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**MARKET ANNOUNCEMENT**

Corporate Update

# GENERAL UPDATE

**Sydney, 29 November 2019,** American Patriot Oil and Gas Ltd ("AOW"), AOW provides update on various matters which are have and continue to hold up the ability for the Company to re-list on the ASX.

The Board of AOW have spent a considerable amount of time since the suspension from listing attempting to resolve various matters which were created prior to the appointment of the current board. The board appreciates the frustration that some shareholders have expressed about the situation and shares those sentiments.

It was the board's intention to provide this update immediately upon the situation being able to be disclosed to the market, being the point at which legally binding agreements were entered.

## Update on accounts

AOW has a set of management accounts for the period to 31 December 2018, which it has submitted to the Company's auditors (William Buck). There remains a couple of items of contention to resolve, with the key items being the correct accounting for and treatment of the matters set out in the dispute resolution update (below).

While AOW is working diligently to resolve these outstanding issues and assess the final financial impact on the group before finalising the accounts. While it would be ideal to have these signed off prior to the Christmas Break, AOW cannot commit on the exact timeline as some of this is dependent on third party workflows.

## Production Update

In consultation with the ASX, until such time the accounts are lodged and finalised AOW will not be able to lodge production updates.

## Dispute Resolution

As mentioned in a number of prior announcements of AOW, the board of AOW underwent significant changes in February 2019. The newly constituted board commenced a review of a number of historical and ongoing transactions which were implemented prior to its appointment.

The matters which the current board had to review were complex with in some cases little physical documentation to support the verbal assertions of various parties involved. The review involved forensic evaluation of banking records, transactions, emails and other communications where available.

Further, given the nature of the conduct of the some of the parties involved in those transactions, the board had to ensure that the investigation process was thorough and enabled each party to share their account of events (as there were potentially serious consequences for some of those parties).

The board was also faced with the reality that it needed to balance the cost of litigation associated with pursuing certain parties involved against the likelihood of recovery and the commercial resources available to AOW under such a scenario.

The board is pleased to advise that it has completed its investigation and settled the matters summarized in the tables below:

| Issue summary: | |
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| **Relevant Transactions** | • $4,000,000 (160,000,000 shares in AOW at an issue price of $0.025) underwritten private placement of shares in or around July 2018 (**July Placement**).<br>• Loans advanced to AOW by 23 Oxford Street Pty. Ltd. (**23 Oxford Street**) (**Loan**). |
| **Issue** | • 23 Oxford Street was issued 38,364,000 shares in AOW (total subscription price of $959,100 at an issue price of $0.025 (**23 Oxford Street Placement Shares**) in the July Placement.<br>23 Oxford Street did not pay the subscription price which was payable for the 23 Oxford Street Placement Shares and the current directors sought to recover this amount from 23 Oxford Street. 23 Oxford Street advised that the 23 Oxford Street Shares were issued to it without its prior knowledge and consent but then it later agreed to (as instructed by AOW (under the stewardship of the previous board)) to sell a portion of the 23 Oxford Street Placement Shares and retain the proceeds to offset AOW's repayment obligations in relation to the Loan referred to below.<br>• 23 Oxford Street allegedly loaned AOW a total of $507,927 over the period 7 July 2018 to 17 December 2018 and alleged that a balance of $123,506 was outstanding under the Loan. |
| **Settlement** | • 28,264,201 shares in AOW were transferred from 23 Oxford Street to AOW for nil consideration and treated as forfeited shares which AOW will cancel on receipt of shareholder approval under s258D of the Corporations Act. AOW will convene a shareholder meeting as soon as possible for this purpose.<br>• 23 Oxford Street has agreed to cancellation of an additional 2,728,670 shares in AOW for nil consideration. These shares are being treated as forfeited shares and AOW will cancel on receipt of shareholder approval (as noted above).<br>• AOW has agreed that on receipt of a valid tax invoice in relation to the outstanding debt relating to the Loan to transfer 4,940,240 shares in AOW (at an issue price of $0.025 per share, totalling $123,506) to 23 Oxford Street to satisfy the debt of $123,506 allegedly owing to 23 Oxford Street. |

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| **Relevant Transaction** | • $3M Underwritten Rights Issue announced on 3 August 2018 (**Rights Issue**). |
| **Issue** | • AOW had previously announced that $532,726 worth of securities (being 21,309,060 shares and associated free attaching options) offered under the Rights Issue had been subscribed for and that the remaining $2,467,274 worth of securities (being 99,916,022 shares and associated free attaching options) (**Shortfall**) had been subscribed for by the underwriter to the Rights Issue (and the underwriter's clients) in accordance with their underwriting obligations.<br>• The underwriting obligations of the underwriter were allegedly varied by Mr Alexis Clark (acting on behalf of AOW) such that the underwriter would procure that its clients subscribe for a portion of the Shortfall on the condition that the subscription funds advanced to AOW by the underwriter's clients would be refunded if the proposed acquisition of Foothills as set out in the announcement made on 24 July 2018 by AOW did not complete (**Foothills Acquisition**).<br>• 23 Oxford Street was issued the remaining portion of the Shortfall securities being 64,979,824 shares (and associated free attaching options) allegedly without its prior consent and knowledge. 23 Oxford Street subsequently agreed to hold these securities on trust for AOW and sell them in market or otherwise transfer these to various parties at the direction of Mr Alexis Clark (and with the proceeds of sale being remitted back to AOW or [otherwise used to pay AOW's creditors]). As of the date of this announcement, [X] shares (and free attaching options) have been issued or transferred by 23 Oxford Street at the direction of Mr Alexis Clark.<br>• The board is investigating the legality of this arrangement and will advise the appropriate authorities if this arrangement constitutes a breach of any securities laws. |
| **Settlement** | • AOW agreed to repay a total of $1,488,075 to the underwriter and their clients over a 12 month period, with $[1,198,768] having already been paid. This amount includes an amount of $198,000 that AOW has [agreed to pay/paid] to the underwriter (part in cash and part in shares) in satisfaction of all payment obligations under the underwriting agreement. $57,755 is still owing and due to be paid in full by AOW by 17 April 2020. |

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**Other arrangements with entities believed to be associated with 23 Oxford Street**

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| **Relevant Transaction** | • Service agreements entered into with ADC Australasia Pty. Ltd. (**ADC Australasia**) and Austral-Asian Capital LLC (**AAC USA**) (respectively the **ADC AU MSA** and **AAC USA MSA**). |
| **Issue** | • AAC USA alleges that it is owed a debt of $265,000 under the AAC USA MSA.<br>• Further, AAC USA alleged that it had a verbal agreement with AOW that AAC USA would have exclusive use and possession over a Jeep vehicle during the term of the AAC USA MSA. AOW had demanded that the Jeep be returned however AAC USA declined this request on the basis that it considers it was owed money under the AAC USA MSA. |
| **Settlement** | • AOW will, subject to certain conditions being satisfied, transfer 10,600,000 shares in AOW (at a total issue price of $265,000) to AAC USA to satisfy the debt of $265,000 allegedly owing to AAC USA in respect of services provided under the AAC USA MSA. The ADC AU MSA and AAC USA MSA have been terminated without any further obligations owed by any parties that are party to these agreements.<br>• In regards to the Jeep, AAC USA or ADC Construction LLC have agreed to the return the Jeep by 30 November 2019. |

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| **Relevant Transaction** | • Lease agreement entered into with Oxford Treasury Pty Ltd (**Oxford Treasury**) on 6 December 2013 (**Lease**). |
| **Issue** | • Oxford Treasury alleged that it is owed by AOW a debt of $32,083.30 pursuant to the Lease and an outstanding owner's corporation fee totalling $21,437.11. The total alleged amount due is $53,520.41. |
| **Settlement** | • AOW will, subject to certain conditions being satisfied, transfer 2,140,816 shares in AOW (at a total issue price of $53,520) to Oxford Treasury to satisfy the debt of $53,520.41 allegedly owing to Oxford Treasury in respect of the Lease. |

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| **Relevant Transaction** | • On 30 July 2018, 8,000,000 shares in the capital of AOW were issued to JTJK Investments Pty Ltd (**JTJK Investments**) at a total issue price of $200,000 (**JTJK Share Issue**). |
| **Issue** | • JTJK Investments made partial payments amounting to $150,000 for the JTJK Share Issue with an amount of $50,000 still payable to AOW.<br>• On or around 15 October 2018, Wells Road Developments Pty Ltd (**Wells Road Developments**) and AOW entered into a loan agreement pursuant to which AOW borrowed $150,000 from Wells Road Developments. AOW made partial repayment of $100,000 in relation to the loan leaving an amount of $50,000 owing to Wells Road Developments. |
| **Settlement** | • JTJK Investments has warranted to AOW that the amounts owed by AOW to Wells Road Developments can be set off against the amount owed by JTJK Investments to AOW. Accordingly, AOW and JTJK Investments have agreed that the two debts referred to above will be set off against each other such |

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| | that any payment obligations under the JTJK Share Issues and the loan agreement are discharged. |

It is noted that the above settlements will be conducted in accordance with any applicable requirements under the Corporations Act and ASX Listing Rules (including as to any shareholder approval requirements).

**Other outstanding issues to be resolved**

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| **Unpaid / Outstanding Shares to be paid for** | • In connection with the $3M Underwritten Rights Issue announced on 3 August 2018 (**Rights Issue**), AOW has identified that some shareholders were issued shares twice, or without consideration.<br>• AOW has contacted a number of these shareholders and sought the return of the shares. The majority of which have agreed to do this. There remains a small number of shareholder who have shares outstanding which have not been paid for. |
| **Cancellation of forfeiture shares** | • In connection with the shares returned by 23 Oxford Street and the Unpaid / Outstanding Shares mentioned above, there is, as a result a number of shares which will need to be cancelled.<br>• AOW intends to call a shareholders meeting to cancel the relevant shares in early 2020. |
| **Outstanding AGM** | • AOW was required to hold an AGM in 2019. However, as a direct result of not being able to prepare and present financial statements, no such meeting has been called or held.<br>• AOW intends to apply to ASIC for an extension to hold the AGM. Once the accounts are finalised AOW intends to call an AGM which should, amongst other things present the financial statements, and cancel the outstanding surplus shares. |

It is the Board's view that once the above outstanding issues are finalised, then AOW will be in a position to recommence trading, hopefully in early 2020.

**-ENDS-**

**About American Patriot Oil and Gas**

American Patriot Oil and Gas (AOW) is an oil and natural gas exploration and development (E&P) group headquartered in Houston, Texas, with a registered office in Sydney, Australia. The Company is focused on developing a significant conventional oil and gas production company focused on assets in the Texas and Gulf Coast region. The company has announced a number of recent acquisitions with a focus 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.

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