American Patriot Oil & Gas Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	American Patriot Oil & Gas Limited
ACN:	154 049 144
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

Revenues from ordinary activities	up	1991%	to	$1,723,676
Profit from ordinary activities after tax attributable to the Owners of American Patriot Oil & Gas Limited	Down	(483%)	to	($9,184,940)
Profit for the half-year attributable to the Owners of American Patriot Oil & Gas Limited	Down	(483%)	to	($9,184,940)

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

Comments
The loss for the Group after providing for income tax amounted to a loss of $9,184,940 (31 December 2017: loss of $1,900,010).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.05	0.17

4. Control gained over entities

Not applicable.

5. Loss of control over entities

There was no loss of control of any entities during the period.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Yearly Report.

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11. Signed

Signed ______________________________ Date: 24 January 2020

American Patriot Oil & Gas Limited

ABN 79 154 049 144

Half-Year Financial Report - 31 December 2018

Directors	Mr. Richard Cooney (Chairman) Mr. James Manning (Non-Executive Director) Mr. Timothy Broadfoot (Non-Executive Director)
Company secretary	Mr Timothy Broadfoot
Registered office	Level 5, 97 Pacific Highway North Sydney, NSW 2060
Principal place of business	Level 5, 97 Pacific Highway North Sydney, NSW 2060
Share register	Link Market Services Limited Level 1, 333 Collins Street Melbourne VIC 3000 Phone: 1300 554 474
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Stock exchange listing	American Patriot Oil & Gas Limited securities are listed on the Australian Securities Exchange (ASX Code: AOW and AOWOB)
Website	http://ap-oil.com/

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 half-year ended 31 December 2018 (referred to as the Group) (To be read in-conjunction with 30 June 2018 annual report and public announcements made for the six months ended 31 December 2018).

Directors

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

Mr. Richard Cooney (Chairman) (appointed 15 February 2019)
Mr Alexis Clark (Director and Chief Executive Officer) (resigned 28 May 2019)
Mr Timothy Broadfoot (Non-Executive Director and Company Secretary) (appointed 15 February 2019)
Mr David Shaw (Non-Executive Chairman) (resigned 15 February 2019)
Mr Frank Pirera (Director, Company Secretary and Chief Financial Officer) (resigned 25 February 2019)
Mr. James Manning (Director) (appointed 28 May 2019)

The Board of directors subsequently changed in May 2019, with the resignation of Mr. Alexis Clark, reflecting a total change in the board.

Dear fellow Shareholders,

The new Board of directors have taken a considerable amount of time to review and finalise the accounts of the Company for the period 31 December 2018. The accounts were prepared in draft format in March 2019 however, I was not prepared, based on the information presented, to sign the financial accounts as presented.

Shortly after my appointment in February 2019, I was joined by Mr. Timothy Broadfoot, who similarly held concerns about a variety of transactions which were undertaken by the Company and how they were to be represented in the financial statements.

It became apparent to the newly constituted board that a variety of transactions which had been historically undertaken needed a closer and more detailed review. This process has taken significantly more time and involved a lot more parties than we appreciated at first. We thank shareholders for their patience during this trying time.

Principal activities

The Company undertook two capital raises which were subject to a significant level of conjecture at a board level as to the accounting treatment of the transactions. These relate to the July 2018 placement and the underwritten rights issue in October 2018. The capital raised was for the purpose of the settlement of the Peak Energy assets which the company operates, Magnolia / Burnett assets, which the Company does not operate, as well as the Foothills asset acquisition which the company did not proceed with.

The previous directors arranged the Company to raise what they believed was enough capital to settle the Foothills transaction based on the indicative term sheet it was presented at the time. When the settlement was not occurring in the required timeframes, the former directors, on behalf of the Company, entered into a short-term facility with Defender No.2 Fund Pty Ltd (**Defender**) to provide bridging finance to settle Magnolia Burnett and Peak, until the larger and more comprehensive Foothills facility was finalised.

With the Defender facility finalised, in October 2018 the Company settled the Peak Energy and Magnolia / Burnett transactions. The Defender facility was intended to be repaid within 6-8 weeks, in conjunction with the settlement of the Foothills assets, however the Company was never offered finance terms.

Due to the inability to secure finance, in December 2018, and as a result of the previous managements representations to Defender, the Company was put on notice of a default under the finance agreements. The previous board negotiated several variations and forbearances to which the Company subsequently further defaulted on. As a result, the Company has incurred a series of variation, default and forbearance costs payable to Defender, which have been accrued in the accounts to 31 December 2018.

Due to the serious nature of the defaults, Defender required an independent review of the financial position as well as some changes to the board to bring in new, independent directors. The previous management conducted a search for an appropriate, independent non-executive director suitable to both the Company and Defender, which resulted in my appointment on 15 February 2019.

We set out for shareholders a summary of our review, changes during the period and the impacts to the Company below:

Review of historical assets and operating assets

The board has taken a comprehensive review of all the assets acquired during the period, as well as the historical assets held on balance sheet. As a result of this review the board has taken the decision to impair the historical exploration assets in full, resulting in an impairment charge of $4,921,049. The exploration assets of Roughhouse, Northern Star, Southern Star and Overthrust were impaired as they no longer hold any economic value, along with the deposit for the Foothills transaction which has also been abandoned.

Between July 2018 and December 2018, the Company generated a total production of 11,565.62 bbl of oil and 62,181.51 mcf of gas and 72,467.46 of NGL.

Review of capital raises

The new board held significant concerns around the July 2018 placement and the October 2018 underwritten rights issue. These concerns were quickly reinforced when several parties served the Company with demands relating to transactions undertaken or representations made by former board members.

As a result of investigations and representations made, it became apparent that there needed to be a resolution on a dispute with Capital Investment Partners (CIP) and CPS Capital (CPS), as well as clients of CPS, who collectively were involved in both the July and October 2018 raises. The Company negotiated a resolution to all these disputes in May 2019 with cash and stock settlements in instalments, which were finalised in full in December 2019.

Further investigations identified other arrangements for unpaid or partly paid shares, which were described in detail in a general update to the ASX on 29 November 2019. Many of these matters were resolved in during 2019, however the Company is aware of some minor shareholdings which it is still trying to arrange to be forfeited.

Any shares which are held in trust for the Company as part of the share forfeiture account are held with the intention that either the Company will put a resolution to shareholders to cancel these shares or arrange to resell them to third parties.

Review of records and accounting systems and procedures

Further complicating the review was the state of the financial records of the group which the board inherited. Upon acquisition of the various US based operations, the previous USA based financial team elected to implement an oil industry specific ERP package. Unfortunately, the implementation was not undertaken by individuals with enough experience in the planning and deployment of ERP software. This was combined with an external accounting firm in the USA being appointed to do work which was not of a listed company standard.

New external accounting resources have been engaged, which have, in conjunction with a new local financial controller, restored the records for 31 December 2018 to a level which the Board is satisfied they depict a fair and reasonable reflection of the economic activities in the USA and the company as a whole. This included re-processing records for the entire period - for the third and final time.

Review of management arrangements, including board and key management

Given the significant shortcomings in the record keeping and organisation of the Company, the Board conducted a review of the various consultants, management agreements and staff engaged in the operation of the Company.

With respect of the majority of historical consultancy and management agreements in place with the Company, these have been terminated or mutually agreed to cease on a variety of dates during 2019. The Company has accrued and allowed for all the exit costs associated with the various onerous and/or inappropriate agreements as at 31 December 2018.

In consideration of all these issues and the impact the decisions of the former board have had on the Company, Mr. Cooney accepted Mr. Clark's resignation on 28 May 2019. A formal deed of release was entered, resulting in a termination payment to Mr. Clark of $160,000 in full and final satisfaction of all entitlements. This was to be paid in cash plus shares and was inclusive of all historical accruals of entitlements to the date of resignation.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $9,184,940 (31 December 2017: $1,900,010).

Financial Position

The consolidated entity's net assets at 31 December 2018 were $3,582,349 (30 June 2018: $4,582,445).

Cash and cash equivalents at 31 December 2018 were $167,135 (30 June 2018: $250,665). This net reduction was caused by operating expenditure and the consolidated entity's investment in oil and gas assets during the period, partly offset by proceeds from share issues. The consolidated entity had net operating cash outflows from operating activities for the period ended 31 December 2018 of $787,903 (31 December 2017: $986,581).

Significant changes in the state of affairs

On 30 July 2018, the consolidated entity issued 165,150,984 fully paid ordinary shares at $0.025 (2.5 cents) per share to institutional and sophisticated investors in accordance with the announcement by the Company on 24 July 2018.

On 31 July 2018, the consolidated entity issued 3,608,000 fully paid ordinary shares at $0.025 (2.5 cents) per share to institutional and sophisticated investors in accordance with the announcement by the Company on 24 July 2018.

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 is 99,916,022 Shares.

On 12 October 2018, the consolidated entity announced that it had completed the issue and allotment of 100% of the shortfall of the Company's fully underwritten pro-rata non-renounceable 1 for 3.57 Rights Issue announced on 24 July 2018, being 99,916,022 fully paid ordinary shares and 49,958,011 options. The shortfall shares and options were issued to clients of 23 Oxford Street Pty Ltd, as sub-underwriter of the Rights Issue at 2.5 cents per share, which together with the other shares issued under the Rights Issues, raised approximately $3.0 million (AUD) (before costs).

On 15 October 2018, the consolidated entity announced that in an effort to affect the settlement of the Peak Energy, Magnolia & Burnett assets, it entered into a short-term funding arrangement with Defender No.2 Fund Pty Ltd. The facility provides the consolidated entity with the ability to settle these transactions without waiting on the Foothills settlement as was originally planned.

On 22 October 2018, the consolidated entity issued 30,000,000 unlisted options exercisable at $0.05 (5 cents), expiring 31 August 2021 to various brokers of the placement, pursuant to Resolution 2(b) of the General Meeting held on 27 September 2018 as approved by shareholders.

On 24 October 2018, the consolidated entity issued 6,346,154 fully paid ordinary shares at $0.026 (2.6 cents) per share. Issue of shares pursuant to the terms of the loan facilities announced to the ASX on 15 October 2018 and 19 October 2018.

On 8 November 2018, the consolidated entity issued 50,000,000 fully paid ordinary shares at $0.025 (2.5 cents) per share. Issue of shares pursuant to the terms of the placement to Vertua Limited as announced to the ASX on 8 November 2018, and subsequently cancelled 50,000,000 of the options issued to Defender No.2 Fund.

On 15 November 2018, the consolidated entity issued 84,379,492 quoted options, exercisable at $0.045 (4.5 cents), expiring 20 September 2019.

On 7 December 2018, the consolidated entity issued 30,000,000 unlisted options exercisable at $0.025 (2.5 cents), expiring 18 months after repayment of the loan or up until 30 April 2024. Grant of unlisted options pursuant to the terms of the loan facilities, and pursuant to Resolutions 3(a) and 3(b) approved by shareholders at the Company's Annual General Meeting held on 29 November 2018.

On 13 December 2018, the consolidated entity issued 9,600,000 fully paid ordinary shares at $0.037 (3.7 cents) per share to advisors for services provided.

On 21 December 2018, the consolidated entity issued 3,600,000 fully paid ordinary shares at $0.022 (2.2 cents) per share to institutional investors.

During the period and as at the date of this report, the Company entered into a number of forbearance agreements with Defender. The ultimate effect being the Company has taken up provisions for the total breach, dispute and variations of $1,133,000 in costs as at 31 December 2018.

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

Matters subsequent to the end of the financial half-year

As at the date of this report, a number of events have occurred with significant ramifications for the Company. For a more detailed account of the events, please refer to Note 12.

No other matter or circumstance has arisen since 31 December 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.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Richard Cooney
Chairman

24 January 2020

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 half-year ended 31 December 2018 there have been:

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

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

William Buck

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

N. S. Benbow
Director

Dated this 24th day of January, 2020

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PRAXITY

	Note	Consolidated 31 December 2018 $	31 December 2017 $
Revenue			
Production revenue		1,723,676	86,590
Production costs		(1,532,300)	-
Expenses			
Administration expenses		(165,679)	(214,911)
Employee benefits expense		(850,934)	(250,618)
Corporate expenses	3	(1,227,455)	(693,259)
Occupancy expense		(95,117)	(57,179)
Depreciation and amortisation expense		(196,255)	(47,415)
Impairment of exploration and production assets		(4,921,049)	(671,877)
Other corporate expenses	13	(329,327)	-
Finance costs		(1,590,500)	(51,341)
Loss before income tax expense		(9,184,940)	(1,900,010)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of American Patriot Oil & Gas Limited		(9,184,940)	(1,900,010)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		223,242	(60,672)
Other comprehensive loss for the half-year, net of tax		223,242	(60,672)
Total comprehensive loss for the half-year attributable to the owners of American Patriot Oil & Gas Limited		(8,961,698)	(1,960,682)
		Cents	**Cents**
Basic loss per share	14	(0.019)	(0.854)

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 31 December 2018

	Note	Consolidated 31 December 2018 $	30 June 2018 $
Current assets			
Cash and cash equivalents		167,135	250,665
Trade and other receivables		142,016	6,630
Monies to be received by other parties	4	929,530	-
Deposits paid for future acquisitions	5	22,207	861,655
Prepayments		15,461	21,911
Total current assets		1,276,349	1,140,861
Non-current assets			
Plant and equipment		127,664	173,624
Exploration and evaluation	6	-	3,212,371
Production assets	7	11,026,047	564,920
Total non-current assets		11,153,711	3,950,915
Total assets		12,430,060	5,091,776
Liabilities			
Current liabilities			
Trade and other payables	8	3,367,041	440,425
Borrowings	9	3,515,159	-
Employee benefits		106,800	52,639
Total current liabilities		6,989,000	493,064
Non-current liabilities			
Employee benefits		-	16,267
Rehabilitation provision	10	1,858,711	-
Total non-current liabilities		1,858,711	16,267
Total liabilities		8,847,711	509,331
Net assets		3,582,349	4,582,445
Equity			
Issued capital	11	29,039,729	21,078,127
Reserves		1,403,621	1,180,379
Accumulated losses		(26,861,001)	(17,676,061)
Total equity		3,582,349	4,582,445

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

Consolidated	**Issued capital $**	**Foreign currency reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2017	18,126,030	988,108	(14,321,831)	4,792,307
Loss after income tax expense for the half-year	-	-	(1,900,010)	(1,900,010)
Other comprehensive loss for the half-year, net of tax	-	(60,672)	-	(60,672)
Total comprehensive loss for the half-year	-	(60,672)	(1,900,010)	(1,960,682)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1,500,865	-	-	1,500,865
Balance at 31 December 2017	19,626,895	927,436	(16,221,841)	4,332,490

Consolidated	**Issued capital $**	**Foreign currency reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2018	21,078,127	1,180,379	(17,676,061)	4,582,445
Loss after income tax expense for the half-year	-	-	(9,184,940)	(9,184,940)
Other comprehensive income for the half-year, net of tax	-	223,242	-	223,242
Total comprehensive loss for the half-year	-	223,242	(9,184,940)	(8,961,698)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	7,961,602	-	-	7,961,602
Balance at 31 December 2018	29,039,729	1,403,621	(26,861,001)	3,582,349

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 half-year ended 31 December 2018

	Consolidated	
	31 December 2018	**31 December 2017**
	$	**$**
Cash flows from operating activities		
Receipts from customers	1,623,246	86,349
Interest received	758	241
Payments to suppliers and employees	(2,134,566)	(1,073,171)
Interest and other finance costs paid	(277,341)	-
Net cash used in operating activities	(787,903)	(986,581)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(136,638)
Payments for exploration, evaluation & deposits	(1,412,507)	(1,345,002)
Payments for production assets	(7,992,351)	(594,744)
Proceeds from deposits	-	1,206,989
Net cash used in investing activities	(9,404,858)	(869,395)
Cash flows from financing activities		
Proceeds from issue of shares	6,603,072	1,450,089
Proceeds from borrowings	3,500,000	-
Net cash from financing activities	10,103,072	1,450,089
Net decrease in cash and cash equivalents	(89,689)	(405,887)
Cash and cash equivalents at the beginning of the financial half-year	250,665	497,140
Effects of exchange rate changes on cash and cash equivalents	6,159	(14,309)
Cash and cash equivalents at the end of the financial half-year	167,135	76,944

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 half-year. The financial statements are presented in Australian dollars, which is American Patriot Oil & Gas Limited's presentation currency. Its functional currency is US dollars.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 January 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for a for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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 net operating cash outflows for the half year ended 31 December 2018 of ($787,903) and a closing cash balance of $167,135 at 31 December 2018. The net loss after tax of the consolidated entity at 31 December 2018 was $9,184,940. The working capital (current assets minus current liabilities) of the consolidated entity is ($5,712,651).

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, however given the extended suspension from listing, this may be at a dramatically reduced per share price to the last traded share price;
- 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.

On 6 March 2019, the consolidated entity raised $1,360,000 through the issue of 68,000,000 fully paid ordinary shares at $0.02 per share (before costs).

The group does however note that in addition to the above statements with respect of its ability to determine the group is a going concern, it has and continues to enjoy the support of its secured lender Defender No.2 Pty Ltd. Full details of the loan and terms for the Defender No.2 Pty Ltd loan agreement can be found in note 9.

Note 2. Significant accounting policies (continued)

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.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory or available for early adoption for the current reporting period. There was no significant impact on these financial statements from the adoption of these Standards and Interpretations.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments
The consolidated entity has adopted AASB 9 from 1 July 2018. AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments resulted in changes in accounting policies. There were no changes to the classification of financial instruments in the financial statements. The new accounting policies are set out below. In accordance with the transitional provisions in AASB 9 (7.2.15 and 7.2.26), comparative figures have not been restated. There is no impact on the group’s opening retained earnings as at 1 July 2018.

(i) Trade Receivables
Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The consolidated entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group’s impairment policies and the calculation of the loss allowance are provided in (ii) below.

(ii) Receivables impairment policy
Allowances for impairment are recognised using an 'expected credit loss' ('ECL') model. In assessing ECL the consolidated entity considers both quantitative and qualitative information, including historical experience and forward-looking information. Forward-looking information considered, includes the future prospects of the industries in which the consolidated entity’s debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the consolidated entity’s operations. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For trade receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is used.

(iii) Trade and other payables
Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

AASB 15 Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15 from 1 July 2018. It has elected to adopt AASB 15 using the cumulative effect method, with any adjustment required when transitioning to the new standard being recognised on the 1 July 2018 (date of initial application) in retained earnings. Comparative figures have not been restated. There are no material changes in the consolidated entity’s revenue recognition which means there have been no adjustments made to the opening retained earnings balance.

Note 2. Significant accounting policies (continued)

The accounting policies for revenue recognition are as follows:

Production revenue

The consolidated entity generates production revenue from its interest in producing crude oil and gas fields. Revenue from oil production is recognised at a point in time when crude oil is delivered to the buyer. Revenue from gas production is recognised during the month when gas is delivered to the buyer.

Contracts with customers have one performance obligation, that being the delivery of the product, at which point revenue from the sale of goods is recognised. Sales contracts do not contain provisions for sales returns, rebates, discounts or any ongoing service and the total transaction price does not contain any variable consideration in relation to such items.

Note 3. Corporate expenses

	Consolidated	
	31 December 2018 $	31 December 2017 $
Accounting and audit fees	122,337	96,693
Legal fees	584,441	91,833
Consulting fees	212,396	335,999
Travel expenses	47,219	61,398
Securities exchange, share registry and reporting costs	61,210	19,517
Other expenses	199,852	87,819
Total Corporate expenses	1,227,455	693,259

During the period the group experienced a substantial increase in legal and other expenses. The majority of these increases relate to the various acquisition costs for the period.

Note 4. Monies to be received by other parties

	Consolidated	
	31 December 2018 $	30 June 2018 $
Monies to be received by other parites	463,045	-
Money to be received for issue of shares relating to 23 Oxford Street Group	466,485	-
	929,530	6,630

Amounts receivable from Shareholders

As at 31 December 2018, the consolidated group forecast to reach an agreement with 23 Oxford Street Pty Limited and associated entities. The amounts to become receivable from and payable to 23 Oxford Street Pty Limited are set out below:

	$AUD
Shares issued as part of capital raising activities for the period	2,493,395
Cash received for the issue of shares	(728,469)
Shares subsequently returned to the Company	(487,795)
Shares issued pursuant to the Settlement Deeds, as described in Related Party Transactions Note	(442,027)
Shares issued by 23 Oxford Street Pty Ltd to suppliers of the Company in settlement of outstanding obligations of the Company	(368,619)
Amount receivable as at 31 December 2018	**466,485**

Note 5. Current assets - deposits paid for future acquisitions

	Consolidated	
	31 December 2018	**30 June 2018**
	$	**$**
Deposits paid for future acquisitions	22,207	861,655

Foothills Transaction impact

On 2 April 2018 the Company entered into a Purchase and Sale Agreement (PSA) for the Foothills Resources Inc (Foothills). The proposed Foothills acquisition consisted of 62 producing wells, 100% operated by Foothills. Post signing with Foothills, the Company was in discussions with several external lending providers to complete the deal.

During the period, the Company executed a term sheet with White Oak Group, to establish funding for acquisitions. The facility was meant to finance the settlement of both the Foothills, Magnolia Burnett and Peak transactions.

On 1 October 2018, the Company entered into an extension of the PSA of 2 months with expiry 31 November 2018 based on an additional non-refundable deposit of $150,000. On 2 October 2018, White Oak withdrew from financing the Foothills transaction. Subsequently, the Company entered into the debt facility with Defender No.2 Fund for the settlement of Magnolia Burnett and Peak.

Between 1 October 2018 and 1 December 2018, the Company management team actively sought alternative finance arrangements to settle the Foothills assets and refinance the Defender No.2 Fund loan facility.

On 1 December 2018, the Company entered into another extension to the PSA for an additional 2 months with expiry 31 January 2019 for a further non-refundable deposit of $100,000. On 31 January 2019 the Company entered a final extension to the PSA.

Between 31 January 2019 and 22 May 2019, the board actively considered several finance options for the Foothills asset acquisition. While some finance options were presented to the Company, most contained clauses and terms which were not able to be supported by the Foothills asset, and given the limited financial records for the Company at the time, the Board was not in a position to form an opinion on the ability for the broader business to support any cross-collateral.

On 22 May 2019, the Company was served a termination notice with respect of the PSA for Foothills having paid a total of $1,525,425 (USD: $1,075,000) in non-refundable deposits throughout the duration of the negotiations.

Considering the Company's view at 31 December 2018, forecasting its inability to secure cost-effective financing within the prescribed time frame and the deposits paid being non-refundable, all deposits were impaired, and the agreement formally terminated in 2019.

Note 6. Non-current assets - exploration and evaluation

	Consolidated	
	31 December 2018 $	30 June 2018 $
Exploration and evaluation	3,212,371	6,688,086
Less: Impairment	(2,579,284)	(3,475,715)
Less: Transfer to Production asset	(633,087)	-
	-	3,212,371

Management has reviewed each area of interest for impairment indicators in accordance with AASB 6 and has recognised a full impairment of its Northern Star and Overthrust, Roughhouse and Southern Star projects as there is no ability to recover any economic value.

Note 7. Non-current assets - production assets

	Consolidated	
	31 December 2018 $	30 June 2018 $
Production asset	564,920	626,932
Less: Accumulated amortisation	(177,378)	(62,012)
Additions	10,638,505	-
	11,026,047	564,920

Note 7. Non-current assets - production assets (continued)

Reconciliations

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

	Asasazi	**Peak Energy**	**Magnolia / Burnett**	**CWS Aceite Oil**	**Goose Creek & Lost Lake (OTEX)**	**Total**
Consolidated	**$**	**$**	**$**		**$**	**$**
Balance at 1 July 2018	564,920	-	-	-	-	564,920
Acquisition of production assets	-	2,932,248	4,415,620	382,602	-	7,730,470
Transfer from exploration and evaluation upon commencement of production	-	-	-	-	633,087	633,087
Recognition of restoration and rehabilitation assets	-	705,064	695,197	-	429,024	1,829,286
Capitalised development costs	12,597	103,101	113,967	8,532	23,684	261,881
Depreciation, amortisation and impairment charges	(177,378)	(21,992)	(33,117)	(2,870)	(4,748)	(240,105)
Foreign currency gains and losses	7,943	74,101	97,954	25,054	41,456	246,508
Balance at 31 December 2018	408,082	3,792,522	5,289,621	413,318	1,122,504	11,026,047

The consolidated entity is the operator of the Peak Energy, Goose Creek and Lost Lake assets. Under its existing asset agreements, it is required to pay lease-owners, government and local council authorities and pump (equipment owners) a % of production revenues earned as royalties. These vary from well to well from as low as 5% and up to 80% of a royalty interest in the well for oil and/or gas produced.

The consolidated entity also has royalty right interests in its Magnolia and Burnett assets, for which it is not the operator.

Note 8. Current liabilities - trade and other payables

	Consolidated 31 December 2018 $	30 June 2018 $
Trade payables	1,190,058	376,768
Other payables	2,176,983	63,657
	3,367,041	440,425

Within the amounts provisioned for and allowances made in the accounts for the period, include the best estimate of amounts to be settled with CIP / CPS and their clients. Further provisions for amounts due and payable to Defender No.2 Pty Ltd under the terms of the loan agreement are included in the Other Payables. A detailed breakdown of the amounts owing are set out as follows:

	31 December 2018 $
CIP Settlement payments	
CIP Direct	420,000
CIP Clients	130,000
Total CIP	550,000
CPS Settlement payments	
CPS Direct	49,999
CPS Clients	154,451
Total CPS	204,450
Defender No.2 Fund – Forbearance costs	1,133,000
Other	289,533
Total Other payables	2,176,983

Further details on the Defender No.2 Pty Ltd loan are set out in Note 9, however the amounts payable are capitalised in the period between 31 December 2018 and 30 June 2019.

Note 9. Current liabilities - borrowings

	Consolidated 31 December 2018 $	30 June 2018 $
Loan: Defender No.2 Fund Pty Ltd	3,322,214	
Promissory note	192,945	-
	3,515,159	-

The Defender No.2 Fund Pty Ltd loan is made up of the following:

	31 December 2018 $
Net Draw down	2,969,051
Facility Fee	120,000
Establishment Costs	96,800
Management Fee	7,882
Disbursements	65,010
Accrued Interest	63,471
Total	3,322,214

Defender No.2 Pty Ltd loan agreement

On 15 October 2018, the consolidated entity announced that to accelerate the settlement of the Peak Energy, Magnolia & Burnett assets, it entered into a short-term funding arrangement with Defender No.2 Fund Pty Ltd.

The facility provides the consolidated entity with the ability to settle these transactions without waiting on the Foothills settlement as was originally planned. Key terms of the agreement are:

1. Initial facility limit of $4,000,000
2. Maximum term of 4 years
3. Security over all assets of the Company (both in Australia and USA)
4. Monthly principle and interest amortisation
5. Forward hedging of production profile (production Hedging facility not taken up at the date of this report)
6. Line Fee of 3% p.a
7. Interest rate of 9% p.a
8. Default fees of an additional 8% p.a
9. Establishment fees of 2.2%

During the period between signing the initial Defender No.2 loan and the change of the board, the Company entered into three variations and amendments, including forbearances for beaches of the terms of the loan agreements, which gave the Company in total an extension to 30 June 2019 to rectify the issues raised in the Defender beach notices.

The cumulative effect of these changes is that the new key terms of the agreement are:

1. Initial facility limit of $4,500,000
2. Maximum term of 4 years
3. Security over all assets of the Company (both in Australia and USA)
4. Monthly principle and interest amortisation
5. Line Fee of 3% p.a
6. Interest rate of 9% p.a
7. Default fees of an additional 8% p.a

Defender continues to support the Company and has indicated that while the loan is currently in default, it will not press for the repayment subject to a number of conditions being met. The group continues to work to meet those conditions, and Defender continues to provide support as required.

Promissory Notes

The CWS Aceite Co. LLC promissory note was entered into on 1 July 2018 for a principal amount of $200,000 (USD) with an 18 month term, maturing on 1 December 2019. As at the date of this report, this has been paid back in full.

Note 10. Non-current liabilities - Rehabilitation provision

	Consolidated	
	31 December 2018 $	30 June 2018 $
Abandonment provision	1,858,711	-

Abandonment provision

The abandonment provision is recognised where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas. Expected timing of outflow of restoration liabilities is not within the next 12 months from the reporting date.

The abandonment provision is the best estimate of the present value of the future expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at the reporting date, with a corresponding change in the cost of the associated asset.

For the period of this report, the abandonment provision was conducted by professional third-party consultants being Cawley, Gillespie & Associates for the OTEX assets (Goose Creek and Lost Lake) and Terra Petro LLC for the Peak Energy asset, as part of and shortly after the acquisition of the assets, we have relied on Directors' valuation for calculations regarding Magnolia and Burnett. The consolidated group is engaging professional services to conduct a similar review for the balance of assets in its portfolio.

Note 11. Equity - issued capital

	Consolidated			
	31 December 2018 Shares	30 June 2018 Shares	31 December 2018 $	30 June 2018 $
Ordinary shares - fully paid	633,757,563	268,227,343	29,039,728	20,860,380

Movements in ordinary share capital

Details	Date	Shares	Issue price (cents)	$	Weighted average
Balance	1-Jul-18	268,227,343		21,078,127	
Funds received for placement prior to 30 June 2018				(467,050)	
Issue of shares	30-Jul-18	165,150,984	0.025	4,128,775	2,355,317
Issue of shares under placement (top-up)	31-Jul-18	3,608,000	0.025	90,200	173,369,575
Issue of shares under rights issue with attaching options	12-Oct-18	121,225,082	0.025	3,030,627	36,405,092
Issue of shares pursuant to loan facilities	24-Oct-18	6,346,154	0.026	165,000	46,023,714
Issue of shares per Vertua terms (placement)	8-Nov-18	50,000,000	0.025	1,250,000	116,899,536
Issue of shares - placement to sophisticated investors	13-Dec-18	5,200,000	0.025	130,000	-
Issue of shares to consultants for brokerage	13-Dec-18	2,000,000	0.022	44,000	-
Issue of shares to consultants	13-Dec-18	2,400,000	0.022	52,800	-
Issue of shares to Alexis Clark - KMP remuneration	13-Dec-18	6,000,000	0.022	132,000	27,398,155
Issue of shares to advisers for services provided	21-Dec-18	3,600,000	0.022	79,200	34,443,346
Capital raising costs (shares)				(44,000)	
Capital raising costs (cash)				(629,950)	
Balance	31-Dec-18	633,757,563		29,039,729	479,169,697

* As at the date of this report the consolidated entity has not received a total of $466,485 from investors for the issue of shares.

Note 12. Events after the reporting period

Given the substantial amount of time between the period covered by this report and its lodgement, the Company has broken down the key events by month.

January 2019

1. AOW announced the appointment of Richard Cooney to the board of American Patriot as a non-executive independent director.

2. AOW received Default Notice No.2 from Defender No.2 Fund in relation to

    - The failure to produce Management accounts
    - Failure to enforce major shareholder, 23 Oxford Street Pty Ltd, to make substantial holder disclosures.
    - Failure to enforce Underwriting agreement and
    - Unapproved reduction in capital.

    AOW entered a second forbearance deed with Defender to resolve the issue.

3. AOW entered into an extension agreement for the PSA for the Foothills Asset.

February 2019

4. The Company terminated the two leasing and rental arrangements with ADC and Oxford Treasury, entities considered to be related parties of AOW. The Company made provisions to write off the entire office fit out, equipment and associated provisions at 31 December 2018.

5. Mr David Shaw had resigned as a Director.

6. Mr Timothy Broadfoot was appointed as a Non-Executive Director and became Company Secretary during the month.

7. Mr Richard Cooney became the independent non-executive Chairman

8. Mr Frank Pirera resigned as a Director and Company Secretary & CFO

9. The registered office and principal place of business moved to Level 5, 97 Pacific Highway North Sydney

March 2019

10. Capital raising of $1,360,000 through the issue of 68,000,000 fully paid ordinary shares at $0.02 per share (before costs).

11. Due to consultation with the ASX, entered a voluntary trading suspension since AOW was not going to be able to lodge its accounts when they were going to fall due.

12. Received several demand letters with respect of CIP, CPS and their respective clients

April 2019

13. On 1 April 2019, AOW received Default Notice No.3 from Defender No.2 Fund in relation to
    - Non-Production of Half Year accounts
    - Non-Production of Monthly management accounts
    - Non-compliance of Shareholder 23 Oxford Street to provide a Tracing Notice as per the original facility agreement.
    - Further failures to meet key covenants of the lending agreement (from the 24 January default).

    AOW entered a third Forbearance Deed for Default No. 3, which gave the Company until June 2019 to rectify several matters dating back to the original default.

14. Received additional demand letters from CIP, CPS and their respective clients.

May 2019

15. Entered the settlement deed of the CIP / CPS dispute relating to the October 2018 capital raise, with the effect of this described in more detail in Note 8.

16. Received a termination notice for the Foothills Asset PSA, resulting in the definitive loss of deposits paid to date.

17. Accepted the resignation of Alexis Clark as CEO and Director

18. Appointed James Manning as a Non-executive Director

June 2019

19. Confirmation of title for US assets received from Walne Law

20. New bank account in US at Wells Fargo opened

July 2019

21. Shares from 23 Oxford Street account transferred into forfeiture account pending AGM for cancellation

August 2019

22. Received demand for payment from Alexis Clark, alleging that there was beach of the settlement deed as a result of AOW withholding payment. AOW believes that this matter has been resolved as a result of its presentations to Mr. Clark’s lawyers.

September 2019

23. AOW agreed with the majority of shareholders who received a double issuance of shares during the various capital raises to have them returned to the company.

24. Negotiated an in-principle settlement with 23 Oxford Group (see November 2019), subject to several reconciliations

October 2019

25. Negotiated and finalised the terms for settlement with the 23 Oxford Group (see November 2019)

26. Recommenced the audit process for period to 31 December with the benefit of the key terms agreed with 23 Oxford Group.

November 2019

27. Entered a deed of settlement with Oxford Treasury Pty Ltd, ADC Australasia Pty Ltd, ADC Construction LLC, Austral-Asian Capital LLC, Fand (Vic) Pty Ltd, JTJK Investments Pty Ltd and 23 Oxford Street Pty Ltd (collectively the **23 Oxford Group**). Refer to note 4 and note 13 for further details.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect AOW's operations, the results of those operations, or AOW's state of affairs in future financial years.

Note 13. Related Party Transactions

The Company has during the period carefully reviewed the current and historical related party transactions, including looking at historical disclosure and treatment and the changes to the nature and type of arrangements that continued to exist beyond any date of change or related party treatment.

The Company has determined that entities associated with the 23 Oxford Group (including but not solely limited to 23 Oxford Street Pty Ltd, Oxford Treasury Pty Ltd, ADC Australasia Pty Ltd, ADC Construction LLC, Austral-Asian Capital LLC Fand (VIC) Pty Ltd, JTJK Investments Pty Ltd) (collectively “23 Oxford street & associates”) are related parties of the Company for disclosure purposes.

The total settlement sums relating to 23 Oxford Group and associated entities forecast to be transferred to the share forfeiture account as at 31 December 2018 are identified as follows (to be read in conjunction with the ASX announcement dated 29 November 2019):

	31 December 2018
23 Oxford street and associated entities	**$**
Rent & Outgoings	53,520
Management advisory and consulting services	265,000
Capital Raising & Placement Services	123,506
Total 23 Oxford settlement transferred to forfeiture account	442,026

Rent & Outgoings

The Company has for several years leased a small single office at Level 1, 23 Oxford Street, Oakleigh, VIC. The lease is with Oxford Treasury Pty Ltd, a member of the 23 Oxford Group.

The space was approximately 16m2 and the lease was for $5,833 per month, representing a $364 / m^2 rate per month or $4,374.75 /m^2 annually.

Defender demanded as part of its breach notice that the lease be put on commercial terms. The lease was purportedly terminated by the former board and fell into the area of dispute with the 23 Oxford Group settlement. The total settlement amount with respect to rent and outgoings was $53,520 and subsequently, all fit out costs were impaired.

Management, Advisory and Consulting agreements

The Company entered into several agreements with the 23 Oxford Group for management, advisory and consulting services.

On the 11th September 2017, the Company entered into an arrangement with the 23 Oxford Group to replace the earlier agreement, to commence from 1 January 2018. The agreement provided for the payment of AUD$10,000 per month for “management services”. The total liability under the agreement was AUD$360,000.

As part of the Defender loan arrangement, it required the first management agreement to be terminated. The Company made representations to Defender that this was done, which was also included in the Defender default notice.

On the 5th October 2018, the Company entered into a new arrangement with the 23 Oxford Group to replace the earlier agreement, to commence from 1 January 2019. This was an additional breach of the Defender loan facility. The agreement provided for the payment of USD$15,000 per month for “management services”. The total liability under the agreement was USD$540,000. The new board was never engaged or discussed with any 23 Oxford representatives for any of the services that were to be provided. The Company terminated the agreement, which became part of the 23 Oxford Group dispute, totalling $265,000.

Capital Raising & Placement Services

During the period, the 23 Oxford Group entered into multiple agreements with respect of capital raises for the Company. Specifically, it was engaged and received an unknown benefit with respect to the July capital raise, as well as unknown payments and benefits associated with the sub-underwriting arrangements with CIP, the underwriter of the October Capital raise.

The 23 Oxford Group received shares in the Company, which it did not pay for. There exists some contention as to the nature of the shares and services provided for these shares. Further the 23 Oxford Group, in conjunction with the former board arranged for the on-sale of shares issued to 23 Oxford Group, with the proceeds 1) kept by the 23 Oxford Group 2) used to pay expenses of the Company or 3) remitted to the Company upon clearing. It is clear to the new board that both the 23 Oxford Group and Mr. Clark were party to these arrangements. The total sum of the settlement with 23 Oxford Group associated with the capital raising totalled $123,506.

Other related party transactions:

Key Management Personal

Key management personnel short term employee benefits relate the outstanding superannuation, accrued annual leave and accrued long service leave for Alexis Clark, David Shaw and Frank Pirera for the period of this report.

Mr Shaw resigned on 15 February 2019, Mr Pirera resigned on 25 February 2019 and Mr Clark resigned on 28 May 2019.

It was mutually agreed after 31 December 2019 that Mr Cark was to have his share-based payment previously approved by shareholders, and shares issued on 12 December 2018, released with a value of $133,000 on his resignation. Further the Company agreed to pay Mr. Clark up to $105,000 is cash and shares as well as continue payments for the rental of his home in the USA until June 2019. As a result of non-performance of the settlement terms, the company has subsequently not paid in full these amounts.

	Consolidated	
	31 December 2018 $	**30 June 2018 $**
Short term employee benefits	229,996	52,639
Post-employment benefits	21,850	
Share based payment issued on 12/12/2018	133,000	-
Total	384,846	52,639

Note 14. Earnings per share

	Consolidated	
	31 December 2018 $	31 December 2017 $
Loss after income tax attributable to the owners of American Patriot Oil & Gas Limited	(9,184,940)	(1,900,010)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	479,169,697	222,555,587
Weighted average number of ordinary shares used in calculating diluted earnings per share	479,169,697	222,555,587
	Cents	**Cents**
Basic loss per share	(0.019)	(0.854)
Diluted loss per share	(0.019)	(0.854)

Note 15. Share-based payments & Options during period

During the period, the Company granted options to brokers and financiers directly in-respect of the issue of share capital. As a consequence their fair value is included within the overall value of equity for the period and did not impact the loss result for the period.

Set out below are summaries of unquoted options granted during the half year:

31 December 2018

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
19/10/2018	30/04/2024	$0.025	-	80,000,000	-	-	80,000,000
22/10/2018	31/08/2021	$0.050	-	30,000,000	-	-	30,000,000
07/12/2018	30/04/2024	$0.025	-	30,000,000	-	-	30,000,000
			-	140,000,000	-	-	140,000,000

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

Grant date	Expiry date	31 December 2018 Number	31 December 2017 Number
19/10/2018	30/04/2024	80,000,000	-
22/10/2018	31/08/2021	30,000,000	-
07/12/2018	30/04/2024	30,000,000	-
		140,000,000	-

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Richard Cooney
Chairman

24 January 2020

William Buck

American Patriot Oil and Gas Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Qualified Conclusion

We have reviewed the accompanying half-year financial report of American Patriot Oil and Gas Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

With the exception of the matter described in the Basis for Qualified Conclusion outlined below and based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of American Patriot Oil and Gas Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and

b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Qualified Conclusion

As discussed in Notes 4 and 13 to the financial statements, the company conducted capital raising activites during the period which resulted in shares being issued for nil consideration and for which extensive obligations arose owing by the company to third parties.

From our procedures examining the transactions associated with those capital raising activities, we are unable to form a view of the completeness and accuracy of related party disclosures in the accompanying financial report concerning the company's key management personnel and, as an outcome of this, any potential or actual breaches of the *Corporations Act 2001* arising from conferring an unremunerated benefit to key management personnel without shareholder approval.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of $9,184,940 and had net cash outflows from operating activities of $787,903 during the half-year ended 31 December 2018. These

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PRAXITY

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 consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

As the auditor of American Patriot Oil and Gas Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

William Buck

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

N.S Benbow
Director

Dated this 24th day of January, 2020