



NEWS RELEASE

September 3, 2009

**PETRO ANDINA ANNOUNCES SALE TO PLUSPETROL FOR \$7.65 PER SHARE;
CREATION OF EXPLORECO; AND EXPLORECO FINANCING AT \$3.00 PER
EXPLORECO SHARE**

Calgary, Canada

Petro Andina Resources Inc. (TSX:PAR) ("Petro Andina" or the "Company") today announced that it has entered into an arrangement agreement (the "Agreement") with 1462627 Alberta Ltd., a wholly owned subsidiary of Pluspetrol Resources Corporation N.V. ("Pluspetrol") pursuant to which Pluspetrol will acquire all of the issued and outstanding class A shares ("common shares") of Petro Andina for \$7.65 per share pursuant to a Plan of Arrangement (the "Arrangement"). In addition, and as part of the Arrangement, Petro Andina shareholders will receive shares of a new company, 1485196 Alberta Ltd. ("ExploreCo") which will hold the Colombia and Trinidad & Tobago exploration assets of Petro Andina. ExploreCo will be fully funded against its existing exploration commitments. The Agreement has been unanimously approved by the Board of Directors of Petro Andina.

As a result of the transaction, Petro Andina shareholders will receive, for each common share held;

- \$7.65 per share in cash;
- One share of ExploreCo and one-tenth of an arrangement warrant to purchase shares of ExploreCo. Each whole arrangement warrant will be exercisable at a price of \$3.00 for a period of 30 days following closing of the Arrangement; and
- ExploreCo will initially have approximately \$1.40 per share in working capital and proforma financings could be up to \$1.75 per share in working capital.

ExploreCo Offers High Growth Opportunity

The distribution of ExploreCo shares provides Petro Andina shareholders with the opportunity to participate directly in an accelerated, fully funded high-growth potential exploration company in attractive jurisdictions. The current Petro Andina management and Board with extensive international and technical experience will continue on with ExploreCo. ExploreCo intends to seek a listing for its common shares on a recognized stock exchange.

ExploreCo has a portfolio of high impact prospects in onshore Trinidad & Tobago and in the Llanos Basin in Colombia that have been advanced through Petro Andina's efforts over the past two years. ExploreCo has 4 onshore blocks in Colombia with 489,000 gross acres and 2 onshore blocks in Trinidad & Tobago with 211,000 gross acres. Management expects to commence drilling in both Colombia and Trinidad & Tobago in the second quarter of 2010 with plans to drill up to six wells next year.

It is intended that ExploreCo will be fully capitalized to meet existing commitments with approximately \$70 million of positive working capital from Petro Andina as part of the transaction. In addition certain insiders have committed to participate in a private placement of approximately \$6 to 10 million at a price of \$3.00 per ExploreCo share (the "Insider Private Placement"). Arrangement warrants, issued with the ExploreCo shares, if fully exercised, could result in additional cash proceeds of over \$15 million. Additionally, ExploreCo has arranged a bought deal financing (described below) for gross aggregate proceeds of \$16 million, prior to the exercise of the underwriters' option of \$4 million. The aggregate total of these sources of funds could result in a total of \$110 million of cash and positive working capital available to ExploreCo.

	Estimated ExploreCo	
	Working Capital (CSMM)	Shares (MM)
Initial Working Capital in ExploreCo ¹	\$70	49.3
Management Private Placement (Minimum) ²	\$6	2.0
Bought Deal Private Placement (Net of Commission) ²	\$15	5.3
Estimated Minimum Capitalization	\$91	56.6
Underwriters Option (Net of Commission) ^{2,3}	\$4	1.3
Arrangement Warrants ^{2,3}	\$15	5.0
Potential Working Capital	\$110	63.0

¹ Estimate of the October 31, 2009 working capital of Petro Andina to be transformed to ExploreCo pursuant to the terms of the Arrangement.

² All financings at \$3.00 per ExploreCo share.

³ Assuming full exercise.

Bought Deal Financing

ExploreCo has entered into a bought deal equity financing agreement with a syndicate of underwriters led by FirstEnergy Capital Corp. and Scotia Capital Inc. (collectively the "Underwriters") to issue on a private placement basis, 5.3 million Subscription Receipts of ExploreCo at a price of \$3.00 per Subscription Receipt for gross aggregate proceeds of \$16.0 million (the "Offering"). ExploreCo has granted the Underwriters an option to offer for sale up to an additional 1.3 million Subscription Receipts for a period up to 24 hours prior to Closing, for potential additional gross proceeds of \$4.0 million. Closing of the Offering is scheduled for September 29, 2009.

The proceeds of the offering of Subscription Receipts will be held in escrow pending Petro Andina's and ExploreCo's receipt of all necessary regulatory approvals, the completion of the Arrangement, the Underwriters' being satisfied that the Common Shares will be listed on a recognized stock exchange not later than 20 days after the closing of the Arrangement and the completion of the Insider Private Placement.

Upon these conditions being met, the proceeds of the Offering will be released to ExploreCo and each Subscription Receipt will be exchanged for one ExploreCo Share without additional payment. If closing of the Arrangement does not take place by December 31, 2009, the Arrangement is terminated at any earlier time, (or Petro Andina has announced to the public that it does not intend to proceed with the Arrangement), or the Insider Private Placement is not completed, holders of the subscription receipts will be entitled to a return of their full subscription price and their pro rata entitlement to the interest earned on the escrowed funds.

The Subscription Receipts will be subject to a hold period until the closing of the Arrangement. The Offering is subject to the receipt of all necessary regulatory and stock exchange approvals.

Commentary on the Transaction

Commenting on the value creation for Petro Andina's shareholders resulting from this transaction, Petro Andina's President and Chief Executive Officer, Wayne Foo said, "This transaction is the result of a rigorous and thorough process conducted by our Board, management and financial and legal advisors. It accomplishes our key objective of maximizing value for our shareholders. In addition, this transaction allows Petro Andina's shareholders to receive a compelling mix of cash and the opportunity to participate in

a new value creating entity, ExploreCo, an advanced exploration venture with a line of sight to drilling wells beginning in early 2010."

Board of Directors Recommendation

After consulting with its financial and legal advisors, the Board of Directors of Petro Andina has unanimously determined the proposed transaction is in the best interest of Petro Andina shareholders and has unanimously resolved to recommend that Petro Andina shareholders vote their shares in favour of the Arrangement. FirstEnergy Capital Corp. and Scotia Waterous Inc. acted as financial advisors to Petro Andina in connection with the transaction and each financial advisor has independently provided a verbal opinion to the Board that the consideration to be received by Petro Andina shareholders pursuant to the Arrangement is fair, from a financial point of view.

Other Transaction Terms

Petro Andina has agreed to pay Pluspetrol a non-completion fee of \$17 million in certain circumstances if the transaction is not completed, and Pluspetrol has also agreed to pay Petro Andina a non-completion fee of \$17 million in certain other circumstances if the transaction is not completed. The transaction agreement includes customary non-solicitation and right to match provisions. The Directors and Senior Officers of Petro Andina will enter into voting agreements with Pluspetrol to vote their Petro Andina shares in support of the Arrangement. Pluspetrol has also agreed that it will withdraw or not take up and pay for any PARI Common Shares deposited under the existing offer (the "Pluspetrol Offer") by 1462627 Alberta Ltd, to purchase all of the outstanding common shares of Petro Andina. Full details of the transaction will be included in an information circular which will be mailed to Petro Andina shareholders. The transaction is anticipated to close in the fourth quarter of 2009.

Transaction Process

The transaction will be completed by way of a plan of Arrangement under applicable Canadian law. An Information Circular will be mailed on or about September 30, 2009. The Arrangement will require the approval of two-thirds of the votes cast by shareholders of Petro Andina voting at a special meeting to be called on or about October 30, 2009 to consider the Arrangement, as well as court and other regulatory approvals and certain other customary conditions for an agreement of this nature.

For assistance in withdrawing any shares already tendered to the existing Pluspetrol Offer, or other questions, please contact Kingsdale Shareholder Services Inc., the Information Agent retained by Petro Andina in connection with the Pluspetrol Offer, toll free at 1-866-581-0508 or email contactus@kingsdaleshareholder.com.

Conference Call Notice

Petro Andina will host a conference call Friday, September 4, 2009, at 9:00 am Mountain Daylight Time to discuss this transaction. Media, analysts or any other interested parties wishing to participate in the call can access it by calling 1-888-789-9572 (toll free in North America). The Participants' Passcode is 2075344.

The live audio webcast of the conference call will be available through Windows Media Player by following the link posted under the Investor Relations, Events section of the Company's website at www.petroandina.com.

About Petro Andina Resources Inc.

Petro Andina is engaged in oil and natural gas exploration, development and production in South America and the Caribbean region. The Company is continuing to develop its existing reserves and to conduct appraisal and exploration drilling on its 628,000 acre (346,000 net acre) land position in the Neuquen Basin of Argentina. Exploration activities have also begun on its 489,000 acre (244,500 net acre) holdings in the

Llanos Basin of Colombia and 211,000 acre (105,000 net acre) holdings onshore Trinidad & Tobago. Petro Andina is headquartered in Calgary, Canada.

For more information please contact:

Michael Kruchten

Investor Relations
Petro Andina Resources Inc.
Phone: (403) 517-1733
Fax: (403) 265-8216

Kenneth G. Pinsky

Vice President, Finance and Chief Financial Officer
Petro Andina Resources Inc.
Phone: (403) 517-1729
Fax: (403) 265-8216

Forward-Looking Statements

Certain statements regarding Petro Andina Resources Inc., including management's assessment of future plans and operations and statements with respect to the Arrangement and associated financings, may constitute forward-looking statements under applicable securities laws and necessarily involve known and unknown risks and uncertainties, most of which are beyond Petro Andina's control. These risks may cause actual financial and operating results, performance, levels of activity and achievements to differ materially from those expressed in, or implied by, such forward-looking statements.

Such risks and uncertainties include, but are not limited to: the impact of general economic conditions in Canada, Argentina, Colombia and Trinidad & Tobago, industry conditions including changes in laws and regulations including adoption of new environmental laws and regulations, and changes in how they are interpreted and enforced, in Canada, Argentina, Colombia and Trinidad & Tobago, competition, the lack of availability of qualified personnel, fluctuations in commodity prices, the results of exploration and development drilling and related activities, imprecision in reserve estimates, the production and growth potential of Petro Andina's assets, fluctuations in foreign exchange or interest rates, the ability to access sufficient capital from internal and external sources, obtaining required approvals of regulatory authorities, in Canada, Argentina, Colombia and Trinidad & Tobago and consummation of the Plan of Arrangement being dependent on the satisfaction of customary closing conditions, the approval of Petro Andina's shareholders and the approval of the Court.. Many of these risk factors are discussed in further detail in the Company's Annual Information Form dated March 31, 2009 on file with Canadian securities commissions. Readers are also referred to the risk factors described in other documents that Petro Andina files from time to time with securities regulatory authorities.

Accordingly, Petro Andina gives no assurance nor makes any representations or warranty that the expectations conveyed by the forward-looking statements will prove to be correct and actual results may differ materially from those anticipated in the forward-looking statements. Petro Andina undertakes no obligation to publicly update or revise any forward-looking statements.