Capex S.A.

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

CAPEX S.A.

CONSOLIDATED FINANCIAL STATEMENTS
As of April 30, 2019 stated in pesos and presented in comparative format

Capex S.A.

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Contents

NOMENCLATURE

Currency

Terms	Description
$	Argentine peso
€	Euro
GBP	Pound sterling
US$	United States dollar

Glossary of Terms

Terms	Description
bbl	Barrel
BTU	British thermal unit
CC	Combined cycle
CNV	National Securities Commission
CSJN	Supreme Court of Justice
CT ADC	Agua del Cajón Power Plant
FACPCE	Argentine Federation of Professional Councils in Economic Sciences
GWh	Gigawatts per hour
IASB	International Accounting Standards Board
Km	Kilometer
km^2	Square kilometer
KW	Kilowatt
LVFVD	Sales settlement with maturity to be defined
m^3	Cubic meter
MMBTU	Million British thermal unit
WEM	Wholesale Electricity Market
Mm^3	Thousand cubic meters
MMm^3	Million cubic meters
$MMMm^3$	Billion cubic meters
MW	Megawatt
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Nm^3	Standard cubic meter
DEEF	Diadema Eolic Energy Farm
tn	Ton
V/N	Nominal value
WTI	West Texas Intermediate

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Capex S.A.

Annual Report
Fiscal Year 2018 - 2019

Contents

1. Summary for the year and prospects

Main milestones for the year ended April 30, 2019:

Acquisition of Concession for Exploitation "Pampa del Castillo - La Guitarra"

In the current fiscal year, Capex acquired the area named Pampa del Castillo - La Guitarra, located in the Province of Chubut. The Company made a purchase offer for 88% and 7% of its rights on the concessions Enap Sipetrol Argentina S.A. and Petrominera Chubut S.E., respectively, for a total price of US$ 39.27 million, which was accepted by all the parties and approved by the Province. As from August 1, 2018 Capex and Petrominera exploit the area jointly; for that purpose, they organized a joint venture (UTE) in which their interests are 95% and 5%, respectively. Capex is the operator of the area. The production of Escalante crude oil in the area went from 539 m3/d in July 2018 to 667 m3/d in April 2019, accounting for an increase of approximately 23.7% since the UTE took charge of the operation. The crude produced in the area is exported in its entirety.

Changes in production in the areas Loma Negra and La Yesera

On October 31, 2017, the Company acquired from Chevron Argentina SA, for an amount of US$ 24.7 million, the 37.5% of the concession of hydrocarbon exploitation in Loma Negra area and 18.75% of the La Yesera area, both located in the Province of Río Negro. With effect from December 1, 2017 Capex was appointed operator of both areas. The production of oil in the Loma Negra area went from 66 m3/d in April 2018 to 183 m3/d in April 2019, representing an increase of approximately 177%. In addition, the production of oil in the La Yesera area went from 96 m3/d in April 2018 to 92 m3/d in April 2019, which represents a small decrease of approximately 4%. As to the gas production at Loma Negra in the same periods, it went from 200,000 to 604,000 m3/d, representing an increase of 202%, while gas production at La Yesera increased by 71%, from 38,000 to 66,000 m3/d.

Since Capex took over the operation of the area, the oil production at Loma Negra has increased by 194%; the gas production at Loma Negra and La Yesera has increased by 215% and 84%, respectively.

Incentive Program for the Investments in Developments of Natural Gas Production from Unconventional Reservoirs – Resolution No. 419-E/2017 replaces Resolution No. 46-E/2017

The Concession of the Agua del Cajón area was included in the Incentive Program for Investments in Production Development of Natural Gas extracted from Unconventional Reservoirs, after the Company had filed a request for joining the Program with prior approval having been given by the Provincial Enforcement Authority (Ministry of Energy and Natural Resources of the Province of Neuquén) and an investment plan in the Neuquén basin for US$ 101.5 million until 2021, which will make it possible to develop the production of natural gas from unconventional reservoirs. The Company has been fulfilling the requirement of reaching an average annual production of 500,000 m3/day during 12 consecutive months, before December 31, 2019. The Company has recorded $ 775.2 million under the heading Sales, corresponding to Program incentives. In the course of the fiscal year, the Energy Secretariat changed the criterion for recognition of this compensation, which would not subsequently reach the total amount of gas produced under the Program, but only, at a maximum, the monthly projection of Production Included reported by the Company in its request for joining the Program, known as "Original Curve". The Company has filed an Administrative Appeal which, if favorable, would imply revenue recognition for an additional $ 96 million at April 30, 2019.

ES Res 1/2019 Secretariat of Renewable Resources and Electricity Market (SRRyME)

With effect from March 1, 2019 SRRyME Resolution No. 1/2019 came into force, modifying the tariffs for the activity of energy generation. In respect of thermal generation with characteristics similar to CT ADC, the Base Price for Guaranteed Availability Offered (DIGO) decreased, on average, from US$/MW 7,000 per month to US$/MW 6,250 per month; the Generated Energy, from US$/MWh 5 to US$/MWh 4, and the Operated Energy from US$/MWh 2 to US$/MWh 1.4.

Construction of the Diadema Eolic Energy Farm II

In October 2017 Capex submitted the Diadema Eolic Energy Farm II project (DEEF II) in the Program RenovAr Ronda 2.0, which was awarded. EG WIND, a subsidiary of Capex, is carrying out the project. Therefore, it signed with CAMMESA the 20-year supply agreement at a price of US$ 40.27 / MWh. The Diadema Eolic Energy Farm II has an installed capacity of 27.6 MW. EG WIND has obtained the following national tax benefits: i) offsetting income tax losses for 10 years, ii) early refund of value added tax, iii) accelerated depreciation for income tax purposes; and provincial tax benefits such as: i) exemption from stamp tax, ii) exemption from 100% of turnover tax during the first 5 years and of 50% for the following 5 years. The machinery is assembled and electromechanical and control works are currently under way. A trial run of industrial operations is scheduled for July 2019; therefore, the date of entry into the commercial phase agreed upon with CAMMESA —September 2019— is guaranteed. Total investment is expected to reach approximately US$ 34 million (excluding taxes).

Tax reform

Within the framework of the Tax Reform published in the Official Gazzette on December 27, 2017, the AFIP implemented several modifications. For the Company and its subsidiaries, the main impacts of these modifications were for income tax purposes. For example, the inflation adjustment for tax purposes is included in the determination of the taxable income, as a result of the CPI variation for the fiscal year ended on April 30, 2019 which exceeded 55%, thus generating a higher amount of tax to be paid by the Company and its subsidiaries. Should the CPI exceed 30% and 15% in the second and third years of application, respectively, a tax inflation adjustment would still be applicable.

On the other hand, the Company and its subsidiary Hychico exercised the option of performing a tax revaluation of its assets, as allowed by the Tax Reform, and the special tax payable was calculated at $ 276 million and $ 12 million, respectively; having exercised the option to perform the tax revaluation permits the companies to make future adjustments for CPI on the revalued assets, a situation that increases deductible depreciation.

Summary of profits/losses for the year

During the fiscal year commenced on May 1, 2018 and ended on April 30, 2019, Capex and its controlled companies continued to develop their business plan in the Electric Power Generation and Sale (thermal and wind) segments, Exploration, Exploitation , Production and Sale of oil and gas, Production and sale of propane, butane and gasoline, Production and sale of Oxygen and Production and sale of hydrogen through water electrolysis.

During the current fiscal year, the Company had a comprehensive result of $ 2,198.3 million (of which $ 174.5 million corresponds to the owners of the Company), which compared to the previous year, the comprehensive result of which was a profit of millions of $ 2,579.3 (of which millions of $ 2,573.3 corresponded to the owners of the Company), shows a decrease of 14.8%.

The comprehensive result of the present year is composed of a net profit of $ 1,394.0 million and other comprehensive income of $ 804.3 million, while in the previous year the comprehensive result was comprised of a net profit of million of $ 2,010.6 million and other comprehensive income gain of $ 568.7 million.

The operating income for the current year showed a profit of $ 5,312.3 million, which compared to the previous year shows an increase of 71.8%.

In the oil and gas segment, during the fiscal year ended April 30, 2018 the Company maintained the level of gas production through continued investments, principally encouraged by the incentive programs for unconventional gas and the development of higher productivity reserves in the areas ADC, Loma Negra and La Yesera. In addition, the oil and gas production of the Pampa del Castillo - La Guitarra area has been added since September 2018. To this, we must add: i) the maintenance of a price in the domestic market for oil production activity, i) the depreciation of the peso against the US dollar during the year, iii) the inclusion of foreign market prices, due to the fact that the production of oil (Escalante type) from the Pampa del Castillo area has been exported; this was partially offset by a decrease in the reference value of gas per million BTU for thermal plants in the Neuquén of Energy as from September 2018. The aforementioned points allowed the Company to obtain a 38% improvement in operating results in this segment compared to the previous year.

Regarding the energy segment, operating results increased by 130%. The maintenance programs of the Agua del Cajón Thermal Power Plant ("CT ADC") carried out by the Company since 2014 allowed it to maintain good levels of availability and generation. The remuneration schemes in force during the year, since January 2017

(Res 19 E / 2017) and as of March 2019 (Res 1/2019), established a remuneration mechanism that assesses the availability of generation units through medium-term power commitments, remunerating the available power and the energy generated, setting values in US dollars. CAMMESA has fulfilled the established payment conditions.

Regarding the renewable energy segment, the Diadema Eolic Energy Farm ("DEEF") has operated with a high efficiency (Load Factor of 50.6% in the fiscal year) and since its tariff is set in US dollars it has allowed it to obtain an increase in its operating results of 24%.

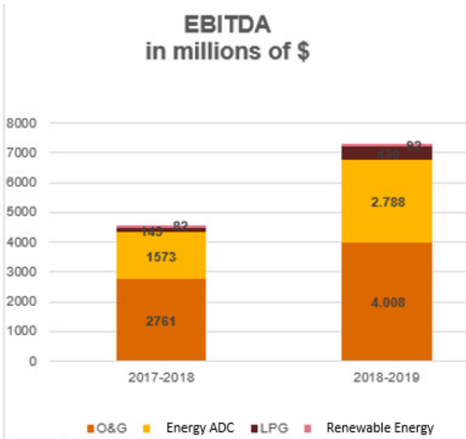
With respect to financial results, as of April 30, 2019, the price of the US dollar reached $ 44.15, an increase from the previous year's closing of 114.9%. Due to the fact that the Company is indebted in such currency, the appreciation of the dollar affects its net financial results. However, the fact that its income and most of its investment portfolio are also denominated in US dollars allows to mitigate the fluctuations of the exchange rate in the net results. Further, in accordance with the accounting standards in force, these financial statements include recognition of the effects of inflation at the beginning and end of the year; it should be noted that the variation of the Consumer Price Index over the year was 55.8%, compared with 25.5% in the prior year. This recognition of exposure to purchasing power parity is disclosed under the heading Other financial results - (RECPAM).

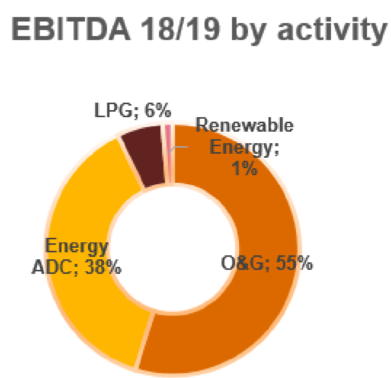
The other comprehensive income for the year ended April 30, 2019 amounted to $ 804.3 million, while in the previous fiscal year it was of $ 568.7 million, due to the Company's application since July 31, 2014, of the revaluation model for certain assets of Property, Plant and Equipment and at the end of this fiscal year it has updated the fair values of said assets.

In the fiscal year ended April 30, 2019, the Company segment with the largest contribution to EBITDA was oil and gas, because, as mentioned above, we added the production in new areas.

In thousands pesos	Historical			IAS 29	Adjusted	IAS 29	Adjusted	
	4/30/2018	4/30/2019	Var 19 vs 18	Inflation effect 2018	4/30/2018	Inflation effect 2019	4/30/2019	Var 19 vs 18
	$	$	%	$	$	$	$	%
Operating income	1,887,803	4,518,554	139%	1,204,900	3,092,703	793,750	5,312,304	72%
Depreciation of Property, plant and equipment	666,470	1,336,827	101%	800,575	1,467,045	668,577	2,005,404	37%
EBITDA	**2,554,273**	**5,855,381**	**129%**	**2,005,475**	**4,559,748**	**1,462,327**	**7,317,708**	**60%**
Minority interest SEB	-531	-2,120	299%	-2,976	-3,507	-400	-2,520	-28%
Minority interest Hychico	-7,763	-12,686	63%	-5,734	-13,497	-2,789	-15,475	15%
Minority interest EG WIND	23	67	186%	13	37	15	82	125%
Adjusted EBITDA	**2,546,003**	**5,840,643**	**129%**	**1,996,778**	**4,542,781**	**1,459,154**	**7,299,796**	**61%**

Average daily exchange rate for the year of 4/30/2018:	17.923	$/US$
Average daily exchange rate for the year of 4/30/2019:	34.597	$/US$





The Company's intention is to continue working on its integration strategy throughout the energy value chain. In line with this strategy, Capex will evaluate various hydrocarbon assets to apply the expertise gathered over the last few years and to increase its reserves and production levels.

In addition, the Company and its subsidiary Hychico continue participating in the renewable energy generation market, for which they are performing assessments and feasibility studies on potential generation projects by developing a portfolio of wind and solar projects covering different regions of the country, for the next rounds of RenovAr and the Forward Market.

Lastly, as part of its growth and diversification strategy, the Company is evaluating potential projects for thermal energy generation.

1.1 Hydrocarbons

1.1.1 Current situation

Agua del Cajón Area

Regarding the investment plan developed in this year, the Company carried out a drilling program for the development of tight gas and shale gas (unconventional) wells and the performance of certain repairs and optimizations of gas producing wells.

The main objectives of the investments made were: i) maintaining gas and oil production; ii) investigate extensions of productive areas, and iii) continuing investigating the productivity for shale gas in Los Molles Organic, with the aim of adapting the stimulation treatments and starting to design the potential future developments.

The average gas production at 9300 Kcal/m was 1.45 million m /day, while the average oil production was 120 m /day, being these production levels lower by approximately 6% in gas and 29% in oil, compared to the previous year. Regarding the average productions of propane, butane and gasoline for the year, they were 56 tn/day, 37 tn/day and 75 m /day, respectively, slightly decreasing the production level of the previous year. The total values produced in the year in the oil and gas segments were 581.6 MMm and 43.7 Mm , respectively, while the total productions of propane, butane and gasoline were 20.5 Mtn, 13.6 Mtn and 27.3 Mm , respectively.

The estimate of hydrocarbon reserves of Agua del Cajón area as of December 31, 2018 was certified by the independent auditor, Héctor Alberto López, according to the requirements established in Res. SEN 324/06 and having as concession expiration horizon January 2052:

Products		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm3 (1)	4,126	1,208	5,334	797	653	15,315
Oil	Mbbl	1,774	1,094	2,868	1,730	1,736	3,730
	Mm3	282	174	456	275	276	593

(1) Expressed at 9,300 Kcal/m^3

It should be noted that during this year the reserves of oil and gas increased by 16% and 11%, respectively. The current lower price of gas considered for the projections makes it less convenient to drill certain wells, (with the consequent reduction of condensed gas).

On January 31, 2018, the Company submitted an application for accession to the Undersecretariat of Exploration and Production under the Ministry of Energy and Mining for the Agua del Cajón Concession to the Program to Encourage Investment in Development of Natural Gas Production from Non-Conventional Reservoirs - Res 419-E / 2017, prior approval by the Provincial Implementation Authority of an investment plan for millions of US$ 101.5 up to the year 2021, which will enable the development of the production of natural gas from unconventional reservoirs. Said program was approved on June 4, 2018. The Company has complied with the requirement of reaching an average annual production of 500,000 m3/day during 12 consecutive months, before December 31, 2019, and it has recorded $ 775.2 million in relation to the Program incentives under the heading Sales, which have been effectively collected within the timeframe of the Program.

In the course of the fiscal year, the Energy Secretariat changed the criterion for recognition of this compensation, which would not subsequently reach the total amount of gas produced under the Program, but only, at a maximum, the monthly projection of Production Included reported by the Company in its request for joining the Program, known as "Original Curve". The Company has filed an Administrative Appeal which, if favorable, would imply revenue recognition for an additional $ 96 million at April 30, 2019.

During the fiscal year ended April 30, 2019, the Company has allocated most part of its gas production to electric power generation through the ADC CT.

Loma Negra and La Yesera areas

Loma Negra

Capex operates the Rio Negro Norte Concession since December 1, 2017. The area is located in the province of Río Negro, with the concession end date being December 24, 2024. The participations on the area are the following:

Partners	Participation
Capex S.A.	37.50%
YPF S.A.	35.00%
Corporación Financiera Internacional	15.00%
Metro Holding S.A.	12.50%

The area has several fields (Loma Negra, El Látigo Occidental, Cerro Solo, Anticlinal de María, Anticlinal Viejo, Anticlinal de María Occidental and Loma de María) in production or temporarily inactive, with 130 wells drilled, 29 of which are currently active (21 producing wells and 8 injection wells). The average production in April 2019 was 183 m3/day of oil and 604 Mm3/day of gas, while in April 2018 it was 66 m3/day of oil and 200 Mm3/day of gas, recording a 177% increase in the production of oil and 202% for gas.

With respect to the investment plan developed this year, the Consortium implemented a program to drill for tight gas in four wells (unconventional) and a repair program of 11 producing and injection wells.

The estimation of hydrocarbon reserves in the Loma Negra area, as of December 31, 2018, was certified by the independent auditor, Héctor Alberto López, according to the requirements established in Res. SEN 324/06.

a) Until the end of the concession

Products		Reserves					Resources
		Proven			Probable	Possible	
		Developed	Non-developed	Total			
Gas	MMm³ (1)	972	6	978	238	-	766
Oil	Mbbl	1,585	327	1,912	50	-	755
	Mm³	252	52	304	8	-	120

(1) Determined at 9,300 K/Cal per m³

b) Until the End of Useful Life

Products		Reserves					Resources
		Proven			Probable	Possible	
		Developed	Developed	Total			
Gas	MMm³ (1)	1,603	8	1,611	403	-	1,400
Oil	Mbbl	3,239	377	3,616	75	-	968
	Mm³	515	60	575	12	-	154

(1) Determined at 9,300 K/Cal per m³

During this year, oil proven reserves remained at the same levels as the previous year, while gas proven reserves decreased 35%. This decrease is mainly due to a lower gas price and the upcoming date of the end of the concession, so the reserves were reclassified as C1 contingent resources.

La Yesera

Capex is the operator of the Lote IV La Yesera Concession since December 1, 2017. The area is located in the province of Río Negro. The end date of the concession is June 3, 2027.

The participations are the following:

Partners	Participation
Capex S.A.	18.75%
YPF S.A.	35.00%
Corporación Financiera Internacional	15.00%
Metro Holding S.A.	12.50%
San Jorge Energy S.A.	18.75%

The field has 4 wells drilled, of which one is currently in production of oil and associated gas and the other produces intermittently. The average production in the month of April 2019 was 92 Mm3/day of oil and 65 Mm3/day of gas, while in the month of April 2018 it was 96 m3/day of oil and 38 Mm3/day of gas, showing a 4% decrease in oil production and a 71% increase in gas production. During this year, only small maintenance tasks were carried out.

The estimate of hydrocarbon reserves in the La Yesera area as of December 31, 2018 was certified by the independent auditor, Lic. Héctor Alberto López, according to the requirements established in Res. SEN 324/06.

a) Until the end of the concession

Products		Reserves					Resources
		Proven			Probable	Possible	
		Developed	Non-developed	Total			
Gas	MMm³ [1]	235	26	261	-	-	236
Oil	Mbbl	1,145	365	1,510	-	-	3,007
	Mm³	182	58	240	-	-	478

[1] Determined at 9,300 K/Cal per m3

b) Until the End of Useful Life

Products		Reserves					Resources
		Proven			Probable	Possible	
		Developed	Non-developed	Total			
Gas	MMm³ [1]	317	33	350	-	-	364
Oil	Mbbl	1,503	465	1,968	-	-	4,691
	Mm³	239	74	313	-	-	746

[1] Determined at 9,300 K/Cal per m3

During this year, oil proven reserves decreased 8% compared to the previous year, while gas proven reserves increased 69% due to a higher increment established in the GOR (gas/oil ratio) of the well in continuous production.

Pampa del Castillo area

The Pampa del Castillo-La Guitarra area is located in the northern area of the San Jorge Gulf Basin and has an approximately surface of 121 km2. It is located about 50 km west of the city of Comodoro Rivadavia in the Province of Chubut. This concession has a single field of the same name that, operatively, was divided into three regions: Pampa Norte, Pampa Centro and Pampa Sur.

On October 3, 2017 Capex agreed with ENAP Sipetrol the terms and conditions for the acquisition of 88% of the Hydrocarbons Exploitation Concession "Pampa del Castillo - La Guitarra", for a price of US$ 33 million, which was paid in advance on July 31, 2018 for US$ 28 million, retaining US$ 5 million for contingent environmental liabilities. At the date of issue of these financial statements, the amount retained is US$ 4.6 million.

On April 13, 2018 Capex agreed with Petrominera Chubut S.E ("Petrominera") the terms and conditions for the acquisition of 7% of participation in the Hydrocarbons Exploitation Concession "Pampa del Castillo - La Guitarra". The agreed and paid purchase price amounted to US$ 6.27 million.

Capex operates the exploitation concession of the area from August 1, 2018. The concession for the area expires in 2026, with the option to extend it for 20 years if the additional stipulated investments are complied with.

Capex and Petrominera committed to make investments in the area until 2021 for US$ 108.4 million, in proportion to their interest and Capex, at its own risk, must make investments in exploration for an amount of US$ 10.6 million during the same period. Additionally, Capex and Petrominera must make additional investments for US$ 70 million until 2026 to make use of the option to continue the area exploitation until the subsequent period (year 2046).

Below is the interest of the Temporary Union of Enterprises (UTE):

Capex S.A.

Partners	Participation
Capex S.A.	95.00%
Petrominera Chubut S.E.	5.00%

The area has 560 wells in total, 317 of which are active (213 producing wells and 104 injection wells). Average production in April 2019 was 667 m3/day of oil and 15 Mm3/day of gas; at the date of taking responsibility for the operations, oil production reached 539m3/day, representing an increment of 23.7% increase.

The estimate of hydrocarbon reserves for the Pampa del Castillo-La Guitarra area at December 31, 2018 was certified by the independent auditor Ana Maria Nardone, as per the requirements of ES Resolution 324/06.

a) Until the end of the concession

Reserves							
Products		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	26	28	54	5	4	-
Oil	Mbbl	7,246	7,560	14,806	1,365	1,044	-
	Mm^3	1,152	1,202	2,354	217	166	-

(1) Expressed at 9,300 $Kcal/m^3$

b) Until the End of Useful Life

Reserves							
Products		Proven			Probable	Possible	Resource
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	51	42	93	10	8	-
Oil	Mbbl	13,995	11,554	25,549	2,761	2,050	-
	Mm^3	2,225	1,837	4,062	439	326	-

(1) Expressed at 9,300 $Kcal/m^3$

Oil proven reserves at December 31, 2018 increased 5% compared to the report submitted at December 31, 2017 by Enap-Sipetrol (previous operator).

Consolidation of Proven Reserves

In order to observe the impact of the acquisitions of the areas in the reserves chart, a comparative analysis of the Company's proven reserves was performed, taking the expiration of each concession term as horizon and the audit reserves at December 31, 2018 and 2017 as a basis. Values are shown considering the participation of Capex percentages in each area and referred to those dates.

Areas	Products		Proven	
			Total 12.31.18	Total 12.31.17
Agua del Cajón	Gas	MMm³ (1)	5,334	5,999
	Oil	Mbbl	2,868	3,403
		Mm³	456	541
Loma Negra	Gas	MMm³ (1)	367	563
	Oil	Mbbl	717	701
		Mm³	114	111
La Yesera	Gas	MMm³ (1)	49	29
	Oil	Mbbl	283	308
		Mm³	45	49
Pampa del Castillo	Gas	MMm³ (1)	51	-
	Oil	Mbbl	14,066	-
		Mm³	2,236	-
Total Agua del Cajón / Loma Negra / La Yesera / Pampa del Castillo	**Gas**	**MMm³ (1)**	**5,801**	**6,591**
	Oil	**Mbbl**	**17,934**	**4,412**
		Mm³	**2,851**	**701**

(1) Determined at 9,300 K/Cal per m3

Gas proven reserves decreased 12% as a result of the aforementioned reasons, while oil proven reserves increased 307% mainly due to the acquisition of the Pampa del Castillo area.

The information on the reserves in different areas included in this Annual Report complies with the requirements of CNV resolution No. 541 “Information about oil and gas reserves”. The Company owns reserves only in reservoirs in Argentina and its related subsidiaries have no hydrocarbon activities.

Exploration areas in Río Negro - Loma Kauffman

Having expired in May 2017 the Third Exploratory Period and after having made investments in it without having managed to discover commercially exploitable hydrocarbons, dated June 13, 2018, the Province of Río Negro definitively approved the reversion of the Area of Loma de Kauffman.

1.1.2 Future prospects

During the next fiscal year, the Company will:

- in the **Agua del Cajón area** continue with the development plan called “conventional” that includes an advanced well drilling and development plan for conventional gas and “tight gas sand” and a plan for repairs and optimizations of oil and gas wells.

The Company will continue focusing its resources on the development of new conventional and unconventional reserves. The replacement of reserves in the short term will be based on the exploration and development of conventional reserves and tight gas sand projects. With regard to the development of shale resources (schist of slate rock), the Company will continue working on its technical-economic viability before embarking on any development project.

- In the **Loma Negra area** drill one advanced well and two development producing oil wells. Additionally, the repair of oil wells and conversion of producing wells into injection wells is expected. Regarding surface works, the Loma de Maria battery will be expanded to increase the gas production capacity to 1 MM m3/d.

- In the **La Yesera area**, drill 1 development well (Side-Track to well LY-1) and install a battery in order to continue the development program of this area. The Consortium will focus on the development of oil reserves in deep targets.

-In the **Pampa del Castillo** area the drilling of advanced/exploration wells and primary/secondary development producing wells, a repair program for oil producing wells and the adaptation of secondary recovery facilities in batteries and plants.

As part of the growth strategy, the Company will continue evaluating potential acquisitions of hydrocarbon assets that will increase production levels and reserves.

1.2 Electric Energy

1.2.1 Current situation

Capex obtained in January 2014 a financing program for major and extraordinary maintenance of CT ADC, granted by CAMMESA for approximately US$ 31 million, which was extended by US$ 20 million in the subsequent year. The Company carried out the maintenance in accordance with the program, both those of open-cycle turbines and of its combined cycle, ending with them in the month of September of 2017. Having carried out said maintenance program allowed it to maintain good levels of availability and generation during the year and compromising its availability in the long term.

This financing was offset by the Company with the “Remuneration for non-recurring maintenance” established by ES Resolution No. 529/14 and its amendments and against the credit balance for “Additional remuneration -

Trust fund”. As from the passing of SRRyME Resolution No. 1/2019, repayment or refund are made by deducting up an amount equivalent to the maximum between US$ 1 MW /h generated and US$ 700 MW/h, from the monthly payment, until full repayment of the financing. The outstanding balance corresponding to this financing at April 30, 2019 amounts to $ 66 million.

The Company continued carrying out the technical maintenance required to comply with the power guarantee availability (DIGO) commitments.

During the year the CT ADC has operated with gas from the field, to which the gas addressed by CAMMESA and gas purchased from third parties (from November / 18) was added. The gross electric power generation of the current year was 4,784 GWh, increasing the generation level by approximately 11% compared to the previous year.

1.2.2 Future prospects

As part of its diversification and growth strategy, the Company is evaluating potential thermal energy generation projects in different regions of the country.

1.3 Renewable Energy

1.3.1 Current situation

In the segment of renewable energy, through the subsidiary Hychico, Diadema eolic energy farm has operated with high efficiency by delivering the energy generated in Diadema Argentina to the national grid. The average capacity ratios with which the DEEF has been operating in the past seven fiscal years are among the highest standards in the industry.

Item/Year	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Energy in MWh	27,492.5	28,849.2	28,083.7	25,506.6	22,969.1	29,060.5	27,939.65
FC	49.8%	52.3%	50.9%	46.1%	41.6%	57.5%	50.6%

FC = (actual energy produced / energy produced if working all the time at nominal power).

In tax matters, in October 2015, the Provincial Agency for the Promotion of Renewable Energy of the Province of Chubut resolved to grant Hychico for DEEF, a 100% exemption from the payment of turnover tax during the first five years counted as from its granting and of 50% as from the sixth year and until the tenth year inclusive.

Under the same legal framework, the Agency granted "tax stability" in the province for a term of 15 years, this being understood as the impossibility of affecting the activity with a higher total tax burden, as a result of increases of the same.

Furthermore, the Company presented the Diadema II Wind Farm project (DEEF II) in the RenovAr Program – Round 2 and it was approved on December 19, 2017 through ES Resolution No. 488/2017 from the Ministry Energy. It is carried out through its subsidiary E G WIND S.A. On June 4, 2018 E G WIND entered into an agreement with CAMMESA for the construction, start-up and supply of renewable energy for a maximum power of 27.6MW at a price of US$ 40.27 MWh, for a period of 20 years from the date of the commercial operation, including E G WIND's obligation to build the DEEF II.

The Diadema II Wind Farm is located in the city of Comodoro Rivadavia, Province of Chubut, and comprises 9 wind energy converters model ENERCON E-44 with a nominal power of 3.07 MW (megawatt) each, adding up to a total installed power of 27.6 MW. The machinery is assembled and electromechanical and control works are currently under way. A trial run of industrial operations is scheduled for July 2019; therefore, the date of entry into the commercial phase agreed upon with CAMMESA —September 2019— is guaranteed. Total investment is expected to reach approximately US$ 34 million (excluding taxes).

Within the framework of Law 26190 and 27191, EG WIND obtained the following national tax benefits comprised in the RenovAr program - Round 2: i) offsetting income tax losses for 10 years, ii) early refund of value added tax, iii) accelerated depreciation for income tax purposes; and provincial tax benefits in Chubut within the framework of the Regime for Promotion of Renewable Sources of Energy, Law XVII - No. 95 and Decree No. 1114/11, i.e: i) exemption from stamp tax, ii) exemption of 100 % of the turnover tax generated by the development of the activities during the first 5 years from the start of commercial operation and of 50% for the following 5 years.

Furthermore, Hychico continued with the operation of the Hydrogen and Oxygen Plant, by studying and gaining experience in the production and storage of hydrogen, working with worldwide leader strategic partners and in projects such as:

Storage of Renewable Energy through Hydrogen: There are several technologies for energy storage. According to the Fraunhofer institute in Germany, for high levels of power, energy and accumulation times, the options covering a wider spectrum are those of hydrogen and synthetic methane. Hychico projects involve both types of technologies.

Given the proximity of the Hydrogen Plant to some "depleted" reservoirs of oil and gas, in 2010 Hychico initiated a series of geological studies and surveys of facilities in order to analyze the feasibility of underground hydrogen storage in one of those reservoirs. The objective of the pilot project was to test reservoir capacity, watertightness and behavior of the reservoir to gain experience in large-scale hydrogen storage. One possible application is the use of mixtures of hydrogen with natural gas as fuel to power an equipment of between 10 and 30 MW and to supply electric energy to the MEM at times of peak demand.

For this pilot project, Hychico submitted the corresponding Environmental Impact Study and held a public hearing coordinated by the Ministry of Environment and Control of Sustainable Development of the Province of Chubut, achieving its approval in May 2014. Thus, in 2015 a pipeline of 2.3 km was built linking the Hydrogen Plant with towards the production of "Green Methane": a possible application of stored hydrogen in underground form is the use of the microbial action present in the reservoirs that could combine the hydrogen with the carbon dioxide contained or injected in the formation to finally obtain methane. The advantages of this process would be the large volumes involved as well as taking advantage of natural geothermal energy. Methane, the main component of natural gas, could be used directly in applications such as turbine fuel, GNC, heating, etc., using the currently available natural gas infrastructure.

Through a scientific-technological collaboration agreement, the renowned Institute of Geological and Mining Research of France, BRGM -www.brgm.fr- was selected to provide advice to Hychico in the plan under analysis.

This project includes the biological characterization of the site, the identification and the optimization of parameters. Its objective is to model the behavior of the reservoir to provide a feasibility study of "green methane" production by mid 2019.

The results obtained up to the present in the Hydrogen and "Green Methane" underground storage projects have been selected to be exhibited in the last two World Hydrogen Energy Conferences (World Hydrogen Energy Conference 2016 and 2018 -www.whec2018.com-) that were developed in Spain and Brazil, respectively.

Preliminary tests in the BRGM laboratories show that the type of microorganisms in the reservoir and the physicochemical conditions of the reservoir allow the natural processes of methanogenesis to be carried out, transforming mixtures of hydrogen and carbon dioxide into methane. Field tests began in early 2019 and the final results will be in mid-2019.

In a national context where the significant increase in gas production (Vaca Muerta – Unconventional) generates a reduction in its price to values lower than US $ 3 / MMBTU, the probability of a “green” methane market is drastically reduced. This causes future actions and developments linked to these types of projects to be suspended. The experience developed by Hychico in this project could open in other countries the possibility of developing projects in markets with a shortage of natural gas or with sustainability objectives that condition them.

1.3.2 Future prospects

Hychico will continue operating the Diadema Wind Farm and the Hydrogen and Oxygen Plant and assessing the possibility of exporting hydrogen in the medium term and other uses of hydrogen such as pilot projects on mobility at local and regional levels. The entry into commercial operations of the new Diadema II Wind Farm, as mentioned above, is expected prior to September 2019, thus guaranteeing the terms accepted by CAMMESA.

Capex and its subsidiareis long-term objectives are focused on supplying future regional and international markets with "green hydrogen" produced from renewable energies, and the development of wind and photovoltaic parks to satisfy the national electricity demand with renewable energy generating plants free of greenhouse gas emissions.

<u>Participation in future Rounds for the RenovAR Program and Forward Market (MATER)</u>

It is the Government's intention, through the Ministry of Energy and Mining, to perform several calls for the RenovAr Program with the aim of obtaining offers of renewable energy sources necessary to fulfill the goals of Law No. 27191. An electricity Forward Market has been set as from renewable sources (MATER) which allows the purchase/sale between private parties. This last modality will mature according to the economic context of the country and the signals of the electricity tariff in the medium and long term. It is the intention of Capex and its subsidiary Hychico, to be active participants in the renewable energy generation market, for which they are carrying out evaluations and feasibility studies to develop projects, both destined for direct supply with private companies, and within future public programs. For this, a portfolio of wind and solar projects covering different regions of the country is being developed.

2. Historical review

Capex was incorporated in 1988 to carry out oil and gas exploration in Argentina. This activity was performed through the acquisition/exploration of several areas (ADC, Senillosa, Villa Regina, Lago Pellegrini, Cerro Chato, Loma Kauffman and recently Loma Negra, La Yesera and Pampa del Castillo). Subsequently, Capex expanded its operations to include electricity generation , to become an integrated energy company. As a result, from 1993 to 2000 Capex developed a 672-MW combined cycle thermal station and an LPG plant on the ADC field, which allowed the business to vertically integrate operations. In addition, through its subsidiary Hychico, Capex started to diversify into the field of renewable energies, including the generation of wind power and the production of oxygen and hydrogen.

2.1. Hydrocarbons

Capex was established in 1988 to carry out oil and gas exploration in Argentina. As a first step, in 1989 the Company purchased from Compañías Asociadas Petroleras Sociedad Anónima a 20% interest in the consortium awardee of the Rawson Marina area, tendered in 1985 in the first round of the “Houston Plan” tenders. In addition, it acquired a 5% share in a consortium that purchased the exploration rights to the Tostado area, in the third round of “Houston Plan” tenders. These areas were abandoned in 1990 and 1991, respectively, after prospecting work indicated the inexistence of commercially-developable oil and gas reserves.

Agua del Cajón area

In January 1991, the Company, having paid US$ 26 million, acquired 100% of the rights to the Agua del Cajón area which the Argentine Energy Secretariat, awarded under concession to the Company for 25 years, with a possibility to extend it for an additional 10 years.

The Agua del Cajon area is located in the neuquina basin, in the southeastern region of the province of Neuquén. As result of an intensive exploratory work, it was indentified that most of the reserves were located in two fields in the area (El Salitral and Agua del Cajón), where, lastly, exploitation tasks were intensified.

The increase in production achieved by the Company since it took over the operation of the Agua del Cajón area is worth mentioning. Gas production totaled 87 thousand m^3/day and oil production reached 35 m^3/day when the Company began. Since the takeover to date, gas and oil production exceeded 3 million m^3/day and 200 $m^{3/}$day, respectively. This increase was mainly driven by putting new formations into production, the optimization of oil recovery systems, increased efficiency in field operation, and the oil uptake associated with gas production and gas processing at the gas separation plant. As a result of the prospecting and development efforts in the area, significant reserves of natural gas and oil were identified and added. The accumulated productions of gas and oil reached 20.1 billion of m^3 and 2.9 million m^3, respectively, at April 30, 2019.

Through Decree 822/08 issued by the Province of Neuquén, the State Secretariat for Natural Resources in its capacity as Enforcement Authority was authorized - under the framework of Law 17319, Law 26197 and the national and provincial legislation in force governing the matter – to renegotiate extension of the concession. Subsequently, Provincial Law 2615 was enacted which approved the basic parameters and conditions for the renegotiation of the provincial areas. As a result of this process, in April 2009 a Memorandum of Agreement was executed through which the Province of Neuquén granted the Company an extension over the original term of the concession for the Agua del Cajón Area for an additional 10 years, in other words, expiring on January 11, 2026. On May 8, 2009, the Province of Neuquén issued Decree 773/09, which definitively approved the agreement.

The extension of the original concession term for the Agua del Cajón area for an additional 10 years, implied the following commitments from the Company:

- Fee: Payment to the Province of Neuquén of a concession fee of US$ 17 million.

- Investment and disbursement work plan: This involves an estimated total of US$ 144 million until the end of the concession. At the date of issuance of these financial statements, the Company complied with all the investment amounts committed.

- Extraordinary production fee: Since June 2009, the Company has paid the corresponding concession fees to the Province of Neuquén at a 15% rate, with the addition of a 3% rate for this concept.

- Extraordinary income: Involves paying an additional percentage of an extraordinary fee that varies between 1% and 3 % depending upon the behavior of the price of crude oil and natural gas, in relation to a reference price scale.

In April 2017, by means of Decree No. 556/17, the Executive Power of the Province of Neuquén granted the Company a non-conventional hydrocarbon exploitation concession for a term of 35 years over the entire Agua del Cajón Area. This concession will end in the year 2052 and, as a condition for its granting, the Company undertook to carry out an investment program for US$ 126.0 million, to be carried out for a period of five years as from January 1, 2017. As of April 30, 2019, the total investment made was US$ 129.3 million exceeding the investment committed two years earlier than stipulated.

Likewise, as part of the terms and conditions for granting the non-conventional exploitation concession, the Company paid the following amounts to the Province of Neuquén: (i) US$ 4.97 million as a conventional exploitation bond under the article 58 bis, second paragraph, of Law 17,319; (ii) US$ 3.1 million in contributions for corporate social responsibility; and (iii) US$ 0.882 million in stamp tax due to the signing of the investment agreement with the Province. By virtue of the payment of the bond mentioned in (i), the Company also maintains the right to conventionally exploit the area until the end of the non-conventional concession.

Under the agreement signed with the Neuquén Province, the Company pays the following royalties: (a) on the production from all completed and finished wells, except for those with production from unconventional reservoirs, such as shale gas, shale oil or schist of slate rock, the percentages paid under the Memorandum of Understanding shall be paid from April 13, 2009 to January 11, 2026, date as from which the maximum royalty payment of 18% shall be made, as set forth in Section 59 of Law 17319; and (b) royalties of 12% shall be paid on the production from wells completed and finished as from the grant of the unconventional hydrocarbon exploitation concession, with production from the unconventional shale gas, shale oil, or schist of slate rock reservoirs.

ADC					
	04/30/2019	**04/30/2018**	**04/30/2017**	**04/30/2016**	**04/30/2015**
Oil production in bbl	274,775	337,305	298,093	262,556	224,062
Oil production in m^3	43,686	53,627	47,393	41,743	35,623
Gas production (Thousands of m^3)	527,704	540,848	566,840	558,002	553,307

Senillosa area

In October 1991, the Company acquired 100% of the exploration rights in the Senillosa area, having paid thousands of US $ 315.2. In October 2005 the Senillosa area was returned to the Province of Neuquén.

Exploration areas in the province of Río Negro

During 2007 and 2008, Capex acquired exploration permits for 4 areas that were directly tendered by the Province of Río Negro (Villa Regina, Lago Pellegrini, Cerro Chato and Loma de Kauffman). From 2012 to 2017, exploratory studies were conducted and wells were drilled; most of them proved to be unproductive wells and others produce gas, with low productivity. The Company complied with the investment commitments and carried out the reversion of the areas, approved by the province of Río Negro.

Loma Negra and La Yesera areas

On October 31, 2017, Capex S.A. acquired the participation from Chevron Argentina S.R.L. of 37.5% of the concession of hydrocarbon exploitation “Loma Negra”, and 18.75% of the concession of hydrocarbon exploitation “La Yesera”, located in the province of Río Negro. The agreed price was US$ 25,200 millions which, net of adjustments set forth in the purchase agreement, amounted to a total purchase price of US$ 24,7 millions (including taxes). As of the date of these financial statements, the Company has paid the entire agreed price. Capex has been designated operator of both areas.

The partners that make up the consortia are: Capex, YPF, Metroholding, IFC and San Jorge (see note 1.1.1.)

Loma Negra (100% de Producción)					
	30/04/2019	30/04/2018	30/04/2017	30/04/2016	30/04/2015
Producción petróleo en bbl	268.616	72.768	-	-	-
Producción petróleo en m3	42.707	11.569	-	-	-
Producción gas (Miles de m3)	133.114	40.010	-	-	-

La Yesesa (100% de Producción)					
	30/04/2019	30/04/2018	30/04/2017	30/04/2016	30/04/2015
Producción petróleo en bbl	221.070	111.653	-	-	-
Producción petróleo en m3	35.147	17.751	-	-	-
Producción gas (Miles de m3)	21.148	8.003	-	-	-

(1) It corresponds to the production of the period November 2017 to April 2018.

Pampa del Castillo – La Guitarra area

On October 3, 2017, the Company agreed with ENAP SIPETROL ARGENTINA S.A the terms and conditions for the acquisition of 88% of the Concession of Exploitation “Pampa del Castillo - La Guitarra”, for an amount of US$ 33 million, which was paid in advance on July 31, 2018 for US $ 28 million, withholding US $ 5 million for contingent environmental liabilities. At the date of issue of these financial statements, the amount withheld is US$ 4.6 million.

On 13 April 2018 Capex agreed with Petrominera Chubut S.E. (“Petrominera”) the terms and conditions for the acquisition of the 7% of the participation in the Concession of Exploitation “Pampa del Castillo - La Guitarra”. The agreed purchase price paid was US$ 6.27 million.

The Pampa del Castillo-La Guitarra area, located in the northern region of the San Jorge Gulf basin, in the Province of Chubut, has an approximate surface area of 121 km2.

Capex is the operator of the Concession for the exploitation of the area since August 1, 2018. The term of the concession of the area expires in 2026 with the option to extend it for an additional 20 years if additional stipulated investments are met.

Capex and Petrominera committed to make investments in the area until 2021 for US$ 108.4 million, in proportion to their interest and Capex, at its own risk, must make investments in exploration for an amount of US$ 10.6 million during the same period. Additionally, Capex and Petrominera must make additional investments for US$ 70 million until 2026 to make use of the option to continue the area exploitation until the subsequent period (year 2046).

Below is the interest of the Temporary Union of Enterprises (UTE):

Partners	Participation
Capex S.A.	95.00%
Petrominera Chubut S.E.	5.00%

Pampa de Castillo (100% de Producción)					
	30/04/2019	30/04/2018	30/04/2017	30/04/2016	30/04/2015
Producción petróleo en bbl	1.042.083		-	-	-
Producción petróleo en m3	165.678		-	-	-
Producción gas (Miles de m3)			-	-	-

Corresponds to production for the period August 2018 to April 2019.

2.2 Electric energy

The main strategy in the Agua del Cajón area has been the vertical integration, capitalizing all the value added from the extraction of gas and its related liquefied products to its transformation and sale as electric power. This vertical integration, added to the installed technology and efficient operation, has permitted to reach competitive advantages in the energy sector, and mitigated in part the difficulties experienced by that market.

With the incorporation of new gas reserves in the Agua del Cajón area, the Company began to consider alternative industrial uses for its gas production. The limited capacity for electric power generation in Argentina and the incipient deregulation of the electricity sector in the early 90s offered a good opportunity for adding value to the gas business and creating an additional market.

After the completion of feasibility studies and the analysis of alternative projects (largely the construction of additional gas pipelines and treatment facilities) that would enable the Company to develop and sell its natural gas reserves, the Company decided to build a gas-fired electric power generation plant.

The development of CT ADC to its current generating capacity was achieved in four stages: stage I, with the addition of two turbine generators with a capacity of 93 MW, and put into service in December 1993; stage II, in October 1994, which added three turbine generators with a nominal total capacity of 144 MW; in August 1995 Stage III came into operation with an additional 134 MW turbine, completing the development of the power station as an open cycle plant with a nominal total capacity of 371 MW.

To advantageously use the hot exhaust gases, the Company embarked on the conversion of the power station to combined cycle operation (stage IV). Definitive start-up took place in January 2000. Combined cycle operation recovers the exhaust gases using a recovery boiler. These boilers have supplementary fire, which increases the amount of steam produced and allows generating additional energy compared to the energy obtained only with exhaust gases. The combined cycle operation significantly increases efficiency while the operation with supplementary fire allows us to have flexibility to increase the generation of energy. With the completion of the four stages for the development of the Plant, total nominal generation capacity reached 672 MW (ISO).

In order to connect the CT ADC to the National Grid (SIN), three 132kW high-voltage lines were built covering a distance of 111 km, with Arroyito and Chocón Oeste being the interconnection points. Due to the operating requirements of the combined cycle, an additional 500kW high-voltage line was built, with a connection point at Chocón Oeste, thus achieving high reliability and flexibility in power delivery.

	18-19	17-18	16-17	15-16	14-15
Generated Power MWh	4,784,000	4,325,000	4,344,000	3,683,000	3,636,000
Nominal Power MWh	5,886,720	5,886,720	5,886,720	5,886,720	5,886,720
Charge factor	**81.3%**	**73.5%**	**73.8%**	**62.6%**	**61.8%**

2.3 LPG

The turboexpander plant started operating in 1998. The Company processes its rich-in-liquefiable-components gas at an LPG Plant owned by Servicios Buproneu S.A., subsidiary of Capex, From this processing of rich gas it obtains propane, butane and stripped gasoline. Propane and butane are sold by the Company separately, and the stripped gasoline is sold together with its crude oil, while the remaining gas is used as fuel for the generation of electricity. The efficiency levels of this plant are high and exceed 99%.

2.4 Renewable Energy

With the strategic vision of sustainable development and environmental preservation, the Company started the activity in relation to renewable energies by means of its subsidiary Hychico S.A. and subsequently also through its subsidiary E G WIND S.A.

As from the start of Hychico's activities, in 2006, two new projects related to the installation of a wind farm that supplied wind energy to the national interconnected system (DEEF) and the design and commissioning of a production plant were worked on of hydrogen from the electrolysis of water, both located in the Argentine Patagonia. Subsequently, in 2017, the development of a second wind farm began (DEEF II).

Diadema Eolic Energy Farm I

The Argentine Patagonia, due to the abundance of wind resources in particular, and other factors including a large expanse of available land with low population density, qualified workers and a road infrastructure, amply qualifies for the installation of eolic energy farms that will allow the start of large-scale projects in the medium term for the production of energy free from greenhouse gas emissions.

Based on a long-term vision, and on the importance to gain operating experience in the development and operation of wind farms, Hychico has defined the execution of a project in the Patagonia. Thus, an eolic energy farm was built which is composed of 7 aerogenerators with a generation capacity of 6.3 MW, each of them interconnected with the national grid. The Diadema Eolic Energy Farm (DEEF) was put into commercial operation in December 2011. In March 2012, Hychico and Cammesa entered into a WEM Supply Contract with Renewable Sources of Energy for the commercialization of energy generated by DEEF, under ES Resolution 108/11 at a price of 115.9 US$/MWh.

The term of the contract is 15 years from the first day of the month following the date of signature thereof and may be extended by the SE up to 18 months unless the company delivers the contracted energy in a shorter period.

In its economic and financial analysis, Hychico has considered the rate of return from the DEEF and the obtainment of greenhouse gases emission reduction certificates (GGAC) in the framework of the Clean Development Mechanism (CDM). To this end, Hychico has written the Project Design Document (PDD) and submitted it to the Argentine Office of the Clean Development Mechanism (OAMDL for its Spanish acronym), having obtained approval from this organism with retroactive effects to July 2012. The next step comprises verification by the organism of the greenhouse gases emission reduction and subsequent issue of the corresponding certificates, which would be sold by Hychico. Considering the current market for trading carbon bonds and the recent international negotiations on this matter, we expect that commitments will be assumed in the next Conferences of the Parties (COP), to be able to trade the certificates obtained until that moment.

Diadema Eolic Energy Farm II

Furthermore, the Company presented the Diadema II Wind Farm project (DEEF II) in the RenovAr Program – Round 2 and it was approved on December 19, 2017 through ES Resolution No. 488/2017 from the Ministry Energy. It is carried out through its subsidiary E G WIND S.A. On June 4, 2018 E G WIND entered into an agreement with CAMMESA for the construction, start-up and supply of renewable energy for a maximum power of 27.6MW at a price of US$ 40.27 MWh, for a period of 20 years from the date of the commercial operation, including E G WIND's obligation to build the DEEF II.

The Diadema II Wind Farm is located in the city of Comodoro Rivadavia, Province of Chubut, and comprises 9 wind energy converters model ENERCON E-44 with a nominal power of 3.07 MW (megawatt) each, adding up to a total installed power of 27.6 MW. The machinery is assembled and electromechanical and control works are currently under way. A trial run of industrial operations is scheduled for July 2019; therefore, the date of entry into the commercial phase agreed upon with CAMMESA —September 2019— is guaranteed. Total investment is expected to reach approximately US$ 34 million (excluding taxes).

Hydrogen and Oxygen Plant

The hydrogen and oxygen plant has two electrolyzers of 325 KW (kilowatts) each, with a production capacity of 60 Nm3/h (normal cubic meters per hour) for hydrogen and 30 m3/h for oxygen, an oxygen compressor, a gas engine generator with total installed power of 1.4 MW, hydrogen and oxygen storage systems and auxiliary systems. The plant has been operational since May 2010. Hydrogen is used for generating electric power by an air gas combination and the oxygen is used for the industrial gas market of the region.

It is worth mentioning that the purity of hydrogen produced makes it especially suitable for use in fuel cells. It should be noted that the proportions reached of up to 42% hydrogen mixture are above the usual international ranges for these high horsepower engines, achieving good performances in terms of yields and reducing emissions of greenhouse gases.

The oxygen produced, also high purity (99.998%), is marketed to high pressure in the market for industrial gases.

The Plant was built in 11,000 m2 and is divided into different areas: control, processes and auxiliary systems.

3. Macroeconomic context

Ever since the new administration took office in 2015, the Government economic plan, in general terms, has consisted in stabilizing the macro-fiscal situation and adapting regulations for economic activity to create conditions favorable to sustainable growth driven by private investment.

Due to the external international financial issues and the subsequent domestic currency and tax crisis, 2018 experienced a sharp increase in inflation and a strong contraction of consumption. As a consequence, 2018 ended with a 2.5% GDP fall.

The National Cost of Living Index published by the National Institute of Statistics and Census (INDEC) showed a 47.6% variation in 2018. The most significant variations were recorded in the areas of transport (+66.8%), communications (+55.3%) and basic goods and services (+53.2%). The less affected sectors were alcoholic beverages and tobacco (+28.3%), education (+32.1%) and clothing and footwear (+33.1%). In addition, salaries measured by the Workers' Average Taxable Remuneration Registry (RIPTE, its acronym in Spanish) had a 29% year-on-year increase at November 2018 compared to the same month of 2017.

The non-financial public sector had in the year 2018 a total primary deficit (after interest payments on debt) in relation to GDP of approximately 2.5% and 5.3%, respectively. Annual variation in total tax revenue measured in $ according to AFIP statistics ended 2018 with an increase of 30.7%, as compared with 2017. Primary expenses recorded by the National Treasury in 2018 varied 22.4% year-on-year.

The wholesale exchange rate for the US dollar (as per BCRA Resolution A3500) closed at $37.81/US$ as of December 31, 2018, with an accumulated increase of 101.4% as against 2017, and an average year-on-year variation of 69.6%. The Central Bank's international reserves totaled US$ 65.8 billion at the year-end, with an increase of US$ 10.7 billion, compared to the level attained in 2017. The monetary base was worth $ 1,409 billion, showing an increase of 40.7% at the end of 2018, compared to 2017. Furthermore, the stock of bills issued by the Central Bank ended 2018 with a dollar equivalent of 19.4 billion, showing a year-on-year contraction of 69%.

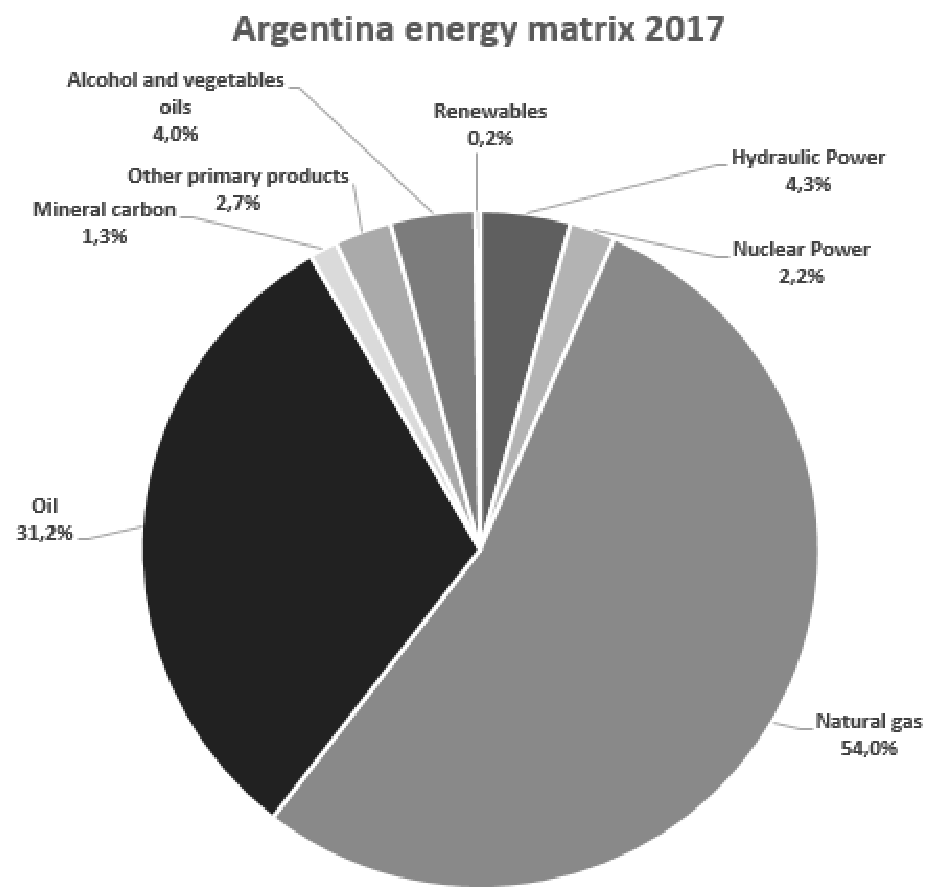
The start of 2019 was positive. The monthly indicator of economic activity (EMAE), which had fallen 1.9% in November 2018, rose by 0.3% in December 2018 and again by 0.7% in January 2019, but remained stable in February 2019 (0.0%). It contracted by 1.4% in March 2019, due to a jump in the exchange rate. Thus, EMAE fell 0.2% in the first quarter of 2019 and 5.8% year-on-year. The rate of inflation has started to decrease. It peaked at 4.7% in March 2019 and then fell to 3.4% in April 2019 and 3.1% in May 2019.

4. Argentine Energy Market

Argentine Energy Matrix

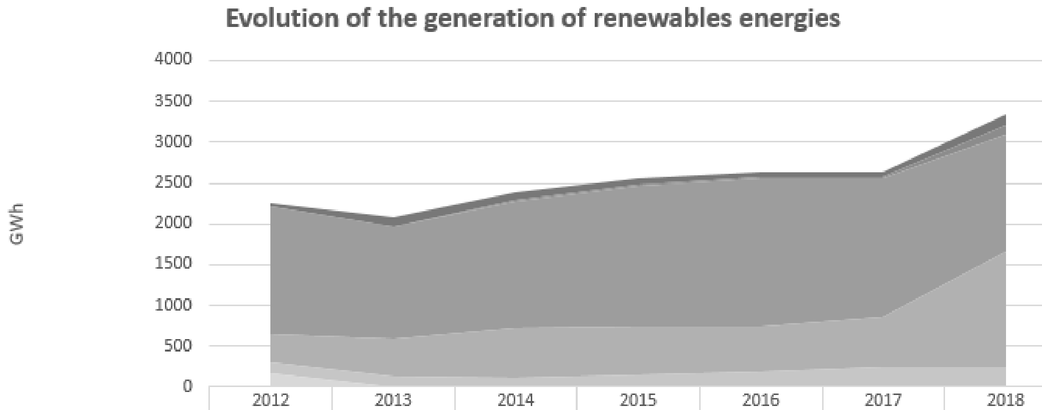
Natural gas and oil are the energy resources with greater share in the national energy matrix.

The following graphic shows the participations at December 31, 2017, since no official data are available as of December 31, 2018:



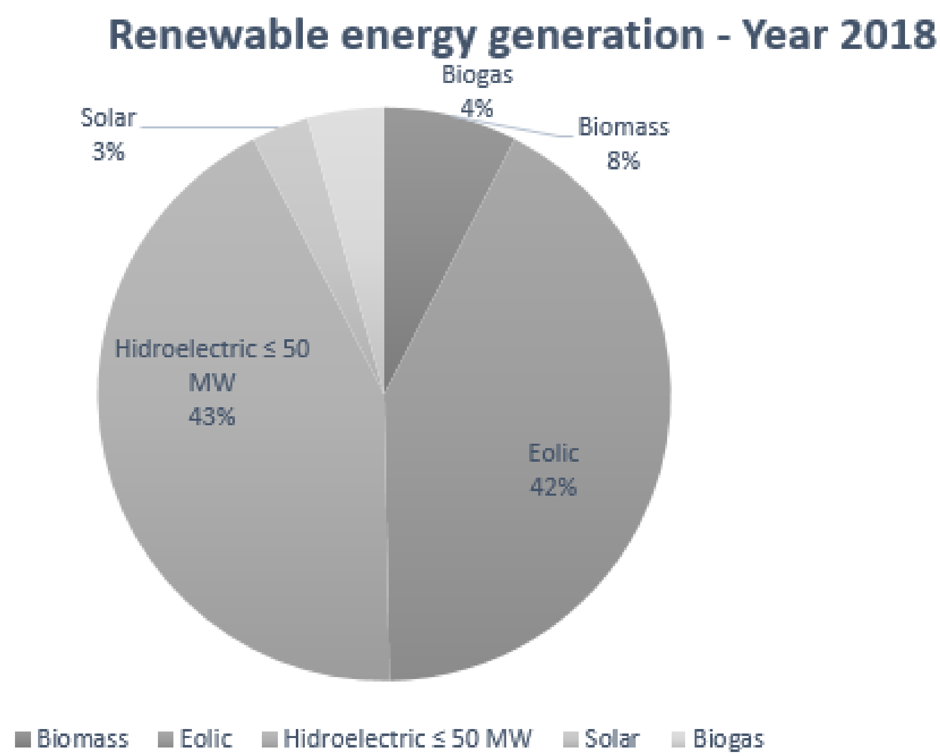
Source: Secretaría de Gobierno (SGE)

2.4% of the energy matrix of the country corresponds to the generation of renewable energy (including the run-on-the-river power generation lower or equal to 50MW). The following tables show the changes over the last 7 years and its breakdown in the year 2018:



	2012	2013	2014	2015	2016	2017	2018
Biogas	36	108	103	84	58	64	145
Solar	8	15	16	15	14	16	108
Hidroelectric ≤ 50 MW	1566	1376	1543	1713	1820	1696	1432
Eolic	348	447	613	593	547	616	1413
Biomass	127	134	114	155	193	243	252
Biodiesel	170	2	0	0	1	0	0

Source: SGE



Source: SGE

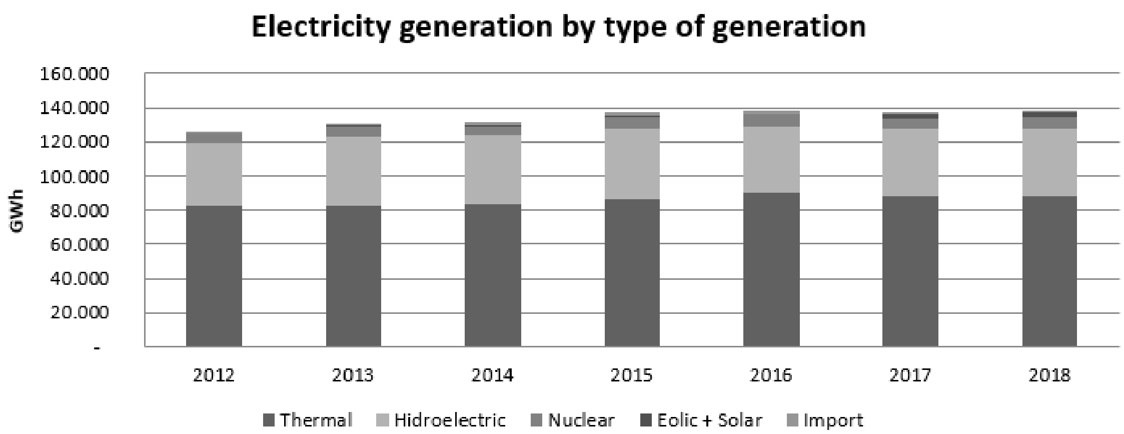
4.1 Electric Market

In the year 2018, the energy generated in Argentina increased by 0.77%, reaching a volume of electricity generated of 137,481 GWh compared with the 136,436 GWh generated in 2017.

The thermal generation continued to be the main resource for supplying demand, contributing to an energy volume of 87,725 GWh (63.8%), followed by the hydroelectric power generation which contributed 39,953 GWh (29.1%), nuclear with 6,453 GWh (4.7%) and photovoltaic and eolic energy with 3,350 GWh (2.4%).

Thermal generation in the year 2018 was 1% lower than that recorded in the year 2017, while the hydroelectric and nuclear energy recorded an increase of 1% and 13%, respectively. Imports were also recorded for 344 GWh (53% lower as compared with 2017).

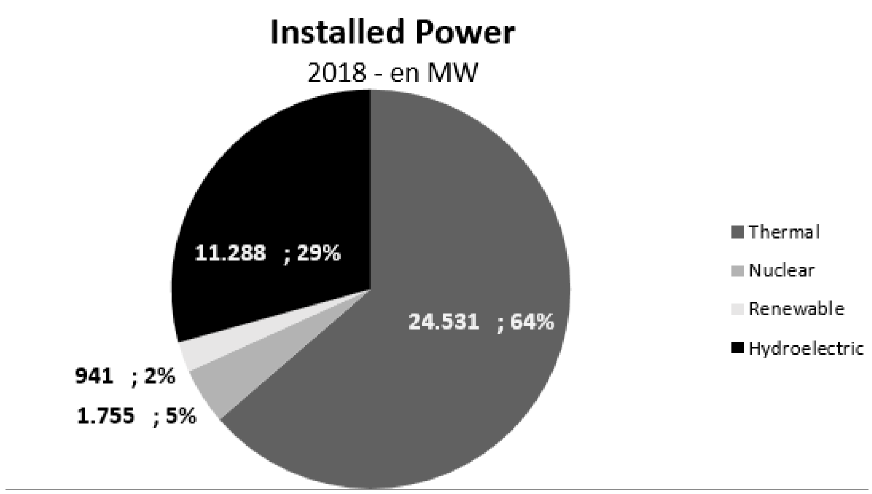
The following table shows the changes in electricity generation by type of generation:



Source: CAMMESA

In 2018, the pool of generating resources recorded an increase in its installed capacity as against the prior year, totaling 38,515 MW.

The following table shows the installed power in Argentina at December 2018:

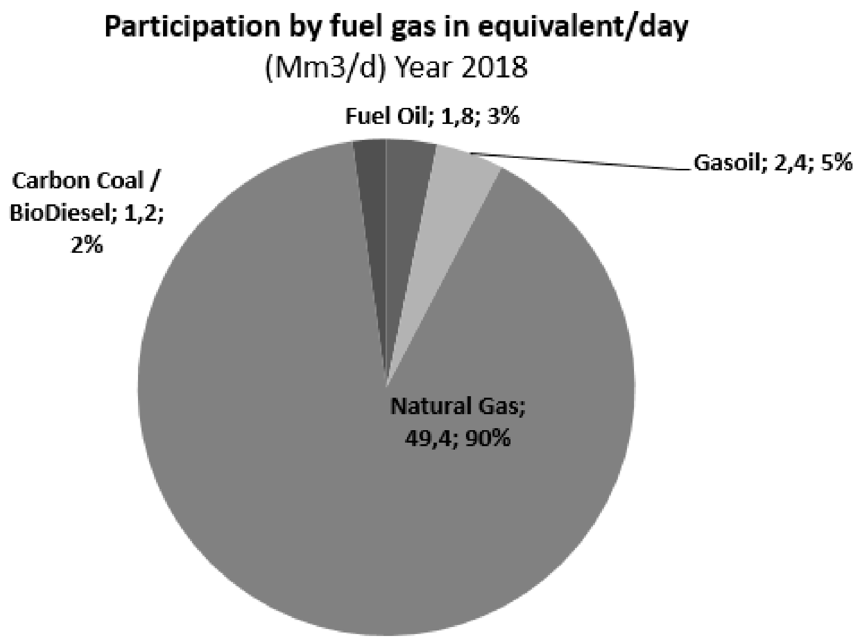


Source: CAMMESA

Capex S.A.

As to fuel supply for the electric sector, until early November 2018 the provisions of ES Resolution No. 95/2013, as amended, were maintained, which had established the centralization of supply and dispatch of fuel by CAMMESA. However, through ES Resolution No. 70/2018 passed on November 6, 2018, the Generating, Co-generating and Self-generating WEM Agents are authorized to self-supply their fuel for the generation of electricity. The generation costs of electricity with self-supplied fuel will be valued in accordance with the mechanism used to recognize Variable Production Costs accepted by CAMMESA. The Agency in charge of Dispatch (OED) will continue to commercially manage and dispatch fuel for those Generating Agents that do not or may not use the power granted in this Resolution.

In the year 2018, consumption of natural gas for energy generation had an increase compared with the prior year by 5.1%, due to a higher supply (mainly in the winter months) and to a lower residential demand, which allowed a greater availability of the product. The consumption of fuel oil and gas oil were lower than the year 2017 by 127.8% and 62.5%, respectively. On the other hand, the consumption of coal increased by 2.5% compared with the prior year.



Source: CAMMESA

Regulatory Framework - Main topics

Current remuneration schedule

Res 19 E / 2019 of the Ministry of Energy and Mining

On March 1, 2019, the Secretariat of Renewable Resources and Electricity Market published Resolution 1/2019 repealing Resolution 19/2017 of the former Electric Power Secretariat since March 1, 2019. In line with the repealed regulation, the new one established:

o Establish that all Generating Agents, Cogenerators and Self-generators of the MEM shall be Authorized Generators (AG), with the exception of the Generation from the Binational Hydroelectric Power Plants and the Nuclear Generation, and the exception of Generators, Cogenerators and Self-generators of the MEM with generating units with power committed in the framework of Centralized Contracts for the Supply of the MEM demand (MEM Supply Contracts), the electric power of which will fulfill their obligations under the aforementioned contracts.
o Establish a guaranteed power availability system, in accordance with the methodology defined in Annex I "Guaranteed Availability of Power".
o Establish a remuneration system for the Thermal Authorized Generation (TAG) in accordance with the methodology and remuneration defined in Annex II "Remuneration for the Thermal Authorized Generation".
o Establish a remuneration system for the Hydraulic Authorized Generation (HAG) and generation through other sources of energy (RAG) in accordance with the methodology and remuneration defined in Annex III "Remuneration for the Hydroelectric Authorized Generation and Generation Through Other Sources of Energy".
o Establish a remuneration methodology for the Yacyretá and Salto Grande Binational Hydraulic Power Plants, as established in Annex IV "Remuneration of Binational Hydraulic Power Plants".

The modifications included in Annexes I and II applicable to the CT ADC are detailed below:

Guaranteed Availability of Power (“DIGO”, for its acronym in Spanish).

It is the available power that a Thermal Authorized Generator (TAG) commits for each generation unit and for each DIGO Remuneration Period. The availability contemplates typical temperature conditions of the site and with its base fuel for dispatch. In no case shall the power and energy committed under any other type of contract executed in the MEM be committed in DIGO.

The DIGO requirement periods include:
a) Summer period: December, January, February
b) Winter period: June, July, August
c) Rest of the year:
* March, April, May
* September, October, November

CAMMESA will inform the declaration dates, which must be at least 30 days before the beginning of each quarter.

The values set for technologies with characteristics similar to CT ADC (> 150MW) are the following:

i) <u>Remuneration for monthly available power, which will be allocated depending on the use factor of the generation equipment</u>

a) Minimum price associated with the Real Availability of Power (“DRP” for its acronym in Spanish)

Technology/Scale	[U$S/MW-month]
Large CC P > 150 MW	3,050

This remuneration will be the base value for the availability of power to be applied for those generators that do not declare DIGO.

b) Base Price for Guaranteed Availability Offered (DIGO)

Period	[U$S/MW – month]
Dec – Jan – Feb – Jun – Jul - Ago	7,000
Mar – Apr – May – Sep – Oct - Nov	5,500

Generating units that have declared that they manage fuel for generation purposes on their own, but do not have the fuel they were called for dispatch, will be considered they have 50% availability of the actual availability.

ii) Remuneration for generated and operated energy

a) Generated Energy: variable non-combustible prices, by type of fuel consumed by the generating unit, is as follows:

Technology/Scale	Natural Gas [U$S/MWh]
CC – Large P > 150 MW	4.0

Generating units that have declared that they manage fuel for generation purposes on their own, but do not have the fuel they were called for dispatch, will lose their order for dispatch until, if necessary, the Agency Responsible for Dispatch ("OED") allocate fuel for their operation. In the last case, only 50% of the related non-combustible variable costs will be remunerated for the Generated Energy.

b) Operated Energy: generators will receive a monthly remuneration for this concept represented by the integration of the hourly powers in the period, valued at 1.4 US$/MWh for any type of fuel.

Generating units that have declared that they manage fuel for generation purposes on their own, but do not have the fuel they were called for dispatch, will lose their order for dispatch until, if necessary, the OED allocate fuel for their operation. In the last case, only the Generated Energy by the generation unit will be recognized as Operated Energy and 50% of the price of the Operated Energy will be applied.

Remuneration of other Generation Technologies:

The resolution also covers remuneration for other generation technologies not applicable to the Company.

The remuneration for generator's energy is defined in its node.

The generators that choose to manage their own fuel must make a declaration of the commitment assumed for the aforementioned management. Such declaration will be made following the current procedure for fortnightly declarations of CVP (Variable Production Cost).

Likewise, it establishes that for the recovery of the amounts associated with the financing granted for the execution of non-recurrent, major and/or extraordinary maintenance, CAMMESA shall deduct from the settlement of the generator’s credits an amount equivalent to the maximum between 1 US$/MWh generated and 700 US$/MW-month.

In relation to the concepts that the respective Annexes determine in US Dollars, the Resolution provides that the OED will convert the values denominated in US Dollars to Argentine Pesos, at the exchange rate published by the Central Bank of Argentina in “Reference Exchange Rate - Communication A 3500 (Wholesale)” from the day before the due date of the economic transactions.

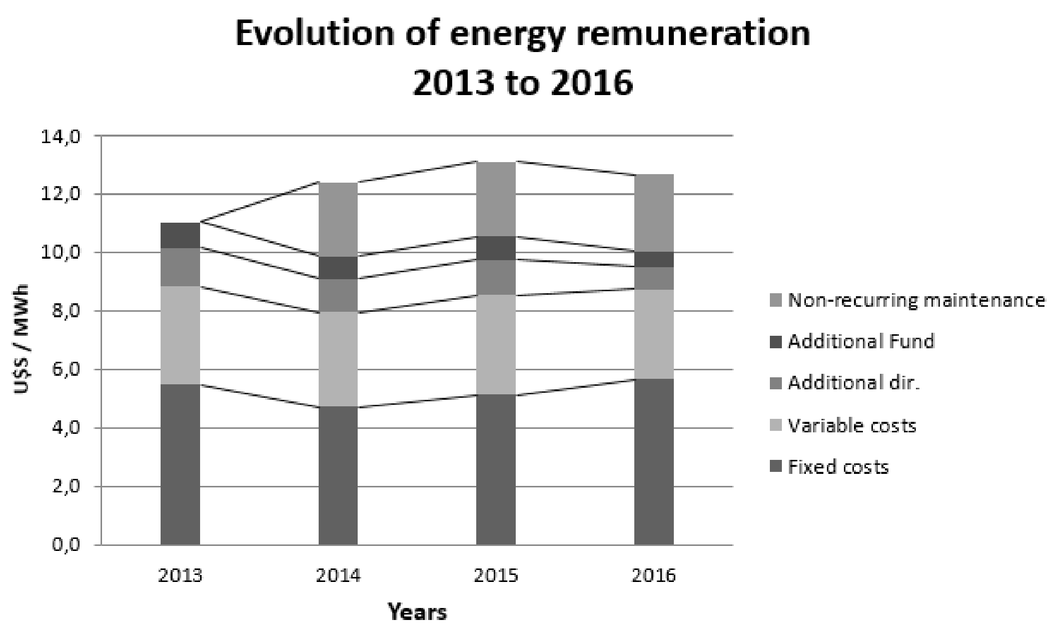
Lastly, the Undersecretary of Electricity Market is empowered to issue complementary or explanatory rules and regulations that are required for the implementation of this resolution.

The following tables show the evolution of the compensation scheme for thermal generation since the sanction of Res SEN 95/2013. It should be noted that the values correspond to thermal power plants with technology similar to CT ADC (> 150MW). Additionally, and for comparative purposes the remunerations in pesos established in those in Res. SEN 95/13, 529/14, 482/15 and 22/16 have been calculated in US $ at the annual average exchange rate.

Items	Res. SEN 95/13 (1)	Res. SEN 529/14 (2)	Res. SEN 482/15 (3)	Res. SEN 22/16 (4)
	U$S /MWh			
Fixed cost remuneration	5.5	4.7	5.1	5.6
Variable cost remuneration	3.4	3.2	3.4	3.1
Additional direct remuneration	1.3	1.1	1.2	0.8
Additional remuneration trust (*)	0.9	0.8	0.8	0.5
Non-recurring maintenance remuneration	-	2.5	2.5	2.6
Total	**11.1**	**12.3**	**13.0**	**12.6**

(*) This item is accumulated in a Fund, which the generating companies have not yet collected.

(1) In effect as from February 2013 to January 2014, in pesos converted to US$ at the average annual exchange rate for comparison.
(2) In effect as from February 2014 to January 2015, in pesos converted to US$ at the average annual exchange rate for comparison.
(3) In effect as from February 2015 to January 2016, in pesos converted to US$ at the average annual exchange rate for comparison.
(4) In effect as from February 2016 to January 2017, in pesos converted to US$ at the average annual exchange rate for comparison.

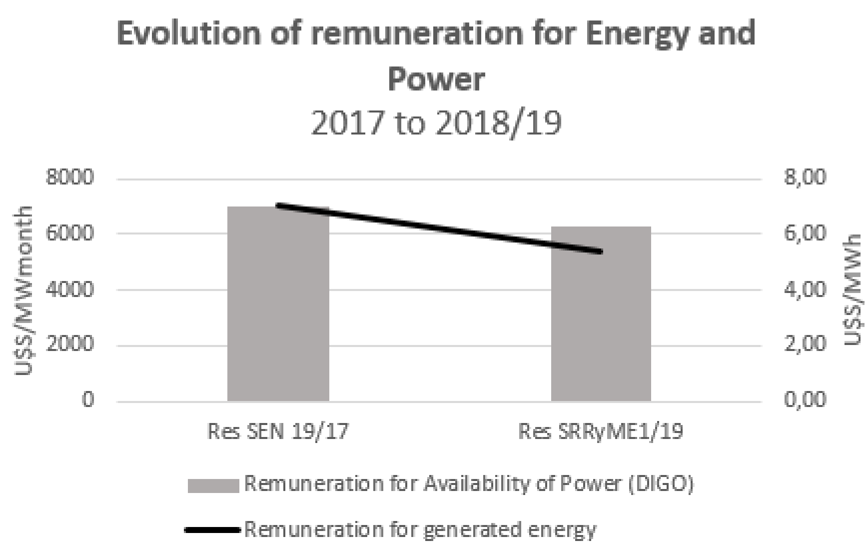


Source: CAMMESA. In pesos converted to US $ at the average annual exchange rate for comparison.

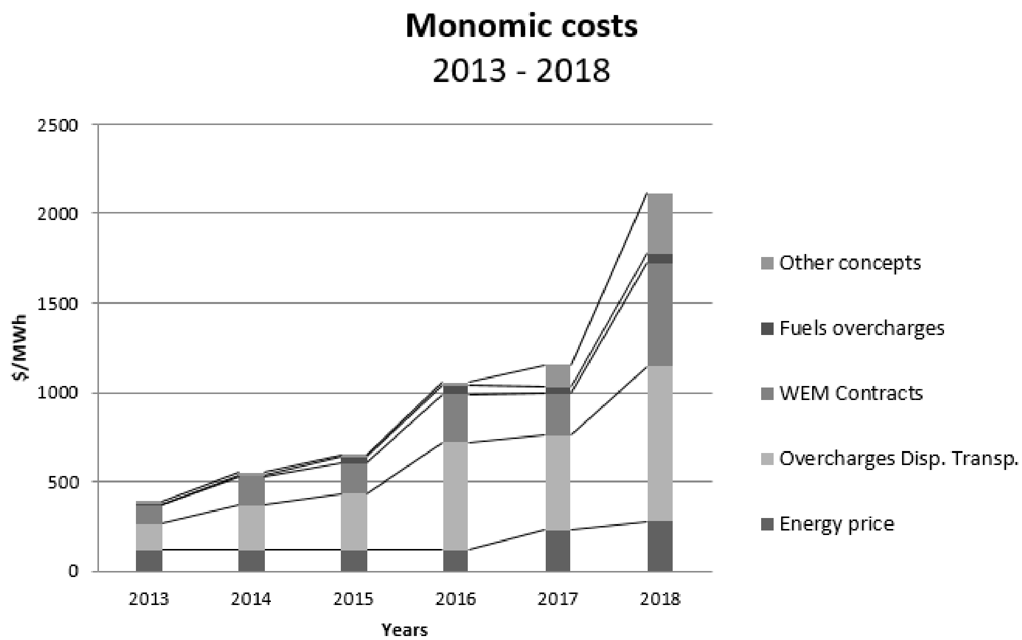
The following tables show the variation in the remuneration schedule for thermal generation since the passing of ES Resolution No. 19/2017, whereby Power Availability (DIGO) and Power Generation are paid for as separate items. The values correspond to thermal power plants with technology similar to that of CT ADC (> 150 MW).

Item		Res SEN 19/17 (1)	Res SRRyME1/19 (2)
Power Availability remuneration (DIGO)	U$S/MWh	7,000	6,250
Power Generation remuneration	U$S/MWh	7.00	5.40

(1) Valid from February 2017 to February 2019
(2) Valid since March 2019



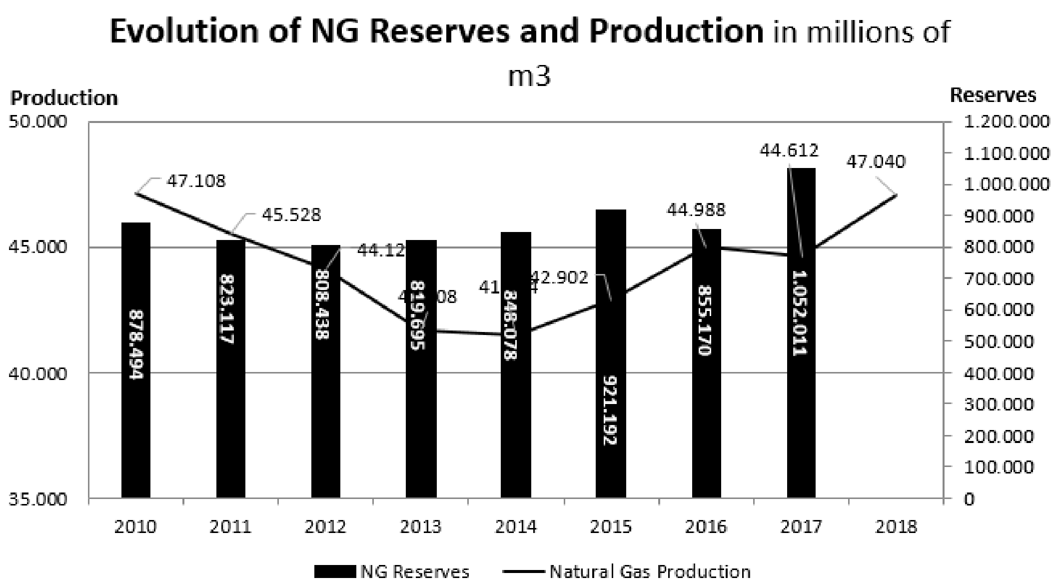
Additionally, the following graph shows the average annual cost of generating 1 MWh in the electric system. This cost includes, in addition to the price of energy, the charge for power, the cost of generation with liquid fuels and other concepts.



Source: CAMMESA

4.2 Oil, Gas and LPG Market

Natural Gas



Source: SGE - There is no available information on reserves for the year 2018

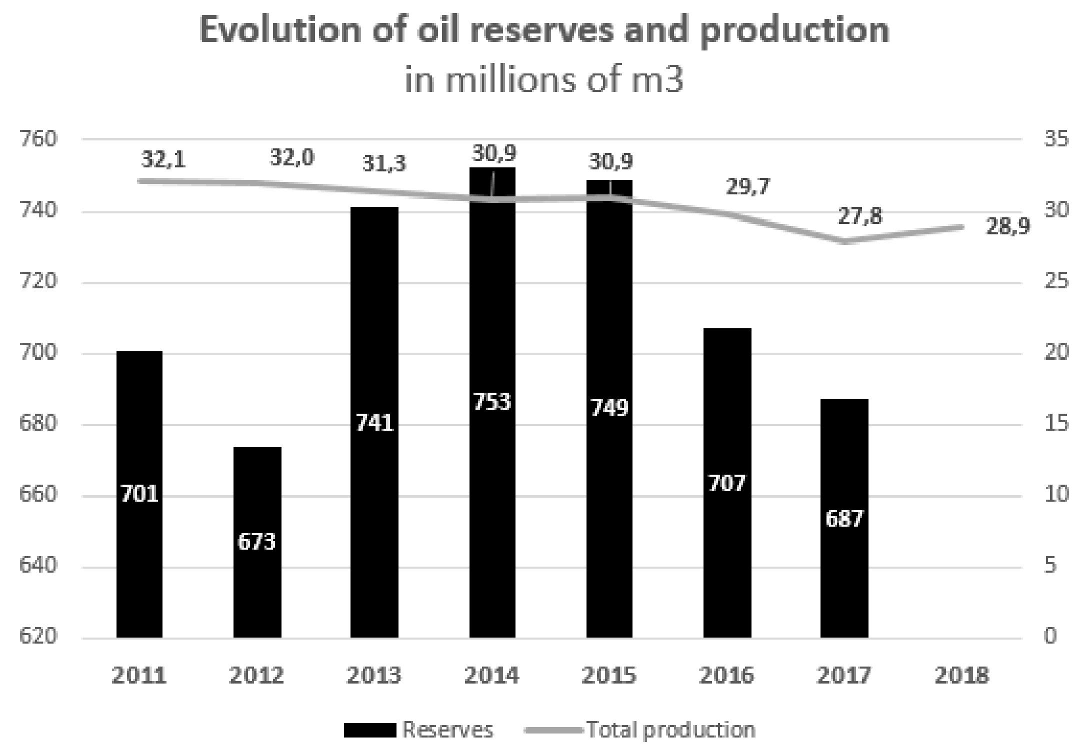
In 2018, the total country production of natural gas was 47,040 million m3, representing an increase of 5.4% compared to the volumes produced in 2017, basically due to the rise in production in the Neuquen Basin and mainly offset by a drop in production in the San Jorge Gulf and Northwestern Basins.

In April 2019, Argentina's total natural gas production was 131.6 million m3/day, representing a 2.1% increase, compared with the volumes produced in April 2018, which was mainly due to the rise in unconventional gas production in the Neuquen Basin. Unconventional gas production at April 30, 2019 increased by 24.9%, reaching 53.7 million m3/day and surpassing 43.0 million m3/day in April 2018.

Imports of natural gas decreased 15.8%, 9,830 million m3 imported during 2018, while in the previous year 11,669 million m3 were imported, mainly due to the decrease in volumes supplied by Bolivia and the importation by sea and injected into the national natural gas transportation system in the ports of Bahía Blanca and Escobar (Buenos Aires).

According to the latest annual information published by the SGE, as of December 31, 2017, the total reserves of natural gas in the country amounted to 1,052,011 million m3, of which 34% corresponded to proven reserves. Compared to the same data as of December 31, 2016, total reserves experienced an increase of 23%.

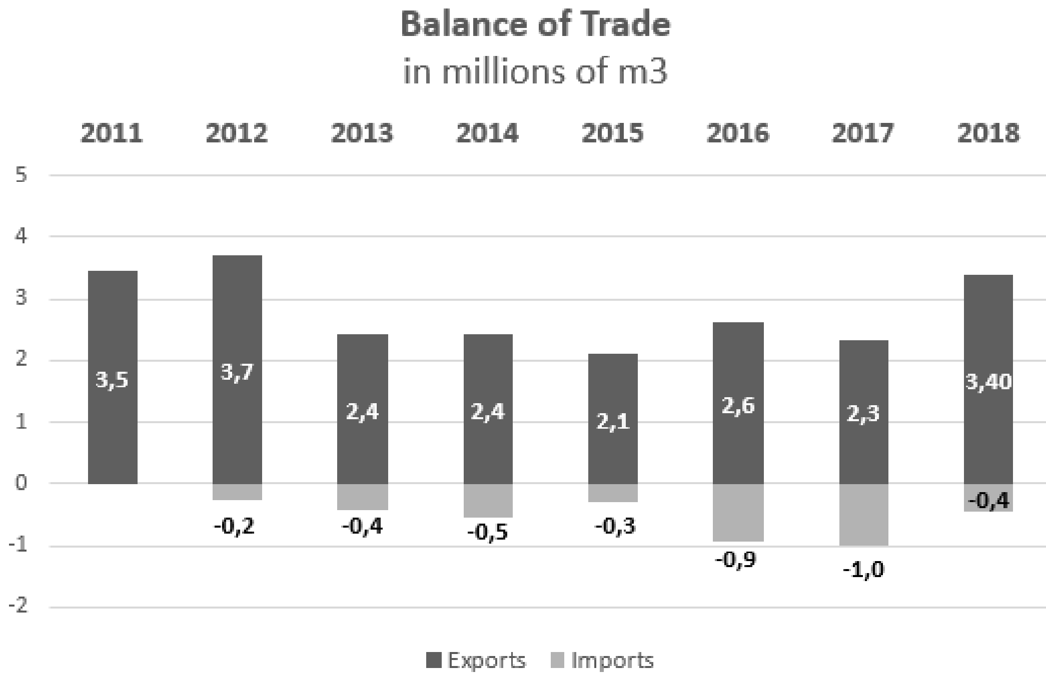
Oil



Source: SGE - **There is no available information on reserves for the year 2018**

According to the data published by the SGE, the total oil production of the country registered in 2018 was 28.9 million m3, 4% higher than that registered in 2017, reversing the negative trend in the production of last years. The production corresponding to the San Jorge Golfo Basin amounts to 47% of the country's production, while the Neuquén Basin represents 43%.

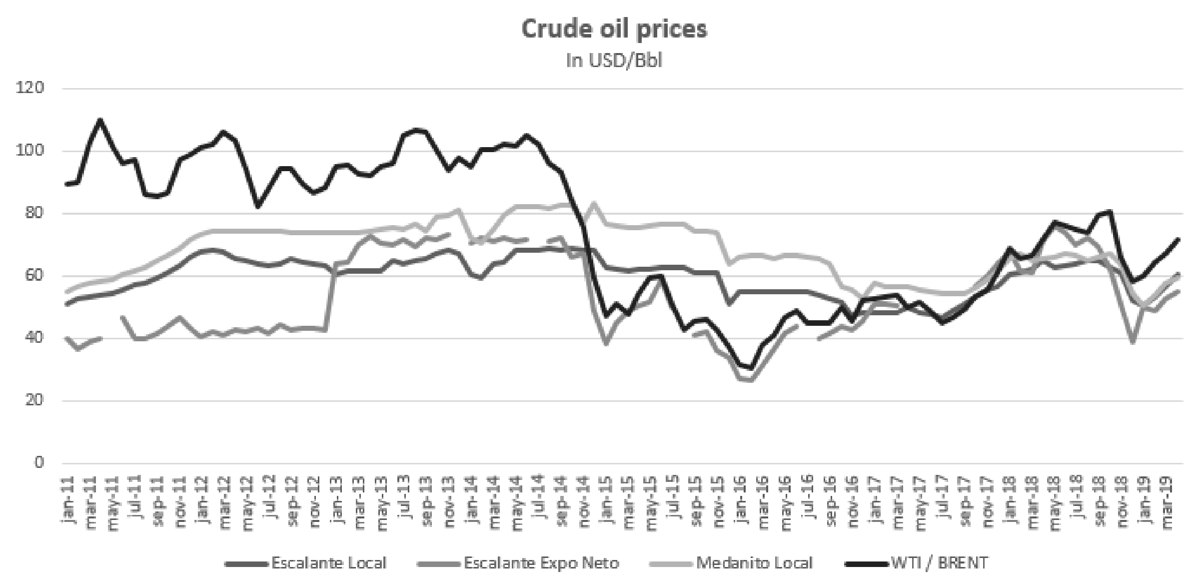
Total reserves and resources of the country at December 31, 2017 amounted to 687 million m3, registering a slight decrease of 2.8% compared to 2016.



Source: SGE

During 2018, approximately 0.4 million m3 of oil were imported, 54.9% lower than the previous year. Exports increased by 45.3% compared to 2017, with 3.4 million m3 of oil being exported, which represents 11.8% of the country's total production in the year.

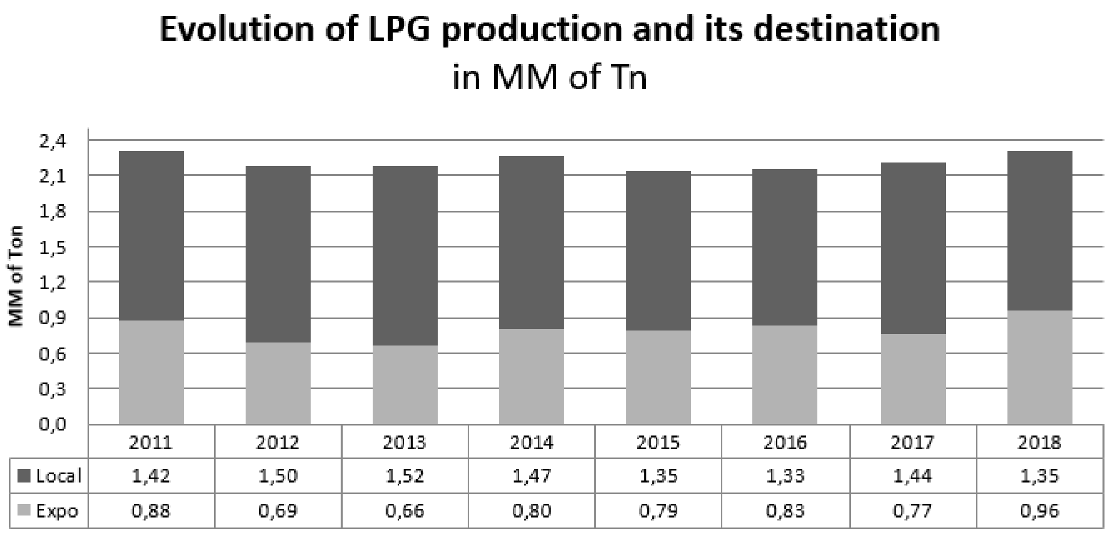
Evolution of oil prices in Argentina



Source: SGE

The higher price of crude oil type Medanito as compared with Escalante is due to the better quality and capacity for processing at oil refineries and its consequent effect on demand.

LPG



	2011	2012	2013	2014	2015	2016	2017	2018
Local	1,42	1,50	1,52	1,47	1,35	1,33	1,44	1,35
Expo	0,88	0,69	0,66	0,80	0,79	0,83	0,77	0,96

Source: SGE

With respect to the previous year, the total country production of propane and butane increased by 4.9% during 2018, reaching 2.31 million tons. 51% of this production corresponds to propane gas, while the remaining 49% is butane gas, as reported by the SGE.

Exports, which had decreased by 7.5% between 2016 and 2017, registered a 25% increase between 2017 and 2018.

Sales in the local market represent 59% of total production in 2018, while the remaining 41% was mainly exported to Brazil, Chile, Ecuador and Morocco.

Regulatory Framework - Main topics

Federal Hydrocarbons Law 17319 and 27007

Ownership of fields

In its original wording, Law 17319 (Hydrocarbons Law) set forth that the liquid and gaseous hydrocarbons fields located in the Argentine territory and its continental shelf were the non-transferable, imprescriptible property of the National Government. However, this ownership was transferred to the Provinces in which the mentioned fields are located.

In Argentina, exploration and exploitation of oil and gas is performed through exploration permits, concessions for exploitation, and contracts for exploitation or partnership agreements.

On October 31, 2014, the National Congress enacted Law 27007, which amends Law 17319. Among the main amendments, we can mention that it gives legal status to the figure of concession for unconventional exploitation, created by Decree 929/13. It is established that the term of the Concession for the Unconventional Exploitation of Hydrocarbons will be effective for 35 years, with the possibility of time extensions for 10-year periods, applicable even for the current concessions.

With the enforcement of this law, the term of the concessions for conventional exploitation is maintained at 25 years; however, successive renewals of 10 years are authorized for both conventional and non-conventional exploitation concessions.

Law 27007 eliminates, with future effect, the possibility that the Federal Government and the Provinces may reserve areas for exploitation by state-owned companies or entities, or companies or entities with state ownership. The law allows the grantor to decide the system that will be used to exploit and develop the areas reserved for this purpose but in relation to which no agreement has been entered into.

As for royalties, the law maintains a rate of 12%, as set forth by Law 17319. It also maintains the possibility of reducing the rate in certain cases up to 5% and allows for increasing it up to 3 points (resulting 15%). A ceiling of 18% is set for successive extensions.

Furthermore, Law 27007 created an Investment Promotion System for the Exploitation of Hydrocarbons for investment projects exceeding US$ 250 million and established that in, certain exceptional cases, part of the production may be freely traded in the foreign market, without paying export duties. In addition, it set forth that foreign currency obtained from the export of hydrocarbons may be freely available to the exporter.

Federal Law 26741

Public Interest Statement

On May 4, 2012 the Argentine Congress passed Law 26741 of National Hydrocarbons Sovereignty, which declared the self-sufficiency in the supply of hydrocarbons as well as in the exploration, exploitation, industrialization, transportation and sale of hydrocarbons a national public interest.

Among other issues, this law ordered that the National Executive Branch should be the authority in charge of setting the policies on hydrocarbons and of deciding the measures leading to the achievement of the goals established in the law, jointly with the provincial governments and with the public and private interests, domestic or international.

Natural gas

Gas Plus Program

Under ES Resolution 24/08, the Energy Secretariat created the so-called "Gas Plus Program" consisting of incentives for new production of natural gas. The Company has submitted several projects, which have been approved. Gas sales made by the Company correspond to the Gas Plus Program.

Resolution 41/16 of the Ministry of Energy and Mining

On April 7, 2016, the Ministry of Energy and Mining adopted Resolution 41/16 setting effective April 1, 2016 the new prices for natural gas at the point of access to the transport system for each original basin, destined for the generation of electricity for sale in the WEM.

Resolution 46-E / 2017 - Stimulus Program for Investments in Developments in Natural Gas Production from Unconventional Reservoirs

On March 2, 2017, the Ministry of Energy and Mining issued Resolution 46-E/2017, by means of which the Incentive Program for Investments in Developments of Natural Gas Production derived from Unconventional Reservoirs (the "Program") was created with the aim of stimulating the investments in natural gas production derived from unconventional reservoirs in the Neuquén Basin.

The Program will be in force from its publication in the Official Gazette to December 31, 2021.

Companies that have the right to produce unconventional gas derived from concessions located in the Neuquina Basin may request adherence to this Program. They should be registered with the National Registry of Oil Companies. Further, to be included in this Program, these companies should have a specific investment plan approved by the competent provincial authority, in conformity with the Secretariat of Hydrocarbon Resources.

The compensation is calculated based on the production of unconventional gas to be sold, that is to say, the natural gas prepared for commercialization, excluding internal consumption in the fields and taking into account the difference between the effective price (average weighted price of each company's sales of natural gas to the internal market) and the minimum price.

The minimum price will be:

(i) 7.50 US$/MMbtu for calendar year 2018,
(ii) 7.00 US$/MMbtu for calendar year 2019,
(iii) 6.50 US$/MMbtu for calendar year 2020, and
(iv) 6,00 US$/MMbtu for calendar year 2021.

The payment of the first compensation under the program will be made in the month after the request is submitted or in January 2018, whichever occurs later. Nevertheless, those companies taking part in the "Incentive Program for Natural Gas Injection for Companies with Reduced Injection", created by Resolution 60/2013 of the former Commission for the Strategic Planning and Coordination of the National Hydrocarbon Investment Plan, which adhere to the current program, may receive compensation, if applicable, as from the month following submission of request for adherence to the Program. For the 2017 compensation, the minimum price used will be the one set in this program for the year 2018. Also, for the calculation of the effective price during 2017 for such companies, the price of the surplus injection provided for in Res 60/13 will be considered.

Resolution 419-E/2017 - Incentive Program for the Investments in Developments of Natural Gas Production from Unconventional Reservoirs

On November 1, 2017, Resolution 419-E/2017 (which amends Resolution 46-E/2017) was issued, setting a new Appendix I modifying the terms and conditions of the Program.

Definitions:

1. Unconventional Gas: gas from natural gas reservoirs, characterized by the presence of very compact sandstones or clays with low permeability and porosity (Tight Gas or Shale Gas).
2. Included Concessions: Concessions which produce Unconventional Gas, located in the Neuquina Basin.
3. Initial Production: Average monthly Unconventional Gas Production for the period July 2016/June 2017.
4. Included Production:
    a. All the monthly production of Unconventional Gas for those concessions whose Initial Production is lower than 500,000 m3/d.
    b. All the monthly production of Unconventional Gas minus the Initial Production for those whose Initial Production is equal to or higher than 500,000 m3/d.
5. Minimum Price:
    - 2018: 7.50 US$/MMbtu.
    - 2019: 7.00 US$/MMbtu.
    - 2020: 6.50 US$/MMbtu.
    - 2021: 6.00 US$/MMbtu.
6. Effective Price: Average weighted monthly price for the total volume of natural gas sales in Argentina (to be published by the ES).
7. Unit Compensation: The result of the Effective Price subtracted from the Minimum Price (when such difference is greater than zero).
8. Interim payments: payment of 85% of the compensation (estimated on the projections of companies) for the previous month.

Concessions which do not reach an average annual production (12 consecutive months) of 500,000 m3/day in their investment plan before December 31, 2019 will not be considered. If they do not reach the 500,000 m3/day, they must reimburse the compensation amounts received, adjusted with an interest rate (average lending rate of Banco Nación for trade discounts operations). The Secretariat of Hydrocarbon Resources can request a fidelity bond insurance policy to guarantee the reimbursement of the compensation.

- An independent measurement and production schedule must be submitted.
- The payment of the first compensation will correspond to the month after the request is submitted or in January 2018, whichever occurs later.
- Early start of Gas II Plan:
    - The companies participating in Gas II Plan (Resolution 60/13) will be able to receive compensations as from the month after the submission is completed.
    - For 2017, the minimum price to be used will be that of 2018.
    - The effective price for 2017 will be the corresponding price of the excess injection.
- Payments:
    - 88% will be paid to the Company and 12% to the corresponding province.
    - Payment order in pesos, with the exchange rate of the last business day of the month to which the volumes correspond.
- Initial interim Payment:
    - The Secretariat of Hydrocarbon Resources will issue a payment order before the last business day of the month following that of the inclusion of the Company.
    - Within 20 days of the month after which the payment order is issued, a sworn statement of the Included Production, certified by independent auditors, must be submitted.
- Control of Production volumes:
    - Volumes corresponding to the entering points to the Transportation System of Natural Gas: the Secretariat of Hydrocarbon Resources will send the volumes of included production submitted by the companies to ENARGAS, which will verify the injection volumes.
    - Points located before the entering points to the Transportation System of Natural Gas: the Secretariat of Hydrocarbon Resources will verify the results of the measurement of volumes from each Gas Measure Point installed, pursuant to Resolution 318/2010.

Additionally, the Energy Secretariat applied in December 2018, with retroactive effect to January 2018, a new criterion regarding the volume to be recognized for the payment of compensation derived from the Stimulus Plan, the same being the minimum between the nonconventional actual volume produced and the original curve timely presented

Resolution 46/2018 – Reference price for electricity generating

On July 31, 2018, the Ministry of Energy issued Resolution 46/2018, by means of which it established the new maximum prices at the entering point to the transportation system for natural gas, for each basin of origin, that will be applied for the valuation of natural gas volumes for electricity generation that will be sold in the WEM or, in general, for the provision of the utility service of distribution of electricity. These maximum prices are valid from August 1, 2018. For the Neuquén Basin the established maximum price amounts to US$/MMBTU 4.42.

NO-2018-40206154-APN-SSEE#MEN – Acquisition of natural gas to be used in the generation of electricity. Undersecretariat of Electric Power of the Ministry of Energy

As part of the regularization process of the sector and where mechanisms will be gradually implemented for Generators to acquire by themselves the fuel volumes necessary for the production of electricity and their selling under competitive terms, on August 17, 2018, the Under Secretariat of Electric Power through Note NO-2018-40206154-APN-SSEE#MEN ordered CAMMESA to implement competitive mechanisms, on a temporary basis, until reaching this goal, taking into consideration the following guidelines to call for a bidding:

- CAMMESA must acquire natural gas under firm and interruptible quantities through the Gas Electronic Market (MEG, for its acronym in Spanish), based on the system needs and considering the Maximum Daily Quantities of the contracts in force for the period.

- Acquisitions must be open to producers and sellers of natural gas, for each of the productive basins and up to the required quantities.
- The maximum value to accept should be up to the price established in Resolution MEN No. 46/2018.
- Volumes to be acquired in each basin will be those required to cover supply needs.
- The bidding must be competitive and transparent, the outcome of which must be published.

The daily dispatch of natural gas volumes hired must be made in ascendant order of generation cost, considering the transportation capacity and the availability of electricity generation.

Resolution No. 70/2018 ES - Acquisition of Gas

Through ES Resolution No. 70/2018, on November 6 2018, the Generating, Co-generating and Self-generating WEM Agents are empowered to supply their own fuel for the generation of electricity. This power will not affect the commitments taken on by the Generators under the framework of WEM supply contracts with CAMMESA. The generation costs with own fuel will be valued in accordance with the mechanism to recognize Variable Production Costs accepted by CAMMESA.

The Agency in charge of Dispatch (OED) will continue to commercially manage and dispatch fuel for those Generating Agents that do not or may not use the power granted in this Resolution.

Note from the Energy Secretariat NO-2018-66680075-APN-SGE # MHA - Maximum prices (PIST) to be considered for each basin in US$/MMBTu.

On December 19, 2018, the Energy Secretariat issued the note NO-2018-66680075-APN-SGE # MHA, which instructs CAMMESA to apply, for the period January to December 2019, the new natural gas reference prices for the generation of electricity. For the Neuquén basin, the maximum price established is 3.70 US$/MMbtu for the months of Jan-Feb-Mar-Apr-May-Sep-Oct-Nov-Dec and of 4.95 US$/MMbtu for the months of Jun-Jul-Aug.

Note from the Energy Secretariat NO-2019-07973690-APN-SGE # MHA -Valuation of Generation Costs with Own Fuel. RESOL-2018-70-APN-SGE#MHA.

On February 8, 2019, the Energy Secretariat issued Note NO-2019-07973690-APN-SGE # MHA, which instructs CAMMESA to apply, for the definition of the Maximum Production Variable Costs to be recognized in each fortnight, the weighted average price of natural gas per basin that would have resulted if all the natural gas produced in Argentina needed for the estimated supply in the electricity sector had been acquired through the contracts arising from the last bidding made by CAMMESA in the MEG.

Oil

Domestic market prices

In the domestic market, oil sales are made at prices negotiated between oil producers and refineries to which crude oil is sold. Those prices are set taking into consideration the current quotation of Brent crude oil, retail (pump) prices for fuels and byproducts, the future price scenarios, and the regulations and requirements established by the government.

Effective January 1, 2017 a group of oil producers and refineries signed a “Pricing Agreement for the Transition to International Prices in the Argentine Hydrocarbons Industry”, whereby the sale prices for Escalante and Medanito Crude Oil for 2017 were set. The Company and other heavy oil producing companies did not sign the agreement, so they continued negotiating free sale prices, according to the above-mentioned guidelines.

The Ministry of Energy and Mining stated in a note dated September 22, 2017 that the commitments set out in the Agreement would be suspended as from October 1, 2017, so each company may freely negotiate the prices in the hydrocarbon market, there being freedom for the import and export of crude oil, as long as market supply is ensured.

Export duties

Under Decree No. 793/2018 dated September 3, 2018, the National Executive Branch determines export duties until December 31, 2020, equivalent to 12% of the exports for consumption of all goods within the tariff positions from the Common MERCOSUR Nomenclature (NCM, for its acronym in Spanish), among which are the hydrocarbons sold by the Company.
The duty established cannot exceed $4/US$ of the tax value or the FOB official price.

LPG

Law 26020 and ES Resolution 168/05

The regulatory framework for the industry and commercialization of LPG has been approved by the Argentine Congress through Law 26020. This regulatory framework is aimed at ensuring the regular, reliable and economical supply of LPG to low-income social sectors which do not have natural gas service through networks. Furthermore, a general policy has been defined, establishing specific goals for the regulation of the industry and commercialization of LPG, all of them aimed at improving market competitiveness and increasing the development of the LPG industry, promoting its efficiency and ensuring safety in all the stages of the activity, with an adequate protection of user rights, especially at the time of fixing prices.

Law 26020 rules the supply chain of LPG in full, that is to say the production, fractionation, transport, storage, distribution, port services and commercialization of LPG within the Argentine territory.

As regards the production own regulation, we have to mention that section 11 of Law 26020 has established freedom in the production activity, i.e. the LPG production under any form or technical alternative is free: the opening of new plants or the enlargement of existing ones can be made with no further requirement other than compliance with Law 26020, its regulations and pertinent technical standards.

Furthermore, Law 26020 authorizes the free import of LPG, the only requirement being that of compliance with the law, regulations and supplementary resolutions and no prior authorization is required. On the contrary, export of LPG can only be free once the internal demand volumes are satisfied and prior authorization by the Executive Branch in each case is obtained.

Resolution 168/05 of the ES establishes that the export operations have to be recorded with the LPG Direction, reporting to the Undersecretariat of Fuels, for approval, and those interested in the export of LPG must prove that the demand of the commercial chain has been duly satisfied through the mechanism set forth in the mentioned Resolution.

The Enforcement authority of Law 26020 is the Energy Secretariat, which shall enforce and promote compliance with the objectives of the industry and commercialization of the LPG established by such Law, issuing the necessary regulations to that end.

Decree 470/2015 and ES Resolution 49/2015

In March 2015, Decree 470/2015 and ES Resolution 49/2015 were published, which replaced the “Garrafas para Todos” (Gas Bottles for Everyone) Program in force since 2009 with the “Hogares con Garrafas” (Homes with Gas Bottles) (HOGAR) Program. This new Program modifies the scheme of volume contributions of propane and butane, the system of subsidies and maximum prices in force. The Company has challenge the application in those programs.

The maximum reference prices to be billed by producers under the "Homes with Gas Cylinders ("Hogares con Garrafas” or "HOGAR") are updated regularly. The new maximum reference prices as of 04/30/19 were set at $ / tn 9,154 for butane and $ / tn 9,042 for propane.

Undiluted Propane Gas Supply Contracts

Since 2002, “Undiluted Propane Gas Supply Agreements” for Networks have been entered into with propane gas producers; the purpose of these agreements is to ensure stability in the supply conditions of propane gas for the distribution networks currently operating in Argentina.

The agreements, until December 2015, included the direct collection of $ 300/tn from the party receiving the volume of gas comprised in the agreement (stated at historical cost). The difference between this amount and the price known as “Export Parity Local” published by the ES is collected by means of a tax credit certificate and/or in cash from the enforcement authority.

Deliveries between May 1, 2015 and December 31, 2015 were not collected through a tax certificate, instead they were collected through the issuance of public debt instruments (BONAR 2020 US$). The Company had to join as a Beneficiary Company of that program, created by means of Decree 704/2016, published in the Official Gazette on May 20, 2016.

The prices collected by these companies were index-adjusted in October 2016 (Res 212/2016), March 2017 (Res 74-E/2017) and in November 2017 (474/ E/2017); determining for that date prices for residential users of $/tn 1,941 (stated at historical cost).

As set forth in the Sixteenth Agreement to Extend the Propane Gas Supply Agreement for Undiluted Propane Gas Distribution Networks expiring on December 31, 2019, a new semi-annual price adjustment mechanism was established effective March 2018, with an Adjustment Percentage of 35% between April and September 2018; 49% between October 2018 and March 2019, and 70% between April and December 2019. Those percentages will be applied to the price of LPG - Export Parity for the month prior to the commencement of each period of price adjustment.

5. The Environment

The Company's strategy continues basing on sustainable development, environmental preservation and compliance with applicable legislation, for which purpose it annually proposes actions for which it allocates resources and ensures follow-up to achieve the proposed objectives. This is done through the annual development of a dynamic Environmental Management Plan which provides all necessary measures for the effective control of the environmental aspects associated with activities, products and services, including emergency situations.

This Management Plan is carried out under the ISO 14001 standard, which is an international environmental management standard that requires the commitment to improve the environment on a permanent basis and comply with applicable regulations. The environmental management prepared for this purpose was implemented and certified in the oil and gas field of Agua del Cajón and in the LPG plant in 2000, while in the Agua del Cajón thermal power plant it was certified in 2001.

From the date of certification to date, Capex renewed the certification of its environmental management system according to ISO 14001 (in its 1996 and 2004 versions). As from 2015, with the issuance of the new ISO 14001 standard, work began on adapting to the requirements of this, achieving certification in December 2017 for the CT ADC, and in January 2018 for the Agua del Cajón field and the LPG plant. On May 22 and 23, 2019, ISO 14001 was recertified, within the scope of the Electric Power Generating Plant.

Through the application of the SGA, Capex constantly strives to improve its environmental performance, for which:

- (i) Keeps under control all significant environmental aspects of the activities, products or services of the operating areas, taking into account the interests of third parties and legal.
- (ii) Sets environmental goals and targets, analyzing the context as well as the risks and opportunities that it presents

(iii) Permanently monitors the key indicators of each operational area. Some of them are associated with the monthly monitoring of water, soil, air resources, and others are of process such as waste generated vs generated equivalent energy; waste generated vs. waste reused; volume of affected soils vs spills. These indicators give an account of the evolution and management of resources.

Further, the Company is inspected by public entities (ENRE), whether by themselves or by universities authorized and hired for such purpose. These interventions monitor the operation of the management system for each transaction, and for the definition and compliance with responsibilities and other commitments taken on in relation to the management systems for the different activities.

A major progress has been made in terms of the environment with the development of Stage IV of the Power Electricity Generation Project as a result of the reduced emissions of greenhouse gases and nitrogen oxide (NOx). With the accomplishment of this goal, Capex qualified under the *United States Initiative on Joint Implementation (USIJI)* as a reducer of greenhouse gas emissions. It has also obtained recognition from the Argentine Bureau for Joint Implementation.

During the current year the Company continued with the routine periodical monitoring of exhaust gases, in compliance with current regulations and thus control their impact on the environment. The NOx emissions indicator is one of the indicators that are reviewed periodically, giving results below the limits established by current regulations. As regards liquid effluents, care has been taken regarding their final disposal to comply with current regulations and mitigate their environmental impact, in addition to carrying an indicator related with the volume generated annually. Studies were also carried out to evaluate the performance of what is installed to date in relation to effluent management.

Additionally, in the area of Agua del Cajón, in 2014, a reforestation plan was initiated that has been maintained to date and which has allowed the rehabilitation of sectors impacted by hydrocarbons activity in a total area of 7 hectares. This is possible through the implantation of native species adapted and cared for in such a way as to support the climate of the Patagonian steppe. Based on the achievements, it is expected to continue this same methodology.

Furthermore, over the years improvements have been made in waste management, with on-site treatment systems that allow the reduction of the impacts associated with transport and better control of the application of the measures necessary for the treatment. Examples of this are the recent management of cutting residues and the management of oiled soil, which treats all soils originated by possible oil spills.

Lastly, in line with the commitment to reduce the consumption of natural resources and rationalize the energy consumption adopted in its environmental policy, Capex has made modifications to the Agua del Cajón Thermal Power Plant that allowed to optimize the consumption of industrial fresh water, reducing it to a minimum; Likewise, appropriate adjustments were made to reduce energy consumption by plant auxiliaries.

As regards Hychico, in May 2012, Diadema Eolic Energy Farm obtained the certification under ISO 14001 Standard. In 2015, when the new ISO 14001 standard was laid down, work was initiated to ensure compliance with its requirements, and certification under this new standard was obtained in July 2018. A new maintenance audit will be conducted in due course.

The Company has always placed great importance on environmental protection and on its employees' health and safety, and for this purpose it has in place an Environmental and Occupational Health and Safety policy with ten basic principles applicable to its management system. As a result, the Company is complying with the environmental and occupational safety regulations issued by the national and provincial authorities for this industry. The different standards that are not mandatory but help improve safety and environmental management have been taken into account. For instance, IRAM and IAPG (Instituto Argentino del Petróleo y del Gas) standards, which apply directly to the oil and gas industry.

The Company has also implemented procedures to achieve the annual environmental and safety goals, and to fulfill legal requirements and deals with inquiries from third parties, being them environmental protection authorities, neighbors or the owners of land where the Company carries out its business activities.

In addition, there are operating procedures in place for the performance of the Company's activities to minimize and prevent any previously identified impact or risk from occurring and to be able to respond rapidly and effectively if other unforeseen impacts or risks occur, which due to their nature have not been contemplated in the risk analyses of each area.

These operating procedures include contingency plans that define the actions required to respond immediately in case of personal accidents or environmental damage.

Annually, independent consultants produce environmental reports on the surveys conducted, in which they assess the conditions of the facilities, the environmental impact of the tasks performed, the environmental impact associated with new construction works and compliance with applicable laws and regulations. Safety audits are conducted by public and private entities.

Routine analyses of environmental parameters are determined, in compliance with current regulations. As to safety, with the update of the risk matrices of all the Company's and its contractors' jobs, improvement plans have been devised and implemented, which will enable the whole operation to be monitored by making the necessary adjustments.

As mentioned in other sections, in relation to strategic development and continuous innovation, the Company is currently analyzing projects for renewable energies, by encouraging the diversification of its energy matrix and using clean energies.

6. Systems and communications

The Company has information systems that allow for the adequate recording of every economic event, thus enabling an adequate level of internal control and providing timely and reliable information.

During the current year the migration to the new version of JDEdwards was completed. Support will be provided until 2030 and will include continuous innovation processes consisting of updates to add a new feature to the existing version. As planned, a Security Management tool was implemented for a better analysis on JDEdwards for the segregation of duties.

With the implementation of a new version of SharePoint (Document Management System), the technical libraries were restructured for an efficient management of classification and subsequent access to documents.

For the incorporation of the operation of the area Pampa del Castillo, the implementation of new administrative, commercial and operational circuits was carried out in order to comply with legal and corporate requirements.

An extension was made to the Information Security technology through the implementation of a "Sandbox" (separate test environment) that allows to analyze and execute tests in a secure way on those files suspected of containing malicious code.

During fiscal year 2019-2020 the Company will continue to focus on the implementation process of the Drilling Equipment and Plant Management solution and of the Success Factors tool, which will allow the integral management of Human Resources.

Additionally, the plan for implementing the tools that will support the improvements identified during the year ended 30 April 2019 in the Purchases, Accounts Payable, Budget, Management Control and Accounting Consolidation processes will be analyzed and described in detail, with a view to implementing those tools in fiscal year 2020-2021.

7. Human Resources

During the fiscal year, the Company focused its efforts on an action plan related to the following strategic guidelines:

Strengthening leadership skills and competencies critical to the business:

- In view of the Company´s growth following the incorporation of new businesses and operating areas, we identified the need to develop an impact management team within the organization. This team took part in the EME program organized by IAE. Its objective is to augment strategic diagnosis and achieve a systemic approach to design company-wide mobilization actions.
- We continue with the realization of Focused Programs, oriented to cover development needs, identified in the middle and managerial levels from the Performance Management tools.
- We are progressing with the development of Supervisor Training Programs in the fields and in the Thermal Power Plant.
- We have implemented the Executive Coaching Program for the managerial team.
- We launched the organization of Culture Workshops to accompany the operation in the cultural change experienced by people joining the Company as a result of the acquisition of new areas, with the aim of accelerating their identification with the Group´s way of working and business culture, and softening the impact of change in those people.

Promoting change and organizational alignment:

- In line with the defined strategy that consists in implementing a culture of continual improvement, we set in motion the “Procurement to Pay” Program, implemented through Lean Sigma methodology. The objective of this program is to check and optimize the process from Supply to Payment, proposing improvements and automation for all the stages involved to make it efficient in every dimension.
- We re-defined the organizational structure to guarantee operations with the newly incorporated businesses and areas.

Having a sustainable organization:

- We continue working on the strategy of succession of critical positions defining actions for the medium / long term, identifying key positions and maps of succession that will be implemented with a defined schedule.
- The development of Occupational Health programs continued.
- We commenced the implementation of an HR system common to the entire company, and identified Success Factors as an essential tool for recording, following-up and communicating issues relating to HR, and as a platform for launching the e-learning tools required for professional and regulatory updating.

Attraction and retention of talent:

- We launched selection processes considering the incorporation of new businesses and the potential required for the growth of the organization.
- We have a strict recruitment process seeking to integrate into the company the best profiles to accompany its culture, also generating opportunities for our own personnel through the publication of internal searches.
- Regarding the process of Internal Searches, in order to guarantee transparency and equal opportunities for all employees, all the personnel were informed about vacant positions in the process of taking over the new fields.
- We have implemented a process for identifying talented people within the company and set in motion individual development plans for their growth, with a focus on critical competencies.

Strengthening labor relations within a positive productive environment:

- We maintain open and transparent relations and negotiations with the different actors - Unions, Provincial and National Authorities, Intendances - that operate in the Neuquén and Río Negro Basins, as well as in the Golfo Basin, in order to ensure the maintenance of social peace in a changing and challenging environment. Our goal is not to affect production or negatively impact the scope of work of our employees and contractors, guaranteeing the realization of the committed investment plans.
- We participated in collective wage negotiation processes in the oil and gas segment in the two basins operated, and in the electricity sector
.

Our professionals participate in professional updating programs and specialty forums both national and abroad.

The lines of action defined for the medium term accompany the changes and new businesses incorporated. To this end, we will focus on strengthening the top management levels in terms of their strategic development and adaptive leadership, so that they ensure the alignment of the entire organization with their definitions of long-term growth and sustainability.

Improvement of the organization, a sustained internal climate of excellence and productive efficiency continue to be central actions to be taken in the coming years.

We maintain our commitment to strengthen the relationship with the main social and union actors, promoting actions that ensure social peace.

8. Financial Situation

The Group bases its financial strategy on two pillars: (i) maintaining its financial liabilities in medium and long-term structures in order to maintain a maturity profile according to the cash generation of its businesses and, (ii) prioritizing the position of liquidity in order to be able to complete its growth and investment plan.

In line with this strategy, Capex owns the majority of its structured financial debt under the issuance of Corporate Bonds Class II for US$ 300 million completed in May 2017 and whose maturity is fully effective in May 2024, at a nominal annual rate of 6.875%. The funds received from this issuance were used to refinance Corporate Bonds Class I of US$ 200 million due in March 2018 at an annual nominal rate of 10% and to increase the liquidity of Capex in order to complete its plan of investments and acquisition of new businesses. In this sense, this additional liquidity was used, in part, to acquire the participation in Loma Negra, La Yesera hydrocarbon areas and Pampa del Castillo – La Guitarra and to meet the investments associated with the development of the Diadema Eolic Energy Farm II, awarded within the framework of the RenovAR Ronda 2.0 Program. The Company is evaluating different hydrocarbon assets and thermal and renewable energy projects.

Lastly, and in line with the aforementioned strategy, the Group has at the date of these financial statements a liquidity position of US$ 178 million and $ 735 million, which is invested in instruments of immediate liquidity. It should be noted that as of the date of issuance of these financial statements, the Group holds approximately 91% of its placements in US dollars.

The financial debt of the Company and its controlled companies as of April 30, 2019 is structured as follows:

Amounts in $thousands

Bank and financial debt	Current	Non-current	Total
Corporate Bonds - Senior Notes (NO)	(419,885)	(13,245,000)	(13,664,885)
Advance funding for CT ADC maintenance	(66,139)	-	(66,139)
Corporación Interamericana de Inversiones (CII)	(35,659)	(70,640)	(106,299)
Commissions, accrued expenses and guarantees	17,421	69,064	86,485
Total	**(504,262)**	**(13,246,576)**	**(13,750,838)**

The liquidity position of the Company and its subsidiaries is invested in the following financial instruments:

Amounts in $ thousands

Investments	Current	Non-current	Total
Time deposits	6,326,514	-	6,326,514
Mutual funds	2,073,896	-	2,073,896
Paid account	152,451	-	152,451
Total	**8,552,861**	**-**	**8,552,861**

Amounts in $ thousands

Net position	Current	Non-current	Total
Total	**8,048,599**	**(13,246,576)**	**(5,197,977)**

Qualification of Class 2 Negotiable Obligations

At the date of issue of these financial statements, the Class 2 corporate bonds issued by the Company were internationally and locally rated as "B(EXP)/RR4" and "B", and as "A (arg)" and "raAA-", respectively, by Fitch and Standard & Poor's.

THE BOARD OF DIRECTORS

9. Results for the year

The following table summarizes the consolidated ratios obtained in the fiscal year ended April 30, 2019, compared to the previous year:

Ratios	04.30.2019	04.30.2018
Solvency (Shareholders' Equity/Liabilities)	**0.64**	**0.76**
Debt-to-equity ratio (Liabilities / Shareholders' Equity)	**1.57**	**1.31**
Current ratio (Current Assets / Current Liabilities)	**2.74**	**4.19**
Quick (Acid Test) Ratio (Current Assets – Inventory and Spares and Materials / Current Liabilities)	**2.74**	**4.19**
Net worth to assets ratio (Shareholders' Equity/ Total Assets)	**0.39**	**0.43**
Asset Immobilization Ratio (Non-current Assets / Total Assets)	**0.67**	**0.67**
Return on Assets (Gross Profit / Total Assets)	**0.22**	**0.17**
Return on Equity (Net Profit / Average Shareholders' Equity)	**0.17**	**0.25**
Ordinary Return on Investment (EBT / Shareholders' Equity (excluding net comprehensive result for the year))	**0.15**	**0.29**
Leverage (Return on Equity / Return on Assets)	**0.77**	**1.47**
Assets turnover (Sales / Total Assets)	**0.38**	**0.27**

Consolidated comprehensive income statement

Thousand $

	04/30/2019	04/30/2018	Variation	
Net Sales	13,711,817	7,292,234	6,419,583	88.0%
Cost of Sales	(5,941,102)	(2,663,439)	(3,277,663)	123.1%
Gross Profit	**7,770,715**	**4,628,795**	**3,141,920**	**67.9%**
Preoperating expenses	(10,939)	(4,875)	(6,064)	124.4%
Selling Expenses	(1,899,081)	(1,062,447)	(836,634)	78.7%
Administrative Expenses	(544,029)	(469,404)	(74,625)	15.9%
Other operating (expenses) income net	(4,362)	634	(4,996)	-788.0%
Operating result	**5,312,304**	**3,092,703**	**2,219,601**	**71.8%**
Financial income	5,769,852	2,188,812	3,581,040	163.6%
Financial costs	(11,346,434)	(3,840,040)	(7,506,394)	195.5%
Other financial income	373	9,618	(9,245)	-96.1%
Other financial results RECPAM	1,984,153	647,712	1,336,441	206.3%
Result Before Income Tax	**1,720,248**	**2,098,805**	**(378,557)**	**-18.0%**
Income Tax	(326,238)	(88,215)	(238,023)	269.8%
Net Result of the Year	**1,394,010**	**2,010,590**	**(616,580)**	**-30.7%**
Other Comprehensive Results	804,300	568,719	235,581	41.4%
Comprehensive Result for the Year	**2,198,310**	**2,579,309**	**(380,999)**	**-14.8%**

For the purpose of analyzing the variations, it should be taken into account that the balances as of April 30, 2018 set forth below arise from re-expressing the amounts of the balances at said date in currency of April 30, 2019.

The performance of the results as of April 30, 2019 with respect to April 30, 2018 was as follows:

- Gross profit amounted to $ 7,770,715, in the year ended April 30, 2019, representing 56.7% of net sales, compared to $ 4,628,795 or 63.5% of net sales at April 30, 2018. Gross profit increased by 67.9%.
- The operating result for the year ended April 30, 2019 amounted to $ 5,312,304 (profit) compared to $ 3,092,703 (profit) for the previous year, representing an increase of 71.8%.
- The net result amounted to $ 1,394,010 (profit), in the year ended April 30, 2019, compared to $ 2.010.590 (profit) for the previous year, representing a decrease of 30.7%.
- Other comprehensive results amounted to $ 804,300 (profit), as a result of the revaluation for certain assets of Property, plant and equipment net of the tax effect, recorded in the year.
- The comprehensive result for the year was of $ 2,198,310 (profit) in the year ended April 30, 2019, compared to $ 2,579,309 (profit) for the previous year, representing a decrease of 14.8%.

Net Sales

Product	04/30/2019	04/30/2018	Variation	
Energy				
Energy CT ADC (1)	7,718,174	5,265,627	2,452,547	46.6%
Energy DEEF	143,961	119,047	24,914	20.9%
Façon Service of electric energy	11,931	10,661	1,270	11.9%
Gas	-	211,761	(211,761)	-100.0%
Stimulus gas program	775,175	-	775,175	100.0%
Oil	4,393,813	1,180,500	3,213,313	272.2%
Propane	370,241	289,329	80,912	28.0%
Butane	220,611	183,451	37,160	20.3%
Oxygen	5,385	4,297	1,088	25.3%
Services	72,526	27,561	44,965	163.1%
Total	**13,711,817**	**7,292,234**	**6,419,583**	**88.0%**

(1) As of April 30, 2019 and 2018, it includes the income generated by the gas produced by the ADC, Loma Negra and La Yesera areas, consumed in the ADC CT and paid by CAMMESA under the concept of Fuel Recognition. Likewise, as of November 2018, the third party gas redirected by CAMMESA and consumed in the CT ADC is included in this item.

Sales for the year ended on April 30, 2019 increased by 88.0% compared with the previous year. The evolution of each product was as follows:

a) Energy:

The income generated by CT ADC operations measured in pesos increased by $ 2,452,547, representing an increase of 46.6%, from $ 5,265,627 as of April 30, 2018 to $ 7,718,174 as of April 30, 2019. This variation was mainly due to:

(i) an increase of 34.6% of the average sales price recorded on the GW sold from an average $ / GWh 573.6 during the year ended April 30, 2018 to an average $ / GWh 771.8 in the year ended April 30, 2019, as a result of the increment in the price of the remunerated power, according to the rate schedule implemented under ES Resolution 19 E/2017 and the rise in the US dollar exchange rate, compared to inflation. ES Resolution 19 E/2017, effective from February 2017 to February 2019, contemplated gradual increases in the prices of the remunerated power in May and November 2017. As from March 2019 and after the entry into force of SRRME Resolution 1/2019, lower prices were set for energy and power, which involved a 4% drop in revenues.

(ii) A 44.2% increase in the remuneration in pesos, recognized by CAMMESA for the generators, for the gas consumed at the CT ADC and produced in the ADC, Loma Negra and La Yesera areas. Effective November 2018, the remuneration for gas redirected from third parties as fuel was included because CAMMESA ceased to supply it. This increase was caused by the 40% rise in the remunerated volume (including gas supplied by third parties), the rise in the US dollar exchange rate, compared to inflation, offset by a fall in the gas reference price per million BTU for thermal power plants in the Neuquen Basin, from US$ 5.53 (Resolution 41/46 of the Ministry of Energy and Mining) to an annual average of US$ 3.72 for the fiscal year 2018-2019, as a result of the application of maximum prices pursuant to Resolution 46/2018 of the Ministry of Energy and the auctions by CAMMESA for the purchase of natural gas for electricity generation as from September 2018. Revenue from such remuneration is included in the Oil and gas segment (Note 5 to the Consolidated Financial Statements). Self-supplied gas consumed by the CT ADC recorded a slight increase of 4.0%.

The generation of the ADC CT increased by 10.6% compared to the previous year due to the greater availability of gas

DEEF energy sales measured in pesos increased by $ 24,914, representing an increment of 20.9%, from $ 119,047 for the year ended April 30, 2018 to $ 143,961 for the year ended April 30, 2019 Sales measured in GWh were 27.9 and 31.8 as of April 30, 2019 and 2018 respectively. The average sales price was $ 5,152.6 and $ 3,743.6 as of April 30, 2019 and 2018, respectively. The increase in the price was due to the greater evolution of the price of the US dollar with respect to the evolution of inflation.

b) Façon Service of electric energy:

Façon services for the generation of electricity with natural gas and hydrogen measured in pesos increased by $ 1,270 thousand, representing a rise of 11.9%, from $ 10,661 as of April 30, 2018 to $ 11,931 as of April 30, 2019. This increment is due to the 25% increase in the rate sold in pesos, as a result of the greater evolution of the price of the US dollar with respect to the evolution of inflation, currency in which the price of this service is fixed, offset by an 11% decrease in the volume sold, given maintenance work during the months of August and September 2018.

c) Gas:

Gas production increased slightly, by 4.3%, from 557,353 thousand m3 as of April 30, 2018 to 581,587 thousand m3 as of April 30, 2019. Taking into account the natural decline of the field, Capex has been supporting the level of gas production through the investments made, encouraged mainly by stimulus programs and the development of reserves with better productivity. As of November 2017, Capex incorporated gas production from its participation in the Consortia with concessions in the Loma Negra and La Yesera areas in the Province of Río Negro with an average of 250 thousand m3 per day in the period January-April 2019.

At April 30, 2019, Capex has used 100% of gas production for electricity generation at the CT ADC and for the operation of the LPG Plant. Under the Incentive Program for Investments in the Development of Gas Production from Unconventional Reservoirs, the Company has submitted the sworn statements relating to the Agua del Cajón area for the periods January 2018-March 2019 and the bond insurance policies, in order to request payment under the program. The Ministry of Energy has authorized the interim payment equivalent to 85% of the economic compensation requested for the period January - December 2018 for an approximate amount of $ 363.8 million (expressed at historical currency). The Company has recorded in the Sales item the total incentive that meets the conditions established in Resolution 419 E / 2017, the amount of which amounted to $ 775.2 million corresponding to the production of the months January 2018 to March 2019.

In the fiscal year ended April 30, 2018, Capex, under the “Gas Plus” program, sold $ 211,761 corresponding to the delivery of 32,814, (thousands of m3 at an average price of US $ / m3 0,21015 (or US $ 5, 7 million btu). The rest of the gas was used for the generation of electric power in the ADC CT and in the operation of the LPG plant.

d) Oil:

Oil sales increased by $ 3,213,313, representing an increase of 272.2%. This increase was due to:

(i) oil exports, from the participation in the concession of the Pampa del Castillo - La Guitarra area in the Province of Chubut, of 155,731 m3 (979,516 bbl) at an average sale price of $ / bbl 1,795.3; and
ii) an increase of 35.4% in the local sale of oil due to a 39.5% increment in the average price in pesos, due to the rise in the average price in dollars agreed between the parties and the greater evolution of the price of the US dollar regarding the evolution of inflation, all offset by a decrease in m3 sold, from 98,003 m3 as of April 30, 2018 to 95,126 m3 as of April 30, 2019

It should be noted that, taking into account the evolution of the international price of crude oil with the need for a local price that allows to develop the production activity and the impact of the exchange rate on the final prices of fuels in the supplier, producers and refiners regularly negotiate a scheduled convergence of domestic product prices with the international value of the same.

Oil production increased by 264,9%. from 61,294 m3 as of April 30, 2018 to 223,685 m3 as of April 30. 2019, due to the results obtained from the stimulation of some wells and to the incorporation of oil production from;

i) the participation, as of November 2017, in the Consortia with concessions in the Loma Negra and La Yesera areas in the Province of Río Negro, of an average of approximately 62 m3 per day in the period May 2018-April 2019, and

ii) the participation in the concession of the Pampa del Castillo - La Guitarra area in the Province of Chubut, as of August 1, 2018, of an approximate average of 577 m3 per day in the period August 2018-April 2019.

e) Propane, butane and gasoline:

- Sales of propane increased by $ 80,912 thousand or 28.0% from $ 289,329 thousand as of April 30, 2018 to 370,241 thousand as of April 30, 2019, including the income from the “Propano Sur Program”.

The rise in sales is the result of an increase in the average sales price of 32.8% going from average $ / tn 13,522.6 as of April 30, 2018 to average $ / tn 17,959.8 as of April 30, 2019, as a result of higher international prices and the greater evolution of the price of the US dollar with respect to the inflation evolution. The volume sold decreased by 3.6%.

- Butane sales increased by $ 37,160 or 20.3%, from $ 183,451 as of April 30, 2018 to $ 220,611 as of April 30, 2019. This increase was due to a rise in the average price in sales pesos of 24.6%, from average $ / tn 12,978.5 as of April 30, 2018 to $ average / tn 16,171.5 as of April 30, 2019, as a result of higher international prices and the greater evolution of the price of the US dollar regarding the evolution of inflation. The volume sold had a decrease of 3.6%.

- No sales of gasoline were recorded at April 30, 2019 and 2018 because the production of 27,333 m3 and 28,102 m3. respectively, were blended and sold with oil for market reasons.

f) Oxygen:

Hychico sold 126,175 m3 and 127,113 m3 of oxygen for a total of $ 5,385 and $ 4,297 in the years ended April 30, 2019 and 2018, respectively. This increase in sales was caused by a rise in the sale price in pesos as a result of the greater evolution of the price of the US dollar with respect to the evolution of inflation, offset by a decrease in the volume sold of 0.7%.

g) Services:

It corresponds to the participation of 37.5% over the income for the services provided by the Loma Negra Consortium for the treatment of crude oil and the gas readiness as of November 2017.

Cost of sales

Thousand $

	04/30/2019	04/30/2018	Variation	
Fees and other compensations	(64,993)	(45,471)	(19,522)	42.9%
Salaries and social security contributions	(748,261)	(577,685)	(170,576)	29.5%
Materials, spare parts and others	(323,260)	(106,685)	(216,575)	203.0%
Operation, maintenance and repairs	(876,647)	(271,864)	(604,783)	222.5%
Fuel, lubricants and fluids	(355,131)	(36,607)	(318,524)	870.1%
Transportation, freight and studies	(78,452)	(26,427)	(52,025)	196.9%
Depreciation of Property, Plant and Equipment	(1,994,081)	(1,458,745)	(535,336)	36.7%
Office, travel and representation expenses	(17,263)	(8,511)	(8,752)	102.8%
Taxes, rates, contributions, rents and insurance	(97,389)	(73,133)	(24,256)	33.2%
Acquisition of electricity from CAMMESA	(117)	(85)	(32)	37.6%
Acquisition of gas to third parties	(51,122)	(29,927)	(21,195)	70.8%
Acquisition of third party gas	(1,237,456)	-	(1,237,456)	100.0%
Acquisition of oil	(156,904)	-	(156,904)	100.0%
Stock production cost	59,974	(28,299)	88,273	-311.9%
Cost of Sales	**(5,941,102)**	**(2,663,439)**	**(3,277,663)**	**-123.1%**

The cost of sales as of April 30, 2019 amounted to $ 5,941,102 (43.3 % of sales), while as of April 30, 2018 it amounted to $ 2,663,439 (36.5% of net sales).

The 123,1% increase in the cost of sales was mainly explained by:

- the higher depreciation charge for the assets related to the exploitation of oil and gas, the CT ADC, DEEF and the LPG Plant for $ 535.336 thousand, as a consequence of the increase in investments made in the areas, the incorporation of new areas and the updating of the technical revaluation of certain goods made in the years ended April 30, 2018 and 2019.
- an increase in labor costs of $ 170,576, mainly as a result of the incorporation of personnel to carry out the operation of the Pampa del Castillo - La Guitarra area as of August 1, 2018.
- an increase in costs of Materials, spare parts and others for $ 216,575 and of the costs of operation, maintenance and repairs for $ 604,783, as a result of the higher activity generated by the incorporation of the areas of Loma Negra, La Yesera and Pampa del Castillo - La Guitarra and the increase in service rates throughout the year,
- an increment in the costs of fuels, lubricants and fluids by $ 318,524, as a result of the increase in the activity in the deposits, the rise in prices and the increase in the rate of the trust fund for residential consumption of gas related to production of LPG
- the purchase of gas from third parties for $ 1,237,456 since effective since November 2018 CAMMESA stopped supplying gas to electric power plants, and now they have to buy it in the market, and
- the purchase of oil for $156,904, under the Joint Operation Agreement that governs the operation of the Pampa del Castillo-La Guitarra area.

Preoperating expenses

Preoperating expenses include fees for professional services, bank charges, costs and taxes for the construction of the Wind Farm Diadema II.

Selling expenses

Thousand $

	04/30/2019	04/30/2018	Variation	
Royalties	(1,160,810)	(699,088)	(461,722)	66,0%
Cost of transport and energy deliveries	(102,068)	(118,357)	16,289	-13,8%
Export duties	(310,480)	-	(310,480)	100,0%
Turnover tax	(315,930)	(239,048)	(76,882)	32,2%
Commissions and other	(9,793)	(5,954)	(3,839)	64,5%
Selling expenses	**(1,899,081)**	**(1,062,447)**	**(836,634)**	**78,7%**

Selling expenses amounted to $ 1,899,081 as of April 30, 2019, representing 13.8% of sales, while as of April 30, 2018 they amounted to $ 1,062,447 thousand, representing 14.6% of sales.

a) royalties associated with oil due to: i) increased production due to the incorporation of participations in the Consortia of Loma Negra, La Yesera and the Pampa del Castillo - La Guitarra joint venture, ii) an increase of 3% in the average oil price in dollars and iii) the greater evolution of the price of the US dollar with respect to the evolution of inflation,
b) royalties associated with gas, generated by: i) the increase in production due to the incorporation of participations in the Loma Negra and La Yesera Consortia, and ii) the greater evolution of the price of the US dollar with respect to the evolution of inflation, and
c) the payment of export duties as a result of the export of oil from the Pampa del Castillo - La Guitarra area.

All this was offset by the lower energy dispatch and transportation expenses accrued by CAMMMESA as a result of the rate and price adjustment that did not accompany inflation.

Administrative expenses

	04/30/2019	04/30/2018	Variation	
Fees and other compensations	(33,766)	(26,865)	(6,901)	25,7%
Salaries and social security contributions	(234,677)	(238,840)	4,163	-1,7%
Materials, spare parts and others	(36)	(44)	8	-18,2%
Operation, maintenance and repairs	(51,586)	(44,187)	(7,399)	16,7%
Transportations, freight and studies	(4,300)	(3,176)	(1,124)	35,4%
Depreciation of property, plant and equipment	(11,323)	(8,300)	(3,023)	36,4%
Office, travel and representation expenses	(20,273)	(1,603)	(18,670)	1164,7%
Comissions and others	(49,346)	(59,150)	9,804	-16,6%
Taxes, rates, contributions, insurance and rental	-	(3,968)	3,968	100,0%
Bank expenses	(138,722)	(83,271)	(55,451)	66,6%
Administrative expenses	**(544,029)**	**(469,404)**	**(74,625)**	**15,9%**

Administrative expenses were $ 544,029 as of April 30, 2019, representing 4.0% of sales, while as of April 30, 2018 they were $ 469,404, representing 6.4%. The increase was $ 74,625, representing 15.9%. This increment is mainly due to: i) bank expenses as a result of the higher bank debit and credit tax given the higher expenses and income received by the Group; and ii) Operating, maintenance, repair, office, travel and representation expenses, including expenses related to the operation of the Pampa del Castillo – La Guitarra area. All this was offset by a decrease in taxes, rates, contributions, rental and insurance.

Other operating (expenses) / income, net

	04/30/2019	04/30/2018	Variation	
Sales of vehicles	2,082	562	1,520	270,5%
Exclusivity rights	(22,075)	-	(22,075)	100,0%
Not computable assessments	(1,886)	-	(1,886)	100,0%
Income from charges for indirect administrative services consortia /Joint Ventures	23,144	4,607	18,537	402,4%
Sundry	(5,627)	(4,535)	(1,092)	24,1%
Other operating (expenses) / income, net	(4,362)	634	(4,996)	-788,0%

Other (expenses) / net operating income as of April 30, 2019 were negative for $ 4,362 and as of April 30, 2018 were positive for $ 634. This decrease was mainly due to the charge to the results of exclusive rights that did not prosper, partially offset by the services provided by the Company as operator of the Consortiums and Joint Ventures.

Financial results

	04/30/2019	04/30/2018	Variation	
Financial Income	5,769,852	2,188,812	3,581,040	163.6%
Financial Costs	(11,346,434)	(3,840,040)	(7,506,394)	195.5%
Other financial results	373	9,618	(9,245)	-96.1%
Other financial results RECPAM	1,984,153	647,712	1,336,441	206.3%
Financial Results	**(3,592,056)**	**(993,898)**	**(2,598,158)**	**261.4%**

a) Financial income

	04/30/2019	04/30/2018	Variation	
Exchange difference	5,347,873	1,538,212	3,809,661	247.7%
Interest and others	420,668	646,846	(226,178)	-35.0%
Interest accrued on receivables	1,311	3,754	(2,443)	-65.1%
Financial income	**5,769,852**	**2,188,812**	**3,581,040**	**163.6%**

Financial income as of April 30, 2019 showed a balance of $ 5,769,852, while as of April 30, 2018 they were $ 2,188,812, representing an increase of 163.6%. The main causes of the $ 3,581,040 rise were:

- The variation of the exchange difference as a result of the greater evolution of the price of the US dollar with respect to the evolution of inflation, calculated on investments in foreign currency. The variation at nominal values of the price of the US dollar between April 2018 and April 2019 was 115%, while between April 2017 and April 2018 it was of 33.4%.

- The variation of interest and other accrued results correspond mainly to the result generated by investments in term deposits and to a lesser extent to mutual funds and the holding of securities.

- The variation in the accrual of interest on loans corresponds mainly to the result generated by the update of the value of the long-term loans of Hychico.

b) Financial costs

	04/30/2019	04/30/2018	Variation	
Exchange difference	(10,163,623)	(3,024,546)	(7,139,077)	236.9%
Interest and others	(1,153,113)	(806,981)	(346,132)	2.9%
Interest accrued from accounts receivables and payable	(29,698)	(8,513)	(21,185)	248.9%
Financial Results	**(11,346,434)**	**(3,840,040)**	**(7,506,394)**	**195.5%**

Financial costs at April 30, 2019 showed a negative balance of $ 11,346,434, while at April 30, 2018 they were negative by $ 3,840,040, representing an increase in costs of 195.5 %. The main cause of the variation of $ 7,506,394 thousands is:

- The largest losses due to exchange differences as a result of the greater evolution of the price of the US dollar with respect to the evolution of inflation; The variation at nominal values in the price of the US dollar between April April 2018 and April 2019 was 115%, while between April 2017 and April 2018 it was of 33.4%. The Group owns 99.5% of its financial debt in US dollars, with which the variation in the price of said currency generates a significant impact on economic results and equity.

The financial debts to which we refer are the following:

- Corporate Bonds Class II for US$ 300 million due May 2024, at a fixed rate of 6.875%, payable semiannually.

- Secured loan for US$ 14 millions with the CII, destined for construction of Hychico Diadema Eolic Energy Farm, accruing interest at variable rates equivalent to LIBO plus a nominal annual rate of 4.5% (as from April 2018) payable semiannually. As of April 30, 2019, the capital owed amounts to US $ 2,4 millions.

- The variation of interest and other accrued results corresponds, mainly, to the accrual of interest for the Negotiable Obligations, for the loan with the IIC and for the financing for the maintenance of the CT ADC. The increase in the price of the US dollar generated a greater accrual of interest in pesos.
- The accrual of interest on loans and debts corresponds to the result generated by the update of the value of the provision for abandonment of wells increased by the incorporation of new areas

Other financial results RECPAM

	30/04/2019	30/04/2018	Variation	
Other financial results RECPAM	**2,034,092**	**647,712**	**1,386,380**	**214.0%**

This item shows the result by exposure to changes in the purchasing power of the currency.

Income Tax

	04/30/2019	04/30/2018	Variation	
Income Tax	**(326,235)**	**(88,215)**	**238,023**	**269.8%**

Income tax as of April 30, 2019 showed a negative balance of $326.238, mainly for the special tax for Tax Revaluation and the tax for the adjustment for tax inflation art 95, net of the gain due to the effect of the tax revaluation of Property, plant and equipment.

Other comprehensive income

	04/30/2019	04/30/2018	Variation	
Other comprehensive results	**804,300**	**568,719**	**235,581**	**41.4%**

Other comprehensive income as of April 30, 2019 amounted to $ 804,300, because the Company has applied the revaluation model for certain assets within Property, plant and equipment and during the years ended April 30, 2019 and 2018, it has updated the fair values of said assets up to the limit of their recoverable values.

The portion of total other comprehensive income for $ 804,300 attributable to the Company is $ 789,977 and is accumulated in the Reserve for revaluation of assets, in the Statement of Changes in Shareholders' Equity. The amount as of April 30, 2019 for that reserve is $ 1,327,945 which, as set forth in the Restated Text of the CNV, 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.

10. Board Proposal

In compliance with prevailing legal standards and the Company by-laws, the Board of Directors of the Company submits for the consideration of the Shareholders this Annual Report, the Inventory, the Independent Auditors' Report, the Report from the Syndics' Committee, the Report from the Audit Committee and the individual and consolidated Financial Statements for the thirty-first fiscal year commenced May 1, 2018 and ended April 30, 2019.

The comprehensive result for the year showed a gain of $ 2,174,535,526 , consisting of i) the net gain of $ 1,384,556,520, and ii) other comprehensive income from the revaluation of property, plant and equipment for $ 789,979,006 . In accordance with the applicable standards, Other comprehensive income is part of the Reserve due to Revaluation of Assets.

At the end of the year, the unallocated results amounted to a gain of $ 6,245,644,482 composed of: i) Net profit for $ 1,384,556,520, ii) the reversal of the Reserve for the Revaluation of Assets for $ 24,287,594, iii) the Revaluation Surplus of Property, plant and equipment in accordance with the provisions of Res. 777 / 18 of the

CNV) for $ 2,768,346,048, iv) the Unallocated results profit at the beginning of the year as a result of the application of the adjustment for inflation, in accordance with current accounting standards, for $ 2,068,454,320.

The Board of Directors proposes that the unallocated profit results amounting to $ 6,245,644,482 are charged as follows: i) $ 2,768,346,048 corresponding to the Revaluation Surplus of Property, plant and equipment (in accordance with the provisions of Res. 777/18 of the CNV) to the Reserve for Revaluation of Assets, ii) $ 173,864,922 to the Legal Reserve, and iii) $ 3,303,433,512 to the Optional Reserve for distribution of dividends and / or investments and / or cancellation of debt and / or loss absorption.

The achievements are the result of a great effort. That is why, to all involved: customers, banks, suppliers, shareholders and our staff, a special thanks.

Autonomous City of Buenos Aires, 5 July 2019.

THE BOARD OF DIRECTORS

CODE OF CORPORATE GOVERNANCE

<table>
<tr><td colspan="3">PRINCIPLE I. MAKE CLEAR THE RELATIONSHIP BETWEEN THE ISSUER, THE ECONOMIC GROUP THAT THE ISSUER HEADS AND/OR FORMS PART OF AND ITS RELATED PARTIES.</td></tr>
<tr><td colspan="3">Recommendation I.1: Ensure the disclosure by the Governing Body of the policies applicable to the Issuer's relationship with the economic group the Issuer heads and/or forms part of and with its related parties.
Internal regulation or policy to authorize transactions between related parties. State the main guidelines of the standard or internal policy.</td></tr>
<tr><td></td><td>Complies</td><td>All transactions for a significant amount that Capex conducts with those individuals and/or entities considered "related parties" according to what is established by section 72 of the Capital Markets Law (No. 26831"CML") must be subject to a specific procedure for approval and previous control, developed with coordination by the Legal Department and involving the Board of Directors and the Audit Committee (as applicable).

Also, in compliance with the provisions of the CML, all the transactions for a significant amount between Capex and related parties are immediately reported through the modality of "relevant fact".

Lastly, both the individual and the consolidated financial statements disclose the transactions and balances of Capex with its related parties.</td></tr>
<tr><td colspan="3">Recommendation I.2: Ensure the existence of mechanisms that prevent conflicts of interest.
Clear policies and special procedures to identify, manage and solve conflicts of interest that might occur between the members of the Governing Body, senior managers and syndics and/or members of the surveillance committee in their relationship with the Issuer or with related parties.
Make a description of the most relevant aspects.</td></tr>
<tr><td></td><td>Complies</td><td>The Company has a Code of Conduct, which states that directors, managers and employees must avoid any possible or actual conflict of interests (their own against the Company's).

When a director, manager or employee of the Company is facing a situation that may create a conflict of interests because the person is directly or indirectly concerned with the issue, this fact must be reported to the immediate superior, who will treat the matter as adequate and exempt the affected employee from the obligation/task.

If a situation of conflict of interests arises, the decision must be arbitrated with an unconditioned third party.</td></tr>
<tr><td colspan="3">Recommendation I.3: Preventing the improper use of privileged information.

Answer if:
The Issuer, without prejudice to current regulations, has policies and mechanisms in place to prevent the improper use of privileged information by the members of the Governing body, senior managers, syndics and/or members of the surveillance committee, controlling shareholders or shareholders exerting significant influence, intervening professionals and other persons listed in sections 7 and 33 of Decree No. 677/01.
Make a description of the most relevant aspects.</td></tr>
<tr><td></td><td>Complies</td><td>The Code of Conduct establishes that Directors, managers and employees must avoid personal or own business transactions on share, financial, strategic matters, based on material information outside public knowledge and obtained through performing their functions. All transactions between</td></tr>
</table>

		related companies must be conducted with the participation/approval of all the responsible sectors involved, in conditions of transparency and good business practices.

PRINCIPLE II. PROVIDE THE BASIS FOR A SOLID ADMINISTRATION AND SUPERVISION OF THE ISSUER

The framework for corporate government must:

Recommendation II. 1: Ensure that the Governing Body assumes the administration and supervision of the Issuer and its strategic orientation.

Answer if:
II.1.1 the Governing Body approves:
II.1.1.1 the strategic or business plan, as well as the management goals and annual budget,

	Complies	On April 24, 2019 the Board of Directors approved the business plan and budget for the year 2019-2020.
II.1.1.2 the investment (in financial assets and capital goods) and financing policy,		
	Complies	On April 24, 2019 the Board of Directors approved the investment and financing policy for the year 2019-2020.
II.1.1.3 Corporate governance policy (compliance with the Code of Corporate Governance),		
	Complies	The Audit Committee reviews and controls the Code of Corporate Governance. Once it is prepared, it is submitted to the Board of Directors for voting.
II.1.1.4 the recruitment, evaluation and remuneration policy for senior managers,		
	Complies partially	The selection process for senior managers is the result of the joint work of the Executive Director, the Directors and HR. There is no specific policy, as the Company considers that, in view of the fluctuations in the economy which have affected the labor market, a policy would undergo continuous and constant changes, while a procedure establishes a working method with variables that will adapt to the economic situation that may arise in each moment. There is a procedure coordinated by HR for the evaluation of all the employees (including managers), their performance and their goals, and a yearly variable compensation and eventual promotions are determined based on that procedure. This procedure is registered and documented on each occasion and is in the Organizational Development Management. Remunerations are approved by the Board of Directors with the annual budget and reviewed during the year by the Executive Board in relation to market and to the Company's situation.
II.1.1.5 the policy on the assignment of responsibilities to senior managers,		
	Complies	On April 19, 2013 the Board of Directors expressly delegated to the Executive Director the assignment of responsibilities to managers.
II.1.1.6 the supervision of the plans for the succession of senior managers,		
	Complies	On April 19, 2013 the Board of Directors expressly

		delegated the implementation and monitoring of succession planning to the Executive Director.
II.1.1.7 the policy on corporate social responsibility		
	Complies partially	The Company carries forward CSR programs that are approved by the Board of Directors within the annual budget and communicated to the senior managers. On April 24, 2019 the Board of Directors approved the CSR programs for the year 2019-2020.
II.1.1.8 the policies on the integral risk management and internal control, and prevention of fraud,		
	Complies partially	The Audit Committe reviews and approves the performance of Internal Audit and External Audit and includes it in its yearly report.
II.1.1.9 the policy on ongoing training and development of the members of the Governing Body and senior management,		
	Complies partially	The members of the Board of Directors are businessmen with adequate experience and training for performing their functions. The Company has implemented ongoing training and development programs; it promotes and facilitates this activity and evaluates the skills necessary for senior managers to conduct their activities.
II.1.2 If relevant, add other policies applied by the Governing Body which have not been mentioned and describe their important points.		
	Complies	The Board has made an analysis of the need for new policies and considered that are not necessary.
II.1.3 The Issuer has a policy aimed at ensuring the availability of relevant information for the decision making process of the Governing Body and for consultation at management level, which is even for all members executive, external and independent members and well in advance, allowing for an appropriate analysis of its contents. Please specify.		
	Complies	Information meetings are held on a weekly basis within each management sector and reported to the Board of Directors. The Board of Directors can have absolute access to all available information on all discussed matters.
Recommendation II.2: Ensure an effective Management Control of the Issuer. Answer if: The Governing Body verifies: II.2.1 compliance with annual budget and business plan,		
	Complies	The Board of Directors verifies this by means of the information received on a periodical basis from the Executive Director, who implements compliance with the annual budget and the business plan. There is a procedures manual available in the issuer's intranet, which contemplates the process from the preparation of the Annual Budget, with the information requirements for the different sectors, to the consolidation and final approval by the Board of Directors, and also the requests and approvals of additional budget requirements. In addition, deviations and compliance are analyzed on a periodical basis.

II.2.2 the performance of senior managers and compliance with objectives set for them (the level of profit foreseen versus the profit made, financial rating, quality of accounting report, market share, etc.). Describe the main aspects of the Management Control policy of the Issuer by detailing the techniques used and frequency of monitoring by the Governing Body.		
	Complies	The Board of Directors verifies this by means of the information provided on a periodical basis by the Executive Director with the help of Management. Managers attend the meetings and submit their reports. There is a Management Control procedure manual available in the issuer's intranet, which includes the description of the process for Management control of the economic and financial budgets for the months accumulated to date. In addition, management control meetings are held quarterly, to evaluate the degree of compliance and deviations from budget. The sources of the information analyzed are the accounting records and market data.
Recommendation II.3: Communicate the Governing Body's performance appraisal process and its impact. Answer if: II.3.1 Each member of the Governing Body Complies with the By laws and, if applicable, with the Operation Regulations of the Governing Body. Detail the main provisions of the Regulations. Indicate the degree of compliance with By laws and Regulations.		
	Complies	All of the members of the Board of Directors comply with the corporate By laws. It is worth mentioning that the Company's Governing Body does not have regulations for this operation and does not consider it necessary.
II.3.2 (The Governing Body discloses the results of its administration considering the objectives set at the beginning of the period, so that the shareholders may evaluate the degree of compliance with those objectives, containing both financial and non-financial aspects. In addition, the Governing Body presents a diagnosis about the degree of compliance with the policies mentioned in Recommendation II, items II.1.1 and II.1.2. Detail the main aspects of the assessment by the General Shareholders' Meeting of the degree of compliance by the Governing Body with the objectives set and the policies mentioned in Recommendation II, items II.1.1 and II.1.2, indicating the date of the Meeting when the assessment was submitted.		
	Complies	On a yearly basis, in its Annual Report, the Board of Directors presents the results of its administration and describes the actions taken, to enable the evaluation of its performance by the Shareholders' Meeting. Historically, the Shareholders' Meetings have approved these without observations. The last Meeting where this evaluation was submitted was on August 28, 2018.

Recommendation II.4: The number of external and independent members in the Governing Body of the Issuer should be significant. Answer if: II.4.1 The proportion of executive, external and independent members of the Governing Body (as defined by the regulations of this Commission) bears relation to the capital structure of the Issuer. Please specify.

Capex S.A.

	Complies	In compliance with the provisions of section 109 of the CML, on occasion of the election of directors, each time that a candidate is proposed for the consideration of the Shareholders' Meeting this body is informed, before voting on this issue, of the status of independent or non-independent for each candidate. Also, after the Shareholders' Meeting and in compliance with the Regulations of the National Securities Commission (CNV), within 10 days of the election of the new directors, the CNV and the markets are informed of the personal data of each director, and also whether he has the status of independent or non-independent. Currently, the Board of Directors is composed of 5 full directors, 2 out of which are independent. This composition allows for the correct fulfillment of the duties of the Board of Directors and the integration of the Audit Committee as provided by the CML.
II.4.2 In the current year, the shareholders have agreed at a General Meeting on a policy to maintain a proportion of independent members of at least 20% of the total number of members of the Governing Body. Describe the relevant aspects of such policy and any agreement of shareholders that clarifies the way members of the Governing Body are appointed and their term. Indicate whether the independence of the members of the Governing Body has been questioned during the year or if any abstentions or conflicts of interest have occurred.		
	Complies	The Company designates a proportion of Independent Directors on the total of members of the Board, to ensure compliance with the regulations in force in connection with the Audit Committee. As for the communication of the proportion of independent directors, this is documented in the transcription of the Shareholders' meetings in which the Directors are appointed, as required by regulations in force. Over the course of the fiscal year the independence of the members of the Board of Directors was not questioned and no abstentions were produced by conflicts of interest.
Recommendation II.5: Requiring the existence of regulations and procedures intended to select and propose members of the Governing Body and senior management of the Issuer. Answer if: II.5.1. the Issuer has a Committee for Appointments:		
	Does not comply	The Company does not have a Committee for Appointments, and it does not consider necessary to implement one, given that the functions of this committee, with the scope established in the regulations in force, are performed directly by the Shareholders' Meeting (as regards the selection of Directors); by the Board of Directors with the support of the Organizational Development Management (in regards to the selection of the Executive Director) and by the Executive Director with the support of the Organizational Development Management (in regard to frontline managers).
II.5.1.1 made up of at least three members of the Governing Body, most of them, independent,		
	Does not comply	See explanation to II.5.1
II.5.1.2 chaired by an independent member of the Governing Body,		
	Does not comply	See explanation to II.5.1

II.5.1.3 with members that accredits qualifications and experience in human capital issues,		
	Does not comply	See explanation to II.5.1

II.5.1.4 holding meetings at least twice a year.		
	Does not comply	See explanation to II.5.1
II.5.1.5 whose decisions are not necessarily mandatory for the General Shareholders' Meeting; rather, they are of an advisory nature in connection with the selection of the members of the Governing Body.		
	Does not comply	See explanation to II.5.1
II.5.2 If there is a Committee for Appointments, the same: II.5.2.1. verifies the annual review and evaluation of its regulations and proposes to the Governing Body modifications for its approval, II.5.2.2 proposes the development of criteria (qualifications, experience, professional reputation and ethics, among others) for the selection of new members of the Governing Body and senior managers, II.5.2.3 identifies the candidates for the Governing Body to be proposed to the General Shareholders' Meeting by the Committee, II. 5.2.4 suggests the members of the Governing Body that will be part of the different Committees of the Governing Body, according to their professional background, II. 5.2.5 recommends that the Chairman of the Board of Directors should not be the General Manager of the Issuer at the same time, II. 5.2.6 ensures availability of the curriculum vitae of the members of the Governing Body and senior management on the Issuer's website, with their terms of office explicitly indicated in the first case, II.5.2.7 verifies the existence of a succession plan for the Governing Body and the senior managers, II.5.3 If considered relevant, include the policies applied by the Issuer's Appointments Committee that have not been mentioned in the preceding point.		
	Does not comply	See explanation to II.5.1
Recommendation II.6: Evaluating the convenience that the members of the Governing Body and/or syndics and/or members of the surveillance committee perform functions at several Issuers. Answer if: The Issuer sets a limit for the members of the Governing Body and/or syndics and/or members of the surveillance committee to perform functions in other entities not belonging to the economic group that the Issuer heads or forms part of. Specify this limit and detail if any infringement to the limit was committed in the course of the year.		
	Complies	The Code of Conduct establishes that the directors and managers may be a part of the personnel of the affiliate companies, provided that this is publicly known and that their acting is transparent and there are no interferences in the performance of their functions in such a way that they are unable to make an impartial decision for one of the parties. Regarding other non-affiliate companies, the Company's practice is that there is no limitation to the extent that there is no conflict of interests; in all cases, the incompatibilities and limitations included in sections 264, 273 and 286 of Law No. 19550 and amendments must be taken into account.

Recommendation II.7: Ensure the training and development for the members of the Governing Body and the senior management of the Issuer. Answer if: II.7.1 The Issuer has Continuing Education programs related to the needs existing at the Issuer for the members of the Governing Body and senior management, including contents about their roles and responsibilities, comprehensive corporate risk management, specific knowledge of the business and its regulations, the dynamics of corporate governance and corporate social responsibility matters. In the case of the members of the Audit Committee, international accounting, audit and internal control standards, and specific regulations of the capital market. Describe the programs developed in the course of the year and their degree of compliance.		
	Complies	In addition to what is stated in II.1.1.9, the members of the Board of Directors have the experience as well as the knowledge and professional training adequate for performing their functions. To date, training takes place according to the specific needs that may exist. Regarding Senior Managers, the following training courses were implemented during the year: - Coaching processes for the development of management competencies - Managerial Program about Strategy, Mobilization and Execution (EME-IAE) - Seminar on Gas Production, Transport and Treatment - SPE Unconventional Resources Conference - Neuquén - SPE Annual Technology Conference and Exhibition - Dallas - Training seminar on the national and international Political and Economic Outlook - Training seminars on tax issues
II.7.2 The Issuer, by means other than those mentioned in II.7.1, encourages the members of the Governing Body and senior management to maintain a continuing education that supplements their educational level in a way that adds value to the Issuer. Describe the ways in which this is done.		
	Complies	By means of their participation in events, forums, seminars and congresses.
PRINCIPLE III. ENDORSE AN EFFECTIVE POLICY TO IDENTIFY, MEASURE, MANAGE AND COMMUNICATE CORPORATE RISK Within the framework for corporate government: Recommendation III: The Governing Body must have a comprehensive corporate risk management policy and monitor its correct implementation. Answer if: III.1 The Issuer has comprehensive corporate risk management policies (fulfillment of strategic, operational, accounting, financial reporting, laws and regulations, and other goals). Make a description of the most relevant aspects of these policies.		
	Complies	Internal procedures and policies for risk control are made effective through internal and external audits and by the Audit Committee. The Audit Committee, in the exercise of its functions and according to what is established by the standards in force, the Regulations for the Audit Committee and following its action plan for the year, supervises the application of the Company's information policies for risk management and informs about this in its yearly report. Considering that the most significant risk for the Company, according to the nature of its activity, is environmental risk, Capex has certified the field, the

		generation plant and the LPG plant under the ISO 14001 standard, and it has a policy on environmental management and safety. With respect to the financial risks on the annual financial statements, there is a description of the risks and their effect on the results.
III.2 There is a Risk Management Committee within the Governing Body or the General Management. Report on the existence of procedure manuals and detail the main risk factors specific to the Issuer or its activity and the actions implemented for mitigation. If no such Committee exists, then describe the oversight role performed by the Audit Committee in connection with risk management. Also, specify the degree of interaction between the Governing Body or its Committees and the Issuer's General Management regarding comprehensive corporate risk management.		
	Complies	Through the follow-up of business and its management functions, the Executive Board assesses the risks and together with the Managers involved takes the necessary measures to mitigate them. The Executive Board permanently keeps the Board of Directors informed. Also, and considering the Group's activity, there is a risk matrix for environmental management and safety and risk management procedures.
III.3 Within the Issuer's General Management there is an independent function in charge of implementing the policies on comprehensive risk management (function of the Risk Management Officer or equivalent). Please specify.		
	Complies	There is an Environmental Management and Safety Manager, who reports hierarchically to the Executive Director. Also, in connection with the other risks, the Internal Auditor performs an equivalent function, reporting to the Executive Director.
III.4 The policies on comprehensive risk management are constantly updated, in accordance with well-known methodologies and recommendations. Mention which ones (Enterprise Risk Management, according to the conceptual framework of COSO – Committee of sponsoring organizations of the Treadway Commission –, ISO 31000, IRAM 17551 standard, Section 404 of Sarbanes-Oxley Act, other).		
	Complies partially	Each manager´s office evaluates the review of its procedures and, according to what is mentioned in point III.2 the necessary procedures are discussed with the Executive Board and updated.
III.5 The Governing Body reports on the results of the risk management oversight performed jointly with the General Management in the financial statements and the annual report. Specify the main points of the statements made.		
	Complies	The financial statements include references to financial risks and their effects on the results of operations, as well as relevant information on environmental management and safety. It must be mentioned that the Company complies with national and provincial regulations regarding environmental management and safety reports; also, through the Executive Director, the Board of Directors is kept informed of the events occurred during operation and of the actions taken for their treatment or remediation. At the closing date of the financial statements there are no material contingencies, and the commitments undertaken with the authorities for the year are being complied with.

PRINCIPLE IV SAFEGUARD THE INTEGRITY OF FINANCIAL INFORMATION WITH INDEPENDENT AUDITS Recommendation IV: Guarantee independence and transparency in the functions entrusted to the Audit Committee and the External Auditor. Answer if: IV.1. The Governing Body, at the time of selecting the members of the Audit Committee and taking into account that the majority of them must be independent, assesses whether it is convenient that the Committee is chaired by an independent member.		
	Complies partially	In compliance with regulations, the Committee is comprised of three or more members of the Board of Directors, chosen on a majority of votes; the majority of these directors must be independent. Without detriment to the above, that the Committee be chaired by an independent member was not evaluated specifically.
IV.2 There is an internal audit function that reports to the Audit Committee or to the Chairman of the Governing Body and that is responsible for evaluating the internal control system. Indicate if the Audit Committee or the Governing Body performs a yearly evaluation of the performance of the internal audit area and the degree of independence of their professional work, meaning that the professionals responsible for that function are independent of the other operating areas and that they also fulfill the independence requirements with respect to the controlling shareholders or the related entities that exercise significant influence on the Issuer. Also, specify if the internal audit function performs its work in accordance with the international standards for the professional practice of internal audit, issued by the Institute of Internal Auditors (IIA).		
	Complies partially	The Audit Committee, on a yearly basis, verifies the performance of the internal auditor and analyzes his work and degree of independence.
IV.3 The members of the Audit Committee perform a yearly evaluation of the competence, independence and performance of the External Auditors appointed by the Shareholders' Meeting. Describe the relevant aspects of the procedures applied to perform the evaluation.		
	Complies	The Audit Committee evaluates the competence, independence and performance of the External Auditors appointed by the Shareholders' Meeting. Every year it issues a report on the following procedures and work performed: Analysis of the services proposals and External Auditors' fees; maintaining the conditions of independence, and inquiry to Company's officers about the existence of facts that could affect the auditor's independence; analysis of the work plans, their development and results; planning and approach of jobs, etc. An opinion is issued, based on the applicable regulations and the Regulations for the Committee.
IV.4 The Issuer has a policy on the rotation of the members of the Syndics´ Committee and/or the External Auditor; and in connection with the latter, if the rotation includes the external audit firms or only the individuals.		
	Complies partially	Regarding the rotation of the members of the Syndics´ Committee, the Company does not have a specific policy, given that the composition of the Committee is renewed every year (a new Syndics´ Committee is elected, even though the members might be the same ones).

		Regarding the rotation of the External Auditor, the Company applies the provisions contained in the regulation of the National Securities Commission relating the rotation of the external auditors.

PRINCIPLE V. RESPECT THE RIGHTS OF SHAREHOLDERS Recommendation V.1: Ensure that the shareholders have access to the Issuer information. Answer if: V.1.1 The Governing Body promotes informative meetings with the shareholders on a periodical basis, in coincidence with the presentation of the interim financial statements. Specify, indicating the number and frequency of meetings held during the course of the year.		
	Complies partially	The Company complies with the periodical information regimes instituted by the Standards and Regulations of the Buenos Aires Stock Exchange. By means of this information system, all the information about the Company that is considered relevant is made known to the public, so that its shareholders may keep informed. Apart from the information that must be made available to the Buenos Aires Stock Exchange and the CNV within the framework of legal information requirements, the Company discloses all the information that is considered relevant directly to the Shareholders, in a transparent and accurate way, as requested.
V.1.2 The Issuer has mechanisms for providing information to investors and a specialized sector for handling their queries and consultations. Furthermore, it has a website that can be accessed by the shareholders and other investors, with an access channel enabled for them to contact among themselves. Provide details.		
	Complies	The representatives for Market Relations are the persons in charge of answering queries and concerns from shareholders and investors. In addition, the Company has a freely accessible website where it provides institutional information and its financial statements and provides a link to the official website of the CNV where additional information about the Company can be obtained.
Recommendation V.2: Promoting active participation of all the shareholders. Answer if: V.2.1 The Governing Body takes measures to promote the participation of all the shareholders in the General Shareholders' Meetings. Specify, distinguishing between the measures required by law and those voluntarily offered by the Issuer to its shareholders.		
	Complies partially	The Company complies with legal requirements and considers that no additional measures are necessary.
V.2.2 The General Shareholders' Meeting has Regulations on its functioning to ensure that the information is available to the shareholders sufficiently in advance for decision-making. Describe the main guidelines of those regulations.		
	Does not comply	The Company does not consider it necessary to have Regulations on the functioning of the Shareholders' Meetings, because it thoroughly complies with the legal requirements established for the meetings, according to regulations in force. Also, the Company makes all the required information available to the Shareholders within the prescribed terms.

<table>
<tr><td colspan="3">V.2.3 The mechanisms implemented by the Issuer apply for minority shareholders to propose issues to be discussed at the General Shareholders' Meeting, in line with regulations in force. Explain the results.</td></tr>
<tr><td></td><td>Complies</td><td>There is no impediment, arising from the by-laws or facts, for minority shareholders to propose issues for discussion at the Shareholders' Meetings, according to regulations in force.</td></tr>
<tr><td colspan="3">V.2.4 The Issuer has policies in place to encourage the participation of relevant shareholders, such as institutional investors. Specify.</td></tr>
<tr><td></td><td>Complies</td><td>The Company receives and responds via its website to inquiries from all investors and/or shareholders; it meets with investors and/or shareholders at their request, attends national and international conferences and reports on the development of its business. Additionally, the Company discloses the results of its operations in its financial statements for annual and interim periods submitted to the CNV and makes the pertinent explanations in the Summary of Activities and the Annual Board Report.</td></tr>
<tr><td colspan="3">V.2.5 At Shareholders' Meetings where the appointment of members of the Board of Directors are proposed, the following is made known, prior to the voting: (i) the position of each candidate regarding the adoption or non-adoption of a Corporate Governance Code; and (ii) the grounds for each such position.</td></tr>
<tr><td></td><td>Complies</td><td>In the Shareholders' Meetings held on August 28, 2018 the positions of the candidates regarding the adoption or non-adoption of a corporate governance code were made known, prior to the voting.</td></tr>
<tr><td colspan="3">Recommendation V.3: Ensure the principle of equality between share and vote.
Answer if:
The Issuer has a policy to encourage the principle of equality between share and vote. Indicate how the composition of outstanding shares by class of shares has changed over the last three years.</td></tr>
<tr><td></td><td>Complies</td><td>The Company encourages the equality between share and vote, as prescribed by its By-laws, where it is established that all the Company's shares are ordinary (class A) shares, entitled to one vote each and of nominal value one peso (N/V$ 1) each.</td></tr>
<tr><td colspan="3">Recommendation V.4: Establish mechanisms to protect all shareholders from takeovers.
Answer if:
The Issuer adheres to System for the Mandatory Acquisition of Shares in a Public Offering. Otherwise, explain if there are other mechanisms included in the by-laws, such as tag along rights.</td></tr>
<tr><td></td><td>Does not comply</td><td>The Company and the Shareholders' Meeting decided not to adhere to the System for the Mandatory Acquisition of Shares in a Public Offering. This decision was included in the By laws. Also, there are no alternative mechanisms in the by-laws such as tag along. The Board of Directors does not deem it necessary to reconsider this issue.</td></tr>
<tr><td colspan="3">Recommendation V.5: Encouraging the Shareholding dispersion of the Issuer.
Answer if:
The Issuer has a Shareholding dispersion of at least 20 per cent of its ordinary shares. Otherwise, whether the Issuer has a policy to increase its share dispersion in the market.

Indicate the percentage of Shareholding dispersion as a percentage of the Issuer's capital and the changes in that percentage over the last three years.</td></tr>
<tr><td></td><td>Does not comply</td><td>Currently, the directly and indirectly controlling</td></tr>
</table>

<table>
<tr><td></td><td></td><td>shareholders hold an interest of 87.16% of the capital stock, while the remaining percentage is traded by various stakeholders, in the Stock Exchange.</td></tr>
<tr><td colspan="3">Recommendation V.6: Ensure that there is a transparent dividend policy.
Answer if:

V.6.1 The Issuer has a dividend distribution policy set forth in the By laws and approved by the Shareholders, which establishes the conditions to distribute cash or stock dividends. If any, indicate the criteria and conditions for and frequency of distribution of dividends.</td></tr>
<tr><td></td><td>Does not comply</td><td>The Company does not have a policy on dividends. On a yearly basis, it evaluates whether it is convenient to submit a proposal for distribution to the Shareholders' Meeting. To carry out this evaluation, the Board of Directors considers the results obtained during the year, the liquidity of the Company, the future financing needs, its investment and acquisition plan, the restrictions that exist based on the applicable regulations (CNV - Companies Law) and the financing agreements signed by the Company with banking and / or financial entities or debt holders and other considerations that include their own economic-financial projections and the macroeconomic environment in general.</td></tr>
<tr><td colspan="3">V.6.2 The Issuer has documented processes for the preparation of a proposal to allocate the Issuer's retained earnings, which may lead to setting up legal, statutory or optional reserves, their carry-forward to a new fiscal year and/or dividend payments.
Describe those processes and indicate in which Minutes of Shareholders' Meeting the distribution or non-distribution of dividends (whether cash or stock dividends) was approved, if not envisaged by the By-laws.</td></tr>
<tr><td></td><td>Complies partially</td><td>The Directors, after evaluating the legal requirements and the Company's financial and business situation, prepares a proposal for allocation of earnings, which is included in the Annual Report.</td></tr>
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<table>
<tr><td colspan="3">PRINCIPLE VI. MAINTAIN A DIRECT AND RESPONSIBLE RELATION WITH THE COMMUNITY
Recommendation VI: Disclose to the community the matters related to the Issuer and provide a direct communications channel with the company.
Answer if:
VI.1 The Issuer has an updated website with public access, which not only contains relevant information on the company (By laws, economic group, composition of the Governing Body, financial statements, annual report, among others) but also allows users to make generally concerns.</td></tr>
<tr><td></td><td>Complies</td><td>The website enables users' concerns to be addressed, by being answered immediately by the officer responsible for market relations.</td></tr>
<tr><td colspan="3">VI.2 The Issuer presents a Social and Environmental Responsibility Report annually, audited by an independent external auditor. If any, state the scope or legal or geographical coverage and where it is available. Specify rules or initiatives adopted to carry out its corporate social responsibility policy (Global Reporting Initiative and/or United Nations Global Compact, ISO 26000, SA8000, Millennium Development Goals, SGE 21-Foretica, AA 1000, Ecuador Principles, among others.</td></tr>
<tr><td></td><td>Complies partially</td><td>The Company issues an Environmental Monitoring report for Works and Tasks (MAOT) audited by an independent auditor.</td></tr>
</table>

<table>
<tr><td>PRINCIPLE VII. JUST AND RESPONSIBLE REMUNERATION

Recommendation VII: Establishing clear remuneration policies for the members of the Governing Body and senior managers of the Issuer´s first line with an emphasis on the consecration of conventional or statutory limitations, on the existence or non-existence of profits.
Answer if:
VII.1. The Issuer has a Remunerations Committee:</td></tr>
</table>

	Complies partially	The formulation and application of policies on remunerations, benefits and others are made as follows: 1) for the members of the Board of Directors, their remuneration is determined by the Shareholders' Meeting; 2) for the senior tier of management, the Executive Director and the Organizational Development Management perform an evaluation of remunerations and submit the proposal to the Board of Directors for its final approval.
VII.1.1 made up of at least three members of the Governing Body, most of them, independent		
	Does not comply	The members of the Board of Directors that review it are not independent.
VII.1.2 chaired by an independent member of the Governing Body		
	Does not comply	See explanation to VII.1.1.
VII.1.3 with members proficient and experienced in Human Resources policies		
	Complies partially	The members that review it have wide experience in that field.
VII.1.4 holding meetings at least twice a year		
	Complies partially	Meetings are held twice a year.
VII.1.5 whose decisions are not necessarily mandatory for the General Shareholders' Meeting or Surveillance Committee; rather, they are of an advisory nature in connection with the remuneration of the members of the Governing Body		
	N/A	N/A See answer to VII.1.
VII.2 In case there is a Remunerations Committee, the same:		
VII.2.1 ensures that there is a clear relation between the performance of key employees and their fixed and variable remuneration, considering the risks involved and their management		
	Complies	Key personnel receive a monthly remuneration and a yearly variable compensation. The monthly remuneration is determined on the basis of the position held and of the training, skill and experience of each officer. The yearly variable compensation consists in a bonus, subject to the Company's goals and to the achievement of individual goals. These goals are supervised by the Committee of Goals, integrated by senior managers and reporting to the Executive Director.
VII.2.2 supervises that the variable portion of the remuneration of the members of the Government Body and senior managers is commensurate with the Issuer's medium and/or long term performance		
	Complies	Yes
VII.2.3 reviews the competitive position of the Issuer's policies and practices in relation to the remuneration and benefits of comparable companies and recommends or not changes,		
	Complies	Remuneration and benefits for officers and employees are the result of market studies performed by the Company (either on its own account or through top-tier specialized companies providing services) to ensure their adequacy.
VII.2.4 defines and communicates the policies on retention, promotion, dismissals and lay-offs of key personal		
	Complies	It is communicated and defined through the

		Remunerations Committee.
VII.2.5 announces the guidelines to determine retirement plans of the members of the Issuer's Governing Body and senior managers		
	Complies	The Remunerations Committee sets the applicable criteria in case of retirement.
VII.2.6 regularly reports to the Governing Body and the Shareholders' Meeting on the tasks performed and topics discussed at its meetings.		
	Does not comply	
VII.2.7 ensures the presence of the Chairman of the Remunerations Committee on the General Shareholders' Meeting approving remunerations to the Governing Body so that it can explain the Issuer's policy on remunerations of the members of the Governing Body and senior managers		
	Does not comply	If at the shareholders' meetings there is a request of information about the policy on remunerations to the directors and senior managers, the pertinent explanations will be given by the Executive Board.
VII. 3 If considered relevant, mention the policies applied by the Issuer's Remunerations Committee that have not been mentioned in the preceding issues.		
	N/A	N/A
VII. 4 If there is no Remunerations Committee, explain how the functions mentioned in Section VII.2 are performed within the Governing Body.		
	N/A	N/A

PRINCIPLE VIII. ENCOURAGE BUSINESS ETHICS Recommendation VIII: Ensure ethical conduct by the Issuer. Answer if: VIII.1 The Issuer has a Code of Business Conduct. Indicate main guidelines and if the Code is of public knowledge. The Code is signed by at least the members of the Governing Body and senior managers. State whether its application is encouraged among suppliers and customers.		
	Complies	Capex directors, managers and employees are aware of the Code of Conduct and apply it to the work activities in general. The Company has a Code of Conduct which determines working guidelines for shareholders, customers and suppliers, employees and the community.
VIII.2 The Issuer has mechanisms to receive complaints of illicit or unethical conduct, whether personally or by electronic means, ensuring that the information provided is kept in strict confidence and integrity and properly recorded. Indicate if the receipt and assessment of complaints work is performed by the Issuer's employees or external and independent professionals for greater protection of the complainants.		
	Complies	Capex keeps all communication channels open and available to its employees, be they direct communication with their chief managers or communication with the Organizational Development Management. The Company expects that its employees report all violations to laws or internal procedures through any of these channels so that they can take the necessary corrective actions, where applicable. Those employees who wish to make a suggestion or report violations to any law or procedure and do not want to be identified, can also do so through the suggestions box. Such box is managed by the Internal Auditor.

		All the information related to this policy is treated as confidential on the understanding that any inquiry may involve the participation of a specialist in the subject who will also maintain confidentiality.
VIII.3 The Issuer has policies, procedures and systems for the management and resolution of complaints mentioned in point VIII.2. Describe the most relevant aspects and state the level of participation of the Audit Committee in such resolutions, particularly complaints related to internal control issues to report accounting matters and those related to the conduct of the Governing Body and senior managers.		
	Complies	Depending on the nature of the event, the Internal Audit department will assess such event on an independent basis, and if necessary, determine the participation of third parties specialized in the matter. The employee should generally address the matter with someone from a higher senior level, if available, and if the employee considers that it deserves consideration, will report it to an immediate superior or even to the organizational development management. The bosses or the Organizational Development Management are the ones who determine which other sector should participate, if the matter so requires. Only in extreme circumstances, the employee could directly contact the Internal Auditor. Any issue related to the Executive Director will be directly addressed by the Audit Committee.

PRINCIPLE IX: EXTEND THE SCOPE OF THE CODE Recommendation IX: Encouraging the incorporation of good governance practices in the By laws. Answer if: The Governing Body assesses if the provisions of the Corporate Governance Code must be shown, in whole or in part, in the By-laws, including the general and specific responsibilities of the Governing Body. Indicate which provisions are effectively included in the By-laws from the effective date of the Code up to the present day.		
	Complies	The Company has made the assessment, concluding that the provisions of the By-laws together with the legal regulations applicable to the Company are sufficient in terms of corporate governance and Board responsibilities. Therefore, the Company has considered that it is not necessary to add, partially or in full, the Corporate Governance Code to the By-laws.

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CAPEX S.A.

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended April 30, 2019 compared with the year 2018

Fiscal year No. 31 commenced on May 1, 2018

Company legal domicile: Córdoba Av. 948/950, 5th floor, apartment C, City of Buenos Aires

Company main activity: Generation of electricity

Registration number with the Superintendence of Commercial Companies: 1,507,527

Date of by-laws: December 26, 1988

Date of the latest registration with the Public Registry of Commerce:

- Latest amendment: September 30, 2005

Duration of Company: December 26, 2087

Name of parent company: Compañías Asociadas Petroleras Sociedad Anónima (C.A.P.S.A.)

Legal domicile: Córdoba Av. 948/950, 5th floor, apartment C, City of Buenos Aires

Main activity: Exploitation of hydrocarbons

Participation of parent company in capital stock and votes: 75.4%

CAPITAL STOCK (Note 16)

Type of shares	Subscribed, paid-in and registered with the Public Registry of Commerce
	In thousands of $
179,802,282 ordinary, book-entry Class "A" shares of $ 1 par value and one vote each, authorized to be placed for public offering	179,802

Capex S.A.

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Consolidated Statements of Financial Position
At April 30, 2019 and 2018
Stated in thousands of pesos

	Note/ Exhibit	04.30.2019	04.30.2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**6 / A**	23,441,429	17,740,143
Spare parts and materials	**10**	694,981	478,003
Net deferred tax assets	**7**	12,548	11,026
Other accounts receivable	**12**	5,083	38,739
Total Non-Current Assets		**24,154,041**	**18,267,911**
CURRENT ASSETS			
Spare parts and materials	**10**	202,807	150,624
Inventories	**11**	10,016	6,747
Other accounts receivable	**12**	902,587	162,613
Trade accounts receivable	**13**	1,788,191	1,286,605
Financial instruments at fair value	**14 / C**	-	985,332
Cash and cash equivalents	**15**	8,737,349	6,247,209
Total Current Assets		**11,640,950**	**8,839,130**
Total Assets		**35,794,991**	**27,107,041**

The accompanying Notes 1 to 40 and Exhibits A and C to H form an integral part of these consolidated financial statements.

Alejandro Götz
Chairman

Capex S.A.

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Consolidated Statements of Financial Position
At April 30, 2019 and 2018
Stated in thousands of pesos

	Note / Exhibit	04.30.2019	04.30.2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Capital stock	**16**	179,802	179,802
Additional paid-in capital	**16**	79,686	79,686
Capital adjustment and additional paid-in capital	**16**	3,894,244	3,894,244
Legal reserve	**17**	66,401	66,401
Free reserve	**17**	2,045,343	857,535
Reserve for assets revaluation	**17**	1,327,945	562,255
Unappropriated retained earnings	**18**	6,245,645	6,024,608
Total shareholders' equity attributable to shareholders		**13,839,066**	**11,664,531**
Non-controlling interest		86,188	62,413
Total shareholders' equity		**13,925,254**	**11,726,944**
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade accounts payable	**19**	1,227,366	195,041
Financial liabilities	**20**	13,246,576	9,681,364
Deferred income tax, net	**7**	2,683,957	3,392,592
Taxes payables	**22**	465,224	-
Provisions and other charges	**24 / E**	2,480	3,864
Total non-current liabilities		**17,625,603**	**13,272,861**
CURRENT LIABILITIES			
Trade accounts payable	**19**	2,698,422	1,093,815
Financial liabilities	**20**	504,262	400,975
Salaries and social security contributions	**21**	208,519	151,533
Taxes payables	**22**	660,015	361,152
Other liabilities	**23**	172,916	99,761
Total current liabilities		**4,244,134**	**2,107,236**
Total liabilities		**21,869,737**	**15,380,097**
Total shareholders' equity and liabilities		**35,794,991**	**27,107,041**

The accompanying Notes 1 to 40 and Exhibits A and C to H form an integral part of these consolidated financial statements.

Alejandro Götz
Chairman

Capex S.A.

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Consolidated Statements of Comprehensive Income

Corresponding to the years beginning on May 1, 2018 and 2017 and ended on April 30, 2019 and 2018

Stated in pesos

	Note/ Exhibit	04.30.2019	04.30.2018
Net sales	25	13,711,817	7,292,234
Cost of sales	F	(5,941,102)	(2,663,439)
Gross profit		**7,770,715**	**4,628,795**
Preoperative expenses	H	(10,939)	(4,875)
Selling expenses	H	(1,899,081)	(1,062,447)
Administrative expenses	H	(544,029)	(469,404)
Other operating (expenses) / income, net	26	(4,362)	634
Operating income		**5,312,304**	**3,092,703**
Financial income	27	5,769,852	2,188,812
Financial costs	27	(11,346,434)	(3,840,040)
Other financial income	E	373	9,618
Other financial results - RECPAM		1,984,153	647,712
Result before income tax		**1,720,248**	**2,098,805**
Income tax	28	(326,238)	(88,215)
Net result for the year		**1,394,010**	**2,010,590**
Concepts that will not be reclassified to results			
Other comprehensive results			
Results for property, plant and equipment revaluation (net)	17	804,300	568,719
Comprehensive result for the year		**2,198,310**	**2,579,309**
Net result for the year attributable to:			
Company shareholders		**1,384,558**	**2,011,012**
Non-controlling interest		**9,452**	**(422)**
Net result for the year		**1,394,010**	**2,010,590**
Net comprehensive result for the year attributable to:			
Company shareholders		**2,174,535**	**2,573,267**
Non-controlling interest		**23,775**	**6,042**
Comprehensive result for the year		**2,198,310**	**2,579,309**
Basic and diluted net result per share attributable to:			
- Company shareholders	29	7.70046	11.18459
Basic and diluted comprehensive result per share attributable to:			
- Company shareholders	29	12.09405	14.31167

The accompanying Notes 1 to 40 and Exhibits A and C to H form an integral part of these consolidated financial statements.

Alejandro Götz
Chairman

Capex S.A.

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Consolidated Statement of Changes in Shareholders' Equity

Corresponding to the years beginning on May 1, 2018 and 2017 and ended on April 30, 2019 and 2018
Stated in pesos

	Attributable to the Company shareholders							Subtotal	Non-controlling interest	Total Shareholders´ equity
	Capital Stock			Retained Earnings						
				Retained earnings		Other accumulated comprehensive income	Unappropriated retained earnings [2]			
	Outstanding shares	Additional paid-in capital	Capital adjustment and additional paid-in capital [3]	Legal reserve	Free reserve [1]	Reserve for assets revaluation[1]				
Balances at April 30, 2017	**179,802**	**79,686**	**3,894,244**	-	-	**-**	**4,937,532**	**9,091,264**	**54,658**	**9,145,922**
Ordinary Shareholders' Meeting of August 9, 2017	-	-	-	66,401	857,535	-	(923,936)	-	-	-
Capital contribution from Interenergy Argentina S.A. to Hychico S.A.	-	-	-	-	-	-	-	-	1,713	1,713
Comprehensive result for the year	-	-	-	-	-	562,255	2,011,012	2,573,267	6,042	2,579,309
Balances at April 30, 2018	**179,802**	**79,686**	**3,894,244**	**66,401**	**857,535**	**562,255**	**6,024,608**	**11,664,531**	**62,413**	11,726,944
Ordinary Shareholders' Meeting of August 28, 2018	-	-	-	-	1,187,808	-	(1,187,808)	-	-	-
Comprehensive result for the year	-	-	-	-	-	789,977	1,384,558	2,174,535	23,775	2,198,310
Reversal of reserve for assets revaluation	-	-	-	-	-	(24,287)	24,287	-	-	-
Balances at April 30, 2019	**179,802**	**79,686**	**3,894,244**	**66,401**	**2,045,343**	**1,327,945**	**6,245,645**	**13,839,066**	**86,188**	**13,925,254**

(1) See Note 17
(2) See Note 18
(3) The Capital adjustment is of $ 2,698,363 and the adjustment of additional paid-in capital is of $ 1,195,881.

The accompanying Notes 1 to 40 and Exhibit A and C to H form an integral part of these Consolidated Financial Statements.

Alejandro Götz
Chairman

Capex S.A.

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

Consolidated Statements of Cash Flows

Corresponding to the years beginning on May 1, 2018 and 2017 and ended on April 30, 2019 and 2018
Stated in in thousands of pesos

	Note / Exhibit	04.30.2019	04.30.2018
Cash flows from operating activities:			
Comprehensive result for the year		2,198,310	2,579,309
Adjustments to arrive at net cash flows provided by operating activities:			
Exchange differences generated by cash and cash equivalents		(4,022,560)	(1,650,607)
Income tax	**28**	326,238	88,215
Interest accrued on financial liabilities and others	**20**	1,197,140	701,636
Exchange difference generated by financial liabilities and others		9,475,971	2,792,310
Exchange difference from placements in financial investments at depreciated cost not considered as cash or cash equivalents		(677,201)	(255,185)
Exchange difference from assignment of rights		(21,650)	(11,642)
RECPAM		(3,671,294)	(1,637,221)
Accrual of interest on credits and debts	**27**	28,387	(4,759)
Depreciation of property, plant and equipment	**6 / A**	2,005,404	1,467,045
Provision of property, plant and equipment	**6 / A**	373	441
Net retirement of property, plant and equipment	**6 / A**	5,951	8,736
Other comprehensive results	**17**	(804,300)	(568,719)
Provisions for lawsuits and fines	**26 / E**	(1,384)	(1,474)
Changes in net operating assets and liabilities:			
(Increase) / decrease in trade accounts receivable		(501,586)	(1,036)
Decrease in other accounts receivable		(563,369)	82,628
Decrease / (increase) in inventories		(3,269)	2,704
(Increase) / decrease in spare parts and materials		(241,583)	(93,586)
Increase in trade accounts payable		1,463,876	371,339
Increase in salaries and social security contributions		56,986	12,088
Decrease in taxes		(607,001)	(408,760)
Increase / (decrease) in other liabilities		73,155	8,495
Income tax paid		(119,987)	-
Tax on assets paid		-	(83,690)
Net cash flows provided by operating activities		**5,596,607**	**3,398,267**
Cash flows from investment activities			
Payments made for the acquisition of property, plant and equipment	**6 / A**	(4,206,518)	(1,746,140)
Changes in financial investments at depreciated cost not considered as cash or cash equivalents		1,662,533	214,017
Payments for acquisition of new areas		(1,301,663)	(715,553)
Capital contributions in subsidiaries		-	-
Net cash flows used in investment activities		**(3,845,648)**	**(2,247,676)**
Cash flows from financing activities			
Interest paid	**20**	(885,932)	(473,820)
Financial liabilities settled	**20**	(160,124)	(6,112,791)
Financial liabilities obtained	**20**	-	9,065,084
Net cash flows provided by / (used in) financing activities		**(1,046,056)**	**2,478,473**
Net Increase in cash, cash equivalents and overdrafts		**704,903**	**3,629,064**
RECPAM generated by cash and cash equivalents		(2,237,323)	(924,192)
Exchange difference generated by cash and cash equivalents		4,022,560	1,650,607
Cash, cash equivalents and overdrafts at the beginning of the year	**15**	**6,247,209**	**1,891,730**
Cash, cash equivalents and overdrafts at the end of the year	**15**	**8,737,349**	**6,247,209**

Alejandro Götz
Chairman

Operations not generating changes in cash

Complementary information	04.30.2019	04.30.2018
Accrual for well capping	(247,810)	(105,635)
Commercial debt for the purchase of property, plant and equipment	(750,210)	-
Deferred purchase price to Enap Sipetrol	(145,338)	-
Capital pending paying-in	-	28,509

The accompanying Notes 1 to 40 and Exhibits A and C to H form an integral part of these consolidated financial statements.

Alejandro Götz
Chairman

Notes to the Consolidated Financial Statements
For the years ended April 30, 2019 and 2018
Stated in in thousands of pesos

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK

1.1 – General information

Capex S.A. ("the Company") and its subsidiaries Servicios Buproneu S.A. (SEB) and Hychico S.A. (Hychico) and E G WIND S.A. (E G WIND) (jointly, "the Group") have as main activity the generation of electric power from thermal and renewable sources, the production of oil and gas, the provision of services related to the processing and separation of gases and the production of hydrogen and oxygen.

Capex was incorporated in 1988 to carry out oil and gas exploration in Argentina. This activity was performed through the acquisition/exploration of several areas (ADC, Senillosa, Villa Regina, Lago Pellegrini, Cerro Chato, Loma Kauffman and recently Loma Negra, La Yesera and Pampa del Castillo). Subsequently, Capex expanded its operations to include electricity generation , to become an integrated energy company. As a result, from 1993 to 2000 Capex developed a 672-MW combined cycle thermal station and an LPG plant on the ADC field, which allowed the business to vertically integrate operations. In addition, through its subsidiary Hychico, Capex started to diversify into the field of renewable energies, including the generation of wind power and the production of oxygen and hydrogen.

In January 1991, the Company acquired 100% of the rights over the Agua del Cajón area located in the Neuquén Basin in the south east of the province of Neuquén, under a 25-year concession with an extension option for 10 years. On April 13, 2009, a Memorandum of Understanding was signed, whereby the province of Neuquén granted the Company an extension to the original term until January 11, 2026. The agreement involved the payment of US$ 17 million (which was capitalized in Property, plant and equipment), the commitment to conduct an action plan for an aggregate amount of US$ 144 million until the expiration of the concession term, the payment of an extraordinary 3% production fee and the extraordinary fee ranging from 1% to 3% depending on the price of crude and natural gas with regard to a scale of reference prices.

In April 2017, under Decree No. 556/17 the Executive Branch of the Neuquén Province granted the Company a concession to exploit unconventional sources of hydrocarbons across the Agua del Cajón Area for a term of 35 years, for which Capex paid a total of US $ 8.95 million, which was capitalized in Property, plant and equipment. The concession term will expire in 2052 and, as a condition precedent for its granting, the Company agreed to go ahead with a pilot project for the development of investments for US$ 126 million over a period of five years counted as from January 1, 2017. At April 30, 2019 the total investment up to that date was US$ 129.3 million, exceeding the investment figure committed two years before the stipulated term.

Under the agreement signed with the Neuquén Province, the Company shall pay the following royalties: (a) on the production from all completed and finished wells, except for those with production from unconventional reservoirs, such as shale gas, shale oil or schist of slate rock, the percentages agreed under the Memorandum of Understanding of April 13, 2009 shall be paid until January 11, 2026, date as from which the maximum royalty payment of 18% shall be made, as set forth in Section 59 of Law 17319; and (b) royalties of 12% shall be paid on the production from wells completed and finished as from the grant of the unconventional hydrocarbon exploitation concession, with production from the unconventional shale gas, shale oil, or schist of slate rock reservoirs.

As of October 31, 2017, the transaction was closed by means of which Capex S.A. acquired Chevron Argentina S.R.L. i) 37.5% of the "Loma Negra" hydrocarbons exploitation concession, and (ii) 18.75% of the "La Yesera" hydrocarbons concession, two oil and gas exploitation areas located in the Province of Rio Negro. The duration of the concession agreement of Loma Negra matures on December 24, 2024, and on June 3, 2027 in the case of La Yesera. In both concessions Capex is operator. The acquisition price amounted to US $ 24.7 million.

In August 2018, the Company acquired 95% of the concession of hydrocarbon exploitation Pampa del Castillo - La Guitarra from Enap Sipetrol and Petrominera del Chubut S.E., an oil exploitation area located in Comodoro Rivadavia, Province of Chubut. The term of validity of the Pampa del Castillo - La Guitarra area expires in October 2026 (see Note 37). Capex is the operator of the area. The acquisition price amounted to US $ 39.3 million, having kept US$ 5 million for contingent environmental liabilities, which at the date of these financial statements amount to US$ 3.8 million.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT’D.)

The electricity generation business of thermal source has a total nominal generation capacity of 672 MW (ISO), including an open cycle with a total nominal capacity of 371 MW and a combined cycle with supplementary firing with a total nominal capacity of 301 MW.

To connect the power station with the National Interconnected System (SIN), a total of 111km of three high-voltage lines of 132kW were built, with Arroyito and Chocón Oeste being the interconnection points. Due to the operating needs of the combined cycle, an additional high-voltage line of 500 KW was built, the connection point of which is in Chocón Oeste. Thus, delivery is highly reliable and flexible.

The Company processes the gas produced, which is rich in liquefied components, in an LPG plant owned by SEB. Propane, butane and stabilized gasoline are obtained from this process. Propane and butane are sold separately and stabilized gasoline is sold together with crude oil, while the remaining gas is used as fuel to generate electricity. The efficiency levels of this plant are approximately 99.6%.

The Company started through Hychico two projects for the generation of wind power and the production of oxygen and hydrogen by electrolysis, Thus the Company built the Diadema Eolic Energy Farm (“DEEF I”) with an installed power of 6.3 MW and the Hydrogen and Oxygen Plant in Comodoro Rivadavia. Hydrogen is used as fuel for the generation of electric power, by mixing hydrogen with gas; oxygen is destined for the industrial gases market in the region and the produced wind power is sold in the WEM.

On December 19, 2017 Capex became the awardee in the RenovAr Program – Round 2 for the development and construction (through its subsidiary EG WIND S.A.) of the Diadema Eolic Energy Farm II (“DEEF II”) of 27.6 MW, located near DEEF I. The energy generated by the DEEF II will be sold to CAMMESA under a PPA for a 20-year period as from the date of authorization of commercial commissioning. At the date of issuing these financial statements, the machinery is assembled and electromechanical and control works are currently under way. Trial run of industrial operation is scheduled for July 2019; thus, the date of entry into commercial phase agreed upon with CAMMESA —September 2019— is guaranteed. Total investment is expected to reach approximately US$ 34 million (excluding taxes).

The Company trades its shares in the Buenos Aires Stock Exchange.

1.2- Regulatory framework for the oil, electricity, gas and LPG sectors

a) <u>Oil sector</u>

Federal Hydrocarbons Law 17319 and 27007

Ownership of fields

In its original wording, Law 17319 (Hydrocarbons Law) set forth that the liquid and gaseous hydrocarbons fields located in the Argentine territory and its continental shelf were the non-transferable, imprescriptible property of the National Government. However, this ownership was transferred to the Provinces in which the mentioned fields are located.

In Argentina, exploration and exploitation of oil and gas is performed through exploration permits, concessions for exploitation, and contracts for exploitation or partnership agreements.

On October 31, 2014, the National Congress enacted Law 27007, which amends Law 17319. Among the main amendments, we can mention that it gives legal status to the figure of concession for unconventional exploitation, created by Decree 929/13. It is established that the term of the Concession for the Unconventional Exploitation of Hydrocarbons will be effective for 35 years, with the possibility of time extensions for 10-year periods, applicable even for the current concessions.

With the enforcement of this law, the term of the concessions for conventional exploitation is maintained at 25 years; however, successive renewals of 10 years are authorized for both conventional and non-conventional exploitation concessions.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT’D.)

Law 27007 eliminates, with future effect, the possibility that the Federal Government and the Provinces may reserve areas for exploitation by state-owned companies or entities, or companies or entities with state ownership. The law allows the grantor to decide the system that will be used to exploit and develop the areas reserved for this purpose but in relation to which no agreement has been entered into.

As for royalties, the law maintains a rate of 12%, as set forth by Law 17319. It also maintains the possibility of reducing the rate in certain cases up to 5% and allows for increasing it up to 3 points (resulting 15%). A ceiling of 18% is set for successive extensions.

Furthermore, Law 27007 created an Investment Promotion System for the Exploitation of Hydrocarbons for investment projects exceeding US$ 250 million and established that in, certain exceptional cases, part of the production may be freely traded in the foreign market, without paying export duties. In addition, it set forth that foreign currency obtained from the export of hydrocarbons may be freely available to the exporter.

Federal Law 26741

Public Interest Statement

On May 4, 2012 the Argentine Congress passed Law 26741 of National Hydrocarbons Sovereignty, which declared the self-sufficiency in the supply of hydrocarbons as well as in the exploration, exploitation, industrialization, transportation and sale of hydrocarbons a national public interest.

Among other issues, this law ordered that the National Executive Branch should be the authority in charge of setting the policies on hydrocarbons and of deciding the measures leading to the achievement of the goals established in the law, jointly with the provincial governments and with the public and private interests, domestic or international.

Domestic market prices

In the domestic market, oil sales are made at prices negotiated between oil producers and refineries to which crude oil is sold. Those prices are set taking into consideration the current quotation of Brent crude oil, retail (pump) prices for fuels and byproducts, the future price scenarios, and the regulations and requirements established by the government.

Effective January 1, 2017 a group of oil producers and refineries signed a “Pricing Agreement for the Transition to International Prices in the Argentine Hydrocarbons Industry”, whereby the sale prices for Escalante and Medanito Crude Oil for 2017 were set. The Company and other heavy oil producing companies did not sign the agreement, so they continued negotiating free sale prices, according to the above-mentioned guidelines.

The Ministry of Energy and Mining stated in a note dated September 22, 2017 that the commitments set out in the Agreement would be suspended as from October 1, 2017, so each company may freely negotiate the prices in the hydrocarbon market, there being freedom for the import and export of crude oil, as long as market supply is ensured.

Export Duties

Under Decree No. 793/2018 dated September 3, 2018, the National Executive Branch determines export duties until December 31, 2020, equivalent to 12% of the exports for consumption of all goods within the tariff positions from the Common MERCOSUR Nomenclature (NCM, for its acronym in Spanish), among which are the hydrocarbons sold by the Company. The duty established cannot exceed $4/US$ of the tax value or the FOB official price.

The Company made foreign oil sales for $ 2,795 million as of April 30, 2019.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

b) Electricity sector

b.1) Remuneration schedule as from March 2019

Res 1/2019 of the Ministry of Energy and Mining

On March 1, 2019, the Secretariat of Renewable Resources and Electricity Market published Resolution 1/2019 repealing Resolution 19/2017 of the former Electric Power Secretariat since March 1, 2019. In line with the repealed regulation, the new one established:

o Establish that all Generating Agents, Cogenerators and Self-generators of the MEM shall be Authorized Generators (AG), with the exception of the Generation from the Binational Hydroelectric Power Plants and the Nuclear Generation, and the exception of Generators, Cogenerators and Self-generators of the MEM with generating units with power committed in the framework of Centralized Contracts for the Supply of the MEM demand (MEM Supply Contracts), the electric power of which will fulfill their obligations under the aforementioned contracts.
o Establish a guaranteed power availability system, in accordance with the methodology defined in Annex I "Guaranteed Availability of Power".
o Establish a remuneration system for the Thermal Authorized Generation (TAG) in accordance with the methodology and remuneration defined in Annex II "Remuneration for the Thermal Authorized Generation".
o Establish a remuneration system for the Hydraulic Authorized Generation (HAG) and generation through other sources of energy (RAG) in accordance with the methodology and remuneration defined in Annex III "Remuneration for the Hydroelectric Authorized Generation and Generation Through Other Sources of Energy".
o Establish a remuneration methodology for the Yacyretá and Salto Grande Binational Hydraulic Power Plants, as established in Annex IV "Remuneration of Binational Hydraulic Power Plants".

The modifications included in Annexes I and II applicable to the CT ADC are detailed below:

Guaranteed Availability of Power (“DIGO”, for its acronym in Spanish).

It is the available power that a Thermal Authorized Generator (TAG) commits for each generation unit and for each DIGO Remuneration Period. The availability contemplates typical temperature conditions of the site and with its base fuel for dispatch. In no case shall the power and energy committed under any other type of contract executed in the MEM be committed in DIGO.

The DIGO requirement periods include:
a) Summer period: December, January, February
b) Winter period: June, July, August
c) Rest of the year:
* March, April, May
* September, October, November

CAMMESA will inform the declaration dates, which must be at least 30 days before the beginning of each quarter.

The values set for technologies with characteristics similar to CT ADC (> 150MW) are the following:

i) Remuneration for monthly available power, which will be allocated depending on the use factor of the generation equipment

a) Minimum price associated with the Real Availability of Power (“DRP” for its acronym in Spanish)

Technology/Scale	[U$S/MW-month]
Large CC P > 150 MW	3,050

This remuneration will be the base value for the availability of power to be applied for those generators that do not declare DIGO.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

b) Base Price for Guaranteed Availability Offered (DIGO)

Period	[U$S/MW – month]
Dec – Jan – Feb – Jun – Jul - Ago	7,000
Mar – Apr – May – Sep – Oct - Nov	5,500

Generating units that have declared that they manage fuel for generation purposes on their own, but do not have the fuel they were called for dispatch, will be considered they have 50% availability of the actual availability.

ii) Remuneration for generated and operated energy

a) Generated Energy: variable non-combustible prices, by type of fuel consumed by the generating unit, is as follows:

Technology/Scale	Natural Gas [U$S/MWh]
CC – Large P > 150 MW	4.0

Generating units that have declared that they manage fuel for generation purposes on their own, but do not have the fuel they were called for dispatch, will lose their order for dispatch until, if necessary, the Agency Responsible for Dispatch ("OED") allocate fuel for their operation. In the last case, only 50% of the related non-combustible variable costs will be remunerated for the Generated Energy.

b) Operated Energy: generators will receive a monthly remuneration for this concept represented by the integration of the hourly powers in the period, valued at 1.4 US$/MWh for any type of fuel.

Generating units that have declared that they manage fuel for generation purposes on their own, but do not have the fuel they were called for dispatch, will lose their order for dispatch until, if necessary, the OED allocate fuel for their operation. In the last case, only the Generated Energy by the generation unit will be recognized as Operated Energy and 50% of the price of the Operated Energy will be applied.

Remuneration of other Generation Technologies:

The resolution also covers remuneration for other generation technologies not applicable to the Company.

The remuneration for generator's energy is defined in its node.

The generators that choose to manage their own fuel must make a declaration of the commitment assumed for the aforementioned management. Such declaration will be made following the current procedure for fortnightly declarations of VPC (Variable Production Cost).

Likewise, it establishes that for the recovery of the amounts associated with the financing granted for the execution of non-recurrent, major and/or extraordinary maintenance, CAMMESA shall deduct from the settlement of the generator's credits an amount equivalent to the maximum between 1 US$/MWh generated and 700 US$/MW-month.

In relation to the concepts that the respective Annexes determine in US Dollars, the Resolution provides that the OED will convert the values denominated in US Dollars to Argentine Pesos, at the exchange rate published by the Central Bank of Argentina in "Reference Exchange Rate - Communication A 3500 (Wholesale)" from the day before the due date of the economic transactions.

Lastly, the Undersecretary of Electricity Market is empowered to issue complementary or explanatory rules and regulations that are required for the implementation of this resolution.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

b.2) Remuneration schedule to February 2019

b.2.1) ES Res 19 E/17 from the Ministry of Energy and Mining

On January 27, 2017, the Ministry of Energy and Mining adopted Resolution No. 19 - E/2017 (ES Res 19 E/17), which established a remunerative mechanism which values positively the greater accuracy in the statement of guaranteed availability of generation of conventional source electricity. The aim is to adopt remuneration criteria with economically reasonable, foreseeable and efficient conditions by means of mid-term commitments, with the possibility of transferring them to the demand. It came into force as from February 1, 2017.

ES Resolution 19 - E/2017 set out that a WEM generating, co-generating and self-generating agent, owner of a conventional power generation plant, could declare Offers of Guaranteed Availability in order to subscribe to Commitments of Guaranteed Availability (CoDiG, for its acronym in Spanish) in terms of the power and energy of the installed generation units, along with the seasonal statements in the summer. The statements of Offered Guaranteed Availability (DIGO, for its acronym in Spanish) would cover periods of 3 years, differentiating the values in different seasonal periods of six months. For 2017, the DIGOs was enabled for the winter season. State-owned WEM Generation Agents were excluded from these offers (including the Argentine share of binational entities), as well as Generation Agents which have committed to supply energy and/or power by means of specific agreements.

The remuneration schedule was US dollar denominated.

Likewise, for those generators with balances for the financing of the Maintenance Program for Electricity Generation Units, after paying the credits already accrued, the Resolution foresaw their payback or reimbursement, deducting up to 1 US$/MWh per generated MW from the monthly settlement, until the financing was fully repaid.

Finally, it also set forth a specific remuneration schedule for those plants generating hydroelectric energy and renewables, as well as incentives for those thermals that had an increase in energy efficiency and higher usage expenses due to irregular dispatch.

The remuneration to enabled thermal generators was composed of:

i) A remuneration for monthly available power, subdivided in:

a) a minimum price associated to Real Available Power,

b) a base price pursuant to the fulfillment of a DIGO and

c) a maximum additional price related to the fulfillment of an Assigned Power, the latter receiving an additional amount to the unit price to cope with more demanding situations.

ii) A remuneration for generated and operated energy, which was the sum of Generated Energy and Operated Energy, which might be increased in accordance with the fulfillment of thermal efficiency objectives.

The values set by Resolution ES 19 - E/2017 for technologies with similar characteristics to CT ADC (>150 MW) were the following:

iii) <u>Remuneration for monthly available power</u>

a) <u>Power minimum price</u>

Technology / Scale	[US$/MW-month]
CC big P > 150 MW	3,050

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

b) Base Price to remunerate the Offered Guaranteed Availability (DIGO, for its acronym in Spanish)

Period	[US$/MW-month]
May 17 – Oct 17	6,000
Nov 17 onwards	7,000

c) Additional price:

Period	[US$/MW-month]
May 17 – Oct 17	1,000
Nov 17 onwards	2,000

iv) Remuneration for generated and operated energy

a) Generated Energy: non-fuel variable prices, per type of fuel consumed by the generating unit, were established in the following chart:

Technology / Scale	Natural gas [US$/MWh]
CC - Big	5.0

b) Operated Energy: the generators would receive a monthly remuneration on this concept, represented by the integration of time powers in the period, valued at 2.0 US$/MWh for any type of fuel.

Remuneration of other Generation Technologies:

The resolution also covered remunerations for other generation technologies which are not applicable to the Group.

Through Note No. 2017-15482939-APN-SECEE#MEM, ES Resolution 19E/2017 was amended; these amendments became effective as from November 2017:

- Offered Guaranteed Availability (DIGO, for its acronym in Spanish) declaration could be made in each Seasonal Schedule;
- the method to control the DIGO might be chosen, which might be monthly (with a 7.5% tolerance) or half-yearly;
- the exchange rate to be considered by CAMMESA for the payment of settlements would be that of the prior day to the due date of the commercial document.

b.2.2) Maintenance program for the energy generating units

As from June 2011, the Company managed with ES and CAMMESA the financing of a plan for major and extraordinary maintenance, to be carried out in all the units of the Agua del Cajón power plant ("CT ADC"), aimed at the continuity of operations of its generating units in a reliable manner.

Through ES Note 1873 dated April 12, 2013, the Energy Secretariat approved the works proposed for a total of $ 158,470,000 (stated at historical cost, equivalent to US$ 30,891,000), subject to CAMMESA's issuing together with the Company the administrative instruments necessary for those documents to be authorized by the ES.

On March 27, 2014 the Company submitted to CAMMESA a proposal for financing and assignment of credit rights in guarantee of performing maintenance at the CT ADC, in the context of ES Resolution 146/02.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT’D.)

The main characteristics of this proposal were:

- The amount of the financing was the equivalent in pesos of up to US$ 30,891,000, from which the items mentioned in the next paragraph were subtracted.

- The Company committed to using in the maintenance of the CT ADC units those receivables not yet collected to which it was entitled pursuant to sections 4 and 5 of the “2008-2011 ES-Generators Agreement”.

- This financing was granted based on the estimate of the cash flow presented, the control on progress of works, and subject to CAMMESA availability of funds, through the delivery of partial advances. Once each advance was received, the Company must have done a report on the funds received in the previous month.

- For each machine for the maintenance of which funds have been advanced, and only after the start-up of the power generation units to be repaired was made, the Company had to refund the financed amount in 36 equal and consecutive monthly installments.

- The repayment of this financing was made, firstly, applying the Remuneration for Extraordinary Maintenance (created through ES Resolution 529/14 – Remuneration of non-recurring maintenance, if this was not enough, then the Additional Remuneration for Generators corresponding to each machine would be applied (established by ES Resolution 95/13 and amended by ES Resolution 529/14). With the entry into force of the Res SE 19 E / 2017, a discount of up to 1 US$ / MWh per MW generated was given on the monthly computation (see point b.2.1).

- The Company guarantees, for each month subsequent to the start-up after having performed the maintenance works being financed and until the end of the repayment period, the minimum availability of each power generation unit to be repaired.

- In guarantee of faithful compliance with every commitment undertaken, the Company assigned and transfered in favor of CAMMESA 100% of its present and future credit rights, accrued or to be accrued in favor of Capex derived exclusively from Fixed Cost Remuneration, Variable Costs (non-fuel) and Additional Remuneration for generators, for a maximum amount of up to US$ 20 million at each moment and up to the limit of the value of the unpaid installments.

- The Company may, prior notification to CAMMESA, settle in advance part or the total of the financing. CAMMESA is obliged to accept the advanced settlement.

Afterwards, the Company requested that the original amount be increased by US$ 20,000,000 (including VAT) to finance the works with the new scope arising from:

1) Changes in the original maintenance plan, and
2) Higher costs than originally estimated.

On November 18, 2015, the increase in the financing amount was approved by the Electric Power Undersecretary and accepted by CAMMESA by means of an Addendum to the original Agreement, with which the total amount under the Program is US$ 50,891,000.

Since the beginning of the program until November 30, 2017, Capex received from CAMMESA all the funds of the program for the equivalent for $567.5 million, stated at historical cost. These funds were offset with the Non-recurring maintenance remuneration and with the balance accumulated in credits for the "Additional Trust Remuneration", accruing at April 30, 2019 a debt of $66.1 million, payable in up to 48 installments to be deducted from the monthly remuneration of the generator, according to the proposal submitted by the company. They are exposed in the item "Financial Debts" (see Note 20).

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

b.2.3) National Decree 134/15

By means of Decree 134/15, the National Executive Branch declared the state of emergency in the national electricity sector, effective until December 31, 2017. As from this declaration, the Ministry of Energy and Mining was instructed to prepare, enforce and implement an action plan as needed in relation to the segments of electricity generation, transportation and distribution with national jurisdiction, with the purpose of having an adequate quality and reliability of energy supply and ensuring the service of electric public utilities in proper technical and economic conditions. Further, the provinces were summoned to adhere to this declaration.

b.3) Renewable energies

b.3.1) Energy Secretariat Resolution 108/2011

Energy Secretariat Resolution 108/11 dated March 29, 2011 authorizes the execution of supply contracts between the WEM and the offers of power generation and associated energy as from renewable energy sources presented by generating, co-generating or self-generating agents that at the date of publication of this resolution are agents of the WEM or are not commercially authorized or interconnected.

Authorization to participate in those generation offers should be granted to all projects involving the National State, ENARSA or the projects that the Minister of Federal Planning, Public Investment and Services so determined.

The WEM supply contracts envisaged by this resolution will be characterized as follows:

- Duration: up to fifteen (15) years, renewable for periods of up to 18 months
- Selling party: WEM agent whose offer has been approved by the Energy Secretariat
- Buying party: the WEM as a whole, represented by CAMMESA.
- The remuneration receivable by the selling party and payable by the buying party shall be determined based on the costs accepted by the Energy Secretariat.
- All offerors wishing to enter into contracts with the WEM are to submit to the Energy Secretariat the respective investment projects, including the following information:
    - Units to be commissioned which will take on the commitment.
    - Guaranteed availability of the commissioned units that will take on the commitment.
    - Offered duration of the WEM supply contract.
    - Period of validity of the offer.
    - Power availability undertaken for the whole period.
    - The offer shall contain a breakdown of all fixed and variable costs, as well as the costs of the financing used for the installation of the new offered capacity.
    - The documentation supporting the breakdown of costs submitted.

It was established that the power to be assigned and the energy supplied in compliance with each of the WEM supply contracts will be remunerated on a monthly basis, calculated based on the annual installation costs to be considered and the fixed and variable costs of operation of the committed equipment. These costs may be reviewed by the Energy Secretariat when any of its components show significant variations, to ensure that the costs are covered by the remuneration assigned to the respective WEM supply contract.

It is also established that while Energy Secretariat Resolution 406/03 applies, the obligations arising under the contract shall rank pari passu with the ones established in Section 4, paragraph e) of that resolution. If this order of priority is modified, payment of the obligations derived from the contract may not be lower in priority with respect to the recognition of operating costs of the thermal power plants.

Hychico has made a supply contract with the WEM taking this resolution into account (See Note 35)

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

Although Resolution No. 108/11 was repealed by Resolution No. 202 - E/2016, the latter provided that the contracts entered into under Resolution No. 108 will remain valid as originally established.

b.3.2) Law XVII No. 95 – Tax benefits for renewable energies

On October 19, 2015, the Head of the Agency for the Promotion of Renewable Energies in the Province of Chubut decided to grant to Hychico for its DEEF, within the framework of Law XVII No. 95, the benefits set forth in Article 7, Section B, Sub-section 3, fully excepting it from payment of turnover tax during the first five (5) years as from the granting date, and with a 50% turnover tax exemption as from the sixth year up to and including the tenth year. Within the framework of that Law, and in accordance with the provisions of Article 8, the "tax stability" benefit was granted in the provincial territory for a term of 15 years, with tax stability being understood as the impossibility of imposing on the activity a heavier tax burden as a consequence of tax increases.

b.3.3) Law 27191 – Changes to the regime for the promotion of renewable energies

On September 25, 2016, the National Congress enacted Law 27191 which was published in the Official Gazette on October 21, 2015. The Law introduced amendments to the National Program for the Promotion of the Use of Renewable Energy Sources created by Law 26190. To that end, to reach an 8% renewable energy contribution to the national consumption matrix at December 31, 2017 and 20% at December 31, 2025, the law added the following: (i) it extended the definition of renewable energies; (ii) it eliminated the 10 year limitation for the tax benefit system; (iii) it set out non-excluding tax incentives such as: early refund of VAT, accelerated depreciation of income tax, exclusion from the tax on assets base of assets used in promoted activities, exemption from import duties, offsetting of tax losses against income (going from 5 to 10 years), tax exemption for dividend distribution when the beneficiary is an individual (only in the case of reinvestment), and tax certificates for 20% of the value of the national components; (iv) it created the Trust Fund for the Development of Renewable Energies that, among other things, will grant loans and guarantees for investment projects, and (v) it ordered that all power users would have to contribute by complying with the renewable energy consumption objectives set forth by the law, for which a gradual schedule was established and special obligations for Large Users of over 300kW. Finally, the law ratified that wind power generation should receive the same treatment as run-of-the-river power generation; therefore, this will be dispatched according to the actual wind availability.

In addition, in May 2016 the Ministry of Energy and Mining issued Resolutions 71/2016 and 72/2016 through which it set in motion the first round of the Open Bid Process for contracting in the WEM electricity from renewable generation sources ("Programa RenovAr") to comply with Laws 26190 and 27191. On September 5, 2016, Hychico and Plenium Energy S.A. (a related company) submitted a bid under that program but it was not awarded.

b.3.4) Decree No. 531/2016 – Regulatory of Laws No. 26190 and 27191

On March 31, 2016 Decree No. 531/2016 was published in the Official Gazette; it approves the regulatory provisions to Law No. 26190, amended by Chapter I of Law No. 27191 and Chapter II of Law No. 27191 related to the Second Stage of the National Regime for Promotion of Renewable Sources of Energy Intended for the Production of Electric Power. It also approves the regulation to the Chapters of Law No. 27191 related to the Trust Fund for Renewable Energy (Chapter III), contribution by electrical energy users to comply with the objectives established by the Promotion Regime (Chapter IV), tax increases (Chapter V), regime on exports (Chapter VI), access to and use of renewable energy sources (Chapter VII), electric power from intermittent renewable resources (Chapter VIII) and supplementary clauses (Chapter IX) stating that the Enforcement Authority must widely publish offers for generation of electric power from renewable energy sources and invite the City of Buenos Aires and the Provinces to adhere to the law and issue their own local rules aimed at promoting the production of electrical energy from renewable sources.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

b.3.5) Resolution E-275/2017 of the Ministry of Energy and Mining

On August 17, 2017, Resolution No. E-275/2017 from the Ministry of Energy and Mining was published in the Official Gazette which called for interested parties to offer in the National and International Open Bid Process for contracting in the WEM electricity from renewable sources - Program RENOVAR (2nd Round), with the aim of entering into contracts in the forward market (called supply contracts of renewable electricity) with CAMMESA in representation of Distributors and Large Users of the Wholesale Electric Market - until their reallocation to distribution agents and/or Large Users of WEM in accordance with the Program Bidding Terms and Conditions. Hychico participated in the call with the Diadema Eolic Energy Farm II project (see Note 36).

b.3.6) Resolution No. E-281/2017 - Ministry of Energy and Mining

On August 22, 2017 Resolution No. 281/2017 was published, which established the Forward Market System for Electricity from Renewable Sources within the framework of Law No. 27191 and its Regulatory Decree No. 531/2016. This system has the purpose of establishing conditions in accordance with Section 9 of the Law 27191 to be complied with by Large Users in the Wholesale Electricity Market and Large Demands from Customers of the Distribution Agents of the WEM or Utility Distribution Providers as long as their power demands are equal to or greater than three hundred kilowatts (300 KV) on average, through the individual contracting in the Forward Market of Electricity from Renewable Sources or by self-generation from renewable sources, in accordance with Section 9 of Law. 27191 and Section 9 of Exhibit II of Decree No. 531. Specifically, the entities falling within the mentioned Section of the Law could comply with their obligation in any of the following ways: a) individual contracting of electricity from renewable energies, b) self-generation or co-generation from renewable sources, or c) participation in the procedure of joint purchases developed by CAMMESA. Section 9, subsection 2, paragraph (i) of Exhibit II of the regulatory Decree establishes that supply contracts for electricity from renewable sources entered into within the framework of Law 27191 by entities falling within Section 9 will be freely agreed upon by the parties, considering the characteristics of investment projects and compliance with obligations established by the law and regulatory decree, information duties and management requirements established by the CAMMESA Procedures and in the supplementary regulations issued by the Enforcement Authority.

c) <u>Gas natural sector</u>

- **Federal Hydrocarbons Law 17319 - Law 26741 of "National Hydrocarbons Sovereignty" and Decree 1277/12**

See section a) Oil sector

- **Gas Plus Program**

Under ES Resolution 24/08 the ES created the "Gas Plus Program". The plan creates a set of incentives for those who incorporate new production of natural gas. The Company has submitted several projects, all of which have been approved. The sales of gas made by the Company correspond to the Gas Plus Program.

- **Resolution 41/16 of the Ministry of Energy and Mining**

On April 7, 2016, the Ministry of Energy and Mining issued Resolution 41/16, setting the new prices of natural gas at the entering point to the transportation system for each basin of origin, to be used in the generation of electric power that will be sold in the WEM, applicable as from April 1, 2016.

- **Resolution 46-E / 2017 - Incentive Program for Investments in Developments of Natural Gas Production derived from Unconventional Reservoirs**

On March 2, 2017, the Ministry of Energy and Mining issued Resolution 46-E/2017, by means of which the Incentive Program for Investments in Developments of Natural Gas Production derived from Unconventional Reservoirs (the "Program") was created with the aim of stimulating the investments in natural gas production derived from unconventional reservoirs in the Neuquén Basin.

The Program will be in force from its publication in the Official Gazette to December 31, 2021.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

Companies that have the right to produce unconventional gas derived from concessions located in the Neuquina Basin may request adherence to this Program. They should be registered with the National Registry of Oil Companies. Further, to be included in this Program, these companies should have a specific investment plan approved by the competent provincial authority, in conformity with the Secretariat of Hydrocarbon Resources.

The compensation is calculated based on the production of unconventional gas to be sold, that is to say, the natural gas prepared for commercialization, excluding internal consumption in the fields and taking into account the difference between the effective price (average weighted price of each company's sales of natural gas to the internal market) and the minimum price.

The minimum price will be:

- (i) 7.50 US$/MMbtu for calendar year 2018,
- (ii) 7.00 US$/MMbtu for calendar year 2019,
- (iii) 6.50 US$/MMbtu for calendar year 2020, and
- (iv) 6,00 US$/MMbtu for calendar year 2021.

The payment of the first compensation under the program will be made in the month after the request is submitted or in January 2018, whichever occurs later. Nevertheless, those companies taking part in the "Incentive Program for Natural Gas Injection for Companies with Reduced Injection", created by Resolution 60/2013 of the former Commission for the Strategic Planning and Coordination of the National Hydrocarbon Investment Plan, which adhere to the current program, may receive compensation, if applicable, as from the month following submission of request for adherence to the Program. For the 2017 compensation, the minimum price used will be the one set in this program for the year 2018. Also, for the calculation of the effective price during 2017 for such companies, the price of the surplus injection provided for in Res 60/13 will be considered.

- **Resolution 419-E/2017 - Incentive Program for the Investments in Developments of Natural Gas Production from Unconventional Reservoirs**

On November 1, 2017, Resolution 419-E/2017 (which amends Resolution 46-E/2017) was issued, setting a new Appendix I modifying the terms and conditions of the Program.

Definitions:

1. Unconventional Gas: gas from natural gas reservoirs, characterized by the presence of very compact sandstones or clays with low permeability and porosity (Tight Gas or Shale Gas).
2. Included Concessions: Concessions which produce Unconventional Gas, located in the Neuquina Basin.
3. Initial Production: Average monthly Unconventional Gas Production for the period July 2016/June 2017.
4. Included Production:
    a. All the monthly production of Unconventional Gas for those concessions whose Initial Production is lower than 500,000 m3/d.
    b. All the monthly production of Unconventional Gas minus the Initial Production for those concessions whose Initial Production is equal to or higher than 500,000 m3/d.
5. Minimum Price:
    - 2018: 7.50 US$/MMbtu.
    - 2019: 7.00 US$/MMbtu.
    - 2020: 6.50 US$/MMbtu.
    - 2021: 6.00 US$/MMbtu.
6. Effective Price: Average weighted monthly price for the total volume of natural gas sales in Argentina (to be published by the ES).
7. Unit Compensation: The result of the Effective Price subtracted from the Minimum Price (when such difference is greater than zero).
8. Interim payments: payment of 85% of the compensation (estimated on the projections of companies) for the previous month.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

Concessions which do not reach an average annual production (12 consecutive months) of 500,000 m3/day in their investment plan before December 31, 2019 will not be considered. If they do not reach the 500,000 m3/day, they must reimburse the compensation amounts received, adjusted with an interest rate (average lending rate of Banco Nación for trade discounts operations). The Secretariat of Hydrocarbon Resources can request a fidelity bond insurance policy to guarantee the reimbursement of the compensation.

- An independent measurement and production schedule must be submitted.
- The payment of the first compensation will correspond to the month after the request is submitted or in January 2018, whichever occurs later.
- Early start of Gas II Plan:
    - The companies participating in Gas II Plan (Resolution 60/13) will be able to receive compensations as from the month after the submission is completed.
    - For 2017, the minimum price to be used will be that of 2018.
    - The effective price for 2017 will be the corresponding price of the excess injection.
- Payments:
    - 88% will be paid to the Company and 12% to the corresponding province.
    - Payment order in pesos, with the exchange rate of the last business day of the month to which the volumes correspond.
- Initial interim Payment:
    - The Secretariat of Hydrocarbon Resources will issue a payment order before the last business day of the month following that of the inclusion of the Company.
    - Within 20 days of the month after which the payment order is issued, a sworn statement of the Included Production, certified by independent auditors, must be submitted.
- Control of Production volumes:
    - Volumes corresponding to the entering points to the Transportation System of Natural Gas: the Secretariat of Hydrocarbon Resources will send the volumes of included production submitted by the companies to ENARGAS, which will verify the injection volumes.
    - Points located before the entering points to the Transportation System of Natural Gas: the Secretariat of Hydrocarbon Resources will verify the results of the measurement of volumes from each Gas Measure Point installed, pursuant to Resolution 318/2010.

On January 31, 2018, the Company submitted an application to the Exploration and Production Undersecretariat of the Ministry of Energy and Mining, requesting adherence to the mentioned Program for the Agua del Cajón concession. This presentation included the approval by the Provincial Enforcement Authority (Ministry of Energy and Natural Resources for the Province of Neuquén – Resolution No. 012 dated January 29, 2018) of an investment plan for US$ 101.5 million, until 2021, which would make the development of natural gas production from unconventional reservoirs possible. On June 6, 2018, the ES notified Capex that the Agua del Cajón concession was included in the Program.

Likewise, on that date Capex requested before the Ministry of Energy and Mining adherence to the same Program for the Loma Negra concession, located in the province of Río Negro; the Company holds an interest of 37.5% in the concession and operates it. The presentation also included the approval by the Provincial Enforcement Authority (Energy Secretariat for the Province of Río Negro – Resolution No. 13 dated January 30, 2018) of an investment plan for US$ 74.5 million, corresponding to the "Loma Negra" concession area in its entirety. At the date of issue of these Financial Statements the Company has not received approval of this request from the Ministry of Energy and Mining of the Nation.

The company has submitted the affidavits for the production of natural gas coming from unconventional reservoirs from the Agua del Cajón Area corresponding to the periods January 2018 – March 2019 and the bond insurance policies to request the payment of the incentive program. The Ministry of Energy authorized the interim payment equivalent to 85% of the economic remuneration requested for the period January 2018 – December 2018 for approximately $ 363.8 million (stated at historical cost). The Company has recorded under Sales the total incentive complying with the conditions set forth in Resolution No. 419 E/2017, amounting to $ 775.2 million, for the monthly production from January 2018 to March 2019 (See Notes 2.16 and 25).

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

Additionally, the Energy Secretariat applied in December 2018, with retroactive effect to January 2018, a new criterion regarding the volume to be recognized for the payment of compensation derived from the Stimulus Plan, the same being the minimum between the nonconventional actual volume produced and the original curve timely presented (see Note 24).

Resolution 46/2018 – Reference price for electricity generating

On July 31, 2018, the Ministry of Energy issued Resolution 46/2018, by means of which it established the new maximum prices at the entering point to the transportation system for natural gas, for each basin of origin, that will be applied for the valuation of natural gas volumes for electricity generation that will be sold in the WEM or, in general, for the provision of the utility service of distribution of electricity. These maximum prices are valid from August 1, 2018. For the Neuquén Basin the established maximum price amounts to US$/MMBTU 4.42.

NO-2018-40206154-APN-SSEE#MEN – Acquisition of natural gas to be used in the generation of electricity. Undersecretariat of Electric Power of the Ministry of Energy

As part of the regularization process of the sector and where mechanisms will be gradually implemented for Generators to acquire by themselves the fuel volumes necessary for the production of electricity and their selling under competitive terms, on August 17, 2018, the Under Secretariat of Electric Power through Note NO-2018-40206154-APN-SSEE#MEN ordered CAMMESA to implement competitive mechanisms, on a temporary basis, until reaching this goal, taking into consideration the following guidelines to call for a bidding:

- CAMMESA must acquire natural gas under firm and interruptible quantities through the Gas Electronic Market (MEG, for its acronym in Spanish), based on the system needs and considering the Maximum Daily Quantities of the contracts in force for the period.
- Acquisitions must be open to producers and sellers of natural gas, for each of the productive basins and up to the required quantities.
- The term of the agreements to be signed is that corresponding to deliveries between 09/01/2018 and 12/31/2018.
- The maximum value to accept should be up to the price established in Resolution MEN No. 46/2018.
- Volumes to be acquired in each basin will be those required to cover supply needs.
- The bidding must be competitive and transparent, the outcome of which must be published.

The daily dispatch of natural gas volumes hired must be made in ascendant order of generation cost, considering the transportation capacity and the availability of electricity generation.

Resolution No. 70/2018 ES - Acquisition of Gas

Through ES Resolution No. 70/2018, on November 6 2018, the Generating, Co-generating and Self-generating WEM Agents are empowered to supply their own fuel for the generation of electricity. This power will not affect the commitments taken on by the Generators under the framework of WEM supply contracts with CAMMESA. The generation costs with own fuel will be valued in accordance with the mechanism to recognize Variable Production Costs accepted by CAMMESA.

The Agency in charge of Dispatch (OED) will continue to commercially manage and dispatch fuel for those Generating Agents that do not or may not use the power granted in this Resolution.

Note from the Energy Secretariat NO-2018-66680075-APN-SGE # MHA - Maximum prices (PIST) to be considered for each basin in US$/MMBTu.

On December 19, 2018, the Energy Secretariat issued the note NO-2018-66680075-APN-SGE # MHA, which instructs CAMMESA to apply, for the period January to December 2019, the new natural gas reference prices for the generation of electricity. For the Neuquén basin, the maximum price established is 3.70 US$/MMbtu for the months of Jan-Feb-Mar-Apr-May-Sep-Oct-Nov-Dec and of 4.95 US$/MMbtu for the months of Jun-Jul-Aug.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

Note from the Energy Secretariat NO-2019-07973690-APN-SGE # MHA -Valuation of Generation Costs with Own Fuel. RESOL-2018-70-APN-SGE#MHA.

On February 8, 2019, the Energy Secretariat issued Note NO-2019-07973690-APN-SGE # MHA, which instructs CAMMESA to apply, for the definition of the Maximum Production Variable Costs to be recognized in each fortnight, the weighted average price of natural gas per basin that would have resulted if all the natural gas produced in Argentina needed for the estimated supply in the electricity sector had been acquired through the contracts arising from the last bidding made by CAMMESA in the MEG.

d) LPG sector

- **Law 26020 and ES Resolution 168/05**

The regulatory framework for the industry and commercialization of LPG has been approved by the Argentine Congress through Law 26020. This regulatory framework is aimed at ensuring the regular, reliable and economical supply of LPG to low-income social sectors which do not have natural gas service through networks. Furthermore, a general policy has been defined, establishing specific goals for the regulation of the industry and commercialization of LPG, all of them aimed at improving market competitiveness and increasing the development of the LPG industry, promoting its efficiency and ensuring safety in all the stages of the activity, with an adequate protection of user rights, especially at the time of fixing prices.

Law 26020 rules the supply chain of LPG in full, that is to say the production, fractionation, transport, storage, distribution, port services and commercialization of LPG within the Argentine territory.

As regards the production own regulation, we have to mention that section 11 of Law 26020 has established freedom in the production activity, i.e. the LPG production under any form or technical alternative is free: the opening of new plants or the enlargement of existing ones can be made with no further requirement other than compliance with Law 26020, its regulations and pertinent technical standards.

Furthermore, Law 26020 authorizes the free import of LPG, the only requirement being that of compliance with the law, regulations and supplementary resolutions and no prior authorization is required. On the contrary, export of LPG can only be free once the internal demand volumes are satisfied and prior authorization by the Executive Branch in each case is obtained.

Resolution 168/05 of the ES establishes that the export operations have to be recorded with the LPG Direction, reporting to the Undersecretariat of Fuels, for approval, and those interested in the export of LPG must prove that the demand of the commercial chain has been duly satisfied through the mechanism set forth in the mentioned Resolution.

The Enforcement authority of Law 26020 is the Energy Secretariat, which shall enforce and promote compliance with the objectives of the industry and commercialization of the LPG established by such Law, issuing the necessary regulations to that end.

- **ES Resolution 1070/08 and 1071/08**

By Resolutions 1070/08 and 1071/08, the Energy Secretariat ratified (i) an agreement supplementary to the Agreement with Gas Producers entered into with certain gas producers; and (ii) an Agreement for LPG Price Stability entered into with certain LPG producers, bottlers and other market players, none of which was entered into by the Company (see Note 25.2 a.1). Subsequently, addenda to those agreements were signed, and ratified by resolutions of the Energy Secretariat.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

- **ENARGAS Resolutions 1982, 1988 and 1991/11**

By the end of November 2011, the ENARGAS adopted Resolutions 1982, 1988 and 1991/11 whereby, among other issues: (i) the unit prices were adjusted for the charge created by National Executive Branch Decree 2067/08, they being increased by approximately 1,000%, and (ii) said charge was fully applied to certain non-residential users of natural gas, according to their main or secondary line of business; this includes the natural gas treatment plants located outside the regulated measurement area, such as the Agua del Cajon plant of Servicios Buproneu S.A. in which the Company processes its natural gas.

The Company considers that this charge is unconstitutional since it involves a tax and has not been created under a Law passed by the National Congress. In view of this, the Company has filed legal action and has been awarded a precautionary measure, as explained in Note 24.2 a.2).

- **ES Resolution 77/12**

Energy Secretariat Resolution 77/12 (the "Resolution") was published in March 2012. This resolution extends the LPG (butane) price stability agreement, establishes that the producing companies that are not a party to the agreement must meet the supply parameters determined by the Energy Secretariat and sell LPG (butane) to the Bottling Companies at prices and with remunerations equal to the ones set for the producing Companies that are a party to the Agreement, and that the companies not complying with those parameters and provisions shall (i) not be authorized to export; (ii) not be allowed to purchase and sell LPG in the domestic market to any of the persons operating in the industry; and (iii) shall be rendered liable to fines for failure to deliver the product under the terms established by the Competent Authority or for sales in excess of the prices set in the Agreement or in the Resolution. The Company has filed administrative and legal actions against the Resolution (see Note 25.2 a.3)) and, as a result, it has been awarded a precautionary measure with staying effects on this standard and on the restrictions imposed on the Company by the Energy Secretariat under the Resolution. Subsequently, the ES issued Resolutions 429/13 and 532/14, approving the successive extensions to the agreement for the stability of prices of LPG, and, in general, repeating the provisions of ES Resolution 77/12. The Company, not being a party to the LPG price agreement, will eventually file administrative and legal actions against those regulations, if necessary.

- **Decree 470/2015 and ES Resolution 49/2015**

In March 2015, Decree 470/2015 and ES Resolution 49/2015 were published, which replaced the "Garrafas para Todos" (Gas Bottles for Everyone) Program in force since 2009 with the "Hogares con Garrafas" (Homes with Gas Bottles) (HOGAR) Program. This new Program modifies the scheme of volume contributions of propane and butane, the system of subsidies and maximum prices in force. The Company has challenge the application in those programs.

The maximum reference prices to be billed by producers under the "Homes with Gas Cylinders ("Hogares con Garrafas" or "HOGAR") are updated regularly. The new maximum reference prices as of 04/30/19 were set at $ / tn 9,154 for butane and $ / tn 9,042 for propane.

- **Undiluted Propane Gas Supply Agreement**

Since 2002, "Undiluted Propane Gas Supply Agreements" for Networks have been entered into with propane gas producers; the purpose of these agreements is to ensure stability in the supply conditions of propane gas for the distribution networks currently operating in Argentina.

The agreements, until December 2015, included the direct collection of $ 300/tn from the party receiving the volume of gas comprised in the agreement (stated at historical cost). The difference between this amount and the price known as "Export Parity Local" published by the ES is collected by means of a tax credit certificate and/or in cash from the enforcement authority.

Deliveries between May 1, 2015 and December 31, 2015 were not collected through a tax certificate, instead they were collected through the issuance of public debt instruments (BONAR 2020 US$). The Company had to join as a Beneficiary Company of that program, created by means of Decree 704/2016, published in the Official Gazette on May 20, 2016.

NOTE 1 – GENERAL INFORMATION AND REGULATORY FRAMEWORK (CONT'D.)

The prices collected by these companies were index-adjusted in October 2016 (Res 212/2016), March 2017 (Res 74-E/2017) and in November 2017 (474/ E/2017); determining for that date prices for residential users of $/tn 1,941 (stated at historical cost).

As set forth in the Sixteenth Agreement to Extend the Propane Gas Supply Agreement for Undiluted Propane Gas Distribution Networks expiring on December 31, 2019, a new semi-annual price adjustment mechanism was established effective March 2018, with an Adjustment Percentage of 35% between April and September 2018; 49% between October 2018 and March 2019, and 70% between April and December 2019. Those percentages will be applied to the price of LPG - Export Parity for the month prior to the commencement of each period of price adjustment.

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION

2.1 - International Financial Reporting Standards.

The National Securities Commission (C.N.V.), by means of G.R. Nos. 562/09 and 576/10, has established the application of T.P. Nos. 26 and 29 issued by the Argentine Federation of Professional Councils in Economic Sciences (F.A.C.P.C.E.) which adopt the International Financial Reporting Standards (IFRS) issued by the IASB (International Accounting Standards Board), for those entities included in the public offering system of Law 17811, either for their capital or corporate bonds, or which has requested authorization for being included therein.

2.2 Basis for presentation

These financial statements for the fiscal year ended April 30, 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB.

The consolidated financial statements contain all the significant disclosures required by IFRS.

The presentation in the statement of financial position segregates current and non-current assets and liabilities. Current assets and liabilities are those which are expected to be recovered or settled within the twelve months after the closing of the reporting year. In addition, the Group reports on the cash flows from operating activities using the indirect method. The fiscal year commences on May 1 and ends April 30 of each year. Economic and financial results are presented on the basis of the fiscal year.

These financial statements are stated in thousands of Argentine pesos without cents, except otherwise expressly stated. They have been prepared in homogeneous currency at the end of the year, modified by the measurement of certain financial and no financial assets and liabilities at fair value.

The information included in the financial statements is stated in the functional and presentation currency of the Company, i.e. the currency of the primary economic environment in which the entity operates. The functional currency is the Argentine peso, which coincides with the presentation currency of the financial statements.

The preparation of these financial statements in accordance with IFRS requires the Company to make 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 income and expenses recorded during the 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 4.

These financial statements were approved for issuance by the Company's Board of Directors on July 5, 2019.

Restatement of financial statements

The financial statements have been restated in terms of the measuring unit current at April 30, 2019 as established in IAS 29 Financial reporting in hyper inflationary economies.

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT’D.)

Comparative information

Balances at April 30, 2018 shown in these individual financial statements for comparative purposes arise from the financial statements at those dates expressed in terms of the current unit of measurement as of April 30, 2019, established in IAS 29 “Financial reporting in hyper inflationary economies”. Certain immaterial amounts corresponding to the financial statements presented for comparative purposes have been reclassified to keep consistency in disclosure with the amounts for the current year.

2.3 - Accounting standards

2.3.1 - New and amended standards adopted by the Group

Below follows a brief description of the new and/or amended standards and interpretations adopted by the Company and their impact on these financial statements.

- IFRS 15 "Revenue from Contracts with Customers"

Issued in the month of May 2014 and subsequently in September 2015, the entry into force for the annual periods beginning on January 1, 2018 was modified. It deals with the principles for the recognition of income and establishes the requirements for information about the nature, amount, timing and uncertainty of income and cash flows arising from contracts with customers. The basic principle involves recognizing income that represents the transfer of goods or services committed to customers in exchange for an amount that reflects the consideration to which the entity expects to be entitled.

Management has evaluated the effects of the application of IFRS 15 in the financial statements of the Company in relation to the contracts in force as of May 1, 2019. As a result of the evaluation, the Company has not identified differences related to performance obligations, nor with the methodology of price allocation, which could affect the opportunity of recognizing income in the future.

Lastly, no contractual assets or liabilities have been detected that must be presented separately in accordance with IFRS 15.

- IFRS 9 "Financial Instruments"

The amendment was issued in July 2014 and includes in a single document all phases of the IASB project to replace IAS 39 “Financial Instruments: Recognition and Measurement”. The phases comprise classification and measurement of the instruments, impairment and hedge accounting. This version adds a new impairment model based on expected losses and some minor changes to the classification and measurement of financial assets. The new standard supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018.

The Group has applied the amended IFRS 9 as from May 1, 2018, with the permitted practical resources and not doing so for the comparative periods.

The Group has reviewed the financial assets it currently measures and classifies at fair value through profit or loss or at amortized cost, and it has concluded that they meet the conditions to maintain their classification; consequently, the amendments to IFRS 9 will not affect the classification and measurement of the financial assets.

As regards the new hedge accounting model which in general terms allows incrementing eligible hedging relationships optionally to represent the effect of the related risk management activities, the Group has not opted to designate any hedging relationship at the date of issue of these financial statements, nor does it expect to make any designation; in consequence, the Group does not generate modifications as a result of the application of IFRS 9.

With respect to the new impairment model based on expected credit losses (ECL) instead of incurred credit losses, according to the assessments made at the date of issue of these financial statements, the Group did not generate any increase in the provision for impairment of trade receivables.

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)

The Group has already adopted the first phase of IFRS 9 at the date of transition to IFRS, and is analyzing the possible impacts of the first, second and third modified phases, on the measurement of classification and exposure of financial instruments.

- IFRIC 22 - Foreign Currency Transactions and Advance Consideration

It was issued in December 2016. The interpretation refers to the establishment of the "date of the transaction" for the purpose of determining the exchange rate to be used on initial recognition of the related asset, expense or income when an entity has paid or received an advance consideration in a foreign currency. The date of the transaction is the date of initial recognition of the non-monetary asset or liability resulting from the reception or payment of the advance. It applies for annual periods beginning on or after January 1, 2018. This application had no impact on the results of operations and the financial situation of the Group.

2.3.2 - New published standards, amendments and interpretations which have not yet come into force for fiscal years beginning on May 1, 2018 and have not been adopted early

At the date of issue of these Financial Statements, the following standards that have been issued have not been adopted since their application is not required prior to the end of the fiscal year beginning on May 1, 2018:

- IFRS 16 - Leases

It was issued in January 2016 and replaces the current guidance of IAS 17. IFRS 16 defines a lease as a contract, or as a part of a contract, which transfers the right to control the use of an asset (underlying asset) for a certain period of time in exchange for a consideration. Under this norm, the lessee shall recognize a lease liability that reflects the current value of future payments and a right-of-use asset. This is a significant change regarding IAS 17, in which lessees were required to make a distinction between a financial lease (disclosed in the statement of financial position) and an operating lease (causing no impact on the statement of financial position). IFRS 16 includes an optional exemption for short-term leases and low-value underlying assets leases. This standard applies to annual reporting periods beginning on or after January 1, 2019. The Company is analyzing the impact of the application of said rule; however, it estimates that the application of the same will not have a significant impact on the results of the operations or the financial situation of the Company.

- IFRIC 23 - Uncertain income tax positions

IFRIC 23 was issued in June 2017. It clarifies how the recognition and measurement requirements of IAS 12 are applied where there is uncertainty over income tax treatments. According to this interpretation, an entity should measure the impact of the uncertainty using the method that best predicts the resolution of the uncertainty, either the most likely amount method or the expected value method. The entity is required to assume that a tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. The interpretation applies to annual reporting periods beginning on or after January 1, 2019, and its early adoption is permitted. The Company is analyzing the impact of the application of IFRIC 23; however, it considers that its application will not have a significant impact on the results of operations or the financial position of the Group.

- IAS 28 "Investments in associates and joint ventures"

It was amended in October 2017. This standard clarifies that IFRS 9 applies to other financial instruments in an associate or joint venture to which the equity method is not applied. It applies to annual reporting periods beginning on or after January 1, 2019 and its early adoption is permitted. The Company is currently analyzing the possible impact of its application; however, it considers that application of this amended standard will not have an impact on the results of operations or the financial position of the Group.

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)

- IFRS 17 Insurance contracts

Issued in May 2017. It replaces IFRS 4, introduced as a provisional standard in 2004 to account for insurance contracts using the national accounting standards that resulted in multiple approaches in application. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and is effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted if both IFRS 15 and IFRS 9 have also been applied. The Company is analyzing the impact of the application of IFRS 17; however, it considers that its application will not have a significant impact on the results of operations or the financial position of the Company.

- IFRS 9 Financial Instruments:

The application guide was modified in October 2017, in respect of the classification of financial assets in the event that contractual terms modify the specified dates or amounts of contractual cash flows to establish that the cash flows arising from those terms are only payments of the principal and interest. It applies to annual reporting periods beginning on or after January 1, 2019 and its early adoption is permitted. The Company estimates that its application will not have an impact on the results of operations or the financial situation of the Company.

2.4 - Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are all entities over which the Company has control as well as rights to decide on the operating and financial policies to obtain variable returns from their activities, and has the power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date on which that control ceases.

The main consolidation adjustments are as follows:

1. elimination of balances of reciprocal assets and liabilities accounts between the parent company and subsidiaries, so that the financial statements disclose only the balances held with third parties;
2. elimination of transactions between the parent company and subsidiaries, so that the financial statements disclose only those operations carried out with third parties;
3. elimination of interests in equity and in the comprehensive results for each year of the subsidiaries in the aggregate.

Accounting policies of the subsidiaries have been amended, where applicable, to ensure consistency with the policies adopted by the Company.

The Company's subsidiaries at April 30, 2019 and 2018 are those detailed below. Their Capital stock consist of ordinary shares.

Name of the entity	Country	% direct and indirect of share holding and voting rights	% of non-controlling interest	Main activity
Servicios Buproneu S.A. (SEB)	Argentina	95%	5%	Provision of services related to the processing and separation of gases.
Hychico S.A. (Hychico)	Argentina	84.9816%	15.0184%	Production of electrical energy from renewable sources, hydrogen and oxygen
E G WIND S.A.	Argentina	99.25%	0.75%	Generation of electrical energy from renewable sources

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)

a) SEB

SEB is a direct subsidiary in which the Company holds a 95% participation in capital stock and votes at April 30, 2019 and 2018. SEB's main asset is a gas separation plant, located at Plottier, province of Neuquén. From that plant SEB provides gas processing services to the Company, under a contract signed by those companies in November 1999, which was amended on several times.

b) Hychico

Hychico is a direct subsidiary in which the Company holds an interest percentage of 48.5496% in the capital at April 30, 2019 and 2018, respectively and an indirect participation of 36.4320% at April 30, 2019 and 2018, respectively. Hychico is engaged in the development of energy projects on the basis of renewable energy and it is currently carrying out in Comodoro Rivadavia, province of Chubut, (i) the Diadema Eolic Energy Farm with a Total Installed Power of approximately 6,300 KW (the "Eolic Energy Farm"), and (ii) a hydrogen and oxygen production plant (the "Plant") through the electrolysis process, using hydrogen as a fuel for power generation.

c) E G WIND

E G WIND is a direct subsidiary in which the Company holds 95% of capital and votes at April 30, 2019 and 2018, and it indirectly holds 4.25% at that date. On November 17, 2017, the Company acquired 95% of the shares of E G WIND S.A. from Hychico S.A. and Plenium S.A., paying $ 25,000 and assuming the rights and obligations, assets, authorizations and permits. E G WIND engages in the generation of electric power from renewable sources and is now building Diadema Eolic Energy Farm II (see Note 36).

2.4.2 Business combinations

Business acquisitions are accounted for by means of the application of the acquisition method. The acquisition consideration is measured at its fair value, estimating at the acquisition date the sum of the fair value of transferred assets, the liabilities incurred or assumed and the equity instruments issued by the Company and delivered in exchange for the control of the acquired business. The costs related to the acquisition are charged to income/loss as incurred. The identifiable assets acquired and the liabilities assumed in the business combination are recognized at their fair value at the acquisition date (see Note 37).

If, as a result of the assessment, the amount of the acquisition consideration exceeds the net amount of the identifiable assets acquired and the liabilities assumed at the acquisition date, plus the amount of the non-controlling interest in the acquired business and plus the fair value of the equity interest of the acquired company the Company had in its possession (if any), a goodwill will be recorded.

If, on the contrary, as a result of the assessment, the net amount of the identifiable assets acquired and the liabilities assumed exceeds the amount of the acquisition consideration, plus the amount of the non-controlling interest in the acquired business and plus the fair value of the equity interest of the acquired company the Company had in its possession (if any), such excess will be immediately recorded under income/loss as a profit from the business acquisition. The non-controlling interest in the acquired company is valued at its fair value at the acquisition date or valued in accordance with the equity method on the net assets acquired.

The Company has up to 12 months from the acquisition date to complete the accounting of the business combinations. In case the accounting of the business combinations is not complete at year end, the Company will disclose this event and report the interim amounts.

2.4.3 Participation in joint arrangements

A joint arrangement is that whereby two or more parties have joint control: this involves the contractually agreed sharing of control, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT’D.)

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. In this way, the Company's financial statements recognize the assets, liabilities, revenue from ordinary activities and expenses relating to its participation in joint operations of various consortia for hydrocarbon exploration and production.

Investments in joint operations are initially accounted for at cost, and subsequently valued in accordance with the equity method. The Company’s share of assets, liabilities and income/loss relating to its participation in the consortia in which it takes part are consolidated applying the proportional consolidation method, since the Company has joint control on the activities of these joint operations.

Note 38 shows the summarized financial position of the Consortia.

Recoverability of interests in joint operations

The valuation of interests in joint operations each of which is considered as a cash generating unit (CGU) is analyzed if at each date there is objective evidence that an investment in a company will not be recovered. If this were the case, the Company determines the amount of impairment as the difference between the book value of the investment and the estimated present value of projected cash flows. At April 30, 2019 and 2018, the book value of the interest in joint arrangements does not exceed the present value of projected cash flows.

2.5 - Recognition of the effects of inflation and currency conversion

2.5.1 – Effects of inflation variation

The International Accounting Standards N° 29 “Financial reporting in hyper inflationary economies” (“IAS 29”) requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy shall be stated in terms of the measuring unit current at the end of the reporting year or period, regardless of whether they are based on the historical cost method or the current cost method. For this, in general terms, inflation produced from the date of acquisition or from the revaluation date, as applicable, must be computed in the non-monetary items. These requirements also include the comparative information of the financial statements.

To conclude on the existence of a hyperinflationary economy, the standard establishes a series of factors to be considered; among them, a cumulative inflation rate over three years that approaches, or exceeds, 100%. For this reason, in accordance with IAS 29, the Argentine economy should be considered as hyperinflationary as from July 1, 2018.

In turn, Law No. 27468 (Official Gazette December 4, 2018) modified Section 10 of Law No. 23928 and amendments, and provided that the repeal of all the 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/utilities, does not apply to the financial statements, to which the provisions of Section 62 in fine of General Companies Law No. 19550 (restated text 1984), as amended, will 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 to be filed. Therefore, under General Resolution 777/2018 (Official Gazette December 28, 2018), the National Securities Commission (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.

According to 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.

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)

The adjustment for inflation applied to opening balances was calculated based on the indexes established by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) and the price indexes published by the National Institute of Statistics and Census (INDEC).

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 that are recorded at the balance sheet date and equity items are restated by applying the corresponding index adjustments.
- Income and expenses (including interest and exchange differences) from the Statement of Income are restated as from their date of accounting recognition, except for the items that show or include the consumption of assets measured under purchasing power currency prior to the registration of the consumption, restated based on the date of origin of the asset to which that item is related (for example, depreciation and other, consumption of assets stated at historical cost.)
- The effect of inflation on the Company's net monetary position is included in the Statement of Income within Other financial results - RECPAM
- Comparative amounts have been inflation-adjusted following the same procedure explained above.

In the first period of application of this standard, the equity accounts were restated as follows:
- The capital and additional paid in capital was restated from the date of subscription or the date of the last accounting adjustment for inflation, whatever happened later. The resulting amount was incorporated to the "Capital adjustment and additional paid-in capital" account.
- Other comprehensive income items were restated as from each date of accounting allocation.
- Other reserves were not restated in the initial application of the standard.

The adjustment for inflation was calculated based on the indexes established by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) and the price indexes published by the National Institute of Statistics and Census (INDEC).

2.5.2 - Balances and transactions

Foreign currency transactions are converted into the functional currency using the exchange rate applicable at the date of transaction (or valuation, if it relates to transactions that have to be re-measured).

Gains and losses from exchange differences resulting from the cancellation of those transactions or the measurement at closing of monetary assets and liabilities stated in foreign currency are recognized in the statement of comprehensive income, except for cash flow or net investment hedges which qualify to be disclosed as other comprehensive results.

Exchange differences generated are disclosed under the line "Financial income" (if generated by asset captions) and "Financial costs"(if generated by liability captions) of the statement of comprehensive income.

Exchange rates used are: buying rate for monetary assets, selling rate for monetary liabilities, each of them in effect at the end of the year according to Banco Nación, and the specific exchange rate for transactions in foreign currency.

2.6 Property, plant and equipment

I. *Oil and gas exploration activities:*

The Group applies IFRS 6 "Exploration for and Evaluation of mineral resources" to account for its oil and gas exploration and evaluation activities ("E and E").

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)

Based on this and in accordance with IFRS 6, the Group capitalizes the expenses of E and E such as topographic, geological, geophysical and seismic studies, costs of drilling exploratory wells and evaluation of oil and gas reserves, as exploration and evaluation assets within a special category under the caption Property, Plant and Equipment, until their technical and commercial feasibility is shown for the extraction of mineral resources.

This implies that the exploration costs, stated at historical cost, are temporarily capitalized until the evaluation is made and the existence of sufficient proven reserves is determined which justify their commercial development, and therefore, their addition as productive wells, assuming that the disbursements required are made and the Group is making progress in the evaluation of reserves and the economic and operating feasibility of the project.

Occasionally, at the time of concluding the drilling of an exploratory well, it is possible to determine the existence of reserves that cannot yet be classified as proven reserves. In these situations, the cost of the exploratory well is capitalized if the well enabled the discovery of a volume of reserves justifying its development as a productive well and the Group is making a substantial progress in the evaluation of reserves and of the economic and operating viability of the project. If any of these conditions is not fulfilled, the cost of the well is charged to income.

In addition to this, the exploration activity, in many cases, implies drilling multiple wells along several years, with the purpose of performing a thorough evaluation of those projects. This has as a consequence, among others, the possibility that exploratory wells are kept under evaluation for long periods, awaiting the completion of the wells and additional exploration activities that are necessary to assess and quantify the reserves corresponding to each project.

If the exploration and evaluation activities do not determine proven reserves that justify their commercial development, the related capitalized amounts are charged to income/loss. Accordingly, the costs of exploratory wells and related costs of the studies mentioned above in this Note are charged to income/loss.

Exploration and evaluation assets for which proven reserves were identified are tested for impairment and reclassified to "Oil and gas exploitation activities".

When there are events or circumstances that indicate a potential impairment, an impairment test is made at the level of identifiable cash generating units. The events and circumstances include: evaluation of seismic data, requirements to abandon the areas without renewal of exploration rights, non- successful results from drillings, failure to make planned investments and unfavorable political and economic market conditions. Impairment is recognized for the amount exceeding the carrying value compared with its recoverable value, which is the higher between the value in use and fair value less costs to sell (see Note 33).

II.*Oil and gas exploitation activities:*

Exploitation costs, stated at historical cost, are those incurred to access the proven reserves and to provide facilities to extract, collect and store oil and gas. Under this item, the payment of concession rights is included (see Note 1.1).

Exploitation costs incurred to drill development wells (successful and dry) and to build or install equipment and facilities for production are capitalized and classified as "Works in progress" until they are completed. Once they are productive, they are reclassified to "Oil and gas wells" and "Assets associated to the production of oil and gas" and start to be depreciated. The costs related to the production of oil and gas are charged to income/loss.

Cost of repairs that increase the total of recoverable reserves are capitalized in the net book value of the related wells and are depreciated using the units of production method.

Maintenance costs that only restore production to its original level are charged to income/loss in the period in which they are incurred.

Assets classified as "Exploitation assets" are tested for impairment purposes when there are events or circumstances that indicate that their carrying value may not be recoverable. Impairment is recorded for the amount in excess of the carrying value compared to its recoverable value (value in use). For the purposes of the impairment test, assets are grouped at the minimum levels for which there are identifiable cash generating units (CGUs).

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)

Costs for future abandonments and dismantlement of fields (environmental, safety, etc.) are capitalized at their current value when the asset is initially recorded in the financial statements and are recorded under the line "Oil and Gas wells". This capitalization is made with a counterpart in the pertinent accrual.

At April 30, 2012, the Group applied the exception of IFRS 1 "First-time adoption of IFRS" as to the use of the deemed cost for certain assets of the caption Property, plant and equipment, by considering the fair value at the transition date by applying the like-new depreciated market value method for certain oil and gas wells and for certain assets associated to the production of oil and gas.

III. *Other tangible assets:*

The vehicles, furniture and fixtures and administrative assets are valued at historical cost reexpressed, net of accumulated depreciation and impairment losses, if any. The historical cost reexpressed, includes the amounts directly attributable to the acquisition of these assets.

Revaluation of the CT ADC, Buildings and Land, LPG Plant and Diadema Eolic Energy Farm

In the fiscal year ended on April 30, 2015, the Company has changed its accounting policy to value the Property, plant and equipment caption for the assets CT ADC, Buildings and land, LPG Plant (owned by SEB) and Diadema Eolic Energy Farm (owned by Hychico) which has been applied to all elements that belong to the same category of assets. Previously, the Company measured the entire caption of Property, plant and equipment according to the cost model using, at April 30, 2012, the exemption established by IFRS 1 "First time adoption of international reporting financial standards", as to the use of the deemed cost for certain assets and by the market value method for land plots in Vicente López and Neuquén, which is not depreciated.

As from July 31, 2014, the Company values the CT ADC, Buildings and Land, LPG plant (SEB property) and DEEF (Hychico´s property) by the revaluation method, as it considers that this model most feasibly reflects the value of these assets. Furthermore, it has determined that each of these groups of assets represent a category of asset under IFRS 13, considering the nature, features and inherent risks.

The revaluation model measures the asset at its fair value less accumulated depreciation and accumulated impairment, if any.

In accordance with IAS 8, this change in the accounting policy is exempt from the retroactive application.

For the application of such model, the Company has used the services of independent experts. Their participation has been approved by the Board of Directors based on skills such as the knowledge of the market, reputation and independence. Furthermore, the Board of Directors decides, after discussing with experts, the valuation methods and, where applicable, the entry data to be used in each case. At April 30, 2019, the Company has updated the fair value of revalued assets.

To determine the fair value of Buildings and land, as they are assets for which there is an active market in similar conditions, the market value in that market has been used, through appraisals of real estate agents renown in the area. This valuation method is classified under IFRS 13, as hierarchy of fair value level 2.

To determine the fair value of LPG Plant and DEEF, the expert independent appraiser has used the depreciated replacement cost method, determining the components that form the plants and obtaining the new values from suppliers recognized in the industry and from specialized publications, adding costs of freight, insurance, assembly and other general expenses, and computing the state factor and functional obsolescence.

Additionally, a coefficient of depreciation due to economic obsolescence was applied to the CT ADC of 11.9% as of April 30, 2019 and to the LPG plant of 19.2% as of April 30, 2018, respectively, based on the existence of external factors, such as the increase in direct and indirect costs and a decrease in sale prices, which caused a loss in value of the assets.

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)

As of April 30, 2019, the Company and independent experts made an update of the fair value of the LPG plant, DEEF and CT ADC. The differences that arose with respect to the revaluation practised as of October 31, 2018, were registered at that date.

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

The main factors that could affect the values of the revalued assets in future periods are as follows: i) the estimated useful life, ii) the impairment due to functional obsolescence and iii) a fluctuation in the costs of the components. Capex estimates that any sensitivity analysis that considers relevant modifications to those factors could lead to significant changes.

The Board of Directors determines the policies and procedures to be followed for the recurring measurements of the fair value of revalued assets. Further, at each reporting year closing date, the significant variations in the fair values of assets measured are analyzed based on the revaluation model, or if there are any changes to the fair value, and therefore, the need to record a new revaluation. The application of the revaluation model to the assets mentioned implies that revaluation be made with the adequate frequency to ensure that the fair value of the revalued asset does not significantly differ from its book value.

The Board of Directors approved the revaluations made to the different types of assets. The last revaluation, approved by the Directors, was effected on April 30, 2019.

At year-end, the Company has made a comparison between the fair values of revalued assets with their carrying values, measured based on the revaluation model, and concluded that the latter do not exceed their fair value.

The increases due to revaluations are recognized in the Statement of Comprehensive Income under the caption Other comprehensive results 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. At the time of sale of a revalued asset, any Reserve for the revaluation of assets related to that asset is transferred to accumulated retained earnings (see Note 17.b). See in Note 18.c) the concepts established by CNV for the reserve for revaluation of assets.

Depreciation of revalued assets is recognized in the statement of income for the year. At the closing of the year, a reversal of the reserve for revaluation of assets with counterpart in unappropriated retained earnings is recorded for the difference between depreciation based on the revalued book value of the asset and depreciation based on the original cost of the asset.

There were no transfers between Levels 1, 2 and 3 during the years ended at April 30, 2019 and 2018.

As of April 30, 2019 technicians from the Company and independent experts performed a review of the useful life assigned to the revalued assets without finding significant variations to those determined as of October 31, 2018.

Based on future cash flow estimates made by Hychico, in accordance with judgmental elements available, the assets related to the Hydrogen and Oxygen plant have been fully impaired for $ 161,017 and $ 161,390 at April 30, 2019 and 2018, respectively.

Other tangible assets are tested for impairment when there are events or circumstances that indicate that their carrying value may not be recovered. Impairment losses are recognized for the amount exceeding the carrying value compared with its recoverable value, which is the higher between the value in use and fair value less sale costs. For the purposes of the impairment test, assets are grouped at the minimum levels for which there are identifiable CGUs. Other tangible assets impaired in prior years are reviewed to determine their possible reversal at the end of each year.

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT’D.)

IV. *Other accounting policies applicable to Property, plant and equipment:*

Gains and losses from the sale of assets are calculated comparing the income obtained with the net-book value and are recognized in the statements of comprehensive income under "Other operating (expenses) / income, net".

Indebtedness cost either generic or attributable to the acquisition, construction or production of assets that necessarily require substantial time to be available for use or sale are added to the cost of those assets until they are ready to be used or sold.

Gains from temporary investments of funds generated from specific loans pending use are deducted from the total cost of financing potentially subject to capitalization.

Materials start to be depreciated when they are added to tangible assets in accordance with their useful lives.

V. *Depreciation*

The depreciation methods during the estimated useful life of the assets are:

(i) The acquired areas and other operating studies are depreciated based on accumulated production and total reserves, expressed in equivalent units of cubic meters of oil, with the limit of the expiration of the concession from the date of granting (see Note 1.1). Changes in reserve estimates are taken into account in the calculation of depreciation on a prospective basis.
(ii) The wells and goods destined for the extraction of oil and gas are depreciated based on the accumulated production and proven developed reserves related to them, expressed in equivalent units of cubic meters of oil, with the limit of the expiration of the concession from the date of granting it (see Note 1.1). Changes in reserve estimates are taken into account in the calculation of depreciation on a prospective basis.
(iii) The gas pipeline is depreciated by applying linear aliquots according to its estimated useful life in 20 years.
(iv) The ADC CT is depreciated based on the GW generated and the remaining GW to be produced based on the estimated useful life of each generation unit.
(v) For goods whose service capacity is not directly related to production, estimated linear aliquots are applied according to the characteristics of each asset.

Depreciation methods described for each type of asset are used to allocate the difference between the cost and the net book value during their estimated useful lives. Below are the estimated useful lives for the main assets:

- <u>Central Administration and Plant administration</u>
  Buildings: 50 years
  Furniture and fixtures: 5 years
  Administration assets: 5 years

- <u>Assets for the production of oil and gas</u>
  Areas acquired and other studies: total reserves
  Oil and gas wells: proven developed reserves
  Assets associated to production: proven developed reserves
  Vehicles: 5 years
  Supply gas pipeline: 20 years

- <u>CT ADC</u>
  CT ADC Open cycle: GWh remaining production from May 1, 2019.
  CT ADC Combined cycle: GWh remaining production from May 1, 2019.
  Gas pipeline: 20 years
  General: GWh remaining production from May 1, 2019.

- <u>LPG Plant:</u> 9.3 years as from May 1, 2019.

- <u>Hydrogen and Oxygen Plant</u>: 20 years

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)

- Diadema Eolic Energy Farm: 12.9 years as from May 1, 2019.

On an annual basis, depreciation rates are reviewed and a comparison is made whether the current remaining useful life differs from that previously estimated. The effect of these changes is recorded as results for the year in which they are determined.

At April 30, 2019 and 2018, the net book value of Property, Plant and equipment does not exceed the present value of the projected future cash flows.

2.7 - Financial Instruments

2.7.1 - Recognition and measurement of financial assets

Regular purchases and sales of financial assets are recognized on the transaction date, i.e., when the Group commits to purchase or sell the asset. Financial assets are deleted from the financial statements whenever the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has substantially transferred all risks and rewards derived from the ownership.

Financial assets which are not measured at fair value through profit or loss are recognized initially at fair value plus transaction costs. Financial assets which are measured at fair value through profit or loss are recognized initially at fair value and the costs of the transaction are charged to income/loss.

Gains and losses from changes in the fair value of the assets measured at fair value and which are not part of a hedging relationship, are disclosed in the comprehensive income accounts within Other operating income / (expenses), net in the year in which they are arise.

Gains and losses from financial assets measured at depreciated cost and which are not part of a hedging relationship are recognized through profit or loss when the financial asset is deleted or impaired by the depreciation process, using the effective interest rate method.

2.7.2 – Classification

The Group classifies financial instruments in the following categories: financial assets at depreciated cost, financial assets at fair value, financial liabilities at fair value with changes in results and financial liabilities at depreciated cost. This classification depends on the business model of the Group to manage its financial assets and the contractual characteristics of the instruments' cash flows.

Financial assets and financial liabilities are offset when the Group has a legally enforceable right to set-off.

2.7.2.1 - Financial Assets

Group financial assets are measured at depreciated cost if both of the following conditions are met:

i) they are kept within the business model for the purpose of obtaining contractual cash flows, and

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

If any of these conditions is not met, financial assets are measured at fair value through profit and loss.

Checks to be deposited, time deposits, mutual funds, secure bonds, trade receivables and other accounts receivable have been included within the financial assets category.

2.7.2.2 - Financial Liabilities

The Group has determined that all financial liabilities be measured at depreciated cost using the effective interest method; the changes in the valuation are recognized in the statement of comprehensive income.

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)

2.7.3 - Impairment of financial assets

The Group analyzes, at the end of each year, whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment loss of financial assets is recognized if there is objective evidence of the impairment of value as a result of one or more events that have occurred after the initial recognition of the financial asset, and such an event has an impact on the cash flows for the financial asset or group of financial assets that can be reliably estimated.

Some examples of objective evidence include cases in which certain debtors of the Group have financial problems, have failed to pay or have not complied with the payment of accounts receivable, probability that those debtors may file for reorganization proceedings or bankruptcy, as well as the experience on the behavior and characteristics of the aggregate portfolio.

The resulting loss, determined as the difference between the carrying value of the assets and the current value of estimated cash flows, is recognized in the comprehensive statement of income. If in a subsequent period, the amount impaired decreases and this may be related to an event occurred after the measurement, the impairment is reversed.

The amount of the provision is the difference between the book value of the assets and the current value of future estimated cash flows, discounted at the effective interest rate. The assets' carrying value is written down through an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

2.8 - Spare parts and materials and inventories

- Spare parts and materials

Spare parts and materials held for use in the field and in the electricity generating plant are valued at acquisition cost measured in historical cost less the provision for obsolescence. Cost is determined applying the weighted average price method.

The breakdown of spare parts and materials is divided in three: current, non-current (which are not depreciated) and have a turnover greater than a year and critical, which are depreciated and are recorded with the electricity generation plant and LPG Plant under the caption Property, plant and equipment (Note 2.6.III).

It includes the advances to suppliers valued at the spot price paid at the time of the transaction.

- Inventories (Stock)

Stock of oil, propane, butane and fuel are measured at the lower between manufacturing cost or net realizable cost. Cost is determined applying the weighted average price method. Net realizable value is the sale price estimated in the normal course of business, less variable sale costs applicable.

The Group assesses the net realizable value of the spare parts and materials and inventories at the end of the year, charging to income/loss the timely correction of value when they are valued in excess. Whenever the circumstances that previously caused the correction of the value are no longer in existence, or there is clear evidence of an increase in the net realizable value due to a change in the economic circumstances, their amount is reversed.

2.9 - Trade and other accounts receivable

Trade account receivables and other accounts receivables are initially recognized at fair value and subsequently at depreciated cost in accordance with the effective interest rate method, less the impairment allowance.

The implicit interest is disaggregated and recognized as financial income as long as interest is accrued.

The amount of the provision is the difference between the book value of the assets and the current value of future estimated cash flows, discounted at the effective interest rate. The assets' carrying value is written down through an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

NOTE 2 – BASIS FOR PREPARATION AND PRESENTATION (CONT'D.)

They are disclosed within current assets if their collection is due in a period shorter than or equal to one year.

2.10 - Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits payable on demand in financial institutions, other highly liquid short-term and low risk investments with an original maturity of three months or less, and bank overdraft. In the balance sheet, overdrafts are classified as financial liabilities under current liabilities.

2.11 - Equity accounts

The recognition of the activity of this caption is made in accordance with the decisions of the Shareholders' meeting, legal standards or regulations.

Capital stock

- Outstanding shares

Corporate capital represents the capital issued, which consists of contributions made by the shareholders. It is represented by ordinary, registered, non-endorsable shares of $1 face value each.

- Additional paid-in capital

It comprises the overprice paid for the shares issued with respect to their nominal value.

- Capital adjustment and additional paid-in capital

The difference between the share capital and additional paid-in capital stated in constant currency and their historical nominal value has been disclosed in the Capital adjustment and additional paid-in capital account, in the Shareholders' Equity.

Retained earnings

- Legal Reserve

In accordance with Law 19550 on commercial companies, 5% of the profits for the year arising from the statement of comprehensive income plus (less) prior years' adjustments, transfers of other comprehensive income to unappropriated retained earnings and accumulated losses of prior years, must be appropriated to the Legal Reserve until such Reserve reaches 20% of capital.

- Free reserve

The free reserve comprises retained earnings appropriated to the distribution of future dividends and/or investments and/or debt settlement and/or absorption of losses.

- Reserve for assets revaluation

The reserve for assets revaluation comes from the difference between the reexpressed amortized cost value of certain assets of Property, plant and equipment and the fair value of these assets (see Note 17).

- Unappropriated retained earnings/losses

Unappropriated retained earnings/losses comprise accumulated gains or losses with no specific allocation, which in the case of earnings may be distributed through a decision of the shareholders' meeting, provided that they are not subject to legal restrictions. They comprise prior year results which were not distributed, the amounts transferred from other comprehensive results and the prior year adjustments due to the application of accounting standards. In addition, at April 30, 2019 it includes the Reserve for revaluation of assets as per CNV Resolution No. 777/18 (see Note 40).

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

In case there are unappropriated retained losses to be absorbed at the end of the year and to be considered by the Shareholders' Meeting, the following order of allocation of balances should be followed:

1. Retained earnings
    a. Free reserve
    b. Legal reserve
2. Capital adjustment and additional paid-in capital (Note 16)
3. Additional paid-in capital
4. Capital stock

- Distribution of dividends

The distribution of dividends to Company's shareholders is recognized as a liability in the financial statements in the period in which these dividends have been approved by the Shareholders' Meeting (see Note 18).

- Non-controlling interest

Non-controlling interest represents the interest of third parties on equity other than that of the owners of the Company.

2.12 Trade accounts payable, salaries and social security contributions and other payables

Accounts payable comprise payment obligations for assets and services acquired from suppliers in the normal course of business. Salaries and social security contributions represent the obligations related to the Company's personnel. The other liabilities represent obligations for royalties and irrevocable contributions to pay.

They are initially recognized at fair value and are subsequently measured at depreciated cost using the effective interest rate method.

They are disclosed within current liabilities if their payment is due in a period shorter than or equal to one year.

2.13 - Financial liabilities

Financial liabilities are initially recognized at fair value, net of the costs directly attributable to obtain them. Afterwards, they are valued at depreciated cost using the effective interest rate method.

They are disclosed within current liabilities if their payment is due in a period shorter than or equal to one year.

2.14 - Income tax and tax on assets

2.14.1 Current and deferred income tax

The income tax charge for the year comprises current and deferred taxes. Taxes are recognized in the statement of income, except that they refer to items recognized in other comprehensive income or directly in equity. In this case, income tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated based on the laws approved or to be approved at the date of the financial statements. Management regularly assesses the positions of the tax returns as regards situations in which the tax regulation applicable is subject to interpretation, and, where necessary, it sets up accruals based on the amounts expected to be paid to tax authorities.

Deferred tax is recognized, in accordance with the liability method, for the temporary differences arising between the tax basis of assets and liabilities and their book values in the financial statements. However, deferred tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction, different to a business combination, which, at the time of the transaction, does not affect either the accounting or the tax gain or loss.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

Deferred tax assets are recognized only to the extent that it is probable that the company holds tax benefits which are likely to be obtained in the future to be able to offset the temporary differences.

Deferred tax assets and liabilities are offset only if there is a legal right to offset the amounts recognized and when the deferred tax assets and liabilities derive from the income tax corresponding to the same tax authority, are applied to the same tax entity or different tax entities, which expect to settle current tax assets and liabilities by their net amount.

Tax reform in Argentina

On December 29, 2017, the National Executive Branch enacted Law 27430 on Income Tax. This law introduced several changes in the treatment of income tax, among which are:

Income tax rate: The income tax rate for Argentine companies will be reduced gradually from 35% to 30% for fiscal years beginning on or after January 1, 2018 until December 31, 2019 and to 25% for fiscal years beginning on or after January 1, 2020.

Tax inflation adjustment: To determine the net taxable income, an adjustment for inflation computed according to Sections 95 to 98 of Income Tax Law must be deducted from or added to the tax result of the fiscal period being calculated. This will be applicable in the fiscal year in which the variation percentage of the General Consumer Price Index (CPI) accumulated over the 36 months prior to the year end is higher than 100%. These provisions are applicable for fiscal years commencing on or after January 1, 2018. For the first, second and third fiscal years following its effective date, it will be applicable when the index variation, calculated from the beginning to the end of each year, exceeds 55%, 30% and 15% in the first, second and third year of application, respectively. The inflation adjustment for the fiscal year under calculation will have effect either as a negative or positive adjustment; one third of it will be allocated in the relevant fiscal period and the remaining two thirds, in two equal parts, in the two immediately following fiscal years.

CPI variation for the fiscal year ended on April 30, 2019 was 55.8%; accordingly, the Company included this adjustment in the determination of the taxable income for the current year.

Tax on dividends: A tax is levied on dividends or profits distributed, among others, by Argentine companies or permanent establishments to: individuals, undivided estates or foreign beneficiaries, according to the following rates: (i) dividends deriving from profits generated during fiscal years beginning on or after January 1, 2018 until December 31, 2019 are subject to tax at a rate of 7%, and; (ii) dividends deriving from profits obtained during fiscal years beginning on or after January 1, 2020 will be subject to tax at a rate of 13%.

Dividends on profits obtained until the fiscal year prior to the fiscal year beginning on or after January 1, 2018 will be subject to withholdings, for all beneficiaries, at a rate of 35% of the amount exceeding retained earnings to be distributed free of tax (transition period of equalization tax).

Optional tax revaluation: The law prescribes in Title X, Chapter 1 that companies may choose to have their Argentine-based assets that generate taxable income revalued for tax purposes at December 31, 2017, applying a revaluation factor on the acquisition or construction costs, according to the effective date of each investment, to continue with the depreciation of the revalued assets based on the percentage variations of CPI calculated by the National Institute of Statistics and Census following the tables prepared by the AFIP for that purpose. If opting for the tax revaluation, a special tax must be paid, resulting from applying the rates corresponding to each type of asset to the revalued amount (8% for real property other than inventories, 15% for real property-inventories, and 10% for movable property and other items of property). Tax revaluation must be applied to all the assets in the same category. The gain generated by the revaluation is exempt from income tax and will not be computed for the purpose of the withholding described in the unnumbered section added after Section 69 of the Income Tax Law (equalization tax), and the special tax on the revalued amount will not be deductible from income tax. Furthermore, the net amount of the revaluation of accumulated depreciation will not be included in the taxable base of assets for calculation of tax on assets.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

On May 31, 2019 the Company exercised the option of performing a tax revaluation of its assets, with the special tax calculated amounting to $ 276,847 (stated in historical currency), which is disclosed under the Income tax line in the Statement of Income. The Company opted for paying the special tax through a payment on account of 20% and the remainder by means of a payment plan, in four monthly installments with a monthly interest rate of 1.5%.

Adjustment of acquisitions and investments made in fiscal years commencing on or after January 1, 2018: The acquisitions and investments made in fiscal years commencing on or after January 1, 2018 will be subject to the following adjustments, based on the percentage variation of CPI published by the National Institute of Statistics and Census following the tables prepared by the AFIP for that purpose:

1) In the case of disposal of depreciable personal property, real property other than inventories, intangible assets, shares, units or equity interests (including units held in mutual funds), the cost to be computed in the determination of gross income will be adjusted according to the aforementioned index, from the date of acquisition or investment until the date of disposal; if applicable, it will be reduced by the allowable depreciation, calculated on the adjusted value.

2) Deductible depreciation of buildings and other constructions on real property connected to business activities and investments, inventories, and those corresponding to other assets connected to the production of taxed income, will be calculated applying the adjustment index to the ordinary depreciation installments, referred to the acquisition or construction date indicated in the table prepared by the AFIP.

Decree No. 1170/18, published in the Official Gazzette on December 27, 2018, includes adaptations to the regulation approved by Decree No. 1344/98, regulation of the Income Tax Law, and amendments, as well as amending its text to the changes introduced by the Argentine Civil and Commercial Code and other legal standards, such as Laws No. 27260, 27346 and 27430.

2.14.2 Tax on assets

The Group determines the tax on assets by applying the current 1% rate on computable assets at the end of each year. This tax complements income tax. The tax obligation of each company for each year will agree with the higher of the two taxes. However, if tax on assets exceeds income tax in a given year, that amount in excess will be computable as payment on account of income tax arising in any of the following ten years.

In Hychico, tax on assets at April 30, 2019 exceeded income tax, so it has been recognized as a tax credit. At April 30, 2019 and 2018, the balances amounted to $5,083 and $17,173, respectively, as it is expected that those credits will be recovered (see Note 12). In Capex and SEB, income tax at April 30, 2019 exceeded tax on assets, so no accrual has been set up. Enactment of Law 27260, section 76, repeals application of tax on assets for the years beginning on January 1, 2019.

In E G WIND, by General Instruction No. 2/2017 (an internal directive through which the AFIP informs all of its agencies of the guidelines to follow in its procedures), the AFIP instructed its legal departments to fulfill the criterion established by the Argentine Supreme Court, recognizing that no tax on assets exists when losses are reported in the balance sheets for the respective period and tax losses are recorded in the income tax return for such fiscal period. In compliance with this instruction, E G WIND has not determined the tax on assets at the end of the reporting period.

2.15 - Provisions and other charges

Provisions are recognized when:

- the Group has a present obligation, either legal or implicit, as a result of a past event,
- it is probable that an outflow of resources will be necessary to cancel that obligation, and
- a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the current value of disbursements that are expected to be necessary to settle the obligation considering the best information available at the date of preparation of the financial statements and are re-estimated at each closing. The discount rate used to determine the current value reflects the current market evaluations, at the date of the financial statements, of the time value of money as well as the specific risk related to the liability.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT’D)

The provision for lawsuits was set up based on the analysis of possible indemnities that the Group estimates to pay according to the opinion of its internal and external legal counsel.

To calculate the provision for well abandonment, the Group considered the well abandonment plan until the end of the concession and valued them at the estimated cost of capping, discounted at a rate that reflects the specific risks of liabilities and time value of money.

2.16 - Revenue recognition

Income from sales is measured at the fair value of the consideration received or to be received, and represents amounts receivable for the sale of assets and/or services.

Income from sales of assets and/or services is recorded at the time in which the risks and rewards of ownership have been transferred – or that the provision has been made. Non-invoiced sales at the end of the year are recognized based on estimates made by management, taking into account historical results, considering the type of customer, type of transaction and the specific circumstances of each agreement.

Income from the electricity generation activity is recognized as from the energy and power effectively delivered to the spot market.

Income from sales of crude oil, natural gas, butane, propane and oxygen is recognized with the transfer of ownership, in accordance with the terms of the related agreements, i.e., when the customer acquires the ownership of the product, assuming risks and rewards.

Revenue from the provision of services is recognized once the service has been performed

The above mentioned income is recognized when all and each of the following conditions are met:

- The entity transferred to the buyer significant risks and rewards;
- The amount of income was reliably measured;
- It is probable that the entity receives the economic benefits associated to the transaction;
- Costs incurred or to be incurred, in relation to the transaction, were reliably measured.

Income from transactions between group companies and business segments generate income, costs and results which are eliminated in the consolidation process.

Revenue from interest earned is recognized using the effective interest method. Interest is registered on a temporary basis, with reference to the principal outstanding and the applicable interest rate. Revenue is recognized whenever it is likely that the entity will receive the economic benefits associated with the transaction and the amount of the transaction can be measured through reliable means.

- IAS 20 – Accounting of the Government subsidies and information to be disclosed on Government aids

The incentives for the natural gas production from unconventional reservoirs, stated by the Ministry of Energy and Mining through Resolution No. 419E/2017 (see Notes 1.2 c and 25), fall within the scope of IAS 20 - Accounting of the Government subsidies and information to be disclosed on Government aid, as they consist of economic remunerations related to income for companies that are committed to make investments in natural gas production from unconventional reservoirs. This incentive has been included under Sales in the Statement of Comprehensive Income.

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

Revenues from the provision of services are recognized once the service is effectively provided.

NOTE 2 - BASIS FOR PREPARATION AND PRESENTATION (CONT'D)

2.17 - Segment reporting

The Board has determined operating segments based on the reports reviewed and used for strategic decision making (see Note 5).

Segment reporting is presented in a manner consistent with the internal reporting. The Board of the Company and the Managers are responsible for assigning resources and assessing the profitability of operating segments.

2.18 - Receivable and payable balances with related parties

Receivables and debts with parent company and with other related parties generated by sundry transactions have been valued in accordance with the conditions agreed by the parties involved (see Note 31).

Companies and individuals comprised in Decree 677/01 and regulations of the CNV have been included as related parties.

NOTE 3 - ADMINISTRATION OF FINANCIAL RISKS

3.1 Market risk

Market risk is the potential loss in case of adverse changes in the market variables. The Company is exposed to different types of market risks: foreign exchange risk, interest rate risk and price risk.

For each of the market risks described below, a sensitivity analysis of the main inherent risks of financial instruments is included, showing how the results and equity might be affected in accordance with IFRS 7 - Financial Instruments: Disclosures.

The sensitivity analysis uses variations of risk factors that represent its historical behavior. Estimates made are representative both of favorable and unfavorable variations. The impact on results and/or equity is estimated based on the financial instruments owned by the Group at the closing of each year.

3.1.a. Foreign exchange risk

Foreign exchange risk arises whenever future business transactions or recognized assets or liabilities are stated in a currency different to the functional currency of the entity.

The Group´s results and equity are exposed to the variations in the foreign exchange rates in the currencies with which it operates. The Group owns approximately 100% of its financial liabilities denominated in US dollars; the currency generating the greatest exposure is the US dollar. It is to emphasize that the income of the Company is 100% in dollars.

The maturity of 96.3% of the principal of the debt in US dollars is May 2024; therefore, even when the economic results are exposed to the foreign exchange variation, including the principal of the debt, from the financial point of view the foreign exchange variation risk in the short term is limited to the amount of interest payable, which is partially mitigated by financial assets exposed in the same currency.

At April 30, 2019 and 2018 the Group does not hedge the risk of changes in the exchange rate through derivative financial instruments. However, it is important to mention that the price of the hydrocarbons (oil and gas) are denominated in US dollars, representing approximately 68% and 59%, respectively, of the Group's income during the fiscal years ended on April 30, 2019 and 2018, respectively. In the case of energy, since the sanction of Res. 19 E / 2017 (modified by Res 1/19), effective as of February 1, 2017, the remuneration is set in dollars and its revenues represented approximately 27% and 35%, respectively, of the total sales of the Company as of April 30, 2019 and 2018 (including wind power). In the case of the prices of propane and butane, their value is stated in pesos but it is related to an export parity price in US dollars, and the income from these products represented approximately 4% and 6%, respectively, of the Group's total sales at 30 April 2019 and 2018 (see Note 5).

NOTE 3 - ADMINISTRATION OF FINANCIAL RISKS (CONT'D)

The table below presents the exposure of the Group to foreign exchange risk for those financial assets and liabilities stated in a currency other than the functional currency of the Group:

	At 04/30/2019 $	At 04/30/2018 $
Net Asset /(liability) position in US$	**(140,058)**	**(153,509)**
US Dollar - exchange rate	43.95 (buyer) and 44.15 (seller)	20.44 (buyer) and 20.54 (seller)
Total	**(6,227,990)**	**(4,940,417)**

The sensitivity of the comprehensive income and equity at April 30, 2019 and 2018, as a result of a 10% appreciation of the exchange rate on financial assets and liabilities stated in US dollars, would have been a decrease or increase in the comprehensive income and equity of $ 435,959 and $345,829, respectively (see Note 39.d)).

3.1.b. Interest rate risk

The variations in the interest rates may affect the income or expenses for interest of financial assets and liabilities with reference to a variable interest rate. Indebtedness at variable rates exposes the Group to interest rate risk on its cash flows due to their volatility. Indebtedness at fixed rates exposes the Group to interest rate risk on the fair value of its liabilities, since depending on the volatility of interest rates at a given moment, there may be an increase in the rate of depreciation that would cause the fixed rates to be higher than the variable rates at that moment. In the current conditions of the financial market of constant increase in interest rates, this risk is mitigated.

At April 30, 2019 and 2018, the Group approximately had 96% (at a rate of 6,875%), respectively, of its financial liabilities at a fixed rate, which reduces its exposure to variations in the interest rate.

3.1.c. Price risk

The Group is not significantly exposed to hydrocarbons price risk, basically because Government regulatory and economic policies, among others, determine that local prices must achieve the expansion of the activity of exploitation and expansion of hydrocarbon reserves. Within this framework, the price of oil is fixed in the negotiations between refiners and producers in accordance with the mechanics of the internal market and export, its framework being the transfer of these values to the final price of liquid fuels. As regards the price of gas, the same follows a government policy, setting different maximum values for each of the market segments prioritizing the development of the industry and the payment possibilities of each segment, also generating plans to stimulate production.

The price of LPG is based on a monthly publication issued by the ES, that sets the prices in pesos according to the export parity. However, although they try to eliminate gradually, there are programs of subsidies to consumption that could affect some producers.

In general, the selling prices in the local market are affected in the face of significant variations in international prices of hydrocarbons and the price that the consumer pays in the Internal Market.

Regarding the generation of electric power, the remuneration received by the generating companies is not in relation to its demand. The remuneration is set by the Enforcement Authority, which is dependent on the National Government.

At April 30, 2019 and 2018, the Group does not own derivative products or hedges on hydrocarbon prices.

At April 30, 2019 and 2018, a 10% increase or decrease in the prices of electricity and hydrocarbons would have implied an increase or decrease in the comprehensive income and in equity of $ 758,850 and $ 444,787 respectively.

3.2 Credit risk

Credit risk is defined as the potential that a third party fails to meet its contractual obligations, generating losses for the Group. The Group's credit risk is measured and controlled per customer or individual third party.

NOTE 3 - ADMINISTRATION OF FINANCIAL RISKS (CONT'D)

The provisions for insolvency are determined based on the following criteria:

- Aging of credits
- Existence of bankruptcy proceedings
- Analysis of the customers' capacity to repay the loan granted

The Group's exposure to the credit risk is mainly attributable to trade receivables due to sale transactions of electricity, oil, gas and LPG; nonetheless, the Group has not had to set up provisions for uncollectibility in the past years.

In the last four years CAMMESA paid its settlements within the expected payment period, without registering any significant delays. The generators that sell electricity in the spot market have little management capacity to ensure collection of their receivables. Since applying ES Resolution 95/13 and amendments, the credit risk of the energy sale transactions came to be exclusively related to CAMMESA, in view of the temporary stay of the addition of new WEM contracts in the MAT.

3.3 Liquidity risk

The Administration and Finance Management monitors current and future business projections aimed at:

(i) structuring financial liabilities so that their maturity in the short and medium term does not affect the current flow of business, considering the conditions prevailing at each time, in the credit markets to which it has access, and
(ii) maintaining active positions in instruments with proper liquidity and limited risk.

Within the framework of this strategy, in the past, the Company has structured practically all its financial liabilities on the basis of Negotiable Obligations Class I in March 2011, for a term of 7 years, with the principal to be repaid in one installment at maturity date, in March 2018. Following the same strategy, in May 2017 the Company issued the Class II Negotiable Obligations for a term of 7 years with maturity of its capital in a quota in May 2024 so as to refinance the Class I in advance of its expiration. The covenants governing this debt continue to be of incurrence rather than of maintenance. This means that creditors cannot request advance payment if the Company does not meet any of the financial covenants; instead, the Company must comply with certain pre-established financial restrictions (see Note 20).

The Group's Administration and Finance Management invests cash surplus in results-bearing accounts, such as time deposits, mutual funds and corporate bonds, by choosing instruments with very high liquidity and low risk.

The table below analyzes financial liabilities grouped based on contractual terms pending and not discounted, as from the date of the financial statements and until maturity and considering the prevailing exchange rates at April 30, 2019 and 2018.

At April 30, 2019	No term	Less than 3 months	Between 3 months and one year	Between 1 and 2 years	More than 2 and 5 years	More than 5 years
Financial liabilities	-	471,832	540,221	945,914	2,767,101	13,700,297
Trade accounts payable	128,051	2,536,939	30,615	5,276	826,681	-

At April 30, 2018	Less than 3 months	Between 3 months and one year	Between 1 and 2 years	More than 2 and 5 years	More than 5 years
Financial liabilities	352,067	922,023	1,023,975	3,694,418	9,930,099
Trade accounts payable	1,037,989	17,693	4,404	190,637	-

3.4. Capital risk

The Group's goals when administering capital are to safeguard its ability to continue with the management of operation.

The Group monitors its capital structure based on the net financial debt to EBITDA ratio generated by the Group and measured in US dollars. This ratio is calculated by dividing the net financial debt by EBITDA. The net financial debt is calculated as total financial liabilities less financial investments and cash and cash equivalents.

NOTE 3 - ADMINISTRATION OF FINANCIAL RISKS (CONT’D)

Ratios are as follows:
a) At April 30, 2019: 0.514 and
b) At April 30, 2018: 0.518.

3.5 Fair value estimation

The Group classifies the measurement at fair value of financial instruments, using a hierarchy of fair value, which reflects the significance of the inputs used to perform these measurements. The fair value hierarchy has the following levels:

- Level 1: quotation prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: information different from quotation prices included in level 1 that may be observable for assets and liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: information on assets or liabilities not based on data that may be observable in the market (non-observable information).

The tables below shows the financial assets and liabilities of the Group measured at fair value at April 30, 2019 and 2018.

	04.30.2019		04.30.2018	
	Level 1	**Total**	**Level 1**	**Total**
Assets				
Financial Assets at fair value through profit and loss				
Bonar 2020	-	-	213,990	213,990
LETES 2018	-	-	771,342	771,342
Mutual funds	2,073,896	2,073,896	5,312,597	5,312,597

The fair 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 regarded as active if quoted prices are readily and regularly available from a stock exchange, broker, sector-specific institution, or regulatory agency, and those prices represent current and regular occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Company is the current offer price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Company specific estimates. If all significant inputs required to determine the fair value of a financial instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs required to determine the fair value of a financial instrument is not based on observable market data, the instrument is included in Level 3.

There were no transfers between Levels 1, 2 and 3, for financial instruments valued at fair value during these years.

NOTE 4 - ACCOUNTING ESTIMATES AND JUDGMENTS

Accounting estimates and judgments are continually assessed and are based on the historical experience and other factors, including the expectations for future events that are considered reasonable under the circumstances.

Significant accounting estimates and judgments

The Group makes estimates and hypotheses as regards the future. Resulting accounting estimates, by definition, will rarely equal actual results. Estimates and judgments that have a significant risk to give rise to a material adjustment in the book value of assets and liabilities within the following fiscal year are explained below. The main accounting principles and areas that require a greater amount of judgment and estimates in the preparation of financial statements are:

NOTE 4 - ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

(i) oil and gas reserves;
(ii) provisions for lawsuits and other contingencies,
(iii) Income tax and deferred tax,
(iv) impairment test of assets
(v) fair value of revalued assets.

(i) Oil and gas reserves

Reserves are understood as the volumes of oil and gas (determined in equivalent m^3 of oil), which generate or are related to an economic benefit in the areas where the Group operates and over which it has rights for their exploration and exploitation.

The estimate of oil and gas reserves is an integral part of the Group's decision-making process. The volume of oil and gas reserves is considered in the calculation of depreciation charges, applying production unit ratios, as well as in the assessment of the recoverability of the investment in Exploration and Exploitation assets (see Notes 2.6 and 34).

The estimates of reserves were prepared by Group technical personnel, and are based on technological and economic conditions in force at December 31, 2018, considering the economic assessment and having as their horizon the expiry of the concession, in order to determine the term for recoverability.

These reserve estimates are adjusted whenever changes to the issues considered for their assessment justify so, or at least, once a year. These estimated reserves have been audited by an independent auditor.

There are several factors which create uncertainty about the estimate of proven reserves, estimates of future production profiles, development costs and prices, including other factors beyond the control of the producer. The procedure for calculating the reserves is subjective to allow for the estimate of crude oil and natural gas to be recovered from the subsoil, which has certain degree of uncertainty. The reserves estimate is prepared based on the quality of the information on geology and engineering available at that date, as well as on its interpretation.

See details on reserves in Note 34.

(ii) Provisions for lawsuits and other contingencies

Provisions are recognized for certain civil, commercial, labor and tax contingencies which occasionally take place in the ordinary course of business. With the aim of determining the sufficiency of the provisions for these contingencies, based on the advice of our internal and external legal counsel, the Management of the Company determines the probability of adverse judgements or resolutions regarding these matters, as well as the range of probable losses that could result from potentially adverse resolutions. Where applicable, the amount of the provisions required for these contingencies is determined after a careful analysis of each case in particular (See Note 24).

(iii) Income tax

Each group company has recognized income tax by the deferred tax liability method. Accordingly, deferred tax assets and liabilities are recognized to reflect the future tax consequences attributable to differences between the amounts recorded in the financial statements of existent assets and liabilities and their pertinent tax bases. Deferred tax assets and liabilities are valued by applying the tax rate in effect to the taxable income during the years in which these temporary differences are expected to be recorded or settled. The effect that any modification in the tax rates may have on the deferred tax assets and liabilities is recognized in the comprehensive statement of income for the period that includes the date in which such modification of the tax rate has been made (see note 7).

The deferred tax assets are recognized only insofar that it is probable that the Company will have future taxable profits against which the temporary differences can be offset. Assets generated by tax losses are capitalized to the extent that they are recoverable before expiration date.

NOTE 4 - ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

(iv) Impairment test of property, plant and equipment

The Group regularly assesses the recoverability of Property, plant and equipment, including assets being explored and exploitation, as mentioned in Note 2.6, when there are events or circumstances that indicate a potential sign of impairment. The carrying amount of property, plant and equipment is considered impaired by the Company when the value-in-use, calculated based on the estimated cash flows expected from those assets, discounted and separately identifiable, or their net realizable values are lower than their carrying amounts. This analysis is made at the minimum level in which there are identifiable cash generating units (CGUs).

When evaluating if there is a sign that a cash generating unit (CGU) might be affected, internal and external sources are analyzed, considering specific facts and circumstances, which, in general, include the discount rate used in the projections of cash flows for each of the cash generating units and the condition of the business in terms of economic and market factors, such as the price of the tariff, inflation, exchange rate, costs, seismic information, disposal area requirements without renewal of exploration rights, other expenses and the regulatory framework of the industry in which the Group operates and the listing of Capex shares in the Buenos Aires Stock Exchange (which, currently, due to the low liquidity of these securities does not constitute a representative parameter for this evaluation).

A previously recognized impairment loss is reversed when there is a subsequent change in the estimates used to compute the recoverable value of the asset. In this case, the new value cannot exceed the value it would have had at the new date of measurement had the impairment not been recognized. Both the impairment charge and its reversal are recognized as income/loss.

The value-in-use calculation requires the use of estimates and is based on cash flow projections prepared based on financial and economic budgets approved by the Board. Cash flows beyond the budgeted periods are extrapolated using estimated growth rates, which do not exceed the long-term average growth rate of each of the business segments involved.

At the time of estimating future cash flows, critical judgment is required from Management. Actual cash flows and values may significantly vary from the foreseen future cash flows and related values obtained through discount techniques. To consider the estimation risk included in those calculations, the Group regards several scenarios of weighted probability of occurrence.

The estimate of net realizable values, where necessary, is calculated based on valuations prepared by independent appraisers.

<u>Methodology for the estimation of the recoverable value:</u>

General criterion of the Group: the methodology used for the estimation of the recoverable value of Property, plant and equipment consists, mainly, in the calculation of the value in use, from the expected future flows of funds deriving from the exploitation of these assets, discounted with a rate that reflects the weighted average cost of the used capital, in accordance to accounting standards.

In assessing the value in use, projection of cash flows based on the best estimations available for revenue and expense of the Cash Generating Units (CGUs) are used. This is done by employing sector provisions, past results and future expectations about the evolution of the business and the development of the market. Among the most sensitive aspects included in the projections used in all the CGUs, the prices of energy, fuels, the regulations in force, the estimation of cost increases, and the costs in personnel stand out.

In assessing Exploration and Exploitation assets, projections are made about cash flows that comprise the economically productive life of the oil and gas fields, limited by the expiration of the license agreements, permits, and exploitation agreements or contracts. The estimated cash flows are based, among other factors, on production levels, prices of commodities, costs of production, market supply and demand, contractual conditions and other factors. As regards exploration assets, the estimations on future necessary investments related to the non-developed oil and gas reserves are also taken into consideration.

NOTE 4 - ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

The cash flows of the different businesses are estimated, among other factors, from the expected evolution of sales, unitary contribution margins and fixed costs, in line with the expectations considered in the specific strategic plans of each business, limited by the useful life of each asset. However, those cash inflows and outflows corresponding to future restructurings or improvements in the performance or increase in assets are not taken into consideration.

(v) Fair value of revalued assets

For the group of assets of the caption Property, plant and equipment (CT ADC, Buildings and Lands owned by Capex), the LPG Facility (owned by SEB), and DEEF (owned by Hychico) valued under the revaluation model, the Group makes estimates of the fair value of those assets as stated in Note 2.6.III.

NOTE 5 – SEGMENT REPORTING

The Board has determined operating segments based on the reports it reviews and which are used for strategic decision making.

Segment reporting is presented in a manner consistent with the internal reporting. The Board and the Senior Managers are responsible for assigning resources and assessing the profitability of operating segments.

Management information used in the decision-making process is prepared on a monthly basis and contains a breakdown of the Group's segments:

1) the exploration, production and sale of oil and gas ("Oil and Gas"),
2) generation of electric power ("Electricity ADC"),
3) production and sale of gas-derived liquid fuel ("LPG").
4) generation of wind electric power ("Energy DEEF"),
5) generation of electric power with hydrogen ("HYDROGEN Energy") and
6) oxygen production and sale ("Oxygen").

As of April 30, 2019, income received from CAMMESA, broken down by segment which arises to $ 7,718.2 million, is allocated to:

1) <u>Gas revenue for $ 4,127.2 million</u>: payments received from CAMMESA as Own Fuel Recognition, the remuneration of which is fixed in US dollars and associated with the price of gas for generation plants, and
2) <u>Electric power revenue for $ 3,591 million</u>: specific remuneration for the generation of power.

Segments reporting information at April 30, 2019 and 2018 is disclosed below:

	04.30.2019						
	Oil and Gas	**Electricity ADC**	**LPG**	**Energy DEEF**	**Hydrogen Energy**	**Oxygen**	**Total**
Net sales	5,241,514	7,718,174	590,852	143,961	11,931	5,385	13,711,817
Reclassification between segments	4,145,022	(4,127,195)	(17,827)	-	-	-	-
Sales per segment	9,386,536	3,590,979	573,025	143,961	11,931	5,385	13,711,817
Participation per segment on Sales	68,46%	26,19%	4,18%	1,05%	0,08%	0,04%	100%
Cost of sales	(4,624,377)	(1,119,406)	(113,985)	(33,234)	(34,950)	(15,150)	(5,941,102)
Gross Profit	**4,762,159**	**2,471,573**	**459,040**	**110,727**	(23,019)	**(9,765)**	**7,770,715**
Participation per segment on Gross Income	61.28%	31.80%	5.91%	1.42%	-0.30%	-0.11%	100%
Preoperative expenses	-	-	-	(10,939)	-	-	(10,939)
Selling Expenses	(1,594,261)	(280,479)	(20,104)	(1,147)	(1,853)	(1,237)	(1,899,081)
Administrative Expenses	(338,940)	(160,315)	(37,969)	(1,842)	(2,977)	(1,986)	(544,029)
Other operating income / (expenses), net	(1,838)	(2,674)	(218)	(26)	275	119	(4,362)
Operating result	**2,827,120**	**2,028,105**	**400,749**	**96,773**	(27,574)	**(12,869)**	**5,312,304**
Financial Income							5,769,852
Financial Costs							(11,346,434)
Other Financial Income							373
Other financial results RECPAM							1,984,153
Result Before Income Tax							**1,720,248**
Income Tax							(326,238)
Result for the year							**1,394,010**
Other comprehensive results							804,300
Comprehensive result for the year							**2,198,310**
Depreciation							
In Cost of Sales	(1,176,327)	(753,101)	(28,913)	(23,585)	(11,521)	(634)	(1,994,081)
In Administrative Expenses	(4,380)	(6,449)	(494)	-	-	-	(11,323)
Total	(1,180,707)	(759,550)	(29,407)	(23,585)	(11,521)	(634)	(2,005,404)

	04.30.2018						
	Oil and Gas	**Electricity ADC**	**LPG**	**Energy DEEF**	**Hydrogen Energy**	**Oxygen**	**Total**
Net sales	1,419,822	5,265,627	472,780	119,047	10,661	4,297	7,292,234
Reclassification between segments	3,036,294	(2,861,400)	(174,894)	-	-	-	-
Sales per segment	4,456,116	2,404,227	297,886	119,047	10,661	4,297	**7,292,234**
Participation per segment on Sales	61,11%	32,97%	4,08%	1,63%	0,15%	0,06%	100%
Cost of sales	(1,375,209)	(1,116,639)	(107,979)	(30,501)	(23,934)	(9,177)	-2,663,439
Gross Profit	**3,080,907**	**1,287,588**	**189,907**	**88,546**	**(13,273)**	**(4,880)**	**4,628,795**
Participation per segment on Gross Income	66.56%	27.82%	4.10%	1.91%	-0.29%	-0.10%	100%
Preoperative expenses	-	-	-	(4,875)	-	-	-4,875
Selling Expenses	(758,808)	(267,770)	(31,451)	(836)	(2,618)	(964)	-1,062,447
Administrative Expenses	(276,049)	(138,255)	(49,233)	(3,179)	(1,762)	(926)	-469,404
Other operating income / (expenses), net	3,594	(1,145)	(230)	(1,409)	(126)	(50)	634
Operating result	**2,049,644**	**880,418**	**108,993**	**78,247**	**(17,779)**	**(6,820)**	**3,092,703**
Financial Income							2,188,812
Financial Costs							-3,840,040
Other Financial Income							9,618
Other financial results RECPAM							647,712
Result Before Income Tax							**2,098,805**
Income Tax							-88,215
Result for the year							**2,010,590**
Other comprehensive results							568,719
Net comprehensive result for the year							**2,579,309**
Depreciation							
In Cost of Sales	(709,942)	(686,557)	(33,722)	(25,179)	(2,684)	(661)	(1,458,745)
In Administrative Expenses	(1,646)	(6,106)	(548)	-	-	-	(8,300)
Total	(711,588)	(692,663)	(34,270)	(25,179)	(2,684)	(661)	(1,467,045)

The Group does not own assets that are not financial instruments outside the country as of April 30, 2019 and 2018.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

	04.30.2019	04.30.2018
Residual value at beginning of year	17,740,143	15,707,108
Additions	6,623,962	2,905,973
Revaluation	1,089,052	586,398
Write-off and provision	(6,324)	7,709
Depreciation	(2,005,404)	(1,467,045)
Residual value at the end of the year	23,441,429	17,740,143

The depreciation cost of the years ended at April 30, 2019 and 2018 for $ 1,994,081 and $1,458,745, respectively, was charged to the Cost of Sales, and $ 11,323 and $8,300, respectively, to Administrative Expenses.

Below is the revaluation by group of assets:

	Residual value at cost value at 04.30.2018	Additions/ Retirements for the year – net	Depreciation for the year at cost value	Residual value at cost value at 04.30.2019
CT ADC	3,942,698	153,957	(458,990)	3,637,665
Building and land in Neuquén	245,835	24,264	(1,531)	268,568
LPG Plant	271,537	-	(26,491)	245,046
DEEF	266,907	4,843	(19,333)	252,417
Remaining assets	8,034,267	6,434,574	(1,198,205)	13,270,636
Total	12,761,244	6,617,638	(1,704,550)	17,674,332

	Residual value of revaluation at 04.30.2018	Additions/ Retirements for the year- Revaluation	Depreciation of the year Revaluation	Residual value of revaluation at 04.30.2019	Net result at 04.30.2019
CT ADC	4,586,087	717,346	(294,111)	5,009,322	8,646,987
Building and land in Neuquén	334,013	139,307	(71)	473,249	741,817
LPG Plant	1,405	156,632	(2,421)	155,616	400,662
DEEF	57,394	75,767	(4,251)	128,910	381,327
Remaining assets	-	-	-	-	13,270,636
Total	4,978,899	1,089,052	(300,854)	5,767,097	23,441,429

NOTE 7 – NET DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax net position is as follows:

	04.30.2019	04.30.2018
Deferred tax assets		
Deferred tax assets to be recovered after 12 months	44,691	24,728
Deferred tax assets to be recovered within 12 months	1,929	1,929
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after 12 months	(1,879,059)	(2,569,253)
Deferred tax liabilities to be recovered within 12 months	(838,970)	(838,970)
Net deferred tax liabilities (1)	(2,671,409)	(3,381,566)

(1) This amount is shown in the consolidated financial statements as follows: $ 12,548 and $ 11,026 under net deferred tax assets at April 30, 2019 and 2018, respectively, and $ 2,683,957 and $ 3,392,592 under net deferred tax liabilities at April 30, 2019 and 2018, respectively.

The changes in deferred tax assets and liabilities, without considering the offsetting of balances, are as follows:

- Deferred assets:

	Tax Losses	Trade accounts payable	Total
Balance at April 30, 2018	11,013	15,644	26,657
Charge to results	26,601	1,932	28,533
Charge to results due to a change in the income tax rate	(8,260)	(310)	(8,570)
Charge to Other Comprehensive Results	-	-	-
Charge to Other Comprehensive Results due to a change in the income tax rate	-	-	-
Balance at April 30, 2019	29,354	17,266	46,620

- Deferred liabilities:

	Financial investments at amortized cost	Property, plant and equipment	Other accounts receivables	Financial liabilities	Spare parts and materials, provisions and others	Total
Balance at April 30, 2018	(173,482)	(3,160,040)	(65)	(21,006)	(53,630)	(3,408,223)
Charge to results	109,731	905,105	(79,119)	-	45,553	981,270
Charge to results due to a change in the income tax rate	-	(6,322)	-	-	-	(6,322)
Charge to Other Comprehensive Results	-	(326,718)	-	-	-	(326,718)
Charge to Other Comprehensive Results due to a change in the income tax rate	-	41,964	-	-	-	41,964
Balance at April 30, 2019	(63,751)	(2,546,011)	(79,184)	(21,006)	(8,077)	(2,718,029)

E G WIND´s tax losses at April 30, 2019 for $ 23,755 may be allocated to future taxable income arising within ten years as from the date they are generated; they will prescribe from the fiscal year ending on April 30, 2028.

NOTE 8 – FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

	04.30.2019	**04.30.2018**
ASSETS		
Financial assets at depreciated cost		
Trade accounts receivable and other accounts receivable	2,582,668	1,463,541
Financial investments at depreciated cost	6,478,965	879,610
Cash and cash equivalents	184,488	55,002
Total	**9,246,121**	**2,398,153**
Financial assets at fair value		
Financial instruments at fair value	2,073,896	6,297,929
Total	**2,073,896**	**6,297,929**
LIABILITIES		
Financial liabilities at depreciated cost	17,676,626	11,371,195
Total	**17,676,626**	**11,371,195**

NOTE 9 - FINANCIAL ASSETS CREDIT RATING

The credit rating of financial assets which have not yet fallen due or have not been written down can be assessed, based on the rating provided by banks for cash and cash equivalents. In the case of trade accounts receivable, the classification is based on historical ratios.

The credit rating of cash items and short-term deposits is as follows:

	04.30.2019	04.30.2018
Cash at banks and short-term deposits		
Credit rating minimum “A”	8,737,349	7,232,538
Total	**8,737,349**	**7,232,538**

The credit rating of trade accounts receivable is as follows:

	04.30.2019	04.30.2018
Without due date (shown as current assets)	-	-
Past due		
From 0 to 3 months	45,283	14,076
From 9 to 12 months	-	-
To be due		
From 0 to 3 months	1,742,908	1,272,529
Total	**1,788,191**	**1,286,605**

See Note 3.2 as regards receivables from CAMMESA.

NOTE 10 - SPARE PARTS AND MATERIALS

	04.30.2019	04.30.2018
Non-Current		
In local currency		
Spare parts and consumption materials	672,895	453,538
In foreign currency (Exhibit G)		
Sundry advances	22,086	24,465
Total	694,981	478,003
Current		
In local currency		
Spare parts and consumption materials	197,285	144,507
In foreign currency (Exhibit G)		
Sundry advances	5,522	6,117
Total	202,807	150,624

NOTE 11 - INVENTORIES

	04.30.2019	04.30.2018
Oil	7,728	3,098
Propane and butane	2,288	3,649
Total	10,016	6,747

NOTE 12 - OTHER ACCOUNTS RECEIVABLE

	04.30.2019	04.30.2018
Non-Current		
In local currency		
Turnover tax	-	1,613
Tax on assets	5,083	17,173
Other tax credits	-	62
In foreign currency (Exhibit G)		
Assignment of CAMMESA rights	-	19,891
Total	5,083	38,739

Current	04.30.2019	04.30.2018
In local currency		
Sundry advances	23,891	15,447
Turnover tax	24,074	10,158
Value added tax	276,167	19,539
Income tax and tax on assets	4,123	4,260
Other tax credits	89,119	14,258
Prepaid insurance	45,708	33,188
Prepaid expenses	2,389	1,943
Assignment of CAMMESA rights	3,392	2,015
Intercompany receivables Section 33 – Law 19550 (Note 31.b)	2,230	1,292
Agreement for gas propane supply for networks to collect	63,159	20,423
Gas trust fund to be recovered	22,633	-
Non-conventional gas stimulus program	279,256	-
Sundry	8,316	2,144
In foreign currency (Exhibit G)		
Sundry advances	27,197	11,761
Intercompany receivables Section 33 – Law 19550 (Note 31.b)	-	214
Assignment of CAMMESA rights	30,933	25,971
Total	902,587	162,613

The fair value of other accounts receivable does not significantly differ from the carrying value.

According to the term for collection, they are grouped as follows:

	04.30.2019	04.30.2018
Without due date (shown as current assets)	348,630	39,233
To be due		
From 0 to 3 months	521,500	58,432
From 3 to 6 months	10,819	39,862
From 6 to 9 months	10,819	15,258
From 9 to12 months	10,819	9,826
From 1 to 2 years	-	21,568
More than 2 years	5,083	17,173
	907,670	201,352

NOTE 13 - TRADE ACCOUNTS RECEIVABLE

	04.30.2019	04.30.2018
Non-Current		
In local currency		
Doubtful accounts	2,627	4,093
Less: Provision for doubtful accounts (Exhibit E)	(2,627)	(4,093)
Total	-	-
Current		
In local currency		
From sale of energy and others	53,709	55,735
Intercompany receivables Sect. 33 – Law 19550 (Note 31.b)	20,378	25,942
In foreign currency (Exhibit G)		
From sale of oil and others	883,484	165,790
From sale of energy	824,825	1,034,794
Intercompany receivables Sect. 33 – Law 19550 (Note 31.b)	5,795	4,344
Total	1,788,191	1,286,605

At April 30, 2019 and 2018, trade accounts receivable for $ 1,788,191 and $1,286,605, respectively, fully complied with their contractual terms, and their fair value did not significantly differ from the carrying value.

The aging analysis of these accounts receivable is as follows:

	04.30.2019	04.30.2018
Past due		
From 0 to 3 months	45,283	14,076
To be due		
From 0 to 3 months	1,742,908	1,272,529
Total	1,788,191	**1,286,605**

At April 30, 2019 and 2018, the provision for trade accounts receivable amounts to $ 2,627 and $ 4,093, respectively.

The evolution of the provision (Exhibit E) for doubtful trade accounts receivable is as follows:

	04.30.2019	04.30.2018
Balance at beginning of year	(2,627)	(4,093)
Balance at year end	(2,627)	(4,093)

The accounts receivable provided for correspond to certain customers facing a specific economic situation. The amounts charged to the provision are generally deleted when there is no expectation of receiving additional cash.

NOTE 14 - FINANCIAL INSTRUMENTS AT FAIR VALUE

Current	04.30.2019	04.30.2018
In foreign currency (Exhibit G)		
Financial instruments at fair value (Exhibit C)	-	985,332
Total	-	985,332

The carrying amount of financial investments at depreciated cost approximates their fair value.

According to the term for collection, they are grouped as follows:

	04.30.2019	04.30.2018
To be due		
From 0 to 3 months	-	985,332
Total	-	985,322

NOTE 15 - CASH AND CASH EQUIVALENTS

	04.30.2019	04.30.2018
Current		
In local currency		
Cash	80	101
Banks	38,602	23,632
Financial instruments at fair value (Exhibit D)	735,493	2,762,001
In foreign currency (Exhibit G)		
Cash	324	7,179
Banks	145,482	24,090
Financial investments at depreciated cost (Exhibit D)	6,478,965	879,610
Financial instruments at fair value (Exhibit D)	1,338,403	2,550,596
Total	8,737,349	6,247,209

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

	04.30.2019	04.30.2018
Cash and banks	184,488	55,002
Financial instruments at fair value	2,073,896	5,312,597
Financial investments at depreciated cost	6,478,965	879,610
Total	8,737,349	6,247,209

NOTE 16 - CAPITAL STOCK AND ADDITIONAL PAID-IN CAPITAL

	Number of shares	Face value per share	Capital subscribed	Additional paid-in capital	Capital adjustment and additional paid-in capital
		$	$	$	$
Balances at April 30, 2018	179,802,282	1	179,802	79,686	3,894,244
Balances at April 30, 2019	179,802,282	1	179,802	79,686	3,894,244

The capital stock of $ 179,802 (stated at historical cost) is represented by 179,802,282 ordinary, book-entry Class "A" shares of $ 1 nominal value and one vote each, authorized to be placed for public offering.

Capital adjustment and additional paid-in capital is not distributable in cash or in kind; however, it can be capitalized through the issuance of paid-up shares. In addition, this item may be applied to cover accumulated losses, according to the order of absorption established in Note 2.11.

All the shares issued have been subscribed and paid in.

Capital stock at April 30, 2019 and 2018 is as follows:

Capital	Fair value (whole figures)	Approved by	
		Date	Instrument/Body
	$		
Subscribed, paid-in and registered	2,000,000		Incorporation Agreement
Subscribed, paid-in and registered	18,000,000	01.17.94	Extraordinary Shareholders' Meeting
Subscribed, paid-in and registered	16,363,636	03.18.94	Extraordinary Shareholders' Meeting
Subscribed, paid-in and registered	4,520,859	08.18.99	Ordinary Shareholders' Meeting
Subscribed, paid-in and registered	7,062,780	07.11.00	Ordinary Shareholders' Meeting
Subscribed, paid-in and registered	11,986,819	09.21.05	Ordinary Shareholders' Meeting
Subscribed, paid-in and registered	119,868,188	08.28.07	Ordinary Shareholders' Meeting
Subscribed and paid-in	179,802,282		

NOTE 17 – RESERVES

a) Change in Reserves

	Legal reserve	Free reserve (1)	Reserve for assets revaluation (see point b)
Balances at April 30, 2017	-	-	-
Ordinary Shareholders' Meeting dated August 9, 2017	66,401	857,535	-
Comprehensive result of the year	-	-	562,255
Balances at April 30, 2018	**66,401**	**857,535**	**562,255**
Ordinary Shareholders' Meeting dated August 28,2018	-	1,187,808	-
Comprehensive result of the year	-	-	789,977
Reversal of reserve for assets revaluation (point b)	-	-	(24,287)
Balances at April 30, 2019	**66,401**	**2,045,343**	**1,327,945**

(1) For the distribution of dividends, investments and / or cancellation of debt and / or absorption of losses. The sums included under this concept were constituted by the Meetings of Shareholders that approved the corresponding annual financial statements.

b) Changes and breakdown of the Reserve for the revaluation of assets / other comprehensive results

Below is a detail of the changes and breakdown of the Reserve for revaluation of assets / other comprehensive results

	CT ADC	LPG Plant	DEEF	Building and land - Neuquén	Total	Attributable to the Company	Attributable to Minority Interest
Balance at April 30, 2017	-	-	-	-	-	-	-
Increase due to revaluation	461,440	-	57,393	67,536	586,369	577,750	8,619
Deferred tax	(161,504)	-	(20,088)	(23,637)	(205,229)	(202,212)	(3,017)
Result by change of the income tax rate	161,028	-	5,740	20,811	187,579	186,717	862
Total other comprehensive results	**460,964**	**-**	**43,045**	**64,710**	**568,719**	**562,255**	**6,464**
Balance at April 30, 2018	**460,964**	**-**	**43,045**	**64,710**	**568,719**	**562,255**	**6,464**
Increase due to revaluation	717,346	156,634	75,767	139,307	1,089,054	1,067,674	21,380
Deferred tax	(215,204)	(46,991)	(22,731)	(41,792)	(326,718)	(320,303)	(6,415)
Result due to change in income tax rate	32,055	6,121	3,788	-	41,964	42,606	(642)
Total other comprehensive results	**534,197**	**115,764**	**56,824**	**97,515**	**804,300**	**789,977**	**14,323**
Reversal due to depreciation for the year (1)	(39,670)	-	(4,252)	5,681	(38,241)	(37,603)	(638)
Reversal of deferred tax(1)	11,900	-	1,063	512	13,475	13,316	159
Subtotal for reversal of reserve for revaluation of assets (1)	**(27,770)**	**-**	**(3,189)**	**6,193**	**(24,766)**	**(24,287)**	**(479)**
Balance at April 30, 2019	**967,391**	**115,764**	**96,680**	**168,418**	**1,348,253**	**1,327,945**	**20,308**

(1) Charged to "Unappropriated Retained Earnings"

NOTE 18 – UNAPPROPRIATED RETAINED EARNINGS

	04.30.2019	04.30.2018
Balances at April 30, 2017		**4,937,532**
Ordinary Shareholders' Meeting dated August 9, 2017 (constitution of legal reserve)		(923,936)
Comprehensive result for the year		2,011,012
Balances at April 30, 2018	**6,024,608**	**6,024,608**
Ordinary Shareholders' Meeting dated August 28, 2018 (constitution of legal and free reserves)	(1,187,808)	
Comprehensive result of year	1,384,558	
Reversal of reserve for revaluation of assets (Note 17)	24,287	
Balances at April 30, 2019	**6,245,645**	

NOTE 18 – UNAPPROPRIATED RETAINED EARNINGS (CONT´D)

Restrictions on the distribution of profits

a) In accordance with the Commercial Companies Law, by-laws and CNV Resolution No. 368/01, 5% of net income, once accumulated losses have been absorbed, plus (less) prior years' adjustments, the reversal of assets revaluation reserve, must be appropriated to the Legal Reserve until it reaches 20% of capital and capital adjustment, previously reconstituting, as appropriate, the legal reserve of prior years.

b) In line with the Global Program for the Issue of Class 2 Corporate Bonds (Note 20 a), the Company and its subsidiaries SEB and E G WIND may declare or pay:

- Stock dividends or distributions with voting rights;
- Dividends or distributions collected by the Company and/or its Restricted subsidiaries (SEB and E G WIND);
- Dividends paid pro rata to the Company and its restricted subsidiaries (SEB and E G WIND), on one hand, and to the minority bondholders of one Restricted Subsidiary, on the other hand.

The above will apply provided that at the time of payment and immediately after giving effect to it: (a) no default or event of default (such as nonpayment of principal or interest at maturity, failure by the Company to fulfill a commitment or agreement included in the program, or in case the Company is declared insolvent or bankrupt in an insolvency or bankruptcy proceeding) shall have occurred and still persists; and (b) the Company may incur additional financial debt for at least US$ 1 if, when incurred, the Consolidated Interest Coverage Ratio is not less than 2.0:1.0 and the Interest Coverage Ratio and Financial Debt to adjusted EBITDA Ratio is not higher than 3.5:1.0.

c) At the closing of the year, the positive balance of the Reserve for the revaluation of assets may not be distributed, capitalized or allocated to absorb accumulated losses, but must be computed as part of Retained earnings for the purposes of comparison to determine the Company's situation under sections 31, 32 and 206 of the Commercial Companies Law No 19550, in accordance with the amended text of the CNV (See Note 40)

NOTE 19 - TRADE ACCOUNTS PAYABLE

	04.30.2019	04.30.2018
Non-Current		
In local currency		
Sundry accruals	394,058	187,667
In foreign currency (Exhibit G)		
Suppliers	259,038	-
Sundry accruals	574,270	7,374
Total	1,227,366	195,041
Current		
In local currency		
Suppliers	1,183,282	393,323
Intercompany suppliers (Note 31.b)	2,527	226
Sundry accruals	126,098	34,201
In foreign currency (Exhibit G)		
Suppliers	962,031	505,501
Intercompany suppliers (Note 31.b)	-	2,701
Sundry accruals	424,484	157,863
Total	2,698,422	1,093,815

The carrying amount of trade accounts payable approximates their fair value.

NOTE 19 - TRADE ACCOUNTS PAYABLE (CONT.D)

According to the estimated term for payment, they are grouped as follows:

	04.30.2019	04.30.2018
Past due		
From 0 to 3 months	125,038	710
From 3 to 6 months	-	361
From 6 to 9 months	124	-
From 9 to 12 months	96	-
From 1 to 2 years	4,026	-
Without due date (shown as current liabilities)	128,052	-
To be due		
From 0 to 3 months	2,410,471	1,075,051
From 3 to 6 months	10,205	6,379
From 6 to 9 months	10,205	5,657
From 9 to12 months	10,205	5,657
From 1 to 2 years	5,152	4,404
More than 2 years	1,222,214	190,637
	3,925,788	1,288,856

NOTE 20 - FINANCIAL LIABILITIES

	04.30.2019	04.30.2018
Non-Current		
In local currency		
Commissions and expenses to be accrued	(69,064)	(86,519)
Advance funding for maintenance of the CT ADC (Note 1.b.2.2)	-	90,987
In foreign currency (Exhibit G)		
Bank	70,640	76,801
Corporate bonds	13,245,000	9,600,095
Total	13,246,576	9,681,364

	04.30.2018	04.30.2017
Current		
In local currency		
Advance funding for maintenance of the CT ADC (Note 1.b.2.2)	66,139	88,254
Commissions and expenses to be accrued	(17,421)	(17,515)
In foreign currency (Exhibit G)		
Bank	35,659	25,900
Corporate bonds	419,885	304,336
Total	504,262	400,975

Changes in loans are as follows:

	30.04.2019	30.04.2018
Balances at the beginning	**10,082,339**	**6,671,332**
RECPAM	(5,958,556)	(2,561,412)
Loans obtained	-	9,065,084
Accruals:		
Accrued interest	1,197,140	701,636
Accrued commissions and expenses		
Exchange difference generated by foreign currency debts	9,475,971	2,792,310
Payments:		
Interest	(885,932)	(473,820)
Capital	(160,124)	(6,112,791)
Balances at the end	**13,750,838**	**10,082,339**

NOTE 20 - FINANCIAL LIABILITIES (CONT'D)

According to the estimated term for payment, they are grouped as follows:

	04.30.2019	04.30.2018
Without due date (shown as current liabilities)	-	-
6 months or less	461,897	334,620
6-12 months	42,366	50,164
1-2 years	33,944	98,259
More than 2 years	13,212,631	9,599,296
Total	**13,750,838**	**10,082,339**

The carrying values of the resources outside the Company are stated in the following currencies:

	04.30.2019	04.30.2018
US Dollar	13,771,184	10,098,119
Pesos	(20,346)	(15,780)
Total	**13,750,838**	**10,082,339**

Debts in US dollars accrue annual interest averaging approximately 6.875 % at April 30, 2019 and 2018, respectively.

The fair value of corporate bonds at April 30, 2019 and 2018 amounts to $ 10,519 million and $ 9,663 million, respectively, measured at fair value level 1 (see Note 3.5).

The carrying value of the other current and non-current financial liabilities is close to their fair value.

a) Corporate bonds – Senior Notes Class II

On March 15, 2017 the Ordinary General Meeting and on March 20, 2017 the Board of Directors of the Company approved the terms and conditions of the Global Negotiable Obligations Program, the request for authorization of public offer and quotation for up to a nominal value in circulation at any time that may not exceed US$ 600,000,000 or its equivalent.

On May 10, 2017 Capex issued Class II Corporate Bonds for an amount of US$ 300 million under that program.

Class II of the Negotiable Obligations, at the time of issuance, has been qualified internationally and locally by two risk rating agencies such as: "B + (EXP) / RR3" and "B" and "A (arg)" and "raA +" , respectively by Fitch and Standard & Poor's respectively. At the date of issuance of these financial statements, Class 2 negotiable obligations were classified internationally and locally as "B (EXP) / RR4" and "B" and "A (arg)" and "raAA-", respectively by Fitch and Standard & Poor's.

The international underwriters were Deutsche Bank Securities Inc, J.P. Morgan Securities LLC, BBVA Securities Inc. and Itaú BBA USA Securities, Inc, and the Argentine underwriters were BACS Banco de Crédito y Securitización S.A., Banco Hipotecario S.A. and Banco CMF S.A.

Main characteristics:

Issued Amount: US$ 300,000,000
Issue Date: May 15, 2017
Maturity date: May 15, 2024
Issue Price: 100%
Interest rate: 6.875% nominal annual rate
Applicable return: 6.875% nominal annual rate
Interest Payment Dates: compensatory interest accrued and payable for periods of six months, from the signing date to the full repayment date, The payment dates will be May 15 and November 15 of each year to maturity, commencing on November 15, 2017.
Depreciation: Principal will be depreciated in only one installment on May 15, 2024.
Amount of principal awarded to the International Underwriters:

NOTE 20 - FINANCIAL LIABILITIES (CONT’D)

Deutsche Bank Securities Inc…	US$ 138,889,000
J,P, Morgan Securities LLC	US$ 138,889,000
BBVA Securities Inc……………..	US$ 11,111,000
Itaú BBA USA Securities, Inc…	US$ 11,111,000

Optional Redemption with no Premium: at any time as from May 15, 2021, the Company may redeem the Corporate Bonds, according to the following schedule and as set forth in the Pricing Supplement:

	Redemption price
2021	103.438%
2022	101.719%
2023	100.000%

Redemption price in case of repurchase of shares: 106.875% of principal on the Corporate Bonds, in conformity with and under the terms of the Pricing Supplement regarding the Optional Redemption with the Proceeds from the Shares Offered.
Application of the funds: The funds shall be applied to the settlement of short and long-term liabilities, to making investments in fixed assets in Argentina, payment of capital contributions in controlled or related companies and working capital.
Guarantees: No guarantees.

Main commitments of Capex and its restricted subsidiaries:
As of the date of issuance of the financial statements as of April 30, 2019 SEB and E G WIND qualify as restricted subsidiaries for the fulfillment of certain commitments. Hychico does not.

- Change of control: In the event of a change of control, the holders may request Capex to buy all or some of its corporate bonds.
- Limitation on incurring additional financial indebtedness: Capex and its restricted subsidiaries may incur additional financial indebtedness if, at the time of, and immediately after, giving pro-forma effect to incur Indebtedness, and the application of the funds derived therefrom, (i) they have not incurred any Default or Event of Default, and (ii) the Consolidated Interest Coverage Ratio is not less than 2.0:1.0 and the Consolidated Net Financial Indebtedness to Consolidated EBITDA Ratio is not higher than 3.5:1.0. Once the minimum and maximum values have been reached in the case of the Consolidated Interest Coverage Ratio and the Consolidated Net Financial Debt on Adjusted EBITDA, respectively, the Company and its restricted subsidiaries, taken together, may incur additional financial debt for an amount that is the greater between US $ 60 million and 10% of the value of the Consolidated Assets (*).
- Limitation on dividend payments: The Company and its restricted subsidiaries may pay dividends if no event of default shall have occurred and Capex may incur additional financial indebtedness for at least US$1, if when it incurs such indebtedness the Consolidated Interest Coverage Ratio is not less than 2.0:1.0 and the Consolidated Net Financial Indebtedness to Consolidated EBITDA Ratio is not higher than 3.5:1.0 (*).
- Limitation on dividend payments and other payment restrictions affecting the restricted subsidiaries: The restricted subsidiaries may not have agreements restricting their ability to pay dividends (*)
- Limitation on sales of assets: The Company and its subsidiaries shall apply the proceeds from the sales of their assets (other than in the ordinary course of business) to: (1) the repayment of Financial Debt; (2) the purchase of assets in a similar line of business (in the case of the purchase of Shares in a company, this company must, as from that moment, become a restricted subsidiary); (3) making a capital contribution in any of the Restricted Subsidiaries, provided that such Restricted Subsidiary uses the funds from that contribution as stated in points (1) or (2). All amounts not applied to one or some of these items within 365 days must be applied to an offer for the purchase of the Corporate Bonds (*)
- Limitation on liens on any of its assets or property (with the usual exceptions)
- Limitation on sale & leaseback transactions (with the usual exceptions) (*)
- Limitation on mergers, absorptions and sales of assets (with the usual exceptions) (*)
- Limitation on transactions with related companies (with the usual exceptions) (*)
- No activity will be carried out other than the permitted business
- Keeping its corporate existence in full force and effect
- Maintenance of property and insurance
- Keeping its bond ratings: Capex will make all commercial efforts to keep the rating of the Corporate Bonds with at least two credit rating agencies.

NOTE 20 - FINANCIAL LIABILITIES (CONT'D)

If on any date subsequent to the issuance, the Corporate Bonds have at least two Investment Grade Ratings granted by Rating Agencies, and no Event of Default has occurred or subsisted under the Trust Contract, Capex and its Restricted Subsidiaries shall not be subject to the commitments indicated with (*).

For further information, see the Offering Circular and Pricing Supplement for Capex's Global Class II Corporate Bond Issue Program for US$ 600,000,000.

The balance as of April 30, 2019 amounts to $ 13,664,885, of which $ 419,885 are current. Additionally, commissions and expenses paid in relation to the negotiable obligations have been deducted from the liability, which will be accrued in the term of the debt. The balance of these commissions as of April 30, 2019 amounts to $ 84,416, of which $ 16,727 are current (see point d).

At the date of issue of the financial statements at April 30, 2019, the Company and its Restricted Subsidiaries are in compliance with all commitments taken on.

Together with the issuance of Class II, Capex launched a purchase offer to the holders of Class I and on May 10, 2017 Capex accepted the purchase by all of the holders of Class I which accepted the purchase offer launched by Capex. The total amount of this transaction was US$ 51,126,000 (nominal value), approximately 25.56% of the outstanding total. The purchase was paid on May 15, 2017. The remaining balance of US$ 148,874,000 (nominal value) was paid off on June 12, 2017, together with interest accrued at that date, with the proceeds from the Class II Corporate Bonds (see point b).

b) Corporate Bonds Senior Notes Clase I

On December 28, 2010, the Company Board of Directors approved the terms and conditions of the Global Corporate Bond Program, the request for authorization of public offering and listing for trading for a fair value of up to US$ 200 million.

On March 10, 2011 Class I Corporate Bonds were issued for an amount of US$ 200 million under that program.

At the time of their issuance, Class I Corporate Bonds has been rated locally and internationally by two credit rating agencies as "B/RR4" and "B-" and "A+(arg)" and "raA", respectively.
Its characteristics are as follows:

Facilitators: Deutsche Bank Securities Inc and J.P. Morgan Securities, LLC
Issued amount: US$ 200,000,000
Issue price: 100%
Issue date: March 10, 2011
Expiration date: March 10, 2018
Interest: it accrued compensatory interest payable every six months as from the agreement execution date and until repayment date, at an annual nominal fixed rate of 10%. The payment dates would be March 10 and September 10 of each year until/to maturity, commencing on September 10, 2011.
Depreciation: Principal would be depreciated in only one installment on March 10, 2018.
Listing for trading: The corporate bonds were listed for trading on the Buenos Aires Stock Exchange and the Luxembourg Stock Exchange.
Optional redemption with a premium: The Company might make a full and non-partial redemption at any time prior to March 10, 2015 for an amount equal to 100% of principal, plus accrued and unpaid interest until the redemption date plus a premium.
Optional redemption without premium: The Company might make a full or partial redemption at any time as from March 10, 2015, at the redemption prices expressed as percentages of the principal amount set below, plus accrued and unpaid interest, if any, until the redemption date.

Year	Redemption price
2015	105%
2016	103.3%
2017 and subsequent	100%

NOTE 20 - FINANCIAL LIABILITIES (CONT'D)

Allocation of funds: Payment of short and long term liabilities and provision of working capital in Argentina.
Guarantees: No guarantees

Main commitments of the Company and its restricted subsidiaries

- Limitation to incur additional financial debt: the Company and its restricted subsidiaries might incur additional financial debt if at the time of incurring such debt and giving effect to it: (1) no event of default had occurred and (2) the Consolidated Interest Coverage Ratio was not less than 2.5:1.0 (adjusted EBITDA for the year of four consecutive quarters preceding the calculation date to interest paid for such year) and the Financial Debt to adjusted EBITDA ratio was not higher than 3.5:1.0. In all cases, the values were consolidated with its restricted subsidiaries. Once the minimum and maximum values had been reached in the case of the Interest Coverage Ratio and Financial Debt to adjusted EBITDA Ratio, respectively, the Company and its restricted subsidiaries, taken as a whole, might incur additional financial debt for the higher of US$ 20 million or 5% of the Consolidated Asset value.
- Change of control: In the event of a change of control, the holders might request the Company to buy all or a part of its corporate bonds.
- Limitation on dividend payments: The Company and its restricted subsidiaries might pay dividends if no event of default had occurred and the Company might incur additional financial debt for at least US$1, if, when incurred, the Consolidated Interest Coverage Ratio was not less than 2.5:1.0 and the Interest Coverage Ratio and Financial Debt to adjusted EBITDA Ratio was not higher than 3.5:1.0. (*)
- Limitation on dividend payments and other payment restrictions affecting the restricted subsidiaries: The restricted subsidiaries might not have agreements restricting their ability to pay dividends (*)
- Limitation on sales of assets: The Company and its subsidiaries had to apply the proceeds from the sales of their assets (other than in the normal course of business) to: (1) the repayment of Financial Debt, (2) the purchase of assets in a similar line of business (in the case of the purchase of Shares in a Company, this company must, as from that moment, become a restricted subsidiary). All amounts not applied to one or some of these items within 270 days had to be applied to an offer for the purchase of the Corporate Bonds (*)
- Limitation on liens on any of its assets or property (with the usual exceptions)
- Limitation on sale & leaseback transactions (with the usual exceptions) (*)
- Limitation on mergers, absorptions and sales of assets (with the usual exceptions) (*)
- Limitation on transactions with related companies (with the usual exceptions) (*)
- No activity would be carried out other than the permitted businesses
- Keeping its corporate existence in full force and effect
- Maintenance of property and insurance
- Keeping its bond ratings: The Company would make all commercial efforts to keep the rating of the Corporate Bonds with at least two credit rating agencies.

If at any date following the issuance of the Corporate Bonds, they were rated as investment grade by at least two credit rating agencies (equal, for example, to a) BBB-, in the case of S&P and Fitch, and b) Baa3, in the case of Moody's, or higher) and no event of default had occurred or still subsisted, the Company and its restricted subsidiaries would not be subject to the commitments marked with an (*).

For further information, see the Offering Circular and Pricing Supplement for the Company's Global Corporate Bond Issue Program.

This debt was canceled in advance with the issue of May 10, 2017, of Class II Corporate Bonds for US $ 300 million maturing in May 2024 (see point a). Additionally, at the time of payment, the commissions and expenses paid in relation to the Corporate Bonds were charged to results.

c) Corporación Interamericana de Inversiones - US$ 14,000,000

In March, 2012, Hychico signed a loan agreement with Corporación Interamericana de Inversiones, which was applied to the long-term refinancing of the liabilities taken on for the construction and operation of the DEEF (loan with the Deutsche Bank AG London taken in October 2010). Its characteristics are as follows:

NOTE 20 – FINANCIAL LIABILITIES (CONT'D)

Underwriter: Corporación Interamericana de Inversiones (CII)
Manager: Corporación Interamericana de Inversiones
Amount: it is divided into Loan A for up to US$ 8,000,000 and Loan B for up to US$ 6,000,000.
Disbursement date: April 24, 2012
Maturity date: 10 years as from the date of the first disbursement.
Depreciation: the loan is depreciated in 20 consecutive and equal semi-annual installments, falling due as from the date of the first disbursement.
Interest: it accrues interest (calculated on a six-month basis) payable semi-annually as from the disbursement at an annual rate equivalent to the aggregate of LIBO plus a rate of 8.75%. Furthermore, default interest at an annual rate of 2% will be applied to the amounts that might be owed in case of default.
Fees: it accrues i) Commitment Fee: 0.5% annual on the amounts not disbursed under the loan, which will be accrued as from the effective date and until the loan has been fully disbursed or the disbursements ceased; ii) Origination Fee: 1.25 % on the amount of principal payable at the date of the first disbursement; iii) Syndication Fee: 1.25% on the amount of the Loan B payable at the disbursement of each fund request; iv) Supervision Fee: US$ 8,000 payable at the time of the first interest payment of each year and until the total depreciation of Loan A and v) Administration Fee: US$ 2,000 payable at the time of the first interest payment of each year and until the total depreciation of Loan B.
Advance payment: the loan may voluntarily be repaid earlier, either in full or in part. Advance payments will be subject to a surcharge equal to: (i) 2% of the amount paid earlier if it occurs before the fifth anniversary of the Loan; or (ii) 1.5% if the early repayment occurs between the fifth anniversary of the loan and the expiration date. The amount of the advance payment may not be below US$ 2,000,000. All advance payments will be applied to the installments of the loan principal balance inversely to their expiration dates.
Allocation of funds: refinancing of the liabilities taken on for the construction and operation of DEEF.
Guarantees: the loan is secured as follows:

- Senior Pledge on the equipment and all assets of DEEF
- Surety bonds provided by the Company as surety and principal payer of all obligations assumed by Hychico under the loan agreement, the promissory notes and other main documents (1);
- Conditional assignment of the rights included in the Energy Purchase Agreement;
- Conditional assignment of the rights arising from the permits and main agreements, including easement, connection agreements, and any other document or agreement related to DEEF;
- Assignment of the guarantee over the rights arising under the loan for use signed with CAPSA on the land where DEEF is located; and
- Senior pledge on 100% of the shares of Hychico.

1) Capex undertakes, until full repayment of the loan, to maintain ownership and control, directly or indirectly through its subsidiary SEB, a majority of the capital stock with voting rights.

The loan sets forth covenants for Hychico and for the Company, as its Guarantor, the most important ones are mentioned below:

Positive covenants

- Comply with the Financial Debt Service Coverage ratio;

Negative covenants

- Incur and maintain any financial debt, except for this loan and the liabilities derived from the loans of the Guarantor, which are subject to the Loan with regard to payment terms and conditions, except for a maximum amount of US$500,000;

NOTE 20 – FINANCIAL LIABILITIES (CONT'D)

• Declare, approve and/or distribute dividends or any type of remuneration to the shareholders, temporary and definitive, directly or indirectly, except each of the following conditions are met:

- that the net result for the year be positive and it be declared against the income of the year;
- that the Financial Debt Service Coverage ratio be greater than 1.1, measured after payment of dividends; and
- that Hychico complies with its obligations under this Agreement and the Main Documents.

• Invest in assets outside the normal course of business;
• Guarantee and become surety of third party debts;
• Constitute and/or allow that a lien is levied on any of the assets belonging to Hychico, except for those mentioned in the Loan Agreement;
• Sell or lease more than ten per cent (10%) of DEEF assets or carry out a merger, division, consolidation and transfer of more than ten per cent (10%) of DEEF assets, spin-off, transformation, change of the corporate name or any other significant change to its legal structure, unless the proceeds be applied to the acquisition of replacement assets;
• Reduce its capital stock(1);
• Allow or take any action that allows the Loan to be lower in priority (including the Guarantee) with respect to the other preferred debts incurred.

(1) In September, 2013, the CII removed permanently the restriction imposed on Hychico relating to the reduction of its capital stock provided that it is mandatory under the Law of Commercial Companies N°19950.

These covenants have been met, there being no events of default at April 30, 2019.

On April 16, 2018, Hychico prepaid all of the amounts due under Tranche B of the loan for US$ 2,400,000, and all the management fees for said tranche were eliminated. At the same time, an amendment to the loan agreement dated March 29, 2012 was agreed, which will accrue interest at LIBO plus 4.5% as from April 15, 2018.

At the balance sheet date of Capex, Hychico has repaid, in historical cost, according to the due dates provided, principal for $ 173,269 and interest for a cumulative total of $ 67,118.

At April 30, 2019 and 2018 the balance amounts to $ 106,299 and $ 102,701 of which $ 35,659 and $ 25,900 are current, respectively. The commissions and guarantees paid have been deducted from the loan, which will accrue during the life of the debt. The balance of these commissions and guarantees at April 30, 2019 and 2018 amounts to $ 2,069 and $ 2,850, of which $ 694 and $ 782 are current, respectively (see point d)).

d) Summary at April 30, 2019

Loan	Current	Non-Current	Total
Corporate Bonds - Senior Notes (point a))	419,885	13,245,000	13,664,885
Unearned commissions and expenses corporate bonds (point a))	(16,727)	(67,689)	(84,416)
Corporación Interamericana de Inversiones (point c))	35,659	70,640	106,299
Commissions and guarantees Corporación Interamericana de Inversiones (point c))	(694)	(1,375)	(2,069)
Advance funding for maintenance of the CT ADC (Note 1.b.2.2.)	66,139	-	66,139
Total	**504,262**	**13,246,576**	**13,750,838**

NOTE 21 – SALARIES AND SOCIAL SECURITY CONTRIBUTIONS

	04.30.2019	04.30.2018
In local currency		
Salaries and social security contributions	55,451	34,170
Sundry accruals	153,068	117,363
Total	208,519	151,533

NOTE 22 – TAXES

	04.30.2019	04.30.2018
Non – current		
In local currency		
Income tax payable (net) – (Note 28)	465,224	-
Total	465,224	-
Current		
In local currency		
Income tax payable (net) – (Note 28)	249,686	240,506
Special tax (Tax revaluation) (Note 2.14.1)	288,970	-
Tax withholdings and collections	15,958	18,992
Value added tax	-	78,855
Other	105,401	22,799
Total	660,015	361,152

NOTE 23 – OTHER LIABILITIES

	04.30.2019	04.30.2018
In local currency		
Oil and gas royalties	172,916	99,761
Total	172,916	99,761

NOTE 24 - PROVISIONS AND OTHER CHARGES

1. Provisions

	04.30.2019	04.30.2018
In local currency		
Provisions for lawsuits and fines (Exhibit E)	2,480	3,864
Total	2,480	3,864

The provision for lawsuits was set up based on the analysis of possible indemnities that the Group estimates to pay according to the opinion of its legal counsel. The changes are as follows:

Balances as of April 30, 2017	**3,864**
Increase in the provision allocated to other operating income, net	-
Court judgements paid as of April 30, 2018	-
Balances as of April 30, 2018	**3,864**
RECPAM	(1,384)
Balances as of April 30, 2019	**2,480**

2. Contingencies

a) Precautionary measures and administrative appeals

a.1) Energy Secretariat Resolution 821/10

On October 24, 2010, Resolution 821/10 (the "Resolution") issued by the Energy Secretariat imposed penalties on the Company for alleged non-compliance with the supply of liquefied petroleum gas (LPG) in accordance with the agreement on LPG price stability (the "Agreement") executed between the Secretariat and some LPG retailers and producers, among which the Company was not included.

The penalties imposed were:

NOTE 24 - PROVISIONS AND OTHER CHARGES (CONT'D)

- A fine of $ 3,117 (stated at historical cost),
- The forced delivery of LPG 2,351 tn to other producers and/ or retailers for a market value of approximately $ 3,853 (stated at historical cost) and
- Prohibition to export for the time the resolution was not complied with.

The Company requested the stay of the resolution and filed a motion for reconsideration with the administrative court that was resolved negatively and motivated the submission of a hierarchical appeal. Additionally, the Company filed an autonomous precautionary measure with a federal court to prevent the application of the resolution until the administrative appeal lodged filed was resolved. The precautionary measure was granted and notice was served on the Energy Secretariat on November 25, 2010, and is in force since the hierarchical appeal has not been resolved to date.

The Company's management, in line with the opinion of the internal and external legal advisors, understands that it has solid grounds to consider these claims to be wrongful; therefore, the financial statements at April 30, 2019 do not include any related charge. Legal advisors of the Company consider that Law 26854 on precautionary measures ("LPM") in lawsuits to which the Government is a party or intervenes as a third party claimant would not have a significant impact on the precautionary measure granted.

a.2) ENARGAS Resolutions 1982, 1988 and 1991/2011

The Company considers that the charge envisaged by Resolutions 1982, 1988 and 1991, as mentioned in Note 1.2.d) is unconstitutional for it is clearly a tax and has not been created by a Law passed by National Congress. The charge has a tax nature for the following reasons: (i) it is not aimed at expanding or improving the public utility service for gas distribution or transport; instead, it is destined for a trust fund created and administered by the national state to meet natural gas imports; (ii) the gas treatment plants without regulated measurement, as is the case of the Company, do not use public utility services for gas distribution or transport but receive the fluid directly from producers; (iii) the charge has been excluded from other tax bases (except for VAT); (iv) without prejudice to its name, the charge is a requirement imposed by the State in the exercise of its powers so that private parties may deliver to it sums of money to defray expenses to serve its purposes, the importation of gas for supply to the domestic market in this case.

For all these reasons, and considering that this charge has a significant economic impact on the LPG business unit, on December 29, 2011 the Company filed with the Neuquén Federal Court action for declaration of unconstitutionality against the resolutions referred to in the foregoing paragraph and paid the charge for December 2011 under protest, which amounted to $ 3,499 plus VAT (stated at historical cost).

Subsequently, on March 5, 2012, the Company requested that a precautionary measure be granted by the Federal Court at which the action for declaration of unconstitutionality is pending, to stay the effects of the norms referred to above. As a result, on March 14, 2012, the Federal Court hearing the case sustained the precautionary measure requested by the Company, staying the above-mentioned norms and the consequent obligation to pay the charge imposed by them, and requesting the Company to take out bond insurance for $25,400 (stated at historical cost) as security for costs. The Company notified the Energy Secretariat and the ENARGAS of the precautionary measure on March 30, 2012. Other LPG producing companies also requested and obtained similar precautionary measures.

On August 2, 2012, the Company was served notice of the resolution of the Federal Court of Neuquén whereby the court declared that it was competent to hear the case but considered that the judicial stage had not yet been authorized to file the claim. Consequently, the precautionaly measure ordered was lifted. The resolution was appealed on August 10, 2012; therefore the precautionary measure will remain effective until the resolution becomes final. The Company considers that there are strong grounds for reversal of the appealed resolution. Also, in August 2012, the Company filed an administrative appeal against Decree 2067/08 and the resolutions adopted in compliance therewith.

Law 26784 was published in the Official Gazette on November 5, 2012. This law, among other issues, modified Law 26095 on Energy Infrastructure Works by establishing that gas imports are a priority for the National Government, and that the charge and the trust fund created by Decree 2067/08 and the proceedings performed as a consequence will be governed by the provisions of that Law.

NOTE 24 - PROVISIONS AND OTHER CHARGES (CONT’D)

In August of 2013 the Federal Court of Appeals in General Roca allowed the appeal filed by Capex in August 2012 and reversed in part the judgment of the lower court; thus the court permitted that claim of Capex could be heard, ordered the parties to the case to bear their own costs and maintained the effectiveness of the provisional remedy issued.

The ruling of the court of appeals removed the uncertainty of the Company regarding the feasibility of its original claim.

The Company's legal counsel completed an analysis of Law 26784 and came to the conclusion that the law does not make Decree 2067/08 and related ENARGAS resolutions constitutional mainly because the Argentine Supreme Court of Justice (CSJN) in the case known as "Franco" established that the Argentine Constitution prevents the Executive Branch from exercising legislative powers without sufficient and prior legal grounds and that "only in the exceptional case of a decree of necessity and urgency it is allowed that a subsequent confirmation is virtually binding, the analogous application of which is not appropriate in this case..." In other words, according to the case law mentioned above, the Argentine Congress could not cure the defect of unconstitutionality of a regulation issued by the Executive Branch, clearly exceeding its regulatory powers. As a result, since it becomes apparent that Decree 2067/08 is not a decree of necessity and urgency, a law passed by the Congress confirming the decree is not sufficient to cure the unconstitutionality.

As regards Law 26784 and after the decision of the Court of Appeals allowing the Company to file its claim and maintain the provisional remedy, on October 29, 2013 the Company filed an amended complaint with the Federal Court of Neuquén requesting that section 54 of the law was also declared unconstitutional. The court hearing the case accepted the amended complaint and ordered that the summons and amended complaint be served upon the National Government and Enargas.

On May 22, 2014, the Company filed a voluntary petition, asking for the rejection of a request by ENARGAS based on Law 26854 of Precautionary Measures against the National Government and on Law 26784; the Company argued, among other reasons, that: (a) the precautionary measure obtained by the Company was granted prior to enactment of Law 26854, and this cannot be applied retroactively (b) the provisions included in the Law of Precautionary Measures against the National Government are unconstitutional, as has been ruled in numerous preceding cases and (c) the Annual Budget Law for 2013 does not ratify Decree 2067/08 or the regulations of ENARGAS derived from it, neither does it amend the unconstitutionality of these regulations due to the fact that it does not meet the requirements demanded by the principle of legality of taxation rooted in the Constitution.

On November 5, 2014, the Company was notified of the decision rendered by the Federal Court of Neuquén removing the provisional remedy, as requested by ENARGAS, on the grounds that the likelihood of the claim originally considered when granting the precautionary measure should have disappeared upon the passing of Law 26784. On the same date, the Company filed an appeal against the decision of the court, which was granted with a stay of execution on November 6, 2014.

On September 16, 2015, the Federal Court of Appeals of General Roca admitted the appeal filed by the Company and rejected the petition for release of the precautionary measure filed by ENARGAS. The entity filed an extraordinary appeal against such decision, which was rejected on February 10, 2016.

In addition to the maintenance of the precautionary measure, on October 27, 2015, the National Supreme Court of Justice issued a ruling in "Compañía Mega S.A v. EN" establishing, in a case similar to that of the Company in which the gas consumed by plaintiff does not enter the transport system and cannot be confused with imported gas, that the charge created by Decree 2067/08 is unconstitutional. The legal advisors of the Company consider that this ruling sets an important precedent to support the Company's position.

Moreover, Resolution 28/16 of 3/28/16 of the Ministry canceled the acts of the former Ministry of Federal Planning, Public Investment and Services linked to the determination of the tariff charges under Decree 2067/08.

The Company Management, based on the opinion of its legal internal and external advisors, continue considering that it has solid arguments to obtain a declaration from the court that the charge created by Decree 2067/08, the related Resolutions issued by Enargas and section 54 of Law 26784 are unconstitutional and, thus deny their application, and maintain the provisional remedy. In consequence, it would not be necessary to set up a provision.

NOTE 24 - PROVISIONS AND OTHER CHARGES (CONT'D)

a.3) Energy Secretariat Resolution 77/12

The Company considers, among other issues that Energy Secretariat Resolution 77/12 mentioned in Note 1.2.d). is in breach of the provisions of LPG Law 26020, which establish that the only price limit for the sales of LPG to the domestic market is the export parity (Section 7, subsect. b) and that the LPG production activity will be free (Section 11). On March 29, 2012, the Company received Note 1584/12 from the Energy Secretariat whereby, under the provisions of the resolution, the Company was required to supply certain bottlers with 12,418 tons of butane at the prices set in that resolution; these prices were significantly lower than the prices at which CAPEX sells its production, and that they met the "export parity" limit set by the LPG Law.

Upon receipt of that Note, on April 4, 2012 the Company filed a motion for reconsideration and, in the alternative, an appeal before a higher administrative authority, against the Resolution and Note 1584/12 of the Energy Secretariat; subsequently, it applied for an autonomous precautionary measure with staying effects on both of them before the Neuquén Federal Court.

In April 2012, the Company received ES Note 2247/12 whereby the Energy Secretariat prohibits it from (i) exporting LPG, and (ii) entering into LPG purchase and sale transactions in the domestic market with all of the persons operating in the industry, on the grounds that the Company had not complied with the supply required by ES Note 1584/12 mentioned above. The Company filed a Motion for Reconsideration and, in the alternative, an appeal before a higher administrative authority, against ES Note 2247/12, and informed the Neuquén Federal Court of this Note, requesting it that the precautionary measure be extended to the prohibitions imposed by that Note.

On April 25, 2012, the Neuquén Federal Court awarded the Company the precautionary measure requested, staying the effects of the resolution and of the ES Notes 1584/12 and 2247/12 regarding the Company and the persons that operate with it. Consequently, the Company continues with its normal operations of production and sale of LPG.

As explained above, the resolution is in breach of: (i) LPG Law 26020 which provides that the only price limit on the sales of LPG to the domestic market is the export parity (Section 7, subsect. b)) and that the LPG production activity will be free (Section 11); (ii) the guarantee of due administrative process and defense envisaged by Section 18 of the Argentine Constitution, for it imposes a sanction without granting the Company the right of self-defense; (iii) the principle of no crime or punishment without prior law, envisaged by Sections 18 and 19 of the Constitution, as the sanctions have not been created by Congress; and (iv) the Company's right to perform any lawful work, as guaranteed by Section 14 of the Argentine Constitution.

Internal and external Legal advisors of the Company consider that Law 26854 on precautionary measures in lawsuits to which the Government is a party or intervenes as a third party claimant would not have a significant impact on the precautionary measure granted.

The Company's management, in line with the opinion of the internal and external legal advisors, understands that it has solid grounds to consider these claims to be wrongful; therefore, the financial statements at April 30, 2019 do not include any related charge.

b) Differences in the liquidation of the employer contributions

In August 2010, the AFIP served notice to the Company of a debt assessment for $ 6,334 for differences in the computation of employer contributions to the social security system. This amount is made up of principal for $2,864 (stated at historical cost) plus interest accrued for $ 3,470 (stated at historical cost) for the periods from August 2001 to March 2008.

The AFIP considers that the Company should have made employer contributions at a tax rate of 21%, applicable to employers whose main activity is the provision of services instead of the tax rate of 17% applicable to industries, among others. The Tax Authorities consider that applicable regulations state that the generation activity is a service rather than an industrial activity.

The Company challenged the debt assessment based on electricity laws (Laws 15336 and 24065) and other regulations and case law which define the generation activity as an industrial activity.

NOTE 24 - PROVISIONS AND OTHER CHARGES (CONT'D)

In June 2011, the Company received notice of AFIP Resolution N°69/11 rejecting the challenge filed and suspending the application of penalties for certain periods until a final and conclusive judgement is rendered by a criminal court.

The Company filed motion for reversal of the above resolution, which was rejected by the AFIP, as notified in August 2011.

The Company filed legal action with the federal social security court; to that end, the prior deposit of the assessed debt is required, but it was replaced, according to different legal precedents, with a fidelity bond insurance policy for $ 7,186 (stated at historical cost).

In July 2011 the AFIP notified the Company of: (i) a new debt assessment due to differences in employer contributions for the April 2008-April 2009 year for a total amount of $1,717 (stated at historical cost, principal of $1,002 plus interest of $ 715), and (ii) the application of fines totaling $ 491 (stated at historical cost), on grounds of an alleged false statement invoking an employer contribution abatement benefit for the periods from August 2001 to April 2005. The Company challenged both the debt assessment and the applied fines. The AFIP rejected the legal challenges to the applied fine, so the Company also filed an appeal with the federal social security court and provided a bond insurance policy for the amount of the fine.

On March 17, 2015, Panel I of the Court of Appeals with jurisdiction over Social Security Matters in and for the City of Buenos Aires rendered AFIP’s resolution ineffective. The resolution had ordered the Company to pay the differences in employers’ contributions. The court considered the resolution arbitrary on the grounds that AFIP had dismissed the evidence presented by the Company thus breaching the right to defense and ordered that a new resolution be issued after Capex has produced the evidence it had offered. In February 2018 the AFIP stated that the files of the first debt assessment and of the fine should be called for trial. The National Energy Secretariat stated in written form in 2014 that the electricity generation activity must be considered an industrial activity, something recently ratified by the Administrative Coordination Undersecretariat of the Ministry of Energy and Mining in the text of a note addressed to the General Department of Social Security Resources of the AFIP, in response to the request for opinion by the AFIP in relation to the presentation filed before the Tax Authorities by the Asociación de Generadores de Energía Eléctrica de la República Argentina (AGEERA); the Secretariat also gave reasons why the generation of electricity is considered an industrial activity for the purpose of its classification within Section 2 of Decree No. 814/01. Further, in December 2017 Panel II of the Federal Court of Appeals with jurisdiction over Social Security Matters, in the case “Endesa Costanera S.A. c/ Administración Federal de Ingresos Públicos s/impugnación de deuda” (Endesa Costanera S.A. v. Tax Authorities on challenging of tax debt), defined that the electricity generation activity has the status of “industrial” activity, and therefore it is entitled to the [lesser] rate of 17% for Social Security contributions, as provided in Section 2, subsect. b) of Decree No. 814/2001.

On September 19, 2018, the Company was notified of Administrative Resolutions No. 323/18 DV TJGE (DI RSGE) and No. 324/18 DV TJGE (DI RSGE) whereby the challenges timely filed by the Company were rejected as regards the two periods claimed and the fines. These Resolutions were challenged at an administrative stage by the Company.

On March 12, 2019, the Company received a note from the AFIP to (i) amend the tax returns for employees’ withholdings and employer’s contributions from 05/2009 to 04/2018 for incorrect classification of social security contributions under section 2 subsection B of Decree 814/01, or (ii) present evidence for the periods involved. On March 29, 2019 the Company filed a response to the requirement, rejecting it on the same grounds already presented to the AFIP.

The Company’s Management, in line with the opinion of its internal and external legal counsel, understands that it has solid grounds to reverse the position of AFIP; therefore, the financial statements at April 30, 2019 do not include any related charge.

NOTE 24 - PROVISIONS AND OTHER CHARGES (CONT'D)

c) Administrative Appeal - Change of criterion on the application of Resolution 46/17 of the former Ministry of Energy and Mining - "Incentive Program for Investments in Production Development of Natural Gas extracted from Unconventional Reservoirs"

On January 14, 2019, the Company filed a motion for reconsideration and, in the alternative, an Appeal before a Higher Administrative Authority, against the Resolutions Nos. 346, 349 and 351 issued by the Energy Secretariat (the "Notes"), all of them dated December 27, 2018, whereby the Secretariat modified its interpretation criterion on the volume of unconventional gas production subject to the compensation provided by the system established in Resolution No. 46/17, as amended by Resolution No. 419/2017, both from the former Ministry of Energy and Mining, which create the "Program for the Investments in Developments of Natural Gas Production from Unconventional Reservoirs" (hereinafter, the "Program"). CAPEX's incorporation to the Program for the Agua del Cajón area was approved by Rule No. 116 of June 4, 2018, issued by the Former Under-Secretary of Hydrocarbon Resources.

The change of criterion resulting from the Notes means that the compensation for the company's unconventional gas production under the Program would not reach the total amount produced of said gas under the Program, but only, at a maximum, the monthly projection of Production Included reported by the Company in its request for joining the Program, known as "Original Curve" by the Secretary of Energy.

If it prosper in favor of the Company prospered, this resource would imply the recognition of additional income of $ 96 million as of April 30, 2019. The Secretariat has not issued a decision on the challenge and the Company has extended it to Resolutions No. 179, 185, 186, 246, 249 and 260.

NOTE 25 – SALES

	04.30.2019	04.30.2018
Oil	1,598,011	1,180,500
Oil to customers abroad	2,795,802	-
Gas stimulation program (Note 1.2.c)	775,175	-
Gas	-	211,761
Electricity ADC[(1)]	7,718,174	5,265,627
GLP	568,445	456,668
DEEF Energy	143,961	119,047
Energy generated with hydrogen	11,931	10,661
Oxygen	5,385	4,297
Services	72,526	27,561
Others [(2)]	22,407	16,112
Total	13,711,817	7,292,234

(1) It includes income generated by the gas produced at field and consumed in CT ADC and paid by CAMMESA as acknowledgement of fuel for $ 4,127.2 million and $ 2,861.4 million at April 30, 2019 and 2018, respectively. (See note 5)

(2) Revenues from the "Propano Sur Program" and "Hogar Program" for $22.4 million and $ 16.1 million, at April 30, 2019 and 2018, respectively (see Note 1.2.d).

NOTE 26 - OTHER OPERATING (EXPENSES) / INCOME, NET

	04.30.2019	04.30.2018
Sales of vehicles	2,082	562
Not computable assessments	(1,886)	-
Exclusivity rights	(22,075)	-
Incomes from charges for indirect administrative services consortia / UTE (net)	23,144	4,607
Sundry	(5,627)	(4,535)
Total	(4,362)	634

NOTE 27 - FINANCIAL RESULTS

	04.30.2019	04.30.2018
Financial income		
Interest and other	420,668	646,846
Exchange difference	5,347,873	1,538,212
Interest accrued from accounts receivable	1,311	3,754
	5,769,852	2,188,812
Financial costs		
Interest and other	(1,153,113)	(806,981)
Exchange difference	(10,163,623)	(3,024,546)
Interest accrued from accounts receivable and payable	(29,698)	(8,513)
	(11,346,434)	(3,840,040)

NOTE 28 - INCOME TAX

Below is reconciliation between income tax charged to earnings and that resulting from applying the income tax rate applicable in each jurisdiction to the accounting profit before taxes:

	04.30.2019	04.30.2018
Income/Loss before income tax of the Group's shareholders	**1,720,247**	**2,098,805**
Current tax rate	30%	35%
Income/loss for the year at tax rate	**(516,074)**	**(734,582)**
- Interest accrued from accounts receivable and payable	(8,516)	(1,666)
- RECPAM	522,747	626,077
- PPE tax value restatement	722,425	-
- Sundry	(1,700)	(3,270)
- Adjustment of income tax by Affidavit	(3,442)	
- Change in the income tax rate (2)	(5,676)	25,226
- Adjustment for tax inflation Art 95	(747,032)	
- Special Tax for Tax Revaluation	(288,970)	
Total income tax charge	**(326,238)**	**(88,215)**
Tax determined for the year (1)	(591,645)	(494,956)
Special Tax for Tax Revaluation	(288,970)	-
Adjustment for non-current Art 95 tax inflation	(460,436)	-
Adjustment imposed on earnings by Affidavit	(3,442)	-
Generated loss	23,344	-
Deferred tax charge (3)	994,911	406,741
Total tax charged to income	**(326,238)**	**(88,215)**

(1) As of April 30, 2019, the income tax determined has been offset with withholdings, leaving a tax payable of $ 249,686 and $ 240,506 as of April 30, 2019 and 2018, respectively (see Note 22).

(2) See note 2.14.1

(3) Net of the charge in Technical Revaluation Reserve for $ 284,754 and $ 17,650 as of April 30, 2019 and 2018, respectively.

NOTE 29 - EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net income attributable to the Company shareholders by the weighted average number of ordinary shares outstanding during the year, excluding own shares acquired by the Company.

The Company does not have ordinary shares to be potentially diluted, so basic earnings per share are equal to diluted earnings per share**.**

	04.30.2019	04.30.2018
Net result attributable to the Company's shareholders	1,384,558	2,011,013
Weighted average number of ordinary outstanding shares	179,802	179,802
Basic and diluted earnings/losses per share	7,70046	11,18459

NOTE 29 - EARNINGS PER SHARE (CONT´D)

	04.30.2019	04.30.2018
Comprehensive result attributable to the Company's shareholders	2,174,535	2,573,267
Weighted average number of ordinary outstanding shares	179,802	179,802
Basic and diluted earnings/losses per share	12,09405	14,31167

NOTE 30 – COMMITMENTS

- Note 1 details Capex's investment commitment to the province of Neuquén in relation to the Agua del Cajón Concession.
- In Note 1.2.b) .b.1.) the commitment to CAMMESA is mentioned as a result of Res SRRyME 1/19.
- Note 37 a) contains detailed information on the investment commitment by Capex and Petrominera with the Province of Chubut on the hydrocarbon concession Pampa del Castillo - La Guitarra.
- The Company has entered into an agreement with Halliburton Argentina S.A. and San Antonio International for the provision of fracturing services at risk, being the price for the provision of them subject to the condition that there is commercial production in fractured wells.
- As for the “Maintenance program for the energy generating units”, the Company, after completion of the maintenance works, commits to maintaining the minimum availability of the repaired power generation units, from their becoming operative until the end of the repayment period (see Note 1.2.b.2).
- In connection with the LPG supply, the Company has made commitments for the fiscal year 2019/2020 for the total amount of commercial butane gas and 20% of commercial propane gas that it plans to produce.
- Regarding the “Program to Stimulate Investments in Development of Natural Gas Production from Non-Conventional Reservoirs” - Res 419 E / 2017, the Company assumed the commitment of an investment plan until 2021 (see Note 1.2. c).
- In Note 20 a) there is a description of the main commitments arising from the ON Senior Notes class II.
- In relation to the sale of wind energy from Hychico, in accordance with the contract signed with CAMMESA, the latter undertakes to acquire up to a maximum of 361,755 MWh, during the term of the contract (15 years from the first day of month following signature - March / 12) (see Note 35).
- In relation to the contract entered into between EG WIND S.A. and CAMMESA, the latter undertook to acquire the energy generated to a maximum potency of 27.6 MW over the life of the contract of 20 years with effect from the date of commercial commissioning and EG WIND agreed to the construction and operation of Diadema II Wind Farm (see Note 36).
- There are no capital disbursements committed but not incurred at the closing date of the financial statements at April 30, 2019.

NOTE 31 - RELATED PARTIES AND KEY PERSONNEL FROM COMPANY MANAGEMENT

The Company is controlled by Compañías Asociadas Petroleras Sociedad Anónima (C.A.P.S.A.) which holds 75.4% of the Company's shares. Furthermore, Wild S.A. is the last group parent company with a direct and indirect interest of 98.01% in the shares of CAPSA. The remaining shares are held by shareholders who have acquired them in the Stock Market.

Transactions between related parties were conducted as if between independent parties and are as follows:

NOTE 31 - RELATED PARTIES AND KEY PERSONNEL FROM COMPANY MANAGEMENT (CONT´D)

a) Transactions with related parties

a.i.) With the parent company

Transactions with the parent company C.A.P.S.A. were:

	04.30.2019	04.30.2018
Sale of electricity	11,931	10,661
Expenses corresponding to Hychico	(241)	-
Expenses corresponding to C.A.P.S.A.	15,046	15,943
Expenses corresponding to Capex S.A.	(3,854)	(1,564)
Expenses corresponding to E G WIND	(2)	-

a.ii.) With the companies directly or indirectly controlled by the parent company

The following transactions were carried out with Interenergy Argentina S.A.:

	04.30.2019	04.30.2018
Office and garage rental	(6,216)	(6,409)
Accrual of fees	-	8
Services provided	3,725	4,220
Irrevocable contributions	1,288	1,454
Expenses corresponding to Capex S.A.	-	(1)
Expenses corresponding to Interenergy	-	31

a.iii.) With the parent companies of the parent company

The following transactions were carried out with Plenium Energy S.A.:

	04.30.2019	04.30.2018
Expenses corresponding to Plenium Energy S.A.	3	3

The following transactions were carried out with Wild S.A.:

	04.30.2019	04.30.2018
Expenses corresponding to Wild	9	-
Expenses corresponding to Capex	-	(10)

NOTE 31 - RELATED PARTIES AND KEY PERSONNEL FROM COMPANY MANAGEMENT (CONT´D)

a.iv.) With related companies

The following transactions were carried out with Alparamis S.A.:

	04.30.2019	04.30.2018
Office and garage rental	(31,521)	(37,843)

a.v) With consortia

The transactions with Área Rio Negro Norte were:

	30.04.2019	30.04.2018
Management and operation services	88,356	37,216
Prorateable expenses	21,197	9,140
Charges for indirect administrative services	22,982	4,143
Expenses refund	7,379	1,550
Cash Call	(610,891)	(116,872)
Distributions to partners	120,992	13,055

The transactions with Lote IV La Yesera were:

	04.30.2019	04.30.2018
Management and operation services	19,759	9,260
Prorateable expenses	2,458	1,189
Charges for services	4,138	1,888
Expenses refund	196	108
Cash Call	(26,827)	(9,572)
Distributions to partners	6,287	1,496

a.vi) With UTE

The transactions with Pampa del Castillo were:

	30.04.2019	30.04.2018
Management and operation services	142,290	-
Charges for indirect administrative services	-	-
Expenses refund	100,228	-
Cash Call	33,864	-
Distributions to partners	(2,145,245)	-
Management and operation services	464,598	-

NOTE 31 - RELATED PARTIES AND KEY PERSONNEL FROM COMPANY MANAGEMENT (CONT´D)

b) Balances at year end with the related companies

	04.30.2019			04.30.2018		
	Other current account receivables	**Current trade receivables**	**Current accounts payable**	**Other current account receivables**	**Current trade receivables**	**Current accounts payable**
In local currency						
With the parent company:						
- Compañías Asociadas Petroleras S.A.	1,126	1,713	2,527	1,093	-	226
With the companies directly or indirectly controlled by the parent company:						
- Interenergy Argentina S.A.	125	294	-	197	-	-
With the controlling companies of the parent company:						
- Plenium Energy S.A.	-	-	-	2	-	-
With consortia:						
- Río Negro Norte area	605	14,042		-	23,343	-
- Lote IV La Yesera	2	3,412		-	2,599	-
- Pampa del Castillo	372	917		-	-	-
Total in local currency	**2,230**	**20,378**	**2,527**	**1,292**	**25,942**	**226**
In foreign currency (Exhibit G)						
With the parent company:						
- Compañías Asociadas Petroleras S.A.	-	1,756	-	214	1,178	2,701
With consortia:						
- Río Negro Norte area	-	1,087	-	-	2,045	-
- Lote IV La Yesera	-	518	-	-	1,121	-
- Pampa del Castillo	-	2,434	-	-	-	-
Total in foreign currency	**-**	**5,795**	**-**	**214**	**4,344**	**2,701**

c) Remuneration of key management personnel

The remuneration of the members of top management on account of services provided (salaries and other services rendered) accrued in the years ended April 30, 2019 and 2018, amounts to $ 130,857 and $131,094, respectively.

NOTE 32 - GUARANTEES GRANTED AND RESTRICTED ASSETS

• On March 29, 2012 Hychico signed a new loan agreement with Corporación Interamericana de Inversiones for up to US$14,000,000. With respect to this loan, the Company provided the surety bonds as surety and principal payer of all obligations assumed by Hychico under the loan agreement, promissory notes and other main documents. Further, the Company and SEB granted as surety a chattel mortgage on 100% of the shares in Hychico.

As consideration for the guarantee granted, Hychico pays the Company an annual fee calculated on the loan outstanding balance.

• In guarantee of faithful compliance with every commitment undertaken under the “Maintenance program for the energy generating units”, the Company assigns and transfers in favor of CAMMESA 100% of its present and future credit rights, accrued or to be accrued in favor of Capex, for a maximum amount of up to US$ 20 million at each time point, and up to the limit of the value of unpaid installments (see Note 1.2.b.2).

• On June 29, 2018, the Company provided certain corporate guarantees for a total of US$ 18,620,694 in favor of Enercon GmbH and Enercon Argentina S.R.L., in relation to the payment obligations assumed by its subsidiary E G WIND S.A. with those companies, for the supply and installation of equipment, and for the commissioning of Diadema Eolic Energy Farm II (see Note 36).

NOTE 33 - EXPLORATION AREAS IN RÍO NEGRO

Having expired in May 2017 the Third Exploratory Period and after having made investments in it without having managed to discover commercially exploitable hydrocarbons, dated June 13, 2018, the Province of Río Negro definitively approved the reversion of the Area of Loma de Kauffman.

NOTE 34 - OIL AND GAS RESERVES (NOT COVERED BY INDEPENDENT AUDITOR´S REPORT)

- Agua del Cajón

Below is the estimate of hydrocarbon reserves and resources in the Agua del Cajón area made by the Company at December 31, 2018, and audited by the independent auditor, Lic. Héctor A. López, in compliance with the requirements of ES Resolution 324/06. The expiration horizon was January 2052, with the following values:

Products		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm3 [1]	4,126	1,208	5,334	797	653	15,315
Oil	Mbbl	1,774	1,094	2,868	1,730	1,736	3,730
	Mm3	282	174	456	275	276	593

(1) Determined at 9,300 K/Cal per m^3

- Loma Negra

The estimate of hydrocarbon reserves and resources in the Loma Negra area, at December 31, 2018, was audited by the independent auditor, Lic. Héctor A. López, in compliance with the requirements of ES Resolution 324/06. The expiration horizon in December 2024, with the following values:

Products		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm3 [1]	972	6	978	238	-	766
Oil	Mbbl	1,585	327	1,912	50	-	755
	Mm3	252	52	304	8	-	120

The Company owns 37.50% of said reserves.

- La Yesera

The estimate of hydrocarbon reserves and resources in the La Yesera area, at December 31, 2018, was audited by the independent auditor, Lic. Héctor A. López, in compliance with the requirements of ES Resolution 324/06. The expiration horizon in June 2027, with the following values:

Products		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm3 [1]	235	26	261	-	-	236
Oil	Mbbl	1,145	365	1,510	-	-	3,007
	Mm3	182	58	240	-	-	478

The Company owns 18.75% of said reserves.

- Pampa del Castillo

The estimate of hydrocarbon reserves and resources in the Pampa del Castillo – La Guitarra area, at December 31, 2018, was audited by the independent auditor, Lic. Ana María Nardone, in compliance with the requirements of ES Resolution 324/06. The expiration horizon is October 2026, with the following values:

Products		Reserves					Resources
		Proven			Probable	Possible	
		Developed	Non-developed	Total			
Gas	MMm^3 [1]	26	28	54	5	4	-
Oil	Mbbl	7,246	7,560	14,806	1,365	1,044	-
	Mm^3	1,152	1,202	2,354	217	166	-

(1) Determined at 9,300 K/Cal per m^3

NOTE 34 - OIL AND GAS RESERVES (NOT COVERED BY INDEPENDENT AUDITOR´S REPORT) (CONT’D)

The company owns 95 % of said reserves.

Proven developed reserves at April 30, 2019, calculated on the basis of the audited reserves at December 31, 2018 until the end of the concession, and adjusted according to production for the period from January to April 2019 and taking into account the participation of the Company in each of the areas, are as follows:

		Agua del Cajón	Loma Negra (37,5%)	La Yesera (18,75%)	Pampa del Castillo (95%)	Total
Gas	MMm^3 (1)	3,954	354	44	25	4.377
Oil	Mbbl	1,698	576	212	6,442	8,928
	Mm^3	270	92	34	1,024	1,420

(1) Determined at 9,300 K/Cal per m^3

NOTE 35 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS

a) Business of Hychico

Hychico S.A. was incorporated on September 28, 2006, and its main activity is the generation of electricity, and the production of hydrogen and oxygen

Hychico decided to start the development of two projects involving the construction of an eolic energy farm and a plant for the production of hydrogen and oxygen through the electrolysis process.

Diadema Eolic Energy Farm

This project was started in the Argentine Patagonia due to the abundance of the eolic resource in particular and other resources, such as a large area available with a low demographic density, qualified workforce and road infrastructure, which will enable in the medium term the commencement of large scale projects, involving the generation of energy free from greenhouse gas emissions.

Hychico started in December 2006 the wind measurement using three towers located approximately 20 km from the city of Comodoro Rivadavia, Province of Chubut, and one tower located in the municipality of Colonia Presidente Luis Sáenz Peña, Province of Santa Cruz. The measurement towers are 50 meters high, with masts manufactured in Argentina and approved by the National Committee of Communications. Their installation has been approved by international auditors, and they all have calibration certificates issued by internationally renowned laboratories.

The Diadema Eolic Energy Farm (DEEF) comprises 7 wind energy converters model ENERCON E-44 with a nominal power of 0.9 MW (megawatt) each, adding up to a total installed power of 6.3 MW, located in the area where the measurements mentioned above were conducted. Each wind energy converter is connected to the Diadema Transformer Station by means of underground cables and overhead lines, through a transmission line of 33 KV (kilovolt) and a length of 5.7 km. Total investments amounted approximately to US$ 17 million.

Work performed have been aimed at: 1- the performance of different studies on the feasibility of this activity in Argentina and its environmental impact; 2- analysis of the national electric market; 3- retaining an international advisor on the development of wind energy farms, purchase, installation and start-up of the equipment necessary for measuring the winds in the aforementioned places; 4- international bidding procedure for the acquisition, assembly and start-up of the wind energy farm, 5- execution of a contract for the purchase of wind energy converters and a contract for their Operation and Maintenance (note 16), 6- electrical studies to connect the wind farm to the Argentine Interconnection System, 7- assembly of the wind energy converters, 8- construction of medium voltage lines and electromechanical works and 9- testing and start-up of the wind generators and electromechanical installations.

In its economic and financial analysis, Hychico has considered the return on the eolic energy farm and the obtainment of greenhouse gas emissions reduction certificates (CERs) within the framework of the clean development mechanism (CDM). To that end, Hychico has prepared and submitted the PDD (Project Design Document) which has been approved by the United Nations Executive Board with retroactive effects to July 2012. The next step is to verify the reduction of emissions and the subsequent issuance of the pertinent certificates, which would be sold by Hychico. Given the present market for carbon bonds and the recent international negotiations on this matter, we are awaiting for the commitments that could be made in the next COPs (Conference of Parties) to be able to sell the certificates accumulated up to that moment.

NOTE 35 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS (CONT’D)

Hychico was authorized as generating agent in the Wholesale Electricity Market (WEM) regarding its DEEF, through Resolution of the Energy Secretariat (ES) No. 424/10. Commercial operation of the DEEF commenced in December 2011. The electricity generated is being sold to the WEM, in compliance with regulations in force.

In March, 2012, in compliance with Note ES No. 1205/12, the Supply Contract to the WEM from renewable energy sources for a term of 15 years was signed, within the framework of ES Resolution No. 108/11.

Hydrogen and Oxygen Plant

In December 2008 the plant for the production of hydrogen and oxygen through the electrolysis process was inaugurated; it will produce 850,000 normal cubic meters of hydrogen per year and 425,000 normal cubic meters of oxygen per year.

The plant boasts two electrolyzers with a total capacity of 120 Nm3/h of hydrogen and 60 Nm3/h of oxygen. The high purity hydrogen (99.998%) is mixed with natural gas to power a motor-generator of 1.4 MW, which has an internal combustion engine specially adapted to operate with gas- rich and / or poor mixed with hydrogen.

It is worth mentioning that the purity of hydrogen produced makes it especially suitable for use in fuel cells. It should be noted that the proportions reached of up to 42% hydrogen mixture are above the usual international ranges for these high horsepower engines, achieving good performances in terms of yields and reducing emissions of greenhouse gases.

The oxygen produced, also high purity (99.998%), is sold at high pressure in the market for industrial gases.

The Plant for the production of hydrogen and oxygen was built in 11,000 m2 and is divided into different areas: control, processes and auxiliary systems

In accordance with the façon service agreement signed with Compañías Asociadas Petroleras Sociedad Anónima (CAPSA) in May 2009, as from March 1, 2009 it has started its pre-operating stage, thus generating electricity on an irregular basis. As for oxygen, in November 2008 a contract was signed with Air Liquide Argentina S.A. for the supply of oxygen which is being dispatched as from June 2009.

The hydrogen and oxygen production plant started operations in May 2010 and, thus, the depreciation of property, plant and equipment related to the project started.

On November 17, 2017, Hychico signed a contract with the National Agency of Scientific and Technological Promotion, whereby it obtained a non-refundable subsidy as a “Direct payment to Supplier” for up to $2.2 million, to be applied to the execution of the project for technological upgrade and innovation in electrolyzers for hydrogen production from wind power. In March 2018, the World Bank approved the audit conducted. The work is scheduled for completion within six months following the first payment to the supplier. Subsequently, the guarantees referred to above were submitted to the supplier and to the beneficiary. At the closing date of these financial statements, Hychico was working on the execution of the project and it is expected that, during July 2018, the payment to the supplier by the Ministry of Science, Technology and Innovation subsidy will take place.

This first stage places Hychico as a key participant in the hydrogen production, as energy and renewable energy vector, whose impact on the energy matrix of the nations will be growing. The hydrogen and oxygen plant allows Hychico to develop experience in these new technologies’ operations and processes, to attract strategic partners with technological experience, thus ensuring even more ambitious projects, and to achieve a competitive advantage for Argentina and Hychico in a world market that will demand increasing energy volumes.

At April 30, 2019 and 2018, fixed assets and intangible assets related to the Hydrogen Project are totally provided for in accordance with current economic conditions.

The hydrogen and oxygen produced and the electricity generated have been dispatched and invoiced, and they have been allocated to “Sales” in the Statement of Income (see note 25).

NOTE 35 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS (CONT'D)

b) Wind energy converters

Contract for the Operation, Maintenance and Technical Assistance

In June 2008 a contract was signed with Wobben Windpower Industria y Comercio Ltda. (Wobben), supplier of seven Wind Energy Converters installed in the Wind Energy Farm, for the Wind Energy Converters Operation, Maintenance and Technical Assistance, for a period of six years with two options for extension of two years each. It includes a clause whereby, in case the aerogenerators are not in service, Wobben must compensate Hychico for such loss. This contract became effective in December 2011. In November 2013, an amendment was signed to that contract, which was assigned to the Argentine affiliate Wobben Windpower Argentina S.R.L. with a corporate guarantee provided by the head office based in Germany.

c) Oxygen supply Contract

In November 2008, The Company entered into an Oxygen Supply Contract with Air Liquide Argentina S.A. (ALASA), with a duration of 4 years from June 1, 2009 (date of start of the commercial operation of the plant) which establishes that ALASA was responsible for the design, assembly supervision and construction, start-up, operation and maintenance of a system to supply oxygen and Hychico was in charge of its construction according to the design, instructions and under the supervision of ALASA.

Since then, extensions of the commercial and operating agreement have been executed; the one currently effective is that corresponding to the period from June 2015 to May 2018.

In the agreement in effect, three differential prices are set for oxygen, according to the packing methodology used by ALASA: i) oxygen in cylinders for industrial use, ii) LASAL-type packed oxygen, and iii) oxygen packed in the highly pure mode; in addition, a volume of oxygen is defined to be supplied monthly, under a "Take or Pay" clause on ALASA.

On May 31, 2018, the extension of the commercial agreement with ALASA was carried out for a period of 3 years.

d) Contract to supply the Wholesale Electric Market with renewable sources

The energy generated by the Diadema Eolic Energy Farm (DEEF) from its startup in December 2011 to March 2012 has been sold to the WEM at spot prices in accordance with current regulations.

In March 2012, by means of Note No. 1205/2012 the Energy Secretariat instructed CAMMESA and Hychico to enter into a Contract to Supply the WEM with Renewable Sources, within the framework of Energy Secretariat Resolution No. 108/2011, for the commercialization of the energy generated by the DEEF.

The contracted power is 6.3 MW and CAMMESA agreed to acquire up to 361,755 MWh over the life of the contract. The power surpluses in each hour over the contracted power shall be sold in the spot market or through contracts with WEM agents and shall not be considered in the calculation of the contracted power.

The price of the supplied energy is set at US$/MWh 115,896, remaining constant over the life of the contract, and the energy actually delivered into the grid is remunerated up to an amount equal to the quantity of maximum energy established for the hour, at that price. Power is not remunerated. A fraction of the fixed costs of operation of the machinery committed in the WEM will be reimbursed, based on information published in the Economic Transaction Document (ETD) issued by CAMMESA in the respective month.

The duration of the contract is 15 years counted as from the first day of the month following that of the contract date and will be extended by the Energy Secretariat for a maximum period of 18 months, unless Hychico delivers the contracted power within a shorter term.

NOTE 35 - HYCHICO BUSINESS – FINANCING – MAIN CONTRACTS (CONT'D)

e) Long-Term Façon Service Agreement with CAPSA

In May 2009, a long-term façon service agreement was entered into between Hychico and CAPSA, whereby CAPSA will deliver to Hychico, free of charge, a maximum of 7,000 m3/d (cubic meters per day) of natural gas at 9,300 kcal/Nm3 (kilo calorie per normal cubic meter) which, together with a minor percentage of hydrogen added by Hychico, will be used to supply the power plant at a rate of 1 MW/h (megawatt per hour) per each 270 m3 of natural gas; the electricity thus produced will be delivered to CAPSA at the electricity connection point established in the agreement.

The term is eighteen (18) years from the date of commencement of supply. Operational activity began in May 2009 (see point a).

Until April 30, 2011 the price of the energy generation service was US$/MWh 30. As from May 1, 2011 it amounts to US$/MWh 34.

As from December 2014 a new price was agreed upon, US$/MWh 40, and a procedure was set for monthly adjustment; it can be renegotiated at the end of each calendar year.

f) Capital status

By Extraordinary Shareholders’ Meeting Minutes dated July 16, 2018, Hychico resolved to make a capital contribution for $1,900,000 through the issuance of 1,900,000 registered non-endorsable shares of par value each and carrying one vote per share, and the acceptance of the contributions made by Interenergy Argentina S.A. for $249, by Servicios Buproneu S.A. for $729 and by Capex S.A. for $922. Leaving in this way the share capital at $ 108,951 (the amounts are stated at historical cost).

At an Extraordinary Shareholders’ Meeting on October 8, 2018, Hychico resolved to make a capital contribution for $ 4,000 through the issuance of 4,000,000 registered non-endorsable shares of $1 par value each and carrying one vote per share, and the acceptance of the contributions made by Interenergy Argentina S.A. for $ 524, by Servicios Buproneu S.A. for $ 1,534 and by Capex S.A. for $ 1,942. Hychico’s capital is now $ 112,951 (the amounts are stated at historical cost).

As of the date of these financial statements, the mentioned capitalizations are pending registration with the Superintendence of Commercial Companies.

NOTE 36 – DIADEMA EOLIC ENERGY FARM II

On August 17, 2017, Resolution No. E-275/2017 from the Ministry of Energy and Mining was published in the Official Gazette which called for interested parties to offer in the National and International Open Bid Process for contracting in the WEM electricity from renewable sources - Program RENOVAR (2nd Round), with the aim of entering into contracts in the forward market (called supply contracts of renewable electricity) with CAMMESA in representation of Distributors and Large Users of the Wholesale Electric Market - until their reallocation to distribution agents and/or Large Users of WEM in accordance with the Program Bidding Terms and Conditions. The Company participated in the call with the Diadema Eolic Energy Farm II project.

On October 19, 2017 the Company submitted the Diadema Eolic Energy Farm II project in the Program RenovAr Ronda 2.0; it would be implemented by E G WIND S.A. as a specific-purpose company. Although the offer was technically approved through Resolution E-450/2017, on December 1, 2017, the Ministry of Energy reported, through Resolution E-473/2017, that the project had not been awarded and called the Company to offer again under certain predetermined conditions:

- The price per megawatt/hour for the contracts to be entered into by those who accept the invitation would be US$ 40.27MWh (the Project Diadema Eolic Energy Farm II had been offered with a price of US$ 42 MWh);
- In the cases of projects with a restriction in the electric transportation system, the offeror had to accept, at its sole expense, the execution of the necessary works to solve the restriction informed by CAMMESA. Diadema Eolic Energy Farm II does not need an additional expansion to be executed by the National Government;
- The DEEF II was first in the order of pre-award made by CAMMESA in accordance with current regulations.

NOTE 36 – DIADEMA EOLIC ENERGY FARM II (CONT´D)

The Company took part in the new bidding and the Project was awarded on December 19, 2017 through Resolution No. 488/2017 of the Ministry of Energy and Mining. On June 4, 2018 EG WIND entered into an agreement with CAMMESA for the construction, start-up and supply of renewable energy for a maximum power of 27.6 MW at a price of US$ 40.27 MWh, for a 20-year period as from the date of authorization of commercial commissioning, including EG WIND's obligation to build the Diadema II Wind Farm. As a result of this award, EG WIND obtained the following national tax benefits included in the RenovAr Program - Round 2, within the framework of Laws No. 26190 and 27191: a) the period for offsetting income tax losses is extended to 10 years, b) early refund of value added tax, which can be requested after a tax period has elapsed from the investments made in the relevant project to its conclusion, and c) accelerated depreciation for income tax purposes, which can be requested from the tax period of the commercial commissioning of the asset, and provincial tax benefits in the province of Chubut within the framework of the Regime for Promotion of Renewable Sources of Energy, Law XVII - No. 95 and Decree No. 1114/11, i.e: a) stamp tax: exemption from payment in the stages of investigation and development and construction; b) turnover tax: exemption of 100% generated by the development of the activities during the first five years from the start of commercial operation and of 50% from the sixth year through to the tenth year.

The Diadema Eolic Energy Farm II is being built in the city of Comodoro Rivadavia, province of Chubut, and will comprise 9 wind energy converters model ENERCON E-82 E4 with a nominal power of 3.02 MW (megawatt) each, adding up to a total installed power of 27.6 MW. At the date of issuing these financial statements, the machinery is assembled and electromechanical and control works are currently under way. Trial run of industrial operation is scheduled for July 2019; thus, the date of entry into commercial phase agreed upon with CAMMESA —September 2019— is guaranteed. The total investment is estimated to be approximately US $ 34 million (without taxes).

NOTE 37 – BUSINESS ACQUISITION

a) Purchase Agreement for the acquisition of interest of ENAP SIPETROL ARGENTINA S.A. in the Hydrocarbon Concession “Pampa del Castillo - La Guitarra”

On October 3, 2017, the Company agreed with ENAP SIPETROL ARGENTINA S.A (“ENAP SIPETROL”) the terms and conditions for the acquisition of 100% of the participation (equivalent to 88%) of the Concession of Exploitation “Pampa del Castillo - La Guitarra” (“Pampa del Castillo”) located in the province of Chubut, for an amount of US$ 33 million.

In addition, on 13 April 2018 Capex agreed with Petrominera Chubut S.E. (“Petrominera”) the terms and conditions for the acquisition of the 7% of the participation in the concession mentioned, from which Petrominera had 12%, until the due date of the extension passed by Law IX No.135 of the Province of Chubut.

Likewise, it was agreed to transfer to Capex, after the due date of the extension mentioned, 25% of the interest of the rights and obligations in the concession contract corresponding to Petrominera for the subsequent period and that was also passed by Law IX No. 135.

Subsequently, through provincial Decrees No. 318/18 and 512/18 published in the Official Gazzette of the Province of Chubut dated May 24 and July 19, 2018, respectively, the Province of Chubut authorized the assignment of rights of Enap Sipetrol over the concession in favor of Capex.

On July 26, 2018, Law IX No. 143 was published, by means of which the Province of Chubut approved the Assignment Agreement dated April 13, 2018 between Capex and Petrominera, whose approval was ratified by the Executive Branch of the Province of Chubut through Decree No. 570/18 dated July 30, 2018.

On August 1, 2018, the Company was assigned all the rights and obligations that Enap Sipetrol had on the concession of hydrocarbon exploitation Pampa del Castillo, with Capex taking over the operation of the area.

NOTE 37 – BUSINESS ACQUISITION (CONT'D)

The total amount established for the participation mentioned in the previous paragraph amounted to US $ 33 million, which was paid in advance on July 31, 2018 for US $ 28 million (equal to $ 772,405 expressed at historical values), retaining US $ 5 million in concept of contingent environmental liabilities. At the date of these financial statements, the balance of contingent environmental liabilities amounts to US$ 3.8 million.

Additionally, on August 2, 2018, Capex paid Petrominera US$ 6.3 million for the acquisition of 7% of the interest in the concession previously mentioned. Consequently, at that date, the Company has 95% of interest in the concession Pampa del Castillo, while the remaining 5% belongs to Petrominera.

Concession Pampa de Castillo	
Partners	**Participation**
Capex S.A.	95 %
Petrominera Chubut SE	5 %

The area covers an approximate surface of 121 km2. and it counts with an approximate production of 550 m3/day of oil (at the date of presentation of these financial statements, production reached 670 m3/day); the duration of the concession of the area falls due in 2026, with the option to extend it for 20 years if the additional investments are complied with.

On August 15, 2018, the Temporary Union of Enterprises (UTE) contract between the Company and Petrominera was registered with the Superintendence of Commercial Companies (IGJ), which sets forth the guidelines for the management and operation of the exploitation of the concession.

Capex and Petrominera committed to make investments in the area until 2021 for US$ 108.4 million, in proportion to their interest and Capex, at its own risk, must make investments in exploration for an amount of US$ 10.6 million during the same period. Additionally, Capex and Petrominera must make additional investments for US$ 70 million until 2026 to make use of the option to continue the area exploitation until the subsequent period (year 2046).

The following is the disclosure of the value of the transaction:

	Amount in thousands of US$	**Amounts in $ equivalent at the date of the transaction**
Price paid to Petrominera	6,270	175,560
Price paid to Enap Sipetrol	27,784	772,404
Deferred purchase price to Enap Sipetrol	5,228	145,339
Total purchase price	**39,282**	**1,093,303**

The following table summarizes the consideration, the fair values of the identifiable assets acquired at the acquisition date, which were incorporated into Capex's financial statements as of the takeover:

	Total $
Property, plant and equipment (includes mining property)	1,065,381
Spare parts and materials	27,579
Total identifiable assets net	**1,092,960**
Tax	**343**
Total purchase price	**1,093,303**

The costs related to the transaction, which included mainly professional fees and stamp taxes, amounted to $ 9,089 (expressed at historical values) and were disclosed in the Administrative expenses item.

NOTE 37 – BUSINESS ACQUISITION (CONT'D)

The fair values of the assets and liabilities of the acquired business arise from preliminary assessments conducted by the Board. In accordance with the acquisition method, the purchase price was allocated to the acquired assets based on the fair values at the acquisition date. The fair values were mainly determined considering the replacement values and the remaining useful life of the assets at the acquisition date. For Mining Property, the fair value was estimated according to the present values at the acquisition date of the cash flows expected based on the reserves of the acquired areas.

As a consequence of the interest valuation of the business acquired by the Company at fair values at the acquisition date, no differences with the total consideration paid arose.

b) Non-controlling interest acquisition in the areas of Loma Negra and La Yesera

On October 31, 2017, Capex S.A. ("the buyer") completed the acquisition from Chevron Argentina S.R.L. ("the seller") of i) 37.5% of the concession of hydrocarbon exploitation "Loma Negra", and ii) 18.75% of the concession of hydrocarbon exploitation "La Yesera", two oil and gas exploitation areas located in the province of Río Negro. The transaction includes the associated assets in those areas in relation with the interest percentages mentioned above. These concessions are exploited through Joint Venture agreements with the following partners:

Consortia Loma Negra

Partners	Participación
Capex S.A.	37,5%
YPF S.A.	35,0%
IFC	15,0%
Metro Holding S.A.	12,5%

Consortia La Yesera

Partners	Participación
Capex S.A.	18,75%
YPF S.A.	35,0%
San Jorge Energy S.A.	18,75%
IFC	15,0%
Metro Holding S.A.	12,5%

The areas cover an approximate surface of 354.9 km2. The duration of the concession agreement of Loma Negra matures on December 24, 2024, and on June 3, 2027 in the case of La Yesera. They have an approximate production of 160 m3/day of oil and 250,000 m3 of gas/day.

The agreed price was US$ 25,200 which, net of adjustments set forth in the purchase agreement, amounted to a total purchase price of US$ 24,711 (including taxes). The net of taxes amount of US$ 24,308 and it was allocated as follows: (a) US$ 19,389 (or $ 343,190 (stated at historical values)) to Loma Negra and (b) US$ 4,919 (or $ 85,073(stated at historical values)) to La Yesera.

In addition, the parties agreed on the payment of an additional contingent amount of US$ 1,000,000, which is subject to the fulfillment of certain agreed conditions.

The Company has secured these payments by means of issuing the respective letters of credit.

The breakdown of the transaction value (at historical cost) allocated to the corresponding area is as follows:

	Amounts in US$			Equivalent amounts in $ (stated at historical cost)		
	Loma Negra	**La Yesera**	**Loma Negra**	**La Yesera**	**Loma Negra**	**La Yesera**
Price paid	23,211	18,252	4,959	410,843	323,069	87,774
Deferred purchase price	1,500	1,500	-	26,550	26,550	-
Total purchase price	24,711	19,752	4,959	437,393	349,619	87,774

The table below outlines the consideration, the fair values of the identifiable assets acquired and the liabilities assumed at the acquisition date, which were included in Capex financial statements as from takeover (stated at historical cost):

NOTE 37 – BUSINESS ACQUISITION (CONT’D)

	Total	Loma Negra	La Yesera
	$	$	$
Cash and cash equivalents	4.475	3,994	481
Trade receivables	3,141	3,141	-
Other receivables/payables, net	(33)	(88)	55
Inventories	16,069	11,615	4,454
Spare parts and materials	1,567	1,519	48
Property, plant and equipment (includes Mining Property)	419,890	338,142	81,748
Trade accounts payable	(16,337)	(15,295)	(1,042)
Taxes payable	1,491	161	1,330
Total identifiable net assets	430,263	343,189	87,074
Taxes	7,130	6,429	701
Total purchase price	437,393	349,618	87,775

The costs related to the transaction, which mainly included fees for professional services and stamp taxes, amount to $ 4,187 (stated at historical cost) and are shown within Administrative expenses.

The fair values of the assets and liabilities of the acquired business arise from preliminary assessments conducted by the Board. In accordance with the acquisition method, the purchase price was allocated to the acquired assets and liabilities based on the fair values at the acquisition date. The fair values were mainly determined considering the replacement values and the remaining useful life of the assets at the acquisition date. For Mining Property, the fair value was estimated according to the present values at the acquisition date of the cash flows expected based on the reserves of the acquired areas.

As a consequence of the valuation of the business acquired by the Company at fair values at the acquisition date, no differences with the total consideration paid arose.

Additionally, on November 7, 2017, unanimously, the partners that make up the Loma Negra and La Yesera consortia chose Capex as operator of the areas, effective as of December 1, 2017.

NOTE 38 – PARTICIPATION IN CONSORTIA – SUMMARY OF THE FINANCIAL SITUATION

As mentioned in Note 37.a), the Company takes part in the consortia mentioned below. At April 30, 2019 the management information and accounting reports of the joint operations at that date were used.

Consortium	Participation	Assets	Liabilities	Contribution Account	Results (2)
Loma Negra	37.50%	1,327,573	362,609	1,195,673	(205,024)
La Yesera	18.75%	493,744	909,299	104,782	(106,919)
Pampa del Castillo (1)	95%	59,134	81,762	40,510	(891,767)

(1) Corresponds to the results accrued from August 1, 2018 to April 30, 2019.
(2) They do not include sales in joint ventures because production is assigned directly to each of the partners.

NOTE 39 – MUTUUM CONTRACT BETWEEN CAPEX AND EG WIND

On May 24, 2018, a mutual onerous contract was signed between Capex and E G WIND for the development of the Diadema Eolic Energy Farm II. The characteristics of the contract are:

Amount: The maximum total amount of the contract is US$ 15,000,000, which will be disbursed in tranches at the request of E G WIND. At the end of these financial statements, Capex had made disbursements for US$ 8,350,000.
Interest: The loan accrues interest at a fixed nominal annual rate of 8.10%. Interest is payable quarterly as from the first disbursement.
Depreciation: The loan will be depreciated in 23 consecutive quarterly installments, and the first one will fall due on November 25, 2019.

The balance as of April 30, 2019 amounts to $ 372,273, of which $ 26,942 is current.

NOTE 40 – SURPLUS OF REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - RESTRICTION TO THE DISTRIBUTION OF PROFITS

In accordance with the provisions of Resolution CNV 777/18 when, by virtue of the application of the inflation adjustment established in the accounting standards, the revaluation balance would have been reclassified to unappropriated retained earnings/accumulated losses at the transition date, and in the event that the latter were positive, the entities must set up a special reserve for an amount equivalent to the revaluation balance determined in real terms at that date, that is, resulting from comparing the residual value adjusted for inflation with the revalued residual value. The special reserve may be reversed following the mechanism established in the applicable accounting standards for companies that use the revaluation model as a measurement criterion.

Based on the foregoing, and in accordance with IAS 29, the Company charged to retained earnings the revaluation surplus mentioned above for $ 3,017,202 at the transition date. As of April 30, 2019, following the guidelines established in Resolution 777/18, there is a restriction on the distribution of unappropriated retained earnings equivalent to the amount of the special reserve, reversed in accordance with the guidelines of the aforementioned rules, for $ 2,768,346, ad referendum of the Shareholders’ Meeting that considers the financial statements as of April 30, 2019.

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EXHIBIT A

At April 30, 2019 and 2018

This exhibit is part of these consolidated financial statements

Property, plant and equipment

Items	Original value						Depreciation					Net book value at 04.30.19	Net book value at 04.30.18
	At the beginning of the year	Additions	Completed works in progress	Retirements / Provisions	Revaluation	At the end of the year	Accumulated at the beginning of year	For the year	Retirements	Revaluation	Accumulated at year-end		
Activities for the exploration of oil and gas:													
- **Areas acquired and other studies**													
Agua del Cajón – Operation rights	1,161,253	-	-	-	-	1,161,253	622,309	37,540	-	-	659,849	501,404	538,944
Loma Negra (2)	375,812	-	-	-	-	375,812	7,384	46,127	-	-	53,511	322,301	368,428
La Yesera (2)	112,637	-	-	-	-	112,637	2,549	12,612	-	-	15,161	97,476	110,088
Pampa del Castillo(2)	-	347,316	-	-	-	347,316	-	19,953	-	-	19,953	327,363	-
- **Other studies**													
Agua del Cajón – Exploration	59,907	-	-	-	-	59,907	47,551	861	-	-	48,412	11,495	12,356
Agua del Cajón – Seismic	89,962	-	-	-	-	89,962	64,702	1,760	-	-	66,462	23,500	25,260
- Assets for the extraction of oil Agua del Cajón													
Oil and gas wells	12,121,722	202,466	1,658,977	-	-	13,983,165	6,602,800	791,626	-	-	7,394,426	6,588,739	5,518,922
Work in progress	645,733	2,166,191	(1,797,577)	-	-	1,014,347	-	-	-	-	-	1,014,347	645,733
Production assets	938,401	-	138,600	-	-	1,077,001	647,339	38,839	-	-	686,178	390,823	291,062
Vehicles	26,680	38,852	-	-	-	65,532	15,518	6,341	-	-	21,859	43,673	11,162
Gas pipeline	350,192	-	-	-	-	350,192	307,509	5,337	-	-	312,846	37,346	42,683
- Assets for the production of oil and gas Loma Negra and La Yesera Río Negro (1)													
Oil and gas wells	210,268	7,402	131,402	-	-	349,072	18,020	44,491	-	-	62,511	286,561	192,248
Work in progress	13,281	401,357	(131,402)	-	-	283,236	-	-	-	-	-	283,236	13,281
Production assets	47,953	-	-	-	-	47,953	3,987	5,674	-	-	9,661	38,292	43,966
- Assets for the production of oil and gas in Pampa del Castillo Chubut													
Oil and gas wells	-	677,211	491,674	-	-	1,168,885	-	119,135	-	-	119,135	1,049,750	-
Production assets	-	352,927	-	-	-	352,927	-	46,031	-	-	46,031	306,896	-
Work in progress	-	949,756	(491,674)	(6,697)	-	451,385	-	-	-	-	-	451,385	-
Transport	16,153,801	5,143,478	-	(6,697)	-	21,290,582	8,339,668	1,176,327	-	-	9,515,995	11,774,587	7,814,133

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EXHIBIT A

At April 30, 2019 and 2018

This exhibit is part of these consolidated financial statements

Property, plant and equipment (Cont´d)

Items	Original value						Depreciation					Net book value at 04.30.19	Net book value at 04.30.18
	At the beginning of the year	Additions	Completed works in progress	Retirements / Provisions	Revaluation	At the end of the year	Accumulated at the beginning of year	For the year	Retirements	Revaluation	Accumulated at year-end		
Transport	16,153,801	5,143,478	-	(6,697)	-	21,290,582	8,339,668	1,176,327	-	-	9,515,995	11,774,587	7,814,133
Other intangible assets:													
Central administration and plant administration													
Neuquén land and buildings (2)	613,495	24,264	-	-	139,307	777,066	33,647	1,602	-	-	35,249	741,817	579,848
Administration assets	109,590	2,083	-	-	-	111,673	82,314	9,721	-	-	92,035	19,638	27,276
Power station Agua del Cajón													
CT ADC (2)	18,060,239	-	129,585	-	717,346	18,907,170	9,616,600	753,101	-	-	10,369,701	8,537,469	8,443,639
Work in progress	85,146	153,957	(129,585)	-	-	109,518	-	-	-	-	-	109,518	85,146
- Eolic energy													
Work in progress	-	306	-	-	-	306	-	-	-	-	-	306	-
GLP Plant – Agua del Cajón													
GLP Plant (3)	1,174,502				670,249	1,844,751	901,560	28,912		513,617	1,444,089	400,662	272,942
Diadema Eolic Energy Farm (DEEF)													
DEEF (3)	502,980	4,843			129,594	637,417	178,679	23,584		53,827	256,090	381,327	324,301
Diadema Eolic Energy Farm (DEEF II)													
DEEF II	192,858	1,283,247				1,476,105						1,476,105	192,858
Hydrogen and oxygen plant													
Hydrogen and oxigen plant	257,464	11,784				269,248	96,074	12,157			108,231	161,017	161,390
Provision of hydrogen and oxygen plant	(161,390)			373		(161,017)						(161,017)	(161,390)
Total at April 30, 2019	36,988,685	6,623,962	-	(6,324)	1,656,496	45,262,819	19,248,542	2,005,404	-	567,444	21,821,390	23,441,429	
Total at April 30, 2018	32,596,356	2,905,973	-	7,709	1,478,647	36,988,685	16,890,716	1,467,045	(1,468)	892,249	19,248,542		17,740,143

(1) See Note 37
(2) See Note 6

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EXHIBIT C

At April 30, 2019 and 2018

This exhibit is part of these consolidated financial statements

INVESTMENTS

Securities issued in Series and Investments in other Companies

Issuer and characteristics of the securities	Class	Nominal Value	Quantity	Equity value at 04.30.2019	Book value at 04.30.2019	Book value at 04.30.2018	Information about the issuer Last financial statement							
							Principal activity	Closing date	Capital stock	Legal reserve	Free reserve	Unappropriated results	Shareholders' equity	% participation in capital stock
		$		$	$	$			$	$	$	$	$	
<u>Current assets</u>														
In foreign currency (Anexo G)														
Financial investments at fair value														
BONAR 2020			-	-	-	213,990	-	-	-	-		-	-	-
LETES 2018			-	-	-	771,342	-	-	-	-		-	-	-
Total financial investments at fair value				-	-	985,332	-	-	-	-		-	-	-

EXHIBIT D
At April 30, 2019 and 2018
This exhibit is part of these consolidated financial statements

OTHER INVESTMENTS

This exhibit is part of these consolidated financial statements

Principal account and characteristics	Book Value at 04.30.2019	Book Value at 04.30.2018
	$	$
Other current investments		
Cash and cash equivalents		
In local currency		
Financial instruments at fair value		
Mutual funds	735,493	2,762,001
In foreign currency (Exhibit G)		
Financial investments at depreciated cost		
Paid account	152,451	541,044
Time deposits	6,326,514	338,566
Financial instruments at fair value		
Mutual funds	1,338,403	2,550,596
Total other investments	8,552,861	6,192,207

EXHIBIT E

For the years beginning on May 1, 2018 and 2017 and ending on April 30, 2019 and 2018
This exhibit is part of these consolidated financial statements

PROVISIONS

Items	Balance at the beginning of year	(Recoveries) / Increases	Balance at the end of the year
	$	$	$
DEDUCTED FROM ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
In local currency			
Impairment of property, plant and equipment	161,390	(373)	161,017
Trade accounts receivable			
In local currency			
Provision for doubtful accounts	4,093	(1,466)	2,627
Total deducted from assets	165,483	(1,839)	163,644
INCLUDED IN LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions			
In local currency			
For lawsuits and fines	3,864	(1,384)	2,480
Total included in liabilities	3,864	(1,384)	2,480
Total provisions	169,347	(3,223)	166,124

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EXHIBIT F

For the years beginning on May 1, 2018 and 2017 and ending on April 30, 2019 and 2018

This exhibit is part of these consolidated financial statements

COST OF SALES

	04.30.2019	04.30.2018
	$	
Inventories and spare parts and materials at the beginning of year (1)	604,792	275,132
Plus:		
- Addition to warehouses	934,422	518,218
- Acquisition crude of resale	156,904	-
- Production cost (Exhibit H)	5,844,172	2,635,140
- Inventories due to third parties	8,424	-
Less:		
- Consumption	(727,416)	(160,259)
Inventories and spare parts and materials at year end(1)	(880,196)	(604,792)
Cost of sales	5,941,102	2,663,439

(1) Includes inventories and spare parts and materials net of advances to suppliers.

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EXHIBIT G
At April 30, 2019 and 2018
This exhibit is part of these consolidated financial statements

FOREIGN CURRENCY ASSETS AND LIABILITIES

Items	04.30.2019				04.30.2018				
	Class	Amount	Exchange rate	Amount in $	Class	Amount	Exchange rate	Amount in $	Amount in $ reexpressed
ASSETS									
NON-CURRENT ASSETS									
Spare parts and materials									
Sundry advances	US$	503	43.95	22,086	US$	768	20.44	15,703	24,465
Other accounts receivable									
Assignment of rights CAMMESA	US$	-	-	-	US$	625	20.44	12,768	19,891
Total Non-Current Assets				**22,086**				28,471	**44,356**
CURRENT ASSETS									
Spare parts and materials									
Sundry advances	US$	126	43.95	5,522	US$	192	20.44	3,926	6,117
Other accounts receivable									
Sundry advances	US$	619	43.95	27,197	US$	369	20.44	7,549	11,761
Intercompany receivables	US$	-	-	-	US$	7	20.44	137	214
Assignment of rights CAMMESA	US$	704	43.95	30,933	US$	816	20.44	16,670	25,971
Trade accounts receivable									
Intercompany receivables	US$	132	43.95	5,795	US$	136	20.44	2,789	4,344
For sale of energy	US$	18,767	43.95	824,825	US$	32,495	20.44	664,202	1,034,794
For sale of oil and others	US$	20,102	43.95	883,484	US$	5,206	20.44	106,415	165,790
Financial investments									
Financial instruments at fair value	US$		-	-	US$	30,942	20.44	632,454	985,332
Cash and cash equivalents									
Cash	US$	4	43.95	197	US$	221	20.44	4,509	7,075
Cash	€	3	49.26	127	€	4	24.72	99	104
Banks	US$	3,310	43.95	145,482	US$	756	20.44	15,463	24,090
Financial instruments at fair value	US$	30,453	43.95	1,338,403	US$	80,095	20.440	1,637,147	2,550,596
Financial investment at depreciated cost	US$	147,417	43.95	6,478,965	US$	27,622	20.44	564,592	879,610
Total Current Assets				**9,740,930**				**3,655,952**	**5,695,798**
Total assets				**9,763,016**				**3,684,423**	**5,740,154**
LIABILITIES									
NON-CURRENT LIABILITIES									
Trade accounts payable									
Suppliers	US$	5,867	44.15	259,038					
Sundry accruals	US$	13,007	44.15	574,270	US$	230	20.54	4,734	7,374
Financial liabilities									
Bank	US$	1,600	44.15	70,640	US$	2,400	20.54	49,296	76,801
Corporate bonds	US$	300,000	44.15	13,245,000	US$	300,000	20.54	6,162,000	9,600,095
Total Non-Current Liabilities				**14,148,948**				**6,216,030**	**9,684,270**
CURRENT LIABILITIES									
Trade accounts payable									
Suppliers	US$	21,790	44.15	962,031	US$	15,795	20.54	324,432	505,501
Suppliers	€	-	-	-	€	1	24.89	33	-
Intercompany suppliers	US$	-	-	-	US$	84	20.54	1,734	2,701
Sundry accruals	US$	9,615	44.15	424,484	US$	4,933	20.54	101,327	157,863
Financial liabilities									
Bank	US$	808	44.15	35,659	US$	809	20.54	16,624	25,900
Corporate bonds	US$	9,510	44.15	419,885	US$	9,510	20.54	195,344	304,336
Total Current Liabilities				**1,842,059**				**639,494**	**996,301**
Total Liabilities				**15,991,007**				**6,855,524**	**10,680,571**

EXHIBIT H

For the years commenced on May 1, 2018 and 2017 and ended on April 30, 2019 and 2018
This exhibit is part of these financial statements

INFORMATION REQUIRED BY SECT, 64, SUB-SECT, B) OF LAW No, 19550

Items	04.30.2019					04.30.2018				
	Production cost	Selling expenses	Administrative expenses	Preoperative expenses	Total	Production cost	Selling expenses	Administrative expenses	Preoperative expenses	Total
	$	$	$		$	$	$	$		$
Fees and other compensation	64,993	-	33,766	4,906	103,665	45,471	-	26,865	3,316	75,652
Salaries and social security contributions	748,261	-	234,677	-	982,938	577,685	-	238,840	-	816,525
Materials, spare parts and others	323,260	-	36	-	323,296	106,685	-	44	-	106,729
Operation, maintenance and repairs	876,647	-	51,586	-	928,233	271,864	-	44,187	-	316,051
Fuel, lubricants and fluids	355,131	-	-	-	355,131	36,607	-	-	-	36,607
Transportation, freight and studies	78,452	-	4,300	-	82,752	26,427	-	3,176	-	29,603
Depreciation of Property, plant and equipment	1,994,081	-	11,323	-	2,005,404	1,458,745	-	8,300	-	1,467,045
Office, travel and representation expenses	17,263	-	20,273	824	38,360	8,511	-	1,603	226	10,340
Taxes, rates, contributions, insurance and rental	97,389	-	49,346	89	146,824	73,133	-	59,150	-	132,283
Acquisition of electricity from CAMMESA	117	-			117	85	-	-	-	85
Transport of gas expenses	51,122	-	-	-	51,122	29,927	-	-	-	29,927
Third party gas acquisition	1,237,456	-	-	-	1,237,456	-	-	-	-	-
Royalties	-	1,160,810	-	-	1,160,810	-	699,088	-	-	699,088
Cost of transport and energy deliveries	-	102,068	-	-	102,068	-	118,357	-	-	118,357
Export withholding	-	310,480	-	-	310,480		-	-	-	-
Turnover tax	-	315,930	-	-	315,930	-	239,048	-	-	239,048
Commissions and other	-	9,793	-	-	9,793	-	5,954	3,968	1,333	11,255
Bank charges	-	-	138,722	5,120	143,842	-	-	83,271	-	83,271
Total	5,844,172	1,899,081	544,029	10,939	8,298,221	2,635,140	1,062,447	469,404	4,875	4,171,866

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SUMMARY OF ACTIVITY

REFERRED TO THE CONSOLIDATED FINANCIAL STATEMENTS OF

CAPEX S.A. AS OF APRIL 30, 2019

(figures expressed in thousands of pesos)

a) Comments on the comprehensive results and consolidated financial position at April 30, 2019 (Not covered by the auditors report on the consolidated financial statements).

Consolidated Statement of Comprehensive Results

	04/30/2019	04/30/2018	Variation	
Sales	13,711,817	7,292,234	6,419,583	88.0%
Cost of Sales	(5,941,102)	(2,663,439)	(3,277,663)	123.1%
Gross Profit	**7,770,715**	**4,628,795**	**3,141,920**	**67.9%**
Preoperative expenses	(10,939)	(4,875)	(6,064)	124.4%
Selling Expenses	(1,899,081)	(1,062,447)	(836,634)	78.7%
Administrative Expenses	(544,029)	(469,404)	(74,625)	15.9%
Other operating (expenses) / income, net	(4,362)	634	(4,996)	-788.0%
Operating result	**5,312,304**	**3,092,703**	**2,219,601**	**71.8%**
Financial Income	5,769,852	2,188,812	3,581,040	163.6%
Financial Costs	(11,346,434)	(3,840,040)	(7,506,394)	195.5%
Other Financial Income	373	9,618	(9,245)	-96.1%
Other financial results RECPAM	1,984,153	647,712	1,336,441	206.3%
Result before income tax	**1,720,248**	**2,098,805**	**(378,557)**	**-18.0%**
Income tax	(326,238)	(88,215)	(238,023)	269.8%
Net result of the year	**1,394,010**	**2,010,590**	**(616,580)**	**-30.7%**
Other Comprehensive Income	804,300	568,719	235,581	41.4%
Comprehensive Result for the Year	**2,198,310**	**2,579,309**	**(380,999)**	**-14.8%**

For the purpose of analyzing the variations, it should be taken into account that the balances as of April 30, 2018 set forth below arise from re-expressing the amounts of the balances at said date in currency of April 30, 2019.

The performance of the results as of April 30, 2019 with respect to April 30, 2018 was as follows:

- Gross profit amounted to $ 7,770,715, in the year ended April 30, 2019, representing 56.7% of net sales, compared to $ 4,628,795 or 63.5% of net sales at April 30, 2018. Gross profit increased by 67.9%.
- The operating result for the year ended April 30, 2019 amounted to $ 5,312,304 (profit) compared to $ 3,092,703 (profit) for the previous year, representing an increase of 71.8%.
- The net result amounted to $ 1,394,010 (profit), in the year ended April 30, 2019, compared to $ 2.010.590 (profit) for the previous year, representing a decrease of 30.7%.
- Other comprehensive results amounted to $ 804,300 (profit), as a result of the revaluation for certain assets of Property, plant and equipment net of the tax effect, recorded in the year.
- The comprehensive result for the year was of $ 2,198,310 thousand (profit) in the year ended April 30, 2019, compared to $ 2,579,309 thousand (profit) for the previous year, representing a decrease of 14.8%.

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Sales

Thousand $

Product	04/30/2019	04/30/2018	Variation	
Energy				
Energy CT ADC [1]	7,718,174	5,265,627	2,452,547	46.6%
Energy DEEF	143,961	119,047	24,914	20.9%
Façon Service of electric energy	11,931	10,661	1,270	11.9%
Gas	-	211,761	(211,761)	-100.0%
Stimulus Gas Program	775,175	-	775,175	100.0%
Oil	4,393,813	1,180,500	3,213,313	272.2%
Propane	370,241	289,329	80,912	28.0%
Butane	220,611	183,451	37,160	20.3%
Oxygen	5,385	4,297	1,088	25.3%
Services	72,526	27,561	44,965	163.1%
Total	**13,711,817**	**7,292,234**	**6,419,583**	**88.0%**

(1) As of April 30, 2019 and 2018, it includes the income generated by the gas produced by the ADC, Loma Negra and La Yesera areas, consumed in the ADC CT and paid by CAMMESA under the concept of Fuel Recognition. Likewise, as of November 2018, the third party gas redirected by CAMMESA and consumed in the CT ADC is included in this item.

Sales for the year ended on April 30, 2019 increased by 88.0% compared with the previous year. The evolution of each product was as follows:

a) Energy:

The income generated by CT ADC operations measured in pesos increased by $ 2,452,547, representing an increase of 46.6%, from $ 5,265,627 as of April 30, 2018 to $ 7,718,174 as of April 30, 2019. This variation was mainly due to:

(i) an increase of 34.6% of the average sales price recorded on the GW sold from an average $ / GWh 573.6 during the year ended April 30, 2018 to an average $ / GWh 771.8 in the year ended April 30, 2019, as a result of the increment in the price of the remunerated power, according to the rate schedule implemented under ES Resolution 19 E/2017 and the rise in the US dollar exchange rate, compared to inflation. ES Resolution 19 E/2017, effective from February 2017 to February 2019, contemplated gradual increases in the prices of the remunerated power in May and November 2017. As from March 2019 and after the entry into force of SRRME Resolution 1/2019, lower prices were set for energy and power, which involved a 4% drop in revenues.

(ii) A 44.2% increase in the remuneration in pesos, recognized by CAMMESA for the generators, for the gas consumed at the CT ADC and produced in the ADC, Loma Negra and La Yesera areas. Effective November 2018, the remuneration for gas redirected from third parties as fuel was included because CAMMESA ceased to supply it. This increase was caused by the 40% rise in the remunerated volume (including gas supplied by third parties), the rise in the US dollar exchange rate, compared to inflation, offset by a fall in the gas reference price per million BTU for thermal power plants in the Neuquen Basin, from US$ 5.53 (Resolution 41/46 of the Ministry of Energy and Mining) to an annual average of US$ 3.72 for the fiscal year 2018-2019, as a result of the application of maximum prices pursuant to Resolution 46/2018 of the Ministry of Energy and the auctions by CAMMESA for the purchase of natural gas for electricity generation as from September 2018. Revenue from such remuneration is included in the Oil and gas segment (Note 5 to the Consolidated Financial Statements). Self-supplied gas consumed by the CT ADC recorded a slight increase of 4.0%.

The generation of the ADC CT increased by 10.6% compared to the previous year due to the greater availability of gas

DEEF energy sales measured in pesos increased by $ 24,914, representing an increment of 20.9%, from $ 119,047 for the year ended April 30, 2018 to $ 143,961 for the year ended April 30, 2019 Sales measured in GWh were 27.9 and 31.8 as of April 30, 2019 and 2018 respectively. The average sales price was $ 5,152.6 and $ 3,743.6 as of April 30, 2019 and 2018, respectively. The increase in the price was due to the greater evolution of the price of the US dollar with respect to the evolution of inflation.

b) Façon Service of electric energy

Façon services for the generation of electricity with natural gas and hydrogen measured in pesos increased by $ 1,270 thousand, representing a rise of 11.9%, from $ 10,661 as of April 30, 2018 to $ 11,931 as of April 30, 2019. This increment is due to the 25% increase in the rate sold in pesos, as a result of the greater evolution of the price of the US dollar with respect to the evolution of inflation, currency in which the price of this service is fixed, offset by a 11% decrease in the volume sold, given maintenance work during the months of August and September 2018.

Capex S.A.

c) Gas

Gas production increased slightly, by 4.3%, from 557,353 thousand m3 as of April 30, 2018 to 581,587 thousand m3 as of April 30, 2019. Taking into account the natural decline of the field, Capex has been supporting the level of gas production through the investments made, encouraged mainly by stimulus programs and the development of reserves with better productivity. As of November 2017, Capex incorporated gas production from its participation in the Consortia with concessions in the Loma Negra and La Yesera areas in the Province of Río Negro with an average of 250 thousand m3 per day in the period January-April 2019.

At April 30, 2019, Capex has used 100% of gas production for electricity generation at the CT ADC and for the operation of the LPG Plant. Under the Incentive Program for Investments in the Development of Gas Production from Unconventional Reservoirs, the Company has submitted the sworn statements relating to the Agua del Cajón area for the periods January 2018-March 2019 and the bond insurance policies, in order to request payment under the program. The Ministry of Energy has authorized the interim payment equivalent to 85% of the economic compensation requested for the period January - December 2018 for an approximate amount of $ 363.8 million (expressed at historical currency). The Company has recorded in the Sales item the total incentive that meets the conditions established in Resolution 419 E / 2017, the amount of which amounted to $ 775.2 million corresponding to the production of the months January 2018 to March 2019.

In the fiscal year ended April 30, 2018, Capex, under the “Gas Plus” program, sold $ 211,761 corresponding to the delivery of 32,814, (thousands of m3 at an average price of US $ / m3 0,21015 (or US $ 5, 7 million btu). The rest of the gas was used for the generation of electric power in the ADC CT and in the operation of the LPG plant.

d) Oil:

Oil sales increased by $ 3,213,313, representing an increase of 272.2%. This increase was due to:

i) oil exports, from the participation in the concession of the Pampa del Castillo - La Guitarra area in the Province of Chubut, of 155,731 m3 (979,516 bbl) at an average sale price of $ / bbl 1,795.3; and
ii) an increase of 35.4% in the local sale of oil due to a 39.5% increment in the average price in pesos, due to the rise in the average price in dollars agreed between the parties and the greater evolution of the price of the US dollar regarding the evolution of inflation, all offset by a decrease in m3 sold, from 98,003 m3 as of April 30, 2018 to 95,126 m3 as of April 30, 2019

It should be noted that, taking into account the evolution of the international price of crude oil with the need for a local price that allows to develop the production activity and the impact of the exchange rate on the final prices of fuels in the supplier, producers and refiners regularly negotiate a scheduled convergence of domestic product prices with the international value of the same.

Oil production increased by 264,9%. from 61,294 m3 as of April 30, 2018 to 223,685 m3 as of April 30. 2019, due to the results obtained from the stimulation of some wells and to the incorporation of oil production from;

i) the participation, as of November 2017, in the Consortia with concessions in the Loma Negra and La Yesera areas in the Province of Río Negro, of an average of approximately 62 m3 per day in the period May 2018-April 2019, and
ii) the participation in the concession of the Pampa del Castillo - La Guitarra area in the Province of Chubut, as of August 1, 2018, of an approximate average of 577 m3 per day in the period August 2018-April 2019.

e) Propane. butane and gasoline:

- Sales of propane increased by $ 80,912 thousand or 28.0% from $ 289,329 thousand as of April 30, 2018 to 370,241 thousand as of April 30, 2019, including the income from the “Propano Sur Program”.

The rise in sales is the result of an increase in the average sales price of 32.8% going from average $ / tn 13,522.6 as of April 30, 2018 to average $ / tn 17,959.8 as of April 30, 2019, as a result of higher international prices and the greater evolution of the price of the US dollar with respect to the inflation evolution. The volume sold decreased by 3.6%.

- Butane sales increased by $ 37,160 or 20.3%, from $ 183,451 as of April 30, 2018 to $ 220,611 as of April 30, 2019. This increase was due to a rise in the average price in sales pesos of 24.6%, from average $ / tn 12,978.5 as of April 30, 2018 to $ average / tn 16,171.5 as of April 30, 2019, as a result of higher international prices and the greater evolution of the price of the US dollar regarding the evolution of inflation. The volume sold had a decrease of 3.6%.

- No sales of gasoline were recorded at April 30, 2019 and 2018 because the production of 27,333 m3 and 28,102 m3. respectively, were blended and sold with oil for market reasons.

f) Oxygen:

Hychico sold 126,175 m3 and 127,113 m3 of oxygen for a total of $ 5,385 and $ 4,297 in the years ended April 30, 2019 and 2018, respectively. This increase in sales was caused by a rise in the sale price in pesos as a result of the greater evolution of the price of the US dollar with respect to the evolution of inflation, offset by a decrease in the volume sold of 0.7%.

g) Services:

It corresponds to the participation of 37.5% over the income for the services provided by the Loma Negra Consortium for the treatment of crude oil and the gas readiness as of November 2017.

Cost of sales

	04/30/2019	04/30/2018	Variation	
Fees and other compensations	(64,993)	(45,471)	(19,522)	42.9%
Salaries and social security contributions	(748,261)	(577,685)	(170,576)	29.5%
Materials, spare parts and others	(323,260)	(106,685)	(216,575)	203.0%
Operation, maintenance and repairs	(876,647)	(271,864)	(604,783)	222.5%
Fuel, lubricants and fluids	(355,131)	(36,607)	(318,524)	870.1%
Transportation, freight and studies	(78,452)	(26,427)	(52,025)	196.9%
Depreciation of property, plant and equipment	(1,994,081)	(1,458,745)	(535,336)	36.7%
Office, travel and representation expenses	(17,263)	(8,511)	(8,752)	102.8%
Taxes, rates. Contributions, rents and insurance	(97,389)	(73,133)	(24,256)	33.2%
Acquisition of electricity from CAMMESA	(117)	(85)	(32)	37.6%
Gas transportation costs	(51,122)	(29,927)	(21,195)	70.8%
Acquisition of third party gas	(1,237,456)	-	(1,237,456)	100.0%
Acquisition of oil	(156,904)	-	(156,904)	100.0%
Stock production cost	59,974	(28,299)	88,273	-311.9%
Cost of Sales	**(5,941,102)**	**(2,663,439)**	**(3,277,663)**	**-123.1%**

The cost of sales as of April 30, 2019 amounted to $ 5,941,102 (43.3 % of sales), while as of April 30, 2018 it amounted to $ 2,663,439 (36.5% of net sales).

The 123,1% increase in the cost of sales was mainly explained by:

- the higher depreciation charge for the assets related to the exploitation of oil and gas, the CT ADC, DEEF and the LPG Plant for $ 535.336 thousand, as a consequence of the increase in investments made in the areas, the incorporation of new areas and the updating of the technical revaluation of certain goods made in the years ended April 30, 2018 and 2019.
- an increase in labor costs of $ 170,576, mainly as a result of the incorporation of personnel to carry out the operation of the Pampa del Castillo - La Guitarra area as of August 1, 2018.
- an increase in costs of Materials, spare parts and others for $ 216,575 and of the costs of operation, maintenance and repairs for $ 604,783, as a result of the higher activity generated by the incorporation of the areas of Loma Negra, La Yesera and Pampa del Castillo - La Guitarra and the increase in service rates throughout the year,
- an increment in the costs of fuels, lubricants and fluids by $ 318,524, as a result of the increase in the activity in the deposits, the rise in prices and the increase in the rate of the trust fund for residential consumption of gas related to production of LPG
- the purchase of gas from third parties for $ 1,237,456 since effective since November 2018 CAMMESA stopped supplying gas to electric power plants, and now they have to buy it in the market, and
- the purchase of oil for $156,904, under the Joint Operation Agreement that governs the operation of the Pampa del Castillo-La Guitarra area.

Preoperating expenses

Preoperating expenses include fees for professional services, bank charges, costs and taxes for the construction of the Wind Farm Diadema II.

Selling expenses

	04/30/2019	04/30/2018	Variation	
Royalties	(1,160,810)	(699,088)	(461,722)	66.0%
Cost of transport and energy deliveries	(102,068)	(118,357)	16,289	-13.8%
Export duties	(310,480)	-	(310,480)	100.0%
Turnover tax	(315,930)	(239,048)	(76,882)	32.2%
Commissions and other	(9,793)	(5,954)	(3,839)	64.5%
Selling expenses	**(1,899,081)**	**(1,062,447)**	**(836,634)**	**78.7%**

Selling expenses amounted to $ 1,899,081 as of April 30, 2019, representing 13.8% of sales, while as of April 30, 2018 they amounted to $ 1,062,447 thousand, representing 14.6% of sales.

The 78.7% increase was mainly due to the increase of:

a) royalties associated with oil due to: i) increased production due to the incorporation of participations in the Consortia of Loma Negra, La Yesera and the Pampa del Castillo - La Guitarra joint venture, ii) an increase of 3% in the average oil price in dollars and iii) the greater evolution of the price of the US dollar with respect to the evolution of inflation,

b) royalties associated with gas, generated by: i) the increase in production due to the incorporation of participations in the Loma Negra and La Yesera Consortia, and ii) the greater evolution of the price of the US dollar with respect to the evolution of inflation, and

c) the payment of export duties as a result of the export of oil from the Pampa del Castillo - La Guitarra area..

All this was offset by the lower energy dispatch and transportation expenses accrued by CAMMMESA as a result of the rate and price adjustment that did not accompany inflation.

Administrative expenses

	04/30/2019	04/30/2018	Variation	
Fees and other compensations	(33,766)	(26,865)	(6,901)	25.7%
Salaries and social security contributions	(234,677)	(238,840)	4,163	-1.7%
Materials, spare parts and others	(36)	(44)	8	-18.2%
Operation. maintenance and repairs	(51,586)	(44,187)	(7,399)	16.7%
Transportation. freight and studies	(4,300)	(3,176)	(1,124)	35.4%
Amortization of property. plant and equipment	(11,323)	(8,300)	(3,023)	36.4%
Office. travel and representation expenses	(20,273)	(1,603)	(18,670)	1164.7%
Taxes. rates. Contributions, rents and insurance	(49,346)	(59,150)	9,804	-16.6%
Comissions and others	-	(3,968)	3,968	100.0%
Bank charges	(138,722)	(83,271)	(55,451)	66.6%
Administrative expenses	**(544,029)**	**(469,404)**	**(74,625)**	**15.9%**

Administrative expenses were $ 544,029 as of April 30, 2019, representing 4.0% of sales, while as of April 30, 2018 they were $ 469,404, representing 6.4%. The increase was $ 74,625, representing 15.9%. This increment is mainly due to: i) bank expenses as a result of the higher bank debit and credit tax given the higher expenses and income received by the Group; and ii) Operating, maintenance, repair, office, travel and representation expenses, including expenses related to the operation of the Pampa del Castillo – La Guitarra area. All this was offset by a decrease in taxes, rates, contributions, rental and insurance.

Other operating (expenses) / income. net

	04/30/2019	04/30/2018	Variation	
Sales of vehicles	2,082	562	1,520	270.5%
Exclusivity rights	(22,075)	-	(22,075)	100.0%
Not computable assessments	(1,886)	-	(1,886)	100.0%
Income from charges for indirect administrative services consortia /Joint Ventures	23,144	4,607	18,537	402.4%
Sundry	(5,627)	(4,535)	(1,092)	24.1%
Other operating (expenses) / income. net	(4,362)	634	(4,996)	-788.0%

Other (expenses) / net operating income as of April 30, 2019 were negative for $ 4,362 and as of April 30, 2018 were positive for $ 634. This decrease was mainly due to the charge to the results of exclusive rights that did not prosper, partially offset by the services provided by the Company as operator of the Consortiums and Joint Ventures.

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Financial results

	04/30/2019	04/30/2018	Variation	
Financial income	5,769,852	2,188,812	3,581,040	163.6%
Financial costs	(11,346,434)	(3,840,040)	(7,506,394)	195.5%
Other financial results	373	9,618	(9,245)	-96.1%
Other financial results RECPAM	1,984,153	647,712	1,336,441	206.3%
Financial results	**(3,592,056)**	**(993,898)**	**(2,598,158)**	**261.4%**

a) Financial income

	04/30/2019	04/30/2018	Variation	
Exchange difference	5,347,873	1,538,212	3,809,661	247.7%
Interest and others	420,668	646,846	(226,178)	-35.0%
Interest accrued on receivables	1,311	3,754	(2,443)	-65.1%
Financial Income	**5,769,852**	**2,188,812**	**3,581,040**	**163.6%**

Financial income as of April 30, 2019 showed a balance of $ 5,769,852, while as of April 30, 2018 they were $ 2,188,812, representing an increase of 163.6%. The main causes of the $ 3,581,040 rise were:

- The variation of the exchange difference as a result of the greater evolution of the price of the US dollar with respect to the evolution of inflation, calculated on investments in foreign currency. The variation at nominal values of the price of the US dollar between April 2018 and April 2019 was 115%, while between April 2017 and April 2018 it was of 33.4%.

- The variation of interest and other accrued results correspond mainly to the result generated by investments in term deposits and to a lesser extent to mutual funds and the holding of securities.

- The variation in the accrual of interest on loans corresponds mainly to the result generated by the update of the value of the long-term loans of Hychico.

b) Financial costs

	04/30/2019	04/30/2018	Variation	
Exchange difference	(10,163,623)	(3,024,546)	(7,139,077)	236.0%
Interest and other	(1,153,113)	(806,981)	(346,132)	42.9%
Interest accrued from receivables and payables	(29,698)	(8,513)	(21,185)	248.9%
Financial Costs	**(11,346,434)**	**(3,840,040)**	**(7,506,394)**	**195.5%**

Financial costs at April 30, 2019 showed a negative balance of $ 11,346,434, while at April 30, 2018 they were negative by $ 3,840,040, representing an increase in costs of 195.5 %. The main cause of the variation of $ 7,506,394 thousands is:

- The largest losses due to exchange differences as a result of the greater evolution of the price of the US dollar with respect to the evolution of inflation; The variation at nominal values in the price of the US dollar between April April 2018 and April 2019 was 115%, while between April 2017 and April 2018 it was of 33.4%. The Group owns 99.5% of its financial debt in US dollars, with which the variation in the price of said currency generates a significant impact on economic results and equity.

The financial debts to which we refer are the following:

- Corporate Bonds Class II for US$ 300 million due May 2024, at a fixed rate of 6.875%, payable semiannually.
- Secured loan for US$ 14 millions with the CII, destined for construction of Hychico Diadema Eolic Energy Farm, accruing interest at variable rates equivalent to LIBO plus a nominal annual rate of 4.5% (as from April 2018) payable semiannually. As of April 30, 2019, the capital owed amounts to US $ 2,4 millions.

- The variation of interest and other accrued results corresponds, mainly, to the accrual of interest for the Negotiable Obligations, for the loan with the IIC and for the financing for the maintenance of the CT ADC. The increase in the price of the US dollar generated a greater accrual of interest in pesos.
- The accrual of interest on loans and debts corresponds to the result generated by the update of the value of the provision for abandonment of wells increased by the incorporation of new areas

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Other financial results RECPAM

	04/30/2019	04/30/2018	Variation	
Other Financial results RECPAM	**2,034,092**	**647,712**	**1,386,380**	**214.0%**

This item shows the result by exposure to changes in the purchasing power of the currency.

Income tax

	04/30/2019	04/30/2018	Variation	
Income tax	**(326,238)**	**(88,215)**	**(238,023)**	**269.8%**

Income tax as of April 30, 2019 showed a negative balance of $326.238, mainly for the special tax for Tax Revaluation and the tax for the adjustment for tax inflation art 95, net of the gain due to the effect of the tax revaluation of Property, plant and equipment.

Other comprehensive income

	04/30/2019	04/30/2018	Variation	
Other comprehensive income	**804,300**	**568,719**	**235,581**	**41.4%**

Other comprehensive income as of April 30, 2019 amounted to $ 804,300, because the Company has applied the revaluation model for certain assets within Property, plant and equipment and during the years ended April 30, 2019 and 2018, it has updated the fair values of said assets up to the limit of their recoverable values.

The portion of total other comprehensive income for $ 804,300 attributable to the Company is $ 789,977 and is accumulated in the Reserve for revaluation of assets, in the Statement of Changes in Shareholders' Equity. The amount as of April 30, 2019 for that reserve is $ 1,327,945 which, as set forth in the Restated Text of the CNV, 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.

Consolidated Financial Statements

	04/30/2019	04/30/2018	Variation	
Property. plant and equipment	23,441,429	17,740,143	5,701,286	32.1%
Financial instruments at fair value	-	985,332	(985,332)	-100.0%
Spare parts and materials	897,788	628,627	269,161	42.8%
Net deferred tax assets	12,548	11,026	1,522	13.8%
Other receivables	907,670	201,352	706,318	350.8%
Trade receivables	1,788,191	1,286,605	501,586	39.0%
Inventories	10,016	6,747	3,269	48.5%
Cash and cash equivalents	8,737,349	6,247,209	2,490,140	39.9%
Total Assets	**35,794,991**	**27,107,041**	**8,687,950**	**32.1%**
Total shareholders' equity attributable to shareholders	13,839,066	11,664,531	2,174,535	18.6%
Non-controlling interest	86,188	62,413	23,775	38.1%
Total shareholders' equity	**13,925,254**	**11,726,944**	**2,198,310**	**18.7%**
Trade accounts payable	3,925,788	1,288,856	2,636,932	204.6%
Financial liabilities	13,750,838	10,082,339	3,668,499	36.4%
Net deferred tax liabilities	2,683,957	3,392,592	(708,635)	-20.9%
Taxes payable	1,125,239	361,152	764,087	211.6%
Provisions and other charges	2,480	3,864	(1,384)	-35.8%
Salaries and social security contributions	208,519	151,533	56,986	37.6%
Other liabilities	172,916	99,761	73,155	73.3%
Total Liabilities	**21,869,737**	**15,380,097**	**6,489,640**	**42.2%**
Total Shareholders' equity and liabilities	**35,794,991**	**27,107,041**	**8,687,950**	**32.1%**

Total assets as of April 30.2019 increased by $ 8,687,950 thousand. which represents a variation of 32,1 % compared to April 30. 2018.

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The main reasons for this variation are listed below:

(i) Property, plant and equipment: increase of $ 5,701,286, due to the effect of: i) the technical revaluations of certain assets registered during the year as of April 30, 2019, ii) the investments made, iii) the acquisition of the Pampa del Castillo - La Guitarra area, and iii) and investments in the construction works of DEEF II, iv) all net of depreciation for the year.

(ii) Financial investments at fair value: decrease of $ 985,332, destined to the investments made in the acquisition of new areas and the expenses for the construction of the DEEF II.

(iii) Spare parts and materials: increase of $ 269,161, due to the net evolution of the income and consumption of the stocks due to the major maintenance of the CT ADC and the materials coming from the operation of the Pampa del Castillo - La Guitarra area.

(iv) Net assets for deferred tax: increase of $ 1,522 for the generation of tax losses in E G WIND.

(v) Other accounts receivable: an increase of $ 706,318, mainly due to the accrual of the unconventional gas stimulus program, the VAT credit position of E G WIND and Capex.

(vi) Trade accounts receivable: an increase of $ 501,586, due to: i) increase in the amounts and sale price of crude oil and ii) for the credits nominated in US dollars, the increase in the quotation of this currency.

(vii) Cash and cash equivalents: increase of $ 2,490,140 mainly due to the higher net flows generated by: i) increases in sales due to the increase in prices and the variation in the quotation of the US dollar, and ii) the increase in financial investments in foreign currency given the variation in the quotation of the US dollar, offset by i) the payment for the acquisition of the Pampa del Castillo - La Guitarra shares, ii) the investments made in Property, plant and equipment , iii) the expenditures for the construction of the DEEF II and iv) the payment of the fee corresponding to Hychico's loan with the IIC.

Total liabilities as of April 30. 2019 increased by $ 6,489,640 which represents a variation of 42.2 % in comparison with April 30. 2018.

The main reasons for this variation are listed below:

(i) Commercial accounts payable: an increase of $ 2,636,932, mainly due to: i) the greater purchases of materials and gas for supply of the CT ADC, ii) the effect of the quotation of the US dollar on suppliers in foreign currency , iii) the greater commercial liabilities and provision for abandonment of wells as a result of the increase in activity in Agua del Cajón and of the activity resulting from the incorporation of the participation in the Joint Ventures Pampa del Castillo - La Guitarra, iv) the outstanding balance pending cancellation for the acquisition of Pampa del Castillo - La Guitarra and v) commercial liabilities resulting from the construction of the DEEF II.

(ii) Financial debts: increase of $ 3,668,499, generated by: the increase in the quotation of the US dollar, causing the greater valuation of foreign currency liabilities, offset by the capital payments of the loan with the IIC by Hychico and compensation related to early financing for maintenance of the CT ADC.

(iii) Tax payables: an increase of $764,087 as a result of the accrual of the special tax on revaluation and tax adjustment for inflation, pursuant to Section 95.

(iv) Deferred tax liability: decrease of $ 708,635 as a result of the application of the tax revaluation, the adjustment for tax inflation and the effect of the gradual reduction of the income tax rate, introduced by the Tax Reform promulgated on 29 December 2017.

(v) Remuneration and social charges: increase of $ 56,986, as a result of the increase in the payroll of the Company due to the incorporation of new businesses.

(vi) Other debts: increase of $ 73,155 as a result of the increase in royalties due to higher production, the increase in the exchange rate and the incorporation of new areas.

Property, plant and equipment revaluation surplus. Restriction on the distribution of profits.

In accordance with the provisions of CNV Resolution No. 777/18 when, by application of the inflation adjustment established in the accounting standards, the revaluation balance would have been reclassified to unappropriated retained earnings/accumulated losses at the transition date, and in the event that the latter were positive, the entities must set up a special reserve for an amount equivalent to the revaluation balance determined in real terms at that date, that is, resulting from comparing the residual value adjusted for inflation with the revalued residual value. The special reserve may be reversed following the mechanism established in the applicable accounting standards for companies that use the revaluation model as a measurement criterion.

Based on the foregoing, and in accordance with IAS 29, the Company charged to retained earnings the revaluation surplus mentioned above for $ 3,017,202 at the transition date. As of April 30, 2019, following the guidelines established in Resolution 777/18, there in a restriction on the distribution of unappropriated retained earnings equivalent to the amount of the special reserve, reversed in accordance with the guidelines of the aforementioned rules, for $ 2,768,346, ad referendum of the Shareholders' Meeting that considers the financial statements as of April 30, 2019.

Oil and gas reserves (information not covered by the independent auditors report on the consolidated financial statements)

- Agua del Cajón

The estimate of hydrocarbon reserves of Agua del Cajón area as of December 31, 2018 was certified by the independent auditor, Héctor Alberto López, according to the requirements established in Res. SEN 324/06 and having as concession expiration horizon January 2052:

Products		Reserves					Resources
		Proven			Probable	Possible	
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	4,126	1,208	5,334	797	653	15,315
Oil	Mbbl	1,774	1,094	2,868	1,730	1,736	3,730
	Mm^3	282	174	456	275	276	593

(1) Expressed in 9.300 $kcal/m^3$

- Loma Negra

The estimate of hydrocarbon reserves and resources in the Loma Negra area at December 31. 2018 was audited by the independent auditor. Licenciado Héctor A. López. in compliance with the requirements of ES Resolution 324/06 and having as expiration horizon December 2024 with the following values:

Products		Reserves					Resources
		Proven			Probable	Possible	
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	972	6	978	238	-	766
Petróleo	Mbbl	1,585	327	1,912	50	-	755
	Mm^3	252	52	304	8	-	120

(1) expressed in 9.300 Kcal por m^3

The Company owns 37.5% of said reserves.

- La Yesera

The estimate of hydrocarbon reserves in the La Yesera area as of December 31, 2018 was certified by the independent auditor, Lic. Héctor Alberto López, according to the requirements established in Res. SEN 324/06 and having as expiration horizon December 2024 with the following values:

Products		Reserves					Resources
		Proven			Probable	Possible	
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	235	26	261	-	-	236
Petróleo	Mbbl	1,145	365	1,510	-	-	3,007
	Mm^3	182	58	240	-	-	478

(1) expressed in 9.300 Kcal por m^3

Capex owns 18.75% of said reserves.

- Pampa del Castillo – La Guitarra

The estimate of hydrocarbon reserves for the Pampa del Castillo-La Guitarra area at December 31, 2018 was certified by the independent auditor Ana Maria Nardone, as per the requirements of ES Resolution 324/06 and having as expiration horizon October 2026 with the following values:

Products		Reserves					
		Proven			Probable	Possible	Resources
		Developed	Non-developed	Total			
Gas	MMm^3 (1)	26	28	54	5	4	-
Petróleo	Mbbl	7,246	7,560	14,806	1,365	1,044	-
	Mm^3	1,152	1,202	2,354	217	166	-

(1) expressed in 9.300 Kcal por m^3

Capex has a 95% interest in the concession that owns these reserves.

b) Asset structure

	04/30/2019 (a)	04/30/2018
Current Assets	11,640,950	8,839,130
Non-Current Assets	24,154,041	18,267,911
Total Assets	**35,794,991**	**27,107,041**
Current Liabilities	4,244,134	2,107,236
Non-Current Liabilities	17,625,603	13,272,861
Total Liabilities	**21,869,737**	**15,380,097**
Shareholders' equity attributable to shareholders	13,839,066	11,664,531
Non-Controlling interest	86,188	62,413
Total Shareholders' Equity	**13,925,254**	**11,726,944**
Total Shareholders' Equity and Liabilities	**35,794,991**	**27,107,041**

(a) Information consolidated with SEB, Hychico and E G WIND, according to financial information as of April 30, 2019 and 2018

c) Results Structure

	04/30/2019 (a)	04/30/2018
Operating result	5,312,304	3,092,703
Financial income	5,769,852	2,188,812
Financial costs	(11,346,434)	(3,840,040)
Other financial income	373	9,618
Other financial income RECPAM	2,034,092	647,712
Result before Income Tax	**1,770,187**	**2,098,805**
Tax on assets		
Income tax	(376,177)	(88,215)
Net result for the year	**1,394,010**	**2,010,590**
Other comprehensive income	804,300	568,719
Comprehensive result for the year	**2,198,310**	**2,579,309**

(a) Information consolidated with SEB, Hychico and E G WIND, according to financial information as of April 30, 2019 and 2018

Capex S.A.

d) **Cash flow Structure**

	04/30/2019 (a)	04/30/2018
Net cash flows provided by operating activities	5,596,607	3,398,267
Net cash flows used in investment activities	(3,845,648)	(2,247,676)
Net cash flow (used) / generated by financing activities	(1,046,056)	2,478,473
Net increase in cash, cash equivalents and bank overdrafts	**704,903**	**3,629,064**

(a) Information consolidated with SEB, Hychico and E G WIND, according to financial information as of April 30, 2019 and 2018

e) **Statistical Data (information not covered by the auditors report on the financial statements)**

OIL					
	04/30/2019	04/30/2018	04/30/2017	04/30/2016	04/30/2015
	Consolidated Information				
Production in bbl	1,406,936	385,528	298,093	262,554	224,064
Sales domestic market bbl	598,325	616,420	477,218	467,932	426,406
Sales in the foreign market bbl	979,516	-	-	-	-
Production in m^3	223,685	61,294	47,393	41,743	35,623
Sales in the domestic market m^3 (1) (4)	95,126	98,003	75,872	74,395	67,793
Sales in the foreign market bbl	155,731	-	-	-	-

GAS (thousands of m^3)					
	04/30/2019	04/30/2018	04/30/2017	04/30/2016	04/30/2015
	Consolidated information				
Production	581,587	557,353	566,840	558,002	553,307
Redirected by CAMMESA – ES Resolution 95/13 /Purchase	659,148	574,893	527,689	455,302	419,390
Sales in the domestic market	-	32,814	4,186	61,632	28,837

ENERGY AGUA DEL CAJON (thousands of MWh)					
	04/30/2019	04/30/2018	04/30/2017	04/30/2016	04/30/2015
	Consolidated information				
Production	4,784	4,326	4,344	3,672	3,636
Sales in the local market	4,652	4,192	4,164	3,381	3,403

RENEWABLE ENERGY (thousands of MWh)					
	04/30/2019	04/30/2018	04/30/2017	04/30/2016	04/30/2015
	Consolidated information				
Production	27,9	31,8	23,0	25,6	28,1
Sales	27,9	31,8	23,0	25,6	28,1

ENERGY DIADEMA PLANT (thousands of MWh)					
	04/30/2019	04/30/2018	04/30/2017	04/30/2016	04/30/2015
	Consolidated information				
Production	8,5	9,6	9,9	9,3	8,0
Sales	7,5	8,4	7,3	8,3	6,7

PROPANE (tn)					
	04/30/2019	04/30/2018	04/30/2017	04/30/2016	04/30/2015
	Consolidated information				
Production	20,536	21,460	21,174	18,873	22,015
Sales domestic market	20,615	21,396	21,092	16,533	22,046
ales broad market	-	-	-	2,378	-

BUTANE (tn)					
	04/30/2019	04/30/2018	04/30/2017	04/30/2016	04/30/2015
	Consolidated information				
Production	13,616	14,190	14,042	13,882	15,114
Sales in the local market	13,642	14,135	14,061	13,757	15,173

GASOLINE (m^3)					
	04/30/2019	04/30/2018	04/30/2017	04/30/2016	04/30/2015
	Consolidated information				
Production [(2)]	27,333	28,102	27,830	28,022	27,644

OXYGEN (Nm^3)					
	04/30/2019	04/30/2018	04/30/2017	04/30/2016	04/30/2015
	Consolidated information				
Production	29,421	49,894	41,418	46,079	37,747
Sales domestic market [(3)]	126,175	127,113	112,379	114,037	127,433

[(1)] Includes 27.336 m^3, 28.092 m3. 27.855 m3. 28.010 m3. and 27.615 m3 of gasoline at April 30. 2019. 2018. 2017. 2016 and 2015. respectively. sold as oil.

[(2)] The gasoline at April 30. 2019. 2018. 2017. 2016 and 2015. was sold as oil.

[(3)] The sales of oxygen at April 30. 2019. 2018. 2017. 2016 and 2015include take or pay clause.

[(4)] As of April 30, 2019 it includes 43,686 m3 of the Agua del Cajón area, 22,605 m3 of the Loma Negra and La Yesera areas and 157,394 m3 of the Pampa del Castillo - La Guitarra area.

f) Ratios

	04/30/2019	04/30/2018
Liquidity (1)	2.74	4.19
Solvency (2)	0.64	0.76
Capital Immobilization (3)	0.67	0.67
Return on Equity (4)	0.17	0.25

(a) Information consolidated with SEB, Hychico and E G WIND, according to financial information as of April 30, 2019 and 2018.

(1) $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

(2) $\frac{\text{Shareholders' Equity}}{\text{Total Liabilities}}$

(3) $\frac{\text{Non-Current Assets}}{\text{Total Assets}}$

(4) $\frac{\text{Net Profit}}{\text{Average Shareholders' Equity}}$

g) <u>Perspectives</u> (information not covered by the auditors report on the consolidated financial statements)

Hydrocarbons

During the next fiscal year. the Company will:

- in the **Agua del Cajón area** continue with the development plan called "conventional" that includes an advanced well drilling and development plan for conventional gas and "tight gas sand" and a plan for repairs and optimizations of oil and gas wells.

The Company will continue focusing its resources on the development of new conventional and unconventional reserves. The replacement of reserves in the short term will be based on the exploration and development of conventional reserves and tight gas sand projects. With regard to the development of shale resources (schist of slate rock). the Company will continue working on its technical-economic viability before embarking on any development project.

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- In the **Loma Negra area** drill one advanced well and two development producing oil wells. Additionally, the repair of oil wells and conversion of producing wells into injection wells is expected. Regarding surface works, the Loma de Maria battery will be expanded to increase the gas production capacity to 1 MM m3/d.

- In the **La Yesera area**, drill 1 development well (Side-Track to well LY-1) and install a battery in order to continue the development program of this area. The Consortium will focus on the development of oil reserves in deep targets.

- in the **Pampa del Castillo area** drill advanced/exploration wells and primary/secondary development producing wells, a repair program for oil producing wells and the adaptation of secondary recovery facilities in batteries and plants.

As part of the growth strategy, the Company will continue evaluating potential acquisitions of hydrocarbon assets that will allow the increase of production levels and reserves.

Energy

As part of the growth strategy, the Company will continue evaluating potential acquisitions of hydrocarbon assets that will increase production levels and reserves.

Renewables

Hychico will continue operating the Diadema Wind Farm and the Hydrogen and Oxygen Plant and assessing the possibility of exporting hydrogen in the medium term and other uses of hydrogen such as pilot projects on mobility at local and regional levels. The entry into commercial operations of the new Diadema II Wind Farm, as mentioned above, is expected prior to September 2019, thus guaranteeing the terms committed with CAMMESA.

Capex and its subsidiareis long-term objectives are focused on supplying future regional and international markets with "green hydrogen" produced from renewable energies, and the development of wind and photovoltaic parks to satisfy the national electricity demand with renewable energy generating plants free of greenhouse gas emissions.

It is the intention of Capex and its subsidiary Hychico, to be active participants in the renewable energy generation market, for which they are carrying out evaluations and feasibility studies to develop projects, i) with industrial clients; ii) of self-generation, to the extent that it contributes value to the business and iii) with participation in tenders of Renewable Energies launched by the National Government, as part of the RenovAr Program. For this, a portfolio of wind and solar projects covering different regions of the country is being developed.

Financial

The Group bases its financial strategy on two pillars: (i) maintaining its financial liabilities in medium and long-term structures in order to maintain a maturity profile according with the cash generation of its businesses and. (ii) prioritizing the position of liquidity in order to be able to complete its growth and investment plan.

In line with this strategy, Capex owns the majority of its structured financial debt under the issuance of Corporate Bonds Class II for US$ 300 million completed in May 2017 and whose maturity is fully effective in May 2024, at a nominal annual rate of 6.875%. The funds received from this issuance were used to refinance Corporate Bonds Class I of US$ 200 million due in March 2018 at an annual nominal rate of 10% and to increase the liquidity of Capex in order to complete its plan of investments and acquisition of new businesses. In this sense, this additional liquidity was used, in part, to acquire the participation in Loma Negra, La Yesera hydrocarbon areas and Pampa del Castillo – La Guitarra and to meet the investments associated with the development of the Diadema Eolic Energy Farm II, awarded within the framework of the RenovAR Ronda 2.0 Program. The Company is evaluating different hydrocarbon assets and thermal and renewable energy projects.

Lastly, and in line with the aforementioned strategy, the Group has at the date of these financial statements a liquidity position of US$ 178 million and $ 735 million, which is invested in instruments of immediate liquidity. It should be noted that as of the date of issuance of these financial statements, the Group holds approximately 91% of its placements in US dollars.