

Financial News

Press Release

Source: The American Energy Group, Ltd.

The American Energy Group, Ltd. Announces Emergence from Bankruptcy with New Management and Resumption of Trading under New Symbol And CUSIP Number

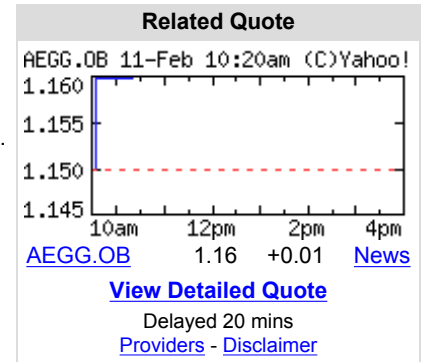
Monday November 22, 2:55 pm ET

WESTPORT, Conn.--(BUSINESS WIRE)--Nov. 22, 2004--The American Energy Group, Ltd. (OTC:BB AEGG) announced today that the NASDAQ has approved its resumption of trading on the OTC Bulletin Board. The Company has been assigned a new CUSIP number (025636 20 0) and a new symbol (AEGG) due to the cancellation by the United States Bankruptcy Court of all prior, outstanding securities pursuant to the Company's Second Amended Plan of Reorganization. New Common shares have been issued to the bankruptcy creditors under the Plan. The Company's current outstanding newly issued shares total 24,698,518. Old shares which traded under the symbol AMEL shall no longer be traded due to their court-ordered cancellation.

ADVERTISEMENT Significant changes have occurred both during and subsequent to the initiation of bankruptcy proceedings. On an historical note, on June 28, 2002, the Company was placed in involuntary Chapter 7 bankruptcy by three (3) creditors, one of which subsequently withdrew and was replaced by Georg von Canal. This proceeding temporarily stayed the attempts by the first lien creditor to foreclose on the Company's Texas oil and gas leases and further temporarily stayed the ongoing state court litigation initiated by Georg von Canal to invalidate a shareholder vote to remove him and to reaffirm his management positions with the Company. Mr. von Canal was permitted to proceed with the state court matter and was successful in reinstating his management positions in November 2002.

The bankruptcy proceedings were converted to a debtor-in-possession Chapter 11 bankruptcy in December 2002. Mr. Aber and Mr. Smith resigned their management positions in early, 2003 and Pierce Onthank joined Mr. von Canal and Iftikhar Zahid as the sole Directors. Thereafter, efforts continued to sell the Texas-based assets and/or to sell securities of the Company with the permission of the Bankruptcy Court. A contract was executed with a European concern during February 2003, the terms of which provided for convertible debt financing to the Company sufficient to discharge the first lien debt against the Texas oil and gas assets. The purchaser did not perform the contract and, as a result, the first lien lender foreclosed on the producing Texas oil and gas leases in early 2003. This foreclosure eliminated the Company's only source of operating revenues and left remaining as assets only its non-producing Texas oil and gas lease in the Gillock Field area of Galveston County, Texas, and its Pakistan exploration license held by its subsidiary, Hycarbex-American Energy, Inc. The Company's interests in the Galveston County lease include only the exploration rights to deeper horizons and an after payout back-in 15% working interest in certain mid-range zones tied to the activities of Smith Energy Company, Inc. in its operations in those horizons.

In November 2003, the Company reached an agreement with Hydro Tur (Energy) Ltd. to sell to Hydro Tur all of the stock of its subsidiary, Hycarbex-American Energy, Inc. in exchange for an 18% royalty and the commitment by Hydro Tur to drill a well on the Pakistan Concession by April 16, 2004, which was later extended to November 16, 2004 by amendment. Due to equipment availability and local logistics, drilling of the initial well will not occur until after January 1, 2005. After the sale to Hydro Tur (Energy) Ltd., Mr. Von Canal resigned and the remaining two directors, Pierce Onthank and Iftikhar Zahid have continued to serve as the sole Directors since that time. Mr. Onthank succeeded Mr. Von Canal as President and CEO of the Company. Mr. Onthank has



also assumed the role as acting chief accounting officer for the Company.

Mr. Onthank received a BA in economics from Denison University. Mr. Onthank began his career in the Merrill Lynch training program and subsequently became a limited partner with Bear Stearns. Later he became a Senior Vice President at Drexel Burnham Lambert, where his primary responsibilities were to manage the private client group, which was involved in both public and private investments for individual and institutional accounts. Mr. Onthank moved on to serve as a Senior Vice President at Paine Webber and later at Smith Barney Shearson where he managed the investments of institutional and individual clients. Before becoming President of American Energy Group Ltd. he co-founded Crary Onthank & O'Neill, an Investment Banking Company, in 1998, which served as an investment banker to the Company from 1998 until 2001 and was instrumental in raising substantial equity and debt capital for the Company prior to its bankruptcy. Mr. Onthank has specialized in oil and gas investments for his previous investment banking and brokerage clients.

The Company has focused its efforts in the last twelve months on emerging from bankruptcy and bringing its quarterly and annual Securities and Exchange Commission reports current, both of which have been accomplished. Contemporaneously with these administrative accomplishments, and while monitoring the progress of Hydro-Tur (Energy) Ltd. in its seismic operations and preparation for drilling in Pakistan, Company management began efforts to maximize the value of the Galveston County lease by studying and discussing with third parties the best course for the asset, whether to initiate a deep rights development program with a venture partner or a sale or farmout of such development rights to a third party. Additionally, in January, 2004, the Company filed a lawsuit in the United States Bankruptcy Court, Southern District of Texas, as an adversary proceeding against Smith Energy 1986-A Partnership, Smith Energy Company, Inc. and Howard Smith. The basis of the lawsuit is a claim for unpaid working interest proceeds claimed by The American Energy Group, Ltd. as the owner of a 15% "after payout" working interest in certain mid-range producing zones under the Galveston County, Texas lease, based upon the Company's belief that payout to Smith Energy may have been achieved.

Pierce Onthank, President of the Company, stated: "We believe that there have been positive developments resulting from the bankruptcy proceedings. We have a good deal yet to accomplish, because we do not currently enjoy a revenue stream from any business operation or asset, but we have eliminated the Company's debt burden, diminished its labor force and significantly reduced all facets of general and administrative overhead. While we have eliminated the high costs related to drilling and management of the Pakistan concession, we also believe that we have preserved the significant upside potential of the concession by positioning the Company with a cost-free 18% gross royalty interest in the wells which are planned by Hydro Tur (Energy) Ltd. as part of its long range development program. There can be no assurance of drilling success by Hydro Tur (Energy) Ltd. However, the large amount of acreage (850 square miles) comprising the Pakistan concession and the estimated size of the geologic structures identified to date by geologists and geophysicists who have studied the technical data available, could, if drilling is successful, result in our participation in multiple wells on a gross royalty basis. The cancellation and reissuance of new securities have reduced the outstanding shares from over sixty six million shares to just over twenty four million shares, a number which both permits the issuance of additional securities in the future as needed to obtain strategic assets or funding from investors, and which provides an opportunity for enhanced shareholder value if the current assets become positive cash generating assets. In the near term, however, we must continue to raise operating capital through other means until a revenue stream is developed."

This news release contains forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events, or performance and underlying assumptions and other statements, which are other than statements of historical facts. These statements are subject to uncertainties and risks including, but not limited to, economic conditions, the impact of competition and pricing, and domestic and foreign government regulation and approvals. All such forward-looking statements, whether written or oral, and whether made by, or on behalf of the Company are expressly qualified by the cautionary statements and any other cautionary statements which accompany the forward-looking statements. In addition, the Company disclaims any obligation to update forward-looking statements to reflect events or circumstances after the date hereof.

Access to a Company website is expected in the near future. For Further Information Contact Pierce Onthank at (203) 222-7315 or ponthank@coo.to.

Contact:

The American Energy Group, Ltd.
Pierce Onthank, 203-222-7315