in the project operator. We expect that this experience will help reduce drilling and testing costs and greatly increase the profitability of the overall project.

This well is part of a two well (plus two well option) program that has the potential to unlock a new, tight oil resource accumulation. Importantly, AOW is free carried with no cost caps on the first two horizontal wells. TEC will determine the best zones to perforate and the best methods to enhance production from the subject well. AOW will continue to make additional updates as appropriate during this testing phase.

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. 2015 is shaping up to be a landmark year for AOW with the high-impact unconventional drilling programme which started in March. Our JV partners are excited by the project and success in these wells could unlock a significant, new, tight oil resource with the potential to create significant acreage value and upside for shareholders.

AOW became an oil producer in the December quarter, less than 4 months after listing and success in the company's first conventional well is being followed up with planning for a second conventional well, to be drilled in late 2015.

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.

Key project updates are as follows:

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

Unconventional drilling programme commenced at Northern Star project

Drilling of the first unconventional, horizontal test well in the Northern Star project in Montana, USA has successfully reached target depth. Reaching target depth on drilling this first horizontal well so quickly, was a great accomplishment, and the JV is encouraged with the way the drilling has proceeded to date encountering good oil shows in the target zone. This result demonstrates the importance of using a first-class US-based operator that has substantial experience drilling and completing horizontal wells in similar reservoirs in the Rocky Mountains. We expect that this experience will help reduce drilling and testing costs and greatly increase the profitability of the overall project. The speed and results from this well justify our confidence in the project operator.

This well is part of a two well (plus to well option) program that has the potential of unlocking a new, tight oil resource accumulation. Importantly, AOW is free carried with no cost caps on the first two horizontal wells. TEC will determine the best zones to perforate and the best methods to enhance production from the subject well. AOW will continue to make additional updates as appropriate during this testing phase. Success on these wells could unlock a significant, new, tight oil resource with the potential to create significant acreage value and upside for shareholders.

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 stages of planning for the next conventional well with drilling expected in late 2015.

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. In light of the new industry conditions drilling costs have fallen sharply with 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

AOW is in advanced discussions with potential JV partners on the Rough House project within the Colorado acreage and is looking to close a JV transaction in late 2015. 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.

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

AOW holds 12,430 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.

Current Petroleum tenements as at 31 March 2015

United States Acreage	Location	Working Interest	Joint Venture Partner	Gross Acres Held at 31 March 2015	Acres acquired during the quarter
Northern Star (includes 230 leases)	Montana	Depth Dependent	Treasure Exploration/Anadarko Minerals	62,442	-
Panther Prospect (includes 28 leases)	Montana	100%		12,430	280
Southern Sun (includes 6 leases)	Utah	100%		3,728	-
Overthrust (includes 1 lease)	Wyoming	100%		640	-
Rough House (includes 63 leases)	Colorado	100%		31,226	520

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 partners. 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:

