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AMERICAN PATRIOT OIL & GAS LIMITED
ABN 79 154 049 144

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

American Patriot Oil & Gas Limited
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30 June 2018

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American Patriot Oil & Gas Limited
Corporate directory
30 June 2018

Directors	Mr David Shaw (Non-Executive Chairman) Mr Alexis Clark (Chief Executive Officer) Mr Frank Pirera (Director, Company Secretary, CFO)
Company secretary	Mr Frank Pirera
Registered office	Level 1, 23 Oxford St Oakleigh VIC 3166 Telephone +61 (3) 9945 8739
Principal place of business	Level 1, 23 Oxford St Oakleigh VIC 3166 Telephone +61 (3) 9945 8739
Share register	Link Market Services Level 1, 333 Collins Street Melbourne VIC 3000 Telephone +61 (3) 9615 9800
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Securities exchange listing	American Patriot Oil & Gas Limited shares are listed on the Australian Securities Exchange (ASX code: AOW, AOWOA and AOWOB)
Website	http://ap-oil.com/
Corporate Governance Statement	The Company's 2018 Corporate Governance Statement has been released to ASX on 27 September 2018 and is available on the Company's website.

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Review of operations report

During the year, American Patriot Oil and Gas signed three separate acquisition deals for oil and gas assets in Texas that will significantly increase EBITDA for the 2019 calendar year based on company financial modelling. The acquisitions of the Foothills Resources Inc, Peak Energy and Magnolia/Burnett assets will provide a net total of deliver a total 550 net boepd of production and 6.5 million boe. Total AOW company reserves will increase to 7 million boe 2P reserves.

The combined cost of all acquisitions was US$20.5 million, with $15m for the Foothills asset, $3.2m for Magnolia and Burnett, and $2.3m for the Peak Energy Asset. The assets are estimated to be worth US$48m PV 10 based on current NYMEX strip pricing, according to independent engineering reports.

On transaction close, American Patriot will have a total company production of 570 boepd in calendar year 2018 with more than 7mmboe 2P reserves (5.3mmboe of 1P proven oil and gas reserves) certified by independent reserve reports with a PV 10 value of USD$55m.The net production from the assets generates net cash flow of US$6m per annum at current oil prices. With a low capex investment of US$1.8m, the Company aims to add an additional 180boepd of production to grow net production from 570boepd in 2018 to an expected 750boepd in 2019. The program includes work-overs and recompletions which will commence immediately after the close of the transaction.

Estimated EBITDA is expected to increase to approximately US$12m per annum in 2019 (for all assets) following completion of the capex program based on an oil price of US$70bbl. Importantly, 75 per cent of production will be hedged at current oil prices, which average US$70bbl. The American Patriot Board will consider capital management initiatives in 2019 and beyond, such as dividends and share buybacks after consideration of future acquisitions and additional debt repayments.

The Company has received a non-binding term sheet from White Oak Global Advisers LLC, a major US-based investment manager to private credit funds, for a US$17m debt facility. The lenders have completed initial due diligence with only confirmatory validation remaining. This term sheet is currently being documented as a loan agreement and the deals are on track to close at the end of September.

The total transaction size of US$20.5m will be funded via the debt facility and an AU$7m (approximate conversion US$5m) equity raise which includes a $4m placement and a $3m rights issue. The rights issue is fully underwritten by Capital Investment Partners (CIP), an existing major shareholder of AOW.

The transaction is expected to close at the end of September 2018 and projected cash flows from the new assets, based on current oil prices, will result in the debt facility being fully paid back in less than four years. The market response has been overwhelming. Our capital raising was heavily oversubscribed, creating an opportunity to take more but we strategically chose not to, instead focusing on creating shareholder value.

This development will see American Patriot become the most significant operator in the Texas Gulf Coast region, with potential to introduce a number of new acquisition targets to rapidly build scale and increase production. The production potential and the reserves base of the acquired assets will shift AOW into a significant explorer and producer.

Receiving this endorsement and financial backing provides us with significant resources to secure larger deals in the future. The Foothills asset is an important strategic acquisition located adjacent to our existing Lost Lake/Goose Creek assets.

We plan to use existing operational staff and infrastructure across both assets to achieve further efficiencies. With the support of funding from our partner, we will continue to build a significant reserve base with upside potential to grow production and cash flow in line with increasing oil prices. AOW is now positioned for a period of significant growth and on a path to becoming cash flow positive.

During the year American Patriot has continued to review and assess a number of conventional oil production transactions. We are focused on acquiring conventional producing properties with low operating costs onshore USA with reserve reports and significant production upside via shut in wells, workover potential, behind pipe potential and infill drilling upside. We are aware of numerous attractive oil and gas assets on the market however we are very selective in the assets we have chosen to pursue. Our extensive due diligence process on the assets includes lease title review, site visits and other technical due diligence of the asset including review of any existing environmental liabilities and independent technical confirmation of the reserves and confirmation of production income and potential upside production on the assets.

Whilst this process takes some time, we will continue to undertake thorough due diligence on all assets and will not acquire assets which do not pass our strict criteria in order to protect AOW shareholders. We have already rejected a number of transactions as a result of this rigorous screening process. This was the right decision for shareholders. The AOW board will not complete a transaction simply for the sake of it and will always undertake full due diligence. Finding the right assets for

the company will therefore take some time as we need to ensure the production and reserves are accurate and independently verified and there are no hidden liabilities on any assets we acquire.

Equity Placement and Transaction Funding

The acquisition will be partially funded via a placement to institutional, professional and sophisticated investors to raise approximately $A4.2m. In conjunction with the placement AOW will be conducting a $3m rights issue fully underwritten by Capital Investment Partners (CIP), an existing major shareholder of AOW.

The issue price for the new shares will be of $0.025 (2.5 cents) per share and will come with a free option for every two shares issued with an exercise price of $0.045 (4.5 cents) per share with an expiry date 20 September 2019. The shares will rank equally in all respects with AOW's existing ordinary shares. The placement has been made at $0.025 (2.5 cents) per share with one free attaching option for every two shares subscribed for, exercisable at $0.045 (4.5 cents) per share on or before 20 September 2019.

The options will be listed and are subject to shareholder approval. In addition to the equity raise detailed above, the balance of the acquisition will be funded through US$17m senior debt facility provided by a major US Hedge Fund, subject to the negotiation and completion of transaction documents and completion of confirmatory due diligence.

Foothills Resources Inc, Texas Acquisition

A Purchase and Sale Agreement (PSA) to acquire additional conventional oil and gas assets in the Gulf Coast of Texas from Foothills Resources Inc (Foothills) has been signed. The assets currently produce a net 300 barrels of oil a day (bopd) and have significant upside potential to grow the production significantly by over 200bopd additional production via a low-cost capex programme including work overs and recompletions.

The operated assets contain 2,848,000 boe proven oil and gas 1P reserves certified by independent reserve reports. In addition to this there are an additional 1.8mmboe additional probable reserves resulting in a total 4.6mmboe of total 2P reserves.

These reserves have been acquired for US$15 million and are estimated to be worth US$33m PV10 based on current NYMEX strip pricing per Independent Engineering reports. The current net production generates net cash flow of USD$320k per month/US$3.8m per annum which we will be able to increase to approximately US$7.9m post the capex programme which will be commenced immediately post transaction close.

The asset consists of 62 producing wells, 100% operated with significant behind pipe and new drill upside potential to significantly increase production. The assets cover 4,393 net acres with an Average WI / NRI (PDP): 100% / 81%. The assets are located in Harris, Liberty and Hardin Counties, Texas and are mature legacy assets with current daily production of net 297 bopd oil/100% oil from multiple formations. All wells are vertical completions with significant behind pipe and new drill upside.

Magnolia/Burnett , Texas Acquisition

American Patriot Oil and Gas Ltd (ASX: AOW) ("American Patriot" or "the Company") has signed a Purchase and Sale Agreement (PSA) to acquire additional conventional oil and gas assets in South Texas and the Gulf Coast of Texas. The assets currently produce 62 barrels of oil a day (bopd) and 535 mcfd of gas (151 boepd) and have significant work over and upside drilling potential.

The non-operated assets contain 1,048,000 boe proven oil and gas 1P reserves certified by independent reserve reports. These reserves have been acquired for US$3.2 million. The assets acquired from Magnolia Petroleum Company are located in Calhoun, Hidalgo, Jefferson, Live Oak, Matagorda and Willacy Counties, Texas.

They are mature legacy assets with current daily production of 16 bopd oil and 513 mcfd gas production from multiple formations. It is a non-operated asset with various operating companies.

All wells are vertical and directional completions with significant behind pipe and new drill upside. Total proved reserves of 663mboe with a PV10 value of $4m. There are over 19 producing wells with 5.9%-30.9% Working Interest/ 4.5%-24.3% NRI.

The assets acquired from Burnett Petroleum Company are located in Hardin, Jasper, Polk and Tyler Counties, Texas. The package is spread out between two properties defined as the Rose Joint Venture and Lucky Leon Field and they are mature legacy assets with current daily production of 46 bopd oil and 22 mcfd gas production from the Yegua and Wilcox formations.

It is a non-operated asset with the operators being the Davis Southern Operating Co LLC and Davis Bros Oil Producers Inc. All wells are vertical and directional completions with significant behind pipe and new drill upside. Total proved reserves of

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386mboe with a PV10 value of $6.3m. There are over 32 producing wells with 5.0%-25.0% Working Interest/ 0.3%-20.4% NRI.

Peak Energy East Texas Acquisition

American Patriot signed the purchase and sale agreement in February 2018 to acquire additional conventional oil and gas assets in East Texas.

Due diligence has been completed on the asset and we have decided to combine this transaction with two other acquisitions which are currently in negotiation and to close all three deals at one time which is expected to occur in the end of September. The asset consists of 37 barrels of oil a day and 440 mcfd of gas production (110 boepd) with significant upside potential. The asset contains 1,100,000 barrels of oil equivalent proven oil and gas 1P reserves certified by independent reserve reports.

These reserves have been acquired for US$2.2m and are estimated to have the potential to generate USD$20m revenue over a period of time. The reserve study has been conservatively valued at US$50/bbl oil prices vs current market prices of US$65/bbl. The assets have been acquired from a number of private oil and gas companies. The Company has already completed an independent reserve report and full engineering study on the assets with land title and environmental work completed. Operating costs in this region are approximately US$23/bbl so the wells are economic down to a low oil price.

Importantly all infrastructure including pump jacks, tanks and batteries is in place, with ready access to market through gas pipeline and delivery to nearby refineries. The asset requires minimal workover expenditure to increase the production in the field. American Patriot will be operator of the asset with the current owner assisting with the process.

The fields acquired in this transaction are located in Harrison, Gregg, Rusk and Upshur Counties, Texas. The fields are mature legacy assets with current daily production of 37bopd oil and 440mcf/d gas production, with significant proven behind pipe pay and infill drilling opportunities that has not yet been exploited. American Patriot expects to be able to grow production significantly for minimal capital expenditure. There are more than 38 producing wells over 43 leases with an average NRI of 76%. Estimated reserves are 400,000 bbls oil and 4 bcf gas.

Lost Lake & Goose Creek Oil Field, Harris and Chambers County Texas

During the year, American Patriot has commenced the re-work process at Lost Lake and Goose Creek oil field to restart shut in production in that asset and production and first sales on the asset have commenced. This process is expected to accelerate and we expect to significantly grow production and net cash flows from this asset over the coming months.

The Busch lease received minor surface repairs to bring the wells back online. The Busch Et al A3 needed general electrical and plumbing work to restore the production. The electrical work performed was replacing the motor starter, overloads and replaced the grounding wire. As far as plumbing the flow line had to be transferred to a new holding facility to assure safety.

The 1B needed a new motor starter, overloads, disconnect, HOA and Repair grounding. Since mid-June, the wells have averaged approximately 10 BOPD since repairs were undertaken, we anticipate the production to drop off over the next 60 days but are currently preparing to perform work on 3 more wells in the next 2 weeks and another 12 wells in the next 60 days. The Lost Lake and Goose Creek Oil fields are located in Harris and Chambers Counties Texas. Both fields are mature legacy assets with current daily production of 50bopd shut-in, with significant proven behind pipe pay that has not yet been exploited with the ability to grow production significantly for minimal capital expenditure.

There is also substantial workover and behind pipe potential on the existing wells. The assets consist of 65 oil wells covering approximately 340 leasehold acres HBP at 100% GWI/average 75-81% NRI in Harris and Chambers counties Texas. We see substantial opportunities to lower the Lease Operating Expenses and achieve further cost efficiencies such as the use of solar power in the field vs diesel to increase the net cash flows on the assets.

Anasazi Assets, Goliad County Texas

American Patriot continues to receive oil and gas production and cash flows from assets recently acquired in South Texas and Louisiana, USA with Anasazi New Venture Corporation. The net income received during the years was A$16,831.

Rough House Project - DJ Basin, Colorado

American Patriot had a farm-out agreement in place with Running Foxes Petroleum (RFP), a private oil company covering the Rough House project acreage located in the Denver Julesburg (DJ) Basin, Colorado. RFP was expected to drill the first well in late 2016 and the second well in 2017. Given RFP has not completed these obligations American Patriot decided to terminate the JV and is actively marketing the acreage. The Company has already received indications of interest from a number of potential JV partners and we are close to finalising a deal on part of the acreage.

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of American Patriot Oil & Gas Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Directors
The following persons were directors of American Patriot Oil & Gas Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr David Shaw (Non-executive Chairman)
Mr Alexis Clark (Director and Chief Executive Officer)
Mr Frank Pirera (Director, Company Secretary and Chief Financial Officer)

Principal activities
During the financial year the principal activities of the consolidated entity consisted of oil and gas exploration.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $3,354,230 (30 June 2017: $6,105,852).

Financial Position
The net assets decreased by $209,862 to $4,582,445 at 30 June 2018 (30 June 2017: $4,792,307). The consolidated entity's working capital position at 30 June 2018, being current assets less current liabilities, was $647,797, a decrease of $769,743 compared to the prior year (30 June 2017: $1,417,540).

During the year, the consolidated entity incurred expenditure of $503,050 (30 June 2017: $554,338) on its petroleum exploration assets. The consolidated entity also received $293,964 in production revenues from oil produced during the year.

During the year, management has reviewed each area of interest for impairment indicators in accordance with AASB 6 and has recognised a full impairment of its Southern Sun and Running Foxes Petroleum projects as the consolidated entity will not be renewing the acreage within the area of interest. Management has recognised a partial impairment in relation to the Northern Star and Rough House projects for abandoned leases in the two areas.

Based on the above the Directors believe the Company is in a stable position to continue and pursue its current operations.

Refer to Operations Report preceding the Directors Report.

Significant changes in the state of affairs
On 2 August 2017, the consolidated entity acquired an interest in the Anasazi conventional oil and gas assets in Southern Texas.

On 14 August 2017, the consolidated entity completed a capital raising with sophisticated and professional investors issuing a total of 36,814,469 fully paid ordinary shares at an issue price of $0.03 (3 cents) per share raising a total of $1.1 million before costs.

On 12 September 2017, the consolidated entity acquired additional conventional oil and gas assets in Texas known as the Lost Lake and Goose Creek Oil fields. The total consideration for these assets totalled USD$435,000.

On 14 September 2017, the consolidated entity completed a capital raising with sophisticated and professional investors issuing a total of 6,167,335 fully paid ordinary shares at an issue price of $0.03 (3 cents) per share raising a total of $185,020 before costs.

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On 22 November 2017, the consolidated entity completed a capital raising with sophisticated and professional investors issuing a total of 4,433,117 fully paid ordinary shares at an issue price of $0.034 (3.4 cents) per share raising a total of $150,726 before costs.

On 7 December 2017, the consolidated entity issued 666,666 fully paid ordinary shares at deemed price of $0.03 (3 cents) per share to a director as approved by shareholders at the consolidated entity's Annual General Meeting held on 30 November 2017 raising a total of $20,000 before costs.

On 7 December 2017, the consolidated entity issued 24,680 and 1,612,903 fully paid ordinary shares to third parties for services provided.

On 31 January 2018, the consolidated entity completed a capital raising with sophisticated and professional investors issuing a total of 23,924,238 fully paid ordinary shares at an issue price of $0.033 (3.3 cents) per share raising a total of $789,500 before costs. As per the terms of the offer one free attaching quoted option was issued for every two shares subscribed. As a result, the consolidated entity issued 11,962,119 quoted options with an exercise price of $0.045 (4.5 cents) per option expiring on 20 September 2019.

On 7 February 2018, the consolidated entity announce the signing of a Purchase and Sale Agreement (PSA) pertaining to the acquisition of conventional oil and gas assets in East Texas (Peak Energy Transaction).

On 7 March 2018, the consolidated entity issued a total of 2,181,817 fully paid ordinary shares at a deemed issue price of $0.033 (3.3 cents) raising $72,000 before costs. On this day the consolidated entity also issued 242,424 and 1,000,000 fully paid ordinary shares to third parties for services provided. In addition, a total of 7,090,909 quoted options were issued with an exercise price of $0.045 (4.5 cents) per option expiring on 20 September 2019.

On 25 May 2018, the consolidated entity issued 1,500,000 fully paid ordinary shares to an employee on achievement of their agreed performance objectives.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 24 July 2018, the consolidated entity announced that it had signed two separate acquisition deals for oil and gas assets in Texas. The combined cost of all acquisitions was US$20.5 million, with $15m for the Foothills asset, $3.2m for Magnolia and Burnett and $2.3m for the Peak Energy asset (as announced previously on 7 February 2018). The assets are estimated to be worth US$48m PV 10 based on current NYMEX strip pricing, according to independent engineering reports.

On 30 July 2018, the consolidated entity issued a total of 165,150,984 fully paid ordinary shares at a deemed issue price of $0.025 (2.5 cents) raising $4,128,775 before costs.

On 31 July 2018, the consolidated entity issued a total of 3,608,000 fully paid ordinary shares at a deemed issue price of $0.025 (2.5 cents) raising $90,200 before costs.

On 3 August 2018, the consolidated entity announced that it will issue up to 122,405,134 fully paid ordinary shares at a deemed issue price of $0.025 (2.5 cents) and 61,202,567 quoted options under a fully underwritten non-renounceable entitlement issue on a 1 for 3.57 rights issue, to raise approximately $3.0 million (before costs). The offer also included 1 free attaching option for every 2 shares subscribed to. On 3 September 2018, the consolidated entity announced that a total of 21,309,060 shares were subscribed for raising a total of $532,727 before costs. The shortfall of 99,916,022 shares will be placed to the Underwriter in accordance with the Underwriting Agreement as disclosed in the Rights Issue Prospectus. The terms of the quoted options issued under the Rights Issue will be the same as those of the existing class of AOWOB options (exercise price of $0.045 (4.5 cents) with an expiry date of 20 September 2019).

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity is now well placed to build a focused and growing portfolio of oil and gas production assets within Texas and surrounding area which are fully supported by our US based funders.

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Environmental regulation

The consolidated entity holds participating interests in petroleum exploration interest. The various authorities granting such interests require the permit holder to comply with the terms of the grant of the permit and all directions given to it under those terms of the permit. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2018.

Information on directors

Name:	Mr David Shaw
Title:	Director & Non-Executive Chairman
Qualifications:	LLB
Experience and expertise:	Mr Shaw is a Melbourne University law graduate and is currently a practising solicitor with his own firm Campbell & Shaw Lawyers. Mr Shaw is a director on a number of private company boards and advisory boards. Mr Shaw has a long history with the Australian Football League (AFL). Mr Shaw was the Essendon club President from 1992 to 2002. In addition, Mr Shaw was the former Commissioner of the AFL.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	2,462,692 fully paid ordinary shares
Interests in options:	53,572 options exercisable at $0.25 expiring on 20 October 2018 and 602,775 options exercisable at $0.045 expiring on 20 September 2019
Interests in rights:	875,000 performance rights

Name:	Mr Alexis Clark
Title:	Director & Chief Executive Officer
Qualifications:	CFA, ACA
Experience and expertise:	Prior to his employment with the Company, Mr Clark was a Consultant to the Oil & Gas Industry. Mr Clark was employed as an Oil & Gas Analyst at Patersons Securities responsible for coverage of small-mid capitalisation Oil & Gas companies and has previously worked as an Energy Analyst at Merrill Lynch covering Large and Medium Capital Energy companies and more recently Shaw Stockbroking where he covered a basket of mid-capitalisation oil and gas companies. In addition to this Mr Clark has over 10 years of experience in the Institutional banking and finance sector where he has held positions at Westpac Institutional Bank, GE Capital and ANZ Banking Group responsible for the origination and execution of transactions across the Energy & Resources and Infrastructure client base.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	4,737,143 fully paid ordinary shares
Interests in options:	53,572 options exercisable at $0.25 expiring on 20 October 2018
Interests in rights:	1,750,000 performance rights

Name:	Mr Frank Pirera
Title:	Director, Company Secretary & Chief Financial Officer
Qualifications:	BBus (Acc), FCPA
Experience and expertise:	Mr Pirera is a graduate of Monash University where he obtained a Bachelor of Business (Accounting) and is a Fellow of the Certified Practising Accountants with more than 30 years of experience in public practice. Mr Pirera has a wealth of experience in financial control and management and strategic planning having advised numerous public and private companies throughout his career.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,267,143 fully paid ordinary shares
Interests in options:	53,572 options exercisable at $0.25 expiring on 20 October 2018
Interests in rights:	875,000 performance rights

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'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board Attended	Full Board Held
Mr David Shaw	3	3
Mr Alexis Clark	3	3
Mr Frank Pirera	3	3

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The performance of the consolidated entity depends on the quality of its Directors and Other Key Management Personnel and therefore the consolidated entity must attract, motivate and retain appropriately qualified industry personnel. The Group embodies the following principles in its remuneration framework:
- provide competitive rewards to attract and retain high calibre directors and other key management personnel;
- link executive rewards to shareholder value (by both long and short term incentives);
- link reward with strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- focuses on sustained growth in shareholder wealth, consisting of growth in share price and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers value;
- attracts and retains high calibre executives; and
- strategic acquisitions that are beneficial to the company.

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In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration.

For additional duties in assisting management beyond the normal time commitments of non-executive directors, non-executive directors are paid a per diem rate, with the amounts approved by other directors.

ASX Listing rules requires that the aggregate non-executive directors remuneration shall be determining periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 25 November 2014, where the shareholders approved a maximum aggregate remuneration of $300,000. No amendments have been made to the available non-executive director remuneration pool since that date.

Executive remuneration
The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has two components:
- base pay and non-monetary benefits
- superannuation
- long term incentives
- statutory requirements

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') include share-based payments in either to the form of options or performance rights.

Use of remuneration consultants
During the year ended 30 June 2018 the consolidated entity did not engage any remuneration consultants.

Voting and comments made at the company's 2017 Annual General Meeting ('AGM')
At the 2017 AGM, 98.89% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following persons:
- Mr David Shaw (Non-Executive Chairman)
- Mr Alexis Clark (Chief Executive Officer)
- Mr Frank Pirera (Director, Company Secretary, CFO)

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2018	Short-term benefits: Cash salary and fees $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:					
Mr David Shaw	39,996	3,800	-	-	43,796
Executive Directors:					
Mr Alexis Clark	250,000	23,750	-	-	273,750
Mr Frank Pirera	69,996	6,650	-	-	76,646
	359,992	34,200	-	-	394,192

2017	Short-term benefits: Cash salary and fees $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:					
Mr David Shaw	39,996	3,780	-	-	43,776
Executive Directors:					
Mr Alexis Clark	200,000	19,000	-	-	219,000
Mr Frank Pirera	69,996	6,650	-	-	76,646
Other Key Management Personnel:					
Mr Kleanthe Hatziladas *	45,000	-	-	-	45,000
	354,992	29,430	-	-	384,422

* Payments were made to Mr Hatziladas through California Services Pty Ltd during 2017. This company was no longer a related party or a member of KMP from 1 July 2017. Advisory services provided by this entity ceased during the year and Mr Hatziladas was no longer considered a substantial shareholder.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2018	Fixed remuneration 2017
Non-Executive Directors:		
Mr David Shaw	100%	100%
Executive Directors:		
Mr Alexis Clark	100%	100%
Mr Frank Pirera	100%	100%

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Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr David Shaw
Title:	Director & Non-Executive Chairman
Agreement commenced:	6 March 2014
Term of agreement:	No fixed term
Details:	The Company may terminate the agreement immediately in the event of serious misconduct or neglect in the discharge of his duties. Furthermore the Company may terminate the agreement without cause at any time by giving 1 months written notice to the Director, and making payment of 1 month's remuneration in lieu of notice. The Director may terminate the agreement by providing 1 month's written notice to the Company.

Name:	Mr Alexis Clark
Title:	Chief Executive Officer
Agreement commenced:	7 April 2014
Term of agreement:	No fixed term
Details:	The Company may terminate the agreement immediately in the event of serious misconduct or neglect in the discharge by the CEO of his duties. Furthermore the Company may terminate the agreement without cause at any time by giving 12 months written notice to the CEO, and making payment of an amount equal to the fixed annual remuneration (TFR) and accrued entitlements the Executive had he worked for the unexpired portion of the notice period. The CEO may terminate the agreement by providing 12 month's written notice to the Company.

Name:	Mr Frank Pirera
Title:	Company Secretary and Chief Financial Officer
Agreement commenced:	6 March 2014
Term of agreement:	No fixed term
Details:	The Company may terminate the agreement immediately in the event of serious misconduct or neglect in the discharge of his duties. Furthermore the Company may terminate the agreement without cause at any time by giving 1 months written notice to the Director, and making payment of 1 month's remuneration in lieu of notice. The Director may terminate the agreement by providing 1 month's written notice to the Company.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Performance rights

The terms and conditions of each grant of performance rights affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Hurdle price	Fair value per right at grant date
25/11/2014	Immediately upon satisfaction of terms	25/11/2019	$0.200	$0.078
25/11/2014	Immediately upon satisfaction of terms	25/11/2019	$0.500	$0.053
25/11/2014	Immediately upon satisfaction of terms	25/11/2019	$1.000	$0.033

The performance rights were granted to Mr David Shaw, Mr Frank Pirera and Mr Alexis Clark.

Performance rights granted carry no dividend or voting rights.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2018 $	2017 $	2016 $	2015 $	2014 $
Loss after income tax	(3,354,230)	(6,105,852)	(2,317,972)	(3,721,267)	(629,152)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2018	2017	2016	2015	2014
Share price at financial year end ($)	0.02	0.02	0.16	0.17	-
Basic loss per share (cents per share)	(1.39)	(3.22)	(1.44)	(2.60)	(0.61)
Diluted loss per share (cents per share)	(1.39)	(3.22)	(1.44)	(2.60)	(0.61)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Purchased on market	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr David Shaw	1,257,143	-	666,666	-	1,923,809
Mr Alexis Clark	3,737,143	-	-	-	3,737,143
Mr Frank Pirera	1,267,143	-	-	-	1,267,143
	6,261,429	-	666,666	-	6,928,095

Options

The number of options held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Granted as free attaching as part of share purchase	Balance at the end of the year
Options over ordinary shares					
Mr David Shaw *	53,572	-	-	333,333	386,905
Mr Alexis Clark	53,572	-	-	-	53,572
Mr Frank Pirera	53,572	-	-	-	53,572
	160,716	-	-	333,333	494,049

* Mr David Shaw received 333,333 free attaching options after taking part in a share placement during the year.

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Performance rights holding
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Mr David Shaw	875,000	-	-	-	875,000
Mr Alexis Clark	1,750,000	-	-	-	1,750,000
Mr Frank Pirera	875,000	-	-	-	875,000
	3,500,000	-	-	-	3,500,000

Loans to key management personnel and their related parties
There were no loans to key management personnel and their related parties in place during the year.

Other transactions with key management personnel and their related parties
There were no other transactions with key management personnel and their related parties during the year.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of American Patriot Oil & Gas Limited under option at the date of this report are as follows:

	Expiry date	Exercise price	Number under option
Listed options	20 October 2018	$0.25	21,621,725
Listed options	20 September 2019	$0.045	24,040,803
Listed options	20 September 2019	$0.045	11,962,119
Listed options	20 September 2019	$0.045	7,090,909
Listed options	20 September 2019	$0.045	61,202,567
			125,918,123

No person entitled to exercise the options had or has any right by virtue of the option/right to participate in any share issue of the company or of any other body corporate.

Shares under performance rights
Unissued ordinary shares of American Patriot Oil & Gas Limited under performance rights at the date of this report are as follows:

	Expiry date	Hurdle price	Number under rights
Performance rights Class A	30 November 2019	$0.20	2,000,000
Performance rights Class B	30 November 2019	$0.50	1,000,000
Performance rights Class C	30 November 2019	$1.00	500,000
			3,500,000

Shares issued on the exercise of options
There were no ordinary shares of American Patriot Oil & Gas Limited issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

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Shares issued on the exercise of performance rights
There were no ordinary shares of American Patriot Oil & Gas Limited issued on the exercise of performance rights during the year ended 30 June 2018 and up to the date of this report.

Indemnity and insurance of officers
The consolidated entity has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The consolidated entity is a party to Deeds of Indemnity in favour of each Director referred to in this report who held office during the year, as well as senior executives and statutory officers. The indemnities operate to the full extent permitted by law and are not subject to a monetary limit. American Patriot Oil and Gas limited is not aware of any liability having arisen, and no claim has been made, during or since the financial year under the Deeds of Indemnity.

Indemnity and insurance of auditor
The consolidated entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the consolidated entity has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of William Buck
There are no officers of the company who are former partners of William Buck.

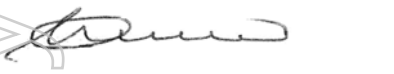
Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

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This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



David Shaw
Non-Executive Chairman

27 September 2018

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William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AMERICAN PATRIOT OIL AND GAS LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2018 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director

Dated this 27th day of September, 2018

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American Patriot Oil & Gas Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Revenue			
Oil & gas income		277,133	-
Other income		23,716	5,511
		300,849	5,511
Net foreign exchange gain / (loss)		(4,270)	26,539
Expenses			
Administration		(97,299)	(35,152)
Employee benefits expense	5	(704,994)	(380,446)
Corporate, travel and consulting expenses	5	(1,253,466)	(1,371,296)
Depreciation and amortisation expense		(133,759)	(37,913)
Other expenses		(285,410)	(25,191)
Exploration costs written off	10	(675,170)	(4,185,238)
Deposits written off	8	(394,737)	-
Occupancy expenses		(105,974)	(102,666)
Loss before income tax expense		(3,354,230)	(6,105,852)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of American Patriot Oil & Gas Limited		(3,354,230)	(6,105,852)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		192,271	(197,844)
Other comprehensive income for the year, net of tax		192,271	(197,844)
Total comprehensive loss for the year attributable to the owners of American Patriot Oil & Gas Limited		(3,161,959)	(6,303,696)
		Cents	**Cents**
Basic loss per share	26	(1.39)	(3.22)
Diluted loss per share	26	(1.39)	(3.22)

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The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

American Patriot Oil & Gas Limited
Consolidated statement of financial position
As at 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Assets			
Current assets			
Cash and cash equivalents	7	250,665	497,140
Trade and other receivables		6,630	33,241
Other deposits	8	861,655	1,056,854
Prepayments		21,911	5,244
Total current assets		1,140,861	1,592,479
Non-current assets			
Plant and equipment	9	173,624	103,729
Exploration and evaluation	10	3,212,371	3,276,322
Production assets	11	564,920	-
Total non-current assets		3,950,915	3,380,051
Total assets		5,091,776	4,972,530
Liabilities			
Current liabilities			
Trade and other payables	12	440,425	144,826
Annual leave provision		52,639	30,113
Total current liabilities		493,064	174,939
Non-current liabilities			
Employee benefits		16,267	5,284
Total non-current liabilities		16,267	5,284
Total liabilities		509,331	180,223
Net assets		4,582,445	4,792,307
Equity			
Issued capital	13	20,860,380	17,978,483
Reserves	14	1,398,126	1,135,655
Accumulated losses		(17,676,061)	(14,321,831)
Total equity		4,582,445	4,792,307

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The above consolidated statement of financial position should be read in conjunction with the accompanying notes

American Patriot Oil & Gas Limited
Consolidated statement of changes in equity
For the year ended 30 June 2018

Consolidated	Issued capital $	Share-based payments reserve $	Foreign exchange reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2016	17,918,983	147,547	1,185,952	(8,215,979)	11,036,503
Loss after income tax expense for the year	-	-	-	(6,105,852)	(6,105,852)
Other comprehensive loss for the year, net of tax	-	-	(197,844)	-	(197,844)
Total comprehensive loss for the year	-	-	(197,844)	(6,105,852)	(6,303,696)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 13)	59,500	-	-	-	59,500
Balance at 30 June 2017	17,978,483	147,547	988,108	(14,321,831)	4,792,307

Consolidated	Issued capital $	Share-based payments reserve $	Foreign exchange reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2017	17,978,483	147,547	988,108	(14,321,831)	4,792,307
Loss after income tax expense for the year	-	-	-	(3,354,230)	(3,354,230)
Other comprehensive income for the year, net of tax	-	-	192,271	-	192,271
Total comprehensive income for the year	-	-	192,271	(3,354,230)	(3,161,959)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 13)	2,414,847	-	-	-	2,414,847
Issue of options	-	70,200	-	-	70,200
Funds received for placement (shares to be allotted at 30 June 2018)	467,050	-	-	-	467,050
Balance at 30 June 2018	20,860,380	217,747	1,180,379	(17,676,061)	4,582,445

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The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

American Patriot Oil & Gas Limited
Consolidated statement of cash flows
For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Receipts from customers		293,964	50,001
Payments to suppliers and employees (inclusive of GST)		(2,005,230)	(1,851,139)
Interest received		23,716	5,512
Net cash used in operating activities	25	(1,687,550)	(1,795,626)
Cash flows from investing activities			
Payments for plant and equipment	9	(143,942)	(21,580)
Payments for exploration and evaluation	10	(503,050)	(554,338)
Payments for deposits		(1,541,844)	(1,056,854)
Proceeds from deposits		1,417,307	-
Payments for production assets		(597,659)	-
Net cash used in investing activities		(1,369,188)	(1,632,772)
Cash flows from financing activities			
Proceeds from issue of shares	13	2,754,071	-
Net cash from financing activities		2,754,071	-
Net decrease in cash and cash equivalents		(302,667)	(3,428,398)
Cash and cash equivalents at the beginning of the financial year		497,140	3,947,350
Effects of exchange rate changes on cash and cash equivalents		56,192	(21,812)
Cash and cash equivalents at the end of the financial year	7	250,665	497,140

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The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover American Patriot Oil & Gas Limited as a consolidated entity consisting of American Patriot Oil & Gas Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is American Patriot Oil & Gas Limited's functional and presentation currency.

American Patriot Oil & Gas Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern
The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity had, for the financial year ended at 30 June 2018, incurred a net loss after tax of $3,354,230 (2017: $6,105,852); net operating cash outflows for the year ended 30 June 2018 of $1,687,550 (30 June 2017: $1,795,626) and a closing cash balance of $250,665 at 30 June 2018 (30 June 2017: $497,140). The working capital position as at 30 June 2018 of the consolidated entity (current assets less current liabilities) was $647,797 (30 June 2017: $1,417,540).

Subsequent to the end of the year the consolidated entity completed two shares placements and one right issue. On 30 July 2018, the consolidated entity issued 165,150,984 fully paid ordinary shares at an issue price of $0.025 (2.5 cents) per share raising a total of $4,128,775 before costs.

On 31 July 2018, the consolidated entity issued a total of 3,608,000 fully paid ordinary shares at an issue price of $0.025 (2.5 cents) raising $90,200 before costs.

On August 3 2018, the consolidated entity announced a fully underwritten pro-rata non-renounceable 1 for 3.57 Rights Issue at 2.5 cents per share to raise approximately $3.0 million before costs. On 3 September 2018, the consolidated entity announced that it has raised $532,726 (before costs) for the issue and allotment of 21,309,060 entitlement and additional new shares under its fully underwritten non-renounceable 1 for 3.57 rights issue as announced on 3 August 2018, with 1 free attaching new option for every 2 new shares subscribed for and issued. The shortfall in relation to the rights issue will be placed to the underwriter as set out rights issue prospectus. The money received has been used to fund asset acquisitions which were completed subsequent to year end.

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Note 2. Significant accounting policies (continued)

In considering the ability of the consolidated entity to continue as a going concern the Directors considered the following matters:

- The consolidated entity has the ability to raise additional working capital through the issue of equity, as needed;
- The consolidated entity has a successful history in raising funds and is well supported by its major shareholders;
- The consolidated entity has the ability to significantly reduce its expenditures as required in order to manage the cost structure within the constraints of available cash resources;
- The consolidated entity has low capital commitments for both corporate and exploration activities;
- The directors are confident of increasing production on the consolidated entity's newly acquired oil and gas assets and utilising the proceeds from sale of the output for working capital purposes: and
- If required the consolidated entity has the ability to undertake either the full or partial sale of its existing tenement portfolio, enter into farm-out arrangements of its existing tenement portfolio or obtain approval for the deferral of the current work programs.

The Directors will continue to monitor the ongoing funding requirements of the consolidated entity.

As a consequence of the above, the directors believe that the consolidated entity will be able to continue as a going concern and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of American Patriot Oil & Gas Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. American Patriot Oil & Gas Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Foreign currency translation
The financial statements are presented in Australian dollars, which is American Patriot Oil & Gas Limited's functional and presentation currency.

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Note 2. Significant accounting policies (continued)

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, where this approximates the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest
Interest revenue is recognised as interest accrues using the effective interest method.

Production revenue
Sales revenue is recognised on the basis of the consolidated entity's interest in a producing field, when the physical product and associated risks and rewards of ownership pass to the purchaser, which is generally at the time of ship or truck loading, or on the product entering the pipeline.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement.

This standard modifies the classification and measurement of financial assets. It includes:
• A single, principle-based approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held
• A new expected credit loss impairment model requiring expected losses to be recognised when financial assets are first recognised;
• A modification of hedge accounting to align the accounting treatment with risk management practices of an entity.

The consolidated entity has adopted this standard from 1 July 2018. This has not had a material impact on the consolidated entity financial performance, accounting processes or recognition of balances.

AASB 15 Revenue from Contracts with Customers
The core principle of AASB 15 is that an entity recognises revenue related to the transfer of promised goods or services when control of the goods or services passes to the customer. The amount of revenue recognised should reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.

Assessment of the new standard has focused on identifying any components of the consolidated entity's contractual arrangements to which AASB 15 would be applicable and understanding the nature of those arrangements, in particular, whether there are any key terms and conditions that may impact revenue recognition. At present, as the consolidated entity has no relevant sales contracts in place, there are no significant matters identified which would impact revenue recognition.

The consolidated entity has adopted this standard from 1 July 2018. This has not had a material impact on the Consolidated entity financial performance, accounting processes or recognition of balances.

AASB 16 Leases
AASB 16 sets out a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. AASB 16 applies a control model for the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The standard requires lessees to account for leases under an on-balance sheet model with the distinction between operating and finance leases being removed. Lessors continue to classify leases and account for them as operating or finance leases.

The consolidated entity will adopt this standard from 1 July 2019 but no net material impact is expected.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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Note 3. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees and suppliers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation charges for its property and equipment and production assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. No deferred tax assets were recognised as at 30 June 2018.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Management assesses acreage on an area of interest basis.

Assets acquisitions
The consolidated entity assessed the acquisition and determined that it was a party to a joint operation under AASB 11 – Joint Arrangements. As the assets acquired did not constitute a business the consolidated entity did not apply the fair value requirements of AASB 3 – Business Combinations.

The consolidated entity determined that in accounting for the acquisition the appropriate accounting policy was to recognise the consolidated entity's share of assets, liabilities, revenues and expenses.

The wells acquired are at an advanced production stage and accordingly the consolidated entity will amortise the carrying amount over the expected life of the wells.

Joint arrangements
The consolidated entity holds a interest in Anasazi New Ventures Corporation. The arrangement relates to exploration activities located in Goliad County, Texas, and La Salle Parish in Louisiana, and is governed by a joint arrangement agreement with the operator of the project. Based on the agreement the consolidated entity has determined that it has joint control of the project. This therefore forms a joint operation in accordance with AASB 11 *Joint Arrangements*, as decision making requires both parties to agree and therefore has accounted for its expenditure in relation to this arrangement accordingly. As a result, all expenditure on the Anasazi project is capitalised in accordance with the consolidated entity's accounting policy for petroleum exploration assets.

Recovery of deposits
The consolidated entity undertook due diligence in relation to potential project acquisitions. As part of this process a number of fully refundable deposits were paid prior to due diligence commencing. In the event due diligence was completed and the consolidated entity decided not to proceed with the acquisition the deposits are fully refundable. The agreements entered into in order to complete due diligence on potential acquisitions are expected to be fully refunded upon termination of the deal.

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Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity operates predominantly as an explorer for oil and gas with exploration activities being undertaken mainly in USA.

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the Chief Operating Decision Makers in order to allocate resources to the segment and to assess its performance. The Board of Directors reviews the consolidated entity as a whole in the business segment of oil and gas exploration.

Geographical information

	Geographical non-current assets	
	2018	**2017**
	$	**$**
Australia	39,702	73,582
USA	3,911,213	3,306,469
	3,950,915	3,380,051

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Expenses

	Consolidated	
	2018	**2017**
	$	**$**
Loss before income tax includes the following specific expenses:		
Share-based payments expense to:		
Employees	39,000	-
Consultants	158,976	-
Total spare	197,976	-

During the year the consolidated entity issued a total of 1,500,000 fully paid ordinary shares at an issue price of $0.026 (2.6 cents) per share to employees in accordance with the Employee Share Scheme Incentive Plan. In addition, the consolidated entity issued 6,000,000 listed options to a consultant and were valued using black-scholes methodology. The consolidated entity also issued 2,880,007 shares to consultants for services provided.

Note 6. Income tax

	Consolidated	
	2018	**2017**
	$	**$**
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	4,693,072	3,926,052
Potential tax benefit @ 27.5%	1,290,595	1,079,664

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Note 6. Income tax (continued)

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 7. Cash and cash equivalents

	Consolidated	
	2018	2017
	$	$
Cash at bank	250,665	497,140

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 8. Other deposits

	Consolidated	
	2018	2017
	$	$
Other deposits	861,655	1,056,854

During the year, the consolidated entity undertook due diligence in relation to potential project acquisitions. As part of this process a number of fully refundable deposits were paid prior to due diligence commencing. In the event due diligence was completed and the consolidated entity decided not to proceed with the acquisition the deposits are fully refundable. The agreements entered into in order to complete due diligence on potential acquisitions are expected to be fully refunded upon termination of the deal. However there remains a risk of default.

Management has reviewed the deposits paid for collection indicators and has recognised a full write off of deposits paid in relation to the Gonzales County due diligence amounting to $394,737.

Note 9. Plant and equipment

	Consolidated 2018 $	Consolidated 2017 $
Leasehold improvements - at cost	90,000	90,000
Less: Accumulated depreciation	(72,000)	(54,000)
	18,000	36,000
Plant and equipment - at cost	142,065	-
Less: Accumulated depreciation	(26,045)	-
	116,020	-
Fixtures and fittings - at cost	80,010	77,473
Less: Accumulated depreciation	(54,486)	(34,808)
	25,524	42,665
Motor vehicles - at cost	60,018	57,669
Less: Accumulated depreciation	(45,938)	(32,605)
	14,080	25,064
	173,624	103,729

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvement $	Fixtures & fittings $	Motor vehicles $	Plant & equipment $	Total $
Balance at 1 July 2016	54,000	28,783	37,278	-	120,061
Additions	-	21,581	-	-	21,581
Depreciation expense	(18,000)	(7,699)	(12,214)	-	(37,913)
Balance at 30 June 2017	36,000	42,665	25,064	-	103,729
Additions	-	1,877	-	142,065	143,942
Exchange differences	-	293	467	-	760
Depreciation expense	(18,000)	(19,311)	(11,451)	(26,045)	(74,807)
Balance at 30 June 2018	18,000	25,524	14,080	116,020	173,624

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	5 years
Furniture & fixtures	3 to 4 years
Motor vehicles	5 years
Plant & equipment	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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Note 9. Plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 10. Exploration and evaluation

	Consolidated	
	2018	**2017**
	$	**$**
Exploration and evaluation	6,688,086	7,959,518
Less: Accumulated impairment	(3,475,715)	(4,683,196)
	3,212,371	3,276,322

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration & evaluation $
Balance at 1 July 2016	7,106,716
Additions	554,338
Receipts from production revenues	(50,001)
Exchange differences	(149,493)
Impairment of assets	(4,185,238)
Balance at 30 June 2017	3,276,322
Additions	503,050
Receipts from production revenues	(16,831)
Exchange differences	125,000
Impairment of assets	(675,170)
Balance at 30 June 2018	3,212,371

The ultimate recoupment of capitalised expenditure in relation to each area of interest is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas the results of which are still uncertain.

Management has reviewed each area of interest for impairment indicators in accordance with AASB 6 and has recognised a full impairment of its Southern Sun and Running Foxes Petroleum projects as the consolidated entity will not be renewing the acreage within the area of interest. Management has recognised a partial impairment in relation to the Northern Star and Rough House projects for abandoned leases in the two areas.

During the year the consolidated entity acquired American Patriot Lost Lake LLC and American Patriot Goose Creek LLC for a total of US$435,000 which includes US$105,000 that was taken to plant and equipment. The consolidated entity assessed the acquisition and determined that it did not constitute a business and therefore it did not meet the requirements of AASB 3 Business Combinations. The consideration paid has therefore been considered exploration and evaluation expenditure in accordance with AASB 6.

The consolidated entity has a number of wells that are producing pre-production 'test oil' from development wells prior to entering full production. The test oil is considered necessary to the completion of the asset, the proceeds from sales have been offset against the asset cost instead of being recognised as revenue within the statement of profit and loss and other comprehensive income.

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Note 10. Exploration and evaluation (continued)

Accounting policy for exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 11. Production assets

	Consolidated 2018 $	Consolidated 2017 $
Production assets	626,932	-
Less: Accumulated amortisation	(62,012)	-
	564,920	-

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Production assets $
Balance at 1 July 2016	-
Balance at 30 June 2017	-
Additions	597,659
Exchange differences	26,378
Amortisation expense	(59,117)
Balance at 30 June 2018	564,920

On 2 August 2017, the consolidated entity acquired a working interest in conventional oil and gas assets located in Southern Texas for total consideration of US$550,000 (less closing adjustments as set out in the Asset Purchase Agreement). Included in the due diligence process prior to the completion of the acquisitions the consolidated entity engaged third party consultants to complete independent reports to determine the production reserves within the assets.

The acquisition included 35 wells which are governed by operating agreements with third party Operators. The consolidated entity acquired varying non-Operator interests. In some wells, the consolidated entity obtained joint control, and in other wells the consolidated obtained only a passive investment and in concluding this the Director's considered the terms and condition of each agreement.

On initial recognition, the consolidated entity assessed the acquisition and determined that it was a party to a joint operation under AASB 11 – Joint Arrangements. As the assets acquired did not constitute a business the consolidated entity did not apply the fair value requirements of AASB 3 – Business Combinations.

The consolidated entity determined that in accounting for the acquisition the appropriate accounting policy was to recognise the consolidated entity's share of assets, liabilities, revenues and expenses.

The wells acquired are at an advanced production stage and accordingly the consolidated entity will amortise the carrying amount over the expected life of the wells.

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Note 11. Production assets (continued)

The consolidated entity also considered the reports outlining production reserves when assessing whether there is any indication that the production assets may be impaired in accordance with AASB 136. Accordingly, no impairments have been booked.

Accounting policy for production assets
Production assets are stated at cost, less accumulated amortisation and accumulated impairment losses. The initial cost of an asset comprises its purchase price, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Production assets are amortised on a unit-of-production basis over the total proved developed and undeveloped reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case, the straight-line method is applied.

Note 12. Trade and other payables

	Consolidated	
	2018	2017
	$	$
Trade payables	376,768	65,783
Other payables	63,657	79,043
	440,425	144,826

Refer to note 15 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 13. Issued capital

	Consolidated			
	2018	2017	2018	2017
	Shares	Shares	$	$
Ordinary shares - fully paid	268,227,343	189,659,694	20,860,380	17,978,483

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Note 13. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2016	188,959,694		17,702,659
Issue of shares as settlement of third party liability	10 November 2016	700,000	$0.09	59,500
Transfer to issued capital upon lapse of options	24 October 2016	-	-	216,324
Balance	30 June 2017	189,659,694		17,978,483
Issue of shares - share placement	15 August 2017	36,814,469	$0.03	1,104,434
Issue of shares - share placement	14 September 2017	6,167,335	$0.03	185,020
Issue of shares - share placement	23 November 2017	4,433,117	$0.03	150,726
Issue of shares - share placement	7 December 2017	666,666	$0.03	20,000
Issue of shares to consultant	7 December 2017	12,768	$0.03	383
Issue of shares to consultant	7 December 2017	11,912	$0.033	393
Issue of shares to consultant	7 December 2017	1,612,903	$0.031	50,000
Issue of shares - share placement	31 January 2018	23,924,238	$0.033	789,500
Issue of shares - share placement	7 March 2018	2,181,817	$0.033	72,000
Issue of shares to consultant	7 March 2018	242,424	$0.033	8,000
Issue of shares to consultant	7 March 2018	1,000,000	$0.03	30,000
Issue of shares to employee	25 May 2018	1,500,000	$0.026	39,000
Funds received for placement (shares yet to be allotted at 30 June 2018)*		-	-	467,050
Capital raising costs		-	-	(34,609)
Balance	30 June 2018	268,227,343		20,860,380

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

* These funds were received prior to the end of the financial however the shares were yet to be allotted. The allotment of shares occurred subsequent to year end on 30 July 2018.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital which includes ensuring a balance of raising funds through new equity issues and debt.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity will look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

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Note 14. Reserves

	Consolidated 2018 $	Consolidated 2017 $
Foreign currency reserve	1,180,379	988,108
Share-based payments reserve	217,747	147,547
	1,398,126	1,135,655

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation $	Share-based payments reserve $	Total $
Balance at 1 July 2016	1,185,952	147,547	1,333,499
Foreign currency translation	(197,844)	-	(197,844)
Balance at 30 June 2017	988,108	147,547	1,135,655
Foreign currency translation	192,271	-	192,271
Issue of options	-	70,200	70,200
Balance at 30 June 2018	1,180,379	217,747	1,398,126

Details	**Date**	**Options**	**$**
Balance	1 July 2016	93,729,870	216,324
Transfer to issued capital upon lapse of options	24 October 2016	(72,108,145)	(216,324)
Balance	30 June 2017	21,621,725	-
Issue of options	7 December 2017	24,040,803	-
Issue of options	31 January 2018	11,962,119	-
Issue of options	7 March 2018	6,000,000	70,200
Issue of options	7 March 2018	1,090,909	-
Balance	30 June 2018	64,715,556	70,200

The consolidated entity issued 6,000,000 listed options to a consultant which were valued using black-scholes methodology.

The other options were issued as free attaching options and as such had no valuation attributed to them.

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Note 15. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by the Board of Directors ('the Board') using policies that include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The consolidated entity's subsidiary operates in the US, and its functional currency is US Dollars. The results of the consolidated entity are presented in Australian Dollars, and therefore the results and net assets of the US subsidiary are subject to fluctuations as a result of exchange rate fluctuations.

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates		Reporting date exchange rates	
	2018	2017	2018	2017
Australian dollars				
US Dollars	1.2898	1.3229	1.3530	1.3001

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2018	2017	2018	2017
Consolidated	$	$	$	$
US dollars	369,215	255,141	243,699	45,597

The parent entity operated a US dollar account during the year, and the balance at 30 June 2018 was US$5,950 (A$8,035)

The US based operation held cash and cash equivalents of US$45,550 (A$61,629) (2017: US$190,080 (A$247,113)). Other receivables amounted to US$0 (A$0) (2017: US$4,848 (A$6,302)).

A sensitivity analysis on the net loss after tax on the US operations and the effect that a 10% movement in the AUD/USD can be seen below.

	AUD strengthened			AUD weakened		
Consolidated - 2018	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
US dollar	10%	24,565	24,565	(10%)	(30,024)	(30,024)

	AUD strengthened			AUD weakened		
Consolidated - 2017	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
US dollar	10%	517,306	517,306	(10%)	(517,306)	(517,306)

Note 15. Financial instruments (continued)

Interest rate risk
The consolidated entity's exposure to interest rate risk is primarily in relation to short-term deposits held which are held with reputable financial institutions.

As at the reporting date, the consolidated entity had the following variable rate cash and deposits:

	2018		2017	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Cash and cash equivalents	1.75%	250,665	1.75%	497,140
Net exposure to cash flow interest rate risk		250,665		497,140

Potential variances in interest rates are not expected to have a significant impact on the financial report.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity, and is related mainly to bank deposits, tax refunds and any other deposits held by the company by third parties. As at 30 June 2018 the consolidated entity had deposits held by third parties in relation to potential project acquisition as set out in note 8. The risk associated with these deposits is that the third parties that hold these deposits default and the deposits are unable to be recovered. The consolidated entity considers the risk of default to be low as all parties that hold the deposits are considered to be reputable.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	376,768	-	-	-	376,768
Other payables	-	63,657	-	-	-	63,657
Total non-derivatives		440,425	-	-	-	440,425

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Note 15. Financial instruments (continued)

Consolidated - 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	65,783	-	-	-	65,783
Other payables	-	79,043	-	-	-	79,043
Total non-derivatives		144,826	-	-	-	144,826

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 16. Key management personnel disclosures

Directors
The following persons were directors of American Patriot Oil & Gas Limited during the financial year:

Mr David Shaw	Non-Executive Chairman
Mr Alexis Clark	Chief Executive Officer
Mr Frank Pirera	Director, Company Secretary, CFO

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2018 $	Consolidated 2017 $
Short-term employee benefits	359,992	354,992
Post-employment benefits	34,200	29,430
	394,192	384,422

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Pty Ltd, the auditor of the company, and unrelated firms:

	Consolidated 2018 $	Consolidated 2017 $
Audit services - William Buck		
Audit or review of the financial statements	55,000	31,250
Other services - unrelated firms		
US auditors review of American Patriot Oil & Gas Inc.	5,304	16,750

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Note 18. Contingent liabilities

On January 24, 2018, an advisory organisation raised litigation against the Company claiming a breach of an engagement agreement and is seeking damages from the Company. The Company has denied all of the allegations claimed and will vigorously defend the claim. At this time it is not possible to estimate any potential liability that may arise from this matter as the case is still in the discovery phase.

The consolidated entity had no other contingent liabilities at 30 June 2018.

Note 19. Commitments

	Consolidated 2018 $	Consolidated 2017 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	32,827

Note 20. Related party transactions

Parent entity
American Patriot Oil & Gas Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 22.

Joint operations
Interests in joint operations are set out in note 23.

Key management personnel
Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current year. During the previous year, the consolidated entity considered California Services Pty Ltd (an entity associated with Mr Hatziladas) a related party. This company is no longer a related party from 1 July 2017. Advisory services provided by this entity ceased during the year and Mr Hatziladas was no longer considered a substantial shareholder and as such was not considered a related party.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Terms and conditions
Interest is charged at 5% per annum and the loan is due for repayment on or before 31 December 2020.

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Note 21. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018	**2017**
	$	**$**
Loss after income tax	(986,710)	(932,794)
Total comprehensive loss	(986,710)	(932,794)

Statement of financial position

	Parent	
	2018	**2017**
	$	**$**
Total current assets	201,004	1,337,338
Total assets	14,019,491	12,069,745
Total current liabilities	163,341	104,127
Total liabilities	179,608	109,411
Equity		
Issued capital	20,830,380	17,978,483
Share-based payments reserve	161,912	147,547
Accumulated losses	(7,152,409)	(6,165,696)
Total equity	13,839,883	11,960,334

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for plant and equipment at as 30 June 2018 and 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity; and
- Joint ventures that the consolidated entity controls are considered to be controlled by the parent entity as the consolidated entity shares the same key decision makers as the parent entity.

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Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
American Patriot Oil and Gas Inc	USA	100.00%	100.00%
American Patriot Oil and Gas LLC	USA	100.00%	100.00%
American Patriot Oil & Gas Holding Company Inc	USA	100.00%	-
American Patriot Goose Creek LLC	USA	100.00%	-
American Patriot Lost Lake LLC	USA	100.00%	-

Note 23. Interests in joint operations

The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
Northern Star project	USA	30.00%	30.00%

Note 24. Events after the reporting period

On 24 July 2018, the consolidated entity announced that it had signed two separate acquisition deals for oil and gas assets in Texas. The combined cost of all acquisitions was US$20.5 million, with $15m for the Foothills asset, $3.2m for Magnolia and Burnett and $2.3m for the Peak Energy asset (as announced previously on 7 February 2018). The assets are estimated to be worth US$48m PV 10 based on current NYMEX strip pricing, according to independent engineering reports.

On 30 July 2018, the consolidated entity issued a total of 165,150,984 fully paid ordinary shares at a deemed issue price of $0.025 (2.5 cents) raising $4,128,775 before costs.

On 31 July 2018, the consolidated entity issued a total of 3,608,000 fully paid ordinary shares at a deemed issue price of $0.025 (2.5 cents) raising $90,200 before costs.

On 3 August 2018, the consolidated entity announced that will issue up to 122,405,134 fully paid ordinary shares at a deemed issue price of $0.025 (2.5 cents) and 61,202,567 quoted options under a fully underwritten non-renounceable entitlement issue on a 1 for 3.57 rights issue, to raise approximately $3.0 million (before costs). The offer also included 1 free attaching option for every 2 shares subscribed to. On 3 September 2018, the consolidated entity announced that a total of 21,309,060 shares were subscribed for raising a total of $532,727 before costs. The shortfall of 99,916,022 shares will be placed to the Underwriter in accordance with the Underwriting Agreement as disclosed in the Rights Issue Prospectus. The terms of the quoted options issued under the Rights Issue will be the same as those of the existing class of AOWOB options (exercise price of $0.045 (4.5 cents) with an expiry date of 20 September 2019).

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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Note 25. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2018 $	Consolidated 2017 $
Loss after income tax expense for the year	(3,354,230)	(6,105,852)
Adjustments for:		
Depreciation and amortisation	133,759	37,913
Share-based payments	197,976	-
Foreign exchange differences	(90,841)	(26,540)
Write off of petroleum exploration assets	675,170	4,185,238
Write off of deposits	394,737	-
Reallocation of production revenues received	16,831	50,001
Change in operating assets and liabilities:		
Decrease in trade and other receivables	26,611	6,660
Decrease/(increase) in prepayments	(16,667)	18,594
Increase in trade and other payables	295,595	27,871
Increase in provisions	33,509	10,489
Net cash used in operating activities	(1,687,550)	(1,795,626)

Note 26. Loss per share

	Consolidated 2018 $	Consolidated 2017 $
Loss after income tax attributable to the owners of American Patriot Oil & Gas Limited	(3,354,230)	(6,105,852)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	241,323,832	189,406,543
Weighted average number of ordinary shares used in calculating diluted earnings per share	241,323,832	189,406,543
	Cents	**Cents**
Basic loss per share	(1.39)	(3.22)
Diluted loss per share	(1.39)	(3.22)

The rights to options or performance rights held by equity holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 “Earnings per Share”. The rights to options or performance rights are non-dilutive as the consolidated entity has generated a loss for the year. As at 30 June 2018 there were 64,715,556 options on issue and a total of 3,500,000 performance rights on issue.

Accounting policy for earnings per share

Basic loss per share
Basic loss per share is calculated by dividing the loss attributable to the owners of American Patriot Oil & Gas Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 27. Share-based payments

The consolidated entity granted a total of 5,250,000 unlisted Performance Options on 25 November 2015 (expired 1,750,000 options at 30 June 2018 due to the director ceasing employment) which contained vesting conditions relating to the significant improvement in the market capitalisation of the Company, aligning the interests of the holders to those of the shareholders.

Set out below are summaries of performance rights granted under the plan:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
25/11/2014	25/11/2019	$0.20	2,000,000	-	-	-	2,000,000
25/11/2014	25/11/2019	$0.50	1,000,000	-	-	-	1,000,000
25/11/2014	25/11/2019	$1.00	500,000	-	-	-	500,000
			3,500,000	-	-	-	3,500,000

2017

Grant date	Expiry date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
25/11/2014	25/11/2019	$0.20	2,000,000	-	-	-	2,000,000
25/11/2014	25/11/2019	$0.50	1,000,000	-	-	-	1,000,000
25/11/2014	25/11/2019	$1.00	500,000	-	-	-	500,000
			3,500,000	-	-	-	3,500,000

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2018 Number	2017 Number
26/11/2015	20/10/2018	21,621,725	21,621,725
07/12/2017	20/09/2019	24,040,803	-
31/01/2018	20/09/2019	11,962,119	-
07/03/2018	20/09/2019	6,000,000	-
07/03/2018	20/09/2019	1,090,909	-
		64,715,556	21,621,725

For the 6,000,000 options granted during the financial year, the black scholes pricing model valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
07/03/2018	20/09/2019	$0.03	$0.05	107.77%	-	1.96%	$0.012

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options and performance rights over shares that are provided to employees in exchange for the rendering of services.

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Note 27. Share-based payments (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black scholes pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

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American Patriot Oil & Gas Limited
Directors' declaration
30 June 2018

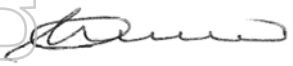
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



David Shaw
Non-Executive Chairman

27 September 2018

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William Buck

American Patriot Oil and Gas Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of American Patriot Oil and Gas Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided on the date of this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CHARTERED ACCOUNTANTS & ADVISORS
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Material Uncertainty related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $3,354,230 and, net cash-outflows from operations of $1,687,550 during the year ended 30 June 2018. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. The matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

CARRYING VALUE OF EXPLORATION AND EVALUATION ASSETS	
Area of focus **Refer also to notes 2 and 10**	**How our audit addressed it**
The Group has incurred exploration and evaluation costs for oil and gas tenements in the USA over a number of years. During the 2018 financial year the Group had a number of tenement licenses expire, resulting in an impairment expense in the statement of profit or loss and other comprehensive income. There is a risk that accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate to the remaining tenements and therefore should be impaired.	Our audit procedures included: — A review of the directors' assessment of the criteria for the capitalisation of exploration expenditure and evaluation of whether there are any indicators for impairment to capitalised cost; — Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest, including an evaluation of the requirement to renew that tenement at its expiry; — Examining project spend per each area of interest and comparing this spend to the minimum expenditure requirements set out in the underlying tenement expenditure plan; and — Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest. We also assessed the adequacy of the Group's disclosures in respect of exploration costs.

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ACQUISITION OF EXPLORATION AND EVALUATION ASSETS	
Area of focus **Refer also to notes 2 and 10**	**How our audit addressed it**
On 5 September 2017, the Group completed the acquisitions of Goose Creek LLC and Lost Lake LLC for a total consideration of US$435,000. The Acquisition has been treated by management as an asset acquisition. Determining the appropriate accounting treatment for this transaction was complex and required judgements by the Directors and Group management. As a consequence we have determined this to be a key area of focus in the current year.	Our audit procedures included: — Examining the legal documentation associated with the purchase to understand the key terms and conditions of the acquisitions; — Reviewed management's assessment to verify that the transaction was correctly recorded as an asset acquisition; and — Considering the requirements of Australian Accounting Standards to determine the appropriate accounting treatment of the initial purchase consideration. We also assessed the adequacy of the Group's disclosures in respect of the acquisitions.

ACCOUNTING FOR JOINT OPERATIONS	
Area of focus **Refer also to notes 2 and 11**	**How our audit addressed it**
On 2 August 2017 the Group acquired 100% of the issued capital of Anasazi New Ventures Corporation ("ANVC") for a consideration of US$550,000. ANVC comprised two wholly owned subsidiaries Memsa Energy LLC ("Memsa") and Rose Royalties LLC ("Rose"). Memsa and Rose hold non-operator interests in 35 wells in East Texas in the USA. These wells have been determined as joint operations Determining the appropriate accounting treatment for this transaction was complex and required judgements by the Directors and Group management, specifically in determining whether joint control exists. As a consequence we have determined this to be a key area of focus in the current year.	Our audit procedures included: — Examining the legal documentation associated with the purchase to understand the key terms and conditions of the acquisitions, which confirms that a joint control exists; — Assessed the accounting policy and classification adopted by the Group was in compliance with AASB 11 and that the Group's share of assets, liabilities, revenue and expenses were recognised appropriately; — Assessed the useful life of the wells and examined the amortisation rate applied by management against the asset initially recognised; and — Assessed whether there is any indicator of impairment, under AASB 136 over the assets acquired. We also assessed the adequacy of the Group's disclosures in respect of the acquisitions.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we accordingly do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

ASA 700 paragraph Aus A57.1 provides Application and Other Explanatory Material that when the auditor refers to a description of the auditor's responsibilities on a website, the appropriate authority is The Auditing and Assurance Standards Board website and the website address is;

www.auasb.gov.au/auditors_responsibilities/ar1.pdf.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of American Patriot Oil and Gas Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

N. S. Benbow
Director

Melbourne, 27 September 2018

American Patriot Oil & Gas Limited
Shareholder information
30 June 2018

The shareholder information set out below was applicable as at 19 September 2018.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of AOWOA options over ordinary shares	Number of holders of AOWOB options over ordinary shares
1 to 1,000	35	1	9
1,001 to 5,000	17	5	34
5,001 to 10,000	105	9	18
10,001 to 100,000	392	61	43
100,001 and over	413	38	72
	962	114	176
Holding less than a marketable parcel	251	105	96

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
DEFENDER EQUITIES PTY LTD	23,000,000	5.02
ZERO NOMINEES PTY LTD	22,570,719	4.92
FAND (VIC) PTY LTD	15,000,000	3.27
23 OXFORD STREET PTY LTD	13,940,000	3.04
AET CT PTY LIMITED	10,804,083	2.36
CITICORP NOMINEES PTY LIMITED	10,414,034	2.27
AXL FINANCIAL PTY LIMITED	10,000,000	2.18
ALLEKIAN EXCHANGE PTY LTD	10,000,000	2.18
HOLICARL PTY LIMITED	8,333,334	1.82
JTJK INVESTMENTS PTY LTD	8,000,000	1.75
SILVERSTONE WEALTH PTY LTD	7,966,667	1.74
MRS HUBERTHA JESSOP	5,936,000	1.30
CARAD INVESTMENTS PTY LTD	5,760,505	1.26
GINGA PTY LTD	5,200,000	1.13
MORAITIS FAMILY PTY LTD	4,861,530	1.06
ALEXIS CLARK	4,737,143	1.03
23 OXFORD STREET PTY LTD	4,447,365	0.97
VP CAPITAL PTY LTD	4,400,000	0.96
CHAIT FAMILY PTY LTD	4,280,000	0.93
FLUE HOLDINGS PTY LTD	4,022,247	0.88
	183,673,627	40.07

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American Patriot Oil & Gas Limited
Shareholder information
30 June 2018

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	Options over ordinary shares AOWOA	ordinary shares % of AOWOA options
AXL FINANCIAL PTY LTD	5,000,000	23.12
ZERO NOMINEES PTY LTD	2,142,858	9.91
ALITIME NOMINEES PTY LTD	853,572	3.95
DRAX NOMINEES PTY LTD	750,000	3.47
S2S INVESTMENT HOLDINGS PTY LTD	714,287	3.30
ACP INVESTMENTS PTY LTD	714,286	3.30
WAVEHILL INVESTMENTS PTY LTD	642,857	2.97
AUST EXECUTOR TRUSTEES LTD	500,000	2.31
MR BRETT JAMES RUDD	500,000	2.31
MRS ANGELA MAREE ROWE	367,857	1.70
OCEAN VIEW WA PTY LTD	357,144	1.65
DR SALIM CASSIM	357,143	1.65
GAB SUPERANNUATION FUND PTY LTD	357,143	1.65
FLUE HOLDINGS PTY LTD	357,143	1.65
ACP INVESTMENTS PTY LTD	357,143	1.65
MISS LAURA FRANCO & MR MICHAEL FRANCO & MR ROBERT FRANCO	357,143	1.65
HYNDON PTY LTD	357,143	1.65
BFB HOLDINGS PTY LTD	357,143	1.65
MR MARK JOHN TURNER	267,144	1.24
BARRY FITZGERALD & HELEN FITZGERALD	200,000	0.92
	15,510,006	71.70

	Options over ordinary shares AOWOB Number held	ordinary shares % of AOWOB options issued
ZERO NOMINEES PTY LTD	7,077,503	13.17
OAK LENDING AUSTRALASIA PTY LTD	6,000,000	11.16
SILVERSTONE WEALTH PTY LTD	4,602,727	8.56
DRAX NOMINEES PTY LTD	3,100,000	5.77
BOND STREET CUSTODIANS LIMITED	2,272,727	4.23
MR GEORGE TSURLIS & MS ANNA-MARIA NONIS	1,950,000	3.63
HOLICARL PTY LIMITED	1,666,667	3.10
DEFENDER EQUITIES PTY LTD	1,249,544	2.32
RMVIC PTY LTD	1,106,000	2.06
FLUE HOLDINGS PTY LTD	1,000,000	1.86
PARASKEVI THEONAS	950,000	1.77
QUARTZ MOUNTAIN MINING PTY LTD	833,334	1.55
BWS PTY LTD	833,334	1.55
23 OXFORD STREET PTY LTD	757,576	1.41
MR ADRIAN O'DONNELL & MS SONYA O'DONNELL	750,000	1.40
MR MARK NOEL BLANDFORD	750,000	1.40
LAURA FRANCO & MICHAEL FRANCO & ROBERTY FRANCO	666,667	1.24
MRS VICKY MITSIANIS	642,177	1.19
PARKSIDE (SA) PTY LTD	636,619	1.18
CARAD INVESTMENTS PTY LTD	630,253	1.17
	37,475,128	69.72

American Patriot Oil & Gas Limited
Shareholder information
30 June 2018

Unquoted equity securities

	Number on issue	Number of holders
Performance rights over ordinary shares issued	3,500,000	3

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Defender Equities Pty Ltd	23,000,000	5.02

	Options over ordinary shares	Ordinary shares
	AOWOA	% of total options
AXL Financial Pty Ltd	5,000,000	23.12

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Tenements

Description	Location
Northern Star (includes 319 leases)	Montana
Overthrust (includes 3 leases)	Wyoming
Rough House (includes 21 leases)	Colorado

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