



## **Tecpetrol Sociedad Anónima**

### **INTERIM CONDENSED FINANCIAL STATEMENTS**

**At March 31, 2019**

and for the three-month period ended on March 31, 2019

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

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 three-month period which commenced on January 1, 2019 and ended on March 31, 2019.

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

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; economic conditions in Argentina and government regulations.

#### Analysis of the first quarter of 2019

During the first quarter of 2019, net sales totaled \$13,330.3 million, representing an increase in relation to the same period of the previous year. Such increase was mainly caused by a significant rise in gas production accompanied by the effect of the exchange rate fluctuation of the Argentine peso ("ARS") with respect to the US dollar ("USD"), which was partially offset by a reduction in average sales prices.

During the first quarter of 2019, gas production rose up to 1,450 million m<sup>3</sup>, representing an increase of 263% in relation to the first quarter of 2018, which was of 400 million m<sup>3</sup>. This increase in production levels is explained by the development of Fortín de Piedra area in Neuquina basin. In both periods, gas production was entirely sold to the domestic market.

Volumes of crude oil production reached 162 thousand m<sup>3</sup>; (43% from escalante crude oil and 57% from medianito crude oil), representing a 46% increase with respect to the first quarter of 2018. In the first quarter of 2019, 43% of crude oil production was destined for exports, whereas in the first quarter of 2018, 58% of crude oil production was destined for exports.

As regards gas net sales, they increased by \$8,760.5 million in relation to the first quarter of 2018, mainly because of the production increase in Fortín de Piedra area.

Revenues from escalante crude oil sales increased by \$977.2 million, due to an increase in production in Golfo San Jorge basin and the exchange rate fluctuation of the ARS with respect to the USD, which was partially offset by a reduction in average sales prices.

Revenues from medianito crude oil sales increased by \$816 million compared to the first quarter of 2018, mainly as a result of an increase in production of the period and due to the effect of the exchange rate fluctuation of the ARS against the USD, which was partially offset by a reduction in average sales prices.

## TECPETROL SOCIEDAD ANÓNIMA

Operating costs totaled \$8,363.1 million in the first quarter of 2019, representing an increase of 378% compared to the amount recorded in the first quarter of 2018, that is, \$1,750.6 million. Said increase is mainly explained by: i) an increase in depreciation of property, plant and equipment due to the development of Fortín de Piedra area; ii) an increase in maintenance operations and wells service costs; iii) royalties expenses related to an increase in production; and iv) the effect of the exchange rate fluctuation of the ARS against the USD.

Selling and administrative expenses during the first quarter of 2019 amounted to \$1,053.8 million, representing a 174% increase in comparison with an amount of \$384.9 million recorded in the first quarter of 2018. Such increase is mainly explained by higher storage and loading expenses and an increase in taxation due to the larger volume in operations, together with the effect of the exchange rate fluctuation of the ARS against the USD.

Net financial profit (loss) showed a loss of \$2,394.7 million in the first quarter of 2019, compared to the loss of \$235.1 million recorded in the first quarter of 2018. Such variation is explained by the net loss generated by exchange differences due to the exchange rate fluctuation of the ARS against the USD and greater borrowing interest.

The net profit (loss) for the first quarter of 2019 recorded a profit of \$2,322.2 million, while in the first quarter of 2018 the Company had net profits for \$350.7 million.

### Liquidity and cash flows

Net cash generated by operating activities in the first three months of 2019 was \$4,458.1 million.

During the three-month period ended on March 31, 2019, the Company received funds from borrowings from related companies in order to finance the development of Fortín de Piedra area. These borrowings were obtained at market interest rates, considering comparable solvency, soundness, fund generation and risk characteristics.

On October 30, 2018, the Company arranged a credit line with its Parent Company, Tecpetrol Internacional S.L.U., for a maximum amount of USD 200 million. Principal will be paid in two equal installments on December 31, 2019 and December 31, 2020. Agreed interest rate is LIBOR 12M + 4.69% per year. Interest is payable on December 31 of each year. The remaining terms and conditions are the ones regularly used for similar financing processes. At March 31, 2019, the Company has received USD 149 million from the abovementioned loan; USD 64 million of said amount were received during the first quarter of 2019.

## TECPETROL SOCIEDAD ANÓNIMA

Additionally, in February 2019, Tecpetrol S.A. received a loan for an amount of USD 13 million from related company Tecpetrol Servicios S.L. Agreed interest rate is LIBOR 12M + 5.79% per year. Principal will be fully paid on February 27, 2020. The remaining terms and conditions are the ones regularly used for similar financing processes.

At March 31, 2019, the Company's borrowings totaled \$66,587.1 million and equity totaled \$20,690.9 million.

Investments in Property, plant and equipment during the three-month period ended on March 31, 2019, net of unpaid acquisitions at the end of such period, reached \$7,161.8 million (mainly because of the development of Fortín de Piedra area).

### 2. Structure of Financial Position (comparative at March 31, 2018 and March 31, 2017 – amounts stated in thousands of pesos)

		At March 31,	
	2019	2018	2017
Non-current assets	82,240,792	24,904,369	10,386,662
Current assets	19,752,017	11,288,417	1,597,966
<b>Total Assets</b>	<b>101,992,809</b>	<b>36,192,786</b>	<b>11,984,628</b>
Equity attributable to Owners of the Company	20,690,927	6,371,222	892,731
Non-controlling interest	-	2,179	(16,743)
<b>Total Equity</b>	<b>20,690,927</b>	<b>6,373,401</b>	<b>875,988</b>
Non-current liabilities	59,990,215	23,387,478	6,815,050
Current liabilities	21,311,667	6,431,907	4,293,590
<b>Total Liabilities</b>	<b>81,301,882</b>	<b>29,819,385</b>	<b>11,108,640</b>
<b>Total Equity and Liabilities</b>	<b>101,992,809</b>	<b>36,192,786</b>	<b>11,984,628</b>

## TECPETROL SOCIEDAD ANÓNIMA

### 3. Structure of Income and Comprehensive Income (comparative with the three-month periods ended on March 31, 2018 and March 31, 2017 – amounts stated in thousands of pesos)

	Three-month period ended on March 31,		
	2019	2018	2017
Operating profit (loss)	4,061,584	617,860	(60,182)
Net financial profit (loss)	(2,394,685)	(235,104)	(51,580)
Profit (loss) from investments in entities accounted for using the equity method	35,682	-	-
<b>Profit (loss) before taxes</b>	<b>1,702,581</b>	<b>382,756</b>	<b>(111,762)</b>
Income tax	619,633	(32,117)	41,728
<b>Profit (loss) from continuing operations</b>	<b>2,322,214</b>	<b>350,639</b>	<b>(70,034)</b>
Profit (loss) from discontinued operations	-	23	(76,264)
<b>Profit (loss) for the period</b>	<b>2,322,214</b>	<b>350,662</b>	<b>(146,298)</b>
<b>Statement of Comprehensive Income</b>			
Profit (loss) for the period	2,322,214	350,662	(146,298)
Other comprehensive income from continuing operations	2,636,094	444,748	(58,596)
Other comprehensive income from discontinued operations	-	6,811	28,492
<b>Comprehensive income for the period</b>	<b>4,958,308</b>	<b>802,221</b>	<b>(176,402)</b>

### 4. Cash Flow Structure (comparative with the three-month periods ended on March 31, 2018 and March 31, 2017 – amounts stated in thousands of pesos)

	Three-month period ended on March 31,		
	2019	2018	2017
Cash generated by/(used in) operating activities	4,458,108	(790,961)	535,548
Cash used in investing activities	(7,142,333)	(6,004,973)	(635,014)
Cash generated by financing activities	2,826,772	4,019,536	48,040
<b>Total cash generated/(used) during the period</b>	<b>142,547</b>	<b>(2,776,398)</b>	<b>(51,426)</b>

## TECPETROL SOCIEDAD ANÓNIMA

### 5. Statistical Data (comparative information with the three-month periods ended on March 31, 2018 and March 31, 2017 – amounts stated in thousands of m<sup>3</sup> of oil and gas equivalents)

	Three-month period ended on March 31,		
	2019	2018	2017
<b>Production volume (*)</b>			
Total production in equivalent units	1,612	511	271
Oil production	162	111	110
Gas production	1,450	400	161
Domestic market	1,540	447	211
Exports	72	64	60

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

### 6. Indicators (comparative at March 31, 2018 and March 31, 2017)

	At March 31,		
	2019	2018	2017
Liquidity	0.93	1.76	0.37
Solvency	0.25	0.21	0.08
Locked up capital	0.81	0.69	0.87

Liquidity: Current assets/Current liabilities

Solvency: Total Equity/Total liabilities

Locked up capital: Non-current assets/Total assets

**7. Prospects**

The Company has acquired knowledge and skills which give it a competitive advantage to position itself as a leader in the regional development of unconventional resources in long-term projects which are significant for the country's economy, since they have an impact upon job creation, the development of value chains, tax saving, import replacement, the improvement of the trade balance and the reduction in gas prices for consumers and industries.

Because of the change of criteria regarding the compensation payments set forth in Resolution MINEM 46-E/2017, the Company is reassessing the development plan of Fortín de Piedra area for the purposes of readjusting cash flows to a new scenario, endeavoring to optimize costs and maintain production levels with reduced drilling activities.

City of Buenos Aires, May 9, 2019.



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**LEGAL INFORMATION**

<b>Legal domicile:</b>	Pasaje Della Paolera 299/297, 16th floor, city of Buenos Aires
<b>Reported fiscal year:</b>	No. 40
<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 by Parent Company:</b>	95.99%
<b>Percentage of votes of Parent Company</b>	98.1750%

<b>Capital status (Note 22)</b>	<b>Type of shares</b>	<b>At March 31, 2019</b>
		<b>Total subscribed, paid-up and registered</b>
	<b>Book entry shares</b>	<b>\$</b>
	Class A common shares of \$1 par value -1 vote per share	3,106,342,422
	Class B 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 March 31, 2019**

**INTERIM CONDENSED INCOME STATEMENT**  
**for the three-month periods ended on March 31, 2019 and March 31, 2018**  
(Amounts stated in thousands of pesos, unless otherwise specified)

	Notes	Three-month period ended on March 31,	
		2019	2018
<b>Continuing operations</b>		<b>(Unaudited)</b>	
Net sales	5	13,330,288	2,768,734
Operating costs	6	(8,363,121)	(1,750,585)
<b>Gross margin</b>		<b>4,967,167</b>	<b>1,018,149</b>
Selling expenses	7	(555,967)	(110,111)
Administrative expenses	8	(497,835)	(274,785)
Exploration costs		(14,930)	(19,658)
Other operating income	10	163,154	4,847
Other operating expenses	10	(5)	(582)
<b>Operating profit</b>		<b>4,061,584</b>	<b>617,860</b>
Financial income	11	37,134	30,453
Financial costs	11	(795,733)	(219,586)
Other net financial loss	11	(1,636,086)	(45,971)
<b>Profit before profit from investments in entities accounted for using the equity method and income tax</b>		<b>1,666,899</b>	<b>382,756</b>
Profit from investments in entities accounted for using the equity method	15	35,682	-
<b>Profit before income tax</b>		<b>1,702,581</b>	<b>382,756</b>
Income tax	12	619,633	(32,117)
<b>Profit for the period from continuing operations</b>		<b>2,322,214</b>	<b>350,639</b>
<b>Discontinued operations</b>			
Profit for the period from Discontinued operations	34	-	23
<b>Profit for the period</b>		<b>2,322,214</b>	<b>350,662</b>
<b>Profit attributable to:</b>			
Owners of the Parent Company		2,322,214	350,661
Non-controlling interest		-	1

The accompanying Notes 1 to 35 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, 2018.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**for the three-month periods ended on March 31, 2019 and March 31, 2018**  
(Amounts stated in thousands of pesos, unless otherwise specified)

	Notes	Three-month period ended on March 31,	
		2019	2018
		(Unaudited)	
<b>Profit for the period</b>		<b>2,322,214</b>	<b>350,662</b>
<b>Other comprehensive income:</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
<b>Continuing operations</b>			
Currency translation differences	15	3,682	-
<b>Discontinued operations</b>			
Currency translation differences		-	6,811
<i>Items that will not be reclassified to profit or loss:</i>			
<b>Continuing operations</b>			
Currency translation differences - Tecpetrol S.A.		2,615,625	448,815
Changes in the fair value of investments in equity instruments	16	23,871	727
Income tax related to components of other comprehensive income (i)		(7,084)	(4,794)
<b>Total other comprehensive income for the period</b>		<b>2,636,094</b>	<b>451,559</b>
<b>Total comprehensive income for the period</b>		<b>4,958,308</b>	<b>802,221</b>
<b>Comprehensive income attributable to:</b>			
Owners of the Parent Company		4,958,308	802,159
Non-controlling interest		-	62
		<b>4,958,308</b>	<b>802,221</b>
<b>Comprehensive income attributable to Owners of the Parent Company:</b>			
Continuing operations		4,958,308	795,496
Discontinued operations		-	6,663
		<b>4,958,308</b>	<b>802,159</b>

(i) Generated by changes in the fair value of investments in equity instruments.

The accompanying Notes 1 to 35 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, 2018.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**at March 31, 2019 and December 31, 2018**

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

	Notes	March 31, 2019 (Unaudited)	December 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment. Exploration, evaluation and development assets	13	74,591,250	62,487,893
Right-of-use assets	14	1,664,623	-
Investments in entities accounted for using the equity method	15	37,313	-
Investments in equity instruments at fair value	16	808,340	679,904
Deferred tax asset	27	4,310,776	3,156,662
Other receivables and prepayments	17	398,581	744,673
Income tax credit		79,693	77,586
Trade receivables	18	350,216	436,727
<b>Total Non-current assets</b>		<b>82,240,792</b>	<b>67,583,445</b>
<b>Current assets</b>			
Inventories	19	638,748	847,572
Other receivables and prepayments	17	9,534,472	7,937,800
Trade receivables	18	8,882,985	6,890,068
Cash and cash equivalents	20	695,812	467,295
<b>Total Current assets</b>		<b>19,752,017</b>	<b>16,142,735</b>
<b>Total Assets</b>		<b>101,992,809</b>	<b>83,726,180</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	4,436,448	4,436,448
Capital contributions		897,941	897,941
Special reserve		1,017,867	1,017,867
Legal reserve		219,911	-
Other reserves		10,057,306	7,421,212
Retained earnings		4,061,454	1,959,151
<b>Total Equity</b>		<b>20,690,927</b>	<b>15,732,619</b>
<b>Non-current liabilities</b>			
Borrowings	23	55,781,187	49,484,103
Right-of-use liabilities	14	798,191	-
Employee benefits programs	24	1,176,292	973,592
Provisions	25	2,234,545	2,041,809
Trade and other payables	26	-	2,051
<b>Total Non-current liabilities</b>		<b>59,990,215</b>	<b>52,501,555</b>
<b>Current liabilities</b>			
Borrowings	23	10,805,881	5,041,121
Right-of-use liabilities	14	852,006	-
Employee benefits programs	24	82,879	72,077
Provisions	25	181,910	183,657
Trade and other payables	26	9,388,991	10,195,151
<b>Total Current liabilities</b>		<b>21,311,667</b>	<b>15,492,006</b>
<b>Total Liabilities</b>		<b>81,301,882</b>	<b>67,993,561</b>
<b>Total Equity and Liabilities</b>		<b>101,992,809</b>	<b>83,726,180</b>

The accompanying Notes 1 to 35 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, 2018.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the three-month periods ended on March 31, 2019 and March 30, 2018**  
(Amounts stated in thousands of pesos, unless otherwise specified)

		Attributable to the Owners of the Parent Company					
		Shareholders' contributions		Accumulated profits (losses)			
Notes	Share capital	Capital contributions	Reserved earnings			Retained earnings	Total
	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	-	-	-	-	-	2,322,214	2,322,214
Currency translation differences	-	-	-	-	2,619,307	-	2,619,307
Changes in the fair value of investments in equity instruments	-	-	-	-	23,871	-	23,871
Income tax related to components of other comprehensive income	-	-	-	-	(7,084)	-	(7,084)
Other comprehensive income for the period	-	-	-	-	2,636,094	-	2,636,094
Total comprehensive income for the period	-	-	-	-	2,636,094	2,322,214	4,958,308
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 March 31, 2019	4,436,448	897,941	1,017,867	219,911	10,057,306	4,061,454	20,690,927

(i) See Note 22.

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

The accompanying Notes 1 to 35 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, 2018.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the three-month periods ended on March 31, 2019 and March 31, 2018 (Cont'd)**

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

	Notes	Attributable to the Owners of the Parent Company					Non-controlling interest	Total	
		Shareholders' contributions		Accumulated profits (losses)					
		Share capital	Capital contributions	Reserved earnings		Retained earnings			
		Subscribed capital (i)		Special reserve (ii)	Other reserves				
								(Unaudited)	
Balances at December 31, 2017		3,800,000	897,941	435,751	1,048,409	(1,450,360)	4,731,741	2,117	4,733,858
Incorporation by merger (See Note 1)		636,448	-	582,116	-	(381,242)	837,322	-	837,322
Profit for the period		-	-	-	-	350,661	350,661	1	350,662
Currency translation differences		-	-	-	455,456	-	455,456	170	455,626
Changes in the fair value of investments in equity instruments	16	-	-	-	727	-	727	-	727
Income tax related to components of other comprehensive income		-	-	-	(4,685)	-	(4,685)	(109)	(4,794)
Other comprehensive income for the period		-	-	-	451,498	-	451,498	61	451,559
Total comprehensive income for the period		-	-	-	451,498	350,661	802,159	62	802,221
Balances at March 31, 2018		4,436,448	897,941	1,017,867	1,499,907	(1,480,941)	6,371,222	2,179	6,373,401

(i) See Note 22.

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

The accompanying Notes 1 to 35 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, 2018.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**INTERIM CONDENSED CASH FLOW STATEMENT**  
**for the three-month periods ended on March 31, 2019 and March 31, 2018**  
(Amounts stated in thousands of pesos, unless otherwise specified)

		Three-month period ended on March 31,	
	Notes	2019	2018
		(Unaudited)	
<b>OPERATING ACTIVITIES</b>			
Profit (loss) for the period		2,322,214	350,662
Adjustments to profit (loss) for the period to reach operating cash flows	28	4,913,253	987,886
Changes in working capital	28	(4,043,023)	(1,980,148)
Others, including currency translation differences		1,271,002	(143,406)
Payment of employee benefits programs		-	(1,161)
Payment of income tax		(5,338)	(4,794)
<b>Cash generated by/(used in) operating activities</b>		<b>4,458,108</b>	<b>(790,961)</b>
<b>INVESTING ACTIVITIES</b>			
Investments in property, plant and equipment		(7,161,793)	(6,009,982)
Collection from the sale of Property, plant and equipment		2,601	1,041
Investments in joint ventures		-	(4)
Write-offs due to disposals of interest in associates		16,859	3,972
<b>Cash used in investing activities</b>		<b>(7,142,333)</b>	<b>(6,004,973)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings	23	3,002,286	4,027,678
Payment of borrowings	23	(7,495)	(8,142)
Right-of-use liabilities payments	14	(168,019)	-
<b>Cash generated by financing activities</b>		<b>2,826,772</b>	<b>4,019,536</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>142,547</b>	<b>(2,776,398)</b>
<b>Changes in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		467,295	8,466,786
Increase/(decrease) in cash and cash equivalents		142,547	(2,776,398)
Incorporation of cash and cash equivalents due to merger (see Note 1)		-	30,375
Currency translation differences		85,970	618,101
<b>Cash and cash equivalents at the end of the period</b>		<b>695,812</b>	<b>6,338,864</b>
		<b>At March 31,</b>	
		<b>2019</b>	<b>2018</b>
		(Unaudited)	
Cash and cash equivalents		695,812	6,338,864
<b>Cash and cash equivalents at the end of the period</b>		<b>695,812</b>	<b>6,338,864</b>
<b>Non-cash transactions</b>			
Unpaid investments in property, plant and equipment at the end of the period		5,576,449	3,646,316

The accompanying Notes 1 to 35 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, 2018.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

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# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Financial Statements at March 31, 2019**

### **Notes to Interim Condensed Financial Statements at March 31, 2019**

(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; and (ii) the exploration permission over Loma Ancha area. Moreover, as a result of the merger with Americas Petrogas Argentina S.A. (hereinafter referred to as "APASA"), which took place in 2018, the Company incorporated joint operations in unconventional hydrocarbon exploration and exploitation areas in the province of Neuquén (Los Toldos 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 in the province of Neuquén.

On August 21, 2018, the Company obtained an exploration (and potential exploitation) permission 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.

The Interim Condensed Financial Statements were approved for issuance by the members of the Board of Directors on May 9, 2019.

#### *Early dissolution and cancellation of registration of Dapetrol S.A.*

At December 31, 2018, the Company consolidated the operations of Dapetrol S.A., hereinafter referred to as "Dapetrol", whose main line of business was the exploration, discovery, exploitation and commercialization of gas and liquid hydrocarbons. The percentage of the shareholding upon equity and votes of such company was 97.50%.

On December 28, 2017, Dapetrol transferred control over its main asset, namely, Oil Mine "José Segundo". As a consequence, on February 27, 2018, the Shareholders of said company at an Extraordinary Meeting approved the early dissolution of the entity pursuant to Section 94, Subsection 1 of Companies Law No. 19.550 (hereinafter referred to as "LGS"), instructing the Board serving as Liquidator to realize all assets and discharge all liabilities.

On August 9, 2018, the members of the Liquidator Board of Dapetrol approved, subject to subsequent ratification by Shareholders, a plan for the distribution of balances and reimbursement of capital. On October 8, 2018, the Shareholders of Dapetrol at an Extraordinary Meeting approved the Special final liquidation Financial Statements at August 31, 2018; the winding up of the company and the plan for the distribution of balances and reimbursement of capital previously prepared by the Liquidator Board. The cancellation of the registration of Dapetrol was recorded with the IGJ on December 26, 2018 under no. 24,833 of Book 92 of Companies by Shares volume, pursuant to Section 112 of LGS.

# **Tecpetrol Sociedad Anónima**

## **Interim Condensed Financial Statements at March 31, 2019**

### **Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

Therefore, comparative information at March 31, 2018 consolidates profits and losses, other comprehensive income, changes in equity and cash flows of Dapetrol, which is recorded under discontinued operations (see Note 34).

At December 31, 2018, Dapetrol has no outstanding balances of accounts representing its financial position. There is no significant difference between consolidated and separate information for the fiscal year ended on December 31, 2018.

#### *Merger with Americas Petrogas Argentina S.A.*

On March 9, 2018, the Directors of the Company approved a Merger Preliminary Commitment between APASA and Tecpetrol S.A. (both companies are directly controlled by Tecpetrol Internacional S.L.U.), whereby Tecpetrol S.A., as the continuing company, would acquire APASA, which will dissolve (but will not wind up), concentrating both entities in a single operating unit for the purposes of optimizing all administrative, functional, financial and operating structures, for the benefit of the continuing company and the economic group as a whole. On April 26, 2018, the Shareholders of both Companies at a General and Extraordinary Meeting approved by unanimous vote the merger of APASA (as the company to be absorbed by Tecpetrol S.A.) and ratified the terms of the Merger Preliminary Commitment, effective as from January 1, 2018. From such date onwards, Tecpetrol S.A. has unrestricted access to all business and financial information of APASA and participates in the decision-making process related to the business. Having served all notices as required by Section 83, Subsection 3 of LGS and without opposition from creditors within the statutory period, on June 1, 2018, Tecpetrol S.A. and APASA executed the Final Merger Agreement through notarially-recorded instrument.

On July 20, 2018, the Board of Directors of the National Securities Commission for Argentina (hereinafter referred to as the "CNV") issued Resolution RESFC-2018-19615-APN-DIR#CNV, by means of which the merger with APASA was approved, together with the amendment of the by-laws of the Company due to the share capital increase; and all documents were referred to the IGJ. On August 14, 2018, the IGJ registered the merger, the by-laws amendment and the capital increase with the Companies Registration Office.

Information covering the three-month period ended on March 31, 2018 includes the effects of the above-mentioned merger.

#### *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 (except for spot sales during winter season) have a fixed rate which is adjusted on a biannual basis according to exchange rates fluctuations set forth by Enargas. During summer months, the oversupply of natural gas resulting from lower residential demand and the development of unconventional fields causes gas sale 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 March 31, 2019**

### **Notes to Interim Condensed Financial Statements at March 31, 2019 (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 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 three-month period ended on March 31, 2019 were prepared in accordance with International Accounting Standard (IAS) 34 titled "Interim Financial Reporting."

These Interim Condensed Financial Statements, except as specified in Note 3.a, were prepared pursuant to the same accounting policies applied in the preparation of the audited Financial Statements at December 31, 2018; thus, they must be read together.

The functional currency of the Company is the United States Dollar ("USD"), since this is the currency which best reflects the economic substance of the transactions. The presentation currency is the Argentine peso ("ARS"). The Interim Condensed Financial Statements are disclosed in thousands of Argentine pesos, unless otherwise stated.

All information corresponding to the three-month period ended on March 31, 2018 is part of the Interim Condensed Financial Statements and is presented for comparative purposes only. If applicable, some figures from the financial statements at March 31, 2018 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.

#### **3. New accounting standards**

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

##### **- IFRS 16 "Leases"**

In January 2016, the IASB issued IFRS 16 "Leases", which modifies the accounting of these operations, basically by removing the distinction between operating and financial leases. This modification introduced changes for most lease agreements both in assets recognition, given the right to use the leased item; and in liabilities, due to the payment of the lease. There is an optional exemption for short-term and low value leases.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

**3. New accounting standards (Cont'd)**

*(a) New standards, interpretations and amendments to published standards effective as from the current year (Cont'd)*

*- IFRS 16 "Leases" (Cont'd)*

Based on the implementation of IFRS 16, the right to use the underlying leased asset and the liability representing an obligation to make lease payments must be recognized as an asset and a liability, respectively. Such rights and liabilities exist as from the date on which the leased asset is available for use by lessee, and are measured at the present value of the payments to be made under the term of the lease agreement considering the discount rate implicit under the lease (provided it could be assessed) or the incremental borrowing rate of the Company.

Right-of-use liabilities comprise fixed lease payments, variable lease payments based on a rate or index, amounts expected to be payable under residual value guarantees, the purchase option price when it is likely such option will be exercised and penalties for early termination of the lease if the term of the agreement indicates the lessee will exercise the option. Costs for right-of-use assets include initially measured liabilities amount, all payments made before the date of initial application, initial direct costs and related restoring costs.

Subsequently, right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if applicable. Assets are depreciated on a straight-line basis over the term of the lease or useful life of the asset, whichever period is the shorter. Right-of-use liabilities are increased by interest accrual and remeasured to reflect changes in payments, the scope of the lease and the discount rate. Costs for right-of-use assets are adjusted for any remeasurement of the lease liability.

The Company applied IFRS 16 as from January 1, 2019, exercising the option to implement it prospectively; thus, comparative figures of prior periods have not been restated. Moreover, the Company recognized as short-term leases the ones that were previously classified as operating leases whose remaining terms as of initial application did not exceed 12 months. Such leases were recognized in the Income Statement as they accrued.

Right-of-use liabilities at January 1, 2019 were discounted using the 7% incremental discount rate of the Company.

Note 14 details the effect of the application of IFRS 16 at January 1, 2019 and March 31, 2019.

*(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 March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

**4. Segment information**

	Three-month period ended on March 31, 2019 (Unaudited)			
	Neuquina basin	Noroeste - San Jorge basin	Others (1)	Total continuing operations
Net sales - Managerial Vision	11,639,934	1,473,320	2,498	13,115,752
Effect of hydrocarbon inventory valuation	(91,018)	320,814	-	229,796
Exploratory investments production	(15,260)	-	-	(15,260)
<b>Net sales - IFRS</b>				<b>13,330,288</b>
Oil and gas	11,533,655	1,785,794	-	13,319,449
Other services	-	8,340	2,499	10,839
<b>Net sales - IFRS</b>				<b>13,330,288</b>
<b>Operating profit - Managerial Vision</b>	<b>3,971,596</b>	<b>478,628</b>	<b>133,313</b>	<b>4,583,537</b>
Adjustment of hydrocarbon inventory valuation	(77,833)	68,644	-	(9,189)
Depreciation of exploratory investments	15,260	-	-	15,260
Depreciation and impairment differences	(21,008)	(30,307)	457	(50,858)
Administrative expenses (2)				(477,166)
<b>Operating profit - IFRS</b>				<b>4,061,584</b>
Depreciation and impairment of PPE (3) - Managerial Vision	(4,699,332)	(195,429)	(32,102)	(4,926,863)
Accumulated depreciation and impairment differences	(5,748)	(30,307)	457	(35,598)
<b>Depreciation and impairment of PPE - IFRS</b>				<b>(4,962,461)</b>
	<b>Neuquina basin</b>	<b>Noroeste - San Jorge basin</b>	<b>Others (1)</b>	<b>Total</b>
PPE - Managerial Vision	68,610,055	6,090,718	365,615	75,066,388
Accumulated depreciation and impairment differences				(475,138)
<b>PPE - IFRS</b>				<b>74,591,250</b>
Investments in PPE	7,178,772	259,811	12,155	7,450,738
<b>Investments in PPE</b>				<b>7,450,738</b>

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

(2) 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 March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

	Three-month period ended on March 31, 2018 (Unaudited)			
	Neuquina basin	Noroeste - San Jorge basin	Others (1)	Total continuing operations
Oil and gas	2,070,175	695,431	-	2,765,606
Other services	-	1,959	1,169	3,128
<b>Net sales - IFRS</b>	<b>2,070,175</b>	<b>697,390</b>	<b>1,169</b>	<b>2,768,734</b>
<b>Operating profit (loss) - Managerial Vision</b>	<b>801,596</b>	<b>166,227</b>	<b>(20,223)</b>	<b>947,600</b>
Depreciation and impairment differences	(22,254)	(42,569)	1,175	(63,648)
Administrative expenses (2)				(266,092)
<b>Operating profit - IFRS</b>				<b>617,860</b>
Depreciation and impairment of PPE (3) - Managerial Vision	(560,934)	(102,341)	(15,033)	(678,308)
Depreciation and impairment differences	(22,254)	(42,569)	1,175	(63,648)
<b>Depreciation and impairment of PPE - IFRS</b>				<b>(741,956)</b>
	<b>Neuquina basin</b>	<b>Noroeste - San Jorge basin</b>	<b>Others (1)</b>	<b>Total</b>
PPE - Managerial Vision	20,593,084	3,287,168	156,658	24,036,910
Accumulated depreciation and impairment differences				(133,429)
<b>PPE - IFRS</b>				<b>23,903,481</b>
Investments in PPE	6,223,603	140,788	4,971	6,369,362
<b>Investments in PPE</b>				<b>6,369,362</b>

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

(2) 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 March 31, 2019, net sales arose from the USA (12%) and the remaining percentage from Argentina, whereas at March 31, 2018 net sales came from China (17.6%) and the remaining percentage from Argentina. The designation of net sales is based upon customer location.

At March 31, 2019, the only customer representing or surpassing 10% of the income from regular activities of the Company is Tesoro Refining & Marketing Company (12%); whereas at March 31, 2018, they were: CAMMESA (23.5%), BP Oil Supply Co. Inc. (17.6%), Shell C.A.P.S.A. (12.3%) and Siderca S.A.I.C. (10.2%).

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

**5. Net sales**

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
Gas (i)	10,641,830	1,881,352
Oil	2,677,619	884,396
Other services	10,839	3,128
	<b>13,330,288</b>	<b>2,768,876</b>
From discontinued operations	-	(142)
	<b>13,330,288</b>	<b>2,768,734</b>

(i) It includes \$3,358,755 and \$526,826 due to incentives to investments in natural gas production developments from unconventional reservoirs, granted under Resolution 46E/2017 as amended, for the three-month period ended on March 31, 2019 and March 31, 2018, respectively. See Note 31.

**6. Operating costs**

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
Inventories at the beginning of the period	847,572	255,961
Inventories incorporated due to merger	-	8,701
Purchases, uses and production costs	8,061,045	1,680,556
Inventories at the end of the period	(638,748)	(214,226)
Currency translation differences	93,252	19,638
<b>Costs of sales</b>	<b>8,363,121</b>	<b>1,750,630</b>
From discontinued operations	-	(45)
	<b>8,363,121</b>	<b>1,750,585</b>
Labor costs	369,794	198,130
Fees and services	107,359	55,656
Maintenance operations and wells service costs	891,582	346,366
Depreciation of property, plant and equipment	4,941,792	733,263
Depreciation of right-of-use assets	69,058	-
Treatment, storage and loading	51,247	38,823
Royalties and other taxes (ii)	1,201,856	321,051
Other production costs	375,435	57,341
Stock uses and purchases	52,922	(70,074)
<b>Purchases, uses and production costs</b>	<b>8,061,045</b>	<b>1,680,556</b>

(ii) Royalties are paid for the production of crude oil and natural gas ranging, in most areas, from 12% to 17% of said production, 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 March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

**7. Selling expenses**

	Three-month period ended on March 31,	
	2019	2018
	<b>(Unaudited)</b>	
Taxes	242,619	53,146
Storage and loading	279,012	54,404
Allowance for doubtful accounts	28,103	1,679
Others	6,233	1,039
	<b>555,967</b>	<b>110,268</b>
From discontinued operations	-	(157)
	<b>555,967</b>	<b>110,111</b>

**8. Administrative expenses**

	Three-month period ended on March 31,	
	2019	2018
	<b>(Unaudited)</b>	
Labor costs	355,334	180,283
Fees and services	59,381	44,062
Depreciation of property, plant and equipment	20,669	8,693
Depreciation of right-of-use assets	13,750	-
Taxes	124,024	85,155
Office expenses	70,486	40,984
Reimbursement of expenses (*)	(145,809)	(83,630)
	<b>497,835</b>	<b>275,547</b>
From discontinued operations	-	(762)
	<b>497,835</b>	<b>274,785</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) (\*\*)**

	Three-month period ended on March 31,	
	2019	2018
	<b>(Unaudited)</b>	
Salaries, wages and other costs	543,844	297,871
Social security costs	109,138	55,073
Employee benefits programs (Note 24)	72,146	25,469
	<b>725,128</b>	<b>378,413</b>

(\*\*) It includes discontinued operations.



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
<i>Other operating income</i>		
Income from the sale of property, plant and equipment	1,353	782
Net recovery of provisions	147,231	1,168
Income from other sales	4,401	1,935
Others	10,169	2,064
	<b>163,154</b>	<b>5,949</b>
From discontinued operations	-	(1,102)
	<b>163,154</b>	<b>4,847</b>
<i>Other operating expenses</i>		
Provision for legal claims and contingencies	-	(456)
Others	(5)	(837)
	<b>(5)</b>	<b>(1,293)</b>
From discontinued operations	-	711
	<b>(5)</b>	<b>(582)</b>

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

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
Interest income	37,134	30,732
<b>Financial income</b>	<b>37,134</b>	<b>30,732</b>
Interest cost	(795,733)	(219,603)
<b>Financial costs</b>	<b>(795,733)</b>	<b>(219,603)</b>
Net profit (loss) from exchange differences - (Loss)	(1,622,828)	(43,789)
Other net financial profit (loss) - (Loss)	(13,258)	(1,990)
<b>Other net financial profit (loss) - (Loss)</b>	<b>(1,636,086)</b>	<b>(45,779)</b>
<b>Net financial profit (loss) - (Loss)</b>	<b>(2,394,685)</b>	<b>(234,650)</b>
From discontinued operations - (Profit)	-	(454)
	<b>(2,394,685)</b>	<b>(235,104)</b>

At March 31, 2018, each item included in this note differs from its respective line in the Interim Condensed Income Statement, as this note includes the profit (loss) from Discontinued operations.

**12. Income tax**

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
Deferred income tax - (Profit) / Loss (Note 27)	(619,633)	32,117
	<b>(619,633)</b>	<b>32,117</b>

Title 6 of Law No. 20.628 on Income Tax, as amended by Law No. 27.468 published on December 4, 2018 was not considered for the assessment of income tax for the period, since conditions set forth therein are not complied with.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

	Three-month period ended on March 31,							
	2019							2018
	Development and production assets	Machinery and equipment	Asset retirement obligations	Exploration and evaluation	Work in progress (*)	Others	Total	Total
Cost	(Unaudited)							
At the beginning of the period	68,850,005	29,846,019	870,821	4,135,563	9,237,447	2,393,779	115,333,634	33,652,911
Incorporation by merger	-	-	-	-	-	-	-	1,446,275
Currency translation differences	10,741,835	4,533,133	131,206	618,709	1,682,427	406,101	18,113,411	2,972,608
Additions	-	-	6,245	-	6,927,015	438,513	7,371,773	6,369,362
Right-of-use assets transfers	-	-	-	-	85,210	-	85,210	-
Transfers	3,787,604	538,341	-	5,632	(4,331,577)	-	-	-
Write-offs	-	-	-	(15,260)	(14,930)	(14,983)	(45,173)	(19,713)
At the end of the period	83,379,444	34,917,493	1,008,272	4,744,644	13,585,592	3,223,410	140,858,855	44,421,443
Depreciation								
At the beginning of the period	39,849,227	11,595,296	655,170	-	-	746,048	52,845,741	18,276,773
Incorporation by merger	-	-	-	-	-	-	-	11,189
Currency translation differences	6,309,691	1,948,465	100,084	-	-	114,895	8,473,135	1,488,418
Depreciation of the period	3,019,529	1,884,637	16,958	-	-	41,337	4,962,461	741,956
Write-offs	-	-	-	-	-	(13,732)	(13,732)	(374)
At the end of the period	49,178,447	15,428,398	772,212	-	-	888,548	66,267,605	20,517,962
Residual value	34,200,997	19,489,095	236,060	4,744,644	13,585,592	2,334,862	74,591,250	23,903,481

(\*) It includes \$360,385 from Works in progress related to exploratory investments at March 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

**Impairment of long-term assets**

The Company analyzes 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 by the Company 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, curve of future prices of oil, 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.

During the three-month period ended on March 31, 2019 and March 31, 2018, the Company did not recognize impairment charges under Property, plant and equipment. Exploration, evaluation and development assets.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (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 March 31, 2019:

*Right-of-use assets*

	Three-month period ended on March 31, 2019 (Unaudited)				
	Drilling equipment	Other equipment	Offices	Others	Total
Effect of IFRS 16 implementation at January 1, 2019	564,603	520,483	359,214	118,117	1,562,417
Currency translation differences	77,421	73,857	52,208	17,400	220,886
Net additions	47,657	(15,774)	-	17,455	49,338
Transfers to Property, plant and equipment	(73,813)	(4,727)	-	(6,670)	(85,210)
Depreciation of the period	(38,195)	(16,589)	(14,550)	(13,474)	(82,808)
<b>At the end of the period</b>	<b>577,673</b>	<b>557,250</b>	<b>396,872</b>	<b>132,828</b>	<b>1,664,623</b>

*Right-of-use liabilities*

	Three-month period ended on March 31, 2019 (Unaudited)
Effect of IFRS 16 implementation at January 1, 2019	1,562,417
Net additions	49,338
Accrued interest (i)	2,075
Payments	(168,019)
Exchange and translation differences	204,386
<b>At the end of the period</b>	<b>1,650,197</b>

  

	March 31, 2019 (Unaudited)
Non-current	798,191
Current	852,006
	<b>1,650,197</b>

(i) Included under Financial costs in the Interim Condensed Income Statement at March 31, 2019.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

The evolution of investments in joint ventures is disclosed below:

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
Reclassifications from other non-current liabilities	(2,051)	-
At the beginning of the period	-	-
Currency translation differences	3,682	-
Profit from investments in entities accounted for using the equity method	35,682	-
Contributions	-	15
<b>At the end of the period</b>	<b>37,313</b>	<b>15</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 Oleoducto 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 Oleoducto del Valle S.A.

In April 2019, the Shareholders of Oleoducto Loma Campana – Lago Pellegrini S.A. at an Extraordinary and Annual General Meeting approved a contribution in cash from the Company and the capitalization of loans held by YPF S.A. and the Company with Oleoducto Loma Campana – Lago Pellegrini S.A. for a total amount of USD 19.4 million; thus, maintaining the shareholding of both YPF S.A. and Tecpetrol S.A. in the company.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (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 1 vote	Country	Interest %		March 31, 2019 (Unaudited)	December 31, 2018	Latest financial information			
				Mar-19	Dec-18			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	15,000	Argentina	15%	15%	37,313	(2,051)	03.31.2019	100	237,880	248,750
<b>Subtotal</b>						<b>37,313</b>	<b>(2,051)</b>				
Reclassification to Other non-current liabilities (Nota 26)						-	2,051				
<b>Total</b>						<b>37,313</b>	<b>-</b>				

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

	<b>At March 31, 2019</b>	<b>December 31, 2018</b>
	<b>(Unaudited)</b>	
Non-quoted investments	808,340	679,904

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

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
At the beginning of the period	679,904	317,549
Currency translation differences	104,565	25,558
Changes in the fair value	23,871	727
<b>At the end of the period</b>	<b>808,340</b>	<b>343,834</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>March 31, 2019</b>	<b>December 31, 2018</b>
		<b>Mar-19</b>	<b>Dec-18</b>	<b>(Unaudited)</b>	
Tecpetrol del Perú S.A.C.	Peru	2.00	2.00	469,106	389,442
Tecpetrol Bloque 56 S.A.C.	Peru	2.00	2.00	176,427	150,757
Oleoducto del Valle S.A.	Argentina	2.10	2.10	110,608	96,192
Terminales Marítimas Patagónicas S.A.	Argentina	4.20	4.20	32,568	28,323
Burgos Oil Services S.A. de C.V.	Mexico	0.94	0.94	14,163	10,254
Norpower S.A de C.V.	Mexico	0.60	0.60	3,604	3,316
Other investments				1,864	1,620
<b>Total</b>				<b>808,340</b>	<b>679,904</b>

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 March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

**17. Other receivables and prepayments**

	<b>At March 31, 2019</b>	<b>December 31, 2018</b>
	<b>(Unaudited)</b>	
<b>Non-current</b>		
Receivables	146,566	136,256
Tax credits	-	391,544
Expenses paid in advance	210,246	177,534
Employees loans and advances	41,769	39,339
	<b>398,581</b>	<b>744,673</b>
<b>Current</b>		
Receivables (i)	4,386,348	3,453,405
Expenses paid in advance	52,402	39,296
Tax credits	4,904,173	4,376,901
Employees loans and advances	56,835	31,899
Other receivables from related parties (Note 32)	141,387	109,124
	<b>9,541,145</b>	<b>8,010,625</b>
Allowance for doubtful accounts	(6,673)	(72,825)
	<b>9,534,472</b>	<b>7,937,800</b>

(i) It includes \$4,243,245 and \$3,234,545 due to incentives to investments in natural gas production developments from unconventional reservoirs, granted under Resolution 46E/2017 as amended, at March 31, 2019 and December 31, 2018, respectively. (See Note 31).

There follows the evolution in the allowance for doubtful accounts:

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period	(72,825)	(20,806)
Incorporation by merger	-	(4,338)
Exchange and translation differences	1	(116)
Net additions	-	(654)
Reclassifications	66,151	-
Balance at the end of the period	<b>(6,673)</b>	<b>(25,914)</b>

**18. Trade receivables**

	<b>At March 31, 2019</b>	<b>December 31, 2018</b>
	<b>(Unaudited)</b>	
<b>Non-current</b>		
Trade receivables	445,092	516,789
	<b>445,092</b>	<b>516,789</b>
Allowance for doubtful accounts	(94,876)	(80,062)
	<b>350,216</b>	<b>436,727</b>
<b>Current</b>		
Trade receivables	8,961,591	7,062,015
Trade receivables from related parties (Note 32)	288,722	75,936
	<b>9,250,313</b>	<b>7,137,951</b>
Allowance for doubtful accounts	(367,328)	(247,883)
	<b>8,882,985</b>	<b>6,890,068</b>



**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

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

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period	(327,945)	(81,194)
Exchange and translation differences	(40,005)	(6,568)
Net additions	(28,103)	(1,679)
Reclassifications	(66,151)	-
Balance at the end of the period	<b>(462,204)</b>	<b>(89,441)</b>

**19. Inventories**

	<b>At March 31, 2019</b>	<b>December 31, 2018</b>
	<b>(Unaudited)</b>	
Hydrocarbons	111,337	406,609
Materials and spare parts	527,411	440,963
	<b>638,748</b>	<b>847,572</b>

**20. Cash and cash equivalents**

	<b>At March 31, 2019</b>	<b>December 31, 2018</b>
	<b>(Unaudited)</b>	
Cash and banks	546,325	41,715
Mutual funds	87,870	287,657
Short-term deposits with related parties (Note 32)	61,617	137,923
	<b>695,812</b>	<b>467,295</b>

**21. Financial instruments**

**21.1 Financial instruments by category**

At March 31, 2019, Tecpetrol has a negative working capital of \$1,559.7 million, which is constantly monitored by the members of the Board and Management in order to honor all commitments already assumed by the Company. The Management estimates such situation will be reversed thanks to the flow of operations of the Company.

Financial instruments by category are disclosed below:

<b>At March 31, 2019</b>	<b>At fair value through profit or loss</b>	<b>At amortized cost</b>	<b>At fair value through other comprehensive income</b>	<b>Total</b>
<b>Assets</b>				
<b>(Unaudited)</b>				
Investments in equity instruments at fair value	-	-	808,340	808,340
Other receivables	-	4,674,301	-	4,674,301
Trade receivables	-	9,233,201	-	9,233,201
Cash and cash equivalents	87,870	607,942	-	695,812
<b>Total</b>	<b>87,870</b>	<b>14,515,444</b>	<b>808,340</b>	<b>15,411,654</b>

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

**21.1 Financial instruments by category (Cont'd)**

<b>At March 31, 2019</b>	<b>At amortized cost</b>	<b>Total</b>		
<b>Liabilities</b>				
<b>(Unaudited)</b>				
Borrowings	66,587,068	66,587,068		
Trade and other payables	7,996,729	7,996,729		
<b>Total</b>	<b>74,583,797</b>	<b>74,583,797</b>		
	<b>At fair value through profit or loss</b>	<b>At amortized cost</b>	<b>At fair value through other comprehensive income</b>	<b>Total</b>
<b>At December 31, 2018</b>				
<b>Assets</b>				
Investments in equity instruments at fair value	-	-	679,904	679,904
Other receivables	-	3,632,634	-	3,632,634
Trade receivables	-	7,326,795	-	7,326,795
Cash and cash equivalents	287,657	179,638	-	467,295
<b>Total</b>	<b>287,657</b>	<b>11,139,067</b>	<b>679,904</b>	<b>12,106,628</b>
	<b>At amortized cost</b>	<b>Total</b>		
<b>At December 31, 2018</b>				
<b>Liabilities</b>				
Borrowings	54,525,224	54,525,224		
Trade and other payables	8,931,674	8,931,674		
<b>Total</b>	<b>63,456,898</b>	<b>63,456,898</b>		

**21.2 Fair value estimate**

At March 31, 2019 and December 31, 2018, 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 three-month period ended on March 31, 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).

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

**21.2 Fair value estimate (Cont'd)**

The following table presents the assets measured at fair value by hierarchy level at March 31, 2019 and December 31, 2018:

<b>At March 31, 2019</b>	<b>Level 1</b>	<b>Level 3</b>
<b>Assets</b>		
<b>(Unaudited)</b>		
Investments in equity instruments at fair value	-	808,340
Cash and cash equivalents	87,870	-
<b>Total</b>	<b>87,870</b>	<b>808,340</b>
<b>At December 31, 2018</b>	<b>Level 1</b>	<b>Level 3</b>
<b>Assets</b>		
Investments in equity instruments at fair value	-	679,904
Cash and cash equivalents	287,657	-
<b>Total</b>	<b>287,657</b>	<b>679,904</b>

**22. Share capital**

As mentioned in Note 1, on April 26, 2018, the Shareholders at an Annual and Extraordinary Meeting approved the merger with APASA effective as from January 1, 2018; therefore, the share capital of Tecpetrol S.A. reached \$4,436,448 (represented by 4,436,448,068 shares carrying a nominal value of \$1 each.) On August 14, 2018, both the merger and the capital increase were registered with the Companies Registration Office.

**23. Borrowings**

	<b>At March 31, 2019</b>	<b>December 31, 2018</b>
	<b>(Unaudited)</b>	
<b>Non-current</b>		
Bank borrowings	9,007,063	9,079,040
Borrowings from related parties (Note 32)	25,208,025	21,658,650
Negotiable obligations	21,566,099	18,746,413
	<b>55,781,187</b>	<b>49,484,103</b>
<b>Current</b>		
Bank borrowings	2,814,032	1,218,701
Borrowings from related parties (Note 32)	7,712,755	3,809,436
Negotiable obligations	279,094	12,984
	<b>10,805,881</b>	<b>5,041,121</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 March 31, 2019 and December 31, 2018.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

There follows the evolution of borrowings:

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period	54,525,224	15,691,925
Incorporation by merger	-	498,007
Proceeds from borrowings	3,002,286	4,027,678
Payment of borrowings	(7,495)	(8,142)
Accrued interest	733,405	199,198
Paid interest	(220,753)	(25,559)
Reclassifications	-	(45,464)
Exchange and translation differences	8,554,401	1,392,096
<b>Balance at the end of the period</b>	<b>66,587,068</b>	<b>21,729,739</b>

The main bank borrowings and borrowings from related parties are detailed below:

<b>Lender</b>	<b>At March 31, 2019</b>	<b>Interest rate</b>	<b>Contract's currency</b>	<b>Maturity date</b>
Tecpetrol Internacional S.L.U.	14,235,357	Libor 12M +1.13%	USD	08/09/20
Tecpetrol Internacional S.L.U.	657,065	Libor 12M +1.16%	USD	08/28/20
Tecpetrol Internacional S.L.U.	1,664,771	Libor 12M +1.21%	USD	12/04/20
Tecpetrol Internacional S.L.U.	8,693,375	Libor 3M +2.5%	USD	06/11/21
Tecpetrol Internacional S.L.U.	6,571,425	Libor 12M + 4.69%	USD	12/31/20
Tecpetrol Servicios S.L.U	175,491	Libor 12M + 1.79%	USD	06/30/21
Tecpetrol Servicios S.L.U	567,969	Libor 12M + 5.79%	USD	02/27/20
Tecpetrol Libertador B.V.	355,327	between 3.63% and 5.92%	USD	04/30/19 - 12/31/19
J.P. Morgan Chase Bank, Citibank and others	8,624,338	Libor 3M +1.50%	USD	09/19/22
Banco Santander Río	2,181,155	between 3.5% and 4.25%	USD	07/03/20 - 11/07/22
Banco HSBC	654,615	3.50%	USD	07/20/20
Banco Provincia	304,527	3.50%	USD	11/23/20
Banco Provincia	56,460	BADLAR + 2.0%	ARS	11/15/20

<b>Lender</b>	<b>December 31, 2018</b>	<b>Interest rate</b>	<b>Contract's currency</b>	<b>Maturity date</b>
Tecpetrol Internacional S.L.U.	12,252,501	Libor 12M +1.13%	USD	08/09/20
Tecpetrol Internacional S.L.U.	565,500	Libor 12M +1.16%	USD	08/28/20
Tecpetrol Internacional S.L.U.	1,432,600	Libor 12M +1.21%	USD	12/04/20
Tecpetrol Internacional S.L.U.	7,556,614	Libor 3M +2.5%	USD	06/11/21
Tecpetrol Internacional S.L.U.	3,204,500	Libor 12M + 4.69%	USD	12/31/20
Tecpetrol Servicios S.L.U	150,800	Libor 12M + 1.79%	USD	06/30/21
Tecpetrol Libertador B.V.	305,571	between 3.63% and 5.92%	USD	04/30/19 - 12/31/19
J.P. Morgan Chase Bank, Citibank and others	7,496,439	Libor 3M +1.50%	USD	09/19/22
Banco Santander Río	1,896,710	4.25%	USD	07/03/20 - 11/07/22
Banco HSBC	574,447	3.50%	USD	07/20/20
Banco Provincia	264,887	3.50%	USD	11/23/20
Banco Provincia	65,258	BADLAR + 2.0%	ARS	11/15/20

# Tecpetrol Sociedad Anónima

## Interim Condensed Financial Statements at March 31, 2019

### Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)

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

##### *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.

##### *Partially received loan with Parent Company*

On October 30, 2018, the Company arranged a credit line with its Parent Company, Tecpetrol Internacional S.L.U., for a maximum amount of USD 200 million. Principal will be paid in two equal installments on December 31, 2019 and December 31, 2020. Agreed interest rate is LIBOR 12M + 4.69% per year. Interest is payable on December 31 of each year. The remaining terms and conditions are the ones regularly used for similar financing processes. At March 31, 2019, the Company has received USD 149 million from the credit line.

#### 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:

	At March 31, 2019 (Unaudited)	December 31, 2018
<b>Non-current</b>		
Pension programs and other plans (i)	635,144	548,263
Employee retention and long-term incentive program	541,148	425,329
	<b>1,176,292</b>	<b>973,592</b>
<b>Current</b>		
Employee retention and long-term incentive program	82,879	72,077
	<b>82,879</b>	<b>72,077</b>

(i) There are no enforceable debts at March 31, 2019 and December 31, 2018.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

**24. Employee benefits programs (Cont'd)**

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
Pension programs and other plans	25,306	9,008
Employee retention and long-term incentive program	46,840	16,461
<b>Total included in Labor costs (Note 9)</b>	<b>72,146</b>	<b>25,469</b>

**25. Provisions**

	<b>At March 31, 2019</b>	<b>December 31, 2018</b>
	<b>(Unaudited)</b>	
<b>Non-current</b>		
Asset retirement obligations	2,172,299	1,840,707
Provision for other contingencies	62,246	201,102
	<b>2,234,545</b>	<b>2,041,809</b>
<b>Current</b>		
Asset retirement obligations	166,365	165,604
Provision for other contingencies	15,545	18,053
	<b>181,910</b>	<b>183,657</b>

The evolution of provisions is disclosed below:

*Asset retirement obligations*

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period	2,006,311	1,216,801
Incorporation by merger	-	50,117
Currency translation differences	303,514	102,334
Increases	50,477	20,022
Uses	(21,638)	(1,660)
<b>Balance at the end of the period</b>	<b>2,338,664</b>	<b>1,387,614</b>

*Other contingencies*

	<b>Three-month period ended on March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
Balance at the beginning of the period	219,155	136,241
Incorporation by merger	-	41,903
Currency translation differences	8,122	9,523
Net recoveries	(149,486)	(6,792)
<b>Balance at the end of the period</b>	<b>77,791</b>	<b>180,875</b>

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

**26. Trade and other payables**

	At March 31, 2019	December 31, 2018
	(Unaudited)	
<b>Non-current</b>		
Investments in joint ventures with negative balance on equity (Note 15)	-	2,051
	-	<b>2,051</b>
<b>Current</b>		
Trade payables	6,366,587	7,123,426
Payables to related parties (Note 32)	1,618,881	1,799,234
Social security debts and other taxes	1,392,262	1,263,477
Other liabilities	11,261	9,014
	<b>9,388,991</b>	<b>10,195,151</b>

**27. Deferred income tax**

There follows the evolution of deferred income tax:

	Three-month period ended on March 31, 2019	2018
	(Unaudited)	
Balance at the beginning of the period - Net deferred asset	3,156,662	335,424
Charged directly to Other comprehensive income	(7,084)	(434)
Profit (loss) for the period	619,633	(32,117)
Currency translation differences	541,565	26,214
<b>Balance at the end of the period - Net deferred asset</b>	<b>4,310,776</b>	<b>329,087</b>

**28. Cash Flow Statement complementary information**

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

	Three-month period ended on March 31, 2019	2018
	(Unaudited)	
Depreciation of property, plant and equipment (Note 13)	4,962,461	741,956
Depreciation of right-of-use assets (Note 14)	82,808	-
Profit (loss) from the sale and write-off of property, plant and equipment (Note 10)	(1,353)	(782)
Exploration costs	14,930	578
Income tax (Note 12)	(619,633)	32,117
Accrued and unpaid interest from Borrowings	512,652	173,639
Accrued interest from Right-of-use liabilities	2,075	-
Provisions	(77,151)	14,909
Profit (loss) from investments in entities accounted for using the equity method (Note 15)	(35,682)	-
Profit (loss) from employee benefits programs (Note 9)	72,146	25,469
	<b>4,913,253</b>	<b>987,886</b>

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

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

**28. Cash Flow Statement complementary information (Cont'd)**

*Changes in working capital*

	Three-month period ended on March 31,	
	2019	2018
	(Unaudited)	
Increase in Trade and other receivables	(3,241,952)	(2,469,163)
Decrease in inventories	208,824	50,436
(Decrease)/Increase in trade and other payables	(1,009,895)	438,579
	<b>(4,043,023)</b>	<b>(1,980,148)</b>

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

Item	Type (2)	03.31.2019 (Unaudited)		12.31.2018	
		Amount in currency other than Argentine pesos (3)	Amount in local currency at 43.35 (4)	Amount in currency other than Argentine pesos (3)	Amount in local currency at 37.70 (4)
<b>Assets</b>					
<b>Non-current assets</b>					
Other receivables and prepayments	USD	6,915	299,785	7,214	271,958
<b>Current assets</b>					
Other receivables and prepayments	USD	5,186	224,827	4,712	177,637
Trade receivables	USD	88,697	3,845,008	85,973	3,241,173
Cash and cash equivalents	USD	13,656	591,993	3,681	138,775
<b>Total assets</b>			<b>4,961,613</b>		<b>3,829,543</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	USD	1,286,252	55,759,042	1,311,769	49,453,656
Right-of-use liabilities	USD	17,736	768,867	-	-
Provisions	USD	50,111	2,172,299	48,825	1,840,707
<b>Current liabilities</b>					
Borrowings	USD	248,479	10,771,566	132,793	5,006,310
Right-of-use liabilities	USD	17,755	769,679	-	-
Provisions	USD	3,838	166,365	4,393	165,604
Trade and other payables	USD	130,488	5,656,667	186,901	7,046,165
<b>Total liabilities</b>			<b>76,064,485</b>		<b>63,512,442</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 March 31, 2019 and December 31, 2018, respectively.



## **Tecpetrol Sociedad Anónima**

### **Interim Condensed Financial Statements at March 31, 2019**

#### **Notes to Interim Condensed Financial Statements at March 31, 2019 (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**

At March 31, 2019, the Company keeps a guarantee for investment commitments in the area of Aguaragüe for USD 0.57 million maturing upon obligation discharge. Through Resolution No. 044/18 issued by the Office of the Secretary of Energy of the province of Salta, pending work units were transferred from Río Colorado area to Aguaragüe area, where Tecpetrol S.A. is co-owner of exploration and exploitation rights. In February 2019, the Company entered into an agreement with the authorities of the province of Salta, whereby a tentative work schedule is set with regard to the execution of all transferred units. Such work schedule consists of the drilling of a development well in the formation of Tupambi or San Telmo, and the execution of a workover in order to verify the unconventional gas potential from the geological formation Los Monos.

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

- Guarantee of compliance with labor obligations of Tecpetrol Colombia S.A.S. in CPO6, CPO7 and CPO13 areas in Colombia for USD 0.21 million with maturity dates between October 2019 and July 2020 (phase II); and in CP013 area in Colombia for USD 0.05 million (exploration and production phase) falling due in July 2023.
- Guarantee for the obligations in connection with environmental remediation liabilities in the area of Río Colorado for USD 0.7 million maturing at the end of the first exploration period.
- Guarantee for judicial counter-bond insurance policies in favor of National Trial Court on Commercial Matters No. 3 in relation to injunctive reliefs for USD 1.60 million.
- 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 131.49 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 offices lease and other commitments in favor of the Secretary of State of Energy of Río Negro, Customs Administration, Energy and Mining Ministry and the Trial Court on Labor Matters for Neuquén, for USD 0.32 and USD 0.03 million, respectively.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

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

Basin	Area	Pending investment commitments
Noroeste - San Jorge	Tordillo and La Tapera-Puesto Quiroga	· Keeping a single item of drilling equipment active during 21 months until July 2021.
		· Drilling of 2 P2/P3 wells until December 2021
	Gran Bajo Oriental	· Investments for USD 13.56 million to be made until 2021 (first exploratory period).
Neuquina	Aguaragüe	· Drilling of 1 well (depending upon the results of 2018 activities) · Drilling of a development well in the formation of Tupambi or San Telmo and execution of a workover in order to verify the unconventional gas potential from the geological formation Los Monos.
	Agua Salada	· Exploratory and development investments for USD 38.3 million to be made before 2025 consisting of the drilling of 2 exploratory wells, 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 during six months to be performed before June 30, 2021.
	Loma Ranqueles	· Drilling of 1 unconventional completion well with horizontal branch of 1,500 meters minimum to be drilled before June 2019, and testing of such well to be performed before June 2020.
	Los Toldos I Sur	· Investments for USD 109.2 million to be made until 2022.

(iii) Restrictions on the distribution of profits

In accordance with 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.

## **Tecpetrol Sociedad Anónima**

### **Interim Condensed Financial Statements at March 31, 2019**

#### **Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

##### **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, 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.

## **Tecpetrol Sociedad Anónima**

### **Interim Condensed Financial Statements at March 31, 2019**

#### **Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

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 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 (January to March 2018 - Provisional Payment).

Nevertheless, the Office of the Secretary of Energy settled Provisional Payment for August 2018 and subsequent months, but introduced a change of criteria regarding the assessment of the compensations provided for in Resolution No. 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. This change of criteria has a negative impact upon cash flows, therefore, the Company is reassessing 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.

In February 2019, the Company filed appeals against the resolutions issued by the Office of the Secretary of Energy that support the above-mentioned criterion, since it 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.

In such appeals, the Company claimed, among others 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.

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**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

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. Notwithstanding the fact that the Company might challenge such denial in the administrative venue, it is entitled to bring judicial proceedings in order to safeguard its rights. Also, the shareholders of the Company are entitled to file claims before international courts.

Moreover, in April 2019, the Company filed new appeals against the resolutions issued by the Office of the Secretary of Energy by means of which Provisional Payments for November and December 2018 were determined using the same criteria adopted for the settlement of previous Provisional Payments.

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 \$3,427 million for the three-month period ended on March 31, 2019 (\$9,082 million accumulated at March 31, 2019).

**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 Dutch private foundation (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.

*Main transactions with related parties (including discontinued operations):*

	<b>Three-month period ended on</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	
<b>Net sales</b>		
Other related companies	701,419	303,755
<b>Purchases of goods and services</b>		
Other related companies	(2,209,858)	(590,080)
<b>Reimbursement of expenses</b>		
Other related companies	40,692	15,515
<b>Interest income</b>		
Other related companies	2,194	23,796
<b>Interest cost</b>		
Tecpetrol Internacional S.L.U.	(357,047)	(41,563)
Other related companies	(9,416)	(1,444)
	<u>(366,463)</u>	<u>(43,007)</u>

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

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

*Balances with related parties*

	<b>At March 31, 2019</b>	<b>December 31, 2018</b>
	<b>(Unaudited)</b>	
<b>Other receivables from related parties (Note 17) (i):</b>		
Current - Tecpetrol Internacional S.L.U.	4	1,018
Current - Tecpetrol International S.A.	148	163
Current - Oleoducto Loma Campana - Lago Pellegrini S.A.	89,959	66,328
Current - Other related companies	51,276	41,615
	<u>141,387</u>	<u>109,124</u>
 <b>Trade receivables from related parties (Note 18):</b>		
Current - Other related companies	288,722	75,936
 <b>Short-term deposits with related parties (Nota 20):</b>		
Current - Other related companies	61,617	137,923
 <b>Borrowings from related parties (Note 23):</b>		
Non-current - Tecpetrol Internacional S.L.U.	25,034,625	21,507,851
Non-current - Other related companies	173,400	150,799
	<u>25,208,025</u>	<u>21,658,650</u>
 Current - Tecpetrol Internacional S.L.U.	6,787,368	3,503,864
Current - Other related companies	925,387	305,572
	<u>7,712,755</u>	<u>3,809,436</u>
 <b>Trade and other payables with related parties (Note 26) (ii):</b>		
Current - Tecpetrol International S.A.	-	618
Current - Other related companies	1,618,881	1,798,616
	<u>1,618,881</u>	<u>1,799,234</u>

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

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

# Tecpetrol Sociedad Anónima

## Interim Condensed Financial Statements at March 31, 2019

### Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)

#### 33. Main joint operations

##### Joint operations

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

Name	Location	% at March 31, 2019	% at December 31, 2018	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	May-20
Los Toldos (I Norte, II Este) (iii) (iv)	Neuquén	90.0	90.0	May-18

(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) Areas incorporated as a result of the merger with APASA. See Note 1.

(iv) As of the date of issuance of these Interim Condensed Financial Statements the Company is negotiating with the government of Neuquén a one-year extension of the exploratory period over Los Toldos I Norte and II Este.

##### b) Areas operated by third parties

Name	Location	% at March 31, 2019	% at December 31, 2018	Expiration date of the concession
Ramos	Salta	25	25	Jan-26
Los Toldos I Sur (i)	Neuquén	10.0	10.0	Mar-52

(i) Area incorporated as a result of the merger with APASA. The authorities of the province of Neuquén granted to the joint venture the exploitation concession over the area.

#### 34. Discontinued operations

As mentioned in Note 1, on December 28, 2017, Dapetrol transferred control over its main asset, namely, Oil Mine "José Segundo" for USD 491 thousand. Therefore, on October 8, 2018, the Shareholders of Dapetrol at an Extraordinary Meeting approved the winding up of the company and the plan for the distribution of balances and reimbursement of capital.

There follows a detail of profits (losses) classified as *Discontinued operations* in the Interim Condensed Income Statement at March 31, 2018, as well as net cash flows:

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**Interim Condensed Financial Statements at March 31, 2019**

**Notes to Interim Condensed Financial Statements at March 31, 2019 (Cont'd)**

**34. Discontinued operations (Cont'd)**

	Three-month period ended on March 31, 2018
	(Unaudited)
Net sales	142
Operating costs	(45)
<b>Gross margin</b>	<b>97</b>
Other operating profit (loss)	(528)
Net financial profit (loss)	454
<b>Profit (loss) from discontinued operations</b>	<b>23</b>

  

	Three-month period ended on March 31, 2018
	(Unaudited)
Cash used in operating activities	(11,154)

**35. Subsequent events**

No events, situations or circumstances have taken place as from March 31, 2019 other than the ones mentioned in the notes to these Interim Condensed Financial Statements, which are not publicly known, and affect or might significantly affect the economic and financial position of the Company.



**Tecpetrol Sociedad Anónima**  
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**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 have not been 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
Up to 3 months	9,367,334	847,196	10,214,530	9,981,942
3-6 months	1,283,393	-	1,283,393	2,144,266
6-9 months	1,117,204	-	1,117,204	5,607,010
9-12 months	1,102,643	204,010	1,306,653	3,313,590
Between 1 and 2 years	457,588	-	457,588	28,531,637
Between 2 and 3 years	292,336	-	292,336	4,055,855
Between 3 and 4 years	90,062	-	90,062	23,768,584
More than 4 years	3,687	-	3,687	223,302
	13,714,247	1,051,206	14,765,453	77,626,186
No maturity date	9,260,147	-	9,260,147	3,675,696
Total	22,974,394	1,051,206	24,025,600	81,301,882

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

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

	Receivables	Payables
In local currency - not accruing interest	19,438,381	3,793,716
In foreign currency - not accruing interest	4,369,620	5,656,667
In local currency - accruing interest	217,599	1,443,681
In foreign currency - accruing interest	-	70,407,818
	24,025,600	81,301,882

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

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**Interim Condensed Financial Statements at March 31, 2019**

**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.
  - 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 conducts 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 significantly locked up 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 net future cash flows expected to arise from the remaining commercial reserves.

**Tecpetrol Sociedad Anónima**  
**Interim Condensed Financial Statements at March 31, 2019**

**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 in thousands of USD	Carrying values in thousands of ARS	Risk covered
Wells	USD	(*)	(**)	Monitoring, redrilling, spill
Vehicles	ARS	133,295		Damages and Liability Insurance
Buildings, facilities and ducts used for exploitation and transport	USD	1,147,226		Damage of materials or equipment
Buildings, facilities and ducts used for exploitation and transport	USD	291,984	21,823,957	Full coverage in relation to construction and installation
Goods	USD	5,000		Full coverage in relation to transport
Computer equipment	USD	10,394		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 March 31, 2019.

Negative: there are no provisions for contingencies whose balances, 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 period, 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 March 31, 2019.



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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 297/299 - 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 March 31, 2019, the interim condensed income statement and the interim condensed statement of comprehensive income for the three-month period ended March 31, 2019, the interim condensed statement of changes in equity and the interim condensed cash flow statement for the three-month period then ended, and selected explanatory notes.

The balances and other information corresponding to the year 2018 and to its intermediate periods, are an integral part of the financial statements mentioned above; 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) the interim condensed financial statements of Tecpetrol Sociedad Anónima are transcribed into the "Inventory and Balance Sheet" book and, 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) the interim condensed financial statements of Tecpetrol Sociedad Anónima arise from accounting records kept in all formal respects in conformity with legal provisions;
- 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 March 31, 2019, 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 \$33.360.173,10, none of which was claimable at that date.

Autonomous City of Buenos Aires, May 9, 2019

PRICE WATERHOUSE & CO. S.R.L.

by  (Partner)  
Alejandro J. Rosa