Americas Petrogas Announces Third Quarter 2014 Results

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Americas Petrogas Inc. ("Americas Petrogas" or the "Company") (TSX VENTURE:BOE) announces its third quarter 2014 results and that it has posted a new investor presentation on its website at www.americaspetrogas.com.

Summary Financial and Operational Highlights

Selected financial and operational information is outlined below and should be read in conjunction with the Company's interim consolidated financial statements and the related Management's Discussion and Analysis ("MD&A") for the quarter, which have been filed on SEDAR under the Company's profile at www.sedar.com and are also available on the Company's website at www.americaspetrogas.com. All amounts are in Canadian dollars unless otherwise stated.

• Cash Position: As of September 30, 2014:

($ in thousands)		September 30, 2014		December 31, 2013
Cash and cash equivalents	$	18,214	$	18,334
Working capital[(1)]	$	16,589	$	21,687

(1) Working capital is a non-GAAP measure and is calculated as current assets less current liabilities. Working capital is used to assess liquidity and general financial strength. Working capital does not have a standardized meaning prescribed by IFRS. It is unlikely for non-GAAP measures to be comparable to similar measures presented by other companies. Working capital should not be considered an alternative to, or more meaningful than current assets or current liabilities as determined in accordance with IFRS.

• Oil Plus Benefits: As of the current date, a total of $26.8 million of Oil Plus benefits has already been collected. An additional $16.4 million has been applied for and remains to be collected and recognized on the financial statements.

• Cash from Operating Activities: During the nine months ended September 30, 2014, the Company generated $9.9 million of cash from operating activities (which includes changes in non-cash balance sheet operating items), compared to the same period of 2013 when the Company generated $23.4 million in operating activities (which includes changes in non-cash balance sheet operating items). The decrease in cash inflow in 2014 is attributable to lower oil sales volume and changes in non-cash balance sheet operating items.

• Capital Expenditures: During the first three quarters of 2014, the Company spent $16.6 million on capital expenditures primarily for facilities relating to power generation and gas reinjection at Medanito Sur. During the third quarter of 2014, the Company spent $1.7 million on capital expenditures.

• Gross Oil Sales: So far in 2014, as the Company reduces its capital expenditures and manages its cash position while the strategic review with Jefferies is ongoing, oil sales volumes in 2014 have been lower in comparison to 2013. During the nine months ended September 30, 2014, an average of 1,022 barrels of oil was sold per day (net) at an average selling price of $85.77 generating gross oil sales of $23.9 million. During the nine months ended September 30, 2013, an average of 2,288 barrels of oil was sold per day (net) at an average selling price of $78.55 generating gross oil sales of $49.1 million.

During the three months ended September 30, 2014, an average of 825 barrels of oil was sold per day (net) at an average selling price of $89.27 generating gross oil sales of $6.8 million. During the three months ended September 30, 2013, an average of 2,065 barrels of oil was sold per day (net) at an average selling price of $80.96 generating gross oil sales of $15.4 million.

• Operating Netback: For the nine months ended September 30, 2014, operating netback (a non-GAAP measure) was $9.3 million (calculated as gross oil sales of $23.9 million less royalties of $3.8 million and production costs of $10.9 million) or $33.14 per barrel with no Oil Plus benefits recognized during the period. For the nine months ended September 30, 2013, operating netback (excluding Oil Plus benefits) was $27.2 million (calculated as gross oil sales of $49.1 million less royalties of $6.6 million and production costs of $15.3 million) or $43.49 per barrel.

For the three months ended September 30, 2014, operating netback was $2.0 million (calculated as gross oil sales of $6.8 million less royalties of $1.2 million and production costs of $3.6 million) or $26.14 per barrel with no Oil Plus benefits recognized during the quarter. For the third quarter of 2013, operating netback (excluding Oil Plus benefits) was $7.1 million (calculated as gross oil sales of $15.4 million less royalties of $2.1 million and production costs of $6.2 million) or $37.27 per barrel. "Operating netback" is a non-GAAP measure and is calculated as revenues from oil sales less royalties and production costs. Operating netback is used as an indicator of operating performance, profitability and liquidity. "Operating netback (excluding Oil Plus benefits)" excludes any Oil Plus benefits credited to production costs. Operating netback does not have a standardized meaning prescribed by IFRS. It is unlikely for non-GAAP measures to be comparable to similar measures presented by other companies.

• Net Loss: For the third quarter of 2014, net loss attributable to owners of the Company was $5.1 million, which included $2.2 million of non-cash, foreign exchange gains on intercompany loans. This compares to net loss attributable to owners of the Company for the third quarter of 2013 of $5.6 million, which included $10.0 million of non-cash, foreign exchange losses on intercompany loans. For the nine months ended September 30, 2014, net loss attributable to owners of the Company was $44.8 million, which included $21.7 million of non-cash, foreign exchange losses on intercompany loans. This compares to net income attributable to owners of the Company of $3.9 million, which included $13.6 million of non-cash, foreign exchange losses on intercompany loans, for the nine months ended September 30, 2013.

Highlights and Recent Activities

• In November 2014, the Neuquén province in Argentina issued a decree granting Americas Petrogas and its joint venture partners (ExxonMobil and Gas y Petróleo del Neuquén) an evaluation period on the four Los Toldos Blocks, which measure approximately 163,800 acres or 663 square kilometers gross. The evaluation period spans four (4) years beginning May 2014 and ending May 2018.

• Subsequent to September 30, 2014, the Company re-started drilling on Medanito Sur with a planned four-well program. As of the current date, three wells have already been drilled and a fourth well is expected to be drilled in early December. All of the wells are scheduled to be completed and placed on production, utilizing the Company's own production facilities at Medanito Sur, by the end of December.

• During the second quarter of 2014, the Company began re-processing 3D seismic data for the Medanito Sur and Rinconada Norte blocks. The output from the re-processing will be used to complete an Integration Study using the latest interpretation technology and well data in order to optimize the selection of future drilling locations. The re-processing of the data is now completed and interpretation of the data set is expected to be completed in the near future. Preliminary data and interpretations from this re-processing were used to select the locations for the four wells mentioned above.

• With respect to the Company's unconventional Vaca Muerta shale exploration wells on the Los Toldos blocks, the Company in conjunction with its partner ExxonMobil, continued to conduct long-term production testing on the LTE.x-1 well and the ADA.x-1 well.

• Additionally, the Company, in conjunction with its partner, ExxonMobil, has plans to connect the ALL.x-1 well on the LT-1 Block to the nearby regional gas pipeline in 2015.

• In June 2014, the Company completed a public offering (the "Offering") of 19,166,666 units (the "Units") at a price of $0.90 per Unit ("Offering Price") for gross proceeds of $17.3 million. The Offering was conducted by a syndicate of underwriters (the "Underwriters"). Each Unit consisted of one common share (each, a "Common Share") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"), with each Warrant entitling the holder thereof to acquire one Common Share in the capital of the Company at a price of $1.125 until 36 months from the closing date of the Offering.

• Ryder Scott Company (Houston-based petroleum engineering firm) estimated (updated as of March 31, 2014) that the Company has net 7.56 billion boe P50 Best Case Unrisked Prospective (Recoverable) Resources (73% gas and 27% oil/condensate) in the Company's nine unconventional shale oil and shale gas properties. The Ryder Scott estimates only considered the Vaca Muerta, Lower Agrio and Los Molles shales. The report did not consider additional zones of interest such as the Mulichinco, Quintuco, Tordillo, and other prospective formations.

• Ryder Scott Company estimated that the Company has (as of June 30, 2013) net 16 million boe (94% gas and 6% oil/condensate) of Vaca Muerta P50 Best Case Unrisked Contingent Resources in the LT-1 Block and net 5 million boe (20% gas and 80% oil/condensate) of Vaca Muerta P50 Best Case Unrisked Contingent Resources in the LT-2 Block. The Ryder Scott estimates only considered the Vaca Muerta, Lower Agrio and Los Molles shales. The report did not consider additional zones of interest such as the Mulichinco, Quintuco, Tordillo, and other prospective formations.

• Americas Petrogas continues to look at all strategic opportunities available to the Company. These include growing production and considering merger opportunities, joint ventures, farm-outs and sale of selected assets.

• In the second quarter of 2014, the Company began a gas reinjection program, injecting approximately 1 million cubic feet per day (mmcfd) of produced gas into the top of the El Tordillo formation at the easternmost updip area of the El Jabali Field. More recently, gas reinjection has increased to approximately 2.8 mmcfd. The total gas treatment and injection capacity is 7 mmcfd. The gas reinjection program has been successful at slowing the rate of production decline.

• The Company and its partner, Gas y Petróleo del Neuquén (owned by the provincial government of the Neuquén province), have agreed and presented to the Secretary of Energy of Neuquén province a request to reschedule the drilling of the committed well on Loma Ranqueles (LRa.x-2 well). The extension request is pending. The Company is in advanced negotiations to contract a rig to spud the well, which is expected in the first half of 2015.

• With respect to the Huacalera Block, the Company and YPF, the operator, continue to work towards new contract terms with the government.

• In May 2014, the Peruvian state-owned company Activos Mineros S.A.C. and the Executive Director of ProInversion executed the transfer agreement formally granting the Bayovar Property to Americas Petrogas' Peruvian subsidiary.

• In 2014, the Company officially recorded, with the public registry in Peru, 8,800 additional hectares (approximately 21,700 acres or 88 square kilometers) of concessions in the Bayovar district within the Sechura Desert, Peru. These 8,800 hectares of registered new concessions are located to the northeast of lands currently held by Vale S.A., which operates a producing phosphate mine in the Bayovar district in conjunction with Mosaic Company and Mitsui & Co., Ltd. When added to the Company's original Bayovar Property (concessions 5, 6, 7 and 8), which measures in excess of 82,000 hectares (202,600 acres or 820 square kilometres), the Company now holds registered concessions totaling in excess of 90,800 hectares (224,300 acres or 908 square kilometers) in the Bayovar district within the Sechura Desert, Peru. The new concessions are immediately to the east of the Company's Bayovar 6 and Bayovar 8 concessions. The Company has staked an additional 1,200 hectares of lands in the same area for which registration remains pending.

• The Company has begun the process of analysing 34 drill cores that were previously drilled targeting phosphate rock. Golder has been engaged to assist the Company in the preparation of a phosphate resources report compliant with National Instrument 43-101 and, as part of that engagement, has established protocols for the analysis process. Experienced personnel from Geominex have been onsite in

Peru, logging all of the 34 drill cores utilizing the established protocols from Golder. Core samples are currently being transported as secured shipments to Certimin S.A. in Lima, Peru. Certimin is an affiliated ISO 9001 laboratory which uses standards for phosphate and silica from the Association of Fertilizer and Phosphate Chemists.

• In August 2014, the Company announced discovery of near-surface Sechura phosphate rock on its Bayovar Property. The Company's Peruvian subsidiary completed a trenching program on Bayovar concession 6, one of four concessions on Americas Petrogas' Bayovar Property. A total of five trenches were sampled over a distance of 350 meters. The lab results were favourable.

For further information regarding the Company's financial results, financial position and related changes, please see the interim consolidated financial statements and the related MD&A.

About Americas Petrogas Inc.

Americas Petrogas Inc. is a Canadian company whose shares trade on the TSX Venture Exchange under the symbol "BOE". Americas Petrogas has conventional and unconventional shale oil and gas and tight sands oil and gas interests in numerous blocks in the Neuquén Basin of Argentina. Americas Petrogas has joint venture partners, including ExxonMobil and YPF, on various blocks in the shale oil and gas corridor in the Neuquén Basin, Argentina. Americas Petrogas and Indian Farmers Fertiliser Co-operative Limited (IFFCO) own GrowMax Agri Corp., a private company involved in the exploration for near-surface phosphates, potash and other minerals, and potential development of a fertilizer project in Peru.

Forward Looking Information

This Press Release contains forward-looking information including, but not limited to, the Company's goals and growth strategy, testing of the LTE.x-1 well, testing of the ADA.x-1 well, connecting of the ALL.x-1 well to a regional gas pipeline, drilling, completion and production at Medanito Sur, outstanding Oil Plus benefits, the interpretation of and output from the re-processing of 3D seismic data for the Medanito Sur and Rinconada Norte blocks, strategic opportunities available to the Company and the ongoing strategic review, the gas reinjection program, approval for rescheduling the committed well on Loma Ranqueles, negotiations to contract a rig for drilling the committed well on Loma Ranqueles, timing of spudding the committed well on Loma Ranqueles, new contract terms on the Huacalera Block, analysis of the 34 previously drilled drill cores targeting phosphate rock, preparation of a phosphate resources report compliant with National Instrument 43-101, estimates of reserves and resources and potential of the Company's phosphate project in Peru. The recovery and resources estimates for the Company's properties described in this Press Release are estimates only and there is no guarantee that the estimated resources will be recovered. The actual resources for the Company's properties may be greater or less than those calculated. Additional forward-looking information is contained in the Company's Annual and Interim MD&A and Annual Information Form, and reference should be made to the additional disclosures of the assumptions, risks and uncertainties relating to such forward-looking information in those documents.

Forward‐looking information is based on management's expectations regarding the Company's future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity (including the timing, location, depth and the number of wells), environmental matters, business prospects and opportunities and expectations with respect to general economic conditions. Such forward‐looking information reflects management's current beliefs and assumptions and is based on information, including reserves and resources information, currently available to management. Forward‐looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward‐looking information, including but not limited to, risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production, delays or changes to plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of geological interpretations; the uncertainty of estimates and projections in relation to production, costs and expenses and health, safety and environment risks, extensions of concessions and commitments), the risk of commodity price and foreign exchange rate fluctuations, the uncertainty associated with negotiating with foreign governments and third parties located in foreign jurisdictions and the risk associated with international activity and the risk of being unable to raise significant funds on terms acceptable to the Company to meet its capital and operating expenditure requirements in respect of its properties.

Although the forward-looking information contained herein is based upon assumptions which management believes to be reasonable, the Company cannot assure investors that actual results will be consistent with this forward-looking information. Readers are cautioned that the presence of phosphates in samples is not necessarily indicative that phosphates are capable of being successfully produced in commercial quantities. There is no assurance reserves will be assigned to such phosphate-bearing formations. There is no assurance that future trenches will be dug or that future wells will be drilled on the Bayovar Property or that if dug/drilled, will be successful. This forward-looking information is made as of the date hereof and the Company assumes no obligation to update or revise this information to reflect new events or circumstances, except as required by law. Because of the risks, uncertainties and assumptions inherent in forward-looking information, prospective investors in the Company's securities should not place undue reliance on this forward-looking information.

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

The term BOE (barrels of oil equivalent) is used in this press release. All calculations converting natural gas to BOE have been made using a conversion ratio of six thousand cubic feet (six "Mcf") of natural gas to one barrel of oil, unless otherwise stated. The use of BOE may be misleading, particularly if used in isolation, as the conversion ratio of six Mcf of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Uncertainty Ranges are described by the COGEH as low, best, and high estimates for reserves and resources. The Best Estimate is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.

In the case of undiscovered resources or a subcategory of undiscovered resources, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. For undiscovered hydrocarbons, the term 'unrisked' means that no geologic or chance of discovery ("play risk") has been incorporated into the hydrocarbon volume estimates.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingences may include such factors as economic, legal, environmental, political and regulatory matters or a lack of markets. It is also appropriate to classify as Contingent Resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage.

In the case of discovered resources or a subcategory of discovered resources other than reserves, there is no certainty that it will be commercially viable to produce any portion of the resources. For discovered hydrocarbons, the term 'unrisked' means that no chance of development risk ("commercial risk") has been incorporated in the hydrocarbon volume estimates.

For additional details regarding the Ryder Scott Resource Report and the update thereto, including applicable definitions, disclosures, advisories and disclaimers, please refer to the news releases of Americas Petrogas dated August 22, 2013 and April 30, 2014 which are filed on SEDAR at www.sedar.com.

The estimates of resources for individual properties may not reflect the same confidence level as estimates of resources for all properties, due to the effects of aggregation.

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