



American Patriot Oil & Gas Limited

(ACN 154 049 144)

PROSPECTUS

For the offer to Eligible Shareholders of one free Option for every two Shares that were issued to them under the SPP exercisable at \$0.25 on or before 20 October 2018 (**Replacement SPP Option Offer**).

and

For the offer to SPP Shortfall Subscribers of one free Option for every two Shares that were issued to them under the SPP Shortfall Placement exercisable at \$0.25 on or before 20 October 2018 (**Replacement SPP Shortfall Placement Option Offer**).

and

For the offer to Remaining SPP Shortfall Placement Subscribers of one free Option for every two Shares successfully subscribed for under the Remaining SPP Shortfall Placement exercisable at \$0.25 on or before 20 October 2018 (**Remaining SPP Shortfall Placement Option Offer**).

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1. IMPORTANT NOTES

This is an important document and should be read in its entirety.

This Prospectus is dated 3 February 2016 and a copy of this Prospectus was lodged with the ASIC and ASX on that date. Neither the ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. This Prospectus expires on the date which is 13 months after 3 February 2016 (**Expiry Date**) and no Options will be issued on the basis of this Prospectus after the Expiry Date.

This Prospectus is for an offer of Options to acquire continuously quoted securities (as defined in the Corporations Act) of the Company and has been prepared in accordance with section 713 of the Corporations Act. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

This Prospectus contains important information which a potential investor should consider before making any decision to apply for Options. It also shows you where you can obtain more information on particular matters and background information on the Company.

This Prospectus is only relevant for potential investors in Options and should not be used for any other purposes.

The Offers are not underwritten.

NO REPRESENTATIONS OTHER THAN IN THIS PROSPECTUS

No person is authorised to provide any information or to make any representation in connection with the Offers that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by the Company.

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

PROSPECTUS DOES NOT PROVIDE INVESTMENT ADVICE

The information provided in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read and consider the information in this Prospectus (including the Option terms set out in Section 8) in full before deciding to apply for Options and consider the risks that could affect the performance of Options and Shares issued on exercise of the Options.

If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest in Options.

OFFERING WHERE OFFERING WOULD BE ILLEGAL

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consent is required or whether any other formalities need to be considered and followed.

No action has been taken to register or qualify the Options being offered under the Offers or otherwise permit a public offering of the Options in any jurisdiction other than Australia and New Zealand (and in the case of New Zealand, only to the extent described below). This Prospectus may not be distributed to or relied on by persons outside Australia or New Zealand.

IMPORTANT INFORMATION FOR NEW ZEALAND INVESTORS

The Options are not being offered or sold to the public within New Zealand, other than to existing Shareholders under the SPP with registered addresses in New Zealand and to whom the Offer is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This document is not an investment statement or a prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

ELECTRONIC PROSPECTUS

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Hard copies of this Prospectus and an Application Form can be obtained free of charge during the Offer Period by calling 03 99458739 (Monday to Friday 9.00am - 5.00pm, Melbourne time) during the Offer Period.

PRIVACY

If you apply for Options, you will provide personal information to the Company and the Registry. The Company and the Registry collect, hold and use your personal information in order to assess your Application, service your needs as an Optionholder, provide facilities and services that you request and carry out appropriate administration. Company and tax laws require some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

Each of the Company and the Registry may disclose your personal information for purposes related to your shareholding or optionholding to each other and to their

respective agents and service providers including those listed below or as otherwise authorised under the Privacy Act.

- In the case of the Company, to the Registry for ongoing administration of the Register.
- In the case of the Company and the Registry, to printers and mailing houses for the purposes of preparation and distribution of Optionholder information and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Registry. You can request access to your personal information by telephoning or writing to the Company through the Registry as follows:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

DEFINED WORDS AND EXPRESSIONS

Some words and expressions used in this Prospectus have defined meanings. Those words and expressions are capitalised and are defined in Section 11 of this Prospectus unless otherwise indicated.

2. KEY DATES

<i>Opening Date</i>	3 February 2016	The Offers under this Prospectus open
<i>Closing Date</i>	19 February 2016	The Offers under this Prospectus close
<i>Offers results announced</i>	24 February 2016	Take up under the Offers announced
<i>Issue Date</i>	26 February 2016	Allotment and Issue of any remaining Shares to be issued under the Remaining SPP Shortfall Placement and Options to be issued under the Offers to Eligible Shareholders, SPP Shortfall Placement Subscribers and Remaining SPP Shortfall Placement Subscribers (as applicable)
<i>Trading Date</i>	26 February 2016	Date on which the remaining Shares to be issued under the Remaining SPP Shortfall Placement and Options issued to Eligible Shareholders, SPP Shortfall Placement Subscribers and Remaining SPP Shortfall Placement Subscribers (as applicable) are expected to begin trading

Note: The above dates are indicative only and the Company retains the right to vary these dates without advance notice. You are encouraged to submit your Application as soon as possible after the Opening Date.

3. CHAIRMAN'S LETTER

Dear Shareholder or New Investor

Background

On 20 October 2015 the Company announced to the ASX the SPP. The SPP included the offer to eligible shareholders of one free attaching option exercisable at \$0.25 on or before 20 October 2018 for every two Shares successfully subscribed for under the SPP.

A total of 43,264,887 Shares and 21,632,443 attaching options were available for issue under and in connection with the SPP. The offer of Shares and attaching options to eligible shareholders closed on 14 December 2015. The Company received applications from Eligible Shareholders for, and issued to those shareholders, 2,921,443 Shares and 1,460,737 attaching options, raising gross proceeds of \$409,000.

Any Shares not subscribed for under the SPP by Shareholders eligible to participate in the SPP comprised the shortfall (**SPP Shortfall Shares**), which the Directors may, in their sole discretion, offer to investors to whom disclosure is not required to be made under section 708 of the Corporations Act as a separate placement (**SPP Shortfall Placement**).

SPP Shortfall Placement Subscribers have been offered one free attaching Option for every two Shares successfully subscribed for under the SPP Shortfall Placement.

On 22 January 2016 the Company issued a further 13,883,006 Shares and 6,941,508 attaching options as part of the SPP Shortfall Placement, raising further gross proceeds of \$1,943,621.

Offers to Eligible Shareholders and SPP Shortfall Placement Subscribers

The options issued to Eligible Shareholders and SPP Shortfall Placement Subscribers were issued pursuant to a prospectus dated 26 October 2015 (**October 2015 Prospectus**). The purpose of preparing and providing the October 2015 Prospectus was for technical Corporations Act compliance purposes. Once such purpose was to ensure that Eligible Shareholders and SPP Shortfall Placement Subscribers are able to freely trade the options issued to them as well as any Shares issued to them if they exercise any of the options on the ASX.

The October 2015 Prospectus was lodged with the ASX on 26 October 2015. However, due to an administrative oversight, it was not lodged with ASIC. One effect of this is that Eligible Shareholders and SPP Shortfall Placement Subscribers are unable to trade the options that have been issued to them within 12 months of the date of their issue or any Shares issued to them if they exercise any of those options within 12 months of the date of their issue without preparing and lodging a disclosure document (such as a prospectus).

Clearly it would not be practicable or cost effective for Eligible Shareholders or SPP Shortfall Placement Subscribers to prepare and lodge a disclosure document if at some future time they wish to sell some or all of these options or any Shares issued to them on their exercise. To address this issue, the Company therefore proposes to cancel the options that were previously issued to Eligible Shareholders and SPP Shortfall Placement Subscribers and issue the same number of free replacement attaching Options to them on identical terms.

The cancellation of the options previously issued to Eligible Shareholders and SPP Shortfall Placement Subscribers and the issue of identical replacement ones will not have any effect on the terms or rights attaching to those Options, except to ensure that the holders can readily sell them (or any Shares issued if the holder exercises them) on the ASX.

By submitting an Application Form, Eligible Shareholders and SPP Shortfall Placement Subscribers are agreeing to the cancellation of the options that were previously issued to them in connection with the October 2015 Prospectus and the issue of the same number of identical replacement Options.

The offer of the replacement Options in return for the cancellation of the options issued to Eligible Shareholders and SPP Shortfall Placement Subscribers is being made under this Prospectus.

Offer to Remaining SPP Shortfall Placement Subscribers

Given the number of Shares and options issued under or in connection with the SPP and the SPP Shortfall Placement to date, 26,460,438 Shares and 13,230,198 free attaching options remain available for issue under the SPP Shortfall Placement **(Remaining SPP Shortfall Placement)**.

The offer of remaining Options available to Remaining SPP Shortfall Placement Subscribers is being made under this Prospectus. As with earlier offers under the SPP Shortfall Placement, Remaining SPP Shortfall Placement Subscribers are offered one free attaching Option for every two Shares successfully subscribed for under the Remaining SPP Shortfall Placement.

It is currently intended that any funds raised from the exercise of Options under the Offers will be used to acquire more acreage across American Patriot's existing projects, to acquire more projects and for general working capital purposes.

Full details of the Offers, including the terms of issue of the Options and risks associated with the investment, are set out in this Prospectus. Please read the Prospectus and other publicly available information relating to the Company carefully before deciding whether to apply for Options.

If you are uncertain whether Options are a suitable investment for you, you should consult your financial or other professional adviser.

I commend the Offers to you and look forward to your participation.

Yours sincerely



Mr David Shaw
Non-Executive Chairman
American Patriot Oil & Gas Limited

4. OVERVIEW OF THE COMPANY

American Patriot is an oil and natural gas exploration and development (E&P) group, geographically focused on oil and gas exploration and development opportunities in Rocky Mountain Basins.

The Company was incorporated in Australia on 2 November 2011 and has 2 wholly owned subsidiaries, APOG Inc and APOG LLC. American Patriot is headquartered in Melbourne, Australia with a U.S. office in Denver Colorado and has approximately 104,771 gross acres under lease and is currently engaged in drilling, developing and exploiting these properties to provide long-term growth in stockholder value.

Since its establishment, the Company has assembled what the Board considers to be a portfolio of prospective oil and gas exploration assets in America.

Ultimately, the Company's goal is to define commercial quantities of hydrocarbons (oil and/or gas) through its exploration programs. Should it achieve this goal, it will look to develop its Projects either solely or in conjunction with joint venture partners.

5. DETAILS OF THE OFFERS

5.1 Background to the Offers

The Background to the Offers is set out in Section 3.

As set out in Section 3, 26,460,438 Shares and 13,230,198 free attaching Options remain available for issue under the Remaining SPP Shortfall Placement.

5.2 Offers

By this Prospectus, the Company makes the following offers of Options:

- (a) **Replacement SPP Option Offer:** Eligible Shareholders are invited to subscribe for one free Option for every two Shares that were issued to them under the SPP.
- (b) **Replacement SPP Shortfall Placement Option Offer:** SPP Shortfall Subscribers are invited to subscribe for one free Option for every two Shares that were issued to them under the SPP Shortfall Placement.
- (c) **Remaining SPP Shortfall Placement Option Offer:** Remaining SPP Shortfall Placement Subscribers are invited to subscribe for one free Option for every two Shares successfully subscribed for under the Remaining SPP Shortfall Placement.

Each of the Options issued under the Offers will be issued for nil consideration. However, for Applicants under the Replacement SPP Option Offer and the Replacement SPP Shortfall Placement Option Offer, the options previously issued to those Applicants in connection with the October 2015 Prospectus will be cancelled upon the issue of their replacement Options.

Each Option has an exercise price of \$0.25 and is exercisable on or before 20 October 2018.

The full terms and conditions of the Options offered under this Prospectus are set out in Section 8.

5.3 Offer Period

The Offer will open on 3 February 2016 and is anticipated to close on 19 February 2016 (**Closing Date**).

The Opening Date and Closing Date for the Offers are indicative only and subject to change without notice. The Company may vary these dates, including to close the Offers early, extend the Closing Date or to withdraw one or more of the Offers at any time prior to Issue. If any of the dates are changed, subsequent dates may also change. You are encouraged to lodge your Application as soon as possible after the Opening Date.

5.4 Why should you apply for Options?

The Options will be issued to Applicants for nil consideration. However, for

Applicants under the Replacement SPP Option Offer and the Replacement SPP Shortfall Placement Option Offer, the options previously issued to those Applicants in connection with the October 2015 Prospectus will be cancelled upon the issue of their replacement Options.

There is no brokerage commission or other participation costs payable by Applicants in respect of any acquisition of Options under the Offers. However, in order to be entitled to the free attaching Options, Applicants will have paid issue price for each Share subscribed for under the SPP, the SPP Shortfall Placement or the Remaining SPP Shortfall Placement (as applicable).

There is no obligation to exercise any Option. If an Option is not exercised, the exercise price is not payable.

5.5 How to apply for Options

If you would like to apply for Options, please follow the instructions on the enclosed Application Form.

The Replacement SPP Option Offer is only available to Eligible Shareholders and only for one Option for every two Shares that were issued to them under the SPP.

The Replacement SPP Shortfall Placement Option Offer is only available to SPP Shortfall Placement Subscribers and only for one Option for every two Shares that were issued to them under the SPP Shortfall Placement.

The Remaining SPP Shortfall Placement is only open to investors to whom disclosure is not required to be made under section 708 of the Corporations Act and whom the Company invites to subscribe for Shares pursuant to the Remaining SPP Shortfall Placement. The Remaining SPP Shortfall Placement Application Form allows investors to apply for both Shares (offered under the Remaining SPP Shortfall Placement) and free attaching Options (offered under the Remaining SPP Shortfall Placement Option Offer under this Prospectus).

If the number of Options subscribed for is more than the number of Options to which the Applicant is entitled under the Offer, the Company reserves the right to reject the Application and not issue any Options to the Applicant or to accept it in respect of the lesser number of Options to which the Applicant is entitled.

The Directors do not represent that any application to participate in the Remaining SPP Shortfall Placement will be successful. Further, the Company may, in its sole discretion, issue to Remaining SPP Shortfall Placement Subscribers less than the number of Shares they have applied for or none at all (**Remaining SPP Shortfall Scale Back**). If the Company undertakes a Remaining SPP Shortfall Scale Back, the number of Options issued to the relevant Remaining SPP Shortfall Placement Subscribers will be reduced accordingly. If the Remaining SPP Shortfall Scale Back produces a fractional number of Options for a Remaining SPP Shortfall Placement Subscriber, the number of Options issued to the Remaining SPP Shortfall Placement Subscriber will be rounded down to the nearest whole number of Options.

By submitting an Application:

- (a) An Eligible Shareholder offers to subscribe for Options on the terms and conditions of the Replacement SPP Option Offer.
- (b) A SPP Shortfall Placement Subscriber offers to subscribe for Options on the terms and conditions of the Replacement SPP Shortfall Placement Option Offer.
- (c) A Remaining SPP Shortfall Placement Subscriber offers to subscribe for Options on the terms and conditions of the Remaining SPP Shortfall Placement Option Offer as well as Shares under the terms and conditions of the Remaining SPP Shortfall Placement.

Once an Application has been made it cannot be revoked. No notice of acceptance of the Application will be provided.

Applications must be received by 5.00pm on the Closing Date 19 February 2016.

Subject to the Corporations Act, the ASX Listing Rules and any requirements of ASX, the Company reserves the right to accept late Applications or to extend the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly. Unless the Company decides to accept late Applications or extend the Closing Date, Applications received after 5.00pm on the Closing Date may be rejected.

5.6 Issue of Options

The Company will not be obliged to issue any Options and the Applicant will not be entitled to receive or be issued any Options until the Board resolves to issue the Options.

It is intended that Options issued to Applicants under the Offers will be issued on the date set out in Section 2.

5.7 Not underwritten

The Offer is not underwritten.

5.8 ASX quotation

Application for official quotation by ASX of Options offered pursuant to this Prospectus will be made within seven days after the date of this Prospectus. If permission for quotation is not obtained from ASX before the expiration of three months after the date of issue of this Prospectus (or such period as modified by ASIC), the Company will not issue any Options and will repay all application monies for the Options (which will be nil) within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Options is not to be taken in any way as an indication of the merits of the Company or the Options now offered for subscription.

5.9 Withdrawal or waiver

Subject to the Corporations Act, Listing Rules and any other requirements of ASX or the law, the Directors may decide to withdraw this Prospectus and the Offer at any time prior to the issue of Options or to waive strict compliance

with any provision of the terms and conditions of the Offer.

5.10 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing Option certificates. The Company participates in the CHESS and, in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules, will maintain an electronic CHESS sub-register and an electronic issuer sponsored sub-register. CHESS is operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited, in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Applicants who have, or wish to have, a sponsoring stockbroker, will have their Options registered on the CHESS sub-register. Applicants who do not wish to participate through CHESS will be issuer sponsored by the Company and have their Options registered on the issuer sponsored sub-register.

Under CHESS, the Company will not issue Option certificates to investors. Instead, investors will receive a holding statement (similar to a bank account statement) that sets out the number of Options allotted to them under this Prospectus. The notice will also advise holders of their unique Holder Identification Number (in the case of a holding on the CHESS sub-register) (HIN) or Security Holder Reference Number (in the case of a holding on the issuer sponsored sub-register) (SRN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Because the sub-registers are electronic, ownership of Options can be transferred without having to rely upon paper documentation.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

5.11 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Options offered pursuant to this Prospectus.

6. RISKS

The Directors are of the view that the Options offered under this Prospectus should be considered highly speculative because of the nature of the Company's business and that an investment in the Company is subject to a number of risks.

Set out below is a summary of the key risk factors which should be considered before applying for Options under this Prospectus. A number of the risks are specific to the Company while others are of a more general nature. These risk factors may adversely affect the operating and financial performance or position of the Company, which in turn may affect the value of the Company's securities and the value of an investment in the Company. Some of these risk factors may be able to be mitigated by appropriate commercial action. However, many are outside the control of the Company, are dependent on policies adopted or approaches taken by regulatory authorities or otherwise cannot be mitigated.

This below list is not exhaustive. Further, additional risks and uncertainties including those not presently known to the Company, or that it currently believes to be immaterial, may also affect its business operations.

Before applying for Options, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Options are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to apply for Options or not, it is recommended that you seek professional guidance from your solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

6.1 Company specific risks

Exploration, appraisal, development and production

The future profitability of the Company and the value of its Securities directly relates to the results of exploration, appraisal, development and production. No assurances can be given that funds spent on such activities will result in outcomes that are economically viable. Drilling activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of rigs and/ or other equipment. Drilling may result in wells that, while encountering oil and gas, may not achieve economically viable results.

Operating risks

Oil and gas exploration, appraisal, development and production operations are subject to a number of operational risks and hazards including fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. Oil and gas exploration, appraisal, development and production are generally considered a high-risk undertaking. The operations of the Company may also be affected by a range of factors, including:

- operational and technical difficulties encountered in drilling;

- difficulties in commissioning and operating plant and equipment;
- mechanical failure or plant breakdown; unanticipated drilling problems which may affect production costs;
- adverse weather conditions; industrial and environmental accidents; industrial disputes; and, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Volatility of oil and gas prices

The Company's future value, growth and financial condition are dependent upon the prevailing prices for oil and gas. Prices for oil and gas are subject to fluctuations and are affected by numerous factors beyond the control of the Company.

These factors include global consumer demand, national and international financial market conditions, uncertainty in commodity markets, political and economic conditions in oil producing countries, actions of the Organization of the Petroleum Exporting Countries (OPEC) (or members thereof), government pricing regulations, taxation and availability of alternative and competing fuel sources.

Competition risks

The oil and gas industry is very competitive in the USA, particularly in relation to bidding for acreage, as well as acquiring equipment and attracting experienced personnel. The Company will initially be a small participant in this industry whose competitors will have greater financial and other resources available to them. The Company will have no influence or control over the activities or actions of its competitors, whose activities may adversely affect the operating and financial performance of the Company's projects and business.

Title risk

The ownership of oil and gas lease rights in the USA is a combination of private and governmental ownership (including Indian tribal ownership). The acquisition of privately owned oil and gas lease rights typically involves an initial review of the public records in the counties in which the relevant lands lie in order to determine the ownership of the oil and gas rights. Thereafter, oil and gas leases are negotiated with the owners of those rights. Verifying the chain of title for USA oil and gas leases can be complex any may result in remedial steps to be taken to correct any defect in title.

Lease expiry

Successful drilling is fundamental to the appraisal and development of the leases which may be acquired by the Company. The Company's leases may expire if production is not established. It is not uncommon for oil and gas leases in the USA to provide that if commercial production is not established on the leased properties within a specified period, the leases will expire and the holder of the leasehold interest loses its right to continue to explore for oil and gas on the relevant land.

Commercialisation

Should the Company recover what would otherwise be commercial quantities of oil or gas, there is still no guarantee that the Company will be able to successfully transport the oil or gas to commercially viable markets, or sell the oil or gas to customers to achieve a commercial return the Company may not be able to secure satisfactory oil and gas transportation arrangements; there may be no readily available market; and no or limited access to pipelines. Pipeline access arrangements may also be subject to interruption rights which may adversely affect the Company.

In addition to the risks set out above, the price of Shares will fluctuate depending on numerous factors and may trade at less than the price of this Issue. In addition the Options' exercise price may be higher than the market price of the underlying shares at or before the final exercise date.

6.2 Risks associated with the Offers

Stock market fluctuations and economic conditions

Any Shares issued on exercise of Options will be quoted on the ASX. The price of the Shares may rise or fall in relation to the exercise price paid and there is no guarantee in respect of profitability, dividends, return of capital, or the price at which the Shares may trade on ASX.

The value of the Shares will be determined by the stock market and will be subject to a range of factors beyond the control of the Company, and the Directors and other officers of the Company. Such factors include, but are not limited to, the demand for and availability of Shares, movements in domestic interest rates, exchange rates, fluctuations in the Australian and international stock markets and general domestic and economic activity. Returns from an investment in the Shares may also depend on general stock market conditions as well as the performance of the Company. There can be no guarantee that there will be an active market in the Shares or that the market price of the Shares will not decline below the exercise price paid. If Shares do trade at a market price below the exercise price at which you acquired them, there is a risk that if you sell them you may lose some or all of the money you invested.

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals which underpin the projected growth of the Company's target markets or its cost structure and profitability. Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending and employment rates, among others, are out of the control of the Company and may result in material adverse impacts on the business or its operating results.

Liquidity of Shares

There may be relatively few potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the exercise price that Shareholders paid to acquire their Shares.

Wars, terrorism, political and environmental events

Events may occur within or outside Australia that could impact upon the world economy, the market for gold, the operations of the Company and the price of the Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods, fires and poor weather affecting roadways, mining and transport. The Company has only a limited ability to insure against some of these risks.

7. EFFECT OF THE OFFERS

7.1 Use of Funds

No funds will be raised from the issue of Options as they will be issued for nil consideration.

It is currently intended that any funds raised from the exercise of the Options will be used to acquire more acreage across American Patriot's existing projects, to acquire more projects and for general working capital purposes.

7.2 Effect of the Offers

The principal effect of the Offers, assuming all Options offered under this Prospectus are issued, will be to increase the number of options currently on issue by 13,230,198. The issue of Options to Eligible Shareholders under the Replacement SPP Option Offer and to SPP Shortfall Placement Subscribers under the Replacement SPP Shortfall Placement Option Offer will not have any net impact on the number of options on issue as the equivalent number of options issued to those Applicants in connection with the October 2015 Prospectus will be cancelled.

If all of these 13,230,198 additional Options are exercised, the Company will be paid exercise proceeds of approximately \$3,307,549 and an additional 13,230,198 Shares will be issued.

7.3 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Remaining SPP Shortfall Placement Option Offer is set out below, assuming that this Offer is fully subscribed. Also set out below is the effect of the exercise of all of the options on issue as at the date of this Prospectus and the maximum number of Options that may be issued under the Remaining SPP Shortfall Placement Option Offer under this Prospectus on the number of Shares on issue in the Company.

The below table does not include any Options that may be issued in connection with the Replacement SPP Option Offer or the Replacement SPP Shortfall Placement Option Offer because for the reasons set out in Section 7.2 issues of Options under those Offers will not have any net effect on the number of options on issue.

Options	Number
Options on issue at the date of this Prospectus	80,510,210
Maximum number of Options issued under the Remaining SPP Shortfall Placement Option Offer	13,230,198

Total Options on issue after completion of the Remaining SPP Shortfall Placement Option Offer¹	93,740,408
Shares	
Total Shares on issue at date of Prospectus ²	161,020,739
Maximum number of remaining Shares to be issued under the Remaining SPP Shortfall Placement ³	26,460,438
Total Shares on issue after completion of the Remaining SPP Shortfall Placement	187,481,177
Effect of exercise of options	
Maximum number of Shares to be issued upon exercise of the options on issue at the date of this Prospectus	80,510,210
Maximum number of Shares to be issued upon exercise of maximum number of Options to be issued under the Remaining SPP Shortfall Placement Option Offer	13,230,198
Maximum number of Shares on issue if 100% of options on issue at the date of this Prospectus and 100% of the maximum number of Options to be issued under the Remaining SPP Shortfall Placement Option Offer are exercised	281,221,585

The actual effect of the Remaining SPP Shortfall Placement Option Offer on the Company's capital structure may differ from the position illustrated above depending on:

- the number of Shares issued under the balance of the Remaining SPP Shortfall Placement; and
- the number of Options issued under the Remaining SPP Shortfall Placement Option Offer.

Notes:

1. Assumes the Remaining SPP Shortfall Placement Option Offer is fully subscribed.
2. Of the total number of Shares on issue, a total of 69,659,735 Shares are subject to restrictions. These 69,659,735 Shares are classified by ASX as restricted securities and subject to escrow until 8 July 2016.

3. Assumes the offer of remaining Shares available under the Remaining SPP Shortfall Placement is fully subscribed.

7.4 Impact on control

The issue of the Options, and any subsequent exercise of the Options, is not expected to have a material effect on the control of the Company.

7.5 Effect on financial position

The exact effect of the Offer on the Company's financial position will depend on:

- the number of Shares issued under the balance of the Remaining SPP Shortfall Placement;
- the number of Options issued under the Remaining SPP Shortfall Placement Option Offer; and
- the number of Options that are exercised.

As the Options are being issued for nil consideration, the Offer will not have any immediate effect on the Company's financial position. However, for every Option that is exercised, the Company will receive \$0.25 and its issued capital will increase by one Share. As set out in Section 7.2, if all Options offered under the Remaining SPP Shortfall Placement Option Offer under this Prospectus are issued and all of those Options are subsequently exercised, the Company will be paid exercise proceeds of approximately \$3,307,549 and an additional 13,230,198 Shares will be issued.

For every Option that is issued to Remaining SPP Shortfall Placement Subscribers, the Company will have issued two Shares to successful Remaining SPP Shortfall Placement Subscribers under the Remaining SPP Shortfall Placement. This means that if the maximum number of Options offered under the Remaining SPP Shortfall Placement Option Offer under this Prospectus are issued, the Company will have also issued the maximum number of Shares being offered under the balance of the Remaining SPP Shortfall Placement. This will result in the Company's cash and issued capital balances increasing by approximately \$3,704,461. From this amount, the Company will also pay the expenses of the Offer set out in Section 9.8.

8. RIGHTS AND LIABILITIES OF OPTIONS AND SHARES

8.1 Rights and liabilities of Options

The Options to be issued under this Prospectus will be issued on the following terms and conditions.

- (a) Each Option entitles the holder to subscribe for and be allotted one Share on exercise of the Option and payment of the exercise price.
- (b) Each Option is exercisable at \$0.25 on or before 20 October 2018. Any Option not exercised on or before this date will automatically expire.
- (c) The holder of the Option may at any time during the exercise period give an exercise notice to the Company requiring the Company to issue Shares on exercise of the Options, accompanied by payment of the exercise price for each Option exercised.
- (d) On exercise of Options, the Company must allot to the holder the number of Shares for which the Options are exercised within 10 Business Days of receipt of the exercise notice.
- (e) If Shares are quoted on ASX at the time the Options are exercised, the Company will apply to the ASX for quotation of the Shares issued on exercise of the Options within 10 Business Days of the allotment of those Shares.
- (f) The Options do not confer the holder the right to participate in a new issue of securities in the Company unless the Options are exercised in accordance with these terms. Holders who exercise their Options before the applicable record date for a new issue will be entitled to participate in the new issue.
- (g) If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which each Option is exercisable will be increased by the number of Shares that the holder would have received under the bonus issue if the Option had been exercised before the record date for the bonus issue.
- (h) Except as expressly set out in these terms, an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- (i) In the event of any reorganisation including subdivision, consolidation, reduction, return or cancellation of the issued capital of the Company on or prior to the Option expiry date, the rights of the holder of the Options will be changed to the extent necessary to comply with the applicable ASX Listing Rules governing reorganisations in force at the time of the reorganisation.
- (j) Subject to compliance with the ASX Listing Rules, the Company will apply for quotation of the Options on ASX.

- (k) Shares allotted on exercise of Options will rank equally in all respects with all other issued Shares from the date of allotment and will be held subject to the Constitution of the Company.

8.2 Rights and liabilities of Shares

The Shares allotted on exercise of the Options will rank equally with all other issued Shares from the date of allotment. As the Shares will be fully paid shares, there will be no liability on the part of Shareholders holding these Shares for any calls in respect of these Shares.

The rights and liabilities attaching to Shares are set out in the Constitution of the Company and are regulated by the Corporations Act, general law, Listing Rules and ASX Settlement Operating Rules. A copy of the Constitution can be inspected during office hours at the registered office of the Company.

A summary of the significant rights attaching to the Shares is set out below. This summary is neither exhaustive nor constitutes a definitive statement of the rights and liabilities of Shareholders.

Each Share confers on its holder:

- (a) The right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Constitution and the Corporations Act.
- (b) The right to vote at a general meeting of the Company (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none).
- (c) The right to receive dividends, according to the amount paid up or credited as paid on the Share.
- (d) The right to receive, in kind, the whole or any part of the Company's property in a winding up (with the consent of members by special resolution).
- (e) Subject to the Corporations Act, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

9. ADDITIONAL INFORMATION

9.1 Continuous reporting and disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act and as a result, is subject to regular reporting obligations under the Corporations Act and the Listing Rules, including an obligation to lodge quarterly, half-yearly and annual financial reports.

The Company must notify ASX immediately if it becomes aware of information about the Company that a reasonable person would expect to have a material effect on the price or value of its securities, subject to limited exceptions.

9.2 Nature of this Prospectus

This Prospectus is a "transaction specific prospectus" that has been prepared in accordance with section 713 of the Corporations Act. In general terms a transaction specific prospectus is only required to contain information in relation to the effect of the issue of securities on a company, the rights and liabilities attaching to the securities offered and, if the securities offered are options, the rights and liabilities attaching to the underlying securities into which the options are exercisable. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Applicants should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to apply for Options.

The Company confirms that there is no information that has been included from a continuous disclosure notice, in accordance with the ASX Listing Rules, that is not otherwise disclosed in this Prospectus.

9.3 Availability of other documents

ASX maintains detailed records of company announcements for all companies listed on ASX. Copies of the Company's ASX announcements are available on ASX's website at www.asx.com.au or the Company's website at <http://ap-oil.com>.

In addition, ASIC also maintains records in respect of documents lodged with it by the Company. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The Company will provide a copy of any of the following documents free of charge to any person who requests a copy before the Closing Date:

- the Company's annual report for the year ending 30 June 2015 (being the annual financial report most recently lodged with ASIC in relation to the Company before the date of this Prospectus); and
- any other continuous disclosure notices given by the Company after the lodgment of the annual report for the year ending 30 June 2015 and before the lodgment of this Prospectus with ASIC, being:

Date of Announcement	Description of Announcement
02/02/2016	Trading Halt
29/01/2016	December 2015 Quarterly Activities Report
29/01/2016	December 2015 Quarterly Cashflow Report
22/01/2016	Section 708A Cleansing Notice and Appendix 3B
20/01/2016	Change of Director's Interest Notices x3
22/12/2015	Appendix 3B
22/12/2015	Shareholder Purchase Plan
26/11/2015	Final Director's Interest Notice
26/11/2015	Results of Meeting
26/11/2015	2015 AGM Presentation
17/11/2015	Resignation of Director and Withdrawal of AGM Resolution
10/11/2015	Lead Manager for SPP Shortfall Placement Appointed
30/10/2015	September 2015 Quarterly Activities Report
30/10/2015	September 2015 Quarterly Cashflow Report
28/10/2015	Appendix 3B
27/10/2015	Notice of Annual General Meeting/Proxy Form
26/10/2015	SPP Notice under ASIC Class Order
26/10/2015	Options Issue Prospectus
26/10/2015	Share Purchase Plan Offer Document
20/10/2015	Shareholder Purchase Plan to Fund Future Growth
16/10/2015	First JV Horizontal Well Testing Update
30/09/2015	Appendix 4G and Corporate Governance Statement

This Prospectus contains details specific to the Offer. If Applicants require any further information in relation to the Company, the Directors recommend that they take advantage of the ability to inspect or obtain copies of the documents referred to above.

9.4 Market Prices of Shares

The highest and lowest prices of Shares on the ASX during the six month period before the date of this Prospectus are set out below.

	Price	Date
Lowest	\$0.120	10 December 2015
Highest	\$0.175	30 September 2015

The last closing price (as published on ASX) of Shares before the date of this Prospectus was \$0.150.

9.5 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed director of the Company holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offers; or
- the Offers (except that each of the directors applied for and were issued with 53,572 options as Eligible Shareholders under the October 2015 Prospectus and therefore may each apply for 53,572 replacement Options under this Prospectus),

and no amount has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any Director for services in connection with the formation or promotion of the Company or the Offers or to any Director or proposed director to induce them to become, or qualify as, a director of the Company.

Interest in the Company's Securities

The below table summarises the interests of the Directors (either held directly, held by entities controlled by them or held by entities of which they are directors) in Securities of the Company as at the date of this Prospectus.

Director	Shares	Options	Performance rights
David Shaw	1,257,143	553,572	875,000

Alexis Clark	3,737,143	1,803,572	1,750,000
Frank Pirera	1,267,143	553,572	875,000

Remuneration of Directors

Under the Constitution, each Director may be paid remuneration for ordinary services performed as a Director. Under the Listing Rules, the maximum fees payable to Directors may not be increased without the prior approval from the Company in a general meeting.

A Director may be paid additional fees for additional services provided to the Company and may also be reimbursed for any disbursements or any other out of pocket expenses properly incurred as a result of their directorship or any special duties.

The following table shows the total remuneration paid and to be paid per financial year to the Directors (inclusive of superannuation and the value of any share based payments).

Director	2014	2015
David Shaw	\$-	\$144,353
Alexis Clark	\$15,000	\$307,799
Frank Pirera	\$-	\$133,395

9.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and no promoter of the Company or underwriter of the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offers, holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offers; or
- the Offers,

and no amount has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services rendered by them in connection with the formation or promotion of the Company or in connection with the Offers.

9.7 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Link Market Services Limited has given, and has not withdrawn, its written consent to be named in this Prospectus as the Company's share registry. Link Market Services Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as the share registry.

9.8 Estimated Expenses of Offers

In the event that the Offers are fully subscribed, the estimated expenses of the Offers are as follows:

Expenses	\$
ASIC fees	\$2,320
ASX fees	\$15,819
Legal expenses	\$7,000
Printing and other expenses	\$14,000
Total	\$39,139

9.9 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10. AUTHORITY OF DIRECTORS AND CONSENT

Each of the Directors of American Patriot Oil & Gas Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with section 720 of the Corporations Act.

Dated 3 February 2016

A handwritten signature in dark ink, appearing to read 'David Shaw', written in a cursive style.

Mr David Shaw
Non-Executive Chairman
American Patriot Oil & Gas Limited

11. DEFINITIONS

American Patriot means the Company and its two subsidiaries, APOG Inc and APOG LLC.

Applicant means an Eligible Shareholder, a SPP Shortfall Placement Subscriber or a Remaining SPP Shortfall Placement Subscriber who submits an Application in accordance with this Prospectus.

Application means an application to subscribe for Options in accordance with this Prospectus.

Application Form means a Replacement SPP Option Offer Application Form, a Replacement SPP Shortfall Placement Option Offer or a Remaining SPP Shortfall Placement Application Form.

APOG Inc means American Patriot Oil and Gas Inc.

APOG LLC means American Patriot Oil and Gas LLC.

ASIC means the Australian Securities and Investments Commission.

ASX Settlement & Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means the Australian Securities Exchange or ASX Limited (ACN 008 624 691), as the context requires.

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer as set out in section 5.3 of this Prospectus.

Company means American Patriot Oil & Gas Limited (ACN 154 049 144).

Constitution means the Company's Constitution as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company as at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Eligible Shareholder means each Shareholder who successfully subscribed for Shares under the Share Purchase Plan.

IPO Prospectus means the prospectus lodged by the Company with the ASIC on 9 April 2014 for the offer of up to 60,000,000 Shares at an issue price of \$0.20 each to raise up to \$12,000,000.

Issue means the process of issuing Options to Eligible Shareholders, SPP Shortfall Placement Subscribers and Remaining SPP Shortfall Placement Subscribers (as applicable). Issue and Issued have corresponding meanings.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

Offers means the offers pursuant to this Prospectus, being the Replacement SPP Option Offer, the Replacement SPP Shortfall Placement Option Offer and the Remaining SPP Shortfall Placement Option Offer. Offer means any one of the Offers (as the context requires).

Offer Period means the period from and including the Opening Date to and including the Closing Date.

Official List means the official list of ASX.

Opening Date means the opening date of the Offer which is 3 February 2016.

Option means an option to acquire a Share exercisable at \$0.25 on or before 20 October 2018 to be issued under the Offer.

Optionholder means a holder of an option to acquire Shares.

Privacy Act means the *Privacy Act 1988* (Cth).

Prospectus means this prospectus.

Register means the Company's register of Shareholders or Optionholders.

Registry means Link Market Services Limited (ACN 083 214 537).

Remaining SPP Shortfall Placement has the meaning given to that term in Section 3.

Remaining SPP Shortfall Placement Option Offer means the offer to Remaining SPP Shortfall Placement Subscribers of one free Option for every two Shares successfully subscribed for under the Remaining SPP Shortfall Placement.

Remaining SPP Shortfall Placement Subscriber means an investor who subscribes for Shares under the Remaining SPP Shortfall Placement.

Remaining SPP Shortfall Placement Application Form means an application form provided by the Company on which applications under the Remaining SPP Shortfall Placement and the Remaining SPP Shortfall Placement Option Offer can be made.

Remaining SPP Shortfall Scale Back has the meaning given to that term in Section 5.5.

Replacement SPP Option Offer means the offer to Eligible Shareholders of one free Option for every two Shares that were issued to them for under the SPP.

Replacement SPP Option Offer Application Form means an application form under the Replacement SPP Option Offer either attached to or accompanying this Prospectus.

Replacement SPP Shortfall Placement Option Offer means the offer to SPP Shortfall Placement Subscribers of one free Option for every two Shares that were issued to them under the SPP Shortfall Placement.

Replacement SPP Shortfall Placement Option Offer Application Form means an application form under the Replacement SPP Shortfall Placement Option Offer either attached to or accompanying this Prospectus.

Securities have the meaning set out in the Corporations Act.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

SPP or Share Purchase Plan means the Company's share purchase plan dated 20 October 2015.

SPP Shortfall Placement has the meaning given to that term in Section 3.

SPP Shortfall Placement Subscriber means an investor who successfully subscribed for Shares under the SPP Shortfall Placement.

SPP Shortfall Shares has the meaning given to that term in Section 3.

12. CORPORATE DIRECTORY

Directors

David Shaw
Alexis Clark
Frank Pirera

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Company Secretary

Frank Pirera

Registered Office and Principal Place of Business

American Patriot Oil & Gas Ltd
C/O: Yarra Business Group Pty Ltd
Level 1, 141 Capel Street
North Melbourne VIC 3051

Company website

<http://ap-oil.com>

ASX CODE: AOW