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Phoenix Global Resources PLC
29 September 2017

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Phoenix Global Resources plc
("Phoenix" or the "Company" or with its subsidiaries the "Group")

UNAUDITED INTERIM RESULTS FOR "ANDES" FOR THE PERIOD TO 30 JUNE 2017

Phoenix (AIM: PGR; BCBA: PGR), the independent Argentina-focused oil and gas exploration and production company , announces its unaudited interim results for Andes Energia plc ("Andes") for the six month period ending 30 June 2017 prior to the combination with Trefoil Holdings B.V..

Operational review

Period highlights

- Average oil production during the period of 2,369 bpd in Argentina; average net price of approximately US$51.95/bbl
- Average oil production during the period of 583 bpd in Colombia; average net price of approximately US$49.36/bbl
- Average gas production during the period of 383 boepd in Colombia; average net price of US$2.90/mbtu
- 41 development wells drilled on the Chachahuén licence in Argentina, in partnership with YPF, all successfully brought into production
- An oil discovery was made in the exploration well Vikingo-1 in LLA-47 in Colombia in the sandstone of the Carbonera C5 formation
- Commenced a workover campaign on the La Paloma and Cerro Alquitrán blocks to extend the working life of the assets
- Further to changes in the corporate structure through which the Company holds its 26.01% interest in Interoil Exploration & Production ASA ("Interoil") and changes in the composition of the board and senior management, with effect from 8 June 2017 Interoil has no longer been consolidated in the results of the Group
- EBITDA* of US$ 2.4 million compared to US$7.7 million for the comparable period last year
- At the period end the net debt position was US$76.4 million

Post period highlights

- The Vega Grande exploitation licence has been extended for a further period of one year commencing on the 28 July 2017
- The workover performed in LP5 well on La Paloma licence was successful with the well self-flowing at more than 120 bopd from Hutrin formation, while the Company continues to evaluate the main target in Grupo Neuqu **é** n
- A second exploratory period of one year has been awarded for the Laguna El Loro licence
- On 10 August the Company completed the combination with Trefoil Holdings B.V., the holding company that indirectly owns over 99.99% of Petrolera El Trébol S.A. ("PETSA"), the operating company for the oil and gas exploration and production business of Mercuria Energy Group Limited ("Mercuria EG") in Argentina and changed its name to Phoenix Global Resources plc
- On completion the Company drew down US$87 million of a new US$160 million bridging and working capital facility from Mecuria Energy Trading S.A. and has since repaid all Company loans outstanding at the date of completion
- Proposed demerger of Colombian interests held through the Company's holding in Interoil and the Board intends to convene another general meeting in due course to propose new resolutions to effect the demerger
- Pursuant to the acceptance by the Province of a new exploitation plan presented by the operator of the Chañares Herrados ("CH") and Puesto Pozo Cercado ("PPC") blocks in Mendoza in which the Group has a 78% interest, the joint venture partners will relinquish 100% of the PPC block
- The Company drew down US$45 million of the remaining US$73 million of the US$160 million bridging and working capital facility provided by Mercuria Energy Trading S.A.

**Before gain of US$13.6 million recognised on the deconsolidation of Interoil*

Enquiries:

Phoenix Global Resources plc	Anuj Sharma, CEO Philip Wolfe, CFO	T: +54 11 5258 7500 T: +44 (0) 207 839 4974
Stockdale Securities	Antonio Bossi David Coaten	T: +44 (0) 207 601 6100
Panmure Gordon	Adam James Atholl Tweedie	T: +44 (0) 207 886 2500
Camarco	Billy Clegg Gordon Poole James Crothers	T: +44 (0) 203 757 4980

Qualified Person Review

In accordance with AIM guidance for mining, oil and gas companies, Mr. Javier Vallesi and Mr. Greg Easley have reviewed the information contained in this announcement. Mr. Vallesi, Chief Operating Officer of the Group, is a petroleum engineer with over 22 years of experience in the oil and gas industry and is a member of the Argentinian Institute of Oil and Gas. Mr. Easley, Senior Manager Reservoir and Engineering, is a petroleum engineer with over 10 years of experience in the oil and gas industry, is a licenced Professional Engineer in the State of Texas and is a member of the Society of Petroleum Engineers.

Chief Executive Officer's Review

Introduction

At the end of the period, the Company had an interest in 30 licences in Argentina (including 11 licences which Andes is in the process of relinquishing); a direct interest in 9 licences in Colombia (including 2 licences currently suspended and 3 licences which Andes is in the process of relinquishing); and an indirect interest in a further 4 licences in Colombia through its 26.01% interest in Interoil.

Oil and Gas Interests

Argentina

Chachahuén

Development drilling

In Chacahuen Sur, the development programme continued at a good pace, with on average 3 rigs working in the field simultaneously during the period. 41 new producing wells were drilled and successfully completed during the period resulting in an increase in oil production of approximately 1,598 bpd (319 bpd net to Andes).

Enhanced Oil Recovery -Water Flood project

At the end of the period the project reached an average rate of injection of approximately 12,300 bpd through a total of 56 water injection wells.

Oil production

During the period, oil production increased by 21%, from 7,630 bpd (1,526 bpd net to Andes) to 9,228 bpd (1,845 bpd net to Andes). With 41 new producing wells coming on stream there were a total of 196 producing wells on stream at the end of the period.

A union strike at the end of April/beginning of May adversely impacted production resulting in a temporary reduction of approximately 12,800 bbls during the period.

Exploratory activity

The discovery well Cerro Redondo x-1 is situated approximately 4.3 km northeast of the discovery well Chus x-2 on the Chachahuén Sur evaluation block and is currently producing at a rate of 58 bpd.

The discovery well Cerro Morado Este x-1, located approximately 37.3 km southeast of the discovery well Chus x-2 on the Chachahuén Sur evaluation block, is currently producing from the Centenario formation at a rate of 32 bpd.

The discovery well Cerro Morado Este e-3, located approximately 34.9 km southeast of the discovery well Chus x-2 on the Chachahuén Sur evaluation block, is currently producing from the Centenario formation at a rate of 32 bpd.

A further 4 appraisal wells are planned to delineate the extent of the Cerro Morado .

Puesto Pozo Cercado and Chañares Herrados blocks - Mendoza

Oil production decreased by 11% during the period, from 1,208 bpd (603 bpd net to Andes) to 1,107 bpd (553 bpd net to Andes) awaiting workover activities, which are planned for the fourth quarter onwards.

Production from wells CH 1006, CH 1012, CH 1023 and CH 1002 wells is currently suspended awaiting workover operations to replace the electrical submersible pumps, with an adverse impact on production of approximately 250 bpd.

Vega Grande - Mendoza

In Vega Grande, the oil production increased by 14% during the period, from 45 bpd to 52 bpd. This increase was achieved through a well intervention on the VGa-3 well.

An overhaul of the existing facilities was also carried out during the period including: the installation of a storage tank in the battery; an upgrade of the electrical system; and the repair of the heat treater. In addition, wells AMx-1 and TEx-1 were abandoned.

La Brea (Puesto Muñoz) - Mendoza

In La Brea (Puesto Muñoz), oil production decreased by 32% during the period, from 58 bpd to 40 bpd due to temporary shut-in of the well PMu-7 during the period caused by mechanical failures .

El Manzano West (Agrio formation) - Mendoza

In El Manzano West, oil production decreased by 23% during the period, from 24 bpd to 18 bpd as the well EMa-2 is awaiting workover. Phoenix holds a 100% of the working interest in production from the Agrio formation .

La Paloma & Cerro Alquitran - Mendoza

Having completed road and well site preparations a workover programme has commenced in wells La Paloma 5 and Cerro Alquitran 101. The main target to be investigated is the horizons of the Grupo Neuquén.

The Neuquén Group from Upper Cretaceous is found above an erosional unconformity, which is productive in the neighboring oilfield of Loma de la Mina. A secondary target is the Huitrín formation.

Colombia

The Company has a 70% direct working interest in 9 licences in Colombia (including 2 licences currently suspended and 3 licences which Andes is in the process of relinquishing) and an indirect interest in a further 4 licences in Colombia through its 26.01% interest in Interoil.

Average production in the period from the licences held by Interoil fell by 17% to 966 boepd compared to 1,159 boepd in 2016.

Financial Review

Period ended 30 June	2017	2016
	US$MM	US$MM
Revenue	29.9	34.2
Operating profit/(loss)	1.2	1.5
Adjusted EBITDA*	(0.4)	7.7
Net operating cash generated from operations	2.4	13.6

** Before gain of US$13.6 million recognised in other income on the deconsolidation of the Company's interest in Interoil*

Revenue has decreased by US$4.3 million to US$29.9 million for the first 6 months. This is primarily due to a fall in production and lower oil prices as the de-regulation of the Argentina domestic oil price brings closer parity to international benchmarks .

The Group recorded an operating profit of US$1.2 million compared to the H1 2016 operating profit of US$ 1.5 million. The 2017 operating profit includes a gain of US$13.6 million recognised on the deconsolidation of the Group's interest in Interoil. Administrative expenses have increased by US$5.6 million over the expenses for the comparable period last year.

Adjusted EBITDA, before the gain of US$13.6 million recognised on the deconsolidation of Interoil, was a negative US$0.4 million compared to US$7.7 million for H1 2016.

The Group recorded a net loss of US$3.3 million for the period compared to a net loss of US$9.2 million for H1 2016.

The Group's total assets have decreased by US$41 million from US$243 million at 30 June 2016 to US$202 million as at 30 June 2017 reflecting the impact of the deconsolidation of the Group's interest in Interoil and the devaluation of the Argentine Peso. The further devaluation of the Argentine Peso resulted in US$6 million of exchange losses (a non-cash item) being recognised in comprehensive loss for the period.

At the period end the Group had cash resources of US$10.5 million compared to US$19.1 million at 30 June 2016, of which US$5.4 million is restricted as security for stand by letters of credit to support guarantees in Colombia.

On 29 March 2017, the Company entered into two new credit facilities with Mercuria Energy Trading S.A.. The first, a US$20 million facility to primarily finance the drilling activities in Chachahuén (the Company´s producing field in partnership with YPF) and other working capital requirements. The second, a US$40 million facility to finance other drilling activities of the Company, including activity in the Vaca Muerta, where the Company has 250,000 net acres. At the end of the period the US$20 million facility had been fully drawn down.

Andes's borrowings fell by US$14.4 million, from US$95.9 million to US$81.5 million, primarily as a result of the deconsolidation of the Interoil operations offset by the impact of the draw downs by the Group of the first of the new loan facilities referenced above.

Events after the balance sheet date

On 28 July 2017 the Vega Grande exploitation licence was extended for a further period of one year commencing on 28 July 2017. The licence has been renewed subject to a work programme which includes reprocessing of 150 km of 2D seismic line, geochemical survey of 700 samples and a workover in the VGa-6 well. During the remainder of this year we expect to be able to reach agreement to extend the licence for a 10 year period include the extension of 1 year already granted.

The workover performed in the La Paloma 5 well on the La Paloma licence was successful with the well self-flowing at more than 120 boepd from the Huitrin formation. The Company continues to evaluate the main target, Grupo Neuquén and is in the process of installing production on a field that previously was not producing.

On 12 July 2017 a second exploratory period of one year was granted in Laguna El Loro with commitments to reprocess existing 3D and 2D seismic (553 km and 185 km respectively), conduct a geochemical survey of 4,500 samples and drill a well targeting unconventional horizons.

On 10 August 2017 the Company announced the completion of its combination with Trefoil Holdings, the holding company that indirectly owns over 99.99% of PETSA, the operating company for the oil and gas exploration and production business of Mercuria in Argentina. The combination was effected through the acquisition of the entire issued share capital of Trefoil Holdings in consideration for the issue of 1,899,106,385 consideration ordinary shares. The consideration shares issued to Upstream Capital represented 75.38% of the enlarged share capital on completion with existing Andes shareholders holding 24.62%. The resulting ownership of Mercuria EG in the enlarged group on completion was approximately 78%. A copy of the admission document can be found on the Company's website.

The Board believes that it is in the interests of the Company's shareholders for the Company to focus on oil and gas exploration and production in Argentina only. Outside of Argentina, the Company has interests in Colombia, through its interest in the Interoil shares and interests in certain licences in the Llanos Basin and the Valle Magdalena Medio Basin. In line with this strategy, the Board is in the process of demerging the Interoil shares, which are currently held by the Company's wholly-owned subsidiary, Andes Interoil Limited ("AIL"), to be effected by way of a transfer of shares to US shareholders and a distribution in specie to non US shareholders on record pre- completion. Further to the announcement of 5 September 2017, the Board intends to convene another general meeting in due course to propose new resolutions to effect the demerger.

On 21 August 2017 the Company announced that Chañares Herrados S.A. ("CHSA"), the concessioner and operator of the CH and PPC blocks, has been notified of the Province of Mendoza's acceptance of a plan pursuant to which, CHSA and the joint venture partners will relinquish 100% of the PPC block, which has production of approximately gross 423 bopd (net to Andes 331 bpd) and covers approximately 42,000 gross acres, and implement a work programme in the CH block with a gross investment commitment of approximately US$94 million over a 4 year period. Andes's level of participation in the new work programme for the CH block, if any, has not yet been agreed with the operator.

On 22 August 2017 the Company drew down US$45 million of the remaining US$73 million of the US$160 million bridging and working capital facility provided by Mercuria Energy Trading S.A..

Anuj Sharma
Chief Executive Officer
29 September 2017

Unaudited Group income statement for the period ended 30 June 2017

	30-Jun-17 US$'000	30-Jun-16 US$'000	31 -Dec-16 US$'000
Revenue	29,934	34,195	67,768
Production cost	(26,023)	(26,008)	(50,945)
Gross profit	**3,911**	**8,187**	**16,823**
Exploration cost	(1,034)	-	(2,317)
Other operating income	13,738	347	1,491
Impairment charge	(2,591)	-	(7,065)
Distribution costs	(1,499)	(1,310)	(3,471)
Administrative expenses	(11,333)	(5,770)	(12,961)
Operating profit/(loss)	**1,192**	**1,454**	**(7,500)**
Finance income	5,479	*2,496	6,887
Finance costs	(10,883)	*(13,486)	(27,803)
Loss before taxation	**(4,212)**	**(9,536)**	**(28,416)**
Taxation	927	331	2,140
Loss for the year	**(3,285)**	**(9,205)**	**(26,276)**
Loss attributable to:			
Equity holders of the parent	(1,435)	(8,878)	(22,766)
Non-controlling interests	(1,850)	(327)	(3,510)
	(3,285)	**(9,205)**	**(26,276)**
Loss per ordinary share	**Cents**	**Cents**	**Cents**
Basic and diluted loss per share	(0.24)	(1.47)	(3.76)

*After reclassification of exchange gains/losses

The accompanying notes are an integral part of these financial statements.

Unaudited consolidated statement of comprehensive income for the period ended 30 June 2017

	30-Jun-17 US$'000	30-Jun-16 US$'000	31-Dec-16 US$'000
Loss for the year	(3,285)	(9,205)	(26,276)
Translation differences	(6,122)	(10,570)	(12,567)
Total comprehensive loss for the year	**(9,407)**	**(19,775)**	**(38,843)**
Total comprehensive loss attributable to:			
Equity holders of the parent	(7,557)	(19,448)	(35,333)
Non-controlling interests	(1,850)	(327)	(3,510)
	(9,407)	(19,775)	(38,843)

The loss on exchange results primarily from the revaluation of intangible assets and property, plant and equipment that are carried in Argentine pesos. This resulted in a drop in the carrying value of these intangible assets and property, plant and equipment but is not indicative of an impairment in value.

The accompanying notes are an integral part of these financial statements.

Unaudited consolidated statement of financial position as at 30 June 2017

	30-Jun-17 US$'000	30-Jun-16 US$'000	31 -Dec-16 US$'000
Non-current assets			
Intangible assets	91,831	96,112	94,829
Property, plant and equipment	49,956	92,595	82,474
Available for sale financial assets	5,614	5,604	5,655
Trade and other receivables	14,542	9,828	8,945
Deferred income tax assets	4,099	1,111	3,072
Total non-current assets	**166,042**	**205,250**	**194,975**
Current assets			
Inventories	405	1,113	945
Investments in associates	12,672	-	-
Available for sale financial assets	2,619	1,223	2,316
Trade and other receivables	10,095	16,583	16,837
Restricted cash	5,442	9,087	9,070
Cash and cash equivalents	5,090	10,030	12,630
Total current assets	**36,323**	**38,036**	**41,798**
Current liabilities			
Trade and other payables	45,288	30,990	37,757

Financial liabilities	38,199	18,373	27,157
Provisions	409	691	409
Total current liabilities	**83,896**	**50,054**	**65,323**
Non-current liabilities			
Trade and other payables	11,968	17,123	16,092
Financial liabilities	43,322	77,534	78,840
Deferred income tax liabilities	22,512	31,099	27,782
Provisions	2,555	3,888	4,076
Total non-current liabilities	**80,357**	**129,644**	**126,790**
Net assets	**38,112**	**63,588**	**44,660**
Capital and reserves			
Called up share capital	98,421	98,414	98,414
Share premium account	52,478	52,467	52,467
Other reserves	(110,714)	(102,595)	(104,592)
Retained earnings	(2,073)	12,962	(786)
Equity attributable to equity holders of the parent	38,112	61,248	45,503
Non-controlling interests	-	2,340	(843)
Total equity	**38,112**	**63,588**	**44,660**

Non current available for sale financial assets include time deposits of US$5.6 million that are charged as security for stand by letters of credit relating to licences held by the Company in Colombia.

The accompanying notes are an integral part of these financial statements.

Unaudited consolidated statement of changes in equity for the period ended 30 June 2017

Equity	Share capital	*Share premium	Retained earnings	Other reserves	Attributable to equity holders of the parent	Non controlling interests	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 January 2016	**98,414**	**52,467**	**21,685**	**(92,025)**	**80,541**	**2,667**	**83,208**
Loss for the period	-	-	(8,878)	-	(8,878)	(327)	(9,205)
Translation differences	-	-	-	(10,570)	(10,570)	-	(10,570)
Total comprehensive loss for the period	-	-	(8,878)	(10,570)	(19,448)	(327)	(19,775)
Fair value of share based payments	-	-	155	-	155	-	155
At 30 June 2016	**98,414**	**52,467**	**12,962**	**(102,595)**	**61,248**	**2,340**	**63,588**
Loss for the period	-	-	(13,888)	-	(13,888)	(3,183)	(17,071)
Translation differences	-	-	-	(1,997)	(1,997)	-	(1,997)
Total comprehensive loss for the period	-	-	(13,888)	(1,997)	(15,885)	(3,183)	(19,068)
Fair value of share based payments	-	-	140	-	140	-	140
At 31 December 2016	**98,414**	**52,467**	**(786)**	**(104,592)**	**45,503**	**(843)**	**44,660**
Loss for the period	-	-	(1,435)	-	(1,435)	(1,850)	(3,285)
Translation differences	-	-	-	(6,122)	(6,122)	-	(6,122)
Total comprehensive loss for the period	-	-	(1,435)	(6,122)	(7,557)	(1,850)	(9,407)
Issue of ordinary shares	7	11	-	-	18	-	18
Fair value of share based payments	-	-	148	-	148	-	148
Deconsolidation of subsidiary	-	-	-	-	-	2,693	2,693
At 30 June 2017	**98,421**	**52,478**	**(2,073)**	**(110,714)**	**38,112**	**-**	**38,112**

Other reserves	*Merger reserve	Warrant reserve	Reverse acquisition reserve	Translation reserve	Deferred consideration reserve	Total other reserves
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 January 2016	**89,885**	**2,105**	**-**	**(190,041)**	**6,026**	**(92,025)**
Translation differences	-	-	-	(10,570)	-	(10,570)
Total comprehensive loss for the period	-	-	-	(10,570)	-	(10,570)
At 30 June 2016	**89,885**	**2,105**	**-**	**(200,611)**	**6,026**	**(102,595)**
Translation differences	-	-	-	(1,997)	-	(1,997)
Total comprehensive loss for the period	-	-	-	(1,997)	-	(1,997)
At 31 December 2016	**89,885**	**2,105**	**-**	**(202,608)**	**6,026**	**(104,592)**
Translation differences	-	-	-	(6,122)	-	(6,122)
Total comprehensive loss for the period	-	-	-	(6,122)	-	(6,122)
At 30 June 2017	**89,885**	**2,105**	**-**	**(208,730)**	**6,026**	**(110,714)**

* After restatement

The accompanying notes are an integral part of these financial statements.

Unaudited consolidated cash flow statement for the period ended 30 June 2017

	30-Jun-17 US$'000	30-Jun-16 US$'000	30-Dec-16 US$'000
Cash generated from operations (see note 14)	2,427	13,941	25,761
Tax paid	-	(380)	(705)
Net cash flows generated from operating activities	**2,427**	**13,561**	**25,056**
Cash flows from investing activities			
Purchase of property, plant and equipment (see note 9)	(13,547)	(11,852)	(20,374)
Proceeds from sale of property, plant and equipment	-	6	-

Purchase of exploration assets (see note 8)	(1,880)	(846)	(7,739)
Purchase of financial assets	(615)	(738)	(1,178)
Net cash used in investing activities	**(16,042)**	**(13,430)**	**(29,291)**
Cash flows from financing activities			
Repayments of borrowings	(8,897)	(14,250)	(18,967)
Funds from borrowings	19,509	7,588	21,013
Interest paid	(624)	(872)	(1,673)
Interest received	44	1	204
Proceeds from issue of shares	18	-	-
Net cash generated from/(used in) financing activities	**10,050**	**(7,533)**	**577**
Exchange gains/(losses) on cash and cash equivalents	558	(777)	(1,937)
Net decrease in cash and cash equivalents	(3,007)	(8,179)	(5,595)
Deconsolidation of subsidiary	(8,161)	-	-
Cash and cash equivalents at the beginning of the period	21,700	27,296	27,295
Cash and cash equivalents at the end of the period	**10,532**	**19,117**	**21,700**

The accompanying notes are an integral part of these financial statements.

Notes

1. Basis of preparation

The Group consolidates the financial statements of the Company and its subsidiary undertakings. The consolidated interim financial information for the 6 months ended 30 June 2017 has been prepared in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union. The financial information has been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRSs).

The financial information set out in this half-yearly report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The same accounting policies, presentation and methods of computation are followed in this unaudited interim condensed consolidated report as were applied in the Group's annual financial statements for the year ended 31 December 2016. The auditors' report on those financial statements was unqualified and did not contain any statements under section 498(2) or section 498(3) of the Companies Act 2006. The Group's annual financial statements for the year ended 31 December 2016 have been filed at Companies House.

2. Going concern

The directors consider that the Company and Group has sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the financial statements.

3. Segment reporting

	2017				2018			
	Argentina	Colombia	Unallocated	Total	Argentina	Colombia	Unallocated	Total
Analysis of revenue and profit:	US$'000	US$'000	Corporate US$'000	US$'000	US$'000	US$'000	Corporate US$'000	US$'000
Revenue	23,780	6,154	-	29,934	26,268	7,927	-	34,195
Operating profit/(loss)	8,204	(618)	(6,394)	1,192	2,430	554	(1,530)	1,454
Finance income	1,396	178	3,905	5,479	2,276	-	220	2,496
Finance costs	(5,579)	(613)	(4,691)	(10,883)	(4,352)	(586)	(8,548)	(13,486)
Loss before tax	4,021	(1,053)	(7,180)	(4,212)	354	(32)	(9,858)	(9,536)
Taxation	1,534	(607)	-	927	(1,339)	1,670	-	331
Loss for the year	5,555	(1,660)	(7,180)	(3,285)	(985)	1,638	(9,858)	(9,205)
Add: Depreciation and amortisation	6,459	2,990	-	9,449	3,655	2,611	-	6,266
Add: Impairment charges	2,591	-	-	2,591	-	-	-	-
Less: Finance income	(1,396)	(178)	(3,905)	(5,479)	(2,276)	-	(220)	(2,496)
Add: Finance costs	5,579	613	4,691	10,883	4,352	586	8,548	13,486
Add: Tax	(1,534)	607	-	(927)	1,339	(1,670)	-	(331)
EBITDA	17,254	2,372	(6,394)	13,232	6,085	3,165	(1,530)	7,720
Non-current assets								
Intangible assets	90,733	1,098	-	91,831	96,112	-	-	96,112
Property, plant and equipment	49,956	-	-	49,956	54,795	37,800	-	92,595
Available for sale financial assets	5,614	-	-	5,614	5,604	-	-	5,604
Trade and other receivables	14,542	-	-	14,542	9,828	-	-	9,828
Deferred income tax assets	4,099	-	-	4,099	831	280	-	1,111
Total non-current assets	164,944	1,098	-	166,042	167,170	38,080	-	205,250
Current assets								
Inventories	405	-	-	405	507	606	-	1,113
Investments in associates	-	-	12,672	12,672	-	-	-	-
Available for sale financial assets	2,513	-	106	2,619	1,129	-	94	1,223
Trade and other receivables	2,248	305	7,542	10,095	9,107	3,657	3,819	16,583
Restricted cash	-	-	5,442	5,442	-	3,628	5,459	9,087
Cash and cash equivalents	84	60	4,946	5,090	73	9,852	105	10,030
Total current assets	5,250	365	30,708	36,323	10,816	17,743	9,477	38,036

Current liabilities								
Trade and other payables	(40,549)	(933)	(3,806)	(45,288)	(26,707)	(2,913)	(1,370)	(30,990)
Financial liabilities	(12,453)	-	(25,746)	(38,199)	(2,784)	(8,236)	(7,353)	(18,373)
Provisions	(409)	-	-	(409)	-	(691)	-	(691)
Total current liabilities	(53,411)	(933)	(29,552)	(83,896)	(29,491)	(11,840)	(8,723)	(50,054)
Non-current liabilities								
Trade and other payables	(10,559)	-	(1,409)	(11,968)	(15,471)	(242)	(1,410)	(17,123)
Financial liabilities	-	-	(43,322)	(43,322)	(5,097)	(33,501)	(38,936)	(77,534)
Deferred income tax liabilities	(22,512)	-	-	(22,512)	(27,147)	(3,952)	-	(31,099)
Provisions	(2,555)	-	-	(2,555)	(2,393)	(1,495)	-	(3,888)
Total non-current liabilities	(35,626)	-	(44,731)	(80,357)	(50,108)	(39,190)	(40,346)	(129,644)
Net Assets	81,157	530	(43,575)	38,112	98,387	4,793	(39,592)	63,588

The income statement includes the results of Interoil for the period up to 8 June 2017.

4. Interoil

In May, the Company announced a restructure of its holding AIL, which holds a 51% interest in Interoil. The Company has a 51% interest in AIL and Canacol Energy Ltd "Canacol") the remaining 49%. Further to an agreement with Canacol, Canacol transferred all its shares in AIL to the Company in exchange for the Company transferring to Canacol 16,172,052 shares in Interoil currently held through AIL. Following these transactions, the Company's economic interest in Interoil will remain unchanged at 26.01% of the total share capital and votes of Interoil held through its wholly owned subsidiary AIL. Furthermore, on 8 June 2017 following changes to the composition of the board and senior management of Interoil, it has been determined that the Company will no longer be deemed to control Interoil. Therefore, with effect from 8 June 2017, Interoil is no longer fully consolidated and with effect from this date Andes's 26% share of the results and net assets of Interoil is equity accounted, in the consolidated results of the Group. The effect of this deconsolidation resulted in gain of US$13.6 million being recognised in the income statement of the period.

5. Finance costs

Only US$0.6 million of the finance costs were paid in cash during the period (2016: US$0.3 million). The other finance costs were not due to be paid and relate primarily to convertible loans.

6. Taxation

	30-Jun-17 US$'000	30-Jun-16 US$'000	31 -Dec-16 US$'000
Current tax	(1,120)	(2,309)	(4,548)
Deferred taxation	2,047	2,640	6,688
Tax credit	927	331	2,140
Loss on ordinary activities before tax	(4,212)	(9,536)	(28,416)
Tax credit on loss at standard rate of 35%	1,475	3,337	9,946
Effects of:			
Expenses not deductible for tax purposes	(2,052)	(1,569)	(4,934)
Effect of items not taxable	4,568	27	28
Temporary differences due to the effect of exchange rate movements	(235)	2,399	3,031
Tax losses for which no deferred tax asset is recognised	(2,829)	(3,863)	(5,931)
Current tax credit	927	331	2,140

7. Loss per share

Basic earnings/(loss) per share is calculated by dividing the net loss for the period attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. The basic and diluted earnings/(loss) per share are the same as there are no instruments that have a dilutive effect on earnings. Adjusted basic and diluted earnings/(loss) per share are presented after adjustment of exceptional items.

	30-Jun-17 Cents	30-Jun-16 Cents	31 -Dec-16 Cents
Basic and diluted loss per share	(0.24)	(1.47)	(3.76)
Adjusted basic and diluted loss per share	(0.23)	(1.47)	(3.76)
	US$'000	**US$'000**	**US$'000**
Loss for the year attributable to equity holders	(1,435)	(8,878)	(22,766)
	No.'000	**No.'000**	**No.'000**
Weighted average number of shares	605,520	605,505	605,505
Effect of dilutive warrants	7,645	-	-
Diluted weighted average number of shares	613,615	605,505	605,505
	No.'000	**No.'000**	**No.'000**
Potential number of dilutive warrants	59,186	59,240	59,240

8. Intangible assets

GROUP	**Goodwill**	**Exploration**	**Total**

	US$'000	US$'000	US$'000
Cost			
At 1 January 2016	20,732	103,318	124,050
Additions	-	846	846
Foreign exchange movements	(2,626)	(13,117)	(15,743)
At 30 June 2016	18,106	91,047	109,153
Additions	-	6,893	6,893
Exploration costs charged to income statement	-	(1,718)	(1,718)
Foreign exchange movements	(1,025)	(5,598)	(6,623)
At 31 December 2016	17,081	90,624	107,705
Additions	-	1,880	1,880
Disposals	-	(631)	(631)
Foreign exchange movements	(720)	(3,895)	(4,615)
At 30 June 2017	16,361	87,978	104,339
Accumulated amortisation and impairment			
At 1 January 2016	-	(14,792)	(14,792)
Charge for the period	-	(129)	(129)
Foreign exchange movements	-	1,880	1,880
At 30 June 2016	-	(13,041)	(13,041)
Impairment	-	(578)	(578)
Charge for the period	-	(130)	(130)
Foreign exchange movements	-	873	873
At 31 December 2016	-	(12,876)	(12,876)
Charge for the period	-	(239)	(239)
Foreign exchange movements	-	607	607
At 30 June 2017	-	(12,508)	(12,508)
Net Book Value			
At 30 June 2017	16,361	75,470	91,831
At 31 December 2016	17,081	77,748	94,829
At 30 June 2016	18,106	78,006	96,112

9. Property, plant and equipment

GROUP	**Buildings and land US$'000**	**Machinery and equipment US$'000**	**Oil Production US$'000**	**Work in progress and other assets US$'000**	**Total US$'000**
Cost					
At 1 January 2016	469	2,299	198,926	980	202,674
Additions	11	92	12,005	(256)	11,852
Foreign exchange movements	(60)	(341)	(8,216)	(8)	(8,625)
At 30 June 2016	420	2,050	202,715	716	205,901
Transfers	-	-	801	(1,756)	(955)
Additions	167	143	6,946	1,266	8,522
Foreign exchange movements	(35)	(144)	(3,768)	(4)	(3,951)
At 31 December 2016	552	2,049	206,694	222	209,517
Additions	-	75	12,815	657	13,547
Impairment	-	-	(4,556)	-	(4,556)
Deconsolidation of subsidiary	-	-	(140,178)	(815)	(140,993)
Foreign exchange movements	(23)	(104)	(3,222)	(2)	(3,351)
At 30 June 2017	529	2,020	71,553	62	74,164
Accumulated depreciation					
At 1 January 2016	(185)	(67)	(108,246)	(31)	(108,529)
Charge for the period	(81)	(51)	(6,003)	(2)	(6,137)
Foreign exchange movements	27	56	1,274	3	1,360
At 30 June 2016	(239)	(62)	(112,975)	(30)	(113,306)
Charge for the period	(40)	(68)	(8,497)	(1)	(8,606)
Impairment	-	-	(6,487)	-	(6,487)
Foreign exchange movements	14	27	1,314	1	1,356
At 31 December 2016	(265)	(103)	(126,645)	(30)	(127,043)
Charge for the period	-	(331)	(8,879)	-	(9,210)
Impairment	-	-	1,965	-	1,965
Deconsolidation of subsidiary	-	-	108,963	-	108,963
Foreign exchange movements	11	35	1,070	1	1,117
At 30 June 2017	(254)	(399)	(23,526)	(29)	(24,208)
Net Book Value					
At 30 June 2017	275	1,621	48,027	33	49,956
At 31 December 2016	287	1,946	80,049	192	82,474
At 30 June 2016	181	1,988	89,740	686	92,595

As a result of the relinquishment of the Puesta Pozo Cercado licence area after the period end, management has recognised an impairment of US$ 2.6 million, which has been charged to the income statement

10. Financial liabilities

	The Group		
	30-Jun-17	30-Jun-16	31 -Dec-16
	US$'000	US$'000	US$'000
Current			
Bank borrowings	56	8,250	5,264
Other borrowings	35,706	9,201	20,315
Accrued financial interest	2,437	922	1,578
	38,199	18,373	27,157

	The Group		
	30-Jun-17	30-Jun-16	31 -Dec-16
	US$'000	US$'000	US$'000
Non-current			
Bonds	-	33,501	34,719
Other borrowings	31,697	34,984	33,345
Accrued financial interest	11,625	9,049	10,776
	43,322	77,534	78,840
Total financial liabilities	81,521	95,907	105,997

	The Group		
	30-Jun-17	30-Jun-16	31 -Dec-16
	US$'000	US$'000	US$'000
Maturity profile			
Within 1 year	38,481	18,849	27,597
Between 1 and 5 years	17,374	55,971	63,668
After 5 years	68,696	70,138	68,696
	124,551	144,958	159,961
Interest payments	(43,030)	(49,051)	(53,964)
	81,521	95,907	105,997

11. Deferred tax

Deferred tax asset	Notional income tax	Provision charges	Other	Carry forward losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 January 2016	6	1,055	201	285	1,547
Charged to the income statement	(5)	(320)	42	(45)	(328)
Foreign exchange movement	-	(46)	(28)	(34)	(108)
At 30 June 2016	1	689	215	206	1,111
Credited to the income statement	-	1,367	9	728	2,104
Foreign exchange movement	(1)	(66)	(11)	(65)	(143)
At 31 December 2016	-	1,990	213	869	3,072
Credited to the income statement	-	(445)	123	2,536	2,214
Deconsolidation of subsidiary	-	(987)	-	-	(987)
Foreign exchange movement	-	(20)	(15)	(165)	(200)
At 30 June 2017	-	538	321	3,240	4,099

Deferred tax liability	Fair value of PP&E	Acquisitions	Total
	US$'000	US$'000	US$'000
At 1 January 2016	6,920	31,085	38,005
Credited to the income statement	(2,968)	-	(2,968)
Foreign exchange movement	-	(3,938)	(3,938)
At 30 June 2016	3,952	27,147	31,099
Credited to the income statement	327	(2,271)	(1,944)
Foreign exchange movement	-	(1,373)	(1,373)
At 31 December 2016	4,279	23,503	27,782
Charged to the income statement	167	-	167
Deconsolidation of subsidiary	(4,446)	-	(4,446)
Foreign exchange movement	-	(991)	(991)
At 30 June 2017	-	22,512	22,512

12. EBITDA

	30-Jun-17	30-Jun-16	31 -Dec-16
	US$'000	US$'000	US$'000
Loss for the year from continuing operations	(3,285)	(9,205)	(26,276)
Add: Depreciation and amortisation	9,449	6,266	15,002
Add: Impairment write downs	2,591	-	7,065
Less: Finance income	(5,479)	(2,496)	(6,887)
Add: Finance costs	10,883	13,486	27,803
Add: Tax	(927)	(331)	(2,140)

EBITDA	13,232	7,720	14,567

13. Comprehensive income

The translation loss primarily arises as a result of the devaluation of the AR$ against the US$ during the period. The carrying value of intangibles assets, other assets and liabilities in Argentina are held in AR$ and on consolidation translated to US$, the presentation currency. The resulting exchange gains and losses are classified as equity and transferred to the Group's translation reserve. This is not indicative of an impairment in the carrying value of these assets.

14. Events after the balance sheet date

On 28 July 2017 the Vega Grande exploitation licence was extended for a further period of one year commencing on the 28 July 2017. The licence has been renewed subject to a work programme, which includes, reprocessing of 150 km of 2D seismic line, geochemical survey of 700 samples and a workover in the VGa-6 well. During the remainder of this year we expect to be able to reach agreement to extend the licence for a 10 year period include the extension of 1 year already granted.

The workover performed in the La Paloma 5 well on the La Paloma licence was successful with the well self-flowing at more than 120 boepd from the Huitrin formation. The Company continues to evaluate the main target, Grupo Neuquén and is in the process of installing production on a field that previously was not producing.

On 12 July 2017 a second exploratory period in Laguna El Loro of one year was granted with commitments to reprocess existing 3D and 2D seismic (553 km and 185 km respectively), conduct a geochemical survey of 4,500 samples and drill a well targeting unconventional horizons.

On 10 August 2017 the Company announced the completion of its combination with Trefoil Holdings, the holding company that indirectly owns over 99.99% of PETSA, the operating company for the oil and gas exploration and production business of Mercuria EG in Argentina. The combination was effected through the acquisition of the entire issued share capital of Trefoil Holdings in consideration for the issue of 1,899,106,385 consideration ordinary shares. The consideration shares issued to Upstream Capital represented 75.38% of the enlarged share capital on completion with existing Andes shareholders holding 24.62%. The resulting ownership of Mercuria EG in the enlarged group on completion was approximately 78%. A copy of the admission document can be found on the Company's website.

The Board believes that it is in the interests of the Company's shareholders for the Company to focus on oil and gas exploration and production in Argentina only. Outside of Argentina, the Company has interests in Colombia, through its interest in the Interoil shares and interests in certain licences in the Llanos Basin and the Valle Magdalena Medio Basin. In line with this strategy, the Board is in the process of demerging the Interoil shares, which are currently held by the Company's wholly-owned subsidiary, AIL, to be effected by way of a transfer of shares to US shareholders and a distribution in specie to non US shareholders on record pre- completion.

On 21 August 2017 the Company announced that subsequent to CHSA, the concessioner and operator of the CH and PPC blocks, presenting to the Director of Hydrocarbons a new exploitation plan for the areas, CHSA has been notified of the Province of Mendoza's acceptance of the plan. Pursuant to this plan CHSA and the joint venture partners will relinquish 100% of the PPC block, which has production of approximately gross 423 bopd (net to Andes 331 bpd) and covers approximately 42,000 gross acres, and implement a work programme in the CH block with a gross investment commitment of approximately US$94 million over a 4 year period. Andes's level of participation in the new work programme for the CH block, if any, has not yet been agreed with the operator.

On 22 August 2017 t he Company drew down US$45 million of the remaining US$73 million of the US$160 million bridging and working capital facility provided by Mercuria Energy Trading S.A..

14. Cash generated from operations

	Group		
	30-Jun-17	**30-Jun-16**	**31 -Dec-16**
	US$'000	**US$'000**	**US$'000**
Loss for the year before taxation	(4,212)	(9,536)	(28,416)
Adjustments from operating activities			
Depreciation and amortisation	9,449	6,266	15,002
Exchange movements	291	116	78
Revaluation of investments	(13,618)	-	-
(Increase)/decrease in inventories	(98)	773	920
Increase in trade and other receivables	(4,099)	(4,718)	(6,121)
Increase in creditors and other payables	6,178	10,748	15,702
Finance costs	10,883	13,486	27,803
Finance income	(5,479)	(2,496)	(6,887)
Impairment charges	2,591	-	7,065
Movement in provisions	(235)	(853)	(1,398)
Loss on disposal of fixed assets	628	-	-
Exploration costs written off	-	-	1,718
Share based payments	148	155	295
Net cash generated from operating activities	2,427	13,941	25,761

15. Other

A copy of the interim report will be made available on Phoenix's website at www.phoenixglobalresources.com

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