



**AMERICAN  
PATRIOT**  
OIL AND GAS

# ACQUISITION OF WESTWORLD PROSPECT

TRANSFORMATIONAL  
TRANSACTION

OCTOBER 2016



AOW.ASX

# DISCLAIMER

## Extent of Information

This document has been prepared by American Patriot Oil and Gas Corporation Limited (“American Patriot Oil and Gas” or “Company”). This Presentation, including the information contained in this disclaimer, does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither the Presentation, disclaimer nor anything contained in such forms the basis of any contract or commitment. This Presentation does not take into account your individual investment objective, financial situation or particular needs. You must not act on the basis of any other matter contained in this Presentation but must make your own assessment of the Company.

No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information contained in this Presentation, including the accuracy, likelihood of the achievement or reasonableness of any forecast, prospects, returns or statements in relation to future matters contained in the Presentation (“Forward-looking statements”). Any such forward-looking statements that are contained in this Presentation or can be implied by the same are by their nature subject to significant uncertainties and contingencies associated with the oil and gas industry and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of American Patriot Oil and Gas and its directors) which may cause the actual results or performance of American Patriot Oil and Gas to be materially different from any future results or performance expressed or implied by such forward-looking statements. To the maximum extent permitted by law, none of American Patriot Oil and Gas’s, or related corporations, directors, employees, agents nor any other person accepts and liability, including without limitation arising from fault or negligence, for any loss arising from use of this Presentation or its content or otherwise arising in connection with it.

## Exclusion of Financial Product Advice

This Presentation is for information purposes only and is not a prospectus or other offering under Australian law or under any other laws in the jurisdictions where the Presentation might be available. Nothing herein constitutes investment, legal, tax or other advice. This Presentation is not a recommendation to acquire shares and has been prepared without taking into account the investment objectives, financial situation or needs of individuals.

## Independent Advice

You should consider the appropriateness of the information having regard to your own objectives, financial situation and needs and seek appropriate advice, including, legal and taxation advice appropriate to your jurisdiction. American Patriot Oil and Gas is not licensed to provide financial advice in respect of its shares.

# KEY BENEFITS – WESTWORLD AQUISITION

✓	Production/Cash Flow/Self funding	<ul style="list-style-type: none"> <li>90boepd of existing production with ability to grow quickly to 800boepd by mid 2017/1000boepd by end 2017</li> <li>Restarting low cost conventional shut-in production</li> <li>Cash flow positive at current oil prices by end 2016</li> <li>Projected Gross Revenue from USD\$1m to USD\$12m with growth in production and small lift in oil prices</li> </ul>
✓	Reserves	<ul style="list-style-type: none"> <li>4.3mmboe oil &amp; gas reserves certified by independent third party PV10 of US\$98m, Revenue of \$US 211m</li> <li>Ability to significantly grow/expand reserve base over next 12mths</li> </ul>
✓	Key Infrastructure	<ul style="list-style-type: none"> <li>Includes gas plant (200 MMSCFPD capacity) and 25mile pipeline</li> <li>Ex Delta Petroleum key strategic mid stream assets</li> <li>Capex spend of over USD\$90m acquired by AOW for stock</li> <li>Ability to generate tolling revenue of \$150,000 per month</li> </ul>
✓	100% stock deal	<ul style="list-style-type: none"> <li>All stock transaction /Escrowed for 18 months</li> </ul>
✓	Platform for expansion	<ul style="list-style-type: none"> <li>First deal - platform for expansion of the business</li> <li>Targeting significant production and cash flow growth :</li> <li>2017 1000 BOPD; 2018 3000 BOPD; 2019 5000 BOPD</li> <li>Coincide with oil price recovery</li> <li>Dual list on US stock market and attract US investor base</li> </ul>
✓	US Board appointments	<ul style="list-style-type: none"> <li>Ex Nevada Governor and US Oil and Gas executives US based</li> <li>Deliver access to US based stock brokers, Investors and fund raising</li> </ul>

Building a producing oil Business in the US Mid Continent

# OVERVIEW – ACQUISITION OF WESTWORLD PROSPECT

- Acquisition of 100% of shares in private oil company JMD/Entrada Energy
- Assets located in Utah and Texas – 22,600 net acres in Utah, 356 net acres in Texas
- 90boepd existing production and ability to grow to over 1000 boepd by mid 2017 and 2000 boepd by end 2018
- 4.3mmbboe oil and gas reserves supported by fully independent reserve report
- Includes key strategic mid stream assets: gas plant and pipeline ex Delta Assets
- Over 400 hundred drill sites with the ability to significantly grow production
- Restarting production at shut in well sites not drilling new wells
- All stock transaction with 139m shares issued to JMD/Entrada escrowed for 18months, JMD/Entrada shareholders to control 40% of the combined entity
- New US based board members appointed to deliver US based stock brokers, investors and fund raising – US OTC listing near term
- Letter of Intent signed undertaking due diligence expected to close in 60 days
- Transaction subject to shareholder approval scheduled for November 30

# WESTWORLD PROSPECT AQUISITION

Entities	American Patriot Oil and Gas Ltd and JMD/Entrada Holdings Inc
Proposed Transaction	A business combination arrangement between AOW and JMD/Entrada. The combination will occur on a share for share basis
Assets	22,311+/- net acres in Grand and San Juan counties (100% WI/ 85% NRI) & 356 net acres in Texas (66.67% WI/ 58.3% NRI) 23 well bores and 90boepd gross production, 4.3mmbboe oil and gas reserves
Shares	American Patriot will issue JMD/Entrada 139,373,129 ordinary shares to combine the business under the American Patriot Entity resulting in 326,832,823 shares on issue with JMD/Entrada shareholders controlling 40% of the combined entity
Escrow	Shares issued to JMD/Entrada Shareholders are escrowed for 18 months
Reserves/Production	JMD/Entrada to deliver minimum 4mmbbl minimum of proved reserves (1P) audited by a licensed petroleum engineer and acceptable by the ASX plus 90 gross boepd production
Governance	2 board members from American Patriot and 2 from JMD/Entrada
Target Closing Date	No later than 60 days from execution of term sheet
Conditions Precedent	<ul style="list-style-type: none"><li>▪ Completion of satisfactory due diligence</li><li>▪ Independent Reserve Report and production data</li><li>▪ Agreed development plan</li><li>▪ Legal and Environmental due diligence</li></ul>



# WESTWORLD PROSPECT AQUISITION

Assets	Net Acreage	NRI	Location	1P (Mboe)	3P (Mboe)	PV (M\$)	Production
Paradox Asset 1	160	82.50%	Utah	49	249	5,400	10 bopd
Paradox Asset 2	880	85.50%	Utah	1,791	6,110	46,500	Shut-in
Paradox Asset 3	21,271+/-	81.00%	Utah	2,140	11,280	46,900	30 bopd
Paradox Asset 4	640	85.00%	Utah	20	20	-----	5-10 bop monthly
Texas Asset	356.4	80.00%	Texas	176	176	-----	40 bopd
<b>Total</b>	<b>23,308+/-</b>	<b>83.40%</b>		<b>4,176</b>	<b>17,835</b>	<b>98,700</b>	<b>80-90 bopd</b>

**Transaction delivers Reserves base of 4.2MMboe, \$98 PV10, \$211 M FNOR revenue**

All Revenues in USD.

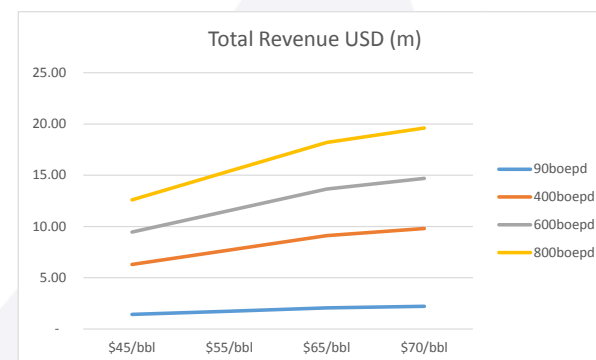
M = thousands Bbls oil equivalent



# WESTWORLD PROSPECT – PRODUCTION/REVENUE SCENARIOS

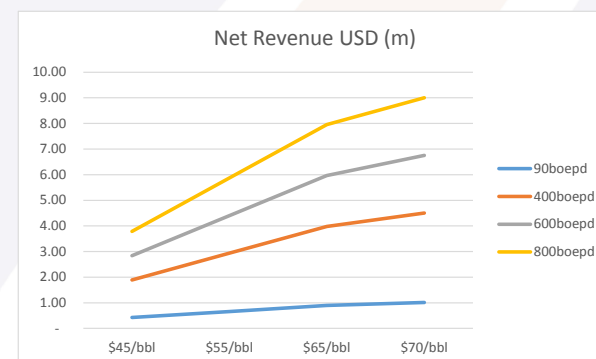
## Oil Price Revenue Scenarios USD (m)

Oil Price USD	\$45/bbl	\$55/bbl	\$65/bbl
Production (boepd)	90	90	90
Revenue (\$USDm)	1.42	1.73	2.05
Royalties (18%)	0.26	0.31	0.37
Operating Costs (\$20/bbl)	0.63	0.63	0.63
Taxes (7.5%)	0.11	0.13	0.15
Net Revenue (net AOW)	0.43	0.66	0.90



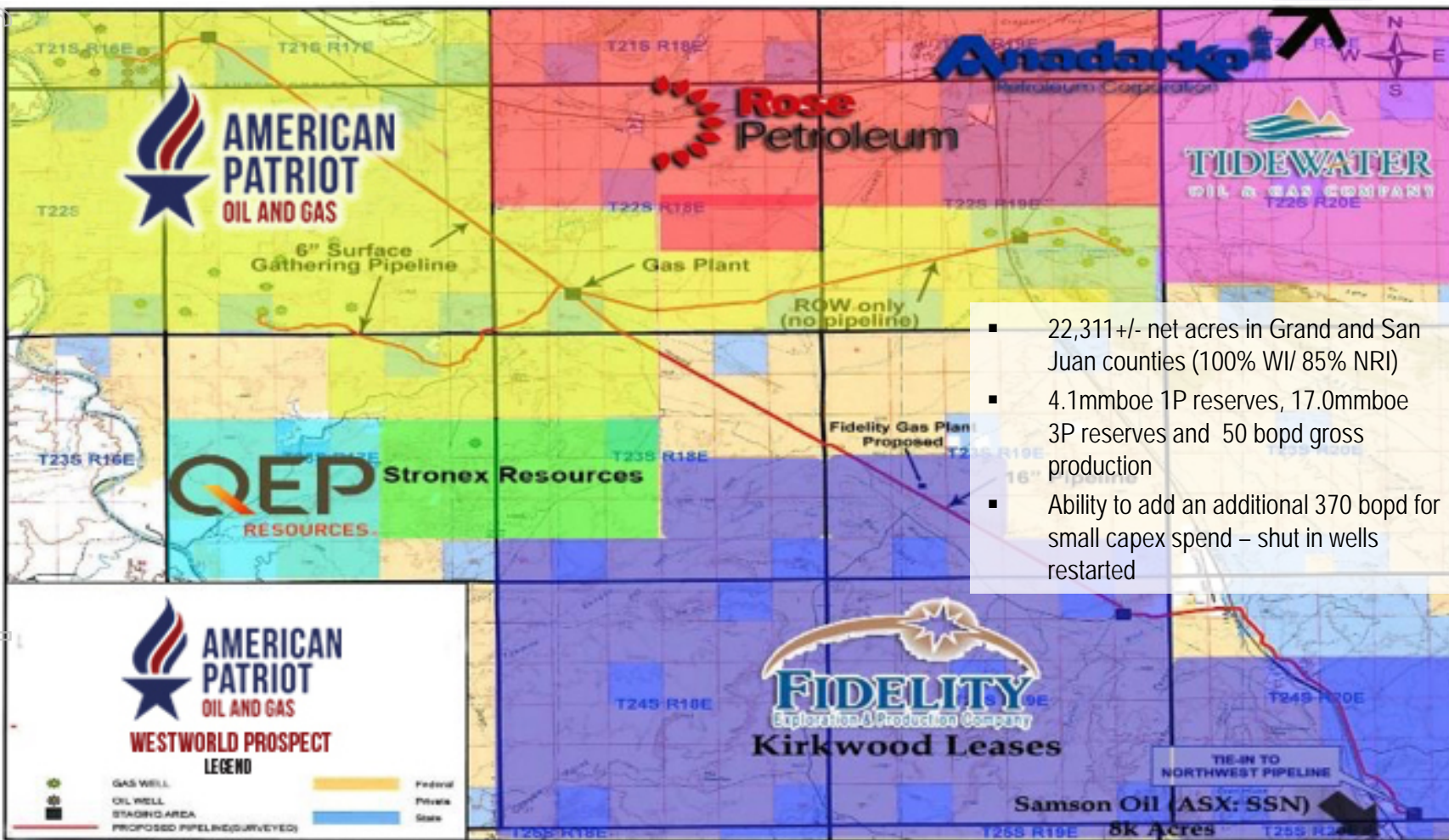
## Production Scenarios USD (m)

Production (boepd)	90	400	800
Oil Price (USD bbl)	\$50	\$50	\$50
Revenue (USD\$m)	1.58	7.00	14.00
Royalties (18%)	0.28	1.26	2.52
Operating Costs (\$20/bbl)	0.63	2.80	5.60
Taxes (7.5%)	0.12	0.53	1.05
Net Revenue (net AOW)	0.54	2.42	4.83



Significant cash flow generation & cash flow positive at current oil prices

# PARADOX BASIN ASSETS – 23k+/- NET ACRES UTAH



- 22,311+/- net acres in Grand and San Juan counties (100% WI/ 85% NRI)
- 4.1mmboe 1P reserves, 17.0mmboe 3P reserves and 50 bopd gross production
- Ability to add an additional 370 bopd for small capex spend – shut in wells restarted



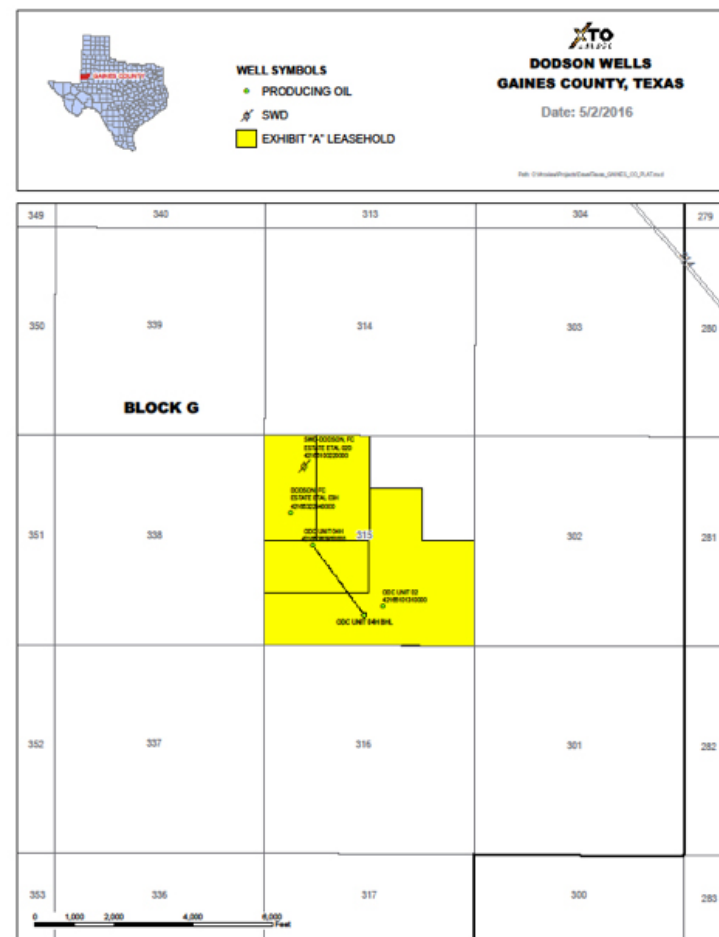
# PIPELINE AND GAS PLANT – PARADOX BASIN UTAH

- Current plant capacity is 1.5 MMcfpd, scalable to 20 MMcfpd
- Pipeline capacity is 200 MMcfpd
- Ex Delta Petroleum key strategic mid stream assets
- Capex spend of over USD\$90m acquired by AOW for stock
- Ability to generate tolling revenue of \$150,000 per month



# TEXAS – 356 NET ACRES GAINES COUNTY TX

- 356 net acres in Texas (66.67% WI/58.3% NRI) in Gaines County.
- Gaines County is located in the middle of the Permian Basin and adjacent to recent transactions of :
  - QEP Resources Inc \$US600m cash purchase of 9,400 net acres in Martin County, TX at a price of US\$65k a net acre and
  - SM Energy Co's US\$980m purchase of Permian acreage at a price of US\$39k per net acre.
- Existing production of 50bopd and reserves of 176mmboe. Ability to grow production to 320 bopd in the near term
- 356 net acres at \$30,000 acre = \$10m USD asset – potential valuation



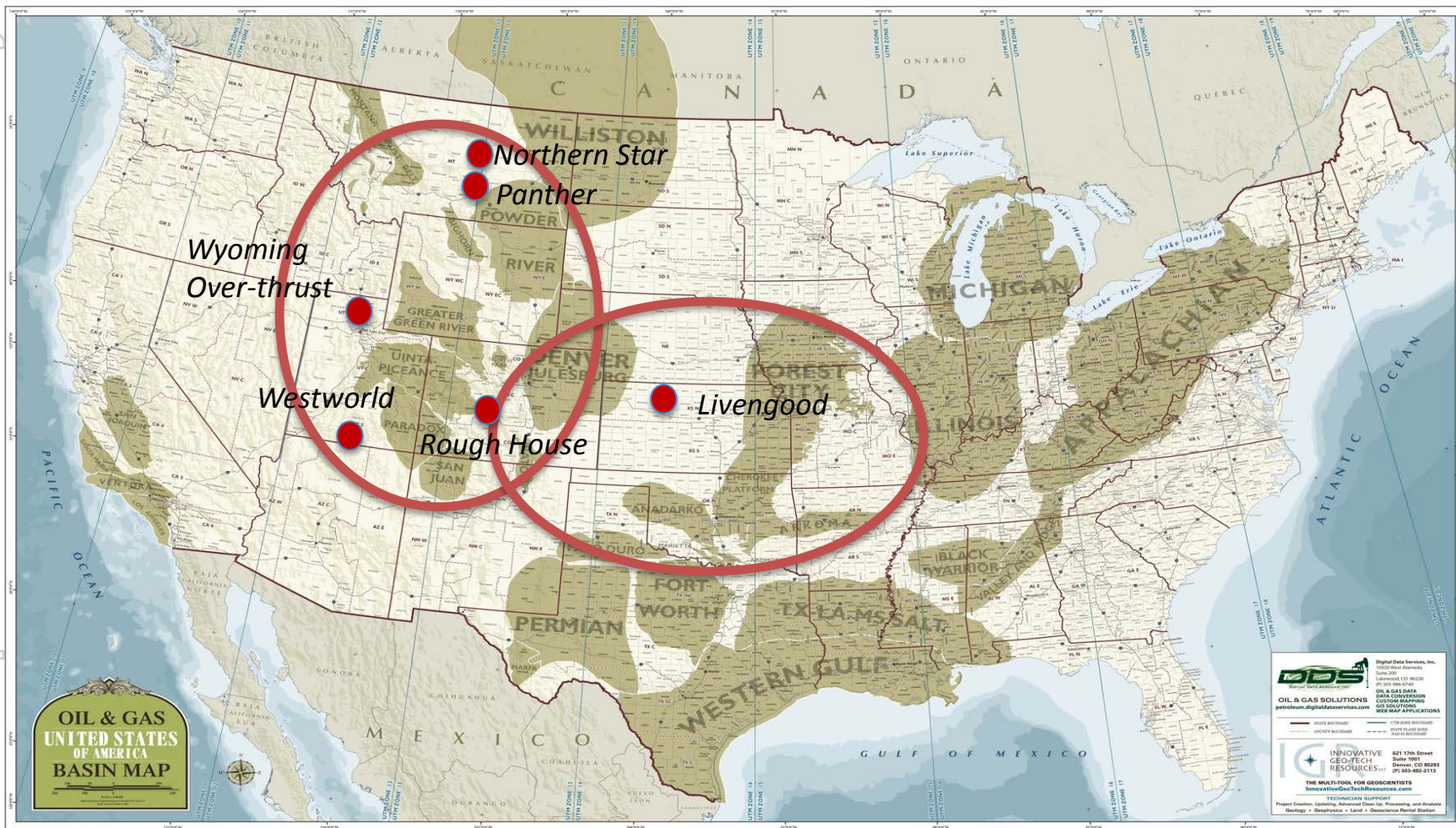
# VALUE DELIVERED JMD/ENTRADA TRANSACTION

Asset	Potential Value*	Comments
1P Reserves	\$98,000,000	PV 10
Gas Plant	\$ 5,000,000	
Pipeline	\$40,000,000	
Texas Acreage	\$10,000,000	Nearby acreage transactions
Total	\$153,000,000	

Over \$153MM USD of assets acquired under the transaction using AOW stock



# MID-CONTINENT BASIN FOCUS



Infill drilling & acquire distressed production> Build significant producing business



# BUSINESS PLAN – BUILDING A PRODUCING OIL BUSINESS

For personal use only



Infill Drilling Free Carried/Monetise existing properties in US Mid-continent



Targeting distressed producing opportunities in US Mid-continent



Partner Private Equity/Debt providers



Repeatable acquisition and development strategy



Operational and Deal making capability



Grow positive cash flow producing oil business

# BUSINESS PLAN – STRATEGY

For personal use only

Build producing oil business in Mid Continent US oil basins	<ul style="list-style-type: none"> <li>• Infill drilling- free carried/monetise acreage existing properties – real estate play – low operating cost/conventional</li> <li>• Acquire distressed low cost conventional producing assets 100 - 1500 BOPD a low cost per flowing BOPD</li> <li>• First assets in due diligence – targeting 4+ per annum</li> <li>• Expansion of reserve/resource base, drive efficiencies &amp; aggressive build out next 12-18 months</li> </ul>
Partner Private Equity/Debt providers	<ul style="list-style-type: none"> <li>• Partner with Private Equity/Hedge Funds for equity finance</li> <li>• Partner with Banks for debt to optimise the capital structure</li> <li>• AOW has no current debt outstanding</li> </ul>
Operational and Deal making capability	<ul style="list-style-type: none"> <li>▪ Competitive advantage with in house operational capability and ownership of drill rig fleets</li> <li>▪ Management/deal making strength to source new opportunities</li> </ul>
Grow Production/Attractive Returns	<ul style="list-style-type: none"> <li>• Targeting significant production growth</li> <li>• 2017 1000 BOPD; 2018 3000 BOPD; 2019 5000 BOPD</li> <li>• Risk mitigation: not exploration, low borrowing level, conservative acquisition assumption</li> <li>• Target 30% +IRR and ROI of 3X</li> </ul>
Monetize Asset	<ul style="list-style-type: none"> <li>▪ Build significant producing business</li> <li>▪ Exit 3 yrs plus post achievement of production milestone</li> <li>▪ Oil price recovery</li> </ul>

# BUSINESS PLAN – PATHWAY TO VALUE

For personal use only



Assess up to 20 deals per annum and close on 3-4 year – targeting +5000 plus bopd

# WTI PRICE PATH – MARKET VOLATILE BUT RECOVERING

- Oil has returned to \$50/bbl following \$26/bbl in early 2016
- Consensus analyst forecasts suggest \$65/bbl some suggest \$80/bbl end 2017
- Supply constrained and demand increasing but short term volatility
- Focus on conventional low cost oil production with low decline but long life production
- Now is the time to build production and acquire distressed properties

**RAYMOND JAMES**

**U.S. Research**  
Published by Raymond James & Associates

**Energy**

June 20, 2016

Industry Brief

J. Marshall Adkins, (713) 789-3351, [Marshall.Adkins@RaymondJames.com](mailto:Marshall.Adkins@RaymondJames.com)  
Pavel Molchanov, (713) 278-5270, [Pavel.Molchanov@RaymondJames.com](mailto:Pavel.Molchanov@RaymondJames.com)  
Anthony Diaz, Res. Assoc., (713) 278-5224, [Anthony.Diaz@RaymondJames.com](mailto:Anthony.Diaz@RaymondJames.com)  
Rich Eychner, Res. Assoc., (713) 278-5230, [Rich.Eychner@RaymondJames.com](mailto:Rich.Eychner@RaymondJames.com)

Energy: Energy Stat of the Week

**Energy Stat: Like \$50 Oil? You Ain't Seen Nothing Yet - Raising 2017 WTI Forecast to \$80**

Welcome back to the world of \$50+/Bbl oil! Well, okay, we've only had a few days of it to enjoy thus far, but just wait, we think oil prices have much more to run. At the start of 2016, [we made the case](#) – very contrarian at the time – that WTI oil prices would be pushing \$70 by the end of 2016. As oil fell below \$30/Bbl in February, [we encouraged investors](#) to hang in there and look for a second half of 2016 oil price surge. Over the past few months, we've gained even more confidence that tightening global oil supply/demand dynamics will support a much higher level of oil prices in 2017. We continue to believe that 2017 WTI oil prices will average about \$30/Bbl higher than current futures strip prices would

WTI back on the rise –  
forecast to reach \$65/70  
bbl in 2017

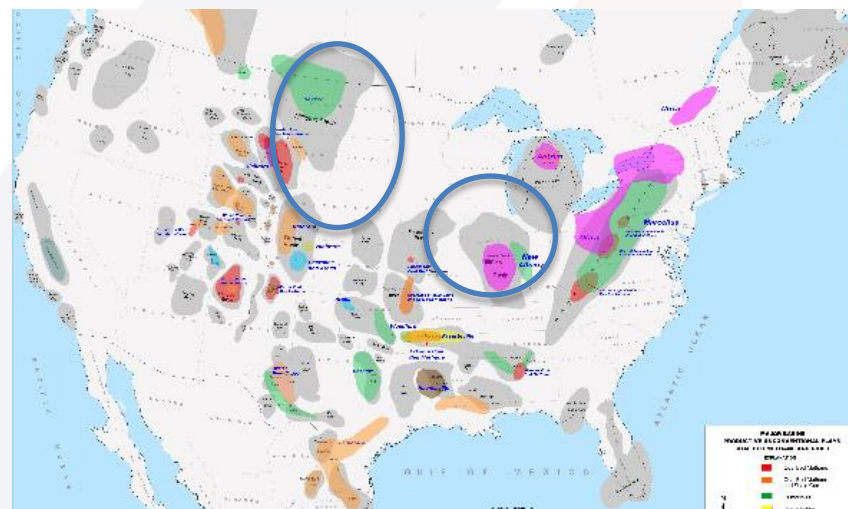


# MARKET OPPORTUNITY– DISTRESSED COMPANIES

- Banks are limiting lending to the sector only for selective opportunities
- Reduced borrowing bases and requiring debt repayment is forcing asset sales and bankruptcies
- AOW is selectively targeting distressed opportunities in Mid Continent basins
- Focus on conventional low cost oil production with low decline but long life production
- Assets that are economic at current prices with further efficiency gains/stacked pays
- Window will be open for a short period of time to build significant producing business
- Acquisitions will be largely underpinned by PDP value at current strip pricing with limited PUD, Probable or Possible value attributed
- Roll up of low middle market development opportunities, cash flow positive - majors focused on larger plays
- Can offer cash and stock in AOW

# WHY MID CONTINENT (ON-SHORE) BASINS?

- Low cost/low breakeven conventional plays compelling economics with drilling costs significantly lower – rig counts down over 80% in some parts;
- Unconventional economics are high cost and uncompetitive – not targeted;
- Know the geology intimately – made a number of significant discoveries in the area;
- Access to deal flow/contacts and attractive pricing;
- Significant number of low cost conventional producing oil opportunities;
- In proven oil producing basins in targeted area of focus;
- Access to infrastructure – extensive storage/transportation in place;
- Proven financial, geological, geophysical and operations team.



Gray areas are basins. Colored areas are shale and CBM areas

# EXISTING ACERAGE – REAL ESTATE PLAY

- Early entry in underexplored, prospective acreage in Rocky Mountain and Mid-Continent basins;
- All in proven hydrocarbon basins in close proximity to proven oil fields held at high retained interest;
- Delivering shareholder value through quality exploration and development team, geology and low cost leasing;
- Northern Star project most advanced: Two JV's completed and two successful wells drilled;
- 5 projects at various stages of completion.

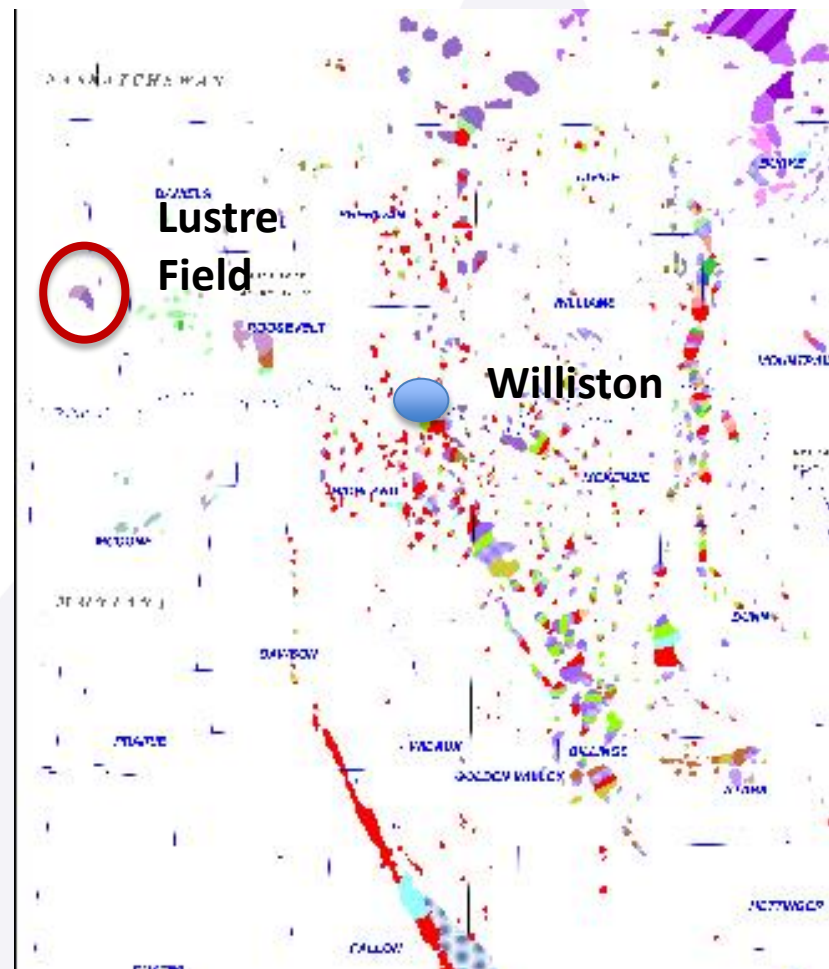
Project	Location	WI	NRI	Date Acquired	Term	Acres (net)	Operator
Northern Star	Montana	16-30%	~13-24%	2012/13	5 years	12,000	Great Western/Anadarko
Rough House	Colorado	30%	~22.5%	2014	5 years	4,507	Running Foxes Petroleum
Livengood	Kansas	75%	~80%	2016	HBP	20	Running Foxes Petroleum
Other projects	Montana, Wyoming, Utah	100%	~80%	2012, 2013	5 years	16,364	American Patriot
Total						32,891	

Near term drilling projects robust at low oil prices. JV's in place in conventional/tight oil plays in proven oil fields

# NORTHERN STAR – LUSTRE OIL FIELD

- Partnered with Great Western (Operator) and Anadarko Minerals
- 61,000 acres gross/AOW 12,600 net acres (25% average WI)
- Lustre Oil Field produced over 7.5mmbbl oil from Ratcliffe and Mission Canyon zones.
- AOW free carried on 2 horizontal exploration wells (no cost caps) plus back-in right on 2 well option
- 3D seismic survey over the Lustre and Midfork oil field
- Excellent oil shows were encountered in well.
- Planning for second horizontal underway for H2 2016 – AOW carried
- Lower permeability rocks around and up-dip of the old field sweet spot suggests that horizontal drilling can be utilized to target significant resource and value potential
- Expected IP: 250-500 BOPD

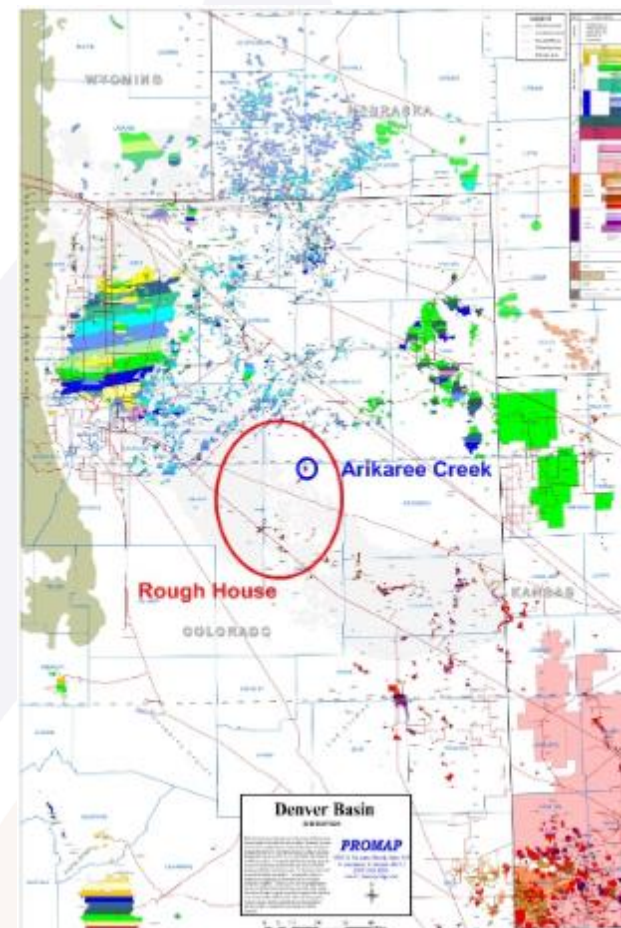
Significant resource potential of over 100 mmbbl oil





# ROUGH HOUSE PROJECT – RUNNING FOXES JV

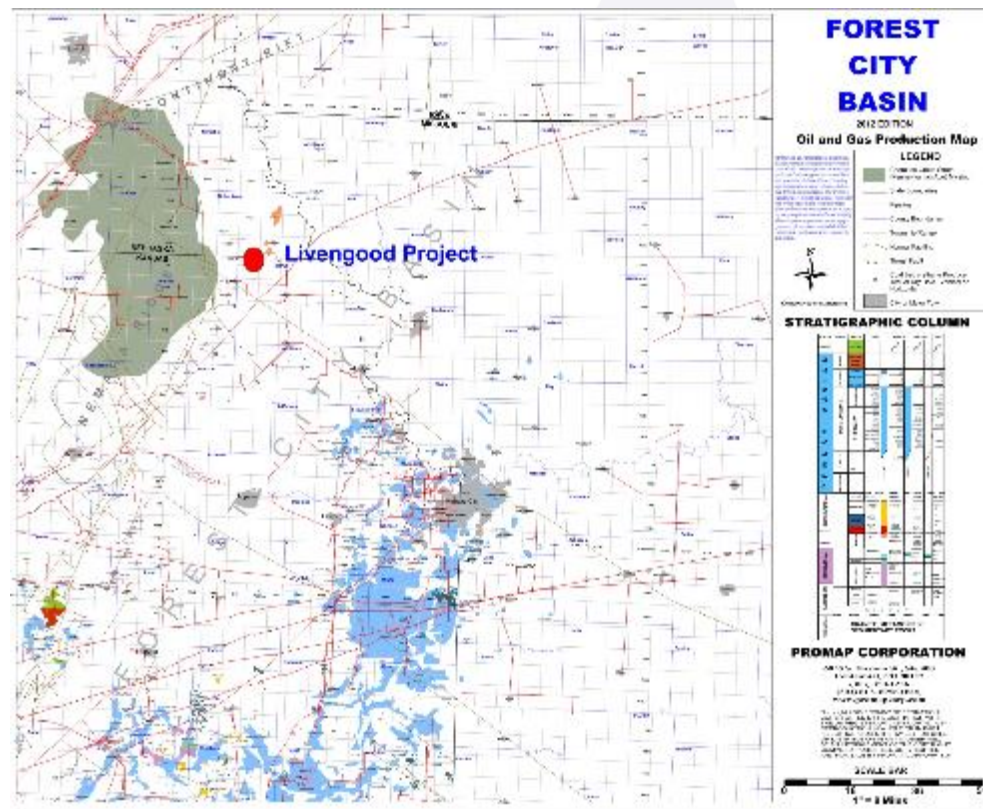
- 30% Working interest covering 24,221 gross acres (4,508 net AOW) located in the DJ Basin in Washington, Lincoln Arapahoe and Elbert Counties, Colorado
- New Farm out Feb 2016 with Running Foxes leading Colorado oil company discovered Arikaree Creek oil field (2000 BOPD)
  - 5 well deal/economic low cost conventional drilling
  - Two commitment wells free carried plus 3 well option
  - Future JV opportunities with RFP in Area of Mutual Interest established
- Conventional oil play focussed on stacked pays with multiple carbonate reservoir targets
- Acreage in close proximity to recent oil producing discoveries/quick paybacks & nearby active leasing:
  - **Nighthawk Energy:** 300-400 BOPD from 4 wells currently ~1500 BOPD total production – Arikaree Creek Oil field,
  - **Wiepking Fullerton:** 184,000 net acres, 3 wells drilled 694-1600 BOPD IP, and
- Vertical drilling opportunity (≈11,000ft) with large upside potential
- First two wells development wells next to the Arikaree Creek Field
- **Next Steps:** First two wells carried Q1 2017. Well costs \$1m



**Conventional oil play – drilling Q1 2017 targeting 200+ BOPD per well – free carried**

# LIVENGOOD OIL FIELD– ASSET UNDER DUE DILIGENCE

- Partnered with Running Foxes Petroleum Inc.
- Development Drilling in field that was discovered in 1944
- Each well averages 45,000 to 100,000 bbls per 10 acres
- Production and reserves opportunity
- Viola and Hunton carbonates
- Low risk
- 3D seismic survey over the Livengood Oil Field.
- Has defined oil/water contact
- Low cost conventional drilling
- Expected IP: 20-80 BOPD
- Several other opportunities to the Livengood Field have been identified by RFP
- Oil friendly state of Kansas



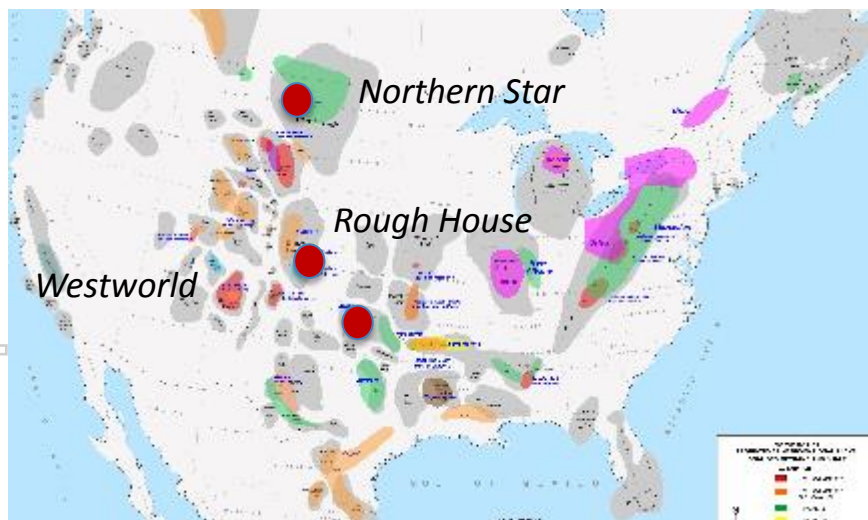
Low risk long term consistent and predictable production

# CATALYSTS– ACTIVE NEXT 6 MONTHS

Catalyst	Indicative Timing
Acquire and close JMD/Entrada Energy transaction	Q3- Q4 2016
Growth in production, cash flow and reserves	Q3 and Q4 2016
Infill drilling existing projects	Q4 2016
Acquire Second project conventional production	Q4 2016

# COMPANY SNAPSHOT

Focusing on low cost conventional production opportunities in this focus area – building to 3000+ BOPD and monetising existing acreage  
33,000 net acres onshore USA/ with high retained working interest, Rocky Mountain basins.



## Corporate Snapshot

Exchange	ASX
Share Code	AOW
Current Shares on issue	187,459,694
JMD/Entrada Shares issued	139,373,129
New shares on issue post transaction	326,832,823
Options	21.6m (ex \$0.25/expiry Oct 2018)
Share Price	\$0.10 (17/10/16)
Market Cap	\$18.7m
Debt	Nil
Listing date	9 July 2014

## Shareholder Structure – pre deal

Substantial Shareholders	%
Fand Pty Ltd	8.0%
AXL Financial Pty Ltd	5.3%
Top 20 ownership	66%

Building & acquiring conventional production opportunities in Mid continents basins



# MANAGEMENT TEAM

## Alexis Clark - CEO and Managing Director

- Previously Oil & Gas Analyst at Patersons Securities also Energy Analyst at Merrill Lynch.
- Over 15 years experience in Institutional banking and finance for Energy & Resources companies.
- Chartered Financial Analyst, Chartered Accountant Bachelor of Economics & Commerce at the University of Adelaide.

## Brett A. Murray - Senior VP Business Development/Land.

- Based in Denver and has over 12 years' experience in the Oil and Gas Industry including the last two years as Chief Operating Officer for publicly traded Virtus Oil and Gas Corporation,
- Senior Management for Gunnison Energy Corporation, Sundance Energy Australia Limited (ASX: SEA), Anschutz Exploration and Anadarko Petroleum Corporation.
- Bachelor of Arts in Communications from Kansas Wesleyan University.

## Dan Green - Director and Executive

- Petroleum Engineer with over 37 years of Professional Experience in Oil and Gas Industry. President of Pacific Energy & Mining Company an oil and gas operator.
- Previously President of Western Energy Inc., an independent oil company that was publicly traded which held leases in Utah and Kansas.
- Bachelor of Science in Mineral Engineering with Minor in Geology from Colorado School of Mines.

## Frank Pirera - Chairman, Company Secretary and CFO

- Director of the Company since listing on the ASX in 2014, and has more than 30 years of experience in the public accounting practice.
- Graduate of Monash University where he obtained a Bachelor of Business (Accounting) and is a fellow of the Certified Practising Accountants.
- Frank is classified as a non-independent Director.

## James Gibbons - Independent Director

- Former Governor of the State of Nevada, Former Member of the United States Congress, Attorney,
- Fighter Pilot in the United States Air Force, an Air Line Pilot, Geologist and a Hydrologist.
- Bachelor of Science and Master of Science from University of Nevada, Reno and a JD from Southwestern University.

# CONTACT INFORMATION

**Alexis Clark**

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

**Email** [aclark@ap-oil.com](mailto:aclark@ap-oil.com)

**Mobile** +61 401 626 014

+1 303 419 8434

Suite 300, 1601 Blake Street Denver Colorado, 80202 USA