



## **Tecpetrol Sociedad Anónima**

### **INTERIM CONDENSED FINANCIAL STATEMENTS**

**At June 30, 2020**

and for the six-month period ended on June 30, 2020

Translation of a document originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.

# **Tecpetrol Sociedad Anónima**

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Auditor's Report on Interim Condensed Financial Statements

## TECPETROL SOCIEDAD ANÓNIMA

### SUMMARY OF INFORMATION

In accordance with the regulations issued by the National Securities Commission for Argentina (Comisión Nacional de Valores, CNV), the Board of Directors of the Company has approved this summary of information for the six-month period which commenced on January 1, 2020 and ended on June 30, 2020.

#### **1. Activity of the Company**

The operations of Tecpetrol mainly consist in the exploration and exploitation of oil and gas in Argentina.

Operating profits or losses of the Company are principally affected by production levels; sales prices; market demand for oil, gas and derivative products; fluctuations in operating costs; the economic and financial setting in the country and government regulations.

The Company operates in an economic setting whose main variables are being affected by the volatility in the prices of commodities and the impact of the COVID-19 pandemic, all of which produced a global economic and financial crisis that affects the activities of Tecpetrol. The economic agenda of the Government is currently dominated by the renegotiation of the public debt and the COVID-19 sanitary crisis.

The members of the Board of Directors of the Company continuously monitor the evolution of the aforementioned factors, in order to determine and implement possible courses of action and identify the potential impact on the patrimonial and financial situation of the Company which should be recognized in the financial statements of future periods.

#### Analysis of the second quarter of 2020

Net sales totaled \$15,236.4 million, representing a decrease in relation to the same period of the previous year. Such decrease was mainly caused by fewer deliveries of gas and oil and a drop in average sales prices primarily originated due to the impact of the global economic crisis caused by the COVID-19 pandemic mentioned above.

Gas production totaled 1,097 million m<sup>3</sup>, representing a decrease of 23% in relation to that of the second quarter of 2019, which was of 1,431 million m<sup>3</sup>. In the second quarter of 2020, 1.8 million m<sup>3</sup> of gas were exported, whereas in the second quarter of 2019, all gas production was sold to the domestic market.

Volumes of crude oil production reached 111 thousand m<sup>3</sup> (45% from escalante crude oil and 55% from medianito crude oil), representing a 29% decrease with respect to the production recorded during the second quarter of 2019. In the second quarter of 2020, 83% of crude oil production was destined for exports (part of such production was delivered after the closing date); whereas in the second quarter of 2019, 41% of crude oil production was destined for exports.

Operating costs totaled \$11,385.8 million, representing an increase of 22% compared to the amount recorded in the second quarter of 2019. Said increase is mainly explained by impairment charges recognized in Property, plant and equipment in the areas of El Tordillo, La Tapera – Puesto Quiroga and Aguaragüe and the exchange rate fluctuation, all of which was partially offset by a decrease in depreciation of Property, plant and equipment, royalty expenses and maintenance operations and wells service costs, as a consequence of the abovementioned decrease in production and average sales prices.

Selling and administrative expenses amounted to \$1,649.2 million, representing a 31% increase in comparison with the amount recorded in the second quarter of 2019. Such variation is mainly explained by the exchange rate fluctuation and the allowance for doubtful accounts expense, partially offset by a decrease in storage and transport expenses due to lower volumes of production.

Net financial profit (loss) resulted in a loss of \$2,551.3 million, compared to profits for \$666 million recorded in the same period of the previous year. Such fluctuation is explained by an increase in net losses generated by exchange differences on balances in ARS.

Profit (loss) from income tax represented a profit of \$423.0 million, compared to a loss of \$2,380.2 million recorded in second quarter of 2019. Such variation is mainly explained by the accumulated effect of the implementation of a tax inflation adjustment during the second quarter of 2019 and by exchange differences.

The net profit (loss) recorded a loss of \$1,364.7 million, while in the second quarter of 2019, the Company had net profits for \$1,945.0 million.

#### Analysis of the six-month period ended on June 30, 2020

Net sales for the six-month period ended on June 30, 2020 totaled \$31,579 million, representing an increase in relation to the same period of the previous year. Such increase was mainly caused by a fluctuation in the exchange rate, partially offset by fewer deliveries of gas and oil and a drop in average sales prices primarily originated due to the impact of the global economic crisis caused by the COVID-19 pandemic mentioned above.

During the first six months of 2020, gas production rose up to 2,236 million m<sup>3</sup>, representing a decrease of 22% in relation to that of the same period of 2019, which was of 2,881 million m<sup>3</sup>. In the six-month period ended on June 30, 2020, part of the gas production was destined for exports (9.9 million m<sup>3</sup>), whereas in the six-month period ended on June 30, 2019, all gas production was destined for the domestic market.

Volumes of crude oil production reached 269 thousand m<sup>3</sup> (41% from escalante crude oil and 59% from medianito crude oil), representing a 15% decrease with respect to the production recorded during the same period of 2019. In the six-month period ended on June 30, 2020, 49% of crude oil production was destined for exports (part of such production was delivered after the closing date); whereas in the six-month period ended on June 30, 2019, 43% of crude oil production was destined for exports.

In the six-month period ended on June 30, 2020, operating costs totaled \$21,527.3 million, representing an increase of 22% compared to the amount recorded in the same period of 2019, which was \$17,680.7 million. Said increase is mainly explained by the exchange rate fluctuations and impairment charges recognized in Property, plant and equipment in the areas of El Tordillo, La Tapera – Puesto Quiroga and Aguaragüe, all of which was partially offset by a decrease in depreciation of Property, plant and equipment, royalty expenses and maintenance operations and wells service costs, as a consequence of the abovementioned decrease in production and average sales prices.

Selling and administrative expenses during the first six months of 2020 amounted to \$2,798.9 million, representing a 21% increase in comparison with an amount of \$2,316.1 million recorded during the same period of 2019. Such variation is mainly explained by the exchange rate fluctuation and the allowance for doubtful accounts expense, partially offset by a decrease in storage and transport expenses due to lower volumes of production.

Net financial profit (loss) showed a loss of \$4,798.6 million in the six-month period ended on June 30, 2020, compared to the loss of \$3,060.7 million recorded in the six-month period ended on June 30, 2019. Such fluctuation is primarily explained by an increase in net losses generated by exchange differences on balances in ARS, partially offset by a decrease in interest costs due to fewer borrowings.

The income tax expense represented a loss of \$168.2 million, compared to a loss of \$1,760.6 million recorded in the six-month period ended on June 30, 2019. Such variation is mainly explained by exchange differences and fewer operating profits from 2020.

The net profit (loss) for the six-month period ended on June 30, 2020 recorded a profit of \$843.6 million, while in the six-month period ended on June 30, 2019, the Company had net profits for \$4,267.2 million.

#### Liquidity and cash flows

Net cash generated by operating activities in the first six months of 2020 was \$16,512 million.

During the six-month period ended on June 30, 2020, the Company received funds from bank borrowings and from its regular business activities. These borrowings were obtained at market rates, considering comparable solvency, soundness, fund generation and risk indicators.

Also, on February 20, 2020, the Company issued Class 2 and Class 3 Negotiable Obligations for a nominal value of USD 10.8 million and \$2,414.1 million, respectively, with an issuance price of 100%, and maturing on February 20, 2021 (or the following business day). Class 2 Negotiable Obligations bear interest at a fixed rate of 4.0% and Class 3 Negotiable Obligations bear interest at a BADLAR rate plus a margin of 4.50%. In both cases, interest is payable quarterly and the capital will be fully paid off upon maturity. Funds obtained from the issuance of such negotiable obligations were used for working capital integration and refinancing of liabilities.

At June 30, 2020, the Company's borrowings totaled \$84,928.6 million and equity totaled \$35,131.5 million.

Investments in Property, plant and equipment in the six-month period ended on June 30, 2020, net of unpaid acquisitions at the end of such period, reached \$2,857.7 million (mainly from the development of Fortín de Piedra area).

At June 30, 2020, the Company had a negative working capital of \$18,371.5 million which was generated mainly by loans with related companies. The Company has different alternatives that will allow it to honor all commitments assumed.

**2. Structure of Financial Position** (comparative at June 30, 2019, June 30, 2018 and June 30, 2017 – amounts stated in thousands of pesos)

	At June 30,			
	2020	2019	2018	2017
Non-current assets	103,062,727	78,063,927	43,922,115	7,164,834
Current assets	33,219,219	23,592,824	9,947,734	1,407,910
<b>Total Assets</b>	<b>136,281,946</b>	<b>101,656,751</b>	<b>53,869,849</b>	<b>8,572,744</b>
Equity attributable to Owners of the Company	35,131,507	22,091,851	9,243,892	4,268,515
Non-controlling interest	-	-	1,691	50
<b>Total Equity</b>	<b>35,131,507</b>	<b>22,091,851</b>	<b>9,245,583</b>	<b>4,268,565</b>
Non-current liabilities	49,559,759	57,302,092	34,816,729	1,684,044
Current liabilities	51,590,680	22,262,808	9,807,537	2,620,135
<b>Total Liabilities</b>	<b>101,150,439</b>	<b>79,564,900</b>	<b>44,624,266</b>	<b>4,304,179</b>
<b>Total Equity and Liabilities</b>	<b>136,281,946</b>	<b>101,656,751</b>	<b>53,869,849</b>	<b>8,572,744</b>

**3. Structure of Income and Comprehensive Income** (comparative with the six-month periods ended on June 30, 2019, June 30, 2018 and June 30, 2017 – amounts stated in thousands of pesos)

	Six-month period ended on June 30,			
	2020	2019	2018	2017
Operating profit (loss)	5,806,741	9,090,040	2,080,895	(550,856)
Net financial profit (loss)	(4,798,560)	(3,060,658)	(1,808,965)	(151,683)
Profit (loss) from investments in entities accounted for using the equity method	3,574	(1,585)	-	(4)
<b>Profit (loss) before taxes</b>	<b>1,011,755</b>	<b>6,027,797</b>	<b>271,930</b>	<b>(702,543)</b>
Income tax	(168,157)	(1,760,604)	153,661	141,821
<b>Profit (loss) from continuing operations</b>	<b>843,598</b>	<b>4,267,193</b>	<b>425,591</b>	<b>(560,722)</b>
Profit (loss) from discontinued operations	-	-	166	(176,966)
<b>Profit (loss) for the period</b>	<b>843,598</b>	<b>4,267,193</b>	<b>425,757</b>	<b>(737,688)</b>
<b>Statement of Comprehensive Income</b>				
Profit (loss) for the period	843,598	4,267,193	425,757	(737,688)
Other comprehensive income from continuing operations	5,324,489	2,092,039	3,206,465	141,920
Other comprehensive income from discontinued operations	-	-	43,550	121,208
<b>Comprehensive income for the period</b>	<b>6,168,087</b>	<b>6,359,232</b>	<b>3,675,772</b>	<b>(474,560)</b>

**4. Cash Flow Structure** (comparative with the six-month periods ended on June 30, 2019, June 30, 2018 and June 30, 2017 – amounts stated in thousands of pesos)

	Six-month period ended on June 30,			
	2020	2019	2018	2017
Cash generated by/(used in) operating activities	16,511,991	10,201,626	(429,283)	1,251,327
Cash used in investing activities	(2,827,265)	(12,678,415)	(13,442,848)	(1,954,937)
Cash (used in)/generated by financing activities	(8,968,902)	3,085,749	5,060,576	770,899
Total cash generated/(used) during the period	<b>4,715,824</b>	<b>608,960</b>	<b>(8,811,555)</b>	<b>67,289</b>

**5. Statistical Data** (comparative information with the six-month periods ended on June 30, 2019, June 30, 2018 and June 30, 2017 – amounts stated in thousands of m<sup>3</sup> of oil and gas equivalents)

	Six-month period ended on June 30,			
	2020	2019	2018	2017
<b>Production volume (*)</b>				
Total production in equivalent units	2,505	3,199	1,308	570
Oil production	269	318	224	192
Gas production	2,236	2,881	1,084	378
Domestic market	2,363	3,063	1,201	510
Exports	142	136	107	60

(\*) Volumetric equivalence (1,000 m<sup>3</sup> gas = 1 m<sup>3</sup> oil)

**6. Indicators** (comparative at June 30, 2019, June 30, 2018 and June 30, 2017)

	At June 30,			
	2020	2019	2018	2017
Liquidity	0.64	1.06	1.01	0.54
Solvency	0.35	0.28	0.21	0.99
Locked up capital	0.76	0.77	0.82	0.84

Liquidity: Current assets/Current liabilities

Solvency: Total Equity/Total liabilities

Locked up capital: Non-current assets/Total assets

## **7. Prospects**

The COVID-19 outbreak still causes an adverse impact on the global economy. Its scope and duration remain uncertain. The national hydrocarbon industry has also been significantly affected by a lower demand and the limited crude oil storage capacity due to a drop in refining activities. The outlook for the sector is uncertain.

In the first quarter, producers reached a production restriction agreement that, together with the gradual exit from the pandemic in Asian and European countries and its resulting increase in demand, have generated a recovery in international oil prices. Setting an internal price for crude oil (referred to as "local barrel") and removing export taxes for exports not exceeding such price have contributed to resume and sustain production.

This situation produces an impact on Tecpetrol. Investments have been put off to adjust operations to this new scenario, face an additional reduction in costs and adjust production to the market conditions. We've been working with our clients and vendors for the purposes of preserving the financial situation. Measures adopted by the Government in relation to the hydrocarbon sector will be pivotal to ensure sustainability of the Company and encourage new investments.

The members of the Board of Directors of the Company continuously monitor the evolution of the aforementioned factors, in order to determine and implement possible courses of action and identify the potential impact on the patrimonial and financial situation of the Company which should be recognized in the financial statements of future periods. At the date of issuance of this summary of information, the full extent of the pandemic, its impact on the country's economy and the effect on the Company's activities and its resulting profits or losses are unknown and cannot be reasonably predicted. However, such situation is not expected to affect the continuity of the business. Given the financial soundness of the Company and its shareholders, all financial commitments are expected to be honored in the subsequent twelve months.

City of Buenos Aires, August 7, 2020.



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**LEGAL INFORMATION**

<b>Legal domicile:</b>	Pasaje Della Paolera 299/297, 16th floor, City of Buenos Aires
<b>Reported fiscal year:</b>	No. 41
<b>Company's main line of business:</b>	Exploration, exploitation and development of hydrocarbon fields; transport, distribution, transformation, distillation and industrial use of hydrocarbons and by-products and hydrocarbons trade; electric power generation and commercialization through the construction, operation and exploitation in any manner of power plants and equipment for the generation, production, self-generation and/or co-generation of electric power
<b>Registration dates with the Companies Registration Office:</b>	By-laws: registered under No. 247 of Book 94, Volume of Companies by Shares on June 19, 1981  Amendments to by-laws: March 25, 1983; October 16, 1985, July 1, 1987; February 24, 1989; December 12, 1989; August 18, 1992; December 21, 1992; April 6, 1993; December 14, 1995; October 30, 1997; October 13, 2000; September 14, 2005; November 16, 2007; March 23, 2009; September 20, 2010; March 2, 2016; November 25, 2016; September 28, 2017 and August 14, 2018
<b>Date of expiry of Company's by-laws:</b>	June 19, 2080
<b>Correlative registration number with the Companies Controlling Office</b>	802.207
<b>Name of Parent Company:</b>	Tecpetrol Internacional S.L.U.
<b>Legal domicile of Parent Company:</b>	Calle De Recoletos 23, 3rd floor, apartments A and B, 28001 Madrid, Spain.
<b>Parent Company's main line of business:</b>	Investment
<b>Equity interest held by Parent Company:</b>	95.99%
<b>Percentage of votes of Parent Company:</b>	98.175%

Capital status (Note 22)	Type of shares	At June 30, 2020
		Total subscribed, paid-up and registered
	<b>Book entry shares</b>	<b>\$</b>
	Class A common shares of \$1 par value -1 vote per share	3,106,342,422
	Class A common shares of \$1 par value -5 votes per share	1,330,105,646
		<hr/> 4,436,448,068

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**INTERIM CONDENSED INCOME STATEMENT**

**for the three-month and six-month periods ended on June 30, 2020 and June 30, 2019**

(Amounts stated in thousands of pesos, unless otherwise specified)

	Notes	Three-month period ended on June 30,		Six-month period ended on June 30,	
		2020	2019	2020	2019
<b>Continuing operations</b>		<b>(Unaudited)</b>		<b>(Unaudited)</b>	
Net sales	5	15,236,407	15,618,188	31,578,972	28,948,476
Operating costs	6	<u>(11,385,818)</u>	<u>(9,317,530)</u>	<u>(21,527,326)</u>	<u>(17,680,651)</u>
<b>Gross margin</b>		<b>3,850,589</b>	<b>6,300,658</b>	<b>10,051,646</b>	<b>11,267,825</b>
Selling expenses	7	(1,014,341)	(701,138)	(1,507,710)	(1,257,105)
Administrative expenses	8	(634,824)	(561,174)	(1,291,219)	(1,059,009)
Exploration costs		(1,635,347)	(9,159)	(1,657,177)	(24,089)
Other operating income	10	187,848	7,079	220,261	170,233
Other operating expenses	10	<u>(7,200)</u>	<u>(7,810)</u>	<u>(9,060)</u>	<u>(7,815)</u>
<b>Operating profit</b>		<b>746,725</b>	<b>5,028,456</b>	<b>5,806,741</b>	<b>9,090,040</b>
Financial income	11	198,564	58,378	264,519	95,512
Financial costs	11	(1,116,348)	(963,086)	(2,417,419)	(1,758,819)
Other net financial profit (loss)	11	<u>(1,633,498)</u>	<u>238,735</u>	<u>(2,645,660)</u>	<u>(1,397,351)</u>
<b>Profit (loss) before profit (loss) from investments in entities accounted for using the equity method and income tax</b>		<b>(1,804,557)</b>	<b>4,362,483</b>	<b>1,008,181</b>	<b>6,029,382</b>
Profit (loss) from investments in entities accounted for using the equity method	15	<u>16,857</u>	<u>(37,267)</u>	<u>3,574</u>	<u>(1,585)</u>
<b>Profit (loss) before income tax</b>		<b>(1,787,700)</b>	<b>4,325,216</b>	<b>1,011,755</b>	<b>6,027,797</b>
Income tax	12	<u>422,986</u>	<u>(2,380,237)</u>	<u>(168,157)</u>	<u>(1,760,604)</u>
<b>Profit (loss) for the period</b>		<b>(1,364,714)</b>	<b>1,944,979</b>	<b>843,598</b>	<b>4,267,193</b>
<b>Profit (loss) attributable to:</b>					
Owners of the Parent Company		(1,364,714)	1,944,979	843,598	4,267,193

The accompanying Notes 1 to 34 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**for the three-month and six-month periods ended on June 30, 2020 and June 30, 2019**

(Amounts stated in thousands of pesos, unless otherwise specified)

	Notes	Three-month period ended on June 30,		Six-month period ended on June 30,	
		2020	2019	2020	2019
		(Unaudited)		(Unaudited)	
<b>Profit (loss) for the period</b>		<b>(1,364,714)</b>	<b>1,944,979</b>	<b>843,598</b>	<b>4,267,193</b>
<b>Other comprehensive income:</b>					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Currency translation differences		13,188	(5,974)	23,090	(2,292)
<i>Items that will not be reclassified to profit or loss:</i>					
Currency translation differences - Tecpetrol S.A.		3,039,774	(483,749)	5,349,956	2,131,876
Changes in the fair value of investments in equity instruments	16	(36,856)	(88,962)	(92,731)	(65,091)
Remeasurement of post-employment benefit obligations		30,047	16,285	30,047	16,285
Income tax related to components of other comprehensive income (i)	27	962	18,345	14,127	11,261
<b>Total other comprehensive income for the period</b>		<b>3,047,115</b>	<b>(544,055)</b>	<b>5,324,489</b>	<b>2,092,039</b>
<b>Total comprehensive income for the period</b>		<b>1,682,401</b>	<b>1,400,924</b>	<b>6,168,087</b>	<b>6,359,232</b>
<b>Comprehensive income attributable to:</b>					
Owners of the Parent Company		1,682,401	1,400,924	6,168,087	6,359,232
		<b>1,682,401</b>	<b>1,400,924</b>	<b>6,168,087</b>	<b>6,359,232</b>

(i) Generated by changes in the fair value of investments in equity instruments and remeasurement of post-employment benefit obligations.

The accompanying Notes 1 to 34 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**at June 30, 2020 and December 31, 2019**

(Amounts stated in thousands of pesos, unless otherwise specified)

	Notes	June 30, 2020 (Unaudited)	December 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment - Exploration, evaluation and development assets	13	99,630,617	96,127,079
Right-of-use assets	14	1,613,152	1,288,036
Investments in entities accounted for using the equity method	15	164,628	137,964
Investments in equity instruments at fair value	16	1,007,263	942,407
Other receivables and prepayments	17	368,596	486,226
Income tax credit		100,990	101,014
Trade receivables	18	177,481	251,683
Other investments	20.a	-	54,785
<b>Total Non-current assets</b>		<b>103,062,727</b>	<b>99,389,194</b>
<b>Current assets</b>			
Inventories	19	2,425,623	1,607,093
Other receivables and prepayments	17	15,178,293	11,401,667
Trade receivables	18	8,257,410	7,982,515
Other investments	20.a	146,253	124,127
Cash and cash equivalents	20.b	7,211,640	2,000,326
<b>Total Current assets</b>		<b>33,219,219</b>	<b>23,115,728</b>
<b>Total Assets</b>		<b>136,281,946</b>	<b>122,504,922</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	4,436,448	4,436,448
Capital contributions		897,941	897,941
Reserve for future dividends		3,877,319	-
Special reserve		1,017,867	1,017,867
Legal reserve		430,559	219,911
Other reserves		23,627,775	18,303,286
Retained earnings		843,598	4,212,967
<b>Total Equity</b>		<b>35,131,507</b>	<b>29,088,420</b>
<b>Non-current liabilities</b>			
Borrowings	23	41,577,243	37,141,419
Deferred tax liability	27	1,911,853	1,436,883
Right-of-use liabilities	14	1,104,128	758,251
Employee benefits programs	24	1,691,627	1,501,110
Provisions	25	3,274,908	2,668,817
<b>Total Non-current liabilities</b>		<b>49,559,759</b>	<b>43,506,480</b>
<b>Current liabilities</b>			
Borrowings	23	43,351,343	42,938,165
Right-of-use liabilities	14	555,501	576,063
Employee benefits programs	24	79,052	123,170
Provisions	25	328,096	286,224
Trade and other payables	26	7,276,688	5,986,400
<b>Total Current liabilities</b>		<b>51,590,680</b>	<b>49,910,022</b>
<b>Total Liabilities</b>		<b>101,150,439</b>	<b>93,416,502</b>
<b>Total Equity and Liabilities</b>		<b>136,281,946</b>	<b>122,504,922</b>

The accompanying Notes 1 to 34 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the six-month periods ended on June 30, 2020 and June 30, 2019**

(Amounts stated in thousands of pesos, unless otherwise specified)

Attributable to the Owners of the Parent Company								
Shareholders' contributions			Accumulated profits (losses)					Total
Notes	Share capital	Capital contributions	Reserved earnings				Retained earnings	
	Subscribed capital (i)		Reserve for future dividends	Special reserve (ii)	Legal reserve	Other reserves		
(Unaudited)								
Balances at December 31, 2019								
	4,436,448	897,941	-	1,017,867	219,911	18,303,286	4,212,967	29,088,420
Profit for the period	-	-	-	-	-	-	843,598	843,598
Currency translation differences	-	-	-	-	-	5,373,046	-	5,373,046
Changes in the fair value of investments in equity instruments	16	-	-	-	-	(92,731)	-	(92,731)
Remeasurement of post-employment benefit obligations	-	-	-	-	-	30,047	-	30,047
Income tax related to components of other comprehensive income	27	-	-	-	-	14,127	-	14,127
Other comprehensive income for the period	-	-	-	-	-	5,324,489	-	5,324,489
Total comprehensive income for the period	-	-	-	-	-	5,324,489	843,598	6,168,087
Distribution of earnings according to the decision adopted during the Annual General Meeting of Shareholders held on April 28, 2020:								
Reserve set-up	-	-	3,877,319	-	210,648	-	(4,087,967)	-
Anticipated cash dividends (i)	-	-	-	-	-	-	(125,000)	(125,000)
Balances at June 30, 2020	4,436,448	897,941	3,877,319	1,017,867	430,559	23,627,775	843,598	35,131,507

(i) See Note 22.

(ii) It corresponds to General Resolution No. 609/12 of the CNV (See Note 30.iii).

The accompanying Notes 1 to 34 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the six-month periods ended on June 30, 2020 and June 30, 2019 (Cont'd.)**

(Amounts stated in thousands of pesos, unless otherwise specified)

Attributable to the Owners of the Parent Company							
Notes	Shareholders' contributions		Accumulated profits (losses)				Total
	Share capital	Capital contributions	Reserved earnings			Retained earnings	
	Subscribed capital (i)		Special reserve (ii)	Legal reserve	Other reserves		
	(Unaudited)						
Balances at December 31, 2018	4,436,448	897,941	1,017,867	-	7,421,212	1,959,151	15,732,619
Profit for the period	-	-	-	-	-	4,267,193	4,267,193
Currency translation differences	-	-	-	-	2,129,584	-	2,129,584
Changes in the fair value of investments in equity instruments	16	-	-	-	(65,091)	-	(65,091)
Remeasurement of post-employment benefit obligations	-	-	-	-	16,285	-	16,285
Income tax related to components of other comprehensive income	27	-	-	-	11,261	-	11,261
Other comprehensive income for the period	-	-	-	-	2,092,039	-	2,092,039
Total comprehensive income for the period	-	-	-	-	2,092,039	4,267,193	6,359,232
Distribution of retained earnings according to the decision adopted during the Annual General Meeting of Shareholders held on March 14, 2019:							
Legal reserve	-	-	-	219,911	-	(219,911)	-
Balances at June 30, 2019	4,436,448	897,941	1,017,867	219,911	9,513,251	6,006,433	22,091,851

(i) See Note 22.

(ii) It corresponds to General Resolution No. 609/12 of the CNV (See Note 30.iii).

The accompanying Notes 1 to 34 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**INTERIM CONDENSED CASH FLOW STATEMENT**

**for the six-month periods ended on June 30, 2020 and June 30, 2019**

(Amounts stated in thousands of pesos, unless otherwise specified)

		Six-month period ended on June 30,	
	Notes	2020	2019
		(Unaudited)	
<b>OPERATING ACTIVITIES</b>			
Profit for the period		843,598	4,267,193
Adjustments to profit (loss) for the period to reach operating cash flows	28	18,278,861	13,222,337
Changes in working capital	28	(5,061,807)	(8,143,459)
Others, including currency translation differences		2,628,285	878,101
Payment of employee benefits programs		(161,946)	(11,424)
Payment of income tax		(15,000)	(11,122)
<b>Cash generated by operating activities</b>		<b>16,511,991</b>	<b>10,201,626</b>
<b>INVESTING ACTIVITIES</b>			
Investments in property, plant and equipment		(2,857,667)	(12,663,193)
Collection from the sale of Property, plant and equipment		3,728	4,718
Additions of investments in equity instruments at fair value	16	(801)	-
Income from the sale of interest in associates		18,387	16,859
Collected dividends	11	9,088	-
Investments in joint ventures		-	(36,799)
<b>Cash used in investing activities</b>		<b>(2,827,265)</b>	<b>(12,678,415)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings	23	1,256,955	3,662,399
Issuance of negotiable obligations, net of issuance costs	23	2,951,943	-
Payment of borrowings	23	(12,595,082)	(236,170)
Paid dividends	22	(125,000)	-
Right-of-use liabilities payments	14	(457,718)	(340,480)
<b>Cash (used in)/generated by financing activities</b>		<b>(8,968,902)</b>	<b>3,085,749</b>
<b>Increase in Cash and cash equivalents</b>		<b>4,715,824</b>	<b>608,960</b>
<b>Changes in Cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		2,000,326	467,295
Increase in Cash and cash equivalents		4,715,824	608,960
Currency translation differences		495,490	55,362
<b>Cash and cash equivalents at the end of the period</b>	20.b	<b>7,211,640</b>	<b>1,131,617</b>
<b>At June 30,</b>			
		2020	2019
		(Unaudited)	
Cash and cash equivalents		7,211,640	1,131,617
<b>Cash and cash equivalents at the end of the period</b>		<b>7,211,640</b>	<b>1,131,617</b>
<b>Non-cash transactions</b>			
Unpaid Investments in property, plant and equipment at the end of the period		3,135,689	5,649,277
Contributions in kind in joint ventures		-	93,433

The accompanying Notes 1 to 34 form an integral part of these Interim Condensed Financial Statements. These Interim Condensed Financial Statements must be read together with the audited Financial Statements at December 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

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# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Financial Statements at June 30, 2020**

### **Notes to Interim Condensed Financial Statements at June 30, 2020**

(Amounts stated in thousands of pesos, unless otherwise specified)

#### **1. General information**

Tecpetrol S.A. (hereinafter referred to as the "Company") was incorporated on June 5, 1981 and its main activity consists in the exploration and exploitation of oil and gas in Argentina. Its legal domicile is Pasaje Della Paolera 299/297, 16th floor, city of Buenos Aires, Argentina.

The Company has an important presence in Vaca Muerta area, through (i) unconventional exploitation concessions in the areas of Fortín de Piedra and Punta Senillosa, which were granted in July 2016 for a period of 35 years and over which the Company holds all rights and obligations; (ii) joint operations over unconventional exploitation concessions in the areas of Los Toldos I Norte, Los Toldos II Este and Los Toldos I Sur, and (iii) the exploration permissions over the areas of Loma Ancha and Loma Ranqueles.

In addition, the Company operates in conventional hydrocarbon areas in Neuquina and Noroeste - San Jorge basins through joint operations (see Note 33) and holds all exploitation rights over the area Los Bastos located in the province of Neuquén.

On August 21, 2018, the Company obtained an exploration (and potential exploitation) permission granting all rights and obligations over the area Gran Bajo Oriental located in the province of Santa Cruz, for an exploratory period of three years, which may be extended one year. Such permission also allows the possibility of accessing a second exploratory period of three years, which may be extended four years.

In May 2019 the Office of the Secretary of Energy, by means of Resolution No. 276/2019, granted an exploration permission over MLO-124 area (located in Malvinas marine basin approximately 100 kilometers away from the coast of Tierra del Fuego) to a consortium to which the Company is a party (10% participation). Activities that will be carried out during the four years of the first phase of the exploration period mainly consist of a 3D geophysical study and other potential geophysical studies. In October 2019, Resolution 645/2019 was published in the Official Gazette, by means of which the exploration permission was granted (see Note 33.b).

The Interim Condensed Financial Statements were approved for issuance by the members of the Board of Directors on August 7, 2020.

#### *Macroeconomic setting*

The Company operates in an economic setting whose main variables are being affected by the volatility in the prices of commodities and the impact of the COVID-19 pandemic, all of which produced a global economic and financial crisis that affects the activities of Tecpetrol. The economic agenda of the Government is currently dominated by the renegotiation of the public debt and the COVID-19 sanitary crisis. The members of the Board of Directors of the Company continuously monitor the evolution of the aforementioned factors, in order to determine and implement possible courses of action and identify the potential impact on the patrimonial and financial situation of the Company which should be recognized in the financial statements of future periods.

These Interim Condensed Financial Statements of the Company should be construed in light of these circumstances.

#### *Coronavirus and crisis of oil prices*

On March 11, the World Health Organization (WHO) declared coronavirus (COVID-19) a global pandemic. The COVID-19 outbreak is exerting an adverse impact upon global economy affecting, among others, oil prices, that fell by more than 50% towards the end of March. In this quarter, producers reached a production restriction agreement that, together with the gradual exit from the pandemic in Asian and European countries and its resulting increase in demand, have generated a

# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Financial Statements at June 30, 2020**

### **Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

#### **1. General information (Cont'd)**

##### *Coronavirus and crisis of oil prices (Cont'd)*

recovery in oil price. The scope and the duration of COVID-19 containment measures worldwide (including border closures, flight cancellations, isolation and lockdown) and their impact on global economy remain unknown.

The national Government implemented several measures intended to reduce population movement, and imposed a social, preventive and compulsory self-isolation order as from March 20. Such measure considers exceptions for businesses and people providing essential services or products, and remains in force to this date even though it has been eased. Although the energy industry is considered essential, the abovementioned situations have greatly affected the hydrocarbon demand, and its evolution in the short-term remains uncertain.

As regards the gas market, prices obtained in recent tenders carried out by CAMMESA have shown a sustained downward trend in comparison to the prices recorded at the end of 2019. Also, agreements with distributors (originally maturing by March 31, 2020) have been extended until the end of December.

The management of the Company is closely monitoring the situation and adopting measures according to the complexity of the events, aiming at safeguarding the integrity of the staff, keeping operations running and preserving the corporate financial health. Said measures include the postponement of investments, an additional reduction of costs and the adjustment of production levels to the market conditions.

As of the date of these Interim Condensed Financial Statements, on site access to the fields by essential operations staff and the remote work of all other employees have not greatly affected the capacity of Tecpetrol to conduct its operations as usual. In line with this, such changes have not adversely affected corporate information systems or financial information internal controls.

The full extent of the pandemic, its impact on the country's economy and the effect on the Company's activities and its resulting profits or losses are unknown and cannot be reasonably predicted. However, such situation is not expected to affect the continuity of the business. Given the financial soundness of the Company and its shareholders, all financial commitments are expected to be honored in the subsequent twelve months.

##### *Seasonality*

Crude oil and gas demand intended for industrial use and compressed natural gas (CNG) stations does not significantly vary throughout the year; whereas gas demand for residential use and electricity generation is seasonal, thus experiencing substantial fluctuations in winter and summer seasons.

Gas sales prices for residential use are adjusted according to exchange rates fluctuations set forth by Enargas. In summer months, the oversupply of natural gas resulting from lower residential demand and the development of unconventional fields causes gas sales prices to be lower than prices reported in winter months. Crude oil sale price does not vary due to seasonality.

Consequently, the operations of Tecpetrol S.A. might be subject to seasonal fluctuations in relation to both volume and sales prices.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**2. Basis for preparation**

The Interim Condensed Financial Statements of the Company were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), under a historical cost convention, modified by the revaluation of financial assets and liabilities at fair value.

The National Securities Commission for Argentina (hereinafter referred to as "CNV"), by means of General Resolution No. 622/13, has established the application of Technical Resolutions No. 26 and 29 issued by the Argentine Federation of Professional Councils in Economic Sciences (Federación Argentina de Consejos Profesionales de Ciencias Económicas, FACPCE) which adopt IFRS issued by the IASB, for entities included in the public offering regime under Law No. 17.811 and amendments, either due to their capital stock or negotiable obligations, or because they requested authorization to be included in such regime.

These Interim Condensed Financial Statements of Tecpetrol S.A for the six-month period ended on June 30, 2020 were prepared in accordance with International Accounting Standard (IAS) 34 titled "Interim Financial Reporting".

These Interim Condensed Financial Statements were prepared pursuant to the same accounting policies applied in the preparation of the audited Financial Statements at December 31, 2019; thus, they must be read together.

All information corresponding to the six-month period ended on June 30, 2019 is part of these Interim Condensed Financial Statements and is presented for comparative purposes only. If applicable, some figures from the financial statements at June 30, 2019 have been reclassified in order to present comparative information in respect of the current period.

Pursuant to the IFRS, the preparation of these Interim Condensed Financial Statements requires the management of the Company to make certain estimates that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the income and expense figures for the reported period. Actual profits or losses might differ from these estimates.

Pursuant to Decree No. 297/2020 imposing a social, preventive and compulsory self-isolation measure, and modifying decrees extending such measure, people must stay home and refrain from commuting to the workplace and moving around in routes and public spaces. This lockdown intends to avoid people movement and COVID-19 spread. Due to these measures, these Interim Condensed Financial Statements and the Interim Condensed Financial Statements at March 31, 2020 have not yet been recorded in the Inventory and Balance Sheet Book. Also, accounting entries corresponding to the period covering from January to July of 2020 have not been recorded in the Journal. Such pending transcriptions in the corresponding books will take place as soon as the lockdown is lifted.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**2. Basis for preparation (Cont'd)**

*Functional and presentation currencies*

Accounts included in the Interim Condensed Financial Statements are reported in the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is the United States Dollar ("USD"), since this is the currency which best reflects the economic substance of its transactions. Both sales and prices of main drilling costs are negotiated, agreed upon and settled either in USD or considering the exchange rate fluctuation with respect to said currency.

The presentation currency of these Interim Condensed Financial Statements is the Argentine Peso ("ARS").

*Translation of Interim Condensed Financial Statements*

Interim Condensed Financial Statements prepared in the functional currency of the Company are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rate at the date of the Interim Condensed Financial Statements and profits and losses are translated at the average exchange rate for the period;
- (ii) all resulting exchange differences are recognized under other comprehensive income as currency translation differences.

**3. New accounting standards**

*(a) New standards, interpretations and amendments to published standards effective as from the current period*

For the period ended on June 30, 2020, there are no new standards, interpretations and amendments to published standards in force which must be disclosed.

*(b) New standards, interpretations and amendments to published standards not yet effective and not early adopted*

The Management assessed the importance of other new standards, interpretations and amendments not yet effective and concluded that they are not relevant for the Company.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**4. Segment information**

	Six-month period ended on June 30, 2020 (Unaudited)			
	Neuquina basin	Noroeste - San Jorge basin and others	Others (1)	Total operations
Net sales - Managerial Vision	29,603,212	2,422,647	13,297	32,039,156
Effect of hydrocarbon inventory valuation	43,877	(504,061)	-	(460,184)
<b>Net sales - IFRS</b>				<b>31,578,972</b>
Oil	2,694,394	1,318,480	-	4,012,874
Gas	26,830,884	590,436	-	27,421,320
Other services	121,817	9,664	13,297	144,778
<b>Net sales - IFRS</b>				<b>31,578,972</b>
Operating profit (loss) - Managerial vision	9,428,799	(3,573,613)	(113,418)	5,741,768
Adjustment of hydrocarbon inventory valuation	65,953	(51,981)	-	13,972
Depreciation and impairment differences	(40,213)	1,286,983	6,290	1,253,060
Administrative expenses (2)				(1,202,059)
<b>Operating profit - IFRS</b>				<b>5,806,741</b>
Depreciation and impairment of PPE (3) - Managerial Vision	(11,916,246)	(4,121,223)	(95,426)	(16,132,895)
Depreciation and impairment differences	(40,213)	1,287,007	6,266	1,253,060
<b>Depreciation and impairment of PPE - IFRS</b>				<b>(14,879,835)</b>
	Neuquina basin	Noroeste - San Jorge basin and others	Others (1)	Total
PPE - Managerial Vision	93,434,610	5,527,657	463,415	99,425,682
Accumulated depreciation and impairment differences				204,935
<b>PPE - IFRS</b>				<b>99,630,617</b>
Investments in PPE	3,298,008	558,627	95,235	3,951,870
<b>Investments in PPE</b>				<b>3,951,870</b>

(1) It corresponds to other activities of the Company not included under the defined operating segments.

(2) It corresponds to expenses not allocated to operating profit (loss) of defined reportable segments.

(3) PPE: Property, plant and equipment.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**4. Segment information (Cont'd)**

	Six-month period ended on June 30, 2019 (Unaudited)			
	Neuquina basin	Noroeste - San Jorge basin	Others (1)	Total operations
Net sales - Managerial Vision	25,762,147	2,996,114	5,119	28,763,380
Effect of hydrocarbon inventory valuation	(38,780)	239,048	-	200,268
Exploratory investments production	(15,172)	-	-	(15,172)
<b>Net sales – IFRS</b>				<b>28,948,476</b>
Oil	2,801,374	2,590,947	-	5,392,321
Gas	22,906,833	628,954	-	23,535,787
Other services	-	15,249	5,119	20,368
<b>Net sales – IFRS</b>				<b>28,948,476</b>
Operating profit - Managerial vision	9,278,101	799,398	87,765	10,165,264
Adjustment of hydrocarbon inventory valuation	(39,766)	47,168	-	7,402
Depreciation of exploratory investments	15,172	-	-	15,172
Depreciation differences	(33,242)	(56,580)	985	(88,837)
Administrative expenses (2)				(1,008,961)
<b>Operating profit - IFRS</b>				<b>9,090,040</b>
Depreciation of PPE (3) - Managerial Vision	(9,923,550)	(419,252)	(70,609)	(10,413,411)
Depreciation differences	(18,070)	(56,580)	985	(73,665)
<b>Depreciation of PPE - IFRS</b>				<b>(10,487,076)</b>
	Neuquina basin	Noroeste - San Jorge basin	Others (1)	Total
PPE - Managerial Vision	67,328,953	6,077,875	343,360	73,750,188
Accumulated depreciation and impairment differences				(577,052)
<b>PPE - IFRS</b>				<b>73,173,136</b>
Investments in PPE	12,454,489	599,380	36,599	13,090,468
<b>Investments in PPE</b>				<b>13,090,468</b>

(1) It corresponds to other activities of the Company not included under the defined operating segments.

(2) It corresponds to expenses not allocated to operating profit (loss) of defined reportable segments.

(3) PPE: Property, plant and equipment.

Depreciation and impairment differences mainly arise from the difference in acquisition costs resulting from the Property, plant and equipment valuation criteria adopted upon transition to IFRS; and from the different criteria of depreciation of seismic exploration, which is depreciated, under Managerial Vision, according to the straight line method in a four-year period; and, under IFRS, pursuant to the depletion method.

At June 30, 2020, net sales arose from France (5.17%), USA (2.2%) and the remaining percentage from Argentina; whereas at June 30, 2019 net sales came from USA (5.7%), United Arab Emirates (3.5%) and the remaining percentage from Argentina. The designation of net sales is based upon customer location.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**4. Segment information (Cont'd)**

At June 30, 2020, customers representing or surpassing 10% of the revenue from regular activities of the Company, regardless of the incentives to investments granted through Resolution No. 46E/2017 and amendments, were CAMMESA (23%) and Raizen Argentina S.A. (15%); whereas at June 30, 2019, no customer represented or surpassed such percentage.

**5. Net sales**

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Gas (i)	27,421,320	23,535,787
Oil	4,012,874	5,392,321
Other services	144,778	20,368
	<b>31,578,972</b>	<b>28,948,476</b>

(i) It includes \$13,725,003 and \$7,075,324 due to incentives to investments in natural gas production developments from unconventional reservoirs, granted under Resolution 46E/2017 as amended, for the six-month period ended on June 30, 2020 and June 30, 2019, respectively. See Note 31.

**6. Operating costs**

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Inventories at the beginning of the period	1,607,093	847,572
Purchases, uses and production costs	22,051,178	17,419,783
Inventories at the end of the period	(2,425,623)	(665,439)
Currency translation differences	294,678	78,735
<b>Costs of sales</b>	<b>21,527,326</b>	<b>17,680,651</b>
Labor costs	1,231,447	868,261
Fees and services	243,891	235,044
Maintenance operations and wells service costs	1,911,614	2,105,124
Depreciation of Property, plant and equipment	12,630,294	10,437,028
Impairment of Property, plant and equipment (Note 13)	2,160,381	-
Depreciation of right-of-use assets	305,610	157,097
Treatment and storage	96,799	117,189
Royalties and other taxes (i)	2,318,322	2,671,123
Other production costs	989,272	718,270
Stock uses and purchases	163,548	110,647
<b>Purchases, uses and production costs</b>	<b>22,051,178</b>	<b>17,419,783</b>

(i) Royalties ranging from 12% to 17% are paid for the production of crude oil and natural gas, valued on the basis of the prices actually obtained in the commercialization of hydrocarbons in the area, less deductions provided for in the legislation for the treatment of the product to make it fit for delivery to third parties.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**7. Selling expenses**

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Taxes	499,114	600,978
Storage and transport	394,358	618,489
Allowance for doubtful accounts	598,663	24,405
Others	15,575	13,233
	<b>1,507,710</b>	<b>1,257,105</b>

**8. Administrative expenses**

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Labor costs	794,459	755,002
Fees and services	196,860	143,231
Depreciation of Property, plant and equipment	89,160	50,048
Depreciation of right-of-use assets	38,424	23,301
Taxes	287,733	332,292
Office expenses	196,296	145,531
Reimbursement of expenses (*)	(311,713)	(390,396)
	<b>1,291,219</b>	<b>1,059,009</b>

(\*) These are not liable to association or proration in connection with each line involved in the costs and/or expenses notes, but rather in connection with the tasks which constitute the function of the operator.

**9. Labor costs (included in Operating costs and Administrative expenses)**

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Salaries, wages and other costs	1,637,738	1,255,238
Social security costs	303,044	234,046
Employee benefits programs (Note 24)	85,124	133,979
	<b>2,025,906</b>	<b>1,623,263</b>

**10. Other operating profit (loss), net**

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
<i>Other operating income</i>		
Profit from the sale of Property, plant and equipment	2,278	763
Recovery of provisions for legal claims and contingencies	22,347	147,231
Reimbursements and compensations	183,904	10,199
Income from other sales	1,146	5,364
Others	10,586	6,676
	<b>220,261</b>	<b>170,233</b>



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**10. Other operating profit (loss), net (Cont'd)**

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
<i>Other operating expenses</i>		
Provision for legal claims and contingencies	(1,923)	(2,381)
Others	(7,137)	(5,434)
	<b>(9,060)</b>	<b>(7,815)</b>

**11. Net financial profit (loss)**

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Dividend income	9,088	-
Interest income	255,431	95,512
<b>Financial income</b>	<b>264,519</b>	<b>95,512</b>
Interest cost	(2,417,419)	(1,758,819)
<b>Financial costs</b>	<b>(2,417,419)</b>	<b>(1,758,819)</b>
Net loss from exchange differences	(2,628,473)	(1,378,025)
Other net financial loss	(17,187)	(19,326)
<b>Other net financial loss</b>	<b>(2,645,660)</b>	<b>(1,397,351)</b>
<b>Net financial loss</b>	<b>(4,798,560)</b>	<b>(3,060,658)</b>

**12. Income tax**

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Deferred income tax - Loss (Note 27)	168,157	1,760,604
	<b>168,157</b>	<b>1,760,604</b>

Title 6 of Law No. 20.628 on Income Tax, as amended by Laws No. 27.468 and No. 27.541 published on December 4, 2018 and December 23, 2019, respectively, was considered for the assessment of income tax for the period, since the Company expects all conditions set forth therein to be complied with by the end of the year.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**13. Property, plant and equipment - Exploration, evaluation and development assets**

	Six-month period ended on June 30,						2019
	2020						
	Development and production assets	Machinery and equipment	Asset retirement obligations	Exploration and evaluation	Works in progress (i)	Others	Total
							Total
<u>Cost</u>							(Unaudited)
At the beginning of the period	125,910,362	54,983,136	1,177,261	7,025,154	15,493,840	4,292,008	208,881,761
Currency translation differences	22,328,283	10,503,675	207,775	1,189,026	2,215,340	800,216	37,244,315
Additions	139	-	-	-	3,772,251	112,015	3,884,405
Right-of-use assets transfers	-	-	-	-	67,465	-	67,465
Transfers	820,498	5,965,980	-	88,551	(7,072,773)	197,744	-
Write-offs	-	-	-	(1,538,606) (ii)	(113,850)	(7,554)	(1,660,010)
At the end of the period	149,059,282	71,452,791	1,385,036	6,764,125	14,362,273	5,394,429	248,417,936
<u>Depreciation</u>							
At the beginning of the period	81,389,502	28,767,131	1,142,819	-	-	1,455,230	112,754,682
Currency translation differences	15,110,814	5,575,256	202,240	-	-	270,596	21,158,906
Depreciation of the period	7,231,280	5,317,544	8,717	-	-	161,913	12,719,454
Impairment of the period	1,852,803	307,578	-	-	-	-	2,160,381
Write-offs	-	-	-	-	-	(6,104)	(6,104)
At the end of the period	105,584,399	39,967,509	1,353,776	-	-	1,881,635	148,787,319
<b>Residual value</b>	<b>43,474,883</b>	<b>31,485,282</b>	<b>31,260</b>	<b>6,764,125</b>	<b>14,362,273</b>	<b>3,512,794</b>	<b>99,630,617</b>
							<b>73,173,136</b>

(i) It includes \$278,741 from works in progress related to exploration and evaluation investments at June 30, 2020.

(ii) It corresponds to the write-off of unsuccessful exploratory wells in Loma Ranqueles area. Included under Exploration costs in the Interim Condensed Income Statement at June 30, 2020.

## **Tecpetrol Sociedad Anónima**

### **Interim Condensed Financial Statements at June 30, 2020**

#### **Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

##### **13. Property, plant and equipment. Exploration, evaluation and development assets (Cont'd)**

###### **Impairment of long-term assets**

The Company analyses *Property, plant and equipment - Exploration, evaluation and development assets* for impairment periodically or whenever events or changes in the circumstances indicate a potential evidence of impairment.

The recoverable value of each CGU (considering a CGU as each area in which Tecpetrol S.A has interest) is estimated as the higher of an asset's fair value less direct costs of disposal and value in use. The value in use is calculated based on the discounted cash flows, applying a discount rate based on the weighted average cost of capital (WACC), which considers the risks of the country where the CGU operates and its specific characteristics.

The determination of the discounted cash flows is based on projections approved by the Management and includes a set of sensitive estimates and assumptions, such as changes in hydrocarbons production levels, sales prices, the evolution of the curve of future hydrocarbons prices, inflation, exchange rates, costs and other cash expenditures, on the basis of the best estimate the Company foresees regarding its operations and available market information.

Cash flows derived from the different CGUs are usually projected for a period that covers the existence of commercially exploitable reserves and is limited to the existence of reserves for the term of the concession or contract.

As a result of the situation described in note 1, in the second quarter of 2020, Tecpetrol recognized impairment charges in production and development assets in El Tordillo/La Tapera - Puesto Quiroga and Aguaragüe areas (Noroeste – San Jorge basin segment) for \$1,661.9 and \$498.5 million, respectively.

Some of the most relevant hypotheses considered by the Management are post-tax discount rates, which are estimated at 13.4%, and future prices of gas for the next 5 years (with prices ranging from USD 2.2 to USD 3.9 per million BTU) and oil (with brent prices ranging from USD 42 to USD 48 per barrel).

The recoverable value of El Tordillo and La Tapera - Puesto Quiroga CGU at June 30, 2020, that reaches \$4,392.6 million, was estimated based on its value in use. A variation of 100 basis points in the discount rate would have generated an increase/(decrease) in the recoverable value of 5%, and a variation of USD 1 per barrel in the projections of crude oil prices would have generated an increase/(decrease) in the recoverable value of 2%.

The recoverable value of Aguaragüe CGU at June 30, 2020, that reaches \$738.3 million, was estimated based on its value in use. A variation of 100 basis points in the discount rate would have generated an increase/(decrease) in the recoverable value of 3%, and a variation of USD 0.1 per million BTU in the projections of gas prices would have generated an increase/(decrease) in the recoverable value of 3%.

The impairment charge is included under Operating costs in the Interim Condensed Income Statement at June 30, 2020.

No impairment charges were recognized for the six-month period ended on June 30, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**14. Right-of-use assets and liabilities**

There follows the evolution of right-of-use assets and liabilities in the Interim Condensed Statement of Financial Position at June 30, 2020 and June 30, 2019:

*Right-of-use assets*

	Six-month period ended on June 30,					
	2020					2019
	Drilling equipment	Other equipment	Offices	Others	Total	Total
	(Unaudited)					
At the beginning of the period	240,541	556,896	397,135	93,464	1,288,036	1,562,417
Currency translation differences	23,845	128,385	69,029	10,659	231,918	205,358
(Write-offs)/Additions, net	(45,433)	526,105	17,982	6,043	504,697	(315,540)
Transfers to Property, plant and equipment	(51,480)	-	-	(15,985)	(67,465)	(150,712)
Depreciation of the period	(86,941)	(167,682)	(40,659)	(48,752)	(344,034)	(180,398)
At the end of the period	80,532	1,043,704	443,487	45,429	1,613,152	1,121,125

*Right-of-use liabilities*

	Six-month period ended on June 30,	
	2020	2019
	(Unaudited)	
At the beginning of the period	1,334,314	1,562,417
Additions/(Write-offs), net	504,697	(315,540)
Accrued interest (i)	45,480	43,522
Payments	(457,718)	(340,480)
Exchange and translation differences	232,856	188,781
<b>At the end of the period</b>	<b>1,659,629</b>	<b>1,138,700</b>

  

	June 30, 2020	December 31, 2019
	(Unaudited)	
Non-current	1,104,128	758,251
Current	555,501	576,063
	<b>1,659,629</b>	<b>1,334,314</b>

(i) Included under Financial costs in the Interim Condensed Income Statement at June 30, 2020 and June 30, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**15. Investments in entities accounted for using the equity method**

The evolution of investments in joint ventures is disclosed below:

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
At the beginning of the period	137,964	-
Reclassifications from other non-current liabilities	-	(2,051)
Currency translation differences	23,090	(2,292)
Profit (loss) from investments in entities accounted for using the equity method	3,574	(1,585)
Contributions	-	130,238
<b>At the end of the period</b>	<b>164,628</b>	<b>124,310</b>

On January 24, 2018, Tecpetrol S.A and YPF S.A. set up the company “Oleoducto Loma Campana - Lago Pellegrini S.A.”, whose objective is the construction and exploitation of an oil pipe for the transportation of crude oil production of partners and third parties, with entrance located at the crude oil treatment plant in Loma Campana area (province of Neuquén) and exit in the facilities of Oleoductos del Valle S.A. (province of Río Negro). Tecpetrol S.A. owns 15% of the capital of such company, and YPF S.A., the remaining 85%. However, they exercise joint control over Oleoducto Loma Campana - Lago Pellegrini S.A., since they appoint the same number of Directors and all decisions about relevant matters must be adopted unanimously, pursuant to the Shareholders' Agreement.

On January 31, 2019, by means of Resolution No. 18/2019, the Office of the Secretary of Energy granted YPF S.A. and Tecpetrol S.A, with a shareholding percentage of 85% and 15%, respectively, the concession of crude oil transportation for Oleoducto Loma Campana – Lago Pellegrini until August 2052. Operation and maintenance shall be in charge of Oleoductos del Valle S.A.

The oil pipe came into operation in June 2019, allowing for the transfer of the liquid production from Fortín de Piedra and other fields from Vaca Muerta to the facilities of Oleoductos del Valle.

Regarding the financing of the project, the shareholders agreed that 70% of such funds will come from a loan granted by the National Social Security Administration (Administración Nacional de la Seguridad Social, ANSES), acting as legal administrator of the Pension Fund of the Argentine Integrated Pension System (Fondo de Garantía de Sustentabilidad del Sistema Integrado Previsional Argentino, FGS-ANSES); and the remaining 30% will come from shareholders' contributions in proportion to their interest.

As a condition precedent to the first payment for up to an amount of USD 63 million under the loan for consumption entered into by Oleoducto Loma Campana – Lago Pellegrini S.A and the FGS-ANSES, in May 2019 YPF S.A and the Company granted a first-ranking pledge over all shares of Oleoducto Loma Campana – Lago Pellegrini S.A., in favor of FGS-ANSES.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**15. Investments in entities accounted for using the equity method (Cont'd)**

There follows a detail of investments in joint ventures:

Company	Main line of business	Common shares at Jun-20 (1 vote)	Country	Interest %		Latest financial information					
				Jun-20	Dec-19	June 30, 2020 (Unaudited)	December 31, 2019	Date	Share capital	Profit (loss) for the period	Equity
Oleoducto Loma Campana - Lago Pellegrini S.A.	Construction and exploitation of an oil pipe in Argentina	130,259,852	Argentina	15%	15%	164,628	137,964	06.30.2020	868,399	23,827	1,097,520
<b>Total</b>						<b>164,628</b>	<b>137,964</b>				

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**16. Investments in equity instruments at fair value**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>(Unaudited)</b>	
Non-quoted investments	1,007,263	942,407

There follows the evolution of investments in equity instruments at fair value:

	<b>Six-month period ended on June 30, 2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
At the beginning of the period	942,407	679,904
Additions (i)	801	-
Currency translation differences	156,786	91,148
Changes in the fair value	(92,731)	(65,091)
<b>At the end of the period</b>	<b>1,007,263</b>	<b>705,961</b>

There follows a detail of the main investments in equity instruments at fair value:

<b>Company</b>	<b>Country</b>	<b>Interest %</b>		<b>June 30, 2020 (Unaudited)</b>	<b>December 31, 2019</b>
		<b>Jun-20</b>	<b>Dec-19</b>		
Tecpetrol del Perú S.A.C.	Peru	2.00	2.00	645,383	559,411
Tecpetrol Bloque 56 S.A.C.	Peru	2.00	2.00	161,351	149,456
Oleoductos del Valle S.A.	Argentina	2.10	2.10	108,827	152,811
Terminales Marítimas Patagónicas S.A.	Argentina	4.20	4.20	52,935	44,994
Tecpe Trading S.A. (i)	Argentina	4.00	-	918	-
Tecpetrol Operaciones S.A. de C.V.	Mexico	0.9482	0.9482	25,501	21,233
Norpower S.A de C.V.	Mexico	0.60	0.60	4,235	4,963
Other investments (ii)				8,113	9,539
<b>Total</b>				<b>1,007,263</b>	<b>942,407</b>

(i) In February 2020, the Directors of Tecpetrol S.A and its Parent Company, Tecpetrol Internacional S.L.U., approved the constitution of Tecpe Trading S.A., whose main objective is the commercialization of hydrocarbons and electric power, among others. The Company holds a 4% interest upon the capital share of Tecpe Trading S.A.

(ii) In June 2020, the Company sold its shareholding in Pardaliservices S.A. at USD 6, which represented a 0.0000054% interest in such company.

The fair value of investments in equity instruments is estimated on the basis of discounted cash flows, which includes a set of sensitive estimates and assumptions, such as changes in hydrocarbons production levels, sale price, curve of future prices of oil, inflation, exchange rates, collection of dividends, costs and other cash expenditures, on the basis of the best estimate the Company foresees regarding the evolution of its investments and available market information.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**17. Other receivables and prepayments**

	June 30, 2020	December 31, 2019
	<b>(Unaudited)</b>	
<b>Non-current</b>		
Receivables	44,043	84,553
Expenses paid in advance	282,744	382,546
Employees loans and advances	53,822	42,723
	<b>380,609</b>	<b>509,822</b>
Allowance for doubtful accounts	(12,013)	(23,596)
	<b>368,596</b>	<b>486,226</b>
<b>Current</b>		
Receivables (i)	14,752,220	8,676,782
Tax credits	762,781	2,507,943
Expenses paid in advance	38,813	69,005
Employees loans and advances	61,825	33,965
Other receivables from related parties (Note 32)	164,789	148,447
	<b>15,780,428</b>	<b>11,436,142</b>
Allowance for doubtful accounts	(602,135)	(34,475)
	<b>15,178,293</b>	<b>11,401,667</b>

(i) It includes \$13,996,765 and \$8,501,244 due to incentives to investments in natural gas production developments from unconventional reservoirs, granted under Resolution 46E/2017 as amended, at June 30, 2020 and December 31, 2019, respectively. (see Note 31).

There follows the evolution of the allowance for doubtful accounts:

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period	(58,071)	(72,825)
Exchange and translation differences	(14,638)	(4,786)
(Additions)/Recoveries, net	(541,439)	669
Reclassifications	-	51,126
Balance at the end of the period	<b>(614,148)</b>	<b>(25,816)</b>

**18. Trade receivables**

	June 30, 2020	December 31, 2019
	<b>(Unaudited)</b>	
<b>Non-current</b>		
Trade receivables	214,689	473,159
	<b>214,689</b>	<b>473,159</b>
Allowance for doubtful accounts	(37,208)	(221,476)
	<b>177,481</b>	<b>251,683</b>
<b>Current</b>		
Trade receivables	8,653,332	8,278,264
Trade receivables from related parties (Note 32)	328,768	139,340
	<b>8,982,100</b>	<b>8,417,604</b>
Allowance for doubtful accounts	(724,690)	(435,089)
	<b>8,257,410</b>	<b>7,982,515</b>



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**18. Trade receivables (Cont'd)**

The evolution of the allowance for doubtful accounts is disclosed below:

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period	(656,565)	(327,945)
Exchange and translation differences	(48,109)	(31,302)
Net additions	(57,224)	(25,074)
Reclassifications	-	(51,126)
Balance at the end of the period	<b>(761,898)</b>	<b>(435,447)</b>

**19. Inventories**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>(Unaudited)</b>	
Hydrocarbons	701,859	261,253
Materials and spare parts	1,723,764	1,345,840
	<b>2,425,623</b>	<b>1,607,093</b>

**20. Other investments and Cash and cash equivalents**

*(a) Other investments*

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>Non-current</b>	<b>(Unaudited)</b>	
Bonds (i)	-	54,785
	-	<b>54,785</b>
<b>Current</b>		
Bonds (i)	146,253	124,127
	<b>146,253</b>	<b>124,127</b>

(i) It includes public debt securities obtained through Resolution No. 54/2019 issued by the Office of the Secretary of Energy which set forth a new procedure for the payment of compensations under the Program of Incentives for Natural Gas Injection Surplus for companies with a reduced injection. In November 2019, the Company agreed to such payment procedure and received zero-coupon bonds for USD 5.2 million which amortize in 30 monthly installments as from February 2019. At June 30, 2020, 18 installments had been collected.

*(b) Cash and cash equivalents*

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>(Unaudited)</b>	
Cash and banks	608,368	506,161
Short-term deposits	6,603,272	257,115
Short-term deposits with related parties (Note 32)	-	1,237,050
	<b>7,211,640</b>	<b>2,000,326</b>

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**21. Financial instruments**

**21.1 Liquidity risk**

At June 30, 2020, Tecpetrol had a negative working capital of \$18,371.5 million which was generated mainly by loans with related companies. This situation is constantly monitored by the members of the Board and the Management. The Company has different alternatives that will allow it to adequately honor all commitments assumed.

**21.2 Financial instruments by category**

Financial instruments by category are disclosed below:

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
<b>At June 30, 2020</b>				
<b>Assets</b>				
<b>(Unaudited)</b>				
Investments in equity instruments at fair value	-	-	1,007,263	1,007,263
Other receivables	-	14,354,749	-	14,354,749
Trade receivables	-	8,434,891	-	8,434,891
Other investments	-	146,253	-	146,253
Cash and cash equivalents	5,653,436	1,558,204	-	7,211,640
<b>Total</b>	<b>5,653,436</b>	<b>24,494,097</b>	<b>1,007,263</b>	<b>31,154,796</b>

	At amortized cost	Total
<b>At June 30, 2020</b>		
<b>Liabilities</b>		
<b>(Unaudited)</b>		
Borrowings	84,928,586	84,928,586
Trade and other payables	5,531,704	5,531,704
Right-of-use liabilities	1,659,629	1,659,629
<b>Total</b>	<b>92,119,919</b>	<b>92,119,919</b>

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
<b>At December 31, 2019</b>				
<b>Assets</b>				
Investments in equity instruments at fair value	-	-	942,407	942,407
Other receivables	-	8,859,561	-	8,859,561
Trade receivables	-	8,234,198	-	8,234,198
Other investments	-	178,912	-	178,912
Cash and cash equivalents	257,115	1,743,211	-	2,000,326
<b>Total</b>	<b>257,115</b>	<b>19,015,882</b>	<b>942,407</b>	<b>20,215,404</b>

	At amortized cost	Total
<b>At December 31, 2019</b>		
<b>Liabilities</b>		
Borrowings	80,079,584	80,079,584
Trade and other payables	5,086,750	5,086,750
Right-of-use liabilities	1,334,314	1,334,314
<b>Total</b>	<b>86,500,648</b>	<b>86,500,648</b>

# Tecpetrol Sociedad Anónima

## Interim Condensed Financial Statements at June 30, 2020

### Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)

#### 21. Financial instruments (Cont'd)

##### 21.3 Fair value estimate

At June 30, 2020 and December 31, 2019, the fair value of the assets and liabilities of Tecpetrol S.A does not significantly differ from their carrying value. Moreover, there were no transfers among fair value hierarchies of financial instruments of Tecpetrol S.A during the six-month periods ended on June 30, 2020 and June 30, 2019.

Financial instruments measured at fair value can be classified into any of the following hierarchical levels, depending on how the fair value is estimated:

Level 1 – Based on quoted prices in active markets for identical assets and liabilities. A market is considered active when the quoted prices are available and such prices represent transactions regularly conducted between independent parties.

Level 2 – Based on market inputs (other than quoted market prices included within Level 1) that are observable for assets and liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices). The fair value of financial instruments that are not traded in an active market is determined by means of standard valuation techniques which maximize the use of observable market inputs.

Level 3 – Based on information not observable in the market (for example, discounted cash flows).

There follows a detail of all assets measured at fair value at June 30, 2020 and December 31, 2019 classified according to the different hierarchical levels:

<b>At June 30, 2020</b>	<b>Level 1</b>	<b>Level 3</b>
<b>Assets</b>		
<b>(Unaudited)</b>		
Investments in equity instruments at fair value	-	1,007,263
Cash and cash equivalents	5,653,436	-
<b>Total</b>	<b>5,653,436</b>	<b>1,007,263</b>
<b>At December 31, 2019</b>	<b>Level 1</b>	<b>Level 3</b>
<b>Assets</b>		
Investments in equity instruments at fair value	-	942,407
Cash and cash equivalents	257,115	-
<b>Total</b>	<b>257,115</b>	<b>942,407</b>

#### 22. Equity

##### Share capital

At June 30, 2020 and December 31, 2019, the Company's share capital amounted to \$4,436,448 and was represented by 4,436,448,068 common shares carrying a nominal value of \$1 each.

##### Distribution of dividends

On January 16, 2020, the members of the Board of Directors of Tecpetrol S.A. approved the distribution of anticipated cash dividends for \$125 million (equivalent to \$0.028 per share), which were ratified as cash dividends by the Shareholders at an Annual General Meeting held on April 28, 2020 and paid on May 29, 2020.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**23. Borrowings**

	June 30, 2020	December 31, 2019
	<b>(Unaudited)</b>	
<b>Non-current</b>		
Bank borrowings	6,441,277	7,304,557
Negotiable obligations - Class 1	35,135,966	29,836,862
	<b>41,577,243</b>	<b>37,141,419</b>
<b>Current</b>		
Bank borrowings	5,900,967	10,804,967
Borrowings from related parties (Note 32)	34,169,109	32,112,571
Negotiable obligations - Class 1	28,795	20,627
Negotiable obligations - Class 2	767,711	-
Negotiable obligations - Class 3	2,484,761	-
	<b>43,351,343</b>	<b>42,938,165</b>

The Company must comply with certain obligations and must refrain from performing certain acts under the conditions set forth in the borrowing agreements and negotiable obligations. Such commitments have been fulfilled at June 30, 2020 and December 31, 2019.

Pursuant to Communication "A" 7030, as amended, issued by the Central Bank of Argentina (Banco Central de la República Argentina, BCRA), at the date of issuance of these Interim Condensed Financial Statements, prior approval of the BCRA is required to access the foreign exchange market in order to settle principal payments of offshore financial debts when the lender is a counterparty related to the debtor.

There follows the evolution of borrowings:

	Six-month period ended on June 30, 2020	2019
	<b>(Unaudited)</b>	
Balance at the beginning of the period	80,079,584	54,525,224
Proceeds from borrowings	1,256,955	3,662,399
Issuance of negotiable obligations	2,951,943	-
Payment of borrowings	(12,595,082)	(236,170)
Accrued interest	2,247,855	1,580,861
Paid interest	(1,891,192)	(995,420)
Exchange and translation differences	12,878,523	7,174,510
<b>Balance at the end of the period</b>	<b>84,928,586</b>	<b>65,711,404</b>

Bank borrowings and borrowings from related parties are detailed below:

Lender	Jun-20	Interest rate	Contract's currency	Amortization of capital	Maturity
Tecpetrol Internacional S.L.U.	23,262,351	Libor 12M +1.13%	USD	At maturity	Aug-20
Tecpetrol Internacional S.L.U.	1,073,807	Libor 12M + 1.16%	USD	At maturity	Aug-20
Tecpetrol Internacional S.L.U. (i)	3,859,695	Libor 3M + 2.5%	USD	Quarterly	Sep to Dec-20
Tecpetrol Internacional S.L.U.	5,973,256	Libor 12M + 4.69%	USD	At maturity	Dec-20

(i) At the date of issuance of these Interim Condensed Financial Statements, the payment of \$332 million (that matured on June 16) is in process as set forth by Communication "A" 7030 and amendments issued by the BCRA.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**23. Borrowings (Cont'd)**

Lender	Jun-20	Interest rate	Contract's currency	Amortization of capital	Maturity
J.P. Morgan Chase Bank, Citibank and others	9,696,205	Libor 3M + 1.50%	USD	Quarterly	Sep-20 to Sep-22
Banco Santander Río	1,063,669	4.25%	USD	2 installments	May/Nov-22
Banco HSBC	1,073,419	3.50%	USD	At maturity	Jul-20
Banco Provincia	495,065	3.50%	USD	At maturity	Nov-20
Banco Provincia	13,886	BADLAR + 2.0%	ARS	Monthly	Jul to Nov-20

Lender	Dec-19	Interest rate	Contract's currency	Amortization of capital	Maturity
Tecpetrol Internacional S.L.U.	19,464,250	Libor 12M + 1.13%	USD	At maturity	Aug-20
Tecpetrol Internacional S.L.U.	898,350	Libor 12M + 1.16%	USD	At maturity	Aug-20
Tecpetrol Internacional S.L.U.	6,002,868	Libor 3M + 2.5%	USD	Quarterly	Mar to Dec-20
Tecpetrol Internacional S.L.U.	4,910,980	Libor 12M + 4.69%	USD	At maturity	Dec-20
Tecpetrol Servicios S.L.U.	836,123	Libor 12M + 5.79%	USD	At maturity	Feb-20
J.P. Morgan Chase Bank, Citibank and others	10,079,049	Libor 3M + 1.50%	USD	Quarterly	Mar-20 to Sep-22
Banco Santander Río	2,714,562	between 3.5% and 4.25%	USD	4 installments	Jan/Jul-20, May/Nov-22
Banco HSBC	912,391	3.50%	USD	At maturity	Jul-20
Banco Provincia	421,447	3.50%	USD	At maturity	Nov-20
Banco Provincia	30,949	BADLAR + 2.0%	ARS	Monthly	Jan to Nov-20
Banco Citibank	1,588,022	64.50%	ARS	At maturity	Jan-20
Banco BBVA	631,665	63.00%	ARS	At maturity	Jan-20
Banco HSBC	600,000	48.00%	ARS	At maturity	Jun-20
Banco Patagonia	1,131,439	49.00%	ARS	At maturity	Jan-20

*Negotiable obligations*

On December 12, 2017, the Company issued Class 1 Negotiable obligations for a nominal value of USD 500 million, with an issuance price of 100%, which bear interest at a fixed rate of 4.875% and whose maturity date is on December 12, 2022. Interest is payable semi-annually as from June 12, 2018. Capital will be paid upon maturity; and the Company has the right to redeem the Negotiable obligations with no premium, in whole or in part, at any time as from December 12, 2020. Funds obtained from the issuance of such negotiable obligations were used to invest in fixed assets in Fortín de Piedra area in Vaca Muerta formation, located in the province of Neuquén. As of April 20, 2018, the Company administered all funds in accordance with the abovementioned use. On May 4, 2018, the members of the Board of Directors of the Company approved such use of the funds and complied with the requirements set forth in Section 25, Chapter V, Title II of CNV Regulations. The Parent Company, Tecpetrol Internacional S.L.U., unconditionally and irrevocably guarantees the negotiable obligations of the Company.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**23. Borrowings (Cont'd)**

Also, on February 20, 2020, the Company issued Class 2 and Class 3 Negotiable Obligations for a nominal value of USD 10.8 million and \$2,414.1 million, respectively, with an issuance price of 100%, and maturing on February 20, 2021 (or the following business day). Class 2 Negotiable Obligations bear interest at a fixed rate of 4.0% and Class 3 Negotiable Obligations bear interest at a BADLAR rate plus a margin of 4.50%. In both cases, interest is payable quarterly and the capital will be fully paid off upon maturity. Funds obtained from the issuance of such negotiable obligations were used for working capital integration and refinancing of liabilities. On March 13, 2020, the Company administered all funds in accordance with the use set forth under the program. On April 7, 2020, the members of the Board of Directors of the Company approved such use of the funds and complied with the requirements set forth in Section 25, Chapter V, Title II of CNV Regulations.

**24. Employee benefits programs**

The liability recognized in the Interim Condensed Statement of Financial Position and the amounts disclosed in the Interim Condensed Income Statement are detailed below:

	June 30, 2020	December 31, 2019
	(Unaudited)	
<b>Non-current</b>		
Pension programs and other plans (i)	1,023,661	842,673
Employee retention and long-term incentive program	667,966	658,437
	<b>1,691,627</b>	<b>1,501,110</b>
<b>Current</b>		
Employee retention and long-term incentive program	79,052	123,170
	<b>79,052</b>	<b>123,170</b>

(i) There are no enforceable debts at June 30, 2020 and December 31, 2019.

	Six-month period ended on June 30, 2020	2019
	(Unaudited)	
Pension programs and other plans	85,005	54,101
Employee retention and long-term incentive program	119	79,878
<b>Total included in Labor costs (Note 9)</b>	<b>85,124</b>	<b>133,979</b>

**25. Provisions**

	June 30, 2020	December 31, 2019
	(Unaudited)	
<b>Non-current</b>		
Asset retirement obligations	3,206,250	2,581,199
Provision for other contingencies	68,658	87,618
	<b>3,274,908</b>	<b>2,668,817</b>
<b>Current</b>		
Asset retirement obligations	328,096	286,224
	<b>328,096</b>	<b>286,224</b>

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**25. Provisions (Cont'd)**

The evolution of provisions is disclosed below:

*Asset retirement obligations*

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period	2,867,423	2,006,311
Currency translation differences	516,421	254,774
Increases	184,240	108,876
Uses	(33,738)	(54,727)
Balance at the end of the period	<b>3,534,346</b>	<b>2,315,234</b>

*Other contingencies*

	<b>Six-month period ended on ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period	87,618	219,155
Exchange and translation differences	6,612	6,694
Net recoveries	(25,572)	(113,995)
Balance at the end of the period	<b>68,658</b>	<b>111,854</b>

**26. Trade and other payables**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>(Unaudited)</b>	
<b>Current</b>		
Trade payables	3,767,717	4,263,369
Payables to related parties (Note 32)	1,760,646	818,166
Social security debts and other taxes	1,744,984	899,650
Other liabilities	3,341	5,215
	<b>7,276,688</b>	<b>5,986,400</b>

**27. Deferred income tax**

There follows the evolution of deferred income tax:

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period - Net deferred assets (Liabilities)	(1,436,883)	3,156,662
Charged directly to Other comprehensive income	14,127	11,261
Loss for the period	(168,157)	(1,760,604)
Currency translation differences	(320,940)	536,261
<b>Balance at the end of the period - Net deferred assets (Liabilities)</b>	<b>(1,911,853)</b>	<b>1,943,580</b>

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**28. Cash Flow Statement complementary information**

*Adjustments to profit (loss) for the period (\*)*

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Depreciation of Property, plant and equipment (Note 13)	12,719,454	10,487,076
Impairment of Property, plant and equipment (Note 13)	2,160,381	-
Depreciation of Right-of-use assets (Note 14)	344,034	180,398
Profit (loss) from the sale and write-off of Property, plant and equipment (Note 10)	(2,278)	(763)
Exploration costs	1,657,177	24,089
Income tax (Note 12)	168,157	1,760,604
Net accrued interest from Borrowings	356,663	585,441
Accrued interest from Right-of-use liabilities (Note 14)	45,480	43,522
Dividend income (Note 11)	(9,088)	-
Provisions	757,331	6,406
Profit (loss) from Investments in entities accounted for using the equity method (Note 15)	(3,574)	1,585
Profit (loss) from Employee benefits programs (Note 9)	85,124	133,979
	<b>18,278,861</b>	<b>13,222,337</b>

(\*) There is no significant difference between interest income and interest collected.

*Changes in working capital*

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
Increase in Trade and other receivables	(4,506,827)	(6,871,652)
(Increase)/Decrease in Inventories	(818,530)	182,133
Increase/(Decrease) in Trade and other payables	263,550	(1,453,940)
	<b>(5,061,807)</b>	<b>(8,143,459)</b>



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**29. Assets and liabilities in currency other than Argentine pesos <sup>(1)</sup>**

Item	Type (2)	06.30.2020 (Unaudited)		12.31.2019	
		Amount in currency other than Argentine pesos (3)	Amount in local currency at 70.46 (4)	Amount in currency other than Argentine pesos (3)	Amount in local currency at 59.89 (4)
<b>Assets</b>					
<b>Non-current assets</b>					
Other receivables and prepayments	USD	3,163	222,849	1,874	112,263
Other investments	USD	-	-	915	54,785
<b>Current assets</b>					
Other receivables and prepayments	USD	878	61,848	2,830	169,510
Other investments	USD	2,076	146,253	2,073	124,127
Trade receivables	USD	23,357	1,645,710	48,287	2,891,900
Cash and cash equivalents	USD	188	13,248	22,739	1,361,833
<b>Total assets</b>			<b>2,089,908</b>		<b>4,714,418</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	USD	590,083	41,577,243	620,161	37,141,419
Right-of-use liabilities	USD	15,670	1,104,128	12,661	758,251
Provisions	USD	45,505	3,206,250	43,099	2,581,199
<b>Current liabilities</b>					
Borrowings	USD	579,800	40,852,696	716,434	42,907,216
Right-of-use liabilities	USD	7,529	530,483	8,780	525,811
Provisions	USD	4,656	328,096	4,779	286,224
Trade and other payables	USD	57,482	4,050,159	64,100	3,838,945
<b>Total liabilities</b>			<b>91,649,055</b>		<b>88,039,065</b>

(1) This information is presented for the purposes of complying with the provisions of the CNV. Foreign currency is the currency which is different from the Company's presentation currency.

(2) USD = US dollar.

(3) Amounts stated in thousands.

(4) USD quotation: Banco de la Nación Argentina exchange rate in force at June 30, 2020 and December 31, 2019, respectively.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**30. Contingencies, commitments and restrictions on the distribution of profits**

(i) Contingencies

The Company has contingent liabilities in respect of claims arising from the ordinary course of business. Moreover, there are certain interpretations of controlling authorities as to the calculation and payment of certain taxes that differ from the criterion applied by the Company. Based on the Management's assessment and the opinion of the legal counsels, the Company does not anticipate to incur in any material expenses derived from contingent liabilities other than those provided for in these Interim Condensed Financial Statements.

(ii) Main investment commitments and guarantees

There follows a detail of the main commitments assumed by Tecpetrol S.A. through surety bonds as of the date of issuance of these Interim Condensed Financial Statements:

- Guarantee, in favor of the Office of the Secretary of Energy, of all obligations set forth under Section V, Subsection 3 of Exhibit to Resolution No. 46-E/2017 and amendments, for USD 352.06 million.
- Guarantee in favor of the Energy Institute of the province of Santa Cruz for contract performance for the first exploratory phase in Gran Bajo Oriental for an amount of USD 13.56 million.
- Guarantee for contract performance under the investment and work plan for the exploration of Block MLO-124 Ronda Costa Afuera N°1 for an amount of USD 1.99 million.
- Guarantee for the postponement of commitments corresponding to Agua Salada area for US 5.04 million.

Furthermore, the Company has the following investment commitments in the areas where it operates:

Basin	Area	Pending investment commitments
Noroeste - San Jorge and others	Tordillo and La Tapera - Puesto Quiroga	- Keeping an item of drilling equipment active for four months until June 30, 2021 - Drilling of a P2/P3 well until June 30, 2021 - Additional investments for USD 200 million until December 31, 2026 aiming at extending the operations in the area until 2047. USD 135 million of such amount must be invested before December 31, 2023.
	Gran Bajo Oriental	- Seismic reprocessing and drilling of two exploratory wells before September 2021 for an amount of USD 13.56 million
	MLO-124	- 3D seismic studies over the totality of the area, 3D seismic performance and acquisition of 3D seismic to be completed before 2023.
Neuquina	Agua Salada	- Exploratory and development investments for USD 26.46 million to be made before 2025 consisting of the drilling of 1 exploratory well, 4 extension wells, and facilities and asset retirement obligations
	Los Bastos	- Exploratory investments for USD 9.6 million to be made until 2026 outside the exploitation area
	Loma Ancha	- Drilling of 1 exploratory well with horizontal branch of 1,500 meters minimum, to be drilled before December 31, 2020, and testing of such well for six months to be performed before June 30, 2021.
	Los Toldos I Norte	- Pilot Project investments consisting of the drilling and completion of 4 wells, 3D seismic studies, infrastructure and other investments within the first 3 years of the project term (3 wells before May 2021)
	Los Toldos II Este	- Pilot Project investments consisting of the drilling and completion of 3 wells, infrastructure and other investments within the first 3 years of the project term (3 wells before May 2021)
	Los Toldos I Sur	- Drilling of 3 unconventional completion wells before October 2022.

# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Financial Statements at June 30, 2020**

### **Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

#### **30. Contingencies, commitments and restrictions on the distribution of profits (Cont'd)**

##### **(iii) Restrictions on the distribution of profits**

In accordance with Companies Law No. N°19.550 (hereinafter referred to as “LGS”), the Company’s by-laws and General Resolution No. 622/13 issued by the CNV, 5% of the net profits for the year must be allocated to a legal reserve until such reserve equals 20% of the adjusted capital.

CNV General Resolution No. 609/12 sets forth that the difference between the initial balance of retained earnings disclosed in the financial statements of the first year-end under IFRS implementation and the final balance of retained earnings at the end of the last fiscal year under the previous accounting standards then in force shall be allocated to a Special Reserve. Such reserve shall not be used for distribution (whether in cash or in kind) among shareholders or owners of the entity and shall only be used for capitalization purposes or to compensate potential negative balances under “Retained earnings”. On April 26, 2018, the Shareholders at an Annual General Meeting approved the setting up of this reserve and the restrictions upon its use.

#### **31. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs**

On March 2, 2017, the Mining and Energy Ministry issued Resolution MINEM 46-E/2017, whereby it creates a Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs located in Neuquina basin (hereinafter referred to as the “Program”).

For the purposes of participating in the Program and pursuant to all principles, objectives and guidelines established, Resolution MINEM No. 46-E/2017 set forth certain requirements, including, but not limited to, the presentation of an investment plan approved by the authorities of the province implementing the Program, initial production, an estimated production volume under the concession included during the term of the Program, a projection of the prices Tecpetrol S.A. will charge for natural gas from said exploitation concession, and a presentation of a measurement scheme for the production from said exploitation concession.

Subsequently, by means of Resolution MINEM No. 419-E/2017 dated November 1, 2017, some amendments were introduced to the Program aiming at: (i) including projects that already were in a development phase, but which required, in order to increase production, investments comparable to those made in projects in the early stages of their development phase, and (ii) avoiding market cost distortions arising from the assessment of the compensation based upon sales prices of each beneficiary company. In this respect, it was defined that the determination of the effective price assessment will be based on average prices in the market.

Finally, Resolution MINEM No. 447-E/2017 extended the Program created under Resolution MINEM No. 46-E/2017 in order to include the production of natural gas from unconventional reservoirs located in Austral basin.

For unconventional exploitation concessions whose adherence to the Program has been approved (“Included Concession”), the Program provided for the payment, by the State, over the whole natural gas production from such concession (“Included Production”), of an amount which equals the difference between the “Minimum Price”, that is, the value of Included Production of natural gas from unconventional reservoirs, which is of USD 7.5 per million BTU for 2018, USD 7 per million BTU for 2019,

## **Tecpetrol Sociedad Anónima**

### **Interim Condensed Financial Statements at June 30, 2020**

#### **Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

##### **31. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs (Cont'd)**

USD 6.5 per million BTU for 2020 and USD 6 per million BTU for 2021, and the average price ("Effective Price") according to Resolution MINEM No. 419-E/2017 dated November 1, 2017. To this effect, and pursuant to the Program, member companies must report: (i) the total volume of natural gas from unconventional reservoirs and (ii) the prices of all sales of natural gas.

Within this compensation scheme, the Program provided for the possibility of member companies to choose a scheme of provisional monthly payments ("Provisional Payments") consisting of 85% (eighty-five percent) of the compensation to be received for the monthly Included Production, over the basis of production estimates submitted by the company for said month. These payments will be subsequently adjusted ("Payment Adjustments") considering final delivered volumes, certificates issued by independent auditors and definitive prices reported to the authority of implementation. The Company adopted the above-mentioned Provisional Payments scheme.

Moreover, member Companies must report to the former Office of Hydrocarbon Resources any circumstance that substantially modifies projected values or any other submitted information affecting the payments.

After fulfilling all related requirements and obtaining approval of the investment plan by the Ministry of Energy, Public Services and Natural Resources of the province of Neuquén by means of Resolution No. 240/17; on August 23, 2017, the Company requested to participate in the Program to obtain an exploitation concession over Fortín de Piedra area.

Adherence of Tecpetrol S.A. to the Program, as beneficiary of the unconventional exploitation concession over Fortín de Piedra area, was approved by the then Secretary of Exploration and Production in charge of the Office of Hydrocarbon Resources through Resolution No. 2017-271-APN-SECRH#MEM dated November 3, 2017.

In relation to the production from January to July 2018 (all seven months included), the authority implementing the Program timely settled and paid to Tecpetrol S.A. the resulting compensations for the total of the production from the unconventional exploitation concession over Fortín de Piedra area.

Nevertheless, the Office of the Secretary of Energy settled Provisional Payment for August 2018 and subsequent months as from such date, but introduced a change of criteria regarding the assessment of the compensations provided for in Resolution MINEM E-46/2017. Said modification consisted in restricting the amount to be paid to the production projections submitted by the Company upon request of adherence to the Program. Such criterion has been retrospectively applied; thus, affecting the compensations already settled corresponding to April-July 2018. This change of criteria has a negative impact upon cash flows; therefore, the Company periodically reassesses the conditions under the Development Plan of Fortín de Piedra area for the purposes of readjusting cash flows to a new scenario and improving financial indicators.

The Company filed appeals against the resolutions issued by the Office of the Secretary of Energy settling Provisional Payments from Aug-18 to Sep-19 and Payment Adjustments from Apr-18 to Jun-19, since the Company considers that the change of criteria adopted flagrantly violates Section 17 of the National Constitution by affecting acquired rights of the Company previously acknowledged by the State.

## **Tecpetrol Sociedad Anónima**

### **Interim Condensed Financial Statements at June 30, 2020**

#### **Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

##### **31. Program of Incentives to Investments in Natural Gas Production Developments from Unconventional Reservoirs (Cont'd)**

In such appeals, the Company claimed, among other things, that the contested issues were contrary to the terms of the promotion regime created under Resolution MINEM 46-E/2017 and the Company's acquired rights protected by said regime after adherence. Moreover, it was explained that the terms of the Program should be understood in the sense of avoiding any kind of restriction to the production of natural gas which is the subject matter of the compensations. Besides, the change of criteria implemented by the Government constitutes a unilateral and arbitrary modification of the legal framework under consideration and violates not only previous commitments assumed by the authority of implementation, but also acts carried out by such government. Additionally, concern was expressed regarding the contended issues arising from resolutions issued by the Office of the Secretary of Energy, including, cause, subject matter, purpose, misuse of power, procedure and issuance, among others. The Company reserved its right to claim interest and damages derived from the above-mentioned contended administrative acts.

In April 2019, the Ministry of Finance denied the appeals filed by the Company against the resolutions issued by the Office of the Secretary of Energy by means of which Provisional Payments for August, September and October 2018 were determined.

In May 2019, the Company filed a complaint against the State in order to obtain the nullity of the resolutions issued by the Office of the Secretary of Energy and confirmatory resolutions issued by the Ministry of Finance, which settled Provisional Payments for August, September and October 2018, according to the above-mentioned criterion. Apart from the request for nullity, the complaint also included a request for the collection of \$2,553.3 million (plus interest) and a request for an injunction ordering the Office of the Secretary of Energy to settle all Provisional Payments and Payment Adjustments pursuant to the criterion laid down by the Company for the remaining term of the Program. Besides, direct and indirect shareholders of Tecpetrol S.A. may file claims before international courts.

In compliance with applicable accounting standards, the Company included in these Interim Condensed Financial Statements those compensations that are highly likely to be paid by the Government according to the new assessment criterion used for the last payments. This would represent a lower income for a total amount of \$4,763 million and \$6,387 million for the six-month periods ended on June 30, 2020 and June 30, 2019, respectively (\$23,473 million accumulated at June 30, 2020).

##### **32. Related-party balances and transactions**

Tecpetrol S.A. is controlled by Tecpetrol Internacional S.L.U., which holds 95.99% of the Company's shares.

San Faustin S.A. ("San Faustin"), a *Société Anonyme* based in Luxembourg, controls the Company through its subsidiaries.

Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, a private foundation located in the Netherlands (Stichting) ("R&P STAK") holds enough voting shares in San Faustin to control it. No person neither any group of persons control R&P STAK.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**32. Related-party balances and transactions (Cont'd)**

*Main transactions with related parties*

	<b>Six-month period ended on June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	
<b>Net sales</b>		
Other related companies	1,111,728	1,660,296
<b>Purchases of goods and services</b>		
Other related companies	(1,584,264)	(4,035,649)
Oleoducto Loma Campana - Lago Pellegrini S.A.	(41,589)	-
	<u>(1,625,853)</u>	<u>(4,035,649)</u>
<b>Reimbursement of expenses</b>		
Other related companies	60,039	153,657
<b>Interest income</b>		
Other related companies	4,296	5,044
<b>Interest cost</b>		
Tecpetrol Internacional S.L.U.	(626,539)	(777,080)
Other related companies	(10,968)	(27,031)
	<u>(637,507)</u>	<u>(804,111)</u>

*Balances with related parties*

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	<b>(Unaudited)</b>	
<b>Other receivables from related parties (Note 17) (i):</b>		
Current - Tecpetrol Internacional S.L.U.	20,321	894
Current - Tecpetrol Investments S.L.U. (ii)	271	502
Current - Other related companies	144,197	147,051
	<u>164,789</u>	<u>148,447</u>
<b>Trade receivables from related parties (Note 18):</b>		
Current - Other related companies	328,768	139,340
<b>Short-term deposits with related parties (Nota 20):</b>		
Current - Other related companies	-	1,237,050
<b>Borrowings from related parties (Note 23):</b>		
Current - Tecpetrol Internacional S.L.U.	34,169,109	31,276,448
Current - Other related companies	-	836,123
	<u>34,169,109</u>	<u>32,112,571</u>
<b>Trade and other payables with related parties (Note 26):</b>		
Current - Oleoducto Loma Campana - Lago Pellegrini S.A.	3,737	-
Current - Other related companies (iii)	1,756,909	818,166
	<u>1,760,646</u>	<u>818,166</u>

(i) It mainly includes balances from reimbursement of expenses.

(ii) In January 2020, the shareholder of Tecpetrol Internacional S.A changed the company's domicile to Spain and the corporate name to Tecpetrol Investments S.L.U. In May 2020, such modification was registered with the Companies Office for Madrid.

(iii) It mainly includes balances from purchases of materials and services.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**33. Main joint operations**

Joint operations

*a) Areas operated by Tecpetrol S.A.*

Name	Location	% at June 30, 2020	% at December 31, 2019	Expiration date of the concession
Aguaragüe	Salta	23.0	23.0	Nov-27
Agua Salada	Río Negro	70.0	70.0	Sep-25
El Tordillo	Chubut	52.1	52.1	Nov-27
La Tapera - Puesto Quiroga	Chubut	52.1	52.1	Aug-27
Lago Argentino (i)	Santa Cruz	74.6	74.6	Nov-33
Loma Ancha (ii)	Neuquén	95.0	95.0	Dec-21
Loma Ranqueles (iii)	Neuquén	65.0	65.0	Jun-20
Los Toldos (I Norte, II Este) (iv)	Neuquén	90.0	90.0	May-54

(i) Tecpetrol S.A. assumes 100% of the costs and investments pursuant to an agreement among private parties and Alianza Petrolera S.A. and a joint venture agreement between Fomento Minero de Santa Cruz S.E. and Alianza Petrolera S.A.

(ii) Tecpetrol S.A. assumes 100% of the costs and investments during the basic exploration period under an agreement with its partner Gas y Petróleo del Neuquén S.A.

(iii) In March 2020, an extension request of the area under evaluation was formally submitted. As of the date of issuance of these Interim Condensed Financial Statements, the government of the province of Neuquén has not yet approved said request.

(iv) In August 2019, Decree No. 1392/19 issued by the Governor of the province of Neuquén was published in the Official Gazette by means of which a 35-year extension of the Hydrocarbon Unconventional Exploitation Concession over Los Toldos I Norte and II Este was granted.

*b) Areas operated by third parties*

Name	Location	% at June 30, 2020	% at December 31, 2019	Expiration date of the concession
Ramos	Salta	25	25	Jan-26
Los Toldos I Sur (i)	Neuquén	10	10	Mar-52
MLO-124 (ii)	Malvinas marine basin	10	10	Oct-27

(i) The authorities of the province of Neuquén granted to the joint venture the exploitation concession over the area.

(ii) Tecpetrol S.A. has a 10% interest, Eni Argentina Exploración y Explotación S.A. is the operator and holds an 80% interest, and MITSUI & CO., LTD. owns the remaining 10% (see Note 1). The term of the exploration permission is divided into 2 exploratory periods of 4 years each. Once the first period is completed, the Office of the Secretary of Energy should be notified if the area will continue to be explored or not.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020**

**Notes to Interim Condensed Financial Statements at June 30, 2020 (Cont'd)**

**34. Subsequent events**

No events, situations or circumstances have taken place as from June 30, 2020 and until the date of issuance of these Interim Condensed Financial Statements, other than the ones mentioned herein, which affect or might significantly affect the economic and financial position of the Company or are otherwise worth mentioning.

See our report dated

August 7, 2020

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Alejandro J. Rosa

Certified Public Accountant

C.P.C.E.C.A.B.A. T° 286 F° 136

Ricardo J. Soler

Member of the Shareholders'  
Committee for Corporate  
Control

Juan J. Mata

Incumbent Director



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020.**

**Additional information required under Section 12, Chapter 3, Title 4 of the regulations of the National Securities Commission for Argentina.**

1. a) There are no significant and specific legal regulations involving contingent re-emergences or declines of benefits provided for under such resolutions.
- b) There were no significant changes related to the activities of the Company and any other circumstances during the period covered by the financial statements, which are not publicly known, that affect comparability in relation to either previous or prospective financial statements, and which are not sufficiently explained in the attached financial statements, exhibits or notes.
2. Classification of receivables and payables according to maturity.

	Receivables			Payables		
	Due	Past due	Total	Due	Past due (i)	Total
Up to 3 months	13,305,812	7,518,029	20,823,841	35,759,408	332,163	36,091,571
3-6 months	555,476	1,038,933	1,594,409	9,532,513	-	9,532,513
6-9 months	199,316	537,564	736,880	4,367,968	-	4,367,968
9-12 months	198,858	668,846	867,704	1,191,410	-	1,191,410
Between 1 and 2 years	563,811	-	563,811	5,254,235	-	5,254,235
Between 2 and 3 years	16,307	-	16,307	37,116,100	-	37,116,100
Between 3 and 4 years	8,542	-	8,542	194,154	-	194,154
More than 4 years	6,638	-	6,638	116,882	-	116,882
	14,854,760	9,763,372	24,618,132	93,532,670	332,163	93,864,833
No maturity date	840,684	-	840,684	7,285,606	-	7,285,606
Total	15,695,444	9,763,372	25,458,816	100,818,276	332,163	101,150,439

The allowance for doubtful accounts and existing guarantees are sufficient to cover past due receivables.

(i) At the date of issuance of these Interim Condensed Financial Statements, the payment of capital to Tecpetrol Internacional S.L.U. is in process as set forth by Communication "A" 7030 and its amendments issued by the BCRA. See Note 23 (Borrowings) to the Interim Condensed Financial Statements as of June 30, 2020.

3. Classification of receivables and payables according to their financial impact.

	Receivables	Payables
In local currency - not accruing interest	23,444,819	5,186,771
In foreign currency - not accruing interest	1,930,407	4,050,159
In local currency - accruing interest	83,590	4,314,613
In foreign currency - accruing interest	-	87,598,896
	25,458,816	101,150,439

There are no receivables or payables subject to price adjustment clauses.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020.**

**Additional information required under Section 12, Chapter 3, Title 4 of the regulations of the National Securities Commission for Argentina.**

4. Shareholding interest in companies included under Section 33 of Law No. 19.550 on Companies Law:

<u>Company</u>	<u>% shareholding interest upon capital share</u>	<u>% shareholding interest upon voting rights</u>
<b><u>Joint venture</u></b>		
Oleoducto Loma Campana - Lago Pellegrini S.A,	15,0	15,0

Classification of receivables and payables with companies included under Section 33 of Law No. 19.550 on Companies Law, according to maturity dates:

- a) There are no receivables or payables past due, except for the mention in point 2 in relation to the restrictions set forth by Communication "A" 7030 and its amendments by the BCRA.
  - b) All receivables and payables are subject to maturity dates.
  - c) Maturity dates have not been reached (receivables and payables not yet due will reach maturity within three months).
  - d) There are no receivables or payables representing a financial impact.
5. There are no trade receivables or loans against directors, members of the shareholders' committee for corporate control or their first-degree and second-degree relatives.
6. Physical merchandise inventory.  
The Company's policy determinates two physical inventories per year by means of which all goods intended for sales are included, except for petty materials, which are subject to sampling. There are no significant amounts of idle materials.
7. There are no interests in other companies exceeding the limits set forth in Section 31 of Law No. 19.550 on Companies Law.
8. Recoverable values.  
The recoverable value of inventories is their net realizable value. Regarding property, plant and equipment, the recoverable value is the value in use determined on the basis of discounted cash flows expected to arise from the remaining commercial reserves.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at June 30, 2020.**

**Additional information required under Section 12, Chapter 3, Title 4 of the regulations of the National Securities Commission for Argentina.**

9. Insurance covering tangible assets.

Item	Currency of amount covered	Amounts covered	Carrying values	Risk covered
Wells	USD	(*)	(**)	Monitoring, redrilling, spill
Vehicles	ARS	396,590		Damages and liability insurance
Buildings, facilities and ducts used for exploitation and transport	USD	1,448,018		Damage of materials or equipment
Buildings, facilities and ducts used for exploitation and transport	USD	71,753	34,998,076	Full coverage in relation to construction and installation
Goods	USD	5,000		Full coverage in relation to transport
Computer equipment	USD	10,451		Full coverage

(\*) Subject to limits and deductibles depending on the insurance policy.

(\*\*) The drilling of wells and flowing wells in production are insured.

10. a) Positive and negative contingencies

Positive: see Note 31 to Interim Condensed Financial Statements at June 30, 2020.

Negative: there are no provisions for contingencies, whose balances, either separately or jointly, exceed 2% of the capital stock of the Company. Provisions are recognized when a) the Company has a present obligation, whether legal or constructive, as a result of past events; b) it is highly probable that an outflow of resources will be required to settle the obligation; and c) the amount can be estimated reliably. Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using an appropriate discount rate.

b) There are no other significant contingencies which have not been recorded and which are likely to take place in the near future.

11. Irrevocable capital contributions on account of future increases of shares

At the end of the year, the Company has not received any irrevocable capital contributions on account of future increases of shares.

12. The Company has not issued preference shares.

13. Legal and contractual restrictions on the distribution of profits.

See Note 30.iii to Interim Condensed Financial Statements at June 30, 2020.



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## **REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS**

To the Shareholders, President and Directors of  
Tecpetrol Sociedad Anónima  
Legal address: Pasaje Della Paolera 299/297 - 16<sup>th</sup> floor  
Autonomous City of Buenos Aires  
Tax Code No. 30-59266547-2

### **Introduction**

We have reviewed the accompanying interim condensed financial statements of Tecpetrol Sociedad Anónima (hereinafter, "the Company"), which comprise the interim condensed statement of financial position at June 30, 2020, the interim condensed income statement and the interim condensed statement of comprehensive income for the three-month and six-month periods ended June 30, 2020, the interim condensed statement of changes in equity and the interim condensed cash flow statement for the six-month period then ended, and selected explanatory notes.

The balances and other information corresponding to the year 2019 and to its intermediate periods are an integral part of the financial statements mentioned above and, therefore, they must be considered in connection with these financial statements.

### **Board's responsibility**

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE, for its Spanish acronym) as professional accounting standards and incorporated by the Argentine Securities Commission (CNV, for its Spanish acronym) to its regulations, as approved by the International Accounting Standards Board (IASB) and, therefore, is responsible for the preparation and presentation of the interim condensed financial statements mentioned in the first paragraph in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34).

### **Scope of our review**

Our review was limited to the application of the procedures established by International Standard on Review Engagements ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity", which was adopted as review standard in Argentina by Technical Resolution No. 33 of the FACPCE as it was approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries to the Company's personnel responsible for preparing the information included in the interim condensed financial statements and applying analytical and other review procedures. The scope of this review is substantially less than an audit conducted in accordance with International Standards on Auditing. Consequently, a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the financial position, comprehensive income and cash flows of the Company.

### **Conclusion**

Based on our review, nothing has come to our attention that caused us to believe that the interim condensed financial statements mentioned in the first paragraph of this report are not prepared, in all material respects, in accordance with International Accounting Standard 34.



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#### **Report on compliance with current regulations**

In accordance with current regulations, we report, regarding Tecpetrol Sociedad Anónima, that:

- a) as mentioned in Note 2, except for the lack of transcription into the "Inventory and Balance Sheet" book, the interim condensed financial statements of Tecpetrol Sociedad Anónima, as regards those matters that are within our competence, comply with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission;
- b) as mentioned in Note 2, the interim condensed financial statements of Tecpetrol Sociedad Anónima arise from accounting records kept in all formal respects in conformity with legal provisions; except for: i) the lack of transcription into the "Inventory and Balance Sheet" book, and ii) the lack of transcription of the accounting entries corresponding to January to June 2020 into the Journal book;
- c) we have read the summary of information and supplementary information presented with the interim condensed financial statements in accordance with article 12, Chapter III, Title IV of the regulation of the National Securities Commission, on which, as regards those matters that are within our competence, we have no observations to make;
- d) as of June 30, 2020, the debt of Tecpetrol Sociedad Anónima accrued in favor of the Argentine Integrated Social Security System arising from the Company's accounting records amounted to \$70,532,822.50, none of which was claimable at that date.

Autonomous City of Buenos Aires, August 7, 2020

PRICE WATERHOUSE & CO. S.R.L.

by \_\_\_\_\_ (Partner)  
Alejandro J. Rosa