

Quarterly Report for the period ending 30 June 2015

Release Date: 31 July 2015, Melbourne, Australia:

Highlights

- **Testing of first horizontal well commenced - results expected Q3 2015**
- **Follows successful drilling with excellent oil shows encountered in the well**
- **Planning for second well underway and on track for Q4 2015**
- **AOW free carried on first two horizontal unconventional wells**
- **Exposure to 40,000 net acres in Rocky Mountains basins**

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

American Patriot (ASX: AOW) started testing the first high-impact horizontal test well in the Northern Star Project in Montana, USA during the quarter. Testing is expected to take several weeks in Q3 2015. The operator, Treasure Exploration Corporation (TEC) has determined the best zones to perforate and the best methods to enhance oil flows from the well including the use of acid to stimulate production.

The well encountered good oil shows in the target zone and petrophysical analysis indicates oil pay throughout the target zone. TEC, the Operator, is pleased with how quickly the well was drilled as reduced drilling times means lower drilling costs. AOW has a 21.5% carried working interest in the well.

These results demonstrate 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 two 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. Success in this program has the potential to create significant acreage value and upside for shareholders.

Planning is also underway for the selection of the site for the second horizontal well with drilling and testing expected by Q4 2015.

AOW's business model continues to be robust during volatile oil markets. The model protects shareholder funds by shifting the costs of seismic data acquisition and drilling on to our JV partners. In addition, 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.



American Patriot CEO Alexis Clark said, "The company made significant progress in the quarter with the testing program on the first well in the Northern Star project now underway".

"The well was drilled very efficiently, a reflection on the quality of our project operator, Treasure Exploration Corp, and the highly competitive nature of the North American oil industry. Having an experienced operator is vitally important in this region".

"Our strategy remains intact. AOW acquires leases cheaply over emerging plays and looks to prove up these areas through a focused drilling campaign. It then aims to sell the acreage for a multiple of the original price. American Patriot is looking to prove up our major asset Northern Star proving that it is worth a multiple of the company's current market capitalisation, and divest the project returning capital to shareholders."

"Planning is in the final stages of selecting the second horizontal well location with drilling and testing of the well expected by Q4 2015". Key criteria for selection of this next location will be determined by the results of the first horizontal well and permitting issues. To retain maximum flexibility, multiple locations have been permitted. "Success on these wells could unlock a significant, new, tight oil resource with the potential to create significant acreage value and upside for shareholders".

During the quarter Strachan Corporate released an updated research note on AOW. Importantly the value potential of the Northern Star project to AOW was highlighted. The report noted that, *"Testing of the Northern Star project's unconventional Ratcliffe carbonate target during July/August '15 holds potential to demonstrate up to \$330 million of Prospective value for American Patriot. Further appraisal drilling at Northern Star holds significant upside potential as risk is lowered by additional data points."*

Rough House Project, 11,291 net acres DJ Basin, Colorado

During the quarter AOW relinquished some leases which were considered of low potential. In total 2,393 net acres were relinquished. AOW now holds 17,415 gross acres, 11,291 net acres in the project. The relinquished leases were considered to have low potential due to the poor net to gross ratio and low prospectivity of that particular acreage. AOW is in advanced discussions with potential JV partners on the (Rough House project) Colorado acreage and is looking to close a JV transaction in late 2015.

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, 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 30 June 2015

United States Acreage	Location	Working Interest	Joint Venture Partner	Gross Acres Held at 30 June 2015	Acres acquired during the quarter
Northern Star (includes 319 leases)	Montana	Depth Dependent	Treasure Exploration/Anadarko Minerals	62,443	-
Panther Prospect (includes 28 leases)	Montana	100%		12,430	-
Southern Sun (includes 6 leases)	Utah	100%		3,728	-
Overthrust (includes 1 lease)	Wyoming	100%		640	-
Rough House (includes 23 leases)	Colorado	80-100%		17,415	-

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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:

