



Event: Andes Energia Conference Call

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Speakers: Luis Alvarez Poli
Nicholas Mallo HuergoLeandro Carbone
Alan Stark

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Luis Alvarez Poli: Good afternoon. I would like to welcome you to this conference call and thank you for participating. With me on the call today is Neil Bleasdale, our Chairman and CEO of EDEMSA; Juan Carlos Esteban, our CEO for our Oil and Gas Operations; Alan Stark, our Vice President of Geoscience; Nicholas Mallo Huergo, a Non-Executive Director of Andes and Leandro Carbone the CEO of Kilwer, our partner in the blocks.

Given the technical nature of the announcement we made yesterday, we felt it would be beneficial to give you the opportunity to clarify with our senior technical team any points you may have on the drilling update we announced yesterday. The proposed demerger is in the early stages of consideration and we cannot, therefore, field questions on this during the call. There is a lot of value within our oil and gas assets which have not yet been properly realised and it is for this reason that we are considering our options with regards to demerging our two activities of business.

We will update the market on this process in due course as and when more information becomes available. It is worth clarifying that we can only provide on this call information which we have made public in advance but which is already in the public domain, so please bear with us in that regard.

Q. Peter Bassett – Westhouse Securities:

Congratulations on the drilling report. I wanted to ask the question on Mata Mora, I think you'll (inaudible) with YPF state that you'll carry it up until commercial development and I was wondering how many more wells YPF felt they needed to drill before declaring the concession commercial or what the situation was regarding this?

Nicholas Mallo Huergo: We have now to prepare a working plan and there is no number of well yet.

Q Peter Bassett – Westhouse Securities:

Okay thanks also, will YPF be drilling further wells this year or are we looking at a longer time frame here?

Nicholas Mallo Huergo: We are working on that.

Q. Barney Grey – Old Park Lane Capital:

The prospective was also attributed by Ryder Scott 649.8 million barrels of oil equivalent. Is that a P10 or P90 number? I'm just kind of comparing the Mata Mora and Corralera announcements. I'm just wondering what classification those prospective resources are, just to put them in the same kind of context as Mata Mora.

Leandro Carbone: Corralera is the mean resource.

Q. Barney Gray – Old Park Lane Capital:

Is there any indication of the upside in terms of what the P10 might look like for Corralera because it's obviously a considerably bigger number on that block?

Leandro Carbone: It could be double.

Q. Bill Newman – Mackie Research Capital:

The Vaca Muerta shale that was drilled on the Mata Mora block tested an average of 65 bopd after the completion of a frac. That rate seems low compared to the wells that have been drilled in the Loma la Lata block to the north, which

came in between 200 and 600 bopd. How many stage fracs were completed in this well and what might account for the low flow rate?

Leandro Carbone: Basically the results that we are publishing are from single fracs. You are comparing a single frac result with a multi-fracture which is elsewhere in the world. So far we are very encouraged with the results that we have obtained in Mata Mora because they are much better than the ones obtained in a nearby block operated by YPF called Loma la Lata.

Q. Bill Newman – Mackie Research Capital:

Why did you not complete that multi stage frac?

Leandro Carvoni: Because we planned the well that way and that's how we are there. We are working towards a multi-fracking type of well, like in the other part of the well.

Q. Kingsley Jibunoh – First Energy Capital:

I just wanted to confirm the Ryder Scott on TPL, when was that published? What date was it from?

Luis Alvarez Poli: Yes, the report from Ryder Scott was released by YPF on February 8th this year. YPF included it in the presentation to the CNV and the New York Stock Exchange.

Q. Nick Wright – Strand Hanson:

My question concerns the Ryder Scott report as well. I was wondering in the approach they've taken to calculating these resource numbers, what kind of recovery factor they were assuming for the oil and for the gas?

Leandro Carbone: Sorry, just to answer that question, we don't have the report here to answer that in detail but figures here in Argentina are between three and six per. cent. in Mata Mora. They are in the process of asking that to Ryder Scott

Q. Rob Rainey - Ashmore:

I was just wondering if you could comment on the demerger. I know in the announcement you said that you wanted to consult about it, etc, over the timeline, but is it something that you're looking over the next three months or do you think it might take a year to achieve, and is it your intent to keep both companies listed or would you split the listing or what are your thoughts?

Luis Alvarez Poli: I cannot give you exact dates to that. We are still in the process of getting all the information. As you can imagine, there are multiple aspects to consider for accounting, shareholders, tax, etc. Our aim is to complete the demerger before the end of this year.

Q Rob Rainey - Ashmore:

Do you plan to keep the company listed?

Luis Alvarez Poli: Yes, definitely.

Q. Barney Grey – Old Park Lane Capital:

With your other licenses in the oil and gas portfolio and particularly the Nequen basin licenses, I'm thinking of Vega Grande and Laguna El Loro, do they also have indications of Vaca Muerta formation in those licenses as well?

Alan Stark: Vega Grande, yes, Vaca Muerta is present. Interestingly, one of the wells drilled there is actually in production from the Vaca Muerta itself. In Laguna El Loro, the Vaca Muerta hasn't been found yet in that area. It's towards the edge of the basin. There are, however, other formations that have been proven in the block by well drill that have been producers from conventional resources and also particular (inaudible), there is a big potential on conventional resource producer for type gas.

Q. Barney Grey – Old Park Lane Capital:

Just a question on the licenses and the rest of the portfolio. I think I'm aware that a number of the licences in the Chubut province are moving away from the area that we are talking about but some of those are expiring pretty soon in July 2012. Are these licences that you are looking to extend the licenses for or are you going to let them lapse and concentrate on the current discoveries that you've got?

Luis Alvarez Poli: Regarding the licence of Chubut, they are already extended. They cover very good potential and we are going to explore them with YPF .

Luis Alvarez Poli: I would like to add one comment when Ryder Scott was published. We received it on the 17th of February, just to let you know how new the report is.

Luis Alvarez Poli: Thank you everybody for participating and we will give you update as soon as we've got further information.