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The Province of Chubut Reaches Agreement in Principle to Amend its 7.750% Secured Amortizing Notes due 2026

Chubut, Argentina, November 14, 2020

The Province of Chubut (the “**Province**”) announced today that it has reached an agreement in principle with a majority of bondholders (the “**Group**”) of its 7.750% Secured Amortizing Notes due 2026 (the “**Notes**”), which the Province believes will allow the members of the Group to support the Province’s proposal to amend the Notes. The Province and the Group have agreed in principle on indicative commercial terms that contemplate a consent solicitation (the “**Consent Solicitation**”) to solicit consents from eligible holders of Notes to amend the Notes, the indenture governing the Notes (the “**Indenture**”) and the Collateral (as defined in the Indenture).

The formal launch of the Consent Solicitation is expected to occur in the short term, subject to agreement on definitive documentation, governmental approvals and the finalization of a Consent Solicitation Statement. There can be no assurance that such agreement, approvals and documents will be obtained or finalized as expected or that the Consent Solicitation will be successful.

The main terms of the agreement in principle (Annex A) with the Group include:

1. a modified amortization profile, extending the maturity of the Notes through July 26, 2030, and providing significant debt service relief throughout 2021, 2022 and 2023;
2. interest on the amended Notes due 2030 will accrue at a rate of 7.50% per annum through October 26, 2021, and thereafter, at a rate of 7.75% per annum, payable quarterly on each January 26, April 26, July 26 and October 26;
3. enhanced collateral status, as additional royalties will be pledged under the amended structure; and
4. a cash consent payment in a fixed pot amount equivalent to 50 basis points of the outstanding principal amount, to be distributed among early consenters.

In accordance with the terms of the Indenture, the Province will require the consent from holders of 75% or more in aggregate principal amount of outstanding Notes to successfully consummate the Consent Solicitation. If the Consent Solicitation is successfully consummated, the terms of the amended notes are expected to provide the Province with significant debt service relief, specifically throughout 2021, 2022, and 2023. The amortization profile of the original Notes will be amended to smooth out principal repayment throughout the life of the amended Notes. By means of the amended structure, the Province will achieve a maximum cumulative debt service relief of US\$169 million by October 2023.

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Annex A

Term	Proposed Amendments
Transaction Structure	The transaction will be structured as a consent solicitation (the “ <u>Consent Solicitation</u> ”) for the purpose of soliciting consents from eligible holders of the Notes to approve the proposed amendments to the 7.75% secured amortizing notes due 2026 (the “ <u>Secured Notes</u> ” and the amended notes therefore, the “ <u>Step-up Notes due 2030</u> ”) (as described below).
New Maturity Date	July 26, 2030
Interest Coupon	Interest on the Step-up Notes will accrue at 7.50% up to October 26, 2021 and at 7.75% thereafter, payable quarterly each 26 January, April, July and October.
Amended Amortization Schedule	<p>Quarterly amortization shall occur on each 26 January, April, July and October under the following schedule:</p> <ul style="list-style-type: none"> • Jan. 26, 2021 – Oct 26, 2021: 0.438% • Jan. 26, 2022 – Oct 26, 2022: 1.500% • Jan. 26, 2023 – Oct 26, 2023: 3.000% • Jan. 26, 2024 – Oct 26, 2027: 3.750% • Jan. 26, 2028 – Oct 26, 2028: 3.500% • Jan. 26, 2029 – Oct 26, 2029: 0.348% • Jan. 26, 2030 – Jul 26, 2030: 0.231%
Amendments to Reserve Accounts	<ul style="list-style-type: none"> • The amortization portion of the reserve account will start replenishing again immediately after June 26, 2021 in anticipation of the July 26, 2021 amortization payment. The amortization portion of the reserve account will be replenished on a monthly basis, so as to be fully funded at each payment date thereafter.
Additional Royalties to be Pledged as Collateral	The Province will assign as additional collateral 27.85% of the royalties it is entitled to receive in respect of the concessions set forth in Annex B below. These additional royalties are currently pledged to secure the Province’s BODIC II notes (which mature in 2021) and will be added to the Collateral upon repayment of the BODIC II.
Revised Covenants related to Royalties Coverage Amount	<ul style="list-style-type: none"> • Royalties Coverage Amount shall be calculated based on, prior to January 26 2022, the January 2022 scheduled debt service amount, and after January 26 2022, the subsequent scheduled payment amount. Royalties Coverage calculation shall include the pro forma inclusion of the additional royalties (the BODIC II royalties) until such royalties are added. • 1.35x will be applied to the payment amount based on the Royalties Coverage Amount calculation methodology explained above • Applying the Royalties Coverage Amount calculations above, there shall be an 50% cash flow sweep to bondholders based on only the royalty amounts that exceed the 2.00x Royalties Coverage Amount (“Additional Trigger Event”), subject to a cap of 1.25x of the highest original bond’s quarterly amortization payment. The Additional Trigger Event shall not be tested until October 26, 2022. As per current FX regulations, a risk factor will be included in the Consent Solicitation Statement regarding potential limitation by the Central Bank to make prepayment pursuant to mandatory prepayments not included in the original terms of the Notes.

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New Reporting	<ul style="list-style-type: none"> • The Province will secure a third-party geological report from an independent firm to publicly provide updated production projections for the concessions associated with the Specified Percentage and Additional Royalties (the “<u>Third-Party Geological Report</u>”). The Province will agree to make good-faith efforts around the development of the Third-Party Geological Report, but delivery of such report shall not be a condition to closing of the Consent Solicitation. • Acceptable fees related to Third-Party Geological Report to be covered by the Province subject to Law II No. 255, section 4(h) which sets forth a total expenditures cap. <p>The indenture trustee will make available at the request of the holders of the Secured Notes, a quarterly report provided by the Province that identifies the amount of royalties received, the trust account balances, debt service coverage ratios, and production data.</p>
Waiver of Past Trigger Events/Defaults	Any outstanding Event of Default and/or Trigger Event with respect to the Royalties Coverage Ratio will be waived upon closing of the Consent Solicitation
Minimum Participation	The Consent Solicitation will be subject to a minimum participation of at least 75% in principal amount of Secured Notes to effectuate the proposed amendments
Support Agreement	The members of the Ad-Hoc Committee will enter into a transaction support agreement (a “ <u>TSA</u> ”) with the Province prior to the launch of the Consent Solicitation
Consent Payment	<ul style="list-style-type: none"> • Consent Payment in the format of a pot amount equivalent to 50 basis points of the outstanding principal amount. • Consent Payment Amount to be disbursed from the existing NY debt service reserve account (the “<u>NY DSRA</u>”), which will otherwise remain unmodified. The NY DSRA will be replenished by January 2021 payment date to cover this amount, subject to FX Regulations, applicable from time to time. The NY DSRA will be replenished by January 2021 payment date to cover this amount, subject to FX Regulations. So long as this is not allowed by applicable FX regulations, the required replenishment amount will be funded into the Argentine DSRA and invested in short term dollar, dollar-linked securities, or dollar-linked time deposits.

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ANNEX B

Company	Basin
Capsa	Diadema
Capsa	Km 20
Petrobras Energia S.A.	El Tordillo
Petrobras Energia S.A.	Puesto Quiroga
Petrobras Energia S.A.	La Tapera
CAPETROL ARGENTINA S.A.	Cerro Guacho
CAPETROL ARGENTINA S.A.	Rio Mayo
YPF S.A.	Bella Vista
YPF S.A.	Cañadon Perdido
YPF S.A.	Colonia Sarmiento
YPF S.A.	El Tordillo
YPF S.A.	El Trebol
YPF S.A.	Escalante
YPF S.A.	La Tapera
YPF S.A.	Manantialers Behr
YPF S.A.	Puesto Quiroga
YPF S.A.	Restinga Ali
YPF S.A.	Zona Central
Tecpetrol SA	El Tordillo
Tecpetrol SA	Puesto Quiroga
Tecpetrol SA	La Tapera
Enap Sipetrol Arg. S.A.	Zona Central
Enap Sipetrol Arg. S.A.	Bella Vista
Enap Sipetrol Arg. S.A.	Cañadón Perdido
Capex S.A.	Pampa Del Castillo