

# **Andes Gold Corporation**

Financial Statements  
for the Twelve Months Ended December 31, 2013  
(Unaudited)

# Andes Gold Corporation

## Table Of Contents

---

	Page No.
<b>Financial Statements</b>	
Balance Sheet	3
Statement of Income	4
Statement of Changes In Stockholders' Equity	5
Statement of Cash Flows	6
Notes To Financial Statements	7 - 10

# Andes Gold Corporation

## Balance Sheet

As of December 31, 2013

(unaudited)

	12 Months Ended Dec 31, 2013	12 Months Ended Dec 31, 12
<b>ASSETS</b>		
<b>Current Assets</b>		
Checking/Savings	31,495.20	56,476.40
<b>Total Checking/Savings</b>	<u>31,495.20</u>	<u>56,476.40</u>
Accounts Receivable	350,000.00	250,000.00
Inventory	841,461.91	1,092,397.90
Other Current Assets	<u>0.00</u>	<u>0.00</u>
<b>Total Current Assets</b>	1,222,957.11	1,398,874.30
<b>Fixed Assets</b>		
Gold Mine Leases / Land	710,000.00	710,000.00
Plant, Machinery & Equipment	3,739,261.87	3,053,773.01
Construction/Mining Improvements	2,194,758.56	195,414.00
Depreciation	(873,517.87)	(552,207.25)
Other Fixed Assets	<u>0.00</u>	<u>0.00</u>
<b>Total Fixed Assets</b>	5,770,502.56	3,406,979.76
<b>Other Assets</b>		
Investment in Subsidiaries	0.00	0.00
Credits	<u>83,279.68</u>	<u>15,294.93</u>
<b>Total Other Assets</b>	<u>83,279.68</u>	<u>15,294.93</u>
<b>TOTAL ASSETS</b>	<u><b>7,076,739.35</b></u>	<u><b>4,821,148.99</b></u>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accrued Payables	0.00	0.00
Taxes Payable	<u>5,498.00</u>	<u>4,985.86</u>
<b>Total Current Liabilities</b>	5,498.00	4,985.86
<b>Long Term Liabilities</b>		
Accrued Officer Compensation &		
Notes Payable	159,714.66	135,028.00
Related Party - New World Gold Corp.	<u>932,628.89</u>	<u>653,164.99</u>
<b>Total Long Term Liabilities</b>	<u>1,092,343.55</u>	<u>788,192.99</u>
<b>Total Liabilities</b>	<u>1,097,841.55</u>	<u>793,178.85</u>
<b>Equity</b>		
Preferred stock, par value \$.001, 5,000,000 shares authorized, 2,000,001 shares issued and outstanding as of December 31, 2013	2,000	2,000
Common stock, par value \$.001, 3,500,000,000 shares authorized, 2,992,031,318 shares issued and outstanding as of December 31, 2013		
Additional Paid-In Capital	2,992,031.32	1,583,031.31
Adjustments to Equity/Asset Revaluation	6,000.00	6,000.00
Retained Earnings (Net Appropriation)	(777,466.00)	(377,466.00)
Net Income (Year-to-date)	2,066,291.30	1,414,224.66
<b>Total Equity</b>	<u>5,978,897.80</u>	<u>4,027,970.14</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>7,076,739.35</b></u>	<u><b>4,821,148.99</b></u>

**Andes Gold Corporation**  
**Profit Loss**  
January through December 2013 and 2012  
(Unaudited)

	9 Months Ended Sept 13	3 Months Ended Dec 13	12 Months Ended Dec 13	12 Months 2012
Net Sales	4,863,380.23	1,912,530.54	6,775,910.77	6,732,311.87
Cost of Sales	2,097,493.87	871,663.63	2,969,157.50	3,066,507.72
Gross Profit	2,765,886.36	1,040,866.91	3,806,753.27	3,665,804.15
Ordinary Income/Expense				
Expense				
Accrued Officer Compensation	0.00	0.00	0.00	0.00
Wages & Salaries	530,686.89	184,027.11	714,714.00	694,110.01
Accrued Accounting Fees	0.00	0.00	0.00	0.00
Telecommunications	0.00	0.00	0.00	0.00
Office Expense/Supplies	3,728.89	1,640.74	5,369.63	5,202.98
Filing & Transfer Fees	3,450.40	555.00	4,005.40	1,335.00
Financial Expenses	53,310.57	21,742.20	75,052.77	72,821.20
Legal	2,085.00	600.00	2,685.00	3,205.00
Professional Fees	44,478.90	17,057.11	61,536.01	59,171.67
Lab Services	14,019.24	5,326.61	19,345.85	19,919.55
Transportation	90,824.71	27,002.49	117,827.20	124,790.99
Utilities	3,292.00	784.00	4,076.00	4,377.02
Investor Relations	0.00	0.00	0.00	0.00
Travel & Entertainment	7,376.76	4,089.00	11,465.76	10,774.00
Internet	0.00	0.00	0.00	0.00
Maintenance	40,422.99	15,352.21	55,775.20	56,595.13
Materials & Mining Supplies	713,071.34	262,193.81	975,265.15	1,148,959.72
Other Expenses	61,594.99	6,319.13	67,914.12	59,781.30
Website/Advertising	1,450.00	230.00	1,680.00	4,580.41
Total Expense	1,569,792.68	546,919.41	2,116,712.09	2,265,623.98
Other Income/Expense				
Write offs	0.00	0.00	0.00	0.00
Total Expense	1,569,792.68	546,919.41	2,116,712.09	2,265,623.98
Net Ordinary Income	1,196,093.68	493,947.50	1,690,041.18	1,400,180.17
Net Income	1,196,093.68	493,947.50	1,690,041.18	1,400,180.17

**ANDES GOLD CORPORATION**  
**STATEMENT OF STOCKHOLDERS EQUITY (DEFICIT)**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**  
**(Unaudited)**

	Common Stock		Preferred Stock		Paid-in Capital	Retained Earnings	Adjustments to Equity	Profit (Loss)	Total Equity
	Shares	Amount	Shares	Amount					
Balance, December 31, 2012 (unaudited)	1,583,031,318	\$ 1,583,031	2,000,001	\$ 2,000	\$ 6,000	\$ 892,931	\$ (377,466)	1,921,474	\$ 4,027,970
Shares issued to parent									-
Shares issued from debt conversions	929,000,000	929,000							929,000
Shares issued for services	480,000,000	480,000							480,000
Adjustments to Equity/Asset Revaluation							(400,000)		(400,000)
Adjustments due to Appropriation for Capital Expansion						(748,114)			(748,114)
Net Profit (Loss)								1,690,041	1,690,041
Balance, December 31, 2013 (unaudited)	<u>2,992,031,318</u>	<u>\$ 2,992,031</u>	<u>0</u>	<u>\$ 2,000</u>	<u>\$ 6,000</u>	<u>\$ 144,817</u>	<u>\$ (777,466)</u>	<u>\$ 3,611,515</u>	<u>\$ 5,978,898</u>

# Andes Gold Corporation

## Statement of Cash Flows

January through  
December 2013 and 2012  
(Unaudited)

	Jan-December 2013	Jan-December 2012
<b>OPERATING ACTIVITIES</b>		
Net Income	1,690,041.18	1,400,180.17
Adjustments to reconcile Net Income to net cash provided by operations:		
Accounts payable	(512.14)	4,985.86
Accrued Officer Compensation	0.00	(250,000.00)
Accounts Receivable	(350,000.00)	(1,092,397.90)
Inventory	(250,935.99)	(710,000.00)
Gold Mine Leases / Land/Improvements	(615,988.86)	(769,134.97)
Plant, Machinery, Equipment	(1,113,661.37)	653,164.99
Related Party Payable	0.00	552,207.25
Depreciation	321,310.62	135,028.00
From Note Holders/Intercompany	304,150.56	65,000.00
Other Adjustments	(9,385.20)	(10,966.60)
Net cash provided by Operating Activities	(24,981.20)	
<b>INVESTING ACTIVITIES</b>		0.00
Gold Mine Leases	0.00	0.00
Net cash used by Investing Activities	0.00	
<b>FINANCING ACTIVITIES</b>		0.00
Investor Loans	0.00	0.00
Capital Stock	0.00	0.00
Net cash provided by Financing Activities	0.00	(10,966.60)
Net cash increase for period	(24,981.20)	67,443.00
Cash at beginning of period	56,476.40	56,476.40
Cash at end of period	31,495.20	62,260.20

**ANDES GOLD CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Twelve Months Ended December 31, 2013  
(Unaudited)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS**

**NATURE OF OPERATIONS**

Andes Gold Corporation is the operator of leased properties which it mines for mineral resources, specifically, gold. The development of the properties is through the contracting of companies as needed. The focus of the business is to develop and produce gold assets in Ecuador and elsewhere in South America.

Andes Gold Corporation was incorporated as a Delaware corporation on August 29, 2007 as Princeton Consulting and Services Corporation. Princeton Consulting and Services Corporation was a participant in a three party merger under Delaware Business Corporation Act Section 251(g) wherein Whitewing Environmental Corp. (“Whitewing”) was merged with and into Princeton Consulting Acquisition Corp. (“Acquisition”) which changed its name to Whitewing Environmental Corp. and assumed all of the obligations of Whitewing effective September 27, 2007. On September 27, 2007, Whitewing Environmental Corp. then changed its name to Princeton Consulting and Services Corporation. On July 27, 2009, Princeton Consulting and Services Corp. changed its name to Andes Gold Corporation to coincide with the acquisition on that date of 100% of the controlling interests of Compania Minera Pl. S.A., an Ecuadorian company, located in Zaruma, Ecuador.

On October 1, 2010, Andes Gold Corporation entered into an agreement for the exchange of shares with New World Gold Corporation, whereby the New World Gold Corporation acquired a 54% controlling interest in the Issuer, and Andes Gold Corporation acquired a 20.57% interest, in New World Gold Corporation. As a result, Andes Gold Corporation became a majority-owned subsidiary of New World Gold Corporation. As of December 31, 2013, New World Gold Corporation continues to hold its controlling interest in Andes Gold Corporation.

**USE OF ESTIMATES**

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ANDES GOLD CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Twelve Months Ended December 31, 2013  
(Unaudited)

**INCOME TAXES**

The Company accounts for income taxes using the asset and liability method. The differences between the financial statement and tax bases of assets and liabilities are determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the period in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce deferred tax asset accounts to the amounts that will more likely than not be realized. Income tax expense is the current tax payable or refundable for the period, plus or minus the net change in the deferred tax asset and liability accounts.

**NET INCOME (LOSS) PER SHARE DATA**

Net income (loss) per common share is computed based on the weighted average common stock and dilutive common stock equivalents outstanding during the year as defined by Statement of Financial Accounting Standards, No. 128, "Earnings per Share". The continued losses of the Company are anti-dilutive.

**FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of the Company's financial instruments, including accounts receivable and payable, notes receivable and payable and accrued liabilities approximate fair value due to the relatively short period to maturity for these instruments.

**NEW ACCOUNTING PRONOUNCEMENTS**

None that is applicable through December 31, 2013 to company operations.

**ISSUANCE OF SHARES FOR SERVICES**

Valuation of shares for services and other acquired assets were based on the fair market value of services received. For the twelve months ended December 31, 2013, 480,000,000 restricted shares of common stock were issued for services to the Company.

**COMPREHENSIVE INCOME**

The Company adopted Statement of Financial Accounting Standard No. 130, "Comprehensive Income" ("SFAS No. 130") which is effective for annual periods ending after December 15, 1997. As provided by SFAS No. 130, reclassification adjustments to prior year amounts are reported in a separate statement of comprehensive income along with current year components of comprehensive income.



**ANDES GOLD CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Twelve Months Ended December 31, 2013  
(Unaudited)

**NOTE 2 - BASIS OF PRESENTATION**

The Company's financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company's management intends to raise additional operating funds through equity and/or debt offerings in order to expand operations. However, there can be no assurance management will be successful in such endeavors.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result should the Company be unable to sustain profitability.

**NOTE 3 - RELATED PARTY TRANSACTIONS**

During the twelve months ended December 31, 2013, the parent corporation, New World Gold Corporation, has advanced the Company capital for improvements, equipment, routine working capital and other expenses. Such advances are recorded under Long Term Liabilities, "Related Party – New World Gold Corporation" in the amount of \$932,628.89.

**NOTE 4 - NON-CASH TRANSACTIONS**

No non-cash investing and financing activities occurred during the period from January 1, 2013 through December 31, 2013.

**NOTE 5 - GOING CONCERN**

As reflected in the accompanying financial statements, the Company had operating profits for the twelve months ended December 31, 2013 of \$1,690.041. The Company's ability to continue as a going concern will depend on its ability to sustain its profitability, and/or its ability to raise additional capital should profitability decline. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The Company anticipates raising additional working capital for improvements and expansion of operations through the issuance of debt and equity securities. Management believes that actions presently being taken to obtain additional funding provide the Company the opportunity to continue to operate as a going concern.

**ANDES GOLD CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Twelve Months Ended December 31, 2013  
(Unaudited)

**NOTE 6 – MANAGEMENT DISCUSSION OF OPERATIONS**

At the end of the year, December 31, 2013, the company experienced growth in profits and revenues despite the fact that the price for an ounce of gold was approximately \$250 an ounce less than last year. The Company expects 2014 to continue to grow with substantial increase in production, revenue and profits

The Company will continue to increase its reserves by development on existing leases and through the acquisition of new leases, Even with the projected revenues and profits, if the Company expects to grow, it may be necessary to raise additional capital to maintain the anticipated growth.