



AMERICAN PATRIOT OIL AND GAS LIMITED
ACN 154 049 144

Notice of General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Thursday, 27 September 2018

Time of Meeting:
2:00PM (AEST)

Place of Meeting:
Level 1
23 Oxford Street
Oakleigh Victoria, 3166

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay

AMERICAN PATRIOT OIL AND GAS LIMITED

ACN 154 049 144

Registered office: Level 1, 23 Oxford Street, Oakleigh, Victoria, 3166

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Members of American Patriot Oil and Gas Limited (the "Company") will be held at Level 1, 23 Oxford Street, Oakleigh, Victoria, 3166 at 2:00PM (AEST) on Thursday, 27 September 2018.

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

ORDINARY BUSINESS

Resolution 1: Ratification of Prior Issue of Shares

Resolution 1(a)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the issue on or about 25 May 2018 of 1,500,000 fully paid ordinary shares in the Company, subject to voluntary escrow until 30 September 2018, at an issue price of Nil, issued to an employee as consideration for achievement of agreed performance objectives on the terms and conditions described in the Explanatory Statement".

Resolution 1(b)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the issue on or about 30 July 2018 of 65,150,984 fully paid ordinary shares in the Company at an issue price of \$0.025 (2.5 cents) per share under a placement to institutional, professional and sophisticated investors on the terms and conditions described in the Explanatory Statement".

Resolution 1(c)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the issue on or about 31 July 2018 of 3,608,000 fully paid ordinary shares in the Company at an issue price of \$0.025 (2.5 cents) per share under a placement to institutional, professional and sophisticated investors on the terms and conditions described in the Explanatory Statement".

Resolution 2: Approval to Issue Options

Resolution 2(a)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the issue of 30,000,000 unlisted options with an exercise price of \$0.05 (5 cents) each, and having the expiry date set out in the Notice and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company as described in the Explanatory Statement."

Resolution 2(b)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the issue of 30,000,000 unlisted options with an exercise price of \$0.05 (5 cents) each, and having the expiry date set out in the Notice and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company as described in the Explanatory Statement.”

Resolution 2(c)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the issue of up to 84,379,492 quoted options with an exercise price of \$0.045 (4.5 cents) each, and having the expiry date set out in the Notice and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company as described in the Explanatory Statement.”

By the order of the Board



Frank Pirera
Director and Company Secretary
21 August 2018

Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Notes accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on the date 48 hours before the date of the General Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.
3. **Proxies**
 - a. Votes at the General Meeting may be given personally or by proxy, attorney or representative.
 - b. Each shareholder has a right to appoint one or two proxies.
 - c. A proxy need not be a shareholder of the Company.
 - d. If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution.
 - e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
 - f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
 - g. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
 - h. To be effective, proxy forms must be received by the Company's share registry (Link Market Services Limited) no later than 48 hours before the commencement of the General Meeting, this is no later than 2:00pm (AEST) Melbourne time on Tuesday, 25 September 2018. Any proxy received after that time will not be valid for the scheduled meeting.

4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

5. Voting Exclusion Statement:

Resolutions 1(a), (b) and (c)

The Company will disregard any votes cast in favour on these Resolutions by any person who participated in the issue of shares the subject of Resolutions 1(a), (b) and (c) and any associates of those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolutions 2(a), (b) and (c)

The Company will disregard any votes cast in favour on these Resolutions by a person who may participate in the proposed issue or an associate of a person who may participate in the proposed issue and by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

However the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and who does not specify the way the proxy is to vote.

6. Enquiries

Shareholders are invited to contact the Company Secretary, Frank Pirera on (03) 9945 8739 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

Resolution 1(a): Ratification of Prior Issue of Shares

Background

The Company is seeking shareholder approval to ratify the issue of 1,500,000 fully paid ordinary shares (Shares), subject to voluntary escrow until 30 September 2018, issued to an employee as consideration of achievement of agreed performance objectives. The Appendix 3B relating to the issue was announced to ASX on 25 May 2018.

ASX Listing Rules

ASX Listing Rules 7.1 and 7.1A allow the Company to issue new securities up to 25% of the existing capital of the Company in any 12-month period without the prior approval of Shareholders, unless one of the exceptions in ASX Listing Rule 7.2 applies. The issue of the Shares was within the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

Under ASX Listing Rule 7.4 an issue of securities will be treated as having been made with the approval of shareholders for the purposes of ASX Listing Rules 7.1 and 7.1A if the issue did not breach ASX Listing Rules 7.1 and 7.1A at the time and shareholders subsequently approve it. As the issue of the Shares was within the Company's ASX Listing Rule 7.1 and 7.1A placement capacity and was not previously approved by Shareholders, the Company now seeks Shareholder ratification of the issue pursuant to ASX Listing Rule 7.4.

If Resolution 1(a) is approved, the prior issue of the 1,500,000 Shares may be treated by the Company as having been made with Shareholder approval under ASX Listing Rules 7.1 and 7.1A. The Company will therefore be able to issue additional equity securities without the Shares the subject of Resolution 1(a) counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1 or the 10% facility limit for the purposes of ASX Listing Rule 7.1A.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total numbers of Shares that were issued are 1,500,000 Shares;
- (b) the Shares were issued at a price of Nil per Share;
- (c) the Shares rank equally in all respects with the existing Shares on issue in the Company;
- (d) the Shares were allotted and issued to an employee as consideration of achievement of agreed performance objectives; and
- (e) there were no funds raised from the issue of the Shares.

Board Recommendation

The Board recommends that shareholders vote in favour of the ratification of the prior issue of 1,500,000 fully paid ordinary shares to an employee as consideration of achievement of agreed performance objectives. The Chairman of the meeting intends to vote undirected proxies in favour of these resolutions.

Voting Exclusions

The Company will disregard any votes cast in favour on this Resolution by any person who participated in the issue and any associates of those persons.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 1(b): Ratification of Prior Issue of Shares

Background

The Company is seeking shareholder approval to ratify the issue of 65,150,984 fully paid ordinary shares (Shares), issued to institutional, professional and sophisticated investors. The Appendix 3B relating to the issue was announced to ASX on 30 July 2018.

ASX Listing Rules

ASX Listing Rules 7.1 and 7.1A allow the Company to issue new securities up to 25% of the existing capital of the Company in any 12-month period without the prior approval of Shareholders, unless one of the exceptions in ASX Listing Rule 7.2 applies. The issue of the Placement Shares was within the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

Under ASX Listing Rule 7.4 an issue of securities will be treated as having been made with the approval of shareholders for the purposes of ASX Listing Rules 7.1 and 7.1A if the issue did not breach ASX Listing Rules 7.1 and 7.1A at the time and shareholders subsequently approve it. As the issue of the Placement Shares was within the Company's ASX Listing Rule 7.1 and 7.1A placement capacity and was not previously approved by Shareholders, the Company now seeks Shareholder ratification of the issue pursuant to ASX Listing Rule 7.4.

If Resolution 1(a) is approved, the prior issue of the 65,150,984 Shares under the Placement may be treated by the Company as having been made with Shareholder approval under ASX Listing Rules 7.1 and 7.1A. The Company will therefore be able to issue additional equity securities without the Placement Shares the subject of Resolution 1(a) counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1 or the 10% facility limit for the purposes of ASX Listing Rule 7.1A.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total numbers of Placement Shares that were issued are 65,150,984 Shares;
- (b) the Placement Shares were issued at a price of \$0.025 (2.5 cents) per Placement Share;
- (c) the Placement Shares rank equally in all respects with the existing Shares on issue in the Company;
- (d) the Placement Shares were allotted and issued to clients of various brokers of whom are institutional, professional and sophisticated investors; and
- (e) the funds raised from the issue of the Placement Shares will be used to pay the costs and expenses of the Placement, meet ongoing working capital requirements of the Company, capital expenditure relating to the Company's existing oil and gas projects and to partly fund the acquisition by the Company of the oil and gas assets detailed in the Company's ASX announcement of 24 July 2018.

Board Recommendation

The Board recommends that shareholders vote in favour of the ratification of the prior issue of 65,150,984 fully paid ordinary shares to clients of various brokers of whom are institutional, professional and sophisticated investors. The Chairman of the meeting intends to vote undirected proxies in favour of these resolutions.

Voting Exclusions

The Company will disregard any votes cast in favour on this Resolution by any person who participated in the issue and any associates of those persons.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 1(c): Ratification of Prior Issue of Shares

Background

The Company is seeking shareholder approval to ratify the issue of 3,608,000 fully paid ordinary shares (Shares), issued to institutional, professional and sophisticated investors. The Appendix 3B relating to the issue was announced to ASX on 31 July 2018.

ASX Listing Rules

ASX Listing Rules 7.1 and 7.1A allow the Company to issue new securities up to 25% of the existing capital of the Company in any 12-month period without the prior approval of Shareholders, unless one of the exceptions in ASX Listing Rule 7.2 applies. The issue of the Placement Shares was within the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

Under ASX Listing Rule 7.4 an issue of securities will be treated as having been made with the approval of shareholders for the purposes of ASX Listing Rules 7.1 and 7.1A if the issue did not breach ASX Listing Rules 7.1 and 7.1A at the time and shareholders subsequently approve it. As the issue of the Placement Shares was within the Company's ASX Listing Rule 7.1 and 7.1A placement capacity and was not previously approved by Shareholders, the Company now seeks Shareholder ratification of the issue pursuant to ASX Listing Rule 7.4.

If Resolution 1(a) is approved, the prior issue of the 3,608,000 Shares under the Placement may be treated by the Company as having been made with Shareholder approval under ASX Listing Rules 7.1 and 7.1A. The Company will therefore be able to issue additional equity securities without the Placement Shares the subject of Resolution 1(a) counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1 or the 10% facility limit for the purposes of ASX Listing Rule 7.1A.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total numbers of Placement Shares that were issued are 3,608,000 Shares;
- (b) the Placement Shares were issued at a price of \$0.025 (2.5 cents) per Placement Share;
- (c) the Placement Shares rank equally in all respects with the existing Shares on issue in the Company;
- (d) the Placement Shares were allotted and issued to clients of various brokers of whom are institutional, professional and sophisticated investors; and
- (e) the funds raised from the issue of the Placement Shares will be used to pay the costs and expenses of the Placement, meet ongoing working capital requirements of the Company, capital expenditure relating to the Company's existing oil and gas projects and to partly fund the acquisition by the Company of the oil and gas assets detailed in the Company's ASX announcement of 24 July 2018.

Board Recommendation

The Board recommends that shareholders vote in favour of the ratification of the prior issue of 3,608,000 fully paid ordinary shares to clients of various brokers of whom are institutional, professional and sophisticated investors. The Chairman of the meeting intends to vote undirected proxies in favour of these resolutions.

Voting Exclusions

The Company will disregard any votes cast in favour on this Resolution by any person who participated in the issue and any associates of those persons.

However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2(a): Approval to Issue Options

Background

The Company is seeking shareholder approval for the issue of 30,000,000 unlisted options to the Underwriter of the Company's Rights Issue announced on 24 July 2018, Capital Investment Partners Pty Ltd (or its nominee) at an issue price of Nil per option. The Options will each be exercisable at \$0.05 (5 cents) and are to be exercised by 31 August 2021.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve-month period any equity securities, or other securities with rights of conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of that twelve (12) month period. One circumstance where an action or an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

ASX Listing Rule 7.3 requires that the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.1 must include the following information:

- (a) The maximum number of options which may be issued under Resolution 2(a) is 30,000,000 unlisted options.
- (b) The recipient of the options is the Underwriter of the Rights Issue, Capital Investment Partners Pty Ltd (or its nominee).
- (c) The options will be issued within three months of the date of this General Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules).
- (d) The options will be exercisable at \$0.05 (5 cents) each, expire on 31 August 2021 and will, upon exercise, entitle the holder to an ordinary fully paid share in the Company.
- (e) The full terms of the Options are set out in Annexure A.
- (f) No options pursuant to Resolution 2(a) will be issued to Directors of the Company or their associates.
- (g) The options will be issued at an issue price of Nil per option. Funds raised upon exercise of the options will be applied to the working capital requirements of the Company at the time of exercise.
- (h) A voting exclusion statement is included in the Notice of General Meeting of which this Explanatory Statement forms part and is set out again below.

Board Recommendation

The Board unanimously recommends that the shareholders vote in favour of Resolution 2(a).

Voting Exclusions

The Company will disregard any votes cast in favour on Resolution 2(a) by a person who may participate in the proposed issue or an associate of a person who may participate in the proposed issue and by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However the Company need not disregard a vote if it is cast:

- by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- by the Chairman of the meeting as proxy for a person who is entitled to vote and who does not specify the way the proxy is to vote.

Resolution 2(b): Approval to Issue Options

Background

The Company is seeking shareholder approval for the issue of 30,000,000 unlisted options to the various brokers of the placement (or their nominee) at an issue price of Nil per option. The Options will each be exercisable at \$0.05 (5 cents) and are to be exercised by 31 August 2021.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve-month period any equity securities, or other securities with rights of conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of that twelve (12) month period. One circumstance where an action or an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

ASX Listing Rule 7.3 requires that the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.1 must include the following information:

- (a) The maximum number of options which may be issued under Resolution 2(b) is 30,000,000 unlisted options.
- (b) The recipient of the options are the various brokers of the placement (or their nominee).
- (c) The options will be issued within three months of the date of this General Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules).
- (d) The options will be exercisable at \$0.05 (5 cents) each, expire on 31 August 2021 and will, upon exercise, entitle the holder to an ordinary fully paid share in the Company.
- (e) The full terms of the Options are set out in Annexure A.
- (f) No options pursuant to Resolution 2(b) will be issued to Directors of the Company or their associates.
- (g) The options will be issued at an issue price of Nil per option. Funds raised upon exercise of the options will be applied to the working capital requirements of the Company at the time of exercise.
- (h) A voting exclusion statement is included in the Notice of General Meeting of which this Explanatory Statement forms part and is set out again below.

Board Recommendation

The Board unanimously recommends that the shareholders vote in favour of Resolution 2(b).

Voting Exclusions

The Company will disregard any votes cast in favour on Resolution 2(b) by a person who may participate in the proposed issue or an associate of a person who may participate in the proposed issue and by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However the Company need not disregard a vote if it is cast:

- by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- by the Chairman of the meeting as proxy for a person who is entitled to vote and who does not specify the way the proxy is to vote.

Resolution 2(c): Approval to Issue Options

Background

The Company is seeking shareholder approval for the issue of up to 84,379,492 quoted options to the placement participants at an issue price of Nil per option. The Options will each be exercisable at \$0.045 (4.5 cents) and are to be exercised by 20 September 2019.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any twelve-month period any equity securities, or other securities with rights of conversion to equity (such as options), if the number of those securities exceeds 15% of the share capital of the Company on issue at the commencement of that twelve (12) month period. One circumstance where an action or an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

ASX Listing Rule 7.3 requires that the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.1 must include the following information:

- (a) The maximum number of options which may be issued under Resolution 2(c) is 84,379,492 options.
- (b) The recipient of the options will be clients of various brokers of whom are institutional, professional and sophisticated investors.
- (c) The options will be issued within three months of the date of this General Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules).
- (d) The options will be exercisable at \$0.045 (4.5 cents) each, expire on 20 September 2019 and will, upon exercise, entitle the holder to an ordinary fully paid share in the Company.
- (e) The full terms of the Options are set out in Annexure B.
- (f) No options pursuant to Resolution 2(c) will be issued to Directors of the Company or their associates.
- (g) The options will be issued at an issue price of Nil per option. Funds raised upon exercise of the options will be applied to the working capital requirements of the Company at the time of exercise.
- (h) A voting exclusion statement is included in the Notice of General Meeting of which this Explanatory Statement forms part and is set out again below.

Board Recommendation

The Board unanimously recommends that the shareholders vote in favour of Resolution 2(c).

Voting Exclusions

The Company will disregard any votes cast in favour on Resolution 2(c) by a person who may participate in the proposed issue or an associate of a person who may participate in the proposed issue and by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However the Company need not disregard a vote if it is cast:

- by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- by the Chairman of the meeting as proxy for a person who is entitled to vote and who does not specify the way the proxy is to vote.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“ASIC” means Australian Securities and Investments Commission;

“ASX” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“ASX Settlement Operating Rules” means the rules of ASX Settlement Pty Ltd which apply while the Company is an issuer of CHES approved securities;

“AEST” means Australian Eastern Standard Time.

“Board” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“Chairman” means the person appointed to chair the Meeting of the Company convened by the Notice;

“CHES” has the meaning in Section 2 of the ASX Settlement Operating Rules;

“Closely Related Party” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“Company” means American Patriot Oil & Gas Limited ACN 154 049 144;

“Constitution” means the constitution of the Company as at the date of the Meeting;

“Corporations Act” means the Corporations Act 2001 (Cth);

“Director” means a Director of the Company;

“Equity Security” has the same meaning as in the Listing Rules;

“Explanatory Memorandum” means the explanatory memorandum which forms part of the Notice;

“Key Management Personnel” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

“Listing Rules” means the Listing Rules of the ASX;

“Meeting” has the meaning given in the introductory paragraph of the Notice;

“Notice” means the Notice of Meeting accompanying this Explanatory Statement;

“Option” means an option to subscribe for Shares;

“Proxy Form” means the proxy form attached to the Notice;

“Resolution” means a resolution referred to in the Notice;

“Schedule” means schedule to the Notice;

“Section” means a section of the Explanatory Memorandum;

“Share” means a fully paid ordinary share in the capital of the Company; and

“Shareholder” means shareholder of the Company.

ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the options pursuant to Resolutions 2(a) and 2(b) are as follows:

Terms of Options

(a) Entitlement

- (i) Each Option entitles the Option holder to subscribe for, and be allotted, one ordinary Share in the capital of the Company.
- (ii) Shares issued on the exercise of Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

(b) Exercise of Option

- (i) The Options are exercisable at any time from the issue date.
- (ii) The final date and time for exercise of the Options is 5pm (AEST) on 31 August 2021.
- (iii) The exercise price per option is \$0.05 (5 cents).
- (iv) Each Option is exercisable by the Option holder signing and delivering a notice of exercise of Option together with the exercise price in full for each Share to be issued upon exercise of each Option to the Company's Share Registry. Unless a holder is exercising all of their Options, Options must be exercised in parcels of not less than 1,000.
- (v) The Options cannot be exercised if, as a result of the exercise, the Optionholder or any of its associates would breach the provisions of Chapter 6 (and specifically section 606) of the Corporations Act.
- (vi) Remittances must be made payable to 'American Patriot Oil and Gas Limited' and cheques should be crossed 'Not Negotiable'.
- (vii) All Options will lapse on the earlier of the
 - (A) receipt by the Company of notice from the Option holder that the Option holder has elected to surrender the Option; and
 - (B) expiry of the final date and time for exercise of the Option.

(viii) In the event of liquidation of the Company, all unexercised Options will lapse.

(c) Quotation

- (i) The Company will not apply to the ASX for Official Quotation of the Options.
- (ii) If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Options within 10 Business Days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

(d) Participation in Securities Issues

Subject to paragraph (e) below, the holder is not entitled to participate in new issues of securities without exercising the Options.

(e) Participation in a Reorganisation of Capital

- (i) In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Option holder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Option holder which is not conferred on Shareholders of the Company.
- (ii) In any reorganisation as referred to in paragraph (e)(i), Options will be treated in the following manner:
 - (A) in the event of a consolidation of the share capital of the Company, the number of Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;

- (B) in the event of a subdivision of the share capital of the Company, the number of Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (C) in the event of a return of the share capital of the Company, the number of Options will remain the same and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
- (D) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Options and the exercise price of each Option will remain unaltered;
- (E) in the event of a pro-rata cancellation of shares in the Company, the number of Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Option will be amended in inverse proportion to that ratio; and
- (F) in the event of any other reorganisation of the issued capital of the Company, the number of Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Option holder which are not conferred on shareholders.

(f) Adjustments to Options and Exercise Price

- (i) Adjustments to the number of Shares over which Options exist and/or the exercise price may be made as described in paragraph (f)(ii) to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.
- (ii) The method of adjustment for the purpose of paragraph (f)(i) shall be in accordance with the Listing Rules of the ASX from time to time, which, under Listing Rules 6.22.2 and 6.22.3, currently provide:

(A) Pro Rata Cash Issues

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of an Option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

where:

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying securities into which one Option is Exercisable.
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex-rights date or ex entitlements date.
- S = the subscription price for a security under the pro-rata issue.
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

(B) Pro-Rata Bonus Issues

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Options, the number of Shares received will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price will not change.

ANNEXURE B

TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the options pursuant to Resolution 2(c) are as follows:

Terms of Options

(g) Entitlement

- (iii) Each Option entitles the Option holder to subscribe for, and be allotted, one ordinary Share in the capital of the Company.
- (iv) Shares issued on the exercise of Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

(h) Exercise of Option

- (ix) The Options are exercisable at any time from the issue date.
- (x) The final date and time for exercise of the Options is 5pm (AEST) on 20 September 2019.
- (xi) The exercise price per option is \$0.045 (4.5 cents).
- (xii) Each Option is exercisable by the Option holder signing and delivering a notice of exercise of Option together with the exercise price in full for each Share to be issued upon exercise of each Option to the Company's Share Registry. Unless a holder is exercising all of their Options, Options must be exercised in parcels of not less than 1,000.
- (xiii) The Options cannot be exercised if, as a result of the exercise, the Optionholder or any of its associates would breach the provisions of Chapter 6 (and specifically section 606) of the Corporations Act.
- (xiv) Remittances must be made payable to 'American Patriot Oil and Gas Limited' and cheques should be crossed 'Not Negotiable'.
- (xv) All Options will lapse on the earlier of the
 - (A) receipt by the Company of notice from the Option holder that the Option holder has elected to surrender the Option; and
 - (B) expiry of the final date and time for exercise of the Option.
- (xvi) In the event of liquidation of the Company, all unexercised Options will lapse.

(i) Quotation

- (iii) Subject to meeting the requirements of ASX and the Corporations Act, the Company may apply to the ASX for Official Quotation of the Options but makes no guarantee that it will make any such application, or that if an application for Official Quotation is made that it will be successful.
- (iv) If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Options within 10 Business Days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

(j) Participation in Securities Issues

Subject to paragraph (e) below, the holder is not entitled to participate in new issues of securities without exercising the Options.

(k) Participation in a Reorganisation of Capital

- (iii) In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Option holder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Option holder which is not conferred on Shareholders of the Company.
- (iv) In any reorganisation as referred to in paragraph (e)(i), Options will be treated in the following manner:

- (A) in the event of a consolidation of the share capital of the Company, the number of Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (B) in the event of a subdivision of the share capital of the Company, the number of Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (C) in the event of a return of the share capital of the Company, the number of Options will remain the same and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
- (D) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Options and the exercise price of each Option will remain unaltered;
- (E) in the event of a pro-rata cancellation of shares in the Company, the number of Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Option will be amended in inverse proportion to that ratio; and
- (F) in the event of any other reorganisation of the issued capital of the Company, the number of Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Option holder which are not conferred on shareholders.

(I) Adjustments to Options and Exercise Price

- (iii) Adjustments to the number of Shares over which Options exist and/or the exercise price may be made as described in paragraph (f)(ii) to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.
- (iv) The method of adjustment for the purpose of paragraph (f)(i) shall be in accordance with the Listing Rules of the ASX from time to time, which, under Listing Rules 6.22.2 and 6.22.3, currently provide:

(C) Pro Rata Cash Issues

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of an Option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

where:

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying securities into which one Option is Exercisable.
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex-rights date or ex entitlements date.
- S = the subscription price for a security under the pro-rata issue.
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

(D) Pro-Rata Bonus Issues

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Options, the number of Shares received will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price will not change.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

American Patriot Oil & Gas Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of American Patriot Oil and Gas Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **2:00pm (AEST) on Thursday, 27 September 2018 at Level 1, 23 Oxford Street, Oakleigh Victoria, 3166** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

1a Ratify and confirm the issue on or about 25 May 2018 of 1,500,000 fully paid ordinary shares in the Company, subject to voluntary escrow until 30 September 2018, at an issue price of Nil, issued to an employee as consideration for achievement of agreed performance objectives

For Against Abstain*

| | | |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

1b Ratify and confirm the issue on or about 30 July 2018 of 65,150,984 fully paid ordinary shares in the Company at an issue price of \$0.025 (2.5 cents) per share under a placement to institutional, professional and sophisticated investors

| | | |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

1c Ratify and confirm the issue on or about 31 July 2018 of 3,608,000 fully paid ordinary shares in the Company at an issue price of \$0.025 (2.5 cents) per share under a placement to institutional, professional and sophisticated investors

| | | |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

2a The issue of 30,000,000 unlisted options with an exercise price of \$0.05 (5 cents) each, and having the expiry date set out in the Notice and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company

| | | |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

2b The issue of 30,000,000 unlisted options with an exercise price of \$0.05 (5 cents) each, and having the expiry date set out in the Notice and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company

| | | |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|

2c The issue of up to 84,379,492 quoted options with an exercise price of \$0.045 (4.5 cents) each, and having the expiry date set out in the Notice and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company

| | | |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--------------------------|--------------------------|--------------------------|



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm (AEST) on Tuesday, 25 September 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

American Patriot Oil and Gas Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**