Andes Energia plc
("Andes" or the "Company")

Final Results for the year ended 31 December 2012

HIGHLIGHTS

Andes Energia plc ("Andes" or the "Company" and with its subsidiaries the "Group") is a Latin American oil and gas group, with interests in Argentina, Colombia, Brazil and Paraguay.

The Group's focus is on the oil and gas sector in South America, which it believes offers premium assets at undervalued prices. Its principal assets include oil and gas interests, which incorporate; seven blocks in Chubut, one block in Rio Negro, three blocks in Salta, fifteen blocks in Mendoza and two blocks in Neuquén, all located in Argentina; eight blocks in Colombia; seven blocks in Brazil; and one block in Paraguay.

Financial

Year ended 31 December	**2012***	**2011****
	US$'m	**US$'m**
Revenue	4.8	0.2
Loss before tax and exceptional items	(4.4)	(2.6)

**Continuing operations*
*** 2011 figures have been re-presented to remove the impact of the utility operations following the demerger in July 2012*

Operational highlights

- Successful completion of the demerger of the Group's utility assets
- Change of board and management team
- Awarded 8 licence blocks in Colombia in Open Round Colombia 2012 tender
- Discovery of oil and gas in well YPF.NQ.MMO.x-1 in the Vaca Muerta formation in the Mata Mora block. Net prospective resource of 62.75 mmboe attributed to Andes's participation
- Discovery of oil and gas in well YPF.NQ.Corr.x-1 in the Vaca Muerta formation in the Corralera block. Net prospective resource of 108.41 mmboe attributed to Andes's participation
- Acquisition of AHI with conventional and unconventional interests in Argentina and Paraguay
- Current production approximately 1,700 bopd

Post year end highlights

- Acquisition of Kilwer S.A. and Ketsal S.A.
- Conversion of loan notes issued on acquisition of Kilwer S.A. and Ketsal S.A.
- New management team
- JV agreement with company with interests in Brazil
- Acquisition of MGM International S.R.L.

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Annual Report

The Company has today posted to shareholders a copy of the audited annual report for the year ended 31 December 2012. The notice of Annual General Meeting, to be held at the offices of Nabarro LLP at Lacon House, 84 Theobald's Road, London WC1X 8RW at 10.00a.m. on 28 June 2013 was posted last week. The annual report will be made available on the Group' website at www.andesenergiaplc.com.ar

CHAIRMAN’S STATEMENT

Overview

Our financial results incorporating the results of Andes together with its subsidiaries for the year ended 31 December 2012 are set out below.

In 2012 the Group achieved the successful demerger of the utility generating and distribution operations, which has resulted in certain of the comparative figures being re-presented. The results of the utility operations up to the date of the demerger have now been classified as discontinued operations in the comparative income statements and cash flow statement. The balance sheet information for the utility operations at 31 December 2011 is, however, still included in the respective line categories in the balance sheet.

The Group recorded a loss before tax from continuing operations of US$4.4 million for the year compared to a loss before tax and exceptional items of US$2.6 million in 2011. The discontinued utility operations recorded a loss attributable to equity holders of the parent of US$22.9 million compared to a profit of US$3.2 million recorded in 2011. The main reason for this loss is the recognition of a recycled foreign exchange loss of US$26.5 million on the demerger.

During the year, Andes completed the acquisition of Andes Hidrocarburos Investments S.A. (“AHI”). AHI owns; a 100% conventional and unconventional interest in the Repatriación block in the Chaco-Parana basin in Paraguay; a 100% conventional and unconventional interest in the Los Buitres, Mina Baku and La Brea blocks in the Neuquen basin; a 100% interest in the Agrio formation and a 40% carried interest in the other formations in a 296 km^2 area of the El Manzano block in the Neuquen basin.

Just before the year end the Board announced the award of eight blocks in Colombia following the Group’s participation in the Agencia Nacional de Hidrocarburos (“ANH”) 2012 Bidding Process.

Outlook

The successful demerger of the utility operations has resulted in a strong and focused oil and gas Group that is well positioned to develop and enhance the enormous potential of its portfolio of assets with conventional and unconventional prospects.

Following the year end we completed successfully the acquisitions of Kilwer S.A. and Ketsal S.A.. The combination of the Kilwer, Ketsal and Andes assets is strategically very valuable, adding new exploration and production fields and increasing and strengthening our position in a number of licences.

I would also like to welcome Alejandro Jotayan, Rudolph Berends, German Ranftl, Alan Stark, David Jackson, Javier Alvarez and Carolina Landi to the board and at the same time to thank Leandro Carbone, Neil Bleasdale, Luis Alvarez Poli and Marcelo Comba for their valuable contribution during their tenure.

We are confident that we now have the assets and management in place to allow us to increase production, add a further uplift to our resources and reserves and continue with our exploration strategy with a view to adding new discoveries in the short to medium term.

Nicolas Mallo Huergo
Chairman

CHIEF EXECUTIVE'S REVIEW

Introduction

The highlights for 2012 are the:

- successful completion of the demerger of the Group's utility assets
- award of 8 licence blocks in Colombia in Open Round Colombia 2012 tender
- discovery of oil and gas in well YPF.NQ.MMO.x-1 in the Vaca Muerta formation in the Mata Mora block. Net prospective resource of 62.75 mmboe attributed to Andes's participation
- discovery of oil and gas in well YPF.NQ.Corr.x-1 in the Vaca Muerta formation in the Corralera block. Net prospective resource of 108.41 mmboe attributed to Andes's participation
- acquisition of AHI with conventional and unconventional interests in Argentina and Paraguay

Oil and Gas Interests

Andes Energia has made substantial progress in expanding its oil and gas portfolio.

As part of our stated objective, we continued to grow and consolidate our oil and gas interests with the aim of creating a unique oil and gas portfolio in Latin America whilst at the same time de-risking the assets.

During 2012 the Group, through the acquisition of AHI, acquired; a 100% conventional and unconventional interest in the Repatriación block in the Chaco-Parana basin in Paraguay; a 100% conventional and unconventional interest in the Los Buitres, Mina Baku and La Brea blocks in the Neuquen basin located in the Province of Mendoza, Argentina; and a 100% interest in the Agrio formation and a 40% carried interest in the other formations in a 296 km^2 area of the El Manzano block in the Neuquen basin located in the Province of Mendoza, Argentina.

The Group, in consortium (the "Consortium") with Integra Oil and Gas SAS ("Integra"), was also successful in Colombia´s Agencia Nacional de Hidrocarburos 2012 Bidding Process and was awarded 8 blocks. The blocks awarded were: Llanos 2, Llanos 3, Llanos 12, Llanos 28, Llanos 49, Llanos 51, Llanos 79 and VMM 8. Andes has a 70% interest in the Consortium. The Consortium was the most successful bidder for Class 1 blocks in the bidding process and the second most successful bidder overall, after Ecopetrol and its affiliates. The terms of the bids by the Consortium include the lowest royalty, in the range 2-15%, amongst the other successful bidders for Class 1 blocks. Seven of the eight blocks awarded are located in the Llanos basin, the most prolific oil basin in Colombia. These blocks are surrounded by fields that are currently in production. The eighth block, VMM8 is located in the "Valle Medio del Magdalena", which has high potential for conventional and unconventional resources. The total area of the blocks awarded to Andes covers 470,000 acres. Preliminary estimates by the Company indicate that there could be total recoverable resources of over 100 million barrels of oil in the seven blocks. The Consortium has already signed a finance agreement with Integra, under which Integra will fund the exploration program on blocks LLA 3, LLA 12, LLA 51 and LLA 79.

Andes has significantly increased and improved its portfolio through the year, which now includes;

- 44 licences
- 7 million of net acres
- 19 million boe of 2P net reserves
- 600 million boe of net contingent and prospective resources (management estimate)

(includes interests acquired after the year end)

Vega Grande, La Paloma and Cerro Alquitrán

During the year, 3D seismic re-interpretation was completed in La Paloma and Cerro Alquitrán and four environmental permits to drill were presented.

Corralera and Mata Mora Blocks

The Mata Mora block covers 58,317 acres (236 km^2) and is located in the eastern region of Argentina's Neuquén basin.

Well MMo.x-1 was drilled, cased and cemented to a total depth of 3,151 metres and found the target Vaca Muerta shale formation. The top of the Vaca Muerta formation was reached at a depth of 2,990 metres with a total of 136 metres penetrated. A hydraulic fracture stimulation of the Vaca Muerta was performed targeting the following horizons 3,054.3 – 3,055.0 mbgl, 3,065.3 – 3,066.0 mbgl, 3,075.3 – 3,076.0 mbgl, 3,085.0 – 3,085.7 mbgl and 3,100.3 – 3,101.0 mbgl.

The well produced on average 10.3 m^3/d of oil and 1,434 m^3/d of gas during the production testing period through a 4 mm choke (10/64 inch) at flow pressures of 13.8 kg/cm^2 and above. Drilling operations were conducted by YPF S.A. ("YPF"), Andes's partner and operator in the Mata Mora block. YPF is Argentina's largest oil and gas development company.

The Corralera block covers 83,027 acres (336 km^2) and is located in the North West region of the Neuquén Basin in West Central Argentina. The Corralera block lies west of Chihuido de la Sierra Negra (the largest producing oil field in the country with cumulative production of 555 mmbbls) and east of Filo Morado (cumulative production of 65 mmboe).

Well Corr.x-1 was drilled and cased to a total depth of 2,405 metres and found the target Vaca Muerta shale formation, which displays highly prospective properties that exceed the prognosis made prior to drilling. The top of the Vaca Muerta formation was reached at a depth of 2,058 metres with a total of 346 metres penetrated. The Vaca Muerta shale formation is a thick rich source rock that offers potential for unconventional shale gas and shale oil.

The Vaca Muerta formation is one of two principal source rocks in the Neuquén basin in Argentina. The formation is late Jurassic, early Cretaceous in age, covers an area of approximately 7.41 million acres (30,000 km^2), varies in depth between 5,500 to 14,000 feet and in places is up to 1,400 feet thick. In published reports, the U.S. Energy Information Administration has estimated a risked, recoverable resource of 240 trillion cubic feet ("TCF") of shale gas from the Vaca Muerta formation in the Neuquén basin.

Confluencia, San Bernardo, Pampa Salamanca Norte, Buen Pasto, Sierra Cuadrada, Rio Senguerr and Laguna El Loro Blocks

In 2011 we acquired our previous joint venture partner's interest in six blocks in the province of Chubut and one block in the province of Rio Negro in order to stimulate activity on these blocks. In May 2011 we successfully signed a farm-in agreement with YPF for the six blocks in Chubut to explore the vast area of approximately 25,500 km^2.

As a result of this farm-in agreement, Andes now holds a 28% carried interest plus a 2% overriding royalty on Confluencia, San Bernardo, Pampa Salamanca Norte, Buen Pasto, Sierra Cuadrada and Rio Senguerr.

La Brea, El Manzano, Mina Baku and Los Buitres Blocks

In the La Brea block two successful workovers in wells PMu7 and PMu2, resulted in a significant increase in production.

On 20 November 2012 well PMu-x7 was producing 6 barrels of oil per day ("bopd") from the Agrio formation prior to a pulling operation. When returned to production, this well reached 100 bopd for the first four days then, after a week, dropped to 13 bopd and after a month, production stabilised at this level.

On 3 December 2012 well PMu-x2, which was producing 22 bopd, was worked-over in the Agrio formation. After a month, following the work over, oil production stabilised at 107 bopd.

The results from these operations indicate an Agrio formation with low-oil-permeability indicative of tight-oil behaviour. When integrated with other field information, it suggests that the Agrio formation could become an important oil producer in a tight-oil formation. Further studies will be conducted to properly address the Agrio formation reservoir behaviour and the well production decline curves.

Ñirihuau Block

As part of its exploratory commitments in Ñirihuau Sur, Chubut Province a first stage geochemical survey was conducted. The object of the program, which was to detect surface hydrocarbon seepage and determine its concentration and composition at a regional scale, was successfully accomplished. The soil gas samples collected were analysed by Geofrontier in Dallas Texas and the results were very promising. In particular an area in the northeast of the block a higher concentration of methane and ethane was detected which indicates the presence of hydrocarbons. This information will be integrated with seismic and geological data to determine the prospectivity of the area to be followed by a second campaign of high resolution geochemical analyses, with the objective of identifying a potential drilling location.

Llanos and Valle Medio del Magdalena

At the end of the year, Andes were awarded and signed contracts for eight exploration blocks in Colombia. Since then, several discoveries have been made in the surrounding areas increasing the potential of the blocks. Four of the eight blocks have been farmed-out and we are in advance discussions with several parties who are interested in the other four blocks.

Other Interests

Andes is also looking for opportunities to further grow in Colombia. After the year end Andes entered into a JV agreement with a company with production and exploration assets in Brazil and also acquired 100% of the issued share capital of Kilwer S.A., Ketsal S.A. and MGM International S.R.L..

Alejandro Jotayan
Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

		Re-presented
	31-Dec-12	***31-Dec-11**
Continuing Operations	**US$**	**US$**
Revenue	4,828,669	188,941
Cost of sales	(3,046,631)	(148,628)
Gross profit	1,782,038	40,313
Other operating income	1,226,485	1,250,960
Distribution costs	(254,668)	(5,708)
Administrative expenses before exceptional items	(5,621,145)	(2,446,408)
Exceptional items	-	1,129,497
Total administrative expenses	(5,621,145)	(1,316,911)
Operating loss	(2,867,290)	(31,346)
Finance income	221,794	74,270
Finance costs	(1,768,936)	(1,577,803)
Loss before taxation	(4,414,432)	(1,534,879)
Taxation	(253,069)	12,728,668
(Loss)/profit for the year from continuing operations	(4,667,501)	11,193,789
(Loss)/profit for the year from discontinued operations	(22,349,603)	5,199,377
(Loss)/profit for the year	(27,017,104)	16,393,166
Total (loss)/profit attributable to:		
Equity holders of the parent		
- Continuing operations	(4,667,501)	11,193,789
- Discontinued operations	(22,932,355)	3,165,925
	(27,599,856)	14,359,714
Non-controlling interests	582,752	2,033,452
	(27,017,104)	16,393,166
Basic and diluted (loss)/earnings per ordinary share	**Cents**	**Cents**
From continuing operations	(2.34)	7.90
From discontinued operations	(11.48)	2.23
	(13.82)	10.13

**See note 1.2*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	31-Dec-12	Represented *31-Dec-11
	US$	US$
(Loss)/profit for the year	(27,017,104)	16,393,166
Recycled foreign exchange loss on demerger	26,530,021	-
Fair value adjustment	-	(169,648)
Translation differences	(15,478,600)	(9,723,127)
Total comprehensive (loss)/profit for the year	(15,965,683)	6,500,391
Total comprehensive (loss)/profit attributable to:		
Equity holders of the parent	(13,462,065)	9,369,399
Non-controlling interests	(2,503,618)	(2,869,008)
Total comprehensive (loss)/profit for the year	(15,965,683)	6,500,391

**See note 1.2*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2012

	31-Dec-12	*31-Dec-11
	US$	US$
Non-current assets		
Intangible assets	166,313,678	126,748,049
Property, plant and equipment	1,156,319	135,480,145
Investments	-	3,214,795
Available for sale financial assets	-	8,869
Trade and other receivables	5,164,306	1,457,431
Deferred income tax assets	155,331	20,605,306
Total non-current assets	172,789,634	287,514,595
Current assets		
Inventories	348,839	7,114,382
Investments	-	6,446,080
Available for sale financial assets	584,780	4,269,931
Trade and other receivables	6,347,407	35,603,082
Cash and cash equivalents	178,557	9,280,640
Total current assets	7,459,583	62,714,115
Current liabilities		
Trade and other payables	8,584,262	62,260,620
Financial liabilities	6,774,009	30,027,771
Provisions	145,827	10,453,628
Current tax liabilities	48,590	-
Total current liabilities	15,552,688	102,742,019
Non-current liabilities		
Trade and other payables	9,026,006	12,109,722
Financial liabilities	165,399	29,294,510
Deferred income tax liabilities	33,723,598	29,472,345
Total non-current liabilities	42,915,003	70,876,577
Net assets	121,781,526	176,610,114
Capital and reserves		
Called up share capital	34,814,262	32,770,723
Share premium account	1,111,325	43,910,038
Profit and loss account	45,192,174	(40,933,087)
Merger reserve	55,487,493	66,195,556
Reverse acquisition reserve	-	42,045,342
Warrant reserve	1,817,356	-
Translation reserve	(16,641,084)	(30,778,875)
Equity attributable to equity holders of the parent	121,781,526	113,209,697
Non-controlling interests	-	63,400,417
Total equity	121,781,526	176,610,114

**See note1.2*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

Capital and reserves	**Share capital**	**Share premium**	***Profit and loss**	**Other reserves**	**Owners of the parent**	**Non-controlling interests**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
At 1 January 2011	24,362,726	30,131,248	(55,463,201)	82,452,338	81,483,111	66,597,192	148,080,303
Profit for the year as restated*	-	-	14,359,714	-	14,359,714	2,033,452	16,393,166
Fair value adjustments	-	-	-	(169,648)	(169,648)	-	(169,648)
Translation differences	-	-	-	(4,820,667)	(4,820,667)	(4,902,460)	(9,723,127)
Total comprehensive income/(loss) for the year	-	-	14,359,714	(4,990,315)	9,369,399	(2,869,008)	6,500,391
Issue of ordinary shares	8,407,997	13,778,790	-	-	22,186,787	-	22,186,787
Fair value of share based payments	-	-	170,400	-	170,400	-	170,400
Dividends	-	-	-	-	-	(327,767)	(327,767)
At 31 December 2011 as restated*	32,770,723	43,910,038	(40,933,087)	77,462,023	113,209,697	63,400,417	176,610,114
Loss for the year	-	-	(27,599,856)	-	(27,599,856)	582,752	(27,017,104)
Recycled foreign exchange on demerger	-	-	-	26,530,021	26,530,021	-	26,530,021
Translation differences	-	-	-	(12,392,230)	(12,392,230)	(3,086,370)	(15,478,600)
Total comprehensive (loss)/income for the year	-	-	(27,599,856)	14,137,791	(13,462,065)	(2,503,618)	(15,965,683)
Issue of ordinary shares	18,869,138	1,111,325	-	55,487,493	75,467,956	-	75,467,956
Fair value of share based payments	-	-	373,286	-	373,286	-	373,286
Dividends	-	-	-	-	-	(57,544)	(57,544)
Issue of warrants	-	-	-	1,817,356	1,817,356	-	1,817,356
Reduction of capital and demerger	(16,825,599)	(43,910,038)	113,351,831	(108,240,898)	(55,624,704)	(60,839,255)	(116,463,959)
At 31 December 2012	34,814,262	1,111,325	45,192,174	40,663,765	121,781,526	-	121,781,526

Other reserves	**Merger reserve**	**Warrant reserve**	**Reverse acquisition reserve**	**Translation reserve**	**Fair value reserve**	**Total other reserves**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
At 1 January 2011	66,195,556	-	42,045,342	(25,958,208)	169,648	82,452,338
Profit for the year as restated*	-	-	-	-	-	-
Fair value adjustments	-	-	-	-	(169,648)	(169,648)
Translation differences	-	-	-	(4,820,667)	-	(4,820,667)
Total comprehensive income/(loss)for the year	-	-	-	(4,820,667)	(169,648)	(4,990,315)
Issue of ordinary shares	-	-	-	-	-	-
Fair value of share based payments	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
At 31 December 2011 as restated*	66,195,556	-	42,045,342	(30,778,875)	-	77,462,023
Loss for the year	-	-	-	-	-	-
Recycled foreign exchange on demerger	-	-	-	26,530,021	-	26,530,021
Translation differences	-	-	-	(12,392,230)	-	(12,392,230)
Total comprehensive (loss)/income for the year	-	-	-	14,137,791	-	14,137,791
Issue of ordinary shares	55,487,493	-	-	-	-	55,487,493
Fair value of share based payments	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Issue of warrants	-	1,817,356	-	-	-	1,817,356
Reduction of capital and demerger	(66,195,556)	-	(42,045,342)	-	-	(108,240,898)
At 31 December 2012	55,487,493	1,817,356	-	(16,641,084)	-	40,663,765

**See note 1.2*

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	31-Dec-12	Re-presented *31-Dec-11
	US$	US$
Cash flow from continuing operations		
Cash generated from operations	2,847,391	1,093,159
Interest paid	(737,345)	-
Taxation	(925,465)	(526,765)
Cash flows from operating activities	1,184,581	566,394
Cash flows from investing activities		
Purchase of property, plant and equipment	(195,357)	-
Purchase of exploration assets	(397,642)	-
Purchase of investments	(18,502)	(2,428,734)
Acquisition of subsidiaries	8,761	138,846
Net cash used in investing activities	(602,740)	(2,289,888)
Cash flows from financing activities		
Repayments of borrowings	(2,233,947)	(1,001,646)
Funds from borrowing	109,649	1,594,516
Proceeds from issue of shares	1,484,632	765,965
Dividends	-	594,078
Net cash (used in)/generated from financing activities	(639,666)	1,952,913
Effect of foreign exchange rate changes	71,960	34,569
Net increase in cash and cash equivalents from continuing operations	14,135	263,988
Cash generated from discontinued operations		
Operating activities	12,348,812	21,738,948
Investing activities	(3,131,091)	(14,449,052)
Financing activities	(13,598,773)	(5,244,754)
Cash and cash equivalents transferred on demerger	(4,291,462)	-
Effect of foreign exchange rate changes	(443,704)	(665,963)
Net (decrease)/increase in cash and cash equivalents from discontinued operations	(9,116,218)	1,379,179
Net (decrease)/increase in cash and cash equivalents	(9,102,083)	1,643,167
Cash and cash equivalents at the beginning of the year	9,280,640	7,637,473
Cash and cash equivalents at the end of the year	178,557	9,280,640

1. GENERAL INFORMATION

1.1 Introduction

The financial information set out in this announcement does not comprise the Group's statutory accounts for the years ended 31 December 2012 or 31 December 2011.

The financial information has been extracted from the statutory accounts of the Company for the years ended 31 December 2012 and 31 December 2011. The auditors reported on those accounts; their reports were unqualified and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006. The auditors' report for the year ended 31 December 2011 did include emphasis of matter paragraphs relating to Empresa Distribuidora de Electricidad de Mendoza S.A.'s ("EDEMSA") ability to continue as a going concern. EDEMSA was a subsidiary of Andes prior to the demerger completed in July 2012 and referred to in note 1.6 below.

The Company has produced its statutory accounts for the year ended 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with the Group's accounting policies that are unchanged from those set out in the 2011 statutory accounts.

The statutory accounts for the year ended 31 December 2011 have been delivered to the Registrar of Companies, whereas those for the year ended 31 December 2012 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

1.2 Prior period adjustment

After due consideration a determination has been made that a deferred tax provision should have been recognised at the time of the acquisitions of AEN Energy Holdings SPC and Gecoil y Cia. S.A. in 2011. The net assets acquired were recognised at fair values and a deferred tax liability has now been recognised based on the difference between the tax base cost and fair values of the net assets. The impact of these adjustments are summarised below:

Statement of financial position	**Goodwill**	**Deferred tax**	**Profit and loss account reserve**
	US$	**US$**	**US$**
Balance at 31 December 2011 as previously reported	41,430,784	(18,110,634)	(34,554,338)
Impact of restatement	4,982,962	(11,361,711)	(6,378,749)
Balance 31 December 2011 restated	46,413,746	(29,472,345)	(40,933,087)

Income statement	**2011**	**2011**
	US$	**US$**
Exceptional gain previously reported		
Negative goodwill on Grecoil y Cia S.A. acquisition	3,452,038	
Negative goodwill on AEN Energy Holdings SPC acquisition	54,519,208	
Impairment of AEN Energy Holdings SPC licences	(37,380,000)	
		20,591,246
Impact of restatement		(19,461,749)
Exceptional gain restated		1,129,497
Negative goodwill on AEN Energy Holdings SPC acquisition		38,509,497
Impairment of AEN Energy Holdings SPC licences		(37,380,000)
		1,129,497
Taxation credit previously reported		536,502
Impact of restatement		13,083,000
Taxation credit restated		13,619,502
Net impact of restatement		(6,378,749)

Deferred tax liability	**US$**
Deferred tax on the acquisition of Grecoil y Cia S.A.	8,435,000
Deferred tax on the acquisition of AEN Energy Holdings SPC	16,009,711
	24,444,711
Deferred tax released on the impairment of intangible assets	(13,083,000)
Deferred tax at 31 December 2011	11,361,711

Basic and diluted (loss)/earnings per ordinary share	Cents
As previously reported	14.64
Impact of restatement	(4.51)
Restated	10.13

The restatement had no impact on the Group's financial position as at 1 January 2011.

1.3 Exceptional items

In 2011, as a result of the acquisitions of Grecoil y Cia S.A. and AEN Energy Holdings SPC, the Group recognised an exceptional gain arising from the difference between the consideration paid and the fair value of the net assets acquired. Following restatement of deferred tax arising on these acquisitions, the restated exceptional gain before tax was US$1,129,497 (US$14,212,497 after tax) as detailed in note 1.2 above.

1.4 Taxation

Continuing operations	**31-Dec-12 US$**	**Re-presented *31-Dec-11 US$**
Current tax	(255,094)	(357,002)
Deferred taxation	2,025	13,085,670
Tax (charge)/credit	(253,069)	12,728,668
Loss on ordinary activities before tax	(4,414,432)	(1,534,879)
Tax credit on profit at standard rate of 35%	1,545,051	537,208
Effects of:		
Expenses not deductible for tax purposes		
- Impairment	-	13,083,000
- Other items	(450,275)	(120,947)
Effect of items not taxable	-	418,800
Tax losses for which no deferred tax asset is recognised	(1,347,845)	(1,189,393)
Current tax (charge)/credit	(253,069)	12,728,668

Discontinued operations	**31-Dec-12 US$**	**Re-presented 31-Dec-11 US$**
Current tax	(799,326)	(2,162,596)
Deferred taxation	195,489	3,053,430
Tax (charge)/credit	(603,837)	890,834
Profit on ordinary activities before tax	2,336,934	4,308,543
Tax charge on profit at standard rate of 35%	(817,927)	(1,507,990)
Effects of:		

Expenses not deductible for tax purposes	(51,240)	(551,890)
Effect of items not taxable	438,643	1,346,941
Temporary timing differences	-	745,820
Recovery of minimum notional tax	-	857,953
Tax losses for which no deferred tax asset is recognised	(173,313)	-
Current tax (charge)/credit	(603,837)	890,834

**See note 1.2*

The tax rate used for the 2012 and 2011 reconciliations above is the corporate tax rate of 35% payable by corporate entities in Argentina on taxable profits under tax law in that jurisdiction. There is no tax arising on any items within the consolidated statement of comprehensive income.

The Group is liable to pay a minimum notional income tax at the applicable tax rate (1%), calculated on the amount of computable assets at the closing of the financial year. This tax is supplementary to income tax and the Group's tax liability in each fiscal year will be the higher of the minimum notional income tax and the income tax for the year. If the minimum notional income tax for a given financial year exceeds the amount of income tax, such excess may be carried forward as a partial payment of income tax for any of the ten following fiscal years.

1.5 (Loss)/earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. The basic and diluted earnings per share are the same as there are no instruments that have a dilutive effect on earnings. Adjusted basic and diluted (loss)/earnings per share are presented after adjustment of exceptional items.

		Re-presented
	31-Dec-12	***31-Dec-11**
	Cents	**Cents**
Continuing operations:		
Basic and diluted (loss)/earnings per share	(2.34)	7.90
Adjusted basic and diluted loss per share	(2.34)	(2.13)
Discontinued operations:		
Basic and diluted (loss)/earnings per share	(11.48)	2.23
Adjusted basic and diluted (loss)/earnings per share	(11.48)	2.23
Continuing and discontinued operations:		
Basic and diluted (loss)/earnings per share	(13.82)	10.13
Adjusted basic and diluted (loss)/earnings per share	(13.82)	0.10

Continuing operations:	**US$**	**US$**
(Loss)/profit for the financial year attributable to equity holders	(4,667,501)	11,193,789
Exceptional items	-	(1,129,497)
Tax on exceptional items	-	(13,083,000)
Adjusted loss for the financial year attributable to equity holders	(4,667,501)	(3,018,708)
Discontinued operations:	**US$**	**US$**
(Loss)/profit for the financial year attributable to equity holders	(22,932,355)	3,165,925
Exceptional items	-	-
Adjusted (loss)/profit for the financial year attributable to equity holders	(22,932,355)	3,165,925
Continued and discontinued operations:	**US$**	**US$**
(Loss)/profit for the financial year attributable to equity holders	(27,599,856)	14,359,714
Exceptional items	-	(1,129,497)
Tax on exceptional items	-	(13,083,000)

Adjusted (loss)/profit for the financial year attributable to equity holders	(27,599,856)	147,217

	No.	**No.**
Weighted average number of shares	199,809,930	141,694,320
Effect of dilutive warrants	-	-
Diluted weighted average number of shares	199,809,930	141,694,320

	No.	**No.**
Potential number of dilutive warrants	30,428,078	29,300,000

**See note 1.2*

1.6 Discontinued operations

On 9 June 2012 the Company announced its intention to separate into two businesses. The separation was effected by a way of a demerger of the utility operations into a new company called Andina plc with the Company remaining the ultimate holding company for the E&P businesses. The demerger was completed on 11 July 2012.

The demerger was effected through a capital reorganisation, capitalisation, and reduction of capital. This involved a consolidation and sub-division of Andes's share capital, a capitalisation of Andes's reserves and a reduction of Andes's capital and share premium.

The net assets transferred totalled US$108,803,645 compared to the IFRIC 17 transfer value of US$116,463,959 resulting in a gain of US$7,660,314.

As a result of the demerger the results of the utility operations have been classified as discontinued operations in these financial statements.

The difference between the fair values of the operations transferred and the carrying amount of the Company's investment in its former subsidiaries is recognised in the Company's income statement as a separate line item.

The assets and liabilities transferred were:

	US$
Intangible assets	42,058,498
Property, plant and equipment	129,616,354
Cash and cash equivalents	4,291,462
Available for sale financial investments	3,642,701
Investments	9,565,140
Trade and other receivables	40,239,583
Inventories	7,976,916
Deferred tax	19,580,618
Total assets	256,971,272
Liabilities	
Trade and other payables	77,264,387
Financial liabilities	41,582,145
Provisions	12,142,863
Deferred tax	17,178,232
Total liabilities	148,167,627
Net assets	108,803,645

The following amounts are included for the utility operations in the income statement within profit/loss for the year from discontinued operations:

	31-Dec-12	**31-Dec-11**
	US$	**US$**
Sales	94,185,782	175,527,294
Cost of sales	(69,797,050)	(127,368,485)
Gross profit	24,388,732	48,158,809

Other operating income	2,271,372	4,060,726
Distribution costs	(8,238,951)	(17,028,508)
Administrative expenses	(11,103,626)	(21,156,291)
Operating profit	7,317,527	14,034,736
Finance cost	(5,129,341)	(10,725,502)
Finance income	148,748	999,309
Profit before tax	2,336,934	4,308,543
Income tax	(603,837)	890,834
Profit for the year	1,733,097	5,199,377

The profit for the year from discontinued operations as presented in the income statement is comprised as follows:

			31-Dec-12
			US$
Profit for the year as above			1,733,097
HASA goodwill de-recognised			(5,212,993)
Fair value of net assets transferred		116,463,959	
Net assets		(108,803,645)	
Gain arising on demerger			7,660,314
	4,180,418		
Recycled exchange loss			(26,530,021)
Loss for the year from discontinued operations			(22,349,603)
Attributable to:			
Equity holders of the parent			(22,932,355)
Non-controlling interests			582,752
			(22,349,603)

1.7 Post balance sheet events

On 11 March 2013 the Company acquired 100% of the issued share capital of Kilwer S.A. ("Kilwer"). The consideration for the acquisition was satisfied by (i) the issue of 60,676,666 ordinary shares of 10 pence per share in Andes, to the vendors of Kilwer; (ii) the issue of a US$10,000,000 convertible bond with a term of 5 years and an interest rate of 11% per annum; and (iii) the issue of a US$25,000,000 bond with a term of 10 years and an interest rate of 11% per annum.

Based on the unaudited financial statements of the acquiree as at 30 September 2012 and a provisional valuation report the estimated financial effect of the acquisition is summarised below:

Kilwer S.A.	**Book Value**	**Fair value adjustments**	**Fair value**
	US$	**US$**	**US$**
Net assets acquired			
Intangible assets	1,805,123	98,594,877	100,400,000
Property plant and equipment	3,504	-	3,504
Cash and cash equivalents	1,575	-	1,575
Trade and other receivables	2,818,945	-	2,818,945
Trade and other payables	(529,059)	-	(529,059)
Borrowings	(2,634,302)	-	(2,634,302)
Deferred tax	-	(33,995,182)	(33,995,182)
	1,465,786	64,599,695	66,065,481
Negative goodwill arising on acquisition			(13,953,112)
Total purchase consideration			52,112,369

Net cash inflow on acquisition

Total purchase consideration	52,112,369
Less: Shares issued for non cash consideration	(21,990,741)
	30,121,628
Less: Convertible bonds issued for non cash consideration	(30,121,628)
	-
Add: Cash and cash equivalents	1,575
	1,575

On 11 April 2013 the Company acquired 100% of the issued share capital of Ketsal S.A. ("Ketsal"). The consideration for the acquisition was satisfied through (i) the issue of 82,781,457 ordinary shares of 10 pence per share in Andes, to the vendors of Ketsal and (ii) the issue of a US$56,000,000 bond with a term of 10 years and an interest rate of 8% per annum.

Based on the unaudited financial statements of the acquiree as at 31 December 2012 and a provisional valuation report the estimated financial effect of the acquisition is summarised below:

Ketsal S.A.	**Book Value US$**	**Fair value adjustments US$**	**Fair value US$**
Net assets acquired			
Intangible assets	3,536,300	110,813,700	114,350,000
Property plant and equipment	10,014	-	10,014
Cash and cash equivalents	9,013	-	9,013
Trade and other receivables	1,236,969	-	1,236,969
Trade and other payables	(634,803)	-	(634,803)
Borrowings	(522,353)	-	(522,353)
Social security and other taxes	(1,347,386)	-	(1,347,386)
Deferred tax	-	(37,984,081)	(37,984,081)
	2,287,754	72,829,619	75,117,373
Negative goodwill arising on acquisition			(9,096,288)
Total purchase consideration			66,021,085

Net cash inflow on acquisition	
Total purchase consideration	66,021,085
Less: Shares issued for non cash consideration	(26,581,167)
	39,439,918
Less: Convertible bonds issued for non cash consideration	(39,439,918)
	-
Add: Cash and cash equivalents	9,013
	9,013

On 29 April 2013 the Company exercised its option to convert the principal amounts of the convertible loans due to the vendors of Kilwer and Ketsal in accordance with the terms of the respective stock purchase agreements.

Under the terms of the Kilwer stock purchase agreement the principal outstanding and interest due for the period from 11 March 2013 to 29 April 2013 on the US$10,000,000 convertible loan, was satisfied by the issue of 19,008,166 new ordinary shares at a price of 35p per share.

Under the terms of the Ketsal stock purchase agreement the principal outstanding and interest due for the period from 11 April 2013 to 29 April 2013 was satisfied by the issue of 115,183,413 new Ordinary Shares at a price of 32p per share.

MGM International S.R.L

On 4 June 2013 the Company acquired 100% of the issued share capital of MGM International S.R.L., which has a 49.92% interest in a joint venture which operates two oil producing fields in the province of Mendoza. The primary reason for the acquisition was to increase Group's reserves and production in Argentina. The initial net production for the Group is 1,089 bopd and net proven reserves are 3.3 million bbls. The initial consideration for the acquisition was satisfied through the issue of 29,533,333 new Andes ordinary shares. Further consideration, up to a maximum of £9,450,666 (US$14,459,519), will become payable if certain conditions are met, including the achievement of minimum production levels. Any additional consideration due will be paid in two tranches in June 2014 and June 2015 and will be satisfied through the issue of Ordinary Shares at 32 pence, subject to adjustment in the event of a capital distribution, re-organisation or re-structure. Due to the proximity of the acquisition to the approval of the financial statements, the directors have been unable to determine the fair values of both the assets and liabilities acquired and the contingent consideration.

On the same day, the Company also entered into a US$10,000,000 convertible facility agreement with Mercuria Energy Asset Management B.V. ("Mercuria"). The loan carries interest at a rate of 11% per annum, which will be capitalised, with the loan principal and accrued interest repayable 5 years from the date of drawdown. Mercuria may, at any time, convert in whole or part, the loan including accrued interest, into Andes ordinary shares at a price of 26 pence per share, subject to adjustment in the event of a capital distribution, re-organisation or re-structure.