REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2014

President Energy is an independent, international oil and gas exploration and production company focused on South America

The Company is committed to substantial growth through a twin track strategy of acquisition of new oil and gas assets and the organic development of the Group's existing assets.

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Chairman's Statement

Summary

2014 was a defining year for President Energy plc's ("President") Paraguayan Concessions, leading to the identification of two petroleum systems and logged hydrocarbon accumulations in the Icla, Santa Rosa and Sara reservoirs. President drilled the first well on its Paraguayan operated acreage, having entered the country only 18 months previously. The timescale to reach this juncture and the subsequent drilling of two exploration wells in a remote location, with no local oil industry support services, was in itself a significant achievement. The 2014 drilling campaign has substantially de-risked the Paraguayan acreage and gives us great confidence that future drilling and testing will demonstrate commercial flowrates.

In August 2014 President farmed into a third concession in Paraguay as operator, the Hernandarias Concession, for a capped carry consideration of US$17.0 million to earn 80% working interest. The Hernandarias Concession adds a further 18,507 km^2 of highly prospective acreage to the 8,000 km^2 in each of the Pirity and Demattei Concessions. At the date of this report, new 2D seismic data acquisition had begun on the Hernandarias Concession. The scale of the acreage and the opportunity that has now been created across President's three operated concessions in Paraguay is such that President will, from a position of strength, look to engage with an industry partner in 2015.

In Argentina substantial progress was made on the path towards realising significant value for shareholders as President acquired the remaining 50% it did not own of the Puesto Guardian Concession. The opportunistic acquisition, for a modest consideration, has provided President with further substantial 2P reserves, thereby increasing the company's core valuation, and importantly the operatorship of the licence. The subsequent confirmation of the underlying reserves and the fair value gain reflected on the income statement highlights the quality of this transaction for shareholders, with an acquisition cost of US$1.04 per barrel of 2P oil reserves. This excellent value accretive deal is reflected in the one off gain of US$29.3 million on the income statement.

In December 2014 an independent reserve report on President's Argentinian assets was published by Gaffney Cline & Associates ("GCA") which assessed 2P reserves of 14.1 mmbbls, of which 1P reserves constitute 9.1 mmbbls, with further 2C upside of 5.7 mmbbls which will migrate to the 2P category on the expected licence extension to 2050. The confirmed 1P reserves represent a 390% increase on President's pre-acquisition Argentina reserves with the 2P oil reserves at Puesto Guardian being valued by GCA at NPV10 US$297 million (before corporate taxes). In addition, President now has complete ownership of the deep Paleozoic gas prospect, as outlined in the 2012 GCA Report, for which a farm-out process is due to commence in May 2015. Management are now focused on turning this reserve potential into realised value and, since the acquisition, the underlying technical work has been carried out to define a development programme of workovers and the drilling of new locations to unlock this reserve base.

Louisiana continues to provide a solid platform for the Group through ongoing cash generation that covers the majority of the group's corporate cost structure.

Paraguay

President Energy has secured a basin controlling position through the 2012 farm-in to the Pirity (PPC 64% WI) and Demattei Concessions (PPC 10.125% WI with the right to earn up to 60%) and the subsequent farm-in to the Hernandarias Concession in 2014 (PPC 40% WI with the right to earn up to 80%). The combined acreage of 34,000 km^2 benefits from both an extension of the deeper Paleozoic and Silurian petroleum systems, from which the prolific Bolivian producing gas condensate fields are generated, and the shallower Cretaceous petroleum system evidenced across the border in Argentina.

Following the 2013 acquisition of 793 km^2 of 3D and over 1,000 km of 2D, President undertook the first drilling campaign in Paraguay for 30 years to target the deeper Paleozoic structures on the Pirity Block. President successfully drilled the Jacaranda and Lapacho wells which proved the existence of the Devonian and Silurian Paleozoic petroleum systems in the Pirity basin and made logged hydrocarbon discoveries in the Sara, Santa Rosa and Icla reservoirs. The Jacaranda well proved the existence of the Devonian Petroleum System and provided evidence that the oil window extends down to 4,000m. The follow-on Lapacho well identified, through a full suite of electrical logs and side wall cores, a light oil discovery in the Icla (24m interval) sands before being deepened to find the gas condensate window below 4,060m in the Santa Rosa and Sara sands. Despite limitations to the well testing operations on both the Sara/Santa Rosa and Icla tests which prevented the Company making a demonstration of commercial flow rates, the drilling program has substantially de-risked the Paraguayan acreage.

The majority of the Paleozoic prospectivity in President's operated acreage of 34,000 km^2 lies in the Hernandarias Concession where the Santa Rosa and Sara target intervals can be reached at much shallower depths, improving reservoir porosities, much enhancing the liquids fraction in the overall hydrocarbon mix and thereby benefiting from materially improved economics.

To build on the success of the 2014 drilling operations President is continuing its exploration programme in the Pirity basin with a 607 km 2D seismic survey, which is currently underway, to high grade three key prospect areas in the Hernandarias Concession. Results of the seismic work are expected in mid-2015. The seismic survey is focused on three significant leads over which President has already had the benefit of previous seismic data; namely Boqueron with a possible 160 km^2 trap area, Labon with a possible 35 km^2 trap area and Tuna with a possible 40 km^2 trap area. All leads are considered on present information to contain the Devonian and Silurian packages identified in the Jacaranda and Lapacho wells, albeit at shallower depths of between 2,000-3,000m.

In February 2015 a dispute arose with President's partner in the Pirity Concession regarding the 2014 drilling campaign; however this has now been amicably resolved.

Argentina

In Argentina President took advantage of the need for the incumbent operator to raise finance for its operations outside of South America by acquiring the remaining 50% not already owned and operatorship of the Puesto Guardian concession. This acquisition has significantly increased President's reserve base and aligned President's ownership across its three NW Basin concessions including the 100% owned Mattoras and Ocultar exploration licences.

The consideration paid for the deal, at US$1.04 per 2P barrel, is such that a one off gain of US$29.3 million is recognised in the income statement as part of the IFRS 3 fair value accounting process. The fair value calculation is underpinned by the independently assessed reserves as disclosed in the December 2014 GCA reserve report which identifies 14.1 mmbbls of 2P reserves, of which 9.1 mmbbls are in the proved 1P category. The report highlights the significant potential for further production with only 8% of the current 1P reserves being within the producing category. This suggests there is significant potential for further production from the Proved Reserves as well as from the further 8.4 mmbbls of Probable and Possible (P2 + P3) Oil Reserves.

Since acquiring full ownership and operatorship of the Puesto Guardian Concession, President has expeditiously carried out reprocessing of seismic and reservoir engineering analysis. As a result of this work, the Company is now embarking on a multi aspect work programme on the Concession commencing with well work-overs and with drilling of new production wells in a second phase. The projected uplift in production will benefit from the Government's recently announced incentive scheme of an additional US$3 per barrel realisation price for each increased barrel produced over existing production.

In conjunction with this and having assumed operatorship and full control, the Company has commenced the farm-out of a significant deep Paleozoic Gas Prospect at the Martinez Del Tineo field in the Puesto Guardian Concession. GCA had previously assessed that this prospect had unrisked recoverable Best Estimate Prospective Resources of 570 Bcf of gas and 14.5 mmbbls, as of 31 October 2011.

The Phase 2 programme is currently targeted to commence during the latter part of 2015 subject to project finance being in place. This Phase consists of up to 17 new wells to be drilled targeting proved oil reserves. The well locations have already been identified and once Phase 1 is delivering the anticipated increases in production, President will consider in more detail various financing options which it believes may be available. Current projections are that US$25m-US$30m of development finance will be required at which point the Phase 2 new well programme will become self-funding.

Application is being made, under new government legislation relating to unconventional hydrocarbons, to obtain extended licence terms over President's Concessions. Under the new legislation, tight reservoirs, such as the carbonates and low permeability sand units in President's Concessions, qualify for these new extended licence terms. If granted, the end date of the

Puesto Guardian Concession would become 2050. If the extension is granted, the Company's current 3P oil reserves of 17.5 mmbbls (over 14 million of which are in the 2P category), would be highly likely to be increased by a further 16.5 mmbbls to approximately 34 mmbbls, due to the transfer from Contingent Resources into Reserves. It is hoped that such applications will be approved before the end of 2015.

Louisiana

The producing East White Lake ("EWL") and East Lake Verret ("ELV") fields continue to provide a robust cash flow base that covers the majority of the Group's overhead. Production in the year was 222 boepd (2013: 236 bopd) with a continued bias to oil at 87% of production (2013: 88%). The Eagle Crest well at ELV was brought onstream at no cost to the Company. The well was farmed out in return for a full carry of costs, a 3% gross overriding royalty and a further 12% working interest on pay out of a capped level of drilling costs. The well came onstream in August 2014 and payout is expected to occur by mid-2015.

President continues to benefit from the accrued tax losses on its Louisiana operations which means that the effective Federal and State corporate tax rate remains zero.

Australia

Whilst no longer a core asset for President, the Company continues to believe in the value of the PEL 82 licence where further reprocessing and studies completed in 2014 identified 250 Bcf (P50) of conventional Prospective Resources and unconventional P90-P10 Prospective Resources of 460 Bcf – 1.98 Tcf, with upside from analogous plays to 10.6 Tcf.

Active discussions with potential farm-in partners have currently been placed on hold while the South Australia state conducts a review into unconventional drilling activity. An application has been made to extend the licence term from the current September 2015 for an initial six months, followed by a further six months. In view of the current hiatus President has taken the conservative view of impairing US$11.5 million of intangible asset value. This is not a reflection of any change in the prospective value of the licence but a conservative approach to the Group financial statements.

The South Australia state review is expected to complete shortly and the farm-out efforts will resume.

Corporate

In February 2014 President raised US$50.8 million from new and existing shareholders, including US$9.2 million from the International Finance Corporation ("IFC"), following their initial subscription in December 2013, to fund the Paraguayan drilling programme.

President is grateful for the ongoing support of all its shareholders including both private and larger shareholders such as PLLG Investments Limited, the IFC and UK institutions. This support was further demonstrated post year-end with a raise of US$14.0 million to fund President through 607km of 2D seismic acquisition on the Hernandarias Concession in Paraguay and an initial workover programme in Argentina.

On 10th June 2014 President announced the acquisition of a further 5% in the Pirity Concession through the acquisition of the entire issued share capital of the Paraguayan company LCH S.A. As a result of the acquisition President increased its working interest in the Pirity Concession to 64%.

On 30th July 2014 President announced the acquisition of the remaining 50% not already owned in the Puesto Guardian Concession in Argentina, together with operatorship.

To reflect the lower oil price environment, President has undertaken an exercise in reducing its overhead cost base. To this end President announced post year-end changes to the structure of the Board with John Hamilton (CEO), Richard Hubbard (COO) and Mike Cochran (Non-Executive Director) stepping down to allow for a more focused Board structure. We are grateful to each of them for their valued contributions in the past and wish them well in the future.

Financial Review

In 2014 the Company recognised a gross profit of US$3.1 million (2013: US$5.3 million) due to the lower oil price environment, however, this was offset by a reduction in administrative expenses of US$5.4 million (2013: US$7.6 million), leading to an equivalent Operating Loss before impairment of US$2.3 million (2013: US$2.3 million). Profit for the year from continuing operations of US$14.5 million (2013: US$1.7 million loss) reflects the significant fair value gain made on the acquisition of the remaining 50% of the Puesto Guardian Concession in the year of US$29.3 million; partially offset by US$11.9 million of impairments which predominantly reflects the write down of the PEL 82 licence, Australia, of US$11.5 million.

Revenue reduced against the prior year by 6% to US$12.6 million (2013: US$13.4 million), reflecting falling average oil prices for the period to US$81/boe (2013: US$86/boe) while group production remained stable at an average of 426 boepd (2013: 428 boepd).

The key investment events of 2014 were the drilling programme in Paraguay, where US$54.3 million was invested, the acquisition of LCH S.A for US$7.1 million and the acquisition of the remaining 50% not already owned in the Puesto Guardian concession for US$8.5 million which has led to a significant gain when measuring the fair value of the deal of US$29.3 million. Further information is contained in the Financial Review on page 07 to 09.

Production and reserves

	Oil (bbls)		Natural Gas (mmcf)		Total (mboe)	
Producing Field	2014	2013	2014	2013	2014	2013
Puesto Guardian	74,856	69,908	–	–	74.9	69.9
East Lake Verret	5,123	5,320	5.8	4.0	6.1	6.0
East White Lake	64,256	70,283	62.3	60.3	74.6	80.3
	144,235	145,511	68.2	64.3	155.6	156.2

Net Reserves (mboe)	Proved	Probable	Total
As at 31 December 2013	2,154.4	4,570.6	6,725.0
USA reserve movement	116.1	–	116.1
Argentine reserve movement	7,294.2	444.0	7,738.2
Production 2014 USA	(80.7)	–	(80.7)
Production 2014 Argentina	(74.9)	–	(74.9)
As at 31 December 2014	9,409.1	5,014.6	14,423.7

Reserve movements in Argentina are a consequence of the acquisition of the remaining 50% not already owned in the Puesto Guardian concession and the subsequent independent reserve report. In the USA updated operator reports are the trigger for the upward revisions.

Outlook

Notwithstanding the turbulent current oil price environment, we are confident that it will be another year of progress for President in both our principal areas, Paraguay and Argentina. The achievements of 2014 have left us well placed for the important work still to do in both countries, with our first priority being to continue our focus on both exploration and production whilst maintaining cost control.

President is very fortunate to have a good reserve base, providing significant scope for production growth as well as opportunities that offer company-making potential in both Paraguay and the deep gas prospect in Argentina. Accordingly we are looking forward with confidence to a year of tangible progress.

Finally I would like to express gratitude to all our hard working management and employees and our supportive shareholders. Thank you most sincerely.

Peter Levine
Chairman
12th May 2015

Strategic Report

The Directors present their Strategic report and the audited financial statements of President Energy PLC for the year ended 31 December 2014.

Principal Activities

The Group conducts an international business whose principal activities are the exploration for and the evaluation and production of oil and gas. A comprehensive review of the development of the business of the Group is contained in the Chairman's Statement on pages 02 to 06.

Financial Review

In 2014 the Group recognised a gross profit of US$3.1 million (2013: US$5.3 million) due to the lower oil price environment. However, this was offset by a reduction in administrative expenses of US$5.4 million (2013: US$7.6 million), leading to an equivalent Operating Loss before impairment of US$2.3 million (2013: US$2.3 million). Profit for the year from continuing operations of US$14.5 million (2013: US$1.7 million loss) reflects the significant fair value gain made on the acquisition of the remaining 50% in Puesto Guardian of US$29.3 million; partially offset by US$11.9 million of impairments which predominantly reflects the write down of the PEL 82 licence in Australia of US$11.5 million.

Revenue reduced against the prior year by 6% to US$12.6 million (2013: US$13.4 million), reflecting lower average oil prices for the period of US$81/boe (2013: US$86/boe) while Group production remained stable at an average of 426 boepd (2013: 428 boepd). Cost of sales of US$9.5 million (2013: US$8.1 million) are up 17% due to an increase in well operating costs to US$6.5 million (2013: US$5.4 million) and a higher depreciation charge of US$3.1 million (2013: US$2.8 million). The increase in well operating costs is attributable to recognising the 100% share of Puesto Guardian in 2H 2014 and also an increase in the USA relating to workover costs on East Lake Verret and the ending of severance tax holidays on certain wells.

Production in Argentina increased to 74,856 bbls (2013: 69,908 bbls) due to the consolidation of the remaining 50% not already owned in the Puesto Guardian Concession from 29 July 2014. Gross field production for 2014 was 304 bopd (2013: 383 bopd). Having taken over operatorship and carried out the required technical work President is undertaking a workover programme in 2015 to increase production.

The producing East White Lake and East Lake Verret fields, USA, continue to provide a robust cash flow base that covers the majority of the Group overhead. Production in the year was 222 boepd (2013: 236 boepd) and generated an EBITDA contribution of US$4.4 million (2013: US$6.0 million). The reduced contribution is a consequence of a falling average oil price of US$85/boe (2013: US$95/boe) and increased well operating costs as described above.

Administrative expenses have fallen 29% to US$5.4 million (2013: US$7.6 million), reflecting the capitalisation of costs relating to the Paraguay drilling programme into intangible assets. The main components of administrative expenses are staff costs of US$4.7 million (2013: US$4.4 million) and share-based payments of US$1.2 million (2013: US$1.3 million). The staff costs in 2014 reflect a period of intense capital activity in Paraguay and as oil prices fell during the second half of 2014 the Group's cost base has been reduced to reflect the new environment.

Other gains in the year form a substantial portion of the income statement for 2014. These one off gains are derived from the fair value exercise of the newly acquired 50% interest in the Puesto Guardian concession under IFRS 3. The valuation of the underlying assets acquired was based on the independent reserves report from Gaffney Cline and Associates ("GCA") which included an increase in 2P reserves to 14.1 mmbbls (compared to 2013 gross reserve numbers for the field of 12.8 mmbbls). The gain of US$29.3 million reflects the bargain purchase gain on acquisition of US$22.6 million and the gain on the required revaluation of the existing 50% held by President in the Puesto Guardian concession of US$6.7 million (note 32).

Financial Review (continued)

Gains have been offset by an impairment charge of US$11.9 million of which US$11.5 million relates to the PEL 82 licence in Australia. Whilst President continues to explore the opportunity for future investment with potential farm-in partners it is considered conservative in the current oil price environment and in view of the current review in South Australia relating to unconventional drilling activity, to remove this asset from the balance sheet.

The key feature of the year from an operational and financial perspective was the Paraguay exploration drilling programme. In February 2014 President raised US$48.0 million, net of expenses, from new and existing shareholders, including US$9.2 million from the International Finance Corporation ("IFC"), following their initial subscription in December 2013, to fund the Paraguayan drilling programme. The 2014 investment in Paraguay of US$54.3 million formed the largest portion of the US$55.0 million intangible asset additions leading to an increase in intangible assets by 75% to US$102.9 million (2013: US$58.7 million). This increase in intangible assets incorporates the effects of an addition of US$7.1 million relating to the LCH S.A acquisition (see below), the transfer of US$5.0 million to property, plant and equipment, the impairment of the carrying value of PEL 82, Australia, of US$11.5 million and an unsuccessful exploration well in Louisiana of US$0.4 million. The transfer of US$5.0 million to property, plant and equipment represents the previous carrying value of the Martinez del Tineo field on the Puesto Guardian Concession, Argentina; as part of the acquisition of the remaining 50% and assumption of operatorship the field has undergone a full remapping and study exercise which has led to its inclusion in the 2015 workover programme and prominence in the GCA independent reserve report.

On 10th June 2014 President announced the acquisition of a further 5% in the Pirity Concession through the acquisition of the entire issued share capital of the Paraguayan company LCH S.A. As a result of the acquisition President increased its working interest in the Pirity Concession to 64%. The acquisition consideration comprised 10,206,858 President ordinary shares (calculated at 35p), US$250,000 cash, 4,252,858 warrants and further deferred shares in the event of a commercial discovery on the licence (note 26). The LCH acquisition is reflected as an increase in intangible assets of US$7.1 million.

Property, Plant and Equipment have increased 151% to US$87.1 million (2013: US$34.7 million) reflecting the impact of the Puesto Guardian acquisition. The acquisition leads to an increase in the property, plant and equipment carrying value of US$13.0 million for the revaluation to fair value of the existing 50% owned by the Group and US$43.3 million for the fair value of the newly acquired 50%. As described above there is also a transfer of US$5.0 million from intangible assets.

Receivables of US$14.3 million (2013: US$5.4 million) and payables of US$11.9 million (2013: US$7.5 million) reflect year-end timing differences for prepayment balances of US$9.6 million, including funds held in escrow, and accrued expenses for the Paraguay drilling programme of US$7.1 million.

Loan balances of US$9.6 million at the year-end reflect drawings under the US$15 million IYA loan facility, the term of which has been extended to 30 December 2016 (see note 31).

Year-end cash balances of US$1.5 million (2013: US$10.0 million) reflect the US$48.0 million equity raise, net of expenses, and the loan drawing of US$9.6 million against an active investment programme in Paraguay, the acquisition of LCH S.A and the acquisition of the remaining 50% in Puesto Guardian. These investments are illustrated in the year-end balance sheet with net assets of US$160.4 million (2013: US$95.7 million)

Key Performance Indicators

Key Performance Indicators are used to measure the extent to which Directors and management are reaching key objectives. The principal methods by which the Directors monitor the Group's performance are volumes of net production, well operating costs and the extent of exploration success. The Directors also carry out a regular review of cash available for exploration and development and review actual capital expenditure and operating expenses against forecasts and budgets.

	2014	2013	Increase/ (Decrease)
Production			
Net oil and natural gas liquid production mbbls	144.2	145.5	−0.9%
Net gas production mmcf	68.2	64.3	6.0%
Production mboe			
USA	80.7	86.3	−6.5%
Argentina	74.9	69.9	7.2%
Total net hydrocarbons	155.6	156.2	−0.4%
Well operating costs US$000			
USA	1,848	1,462	26.4%
Argentina	4,629	3,900	18.7%
Total operating costs	6,477	5,362	20.8%
Well operating costs per boe US$			
USA	22.9	16.9	35.2%
Argentina	61.8	55.8	10.8%
Total well operating costs per boe US$	41.6	34.3	21.3%
Cash balances US$000	1,527	10,009	−84.7%

The increase in well operating costs is attributable to recognising the 100% share of Puesto Guardian in 2H 2014 and also an increase in the USA relating to workover costs on East Lake Verret and the ending of severance tax holidays on certain wells.

Puesto Guardian, Argentina, gross field production for 2014 was 304 bopd (2013: 383 bopd). Having taken over operatorship and carried out the required technical work President is undertaking a workover programme in 2015 to increase production.

ON BEHALF OF THE BOARD

Ben Wilkinson

Finance Director

12th May 2015

Directors' Report

The Directors present their report and the audited financial statements of President Energy PLC for the year ended 31 December 2014.

Directors

The Directors of the Company and those who served during the year were as follows:

Peter Levine
John Hamilton (stepped down 15 January 2015)
Benjamin Wilkinson
Miles Biggins (appointed 16 January 2013)
Dr. Richard Hubbard (appointed 16 January 2013, stepped down 15 January 2015)
Dr. David Jenkins
Dr. Michael Cochran (stepped down 15 January 2015)
David Wake-Walker
Rt Hon. Alistair Burt MP (appointed 4th February 2015, stepped down 14th May 2015)

On 15th January 2015, John Hamilton, Dr. Richard Hubbard and Michael Cochran stood down from the board with immediate effect. Peter Levine became Executive Chairman and Chief Executive Officer and Miles Biggins became Chief Operating Officer. On 4th February 2015 the Company announced the appointment of Rt Hon. Alistair Burt MP as Non-Executive Director.

None of the Directors has a service agreement of more than one year's duration. Save as disclosed in the Directors' Remuneration Report starting on page 14 no Director has had a material interest in any contract of significance with the Company or its subsidiaries during the year. Details of the Directors' interests in the shares of the Company are also set out in the Directors' Remuneration Report.

Results and Dividends

The profit for the year after taxation amounted to US$14.5 million (2013: loss US$1.7 million). The Directors do not recommend a dividend. (2013: nil).

Capital Structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 23. Each ordinary share carries the right to one vote at general meetings of the Company.

Subsequent Events

In March 2015, the Company announced a placing of 29,668,627 new ordinary shares at 12.5p per share which were admitted to trading on 6th March 2015. Following shareholder approval a further 43,139,023 new ordinary shares were issued at 12.5p per share which were admitted to trading on 23rd March 2015. The shares were granted a warrant on the basis of 1 warrant for every placing share. The warrants will be freely transferable, have an exercise price of 18.75 pence per share and may be exercised during a three year period. The placing raised US$14.0 million to fund an acquisition of new seismic lines on the Hernandarias concession in Paraguay and an initial workover programme in Argentina. As part of the placing the term of the existing US$15.0 million loan facility has been extended to 31 December 2016 (note 31).

In March 2015, the Company received the decree signed by the President of Paraguay to assign the first 40% (potentially rising to 80%), of the Hernandarias Concession, to President. President has US$15.4 million remaining to spend of US$17.0 million to earn the full 80% farm-in entitlement.

Substantial Shareholders

As at 1 May 2015, the latest practicable date prior to the publication of this report, the following interests appeared in the register.

Lynchwood Nominees Limited	133,111,556	27.76%
Vidacos Nominees Limited	87,811,230	18.31%
Mineworkers Pension Scheme (Chase GIS) Nominees Limited	22,242,164	4.62%
British Coal Staff Superannuation Scheme (Chasr GIS) Nominees Limited	14,699,616	3.07%

Included in the above, the Company has been advised of the following beneficial holdings.

PLLG Investments Limited	18.9%
International Finance Corporation	15.5%
Schroders plc	9.4%
Michinoko Limited	8.7%

Percentages are based on the issued share capital at the date of notification.

The PLLG Investments Limited (PLLGI) shareholding shown above is inclusive of the following beneficial interests:

Peter Levine	90,443,664
Benjamin Wilkinson	40,000

Directors' interests in the share capital of the Company are disclosed in the Directors' Remuneration Report.

Further details of PLLGI are set out in note 31.

Going Concern

The Group's cash position at the year-end is US$1.5 million (2013: US$10.0 million). A further US$14.0 million was raised in March 2015 to fund the acquisition of new seismic lines on the Hernandarias concession in Paraguay and an initial workover programme in Argentina.

The term of the existing US$15.0 million loan facility has been extended to 31 December 2016 (note 31). At the year-end there was US$9.6 million drawn under the loan facility and the Group was in a net current liabilities position. Following the February 2015 equity raise the loan was paid down to US$8.6 million drawn.

The Group is reliant on production revenues from existing producing wells. The principal uncertainty in the Group's forecasts and projections relates to the level of future production and consequent revenues and the estimates of future drilling costs. The Group consults with industry specialists to ensure operational projections are accurate.

The Directors believe that the Group will be able to operate within its existing committed funding and to meet all commitments as they fall due. Further details of the Groups' commitments are set out in note 27. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Environment

President Energy ensures that it understands and effectively manages the actual and potential environmental impact of its current and future activities. All local and national environmental regulations are observed in the countries in which the Group operates and the Company has agreed to follow the International Finance Corporation's performance standards.

Principal Risks and Uncertainties Facing the Company

The principal risks and uncertainties arise first from unsuccessful drilling. The risks fall into three main areas:

- Although seismic data may indicate the possibility of a resource, a test drilling may reveal that there is no significant oil or gas.
- Detailed evaluation after the test drilling may demonstrate that, after production costs, the well is not commercially viable.
- Before production commences unforeseen technical problems may result in cost overruns that make the well uneconomic.

These risks are potentially mitigated by geological analysis prior to significant expenditure being incurred. Once a well is in production the principal risks and uncertainties from operating the well are:

- Environmental objections causing the well to be shut in.
- Technical failure of the plant causing significant down time when the well is not producing.
- Production performance may not be in line with initial expectations.

These risks are mitigated by managing our responsibilities as operator, and working closely with our partners on the fields that we do not operate. The Group is also exposed to non-operational risks such as oil price and geopolitical risk.

A key focus of the Company's strategy is to pursue acquisition opportunities. There is a potential risk of executing an acquisition which subsequently fails to meet the Company's value criteria. To mitigate this risk, the Company has assembled a management team with appropriate skills and experience in identifying and executing value enhancing transactions. Financial risks and their mitigation are summarised below.

Financial Risk Management Objectives and Policies

Exchange rate risk

The Group has principally financed its operations from equity issues raised in pounds sterling. Pounds sterling have been converted to US Dollars, Paraguayan Guarani, Argentine Pesos and Australian Dollars to match expected expenditure plans. These principally consist of exploration expenditure on the Pirity, Henandarias and Demattei concessions in Paraguay, ongoing capital investment in the Puesto Guardian concession in Argentina and on PEL 82 in South Australia.

The Group has oil and gas production in both Argentina and the US and receives revenue in Argentine Pesos and US Dollars. Currently planned Group expenditure is across the four currencies of US Dollars, Paraguayan Guarani, Argentine Pesos and Australian Dollars. The Group mitigates currency risk by holding cash reserves in the currencies it requires for expenditure and also takes out currency options to hedge significant currency exposure. Sterling is retained for central corporate costs. Further details are provided in note 28.

Price risk

The Group's financial performance is related to oil and gas prices. The Group reviews its financing requirements and its hedging policies when required. At present the Directors believe there is no requirement to enter into new hedging contracts for current production.

Payment Policy and Practice

It is Company and Group policy to settle all debts with creditors on a timely basis and in accordance with the terms of credit agreed with each supplier. Normal payment terms are 30 days or less. The Group had no trade creditors overdue at 31 December 2014.

The average creditor days were 19 (2013: 21). Average creditor days are calculated on year-end creditors against purchases in the year.

Third Party Indemnities

The Group has taken out Directors and Officers liability insurance and Third Party liability insurance.

Related Parties

Details of the Group's related party transactions are outlined in note 31.

Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

Attention is drawn to the Notice of Meeting enclosed with this Annual Report which sets out the resolutions to be proposed at the forthcoming Annual General Meeting.

The Annual General Meeting will be held on 15 June 2014 at 11:00 a.m at Bell Pottinger, 5th floor, Holborn Gate, 330 High Holborn, London WC1V 7QD.

ON BEHALF OF THE BOARD
Peter Levine
Chairman
12th May 2015

Directors' Remuneration Report (unaudited)

Whilst the Company is not required to present a Directors' Remuneration Report, as it is not subject to the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, AIM notice 36 states that the annual accounts must provide disclosure of Directors' remuneration for the year by each Director. The Company has chosen to present this information in this separate Directors' Remuneration Report.

The current Directors are:

Peter Levine – Chairman and Chief Executive Officer

(Executive Chairman and appointed Chief Executive on 15 January 2015)

Mr. Levine is a graduate and Honorary Fellow of Trinity College, Oxford. He founded the former FTSE 250 company Imperial Energy Corporation PLC, where he was Executive Chairman. Previously he was Chairman of Severfield-Rowan PLC.

Benjamin Wilkinson – Finance Director

Ben Wilkinson is a Chartered Accountant and holds a Bachelor of Science in Economics. After qualifying with BDO Stoy Hayward, he joined ABN AMRO as an Oil & Gas Corporate Finance banker. He joined President Energy in 2011 from Levine Capital Management Advisors Limited.

Miles Biggins – Chief Operating Officer

(appointed January 2013 and to Chief Operating Officer 15 January 2015)

Miles, a petroleum engineer, worked for Shell International for 15 years in a variety of technical and commercial roles, focusing latterly on business development. Following Shell, Miles joined Northern Petroleum PLC as Business Development Manager, where he worked until 2011. Miles was instrumental in Northern's new country entry into the Netherlands, and the building of the Italian and UK asset portfolios.

Dr. David Jenkins – Deputy Chairman & Senior Independent Non-Executive Director

David has had a distinguished career spanning 50 years. He retired from BP at the end of 1998. During this time, he became Chief Geologist in 1979 and General Manager for BP Exploration in 1984. He was then promoted to Chief Executive Technology for BP Exploration and Chief Technology Advisor to the CEO. David served for 9 years (2001-2009) as a Director of BHP Billiton PLC, the world's largest and most successful diversified resource company. David is currently serving as Energy Advisor to Temasek and Riverstone.

David Wake-Walker – Non-Executive Director and Chairman of Audit Committee

David Wake-Walker spent over 25 years in financial services management, principally in corporate banking, prior to taking on a number of private equity, trading and corporate advisory roles. He has served as a non-executive Director for numerous companies, both in the UK and overseas, including as Chairman.

Remuneration Committee

The Remuneration Committee's primary objective is to provide recommendations to the Board on the Group's remuneration policies and to determine the remuneration of the Executive Directors and other key employees. The Remuneration Committee comprises David Jenkins (Chairman) and David Wake-Walker. Other Directors may be invited to attend meetings of the Remuneration Committee but no director participates in any decision affecting his own remuneration. The Remuneration Committee meets as necessary, and during the year met formally seven times.

Remuneration Policy

The Group's policy is to maintain levels of remuneration so as to attract, motivate and retain Directors and other key employees of the highest calibre who can contribute their experience and views to the Group's strategy and operations. Individual remuneration packages are structured to align rewards with the performance of the Group and the interests of shareholders.

Directors' Terms, Conditions and Remuneration

The Directors have been engaged under the terms of executive service agreements and letters of appointment. Their engagements can be terminated upon six months' notice in the case of Executive Directors, and upon three months' notice in the case of Non-Executive Directors, by either party. Re-appointment is subject to the Company's Articles of Association, which provide for retirement by rotation of one third of the board at each Annual General Meeting. For the year ended 31 December 2014, the Directors' remuneration comprised a basic salary, discretionary annual bonus and the granting of share options. There were no taxable benefits or payments to pension schemes.

Salary

The remuneration of Directors, which includes salary and bonus, for the year ended 31 December 2014 is set out below.

	Note	2014 US$000	2013 US$000
Peter Levine	a	736	563
John Hamilton		478	485
Benjamin Wilkinson		323	364
Miles Biggins (appointed 16 Jan 2013)		434	465
Dr. Richard Hubbard (appointed 16 Jan 2013)		431	465
Dr. David Jenkins	b	74	66
Dr. Michael Cochran		53	50
David Wake-Walker	c	66	59
		2,595	2,517

Note

Further details on share options can be found in note 24. Other than amounts paid directly to the individual, amounts were also paid to related parties as follows.

a) Further details are set out in note 31 Transactions with Directors and other related parties.

b) US$36,836 (2013: US$33,329) was paid to Chartwood Resources Limited, a company of which David Jenkins is a shareholder and director. There were no outstanding balances as at the year-end.

c) US$56,279 (2013: US$50,565) was paid to David Wake-Walker Limited, a company of which David Wake-Walker is a shareholder and director. There were no outstanding balances as at the year-end.

Directors' Interests in the Share Capital of the Company

The beneficial interests of the current Directors in the Ordinary Shares of the Company are:

	01 May 2015 1p shares	01 May 2014 % interest	15 April 2014 1p shares	31 December 2013 1p shares
Peter Levine	90,443,664	18.86%	76,412,209	71,973,525
Benjamin Wilkinson	280,461	0.06%	110,861	82,290
Miles Biggins	361,059	0.08%	191,459	161,676
Dr. David Jenkins	155,000	0.03%	155,000	125,000
David Wake-Walker	353,804	0.07%	353,804	293,804

Peter Levine and Benjamin Wilkinson hold some of their shares through PLLG Investments Limited. Further details of that company are set out in note 31.

Executive Bonus Scheme

The Remuneration Committee sets targets for Directors and staff which contain both operational and strategic targets.

Share Options Granted to Directors

With the assistance of independent remuneration consultants, a Global Incentive Plan was adopted during 2010 to provide the framework to provide a long-term incentive plan for existing and new members of staff. Details of options granted and held during the year are set out in note 24.

This report was approved by the Board on 12th May 2015 and was signed on its behalf by:

David Wake-Walker
Company Secretary
12th May 2015

Corporate Governance Statement

It is the objective of the Board to maintain a high standard of Corporate Governance. As an AIM listed company, full compliance with the UK Corporate Governance Code is not a formal obligation. The Group has, however, sought to adopt the provisions of the code that are appropriate to its size and organisation and to establish frameworks for the achievement of this objective.

The Board

President Energy's business is international in scope and carries political, commercial and technical risks. Accordingly, particular attention is paid to the composition and balance of the Board to ensure that it has wide experience of the sector and regulatory environment in which President Energy operates and appropriate financial and risk management skills. In each Board appointment, whether executive or non-executive, the Board considers that objectivity and integrity, as well as skills, experience and ability which will assist the Board in its key functions, are pre-requisites for appointment. The Board currently comprises the Chairman / Chief Executive Officer, two executive Directors and three non-executive Directors.

Board Committees

The audit committee comprises David Wake-Walker (Chairman) and David Jenkins. The remuneration committee comprises David Jenkins (Chairman) and David Wake-Walker.

The role of the Audit Committee includes:

- monitoring the integrity of the financial statements of the Group and formal announcements relating to the Group's financial performance and reviewing any significant financial reporting judgements contained in them – reviewing accounting policies, accounting treatments and disclosures in financial reports;
- reviewing the Group's internal financial controls and internal control and risk management systems;
- overseeing the Group's relationship with the external auditor, including making recommendations to the Board as to the appointment or reappointment of the external auditor, reviewing their terms of engagement and monitoring the external auditor's independence, objectivity and effectiveness; and
- reviewing the Group's whistle blowing procedures and ensuring that arrangements are in place for the proportionate and independent investigation of possible improprieties in respect of financial reporting and other matters and for appropriate follow up action.

The role of the Remuneration Committee includes:

- determining and recommending to the Board the remuneration policy for the executive Directors and other senior employees, the non-executive Directors' remuneration being set by the Board upon the recommendation of the Remuneration Committee;
- within the terms of the agreed policy, determining the total individual remuneration package for each executive Director;
- determining the level of awards made under the Company's share option plans and any long-term incentive plan and the performance conditions which are to apply;
- determining bonuses payable under any cash or share bonus scheme adopted by the Group;
- determining the vesting awards under any long-term incentive plan put in place by the Group and the exercise of share options; and
- determining the policy for pension arrangements, service agreements and termination payments for executive Directors.

Relations with Shareholders

Communications with shareholders are given high priority by the Board. President Energy sends its annual report and accounts to all shareholders. The Company also sends its June interim statement to all shareholders. The Group endeavours to maintain a regular dialogue with institutions and analysts particularly in relation to interim and full year results. The Board welcomes as many investors as possible to the Annual General Meeting and invites discussion on issues facing the Group. The Company maintains an up-to-date website, which complies with AIM Rule 26.

Internal Controls

The Board acknowledges its responsibility for the Group's system of internal control and for reviewing its effectiveness. The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

As an oil and gas exploration and production company with current operations concentrated in Paraguay, Argentina, the US and Australia, President Energy is, by virtue of the nature of its business and the countries in which it operates, subject to a variety of business risks.

The Group's system of internal control plays a critical role in managing the risks towards the achievement of President Energy's corporate vision and objectives and is also central to safeguarding President Energy's shareholders' interests and the Group's assets. An ongoing process has been established for identifying, evaluating and managing the significant risks faced by the Group. The board has not identified nor been advised of any failings or weaknesses of the risk management or internal control systems which it has determined to be significant.

Health, Safety and Environmental (HSE)

President has an HSE policy through which the Company is committed to maintaining high standards of health, safety and environmental performance across all its oil and gas exploration operations. President is committed to the goals of:

- avoiding harm to all personnel involved in, or affected by, its operations;
- minimising the impact of its operations on the environment;
- complying with all the applicable legal and other requirements where it operates;
- having a positive impact on people or communities directly affected by its activities and achieving continual improvement in its HSE performance

Bribery Act

The Board is committed to compliance with the provisions of the Bribery Act 2010, and has adopted a formal policy statement which is reviewed annually.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that the Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Peter Levine
Chairman
12th May 2015

Benjamin Wilkinson
Finance Director
12th May 2015

Independent Auditor's Report

Independent Auditor's Report to the members of President Energy PLC

We have audited the financial statements of President Energy PLC for the year ended 31 December 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet and the related notes 1 to 32 of the Consolidated Accounts and 1 to 8 of the Company Accounts.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Bevan Whitehead (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
12 May 2015

Consolidated Statement of Comprehensive Income Year ended 31 December 2014

	Note	2014 US$000	2013 US$000
Continuing Operations			
Revenue	4	12,588	13,408
Cost of sales	5	(9,532)	(8,131)
Gross profit		3,056	5,277
Administrative expenses	6	(5,404)	(7,620)
Operating loss before impairment and non-operating gains/(losses)		(2,348)	(2,343)
Non-operating gains/(losses)	7	29,434	–
Impairment charge	8	(11,891)	(447)
Profit/(loss) after impairment and non-operating gains/(losses)		15,195	(2,790)
Interest income		23	80
Realised gains/(losses) on translation of foreign currencies		847	(997)
Finance costs	9	(1,739)	(825)
Profit/(loss) before tax	10	14,326	(4,532)
Income tax credit	12	207	2,849
Profit/(loss) for the year from continuing operations		14,533	(1,683)
Other comprehensive income/(expense), net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(6,437)	(5,892)
Total comprehensive profit/(loss) for the year attributable to the equity holders of the parent		8,096	(7,575)
Earnings/(loss) per share	13	US cents	US cents
Basic earnings/(loss) per share from continuing operations		3.7	(0.6)
Diluted earnings/(loss) per share from continuing operations		3.5	(0.6)

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Financial Position 31 December 2014

ASSETS	Note	2014 US$000	2013 US$000
Non-current assets			
Intangible assets	14	102,879	58,650
Property, plant and equipment	15	87,144	34,666
		190,023	93,316
Deferred tax	22	747	2,255
Other non-current assets	16	323	326
		191,093	95,897
Current assets			
Trade and other receivables	17	14,302	5,406
Cash and cash equivalents	18	1,527	10,009
		15,829	15,415
TOTAL ASSETS		206,922	111,312
LIABILITIES			
Current liabilities			
Trade and other payables	19	11,903	7,479
Borrowings	20	9,650	–
		21,553	7,479
Non-current liabilities			
Long-term provisions	21	2,834	1,590
Deferred tax	22	22,146	6,567
		24,980	8,157
TOTAL LIABILITIES		46,533	15,636
EQUITY			
Share capital	23	14,928	13,471
Share premium		186,566	133,061
Translation reserve		(11,315)	(4,878)
Profit and loss account		(33,932)	(48,925)
Reserve for share-based payments		4,142	2,947
TOTAL EQUITY		160,389	95,676
TOTAL EQUITY AND LIABILITIES		206,922	111,312

These financial statements for President Energy PLC (company number 510249) were approved by the Board of Directors and authorised for issue on 12th May 2015.

They were signed on their behalf by:

Peter Levine
Chairman

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity Year ended 31 December 2014

Attributable to the owners of the Company

	Share capital US$000	Share premium US$000	Translation reserve US$000	Profit and loss account US$000	Reserve for share-based payments US$000	Total US$000
Balance at 1 January 2013	12,862	118,658	1,014	(47,242)	1,576	86,868
Share-based payments	–	–	–	–	1,371	1,371
Placing of ordinary shares	603	14,484	–	–	–	15,087
Option exercised (note 24)	6	167	–	–	–	173
Costs of issue	–	(248)	–	–	–	(248)
Transactions with the owners	609	14,403	–	–	1,371	16,383
Loss for the year	–	–	–	(1,683)	–	(1,683)
Other comprehensive income						
Exchange differences on Translation	–	–	(5,892)	–	–	(5,892)
Total comprehensive income for the year	–	–	(5,892)	(1,683)	–	(7,575)
Balance at 1 January 2014	13,471	133,061	(4,878)	(48,925)	2,947	95,676
Share-based payments	–	–	–	–	1,171	1,171
Placing of ordinary shares	1,267	50,114	–	–	–	51,381
Costs of issue	–	(3,330)	–	–	–	(3,330)
Option/warrant exercised (note 24)	16	490	–	–	–	506
Transfer to P&L account	–	–	–	460	(460)	–
Acquisition of LCH SA (note 14)	174	6,231	–	–	484	6,889
Transactions with the owners	1,457	53,505	–	460	1,195	56,617
Profit for the year	–	–	–	14,533	–	14,533
Other comprehensive income						
Exchange differences on translation	–	–	(6,437)	–	–	(6,437)
Total comprehensive income for the year	–	–	(6,437)	14,533	–	8,096
Balance at 31 December 2014	14,928	186,566	(11,315)	(33,932)	4,142	160,389

Consolidated Statement of Cash Flows Year ended 31 December 2014

	2014 US$000	2013 US$000
Cash flows from operating activities		
Cash generated by operating activities (note 25)	(707)	6,320
Interest received	23	80
Taxes paid	–	(298)
Taxes refunded	10	–
	(674)	6,102
Cash flows from investing activities		
Expenditure on exploration and evaluation assets	(47,987)	(24,669)
Expenditure on development and production assets	(1,305)	(3,302)
Payments in advance of drilling operations in Paraguay	(9,161)	–
Proceeds from asset sales	104	–
Argentine acquisition	(5,459)	–
LCH SA acquisition (note 14)	(250)	–
Expenditure on abandonment	(29)	(83)
	(64,087)	(28,054)
Cash flows from financing activities		
Loan drawn	9,650	5,750
Proceeds from issue of shares (net of expenses)	48,051	14,839
Proceeds from options exercised	506	173
Repayment of borrowings	–	(5,750)
Payment of interest and loan fees	(1,327)	(825)
	56,880	14,187
Net decrease in cash and cash equivalents	(7,881)	(7,765)
Opening cash and cash equivalents at beginning of year	10,009	17,517
Exchange gains on cash and cash equivalents	(601)	257
Closing cash and cash equivalents	1,527	10,009

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Consolidated Accounts Year ended 31 December 2014

1. General information

Corporate status

President Energy PLC (formerly President Petroleum Company PLC until 28 September 2012) is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 55. The nature of the Group's operations and its principal activities are set out in note 4 and in the Strategic Report on pages 07 to 09. The Company is quoted on the AIM market of the London Stock Exchange (ticker: PPC), and is headquartered in London, UK, with offices in Asunción, Paraguay, Buenos Aires, Argentina, and Oklahoma, USA.

Presentation currency

The presentation currency of the Group is the United States (US) Dollar. The US Dollar has been adopted as the Group's presentation currency as the Group's trading and the majority of other transactions and assets are in US Dollars. The Group's accounting policy on foreign currencies is detailed in note 2 i).

2. Significant accounting policies

a) Basis of preparation

The Group financial statements have been prepared in accordance with European Union (EU) endorsed IFRSs, International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group financial statements have been prepared under the historical cost convention except for any derivative financial instruments that have been measured at fair value.

The consolidated financial statements are presented in accordance with IAS 1: Presentation of financial statements (Revised 2007).

A summary of the significant Group accounting policies adopted in the preparation of the financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

In the current year the Group has adopted all applicable IFRSs and Interpretations which have been endorsed by the EU and which are relevant to its operations and mandatory for accounting periods beginning on 1 January 2014 and no restatement of prior year amounts has been required.

- IFRS 10 has revised the definition of control for the with respect to the requirement to prepare consolidated financial statements.
- IFRS 11 has resulted in changes to the accounting of jointly-controlled arrangements.
- IFRS 12 revised the disclosure of interests in other entities such as subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.
- IFRS 13 fair value amendment clarifies the measurement of short term receivables and payables.
- IAS 32 amendment clarifies the rights of set-off of financial assets and liabilities in bankruptcy and solvency situations.
- IAS 36 amendment clarifies the disclosure requirements in respect of the fair value less costs of disposal.

At the date of authorisation of the financial statements, the following Standards and Interpretations which have not been applied in the financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9	*Financial instruments*
IFRS 14	*Regulatory Deferral Accounts*
IFRS 15	*Revenue from Contracts with Customers*
IAS 16 & IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendment to IAS19	*Defined Benefit Plans*
Amendment to IAS27	*Equity Method in Separate Financial Statements*

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except potentially as follows:

- IFRS 9 will impact both the measurement and disclosure of financial instruments.

b) Basis of accounting

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses as further described in note 3. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented.

c) Basis of consolidation

The Group financial statements include the results of the Company and all of its subsidiary undertakings. A subsidiary is an entity controlled, directly or indirectly, by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Group financial statements from the date that control commences until the date that control ceases as further described in note 2 below. There are no unrealised gains and losses or income and expenses arising from intra Group transactions. Intra Group balances are eliminated in preparing the consolidated financial statements.

The Group's exploration, development and production activities may be conducted as co-licensee, in jointly-controlled operations with other companies. Where the Group is party to a jointly-controlled operation, which is not an entity, the Group accounts directly for its part of the income and expenditure, assets, liabilities and cash flows.

d) Going concern

The accounts have been prepared under the going concern basis.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 07 to 09. In addition, note 27 and note 28 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group's cash position at the year-end is US$1.5 million (2013: US$10.0 million). A further US$14.0 million was raised in March 2015 to fund the acquisition of new seismic lines on the Hernandarias concession in Paraguay and an initial workover programme in Argentina.

The term of the existing US$15.0 million loan facility has been extended to 31 December 2016 (note 31). At the year-end there was US$9.6 million drawn under the loan facility and the Group was in a net current liabilities position. Following the February 2015 equity raise the loan was paid down to US$8.6 million drawn.

The Group is reliant on production revenues from existing producing wells. The principal uncertainty in the Group's forecasts and projections relates to the level of future production and consequent revenues and the

2. Significant accounting policies (continued)

d) Going concern (continued)

estimates of future drilling costs. The Group consults with industry specialists to ensure operational projections are accurate.

The Directors believe that the Group will be able to operate within its existing committed funding and to meet all commitments as they fall due. Further details of the Groups' commitments are set out in note 27. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

e) Revenue recognition

Revenue represents sales of oil and gas during the year and is recognised when title passes to the customer, being the date it leaves the well site. Royalty payments are recognised as a cost of sale when the related production revenue is recognised. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

f) Oil and natural gas exploration and development expenditure

The Group adopts the successful efforts method of accounting for exploration, evaluation and development costs.

Exploration and evaluation expenditure – intangible assets

All licence acquisition, exploration and evaluation costs are initially capitalised in cost centres by well, field or exploration area, as appropriate. Directly attributable expenditure is capitalised insofar as it relates to specific exploration and evaluation activities. Pre-licence costs are expensed in the year in which they are incurred. Exploration and evaluation costs are then written off unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment. Exploration and evaluation expenditure is not amortised. If the criteria for recognition of an exploration and evaluation asset are met, it is classified as either a tangible or intangible asset, depending on the nature of the asset. When it is determined that such cost will be recouped through successful development and exploitation or alternatively by sale of the interest, expenditure will be transferred to Production Assets.

Development and production assets – property, plant and equipment

All field development costs and transferred exploration and evaluation costs are capitalised as property, plant and equipment. The Directors carry out regular reviews of development and production assets and assess the need for provisions for impairment.

Depreciation, depletion and amortisation

All capitalised expenditure carried within each field is depleted from the commencement of production on a unit of production basis, over the relevant proved and probable reserves. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimate of future development costs.

Impairment

Exploration and evaluation assets are reviewed at each reporting date for indications of impairment having regard to factors such as the outcome of exploration and evaluation to date, whether further activity is planned or budgeted and licence tenure. If such indications are present, costs are written off where circumstances indicate that the carrying value is not recoverable.

At each reporting date, the Group assesses whether there is any indication that its development and production assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its

2. Significant accounting policies (continued)

f) Oil and natural gas exploration and development expenditure (continued)

value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

This present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset, for which future cash flow estimates have not been adjusted. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss in the statement of comprehensive income.

An impairment loss relating to assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The reversal of an impairment loss is recognised in the statement of comprehensive income.

g) Decommissioning

Where a material liability exists for the removal of production facilities and site restoration at the end of the productive life of a field, a provision for decommissioning is recognised.

The amount recognised is the present value of future expenditure determined in accordance with local conditions and requirements. Property, plant and equipment in an amount equivalent to the provision are created and depleted on a unit of production basis.

h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment in value. The Group recognises in the carrying amount of property, plant and equipment the subsequent costs of replacing part of such items when they are expected to generate future economic benefits and such costs can be reliably determined. The carrying value of a part is derecognised when it is replaced. All other costs are recognised in the statement of comprehensive income as an expense as they are incurred.

Depreciation is provided on a straight-line basis to write off the cost, less the estimated residual value, of property, plant and equipment (other than development and production assets) over their estimated useful lives. Where parts of an item of plant and equipment have separate lives, they are accounted for and depreciated as separate items.

Development and production assets are depreciated in accordance with the accounting policy detailed in note 2 f).

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income or expense on sale.

i) Foreign currencies

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which an entity primarily generates and expends cash. The Parent Company's functional and presentation currency is pounds sterling. The Group has chosen the US Dollar as its presentation currency based on the fact that the Group's primary transactions originate in US Dollars, these being amongst others gas and oil sales and the procurement of the majority of the Group's plant and drilling services. Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. All exchange differences on transactions in currencies other than the individual entity's functional currency are recognised as

2. Significant accounting policies (continued)

i) Foreign currencies (continued)

profit or loss in the year in which they are incurred. Monetary assets and liabilities that are denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date with any exchange differences arising on retranslation being recognised as profit or loss in the statement of comprehensive income. Non-monetary items that are initially measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity as an item of other comprehensive income or expense. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

j) Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less.

Trade payables and other creditors

Trade payables and other creditors are non-interest bearing and are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost under the effective interest method.

Derivative financial instruments

The Group may use derivative financial instruments to manage its exposure to fluctuations in oil and gas prices. Derivative financial instruments are stated at fair value. The Group does not use hedge accounting. Gains or losses on derivatives are taken directly to the statement of comprehensive income in the period.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs, allocated between share capital and share premium.

Accounting for financial assets

Financial assets are divided into the following categories:

- loans and receivables; and
- financial assets at fair value through profit or loss.

2. Significant accounting policies (continued)

j) Financial instruments (continued)

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expenditure are recognised in the statement of comprehensive income or directly in equity. See note 28 h) for a summary of the Group's financial assets by category. An assessment of whether indications of impairment exist for a financial asset is made at least at each reporting date. If there is indication of impairment, an impairment review is undertaken.

All income and expense relating to financial assets are recognised in the Statement of Comprehensive Income line item "finance costs" or "investment income", respectively.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At initial recognition these are measured at fair value plus transaction costs, less provision for impairment, and thereafter at amortised cost under the effective interest rate method. All finance costs under the effective interest rate method are recognised in the Statement of Comprehensive Income.

The Group's trade and other receivables are classified as loans and receivables. Discounting, however, is omitted where the effect of discounting is immaterial.

Significant receivables are considered for impairment on a case-by-case basis when they are past due at the balance sheet date or when objective evidence is received that a specific counterparty will default. All other receivables are reviewed for impairment in groups, which are determined by reference to the industry and region or counterparty and other available features of shared credit risk characteristics, if any.

k) Income taxes

Tax expense recognised in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income.

Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided that they are enacted or substantively enacted at the balance sheet date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of

2. Significant accounting policies (continued)

k) Income taxes (continued)

comprehensive income, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land) in which case the related deferred tax is also charged or credited directly to equity.

l) Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payment. All share-based awards of the Group are equity settled as defined by IFRS 2. The fair value of these awards has been determined at the date of grant of the award. This fair value, adjusted annually by the Group's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed uniformly over the vesting period.

The fair values are calculated using a Black-Scholes option pricing model. Further details are in note 24.

m) Operating leases

Rentals payable under operating leases are charged as an expense to the Statement of Comprehensive Income on a straight-line basis over the terms of the relevant lease.

n) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and whose results are regularly reviewed by the Chief Operating Decision Maker. The Group operates in one product segment which is the exploration and production of hydrocarbons. Segment information is presented in accordance with IFRS 8 for all periods presented.

o) Business combinations

Acquisitions of subsidiaries which are businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and liabilities are recognised and measured in accordance with IAS 12 Income Taxes. Any surplus of the consideration over the fair value of the net assets acquired is accounted for as goodwill, and any surplus of the fair value of the net assets acquired over the consideration represents a bargain purchase recorded in the income statement as a credit. Where a business combination is achieved in stages, the previously-held interest in the acquiree is remeasured to the acquisition-date fair value and the resulting gain is recognised in profit or loss.

3. Critical accounting judgements and key sources of estimation uncertainty

In order to prepare the consolidated financial statements in conformity with IFRS, management of the Group have to make estimates and judgements. The matters described below are considered to be the most important in understanding the judgements that are involved in preparing these statements and the uncertainties that could impact the amounts reported in the results of operations, financial condition and cash flows. Group accounting policies are described in note 2.

Estimation of oil and gas reserves

Oil and gas reserves are key elements in the Group's investment decision-making process. They are also an important element in testing for impairment and fair value estimation. Estimates of proved and probable oil and gas reserves also affect unit of production depreciation charges against income.

Proved and probable oil and gas reserves are the quantities of oil and natural gas estimated by management, and verified from time to time by industry experts, that demonstrate with probability the likelihood that they are recoverable in future years from known reservoirs under existing economic and operating conditions, i.e. expected prices and costs as of the date the estimate is made. Estimates of oil and gas reserves are inherently

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Estimation of oil and gas reserves (continued)

imprecise, require the application of judgement and are subject to future revision. Accordingly, financial and accounting measures (such as impairment charges, depreciation, depletion and amortisation charges and decommissioning provisions) that are based on proved and probable reserves are also subject to change. Also future gas and oil prices affect the point at which the well becomes uneconomic and the value of the future cash flows. Proved and probable reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs.

All proved and probable reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Because oil and gas assets are accounted for on an historical cost basis, the prospective value of the above assets is not fully carried in the Statement of Financial Position, but unaudited reserves quantities are detailed in the Chairman's statement on page 06.

Impairment review

When assessing the carrying value of oil and gas producing wells included in tangible assets the Company estimates future production levels and prices against predicted production costs to assess the continuing economic viability and value of the well or field. For non-producing assets included in intangible exploration and evaluation assets the cost of bringing the resource into production needs to be assessed against the volumes, prices and operating costs anticipated from estimated future production, to the extent that the evaluation of these assets is sufficiently advanced for those to be determined. For other intangible exploration and evaluation assets an impairment is generally triggered by a licence expiry or when further exploration or evaluation is no longer planned.

Provisions for decommissioning

The Group provides for the costs that will be incurred when the well reaches the end of its economic life. In addition to the costs of physically removing plant and equipment there are costs associated with returning the area to an environmentally sound condition. This could include removal of roads, replacement of subsoil, planting of trees etc. to meet local and national requirements at that time. As these costs will be incurred at some considerable time in the future, the estimation of these costs is subjective.

Assessment of fair value in business combination

Assessing the fair value of the Argentine acquisition is a key judgement in 2014. The fair value is determined using a discounted cash flow model based on future prices and cost projections. The Company has utilised an independent competent person report on the reserves acquired. In arriving at the fair value due consideration has been given to the timing of cashflows, discount rate and tax implications.

4. Segment reporting

In the opinion of the Directors the operations of President Energy PLC comprise one class of business, oil and gas exploration, development and production and the sale of hydrocarbons and related activities. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and whose results are regularly reviewed by the Board of Directors. The Board of Directors reviews operating results by reference to the core principle of geographic location. The Group currently has oil

4. Segment reporting (continued)

and gas production in two geographical markets: the USA and Argentina. It has a head office and associated corporate expenses in the UK. The Group has exploration assets in Paraguay, Argentina, the USA and Australia.

	Argentina 2014 US$000	Paraguay 2014 US$000	USA 2014 US$000	Australia 2014 US$000	UK 2014 US$000	Total 2014 US$000
Revenue	5,695	–	6,893	–	–	12,588
Cost of sales						
Depreciation	1,232	–	1,823	–	–	3,055
Well operating costs	4,629	–	1,848	–	–	6,477
Administrative expenses	782	40	692	31	3,859	5,404
Segment costs	6,643	40	4,363	31	3,859	14,936
Segment operating profit/(loss)	(948)	(40)	2,530	(31)	(3,859)	(2,348)

	Argentina 2013 US$000	Paraguay 2013 US$000	USA 2013 US$000	Australia 2013 US$000	UK 2013 US$000	Total 2013 US$000
Revenue	5,175	–	8,233	–	–	13,408
Cost of sales						
Depreciation	781	–	1,988	–	–	2,769
Well operating costs	3,900	–	1,462	–	–	5,362
Administrative expenses	956	127	749	23	5,765	7,620
Segment costs	5,637	127	4,199	23	5,765	15,751
Segment operating profit/(loss)	(462)	(127)	4,034	(23)	(5,765)	(2,343)

Segment assets

	Argentina 2014 US$000	Paraguay 2014 US$000	USA 2014 US$000	Australia 2014 US$000	UK 2014 US$000	Total 2014 US$000
Intangible assets	2,875	99,931	73	–	–	102,879
Property, plant and equipment	82,939	495	3,680	–	30	87,144
	85,814	100,426	3,753	–	30	190,023
Other assets	3,281	9,316	2,152	66	557	15,372
	89,095	109,742	5,905	66	587	205,395

	Argentina 2013 US$000	Paraguay 2013 US$000	USA 2013 US$000	Australia 2013 US$000	UK 2013 US$000	Total 2013 US$000
Intangible assets	7,340	38,489	306	12,515	–	58,650
Property, plant and equipment	28,803	439	5,334	–	90	34,666
	36,143	38,928	5,640	12,515	90	93,316
Other assets	2,447	109	4,278	67	1,086	7,987
	38,590	39,037	9,918	12,582	1,176	101,303

Segment assets can be reconciled to the Group as follows:

	2014 US$000	2013 US$000
Segment assets	205,395	101,303
Group cash	1,527	10,009
Group assets	206,922	111,312

5. Cost of sales

	2014 US$000	2013 US$000
Depreciation	3,055	2,769
Well operating costs	6,477	5,362
	9,532	8,131

6. Administrative expenses

	2014 US$000	2013 US$000
Directors and staff costs (including non-executive Directors)	4,690	4,406
Share-based payments	1,171	1,250
Depreciation	111	83
Other	(568)	1,881
	5,404	7,620

To allow for meaningful comparison, staff costs, share based payments and depreciation expenses are reflected gross before the effect of capitalising relevant costs to the balance sheet assets. Other expenses are shown net of the effect of US$3.1 million (2013: US$2.1 million) being capitalised and are therefore displaying a negative balance for the year.

7. Other non-operating gains/(losses)

	2014 US$000	2013 US$000
Gain on Argentine acquisition	22,641	–
Gain on revaluation of pre-existing Argentine net assets	6,689	–
Other gains arising on asset disposals	104	–
	29,434	–

The Group acquired the remaining 50% interest in the Puesto Guardian Concession in July 2014 resulting in $22.6 million of gains on acquisition and on settlement. Further details are provided in note 32. As a result of acquisition, the pre-existing assets were revalued at fair value resulting in a gain of $6.7 million.

Foreign currency translation reserves associated with the pre-existing interest have not been recycled to the consolidated income statement as the acquisition was effected by President Petroleum SA a subsidiary with a Peso functional currency.

8. Impairment charge

	2014 US$000	2013 US$000
Australia PEL82 (note 14)	11,535	–
Dry hole on White Heirs1 well in USA	356	–
Relinquishment of PEL132 licence in Australia	–	447
	11,891	447

9. Finance costs

	2014 US$000	2013 US$000
Loan fees	1,454	738
Accretion on abandonment liabilities	82	–
Loan interest	203	87
	1,739	825

Cash paid out on loan fees and interest in the period amounted to US$ 1.3 million (2013: US$ 0.8 million).

10. Profit/(loss) before tax

	2014 US$000	2013 US$000
Profit/(loss) before tax has been arrived at after charging:		
Depreciation of property, plant and equipment (note 15)	3,166	2,852
Impairment of intangible assets (note 14)	11,891	447
Staff costs (note 11)	2,963	4,274
Rentals payable in respect of land and buildings	263	281
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the annual accounts	94	79
Audit of the Company's subsidiaries	53	45
Total audit fees	147	124
Audit related assurance services	7	13
Tax advisory services	16	18
	170	155

11. Staff costs

	2014 Number	2013 Number
Average monthly number of employees		
(including executive Directors and Chairman but excluding non-executive Directors)	36	14

	2014 US$000	2013 US$000
Wages, salaries and Directors' fees		
(including Chairman and excluding non-executive Directors)	5,214	4,231
Expense in respect of share-based payments	1,171	1,250
Social security costs	583	350
	6,968	5,831

A proportion of the staff costs above is included in the cost of non-current assets (2014: US$2.7 million, 2013: US$ 1.6 million) and in operating costs (2014: US$1.3 million, 2013: US$ nil) following the acquisition of operated Argentine assets in 2014.

	2014 US$000	2013 US$000
Emoluments paid in respect of the highest paid		
Director in the year (excluding share-based payment charge)	736	563

11. Staff costs (continued)

Included in the above is the following Directors' remuneration earned in respect of the financial year by each director of the company acting in such capacity during the financial year. There were no pension contributions or other remuneration items paid to any Director in the year. Details on the Director's remuneration are provided in the Director's Report. Details of share options granted are provided in note 24.

12. Tax

	2014 US$000	2013 US$000
Current tax credit/(charge)	10	(298)
Deferred tax		
Origination and reversal of temporary differences	197	3,147
	207	2,849

The tax credit for the year can be reconciled to the Statement of Comprehensive Income as follows:

	2014	2013
Profit / (loss) on ordinary activities before taxation	14,326	(4,532)
Tax at 21.5% (2013: 23.25%)	(3,080)	1,054
Tax losses utilised but not previously recognised	2,760	886
Tax losses recognised but not utilised	–	2,255
Tax losses carried forward but not recognised	(1,508)	(1,423)
Income not subject to tax	9,918	–
Tax effect of income not realised in Group accounts	(1,870)	–
Expenses not deductible for tax purposes	(4,496)	(429)
Difference between US, Argentine, Australian and UK tax rates	(3,072)	(418)
Adjustments relating to prior years	1,555	924
Tax as per statement of comprehensive income	207	2,849

The tax rate applied in the above reconciliation is the weighted average of the UK statutory tax rates in the period.

13. Earnings/(Loss) per share

	2014 US$000	2013 US$000
Net profit/(loss) for the period attributable to the equity holders of the Parent Company	14,533	(1,683)
	Number '000	**Number '000**
Weighted average number of shares in issue	387,746	269,997
	US cents	**US cents**
Earnings/(loss) per share		
Basic earnings per share from continuing operations	3.7	(0.6)
Diluted earnings per share from continuing operations	3.5	(0.6)

At 31 December 2014, 21,838,269 (2013: 15,833,098) weighted potential ordinary shares in the Company which underlie the Company's share option and share warrant awards and may dilute earnings per share in the future, have been included in the calculation of diluted earnings per share. No dilution per share was calculated for 2013 as with the reported loss they are anti-dilutive.

14. Intangible assets – exploration and evaluation assets

	US$000
Cost	
At 1 January 2013	70,087
Additions	24,669
Transfer to PP&E	(14,101)
Exchange difference	(2,772)
At 1 January 2014	77,883
Additions	55,062
Acquisition of LCH SA	7,139
Transfer to PP&E	(5,001)
Exchange difference	(1,080)
At 31 December 2014	134,003
Impairment	
At 1 January 2014	19,233
Impaired in year ended 2014	11,891
At 31 December 2014	31,124
Net Book Value	
At 31 December 2014	102,879
At 31 December 2013	58,650

The amounts for intangible exploration and evaluation assets represent active exploration and evaluation projects. These amounts will ultimately be written off to the Statement of Comprehensive Income as exploration costs if commercial reserves are not established but are carried forward in the balance sheet whilst the determination process is not yet completed and there are no indications of impairment having regard to the indicators in IFRS 6. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain.

Additions of US$55.0 million (2013: US$24.7 million) for 2014 principally arose in Paraguay and comprise expenditure on drilling activities primarily the Jacaranda and Lapacho wells. Further additions of US$7.1 million arose on the acquisition of LCH SA which holds a 5% carried interest in the Pirity Concession in Paraguay. Exchange differences of US$1.1 million (2013: US$2.8 million) reflect the fall in value of the Argentine Peso and Australian Dollar relative to the US dollar in Argentina and Australia. Following a full remapping and study exercise the Martinez Del Tineo in Argentina has been included in the 2015 workover programme. The proving-up of reserves has led to the transfer of US$4.9 million of assets to Property, Plant and Equipment. The transfer in 2013 comprised intangible assets in Argentina (US$ 11.0 million) and in USA (US$ 3.1 million).

Whilst no longer a core asset for President, the Company continues to believe in the value of the PEL 82 licence where further reprocessing and studies completed in 2014 identified additional Prospective Resources. Active discussions with potential farm-in partners have currently been placed on hold while the South Australia state conducts a review into unconventional drilling activity. An application has been made to extend the licence term from the current September 2015 for an initial six months, followed by a further six months. In view of the current hiatus President has taken the conservative view of impairing US$11.5 million of intangible asset value. This is not a reflection of any change in the prospective value of the licence but a conservative accounting approach to the Group financial statements.

15. Property, plant and equipment – development and production assets

	US$000
Cost	
At 1 January 2013	34,861
Additions	3,586
Transfer from Intangible Assets – exploration and evaluation assets	14,101
Disposal	(167)
Exchange difference	(3,870)
At 1 January 2014	48,511
Additions	1,305
Transfer from Intangible Assets – exploration and evaluation assets	5,001
Argentine acquisition: revaluation of pre-existing assets	12,951
Argentine acquisition: additional 50% acquired	43,262
Exchange difference	(7,148)
At 31 December 2014	103,882
Depreciation	
At 1 January 2013	11,098
Charge for the year	2,852
Disposal	(105)
At 1 January 2014	13,845
Charge for the year	3,166
Exchange difference	(273)
At 31 December 2014	16,738
Net Book Value	
At 31 December 2014	87,144
At 31 December 2013	34,666

The fall in value of the Argentine Peso relative to the US dollar has resulted in a reduction in the carrying value of the assets held. Further details on the Argentine acquisition can be found in note 32. As a result of the acquisition, the additional 50% interest acquired is recorded at fair value (US$43.2 million) and the pre-existing assets are also revalued to fair value resulting in a further US$12.9 million increase in asset value. Following a full remapping and study exercise the Martinez Del Tineo in Argentina has been included in the 2015 workover programme. The proving-up of reserves has led to the transfer of US$4.9 million of assets to Property, Plant and Equipment.

16. Other non-current assets

	2014 US$000	2013 US$000
Financial assets – Deposits with state authorities	323	326
	323	326

17. Trade and other receivables

	2014 US$000	2013 US$000
Trade receivables	2,332	2,892
Other receivables	2,346	1,301
Prepayments	9,624	1,213
	14,302	5,406

All of the Group's trade and other receivables have been considered for indicators of impairment. None of the trade and other receivables was found to be impaired. None of the trade or other receivables is past due as at the reporting date and there were no provisions for bad debt.

Credit risk

The Company has a low credit risk in respect of receivables as a result of supplying reputable oil and gas purchasers. The concentration of risk is such that at 31 December 2014, 85% of the Group's trade receivables was due from the three largest counter-parties. These amounts have been recovered in full since 1 January 2015.

18. Cash and cash equivalents

	2014 US$000	2013 US$000
Cash at bank and in hand	1,527	10,009

19. Trade and other payables

	2014 US$000	2013 US$000
Trade payables	3,405	6,169
Exploration accruals	7,075	–
Other payables	1,423	1,310
	11,903	7,479

20. Borrowings

		2014 US$000	2013 US$000
Balance at beginning of year		–	–
Loan drawn in year (note 31)		9,650	5,750
Repaid in period:	Capital repayments	–	5,750
	Interest paid	149	87
		(149)	(5,837)
Interest payable in statement of comprehensive income in period		149	87
		9,650	–

The terms of the loan are detailed in the Related Party note 31.

21. Long-term provision – Decommissioning

	US$000
At 1 January 2013	1,470
Increase in provision	284
Exchange difference	(81)
Cost incurred	(83)
At 1 January 2014	1,590
Increase in provision	6
Accretion	82
Argentine acquisition: additional 50% interest	839
Argentine acquisition: revaluation of pre-existing interest	474
Exchange difference	(128)
Cost incurred	(29)
At 31 December 2014	2,834

Provisions for decommissioning relate to the restoration of well sites to a satisfactory environmental condition following the cessation of production. These provisions have been created based on the Group's internal estimates and, where available, operator's estimates. Assumptions, based on the current economic environment, have been made which management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates,which is currently expected to be between 2019 and 2026. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

22. Deferred tax

	US$000
Liability at 1 January 2013	6,999
Movement in year	(892)
Exchange difference	460
Liability at 1 January 2014	6,567
Movement in year	(1,705)
Argentine acquisition: additional 50% interest	13,238
Argentine acquisition: revaluation of pre-existing interest	5,221
Exchange difference	(1,175)
Liability at 31 December 2014	22,146

All of the above relates to oil and gas properties. The movement in the deferred tax liability relates principally to Argentina.

A Deferred Tax asset of US$ 0.7 million (2013: US$ 2.2 million) is recognised in the USA based on forecast cash flows as the utilisation of expected tax losses exceeds the Deferred Tax liability arising on timing differences. Following updated forecasts incorporating lower oil prices the amount of tax losses recognised was reduced.

22. Deferred tax (continued)

The Group has the following unrecognised tax losses available for offset against future profits:

	2014 US$000	2013 US$000
USA	9,700	5,700
Australia	12,500	14,000
UK	13,000	23,000

23. Share capital

	2014 '000s	2013 '000s
Issued – allotted, called up and fully paid		
Deferred shares of par value £0.29 (US$0.54)	16,093	16,093
Ordinary shares of par value £0.01 (US$0.02)	406,712	306,550

	US$000	US$000
Deferred shares of par value £0.29 (US$0.54)	8,725	8,725
Ordinary shares of par value £0.01 (US$0.02)	6,203	4,746
	14,928	13,471
The issued share capital is reconciled as follows		
Balance at beginning of year	13,471	12,862
Shares issued	1,457	609
Balance at end of year	14,928	13,471

During 2014, the highest mid-market price of the Company's shares was 37p and the lowest was 15p. The year-end price was 34p. In 2014, shares were issued under an Open Offer and Placing to raise funds for the drilling programme in Paraguay. In 2013, shares were issued to the IFC to support the 2014 the preparation for the drilling campaign in Paraguay.

The deferred shares arose in 2009 following a capital reorganisation whereby the ordinary shares with a par value of 30p per share were replaced by ordinary shares with a 1p per share par value. Consequently, the deferred shares have no voting rights, no rights to dividends and no rights to capital distributions.

24. Share-based payments

Share options and warrants outstanding at the respective balance sheet dates are as follows:

	Note	Grant date	Target Price	Exercise Price	31 Dec 2013	Granted in year	Exercised in year	Forfeited/ lapsed in year	31 Dec 2014
Options					'000	'000	'000	'000	'000
Peter Levine	a	26 Nov 12	100p	25p	2,600	–	–	–	2,600
Peter Levine	a	02 Jul 14	80-130p	1p	–	2,700			2,700
John Hamilton	a	26 Nov 12	40-74p	25p	2,200	–	–	–	2,200
John Hamilton	a	02 Jul 14	80-130p	1p	–	2,250			2,250
Miles Biggins	b	25 May 11	38-74p	25p	2,400	–	–	1,600	800
Miles Biggins	b	02 Jul 14	80-130p	1p	–	2,500			2,500
Richard Hubbard	b	02 Feb 12	69-135p	46p	1,297	–	–	–	1,297
Richard Hubbard	a	26 Nov 12	38-73p	25p	1,000	–	–	–	1,000
Richard Hubbard	a	02 Jul 14	80-130p	1p	–	2,000			2,000
Ben Wilkinson	b	30 Sep 11	51p	34p	600	–	–	–	600
Ben Wilkinson	a	26 Nov 12	40p	25p	750	–	–	–	750
Ben Wilkinson	a	02 Jul 14	80-130p	1p	–	1,000			1,000
Senior employee	b	22 Nov 11	44p	44p	867	–	–	867	–
Senior employee	b	01 Mar 13	38-72p	25p	2,160	–	–	–	2,160
Senior employee	b	17 Jun 13	40p	25p	250	–	–	–	250
Senior employee	b	15 Oct 13	41-79p	27p	1,000	–	–	–	1,000
Senior employee	b	14 Nov 13	50p	34p	350	–	–	–	350
Senior employee	b	25 Feb 14	53p	35p	–	350	–	–	350
Senior employee	b	02 Jul 14	80-130p	1p	–	2,250	–	–	2,250
					15,474	13,050	–	2,467	26,057
Warrants			50p	50p	1,000	–	–	1,000	–
			32.5p	32.5p	923	–	923	–	–
			47p	47p	–	4,253	–	–	4,253
					17,397	17,303	923	3,467	30,310

Note

a) Options are exercisable up to 30 days after vesting.
b) Options are exercisable up to 10 years after grant.

The options contain share price performance vesting conditions. It is a condition that the target price is achieved and that it is maintained for a certain period of time. All share options outstanding at the end of the period have a 3 year vesting period, and all are equity-settled.

The weighted average remaining contractual life of the options is 1.2 years (2013: 1.6 years) from 31 December 2014.

Warrants granted in connection with the Group's entry in to Argentina in 2011 were exercised during the year resulting in a receipt of US$ 506,000 in cash.The remaining warrants were issued in connection with the Group's acquisition of LCH SA in 2014.

Share options held by a former employee were exercised in the period at an exercise price of 32.5p. In 2014, options were granted on 25 February and 1 July. The aggregate of the estimated fair value of the options granted on those dates is US$0.8 million (2013: US$0.6 million).

24. Share-based payments (continued)

The inputs into the Black-Scholes model for the options granted in the year are as follows:

	2014	2013
Weighted average exercise price	8.2p	26.3p
Expected volatility	65%	60%
Expected life	3 years	3 years
Risk-free rate	1.0%	1.0%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 12 months. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The probability that the performance criteria would be met was based on a Monte Carlo simulation using historic volatility. Where this was not possible using historic data, the probability was determined based on management's best estimate.

The warrants are exercisable if a commercial discovery is made on the Pirity Concession up until the expiration of the exploration term of the licence.

25. Notes to the consolidated statement of cash flows

	2014 US$000	2013 US$000
Profit / (loss) from operations before taxation	14,326	(4,532)
Interest on bank deposits	(23)	(80)
Interest payable and loan fees	1,739	825
Depreciation of property, plant and equipment	3,166	2,852
Impairment	11,891	447
(Gain) / loss on non-operating transactions	(29,434)	62
Share-based payments	1,171	1,250
Foreign exchange difference	(847)	997
Operating cash flows before movements in working capital	1,989	1,821
(Decrease) / increase in receivables	(1,705)	1,033
(Increase) / decrease in payables	(991)	3,466
Net cash generated by operating activities	(707)	6,320

26. Contingent liabilities

In the event of a commercial discovery in Paraguay further new ordinary shares in President would be due in relation to the acquisition of LCH S.A. An amount of ordinary shares would be issued with an aggregate value of US$5 million calculated at the rate of 35 pence per share (and using an exchange rate prevailing at the time of issue).

In the event of a successful exploration well in one of the first three exploration wells drilled on the Pirity or Demattei Concessions, a payment of between US$3 million to US$7 million per well would be due to a contractor Global Geophysical Services Inc. The range of payment is based on a range of commercial flow rates from the exploration wells and would be payable from net production cashflows (after taxes).

27. Capital and operating lease commitments

Capital commitments

As at 31 December 2014 the Group was committed to funding a three year exploration programme on each of the Matorras and Ocultar licence areas surrounding Puesto Guardian in Argentina. The licences have a seismic re-processing and new seismic acquisition commitment of US$2 million each with a drill or drop decision after three years (to September 2015).

In Paraguay the Company has entered into Farm-in agreements to spend a further US$32 million on the Demattei Concession to earn the remaining 49.875% working interest (10.125% already earned) and a further US$15.4 million on the Hernandarias Concession to earn the remaining 40% working interest (40% already earned).

Operating lease commitments

The Group has leases in respect of its London, Buenos Aires and Asuncion office premises.

Minimum lease payments are as follows:

	2014 US$000	2013 US$000
Due within one year	164	248
One to five years	64	375
	228	623

There are no significant leasing arrangements other than the above rent commitment.

28. Risk management objectives and policies

a) Overview

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The Group's risk management is co-ordinated at its London headquarters, in close co-operation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. To date, the Group has financed its operations from equity issues in Pounds sterling and loans denominated in US Dollars. In 2014 the Group entered into a new loan facility agreement as described in note 31. The Group uses financial instruments (other than derivatives) comprising cash, liquid resources and various items, such as trade debtors and trade creditors that arise directly from its operations. The Group has not recently entered into any derivative transactions with the exception of currency options to hedge significant currency exposure. There were no contracts in place as at 31 December 2014. In the normal course of its operations and through its financial instruments the Group is exposed to foreign currency, commodity price and interest rate risks.

b) Hedging of oil and gas prices

The Group keeps its production profile and oil and gas prices under review and may take out future hedging contracts when deemed appropriate. The Group had no open positions with respect to hedging contracts at the balance sheet date.

c) Foreign currency risk and sensitivity

With the exception of Group overheads arising in London, most of the Group's transactions are carried out in US Dollars. The financial statements are produced in US Dollars as much of the Group's business is conducted in US Dollars. In South America capital expenditure is budgeted for in US Dollars. The Company raises equity funds in Pounds sterling and converts the majority to US dollars. A balance of funds is retained in Pounds sterling to meet future Group overheads.

28. Risk management objectives and policies (continued)

c) Foreign currency risk and sensitivity (continued)

At the year end the Group held the following cash and cash equivalent balances.

	2014 US$000	2013 US$000
US Dollars	1,369	8,809
Sterling	33	1,032
Argentinian Pesos	92	98
Australian Dollars	19	9
Swiss Francs	11	57
Paraguayan Guarani	3	4
	1,527	10,009

Based upon the year-end balances, if the exchange rate between the US Dollar and sterling changed by 10% there would be a profit or loss of US$3,000 (2013: US$115,000). If the exchange rate between the US Dollar and the Argentine Peso changed by 10% there would be a profit or loss of US$10,000 (2013: US$11,000).

d) Interest rate risk and sensitivity

The Group places surplus cash on deposit. Based on the average level of interest bearing deposits a 1% change in bank interest rate would increase or decrease interest received by approximately US$38,000 per annum (2013: US$38,000). As stated in note 31, interest on the related party loan is at a fixed rate.

e) Credit risk

The Group's principal customers are substantial oil and gas utility companies and refiners and as such credit risk is considered to be low. The credit risk for liquid funds is considered to be negligible as the counterparties are banks with good external credit ratings. The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	2014 US$000	2013 US$000
Trade receivables	2,332	2,892
Other receivables	2,346	1,301
Cash and cash equivalents	1,527	10,009
Deposits with state authorities	323	326
	6,528	14,528

f) Liquidity risk analysis

The Group manages its liquidity needs by carefully monitoring its cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a week-to-week basis, as well as on the basis of a rolling monthly projection. Long-term liquidity needs for a half year and an annual lookout period are identified monthly. The Group maintains cash to meet its liquidity requirements for up to 60 day periods. As at 31 December 2014 the Group's financial liabilities, all of which are non-interest bearing, have contractual maturities which are summarised as follows:

	Current	
	<6 months US$000	7-12 months US$000
Trade payables	3,405	–
Others	1,423	–

28. Risk management objectives and policies (continued)

f) Liquidity risk analysis (continued)

This compares with the maturities of the Group's financial liabilities at the end of the previous reporting period as follows:

	Current	
	<6 months US$000	7-12 months US$000
Trade payables	6,169	–
Others	1,310	–

The Group's borrowings are set out in note 20 and are due to mature in December 2016.

g) Market risk

Although the Group operates in the oil and gas sector, oil and gas prices do not generally affect the financial assets and liabilities of the Group as changes in oil and gas prices do not affect the fair value of these balance sheet items after initial recognition.

h) Summary of financial assets and liabilities by category

	2014 US$000	2013 US$000
Non-current assets – loans and receivables		
Deposits with state authorities	323	326
Current assets – loans and receivables		
Trade receivables	2,332	2,892
Other receivables	2,346	1,301
Cash and cash equivalents	1,527	10,009
	6,205	14,202
Current liabilities – Financial liabilities measured at amortised cost		
Trade payables	3,405	6,169
Other payables	1,423	1,310
Borrowings	9,650	–
	14,478	7,479

With the exception of Group borrowings, further detail of which is set out in note 31, the fair value of financial assets and liabilities approximates to the carrying value due to the short-term nature of the financial instruments.

29. Managing capital

The Group's objectives when managing capital (debt and equity finance) are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- to fund the Group with equity in the long term and using debt where applicable to fund drilling and other commitments.

The Group sets the amount of capital in proportion to risk and its plans for growth. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust

29. Managing capital (continued)

any amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

30. Subsequent events

On 15th January 2015, John Hamilton, Dr Richard Hubbard and Michael Cochran stood down from their respective roles with immediate effect. Peter Levine became Executive Chairman and Chief Executive and Miles Biggins assumed the role of Chief Operating Officer. On 4th February 2015 the Company announced the appointment of Rt Hon. Alistair Burt MP as Non-Executive Director with immediate effect.

In March 2015, the Company announced a placing of 29,668,627 new ordinary shares at 12.5p per share which were admitted to trading on 6th March 2014. Following shareholder approval a further 43,139,023 new ordinary shares were issued at 12.5p per share which were admitted to trading on 23rd March 2015. The shares were granted a warrant on the basis of 1 warrant for every placing share. The warrants will be freely transferable, have an exercise price of 18.75 pence per share and may be exercised during a three year period. The placing raised US$14.0 million to fund an acquisition of new seismic lines on the Hernandarias concession in Paraguay and an initial workover programme in Argentina. As part of the placing the term of the existing US$15.0 million loan facility has been extended to 31 December 2016 (note 31).

In March 2015, the Company received the decree signed by the President of Paraguay to assign the first 40%, of up to 80%, of the Hernandarias Concession. President has US$15.4 million remaining to spend of US$17 million to earn the full 80% farm-in entitlement.

31. Transactions with Directors and other related parties

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The Company defines key management personnel as Directors of the Company. Further information about the remuneration of individual Directors is provided in note 11 and in the Directors' Remuneration Report on pages 14 to 16.

The Company has made use of a US$15.0 million unsecured revolving loan facility made available by IYA Global Limited, a subsidiary of PLLG Investments Limited. The loan facility was entered into in September 2012 for a period of two years and subsequently extended to 31 December 2014. In November 2014 the US$15 million loan facility was renewed until 31 December 2015. As a condition of the IFC's subscription for its placing shares as part of the February 2015 equity fund raise the loan term was further extended to 31 December 2016.

During the year the Company drew US$9.6 million (2013: US$5.7 million drawn and repaid in full) of the US$15.0 million loan facility. The current drawn balance of the loan is US$8.6 million. Loan monies may be drawn down and repaid under the facility at the Company's election. Interest accrues on the loan at 12.5% per cent per annum on drawn amounts and 5% per annum on the undrawn balance of the facility. The Company's Directors, having consulted with its nominated advisor, RBC Europe Limited, consider that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned. Loan interest was paid of US$149,000 (2013: US$87,000) and loan fees of US$1,454,000 (2013: US$738,000) accrue to the period. PLLG Investments Limited, a company registered in the British Virgin Islands, is the private investment fund of Peter Levine, the largest shareholder in the Company.

32. Acquisition in Argentina

On 29 July 2014, the Group completed the acquisition of the remaining 50% interest in the Puesto Guardian Concession in Argentina.

The purchase gives President complete ownership and operational control of Puesto Guardian. Whilst being relatively dormant under the Seller's tenure, Puesto Guardian has significant potential for production and reserves growth, and will benefit from President's active control and operation.

	Additional 50% interest US$000	Pre-existing 50% interest US$000	Total US$000
Property, plant and equipment	43,263	43,263	86,526
Current assets	1,907	1,907	3,814
Current liabilities	(1,073)	(1,073)	(2,146)
Other non current liabilities	(863)	(863)	(1,726)
Deferred tax liability	(13,238)	(13,238)	(26,476)
Total identifiable assets	29,996	29,996	59,992
Total consideration	7,355	–	7,355
Carrying value prior to acquisition	–	23,307	23,307
Gain arising	22,641	6,689	29,330
Satisfied by:			
Cash	5,459		
Deferred consideration	247		
Loan waiver	1,649		
Total consideration transferred	7,355		

The fair value of the Property, Plant & Equipment comprises materials of US$0.3 million and US$42.9 million of value determined by the valuation of the reserves confirmed on the field by the Gaffney Cline & Associates report dated 5th December 2014. The fair value was determined using a discounted cash flow model reflecting management's view on future prices, timing of capital expenditures and production, discount rate and tax implications.

The fair value of the current assets includes trade receivables with a fair value of US$1.6 million, cash acquired of US$0.3m and operational inventory with a fair value of $0.2 million.

The fair value of the current liabilities is made up of mainly trade payables US$0.9 million due at acquisition. Included in non-current liabilities are the fair value future abandonment liabilities, determined in line with the Group accounting policy, amounting to US$0.8 million.

The fair value of deferred taxation has been determined by reference to timing differences between the assets acquired and liabilities assumed, and the tax bases of these items

Deferred consideration amounting to US$1.9 million was payable in 2015 and 2016. Following further negotiations, this was settled for a cash payment of US$0.5 million in 2014 with reduced deferred consideration of US$0.2m due in 2015. A royalty interest that had been agreed was also cancelled. The acquisition consideration above reflects these further negotiations.

A bargain purchase gain arose due to the opportunity to acquire the assets quickly and without a formal sales process.

Acquisition-related costs included in administrative expenses and operating costs amounts to US$112,750. The additional 50% interest in Puesto Guardian contributed US$1.6 million revenue and a cash operating profit of US$0.2 million to the Group for the period between the date of acquisition and the balance sheet date. If the acquisition of the interest had been completed on the first day of the financial year, Group revenues for the period would have been US$4.1 million and the Group cash operating profit would have been US$1.2 million.

Company Balance Sheet
31 December 2014

	Note	2014 £000	2013 £000
Fixed assets			
Investment in subsidiaries	3	2,250	2,250
Property plant and equipment		19	55
		2,269	2,305
Current assets			
Debtors	4	95,886	56,860
Cash at bank and in hand		464	5,591
		96,350	62,451
Current liabilities			
Creditors – Amounts falling due within one year	5	6,566	774
Net current assets		89,784	61,677
Net assets		92,053	63,982
Equity			
Called up share capital	6	8,734	7,733
Share premium	7	114,594	82,390
Retained earnings	7	(33,779)	(27,928)
Share Option Reserve	7	2,504	1,787
Total equity attributable to the equity holders		92,053	63,982

These financial statements for President Energy PLC (company number 510249) were approved by the Board of Directors and authorised for issue on 12th May 2015. They were signed on their behalf by:

Peter Levine
Chairman

The accompanying accounting policies and notes form an integral part of these financial statements.

The Company intends to apply FRS101 in its separate financial statements for the year ending 31 December 2015. Further to this notice any objections should be notified to the Company Secretary by 30 September 2015. The financial statements were approved by the Board of Directors and authorised for issue 12th May 2015.

1. Significant accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year. Certain other disclosures applicable to the Company, including subsequent events are disclosed in the notes to the consolidated accounts.

Cash flow statement

In accordance with FRS 1, no cash flow statement has been prepared as the Company's cash flows are included in its consolidated financial statements which are made available to the public on an annual basis. The auditor's remuneration for audit services to the Company is disclosed in note 10 to the consolidated financial statements.

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

Foreign exchange

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transactions is included as an exchange gain or loss in the profit and loss account. Foreign exchange differences on Group balances, where the loan is long-term, that are denominated in currencies other than pounds sterling at the balance sheet date are translated at the exchange rate ruling at that date with any exchange differences arising on retranslation being recognised in the profit and loss account.

Related party transactions

The Company has taken advantage of the exemption available under FRS 8 with regard to the non-disclosure of transactions between Group companies.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not been reversed at the balance sheet date where transactions or events have occurred at that date which will result in an obligation to pay more or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and

- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Loss for the year

As permitted by Section 408(1)(b) of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. President Energy PLC reported a loss for the year ended 31 December 2014 of £6,130,000 (2013: loss £5,639,000). There were no other recognised gains and losses.

3. Investment in subsidiaries

	Place of Incorporation	Class of Share Capital	Percentage Held	Business
Held Directly				
President Energy (UK) Limited	UK	Ordinary	100%	Non trading
President Energy Paraguay Limited	UK	Ordinary	100%	Non trading
President Energy Pirity Limited	UK	Ordinary	100%	Non trading
Held Indirectly				
President Energy Holding UK Ltd	UK	Ordinary	100%	Non trading
Froschouw Holding AG	Switzerland	Ordinary	100%	Non trading
Sibla Invest AG	Switzerland	Ordinary	100%	Non trading
President Energy Paraguay SA	Paraguay	Ordinary	100%	Oil and Gas
LCH SA	Paraguay	Ordinary	100%	Oil and Gas
President Petroleum SA	Argentina	Ordinary	100%	Oil and Gas
President Petroleum (USA) Inc.	USA	Ordinary	100%	Oil and Gas
President Petroleum Pty Limited	Australia	Ordinary	100%	Oil and Gas

4. Debtors

	2014 £000	2013 £000
Prepayments and accrued income	252	118
Amounts owed by Group undertakings	95,570	56,587
Other receivables	64	155
	95,886	56,860

The amounts owed by Group undertakings are repayable on demand. However, the Directors consider that they will not be repaid within one year.

5. Creditors – falling due within one year

	2014 £000	2013 £000
Social Security and other taxes	4	44
Loans	6,211	–
Accruals	21	455
Other creditors	330	275
	6,566	774

6. Share capital

The ordinary shares of the Company were reorganised on 30 November 2009 into 1p ordinary shares that are traded on the London Stock Exchange and 29p deferred shares that have no voting rights, no rights to dividends and no rights to capital distributions.

Equity share capital	2014 '000s	2013 '000s
Allotted, called up and fully paid		
Deferred shares of par value 29p each	16,093	16,093
Ordinary shares of par value 1p each	406,712	268,700

	2014 £000	2013 £000
Deferred shares of par value 29p each	4,667	4,667
Ordinary shares of par value 1p each	4,067	3,066
	8,734	7,733

7. Share premium account, profit and loss account and share option reserve

	Share premium £000	Profit and loss account £000	Share option reserve £000
Balance at 1 January 2014	82,390	(27,928)	1,787
Loss for the year	–	(6,130)	–
Premium on allotment in the year	32,204	–	–
Transfer to P&L account	–	279	(279)
Share-based payments	–	–	996
Balance at 31 December 2014	114,594	(33,779)	2,504

8. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Loss for the year	(6,130)	(5,639)
Shares issued	35,226	9,606
Costs of issue	(2,021)	(154)
Share-based payments	996	799
Net additions to shareholders' funds	28,071	4,612
Shareholders' funds at 1 January	63,982	59,370
Shareholders' funds at 31 December	92,053	63,982

Glossary

bbls
Barrels of oil

mbbls
Thousand Barrels (of oil/liquids)

mmbbls
Million Barrels (of oil/liquids)

boe
Barrels of oil equivalent. Natural gas volume converted as 1 boe = 6 mcf

mboe
Thousand Barrels of oil equivalent

boepd
Barrels of oil equivalent per day

bopd
Barrels of oil per day

cf
Cubic feet (of natural gas)

mmcf
Million cubic feet (of natural gas)

bcf
Billion cubic feet (of natural gas)

Tcf
Trillion cubic feet (of natural gas)

mmcfd
Million cubic feet per day

Proved Reserves/1P
Quantities of hydrocarbons anticipated to have a 90% or greater chance of being commercially recoverable

Probable Reserves/2P
Quantities of hydrocarbons anticipated to have a 50% to 90% chance of being commercially recoverable

Possible Reserves/3P
Quantities of hydrocarbons anticipated to have a 10% to 50% chance of being commercially recoverable

Contingent Resources
Quantities of hydrocarbons estimated to be potentially recoverable from known accumulations

Prospective Resources
Quantities of hydrocarbons estimated to be potentially recoverable from undiscovered accumulations

AIM
Alternative Investment Market of the London Stock Exchange

Corporate Information

Directors	Peter Levine	Executive Chairman & Chief Executive
	Miles Biggins	Chief Operating Officer
	Ben Wilkinson	Finance Director
	Dr David A.L. Jenkins	Deputy Chairman & Senior Independent Non-Executive Director
	David Wake-Walker	Non-Executive Director
Secretary	David Wake-Walker	
Registered Office	17 Hanover Square London W1S 1BN	
Website	www.presidentenergyplc.com	
Nominated Advisor and Joint Broker	RBC Europe Limited (RBC Capital Markets) Riverbank House, 2 Swan Lane London, EC4R 3BF	
Joint Broker	Canaccord Genuity Limited 88 Wood Street London EC4R 7QR	
Auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ	
Legal Advisers	Field Fisher Waterhouse LLP 35 Vine Street London EC3N 6AE	
Principal Bankers	Barclays Bank 54 Lombard Street London EC3P 3AH	
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA	
Registered number	5104249	

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held on 15 June 2015 at 11:00 a.m at Bell Pottinger, 5th floor, Holborn Gate, 330 High Holborn, London WC1V 7QD for the following purposes, namely:

Ordinary business

As ordinary business to consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1 To receive and adopt the Company's Financial Statements for the year ended 31 December 2014, together with the reports of the auditor and directors of the Company ("Directors") thereon.

2 To re-appoint Deloitte LLP as auditor of the Company until the conclusion of the next Annual General Meeting at which accounts for the Company are presented and to authorise the Directors to fix their remuneration.

3 To re-elect Miles Biggins as a Director of the Company, who retires in accordance with the Company's Articles of Association and offers himself for re-election.

Special Business

As special business to consider and if thought fit to pass the following resolutions of which the resolution numbered 4 will be proposed as an ordinary resolution and the resolution numbered 5 will be proposed as a special resolution.

4 That authority be and is hereby granted to the Directors of the Company generally and unconditionally to allot shares in the capital of the Company or to grant rights to subscribe for or convert any security into shares in the capital of the Company ("Rights") pursuant to Section 551 of the Companies Act 2006 (the "Act") up to an aggregate nominal amount of £959,038.70 (such amount equating to 20 per cent. of the aggregate nominal value of the issued share capital of the Company as at the date of this Notice) provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2016, save that the Company may make an offer or agreement before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights pursuant thereto as if the authority conferred hereby had not expired, such authority to be in substitution for any existing authorities conferred on the Directors pursuant to Section 551 of the Act.

5 That the Directors be and they are hereby generally empowered pursuant to section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by resolution 4 above as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be in substitution for any previous powers conferred on the Directors pursuant to Section 570 of the Act and shall be limited to:

(a) allotments made in connection with offers of equity securities to the holders of ordinary shares in proportion (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of any overseas territory or the requirements of any recognised regulatory body or any stock exchange in any territory;

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of further equity securities up to an aggregate nominal amount of £479,519.35 (such amount equating to 10 per cent. of the aggregate nominal value of the issued share capital of the Company as at the date of this Notice)

provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2016, save that the Company may make an offer or agreement before the expiry of this power which

would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant thereto as if the authority conferred hereby had not expired.

BY THE ORDER OF THE BOARD

David Wake-Walker
Company Secretary
12 May 2015

Registered office:
17 Hanover Square
W1S 1BN

Notes

1. Every member has the right to appoint some other person(s) of their choice, who need not be a member, as his proxy to exercise all or any of his rights to attend, speak and vote on their behalf at the meeting. If a member wishes to appoint a person other than the Chairman, he should insert the name of his chosen proxy holder in the space provided. If the proxy is being appointed in relation to less than the member's full voting entitlement, he should enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as proxy. If left blank the proxy will be deemed to be authorised in respect of the member's full voting entitlement (or if this proxy form has been issued in respect of a designated account for a member, the full voting entitlement for that designated account).

2. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Company's registered office or this form may be photocopied. A member should indicate in the box next to the proxy holder's name (see reverse) the number of shares in relation to which they are authorised to act as his proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

3. To be valid, forms of proxy must be lodged at the office of the Company's registrars, Freepost RTHJ-CLLL-KBKU, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 8LU, not less than 48 hours before the meeting or any adjournment.

4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members at 6:00 p.m. on 13 June 2015.

Form of Proxy For Annual General Meeting

PLEASE COMPLETE IF YOU DO NOT INTEND TO ATTEND IN PERSON

(Company No: 5104249)

I .... (Name(s) in full in block capitals)

of address ....

....

being a member of the above named Company hereby appoint

Name of proxy	No. of shares

or, failing him/her the Chairman of the Meeting, as my proxy to vote for me on my behalf in accordance with the instructions set out below at the Annual General Meeting of the Company to be held on 15 June 2015 and at any adjournment thereof.

☐ Please tick this box if this form is one of multiple instructions being given.

Please delete "Either" or "Or" below and mark "For", "Against" or "Vote Withheld" as appropriate and return this form to the Company Secretary/Company's registrars, Freepost RTHJ-CLLL-KBKU, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 8LU. To be valid this form must be lodged with the Company's registrars not less than 48 hours before the Meeting.

Either	To vote as my Proxy or failing him/her as the Chairman thinks fit.			
Or		For	Against	Vote Withheld
	Resolution 1			
	Resolution 2			
	Resolution 3			
	Resolution 4			
	Resolution 5			

Signed ....

Name ....

Date ....

President Energy PLC
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United Kingdom

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www.presidentenergyplc.com