9 October 2020

Phoenix Global Resources plc
('Phoenix' or 'the Company')
UNAUDITED INTERIM RESULTS FOR THE SIX-MONTH PERIOD TO 30 JUNE 2020

Phoenix Global Resources (AIM: PGR; BCBA: PGR) announces its unaudited interim results for the six-month period ended 30 June 2020.

Operational summary

- Average daily production of 4,369 boepd (H1 2019: 9,630 boepd)
- Majority of production shut-in with effect from April
- Significant cost reductions have and continue to be implemented
- Phased restart of production during Q3 including at its operated licences Pueto Rojas, Tupungato and Atamisqui and its non-operated licences Chachahuen

2020 interim results summary

- Revenues of US$24.9 million (H1 2019: US$68.6 million)
- Realised oil price of US$39.19/bbl (H1 2019: US$52.23/bbl)
- Operating loss of US$ 50.8 million (H1 2019: loss of US$ 32.9 million)
- EBITDAX[1] loss of US$ 31.8 million (H1 2019: US$5.2 million)
- Adjusted EBITDAX[1] loss of US$ 8.9 million (H1 2019: US$13.0 million (profit))

Outlook

Production has now restarted and is expected to continue if demand in Argentina continues to increase, at its operated licences Puesto Rojas, Tupungato and Atamisqui and its non-operated licence Chachahuen, albeit initially at lower levels than before the Covid-19 pandemic. The Company also expects to restart production at its operated licence Mata Mora and its non-operated licences Rio Cullen/Las Violetas and Cajon de Los Caballos, in the near future.

Whilst the environment continues to be extremely challenging, the Company has taken significant steps to, and continues to, reduce its costs in all areas of the business. The Board believes this will put the Company in a stronger position to produce oil economically at lower prices with a positive contribution to cash flow and allow it to focus on the continued development of its unconventional assets.

The Company's major shareholder, Mercuria, continues to be supportive and the Board, whilst exercising a degree of caution, believes the actions being taken will put the Company on a sounder financial footing, whilst appreciating this position could change very quickly in these uncertain times.

Notes:

[1] "EBITDAX" represents earnings before interest, taxes, depreciation, amortisation and exploration expenses and "Adjusted EBITDAX" represents EBITDAX excluding non-recurring losses and expenses.

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About Phoenix

Phoenix Global Resources is an independent oil and gas exploration and production company focused on Argentina and listed on both the London Stock Exchange (AIM: PGR) and the Buenos Aires Stock Exchange (BCBA: PGR) and offers its investors an opportunity to invest directly into Argentina's Vaca Muerta shale formation and other unconventional resources. The Company has over 0.9 million licenced working interest acres in Argentina (of which approximately 0.7 million are operated), 29.8 million boe of working interest 2P reserves and average working interest production of 9,236 boepd in 2019. Phoenix has significant exposure to the unconventional opportunity in Argentina through its approximately 0.6 million working interest acres with Vaca Muerta and other unconventional potential.

The Company's website is www.phoenixglobalresources.com

Operations Review

Covid-19

Like many other companies in Argentina, Phoenix has been heavily impacted by the COVID-19 outbreak in the country. Quarantine restrictions introduced in late March and the resulting drop in the demand for oil, saw most refiners suspending the purchase of oil.

Following notice from YPF that it was temporarily suspending the purchase of oil, the Company was faced with no option but to shut-down production of crude oil from its operated licences Puesto Rojas, Atamisqui and Tupungato with production of oil from licences operated by third parties reduced significantly.

Production has restarted and is expected to continue if demand in Argentina continues to increase, at its operated licences

Puesto Rojas, Tupungato and Atamisqui and its non-operated licence Chachahuen, albeit initially at lower levels than before the Covid-19 pandemic. Production has also recently restarted at the Company's non-operated licences Rio Cullen/Las Violetas and Cajon de Los Caballos and the Company expects to restart production at its operated licence Mata Mora in the near future. The Company is continuing to take all steps necessary to operate our production by following all recommended safety procedures regarding Covid-19 to prevent further impacts on the Company or its employees.

OPERATED AREAS

Mata Mora
The MMox-1002 was successfully reactivated in February after an extended shut-in designed to provide reservoir surveillance regarding reservoir pressures and future well spacing. Both Mata Mora wells were shut in during May as there was no market for the oil being produced and have remained shut in for the last four months due to weak commodity pricing. Both wells remain shut-in and we are continuing to challenge the underlying cost structure. Our expectation is that we will safely restart production in the fourth quarter.

Puesto Rojas Area
First quarter activity included a workover of CP-1014 and workover jobs on older wells to maintain production levels. Like other assets, Puesto Rojas was shut-in in April following notice from YPF that they were suspending oil purchases in Mendoza province. The field was subsequently re-activated with minimal well damage, however, wells CDM-3004, CDM-3007, CP-1003, PR-53 and CP-1014 currently remaining offline due to damage incurred during the shut-in period. Wells CP-1006 and CP-1008 remain shut-in for gas handling limits in the field.

Cuyana Basin
Similar to the Puesto Rojas Area, PGR's Cuyana Basin fields of Atamisqui and Tupungato were shut-in in April following notice from YPF that they were suspending oil purchases in Mendoza province. The field was subsequently re-activated with minimal well damage.

Corralera Area
The Company was progressing its plans to drill its first well in the Corralera area until the Covid-19 restrictions resulted in the Company suspending these operations. The well pad location is substantially complete and the Company is now evaluating options with the Neuquen Province regarding the most effective way to fullfill the Company's license commitment obligations.

Rio Atuel
We completed the evaluation of the MLx-1001 drilled in 2019 and based on the results, we have determined it not to be commercial and wrote off the costs in the second quarter. No other 2020 physical activity is currently planned whist we continue to study this well result and other subsurface data previously collected.

La Paloma
LP-9 and LP-7 wells, were drilled in the La Paloma/Cerro Alquitran area targeting the Grupo Neuquén formation in 2019 and were planned for completion in the first half of 2020 prior to the Covid-19 restrictions causing us to suspend this activity. The Company is currently evaluating options as to when it is best to complete these wells.

NON-OPERATED AREAS

Chachahuen Area
In the Chachahuen Sur area, the focus for 2020 was to improve the water flooding projects and start a Polymer Pilot Project. However, given the market conditions, the majority of this work was postponed. In the first quarter, three workovers were performed on injector wells (ChuS-158; ChuS-293 and ChuS-294).

At Cerro Morado Este, the focus for 2020 was on the water flooding pilot plan, with three water injection patterns, and performing production facilities improvements. During the first quarter of the year completion of five wells on backlog from 2019 was performed on CMoE-20; CMoE-54; CMoE-61; CMoE-66 and CMoE-67.

Since April, activity was reduced to a minimum in this area due to the market situation and Covid-19 restrictions and in May, the Company's share of the production was shut-in due to YPF's notice of suspension of oil purchases. The Company's share of oil production has now restarted, with oil initially sold to a different off-taker and subsequently and currently to YPF.

Tierra del Fuego Area
In January 2020, the level of water cut in the SM.x-1001 increased rapidly to more than 50% of total production and the well was shut in. In March 2020, a workover job was performed on this well with production tests in the middle and upper Tobifera as part of the further evaluation of the well. A test in the upper Tobifera section, above current productive perforations, showed an average production rate of 1,576 bpd over seven days with lower water cut and should now be able to restore this well to production.

Since the second half of 2019, the buoy at the YPF terminal has been out of service and oil production has been trucked to the Chilean ENAP terminal with an increased transportation cost. Following a Covid-19 outbreak at the ENAP terminal, cross-border sales were closed, causing the majority of oil wells to be shut-in. Only gas production continues with a small light associated oil volume. However, the YPF buoy was repaired in August and we expect oil production to restart in late Q3/early Q4.

Due to reservoir performance concerns and the market situation and Covid-19 restrictions, planned drilling activity and facilities improvements were postponed, leaving HSE related activities only to continue where possible.

H1 2020 production

Total production (net WI)

Average total daily working interest production volumes in H1, Q1 and Q2 2020 compared to full year 2019 and Q4 2019:

	H12020	Q2	Q1	Q4

	WI %	Boe/d	2020 Boe/d	2020 Boe/d	2019 Boe/d	FY 2019 Boe/d
OPERATED						
Puesto Rojas Area	100%	762	169	1,356	1,540	1,563
Atamisqui	100%	161	32	291	290	314
Refugio Tupungato	100%	500	107	893	858	901
Mata Mora	90%	350	96	604	616	414
TOTAL OPERATED		**1,773**	**404**	**3,144**	**3,304**	**3,192**
NON-OPERATED						
Chachahuen Area	20%	1,530	1,039	2,021	1,910	1,995
Rio Cullen	17%	713	523	903	1,057	1,252
Cajon de los Caballos	38%	67	21	113	109	115
Chanares Herrados[1]	78%	242	-	484	457	482
Santa Cruz Sur[2]	70%	-	-	-	865	2,200
Other	40%	44	39	48	-	-
TOTAL NON-OPERATED		**2,596**	**1,622**	**3,569**	**4,398**	**6,044**
GRAND TOTAL		**4,369**	**2,026**	**6,713**	**7,702**	**9,236**

[1] Joint venture terminated 9 April 2020
[2] Sold 13 November 2019

Financial review

	H1 2020 US$M	H1 2019 US$M	FY 2019 US$M
Revenue	24.9	68.6	129.4
Gross (loss)/profit	(13.6)	1.6	(15.4)
Operating loss	(50.8)	(32.9)	(110.2)
EBITDAX loss	(31.8)	(5.2)	(39.8)
Loss for the period	(55.4)	(34.9)	(113.8)
Net assets	167.6	301.1	222.7
Net cash flow from operating activities	(10.5)	(19.6)	(16.4)
Capital expenditures	3.3	50.8	96.5

Income Statement

Revenue and gross (loss)/profit
Revenue for the six-month period was US$24.9 million (H1 2019: US$68.6 million), comprising revenue from oil sales of US$23.9 million (H1 2019: US$59.7 million) and revenue from gas sales of US$1.0 million (H1 2019: US$8.9 million).
The reduction in oil revenue between periods resulted primarily from the shut-in of production and also a reduction in the realised price per barrel.

The average realised oil sales price in the six months to 30 June 2020 was US$39.19/bbl, a 25% decline on the average price of US$52.23/bbl observed in the six months to 30 June 2019. Realised prices achieved by the Company are indirectly linked to Brent.

The emergence of Covid-19 as a global pandemic and the resulting fall in the demand for oil has had a significant impact on the operations of the Company. The over-supply of crude in the market resulted in YPF, the state-controlled Argentine energy company, giving notice to its customers of the suspension of the purchase of oil until further notice. This resulted in refineries stopping the acceptance of deliveries, leaving the Company with no option but to shut-down production in April.

Crude oil prices dropped to historic lows with the average Brent crude price falling period-on-period by 35%, from an average of US$66/bbl in H1 2019 to an average of US$42.7/bbl in H1 2020.

In May, Argentina's Government issued a decree establishing a fixed realised Medanito price of $45/bbl ("Barril Criollo"), subject to certain conditions, demonstrating the intention of the government to support the industry where possible. This pricing support remained in place until September when the Brent crude benchmark price exceeded US$45/bbl for 10 consecutive days, which was one of the conditions that would cause the support to expire. Notwithstanding, as the Brent crude benchmark price has now fallen below US$45/bbl for an extended period of time, management expects the government to reinstate the price support mechanism in Q4.

As a result of the above, average daily oil production in the period was 3,546 bopd compared to 5,774 bopd in H1 2019 (excluding production from assets sold).

Gas revenues declined in the period by US$7.9million, mainly due to the sale in 2019 of the Santa Cruz Sur asset that contributed to US$6.7 (85%) of this decline. Realised prices fell from an average of US$3.45/MMcf in H1 2019 to an average of US$2.13 /MMcf in H1 2020 due to an oversupplied gas market.

The shut-in of some of the gas producing wells on the non-operated asset, Rio Cullen and Las Violetas, due to the impact of Covid-19, resulted in lower volumes produced and sold.

Operating costs increased to US$26.3/boe compared to US$18.37/boe in H1 2019, primarily due to the reduced production levels resulting in the fixed element of production costs being allocated over lower volumes.

Depreciation declined US$11.1 million in the period from US$27.3 million in H1 2019 (including depreciation of assets sold in H2 2019 of US$5.4 million and held for sale assets of US$2.4 million) to US$16.2 million in H1 2020. The decline resulted from lower production volumes.

Other operating costs
An exploration expense of US$2.7 million has been recognised in the period, primarily relating to the write-off of the US$2.5

million cost of the Rio Atuel exploratory well.

Furthermore, following our assessment of the potential impairment of our licence interests, the Company has recognised an impairment loss of US$15.2 relating to the write down of goodwill attributable to our interest in Chachahuen recognised at the time of the business combination in 2017.

In addition, our assessment indicated that our Chachahuen and La Paloma licence interests were potentially impaired and a provision for impairment of US$ 7.8 has been recognised in the period, primarily reflective of the lower oil price environment.

Finance income and costs
Net finance costs increased by US$1.3 million to US$11.3 million in H1 2020 compared to US$10.0 million in H1 2019. The increase in cost was primarily driven by foreign exchange losses on Peso denominated balances held by the Company.

Taxation
A US$6.7 million tax credit was recognised in H1 2020, compared to a US$8.0 million taxation credit in H1 2019. The increase in the deferred tax credit in the period primarily resulted from the reduction in the book value of fixed assets when compared to the tax deductible value following the provision for impairment together with the deferred tax benefit of the increase in net operating losses.

Balance Sheet
At 30 June 2020 the Group had net assets of US$ 167.6 million, a decrease of US$55.1 million compared to 31 December 2019.

During the period, intangible assets and property, plant and equipment decreased by US$38.5 million primarily due to the write-off of an unsuccessful exploration well in Rio Atuel of US$2.5 million, write down of goodwill of US$15.2, provisions for impairment of US$7.8 and DD&A of US$16.2 million offset by US$3.3 million of additions. Additions predominately related to completion of drilling and facilities works in Puesto Rojas, Mata Mora, Corralera and Chachahuen.

Variances were also observed in the working capital balances when compared to 31 December 2019. Trade and other receivables decreased by US$13.9 million to US$25.4 million at 30 June 2020 principally due to the lower oil volumes sold in Q2 2020. Inventories increased by US$2 million to US$20.2 million at 30 June 2020. Deferred tax assets increased by US$ 4.2 million to US$22.8 million at 30 June 2020 primarily due to an increase in the deferred tax credit in the period resulting from the reduction in the book value of fixed assets when compared to the tax deductible value following the write down of goodwill and the provision for impairment and the deferred tax credit resulting from the net operating loss for the period. Trade and other payables declined by US$12.1 million to US$32.7 million at 30 June 2020 due to the reduced costs resulting from the lower oil volumes sold.

Funding status and going concern
At 30 June 2020 the Group had cash on hand of US$1.4 million (31 December 2019: US$11.0 million). Total borrowings in the period increased by US$14.1 million from US$303.6 million at 31 December 2019 to US$317.7 million at 30 June 2020. The increase resulted from the drawdown of an additional US$6.3 million of funds from the revolving convertible credit facility and bridging facility in place with Mercuria and the capitalisation of US$8.5 million of accrued interest. Funds advanced under the credit facilities have been used to satisfy working capital needs.

The Group principally generates cash from its existing conventional oil and gas production operations. Nevertheless, it was formed with the stated intention of undertaking a significant exploration, evaluation and development programme focused on the Group's unconventional oil and gas assets in Argentina, including the Vaca Muerta formation. To date, the funding required to support the activities of the Group has been provided by Mercuria Energy Group.

The challenging political and economic environment in Argentina has been compounded by the impact of COVID-19 that has led to a significant reduction in demand for fuel resulting in a collapse of oil prices in the first half of 2020 and the shut-in of the Company's production in April this year. Whilst we have seen restrictions gradually lifting and economic and industrial activity increasing, the Company is gradually restarting production. Consequently, the Company has taken significant steps to, and continues to, reduce its costs in all areas of the business. The Board believes the cost reduction actions being taken mean the Company will be in a significantly better position to produce oil economically at lower oil prices and with a positive contribution to cash flow with normalized production, which will then allow the Company to focus on the continued development of its unconventional assets.

Mercuria continues to be supportive and has provided the Company with a letter of support stating its intention to continue providing financial support to the Company in order that the Company may continue to operate and service its liabilities as they fall due in the next 12 months whilst it assesses the timing of work plans and capital commitments.

Mercuria has agreed to meet the Company´s cash needs for this period and not demand repayment of the existing loan in the next 12 months whilst in discussion with the Company to restructure the existing loan agreement.

The Directors believe they will be able to agree the restructure of the existing debt with Mercuria and formalise an agreement for new funding and that the Group and Company can continue as a going concern for the foreseeable future. The application of the going concern basis of preparation of this interim condensed consolidated financial information is based on the letter that has been received from Mercuria and the ongoing discussions with the Mercuria principals and accordingly, the directors continue to adopt the going concern basis for accounting in preparing the H1 2020 financial statements. However, the directors recognise that if financial support over the next 12 months from Mercuria were not to be available and the Company is unable to restructure the existing loan agreement from Mercuria or obtain funding from alternative sources, this gives rise to a material uncertainty that may cast significant doubt on the Group´s and Company´s ability to continue as a going concern. The condensed consolidated financial information does not include any adjustments that would be required if the Group and Company were unable to continue as a going concern.

The impact of Covid-19 and the current political and economic climate
2020 has been dominated by Covid-19 and its rapid development as a life-threatening global pandemic. Globally, respective governments' response has been one of containment through lock-down, social distancing restrictions, quarantine and self-isolation for substantially all citizens. This has resulted in a significant adverse impact on all industrial and commercial activity, leading to a reduction in demand for energy, which led to the shut-down of the Company's production in April. Whilst we have seen restrictions gradually lifting and economic and industrial activity increasing leading to a restart of production at the Company's assets, the situation continues to be fluid and can change very quickly as we have seen with a number of countries experiencing a "second wave".

Argentina continues to experience relatively high inflation and a continuous devaluation of the Peso. The country is in its third straight year of recession. However, at the end of August it announced that 99% of the holders of the country's US$ 65 billion international bonds had agreed to restructure this debt, giving the country a better chance of recovery. The country is also in discussions to renegotiate its US$44 billion debt with the International Monetary Fund.

The current administration continues its intent to provide economic and regulatory support to four key sectors of the economy, such as, agriculture, oil and gas, mining and intellectual services, among others.

Board and corporate governance update
During the period Kevin Dennehy, David Jackson and Javier Alvarez stepped down from the Board. We would like to thank them for the significant contributions they have made during their time with the Company.

After the end of the period, the Company announced the appointment of a new CEO, Pablo Bizzotto. Pablo, will be based in Buenos Aires and has more than 20 years' experience the oil industry. Until recently Pablo was the Upstream Executive Vice President at YPF and prior to that the Unconventional Resource Executive Manager at YPF leading operations on the Vaca Muerta formation in the Neuquen basin and some of Argentina's most significant tight gas development such as Rincon del Mangrullo. We would like to welcome Pablo to the Company and look forward to benefitting from the wealth of experience he brings to the Company.

The actions we have taken In this challenging environment, have resulted in a reduced workforce and reduced board and has led to the conclusion that it would be more appropriate in the circumstances for the Company to adopt and report against the Quoted Companies Alliance ("QCA") corporate governance code. The QCA code provisions cover many of the same areas as the UK Corporate Governance Code but provides additional flexibility in the manner of reporting and the application of certain provisions. The Company is currently implementing the changes needed to adopt the QCA code.

On behalf of the Board
Sir Michael Rake
Chairman
9 October 2020

Unaudited consolidated income statement
For the period ended 30 June 2020

	Note	**Six months to 30 June 2020**	Six months to 30 June 2019	Year to 31 December 2019
		US$'000	US$'000	US$'000
Revenue	2,3	**24,896**	68,617	129,417
Cost of sales	4	**(38,498)**	(66,986)	(144,813)
Gross (loss) /profit		**(13,602)**	1,631	(15,396)
Selling and distribution expenses		**(934)**	(2,937)	(5,230)
Exploration expenses		**(2,689)**	(426)	(4,240)
Loss on termination of licences and other impairment charges	5,6	**(22,980)**	(18,180)	(27,753)
Loss on sale of non-current assets		**-**	-	(28,971)
Administrative expenses		**(9,096)**	(12,086)	(27,144)
Other operating expenses		**(1,450)**	(909)	(1,417)
Operating loss		**(50,751)**	(32,907)	(110,151)
Presented as:				
Operating loss		**(50,751)**	(32,907)	(110,151)
Add back:				
Depreciation, depletion and amortisation		**16,214**	27,331	66,057
Exploration cost written off		**2,689**	426	4,240
EBITDAX		**(31,848)**	(5,150)	(39,854)
Non-recurring expenses		**22,980**	18,180	56,724
Adjusted EBITDAX		**(8,868)**	13,030	16,870
Finance income		**1,333**	675	1,577
Finance costs		**(12,667)**	(10,717)	(26,247)
Loss before taxation		**(62,085)**	(42,949)	(134,821)
Taxation	8	**6,665**	8,025	21,011
Loss for the period		**(55,420)**	(34,924)	(113,810)
Loss per ordinary share				
Basic and diluted loss per share		**(0.02)**	(0.01)	(0.04)

The above unaudited consolidated income statement should be read in conjunction with the accompanying notes.

Unaudited consolidated statement of comprehensive income
For the period ended 30 June 2020

	Six months to 30 June 2020	Six months to 30 June 2019	Year to 31 December 2019
	US$'000	US$'000	US$'000
Loss for the period	**(55,420)**	(34,924)	(113,810)
Translation differences	**-**	-	-

Total comprehensive loss for the period	**(55,420)**	(34,924)	(113,810)

The above items will not be subsequently reclassified to profit and loss. There are no impairment losses on revalued assets recognised directly in equity.

The above unaudited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Unaudited consolidated statement of financial position

At 30 June 2020

	Note	**30 June 2020**	30 June 2019	31 December 2019
		US$'000	US$'000	US$'000
Non-current assets				
Property, plant and equipment	5	**303,125**	327,704	324,249
Intangible assets and goodwill	6	**229,161**	287,352	246,540
Other receivables		**1,726**	2,895	4,744
Deferred tax assets	9	**22,759**	10,207	18,534
Total non-current assets		**556,771**	628,158	594,067
Current assets				
Assets held for sale		**18,400**	17,069	18,208
Inventories		**20,229**	20,731	18,202
Trade and other receivables		**23,628**	37,117	34,527
Cash and cash equivalents		**1,439**	20,476	11,002
Total current assets		**63,696**	95,393	81,939
Total assets		**620,467**	723,551	676,006
Non-current liabilities				
Trade and other payables		**4,372**	2,626	5,370
Borrowings	7	**154,122**	185,341	146,751
Deferred tax liabilities	9	**85,307**	91,818	87,636
Provisions		**16,081**	16,258	15,784
Total non-current liabilities		**259,882**	296,043	255,541
Current liabilities				
Liabilities held for sale		**447**	447	447
Trade and other payables		**28,313**	43,065	39,446
Income tax liability		**649**	1,528	870
Borrowings	7	**163,577**	80,009	156,865
Provisions		**-**	1,326	120
Total current liabilities		**192,986**	126,375	197,748
Total liabilities		**452,868**	422,418	453,289
Net assets		**167,599**	301,133	222,717
Equity				
Share capital and share premium		**457,198**	457,198	457,198
Treasury shares		**(464)**	(572)	(464)
Other reserves		**(112,150)**	(112,150)	(112,150)
Retained deficit		**(176,985)**	(43,343)	(121,867)
Total equity		**167,599**	301,133	222,717

The above unaudited consolidated statement of financial position should be read in conjunction with the accompanying notes.

Unaudited consolidated statement of changes in equity

For the period ended 30 June 2020

Capital and reserves	Called up share capital	Share premium	Treasury shares	Retained (deficit) / earnings	Other reserves	Total equity
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
At 1 January 2019	**364,175**	**93,023**	**-**	**(8,878)**	**(112,150)**	**336,170**
Loss for the period	-	-	-	(34,924)	-	(34,924)
Total comprehensive loss for the period	-	-	-	(34,924)	-	(34,924)
Purchase of own shares	-	-	(572)	-	-	(572)
Fair value of share based payments	-	-	-	613	-	613
Cash settlement of employee share options	-	-	-	(154)	-	(154)
At 30 June 2019	**364,175**	**93,023**	**(572)**	**(43,343)**	**(112,150)**	**301,133**

At 1 January 2020	**364,175**	**93,023**	**(464)**	**(121,867)**	**(112,150)**	**222,717**
Loss for the period	-	-	-	(55,420)	-	(55,420)
Total comprehensive loss for the period	-	-	-	(55,420)	-	(55,420)
Fair value of share based payments	-	-	-	302	-	302
At 30 June 2020	**364,175**	**93,023**	**(464)**	**(176,985)**	**(112,150)**	**167,599**

Other reserves	Merger reserve	Warrant reserve	Translation reserve	Total other reserves
	US$'000	US$'000	US$'000	US$'000
At 1 January 2019	(112,000)	2,105	(2,255)	(112,150)
At 30 June 2019	(112,000)	2,105	(2,255)	(112,150)
At 1 January 2020	(112,000)	2,105	(2,255)	(112,150)
At 30 June 2020	(112,000)	2,105	(2,255)	(112,150)

The above statement of consolidated changes in equity should be read in conjunction with the accompanying notes.

Unaudited consolidated statement of cash flows

For the period ended 30 June 2020

	Note	Six months to 30 June 2020	Six months to 30 June 2019	Year to 31 December 2019
		US$'000	US$'000	US$'000
Cash flows from operating activities				
Cash used in operations	10	**(10,475)**	(19,487)	(16,280)
Income taxes paid		**(1)**	(75)	(144)
Net cash outflow from operating activities		**(10,476)**	(19,562)	(16,424)
Cash flows from investing activities				
Payments for property, plant and equipment		**(1,985)**	(19,158)	(46,375)
Payments for intangibles		**(914)**	(19,169)	(38,852)
Payments for held for sale assets		**(192)**	-	-
Proceeds from sale of non-current assets		**-**	-	7,563
Recovery of restricted cash		**-**	266	-
Net cash outflow from investing activities		**(3,091)**	(38,061)	(77,664)
Cash flows from financing activities				
Proceeds from borrowings		**6,280**	58,000	96,000
Repayment of borrowings		**(800)**	-	(8,000)
Interest paid		**(427)**	(735)	(1,548)
Principle lease payments		**(216)**	(211)	(1,419)
Net cash inflow from financing activities		**4,837**	57,054	85,033
Net decrease in cash and cash equivalents		**(8,730)**	(569)	(9,055)
Cash and cash equivalents at the beginning of the period		**11,002**	21,085	21,085
Effects of exchange rates on cash and cash equivalents		**(833)**	(40)	(1,028)
Cash and cash equivalents at end of the period		**1,439**	20,476	11,002

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Unaudited notes to the unaudited consolidated financial information

1. Basis of preparation

General information
The Company is a Public Limited Company incorporated in England and Wales and is domiciled in the United Kingdom. The Registered Office address is 6th Floor, King's House, 10 Haymarket, London SW1Y 4BP. The Company is quoted on the AIM market of the London Stock Exchange and maintains a secondary listing on the Buenos Aires Stock Exchange.

The principal activities of the Company and its subsidiaries (together the "Group") are the exploration for and the development and production of oil and gas in Argentina.

Basis of preparation
This unaudited condensed consolidated interim financial information for the six-months ended 30 June 2020 has been prepared

in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union. This condensed consolidated financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The financial information for the period ended 30 June 2020 contained within this condensed consolidated financial information does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The information for 2019 within was derived from the statutory accounts for the year ended 31 December 2019, a copy of which has been delivered to the Registrar of Companies. The auditors' report on these accounts was unqualified but did include a reference to the adequacy of the disclosures made concerning the Group's and Company's ability to continue as a going concern. The Group had not completed the renegotiation of its current debt repayments with the lender, who is a majority shareholder of the Group and the funding plan for FY2021 had not yet been agreed. The ultimate form of the funding could be significantly different to what was being discussed with the lender, which in turn could lead to a lack of future funding for capital and operating expenditures which would ensure the continued development of the assets. These conditions, along with other matters explained in the 2019 Annual Report, indicated the existence of a material uncertainty, casting significant doubt about the Group's and Company's ability to continue as a going concern. The auditors' report did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

The annual financial statements for the year ended 31 December 2019 are available on the Company's website at www.phoenixglobalresources.com.

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the operations and financial review sections of this report.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review section.

Going concern
The Group principally generates cash from its existing conventional oil and gas production operations. Nevertheless, it was formed with the stated intention of undertaking a significant exploration, evaluation and development programme focused on the Group´s unconventional oil and gas assets in Argentina, including the Vaca Muerta formation. To date, the funding required to support the activities of the Group has been provided by Mercuria Energy Group.

The challenging political and economic environment in Argentina has been compounded by the impact of COVID-19 that has led to a significant reduction in demand for fuel resulting in a collapse of oil prices in the first half of 2020 and the shut-in of the Company's production in April this year. Whilst we have seen restrictions gradually lifting and economic and industrial activity increasing, the Company is gradually restarting production. Consequently, the Company has taken significant steps to, and continues to, reduce its costs in all areas of the business. The Board believes the cost reduction actions being taken mean the Company will be in a significantly better position to produce oil economically at lower oil prices and with a positive contribution to cash flow with normalized production, which will then allow the Company to focus on the continued development of its unconventional assets.

Mercuria continues to be supportive and has provided the Company with a letter of support stating its intention to continue providing financial support to the Company in order that the Company may continue to operate and service its liabilities as they fall due in the next 12 months whilst it assesses the timing of work plans and capital commitments.

Mercuria has agreed to meet the Company´s cash needs for this period and not demand repayment of the existing loan in the next 12 months whilst in discussion with the Company to restructure the existing loan agreement.

The Directors believe they will be able to agree the restructure of the existing debt with Mercuria and formalise an agreement for new funding and that the Group and Company can continue as a going concern for the foreseeable future. The application of the going concern basis of preparation of this interim condensed consolidated financial information is based on the letter that has been received from Mercuria and the ongoing discussions with the Mercuria principals and accordingly, the directors continue to adopt the going concern basis for accounting in preparing the H1 2020 financial statements. However, the directors recognise that if financial support over the next 12 months from Mercuria were not to be available and the Company is unable to restructure the existing loan agreement from Mercuria or obtain funding from alternative sources, this gives rise to a material uncertainty that may cast significant doubt on the Group´s and Company´s ability to continue as a going concern.

The condensed consolidated financial information does not include any adjustments that would be required if the Group and Company were unable to continue as a going concern.

Estimates and judgements
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

Principal risks and uncertainties
In preparing the condensed consolidated financial information management is required to consider the principal risks and uncertainties facing the Group. In management's opinion the principal risks and uncertainties facing the Group are unchanged since the preparation of the consolidated financial statements for the year ended 31 December 2019. Those risks and uncertainties, together with management's response to them are described in the Risk Review section of the Annual Report and Accounts 2019.

Accounting policies
The accounting policies applied in this condensed consolidated financial information are consistent with those applied in preparing the financial statements for the year ended 31 December 2019.

2. Segment information
The information reported to the Group's executive management team for the purposes of resource allocation and assessment of segment performance is split between those assets which are operated by the Group and those which are not. The strategy of the Group is focused on the development of its unconventional operated assets in the Vaca Muerta and other unconventional opportunities in Argentina, while optimising its operated conventional production assets. The Group also participates in joint arrangements as a non-operated partner. The Group identifies its non-operated assets which are focused on the exploitation and development of the Vaca Muerta as core to its operations, with those focused on exploiting conventional oil and gas resources as non-core. Operated and non-operated assets of the Group have therefore been determined to represent the reportable segments of the business. The third segment, "Corporate", primarily relates to administrative costs, financing costs and taxation incurred in running the business which are not directly attributable to one of the identified segments.

The Group's executive management primarily uses a measure of earnings before interest, tax, depreciation and exploration expenses (EBITDAX) to assess the performance of the operating segments. However, the executive management team also receives information about segment revenue and capital expenditure on a monthly basis.

First half 2020	Operated	Non-operated	Corporate	Total
	US$'000	US$'000	US$'000	US$'000
Revenue	11,242	13,654	-	24,896
Loss for the period	(35,550)	(4,678)	(15,192)	(55,420)
Add: depreciation, depletion and amortisation	8,116	7,214	884	16,214
Add: exploration costs written off	2,534	155	-	2,689
Less: finance income	-	-	(1,333)	(1,333)
Add: finance costs	227	158	12,282	12,667
Less: taxation	-	-	(6,665)	(6,665)
EBITDAX loss	**(24,673)**	**2,849**	**(10,024)**	**(31,848)**
Oil revenues	11,240	12,634	-	23,874
bbls sold	270,519	338,651	-	609,170
Realised price (US$/bbl)	41.55	37.31	-	39.19
Gas revenues	2	1,020	-	1,022
MMcf Sold	0.90	479.06	-	479.96
Realised price (US$/MMcf)	2.22	2.13	-	2.13
Capital expenditure				
Property, plant and equipment	1,409	561	88	2,058
Intangible exploration and evaluation assets	1,282	-	-	1,282
Total capital expenditure	2,691	561	88	3,340

Exploration costs incurred in the operated segment include US$2.5 million related to the write-off of an unsuccessful exploration well at the Rio Atuel. Exploration costs in the non-operated segment include US$0.2 million related to geological or geophysical work at the Chachahuen concession that is not related to a specific prospect and is general in nature.

Following an assessment of the potential impairment of our licence interests, the Company has recognised an impairment loss of US$15.2 relating to the write down of goodwill attributable to our interest in Chachahuen recognised at the time of the business combination in 2017.

Our assessment review indicated that our Chachahuen and La Paloma licence interests were potentially impaired and a provision for impairment of US$ 7.8 has been recognised in the period, primarily reflective of the lower oil price environment.

First Half 2019	Operated	Non-operated	Corporate	Total
	US$'000	US$'000	US$'000	US$'000
Revenue	**23,825**	**44,792**	**-**	**68,617**
Loss for the period	**(3,184)**	**(17,679)**	**(14,061)**	**(34,924)**
Add: depreciation, depletion and amortisation	8,306	18,366	659	27,331
Add: exploration costs written off	284	142	-	426
Less: finance income	-	-	(675)	(675)
Add: finance costs	225	237	10,255	10,717
Less: taxation	-	-	(8,025)	(8,025)
EBITDAX	**5,631**	**1,066**	**(11,847)**	**(5,150)**
Oil revenues	23,817	35,853	-	59,670
bbls sold	462,707	679,712	-	1,142,419
Realised price (US$/bbl)	51.47	52.75	-	52.23
Gas revenues	8	8,939	-	8,947
MMcf Sold	3	2,594	-	2,597
Realised price (US$/MMcf)	2.67	3.45	-	3.45
Capital expenditure				
Property, plant and equipment	13,678	6,774	1,024	21,476
Intangible exploration and evaluation assets	27,163	2,129	-	29,292
Total capital expenditure	**40,841**	**8,903**	**1,024**	**50,768**

There are no intersegment revenues in either period presented. The significant majority of oil and gas sales are made to the Argentina state-owned oil company, YPF.

3. Total revenue

	Six months to 30	Six months to 30 June	Year to 31 December

	June 2020 US$'000	2019 US$'000	2019 US$'000
Crude oil revenue	**23,874**	59,670	114,652
Gas revenue	**1,022**	8,947	14,765
Total revenue	**24,896**	68,617	129,417

4. Cost of sales

	Six months to 30 June 2020 US$'000	Six months to 30 June 2019 US$'000	Year to 31 December 2019 US$'000
Production costs	22,981	40,180	78,960
Depreciation of oil and gas assets	16,214	27,331	66,057
Movements in crude inventory	(697)	(525)	(204)
Total cost of sales	38,498	66,986	144,813

5. Property, plant and equipment

Non-current assets	Other fixed assets US$'000	Development and production assets US$'000	Assets under construction US$'000	Total US$'000
At 1 January 2020				
Cost	13,072	539,100	7,290	559,462
Accumulated depreciation and impairment	(7,159)	(228,054)	-	(235,213)
Net book amount	5,913	311,046	7,290	324,249
Period ended 30 June 2020				
Opening net book amount	5,913	311,046	7,290	324,249
Additions	56	481	1,521	2,058
Transfers	-	355	(355)	-
Exploration costs written off	-	(116)	-	(116)
Depreciation charge	(895)	(15,319)	-	(16,214)
Impairment charge	-	(6,852)	-	(6,852)
Closing net book amount	5,074	289,595	8,456	303,125
At 30 June 2020				
Cost	13,128	539,820	8,456	561,404
Accumulated depreciation and impairment	(8,054)	(250,225)	-	(258,279)
Net book amount	5,074	289,595	8,456	303,125

Additions to property, plant and equipment in the period ended 30 June 2020 include US$ nil of interest capitalised in respect of qualifying assets (H1 2019: US$nil). The total amount of interest capitalised within property, plant and equipment at 30 June 2020 is US$3.1 million (2019: US$3.1 million).

Exploration costs in the non-operated segment include US$0.2 million related to geological or geophysical work at the Chachahuen concession that is not related to a specific prospect and is general in nature.

Assets are tested for impairment by calculating their value-in-use using a discounted cash flow model or their fair value less costs of disposal, whichever is determined to be the higher. Fair value less costs to sell can be based on a similar cash flow measure or can be estimated by reference to similar comparable reference transactions.

The Company assessed its licence interests for potential impairment by comparing the book value of each asset to managements' estimate of its respective NPV15. The calculation includes several key assumptions, including oil and gas prices and reserve estimates, which the Company defines as key impairment indicators within its accounting policy. The NPV15 value is calculated based on a discounted cash flow model using a discount rate of 15% and a price deck based on mean futures prices provided by analysts. Where the NPV15 value is lower than the carrying value of an asset an impairment test is performed.

Our assessment review indicated that our Chachahuen interests was potentially impaired and a provision for impairment of US$ 6.9 has been recognised in the period, primarily reflective of the lower oil price environment.

Non-current assets	Other fixed assets US$'000	Development and production assets US$'000	Assets under construction US$'000	Total US$'000
At 1 January 2019				
Cost	9,431	694,747	6,070	710,248
Accumulated depreciation and impairment	(5,680)	(338,377)	-	(344,057)
Net book amount	3,751	356,370	6,070	366,191
Period ended 30 June 2019				
Opening net book amount	3,751	356,370	6,070	366,191
Additions	1,208	9,025	11,243	21,476
Transfers	-	12,742	(12,742)	-
Transfers to assets held for sale - cost	(327)	(66,117)	-	(66,444)
Termination of licences - cost	-	(53,334)	-	(53,334)

Exploration costs written off	-	(333)	-	(333)
Depreciation charge	(871)	(26,460)	-	(27,331)
Transfers to assets held for sale - accumulated DD&A	309	49,682	-	49,991
Termination of licences - accumulated DD&A	-	37,488	-	37,488
Closing net book amount	4,070	319,063	4,571	327,704
At 30 June 2019				
Cost	10,312	596,730	4,571	611,613
Accumulated depreciation and impairment	(6,242)	(277,667)	-	(283,909)
Net book amount	4,070	319,063	4,571	327,704

In May 2019, the Province of Mendoza issued a decree terminating the concession for the Chañares Herrados block held by the Company's JV partner, Chañares Energía S.A., as a result of their failure to fulfil work commitments. The decree took immediate effect. The carrying value of the asset has consequently been written off at 30 June 2019, causing a US$15.8 million loss to be realised in the non-operated segment.

Assets held for sale relate to certain non-core assets in the Austral basin. Board approval for the sale of these assets has been given and the Company has engaged in an active program for the sale of the assets within 12 months of the reporting date.

Additions to property, plant and equipment in the period ended 30 June 2019 include US$ nil of interest capitalised in respect of qualifying assets. The total amount of interest capitalised within property, plant and equipment at 30 June 2019 is US$2.8 million.

6. Intangible assets

Exploration and evaluation assets are primarily the Group's licence interests in exploration and evaluation assets located in Argentina. The exploration and evaluation assets consist of both conventional and unconventional oil and gas properties.

Non-current assets	Goodwill US$'000	Exploration and evaluation assets US$'000	Total US$'000
At 1 January 2020			
Cost	260,007	215,759	475,766
Accumulated amortisation and impairment	(224,169)	(5,057)	(229,226)
Net book amount	35,838	210,702	246,540
Period ended 30 June 2020			
Opening net book amount	35,838	210,702	246,540
Additions	-	1,282	1,282
Exploration cost written off	-	(2,533)	(2,533)
Impairment charge	(15,223)	(905)	(16,128)
Closing net book amount	20,615	208,546	229,161
At 30 June 2020			
Cost	260,007	217,041	477,048
Accumulated amortisation and impairment charges	(239,392)	(8,495)	(247,887)
Net book amount	20,615	208,546	229,161

Additions to intangible assets during the period predominately relate to long lead items and drilling works at Corralera Sur.

Exploration costs incurred in the operated segment include US$2.5 million related to the write-off of an unsuccessful exploration well at the Rio Atuel.

Non-current assets	Goodwill US$'000	Exploration and evaluation assets US$'000	Total US$'000
At 1 January 2019			
Cost	260,007	225,172	485,179
Accumulated amortization and impairment charges	(224,169)	-	(224,169)
Net book amount	35,838	225,172	261,010
Period ended 30 June 2019			
Opening net book amount	35,838	225,172	261,010
Additions	-	29,292	29,292
Transfer to assets held for sale	-	(616)	(616)
Disposals of assets - cost	-	(2,334)	(2,334)
Closing net book amount	35,838	251,514	287,352
At 30 June 2019			
Cost	260,007	251,514	511,521
Accumulated amortisation and impairment charges	(224,169)	-	(224,169)
Net book amount	35,838	251,514	287,352

Additions to intangible assets during the period predominately relate to the completion of the drilling of the MMx-1001 well and the drilling of the MMx-1002 well at Mata Mora.

A US$2.3 million loss on relinquishment has been recorded in respect to the Vega Grande concession in the Neuquina basin. The licence area is not part of the Company's core operations and is currently not producing. Management has therefore made the decision not to request the extension of the concession when it comes due for renewal in H2 2019.

Impairment tests for exploration and evaluation assets

Exploration and evaluation assets are subject to impairment testing prior to reclassification as tangible fixed assets where commercially viable reserves are confirmed. Where commercially viable reserves are not encountered at the end of the exploration phase for an area the accumulated exploration costs are written off in the income statement.

The Company assessed its licence interests for potential impairment by comparing the book value of each asset to managements' estimate of its respective NPV15. The calculation includes several key assumptions, including oil and gas prices and reserve estimates, which the Company defines as key impairment indicators within its accounting policy. The NPV15 value is calculated based on a discounted cash flow model using a discount rate of 15% and a price deck based on mean futures prices provided by analysts. Where the NPV15 value is lower than the carrying value of an asset an impairment test is performed.

Our assessment review indicated that our La Paloma interest was potentially impaired and a provision for impairment of US$ 0.9 has been recognised in the period, primarily reflective of the lower oil price environment.

Impairment tests for goodwill
Goodwill is monitored by management at the level of the operating segments identified in note 2.
A segment level summary of the goodwill allocation is presented below.

At acquisition	Operated US$'000	Non-operated US$'000	Corporate US$'000	Total US$'000
Chachahuen & Cerro Morado Este	-	15,223	-	15,223
Corralera	16,780	-	-	16,780
Mata Mora	3,835	-	-	3,835
Total	20,615	15,223	-	35,838

No goodwill was recognised prior to 2017. All goodwill presented relates to the allocation of technical goodwill arising as a result of accounting for deferred tax on the business combination that completed on 10 August 2017.

The Company assessed its licence interests for potential impairment by comparing the book value of each asset to managements' estimate of its respective NPV15. The calculation includes several key assumptions, including oil and gas prices and reserve estimates, which the Company defines as key impairment indicators within its accounting policy. The NPV15 value is calculated based on a discounted cash flow model using a discount rate of 15% and a price deck based on mean futures prices provided by analysts. Where the NPV15 value is lower than the carrying value of an asset an impairment test is performed.

Following an assessment for potential impairment, the Company has recognised an impairment loss of US$ 15.2 relating to the write down of goodwill attributable to our interest in Chachahuen.

7. Borrowings

	30 June 2020			31 December 2019		
	Current US$'000	Non-current US$'000	**Total US$'000**	Current US$'000	Non-current US$'000	**Total US$'000**
Secured						
Bank loans	9,392	-	**9,392**	10,055	-	**10,055**
Total secured borrowings	9,392	-	**9,392**	10,055	-	**10,055**
Unsecured						
Loans from related parties	154,160	154,122	**308,282**	146,782	146,751	**293,533**
Other loans	25	-	**25**	28	-	**28**
Total unsecured borrowings	154,185	154,122	**308,307**	146,810	146,751	**293,561**
Total borrowings	163,577	154,122	**317,699**	156,865	146,751	**303,616**

Secured liabilities and assets pledged as security
Secured liabilities relate to US Dollar denominated loans totalling US$ 9.4 million with a fixed interest rate of 8.0% (FY19: interest rate of 8%).

Loans from related parties
The related party loan at 30 June 2020 relates to a convertible rolling credit facility ('RCF') provided to the Group by Mercuria Energy Netherlands B.V., a subsidiary of the Mercuria Energy Group Limited ('Mercuria').

In February 2018, US$100.0 million of the original Mercuria facility was converted to equity of the Company at a price of £0.37 per share. At the same time the facility was restructured as a new convertible RCF in the amount of US$160.0 million with an additional US$100.0 million of new funds made available to the Company.

In December 2018, Mercuria advanced an additional US$25.0 million as a Facility B element to the RCF. In February 2019, a further US$50.0 million was made available under this Facility B element of the RCF. The original loan of US$160.0 million became Facility A.

In May 2019, the amended convertible RCF was further extended to add a Facility C commitment of US$40 million. Facility C was extended in November 2019 by an additional US$10.0 million and in March 2020 by an additional US$6.0.

At 30 June 2020, a total facility of US$291.0 million was available to the Company with a total of US$281.0 million drawn down under the facility. All funds drawn down under the amended convertible RCF facility bear interest at three-month LIBOR+4% and are repayable by 31 December 2021.

Mercuria Group has the right to convert all or part of the outstanding principal of Facility A into additional new ordinary shares of the Company at a price of £0.45 per share. This conversion right can be exercised at any time from 30 June 2018 until 10 business days prior to the maturity of Facility A. A similar conversion feature exists in relation to Facility B at a price of £0.28 per share exercisable from 30 June 2019 until 10 business days prior to the maturity date and in relation to Facility C at a price of £0.23 per share at any time from 30 June 2020 until 10 business days prior to the maturity date.

The amended convertible RCF provides for a grace period (interest and principal) from 1 January 2019 to 31 October 2020 and the loan will be amortised in equal quarterly repayment instalments from 31 October 2020 until maturity.

Mercuria Group has provided the Group with a short-term bridging facility of US$11 million, whilst the parties continue to agree the restructure of the RCF. The bridging facility bears interest at three-month LIBOR+4% and the interest and principal are repayable by 31 October 2020.

8. Income tax expense

Income tax expense	Period to 30 June 2020 US$'000	Period to 30 June 2019 US$'000	Year to 31 December 2019 US$'000
Current tax			
Current tax credit / (expense) on profits for the period	**111**	(737)	(260)
Total current tax expense	**111**	(737)	(260)
Deferred income tax			
Increase in deferred tax	**6,554**	8,762	21,271
Total deferred tax benefit	**6,554**	8,762	21,271
Income tax benefit	**6,665**	8,025	21,011

Reconciliation of income tax expense to notional tax charge calculated using corporate tax rate :

	Period to 30 June 2020 US$'000	Period to 30 June 2019 US$'000	Year to 31 December 2019 US$'000
Loss from continuing operations before income tax expense	**(62,085)**	(42,949)	(134,821)
Tax at the Argentina tax rate of 30% (2019: 30%)	**18,626**	12,885	40,446
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Effect of currency translation on tax values	**(3,615)**	4,070	(7,875)
Effect of change in tax rate	**(1,943)**	(1,539)	(7,989)
Disposals of assets	**-**	-	12,028
Expenses not deductible for taxation	**1,159**	(159)	(523)
Deferred tax assets not recognised	**(6,972)**	(3,648)	(6,308)
Inflation adjustment	**(825)**	(3,972)	(7,481)
Other	**235**	388	(1,287)
Total income tax benefit	**6,665**	8,025	21,011

The corporate income tax rate in Argentina in 2020 is 30% (2019: 30%) and applies to profits earned and losses suffered in the period to 30 June 2020.

Under the December 2017 tax reform plan implemented by the Argentina tax authorities, (the Administration Federal de Ingresos Publicos or "AFIP"), the corporate income tax rate was to be further reduced to 25% for years ending 31 December 2020 and forward. In December 2019 however, new tax reforms were implemented by the incoming government under Law 27,541. Under the new legislation, it was established that the reduced corporate rate of 25% would not be applicable until the year ending 31 December 2022 and forward.

An additional tax rate of 7% is applied to dividends when the corporate income tax rate is 30%. This additional dividend tax will be increased to 13% when the corporate tax rate is reduced to 25% in 2022.

9. Deferred tax balances

Argentina tax law does not contain the concept of tax groups and therefore deferred tax assets and liabilities cannot be offset between and among companies registered in Argentina and falling under the control of the same shareholder. Outside of Argentina, the Group does not have sufficient concentration of subsidiaries in a single tax jurisdiction to warrant seeking tax group status to allow the offset of assets and liabilities.

Deferred tax assets and liabilities are calculated at the rate of 25% or 30% taking into consideration the expected time of recovery.

Deferred tax assets

	30 June 2020 US$'000	30 June 2019 US$'000	31 December 2019 US$'000
Tax losses	**18,837**	3,716	14,468
Provisions	**1,607**	2,934	1,723
Others	**7,995**	12,092	7,063
Total deferred tax assets	**28,439**	18,742	23,254

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The Company did not recognise deferred income tax assets of US$2.4 million (2019: US$6.3 million) in respect of tax losses amounting to US$7.9 million (2019: US$14.1 million) as there is insufficient evidence that the potential assets will be recovered.

Assessed tax losses amounting to US$18.8 million (2019: US$14.5 million) will expire between 2021 to 2025 (2021: 2020 to 2024).

Movements	Tax losses US$'000	Provisions US$'000	Other US$'000	Total US$'000
At 1 January 2019	2,525	3,055	7,151	12,731
Credited/(charged) to profit and loss	1,191	(121)	4,941	6,011
At 30 June 2019	3,716	2,934	12,092	18,742

Movements	Tax losses US$'000	Provisions US$'000	Other US$'000	Total US$'000

At 1 January 2020	14,468	1,723	7,063	23,254
Credited/(charged) to profit and loss	4,369	(116)	932	5,185
At 30 June 2020	18,837	1,607	7,995	28,439

The timeframe for expected recovery or settlement of deferred tax assets is as follows:

	30 June 2020 US$'000	30 June 2019 US$'000	31 December 2019 US$'000
No more than 12 months after the reporting period	**9,602**	12,061	8,802
More than 12 months after the reporting period	**18,837**	6,681	14,452
	28,439	18,742	**23,254**

Deferred tax liabilities
The balance comprises temporary differences attributable to:

	30 June 2020 US$'000	30 June 2019 US$'000	31 December 2019 US$'000
Property, plant and equipment and intangible assets	**(83,201)**	(99,149)	(84,462)
Inventories	**(1,551)**	(1,188)	(1,861)
Inflation adjustments	**(6,235)**	-	(6,033)
Others	**-**	(16)	-
Total deferred tax liabilities	**(90,987)**	(100,353)	(92,356)

Movements	Property, plant and equipment and intangible assets US$'000	Inventories US$'000	Inflation adjustments US$'000	Other US$'000	Total US$'000
At 1 January 2019	(101,310)	(42)	-	(1,751)	(103,103)
(Charged)/ credited to profit and loss	2,161	(1,146)	-	1,735	2,750
At 30 June 2019	(99,149)	(1,188)	**-**	(16)	(100,353)

Movements	Property, plant and equipment and intangible assets US$'000	Inventories US$'000	Inflation adjustments US$'000	Other US$'000	Total US$'000
At 1 January 2020	(84,462)	(1,861)	(6,033)	-	(92,356)
(Charged)/ credited to profit and loss	1,261	310	(202)	-	1,369
At 30 June 2020	(83,201)	(1,551)	(6,235)	-	(90,987)

Argentine tax law has introduced provisions for inflationary adjustments to be made for tax purposes in the event that the increases in the 36-month cumulative CPI index for the preceding closing year exceed 100%, considering for the first three periods assessed a increase in excess of 55% in 2018, 30% in 2019 or 15% in 2020. Where an inflationary adjustment for tax is triggered, the law requires an adjustment to taxes in the period with one sixth of the calculated value booked to current income taxes in the period and the remaining five sixths included within deferred tax and recognised through current tax in equal parts in the following five years.

During the period an amount of US$0,6 million (FY19: US$ 1.5 million) has been included in current taxes, with an additional US$0.2 million (FY19: US$ 6.0 million) included within other deferred tax assets in relation to this adjustment.

The above presentation of deferred tax assets and liabilities is prepared showing the aggregate of the gross asset and liability position on a company-by-company basis.

Deferred tax assets and liabilities presented in the balance sheet reflect the offset of deferred tax assets and liabilities where permissible. The deferred tax assets and liabilities, after legal offset, are shown in the table below.

	30 June 2020 US$'000	30 June 2019 US$'000	31 December 2019 US$'000
Deferred income tax assets	22,759	10,207	18,534
Deferred tax liabilities	(85,307)	(91,818)	(87,636)
Net deferred income tax liability	(62,548)	(81,611)	(69,102)

10. Cash used in operations

	Period to 30 June 2020 US$'000	Period to 30 June 2019 US$'000	Year to 31 December 2019 US$'000
Loss for the period before taxation	(62,085)	(42,949)	(134,821)
Adjusted for:			
Finance costs	9,885	9,186	19,361
Finance income	(861)	(373)	(824)
Accretion of discount on asset retirement obligation	385	462	846

Accretion of discount on lease obligation	14	-	62
Net unrealised exchange gains	(114)	2,498	3,862
Interest received on short term investments	(236)	(302)	-
Exploration cost written-off	2,649	-	3,856
Impairment charge	22,980	-	7,557
Loss on termination of licences	-	18,180	20,196
Loss of disposal of non-current assets	-	-	28,971
Share based payments	284	608	893
Depreciation and amortisation	16,214	27,331	66,057
Change in operating assets and liabilities:			
Increase in inventories	(2,027)	(3,452)	(1,233)
Decrease / (increase) in trade and other receivables	10,939	(8,887)	(22,745)
(Decrease) in trade and other payables	(8,569)	(20,817)	(8,165)
Increase / (decrease) in provisions	67	(972)	(153)
Cash used in operations	(10,475)	(19,487)	(16,280)

11. Events occurring after the reporting period
No events occurred after the reporting period requiring disclosure.

Translation
This document is the English original in the event of any discrepancy between the original English document and the Spanish translation, the English original shall prevail.

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