COMPAÑÍA GENERAL DE COMBUSTIBLES S.A.

Consolidated Financial Statements
for the fiscal year ended December 31, 2020
(Presented in comparative format)

"Free translation from the original in Spanish for publication in Argentina"

Compañía General de Combustibles S.A.

Financial Statements for the Fiscal Year Commenced January 1, 2019 and Ended December 31, 2019

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as of December 31, 2020

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Statutory Auditors	Carlos Oscar Bianchi
	Carlos Fernando Bianchi
	Mariano Miguel De Apellaniz

To the Shareholders:

According to the legal and statutory provisions in force, the Board of Directors submits to your consideration this Annual Report, the Inventory, the Informative Review, the Financial Statements comprising the corresponding consolidated and individual statements of financial position, statements of comprehensive income, statements of changes in shareholders' equity, cash flow statements, and notes for fiscal year No. 101 ended on December 31, 2020, which information must be read, analyzed and interpreted together so as to have a full vision of the relevant corporate matters of the fiscal year.

The financial statements have been prepared in accordance with accounting standards and the provisions of regulatory agencies, which are detailed in the accompanying notes.

I. MACROECONOMIC CONTEXT OF THE YEAR 2020

Macroeconomic context

The Company carries on its operations mainly in Argentina, for which businesses depend to a large extent on the principal variables of the country's macroeconomic context.

Unexpectedly, in 2020 the world had to face the coronavirus pandemic (COVID-19). The general reaction was to close economies and isolate the population, which immediately led to strong falls in the level of activity and in the flows of trade and services among countries.

To reduce the economic effects of the health crisis, governments promoted processes of strong fiscal and monetary incentives with greater or lesser adaptability to their particular context. The assistance of central banks was reflected in their balance sheets, registering an increase in their assets in local currency of more than 50% as compared to the end of 2019 - thus increasing from 5% to 8% of the global GDP.

To the positive effects of the counter-cyclical policies, some advances in health management were added, although with setbacks in the learning and treatment process. At the end of 2020, the principal economies of the world started to inoculate their people. These events caused the global economy to fall 3.5% in 2020, less than the expected fall of 4.9% estimated in the middle of that year.

Also, among other effects, due to changes in the global geopolitical scenario, there was a depreciation of the U.S. dollar. This trend was slightly observed during the first months of 2020, but accelerated between November and December of such year, leading to a 5% decrease of such currency against the principal currencies of the world in that short period of time.

These movements led to a strong volatility in the prices of commodities. The price of Brent oil fell from US$ 52 per barrel in March 2020 to US$ 19 in April and, after reaching extraordinary minimal values for the accumulation of inventories for production exceeding demand without available storage capacity, in the second quarter it started to gradually recover to US$ 38 per barrel at the end of October 2020 and US$ 52 at the end of December. The price of Henry Hub natural gas, which at the end of 2019 was around US$ 2.2 per million of BTU, fell to US$ 1.6 in March 2020 – the lowest price of the year – to then start increasing, reaching levels of US$ 3.4 in October, closing the year at US$ 2.5 per million of BTU. The quotes of agricultural commodities price indexes were relatively stable until July-August 2020, but increased between 30 and 40%, measured in U.S. dollars, as from that date.

The Argentine economy was not oblivious to those events. In addition, it already had serious problems. As a result, the economic and social effects of the pandemic were significant. The GDP fell by 10% in 2020, which fall adds to those of 2019 (-2.1%) and

2018 (-2.6%), an accumulated contraction of 14% in three years. The annual average inflation was 45.9% in the period 2018-2020, whereas the official exchange rate peso/U.S. dollar depreciated at an annual average of 65.3% during that period and the free dollar (blue chip swap) depreciated at an annual average of 98%. Finally, the average spread between both rates was 66% in 2020.

Beyond that, at the beginning of 2020 the economy was registering an incipient order regarding fiscal and monetary matters. The new government, which assumed in December 2019, launched a series of measures aimed at generating a better fiscal and financing scenario. Among the measures adopted, we can highlight the freezing of retirement and pension payments and the restructuring of the public debt governed by international legislation – to then continue with the debt governed by local legislation. However, this scenario was rapidly affected by the pandemic. At the end of March the government determined the total isolation of the population and the close of borders. The direct consequence of this was the collapse of the level of activity – a 19% year-on-year decline in the second quarter of the year, the increase of unemployment – 400,000 registered positions and around 4 million informal jobs were lost, and the increase in poverty – reaching 47% in the second quarter. The government addressed this with a strong expansion of social assistance and assistance to companies. The aggregate expense associated to the pandemic was of 3.5% of the GDP, which was financed by the Central Bank (BCRA). Monetary aggregates increased at an average nominal pace of more than 80% p.a. (M2), but registering higher increases between the beginning and the end of the year, of more than 95%.

With the gradual opening of activities, at the beginning of the second quarter of the year the economy started to recover. So did the monthly inflation rate, which increased from average levels of 1.7% in the second quarter to 3.7% in the last quarter – an annualized pace of 55%. In this way, the year ended with a GDP fall of 10% - the greatest since the 2001 crisis – and accumulated inflation of 36% - although affected by the freezing of or minor changes in some regulated prices, in particular the rates of public services, which were not increased during 2020. Regarding taxation, the annual primary deficit of the National Government was of 6.5% of the GDP in 2020. Including the interest of the debt posted in the Treasury, the deficit was of 8.5% of the GDP.

With effects on economic expectations, the restructuring process of the national public debt and others under international legislation was also carried out. In April, the Ministry of Economy launched the first offer to restructure the bonds under such characteristics. However, the agreement took longer than expected and it was not until August that the debt exchange with the acceptance of the majority of creditors was achieved. In September the debt in foreign currency under local legislation was also exchanged. The timing and characteristics of the process, coupled with different perceptions of the economic course, led to a country risk level (EMBI+ spread measured by J.P. Morgan) of 1,368 basis points (bp) at the end of 2020, i.e. 1,045 bp over the spread for emerging markets.

In this context, upon a continuous foreign currency demand (for example, for private sector savings for around US$ 5,700 million between January and September), the BCRA lost international reserves for approximately US$ 3,500 million between January and September 2020, despite having registered a trade surplus of around US$ 11,800 million during such period. For this reason, in the middle of September, the BCRA tightened the conditions to access to the official exchange market. By means of Communication "A" 7106 the purchase of foreign currency by the general public was limited and restrictions were imposed to access to the foreign exchange market (MULC) for the payment of private sector debts in foreign currency. The rule limited the access to foreign currency to 40% of the contractual payments of principal of companies' debts maturing between 09/15/20 and 03/31/2021, with the remaining 60% having to be refinanced within a period of not less than 2 years. Access for the payment of imports was also restricted (Communication "A" 7123). With all this, the BCRA lost international reserves for US$ 5,460 million during 2020, despite having registered a trade surplus of around US$ 12,500 million during the year.

At the same time, restrictions were imposed on the purchase-sale of securities in U.S. dollars and pesos, to indirectly intervene in the dollar rate of exchange implicit in such transactions. As a result, there was a significant increase (depreciation) of the unofficial "implicit free rate of exchange" – which touched 190 AR$/US$ - and of the exchange rate spread – which touched maximum values of 120% (it was followed by a correction implying an improvement of the value of the peso against the dollar during the first months of 2021). The greater risk perception also translated in an increase in the average yield of corporate debt, which mounted from levels of 14.6% to 21.3% p.a. in U.S. dollar bonds between the beginning of September and the end of October.

The hydrocarbon activity in Argentina

The hydrocarbon activity was not oblivious to the crisis, being adversely affected by the general fall of the level of activity. Production values (prices per quantities) were far from those obtained during 2019. We estimate a decrease for oil of around US$ 4,600 million (annual fall of 38%) and for gas of around US$ 1,900 million (annual fall of 35%).

The production of crude oil decreased by 5.3% in 2020 – with maximum annual reductions of up to 12% during the year (May). It should be noted that production levels started to gradually recover during the second half of the year, as did international prices. Even so, in December the production level was 7% lower than that of the same month of 2019. The rise of international prices in the last months of 2020 and the evolution of the rate of exchange were accompanied by the unfreezing of the domestic price of fuels, reflected on gradual rises. This contributed to a certain recomposition of the economic equation of those companies with a larger share of fuel sale in their income.

During 2020, the local production of natural gas decreased by 8.6% compared to the prior year – with annual falls of up to 13% during the worst months of the year (August). In addition, there were reductions in the investments for the production of natural gas upon the freezing of certain prices and rates, the uncertainty generated by the change in the applicable scheme of incentives for the production thereof – discussions in the application of Resolution 46/2017 – and the lack of definition of a set of regulations during almost all the period. At the end of 2020, the regulatory framework for the new Gas.Ar Plan 2020-2024 was issued, which consists in the auction of 70 million m^3 per day of gas to be injected as from May 2021 and a price reference so that the production per basin leads to the maintenance and/or increase of existing volumes.

II. SUMMARY OF THE MOST RELEVANT EVENTS OF THE YEAR

- ✓ **CGC consolidated a daily production of around 5 million m^3, positioning itself as the sixth gas producer at national level:** As of December 2020, the Company was the sixth gas operator in Argentina according to the information published by the IAPG, with an average daily production of 5 million m^3 and being the single firm in the ranking not having assets in the fields of Vaca Muerta.

  In 2019, the Company achieved its fourth consecutive year with production growth, mainly in its operations in the Austral Basin. In 2020, in spite of the Covid-19 pandemic which forced a reduction in the drilling activity, CGC managed to sustain the gas production with a decrease of only 8% at national level.

- ✓ **CGC was one of the first operators to resume its activities during the pandemic:** Having drilled only two wells during the first semester, in the month of June the continuous activities of a drilling rig were resumed and the operations of a second rig were started. In addition, the activities of completion, fracture, coiled tubing and production test equipment were resumed. All these operations were redesigned with new protocols to reduce the risks caused by the COVID-19 pandemic.

  The replenishment of 1P gas reserves was of 104% (incorporation of reserves relative to those consumed during the year) whereas, for oil, replenishment was of 74%.

- ✓ **The Company started a new exploration campaign and was able to extend existing permits:** The new campaign seeks to extend the productive limits of the basin to the west and the north. During 2020, two exploratory wells were drilled. The first one in the Piedrabuena block, the well Estancia Susana x-1, and the well Cerro Camporro Este.x-1 in the Tapi Aike block.

  In addition, due to the effects caused by the COVID-19 pandemic, we obtained the extension of exploration permits of the Tapi Aike, Paso Fuhr and Piedrabuena blocks for a period of nine additional months.

- ✓ **CGC could successfully deal with the strong decrease in gas prices during 2020**: At the end of the month of April, the Company decided not to renew agreements for annual periods due to the strong downward pressure of market prices mainly due to the effects of COVID-19 on the economy and the industry in particular, and the temporary oversupply of volumes associated to shale developments carried out during 2019. This action allowed to:

  - Capture production shortages during winter, especially during the months of July and August;
  - Administer the sale portfolio without entering into delivery or pay agreements, which allowed to adequately deal with the temporary reductions in the production volume, especially those caused by extreme temperatures during winter;
  - Access, as from January 2021, to better prices within the framework of the Gas.Ar Plan.

In addition, the net average Price of CGC during the nine-month period ended November 2019 was 9% higher than the average price for the Austral Basin, according to the information declared pursuant to Resolution E1/2018 (Secretariat of Hydrocarbon Resources).

- ✓ **Gas exports to Chile continued during 2020:** The total volume of gas exported to Chile during the year amounted to 34.6 million m^3. During the first quarter approximately 300,000 m^3 per day were exported, being operations resumed as from November, even with systematic restrictions to exports at Neuquén Centro. In addition, the authorization for interruptible exports to a Chilean company during 2021 was obtained.

- ✓ **CGC obtained the first concession for underground gas storage:** After two resolutions of the IESC (Res.58/19 and Res. 05/19) ratifying the *Agreement for Underground Gas Storage at the Exploitation Area "Sur Río Chico"* subscribed on December 6, 2019 and Provincial Decree No. 498/20 of May 2020 approving such resolutions, on December 2020 Provincial Law No. 3,716 of the Province of Santa Cruz was enacted, ratifying the Agreement and granting the concession Santa Cruz II – Fraction ASGN.

  Approximately 160,000 m^3 per day were injected during the months of January and May, making extractions during August and September. This allowed not only to perform the operational tests of the premises, but also a greater recovery of the gas produced, storing volumes during the months of oversupply in summer and having a greater availability of gas to be delivered during winter.

- ✓ **The Company agreed with the National Government the continuation of the Stimulus Program for Unconventional Gas and its combination with the "Gas.Ar Plan":** In the Gas.Ar Plan there was contemplated the continuation of the incentive of the *Stimulus Program for Investments in Production Developments* - Resolutions No. 46/2017, 419/2017 and 447/2017 of the former Ministry of Energy and Mining - confirming that the Company will continue to receive those incentives during 2021, continuing with the new plan as from the year 2022.

- ✓ **The Company joined the Plan for the Promotion of Argentine Natural Gas Production ("Gas.Ar Plan"):** Within the framework of the *Plan for the Promotion of Argentine Natural Gas Production – Supply and Demand Scheme 2020-2024*, approved by Decree 892/2020, CGC participated in the first bid, being awarded volumes associated to firm contracts for a total of 2.38 million m^3 per day. The price obtained was 3.46 dollars per million of BTU (maximum Price available for the Santa Cruz Basin), and an injection volume of 3.4 million m^3 per day was committed.

- ✓ **CGC maintained the value of its crude oil production, avoiding to sell at negative prices during the pandemic greatest impact:** The Company maximized the volume of exports at different moments of the year, storing a large part of the production during the months of the collapse of international prices due to the effect of COVID-19 on the global demand for oil. This not only avoided the need to make deliveries at a price lower than the cost of production, but also allowed the Company not to lose a single day of production during the whole year.

  In turn, the capacity to increase and maintain the usual level of stock showed the strategic importance of the use of the Punta Loyola Terminal in critical scenarios.

- ✓ **Continuation of LPG exports:** CGC has been able to maintain exports without interruptions during the whole year, adapting to the changing conditions of the market and adjusting to changes in regulations by the local regulatory entity.

- ✓ **Exchange of Class "A" Notes**: On August 6, 2020, the Company launched the exchange offer of its 9.5% fixed rate Class "A" Notes due 2021 for 9.5% fixed rate Class 17 Notes due 2025. According to the provisions of the Exchange Offer Memorandum, Eligible Holders offering their Existing Notes in the Exchange Offer received per each US$ 1,000.00 of nominal amount a Consideration in Kind of US$ 950.00, and an early Consideration in Cash of US$ 100.00.

  On September 8, 2020 the Exchange Offer ended with a total participation of 68.87% of creditors. As a result of such transaction there were issued and settled Class 17 Notes for US$ 196,110 for those creditors accepting the exchange, there remaining a total of US$ 93,383 of outstanding Class "A" Notes.

- ✓ **EBITDA**: The Company's EBITDA for the year 2020 amounted to $18,231.3 million, a decrease of $5,565.3 million or 23.4% compared to the prior year.

- ✓ **Reserves**: The Company's total proven reserves as of December 31, 2020 amounted to 9,921 Mm^3 of oil equivalent, which represented a 0.92 decrease compared to the value as of December 31, 2019. As of December 31, 2020, reserves are comprised of oil and liquids (13%) and natural gas (87%).

- ✓ **Investments in exploitation and exploration activities**: Investments in the year ended December 31, 2020 amounted to $ 7,075.8 million, a 57.4% decrease compared to the prior year, and were focused on development activities (87.1%) and exploration activities (12,9%).

  Accumulated investments during the last 24 months have reached the amount of $ 23.676,0 million, which amount reflects the Company's firm conviction in its growth.

- ✓ **Production:** The annual production of oil, natural gas, liquefied petroleum gas and gasoline amounted to 2.119,6 million m^3 of oil equivalent, a 9.6% decrease compared to the production of the prior year. Liquid hydrocarbons represented 14.3% and natural gas 85.7%.

III. CGC INVESTMENTS IN OTHER COMPANIES

CGC is a leading independent energy company operating in Argentina and engaged in the development, exploration and production of oil and gas and, to a lesser extent, liquefied petroleum gas ("LPG") (upstream business). The Company has an important portfolio of exploration and/or production areas in several basins of Argentina, with its principal operations located in the Province of Santa Cruz, in the southern part of the country. Apart from the upstream business, the Company has investments in the second most important gas pipeline network in Argentina, covering the northern and central parts of the country, where it has either joint control or significant influence (midstream business).

Upstream

CGC has interests in oil and gas fields in twelve areas of the continental Austral Basin and one area of the Northwestern Basin. The surface of the Company's areas in Argentina covers a total of 7.6 million gross acres and 5.5 million net acres. The production, exploration and development activities are carried out pursuant to 29 exploitation concessions and 3 exploration permits granted by the National Government and the provincial governments of Argentina. CGC carries on these activities directly or through joint venture agreements (*contratos de union transitoria de empresas or* "**UTE**"), operating all its oil and gas fields in the Austral Basin.

Midstream

CGC has an indirect 28.23% interest in Transportadora Gas del Norte S.A. ("**TGN**"), a 39.99% interest both in GasAndes Argentina and GasAndes Chile, the operators of the pipeline GasAndes in Argentina and Chile, respectively, and a 15.78% interest in Transportadora Gas del Mercosur S.A. ("**TGM**").

Although the Company's principal business is its upstream business, CGC plans to maintain its existing interests in the midstream business, as it considers that same constitute an investment that strategically and financially supplements its principal business.

The principal interests in the upstream business and the investments in the midstream business are detailed below:

UPSTREAM

COUNTRY/ BASIN	AREA	INTEREST %	OPERATOR	ACTIVITY
ARGENTINA				
Austral	El Cerrito	100.00	CGC	Exploration and exploitation
	Dos Hermanos	100.00		
	Campo Boleadoras	100.00		
	Campo Indio Este / El Cerrito	100.00		
	María Inés	100.00		
	Cóndor	100.00		
	La Maggie	100.00		
	Glencross	87.00		
	Estancia Chiripa	87.00		
	Tapi Aike	100.00		Exploration
	Paso Fuhr	50.00		
	Piedrabuena	100.00		
Northwestern	Aguaragüe	5.00	Tecpetrol S.A.	Exploration and exploitation

MIDSTREAM

COUNTRY	COMPANY	DIRECT AND INDIRECT INTEREST %
ARGENTINA	Transportadora de Gas del Norte S.A.	28.23(*)
	Gasoducto GasAndes Argentina S.A.	39.99
	Transportadora de Gas del Mercosur S.A.	15.77
CHILE	Gasoducto GasAndes S.A.	39.99

(*) 28.23% directly and indirectly due to its 50.00% interest in Gasinvest S.A.

IV. CHANGES IN CGC INDICATORS

The table below presents the Company's results by business segment. To this end, the results of those companies in which CGC does not have a controlling interest have been proportionally consolidated.

The following figures are expressed in constant currency as of December 31, 2020.

		UPSTREAM		NATURAL GAS TRANSPORTATION		TOTAL	
		2020	**2019**	**2020**	**2019**	**2020**	**2019**
Sales revenues	**MM$**	31,285.6	42,041.2	6,893.3	7,432.0	38,178.9	49,473.3
Gross margin	**MM$**	12,261.8	16,676,5	2,909.8	3,544.7	15,171.6	20,221.1
Operating result	**MM$**	7,044.1	10,487,9	2,019.9	2,800.0	9,064.0	13,288.0
Oil production (1)(3)	**m^3/day**	833	1,009			833	1,009
Gas production	**Mm^3/day**	4,974	5,414			5	5,414
Oil reserves (1)(2)(3)	**Mm^3**	1,278(b)	1,362(a)			1,278(b)	1,362(a)
Gas reserves (2)(3)	**MMm^3**	8,643(b)	8,651(a)			8,643(b)	8,651(a)
Total reserves (1)(2)(3)	**Mm^3P.E.**	9,921(b)	10,013(a)			9,921(b)	10,013(a)
Reserves ratio	**Years**	4.7	4.3			4.7	4.3
Gas transported	**MMm^3/day**			15.5	15.8	15.5	15.8

Grouped by line of business based on CGC's interest in each one.
M = thousands; MM = Million; m3 = cubic meters
O.E.: Oil Equivalent

(1) Includes liquefied petroleum gas and gasoline.
(2) Only includes proven reserves.
(3) Only includes information on Argentina.
(a) Correspond to reserves audited by DeGolyer and MacNaughton as of 12.31.19, with the exception of non-operated areas, which correspond to reserves estimated by the Company as of 12.31.19.
(b) Correspond to reserves audited by DeGolyer and MacNaughton as of 12.31.20, with the exception of non-operated areas, which correspond to reserves estimated by the Company at 12.31.20.

V. ACTIVITIES AND BUSINESSES OF THE COMPANY

A) UPSTREAM

Exploration and production areas of the Company

As of December 2020, CGC ranked as the sixth gas producer and the seventh liquid hydrocarbons producer in Argentina, in terms of wellhead production, according to information published by the IAPG.

In 2019 the Company achieved its fourth consecutive year with production growth, mainly in its operations in the Austral Basin. In 2020, in spite of the pandemic which forced a reduction of the drilling activity, it managed to sustain the production level in the operated areas with a decrease of only 8% in respect of natural gas. Only two vertical wells were drilled during the first semester of the year. In the second semester, the activity was resumed with one drilling rig and the Company managed to start the operation of a second rig. The activities of completion, fracture, coiled tubing and production test equipment were also resumed. All these operations were redesigned with new protocols to reduce the risks relating to COVID-19.

CGC is the principal operator of the continental Austral Basin, having 26 exploitation concessions and 3 exploration permits. Operations are concentrated in 25 productive fields. In addition, the Company operates in the Northwestern Basin at the Aguaragüe concession, with a 5% interest.

The production operated by CGC in the month of December 2020 amounted in average to 4.97 million m^3 per day (std) of gas and 661 m^3 per day of oil (including gasoline). Proven and probable reserves remaining as of December 31, 2020 are of 10,120 million m^3 of gas and 1.6 million m^3 of oil (including oil, gasoline and LPG).

Almost all the Company’s production and reserves come from the areas located in the Austral Basin, where its main activities are also concentrated. The replenishment of gas 1P reserves was 104% (incorporation of reserves against reserves consumed during the year) whereas, for oil, replenishment was 74%.

For the incorporation of new wells two rigs were used, one active during 6 months (suspension caused by the effects of COVID-19) and a second rig started operating in the middle of November 2020. The activity of the second rig was focused on an unprecedented exploration campaign in the basin.

During 2020 a total of 16 wells were drilled, including 5 horizontal wells and 2 exploratory wells. In addition, there operated in the basin a completion and well repair equipment, a hydraulic fracturing set for well stimulation and a coiled tubing equipment. Also, new surface facilities necessary for the evacuation, compression and conditioning of hydrocarbons for their sale were built.

Development and exploration campaigns

The focus was on the development of the fields Campo Indio (CI) and El Cerrito Oeste (ECO), where eight and six wells were drilled, respectively, all corresponding to the "Stimulus Program for the Development of Natural Gas Production in Unconventional Reservoirs", to which CGC adhered in January 2018. Within the framework of this development campaign, five wells were horizontal with branches of approximately 1,200 meters, three of them in CI and two of them in ECO.

Regarding the exploration campaign, we tried to extend the productive limits of the basin to the west and to the north. In 2020, two exploratory wells were drilled: the first one in the Piedrabuena block, called Estancia Susana x-1, and the second one was Cerro Camporro Este.x-1, in the Tapi Aike block.

Campo Indio

This field was developed in the 90's in the Springhill formation at a depth of around 3,000 meters, from which oil was extracted. After 2002 the development of gas in the Magallanes Inferior formation was started at a depth of 1,400 meters. The principal reservoir is called "M1" and the trap is stratigraphic due to lateral change of facies and erosional truncation. The first wells produced from the western area of the field, called "conventional". Since 2017 CGC has been intensively developing the eastern area, which is classified as "unconventional" due to its low permeability. The characteristics of the reservoir in the eastern zone make it require stimulation techniques and horizontal drilling which improve the productivity of the wells. Techniques such as drilling deviated boreholes from a same spot on the surface and the completion of monobore wells (only one conduit) are also used to optimize development costs. During 2020, five vertical/deviated wells and three horizontal wells were drilled. We continued with a campaign of infill wells, as we detected poorly drained sectors due to the wells drilled between 2016 and 2019. This is due to the low permeability ("tight") of the reservoir and to the additional volumes of gas relative to those initially estimated in some sectors of the field.

El Cerrito Oeste

This gas field was discovered in 2017 while drilling the EC.a-1010 well. The productive formation is Magallanes Inferior, classified as "unconventional" due to its low permeability. The principal reservoir "M2" is located at a depth of between 1,500 and 1,600 mbnt and presents a net pay of up to 15 meters. The trap is stratigraphic due to lateral change of facies and has a component due to a failure at the northern edge of the field. During 2018, four wells were drilled which helped to outline the area of the reservoir and incorporated new reserves for development. To evacuate this production, the construction works of pipelines and collection facilities were completed. The gas treatment plant, with a total capacity of an average of one million m^3 per day was finished. In order to place value on such production due to the low demand of the area, an additional compression station was put into operation at the DPP Boleadoras PM03 plant to put in salable condition such gas towards the gas pipeline Gral. San Martín, operated by Transportadora de Gas del Sur S.A. (TGS). In 2019, five more wells were drilled, of which two were exploratory and extended the field.

In 2020 the two first horizontal wells of the field were drilled with good results in terms of productivity, validating the strategy of "hybrid, Horizontal-Vertical" development applied at CI. In addition, the advanced well ECO.a-11d was drilled, which extended the limits of the accumulation to the south and west. The test of a new reservoir was made within the Magallanes Formation in the ECO.x-9 well, drilled in December 2019, which contributes significant volumes of oil and is currently under evaluation to determine its extension and potential.

El Puma

In 2006,, two exploratory wells were drilled, which proved to be barren. On the basis of a reappraisal of the area, in 2018 it was decided to drill a third exploratory well which resulted in the discovery of a new field. During the same year an advanced well and another exploratory well were drilled to explore another seismic anomaly. This new field has proved the presence of gas in three levels of the Anita Formation (between 1,750 and 1,850 mbbp) and in one level of the Magallanes Inferior Formation (1,450 mbbp). The Anita Formation has varied petrophysical properties whereas Magallanes has low permeability within the ranges of "unconventional" reservoirs. Significant reserves have also been incorporated, which will be developed with six additional wells. To evacuate production, the construction of an 8" pipeline of 12.5 km from El Puma to El Cerrito has been started.

The drilling of the remaining wells has been postponed to 2021 so as to have a greater production history and evaluation of the field. At the end of the year a test of the EPu.a-6d well was made at a horizon that proved to have gas at a depth of 750 meters. Although the volume is relatively low, of around 36 million m3, we plan to connect the well and evaluate this resource which is located at very low depths.

Activity at oil fields. Estancia Agua Fresca, María Inés Oeste and Barda de las Vegas

At these fields, the works carried out were mostly pulling and repairs to sustain the production and improve the reinjection of production water. A total of 12 works were made, mainly at the field Estancia Agua Fresca. During 2019 drilling activities were carried out (a total of six wells) and at the moment we continue analyzing the drilling feasibility of some sectors of the above-mentioned fields.

Exploratory wells

The 2020 exploration campaign in the Austral Basin included two exploratory wells, which mark the beginning of an intense campaign which will continue during 2021. The first one at the Piedrabuena block, the well Estancia Susana x-1, and the second one called Cerro Camporro Este.x-1, at the Tapi Aike block.

At Piedrabuena we drilled the first exploratory well with the new 3D seismic acquired by CGC during 2019. The well looked for hydrocarbon accumulations in positions far from the productive area and with new concepts. We found very good reservoirs, but without entrapment, for which the project was abandoned. At Tapi Aike we drilled the second exploratory well of the block’s eastern sector, after the well Campo La Mata.x-1 of 2019. Its completion and test are expected to take place during 2021.

Well repairs

Wells were repaired with different objectives. The same equipment was used for 26 pulling works in different fields.

Stimulations

During 2020, the fracturing team carried out the completion of most of the wells drilled at Campo Indio and El Cerrito Oeste. A total of 13 wells were stimulated, of which five were vertical. A total of 71 fracturing stages were carried out, injecting a total of 150,816 sandbags in formation and 18.2 Mm^3 of water, between 300-350 m^3 of water in each vertical well and between 2,800-3,800 m^3 of water in each horizontal well. Horizontal wells were completed as open wells with packer systems and shirt circulation casing activated by ball bearings. The coiled tubing equipment did the cleaning and induction of most of these wells

Underground Gas Storage Project at Sur Río Chico Este

In September we drilled the well SCH-10ig, to start the pilot phase of the second gas underground storage of the country and the first one in the Province of Santa Cruz. In addition, we started the construction of the injection plant associated to the underground gas storage project at Sur Rio Chico and its connection with the DPP plant Barda Las Vegas.

The purpose of this project is to maintain the production during low demand seasons and inject it in better quality reservoirs allowing a rapid production to supply high demand seasons. The pilot well found the reservoir of the Springhill Formation with water from the past production of the field and with good quality to start injection tests and the generation of a new gas accumulation, which will be formed by cushion gas and working gas. We expect to inject an approximate gas volume of 1 million m^3 in average per day during 180 days and to extract 2 million m^3 in average per day during 90 days a year.

Given the importance of the project, on February 19, 2020, CGC and the provincial government, with the presence of the governor of Santa Cruz, inaugurated this new stage and started the injection process in a ceremony in which the Company’s workers expressed their satisfaction with the future projections this initiative brings.

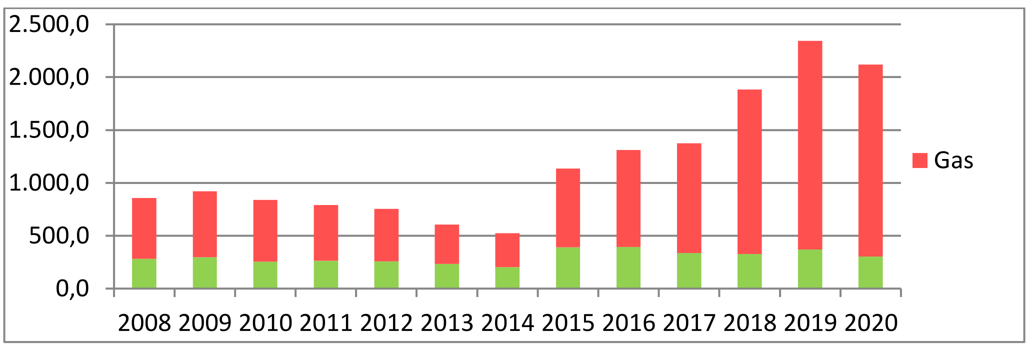
New operated area - Paso Fuhr

On February 28, 2019, the Company was awarded the area Paso Fuhr, in the Austral Basin, after presenting a joint offer with YPF, where CGC will be the operator. This is an exploratory area of 4,668 km^2, between the concessions of El Cerrito Fraction 2 and La Paz, operated by CGC.

On May 7, 2019, the agreement arising from Bid No. 02 – Paso Fuhr Area, second call was executed, the purpose of which is the exploration of hydrocarbons in such area. The exploratory objective will be focused on the Magallanes, Springhill and Palermo Aike formations and will be of the "unconventional" type. During fiscal year 2019 the area was assessed to develop the 3D seismic survey.

During 2020 interpretation works and exploratory studies were made. In addition, CGC performed the design, survey and invitation to tender for the acquisition of 3D seismic at the eastern sector of the area. The works are scheduled for 2021.

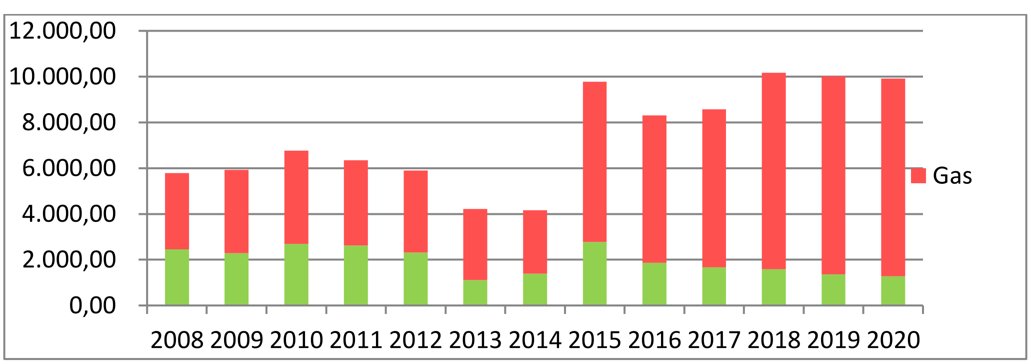
Changes in annual production (Mm3 Eq/year) (1)



(1) Years 2008 to 2012 include the production of the Onado area in Venezuela.

During fiscal year 2020, the total production of oil, natural gas, liquefied petroleum gas and gasoline was 2,119.6 Mm^3 of oil equivalent, which represents a 9.6% decrease compared to the production of the prior year. Liquid hydrocarbons represented 14.3% and natural gas 85.7%.

Reserves (Mm3 Eq) (2)



(2) Years 2008 to 2012 include the reserves of the Onado area in Venezuela.

The Company's proven reserves as of December 31, 2020 amounted to 9,921 Mm^3 of oil equivalent. These reserves consist in oil (13%) and natural gas (87%).

B) MIDSTREAM

Unlike other countries of the region, in the Republic of Argentina natural gas is the predominant source of energy for consumption and represents nearly 50% of the energy matrix.

The Company has an indirect 28.23% interest in Transportadora Gas del Norte S.A. ("TGN"), a 39.99% interest both in GasAndes Argentina and GasAndes Chile, the operators of the gas pipeline GasAndes in Argentina and Chile, respectively, and a 15.78% interest in Transportadora Gas del Mercosur S.A. ("TGM").

TGN - (28.23%)

CGC holds an indirect 23.07% interest in TGN through its investment in Gasinvest S.A. ("Gasinvest"), in which it holds a direct 50% interest. The other shareholder of Gasinvest S.A. is Tecpetrol International S.L.U. (50%). Gasinvest S.A. is the controlling shareholder of TGN, holding 56.35% of the capital stock thereof. Southern Cone Energy Holding Company Inc. is the second-largest shareholder with a 23.54% interest. 20% of TGN is held by public investors and 0.0565% is held by Tecpetrol Internacional S.L. The Company also has a direct minority interest of 0.0565% in TGN.

TGN is one of the two principal natural gas transportation companies operating in Argentina. It holds a license (the "License") for the provision of the public service of natural gas transportation, under which it has the exclusive right to exploit the two gas pipelines owned by it in the Northern and Midwestern regions of Argentina.

TGN's pipeline network is comprised of the North and Midwest pipelines and has a total extension of approximately 6,800 km and a delivery capacity of approximately 60 million m^3 per day. The system is connected to the pipelines "GasAndes" and "Norandino" constructed for the transportation of gas to the central and northern regions of Chile, respectively, to the pipeline "Entrerriano" transporting gas to the Province of Entre Ríos and to the Uruguayan coast, to the pipeline of "Transportadora de Gas del Mercosur S.A.". and to the "Gasoducto del Noreste Argentino" ("GNEA").

The total extension of the North pipeline is 4,550 km, including trunk pipelines and loops, with 12 compression stations with a total of 204.620 hp of installed compression capacity. The diameter of the main line is 24 inches.

The total extension of the Midwest pipeline is 2,256 km, including branches and loops, with 8 compression stations with a total of 171,000 hp of installed compression capacity. The diameter of the main line is 30 inches in most of its extension.

The volume of gas received and transported by TGN during fiscal year 2020 reached 18,776 Mm^3, which represents an average of 51.3 MMm^3/d, of which 24.3 MMm^3/d corresponded to the Midwest pipeline, 19.0 MMm^3/d to the North pipeline and 8.0 MMm^3/d were delivered in the Province of Buenos Aires.

Maximum daily injection values at pipeline endpoints were 24.0 MMm^3 in the Midwest pipeline and 32.7 MMm^3 in the North pipeline.

During fiscal year 2020 we exported through the Gas Andes pipeline 898 MMm^3. No exports were made through the Norandino pipeline.

As an operating highlight, we can mention that during fiscal year 2020 TGN was the successful bidder in the bid made by IEASA for the operation and maintenance service of the integration pipeline "Juana Azurduy" in the Argentine territory for a term of 5 years. This pipeline extends along 30 km from the Argentine-Bolivian border to the plant of Refinor S.A. in the Province of Salta connecting to the system of the North pipeline and with the head of the GNEA.

Regulatory matters

In its capacity as provider of an essential public service, TGN is subject to government regulation on the basis of Law No. 24.076, the enforcement authority of which is the ENARGAS.

In March 2017, the Company entered into with the National Executive Branch ("PEN") a License Readjustment Agreement (the "Comprehensive Agreement"), which was ratified by and came into effect with the issue of Decree No. 251 of March 27, 2018. This put an end to the renegotiation process carried out within the framework of Public Emergency Law No. 25,561. The provisions of the Comprehensive Agreement cover the contractual period between January 6, 2002 and the expiration date of the License. In addition, the Comprehensive Agreement set forth the rules to perform que quinquennial review of TGN's rates, which came into effect in March 2018 for the period 2017 – 2021.

In March 2018, the ENARGAS approved the tariff rates of the Integral Tariff Review ("RTI") made by such entity as from March 2016. In addition, the RTI sets forth that between April 1, 2017 and March 31, 2022 the Company shall implement a Mandatory Investment Plan ("PIO") for approximately $ 5,600 million, which amount will be adjusted in the same proportion as TGN's tariffs. The Company is under the obligation to invest the committed amount and to perform the works contemplated in the PIO.

The regulatory Framework of the industry contemplates the application of semi-annual not automatic tariff review mechanisms due to the variations observed in the prices of the economy relating to the costs of the service, in order to maintain the economic-financial sustainability and the quality of the service provided.

In September 2019, the Secretariat of Energy issued Resolution No. 521/2019 (as amended by Resolution No. 751/2019) deferring the semi-annual tariff adjustment that should have taken place on October 1, 2019 until February 1, 2020, and also compensating licensees with the review of the PIO for the exact incidence of the lower income derived from the measure. Therefore, between October and December 2019, the Company presented to the ENARGAS readjustment proposals for the PIO in the amount of $ 459.2 million (expressed in the currency as of December 2016).

On December 23, 2019, the Social Solidarity and Productive Reactivation Law was enacted empowering the PEN to maintain natural gas tariffs under federal jurisdiction and to start a renegotiation process of the integral tariff review in force or start an extraordinary review, on the terms of the Gas Law, for a maximum term of up to 180 days, in an effort to reduce the real tariff burden on households, stores and industries for the year 2020. In addition, the PEN was empowered to administratively intervene the ENARGAS for the term of one year.

In December 2019, the Solidarity Law was enacted empowering the PEN to freeze gas natural tariffs under federal jurisdiction and to start a renegotiation process of the integral tariff review in force or start an extraordinary review, on the terms of the Gas Law, for a maximum term of up to 180 days, in an effort to reduce the real tariff burden on households, stores and industries for the year 2020. In addition, the PEN was empowered to administratively intervene the ENARGAS for the term of one year. On March 16, 2020, the PEN ordered the intervention of the ENARGAS for a term which was successively extended until December 31, 2021. The freezing of tariffs determined by the Solidarity Law was successively extended until March 17, 2021 by means of Emergency Decrees No. 543/20 and 1,020/20.

Transportation tariffs are currently frozen at the values of April 2019 and the PEN has instructed the ENARGAS, by means of Decree No. 1,020/20, to start the review of the RTI, which process should be completed by December 2022. In the meantime, the ENARGAS may provide for temporary tariff increases to ensure the continuation and the safety of the public service.

On February 22, 2021, the ENARGAS issued Resolution No. 47 calling a public hearing to be held on March 16, 2021 to consider the transitional tariff scheme set forth in Decree No. 1,020/20.

Although TGN expects tariffs to remain constant to be able to cover the expenses and investments inherent to the operation and maintenance of the transportation system, since the purpose of the Solidarity Law is to obtain a tariff reduction in real terms, the tariffs resulting from the RTI could differ from current estimations and we cannot anticipate the results of such process.

TGN's management permanently monitors the evolution of the above-mentioned situations to determine the possible actions to be adopted and identify the potential impact thereof on TGN's financial situation.

In fiscal year ended December 31, 2020, TGN registered a net income of $3,094.3 million.

TGN's assets amount to $73,787.5 million and its shareholders' equity amounts to $54,990.9 million.

Gasoducto GasAndes (Argentina) S.A. and Gasoducto GasAndes S.A. (39.99%)

The Company has a direct 39.9% interest in both GasAndes Argentina and GasAndes Chile. GasAndes Argentina operates the Argentine section of the GasAndes pipeline while GasAndes Chile operates the Chilean section of such pipeline. The principal shareholder of GasAndes Argentina and GasAndes Chile is Aprovisionadora Global de Energía S.A. (formerly Metrogas (Chile) S.A.), with a 47.1% interest in each entity. The remaining 13.0% of GasAndes Argentina and GasAndes Chile is held by AES Gener S.A. The gas pipeline links the district of La Mora, in the Province of Mendoza, Argentina, with the city of Santiago de Chile, in Chile, and has an extension of approximately 533 km, a diameter of 24 inches and a transportation capacity of 10.8 million m3 per day. The operating license of GasAndes Argentina expires in 2027 and can be extended for 10 years, subject to review and approval by the National Government. The operating license of GasAndes Chile is for an unlimited period of time, subject to review and approval of the Chilean government. GasAndes Argentina is operated by CGC under an operating and maintenance agreement which is still in force.

In 2004 and as from the increase of the domestic gas demand and the simultaneous fall of the production and reserves, the National Government took measures, which are still in force, to guarantee that the natural gas offer is used to supply the domestic market as a priority. In such scenario, gas exports decreased, which led customers to question the validity of agreements. Carriers took different attitudes aimed at, either renegotiating the terms of firm transportation agreements or questioning the enforceability or validity of certain terms of such agreements. GasAndes has long-term contracts for natural gas transportation with Gasvalpo S.A. and Metrogas S.A. (Chile) expiring on June 2028 and April 2027, respectively. The latter represents around 73% of GasAndes' sales.

During fiscal year 2018, the gas supply deficit in Argentina started to reverse and, consequently, in August 2018 the Ministry of Energy resolved a new procedure for the authorization of gas exports.

During 2020, GasAndes had a variable operating activity, but a sustained transportation activity from Argentina to Chile, sensibly increasing the revenues from interruptible transportation and authorized imbalance services. It should be noted that no operating interruption events have occurred, in all variable scenarios of transportation volumes, due to the volatility scenario of thermoelectric generation demand in Chile, and to the offer, whether for variation of the Argentine domestic demand, or for the maintenance plans of TGN Gasoducto Centro Oeste, a pipeline related to GasAndes.

Regarding the perspectives of the operating and commercial activities, and in the light of the increase in the production of natural gas in Neuquén and Resolution No. 104/2018 of the Ministry of Energy dated August 22, 2018, establishing the procedure for the authorization of natural gas exports, GasAndes Argentina has renewed and executed several interruptible transportation contracts with the main producers and traders of the country, for the potential export of gas; summer quantities are around 4.5 million m^3 per day, with peaks close to 8.0 million m^3 per day, which quantities will decrease as from April due to the hydroelectric impact in Chile, and the arrival of winter in Argentina.

The objectives for 2021 will be essentially the same as those of the prior year, i.e., to maintain a safe and reliable operation of the pipeline system and to continue complying with the contracts in force with customers, adding new customers as from the return of natural gas transportation from Argentina to certain combined cycle power plants in Region V of Chile, incorporating some industrial and distribution segments.

During fiscal year 2020, the companies distributed cash dividends in line with their results for 2019, according to the resolutions of the Shareholders' Meetings held on 2020, in the amount of $502.2 million in the case of the Argentine Company and US$ 9.0 million in the case of the Chilean company.

In May 2020, the Board of Directors of GasAndes Argentina approved the distribution of interim dividends in the amount of $448,1 million on the basis of the Company's financial statements as of March 31, 2020, which were ratified by the General Ordinary Meeting of Shareholders held on March 15, 2021.

At the end of the fiscal year, the assets of GasAndes Argentina amounted to $ 2,781.6 million and its shareholders' equity amounted to $ 2,642.6 million. In fiscal year ended December 31, 2020, such company had a net income of $ 627.2 million, which resulted in an income of $ 250.9 million for CGC.

In the case of the Chilean company, its assets amounted to US$ 38.2 million and its shareholders' equity amounted to US$ 21.6 million. In fiscal year ended December 31, 2020, such company had a net income of US$ 6.7 million, which resulted in an income of $ 182.7 million for CGC.

TGM (15.78%)

The Company has a direct 15.8% interest in TGM. The other shareholders of TGM are Tecpetrol Internacional S.L., Central Puerto S.A. and Total Gas y Electricidad Argentina S.A. with 31.5%, 20.0% and 32.7% of TGM's capital stock, respectively.

TGM operates the pipeline transporting natural gas from Aldea Brasilera, in the Argentine Province of Entre Ríos, to Uruguayana in the Brazilian state of Río Grande do Sul. The pipeline has an extension of approximately 437 km, a diameter of 24 inches and a transportation capacity of 15 million m3 per day. TGM's operating license expires in 2027 and can be extended for 10 years, subject to review and approval by the National Government.

As a result of the crisis in the energy sector due to the shortfalls in the supply of natural gas and electricity, the Argentine government adopted a series of measures to restrict gas exports and redirect transportation capacity, as a result of which gas exports to Brazil ceased completely in the middle of 2008. This generated a dispute with YPF relating to the nonperformance of the firm “take or pay” natural gas transportation contract for a volume of 2.8 million m3 per day entered into in September 1998 between YPF and the Company. This agreement, which was terminated by TGM in April 2009 due to YPF’s default, represented 99.9% of the company’s income.

After several legal actions, TGM and YPF entered into, in December 2017, a Settlement Agreement setting forth YPF’s obligation to pay to TGM, as compensation, the amount of US$ 107 million in January 2018, plus the amount of US$ 7 million in seven annual and equal installments between February 2018 and February 2024, as full and final payment of all legal and arbitration actions and claims TGM could actually or eventually have against YPF under arbitration awards.

In addition, TGM and YPF entered into an interruptible export transportation contract (STI).

TGM was able, by means of the above-mentioned Settlement Agreement and the new STI contract, to recompose its shareholders’ equity and its legal reserve, which allowed it to cancel its operating debts. For this reason, it is reasonable to expect that TGM will be able to continue providing the service safely and pay its operating costs, without any kind of financing.

CGC’s participation in the assets of TGM as of December 31, 2020 amounted to $114.0 million and in its shareholders’ equity to $66.0 million.

In fiscal year ended December 31, 2020, CGC had a net loss for its interest in TGM of $27.3 million.

VI. COMMERCIAL MANAGEMENT

Oil and Gas Sales

CGC has increased its active role in the internal and external market both of crude oil and natural gas.

Crude Oil Sales

In fiscal year 2020, as a result of the effects of the pandemic of COVID-19, 2% of crude oil sales were made to refineries in the local market (all of them in the NOA basin) and the remaining 98% was exported mainly to Chile, the United States and the Netherlands, given the temporary decrease in the refining activity in the local market due to the low demand. Crude oil sales to the local market were made by means of spot contracts for Condensado (condensed) crude oil of the Northwestern Basin. Prices were agreed with refining companies following the international price, according to the rules in force and especially considering Decree No. 488/2020 "*Barril Criollo*", with section 1 thereof being in effect from May to September 2020.

At the beginning of the fiscal year, the procedure for exports was through tenders, in order to provide periodicity and predictability to the external market, as was done in 2019. Contrary to what happened last year, being the single-buoy mooring of the Cruz del Sur Terminal belonging to YPF out of service, there was a shortfall of crude oil of approximately 20,000 m3 coming from San Sebastián (owned by the company ROCH S.A.), which usually functions as a supplement to the cargo of María Inés oil. This new modality of sale allowed for once the possibility to offer 40,000 m3 of María Inés crude oil during 2020, being CGC and ENAP Sipetrol S.A. the greatest contributors, with the occasional participation of YPF S.A.

In a highly adverse scenario due to the impact of COVID-19 on the global economy and international prices, CGC avoided to sell crude oil during the periods with negative prices.

Such context gave rise to a direct selling procedure to optimize each cargo and maximize prices, mapping and monitoring the sales of other producers with whom purchasers could complete their cargo, so as to look for opportunities in such periods and increase the demand interested in the Company's type of crude oil. Co-loading operations allowed to obtain discounts in the last deliveries with pre-pandemic price levels.

The decrease in the local demand for crude oil and the lack of interest showed by local refineries in processing crude oil of the María Inés type afforded an opportunity to continue developing and strengthening our export markets. During 2020, we exported 100% of the María Inés crude oil production.

Liquefied Petroleum Gas (LPG) Sales

In fiscal year 2020, 66% of the sales of LPG were made to the export market, with Chile as final destination. Prices are the result of a formula using the international quotes for propane and butane (Mont Belvieu). LPG sales to the local market were made under the "Seventeenth Extension Agreement for the Distribution Networks of Undiluted Propane Gas" ("Propane Networks Agreement"), at regulated and subsidized prices and under the "Hogar C3 Program" at regulated prices and in the spot market (Fractionators), according to the export parity issued by the Secretary of Energy on a monthly basis.

During 2020, CGC maintained LPG exports, which constitute an additional market to sell the production with export destination, at very competitive prices.

Gas Sales

The gas production owned and marketed by CGC comes from its interests in the fields of the Austral and Northwestern basins. The Company markets natural gas by means of term and spot sale contracts and in the MEGSA ("*Mercado Electrónico de Gas S.A.*") to distributors, industries, compressed natural gas ("CNG") stations, thermo-electric power plants (through *COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA*, or "CAMMESA"), traders and also by means of export sales, which were resumed in 2018.

The sales of own produced natural gas during the year 2020 amounted to 1,772 million m3, which represents a decrease of 9.7% compared to the quantities sold in the prior year. In addition, in connection with the sales mix, approximately 34% of revenues corresponded to electric power plants, 22% to industrial users, 37% to licensees of the distribution service (residential segment), 4% to the exchange with Integración Energética Argentina S.A. ("IEASA"), 2% to exports and 1% to CNG.

Customers of the residential segment

On February 8, 2019, the Secretariat of Energy issued Resolution No. 32/2019, instructing to perform a Price tender in the MEGSA for the provision of natural gas on a firm basis for the residential segment, for a term of 12 months, between April 1, 2019 and March 31, 2020 (the "Residential Auction").

Prices would be set in U.S. dollars in ascending order of each of the tenders, but converted into pesos according to the methodology set forth in Resolution ENARGAS No. 72/2019, setting forth that the exchange rate of the first fifteen days of the month prior to that of commencement of tariff rates must be considered. Therefore, for deliveries taking place as from October 2019 and until March 2020, the average rate of exchange between September 1 and 15, 2019 should be considered.

On September 3, 2019, by means of Resolution No. 521/2019 the Secretariat of Energy proposed for January 2020 the update contemplated in Resolution ENARGAS No. 72/2019 for the PIST Price for deliveries taking place as from October 2019, for which the PIST price of April 2019 would continue to be in force. Resolution No. 521/2019 was amended by Resolution No. 791/2019 of the Secretariat of Energy, postponing the term for the update to February 1, 2020. At the same time, Social Solidarity and Productive

Reactivation Law No. 27,541 was enacted, which froze tariffs for 180 days as from the end of 2019. In addition, and within the framework of COVID-19, this freezing was extended until the end of 2020, there being thus no update of the exchange rate by the ENARGAS in exercise of the provisions of Resolution No. 72/2019. In this context, the agreements of the Residential Auction were extended first until June 2020 and then until the end of December 2020, at the same pricing conditions as those in force in March 2020. Therefore, for all deliveries made during 2020, we have used the average exchange rate calculated for the period between March 1 and March 15, 2019.

On June 21, 2019, the Secretariat of Energy issued Resolution No. 336/2019, setting forth a benefit for residential users by deferring payment of 22% of the invoices issued between the months of July and October 2019, having this difference to be paid in 5 installments, as from the invoices issued from December 2019 onwards. The financial cost of such deferral will be assumed by the National Government.

Between December 2019 and May 2020, CGC collected the five installments from distributors. As of the date hereof, no amount has been received on account of the interest generated by the financial cost of such deferral.

Exchange of Gas

At the Residential Auction, IEASA was instructed to provide the tenders for the demand corresponding to the areas where subsidies for the consumption of residential gas, specified in section 75 of Law No. 25,565 (corresponding to the areas where residential gas has the lowest prices) are applicable. In such instruction, for the volumes corresponding to Distrigas S.A. there was established an exchange mechanism with IEASA's volumes of the Northwestern Basin ("Exchange Gas"). Upon expiration of the term of the Residential Auction and within the framework of the above-described residential supply, the Exchange Gas operation was extended from April until June 2020. As from July of that year, and by instruction of the regulatory authority, the Exchange Gas operation was discontinued and the supply to Distrigas S.A. is made through direct sales to IEASA.

During 2020, 4% of the volume marketed by CGC corresponded to the Exchange Gas modality. These volumes represented 4% of sales. The Exchange Gas mechanism allowed to market quantities corresponding to distribution licensees in the Austral Basin and outside the transportation system, in this last case physically connected to CGC's facilities (Distrigas) only in the Northwestern Basin, ensuring the evacuation of production, reducing collection risks by EASA in connection with the volumes marketed outside the Exchange Gas and also positioning the Company in a basin where the demand for natural gas is highly superior than supply, which is highly restricted by the decline in the local production and the reliance on imported gas.

Customers of the thermo-electric segment

The delivery of the firm contract for 1.35 million m3 per day was completed at the maximum price set forth by CAMMESA until May 2020, generated by the firm auction made within the framework of the MEGSA on May 23, 2019.

As from June 2020, CAMMESA's supply was made within the framework of interruptible monthly auctions.

Customers of the industrial segment

At the end of April 2020, it was decided not to renew the agreements for annual volumes (May 2020 – April 2021), as in the middle of production closures due to the temporary oversupply associated to shale developments in 2019 and the collapse of demand caused by the effects of COVID-19, the prices traded in the market were not in line with the needs of CGC. This open position allowed to:

- Capture shortfalls during the months of July and August, upon unavailable production at country level due to the effects of COVID-19 and the drilling delays registered since August 2019.
- Administer the sale portfolio without resorting to Deliver or Pay contracts, upon the momentary production unavailability due to the extreme temperatures registered in Santa Cruz in winter.
- Access, as from January 2021, to better prices within the framework of the Plan for the Promotion of Argentine Natural Gas Production ("Gas.Ar Plan").

On the other hand, in March 2020 we renegotiated an industrial contract of 685,000 m3 per day extending its term, increasing volume by 43% as from May 2021 and temporarily reducing the price until April of the same year, within the framework of COVID-19.

Gas exports to the Republic of Chile

During 2020, we continued with the exports that had been restarted in 2018 to Methanex in the Austral Basin and to Colbún in the Neuquina Basin.

The volumes exported to Methanex during 2020 amounted to 22.1 million m3, representing 2% of sales. The volumes exported by CGC to Colbún during 2020 amounted to 12.5 million m3. In this case, all volumes were acquired in the Neuquina Basin by CGC from third parties in its capacity as trader.

The marketing of volumes in the Neuquina Basin, mainly oriented to the export market, allowed CGC to evacuate additional quantities of gas in the Austral Basin, or do it in more advantageous commercial conditions.

On December 15, 2020, CGC was granted an export certificate to Methanex extending until December 2021 the permit originally granted until last December.

CGC gas marketing

By means of Resolution ENARGAS No. 104 dated November 8, 2017, CGC was granted registration with the ENARGAS Register of Traders and Sale Agreements. During 2019 this activity was carried out in the Northwestern Basin and in the Austral Basin, to industrial customers and thermo-electric plants and in the Neuquina Basin mainly for exports, but also to thermos-electric plants, supplementing with such sales the available production operated by CGC and also optimizing prices and obtaining additional margins to CGC's main activity.

The volumes purchased in 2020 amounted to 104 million m^3.

VII. SOCIAL DEVELOPMENT AND ENVIRONMENT

A) SOCIAL DEVELOPMENT AND WELFARE

The commitment to the development and welfare of the community where CGC operates is part of the Company's culture and daily management. In the year 2020, this commitment was deepened by means of different actions carried out in different places to continue accompanying and promoting welfare vis-a-vis the unanticipated situation the pandemic of the COVID-19 has presented in communities and to the different actors of the society where the Company acts. During the last years, emphasis has been placed on two programs with epicenter in the City of Río Gallegos and its areas of influence, contributing with actions and programs to the welfare and development in the following areas:

1) Local development and community strengthening

Comunidad CGC: This program, which started in the year 2017, arises from the Company's need to leave a footprint in the community of Rio Gallegos, beyond the business horizon. To this effect, we entered into a strategic agreement with *Creer Hacer*, a company dedicated to creating bridges between the community and the private sector, to take advantage of the synergy between the Company, projects and the organizations and institutions forming part of society, contributing to the sustainable development of the population and its institutions in the areas of education, health, sports, culture and social promotion.

During 2020, several activities have been developed by *Comunidad CGC*, such as:

- **Comunidad viva (October 2020)**: this action was to adapt to the virtual context - resulting from preventive restrictions at national and provincial level – the program *Barrio Abierto* carried out in 2018 and 2019 and aimed at inspiring people to run their own life plans. In this way, it seeks to empower communities and promote personal development within the society to which they belong. A virtual workshop was made with the participation of neighbors and CGC collaborators. The workshop was co-organized by the Company, organizations and the community of social sector neighborhoods.

- **Social Transformers Program**: The third edition of such program, started in the year 2018, was held. In 2020 it was held in virtual form. The purpose of the program is to encourage and form leaders with high social impact. It features leadership courses with 8 modules for the formation of people seeking to be agents of change in socio-emotional capabilities. Each module is given by professionals specialized in formation and leadership. It took place from April to December 2020.

- **Social Transformers Diploma Course**: The second edition of the supplementary training to the Social Transformers Course was held, supported by *Universidad Siglo 21*. This course has a duration of seven months and is aimed at providing tools, understanding and dealing with social problems by means of the presentation of a final project with economic, social or environmental impact. During 2020, it was held in virtual form.

Supplier Development Program (PDP): It was started in 2017 as an idea to reinforce CGC's commitment to its local value chain in the Austral Basin and to strengthen the production system of the small and medium-sized companies of the area. The PDP has a long term vision, a local vision committed to the Austral Basin and a proactive attitude regarding the planning, management and efficient use of resources. CGC believes in the need to have its suppliers develop themselves and to support their growth both in terms of volume and of quality and efficiency so as to have an increasingly competitive industry.

The main axles of the PDP, defined together with suppliers, are:

- **Networking:** Strengthen the relations among businessmen, CGC and others, to define common agendas, making workshops to align common problems, activities and communication plans.
- **Training:** Plan of activities / seminars on common issues, costs, processes, strategic planning, decision making, conflict management, negotiation, crisis management, safety, etc.
- **Consultancy:** Proposals to improve management according to the needs of participants.
- **Human Capital:** Activities focused on education, with the support of CGC and the suppliers, for the strengthening of the local technical school and university. Building knowledge networks.
- **Trade Unions:** Collaborate to develop common agendas and involvement in training activities.

During 2020, due the mandatory preventive social distancing (ASPO), we reformulated the annual plan to adapt it to virtuality and the new needs and concerns of the suppliers participating in the PDP. As a result, during the year we incorporated to the program the axle Accompaniment, which consisted in periodic meetings with each supplier and procurement staff to review and deal with the particular situation of each contract, company or relationship and accompany and define actions allowing to weather the crisis context resulting from the pandemic. There was also a training session on Negotiation, in virtual modules. A total of 42 persons, belonging to 21 companies, participated in the PDP 2020.

2) Health

During 2020, the COVID-19 pandemic and the ensuing increase in demand faced by health facilities and professionals had an impact on and affected their response capacity. CGC has the conviction that, from Private Social Investment, as development agents of the communities where companies operate, it is necessary to identify and support specific initiatives directly contributing to the diagnosis, control, prevention, treatment and monitoring of COVID-19 and the mitigation of the economic and social impact it may generate.

Considering the epidemiologic and health situation, CGC has sustained and reinforced its commitment to the general welfare of the population of the Province of Santa Cruz, and in particular, to the welfare of the community of Río Gallegos, a city with community spread of COVID-19 and the second city with active cases in the province.

From the beginning of the pandemic, in the month of April we have provided technical and economic support to different groups or lines of action, such as health and safety of health workers or the health service, donation of critical resources, contribution to the prevention and early detection with equipment and technology, strengthening of the professional team and the attention of the Regional Hospital for the attention and treatment of cases, as well as support to other organizations of the community providing support and social assistance to vulnerable groups with needs that were deepened by the economic consequences of the pandemic, including:

- **Donation of medical supplies.** During the year we have donated personal protection elements and medical supplies to different entities of the Province and institutions such as the Regional Hospital, the Medical Association and the Police.

- In the month of April, CGC **donated the necessary supplies for the manufacturing of IV poles and protective masks** as part of a project of interaction with the Social Responsibility Secretariat of the Province of Santa Cruz and Provincial Formation and Update Center No. 1. In connection with this action, during the month of September IV poles – static and mobile – were manufactured, as well as protective masks made by 3D printers. Such material was allocated of the Regional Hospital of Río Gallegos and the hospitals of the Province.

- **Donation of specialized technology and equipment**. During the month of May, we donated medical equipment so as to provide tools for the care and safety of the community and contribute to the strengthening of the province's capabilities to test, prevent, monitor and follow-up cases.

- **Collaboration agreement to support the Regional Hospital of Río Gallegos.** In the month of October, CGC entered into a collaboration agreement with the Ministry of Health and Environment of the Province of Santa Cruz. In accordance with this agreement, CGC sent health professionals, doctors and nurses to strengthen the intensive care and emergency staff of the Regional Hospital of Río Gallegos. Apart from contributing with the hiring of professionals, CGC has provided the necessary insurance, accommodation and support during the provision of the services.

- **Support to the organizations of the civil society for food assistance.** From the beginning of the pandemic, CGC has contributed to sustain the assistance and support work of two organizations of the civil society of the city of Río Gallegos - Cáritas Diócesis Río Gallegos and Fundación Asher Aike – which have an increased demand for assistance as a result of the socio-economic impact of the pandemic of COVID-19. From the month of April to date we have made weekly contributions of food to such institutions for the preparation of food bags and daily meals.

3) Education

Supervised Internships Program: During 2020, CGC received, within the framework of its Paid Internships Program, the students with the best academic performance graduated from the technical schools of Santa Cruz. The purpose of these internships is to provide to outstanding students their first experience in our industry, while boosting their development in a growing company with positive impact on the region, as it is CGC.

Workshops for young people: During 2020 we made an alliance with Junior Achievement in order to implement a program of activities to be developed within the field of education, aimed at providing tools to remain at school, entrepreneurship, financial education and education for the working world to young people aged 13-18. The program consisted in 28 virtual courses, linking 11 high schools, with the participation of 407 students, 18 teachers and 7 CGC volunteers.

At the end of the year, CGC had 265 own collaborators distributed along our operations in the Austral Basin, with 52% of the staff in our head office in the City of Buenos Aires. 48% of our collaborators work under a collective bargaining agreement.

In line with our values, we believe that continuous formation is a key factor to help our collaborators to adapt to a rapidly and constantly changing working environment and in this way answer to the challenges we face as an organization. Accordingly, during 2020 we had 9,254 training hours dedicated to different formation actions aimed at developing and strengthening technical, management, leadership and safety capabilities, implying this initiative an average of 35 training hours per collaborator during the year.

B) ENVIRONMENT

Safety, Environment and Health (SEH)

CGC seeks to preserve the physical integrity of its staff, contractors and other interested parties, and to ensure an adequate protection of the environment. This commitment is inevitably associated to the responsible development of safe operations.

The Company complies with the applicable legislation on Health, Safety and Environment in the jurisdictions where it develops its activities, and with other voluntarily assumed industry practices. CGC is responsible for its use of natural resources, waste generation, energy consumption, the emissions it generates and the impact it may have on the population, biodiversity and cultural assets.

We use a management program based on measurable objectives and goals and a vision of permanent improvement. In all cases, we perform risk assessments of all projects, as well as surveillance audits and emergency response plans.

The year 2020 presented multiple challenges to CGC's Safety, Environment and Health (SEH) Department, which had been structured as such just in the middle of 2019. Key issues of this atypical year, such as health security and business continuity, fell within the purview of the SEH Department or across it. The human resources of the department responded with solvency, empathy and a deep service attitude in order for the Company to overcome setbacks and uncertainties and obtain a positive balance in the performance of its mission.

Management of COVID-19: Within the framework of the closure of activities due to the COVID-19 pandemic declared by the WHO, the activity of hydrocarbon production was considered an essential service, exempt from mandatory preventive social distancing according to the provisions of Decree No. 297/2020. Ever since the outbreak pf the pandemic and the issue of this resolution, the SEH Department developed actions, including the provision of specific personal protection equipment to employees and contractors, preparation and follow-up of protocols approved by the provincial enforcement authority specific for each activity and contractor, hourly control of deviations and follow-up and derivation of the affected employees. In sync with other areas of CGC, it worked in the management of long shifts and specific work permits, with prior quarantine and PCR requirements, mainly in the case of collaborators coming from other provinces or jurisdictions.

Hazard identification and risk assessment: During 2020, we implemented more precise diagnosis resources allowing specific focus measures in order to prevent and minimize personal, material and environmental risks more effectively. To that end, we updated and digitalized tools such as the hazard and risk pre-task reports, working permits and preventive remarks cards, taking advantage of the greater digital interconnection among the assets of CGC. We also performed an integral review of CGC's Safety, Health and Environment procedures, in particular those relating to the Emergency Plan.

Extreme weather conditions: Apart from the health emergency caused by the pandemic, the winter of 2020 was the hardest in more than 20 years in the extra-Andean region of the Argentine Patagonia, with temperatures below -20°C in CGC's operation areas. The risks derived from this weather condition range from the presence of snow and ice in the accesses to the assets and personal accidents due to slippery floors to the possibility of spills and leakages due to the freezing of fluids at the facilities, lower accessibility and process interruptions. The SEH Department deployed a reinforced Winter Plan, which included training, follow-up and incident resolution actions, as well as corrective and preventive measures and the provision of anti-slip, antifreeze and survival elements for people and vehicles.

Training: During 2020, there were more than 800 training hours on Safety, Environment and Health for employees and contractors, with special emphasis on the diffusion of the Rules of Life, a set of rules adopted by CGC to avoid the principal risks likely to cause fatalities in the hydrocarbon industry. Some of the topics addressed were Emergency response, Protocol for presential activities, Hazard identification and risk management, Dangerous energy isolation, Excavation works, Driving in severe conditions, Waste management and Safety as a value. In addition, management employees were trained to align and perfect their top of the line preventive and corrective work in the assets, with training relating to the Systematic analysis of causes, the Role of the leader in the investigation of events and the BowTie methodology. It should be noted that all members of CGC's senior management are trained on and made responsible for compliance with the Rules of Life in order to achieve the transversal and integral commitment of the whole company.

Performance evaluation: During 2020, we extended and reinforced the generation of key performance indicators on environmental and safety matters, in order to obtain a stricter and more detailed understanding of events and guide corrective actions. Safety, Environment and Health data were enhanced with stricter collection and classification parameters. Indicators are analyzed with the senior management and are transparently and timely communicated through the corporate intranet. All SEH indicators showed substantial improvements compared to the prior biennium, and a remarkable sustainment in 2020 in spite of the increase of risk factors due to COVID-19 and weather contingencies. Encouraged by such improvements, we set even stricter objectives for 2021.

Environmental management: During 2020, we maintained the protection activities of the natural resources present in the assets, in line with the strict and constantly changing provincial and national regulations. In particular, CGC cooperated with the enforcement authorities of the Province of Santa Cruz on new regulations on the waste of the oil activity and put into practice the relevant measures to contribute to guarantee the sustainability of the Company's activity and its environmental governance. We continued to permanently monitor environmental factors, in particular those relating to water and soil, where seismic activities and those relating to the integrity of the assets used for the transportation and storage of fluids (pipes and tanks) received particular attention. Environmental management also contributes to CGC's social responsibility objectives, as it creates a productive synergy with the stakeholders of its surrounding area, contributes to the development of local suppliers and generates ties with technical-academic institutions (INTA, UNPA, IRAM, etc.) and their valuable human resources.

VIII. FINANCING

The financial strategy consists in keeping indebtedness at conservative levels and maturities commensurate with investment cycles, in order to ensure the generation of the funds necessary for the development and exploration of hydrocarbons, in line with the Company's long-term strategy.

Class "A" Notes exchange offer and consent solicitation

On August 6, 2020, the Company launched the exchange offer of its 9.5% fixed rate Class "A" Notes due 2021, for 9.5% fixed rate Class 17 Notes due 2025.

According to the provisions of the Exchange Offer Memorandum, Eligible Holders offering their Existing Notes in the Exchange Offer would receive per each US$1,000.00 of nominal amount a Consideration in Kind of US$ 950, and an early Consideration in Cash of US$ 100.

On September 8, 2020 the Exchange Offer ended with a total participation of 68.87% of creditors. As a result of such transaction there were issued and settled Class 17 Notes for US$ 196,110 for those creditors accepting the exchange, there remaining a total of US$ 93,383 of outstanding Class "A" Notes. In addition, we paid in cash US$ 27,366 (including US$ 6,528 on account of accrued interest to such date) to those creditors accepting the exchange. The New Class 17 Notes will be payable in six semi-annual installments: the first five installments amount to US$ 26,083 and are due on September 8, 2022, March 8 and September 8, 2023, March 8 and September 8, 2024, and the last installment amounts to US$ 65,697 and is due on March 8, 2025. Interest on Class 17 Notes will be payable semi-annually in arrears on the dates specified in the Results Notice.

This transaction, together with the refinancing of the maturities of the Syndicated Loan by means of the New Syndicated Loan in pesos, has allowed CGC to readjust the integral capital structure of the Company, lightening the debt service burden during the next five years.

New Syndicated Loan in pesos

On October 7, 2020 the Company entered into a new syndicated loan agreement with Banco de Galicia y Buenos Aires S.A.U. ("Galicia"), Industrial and Commercial Bank of China (Argentina) S.A. ("ICBC"), Banco Santander Río S.A. ("Banco Santander") and Citibank, N.A.'s branch established in the Republic of Argentina, as lenders, and ICBC, as administrative agent, for up to the equivalent in pesos of US$ 45,000, in order to refinance the maturity of the outstanding installments of the Syndicated Loan. Subject to compliance with the conditions set forth in the agreement, the loan will be disbursed in three installments on or before November 24, 2020, on or before February 22, 2021 and on or before May 21, 2021, respectively. It will be repaid in five equal, quarterly and consecutive installments payable as from August 24, 2021.

In line with the planned structure, the Company elected to dispense with the disbursement of the first installment, and took the second installment, for an equivalent amount in pesos of $ 1,337,350.

Payment of the installments of the Syndicated Loan

During 2020, the Company made payments of principal for a total amount of US$ 51,000 under the Syndicated Loan entered into on May 22, 2019 with Citibank N.A., as administrative agent, Citibank N.A.'s branch established in the Republic of Argentina, as organizer, Argentine disbursement agent and lender, Banco de Galicia S.A.U., ICBC and Banco Santander, as organizers and lenders, for an original amount of US$ 75,000.

On May 21 and September 11, 2020, the Company repaid the first and second principal installments, for US$ 15,000 each. In addition, on September 30, 2020, the Company early repaid principal in the amount of US$ 9,000. Finally, on November 23, 2020, we repaid the third installment of principal, in the amount of US$ 12.000.

At this moment, the amount owed under the syndicated loan amounts to US$ 12,000, after cancelling the fourth installment of principal in the amount of US$ 12,000, on February 22, 2021.

Issuance of Class 12, 13 and 14 Notes

On March 5, 2020, the Company issued under the Frequent Issuer regime No. 8 three series of Notes in the local market: Class 12 Notes, in U.S. dollars, for an aggregate principal amount of US$ 15,310, due in 15 months and with a fixed interest rate of 9.00%; Class 13 Notes, denominated in U.S. dollars and payable in pesos at the applicable rate of exchange, for an aggregate principal amount of US$ 14,344, due in 15 months and with a fixed interest rate of 8.50%; and Class 14 Notes, denominated in pesos and payable in pesos, for an aggregate principal amount of $ 314,609, due in 12 months and with a variable interest rate equal to the sum of (i) the applicable interest rate (private Badlar rate), plus (ii) the cut-off margin (500 basis points). The proceeds from the issue of such notes were used to refinance liabilities, and also for investments in hydrocarbon exploitation and exploration in the Austral Basin and working capital of the Company.

Issuance of Class 15 Notes

On May 26, 2020, the Company issued Class 15 Notes, denominated in U.S. dollars and payable in pesos, for an aggregate principal amount of US$ 19,891. Interest will accrue at a rate of 5.0% p.a. and will be payable on a quarterly basis, being principal repaid at maturity. The maturity date is August 26, 2021. The proceeds from the issue of such notes were used to refinance liabilities, investments in hydrocarbon exploitation and exploration in the Province of Santa Cruz (Austral Basin), working capital, the acquisition of going concerns located in the country and/or the performance of capital contributions to controlled or related companies.

Partial early repayment of Class 10 Notes

On January 13, 2020, the Company early repaid US$ 987,000 on account of principal. It also paid the interest accrued as of that date. On March 16, 2020, using part of the proceeds from the issue of Class 12 Notes, the Company early repaid US$ 14,273 on account of principal. It also paid the interest accrued as of that date and the relevant early repayment commission in the amount of US$ 684 and US$ 143, respectively.

Payment of the installments of Class 10 Notes and Consent Solicitation

On April 13, July 13 and October 13, 2020, the Company paid the installments of principal of Class 10 Notes, in line with the amendment of the Terms and Conditions made by means of the Consent Solicitation launched on September 12, 2019 and accepted by 100% of holders. In addition, on January 12, 2021, the Company paid the fourth installment, in the amount of US$ 5.000.

At the moment, the amount outstanding under the Class 10 Notes is US$ 7,560.

In addition, on January 25, 2021, the third Consent Solicitation was launched in order to exempt the Company from compliance with section "Payments" of the terms and conditions of Class 10 Notes for having paid in Argentina ("Local Payment Waiver") the interest and principal on the notes due on April 12 and October 12, 2020. In consideration for the Consent, the Company would pay accepting holders an additional yield of $ 50,726.1.

On January 29, 2021, the term of the Consent Solicitation ended, obtaining 99% of acceptance by holders. For this reason, the additional yield was paid proportionally to all holders of Class 10 Notes.

Issuance of Class 18 Notes

On November 25, 2020, the Company issued Class 18 Notes, denominated in U.S. dollars y payable in pesos, for an aggregate principal amount of US$ 20,000. Interest will accrue at a rate of 3.0% p.a. and will be payable on a quarterly basis, being principal repaid at maturity. The maturity date is November 25, 2022. The proceeds from the issue of such notes were used to refinance liabilities, investments in hydrocarbon exploitation and exploration in the Province of Santa Cruz (Austral Basin), working capital, the acquisition of going concerns located in the country and/or the performance of capital contributions to controlled or related companies.

Short-term financing in pesos with several banks

During 2020, the Company entered into short-term loan agreements and current account agreements with several banks, for an aggregate principal amount of approximately $ 1,670,000 and for terms ranging from 90 to 180 days, in order to finance working capital and preserve liquidity in a context of high volatility.

IX. CONDENSED EQUITY, RESULTS AND CASH FLOW STRUCTURE OF THE COMPANY

(in million pesos)

The financial statements are prepared following the criteria accepted by the *Comisión Nacional de Valores* (Argentine securities commission) regarding the application of the IFRS and International Accounting Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29"). Therefore, the Company's Financial Statements as of December 31, 2020, including the figures corresponding to the prior year, have been re-expressed to consider the changes in the purchasing power of the Argentine currency as of that date.

Accordingly, the values presented below are expressed in constant currency as of December 31, 2020.

Equity Structure

	2020	**2019**
Non-current assets	50.562,3	54.689,1
Current assets	20.581,3	21.141,6
Total assets	**71,143.6**	**75,830.7**
Non-current liabilities	26,461.7	36,796.4
Current liabilities	20,617.8	12,868.5
Total liabilities	**47,079.5**	**49,664.9**
Total shareholders' equity	**24,064.1**	**26,165.8**
Total liabilities and shareholders' equity	**71,143.6**	**75,830.7**

Results Structure

	2020	**2019**
Revenues	31,285.6	42,041.2
Cost of revenues	(19,023.8)	(25,364.8)
Gross income	**12,261.8**	**16,676.4**
Selling expenses	(995.1)	(1,623.0)

Administrative expenses	(1,972.3)	(2,170.2)
Provision for expected losses	43.5	(27.9)
Exploration expenses	(161.0)	(1,271.8)
Other operating income and expenses	(2,132.8)	(1,095.8)
Operating income	**7,044.1**	**10,487.9**
Result of investments in associates and joint ventures	1,289.1	5,198.7
Financial results, net	(8,788.7)	(6,870.9)
Result before taxes	**(455.5)**	**8,815.7**
Income tax	496.7	(2,423.0)
Net income of the year	**41.2**	**6,392.7**

Result of the year attributable to:

Company's shareholders	**41.2**	**6,392.7**

Changes in cash flows

	2020	2019
Cash at the beginning of the year	5,057.1	2,164.2
Net cash generated by operations	14,202.6	23,479.9
Net cash used for investment activities	(5,795.5)	(13,221.4)
Net cash used for financing activities	(7,299.1)	(6,292.2)
Financial results generated by cash	(311.7)	(1,073.4)
Cash at the end of the year	**5,853.4**	**5,057.1**

X. ANALYSIS OF RESULTS, FINANCIAL POSITION AND CASH FLOWS

Results

Net revenues for the year under analysis were $31,285.6 million, which represents a decrease of 25.6% compared to the prior year, mainly due to the decrease in the production of gas and crude oil of 8.1% and 22.0%, respectively, and to lower sale prices, which was partially offset by an increase in the incentives accrued within the framework of Resolution N° 46-E/2017.

Fiscal year 2020 was affected by the effects of the COVID-19 pandemic, which forced the Company to reduce its drilling activities in the Austral Basin. However, we were able to sustain the gas production with a fall of just 8%. COVID-19 also affected the local demand for gas, which in turn had an impact on the prices tendered by CAMMESA in the power plants segment, which were lower than those in force before the pandemic, whereas in the residential segment the Government suspended tariff increases, for which in the deliveries of all the year 2020, the average rate of exchange in force between March 1 and March 15, 2019 was applied. The crude oil market was affected by a strong fall in demand for refined products and the exhaustion of storage capacity at world level. This made international prices to register a strong fall in April 2020. Then, with the greater level of openness in the isolation measures implemented by different countries, there was a glimpse of recovery in the quotes of crude oil and oil products, with Brent oil showing a sustained quote over 40 US$/bbl from the middle of June, and trading at 51 US$/bbl at the end of the year. This recovery is important since CGC exports 100% of its production of crude oil coming from the Austral Basin.

In this complex context, the revenues for the sale of gas decreased $7,708.4 million compared to 2019 due to the decrease in average prices and to lower quantities sold. Gas deliveries decreased by 304-06 MMm3 compared to 2019, which represents a 14.06% decrease, (9.24% of own production and 4.82% as trader). Average sale prices (without considering the incentive program) decreased by 29.03% compared to the prior year.

Revenues for the sale of crude oil decreased $5,757.7 million compared to 2019, or 58.31%, due to the lower volume delivered and the decrease in average prices. Crude oil deliveries decreased by 120,6 Mm3 compared to 2019, which represents a 33.72% decrease. Average sale prices decreased by 37.10% compared to the prior year.

Cost of revenues amounted to $19,023.8 million in 2020, representing a 25% decrease compared to the $25,364.8 million registered in 2019. The decrease was mainly due to lower depreciation costs due to the lower production and level of investments during the year and lower expenditures in production due to the mobility restrictions imposed to avoid the circulation and spread of COVID-19.

The gross income of fiscal year 2020 amounted to $12,261.8 million, $4.414,6 million lower than that registered in fiscal year 2019, with margins over revenues of 39.2% in 2020 and of 39.7% in the comparative year.

The higher revenue decrease relative to costs caused the gross income margin to decrease by 26.5% compared to the prior year.

Selling costs in fiscal year 2020 decreased $627.9 million, or 38.7%, compared to the prior year due to the lower prices and volumes sold and to the fact that as from May 2020 these duties were not applied to our exports (see Note 38.4 to the Consolidated Financial Statements), and a lower turnover tax charge

Administrative costs in fiscal year 2020 decreased $197.9 million, or 9.1%, compared to the prior year. The lower charges are due to (i) lower costs for Fees and service compensations, which decreased $484,5 million due to a non-recurrent advisory completed in the prior year and tariff readjustments; (ii) a lower Out-of-pocket expenses charge ($23,7) due to the strict social distancing, which was partially offset by an increase in Salaries and social charges of $386.9 principally due to the salary increased granted, mostly as compensation for inflation and to new incorporations.

Exploration costs in fiscal year 2020 amounted to $161.0 million and they correspond mainly to unproductive drilling in the Piedrabuena block. In fiscal year 2019, exploration costs amounted to $1,271.7 and correspond mainly to the disposal of the net assets of the Angostura area, which was assigned in October of that year.

Other operating income and expenses registered losses of $2,132.8 million in fiscal year 2020 and losses of $1,095.8 million in the comparative year, due to the impairment of certain production and development assets of the Austral Basin for $1,542.5 million and $1,406.2 million respectively (see note 5 c) to the Consolidated Financial Statements). In fiscal year 2020, this item included the costs generated due to the stoppage of investment activities as a result of the COVID-19 (costs relating to the drilling of wells) for $672.6 million.

The EBITDA for fiscal year 2020 amounted to $18,231.27 million (see Note 6 to the Consolidated Financial Statements), 23.4% lower than that of fiscal year 2019.

Result of investments in associates and joint ventures registered an income of $1,289.1 million in fiscal year 2020 and $5,198.7 million in the comparative fiscal year. The $3,909.6 million variation was mainly due to (i) lower income from its associate Gasinvest S.A. in 2020 due to lower revenues of its subsidiary TGN due to the suspension of tariff adjustments by the government in a context of inflation acceleration: and (ii) in 2019 there was an income for the greater share interest in TGN, TGM and Gasinvest in the amount of $2,764.9 due to the settlement agreement that put an end to the case entitled "CGC and other vs/ R.P.M. Gas S.A. on ordinary proceeding" described in Note 36 (5) to the Consolidated Financial Statements.

Financial results, net for fiscal year ended December 31, 2020 registered a loss of $8,788.7 million, $1,917.8 million higher than that registered in fiscal year 2019, mainly as a result of (i) greater charges for interest accrued of $490.0 million; (ii) the effect of the exchange of Class A Notes for $183.0 (see Note 21a); (iii) lower income for changes in the fair values accrued for $561.2; (iv) greater impact of real exchange differences generated by the foreign currency indebtedness for $250.4 million and (v) greater loss for result from monetary position of $484.0 million. In fiscal year 2020 there were more monetary assets exposed to inflation than in fiscal year 2019.

The income tax increased $2,919.7, from a negative balance in the prior year of $2,423.0 to a positive balance of $496.7, as a result of the tax loss registered in fiscal year 2020 compared to the tax income registered in 2019. Such variation was attributable to a lower deferred tax expense, mainly due to the deferral of the tax inflation adjustment and greater tax loss carry-forwards.

The result of the year was an income of $41.2 million for fiscal year ended December 31, 2020, 99.4% lower than the income of $6,392.5 million for fiscal year 2019 as a result of the above explained variations. Fiscal year 2020 was marked by the effects of the unexpected outbreak of coronavirus which affected the Company's operations and strategy, notwithstanding which we were able to react rapidly and decisively adjusting the activity and production, in an effort to look for cost efficiencies and to preserve the Company's long-term financial sustainability.

Comparative ratios

		2020	2019
Liquidity	(a)	1,00	1,64
Solvency	(b)	0,51	0,53
Capital lockup	(c)	0,71	0,72
Profitability	(d)	0,28	0,44

(a) Current assets /current liabilities

(b) Shareholders' equity / total liabilities

(c) Non-current assets / total assets

(d) Result / average equity

As of December 31, 2020, the Company's assets amounted to $71,143.6 million with liabilities of $47,079.5 million for an equity of $24,064.1 million.

Total assets decreased $4,687.1 million compared to the prior year. This variation was mainly the result of: (a) a decrease of $3,432.2 million in Property, Plant & Equipment, mainly due to the effect of net incorporations lower than depreciation in the amount of $1,889.7 million and to the increase of $1,542.5 million in the provision for impairment of non-financial assets and (b) a decrease of $1,192.7 million in Investments in associates and joint ventures, of which $675.6 million correspond to dividend distributions.

Total liabilities decreased $2,585.4 million. The principal variations were due to: (a) a decrease in financial debts of $1,885.6 million, mainly as a result of greater cancellation than borrowings; (b) a decrease in commercial debts of $2,106.6 million mainly as a result of the decrease in investments and better payment terms; net of (c) an increase in lease debts of $1,588.2 million mainly as a result of the renegotiation of gas compression agreements.

Cash flows

During 2020, the cash generated by operations amounted to $14,202.6 million, a 39.5% decrease compared to the prior year. This decrease of $9,277.3 million was due to the decrease in the EBITDA and an increase in working capital, including, among other things, incentive credits under Resolution No. 46/2017.

Cash flows from investment activities amounted to $5,795.5 million during 2020, a 56.2% decrease compared to 2019, mainly as a result of lower acquisitions of real property and property, plant & equipment due to the stoppage of the drilling activity during the strictest months of social distancing due to the coronavirus pandemic.

In 2020, the cash flows from financing activities represented a use of funds of $7,299.1 million, 16% higher compared to 2019. Payments of principal in fiscal year 2020 amounted to $1,617.2 million and payments of interest amounted to $4,431.2 million.

As of December 31, 2020 the cash and cash equivalents position amounted to $5,853.4 million, reaching a liquidity ratio of 1.0. The financial debt as of that date was mainly in U.S. dollars and amounted to $33,451.1 million.

XI. PROSPECTS

For the year 2021, the Company expects the Argentine context to continue with a high level of uncertainty, mostly influenced by the effects of the COVID-19 pandemic and by factors relating to economy and politics, such as the pending debt negotiation with the International Monetary Fund and the Paris Club by the National Government, as well as midterm elections scheduled for the month of October.

Subject to the constant monitoring of these variables and their effects on the level of activity and the industry, the Company expects to maintain the pace of investments resumed during the last months of last year, in order to recover pre-pandemic levels of activity and continue developing its areas in the Austral Basin. The greater certainty in connection with gas prices provided by the implementation of the Gas.Ar Plan and the maintenance of Resolution No. 46/2017, added to the recovery of the international price of crude oil during the first months of 2021, allow to plan a level of investments aimed at consolidating the production profile and maintaining profitability margins and cash generation. In addition, we will try to continue with the development of exploratory projects, in order to achieve new discoveries and expand reserves.

On the other hand, the Exchange of Class "A" Notes carried out in September 2021, together with the refinancing of the remaining amount under the Syndicated Loan, allowed the Company to readjust its maturity profile, duplicating the average life of the total debt and significantly reducing the financial risk.

In line with these actions, financing efforts will continue to be focused on the optimization of the capital structure, as well as on the search of additional sources of financing, on the basis of Company's investment objectives and growth.

XII PROPOSED DISTRIBUTION OF RESULTS

The result of fiscal year 2020 was an income of $41.2 million. Retained earnings amounted to $798.8 million as of December 31, 2020. Considering the aforesaid, the Board of Directors recommends the Shareholders to use retained earnings to increase the voluntary reserve for the maintenance of working capital and future dividends.

XIII FEES OF DIRECTORS AND STATUTORY AUDITORS

As of December 31, 2020 the fees of Directors and Statutory Auditors charged to the result of the year were $56.9 million and $1.4 million, respectively, for the functions performed during the year ended December 31, 2020, which must be approved by the Shareholders' Meeting considering this Annual Report and the corresponding Financial Statements.

City of Buenos Aires, March 22, 2021.

THE BOARD OF DIRECTORS

Eduardo Hugo Antranik Eurnekian

Chairman

Glossary

Term	Definition
AFIP	Federal Administration of Public Revenue
ARS/ $	Argentine peso
Bbl	Barrel
BRENT	Benchmark oil price in the European market
BTU	British Thermal Unit
CAMMESA	Compañía Administradora del Mercado Eléctrico Mayorista S.A.
CNV	National Securities Commission
DNU	Decree of Necessity and Urgency
ENARGAS	National Regulatory Entity for Gas
ENARSA/IEASA	Integración Energética Argentina S.A. (Formerly, Energía Argentina S.A.)
FACPCE	Argentine Federation of Professional Councils in Economic Sciences
GAA	Gasoducto GasAndes (Argentina) S.A
GAC	Gasoducto GasAndes S.A. (Chile)
IESC	Energy Institute of Santa Cruz
IGJ	Legal Entities Regulator
IPIM	Domestic WPI
VAT	Value added tax
m3	Cubic meter
MBTU	Millions of BTUs
MEM	Wholesale Electricity Market
MINEM	Ministry of Energy and Mining
Mm3	Thousands of cubic meters
MMm3	Millions of cubic meters
Mtn	Thousands of tons
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ONs	Notes or Negotiable Obligation
PEN	National Executive Branch
RECPAM	Hyperinflation effect
RTI	Integral Tariff Review
SEE	Secretariat of Electric Energy
SGE	Secretariat of Energy
TGN	Transportadora de Gas del Norte S.A.
TGM	Transportadora de Gas del Mercosur S.A.
WACC	Weighted Average Cost of Capital
Tn	Ton
USD	United States dollar
CGU	Cash Generating Unit
UTE	Joint Venture
V/N	Par value

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COMPAÑÍA GENERAL DE COMBUSTIBLES S.A.

Consolidated Financial Statements
for the fiscal year ended December 31, 2020

(Presented in comparative format)

Compañía General De Combustibles S.A.

Consolidated Financial Statements

Legal information

Legal address: Bonpland 1745 – City of Buenos Aires, Argentina
Fiscal Year No. 101
Financial Statements as of December 31, 2020

Company's main line of business:	Exploration and exploitation of hydrocarbons and byproducts
Date of registration with the Public Registry of Commerce:	October 15, 1920, under number 136, folio 26, book 41, volume A of Corporations
Latest amendments to Bylaws:	April 18, 2007 September 12, 2007, December 19, 2013 and and April 17, 2015
Registration number with the Legal Entities Regulator:	1648
Date of termination of the incorporation agreement:	September 1, 2100
Name of parent company:	Latin Exploration S.L.U. (1)
Parent company's main line of business:	Investment and financial activities
Equity interest held by the parent company in capital stock and votes:	70.00% (1)

(2) **Capital Status**

Ordinary shares with a par value of 1 per share:	**Subscribed, issued and paid-up** (Expressed in pesos)
Class A shares entitled to 1 vote	279,396,499
Class B shares entitled to 1 vote	119,741,357
Total	**399,137,856**

(1) Note 33 to the Financial Statements
(2) Note 15 to the Financial Statements

Compañía General De Combustibles S.A.

Consolidated Financial Statements

Consolidated Statement of Financial Position as of December 31, 2020 and 2019

(In thousands of pesos)

	Note	12.31.2020	12.31.2019
ASSETS			
Non-current assets			
Property, plant and equipment	8	29,300,203	32,732,361
Investments in associates and joint ventures	9	17,582,617	18,775,351
Investments at amortised cost	13 a)	-	842,261
Right of use assets	35	2,896,480	1,418,408
Other receivables	10	581,719	533,749
Trade receivables	12	201,252	386,980
Total Non-Current Assets		**50,562,271**	**54,689,110**
Current assets			
Inventories	11	1,431,899	1,489,800
Other receivables	10	7,686,286	5,239,859
Trade receivables	12	4,054,346	6,439,240
Investment at amortized cost	13 a)	968,712	1,822,248
Investments at fair value	13 b)	586,657	412,673
Efectivo y equivalentes de efectivo	14	5,853,434	5,737,767
Total Current Assets		**20,581,334**	**21,141,587**
TOTAL ASSETS		**71,143,605**	**75,830,697**
EQUITY			
Share capital	15	399,138	399,138
Capital adjustment		3,024,019	3,024,019
Reserves	16	15,219,472	8,290,195
Retained earnings	17 a)	798,824	7,277,953
Other comprehensive income	17 b)	4,622,673	7,174,491
TOTAL EQUITY		**24,064,126**	**26,165,796**
LIABILITIES			
Non-Current Liabilities			
Provisions for legal claims and other proceedings	18	95,929	130,005
Other provisions	19	3,820,822	3,499,350
Deferred tax liabilities	34	2,650,662	3,308,021
Tax payables	20	1,741	13,188
Leases liabilities	35	2,309,489	621,762
Financial debts	21	17,583,056	29,224,029
Total Non-Current Liabilities		**26,461,699**	**36,796,355**
Current liabilities			
Other provisions	19	1,294	1,913
Other liabilities	22	176,082	209,474
Tax payables	20	107,687	177,346
Salaries and social security contributions		693,047	389,388
Leases liabilities	35	755,909	855,432
Financial debts	21	15,868,070	6,112,667
Trade payables	23	3,015,691	5,122,326
Total Current Liabilities		**20,617,780**	**12,868,546**
TOTAL LIABILITIES		**47,079,479**	**49,664,901**
TOTAL EQUITY AND LIABILITIES		**71,143,605**	**75,830,697**

The accompanying Notes 1 to 40 are an integral part of these Consolidated Financial Statements.

Compañía General De Combustibles S.A.

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income for the years ended December 31, 2020 and 2019

(In thousands of pesos)

	Note	12.31.2020	12.31.2019
Revenue	24	31,285,590	42,041,227
Cost of revenue	25	(19,023,759)	(25,364,761)
Gross profit		**12,261,831**	**16,676,466**
Selling expenses	26	(995,112)	(1,622,956)
Administrative expenses	27	(1,972,285)	(2,170,151)
Exploration expenses	28	(161,042)	(1,271,750)
Recovery (loss) of Financial Asset impairment	29	43,476	(27,897)
Other operating expenses, net	30	(2,132,751)	(1,095,793)
Operating income		**7,044,117**	**10,487,919**
Result of investments in associates and joint ventures	9	1,289,130	5,198,653
Financial income	31	141,468	125,508
Financial costs	31	(4,184,461)	(3,511,441)
Hyperinflation effect	31	(2,436,996)	(1,953,005)
Other Financial results	31	(2,308,666)	(1,531,923)
(Loss) Income before taxes		**(455,408)**	**8,815,711**
Income tax	34	496,653	(2,422,981)
Income for the year		**41,245**	**6,392,730**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Asset revaluation reserve	3.2.4)	(1,922,586)	(660,764)
Items that may be reclassified to profit or loss			
Financial Statement translation difference	3.2.12)	128,347	124,260
Total other comprehensive income for the year, net of taxes		**(1,794,239)**	**(536,504)**
Total comprehensive income for the year – (Loss) Income		**(1,752,994)**	**5,856,226**
Basic and diluted earnings per share	32	**0.103**	**16.016**

The accompanying Notes 1 to 40 are an integral part of these Consolidated Financial Statements.

Compañía General De Combustibles S.A.

Consolidated Financial Statements

Consolidated Statement of Changes in Equity for the fiscal years ended December 31, 2020

(In thousands of pesos)

	Share capital (Note 15)	Capital adjustment	Legal reserve (Note 16)	Optional reserve (Note 16) (1)	Other comprehensive income		Retained earnings (Note 17.a)	Total
					Asset revaluation reserve (Note 3.2.4)	Currency translation difference		
Balances as of December 31, 2019	**399,138**	**3,024,019**	**684,631**	**7,605,564**	**5,714,986**	**1,459,505**	**7,277,953**	**26,165,796**
Resolution of the Ordinary General Meeting of Shareholders dated April, 14 2020 - Appropriation of retained earnings	-	-	-	7,277,953	-	-	(7,277,953)	-
Resolution of the Ordinary General Meeting of Shareholders dated October 30, 2020 - Distribution of dividends among the shareholders	-	-	-	(348,676)	-	-	-	(348,676)
Net income for the year	-	-	-	-	-	-	41,245	41,245
Reversal of asset revaluation reserve	-	-	-	-	(757,579)	-	757,579	-
Other comprehensive income for the year	-	-	-	-	(1,922,586)	128,347	-	(1,794,239)
Balances as of December 31, 2020	**399,138**	**3,024,019**	**684,631**	**14,534,841**	**3,034,821**	**1,587,852**	**798,824**	**24,064,126**

(1) For maintenance of working capital and future dividends

The accompanying Notes 1 to 40 are an integral part of these Consolidated Financial Statements.

Compañía General De Combustibles S.A.

Consolidated Financial Statements

Consolidated Statement of Changes in Equity for the fiscal years ended December 31, 2019

(In thousands of pesos)

	Share capital (Note 15)	Capital adjustment	Legal reserve (Note 16)	Optional reserve (Note 16) (1)	Others (Note 16)	Other comprehensive income		Retained earnings (Note 17.a)	Total
						Asset revaluation reserve (Note 3.2.4)	Currency translation difference		
Balances as of December 31, 2018	**399,138**	**3,024,019**	**67,493**	**1,397,752**	**(665,783)**	**7,260,973**	**1,335,245**	**7,815,611**	**20,634,448**
Resolution of the Ordinary General Meeting of Shareholders dated April, 10 2019 - Appropriation of retained earnings and Distribution of dividends among the shareholders	-	-	617,138	6,207,812	665,783	-	-	(7,815,611)	(324,878)
Net income for the year	-	-	-	-	-	-	-	6,392,730	6,392,730
Reversal of asset revaluation reserve	-	-	-	-	-	(885,223)	-	885,223	-
Other comprehensive income for the year	-	-	-	-	-	(660,764)	124,260	-	(536.504)
Balances as of December 31, 2019	**399,138**	**3,024,019**	**684,631**	**7,605,564**	**-**	**5,714,986**	**1,459,505**	**7,277,953**	**26,165,796**

(1) For maintenance of working capital and future dividends

The accompanying Notes 1 to 40 are an integral part of these Consolidated Financial Statements

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Compañía General De Combustibles S.A.

Consolidated Financial Statements

Consolidated Statement of Cash Flows for The Years Ended December 31, 2020 and 2019

(In thousands of pesos)

	Note	12.31.2020	12.31.2019
Cash flows from operating activities			
Net income for the year		41,245	6,392,730
Adjustments to arrive at net cash flows from operating activities:			
Depreciation of property, plant and equipment	8	8,751,816	9,928,952
Write off of property, plant and equipment	8	291,835	1,274,327
Depreciation of right of use assets	35	803,896	701,776
Result of investments in associates and joint ventures	9 c)	(1,289,130)	(5,198,653)
Financial results, net	31	5,886,761	4,528,046
Non-financial asset impairment allowance	30	1,542,474	1,406,191
Increase in allowances for receivables, net	29	(43,476)	27,897
Increase in provision for legal claims and other proceedings, net	27	435	53,005
Gas imbalance charges	25	(4,961)	(10,480)
Income accrued for incentives, net of collections	24	(5,864,162)	(3,311,670)
Loss on the assignment of oil production áreas	30	-	(80,838)
Hyperinflation effect	31	2,436,996	1,953,005
Accrued income tax	34	(496,653)	2,422,981
Changes in operating assets and liabilities:			
Receivables		3,655,519	1,914,729
Inventory		57,901	293,343
Non-financial debts		(1,354,271)	1,435,492
Income tax paid		(213,646)	(250,944)
Net cash flows provided by operating activities		**14,202,579**	**23,479,889**
Net cash flows used in investment activities			
Acquisition of property, plant and equipment	8	(6,836,682)	(14,928,011)
Variance of placements of funds - current		81,272	125,692
Dividends collected	9 b)	959,929	1,580,902
Net cash flows used in investment activities		**(5,795,481)**	**(13,221,417)**
Net cash flows used in financing activities			
Dividends distributed among the shareholders		(348,676)	(324,878)
Lease payments	35	(902,087)	(813,660)
Interest paid on financial debts	21	(4,431,214)	(3,365,842)
Financial debts settled	21	(10,165,419)	(9,644,077)
Financial debts incurred	21	8,548,249	7,856,260
Net cash flows used in financing activities		**(7,299,147)**	**(6,292,197)**
Net increase in cash, cash equivalents, and bank overdraft facilities		**1,107,951**	**3,966,275**
Cash and cash equivalents at beginning of the year	14	5,057,142	2,164,257
Financial results generated by cash and cash equivalents		(311,659)	(1,073,390)
Cash and cash equivalents at the end of the year	**14**	**5,853,434**	**5,057,142**

	12.31.2020	12.31.2019
Changes not entailing movements of funds:		
Payments in the period of prior period acquisitions of property, plant and equipment	68,186	(228,037)
Capitalization of underground gas storage costs	72,075	-
Capitalization of financial costs	138,566	28,550
Abandon cost of wells capitalized in property, plant and equipment	37,458	1,871,669

The accompanying Notes 1 to 40 are an integral part of these Consolidated Financial Statements.

Compañía General De Combustibles S.A.

Index of Notes to the Consolidated Financial Statements

NOTE 1 – GENERAL INFORMATION

1.1 - The Company and its control group

Compañía General de Combustibles S.A. ("CGC" or "the Company", or jointly with its subsidiaries "the Group") is a corporation organized under the laws of the Republic of Argentina, registered with the Public Registry of Commerce on October 15, 1920. The incorporation agreement will expire on September 1, 2100 and its legal address is Bonpland 1745, Autonomous City of Buenos Aires, Argentina.

CGC business activities are focused on the energy sector, specifically consisting of the exploration and production of oil and gas (upstream) and gas carriage. Upstream activities are carried out both individually and through joint ventures, and gas carriage activities through Company associates. The Company's activities are not subject to significant seasonal changes.

The Company is controlled by Latin Exploration S.L.U. ("LE"), a Spanish company.

1.2 – Economic environment in which the Company operates

The Company has been operating in a complex economic environment whose main variables have recently been affected by a strong volatility, both nationally and internationally.

The outbreak of the pandemic in March 2020 caused by the Covid-19 has generated significant consequences globally. Most of the countries of the world launched a series of constraints never seen before. The various measures of health restrictions imposed were generating, to a greater or lesser extent, an almost immediate impact on economies, which saw their production and activity indicators fall rapidly. In response, most governments implemented fiscal aid packages to sustain the income of part of the population and reduce the risks of breaking the payment chains, avoiding financial and economic crises and business failures. Argentina was no exception, with the government taking action as soon as the pandemic was declared.

As it is considered an essential activity, CGC continued to operate in the main activities necessary for the continuity of the business, especially the tasks related to hydrocarbon production.

With respect to the market, after the declaration of the mandatory quarantine, a decrease in energy demand was evidenced. In the local gas market, production decreased in the second and third quarters of 2020 compared to the same period of 2019, due to the limiting effects of the preventive and mandatory social isolation on the activity, as well as prices that were lower than in the pre-isolation stage. The economic recession caused by the spread of COVID-19, generated such a supply and storage crisis that the oil market was deeply hit, the Brent benchmark price plummeted below 20 U$S/bbl in April 2020. Then it began to show signs of recovery, with the greater level of openness in the isolation measures tried by different countries, a recovery path was evidenced in crude oil and derivatives quotations, with Brent crude showing a sustained quotation above 40 US$/bbl since mid-June, trading at 51 US$/bbl at the end of the year.

The Company's management is closely monitoring the situation and immediately taking decisive measures in order to ensure the integrity of its personnel, maintain the operation, and preserve its financial situation.

In relation to the consolidated financial statements as of December 31, 2020, the main impacts caused by the circumstances described above are summarized below:

- **Evaluation of the recoverable value of property, plant and equipment**

The current and expected fall in activity in the industry in which the Company operates is an indicator of depreciation in accordance with IAS 36, and therefore the tests of recoverable value have been carried out during the period ended 31 December 2020. The disclosures related to the test performed, including the main assumptions and variables considered, and the result of the test are included in note 5.c).

The context of volatility and uncertainty continues at the date of issuance of these financial statements. The Company's financial statements should be read in light of these circumstances.

NOTE 2 - INTEREST IN OIL AND GAS FIELDS

The Company recognizes in its Financial Statements the assets, liabilities, revenue from ordinary activities and expenses relating to its participation in oil and gas exploration and exploitation Areas and Joint Operations covered by joint ventures for hydrocarbon exploration and production.

The table below shows the oil and gas exploration and exploitation areas where the Company has equity interests as of December 31, 2020 and 2019.

Country/ Basin	Area	% Participation	Operator	Term	Activity
Argentina					
Noroeste	Aguaragüe	5.00	Tecpetrol	2027	Exploration and exploitation
Austral	El Cerrito	100.00	CGC	2033-2037-2053	
	Dos Hermanos	100.00	CGC	2027-2034-2037	
	Campo Boleadoras	100.00	CGC	2027-2033-2034	
	Campo Indio Este / El Cerrito	100.00	CGC	2028-2053	
	María Inés	100.00	CGC	2027-2028	
	Cóndor	100.00	CGC	2027	
	La Maggie	100.00	CGC	2026-2027	
	Glencross	87.00	CGC	2033	Exploitation
	Estancia Chiripa	87.00	CGC	2033	
	Tapi Aike b)(1)	100.00	CGC	2022	Exploration
	Piedrabuena	100.00	CGC	2021	
	Paso Fuhr	50.00	CGC	2022	
Venezuela	Campo Onado a)(1)	26.004	Petronado	2026	

a) Situation in oil and gas areas

(1) Transactions in Venezuela since April 1, 2006 are performed through the company Petronado S.A., instead of the Onado Joint Venture. CGC holds 26.004% of equity interests in that company (see Note 36 (4)).

b) Changes in oil and gas areas

(1) On July 16, 2020, we entered into an agreement with Echo Energy Plc. ("Echo Energy"), by virtue of which Echo Energy will transfer and assign to the Company its 19% interest in the permit over the Tapí Aike área, effective as from April 1, 2020. As a result, we own 100% interest in Tapí Aike área as of December 31, 2020, whose exploration permit was granted to the Company by Decree No. 775, and the Santa Cruz Energy Institute tender No. 01/17.

(2) Angostura Field: On October 18, 2019, the Company and President Energy PLC agreed the assignment of 100% of the assets and liabilities relating to the Angostura area. This assignment was approved by the Executive Branch of the Province of Río Negro in November 2019. As of December 31, 2019, considering the terms of the agreement, $ 1,252,580 has been charged to Exploration expenses for the value of the net assets of the area, and $ 80,838 to Other operating income and expenses, for the recovery of provisions.

As part of the transaction with President Energy PLC, a share subscription agreement was signed for US $ 1,330 to be contributed by the Company in President Energy PLC. As of December 31, 2020, the shares of President Energy PLC acquired for US $ 1,330 at their listed value have been recorded in the investment account at fair values. (See note 13.b))

c) Underground gas storage

On February 19, 2020, the first underground natural gas storage system in the Province of Santa Cruz was inaugurated for commercial purposes. The Project is located in the South of Río Chico and contemplates an investment of US$50 million in its two stages and will allow the conservation of natural gas in underground reservoirs located at great depth.

The total investments of the Pilot Stage are estimated at 9.7 million dollars. As of December 31, 2020, 95% have already been executed and 22.5 MMm3 (9,300 kcal / m3) of buffer gas (gas necessary to give minimum pressure to the reservoir) were stored. There was no gas injection for storage in the 4th quarter.

On May 8, 2020, the Province of Santa Cruz issued Provincial Decree No. 498 formalizing the granting of the Concession "Santa Cruz II-Fracción ASGN" for the storage of gas. As of the date hereof, the ratification of the Decree by a law of the legislature of the Province of Santa Cruz is pending for it to come into force.

d) Relevant information

The total figures of the Statement of Financial Position relating to the Company's interests in joint operations as of December 31, 2020 and 2019 and the Income Statement figures for the fiscal years ended December 31, 2020 and 2019 are shown below:

	12.31.2020	12.31.2019
Non-current assets	212,541	1,333,825
Current assets	5,621	202,114
Total assets	**218,162**	**1,535,939**
Non-current liabilities	103,304	90,358
Current liabilities	26,647	350,106
Total liabilities	**129,951**	**440,464**

	12.31.2020	12.31.2019
Operating loss (*)	178,138	278,422
Net loss (*)	192,663	241,827

(*) Sales in joint ventures are not included since production is directly assigned to each of the participants (see Note 3.2.16).

e) Investment commitments

As of December 31, 2020 the Company's participation in minimum commitments in these areas amounted to USD 130.3 million, USD 41.6 million of which correspond to the Condor, Campo Boleadoras y La Maggie of the concessions fractions A, B, C and D in Santa Cruz I area, Fractions A and B in Santa Cruz II area and Laguna de los Capones, USD 40.6 million in Tapi Aike area, USD 25.0 million in Paso Fuhr area, USD 1.8 million in Piedra Buena area and USD 21.3 million in Glencross area. None of them have expired to date.

NOTE 3 - BASIS FOR PRESENTATION, PREPARATION AND MEASURING UNIT

3.1.a) Basis for presentation, preparation and measuring unit

These Financial Statements corresponding to the fiscal year ended December 31, 2020 are presented in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

The CNV, by means of General Resolution No. 622/13, established the application of Technical Pronouncements No. 26 and 29 of the FACPCE, adopting International Financial Reporting Standards (IFRS), issued by the IASB, for entities included in the public offering regime of Law No. 17811 and its amendments, due either to their capital stock or Notes, or having requested listing authorization to be included in this regime.

These Financial Statements are stated in thousands of pesos ($), legal tender in Argentina, and were prepared based on the accounting records of CGC. They have been stated at historical cost, except for the revaluation of some financial assets and some non-current assets. $ or USD refer to thousands of $ or USD, respectively, unless otherwise expressly indicated. A hyphen (-) indicates that no information is reported.

The comparative information has been expressed in terms of the current unit of measurement as of December 31, 2020 in accordance with IAS 29 "Financial information in hyperinflationary economies". Certain non-significant figures have been reclassified as of December 31, 2019, which are disclosed in these Financial Statements for comparative purposes.

Unit of measurement

IAS 29 requires that the Financial Statements of an entity, whose functional currency is that of a high inflation economy, are expressed in terms of the unit of measurement current at the closing date of the reporting year, regardless of whether they are based on the historical cost method or on the current cost method. For this, in general terms, the inflation produced since the acquisition date or from the revaluation date, as appropriate, must be computed in the non-monetary items. These requirements also include comparative information in the Financial Statements.

To determine the existence of a hyperinflationary economy under the terms of IAS 29, the standard details a series of factors to consider, including a cumulative inflation rate over three years that is close to or exceeds 100%. For this reason, in accordance with IAS 29, the Argentine economy must be considered as highly inflationary as from July 1, 2018.

In turn, Law No. 27468, published in the Official Gazette on December 4, 2018, amended Section 10 of Law No. 23928 and its subsequent amendments, providing that the repeal of the all regulations that establish or authorize index-adjustment, monetary restatement, cost variation or any other way of restatement of debts, taxes, prices or tariffs of goods, works or services, does not apply to the Financial Statements, to which the provisions of Section 62 in fine of General Companies Law No. 19550 1984 restated text), as amended, shall continue to apply. That law also repealed Decree No. 1269/2002 dated July 16, 2002, as amended, and delegated to the National Executive Branch, through its control authorities, the power to set the effective date of the rules governing Financial Statements reporting. Therefore, under General Resolution 777/2018 (Official Gazette December 28, 2018), the CNV established that the issuing entities under its control shall apply to Financial Statements for annual, interim and special periods ending on or after December 31, 2018 the method of restatement to constant currency, pursuant to IAS 29.

In accordance with IAS 29, the Financial Statements of entities reporting in the currency of a hyperinflationary economy shall be stated in terms of the measuring unit current at the date of the Financial Statements. Statement of Financial Position amounts not already expressed in terms of the measuring unit current at the date of the Financial Statements shall be restated by applying a general price index. All items in the Statement of Income shall be expressed in terms of the measuring unit current at the date of the Financial Statements by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the Financial Statements.

The adjustment for inflation applied to opening balances was calculated based on the indexes established by the FACPCE and the price indexes published by the National Institute of Statistics and Census (INDEC). At the date of these Financial Statements, the year-on-year variation was 36%.

Below are the main procedures to be applied for the adjustment for inflation mentioned above:

- Monetary assets and liabilities recorded at the monetary unit current at year end are not restated as they are already expressed in terms of the monetary unit current at the date of the Financial Statements;
- Non-monetary assets and liabilities accounted for at their acquisition cost at the financial position date and equity items are restated by applying the corresponding index adjustments;
- All items in the Statement of Profit or loss are adjusted by applying the relevant conversion factors;
- The effect of inflation on the Company’s net monetary position shall be included in the statement of profit or loss within Financial Results, under the caption “Gain or loss on exposure to changes in the purchasing power of the currency (Hyperinflation effect)”;
- All comparative figures are restated by applying the variation in the general price index until closing.

In the first period of application of this standard, the equity accounts were restated as follows:

- The capital was restated from the date it was contributed or the date of the last accounting adjustment for inflation, whatever happened later. The resulting amount was incorporated to the Capital adjustment account.
- The translation difference was restated in real terms;
- Other comprehensive income items were restated as from each date of accounting allocation; and
- Other reserves were not restated in the first application of the standard.

The preparation of these Financial Statements in accordance with IFRS requires making estimates and assessments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of issue of these Financial Statements, as well as the income and expenses recorded in the fiscal year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 5.

These Financial Statements of CGC were approved for issuance by the Company's Board of Directors on March 22, 2021.

3.1.b) - Storage of corporate and accounting documentation

Pursuant to General Resolution No. 629/14 of the National Securities Commission, we report that the documentation supporting the Company's accounting and management operations and the accounts books and corporate books of CGC are deposited in the offices located at Bonpland 1745, City of Buenos Aires, and in the warehouses of the supplier Iron Mountain Argentina S.A., with business address at Amancio Alcorta 2482, City of Buenos Aires.

3.2 - ACCOUNTING POLICIES

The main accounting policies used in the preparation of these Financial Statements are summarized below. Except as otherwise stated, these policies have been applied consistently in all periods reported.

3.2.1 Changes in accounting policies under IFRS

New mandatory standards, amendments and interpretations for fiscal years beginning on January 1, 2020

In the year ended December 31, 2020, there are no new standards, interpretations and amendments to the current published standards, except for the amendment in May 2020 of IFRS 16 "Leases". The application of the detailed standard did not have any impact on the Company's results of operations or financial position.

New standards, amendments and interpretations not effective and not adopted in advance by the Company

La gerencia evaluó la relevancia de otras nuevas normas, modificaciones e interpretaciones aún no efectivas y concluyó que las mismas no son relevantes para la Sociedad.

3.2.2 Consolidation – Subsidiaries

The Financial Statements of CGC as of December 31, 2020 were consolidated with the financial statements or management reports as of those dates of the following company:

Company	Country	Functional currency	Number of shares (direct and indirect participation)	% of interest (direct and indirect)	Number of voting rights
Compañía General de Combustibles Internacional Corp.	Panamá	United States Dollar	100	100%	100

3.2.3 Participation in joint arrangements and associates

3.2.3.1) Participation in joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control, i.e. the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under IFRS 11, investments in joint arrangements are either joint operations or joint ventures, depending on the contractual rights and obligations of the parties. The Company has analyzed the nature of joint arrangements and determined that they fall within the scope of joint operations. As a result, the Company recognizes in its Financial Statements the assets, liabilities, revenue from ordinary activities and expenses relating to its participation in joint operations of the various consortia and joint ventures for hydrocarbon exploration and production. (See Note 2)

Additionally, as of December 31, 2020 and 2019, the Company defined as a joint venture the interests in Gasinvest S.A., Transportadora de Gas del Norte S.A., Gasoducto GasAndes (Argentina) S.A., Gasoducto GasAndes S.A. (Chile) and Andes Operaciones y Servicios S.A. These holdings were valued following the equity method of associates detailed below.

3.2.3.2) Associates

Associates are all entities over which the Company has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but not control or joint control), generally accompanying a shareholding of between 20% and 50% of the voting rights.

The Company records its investments in associates using the equity method. Under the equity method, the initial recognition of the investment in an associate is made at cost, including goodwill at the date of acquisition, if applicable. The carrying amount is increased or reduced to recognize the percentage of the Company's participation in the profits or losses of the associates and include said result in the Company's profits or losses. The investment in the associate will be accounted for, applying the equity method, from the moment it becomes an associate. On the acquisition date, the difference between the cost of the investment and the portion that corresponds to the investor in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities will be recorded in the results for the year. Therefore: (a) Goodwill related to the associate will be included in the carrying amount of the investment. However, the amortization of said goodwill is not allowed and, therefore, will not be included in the determination of the investor's participation in the results of the associate. (b) The excess that, over the cost of the investment, the investor's participation in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities, will be excluded from the book value of the investment, and will be included as income in the determination of participation.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates.

Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Company.

To value the investments in associates, each of them is considered a cash generating unit (CGU), and it is analyzed if at each closing date there is objective evidence that an investment in an associate is not recoverable. The impairment amount, if any, is calculated as the difference between the recoverable value of the associate and it carrying value and recognizes the resulting amount in the Statement of Comprehensive Income.

3.2.4 Adoption of the Revaluation model in Midstream assets as from September 30, 2018

Effective September 30, 2018, the Board of Directors of the Company decided to use, within the two models provided for on IAS 16 - Property, plant and equipment, the revaluation model for the core assets valuation, comprising the gas pipeline systems, including gas pipelines, fields and compressor plants. The change of the valuation criteria from the cost model to the revaluation model is applied prospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

This change in accounting policies allows assessing the assets subject to revaluation to their fair value and, in this way, offering more reliable information in the Statement of financial position. Additionally, it has been determined that this group of assets comprises a category of assets pursuant to IFRS 13, considering the nature, characteristics and inherent risks.

For the application of such model, associate companies use the services of independent experts, which were shared with the Board of Directors. The Board approved the revaluation and using experts based on their attributes such as their knowledge of the market, reputation and independence. Furthermore, the Board of Directors decides, after discussing with experts and associates, the valuation methods and, where applicable, the entry data to be used in each case.

Revaluations must be conducted as frequently as necessary so that the value in the accounting records does not differ significantly from the fair value of the assets at the date of each measurement.

To measure the fair value of assets subject to revaluation, the income approach is used as valuation technique, as established in IFRS 13 *Fair Value Measurement*. The Company uses a model of cash flows discounted prepared on the basis of estimates regarding the future behavior of certain variables which are sensitive in determining the fair value: (i) volumes of transport hired and volumes of transport sold as interruptible transport; (ii) gas carriage tariffs; (iii) operating and maintenance costs; (iv) necessary investment for the maintenance of the operating gas pipeline maintenance; (v) weighted discount rate; and (vi) macroeconomic variables, such as inflation rate, devaluation rate, etc.

This valuation method is classified under IFRS 13, as hierarchy of fair value Level 3.

The increase of the carrying value of an asset as a consequence of a revaluation is recognized under Other Comprehensive Income, net of the corresponding deferred tax. The effect of the revaluation conducted on Gasoducto GasAndes (Argentina) S.A., Gasinvest S.A. and Transportadora de Gas del Norte S.A. to the interest of CGC as it is detailed at the end of the note. In the case of the investment in the associated Gasoducto GasAndes S.A. (Chile) the revaluation carried out as of December 31, 2020 and 2019 had no effect.

The increases due to revaluations are recognized in the Statement of Comprehensive Income under the caption Other comprehensive income and they are accumulated in the Reserve for revaluation of assets of the Statement of Changes in Shareholders' Equity, unless such increase implies a reduction of the revaluation of that asset previously recognized in the Statement of Income, in which case the increase is recognized in the Statement of Income. A reduction due to revaluation is recognized in the Statement of Income, unless such reduction is offset by an increase in the revaluation of the same asset previously recognized in the Reserve for revaluation of assets.

Reversal of asset revaluation reserve: At the time of sale of the revalued asset, any Reserve for the revaluation of assets related to that asset is transferred to Retained earnings. Additionally, the Company transfers part of the asset revaluation reserve as the asset is used by the entity. In this case, the amount of the transferred asset revaluation reserve would be equal to the difference between the depreciation calculated according to the revalued value of the asset and that calculated according to its original cost. Transfers from the reserve accounts for revaluation to the accounts of retained earnings, do not pass through the results of the year.

In accordance with the restated text of the CNV, at year-end the positive balance of the "Reserve for revaluation of assets" may not be distributed, capitalized or allocated to absorb accumulated losses, but must be computed as part of accumulated gains/losses for the purposes of comparison to determine the Company's situation under sections 31, 32 and 206 of Commercial Companies Law No 19550.

Based on the measurement conducted for the application of the revaluation model, the following differences have been determined in connection with the carrying values measured by the cost model, for assets subject to revaluation as of December 31, 2020 and 2019:

	31.12.2020 Asset revaluation reserve	31.12.2019 Asset revaluation reserve
Gasinvest S.A.	2,751,883	5,332,067
Gasoducto GasAndes (Argentina) S.A.	277,215	371,986
Transportadora de Gas del Norte S.A.	5,723	10,933
Total	**3,034,821**	**5,714,986**

3.2.5 Foreign currency translation

3.2.5.1 Functional and presentation currency

The functional currency is defined for each company in the Group. The functional currency is that used as the main currency in the Company’s transactions. Transactions performed in a currency other than the one defined as functional are considered as foreign currency transactions.

The functional and presentation currency of the Company is the Argentine peso.

Upon compliance with the conditions established in IAS 29 to consider Argentina as a hyperinflationary economy, these Financial Statements must be restated as indicated in Note 3.1.a)

3.2.5.2 Balances and transactions

Foreign currency transactions are converted into the functional currency at the exchange rate prevailing at the date of the transaction or valuation when the items are remeasured.

Foreign exchange gains or losses resulting from the settlement of these transactions or measurements at closing of the monetary assets and liabilities in foreign currency are recognized under the Statement of Comprehensive Income. Exchange gains or losses are disclosed in the Statement of Comprehensive Income under “Other Financial Results”.

3.2.5.3 Subsidiaries, joint ventures, and associates

The results and financial position of the subsidiaries and associates with a functional currency other than the Group's presentation currency shall be translated into the presentation currency at closing using the following procedures:

- assets and liabilities are translated at the exchange rate prevailing at closing;
- profits or losses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at exchange rate prevailing at the date of each transaction).
- capital and reserves are translated at the exchange rate prevailing at closing.

Gains/losses arising from the translation of functional currency into presentation currency are recognized under Other comprehensive income. When an investment in a subsidiary or associate is sold or disposed of, Other Comprehensive Income is reclassified, in whole or in part, to the Statement of Comprehensive Income as part of the gain or loss from the sale or disposition.

3.2.6 Property, plant and equipment

Property, plant and equipment (or fixed assets) is valued following the cost model. The acquisition cost restated in terms of the measuring unit current at the closing date of the reporting year is recognized less depreciation and any accumulated impairment loss.

In the case of works in progress the construction of which extends over substantial time until completion, financial costs relating to third-party funding are capitalized (net of the effects of inflation) until the asset built can be used. In the fiscal years ended December 31, 2020 and 2019, financial cost activations for $ 138,566 and $ 28,550 were recorded, respectively (see note 8).

I) Oil and gas exploration activities

The Company applies IFRS 6 "Exploration for and Evaluation of Mineral Resources" to account for its oil and gas exploration and evaluation activities.

As a result, in accordance with IFRS 6, the Company capitalizes oil and gas exploration and evaluation expenses, such as topographical, geological, geochemical and geophysical studies; exploratory drilling; evaluation of oil and gas reserves, and mining property associated with unproven reserves, such as assets for exploration and evaluation as a special category (Exploration and evaluation assets) within Property, plant and equipment. The costs prior to obtaining an exploration permit are charged to income/loss as incurred. This means that exploration costs are temporarily capitalized until the results of the exploration efforts are evaluated so as to determine if there are sufficient hydrocarbon reserves to commercially exploit them.

If exploration and evaluation activities do not conclude that there are sufficient hydrocarbon reserves, the amounts capitalized are charged to income/loss at the time this conclusion is reached. Exploration and evaluation assets in relation to which reserves were identified are tested for impairment, prior to reclassification of the line "Production facilities and wells".

Exploration and evaluation assets are not subject to depreciation or amortization.

II) Oil and gas development activities

Development costs are costs incurred to develop and produce proven reserves and provide facilities for extraction, collection and storage of oil and gas. This item includes payments of exploitation concession rights, which are recorded under "Mining Property" line.

Development costs incurred to drill development wells (successful and dry) and to construct facilities or install equipment for production purposes are capitalized and classified as "Works in progress" until their completion. Once productive, these wells are reclassified to "Production facilities and wells" and depreciation begins; oil and gas production costs are charged to income/loss.

Subsequent expenses are incorporated as a cost component of these assets only if they are an improvement and/or extend the useful life and/or increase the production capacity of assets and/or it is probable that the asset generates an increase in net cash flows.

The costs of maintenance and repair that only restore production to its original level are charged to income/loss in the fiscal year they are incurred.

The costs of asset retirement obligation and well plugging obligations are capitalized at discounted value, together with the assets that gave rise (within the "Production facilities and wells" line) to them and are depreciated using the units of production method. As counterpart, a liability is recognized for this item at the estimated value of the discounted sums payable. Changes in the measurement of existing liabilities arising from changes in the estimated schedule or amount of the outflow of resources required to settle the liability or in the discount rate are added to or deducted from the cost of the related asset. If the decrease in liabilities is higher than the asset book value, any such excess is recognized immediately in profit/loss for the period. (See Note 3.2.14.1).

III) Depreciation

Below is a detail of depreciation methods during the estimated useful life of assets:

i) The acquisition cost of property with proven reserves is depreciated through the application of the ratio between hydrocarbons produced and estimated total proven reserves.

ii) Assets for the development of hydrocarbons (plants, wells and exploitation and production facilities) are depreciated, area by area, through the application of the ratio between the hydrocarbons produced and estimated developed and proven reserves.

Changes in the estimate of reserves are considered in the depreciation calculation as prospective.

iii) For assets whose service capacity is not directly related with the production of hydrocarbons, the linear estimated rates are applied based on the features of each asset. Rates applied are as follows:

Caption	Rate %
Furnitures and fixtures	10.00
Machinery, equipment and facilities	10.00
Software and computer equipment	33.33
Real estate	4.00
Vehicles	20.00

Depreciation rates are reviewed every year and it is compared whether the remaining useful life differs from that previously estimated. The effect of these changes is recorded as profit or loss for the year in which they are determined.

Gain or loss from the sale of assets is calculated by comparing income obtained with the residual book value, restated in terms of the measuring unit current as of the transaction date. The resulting amount is later restated in terms of the measuring unit current at the closing date of the reporting period and recognized in the Statement of Comprehensive Income under "Other operating income and expenses".

IV) Impairment of property, plant and equipment

The value recorded of property, plant and equipment does not exceed their recoverable value.

When there are events or circumstances that indicate a potential impairment, an impairment test is run at the level of identifiable cash flows:

- Exploration and evaluation costs are examined on a regular basis by Management to ensure that the value recorded is recoverable. Such verification is made at least once a year (at the end of the year) and whenever there are signs of a possible value write-down. Events and signs include the evaluation of seismic data, requirements to abandon areas without renewal of exploration rights, unsuccessful results of drilling and studies, non-compliance of exploration commitments, lack of planned investments and unfavorable market, political and economic conditions.

  As of December 31, 2020 and 2019, $ 161,042 and $ 1,271,750 were allocated to exploration expenses, respectively.

- Property, plant and equipment (excluding exploration and evaluation costs): The Company's Management assesses their recoverability when events or changes to circumstances (including significant decrease in the market value of the assets, in the prices of the main products sold by the Company or in the oil and gas reserves, as well as changes in the regulatory framework in which the operations are developed, significant increases in operating costs, or obsolescence evidence or physical damage) may indicate that the value of an asset or CGU may not be recoverable. The carrying value of an asset is adjusted to its recoverable value in case it exceeds such value. See note 5.c) about the determination of impairment test.

3.2.7 Inventories

Inventories comprise crude oil and materials. Inventories are stated at production and acquisition costs in terms of measuring units current at the end of year, with the limit of its net realizable value. The cost is determined based on the weighted average method. The cost of inventories includes expenses incurred in the production or acquisition, and other costs necessary to take them to their current condition and location.

Net realizable value is the sales price estimated in the normal course of business, less applicable estimated costs to sell.

The evaluation of the fair value is made at year end, charging to profits or loss the timely correction in value when they are overstated.

3.2.8 Financial Instruments

Recognition and measurement of financial assets and liabilities
Financial assets are recognized when an entity within the group is part of an agreement covering a financial instrument.

Financial assets and financial debts are initially valued at fair value. Transaction costs are directly attributable to the acquisition or issuance of financial assets or liabilities, other financial assets and liabilities at fair value through changes in profit or loss are added or subtracted from the fair value of financial assets or liabilities, as appropriate, at the time of initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Income.

The Company classifies financial assets in the following categories: Those that are valued at amortized cost and those that must be measured at fair value. This classification depends on the business model followed by the Company to manage its financial assets and the contractual cash flow characteristics of its financial assets.

Financial assets at amortized cost

Financial assets are measured at amortized cost when they meet the following criteria:

i) They are held within a business model whose objective is to hold financial assets to collect their contractual cash flows, and

(ii) The contractual conditions of the financial asset give rise on specified dates to cash flows that are only collections of the principal and interest on the outstanding principal amount.

Financial assets measured at fair value through changes in profit or loss
Financial assets measured at fair value through changes in profit or loss are those assets held for sale. A financial asset is classified in this category if it has been acquired with the main purpose of being sold in the short term.

Recognition and measurement
Purchases and sales of financial assets are recognized on the date of the transaction, which is the date on which the Group commits to the acquisition or sale of the asset. Financial assets at amortized cost are initially recognized at fair value plus those costs attributable to the transaction.

The assets held at fair value through profit or loss are initially recognized at fair value and the cost of the transaction is recognized in the Statement of Comprehensive Income. Financial assets are reversed when the right to receive the cash flows from the investments made has ceased or when they have been transferred and the Group has transferred substantially all the risks and benefits of ownership.

A gain or loss on a debt instrument that is consequently measured at fair value and is not part of a hedging transaction is recognized through changes in profits or loss and is disclosed in the Statement of Comprehensive Income under Net financial results at the time any such gain or loss occurs.

The gain or loss on a debt instrument that is valued at amortized cost and is not part of a hedging transaction is recognized through changes in profit or loss when the financial asset is written off or impaired and through the depreciation process using the amortization effective interest method.

Impairment of financial assets
IFRS 9 establishes an "expected credit loss" ("ECL") model. This requires considerable judgment to be applied with respect to how changes in economic factors affect ECP, which is determined on a weighted average basis.

The impairment model provided by IFRS 9 is applicable to financial assets measured at amortized cost or at fair value through Other Comprehensive Income, except for investments in equity instruments, and to contract assets recognized under IFRS 15.
Under IFRS 9, loss provisions are measured using one of the following bases:
12-month ECL: These are expected credit losses resulting from possible events of default within 12 months after the reporting date; and; Lifetime ECL: These are expected credit losses resulting from possible events of default during the expected life of a financial instrument.
In the case of financial placements and in accordance with current placement policies, the Company monitors the credit rating and credit risk of these instruments.

Financial liabilities
Financial liabilities (including financial debts and trade payables) are measured accordingly at amortized cost using the effective interest method.

The effective interest method is a method used for calculating the amortized cost and allocate interest gains or losses in the appropriate period. The effective interest rate is the exact discount rate of the future cash flow discount (including all expenses paid or received to make up an integral part of the effective rate, transaction costs and other rewards or discounts) over the estimated period of the financial liability or (if appropriate) for a shorter period, to the book value upon initial recognition.

3.2.9 Trade receivables and payables
Trade receivables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method, net of the allowance for expected losses, if applicable.

A provision is made for expected losses of trade accounts receivable when there is objective evidence that the Company will not be able to collect all the amounts owed in accordance with IFRS 9.

The book value of the asset is reduced through the use of the allowance for expected losses, and the amount of losses is recognized in the Statement of Comprehensive Income. When a trade receivable is declared uncollectible, it is written off against expected losses. In the case of subsequent recoveries, they are recognized as a gain in the Statement of Comprehensive Income.

Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

3.2.10 Other receivables and liabilities

Remaining receivables and debts have been initially valued at fair value and subsequently valued at amortized cost using the effective interest method, less the allowance for expected losses, if applicable.

In the case of credits to boost the production of hydrocarbons granted in favor of CGC, within the framework of the Oil and Gas programs created by the National Government, they are recognized as credits within Other Receivables from the inception of the right for CGC to collect the credit upon compliance with the requirements established in the programs, with a counterpart in gains under Revenue in the Statement of Comprehensive Income.

3.2.11 Cash and cash equivalents

Cash and cash equivalents include cash, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts, if any, are shown under Current liabilities - Financial debts in the Statement of Financial Position and for the purposes of the cash flow, they are shown under Cash and cash equivalents.

3.2.12 Equity accounts

The recognition of activities in this caption is made based on decisions in Shareholders' meetings, legal and regulatory standards.

- Share capital

  Capital stock represents the capital issued, which is formed by contributions made by shareholders. Capital is represented by ordinary nominative non-endorsable shares of $ 1 face value each.

- Capital adjustment

  The difference between the share capital stated in constant currency and the historical nominal value has been disclosed in the Capital adjustment account, within Equity.

- Legal reserve

  In accordance with legal provisions of General Companies Law No. 19550, 5% of the net profits from the statement of comprehensive income for the year plus/less the adjustments to prior years, transfers from other comprehensive income to unappropriated retained earnings and accumulated losses of prior years, must be allocated to the legal reserve until it reaches 20% of the capital stock. This reserve is stated in constant monetary units, according to the guidelines of Note 3.1.a).

- Optional reserve

  It corresponds to the allocation made by the Company's Shareholders' Meeting, whereby an specific amount is allocated to set up a special reserve chiefly aimed at maintaining the Company's productive activities, which are focused on exploration and production of oil and gas, net of reversals for the payment of dividends. This reserve is stated in constant monetary units, according to the guidelines of Note 3.1.a).

- Other comprehensive income

  Other comprehensive income includes the exchange differences generated by the effect of translation into Argentine currency of the interests in related companies and subsidiaries abroad and the reserve for revaluation of Midstream assets, detailed in Note 3.2.4).

- Retained earnings

  It comprises unappropriated gains or accumulated losses, which if positive may be distributed by a decision of the Shareholders' Meeting as long as they are not subject to legal restrictions, such as that mentioned in the "Legal Reserve" paragraph.

  It comprises the result from prior years which were not distributed, the amounts transferred from other comprehensive income and prior year adjustments due to the effect of the application of IFRS.

  In case there are unappropriated losses to be absorbed at year end to be considered by the Shareholders' Meeting, below is the order for offsetting then against balances that must be followed:

  1. Reserved profits
     a. Optional reserve
     b. Legal reserve
  2. Additional paid-in capital
  3. Share capital

- Distribution of dividends

  Distribution of dividends among the shareholders of the Company is recognized as a liability in the Financial Statements in the fiscal year in which the dividends are approved by the Company's Shareholders' Meeting.

3.2.13 Financial debts

Borrowings are initially recognized at fair value, net of the transaction costs incurred. In subsequent periods, borrowings are valued at amortized cost. Any difference between the funds received (net of transaction costs) and the redemption value is recognized in the Statement of Comprehensive Income over the term of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Company has the right to defer the payment of liabilities for at least 12 months subsequent to the date of the Financial Statements.

3.2.14 Income tax

3.2.14.1 Current and deferred income taxes

Tax charge for the year comprises current and deferred taxes. Taxes are charged to results, except when they refer to items recognized in other comprehensive income or directly in equity.

Current income tax is calculated based on the laws approved or to be approved at the date of the Financial Statements in the countries in which the Company and its subsidiaries operate and generate taxable income. Management regularly assesses the positions on the tax returns regarding situations where the applicable tax regulation is subject to interpretation and, if necessary, establishes provisions based on the amounts payable to the tax authorities.

Deferred tax is recognized according to the liability method, for the temporary differences arising between the tax bases of assets and liabilities and their book values in the Financial Statements. However, deferred tax is not recognized when it arises from the initial recognition of an asset or liability in a transaction other than a business combination, which, at the time of the transaction, does not affect the accounting result or tax gain or loss.

Deferred tax assets are recognized only to the extent that tax benefits are likely to be obtained in the future to be able to offset the temporary differences.

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset the amounts recognized and when deferred tax assets and liabilities derive from income tax payable to the tax authorities by the same entity, or different entities, which seek to settle the current tax assets and liabilities at their net amount.

Additionally, for the determination of the income tax charge, the following has been considered, based on the provisions of Laws No. 27,430/17 and 27,451/19:
- Income tax rate: the applicable rate for the current fiscal year is 30%, being suspended, until fiscal years beginning on or after January 1, 2021, the reduction of the rate to 25%.
- Adjustment for inflation: acquisitions or investments made as from fiscal years beginning on or after January 1, 2018, are adjusted by the Consumer Price Index General Level (CPI).
- Tax inflation adjustment: obligation to apply, as from fiscal years beginning on or after January 1, 2018, the tax inflation adjustment, in the fiscal year in which there is a CPI variation percentage, accumulated in the thirty-six months prior to the closing of the fiscal year being settled, higher than 100%.

In the fiscal years ended December 31, 2019 and December 31, 2020, the conditions foreseen for the application of such adjustment have been evidenced, which has been included in the calculation of the provision for income tax and deferred tax, computing the impact thereof in accordance with the provisions of the regulations in force. The amount determined, in fiscal years 2019 and 2020 has been imputed 1/6 in each fiscal period and the remaining 5/6 in equal parts in the following 5 fiscal periods.

3.2.14.2 Minimum presumed income tax

As of December 31, 2020 and 2019, the Company has a balance recorded for minimum presumed income tax (tax repealed by Article 76 of Law No. 27,260) of $ 128 million and $ 316 million, respectively, under the caption Other non-current receivables, which may be computed in the payment of income tax.

3.2.15 Other provisions and allowances

3.2.15.1 Other provisions

Allowances and provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources involving economic benefits will be required to settle the obligation; and the amount has been reliably estimated.

The amount recorded as provisions is the best estimate of the resource outflow necessary to settle the present obligation, at the end of the reporting year, considering the pertinent risks and uncertainties.

When a provision is measured using the estimated cash outflow for settling the present obligation, the book value represents the present value of that cash flow.

Allowances and provisions recognized by the Company are:

- Asset retirement obligation and environmental remediation: for the calculation, the Company considered the plan for the retirement of wells until the end of the concession and valued them at retirement estimated cost, discounted at a rate that reflects the specific risks of liabilities and time value of money (see Note 3.2.5 II). Asset retirement obligations of the area once operations have been completed led Management to make estimates of long-term retirement costs and of the remaining period up to retirement.

- Provision for gas imbalance: it corresponds to the volume of gas owed due to the gas production allocated to the Company above the production resulting from its contractual participation in the Aguaragüe area. For this calculation, the Company considered the return curve agreed between the parties until the end of the concession and valued it based on the lower of the estimated production cost or book value (see Note 19).

3.2.15.2 Provisions for legal claims and other proceedings

The Company is a party to various complaints, legal claims and other proceedings arising in the normal course of its business. Liabilities for those complaints, legal claims and other proceedings cannot be accurately estimated. The Company analyzes the status of each contingency and assesses the potential financial exposure applying the criteria stated in the preceding paragraph, for which purpose it prepares the estimates with the assistance of legal counsel. Contingencies include pending legal proceedings or claims for eventual damages to third parties arisen in the development of activities as well as claims from third parties arising from interpretation of legislation.

The Company assesses the existence of additional expenses directly associated with the final resolution of each contingency, which are included in its valuation in the case its amount can be reasonably estimated. If the potential loss is not probable but reasonably possible, or it is probable but its amount cannot be estimated, the nature of the contingent liability and an estimate of the probability of occurrence is disclosed in note to the Financial Statements. Contingencies considered remote are not disclosed, unless they involve guarantees, in which case the nature of guarantees is included in note to the Financial Statements (see Note 18).

The Company considers that provisions recognized in the Statement of Comprehensive Income are adequate based on the information gathered as of the date of these Financial Statements.

3.2.16 Balances with related parties

Receivables and payables held with the parent and other related parties arising from different transactions have been valued according to the conditions agreed upon by the parties involved (Note 33).

3.2.17 Revenue recognition

Revenue from contracts with customers comprises the current value of the consideration received or receivable for the sale of goods and services to customers, net of value added tax, withholdings and discounts.

Revenue from contracts with customers for sales of hydrocarbons is recognized when control of the goods and services is transferred to the customer, at the fair value of the consideration received or receivable. The performance obligation is satisfied and control is transferred to the customer upon delivery of the hydrocarbons.

Revenues from contracts with customers for services related mainly to the sale of hydrocarbons are recognized over time. The related performance obligation is satisfied as the services are rendered.

Other revenues are recognized on an accrual basis.

Interest income is recognized using the effective interest rate method. They are recorded on a temporary basis, with reference to the outstanding capital and the applicable effective rate. These revenues are recognized whenever it is probable that the entity receives the economic benefits associated with the transaction and the amount of the transaction can be measured reliably.

Incomes revenue relating to oil and natural gas production activities, in which the Company has a joint participation with other producers, is recognized on the basis of the contractual participation that the Company has in each Joint Venture, irrespective of the actual allocation. Any imbalances between the actual and contractual allocation will give rise to the recognition of a debt or a receivable, based on the production allocated to the Company above or below the production resulting from its contractual participation in the Joint Venture. As of December 31, 2020 and 2019, the Company records liabilities for gas imbalance for an amount of $ 8,550 and $ 13,511, respectively, which correspond to 84.38 and 97.95 Mm3, respectively (Note 19).

IAS 20 - Accounting for Government Grants and Disclosure of Government Aid

Incentives for the production of natural gas from unconventional reservoirs are within the scope of IAS 20 "Accounting for Government Grants and Disclosure of Government Aid" because they consist of economic compensation related to income, for companies committed to making investments in natural gas production developments from unconventional reservoirs. Said incentive has been included in the item "Income" of the Statement of Comprehensive Income.

The aforementioned incentive is recognized in the result of the period on a systematic basis throughout the period where the necessary conditions for its recognition are materialized. The recognition of said income is made at its fair value when there is reasonable assurance that the incentive will be received and the established conditions are met.

3.2.18 Segment reporting

Segment reporting is presented in a manner consistent with the internal reporting used by the Chief Operating Decision Maker (CODM) from the Board of Directors. The CODM together with the main managers are responsible for allocating resources and assessing the performance of operating segments. The operating segments are described in Note 6.

For management purposes, the Company analyzes the business based on the energy sector where it operates, mainly in "Upstream" and "Midstream" activities. Therefore, the Company identifies the following segments: "Oil and gas exploration and production" which includes oil and gas exploration and production and "Gas transportation", which includes the Group's permanent investments in the equity of gas transportation companies. Assets, liabilities and P&L of the corporate structure are included as "Central Structure".

NOTE 4 - FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

As of December 31, 2020, considering the situation described in note 1.2 to these Financial Statements regarding Coronavirus and the crisis of the price of oil, the Company has evaluated the commodity price risk and is analyzing different strategies in order to reduce its impact on its financial condition. The Company has made an analysis of sensitivity to possible changes in interest rates and exchange rates, and it will not be significantly affected thereby.

4.1.1. Market risk

The market risk is the potential loss due to adverse movements in market variables. The Company is exposed to various types of market risks: foreign exchange rate, interest rate and price.

For each of the market risks described below a sensitivity analysis is included of the main risks inherent in the financial instruments, showing how income and equity might be affected as required by the IFRS 7, Financial Instruments: Information to be disclosed.

The sensitivity analysis used variations in the risk factors representative of their historical behavior. The estimates made account for both favorable and unfavorable variations. The impact on income and/or equity is estimated based on the financial instruments held by the Company at the end of each year.

a) Foreign exchange risk

The foreign exchange risk arises when future commercial transactions or the assets or liabilities recognized are stated in a currency other than the entity's functional currency.

The Company's Income/Loss and Equity are subject to changes in the rates of exchange of the currencies used. The currency with the highest exposure is USD. The Company's exposure to currencies other than USD is not significant. Significant depreciations of the Argentine peso, the Company's legal tender and functional currency, regarding USD, the currency to which the Company is exposed, can adversely affect on the Company.

The Company is also exposed to the fluctuation of the pertinent rates of exchange when converting the Financial Statements of Group companies that use a functional currency other than the Argentine peso.

The book values of monetary assets and liabilities denominated in foreign currency at the closing of each fiscal year are the following:

	2020				2019	
	Class and amount of foreign currency (in thousands)		Exchange rate applicable $	Amount in Argentine currency (in thousands of pesos)	Amount in foreign currency	Amount in Argentine currency (in thousands of pesos)
CURRENT ASSETS						
Cash and cash equivalents	USD	36,786	83,95	3,088,170	64,733	5,260,351
Other investments:						
Publicly traded shares	USD	1,043	83,95	87,587	-	-
Government securities	USD	17,413	83,95	1,461,841	27,070	2,199,762
Trade receivables						
Ordinary	USD	25,046	83,95	2,102,577	35,245	2,864,060
Other receivables						
Ordinary	USD	948	83,95	79,576	4,763	387,059
Total Current Assets				**6,819,751**		**10,711,232**
NON-CURRENT ASSETS						
Other investments						
Government securities	US$	-	-	-	10,365	842,261
Trade receivables						
Ordinary	US$	-	-	-	3,955	321,391
Other receivables						
Related companies	US$		83,95	103,799	-	-
Total Non-Current Assets				**103,799**		**1,163,653**
TOTAL ASSETS				**6,923,550**		**11,874,885**
CURRENT LIABILITIES						
Trade payables	USD	21,660	84,15	1,822,679	39,469	3,218,064
Financial debts	USD	187,461	84,15	15,774,806	66,623	5,432,042
Total Current Liabilities				**17,597,485**		**8,650,106**
NON-CURRENT LIABILITIES						
Financial debts	USD	208,949	84,15	17,583,056	358,425	29,224,029
Total Non-Current Liabilities				**17,583,056**		**29,224,029**
TOTAL LIABILITIES				**35,180,541**		**37,874,135**
TOTAL				**(28,256,991)**		**(25,999,251)**

The Company holds 100% approximately of its financial liabilities in US dollars.

The Company does not use derivative instruments as hedge against foreign exchange fluctuations as of December 31, 2020.

The table below shows the effect that a 20% variation would have on the exchange rates disclosed in income/loss and in the Company's shareholders' equity, considering the exposure of its financial assets and liabilities denominated in a currency other than the Argentine peso at closing.

	12.31.2020	12.31.2019
Net Asset (Liability) position in US dollars	(335,793)	(318,386)
Exchange rate at year-end	84,15	59,89
Effect of gain/(loss) on exposure to purchasing power parity		
Effect of sensitivity stated in pesos	(4,238,549)	(3,639,895)
Applied sensitivity	20%	20%

The sensitivity of comprehensive income and equity as of December 31, 2020 and 2019, as a result of the appreciation of the rate of exchange on financial assets and liabilities denominated in USD would have meant a decrease in comprehensive income and equity of ($ 4,238,549) and ($ 3,639,895), respectively.

b) Interest rate risk

The Company may be exposed to risks related to fluctuations in interest rates, depending on the different maturity dates and currencies in which a loan was taken or cash invested in financial assets.

Financial liabilities include Notes, local financial loans and credit facilities from local banks. These loans are mainly used for working capital and investments. As regards short-term financial assets, they basically include sight deposits, term deposits and units in mutual funds.

The Company does not use derivative financial instruments to hedge interest rate risks.

The variations in interest rates may affect income or expenses arising from interest on financial assets and liabilities at a floating rate. Furthermore, they can affect the fair value of financial assets and liabilities accruing a fixed interest rate.

As of December 31, 2020 the Company’s debt accruing interest at a floating rate amounted to $ 314,609. It represents less than one percent of the total financial debt, so the Company is not exposed to a significant risk of cash flow as a consequence of changes in interest rates.

The table below shows the breakdown of the Company's loans by interest rate and currency in which they are denominated:

	12.31.2020	12.31.2019
Fixed rate:		
US dollar stated in thousands of pesos	33,136,517	34,656,071
Subtotal fixed-rate loans	**33,136,517**	**34,656,071**
Variable rate:		
Argentine peso stated in thousands of pesos	314,609	680,625
Subtotal variable-rate loans	**314,609**	**680,625**
Total financial debts	**33,451,126**	**35,336,696**

The information on the Company's loans and related interest rates is included in Note 21.

4.1.2. Credit risk

Credit risk is the possibility the Company has of suffering losses arising from non-compliance with contractual obligations by third parties.

The credit risk to which the Company is exposed mainly arises from credit sales made to its customers, advances to suppliers or other third parties, and cash resources and deposits and investments in financial institutions.

The Company's credit risk is measured and controlled by customer or individual third party.

The provisions for insolvency are determined meeting the following criteria:

- Receivables aging
- Existence of debts in receivership
- The analysis of the customer's capacity to repay the receivables provided

As of December 31, 2020, the company's trade accounts receivable totaled $ 4,358 millon, of which approximately 73% correspond to receivables relating to sales of gas. Such receivables are distributed as follows: These loans were distributed as follows: 45% in the residential segment, 45% in the plant segment, 9% in the industrial segment and 1% in the export segment.

In the residential segment, within the framework of the Covid-19 outbreak, as from April 2020, the Company received notes from some distributors informing the partial payment of invoices for gas purchases, based on the preventive and mandatory social isolation provided by Decree No. 297/20 and the effects of Decree No. 311/20, which prohibited the possibility of interrupting the gas supply to certain users for non-payment. This situation was regularized in the following months, as the level of arrears of its customers decreased due to the relaxation of the social distancing measures and the declaration of essential services to collection and cash collection.

Last October the Company received a note from a gas distribution company (Metrogas S.A.) informing that it would not cancel the invoices for firm natural gas deliveries in June, July and August 2020 based on its high level of indebtedness. The alleged reasons are not enforceable against the producers and deviate from the obligations assumed by the parties in the respective natural gas supply contracts.

On December 18, 2020, after successive summons to Metrogas S.A. to pay the invoices issued for natural gas deliveries for the months of June, July and August 2020, the Company filed an arbitration claim before the International Chamber of Commerce to order the distributor to pay (i) CGC the amount of AR$ 280.3 plus default interest from the date of default until the effective payment; (ii) to order that the interest be capitalized as authorized by Article 770, paragraph b) of the CCyC; and furthermore, (iii) to the extent that Metrogas S.A.'s prolonged default causes an extraordinary misalignment of the contractual equilibrium (Article 1091 CCyC) and (iv) to the extent that Metrogas S.A.'s prolonged default causes an extraordinary misalignment of the contractual equilibrium (Article 1091 CCyC). b) of the CCyC; and furthermore, (iii) to the extent that the prolonged default of Metrogas S.A. causes an extraordinary misalignment of the contractual balance (art. 1091 CCyC) and an unjust enrichment of Metrogas S.A. to the detriment of the Company (art. 1794 CCyC), Metrogas S.A. is ordered to pay a sum of money to compensate all damages effectively caused as from the date of default.

To date, the arbitration process is ongoing pending the appointment of the president of the arbitration tribunal by the International Chamber of Commerce.

As of the date of these financial statements, Metrogas is paying its settlements for subsequent gas deliveries, within the expected payment period, without registering significant delays.

In the power plants segment there are some delays in collections, the main customer CAMMESA, must make payments within 45 days from the end of each month; however, since the end of 2019 it is making its payments in an average of 75 days. The current economic environment and future credit risk outlook have been considered when reviewing and updating provision estimates. While they have not had a significant impact, the full economic impact of COVID-19 on expected credit losses is subject to uncertainty. The Company will continue to review in detail the assumptions used in making these estimates.

With respect to the credits from the Program to Stimulate Investments in Natural Gas Production Developments from Unconventional Reservoirs, Res. No. 419/ E/2017, although there were certain delays for their collection in recent months, the National Government has sought to expedite them to date.

Oil sales are mainly made to the foreign market, concentrated in three international customers. Gas sales are mainly made to the power plant segment through CAMMESA, to the residential segment through IEASA and two distribution companies and to the industrial segment through Aluar Aluminio Argentino S.A.I.C.

4.1.3. Liquidity risk

The liquidity risk is mainly associated with: (i) the Company's capacity to finance its investments and business plans with stable financing sources, (ii) its level of indebtedness, and (iii) the type of due dates of the financial debt.

The Board of Directors and Management supervises current and future business projections to: (i) structure its financial liabilities so that their due dates not interfere with the current business flow in the short and medium term, considering the conditions at each date in the credit markets to which it has access, and (ii) maintain its asset positions in instrument with adequate liquidity.

The Company's Administration & Finance department invests cash surpluses in interest-bearing accounts, such as time deposits, mutual funds and notes, choosing instruments with appropriate due dates and adequate credit quality and liquidity to obtain a sufficient margin, as determined in the projections mentioned above.

The Company maintains diversified funding sources, including banks and capital markets, and is exposed to refinancing risk at maturity date.

However, if the current conditions persist (see Note 1.2), the Company may be prevented from taking additional debt if the limits set forth in any of the above-mentioned financial ratios given by the financial debts incurred (see Note 21). In addition, given the present macroeconomic context at world level and in Argentina in particular, its financing capacity may be affected.

It should be noted that the Company currently has a solid liquidity level, which allows it to adequately face such volatility.

Below is an analysis of the Company's financial liabilities considering contractual due dates. The amounts disclosed in the table are contractual undiscounted cash flows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
As of December 31, 2020			
Bank loans	1,805,896	-	-
Notes	14,062,174	3,683,222	13,899,834
Total	**15,868,070**	**3,683,222**	**13,899,834**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
As of December 31, 2019			
Overdraft	680,625	-	-
Bank loans	3,697,235	2,432,026	-
Notes	1,734,807	26,792,003	-
Total	**6,112,667**	**29,224,029**	**-**

4.2 Capital risk management

The main objective of the Company's capital management is to maintain the credit rating and capital ratios to finance its business and maximize the value for its shareholders.

Further, CGC seeks to maintain a certain fund-generating level of operating activities to meet its investment plan, as well as all its commitments.

The Company monitors capital based on the leverage ratio. This ratio is calculated by dividing net debt by equity. Net debt corresponds to the total debt (including current and non-current debts) less cash and cash equivalents and current financial assets at fair value with a counterpart in profit and losses. Total equity corresponds to equity attributed to its owners as it is shown in the Statement of Financial Position, plus net debt.

As of December 31, 2020 and 2019, leverage ratios were the following:

	12.31.2020	12.31.2019
Total loans	33,451,126	35,336,696
Less: cash and cash equivalents	(5,853,434)	(5,737,767)
Net debt	27,597,692	29,598,929
Total principal	51,661,818	55,764,725
Leverage ratio	53.42%	53.08%

4.3 Fair value estimate

The Company classifies the measurements of financial instruments at fair value using a fair value hierarchy, which reflects the relevance of the variables used to carry out such measurements. The fair value hierarchy has the following levels:

- Level 1: (Unadjusted) quoted prices in active markets for identical assets or liabilities.
- Level 2: data other than the quoted prices included in Level 1 observable for assets or liabilities, whether directly (i.e. prices) or indirectly (i.e. derived from prices).

- Level 3: data on assets and liabilities not based on information observable in the market (i.e. not observable information).

The value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is considered active when the quoted prices are regularly available through a stock exchange, financial agent, sectoral institution, or regulatory agency and such prices show transactions regularly performed at current market value between independent parties. The quoted market price used for financial assets held by the Company is the current offering price. These instruments are included in Level 1.

The fair value of financial instruments not traded in active markets is determined using valuation techniques. These valuation techniques maximize the use of observable market information, where available, and tend not to rely on the Company's specific estimates. If all the significant variables to calculate the fair value of a financial instrument are observable, the instrument is included in Level 2.

If one or more variables used to calculate the fair value are not observable in the market, the instrument is included in Level 3.

The following table shows the financial assets of the Group stated at fair value as of December 31, 2020 and 2019.

As of 12.31.2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents				
Mutual funds	2,575,180	-	-	2,575,180
Investments at fair values:				
Government securities	493,129	-	-	493,129
Publicly traded shares	93,528	-	-	93,528
Total current assets	**3,161,837**	**-**	**-**	**3,161,837**

As of 12.31.2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents				
Mutual funds	275,817	-	-	275,817
Investments at fair values:				-
Government securities	377,514	-	-	377,514
Publicly traded shares	35,159	-	-	35,159
Total current assets	**688,490**	**-**	**-**	**688,490**

NOTE 5 - CRITICAL ACCOUNTING CRITERIA AND ESTIMATES

To prepare Financial Statements it is necessary to use estimates for certain assets, liabilities and other transactions. The Company uses assumptions and judgments which are reviewed on a regular basis; however, actual results may differ from the estimates made.

Estimates and judgments are constantly assessed and are based on the historical experience and other factors, included the expectations of future events considered reasonable according to the circumstances.

Below is a detail of the most significant estimates and assumptions:

a) Hydrocarbon reserves
Reserves are the volumes of oil and gas (expressed in m3 of oil equivalent) which generate or are related to an economic gain in the areas where the Company operates or has an investment (direct or indirect) and on which it has rights over its exploitation.

There are various factors that create uncertainty as to the estimate of proven reserves and of future production profiles, development costs and prices, including several factors beyond the control of the producer. The procedure for calculating reserves is a subjective process for estimate of crude oil and natural gas to be recovered from the subsoil, which causes certain level of uncertainty. Reserves are estimated based on the quality of the geological and engineering information at the date of calculation and interpretation.

Reserve estimates are adjusted if changes in the aspects considered for their evaluation so justify it, or at least, once a year. The reserve estimates as of December 31, 2020 were prepared by Company technical staff and the areas of Southern Basin in Argentina were certified by DeGolyer and MacNaughton (Note 40).

b) Asset abandonment obligation and provision for well plugging
Asset retirement and well plugging obligations once operations have been completed led Management to make estimates of long-term retirement costs and of the remaining period up to retirement. It should be mentioned that technology, costs and political, environmental and safety considerations constantly change, giving rise to possible differences between actual future results and estimates.

c) Assets impairment
To assess the recoverability of property, plant and equipment and investments in associates, CGC compares their book value with their recoverable value at closing, or more frequently, if there are signs of impairment.

For this purpose, assets are grouped into a CGU, provided that no individual asset generate cash flows that are independent of those generated by other assets or CGUs, all taking into account the regulatory, economic, operational and commercial conditions.

Considering the above, CGC's assets have been grouped into nine CGUs, as detailed below:

-Upstream segment: Assets in this segment have been grouped considering the basins in Argentina and whether they are operated by CGC or not. In the Austral Basin, 7 CGU were defined:

a) El Cerrito
b) Dos Hermanos
c) Campo Boleadoras
d) Campo Indio
e) María Inés
f) Cóndor
g) La Maggie

In other basins of the Upstream segment, the UTE Aguaragüe has been defined in the Northwestern Basin.

Also, there are Exploratory Areas not yet defined as CGU: a) Estancia Chiripá, b) Tapi Aike, c) Glencross, d) Piedrabuena, and e) Paso Fuhr.

-Midstream Segment: Assets in this segment have been grouped within the CGU CGC Gas Carriage, which includes the assets related to the natural gas carriage business (equity interests in the companies TGN, TGM, GAA and GAC).

Recoverable value is the higher of fair value less cost to sell and the value to the use. In assessing the value to the use, the estimated future net cash flows are discounted at their present value applying a rate that reflects the weighted average cost of capital employed. If the recoverable value of a CGU is lower than its book value, its book value is reduced to its recoverable value, recognizing an impairment loss in the statement of comprehensive income. Impairment losses are distributed among the CGU assets in proportion to its net book value. Consequently, upon recognition of an impairment loss corresponding to a depreciable asset, the future depreciation base will take into account the reduction in the asset value due to any accumulated impairment loss. When new events or changes in the existing circumstances take place, evidencing that an impairment loss recorded in a prior period may have disappeared or been reduced, a new estimate is made of the recoverable value of the respective asset to see whether the reversal of the impairment losses recorded in prior periods is appropriate. In case of a reversal, the book value of the asset (or of the CGU) increases up to the revised estimate of its recoverable value, such that this new value does not exceed the book value that would have been determined if no impairment loss had been recognized in prior periods for the asset (or CGU).

Methodology for estimating recoverable values

At the end of each period, the Company reviews the relation between the recoverable amount and the carrying amount of its assets, where there are indications of impairment..

The methodology used in the estimation of the recoverable amount consisted the value-in-use calculation of each CGU on the basis of the net present value of the future cash flows expected to be obtained from the CGU, discounted at a rate reflecting the weighted average cost of the capital (WACC) used

Cash flows were elaborated on the basis of estimates regarding the future conduct of certain assumptions that are critical in the value-in-use determination, including: (i) reference prices for the products; (ii) nature, timing and modality of rate increases; (iii) demand projections per type of product; (iv) evolution of costs; (v) investment needs for the development of the areas; and (vi) macroeconomic variables, such as inflation rates, exchange rate, among others.

As a result of the updated analysis, the Company identified an increase of the impairment of non-financial assets as of December 31, 2020. The affected CGUs are Dos Hermanos, Campo Boleadoras, La Maggie, María Inés and Cóndor. During the quarter ended December 31, 2020 impairment loss was recognized for a total of $1,542,474. As of December 31, 2019 impairment loss was recognized for a total of $ 2,203,462.

As of December 31 2020, the balance of the non-financial assets impairment of $ 3,745,936 ($ 2,203,462 as of December 31, 2019) consisted of: CGU Dos Hermanos, $ 396,875 ($ 435,031 as of December 31, 2019); Campo Boleadoras, $ 929,435 ($0 as of December 31, 2019), UGE La Maggie, $ 1,118,739 ($ 830,796 as of December 31, 2019); UGE María Inés $ 1,174,965 ($ 892,483 as of December 31, 2019) and UGE Cóndor, $ 125,922 ($ 45,152 as of December 31, 2019). As of December 31 2020 and 2019, the impairment charge is included in other operating income and expenses in the Comprehensive Statement of Income (see Note 30).

Principal assumptions used

The calculation of the value in use made by CGC at December 31, 2020 and 2019, for each CGU, is more sensitive to the following assumptions:

	12.31.2020	**12.31.2019**
WACC discount rate used	13.65%	13.17%
Prices of Crude Oil and Natural Gas		
Crude oil - Brent (US$/bbl.)		
2021	48.0	49.1
2022	51.9	49.1
2023	54.8	49.1
2024	55.6	49.1
2025 onwards	57.3	49.1
Natural gas – Local prices (US$/MMBTU)		
2021	3.0	3.1
2022 through 2023	3.3	3.1
2024	3.4	3.1
2025 onwards	3.5	3.1

If the weighted market price used for the impairment test had been 5% lower in each of the future years, with all other variables held constant, the impairment loss would have been higher by $622,044. An increase of 1% in the discount rate would result $160,520 of additional impairment.

d) Determination of the income tax charge and deferred taxes

The valuation of the income tax expense depends on various factors, including interpretations of tax treatments to transactions and/or events which are not expressly foreseen by the current tax law, as well as estimates as to the timing and payment of deferred taxes. In addition, current collections and payments of taxes may differ from these estimates in the future due to changes in the tax regulations and/or their interpretations, as well as to unforeseen future transactions that may have an impact on the Company's financial position for tax purposes.

e) Contingencies

The Company is a party to various complaints, legal claims and other proceedings arising in the normal course of its business. Liabilities for those complaints, legal claims and other proceedings cannot be accurately estimated. The Company analyzes the status of each contingency and assesses the potential financial exposure applying the criteria stated in Note 3.2.14.2, for which purpose it prepares the estimates with the assistance of legal counsel.

NOTE 6 – SEGMENT REPORTING

IFRS 8 "Operating Segments" requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity for which separate financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and to assess performance. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM, which in the case of the Group is the Board of Directors.

The Company has two operating and reportable segments, which are organized based upon similar economic characteristics, nature of products offered, production processes, type and class of customers and distribution methods, as follows:

- “Upstream”: includes the results of joint operations in oil and gas exploration and production areas and LPG;
- “Midstream”: includes the gains (losses) on equity investments in gas transportation companies: Transportadora de Gas del Norte S.A., Transportadora de Gas del Mercosur S.A., Gasoducto GasAndes (Argentina) S.A. and Gasoducto GasAndes S.A. (Chile).

Central Structure includes expenses common to the segments, such as administrative expenses, tax on financial transactions, interest on financial liabilities and income tax, incurred by the Group in the normal course of business, which are not allocated to the reported segments.

The CODM uses Adjusted Segment EBITDA to make decisions to allocate resources and to monitor the performance of the segments.

Adjusted EBITDA is defined as the operating income of consolidated segments, excluding depreciation and impairment expenses of property, plant and equipment, expected losses for trade and other receivables, provisions for legal claims and other proceedings, income (loss) in the return of blocks and taxes on financial transactions. The Adjusted EBITDA as per dividends collected includes the collection of dividends on investments in associates and joint ventures. Total adjusted EBITDA is defined as the sum of the adjusted EBITDA of all segments.

The following table discloses information on the two reportable segments by the Company Management:

	As of 12.31.2020			
	Upstream	**Midstream**	**Central structure**	**TOTAL**
Revenue	31,285,590	-	-	31,285,590
Cost of revenue	(9,581,488)	-	-	(9,581,488)
Gross profit	**21,704,102**	**-**	**-**	**21,704,102**
Selling expenses	(995,112)	-	-	(995,112)
Central structure expenses	-	-	(1,930,919)	(1,930,919)
Other operating expenses, net	(786,663)	196,386	-	(590,277)
Financial asset impairment allowance	43,476	-	-	43,476
Adjusted EBITDA	**19,965,803**	**196,386**	**(1,930,919)**	**18,231,270**
Exploration costs	(161,042)	-	-	(161,042)
Non-financial asset impairment allowance	(1,542,474)	-	-	(1,542,474)
Depreciation and amortization (1)	(9,442,271)	-	(41,366)	(9,483,637)
Gains/losses on long-term investments	-	1,289,130	-	1,289,130
Subtotal	**8,820,016**	**1,485,516**	**(1,972,285)**	**8,333,247**
Financial income	-	-	141,468	141,468
Financial costs	-	-	(4,184,461)	(4,184,461)
Hyperinflation effect	-	-	(2,436,996)	(2,436,996)
Other financial results	-	-	(2,308,666)	(2,308,666)
Income (loss) before taxes	**8,820,016**	**1,485,516**	**(10,760,940)**	**(455,408)**
Income tax	-	-	496,653	496,653
Income (Loss) for the fiscal year	**8,820,016**	**1,485,516**	**(10,264,287)**	**41,245**
Adjusted EBITDA				**18,231,270**
Dividends collected in this fiscal year				959,929
Adjusted EBITDA as per dividends collected				**19,191,199**

	2019			
	Upstream	**Midstream**	**Central structure**	**TOTAL**
Revenue	42,041,227	-	-	42,041,227
Cost of revenue	(14,763,347)	-	-	(14,763,347)
Gross profit	**27,277,880**	**-**	**-**	**27,277,880**
Selling expenses	(1,622,956)	-	-	(1,622,956)
Central structure expenses	-	-	(2,140,837)	(2,140,837)
Other operating expenses, net	79,501	230,897	-	310,398
Financial asset impairment allowance	(27,897)	-	-	(27,897)
Adjusted EBITDA	**25,706,528**	**230,897**	**(2,140,837)**	**23,796,588**
Exploration costs	(1,271,750)	-	-	(1,271,750)
Non-financial asset impairment allowance	(1,406,191)	-	-	(1,406,191)
Depreciation and amortization	(10,601,414)	-	(29,314)	(10,630,728)
Gains/losses on long-term investments	-	5,198,653	-	5,198,653
Subtotal	**12,427,173**	**5,429,550**	**(2,170,151)**	**15,686,572**
Financial income	-	-	125,508	125,508
Financial costs	-	-	(3,511,441)	(3,511,441)
Hyperinflation effect	-	-	(1,953,005)	(1,953,005)
Other financial results	-	-	(1,531,923)	(1,531,923)
Income (loss) before taxes	**12,427,173**	**5,429,550**	**(9,041,012)**	**8,815,711**
Income tax			(2,422,981)	(2,422,981)
Income (Loss) for the year	**12,427,173**	**5,429,550**	**(11,463,993)**	**6,392,730**
Adjusted EBITDA				**23,796,588**
Dividends collected in this fiscal year				1,580,902
Adjusted EBITDA as per dividends collected				**25,377,490**

NOTE 7 - FINANCIAL INSTRUMENTS

Financial instruments by category

	12.31.2020	12.31.2019
ASSETS		
Financial assets at amortized cost:		
Other receivables	7,333,907	4,406,615
Trade receivables	4,255,598	6,826,220
Other investments	968,712	2,664,509
Cash and cash equivalents	3,278,254	5,461,950
Total	**15,836,471**	**19,359,294**
Financial assets at fair value:		
Cash and cash equivalents	2,575,180	275,817
Investments at fair values	586,657	412,673
Total	**3,161,837**	**688,490**
LIABILITIES		
Financial liabilities at amortized cost:		
Trade payables	3,015,691	5,122,326
Financial debts	33,451,126	35,336,696
Other debts, social security charges and taxes payable	869,129	598,862
Total	**37,335,946**	**41,057,884**

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

Changes in this caption are as follows:

	Year ended December, 31 2020									12.31.2019
	Development and Production Assets									
	Wells and production facilities	Other production related assets	Mining property	Materials and spare parts	Works in progress (1)	Total	Exploration and evaluation assets	Central management assets	Total	Total
Cost										
Balances at the beginning of the fiscal year	**56,957,522**	**248,950**	**8,163,804**	**1,078**	**2,332,224**	**67,703,578**	**2,295,114**	**441,125**	**70,439,817**	**55,163,706**
Additions	-	562	-	-	6,160,596	6,161,158	914,610	78,199	7,153,967	16,600,193
Transfers	5,825,204	4,879	-	-	(5,449,771)	380,312	(381,942)	1,630	-	-
Write-offs	-	-	-	(473)	(137,096)	(137,569)	(154,266)	-	(291,835)	(1,324,082)
Balances at the end of the fiscal year	**62,782,726**	**254,391**	**8,163,804**	**605**	**2,905,953**	**74,107,479**	**2,673,516**	**520,954**	**77,301,949**	**70,439,817**
Accumulated depreciation										
Balances at the beginning of the fiscal year	**29,003,668**	**124,916**	**6,081,442**	**-**	**-**	**35,210,026**	**-**	**293,968**	**35,503,994**	**25,624,797**
Depreciation of the period	8,263,060	31,457	415,933	-	-	8,710,450	-	41,366	8,751,816	9,928,952
Write-offs	52	262	-	-	-	314	-	(314)	-	(49,755)
Balances at the end of the fiscal year	**37,266,780**	**156,635**	**6,497,375**	**-**	**-**	**43,920,790**	**-**	**335,020**	**44,255,810**	**35,503,994**
Net book value	**25,515,946**	**97,756**	**1,666,429**	**605**	**2,905,953**	**30,186,689**	**2,673,516**	**185,934**	**33,046,139**	**34,935,823**
Non-financial assets impairment									**(3,745,936)**	**(2,203,462)**
Total									**29,300,203**	**32,732,361**

(1) The cost of works in progress the construction of which extends over time includes, where applicable, financial costs accrued from financing through third party capital. There have been registered financial cost activations of $ 138,566 (capitalization interest rate of 7.23% p.a.) and $ 28.550 (capitalization interest rate of 7.66% p.a.) as of December 2020 and 2019 respectively.

The changes in the allowance for non-financial assets impairment are as follows:

	12.31.2020	12.31.2019
Balance at the beginning of year	**2,203,462**	**902,041**
Increases (1)	1,542,474	1,406,191
Decreases (2)	-	(104,770)
Balance at year end	**3,745,936**	**2,203,462**

(1) Charged to Other operating income and expenses, net
(2) Related to recovery in 2019 under the agreement to terminate the Joint Venture for the concessions to exploit Fractions C and D of the Santa Cruz I area and Laguna de los Capones area ("La Maggie").

The evaluation of the recoverable value of property, plant and equipment is reported in detail in note 5.c) to these financial statements.

NOTE 9 - INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

a) Below is a detail of the investments in associates and joint ventures as of December 31, 2020 and December 31, 2019:

Company	12.31.2020	12.31.2019
Joint Ventures		
Gasinvest S.A.	15,629,225	16,591,746
Gasoducto GasAndes (Argentina) S.A.	1,057,059	1,205,056
Gasoducto GasAndes S.A. (Chile)	724,571	775,510
Transportadora de Gas del Norte S.A.	31,289	33,258
Andes Operaciones y Servicios S.A. (Chile)	74,411	66,827
Associates		
Transportadora de Gas del Mercosur S.A.	66,062	102,954
Total investments	**17,582,617**	**18,775,351**

b) Below are the changes in investments as of December 31, 2020 and 2019:

	12.31.2020	12.31.2019
At the beginning of the year	**18,775,351**	**15,978,444**
Currency translation difference (3)	116,306	124,260
Asset revaluation reserve (2)	(1,922,586)	(660,764)
Profit sharing	1,289,130	5,198,653
Dividends (1)	(675,584)	(1,865,242)
At year end	**17,582,617**	**18,775,351**

(1) As of December 31, 2020, includes dividends of $ 959,929 ($ 284,345 of dividends declared as of December 31, 2020 and 675,584 of dividends declared as of December 31, 2019).
(2) Corresponds to the (devaluation) / valuation of the Asset revaluation reserve for property, plant and equipment measured at fair value in the companies Gasoducto GasAndes (Argentina) y Chile, Transportadora de Gas del Norte y Gasinvest S.A. as of December 31, 2020 and 2019.
(3) Net of $ 12,041 of Subsidiary CGC International Corp. Currency translation difference.

c) Total result of investments in associates and joint ventures

Company	12.31.2020	12.31.2019
Joint Ventures		
Gasinvest S.A. (1)	876,043	4,509,697
Gasoducto GasAndes Argentina S.A.	250,868	437,297
Gasoducto GasAndes S.A. (Chile)	182,689	213,074
Transportadora de Gas del Norte S.A. (1)	1,761	9,040
Andes Operaciones y Servicios S.A. (Chile)	5,095	2,689
Associates		
Transportadora de Gas del Mercosur S.A. (1)	(27,326)	26,856
Total	**1,289,130**	**5,198,653**

(1) It includes $ 2,762,470, $ 5,529 and $ 24,617 of income for the change in holdings of Gasinvest S.A., Transportadora de Gas del Norte S.A. and Transportadora de Gas del Mercosur S.A., respectively, as reported in Note 36 (5)

d) The accounting information selected for the investments in associates and joint ventures (according to CGC's percentage of participation) is shown below:

Company	12.31.2020			
	Assets	Liabilities	P&L	Revenue
Gasinvest S.A.	15,633,100	3,875	876,043	-
Gasoducto GasAndes (Argentina) S.A.	1,112,641	54,709,284	250,868	962,199
Gasoducto GasAndes S.A. (Chile)	1,283,603	559,032	182,689	482,833
Andes Operaciones y Servicios S.A. (Chile)	110,115	35,704	5,095	109,885
Transportadora de Gas del Mercosur S.A.	114,001	47,938	(27,326)	361
Transportadora de Gas del Norte S.A.	41,985	10,695	1,761	10,758

Company	12.31.2019			
	Assets	Liabilities	P&L	Revenue
Gasinvest S.A.	16,594,116	2,370	1,079,370	-
Gasoducto GasAndes (Argentina) S.A.	1,368,207	163,151	437,297	782,095
Gasoducto GasAndes S.A. (Chile)	1,469,032	693,522	213,074	535,130
Andes Operaciones y Servicios S.A. (Chile)	98,626	31,798	2,689	112,464
Transportadora de Gas del Mercosur S.A.	142,760	39,805	(7,188)	24,840
Transportadora de Gas del Norte S.A.	48,522	15,264	6,783	13,782

NOTE 10 - OTHER RECEIVABLES

The breakdown of other receivables is as follows:

	12.31.2020	12.31.2019
Non-current:		
Related parties (Note 33 a))	614,843	448,936
Tax on bank debits and credits	201,476	119,143
Income tax	101,044	98,047
Minimum notional income tax	127,952	316,475
Sundry	188	84
Allowance for expected losses	(463,784)	(448,936)
Total	**581,719**	**533,749**
Current:		
Receivables for incentives Resolution 46/2017	6,750,293	3,883,023
Receivables from the propane gas supply agreement	101,789	65,647
Related parties (Note 33 a))	12,668	304,582
Value added tax	492,795	487,122
Other tax credits	10,831	207,757
Advances to suppliers	212,060	60,825
Expenses to be recovered	7,004	78,819
Prepaid insurance	40,829	36,679
Trust Assets	472	357
Prepaid fees	-	40,588
Sundry	57,545	74,460
Total	**7,686,286**	**5,239,859**

Activity in the provision for expected losses is as follows:

	12.31.2020	12.31.2019
Non-Current		
Balance at the beginning of year	448,936	433,873
Restatement due to changes in the purchasing power parity	(119,177)	(151,830)
Increases (Decreases) (1)	134,025	166,893
Balance at fiscal year end	**463,784**	**448,936**

(1) Were charged to financial results in 2020 and 2019, respectively.

Due to the short-term nature of other current receivables, it is considered that their book value do not differ from their fair value. For the other non-current receivables, the fair values do not differ significantly from their book values.

NOTE 11 - INVENTORIES

The breakdown of inventories is as follows:

	12.31.2020	12.31.2019
Oil and byproducts	333,044	331,894
Materials and spare parts	1,098,855	1,157,906
Total	**1,431,899**	**1,489,800**

NOTE 12 - TRADE RECEIVABLES

The breakdown of trade receivables is as follows:

	12.31.2020	12.31.2019
Non-Current		
Ordinary (1)	201,252	386,980
Bankruptcy proceedings (2)	-	340,906
Less: Provision for expected losses	-	(340,906)
Total	**201,252**	**386,980**
Current		
Ordinary	4,101,029	6,561,982
Bankruptcy proceedings (2)	55,944	-
Less: Provision for expected losses	(102,627)	(122,742)
Total	**4,054,346**	**6,439,240**

(1) As of December 31, 2020 corresponds to the balances pending collection by Decree No. 1053/2018 (see note 38.3) recorded at their present value.
(2) In January 2021 the assignment of the bankruptcy claim for $ 55,944 was agreed.

Activity in the provision for expected losses is as follows:

	12.31.2020	12.31.2019
Balance at the beginning of year	**463,648**	**486,532**
Restatement due to changes in the purchasing power parity	(123,082)	(170,259)
(Decrease) Increases (1)	(237,939)	147,375
Balance at year end	**102,627**	**463,648**

(1) ($ 43,476) and $ 27,897 were charged to other operating income and expenses, net and $ 0 and $ 119,478 to financial results in 2020 y 2019, respectively, and ($ 194,463) related to uses of the year 2020

As of December 31, 2020 and 2019, the amount of trade receivables fully comply with their contractual terms and their fair value does not differ significantly from the book value.

The aging of these balances is as follows:

	12.31.2020	12.31.2019
Past due		
From 0 to 3 months	1,529,439	2,128,577
From 3 to 6 months	344,565	1,182,989
From 6 to 9 months	8,666	11,865
From 9 to 12 months	10,061	16,476
Over a year	83,900	94,401
To be due		
From 0 to 3 months	1,363,272	2,934,185
From 3 to 6 months	292,306	64,497
From 6 to 9 months	262,382	64,497
From 9 to 12 months	262,382	64,497
Over a year	201,252	727,884
Total	**4,358,225**	**7,289,868**

The book value of trade receivables is stated in the following currencies:

	12.31.2020	12.31.2019
Argentine peso	2,255,648	4,425,808
United States dollar	2,102,577	2,864,090
Total	**4,358,225**	**7,289,868**

NOTE 13 – INVESTMENTS AT AMORTIZED COST AND FAIR VALUE

a) The breakdown of investments at amortized cost is as follows:

	12.31.2020	12.31.2019
Non-Current:		
Government securities at amortized cost (1)	-	842,261
Total	-	842,261
Current:		
Government securities at amortized cost (1)	968,712	1,822,248
Total	**968,712**	**1,822,248**

(1) Bonds Natural Gas Programs. Considering their characteristics, they have been valued at their amortized cost

b) The breakdown of investments at fair value is as follows:

	31.12.2020	31.12.2019
Current:		
Publicly traded shares	93,528	35,159
Government securities at fair value (1)	493,129	377,514
Total	**586,657**	**412,673**

(1) As of december 31, 2020, they include the nominal amount of 7,981,555 of Argentine Bonds in US$ due 2030 (Step Up 2030 US$) and 596,102 of Argentine Bonds in US$ due 2029 (Step Up 2029 US$). As of December 31, 2019 they include the nominal amount of 8,228,408 of 8% Argentine Bonds in US$ due 2020 (Bonar 2020 US$), received according to the provisions of Decree No. 704/2016.

NOTE 14 - CASH AND CASH EQUIVALENTS

	12.31.2020	12.31.2019
Cash	654	720
Banks	3,277,600	5,461,230
Mutual funds (1)	2,575,180	275,817
Total	**5,853,434**	**5,737,767**

(1) As of December 31, 2020 and 2019, includes 184,995,557 and 29,560,287 of shares in the mutual fund "Alpha Pesos", respectively, and 218,169,029 shares in the mutual fund "Allaria Renta Mixta II – B Dlinked" as of December 31, 2020.

For purposes of the statement of cash flows, cash, cash equivalents and bank overdrafts include:

	12.31.2020	12.31.2019
Cash and cash in banks	3,278,254	5,461,950
Mutual funds	2,575,180	275,817
Overdraft	-	(680,625)
Total	**5,853,434**	**5,057,142**

NOTE 15 - CAPITAL STOCK

Share capital as of December 31, 2020 and 2019 amounted to $ 399,138 and had been fully subscribed, paid-up and registered. Capital is represented by 399,137,856 ordinary nominative non-endorsable shares of $1 face value each and entitled to one vote per share. The shareholders of Latin Exploration S.L.U. and Sociedad Comercial del Plata S.A. hold 70% and 30% of the capital stock and votes, respectively. Latin Exploration S.L.U. holds 279,396,499 shares and Sociedad Comercial del Plata S.A. holds 119,741,357 shares.

NOTE 16 - RESERVES

	Legal reserve	Optional reserve(1)	Other (2)	Total reserves
Balances as of December 31, 2018	**67,493**	**1,397,752**	**(665,783)**	**799,462**
General Shareholders' Meeting held on April 10, 2019 (appropriation of retained earnings and distribution of dividends):	617,138	6,207,812	665,783	7,490,733
Balances as of December 31, 2019	**684,631**	**7,605,564**	**-**	**8,290,195**
General Shareholders' Meeting held on April 14, 2020 (appropriation of retained earnings):	-	7,277,953	-	7,277,953
General Shareholders' Meeting held on October 30, 2020 (appropriation of retained earnings and distribution of dividends):	-	(348,676)	-	(348,676)
Balances as of December 31, 2020	**684,631**	**14,534,841**	**-**	**15,219,472**

(1) For maintenance of working capital and distribution of future dividends and/or absorption of losses. The amounts included under this caption were established by the Shareholders' Meetings that approved the pertinent annual Financial Statements.
(2) Corresponds to the difference between the price paid and the book value of the acquisition of Unitec Energy S.A. in 2015.

NOTE 17 - RETAINED EARNINGS AND OTHER COMPREHENSIVE INCOME

17.a) Retained earnings

	12.31.2020	12.31.2019
Balances as of December 31, 2018		**7,815,610**
General Shareholders' Meeting held on April 10, 2019 (appropriation of retained earnings)		(7,815,611)
Reversal of asset revaluation reserve		885,224
Profit/(loss) for the year (1)		6,392,730
Balances as of December 31, 2019	**7,277,953**	**7,277,953**
General Shareholders' Meeting held on April 14, 2020 (appropriation of retained earnings)	(7,277,953)	
Reversal of asset revaluation reserve	757,579	
Profit/(loss) for the year (1)	41,245	
Balances as of December 31, 2020	**798,824**	

(1) See restrictions to dividends distributions in note 21

17.b) Other comprehensive income

	Asset revaluation reserve (Note 3.2.4)	Currency translation difference	Total
Balances as of December 31, 2018	**7,260,973**	**1,335,245**	**8,596,218**
Reversal of asset revaluation reserve	(885,223)	-	(885,223)
Profit/loss on asset revaluation reserve	(660,764)	-	(660,764)
Foreign exchange gains/(losses)	-	124,260	124,260
Balances as of December 31, 2019	**5,714,986**	**1,459,505**	**7,174,491**
Reversal of asset revaluation reserve	(757,579)	-	(757,579)
Profit/loss on asset revaluation reserve	(1,922,586)	-	(1,922,586)
Foreign exchange gains/(losses)	-	128,347	128,347
Balances as of December 31, 2020	**3,034,821**	**1,587,852**	**4,622,673**

NOTE 18 - PROVISIONS FOR LEGAL CLAIMS AND OTHER PROCEEDINGS

At the date of issuance of these Financial Statements, the Company and the regulatory authorities have interpretation differences referred to the calculation of hydrocarbon royalties. It is estimated that the resolution of these situations will not cause significant impacts not considered in these Financial Statements.

The changes in the provisions for legal claims and other proceedings are as follows:

	12.31.2020	12.31.2019
Non-Current		
Balance at the beginning of year	**130,005**	**118,453**
Hyperinflation effect	(34,511)	(41,453)
Increases/(decreases) (1)	435	53,005
Balance at year end	**95,929**	**130,005**

(1) allocated to administrative costs.

NOTE 19 - OTHER PROVISIONS

The breakdown of other provisions is as follows:

	12.31.2020	12.31.2019
Non-current:		
For gas imbalance (Note 3.2.14.1)	7,256	11,598
Asset retirement obligation and provision for environmental remediation (3.2.14.1)	3,773,718	3,448,062
Sundry	39,848	39,690
Total	**3,820,822**	**3,499,350**
Current:		
For gas imbalance (Note 3.2.14.1)	1,294	1,913
Total	**1,294**	**1,913**

The changes in the provision for gas imbalance, asset retirement obligation and environmental remediation are as follows:

	Balance at the beginning of the year 12.31.2019	Hyperinflation effect	Increases	Decreases	Balance at the end of the year 12.31.2020
Non-current					
Gas imbalance (2)	11,598	-	-	(4,342)	7,256
Well abandonment and environmental remediation provision (1)	3,448,062	14,716	310,940	-	3,773,718
Total	**3,459,660**	**14,716**	**310,940**	**(4,342)**	**3,780,974**
Current					
Gas imbalance (1)	1,913	-	-	(619)	1,294
Total	**1,913**	**-**	**-**	**(619)**	**1,294**

(1) (4,961) correspond to gas return and were charged to cost of sales.
(2) $273,482 correspond to present value, which were charged to financial costs and $37,458 to adjustment of future costs, which were charged to property, plant and equipment.

NOTE 20 - TAX PAYABLES

The breakdown of tax payables is as follows:

	12.31.2020	12.31.2019
Non-current:		
Payment plan	1,741	13,188
Total	**1,741**	**13,188**

	12.31.2020	12.31.2019
Current:		
Provision for turnover tax	22,035	6,725
Tax withholdings and collections	77,409	148,248
Payment plan	7,946	21,706
Sundry	297	667
Total	**107,687**	**177,346**

NOTE 21 - FINANCIAL DEBTS

The breakdown of financial debts is as follows:

	12.31.2020	12.31.2019
Non-current:		
Bank loans	-	2,432,026
Notes	17,583,056	26,792,003
Total	**17,583,056**	**29,224,029**
Current:		
Overdraft	-	680,625
Bank loans	2,019,600	3,697,235
Notes	13,848,470	1,734,807
Total	**15,868,070**	**6,112,667**

Breakdown	December 31, 2020	December 31, 2019	Annual interest rate	Due date	Currency/
Financial liability					
Non-current					
Bank loans					
Syndicated bank loans (Note 21 f))	-	2,432,026	9.5%	2019-2021	US dollar
Subtotal	**-**	**2,432,026**			
Notes					
ON – class A (Note 21 a))	-	24,439,423	9,50%	2021	US dollar
ON – class 10 (Note 21 b))	-	2,352,580	9,70%	2021	US dollar
ON – class 18 (Note 21 e))	1,674,972	-	5,00%	2.022	US dollar
ON – class 17 (Note 21 a))	15,908,084	-	9,50%	2022-2025	US dollar
Subtotal	**17,583,056**	**26,792,003**			
Total non-current assets	**17,583,056**	**29,224,029**			
Current					
Bank loans					
Syndicated bank loans (Note 21 c))	2,019,600	3,697,235	9,5%	2019-2021	US dollar
Bank overdrafts	-	680,625	Badlar + 12%	-	Pesos
Subtotal	**2,019,600**	**4,377,860**			
Notes					
ON – class 10 (Note 21 b))	1,056,924	1,223,019	9,70%	2021	US dollar
ON – class A (Note 21 a))	7,858,179	-	9,50%	2021	US dollar
ON – class 12 (Note 21 c))	1,288,357	-	9,00%	2021	US dollar
ON – class 13 (Note 21 c))	1,207,008	-	8,50%	2021	US dollar
ON – class 14 (Note 21 c))	314,609	-	Badlar+5%	2021	Pesos
ON – class 15 (Note 21 d)	1,673,795	-	5,00%	2021	US dollar
ON - accrued interest payable	449,598	511,788	9,50%	2021	US dollar
Subtotal	**13,848,470**	**1,734,807**			
Total current	**15,868,070**	**6,112,667**			
TOTAL	**33,451,126**	**35,336,696**			

The book value of financial debts approximates their fair value, with a difference of 3.05% below par.

The activity in financial debts as of December 31, 2020 and 2019 is shown below:

	12.31.2020	12.31.2019
Balance at the beginning	**35,336,696**	**35,430,223**
Overdraft, net	(680,625)	680,625
Accrued interest	3,997,099	3,633,510
Exchange difference	846,340	745,997
Loans obtained	8,548,249	7,856,260
Payments of principal (1)	(10,165,419)	(9,644,077)
Exchange offer and consent request Class “A” Notes effect (Note 21.a)	(183,035)	-
Interest payments	(4,248,179)	(3,365,842)
Balance at end of period	**33,451,126**	**35,336,696**

(1) Includes payment of US$ 27.366 to the creditors that accepted the exchange.

Notes in force as of December 31, 2020

21 a) Class A Notes

On November 7, 2016, Class A Notes were issued and settled for USD 300,000,000, accruing interest at an annual fixed rate of 9.5% and maturing November 7, 2021. Interest is paid semi-annually, on May 7 and November 7.

Exchange offer and consent request Class “A” Notes

On August 6, 2020, the Company launched the exchange offer of its Class “A” Notes at a fixed rate of 9.5% per year, with maturity in 2021, for Notes Class 17, redeemable at a fixed rate of 9.5% per year, with maturity in 2025.

Pursuant to the provisions of the Exchange Offer Document, eligible holders who present their existing Notes for exchange will receive, for each US$ 1,000.00 of nominal value, a Note of US$ 950.00 and an early cash payment of US$ 100.00.

As a result of this exchange, on September 8, 2020, US$ 196,110 Class 17 Notes were issued and settled for 68.87% of the creditors that participated in the exchange, and US$ 93,383 Class "A" Notes remain outstanding. In addition, US$ 27,366 (that includes US$ 6,528 of interests) were paid in cash to the creditors that appeared in the exchange. The new Class 17 Notes will be amortized in six semi-annual installments. The first five installments amount to US$ 26,083 and mature on September 8, 2022, March 8 and September 8, 2023, March 8 and September 8, 2024, and the last installment amounts to US$ 65,697 and matures on March 8, 2025. The interest of the Class 17 Notes will be payable semiannually on March and September. Under the terms and conditions set out in relation to the issuance of these Note Class 17, CGC will be required to comply with certain restrictions on indebtedness, restricted payments (including dividends), the setting up of liens, and other requirements. At the date of issue of these financial statements, we have complied with the agreed upon restrictions.

In accordance with IFRS 9, the mentioned exchange has been considered as a modification of the previous financial debt, recognizing a result of $ 183,035 (loss).

21.b) Class 10 Notes

On January 12, 2018, Class 10 Notes for USD 100 million were issued and settled at a nominal annual fixed rate of 9.7%.

As of December 31, 2020, after the early repayments made during 2018, 2019 and 2020, the balance of Class 10 Notes amounts to US$ 12,560.

Class 10 ON are without recourse to CGC and secured. The Notes are without recourse because the only source of payment will be the funds obtained from (i) dividend payments and/or other distributions arising from the shares in Gasinvest S.A., Gasoducto Gasandes (Argentina) S.A. and Gasoducto Gasandes S.A. owned by the Company ("the encumbered shares"), and/or (ii) the sale and/or public auction of those shares ("Available Funds"). If, on any date of payment of interest, there are no Available Funds sufficient to pay compensatory interest in whole or in part, any surplus of Available Funds will be automatically capitalized on that Date of Payment of Interest. The Company's obligation relating to payments under ONs will be exclusively limited to allocating Available Funds to the payment of principal, interest and other items due under ONs; the Company assumes no liability in case the Available Funds are not sufficient.

To guarantee that the Available Funds will be applied exclusively to the payment of principal, interest and other items owed under the Notes, on December 27, 2017 the Company and the Collateral Agent (Banco de Valores S.A.) entered into two contracts for the benefit of holders of Notes: (i) a share pledge contract of Gasinvet's shares and (ii) a trust agreement, whose trust assets will be the Available Funds, which will be used by the trustee to make payments of principal, interest and other items under the ONs. The Shares in Gasoducto Gasandes (Argentina) S.A. and Gasoducto Gasandes S.A. will not be pledged under the Pledge Contract or under any other document.

Under the terms and conditions set out in relation to the issuance of these Notes under the international program, CGC will be required to comply with certain restrictions on indebtedness, restricted payments (including dividends), the setting up of liens, and other requirements.

21.c) Issuance of Notes Classes 12, 13 and 14

On March 5, 2020 the Company placed, under the Frequent Issuer regime No. 8, three series of notes in the local market, with the following detail: Class 12 Notes: in U.S. dollars, for a total amount of US$ 15,310, due in 15 months and with a fixed annual interest rate of 9.00%; Class 13 Notes: denominated in U.S. dollars and payable in pesos at the applicable exchange rate, for a total amount of US$ 14,344, due in 15 months and with a fixed annual interest rate of 8.50%; and Class 14 Notes: denominated in Argentine pesos and payable in pesos, for a total amount of $ 314,609, due in 12 months and with a variable interest rate equal to the sum of (i) the applicable interest rate (private Badlar Rate), plus (ii) the cut-off margin (500 basis points). The proceeds from the issuance of such Notes will be mainly used to refinance liabilities, as well as for investments in the exploitation and exploration of hydrocarbons in the Austral Basin and to finance working capital of the Company.

21.d) Class 15 Notes

On May 26, 2020, the Company issued the Class 15 Notes, denominated in United States dollars and payable in pesos, for a total amount of US$ 19,891. Class 15 ON accrue interest at a fixed rate of 5.0% nominal annual and payable quarterly and the principal will be paid at maturity. The ON have an expiration date of August 26, 2021. The funds obtained are mainly destined to the refinancing of liabilities and also investments in hydrocarbon exploration and exploitation in the province of Santa Cruz (Austral Basin), the integration of working capital, the acquisition of goodwill located in the country and the integration of capital contributions in subsidiaries or associated companies.

21.e) Class Clase 18 Notes

On November 25, 2020, the Company issued Class 18 Notes, denominated in U.S. dollars and payable in pesos, for a total amount of US$ 20,000. Interest will accrue at a nominal annual rate of 3.0%, payable quarterly and with principal repayment at maturity. The amortization date is November 25, 2022. The funds obtained were mainly used to refinance liabilities, investments in exploration and exploitation of hydrocarbons in the province of Santa Cruz (Cuenca Austral), the integration of working capital, the acquisition of goodwill located in the country and/or the integration of capital contributions in companies controlled by or related to the issuing company.

Préstamos Bancarios

21.f) Syndicated loan for USD 75 million issued on May 23, 2019

The funds disbursed under the syndicated loan agreement for USD 75 million, signed with Citibank N.A. Branch based in Argentina, Banco de Galicia y Buenos Aires S.A.U., Industrial and Commercial Bank of China (Argentina) S.A. and Banco Santander Río S.A., as lenders, were received on May 23, 2019. The Branch of Citibank N.A. based in Argentina shall act as disbursement agent and Citibank N.A., as administrative agent. The loan shall accrue compensatory interest payable quarterly at a fixed nominal annual rate of 9.5%. If the loans are assigned to foreign persons, said loans may accrue interest at a variable annual rate equivalent to LIBOR plus 5.5%, at the assignee's choice. The loans may be amortized in five equal quarterly and consecutive installments, payable as from May 21, 2020. (inclusive). To date, the amount owed for the syndicated loan amounts to US $ 24,000, which will be paid with the funds received from the loan detailed in the following paragraph.

21.g) Syndicated loan in pesos

On October 7, 2020, the Company signed a syndicated loan agreement with Banco de Galicia y Buenos Aires S.A.U. ("Galicia"), Industrial and Commercial Bank of China (Argentina) S.A. ("ICBC"), Banco Santander Río S.A. ("Santander Argentina") and The Branch of Citibank, N.A. established in the Argentine Republic, as lenders, and ICBC, as administrative agent, for up to the equivalent in pesos of US$45,000 (U.S. dollars forty-five million). Subject to compliance with the conditions set forth in the Loan Agreement, the loan will be paid in three disbursements on or before November 24, 2020, on or before February 22, 2021, and on or before May 21, 2021, respectively. No disbursements have been received for this new loan, to date. The loan will be redeemable in five equal, quarterly, consecutive installments payable as of August 24, 2021.
In line with the planned structure, the Company chose not to receive the first installment and received the second installment, for an amount equivalent to pesos of $ 1,337,350.

NOTE 22 - OTHER DEBTS

The breakdown of other debts is as follows:

	12.31.2020	12.31.2019
Current:		
Oil and gas royalties	176,082	209,474
Total	**176,082**	**209,474**

NOTE 23 - TRADE PAYABLES

The breakdown of other debts is as follows:

	12.31.2020	12.31.2019
Current:		
Ordinary suppliers	1,270,411	2,830,982
Ordinary suppliers of joint ventures	26,178	349,259
Related parties (Note 33 a))	199,636	271,486
Invoices to be received	1,519,466	1,670,599
Total	**3,015,691**	**5,122,326**

NOTE 24 - REVENUE

	12.31.2020	12.31.2019
Crude oil delivered	4,116,958	9,874,688
Gas	12,052,251	19,760,676
Other	1,343,491	1,803,400
Incentives (Note 1)	13,772,890	10,602,463
Total	**31,285,590**	**42,041,227**

(1) These amounts of incentives are recorded according to IAS 20.

NOTE 25 – COST OF REVENUE

	12.31.2020	12.31.2019
Stocks at the beginning of year	1,489,799	1,783,143
Purchases	1,518,190	4,626,503
Inventory consumption	(1,078,689)	(1,785,843)
Production costs (1)	18,526,358	22,230,758
Stocks at year end (Note 11)	(1,431,899)	(1,489,800)
Cost of revenue	**19,023,759**	**25,364,761**

(1)Cost of production

	12.31.2020	12.31.2019
Fees and compensation for services	20,705	89,598
Outsourced services	3,289,931	4,087,527
Salaries, wages and social security contributions	601,816	635,745
Other expenses on personnel	63,519	65,342
Depreciation of property, plant and equipment	8,710,450	9,899,638
Depreciation right to use assets for leases	803,896	701,776
Taxes, duties and contributions	41,747	35,269
Fuel, gas and electricity	270,428	273,140
General insurance	128,450	92,167
Spare parts and repairs	1,169,852	1,367,156
Wells maintenance	561,157	811,475
Office expenses	211,723	222,342
Royalties, fee and easements	2,120,585	3,557,877
Gas imbalance	(4,961)	(10,480)
Environmental control	396,026	402,186
Other	141,034	-
Total	**18,526,358**	**22,230,758**

NOTE 26 – SELLING EXPENSE

	12.31.2020	12.31.2019
Dispatch and transportation	439,905	269,410
Turnover tax	386,518	668,016
Export duties	168,689	685,530
Total	**995,112**	**1,622,956**

NOTE 27 – ADMINISTRATIVE EXPENSE

	12.31.2020	12.31.2019
Fees and compensation for services	260,251	744,798
Salaries, wages and social security contributions	1,274,577	887,691
Other expenses on personnel	39,635	55,735
Depreciation of property, plant and equipment	41,366	29,314
Taxes, duties and contributions	7,998	931
General insurance	11,332	11,202
Spare parts and repairs	117,590	114,211
Office expenses	73,327	74,303
Travel and per diem	24,694	48,437
Communications	12,022	15,144
Recovery for legal actions and other claims provision (Nota 18)	435	53,005
Other	109,058	135,380
Total	**1,972,285**	**2,170,151**

NOTA 28 – EXPLORATION EXPENSES

	12.31.2019	12.31.2018
Geological and geophysical expenses (1)	6,552	19,170
Unsuccessful studies and wells (2)	154,490	1,252,580
Total	**161,042**	**1,271,750**

(1) As of December 31, 2019 it includes $ 19,170 of the Tapi Aike area
(2) As of December 31, 2020 it includes $154,490 of the Piedrabuena area. As of December 31, 2019 it includes $1,252,580 of the Angostura area (Note 2 b 2))

NOTA 29 – FINANCIAL ASSETS IMPAIRMENT

	12.31.2020	12.31.2019
Recovery (loss) financial assets impairment	43,476	(27,897)
Total	**43,476**	**(27,897)**

NOTA 30 – OTHER OPERATING INCOME AND EXPENSES, NET

	12.31.2020	12.31.2019
Fees for services rendered	223,579	251,509
Outsourced services	(672,644)	(6,024)
Charge for impairment allowance for non-financial assets (Note 8)	(1,542,474)	(1,406,191)
Gain/(loss) on the assignment of oil production areas (Note 2)	-	80,838
Sundry	(141,212)	(15,925)
Total	**(2,132,751)**	**(1,095,793)**

NOTA 31 – FINANCIAL RESULTS, NET

	12.31.2020	12.31.2019
Financial income		
Interest	141,468	125,508
Total	**141,468**	**125,508**
Financial costs		
Interest	(4,001,426)	(3,511,441)
Exchange offer and consent request Class "A" Notes effect (Nota 21a)	(183,035)	-
Total	**(4,184,461)**	**(3,511,441)**
Hyperinflation effect (Nota 3.1.a)	(2,436,996)	(1,953,005)
Total	**(2,436,996)**	**(1,953,005)**
Other financial results		
Income from measurement of financial instruments at fair value	(15,391)	(71,355)
Exchange differences, net	(1,349,686)	(1,277,290)
Result from measurement at present value of assets	(120,736)	337,853
Result from measurement at present value of liabilities	(496,521)	(159,871)
Other financial expenses	(326,332)	(361,260)
Total	**(2,308,666)**	**(1,531,923)**

NOTE 32 - EARNINGS PER SHARE

	12.31.2020	12.31.2019
Income allocable to the Company's shareholders	41,245	6,392,730
Weighted average number of ordinary outstanding shares	399,138	399,138
Basic and diluted earnings per share (pesos)	**0.103**	**16.016**

The Company does not have instruments with dilutive effect.

NOTE 33 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As of December 31, 2020 and 2019, the Company was controlled by Latin Exploration S.L.U., a company based in Spain. The ultimate parent company of the Group is Southern Cone Foundation, a foundation set up in Liechtenstein.

As of December 31, 2020 and 2019, Latin Exploration S.L.U. holds 70% of the shares and voting rights of Compañía General de Combustibles S.A. and Sociedad Comercial del Plata S.A. holds the remaining 30% (see Note 15 to these Financial Statements).

a) Balances with related parties as of December 31, 2020 and 2019 are included below:

	12.31.2020	12.31.2019
Other receivables		
Non-Current:		
Latin Exploration S.L.U.	47,260	-
Vianpamar S.A.	103,799	-
Petronado S.A.	463,784	448,936
Total	**614,843**	**448,936**
Current:		
Gasinvest S.A.	-	284,343
Gasoducto GasAndes (Argentina) S.A.	12,668	20,239
Total	**12,668**	**304,582**
Trade payables		
Current		
Corredor Americano S.A.	199,636	261,105
Gasoducto GasAndes (Argentina) S.A.	-	10,381
Total	**199,636**	**271,486**

The main transactions with related parties for the fiscal years ended December 31, 2020 and 2019 are detailed below:

Company	12.31.2020			
	Income	Dividends earned	Interest earned	Outsourced services
Associated companies and joint ventures				
Gasoducto GasAndes (Argentina) S.A.	174,335	380,114	-	20,146
Gasoducto GasAndes S.A. (Chile)		295,470	-	
Other companies				
Aeropuertos Argentina 2000 S.A. (1)	3,204	-	-	3,204
Vianpamar S.A. (1)	-	-	121	
Proden S.A. (1)	-	-	-	49,646
Corredor Americano S.A. (1)	-	-	-	1,284,845

(1) These companies are related entity since there are under the indirect control of the same shareholders as CGC

Company	12.31.2019		
	Sale of services	Dividends collected	Outsourced services
Associated companies			
Gasoducto GasAndes Argentina S.A.	106,265	294,445	13,256
Gasoducto GasAndes S.A. (Chile)	-	74,378	-
Gasinvest S.A.		1,209,533	
Transportadora de Gas del Mercosur S.A.		2,546	
Other companies			
Proden S.A. (1)			47,189
Corredor Americano S.A. (1)	-	-	1,808,376

(2) These companies are related entity since there are under the indirect control of the same shareholders as CGC

c) Accrued remunerations of key Company managerial staff, including the Board members and Vice Presidents who perform executive functions and are appointed by the Board of Directors, amounted to $ 702,736 and $ 773,676 in the fiscal years ended December 31, 2020 and 2019, respectively.

NOTE 34 - INCOME TAX

The breakdown of the income tax included in the Statement of Income and the breakdown of deferred tax is the following:

	12.31.2020	12.31.2019
Income tax for the year		
Last year adjustments	(160,706)	-
Deferred tax - (Loss)/Income	657,359	(2,422,981)
Total Income tax	**496,653**	**(2,422,981)**

The detail of the main components of net deferred tax assets and liabilities is as follows:

	12.31.2020	12.31.2019
Deferred tax assets		
Provision for lawsuits	24,122	32,719
Provision for expected losses	190,219	228,146
Tax losses	261,231	86,918
Inventories	108,926	43,489
Total deferred tax assets	**584,498**	**391,272**
Deferred tax liabilities		
Property, plant and equipment	(640,464)	(1,618,096)
Inflation tax adjustment deferred	(2,486,406)	(1,988,255)
Other	(108,290)	(92,942)
Total deferred tax liabilities	**(3,235,160)**	**(3,699,293)**
Total net deferred tax assets/(liabilities)	**(2,650,662)**	**(3,308,021)**

Net deferred liabilities:	**At the beginning**	**Account activity for the year**	**At year end**
Provision for lawsuits	32,719	(8,597)	24,122
Provision for expected losses	228,146	(37,927)	190,219
Inventories	43,489	65,437	108,926
Property, plant and equipment and intangible assets	(1,618,096)	977,632	(640,464)
Inflation tax adjustment deferred	(1,988,255	(498,151)	(2,486,406)
Tax losses(*)	86,918	174,313	261,231
Other	(92,942)	(15,348)	(108,290)
Total	**(3,308,021)**	**657,359**	**(2,650,662)**

(*) Company Management is evaluating the recovery of tax losses taking into consideration, among others, the projected business profitability and the tax planning strategies, on the basis of the tax losses expiration term. Available evidence, both positive and negative, properly evaluated has been considered in the analysis. The Company's tax losses at the expected recovery rate as of December 31, 2020 are as follows:

Date of generation	Available through	Amount
2020	2025	261,231
		261,231

Reconciliation between the income tax charge for the year and what would result from applying the tax rate imposed by the legislation in force on the accounting income is as follows:

	12.31.2020	12.31.2019
Income before income tax	(455,408)	8,815,711
Effective tax rate applied to to P&L for the year	30%	30%
Subtotal	136,622	(2,644,713)
Effect of permanent differences and provisions	240,214	968.060
Effect of inflation tax adjustment	119,817	(746.328)
Total income tax	**496,653**	**(2,422,981)**

NOTE 35 - LEASES

La Sociedad reconoció los pasivos por arrendamiento al valor presente de los pagos de arrendamiento restantes. La tasa de interés aplicada a los pasivos por arrendamiento al 31 de diciembre de 2020 y 2019 fue del 11,25% y 11,00%.

Seguidamente se detallan los movimientos por el ejercicio terminado al 31 de diciembre de 2020 y 2019:

	12.31.2020	12.31.2019
Right-of-use assets recognized as of January 1, 2020 and 2019	**1,418,408**	**1,136,123**
Additions of right of use in fiscal year	2,281,968	984,061
Depreciation of right-of-use assets in fiscal year	(803,896)	(701,776)
Right-of-use assets recognized as of December 31, 2020 and 2019	**2,896,480**	**1,418,408**
Lease payable as of January 1, 2020 and 2019	**1,477,195**	**1,136,123**
Additions of right of use in fiscal year	2,281,968	984,061
Lease payments	(902,087)	(813,660)
Effect of exchange difference in fiscal year	164,616	128,344
Effect of discount at present value in fiscal year	43,706	42,327
Lease payable as of December 31, 2020 and 2019	**3,065,398**	**1,477,195**

Classification as of December 31, 2019	**12.31.2020**	**12.31.2019**
Non-current lease payables	2,309,489	621,762
Current lease payables	755,909	855,432

NOTE 36 - SITUATION OF ASSOCIATES, JOINT VENTURES

Investments in associates where CGC does not have a controlling interest are mainly investments in companies engaged in natural gas carriage. The list of investments is included below:

		Participation %	
Company	**Ref.**	**12.31.2020**	**12.31.2019**
Joint Ventures			
Gasinvest S.A.	(1) (5)	50.0000	40.8574
Gasoducto GasAndes Argentina S.A.		39.9999	39.9999
Gasoducto GasAndes S.A. (Chile)		39.9999	39.9999
Andes Operaciones y Servicios S.A. (Chile)		50.0000	50.0000
Transportadora de Gas del Norte S.A.	(3) (5)	0.0569	0.0569
Associates			
Transportadora de Gas del Mercosur S.A.	(2) (5)	15.7747	15.7747
Other companies			
Petronado S.A. (Venezuela)	(4)	26.0040	26.0040

(1) Parent company of Transportadora de Gas de Norte S.A. holding 56.3538% of equity interests.

(2) According to the Financial Statements of Transportadora Gas del Mercosur S.A. (TGM), as a result of the energy crisis affecting Argentina and problems relating to the gas shortage in the domestic market, the National Government issued a series of regulations to limit exports of gas. In this context, disputes relating to contracts have arisen between TGM and its only customer, YPF S.A. (“YPF”), due to difficulties in the availability of natural gas which affect the only user of the carriage capacity of the Company's gas pipeline, the Brazilian thermal power plant AES Uruguaiana Emprendimentos S.A. (“AES U”).

On December 20, 2017, the Extraordinary Shareholders’ Meeting of TGM resolved by a majority vote to execute a transactional agreement with YPF (the “Transactional Agreement”), which put an end to the conflict between the parties.

This agreement sets forth YPF’s obligation to pay TGM as compensation the sum of USD 107 million in January 2018, plus USD 7 million in seven (7) equal annual installments between February 2018 and February 2024, as full and final payment for all legal and arbitration proceedings, and claims TGM might enforce against YPF under the arbitration awards.

YPF paid the USD 107 million compensatory installment under the Settlement Agreement on January 2, 2018.

In December 2017, TGM and YPF entered into a carriage agreement under special conditions: the Interruptible Export Carriage Agreement (“STI”), effective December 29, 2017 and until December 28, 2027. In consideration thereof, YPF shall pay to the Company USD 32 for each thousand cubic meters transported. YPF irrevocably undertakes to pay TGM annually, per each year from 2018 up to and including 2024, as non-refundable payment on account of the contractual price, the amount of USD 1,857,143 per annum, whether it has made use of the STI or not. This payment on account entitles YPF to exercise a make up gas right between 2018 and 2024.

(3) As shown in the Financial Statements of Transportadora Gas del Norte S.A. (TGN), on March 2017, TGN entered into an agreement with the National Executive Branch ("PEN") for the comprehensive renegotiation of the License (the "Comprehensive Agreement"), which was effective and entered in force with the Decree No. 251 as of March 27, 2018. In this way, the process of development renengotiation within the frameof the Public Emergency Law ("LEP") No. 25,561, was cocluded. The provisions for the Comprehensive Agreement cover the contractual period from January 6, 2002 to the end date of the License. Likewise, the Comprehensive Agreement established terms the rules to carry out the quinquennial review of TGN´s rates, which entered into force in March 2018 for the period 2017-2021.

In March 2018, ENARGAS approved the rate tables of the Comprehensive Rate Review ("RTI") carried out by organism from March 2016. Likewise, the RTI establishes that between April 1, 2017 and 31 March 2022 TGN must execute a Mandatory Investment Plan ("PIO") for approximately $ 5.6 billion, an amount that will be adjusted in the same proportion as TGN's rates are adjusted. TGN is obliged to execute both the amount of investment committed, as well as the works foreseen in the PIO. The regulatory framework of the industry contemplates the application of semi-annual non-automatic rate review mechanisms due to the observed variations in the prices of the economy linked to service costs, in order to maintain the economic and financial sustainability of the provision and quality. of the service provided. In September 2019, the Ministry of Energy issued Resolution 521/2019 (modified by Resolution 751/2019), deferring the semi-annual rate adjustment that should have been applied from October 1, 2019, until February 1 of 2020, and also ordered to compensate the licensees with the revision of the PIO in the exact incidence of the lower income derived from the measure. Therefore, between October and December 2019, TGN presented to ENARGAS proposals for the PIO readjustment in the amount of $ 459.2 million (expressed in December 2016 currency). On December 23, 2019, the Social Solidarity and Productive Reactivation Law was passed, which empowers the PEN to maintain the natural gas rates that are under federal jurisdiction and to initiate a renegotiation process of the current comprehensive tariff review or initiate a character review extraordinary, in the terms of the Gas Law, for a maximum period of up to 180 days, leading to a reduction in the real tariff burden on homes, businesses and industries by 2020. Likewise, the PEN was empowered to intervene administratively ENARGAS for a term of one year. This process must be completed through the subscription with the natural gas transportation and distribution licensees of a definitive agreement on the RTI, and in the meantime ENARGAS may apply transitory tariff adjustments to ensure the continuity and normality of the public service. The aforementioned decree also provides that in case it is not feasible to reach a definitive agreement, ENARGAS must issue, ad referendum of the PEN, the new tariff regime for the public services of transportation and distribution of natural gas. Thus, on February 22, 2021, ENARGAS issued Resolution No. 47 calling for a public hearing. The tariff freeze was successively extended until March 17, 2021.

TGN's Management permanently monitors the evolution of the aforementioned situations to determine the possible actions to be taken and to identify the possible impacts on TGN's equity and financial situation.

CGC's direct and indirect interest in TGN accounts for 28.23% as of December 31, 2020 and 2019.

(4) In September 1997, the Government of Venezuela and a joint venture, including Compañía General de Combustibles S.A. (holding a majority interest), entered into an agreement by means of which the Government of Venezuela granted the companies a right of exploration of Campo Onado for a term of 20 years. In 2005, the Government of Venezuela announced the mandatory conversion of the 32 operating agreements entered into by and between Petróleos de Venezuela S.A. ("PDVSA") affiliates and privately-held oil companies between 1992 and 1997. Among those agreements is Campo Onado. In August 2006, as a result of this migration process, the Operating Agreement of Campo Onado became Petronado S.A., a partially state-owned company.

According to the new corporate structure, CGC holds 26.004% of Petronado S.A.

In view of the profound economic and political crisis Venezuela is facing, it is expected that in 2018 the volume of foreign currency offered and/or approved through the foreign exchange control system will decline even further. This is the reason why a loss for $ 25,130 was recognized in 2018 under financial results from measurement at fair value of the financial instruments to disclose under non-current investments the fair value of the investment in Petronado S.A.

The fair value as of December 31, 2019 and 2018 amounted to 0.

(5) In July 27, 2011, CGC and Tecpetrol Internacional S.L. ("Tecpetrol") jointly filed for arbitration proceedings with the International Chamber of Commerce (ICC) against Argentinean Pipeline Holding Company S.A. (APHC) - formerly, Petronas S.A. ("Petronas") for breach of the shareholders' pre-emption right as a result of the transfer to RPM Gas S.A. of the equity interests Petronas held in TGM and Gasinvest S.A. (companies where CGC, Tecpetrol and Petronas are shareholders, jointly with other companies).

In June 2013, the arbitral tribunal issued a final award declaring that the sale transaction between APHC and RPM GAS S.A. breached the shareholders' agreement.

On July 11, 2014, CGC and Tecpetrol filed with the Federal Commercial Court of Original Jurisdiction in and for the City of Buenos Aires No. 18, Clerk's Office No. 35 ordinary proceedings against RPM GAS S.A. requesting that the Court ordered this company to transfer to them all the shares, receivables, rights and obligations, under the CCA entered into between APHC and CGC/Tecpetrol.

The controversy was resolved eventually through an agreement between the parties. On October 29, 2019 the parties reached a settlement in the case captioned "CGC et al vs. R.P.M. Gas S.A., full proceeding", thus bringing it to an end. Under the settlement agreement, RPM assigned and transfered to CGC 20,768,253 Class B shares in Gasinvest S.A., 45,713 Class B shares in TGN and 2,121,600 Class B shares in TGM. Additionally, a payment was agreed as compensation for the claims filed against RPM GAS S.A.

Considering the agreement reached October 29, 2019, CGC's interest in Gasinvest S.A., TGN and TGM amounts to 50%, 0.0575% and 15.78% of capital and voting rights, respectively.

The results generated as of December 31, 2019, by the changes in ownership are detailed in Note 9 c). These results were generated by the application of the exchange policy of holdings reported in Note 3.2.2.2).

NOTE 37- SECURED AND RESTRICTED ASSETS AND OTHER SURETIES GRANTED

As of December 31, 2020 and 2019, there are no restricted assets in addition to those secured by pledge as detailed in Note 21.b).

The main commitments assumed by the Company through surety policies are:
- The Company has posted a bond in favor of the First Instance Court with jurisdiction over Commercial Matters in and for the City of Buenos Aires No. 18, Office No. 36, to secure payment of the allowed claim to AFIP in the framework of case 49,374 on insolvency proceedings of Compañía General de Combustibles S.A., which was included in the installment plan regulated by Law No. 26476.
- Investment commitments assumed in exploration areas with the Energy Institute of the Province of Santa Cruz for USD 74 million; and
- Commitments assumed with the Ministry of Energy and Mining of the Nation for $13,797 million in the framework of Res No. 46-E / 2017 and its modifications.

NOTE 38 - REGULATORY FRAMEWORK OF THE OIL & GAS SECTORS

38.1 Hydrocarbons Law

Hydrocarbon exploration, exploitation and production activities are regulated by the general framework of Law No. 17,319 (enacted in 1967) and amended by Law No. 26,197, which established that hydrocarbon fields located in the territory of the Argentine Republic, belong to the Provinces, while those located in its continental shelf belong to the Nation.

The general regulatory framework was amended by Law No. 27,007, enacted on October 30, 2014, which among other provisions established:

- new terms for non-conventional hydrocarbon exploitation concessions and for continental shelf and territorial sea exploitation concessions. It also introduced new guidelines for the extension of exploitation concessions.
- a new Investment Promotion Regime for the Exploitation of Hydrocarbons aimed at projects involving direct investment in foreign currency of not less than US$ 250 million.

In addition to this general framework, Decree No. 1,277/2012 published on July 25, 2012 regulating Law No. 26,741 (called "Hydrocarbon Sovereignty of the Argentine Republic"), declared the activity of exploitation and transportation of hydrocarbons to be of national public interest. Decree No. 272/15 amending Decree No. 1,277/2012, among other changes, dissolved the Strategic Planning and Coordination Commission of the National Hydrocarbons Investment Plan, derogated certain competences of the Commission, and established that the tasks previously assigned to the Commission would be transferred to the -today- National Secretary of Energy.

New values for hydrocarbon exploration and exploitation fees

Decree No. 771/2020, published in the Official Gazette on September 25, 2020, established the maximum value of the hydrocarbon royalty to be paid annually and in advance by the permit holder to the State or the corresponding Provincial Jurisdiction, to be applied as from the year 2021. The regulation establishes an exploration fee for the equivalent amount in pesos of 0.46, 1.84 and 32.22 barrels of oil per km2 for the first period, second period and extension, respectively, and an exploitation fee for a maximum value equivalent in pesos of 8.28 barrels of oil per km2 or fraction.

38.2 Crude oil market

Within the domestic market, since October 2017 the domestic price of a barrel of crude oil as a refining commodity was determined based on the rules of the domestic market.

However, following the exchange rate volatility in August 2019, on August 16, 2019, the National Executive Branch issued Necessity And Urgency Decree No. 566/19, which set the price per barrel agreed between producer and refiner in the local market. As of August 9, 2019, effective until November 13, 2019, it considered a Brent reference price of US$59/bbl and an exchange rate of AR$45.19/US$, which was updated to AR$51.77/US$.

Likewise, the companies that produced hydrocarbons had to supply the national demand for crude oil at the prices thus established.

Subsequently and because of the economic context the country was going through, as mentioned in Note 1, on May 18, 2020 the National Executive Branch issued Decree No. 488/2020, in its Article 1, it established in its Article 1, that crude oil deliveries made in the local market between May 19 and December 31, 2020 should be invoiced by the producing companies and paid by the refining companies and traders, taking a reference value for Medanito type crude oil of US$45/bbl. This reference value would be adjusted for each type of crude oil by quality and loading port according to the usual local market practices.

In addition, the decree stipulated in other provisions, that during its effectiveness the producing companies should) i) Maintain the levels of activity and/or production recorded in 2019; ii) Comply with the annual investment plan; iii) Avoid accessing the foreign exchange market for the formation of external assets or acquire securities in pesos for their subsequent sale in foreign currency or custody transfer abroad; iv) Apply the price set in all cases for the liquidation of hydrocarbon royalties; v) Pay an export duty rate according to the scheme established in Article 7 of the Decree, which provides a mathematical formula where the rate varies between 0% and 8% depending on the Brent price.

This provision in Article 1 would become ineffective if the Brent price exceeded that value for ten consecutive days, a situation that occurred on August 31, 2020. DDEE are currently ruled by Art. 7 of Decree 488/2020.

DDEE are currently governed by Art. 7 of Decree 488/2020.

Propane Gas Supply Agreement for Propane Gas Distribution Networks

CGC is a party to the Propane Gas Supply Agreement for Indiluted Propane Gas Distribution Networks originally entered into on December 27, 2002 and ratified by Decree No. 934/03, between the Argentine Government and the propane producing companies. Under this agreement, CGC commits to supply propane to distributors and sub-distributors of indiluted propane gas through networks at a price lower than the market price, which has been successively extended by the respective Extension Agreements, within the framework of Laws No. 26,019 and No. 26,546.

On August 2020 CGC entered into the seventeenth Extension Agreement which serves as a framework for the sale of the products stipulated in it for the period from January 1 to December 31, 2020.

The agreement establishes the payment of an economic compensation to the participants that will be paid by the Argentine State, which is calculated as the difference between the price marketed under the agreement and the export parity published monthly by the Secretary of Energy, although with significant delays in the collection terms.

As of December 31, 2020 and 2019, income of $ 60.6 million and $ 138.7 million, respectively have been recorded in the incentives line of the income item of the Statement of Comprehensive Income (see Note 24).

38.3 Gas Market

Incentive programs for hydrocarbon and reserves production

Gas plan II

In July 2014, the Company was registered in the Natural Gas Injection Stimulus Program for Companies with Reduced Injection through Resolution No. 134/2014 of the Secretariat of Economic Policy and Development Planning of the Ministry of Economy and Public Finance, with a retroactive start date as of June 1, 2014.

However, the loans recorded by the Company in 2017 under the program were not collected in a timely manner.

MINEM Resolution No. 97/18 approved the procedure for the cancellation of the compensations pending settlement and/or payment for the year 2017, to which the Company adhered in due time and form. By Resolution SGE No. 54/19 it was established that the cancellations would be instrumented through the delivery of public debt securities.

The Company was credited with these bonds for a nominal value of US$ 59.4 million. These bonds do not accrue interest and amortize in 29 consecutive monthly installments, the last installment maturing on June 30, 2021.

During fiscal year 2020, the Company collected amortization for the amount of US$ 23.8 millon, pending payment of 6 installments for the total amount of US$ 11.9 millon, which are registered as Securities within the account Investments at Amortized Price

GasAr Plan

On November 13, 2020, Decree No. 892/2020 was published, which approved the "Plan for the Promotion of Argentine Natural Gas Production - Supply and Demand Scheme 2020-2024" (the "GasAr Plan"), based on a competitive system at the point of entry to the transportation system, and instructed the Energy Secretariat to implement such plan.

CGC submitted a bid to participate in the GasAr Plan and as a result of the bidding obtained firm contracts for the period January 2021-December 2024 for 2.38MMm3 of gas per day. The price obtained was 3.46US$/MMBtu (maximum price available for the Austral Basin). During 2021, CGC will continue to receive the incentive of the "Programa de Estímulo al Gas No Convencional" and will join the GasAr Plan as from 2022.

Gas deliveries to natural gas distribution and/or sub-distribution service licensees (hereinafter, licensees) will be charged at the price in force in the tariff charts and the difference with the price obtained in the bidding process will be paid by the National Government. The Secretariat of Energy issued Tax Credit Guarantee Certificates to back up the payment of the compensation to be paid by the National Government.

By participating in the GasAr Plan, producers undertake to (i) comply with a production curve per basin, an investment plan, a program of proportional and progressive increase of the national added value and (ii) deliver the volumes contemplated in the contracts entered into with the licensees and CAMMESA. In case of non-compliance, penalties such as a lower price, penalties and even exclusion from the GasAr Plan are foreseen.

Non-Conventional Gas Plan

On March 6, 2017, MINEM Resolution 46-E/2017 was published by which the "Program to Encourage Investments in Natural Gas Production Developments from Unconventional Reservoirs" was created, aimed at encouraging investments for the production of natural gas from such reservoirs in the Neuquén Basin, effective from its publication until December 31, 2021 (the "Unconventional Gas Stimulus Plan").By Resolution No. 38/2018, dated January 27, 2018, the Secretariat of Hydrocarbon Resources of the Ministry of Energy and Mining approved the adhesion of Compañía General de Combustibles S.A. to the "Program to Encourage Investments in Natural Gas Production Developments from Unconventional Reservoirs", in its capacity as concessionaire for the exploitation of the "Campo Indio Este-El Cerrito" area located in the Province of Santa Cruz. The Resolution authorized CGC to receive compensation accrued by virtue of its adhesion to such program as from January 2018 (the "Included Concession").

The Stimulus Program establishes a compensation resulting from subtracting the volume-weighted average price of total natural gas sales in the Argentine Republic published by the Secretariat of Hydrocarbon Resources from the Minimum Unit Price established by the Resolution for each year, multiplied by the volumes of unconventional gas production. The Minimum Prices established by the Resolution are 7.50, 7.00 6.50 and 6.00 US$/MMBtu for the years 2018, 2019, 2020 and 2021 respectively.

Compensations derived from the Program are paid 88% to the companies and 12% to the Province corresponding to each concession included in the Program.

The Non-Conventional Gas Stimulus Program foresees a specific investment plan that had to be approved by IESC (in its capacity as provincial application authority) and confirmed by the National Energy Secretariat (as application authority of the program).

The Company adhered to the so-called Gas.Ar Plan, within the framework of the "Plan de Promoción de la Producción del Gas Natural Argentino-Esquema de Oferta y Demanda 2020-2024" approved by Decree 892/2020, which provides for the continuity of the incentive of the "Programa de Estímulo a las Inversiones en Desarrollos de Producción (Resol. 46/2017, 419/2017 and 447/2017, of the former Ministry of Energy and Mining of the Nation), confirming that, the Company, will continue to receive such incentives during 2021, and splicing with the Gas.Ar Plan as from 2022.

As a result of the change in the circumstances considered at the time of adhering to the Program and a technical review of the project as a result of the results of the explorations carried out within the framework of the Program, the Company requested the IESC to adjust the Specific Investment Plan for the years 2020-2021 in order to ensure the continuity of the exploration and development projects in the areas until the end of the Program's term. The adequacy request was approved by Resolution IESC 35/2020 and, finally, obtained the express conformity of the National Energy Secretariat by Note NO-2020-90921899-APN-SE#MEC dated December 28, 2020. Thus, the new specific investment plan for the period 2020-2021 foresees the drilling of 85 equivalent wells.

On December 28, 2018, the Secretary of Government of Energy readjusted the previous Provisional Payments considering the production projection of the Included Concession that was timely submitted in the application for adhesion to the Unconventional Gas Stimulus Program and interpreted that such projections would be maximum volume to be considered in the calculation of the compensations, whether provisional or definitive. The Company rejected such change of interpretation of the legal regime applicable to the Unconventional Gas Stimulus Program and filed administrative and judicial appeals in order to receive an amount equivalent to the difference between the actual production volumes from the Included Concession and the volumes recognized by the Energy Secretariat based on the original production projection made at the time of submitting the adhesion to the program.

As of December 31, 2020 and 2019, the Company has recorded as income the benefits of the Program to Encourage Investment in Natural Gas Production Developments from Unconventional Reservoirs in the incentive line of income in the statement of comprehensive income for $ 13,712.3 million and $ 10,463.7 million, respectively (see Note 24).

Natural Gas for the Residential Segment

On February 8, 2019, the Secretary of Government of Energy issued Resolution No. 32/2019, which instructed to conduct a price bidding mechanism in the MEGSA for the provision of natural gas in firm condition for the residential segment, for a term of 12 months from April 1, 2019 to March 31, 2020 (the "Residential Auction").

Prices would be established in dollars according to the increasing order of price of each one of the offers, but converted to pesos according to the methodology established in Resolution ENARGAS No. 72/2019, which establishes that the exchange rate of the first fifteen days of the month prior to the beginning of the tariff charts must be taken. Therefore, for deliveries as from October 2019 and until March 2020, the average exchange rate between September 1 and 15, 2019 will be considered.

However, the update by exchange rate applicable from October 1, 2019, was deferred through successive resolutions, being finally subject to the maximum term of up to 180 days from the entry into force of Law No. 27,541, which froze tariffs for 180 days since the end of 2019.

Additionally and within the framework of COVID-19, this freeze was extended until the end of 2020, and consequently there is no update of the exchange rate by ENARGAS in the exercise of the provisions of Resolution No. 72/2019.

Within this framework, the Residential Auction contracts were extended first until the end of June 2020 and then until the end of December 2020, under the same price conditions prevailing as of March 2020. Consequently, for deliveries throughout 2020, the average exchange rate has operated between March 1 and March 15, 2019.

As of January 2021, the Company has entered into natural gas sales agreements with distributors under the GasAr Plan.

Decree No. 1053/2018

NECESSITY AND URGENCY DECREE No. 1053/2018, issued by the PEN under the terms of Article 99 paragraph 3 of the National Constitution, is effective from the date of its publication, and its validation by the National Congress is governed by Law No. 26,122, which requires the Permanent Bicameral Commission to issue an opinion on the validity or invalidity of the decree and submit an opinion to the plenary of each Chamber for its express treatment, and provides that decrees of necessity and urgency shall be deemed derogated if they are rejected by both Chambers.

On July 14, 2020, the Permanent Bicameral Commission ruled the invalidity of Decree No. 1053/2018 and forwarded such ruling to both Chambers for their opinion. On July 23, 2020, the Senate Chamber approved the opinion of the Permanent Bicameral Commission that declared the nullity of Decree No. 1053/2018. The House of Representatives has not yet issued its opinion, therefore, to date, the aforementioned Decree remains in force.

On the other hand, the Company has not collected during 2020, any of the installments due in relation to the credit of $ 514.7 million generated during the period April 2018 - March 2019, as a result of the differences between the price of gas commercialization contracts (invoiced in dollars) and the price of the input recognized in the tariffs of gas distributors, which were assumed by the National State pursuant to Decree No. 1,053/18, which established its payment in 30 monthly installments as from the month of December 2019.

Even in the event that the decree is effectively rejected by both Chambers and consequently considered repealed, article 24 of the above mentioned law leaves the rights acquired in favor of the producers during its validity in force. However, despite the validity of the decree and the repeated requests made to the authorities by the gas producers, the transfers corresponding to the expired installments have not been verified to date.

The aforementioned affects the consideration of recoverability of the asset subject to the measure, as defined by IFRS. Consequently, the Company has recorded an impairment charge for these receivables as of December 31, 2020, amounting to Ps. 313.5 million.

The Company is analyzing the possible measures to be adopted for the collection of overdue installments.

Natural Gas for Generation

On December 27, 2019, the Ministry of Productive Development issued Resolution No. 12/19 by which it repealed, effective December 30, 2019, Resolution SGE No. 70/18, reestablishing the scheme of centralization of fuel supply for generation in CAMMESA.

During 2020 the Company supplied CAMMESA until May 2020 in firm condition, and from June 2020 onwards, within the framework of interruptible monthly auctions.

As from January 2021 the Company has entered into natural gas supply agreements with CAMMESA under the GasAr Plan for the period from January 1, 2021 to December 31, 2024.

Natural gas exports

Through Resolutions MEyM No. 104/18 and SGE No. 9/18, subsequently replaced in July 2019 by Resolution SGE No. 417/19, the Procedure for the Authorization of Natural Gas Exports was established.

In October 2019, Resolution SSHC No. 284/19 was published in the Official Gazette, through which the operating procedure for natural gas exports was approved, effective until September 30, 2021.

Within this framework, the Secretary of the Government of Energy granted CGC an authorization to export interruptible long-term natural gas to the Republic of Chile from its own conventional exploitation areas located in the Austral Basin.

On December 15, 2020, CGC was granted an export certificate extending until December 2021 the permit originally granted until December 2020.

38.4 Export rights on hydrocarbons

As from September 4, 2018 and until December 31, 2020, National Executive Branch Decree No. 793/18 regulated the application of a 12% rate as export right on hydrocarbons (crude oil, natural gas, propane, butane and gasoline) with a cap of $ 4 for each US$ exported. Subsequently, as a result of the enactment of Law No. 27,541, a cap of 8% was established for the rate applicable to hydrocarbons as from December 23, 2019.

Decree No. 488/2020, established with effect from May 19, 2020 export duty rates from 0% to 8% for hydrocarbons. The 8% cap is in line with the provisions of the Social Solidarity and Productive Reactivation Law No. 27,541.

The determination of the applicable rate will depend on the quotation of the "ICE Brent first line" barrel price (international price or IP).

- If the IP is equal to or less than US$45 (which is set as the base value or BV), the rate will be 0% (i.e. no export duties will be paid on the goods).
- If the value of the IP is equal to or greater than US$60 (which is set as the reference value or RV), 8% export duty is payable on the goods.
- If the IP is higher than the BV and lower than the RV, an intermediate value between the BV and the RV will be paid, calculated on the basis of a scale set forth in a formula provided in the Decree 488/2020 in its Article 7.

The Company initiated legal actions for the unconstitutionality of Decree No. 793/18 and requested the repetition of the payment of export duties for the period from the date of its issuance until its legal ratification.

38.5 Exchange Regime

By means of Necessity and Urgency Decree (DNU) No. 609/19 of September 1, 2019, the National Executive Branch (PEN) reestablished the exchange control regime that had been progressively repealed since 2015. The Decree was regulated by the Argentinean Central Bank (BCRA) on the same date. The exchange control restrictions, of a transitory nature, would be applicable until December 31, 2019, but through NECESSITY AND URGENCY DECREE No. 91/19 it was extended in time, with no expiration date set for these restrictions.

Necessity And Urgency Decree No. 609/19 reestablished the obligation to settle the countervalue of exports of goods and services rendered to non-residents and delegated to the BCRA the regulation of the assumptions of access to the Free and Single Exchange Market (MULC) for the purchase and transfer of foreign currency.

During 2020, exchange controls became stricter, and BCRA Communication "A" 7030 (as amended) provided, among other measures:

- close access to the MULC for those who, at the time of applying for access, have liquid foreign assets in excess of US$ 100,000 (subject to certain exceptions);

- temporarily limiting access to the MULC for the payment of imports of most goods and for the cancellation of principal on debts arising from the importation of goods, establishing a formula that computes the value of goods nationalized during 2020 and payments of imports and import debts;

- temporarily limiting access to the MULC for the payment of principal on foreign financial indebtedness when the creditor is a counterparty related to the debtor; and

- to extend to 90 days (i) the term limiting access to the MULC to those who have made sale transactions of securities with settlement in foreign currency and (ii) the term during which those who have accessed the MULC may not make such transactions with securities.

Restructuring of debts incurred abroad

BCRA Communication "A" 7106 issued in September 2020 established new regulations regarding financial debts contracted abroad. The regulation establishes that those who have scheduled payments for principal maturities, during the period from October 15, 2020 to December 31, 2021, for financial indebtedness abroad must submit to the BCRA a refinancing plan based on the following criteria:

(i) the net amount for which the Foreign Exchange Market will be accessed in the original term shall not exceed 40% of the principal amount maturing in that period; and
ii) the remaining principal amount has been, at least, refinanced with a new financial indebtedness whose average life is 2 years.
In addition to this refinancing granted, new indebtedness or new issues that the entities may receive will be computed.

This regulation does not affect the Company since CGC has restructured its debt in 2020 under this regulation. The maturities of new loan disbursements entered as of 2020 will not be affected either.

GasAr Plan - Access to the free foreign exchange market

Decree No. 892 established that the BCRA should provide suitable mechanisms to facilitate access to the MULC for the repatriation of direct investments and their income and/or the servicing of income or principal from foreign financial indebtedness when the funds have been deposited by the MULC as from November 16, 2020 and are genuine operations destined to the financing of projects within the framework of the GasAr Plan.

Accordingly, the BCRA issued Communication "A" 7168, which provides that the MULC may be accessed without the prior approval of the BCRA in the following cases:
a. Dividend remittance abroad: non-resident shareholders may remit foreign currency abroad in respect of profits and dividends corresponding to closed and audited balance sheets, provided that (i) the total amount does not exceed the amount in local currency according to the distribution approved by the shareholders' meeting, (ii) the access occurs no earlier than 2 years from the settlement date of the funds deposited and (iii) the transaction is declared, if applicable, in the last due filing of the "Statement of Foreign Assets and Liabilities”.
b. Cancellation of foreign indebtedness: the MLC may be accessed for the cancellation of maturities of capital and interest services of foreign indebtedness provided that the indebtedness has an average life of not less than 2 years and the other requirements applicable to the payment of foreign financial indebtedness are met.
c. Repatriation of direct investments of non-residents: the repatriation of direct investments of non-residents is also allowed up to the amount of the direct investment contributions liquidated in the MLC provided that: (i) there is documentation evidencing the entry of the direct investment

in the resident company, (ii) access occurs no earlier than 2 years from the date of liquidation of the funds, and (iii) in case of capital reduction and/or return of irrevocable contributions, compliance with the legal mechanisms provided is evidenced and the liability in pesos with the corresponding foreigner is declared, if applicable, in the last due presentation of the " Statement of Foreign Assets and Liabilities ".

NOTE 39 - SUBSEQUENT EVENTS

After December 31, 2020, no event, situation or circumstance not publicly known which affect or may significantly affect the Company's economic or financial position has occurred in addition to those mentioned in the Notes to these Financial Statements.

NOTE 40 – OIL & GAS RESERVES

Oil and gas reserves (Information not covered by the Auditors' Report)

The following table shows the estimated proven oil reserves (including crude oil, condensate and natural gas liquids (NGL)) and natural gas as of December 31, 2020):

	Developed proven reserves		Undeveloped proven reserves		Total Proven Reserves	
	Crude oil, condensed and LNG (a)	Natural gas (b)	Crude oil, condensed and LNG (a)	Natural gas (b)	Crude oil, condensed and LNG (a)	Natural gas (b)
Argentina	1,020	6,010	258	2,633	1,278	8,643
Total	**1,020**	**6,010**	**258**	**2,633**	**1,278**	**8,643**

(a) (in thousands of m3)
(b) (in millions of m3)

"Free translation from the original in Spanish for publication in Argentina"

Independent Auditors' Report

To the Shareholders, President and Directors of
Compañía General de Combustibles S.A.
Legal address: Bonpland 1745, City of Buenos Aires, Argentina
Tax Code No. 30-50673393-2

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Compañía General de Combustible S.A. and its subsidiary (the "Company"), including the consolidated statement of financial position at December 31, 2020, the consolidated statements of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, which comprise a summary of the most significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2020 and its consolidated comprehensive income and consolidated cash flows for the fiscal year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards have been adopted as auditing standards in Argentina by Technical Pronouncement No. 32 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE), as approved by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with requirements that are relevant to our audit of the consolidated financial statements in Argentina, and we have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Audit Response

Recoverability of the carrying amount of non-current assets of the Upstream business

Pursuant to the consolidated financial statements at December 31, 2020, below is the carrying amount of non-current assets of the Company's Upstream business, net of the impairment allowance (amounting to $3,745,936, in thousands of pesos):

- Property, plant and equipment (Note 8): $29,300,203, in thousands of pesos (representing 41% of the Company's total assets).
- Right-of-use assets (Note 35): $2,896,480, in thousands of pesos (representing 4% of the Company's total assets).

The Company analyzes the recoverability of the captions Property, plant and equipment and Right-of-use assets when there are events or changes in the circumstances that indicate a potential evidence of impairment. The recoverable value of each Cash Generating Unit (CGU) is supported by the value in use of such assets (the related fields in which CGC participates being considered CGUs). The Company calculated the value in use on the basis of discounted future cash flows of each of the CGUs, as described in Note 5 c). The key assumptions on which these projections are based are listed in Note 5 c).

As a result of the analyses mentioned above, Company Management identified evidence of impairment of Dos Hermanos, Campo Boleadoras, María Inés, El Cóndor and La Maggie CGUs; therefore, it prepared the model of discounted future cash flows for each of them. After comparing the values obtained, Company Management concluded that the recoverable values of the assets of Dos Hermanos, Campo Boleadoras, María Inés, El Cóndor and La Maggie UCGs are lower than the net carrying value recorded in the financial statements in thousands of pesos: $396,875, $929,435, $1,174,965, $125,922 and $1,118,739, respectively. Thus, the Company recorded charges for impairment amounting to $1,542,474 in fiscal year 2020 [Notes 5 c) and 8].

The recoverability analysis of this kind of assets requires Management to apply critical judgment and significant estimates (including the use of experts) to the variables and material assumptions used in the calculations made,

The audit procedures performed in this key matter included, among others:

- Reviewing the grouping criteria of the CGUs determined by Management.
- Validating the process that Management uses to identify those CGUs that require impairment assessment in accordance with IFRS and confirming that all CGUs that require such assessment have been properly identified.
- Assessing the appropriate use of the discounted cash flow model as well as the mathematical precision of calculations, including the accuracy of previous estimates used in past models compared with operating information in place.
- Evaluating consistency of hydrocarbon reserves used in the flows from the performance of the following procedures:
  - ✓ Assessing the professional skills (ethics, competence and objectivity) of the third-party expert used by Management and the related report.
  - ✓ Performing a retrospective review to verify indicators of estimation bias over time.
  - ✓ Confirming that the significant variations in reserves have been based on new available information in the period under analysis.
  - ✓ Verifying consistency of projections of contemplated investments with Company's plans.
  - ✓ Obtaining the reports certified by independent specialists.
- Reviewing the estimates used on hydrocarbons prices and discount rates, for which skilled and proficient professionals were involved to assist us in assessing such material assumptions, by performing validations with information published by intermediaries, economists, consultancy firms and industry organizations.
- Evaluating the sufficiency of the information disclosed in the financial statements as regards the assessment of the recoverable value of these assets.

Key Audit Matters	Audit Response
due to the unpredictability of the future evolution of these estimates and the major impact that significant future changes in key hypotheses used may have on the Company's financial statements. Therefore, there is a risk that the valuation of these assets may be inaccurate and that any possible charge for impairment or recovery may be wrongly estimated. Through our risk assessment procedures, we have determined that one of the most relevant key variables is the estimate and measurement of hydrocarbon reserves. The above-mentioned matters are considered key due to the exercise of significant judgment by Management, including the use of specialists. This, in turn, led to a high degree of auditor's judgment and effort in carrying out the procedures and evaluating the material assumptions used in making such estimates. In Note 5 c) to the financial statements there is more information on this sensitivity analysis.	

Information Accompanying the Consolidated Financial Statements ("Other Information")

The Other Information comprises the annual report and summary of activity. The Board of Directors is responsible for the Other Information.

Our opinion on the consolidated financial statements will not cover the Other Information and, therefore, we do not express any audit conclusion.

In relation to our audit of the consolidated financial statements, our responsibility is to read the other information and when doing so, considering whether the other information contained is materially inconsistent with the consolidated financial statements or with our knowledge obtained in the audit or if for any other reason it appears to contain a material misstatement. Based on the work performed, and as regards those matters that are within our field of competence, if we consider that there is a material misstatement in the Other Information, we have to report it. We have nothing to report in this regard.

Board's Responsibilities for the Consolidated Financial Statements

The Board of Directors of Compañía General de Combustibles S.A. is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for the internal control it may deem necessary to prepare the consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing these financial statements, the Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

The objective of our audit is to obtain reasonable assurance that the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As part of the audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and asses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Board.
- Conclude whether it is appropriate that the Company's Board use the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of issue of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall consolidated financial statement presentation, structure and content, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and adequate audit evidence in relation to the financial information of the entities or business activities within the Company to express an opinion on these consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We are the only responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company's Board with a statement on our fulfillment of relevant ethical requirements regarding independence and communicate any relationship and other matters that might be thought to affect our independence and, when applicable, the actions taken to reduce threats or the related safeguards.

Among the matters that have been subject to communication with the Company's Board, we have determined those of most significance in the audit of the consolidated financial statements, which are, consequently, the key audit matters. We describe these matters in this audit report, except for those legal or regulatory provisions that prohibit the public disclosure of the matter or if, in extremely infrequent circumstances, we determine that a matter should not be disclosed in our report, because it is reasonable to expect that the adverse consequences of doing so would outweigh the public interest benefits thereof.

Report on Other Legal and Regulatory Requirements

In compliance with current regulations, we report that:

a) as regards those matters that are within our competence, the consolidated financial statements of Compañía General de Combustibles S.A. are in compliance with the provisions of the General Companies Law and pertinent resolutions of the National Securities Commission, except for the transcription into the Balance Sheet book, which is still pending;

b) the separate financial statements of Compañía General de Combustibles S.A. arise from accounting records kept in all formal respects in conformity with legal provisions, which maintain the security and integrity conditions on the basis of which they were authorized by the National Securities Commission, except for the transcription into the Balance Sheet and Journal books, which is still pending;

c) at December 31, 2020, the debt accrued by Compañía General de Combustibles S.A. in favor of the Argentine Integrated Social Security System, according to the Company's accounting records and calculations, amounted to $35,206,388, none of which was claimable at that date;

d) as required by Section 21, subsection b), Chapter III, Part VI, Title II of the regulations issued by the National Securities Commission, we report that total fees for auditing and related services billed to Compañía General de Combustibles S.A. during the fiscal year ended December 31, 2020 account for:

   d.1) 95% of the total fees for services billed to the Company for all items during that fiscal year;

   d.2) 69% of the total fees for auditing and related services billed to the Company, its parent company, subsidiaries and related companies during that year;

   d.3) 64% of the total fees for services billed to the Company, its parent company, subsidiaries and related companies for all items during that year;

e) we have applied the procedures to prevent money laundering and the financing of terrorism for Compañía General de Combustibles S.A. comprised in the professional standards issued by the Professional Council in Economic Sciences of the City of Buenos Aires.

City of Buenos Aires, March 22, 2021.

PRICE WATERHOUSE & CO. S.R.L

(Partner)

Henán Rodríguez Cancelo

“Free translation from the original in Spanish for publication in Argentina”

SUPERVISORY COMMITTEE´S REPORT

To the Shareholders of
Compañía General de Combustibles S.A.

In our capacity as members of the Syndics' Committee of Compañía General de Combustibles S.A., as called for by the General Companies Law and regulatory provisions on accounting information of the Buenos Aires Stock Exchange, we have examined the documents detailed in section I below, with the scope mentioned in section II. The preparation and issuance of the documents mentioned are the responsibility of the Company's Board of Directors in the exercise of its exclusive functions. Our responsibility is to report on those documents based on the work performed with the scope mentioned in section II.

I) DOCUMENTS REVIEWED

a) Consolidated statement of financial position as of December 31, 2020.

b) Consolidated statement of comprehensive income for the year ended December 31, 2020.

c) Consolidated statement of changes in equity for the year ended December 31, 2020.

d) Consolidated statement of cash flow for the year ended December 31, 2020.

e) Notes to the Consolidated Financial Statements as of December 31, 2020.

f) Overview and Additional Information on the Notes to the Financial Statements as of December 31, 2020, as required by Section 1, paragraph b.2), of Chapter I, Title IV of the National Securities Commission regulations (N.T. 2013).

g) Inventory as of December 31, 2020

h) Annual Report of the Board of Directors for the fiscal year ended December 31, 2020.

II) SCOPE OF THE EXAMINATION

Our examination was carried out in accordance with standards applicable to syndics as established by Technical Pronouncement No. 15 of the Argentine Federation of Professional Councils in Economic Sciences. Those standards require that the examination of the Financial Statements be performed in accordance with current auditing standards established by Technical Pronouncement No. 32 of the Argentine Federation of Professional Councils in Economic Sciences, and includes verifying the consistency of the documents examined with the information on corporate decisions, as disclosed in minutes, and the conformity of those decisions with the law and by-laws insofar as concerns formal and documentary aspects.

To perform our professional work on the documents detailed in items a) through e) of chapter I, we have performed a review of the audit conducted by the external auditors, Price Waterhouse & Co. S.R.L., who issued their report in accordance with auditing standards established under Technical Pronouncement No. 32 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) on March 22, 2021. Our task included the planning of the audit, the nature, scope and timeliness of the procedures applied and the conclusions of the audit performed by those auditors.

An audit requires that the auditor plan and perform the work to obtain reasonable assurance that the Financial Statements are free of material misstatements or significant errors. An audit includes examining, on a selective test basis, evidence supporting the amounts and disclosures in the Financial Statements, as well as assessing the application of the International Financial Reporting Standards, the significant estimates made by the Company Board of Directors and the overall financial statement presentation. It is not the responsibility of the Syndics' Committee to perform any control over the management, so the examination did not cover the business decisions and criteria regarding the different areas of the Company, as such matters are the exclusive responsibility of the Board of Directors.

In relation to the Annual Report prepared by the Board of Directors, the Overview required by article 1, paragraph b.2), of Chapter I, Title IV of the National Securities Commission regulations (N.T. 2013), we have confirmed that all of these documents have the information required under General Companies Law No. 19550, article 1, paragraph b.2), of Chapter I, Title IV of the National Securities Commission regulations (N.T. 2013), with all the assertions on the economic environment in which the Company has operated, the corporate management and future events, all of them included in those documents, falling under the exclusive responsibility of the Company’s Board of Directors. In addition, we have verified that insofar as concerns matters within our competence, the numerical data contained in the above-mentioned documents arise from the Company’s accounting records or other relevant documentation.

III) OPINION

a) In our opinion, the Financial Statements mentioned in the first paragraph present fairly, in all material respects, the financial position of Compañía General de Combustibles S.A. and its subsidiaries as of December 31, 2020, its comprehensive income and cash flows for the year then ended, in conformity with International Financial Reporting Standards.

b) The Annual Report prepared by the Board of Directors, the Overview required by article 1, paragraph b.2), of Chapter I, Title IV of the National Securities Commission regulations (N.T. 2013), have the information required under General Companies Law, article 1, paragraph b.2), of Chapter I, Title IV of the National Securities Commission regulations (N.T. 2013), with all the assertions on the economic environment in which the Company has operated, the corporate management and future events, all of them mentioned in those documents, falling under the exclusive responsibility of the Board of Directors. We have verified that insofar as concerns matters within our competence, the numerical data contained in the above-mentioned documents match the Company’s accounting records or other relevant documentation.

c) The financial statement figures mentioned in items a) to e) of section I of this report arise from the Company's accounting records that are pending to be transcribed to the rubricated books. The Financial Statements and information described in items a) to h) of section I of this report have been transcribed to the Balance Sheet book.

IV) ADDITIONAL INFORMATION REQUIRED BY GENERAL RESOLUTION No. 340/99 OF THE NATIONAL SECURITIES COMMISSION

In compliance with the provisions of General Resolution No. 340/99 of the National Securities Commission, we report that:

a) the accounting policies used in preparing the Financial Statements mentioned in items a) to e) of section I are in accordance with International Financial Reporting Standards; and

b) the external auditors have conducted their audit applying the auditing standards in effect, as established by Technical Pronouncement No. 32 of the Argentine Federation of Professional Councils in Economic Sciences. Those standards provide for the external auditor independence and objectivity in performing the audit of the Financial Statements.

V) ADDITIONAL INFORMATION REQUIRED BY CD RESOLUTION No. 77/2011 OF THE PROFESSIONAL COUNCIL IN ECONOMIC SCIENCES OF THE AUTONOMOUS CITY OF BUENOS AIRES

We have applied money laundering abatement and anti-terrorist financing procedures as set forth by CD Resolution No. 77/2011 of the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires.

VI) ADDITIONAL INFORMATION REQUIRED BY GENERAL RESOLUTION No. 606/12 OF THE NATIONAL SECURITIES COMMISSION

In compliance with the provisions of General Resolution No. 606/12 of the National Securities Commission, we report that the Annex to the Annual Report of the Board of Directors contains the information required by that resolution.

City of Buenos Aires, March 22, 2021

CARLOS OSCAR BIANCHI
For the Supervisory Committee