23 May 2014

Andes Energia plc
(“Andes” or the “Company”)

Final Results for the year ended 31 December 2013

The Board of Andes Energia is pleased to report final results for the year ended 31 December 2013.

HIGHLIGHTS

- Production rate of 1,400 bpd at the end of 2013 (2012: 200 bpd)
- 2P reserves increased to 20 million bbls at the end of 2013
- Non–cash equity settled acquisition of MGM International S.R.L. ("MGM") with 1,100 bpd production from the Chañares and Puesto Pozo Cercado fields
- Non–cash equity settled acquisition of Kilwer S.A. ("Kilwer") and Ketsal S.A. ("Ketsal") incorporating exploration and development assets
- Drilling of 29 development and appraisal wells in the Chachahuen block, which is now producing 380 bpd net to Andes (20% working interest)
- Mirador del Valle x-1 discovery well in El Manzano West block, 15 million boe light oil discovery in the Neuquen Group, which flowed at 535bpd (40% carried interest)
- Workovers campaign in Puesto Pozo Cercado and Chañares Herrados
- Progress with regulator authorities in Colombia to start physical activities on the blocks.
- JV agreement with Imetame Energia with interests in Brazil
- Award of a new exploration licence in Paraguay
- Revenue of $22.5million (2012: $4.8million)
- Pre-exceptional operating loss $0.2million (2012: $2.9million)
- Pre-exceptional EBITDA $1.3million (2012: ($2.5million loss)

Post year end highlights:

- Varillas x-1 drilled into the Vaca Muerta encountered 410 feet (125 metres) of pay; the well, the most northerly in the Vaca Muerta, is to be fracked and tested in Q3 2014

Alejandro Jotayan, CEO said:

"2013 was a significant year for Andes as we began to develop our main conventional field (Chachahuen), made a conventional discovery in El Manzano Block, executed a number of transactions to increase our production and reserves levels and initiated work on the Las Varillas x-1 well which resulted in a shale discovery in February 2014. We finalised the year with a solid production base of 1,400 bpd, with a conventional 2P reserve base of 20 million bbls and certified resources of 600 million boe, mainly in the Vaca Muerta formation. For the first time the group has achieved positive cash flow. During 2013 and 2014 we have seen the Vaca Muerta de-risked as more and more wells have been fracked and tested and the extent of the shale deposit has increased by new discoveries to the North. Vaca Muerta, where Andes has 213,000 net acres in the oil window, is considered to be the second largest shale oil deposit in the world and is the only producing shale oil deposit outside of the USA. Andes is in an exciting position as the only AIM listed Company in London with exposure to Vaca Muerta and we remain focussed on creating significant shareholder value by developing and enhancing our portfolio with the drilling of 25 conventional wells over the next 12 months with our partner YPF and the further development of our large unconventional and conventional resources. The Board looks to the future with confidence."

For further information please contact:

Andes Energia plc	Nicolas MalloHuergo, Chairman	T: +541141105150
	Alejandro Jotayan, CEO	
	Billy Clegg, Head of Communications	T: +442079691828

Westhouse Securities	Antonio Bossi David Coaten	T: +442076016100
GMP Europe LLP	Rob Collins Liz Williamson	T: +442076472800
Camarco	Georgia Mann	T: +442037574986
Buchanan	Ben Romney	T: +442074665000

Note to Editors:
Andes Energia is an oil and gas company focussed on onshore South America with a market capitalisation of circa £250m. The Company has operations in Argentina, Colombia, Brazil and Paraguay, representing three of the largest economies and three of the four largest oil producing nations in South America.

Andes is the only AIM company on the London Stock Exchange with exposure to Vaca Muerta.

Annual Report
The Company will in due course be posting to shareholders a copy of the audited annual report for the year ended 31 December 2013 together with the notice for the 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 30 June 2014. The annual report will be made available on the Group's website at www.andesenergiaplc.com.ar after it has been posted to shareholders

STRATEGIC REPORT

OVERVIEW

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.

Year ended 31 December	2013	2012*
	US$m	US$m
Revenue	22.5	4.8
**Operating loss	(0.2)	(2.9)
**EBITDA	1.3	(2.5)

**Continuing operations*
*** Before exceptional items*

Our financial results incorporating the results of Andes together with its subsidiaries for the year ended 31 December 2013 are set out below.

The Group recorded an operating loss before exceptional items of US$0.2 million for the year compared to an operating loss on continuing operations of US$2.9 million in 2012.

BUSINESS REVIEW

Andes is an oil and gas company focused on South America with interests in Argentina, Colombia, Brazil and Paraguay. The Company has interests in exploration, development and producing assets. The Company has 20 million bbls of conventional 2P reserves in Argentina and certified resources of 600 million boe. The Company's licences cover 7.5 million acres across South America with 2 million net acres in unconventional plays including 213,000 net acres in the Vaca Muerta formation, which is the second largest shale oil deposit in the world and the only producing shale oil deposit outside of the USA. Over 250 wells have already been drilled and fracked in the Vaca Muerta formation. The Company currently produces 1,400 bpd in Argentina from 7 conventional fields, with positive cash flow generated. Andes, with its partner YPF, has 25 wells planned over the next 12 months, which will be funded primarily by field production cash flow.

OPERATIONAL REVIEW

The 2013 highlights were the:

- Production rate of 1,400 bpd at the end of 2013 (2012: 200 bpd)

- 2P reserves increased to 20million bbls at the end of 2013
- Non–cash equity settled acquisition of Kilwer S.A. ("Kilwer") and Ketsal S.A. ("Ketsal") incorporating exploration and development assets
- Non–cash equity settled acquisition of MGM International S.R.L. ("MGM") with 1,100 bpd production
- Mirador del Valle x-1 well, 15 million boe light oil discovery in the Neuquen Group, which flowed at 535bpd
- 29 development and appraisal wells drilled in the Chachahuen block, which is now producing 380 bpd net to Andes
- Workovers campaign in Puesto Pozo Cercado and Chañares Herrados
- JV agreement with Imetame Energia with interests in Brazil
- Award of a new exploration licence in Paraguay

Post year end highlights:

- Varillas x-1 drilled into the Vaca Muerta encountered 410 feet (125 metres) of pay; the well, the most northerly in the Vaca Muerta is to be fracked and tested mid year

Andes continued with its stated strategy to expand and diversify its oil and gas portfolio during 2013 and has been able to increase its production from 200 bpd to 1,400 bpd primarily through the acquisition of MGM.

On April 2013 the Group through the acquisitions of 100% of Kilwer S.A and Ketsal S.A. acquired the following oil and gas interest:

- a 6.75% working interest in 2 development blocks in Neuquen
- a 10% carried interest in 3 exploration blocks and a 5% carried interest in 4 exploration blocks in Mendoza
- a 40% working interest in 1 exploration block and a 15% working interest in 2 exploration blocks in Salta
- a 2% carried interest in 6 exploration blocks and a 20% working interest in 1 exploration block in Chubut
- a 2% working interest in 1 exploration block in Rio Negro

The Group through these acquisitions increased its net 2P reserves by 1.2 million bbls; its net contingent resources by 57 million bbls; and its net recoverable shale oil resources by 60 million bbls with a resultant increase of 2 million net acres in the area.

In June 2013 the Group acquired from Mercuria Energy Asset Management B.V. a 49.92% JV interest in two producing oilfields; Chañares Herrados and Puesto Pozo Cercado. These two oilfields are located in the Cuyana basin in the province of Mendoza, Argentina and have proved reserves (P1) of 7.1 million bbls (as at 30 November 2012) and gross production of 2,181 bpd with initial net production of 1,089 bpd with net proved reserves of 3.3 millions bbls attributable to Andes. The concession to exploit the oilfields runs until 2027.

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

- 46 licenses
- 7.5 million of net acres
- 20 million bbls of 2P net reserves
- 600 million boe of net contingent and prospective resources (management estimate)
- Production approximately 1400 bpd

Argentina

Chachahuen block

License status

The Argentine Province of Mendoza granted a 25 year right to develop the “Chachahuen Sur” (“ChuS”) oil field located in the Chachahuen block, to a joint venture between Andes, the state-run energy company YPF and the local firm Energia Mendocina. This development block covers an area of 72 km² in the south of the Chachahuen block that borders the energy-rich Neuquén Province. The remaining area (approximately 3,063 km²) is still in the exploration phase.

Development and delineation drilling (ChuS)

The 2013 drilling program focused on developing and delineating the ChuS field discovery by the well Chus x.-2. The well program targeted the clastic member, cycle 2 and 3 of the Rayoso formation. This unit was deposited during the early Cretaceous in a predominantly continental environment and is composed of a succession of fine sandstones, red mudstones, and minor evaporates. Two drilling rigs and two completion rigs were assigned to speed up the delineation and development plan and as a result a total of 26 development wells and 3 appraisal wells were drilled and completed successfully during the year.

Exploratory drilling

The exploration well Chus.xp-44, located 1.4 km south of the discovery well Chus x-1, encountered a significant net oil pay in the sands of the cycle 5 of the Rayoso formation presenting a new play to be appraised. The well came on stream in December 2013 producing at a rate of 70 bpd. A delineation well is planned to be drilled during 2014.

The JV is now planning to carry out a 3D seismic acquisition survey covering an area of 310 km² and 100 km of 2D seismic. Four new exploratory wells are also planned with two targeting the Rayoso formation and two targeting the Centenario formation.

Oil production (ChuS)

At the end of 2013 a total of 40 wells were on stream producing approximately 1,900 bpd (Andes has a 20% working interest or equivalent to 380 bpd). A progression cavity pump artificial lifting system has been installed in the wells, which in neighbouring oil fields has proven to be efficient and best suited to the conditions of the wells.

El Manzano West

In June 2013 the well EM x-4 was worked over successfully, increasing production 100% over the pre-intervention level. Encouraged by the results, a new 3D seismic reinterpretation and petro physical study in existing wells was carried out and as a result two new well placements were defined with the aim to develop the Agrio formation in which Andes holds a 100% working interest.

YPF as operator of the JV in “El Manzano West” (Andes 40% carried interest) drilled, cased and tested successfully the exploratory well “Mirador del Valle x-1” which discovered 15 million boe of light oil from the Neuquén Group formation. The well reached a depth of 1,789 meters and was drilled into a geological structure of approximately 6 km². Initial testing produced an average rate of 535 bpd of light oil by natural flow (214 bopd net to Andes). A delineation and development program is being planned. These reserves are not included in the Company’s year end 20 million bbls 2P reserve figure.

After the year end, Andes announced the results of the multi-target unconventional and conventional exploration well, Las Varillas x-1. The well, the most northerly well to be drilled into the Vaca Muerta, was vertically drilled reaching a total depth of 7,851 feet (2,393 metres) and encountered 410 feet (125 metres) of gross pay in the unconventional Vaca Muerta formation, the primary target. The drilling was characterised by the persistent presence of oil and gas shows through most of the Vaca Muerta interval. Geochemical data were sampled at two metre intervals through the entire Vaca Muerta column. Oil was also found in the mud pits. Two 18 metres core samples from the Vaca Muerta formation have been recovered and a comprehensive suite of logs has been run. The analysis of this data is being used to design the completion, fracking and production testing of this well, which will commence mid year. The Las Varillas x-1 well was drilled by YPF with the assistance of the service company Schlumberger. Andes was fully carried during the drilling of this well, as part of the farm-in agreement with YPF under which Andes has a 100% working interest in all production from the Agrio formation, which overlays the Vaca Muerta formation and a 40% carried interest in the Vaca Muerta and other formations.

Puesto Pozo Cercado and Chañares Herrados blocks

In June 2013, following the acquisition of MGM, a well intervention program was undertaken with the main aim to stimulate producing layers and perforate new horizons. As a result five well interventions were completed successfully and after 1 month production increased by an average of 32 bpd.

Colombia

In six out of the eight areas where Andes holds interests in Colombia (VMM-8, LLA-79, LLA-12, LLA-2, LLA-49 and LLA-28), the country’s regulatory authority, ANH, has approved the start of operational phase 1. This means that Andes can commence operations needed to realise the potential of these areas. These activities will include the recording of new seismic data, the reprocessing of existing data using new technologies and the evaluation of existing wells in the area. Data from recent discoveries in nearby areas will be incorporated into Andes's regional database to evaluate similar features within Andes's acreage.

Brazil

In May 2013, the company signed a JV agreement with Imetame Energia, a Brazilian E&P company with a proven track record as operator in different basins in the country. Imetame participated in the 2013 Brazil bidding round and was awarded 7 blocks in the Potiguar, the Sergipe-Alagoas and the Reconcavo basins. Our partner has recently formalised the seven blocks contracts with the ANP (the local authority that regulates the industry) and will request the assignment of 50% of the working interest to Andes. Andes has recently established a branch office in Brazil.

Paraguay

A new exploratory block "Capitan Mesa" was awarded to Andes by the government of Paraguay. This block is located in the Itapua Department in the southeast region of Paraguay covering 825,000 acres in which is present the "San Alberto" formation, a source rock of the Parana basin. Andes hold a 50% working interest.

TRADING PERFORMANCE

During the year, the acquisitions of Kilwer S.A., Ketsal S.A. and MGM International S.R.L. have significantly increased the Group's portfolio of assets, strengthened the balance sheet and underpinned the increase in revenue. Revenue from continuing operations increased from US$4.8 million in 2012 to US$22.5 million in 2013. Production has increased from 200 bpd at the end of 2012 to 1,400 bpd at the end of 2013. Exploration and development activity continues and we expect to see the benefit of these programs in future years.

FINANCIAL PERFORMANCE

Revenue has significantly increased to US$22.5 million compared to US$4.8 million in 2012, an increase of 369% primarily as a result of the acquisition of MGM. Loss before tax and before exceptional gains was US$6.3 million but after deducting one off fees of US$2.5 million associated with the acquisitions and an investment impairment charge of US$1.6 million on the Group's minority interest in the demerged utility operations, which was acquired as part of the Ketsal acquisition, the adjusted loss of US$2.2 million compares favourably with the US$4.4 million loss before tax in 2012. The Group's total assets have increased from US$180 million in 2012 to US$319 million at the end of the year mainly as a result of equity settled acquisitions. However, the devaluation of the Argentine Peso has resulted in US$68 million of exchange losses being recognised in the comprehensive loss of the year. Borrowings have increased from US$7 million in 2012 to US$56 million at the end of the year with net current liabilities falling from US$7.9 million at the end of 2012 to US$0.8 million at the end of 2013. At the year end, the Group had cash resources of US$8.2 million compared to US$0.2 million at the end of 2012, which management believes together with the free cash flow generated from existing activities will be sufficient to meet its ongoing working capital requirements. The directors will not be recommending the payment of a dividend.

EARNINGS PER SHARE

Basic and diluted loss per share fell from 2.34 cents in 2012 to 0.1 cents in 2013 (1.58 cents after adjusting for exceptional gains). During the year the number of shares in issue increased by 316 million to 515 million.

KEY PERFORMANCE INDICATORS

The directors use a range of performance indicators to monitor progress in the delivery of the Group's strategic objectives, to assess actual performance against targets and to aid management of the business and consider the following to be relevant in assessing performance.

Sales:
Sales provide a measure of Group activity that is influenced by production levels and oil prices. Revenue increased by US$17.7 million to US$22.5 million in 2013.

Price:
The average price of oil sales in 2013 was US$74 per barrel compared to US$59 per barrel in 2012.

Production:
Production is measured in barrels of oil per day and increased from 200 bpd at the end of 2012 to 1,400 bpd at the end of 2013.

Resources and Reserves
As the end of 2013 the Group had 20 million bbls of net 2P reserves and certified resources of 600 million boe. The Group's licences cover 2 million of net acres.

Work programs:

During the year 31 wells were drilled and 6 workovers completed.

FUTURE DEVELOPMENT

Andes has made significant progress during the year strengthening our portfolio and increasing production. The focus in 2014 is to continue to expand our work programs, to move forward with the Chachahen development with YPF, and move forward our work programmes in our Vaca Muerta acreage, which will start with the fracking and testing of the Varillas x-1 well. The management team is focussed on developing and enhancing the value of our portfolio and on increasing production.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are set out below:

Exploration and drilling – the Group’s exploration and drilling programs may be unsuccessful. The Group seeks to mitigate these risks by undertaking extensive geological analysis prior to significant expenditure being incurred.

Capital expenditure – the business relies on substantial investment in exploration programs and restrictions on the availability of funding would curtail the growth of the Group. A failure to fund licence commitments could result in the loss of upstream properties. The Group seeks to mitigate this risk through entering into joint operations in which the Group has a carried interest.

Exchange controls and access to capital – Current foreign currency legislation in Argentina restricts the flow of capital out of Argentina, which could cause delays in the Group meeting its financial obligations outside Argentina. To mitigate this risk the Group holds funds outside Argentina.

Production – the Group’s production may be adversely affected by technical problems and production performance may not be in line with expectations. The Group seeks to mitigate these risks by managing its responsibilities as an operator and by working closely with our partners in the field.

Environment – the Group’s activities could be affected by environmental issues. The Group ensures it understands and effectively manages the actual and potential environmental impact of its current and future activities.

Health and safety – the Group has rigorous health and safety processes and procedures but regulatory bodies could impose sanctions which could disrupt operations and ultimately levy penalties.

Oil price fluctuations – the Group’s financial performance is related to oil and gas prices. The Group takes a conservative view when undertaking capital appraisal.

Other general industry and country risks - Legislation and business practices regarding local governmental regulation, foreign currency transactions and taxation are constantly evolving in some of the countries in which the Group operates. The risks inherent in conducting business in these economies include, but are not limited to, volatility in the financial markets and the general economy. As a result the Group’s operations and financial position may be affected by these uncertainties. The Group monitors local and worldwide changes in government regulation and takes appropriate action where necessary.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

Alejandro Jotayan
Chief Executive Office

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	31-Dec-13	31-Dec-12
Continuing Operations	**US$'000**	**US$'000**
Revenue	22,456	4,829
Cost of sales	(14,224)	(3,047)
Gross profit	8,232	1,782
Other operating (expense)/income before exceptional items	(1,066)	1,226
Exceptional items	6,211	-
Total Other operating income	5,145	1,226
Distribution costs	(1,711)	(255)
Administrative expenses	(5,656)	(5,620)
Operating profit/(loss)	6,010	(2,867)
Finance income	2,369	222
Finance costs	(8,473)	(1,769)
Loss before taxation	(94)	(4,414)
Taxation	(334)	(253)
Loss for the year from continuing operations	(428)	(4,667)
Loss for the year from discontinued operations	-	(22,350)
Loss for the year	(428)	(27,017)
Loss attributable to:		
Owners of the parent		
- Continuing operations	(428)	(4,667)
- Discontinued operations	-	(22,933)
	(428)	(27,600)
Non-controlling interests	-	583
	(428)	(27,017)
Basic and diluted loss per ordinary share	**Cents**	**Cents**
From continuing operations	(0.10)	(2.34)
From discontinued operations	-	(11.48)
	(0.10)	(13.82)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	31-Dec-13	31-Dec-12
	US$'000	US$'000
Loss for the year	(428)	(27,017)
Recycled foreign exchange on demerger	-	26,530
Translation differences	(68,058)	(15,479)
Total comprehensive loss for the year	(68,486)	(15,966)
Total comprehensive loss attributable to:		
Owners of the parent	(68,486)	(13,463)
Non-controlling interests	-	(2,503)
Total comprehensive loss for the year	(68,486)	(15,966)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2013

	31-Dec-13 US$'000	31-Dec-12 US$'000
Non-current assets		
Intangible assets	279,617	166,315
Property, plant and equipment	1,025	1,154
Available for sale financial assets	1,634	-
Trade and other receivables	10,725	5,165
Deferred income tax assets	1,490	155
Total non-current assets	294,491	172,789
Current assets		
Inventories	540	349
Available for sale financial assets	3,680	585
Trade and other receivables	12,151	6,347
Restricted cash	3,561	-
Cash and cash equivalents (excluding bank overdrafts)	4,617	179
Total current assets	24,549	7,460
Current liabilities		
Trade and other payables	17,436	8,584
Financial liabilities	7,957	6,775
Current tax liabilities	-	49
Total current liabilities	25,393	15,408
Non-current liabilities		
Trade and other payables	8,854	9,027
Financial liabilities	48,018	166
Deferred income tax liabilities	66,405	33,724
Provisions	454	145
Total non-current liabilities	123,731	43,062
Net assets	169,916	121,779
Capital and reserves		
Called up share capital	84,216	34,814
Share premium account	58,281	1,111
Retained earnings	45,172	45,192
Other reserves	(17,753)	40,662
Total equity	169,916	121,779

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

Capital and reserves	**Share capital**	**Share premium**	**Retained earnings**	**Other reserves**	**Owners of the parent**	**Non controlling interests**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
At 1 January 2012	32,771	43,910	(40,933)	77,462	113,210	63,400	176,610
(Loss)/profit for the year	-	-	(27,600)	-	(27,600)	583	(27,017)
Recycled foreign exchange on demerger	-	-	-	26,530	26,530	-	26,530
Translation differences	-	-	-	(12,393)	(12,393)	(3,086)	(15,479)
Total comprehensive (loss)/income for the year	-	-	(27,600)	14,137	(13,463)	(2,503)	(15,966)
Issue of ordinary shares	18,869	1,111	-	55,487	75,467	-	75,467
Fair value of share based payments	-	-	373	-	373	-	373
Dividends	-	-	-	-	-	(58)	(58)
Issue of warrants	-	-	-	1,817	1,817	-	1,817
Reduction of capital and demerger	(16,826)	(43,910)	113,352	(108,241)	(55,625)	(60,839)	(116,464)
At 31 December 2012	34,814	1,111	45,192	40,662	121,779	-	121,779
Loss for the year	-	-	(428)	-	(428)	-	(428)
Translation differences	-	-	-	(68,058)	(68,058)	-	(68,058)
Total comprehensive loss for the year	-	-	(428)	(68,058)	(68,486)	-	(68,486)
Issue of ordinary shares	49,402	57,170	-	-	106,572	-	106,572
Deferred contingent consideration shares	-	-	-	9,355	9,355	-	9,355
Fair value of share based payments	-	-	408	-	408	-	408
Issue of warrants	-	-	-	288	288	-	288
At 31 December 2013	84,216	58,281	45,172	(17,753)	169,916	-	169,916

Other reserves	**Merger reserve**	**Warrant reserve**	**Reverse acquisition reserve**	**Translation reserve**	**Deferred Consideration**	**Total other reserves**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
At 1 January 2012	66,196	-	42,045	(30,779)	-	77,462
Recycled foreign exchange on demerger	-	-	-	26,530	-	26,530
Translation differences	-	-	-	(12,393)	-	(12,393)
Total comprehensive income for the year	-	-	-	14,137	-	14,137
Issue of ordinary shares	55,487	-	-	-	-	55,487
Issue of warrants	-	1,817	-	-		1,817
Reduction of capital and demerger	(66,196)	-	(42,045)	-	-	(108,241)
At 31 December 2012	55,487	1,817	-	(16,642)	-	40,662
Translation differences	-	-	-	(68,058)	-	(68,058)
Total comprehensive loss for the year	-	-	-	(68,058)	-	(68,058)
Deferred contingent consideration shares	-	-	-	204	9,151	9,355
Issue of warrants	-	288	-	-	-	288
At 31 December 2013	55,487	2,105	-	(84,496)	9,151	(17,753)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	31-Dec-13 US$'000	31-Dec-12 US$'000
Cash flow from continuing operations		
Cash generated from operations	3,431	612
Tax paid	(59)	(925)
Cash flows generated from/(used in) operating activities	3,372	(313)
Cash flows from investing activities		
Purchase of property, plant and equipment	(547)	(195)
Purchase of exploration assets	(2,906)	(398)
Purchase of financial assets	(2,525)	(19)
Acquisition of subsidiaries	23	9
Net cash used in investing activities	(5,955)	(603)
Cash flows from financing activities		
Funds from borrowing	10,386	110
Interest paid	-	(737)
Interest received	11	-
Proceeds from issue of shares	359	1,485
Net cash generated from/(used in) financing activities	10,756	858
Exchange (losses)/gains on cash and cash equivalents	(174)	72
Net increase in cash and cash equivalents from continuing operations	7,999	14
Cash generated from discontinued operations		
Operating activities	-	12,349
Investing activities	-	(3,131)
Financing activities	-	(13,599)
Cash and cash equivalents transferred on demerger	-	(4,291)
Effect of foreign exchange rate changes	-	(444)
Net decrease in cash and cash equivalents from discontinued operations	-	(9,116)
Net increase/(decrease) in cash and cash equivalents	7,999	(9,102)
Cash and cash equivalents at the beginning of the year	179	9,281
Cash and cash equivalents at the end of the year	8,178	179

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 2013 or 31 December 2012.

The financial information has been extracted from the statutory accounts of the Company for the years ended 31 December 2013 and 31 December 2012. 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 Company has produced its statutory accounts for the year ended 31 December 2013 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 2012 statutory accounts.

The statutory accounts for the year ended 31 December 2012 have been delivered to the Registrar of Companies, whereas those for the year ended 31 December 2013 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

1.2 Exceptional items

In 2013, as a result of the acquisition of MGM International S.R.L. the Group recognised an exceptional gain of US$6.2 million arising from the difference between the consideration paid and the fair value of the net assets acquired.

1.3 Taxation

Continuing operations	**31-Dec-13 US$'000**	**31-Dec-12 US$'000**
Current tax	(1,172)	(255)
Deferred taxation	838	2
Tax charge	(334)	(253)
Loss on ordinary activities before tax	(94)	(4,414)
Tax credit on loss at standard rate of 35%	33	1,545
Effects of:		
Expenses not deductible for tax purposes		
Impairment	-	(450)
Item not deductible for tax purposes	(1,132)	-
Effect of items not taxable	2,278	-
Recovery of deferred tax position	179	-
Tax losses for which no deferred tax asset is recognised	(1,692)	(1,348)
Current tax charge	(334)	(253)

The tax rate used for the 2013 and 2012 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.

1.4 Loss per share

Basic loss per share is calculated by dividing the net loss 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 loss per share are the same as there are no instruments that have a dilutive effect on earnings. Adjusted basic and diluted loss per share are presented after adjustment of exceptional items.

	31-Dec-13	31-Dec-12
	Cents	**Cents**
Continuing operations:		
Basic and diluted loss per share	(0.10)	(2.34)
Adjusted basic and diluted loss per share	(1.58)	(2.34)
Discontinued operations:		
Basic and diluted loss per share	-	(11.48)
Adjusted basic and diluted loss per share	-	(11.48)
Continuing and discontinued operations:		
Basic and diluted loss per share	(0.10)	(13.82)
Adjusted basic and diluted loss per share	(1.58)	(13.82)

Continuing operations:	**US$'000**	**US$'000**
Loss for the financial year attributable to equity holders	(428)	(4,667)
Exceptional items	(6,211)	-
Adjusted loss for the financial year attributable to equity holders	(6,639)	(4,667)
Discontinued operations:	**US$'000**	**US$'000**
Loss for the financial year attributable to equity holders	-	(22,933)
Exceptional items	-	-
Adjusted loss for the financial year attributable to equity holders	-	(22,933)
Continued and discontinued operations:	**US$'000**	**US$'000**
Loss for the financial year attributable to equity holders	(428)	(27,600)
Exceptional items	(6,211)	-
Adjusted loss for the financial year attributable to equity holders	(6,639)	(27,600)
	No.'000	**No.'000**
Weighted average number of shares	419,224	199,810
Effect of dilutive warrants	-	-
Diluted weighted average number of shares	419,224	199,810
	No.'000	**No.'000**
Potential number of dilutive warrants	34,728	30,428

The warrants are deemed to be non-dilutive for the purposes of this calculation.

Subsequent to the reporting date 37,000 ordinary shares of 10 pence each were issued.

1.5 Acquisitions

Kilwer S.A. ("Kilwer")

On 11 March 2013 the Group acquired 100% of Kilwer. Kilwer is a private oil and gas company with exploration and development assets in Argentina. The combination of Kilwer's and Andes's assets is strategically very valuable; providing a participation in 10 new licences; increasing the Group's participation interest in an additional 10 licences; giving Andes operator status in other licences; and bringing additional production.

The consideration for the acquisition of Kilwer was satisfied by the issue of 60,676,666 ordinary shares (the "Issued Shares"), the issue of a US$10,000,000 convertible bonds (the "Convertible Bond") with a five year term and 11%

coupon (principal and coupon bullet) and a US$25,000,000 bond with a ten year term and 11% coupon (principal and coupon bullet).
If the Company sells its interest in the Kilwer´s shares the bond should has priority over other debt.

Acquisition costs for the acquisitions of both Kilwer and Ketsal totalled US$2.5 million and this has been recognised as an expense in the income statement.

A loss of US$0.04 million in relation to the acquired activities has been recognised in the income statement for the year. Revenue for the Group for the year does not include any revenue from Kilwer's operations. Had Kilwer been acquired on 1 January 2013 a loss for the year of US$0.05 million would have been recognized in the income statement.

Kilwer S.A.	**Book Value US$'000**	**Fair value adjustments US$'000**	**Fair value US$'000**
Net assets acquired			
Intangible assets	765	70,435	71,200
Property plant and equipment	5	-	5
Trade and other receivables	7,748	-	7,748
Trade and other payables	(178)	-	(178)
Borrowings	(7,236)	-	(7,236)
Social security and other taxes	(390)	-	(390)
Deferred tax	28	(24,652)	(24,624)
	742	45,783	46,525
Positive goodwill arising on acquisition			6,674
Total purchase consideration			53,199
Net cash inflow on acquisition			
Total purchase consideration			53,199
Less: Shares issued for non cash consideration			(21,472)
			31,727
Less: Convertible bonds issued for non cash consideration and bond			(31,727)
			-
Less: Cash and cash equivalents			-
			-

The assets and liabilities acquired have been measured at fair value at the date of acquisition. The Board expects the trade receivables acquired of US$7.8 million to be collectable.

The goodwill arose after the application of IAS 12 "Income taxes" and is attributable principally to expanding growth opportunities in Argentina.

Ketsal S.A. ("Ketsal")

On 11 April 2013 the Group acquired 100% of Ketsal. Ketsal is a private oil and gas company with exploration and development assets in Argentina. The combination of Ketsal's and Andes's assets is strategically very valuable further strengthening and increasing our position in 12 licences and bringing additional production.

Acquisition costs for the acquisitions of both Kilwer and Ketsal totalled US$2.5 million and this has been recognised as an expense in the income statement.

The consideration for the acquisition of Ketsal was satisfied by the issue of 82,781,457 ordinary shares (the "Issued Shares") and the issue of a US$56,000,000 convertible bond (the "Convertible Bond") with a ten year term and 8% coupon (principal and coupon bullet).

A loss of US$2.1 million in relation to the acquired activities has been recognised in the income statement for the year. Revenue for the Group for the year does not include any revenue from Ketsal's operations. Had Ketsal been acquired on 1 January 2013 a loss of US$3.9 million would have been recognized in the income statement.

Ketsal S.A.	**Book Value**	**Fair value adjustments**	**Fair value**

	US$'000	US$'000	US$'000
Net assets acquired			
Intangible assets	3,054	63,446	66,500
Property plant and equipment	44	-	44
Investments	5,269	-	5,269
Cash and cash equivalents	26	-	26
Trade and other receivables	7,169	-	7,169
Trade and other payables	(644)	-	(644)
Borrowings	(10,961)	-	(10,961)
Social security and other taxes	(2,196)	-	(2,196)
Deferred tax	860	(22,207)	(21,347)
	2,621	41,239	43,860
Positive goodwill arising on acquisition			19,746
Total purchase consideration			63,606
Net cash inflow on acquisition			
Total purchase consideration			63,606
Less: Shares issued for non cash consideration			(26,598)
			37,008
Less: Convertible bonds issued for non cash consideration			(37,008)
			-
Add: Cash and cash equivalents			26
			26

The assets and liabilities acquired have been measured at fair value at the date of acquisition. The Board expects the trade receivables acquired of US$7.2 million to be collectable.

The goodwill arose after the application of IAS 12 “Income taxes” and is attributable principally to expanding growth opportunities in Argentina.

MGM International S.R.L (“MGM”)

On 4 June 2013 the Group acquired 100% of MGM. MGM has an interest in two producing fields in the province of Mendoza. MGM was acquired from Mecuria Energy Asset Management B.V.. The acquisition of MGM increased the Group’s reserves and significantly increased production.

The consideration for the acquisition was satisfied by the issue of 29,533,333 ordinary shares (the “Issued Shares”) and contingent deferred consideration totalled of a further 29.5 million shares, subject to certain production targets being met.

There were no material acquisition costs.

A profit of US$2.4 million in relation to the acquired activities has been recognised in the income statement for the year. Revenue for the Group for the year includes US$15 million of revenue from MGM’s operations. Had MGM been acquired on 1 January 2013 a profit of US$2.4 million would have been recognized in the income statement.

MGM international SRL	**Book Value US$'000**	**Fair value adjustments US$'000**	**Fair value US$'000**
Net assets acquired			
Intangible assets	29,304	(104)	29,200
Trade and other receivables	390	-	390
Deferred tax	50	(5,128)	(5,078)
	29,744	(5,232)	24,512
Excess of interest in the net fair value of identifiable assets and liabilities over cost			(6,211)
Total purchase consideration			18,301
Net cash inflow on acquisition			
Total purchase consideration			18,301

Less: Shares issued for non cash consideration	(9,150)
Shares issued as contingent	9,151
Less: Deferred contingent consideration shares*	(9,151)
	-
Add: Cash and cash equivalents	-
	-

* At rates of exchange prevailing at the date of acquisition but recognised as a movement on equity at the average rate for the year.

The assets and liabilities acquired have been measured at fair value at the date of acquisition. The Board expects the trade receivables acquired of US$0.4 million to be collectable.

The acquisition resulted in an excess in Andes's interest in the net fair value of MGM's identifiable assets and liabilities over cost of US$6,211,108, which has been recognised as a separately identifiable item in other operating income in the income statement.