PRESIDENT ENERGY

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2015

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.

Chairman's Statement

Summary

The year 2015 was one of consolidation and focused actions after the significant activity of the previous year with solid, progress and headline financial results reflecting the oil price decline during the year.

Attention centered on production in Argentina, growing reserves, consolidating our tenure of the assets and laying the groundwork for unlocking the potential in President's oil fields, which is now being demonstrated by the uplift in production since the beginning of 2016.

In tandem, President continued value added work in Paraguay with a significant seismic programme which successfully identified more structures and furthered our understanding of the basin.

In Louisiana small accretive acquisitions to production and revenue were made in relation to this cash generative asset although this had little effect on the negative impact of the reducing oil price in 2015.

The results therefore show revenue for the year down 20% to US$10.1 million despite overall daily average production up 15% year on year to 490 boepd.

In corporate developments, the litigation claims by our former partners in the Pirity Concession, Paraguay were settled, and subsequently we acquired their residual 36% ownership in the Concession for an initial nominal sum. The time for completion of the exploration work programme in that Block was also extended.

Two fundraisings took place in 2015, in the Spring and late Autumn, to fund the seismic acquisition in Paraguay, work in Argentina and for general working capital purposes. In parallel with the fundraising in November, the current IYA loan facility was extended (now revised again to end June 2017) and US$4 million of the facility was re-designated to a convertible loan note paying a lesser interest rate than the main facility.

The present year 2016 has seen progress move at a quickened pace. Benefitting from new workovers, production in Argentina has increased, with one programme completed in April and another one currently in progress. Detailed planning is now taking place for a significant new drilling programme commencing in H2 2016. Louisiana's contribution to Group production remains profitable although at relatively low levels. Technical work continues in Paraguay.

Argentina

At the outset, by way of reminder it is worthy of note that it was only in 2014 that President acquired the operated 50% of its' Argentine Puesto Guardian Concession with its five producing fields for a total cash consideration paid to the vendor of US$5.7 million.

In 2015, the 2P oil reserves of those fields were independently assessed by Gaffney Cline & Associates at 18.1 mmbbls, of which 11 mmbbls were 1P (proven) reserves with a 2P NPV10 value of US$329 million (before corporate taxes). This represents an increase of 28% in 2P oil reserves over the previous year.

Further detailed technical work was carried out with regard to the MDT deep gas prospect and its associated prospects resulting in the Management assessing the aggregated, unrisked recoverable Best Estimate Prospective Resource of 6.6 Tcf of Gas and 166 mmbbls of Condensate.

During 2015, two sets of workovers of old wells were successfully completed. These were the first workover programmes, being carried out by President as Operator, and provided valuable background data pursuant to which the recent April 2016 work took place and further to which a rolling programme of continued workovers as well as a new drilling programme is being implemented.

The value of the Concession was reinforced by the extension of the production term by 24 years to 2050 under a new Non-Conventional Concession, the first to be granted in the Salta Province in Argentina.

Continuing improvements in the Argentine economy and the improving international perception of Argentina to investors gives us confidence in building on the work carried out this year as we look to invest in our operations in 2016.

Louisiana

Production in 2015 was 219 boepd compared to 222 boepd in the previous year. The level of production was supported by small accretive acquisitions of production and revenue interest respectively in the operated Simmons well and our processing facility. Natural declines occurred in all wells in both the East Lake Verret and East White Lake fields. This was in part mitigated by those small acquisitions and the revenue interest in the Eagle Crest well commencing in mid-2015.

The profitability of Louisiana was materially impacted by the fall in oil prices. Oil prices remain volatile and the reduced contribution to Group from Louisiana is set to continue nevertheless as natural field decline rates continue.

With increased focus on profitable production in Argentina, it is appropriate that the Group should hence forth neither rely on nor consider Louisiana a core contributing asset in the medium to longer term.

Paraguay

The main work carried out in Paraguay in 2015 was the 607 km of new 2D seismic acquired over the Hernandarias Block in which President currently has a 40% registered interest with a further 40% to be earned on paying a further currently assessed sum of US$9.7 million towards the cost of drilling and working capital. The results of the seismic survey identified several drillable Palaeozoic prospects at 2,500m-3,000m depth approximately 1,000m shallower than the two exploration wells drilled in 2014. The first candidate for a well has been determined to be the Boqueron Prospect.

In January 2016, the Ministry of Public Works and Communications agreed that the time for fulfilment of the exploration work programme in the Pirity Concession be extended to September 2017 with a possibility of a further extension of six months.

The Hernandarias Concession, in line with legal requirements after the relevant prospection period and seismic work, was narrowed down to an area of approximately 7,982 sq km with the balance of the former area of some 10,437 sq km hived off into a new Don Quijote contract area for which President is the contracting party. President has further been awarded a prospection contract for a small 610 sq km area between Hernandarias and Pirity Concession named Pilcomayo.

In April 2016, the term of the Dermattei Concession expired with no extension being granted. President had previously relinquished its right to further farm-in to that area and whilst on expiration, it held 10%, it does not consider this a material event. It is understood that the Operator of that Block, Crescent Global Oil, has made certain claims to the Paraguay courts against the relevant Government Ministry in relation to the Concession. President is not party to any such litigation. The US$10.9 million incurred on acquisition, seismic and overhead related cost for that Block has been valuable for understanding regional geology, however notwithstanding this the Company has prudently determined to take an impairment for its full cost at this stage.

On a strategic level, consideration is still being given as to future actions in Paraguay. President remains supportive and enthusiastic of the prospects in Paraguay and after the upcoming drilling programme in Argentina gains traction, the Company will re-focus on exploration activity in Paraguay.

Australia

No material events have taken place in Australia on the area known as PEL82. Notwithstanding this the licence term was extended for a further period expiring on 3 March 2017. President is still open minded as to this asset and its prospectivity although the current oil price environment has impacted on the potential attraction of interest in PEL82. Whilst it is not a core asset, particularly in today’s investment climate and has been written off in President’s books, in a recovering market environment, it may have potential future value to the Company.

Corporate

In March and November 2015 President raised in total US$18.0 million from new and existing shareholding to fund new seismic acquisition in Paraguay, work in Argentina and for general working capital purposes.

In Paraguay, the balance of the ownership in the Pirity Concession, being 36% was acquired from our former partners for a cash consideration paid to the seller of US$500,000.

The focus on cost rationalisation in 2015 has delivered a 20% reduction in underlying administrative costs with further reductions anticipated in 2016. This is not apparent in the reported net administration cost as allocations and one off costs distort the measures that have been taken.

Finally 2015 and 2016 saw the departure of Board Members, John Hamilton, Ben Wilkinson, Richard Hubbard, David Jenkins, David Wake-Walker and Alistair Burt with the associated material saving of costs and the appointment of two new non-executives, Rob Shepherd and Jorge Bongiovanni to a rationalised and focused Board with myself taking on the additional Chief Executive Role.

Financial Review

In 2015, the Group recognised a gross loss of US$0.2 million (2014: profit US$3.1 million) due to the lower oil price environment. After administrative expenses of US$6.4 million (2014: US$5.4 million) are taken in to account, this led to operating loss before impairment of US$6.6 million (2014: US$2.3 million). The Loss for the year from continuing operations of US$18.5 million (2014: Profit US$14.5 million loss) reflects the impairments which is largely due to the write down of the Demattei licence in Paraguay of US$10.9 million.

Revenue was reduced against the prior year by 20% to US$10.1 million (2014: US$12.6 million), reflecting lower average oil prices for the period of US$56/boe (2014: US$81/boe). Overall Group production increased by 15% to 490 boepd (2014: 426 boepd) as 2015 includes a full year of production from the acquisition of an additional 50% in Puesto Guardian in July 2014.

The Company has continued to focus investment on Paraguay and Argentina. Intangible fixed asset additions amounted to US$11.3 million (2014: US$55.1 million) predominantly the completion of Pirity Concession drilling and the Hernandarias seismic survey in Paraguay. In October 2015, President acquired the remaining 36% of the Pirity Concession for US$0.9 million clearing the way for the farm out process to begin in 2016. Investment in Property, Plant and Equipment in the year amounted to US$3.9 million (US$ 1.3 million) mainly on capital workovers in Argentina. Further information is contained in the Financial Review on pages 06 to 08.

Production and reserves

	Oil (bbls)		Natural Gas (mmcf)		Total (mmboe)	
Producing Field	2015	2014	2015	2014	2015	2014
Puesto Guardian	**98,781**	74,856	**–**	–	**98.8**	74.9
East Lake Verret	**14,846**	5,123	**45.6**	5.8	**22.4**	6.1
East White Lake	**44,652**	64,256	**77.2**	62.3	**57.5**	74.6
	158,279	144,235	**122.8**	68.1	**178.7**	155.6

Net Reserves (mboe)	Proved	Probable	Total
As at 31 December 2014	9,409.1	5,014.6	14,423.7
USA reserve movement	(4.6)	(14.6)	(19.2)
Argentine reserve movement	1,967.0	2,123.0	4,090.0
Production 2015 USA	(79.9)	–	(79.9)
Production 2015 Argentina	(98.8)	–	(98.8)
As at 31 December 2015	**11,192.8**	**7,123.0**	**18,315.8**

Reserve movements in Argentina are a consequence of the extension of the licence term to 2050 and the subsequent independent reserve report.

Outlook

2015 was a challenging year during which, despite macro and micro headwinds, the foundations for the good progress being made today were laid.

The emphasis in 2016 will be to increase production, cash generation and margins. The focus is therefore on the new drilling programme in Argentina in the second half of the year. As we have rationalised central overheads we have been investing in new key management competence in Argentina and we continue to make progress in this regard.

Finally I would like to express gratitude to all our current management and employees and the supportive shareholders who have stood with us in challenging times. We are optimistic that patience will finally be rewarded and that is why I am pleased to continue my financial support for the Company as the sole Lender to the Group.

Peter Levine
Chairman and Chief Executive
26th May 2016

Strategic Report

The Directors present their strategic report and the audited financial statements of President Energy PLC for the year ended 31 December 2015.

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 05.

Financial Review

In 2015, the Group recognised a gross loss of US$0.2 million (2014: profit US$3.1 million) due to the lower oil price environment. After administrative expenses of US$6.4 million (2014: US$5.4 million) are taken in to account, this led to operating loss before impairment of US$6.6 million (2014: US$2.3 million). The Loss for the year from continuing operations of US$18.5 million (2014: Profit US$14.5 million loss) reflects the impairments which is largely due to the write down of the Demattei licence in Paraguay of US$10.9 million.

Revenue was reduced against the prior year by 20% to US$10.1 million (2014: US$12.6 million), reflecting lower average oil prices for the period of US$56/boe (2014: US$81/boe). Overall Group production increased by 15% to 490 boepd (2014: 426 boepd) as 2015 includes a full year of production from the acquisition of an additional 50% in Puesto Guardian in July 2014. Cost of sales of US$10.2 million (2014: US$9.5 million) were correspondingly higher but reduced operating costs and depreciation in the USA offset the stepped increase from Argentina.

Production in Argentina increased to 98,781 bbls (2014: 74,856 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 2015 was 271 bopd (2014: 304 bopd). Having taken over operatorship and carried out the required technical work, President undertook a workover programme in June and December 2015 to increase production. This resulted in a 36% increase in gross production to 312 bopd in second half of 2015. Further workovers have been carried out in March 2016 which increased gross production to 500 bopd. Despite the change in global oil prices, sales under the regulated price regime in Argentina averaged US$67 per bbl (2014: US$76 per bbl).

While production from the USA has remained stable at 219 boepd (2014: 222 boepd) revenues fell by around 50% in line with the down turn in oil prices. The EBITDA contribution was reduced to US$2.2 million (2014: US$4.4 million) as prices dropped to an average US$43/boe (2014: US$85/boe). Operating costs were reduced by US$0.6 million due to lower repairs and fewer workovers. Depreciation was also reduced by US$0.7 million due to the change in the production mix to reflect wells with low carrying values and a one-off credit relating to revised abandonment estimates on the East Lake Verret Field.

Although gross administrative expenses have fallen, reduced allocations and one off expenses incurred in the period have resulted in the reported administrative expense rising to US$6.4 million (2014: US$5.4 million). In 2014, expenses attributable directly to the drilling campaign in Paraguay were capitalised. With reduced operations the amount allocated has fallen to US$1.0 million (2014: US$3.1 million). As well as lower allocations, one-off costs incurred in 2015 have contributed to the rise in overall administrative expense. Legal costs incurred with respect to disputes connected to the Pirity Concession in Paraguay amounted to US$0.6 million before all matters were resolved.

Financial Review (continued)

Other gains in the year arise from the settlement of deferred consideration associated with the Puesto Guardian acquisition in 2014 on favourable terms and from minor asset disposals. The gains in 2014 arose on the fair value of the newly acquired 50% interest in the Puesto Guardian concession under IFRS 3. The gain of US$29.3 million reflected 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 33).

An impairment charge on intangible assets of US$11.0 million has been recorded in the year principally on the expiration of the Demattei licence in Paraguay (President 10% interest). President resigned as operator and terminated the Farm-out Agreement in December 2015 and the licence subsequently expired in April 2016. In 2014, an impairment charge of US$11.9 million was recorded of which US$11.5 million related to the PEL 82 licence in Australia. An impairment to Property, Plant and Equipment of US$0.4m (2014: nil) has been made as lower prices and lower reserves on the East White Lake field in the USA adversely impacted the value of the field.

The key feature of the year was contraction and consolidation in the face of the challenging price environment. A focus on cost reduction saw administrative directors and staff cost reduced by more than 20% with office closures in London and Asuncion. With support from existing and new shareholders the Company raised US$18.0 million of net equity in 2015 to provide working capital and allow the business to continue to develop in Paraguay and Argentina. In November 2015, the existing loan facility with IYA Limited was restructured by re-designating US$4.0 million into an unsecured Convertible Loan and the original facility was reduced to US$10 million. At the year end, total borrowings under these facilities amounted to US$8.4 million (2014: US$9.7 million) with the facilities extended until June 2017 (see note 32).

Despite the challenging commercial environment the Company has continued to focus investment on Paraguay and Argentina. Intangible fixed asset additions amounted to US$11.3 million (2014: US$55.1 million) as drilling operations on the Pirity Concession and the Hernandarias seismic survey in Paraguay were completed. The technical evaluation of the Matorras/Occultar block in Argentina continued. In October 2015, President acquired the remaining 36% in the Pirity Concession for US$0.9 million clearing the way for the farm out process to begin in 2016.

Investment in Property, Plant and Equipment in the year amounted to US$4.0 million (US$ 1.3 million). The majority of this was capital workovers in Argentina US$3.3 million which significantly boosted production. In the USA, the A55 development well was drilled and suspended on East White Lake field pending further evaluation in 2016 and minor interests on the East Lake Verret Field were acquired taking the net revenue percentage to 34.2%. The fall in value of the Argentine Peso relative to the US dollar, accentuated by the devaluation in December 2015, resulted in a reduction in the carrying value of the assets as presented in the Group financial statements.

The fall in value of receivables of US$3.6 million (2014: US$14.3 million) and payables of US$3.1 million (2014: US$11.9 million) reflects the unwinding of timing differences for prepayment balances, including funds held in escrow, and accrued expenses following the end of the Paraguay drilling programme.

Year-end cash balances were US$0.2 million (2014: US$1.5 million), the reduction reflecting exchange losses on cash and cash equivalents of US$0.4 million, as well as the investment and financing elements described above.

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.

	2015	2014	Increase/ (Decrease)
Production			
Net oil and natural gas liquid production mbbls	**158.3**	144.2	9.8%
Net gas production mmcf	**122.8**	68.2	80.1%
Production mboe			
USA	**79.9**	80.7	−1.0%
Argentina	**98.8**	74.9	31.9%
Total net hydrocarbons	**178.7**	155.6	14.8%
Well operating costs US$000			
USA	**1,233**	1,848	−33.3%
Argentina	**6,279**	4,629	35.6%
Total operating costs	**7,512**	6,477	16.0%
Well operating costs per boe US$			
USA	**15.4**	22.9	−32.7%
Argentina	**63.6**	61.8	2.9%
Total well operating costs per boe US$	**42.0**	41.6	1.0%
Cash balances US$000	**217**	1,527	−85.8%

Operating costs in the USA have been reduced by 32% to US$15.4/boe (2014: US$22.9/boe) due to lower repairs and fewer workovers.

Gross field production from Argentina for 2015 was 271 bopd (2014: 304 bopd). Having taken over operatorship and carried out the required technical work, President undertook a workover programme in June and December 2015 to increase production. This resulted in a 36% increase in gross production to 312 bopd in second half of 2015.

ON BEHALF OF THE BOARD
Peter Levine
Chairman and Chief Executive
26th May 2016

Directors' Report

The Directors present their report and the audited financial statements of President Energy PLC for the year ended 31 December 2015.

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

Principal
Peter Levine
Benjamin Wilkinson (stepped down 7 March 2016)
Miles Biggins
John Hamilton (stepped down 15 January 2015)
Dr. David Jenkins (retired 31 December 2015)
David Wake-Walker (retired 31 December 2015)
Robert Shepherd (appointed 29 October 2015)

Other office holders
Dr. Richard Hubbard (stepped down 15 January 2015)
Dr. Michael Cochran (stepped down 15 January 2015)
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. Rt Hon. Alistair Burt MP was appointed on 4th February 2015 as Non-Executive Director but he resigned on 14th May 2015 following his appointment as a Minister of State in the new Government of the United Kingdom. David Wake-Walker and David Jenkins retired at the end of 2015 with Rob Shepherd becoming senior non-executive director. On 29th March 2016, Jorge Bongiovanni was appointed as a 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 13 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 loss for the year after taxation amounted to US$18.5 million (2014: profit US$14.5 million). The Directors do not recommend a dividend. (2014: 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
On 22nd January 2016, President announced a 12 month suspension of the licence on the Pirity Concession with the option to extend the suspension for a further six months depending on prevailing circumstances. The outstanding work commitment is to drill one more exploration well and as a result of the 12 month suspension is now to be undertaken by September 2017.

In accordance with the Concession's terms, President relinquished part of the Hernandarias Concession in the northern part of the original Concession. However, President has re-applied for the relinquished area which is now known as the Don Quixote Block and the application is pending approval of the environmental license. President has been granted a prospection permit over an area called Pilcomayo which is located between the Pirity and Hernandarias Blocks.

On 7th March 2016, Ben Wilkinson stood down as Finance Director as President rationalised core central G&A costs concentrating spend in the countries where President operates. An interim, part time, Chief Financial Officer has been appointed.

On 29th March, President appointed Jorge Dario Bongiovanni as a non-executive director of the Company.

Substantial Shareholders

As at 1 May 2016, the latest practicable date prior to the publication of this report, the following interests appeared in the register.

Lynchwood Nominees Limited	170,155,315	32.39%
Vidacos Nominees Limited	88,759,212	16.90%
Mineworkers Pension Scheme /Chase GIS/ Nominees Limited	23,769,010	4.52%
Chase Nominees Limited	21,306,318	4.06%

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

PLLG Investments Limited	23.19%
International Finance Corporation	14.16%
Schroders plc	9.89%
Michinoko Limited	8.97%

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	121,834,586

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 32.

Going Concern

The Group is impacted by the uncertainties in the sector and the fall in oil prices in the period as it is reliant on production revenues from existing producing wells. The Directors continue to monitor cash forecasts closely and apply sensitivity analyses to manage liquidity risk effectively reflecting that the Group is in a net current liabilities position and the cash position at the year-end was US$0.2 million (2014: US$1.5 million). To support its operations the Group is dependent on ongoing finance through a loan facility of $14 million made available by IYA Global Limited, a subsidiary of PLLG Investments Limited the private investment fund of Peter Levine the Chairman & Chief Executive and largest shareholder, which has been extended to June 2017 (note 32). At the year-end there was US$8.5 million drawn under the loan facility. The balance of the IYA loan as at 30 April 2016 was US$6.5 million and US$4.2 million for the Convertible Loan.

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.

Based on this review and consideration of the continuing loan facility available from IYA Global Limited noted above, 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 Group's 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 2015.

The average creditor days were 32 (2014: 19). 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 32.

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 28 June 2016 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 and Chief Executive
26th May 2016

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 until it's sale in 2009. Previously he was also Chairman of Severfield-Rowan PLC.

Miles Biggins – Chief Operating Officer
(appointed 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.

Robert Shepherd – Senior Independent Non-Executive Director
(appointed 29th October 2015)
Rob is a former Vice President for Emerging Markets Oil & Gas at ABN-Amro, a former Non-Executive Director of Imperial Energy Plc and a former CFO of Dominion Petroleum and former CEO of Azonto Petroleum. Rob is a qualified Facilities Engineer, having trained with Shell.

Jorge Dario Bongiovanni – Independent Non-Executive Director
(appointed 29th March 2016)
Jorge, an Argentine citizen, has some 39 years' experience in the oil and gas industry. After University in both Argentina and the United States of America, Jorge commenced work as a Production Engineer in Argentina, rising up the ranks to lead the initial upstream exploration and production operations for Repsol in South America, before going on to work for Petrobras in senior positions. Jorge joined IFC in 2007, part of the World Bank Group, and was Principal Petroleum Engineer from 2010-14 based out of IFC's headquarters in Washington DC. After retirement from full-time employment in 2014, Jorge continued to provide consultancy services to IFC for a further two years until recently.

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 comprised David Jenkins (Chairman) and David Wake-Walker in 2015 until their retirement at the end of the year. 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 2015, 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 2015 is set out below.

	Note	2015 US$000	2014 US$000
Peter Levine	a	**667**	736
John Hamilton (stepped down 15 Jan 2015)		**130**	478
Benjamin Wilkinson		**418**	323
Miles Biggins	b	**493**	434
Dr. Richard Hubbard (stepped down 15 Jan 2015)		**0**	431
Dr. David Jenkins	c	**69**	74
Dr. Michael Cochran (stepped down 15 Jan 2015)		**0**	53
David Wake-Walker	d	**131**	66
Rt Hon. Alistair Burt MP (stepped down 14th May 2015)		**8**	0
Robert Shepherd (appointed 29 October 2015)	e	**11**	0
		1,927	2,595

Note:
Further details on share options can be found in note 25. 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 32 Transactions with Directors and other related parties. Under an agreement, US$222,830 included above has been deferred and remains outstanding at the year-end. No salary has been paid from September 2015 to the date of this report.

b) Under an agreement, US$16,487 included above has been deferred and remains outstanding at the year-end.

c) US$34,335 (2014: US$36,836) 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

d) US$122,756 (2014: US$56,279) was paid to David Wake-Walker Limited, a company of which David Wake-Walker is a shareholder and director. As at 31 December 2015, US$19,120 remained outstanding.

e) Under an agreement, US$4,673 included above has been deferred and remains outstanding 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 2016 1p shares	01 May 2016 % interest	01 May 2015 1p shares	01 May 2015 % interest
Peter Levine	**121,834,586**	**23.192%**	90,443,664	18.861%
Miles Biggins	**361,059**	**0.069%**	361,059	0.075%
Rob Shepherd	**9,144**	**0.002%**	–	–
Jorge Bongiovanni	**–**	**–**	–	–

Peter Levine holds his shares through PLLG Investments Limited. Further details of that company are set out in note 32.

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 25.

This report was approved by the Board on 26th May 2016 and was signed on its behalf by:

Peter Levine
Company Secretary
26th May 2016

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, an executive Directors and two non-executive Directors.

Board Committees

The audit committee and remuneration committee comprised David Wake-Walker (Chairman) and David Jenkins until their retirement at the end of 2015. These roles will be taken on by the recently appointed non-executive Directors, Rob Shepherd and Jorge Bongiovanni

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 makes its June interim statement available to shareholders on the website. 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 and;
- 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 have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework" FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements 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 judgments 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 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company'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 and Chief Executive
26th May 2016

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 2015 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 33 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), including FRS 101 "Reduced Disclosure Framework".

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 Directors' Responsibilities Statement, 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 2015 and of the group's loss 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 16 to 18 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures 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; or
- a Corporate Governance Statement has not been prepared by the company.

Anthony Matthews FCA
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
26th May 2016

Consolidated Statement of Comprehensive Income
Year ended 31 December 2015

	Note	2015 US$000	2014 US$000
Continuing Operations			
Revenue	4	**10,092**	12,588
Cost of sales	5	**(10,254)**	(9,532)
Gross profit/(loss)		**(162)**	3,056
Administrative expenses	6	**(6,398)**	(5,404)
Operating loss before impairment and non-operating gains/(losses)		**(6,560)**	(2,348)
Non-operating gains	7	**150**	29,434
Impairment charge	8	**(11,394)**	(11,891)
Profit/(loss) after impairment and non-operating gains/(losses)		**(17,804)**	15,195
Interest income		**2**	23
Realised gains on translation of foreign currencies		**1,346**	847
Finance costs	9	**(2,241)**	(1,739)
Profit/(loss) before tax	10	**(18,697)**	14,326
Income tax credit	12	**155**	207
Profit/(loss) for the year from continuing operations		**(18,542)**	14,533
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(22,896)**	(6,437)
Total comprehensive profit /(loss) for the year attributable to the equity holders of the parent		**(41,438)**	8,096
Earnings/loss per share	13	US cents	US cents
Basic profit/(loss) per share from continuing operations		**(3.9)**	3.7
Diluted profit(loss) per share from continuing operations		**(3.9)**	3.5

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

Consolidated Statement of Financial Position 31 December 2015

ASSETS	Note	2015 US$000	2014 US$000
Non-current assets			
Intangible assets	14	**103,151**	102,879
Property, plant and equipment	15	**59,534**	87,144
		162,685	190,023
Deferred tax	22	**260**	747
Other non-current assets	16	**319**	323
		163,264	191,093
Current assets			
Trade and other receivables	17	**3,554**	14,302
Stock		**86**	–
Cash and cash equivalents	18	**217**	1,527
		3,857	15,829
TOTAL ASSETS		**167,121**	206,922
LIABILITIES			
Current liabilities			
Trade and other payables	19	**3,127**	11,903
Borrowings	20	**8,358**	9,650
		11,485	21,553
Non-current liabilities			
Long-term provisions	21	**3,292**	2,834
Deferred tax	22	**14,023**	22,146
		17,315	24,980
TOTAL LIABILITIES		**28,800**	46,533
EQUITY			
Share capital	23	**16,754**	14,928
Share premium		**201,646**	186,566
Translation reserve		**(34,211)**	(11,315)
Profit and loss account		**(52,462)**	(33,932)
Other reserves	24	**6,594**	4,142
TOTAL EQUITY		**138,321**	160,389
TOTAL EQUITY AND LIABILITIES		**167,121**	206,922

These financial statements for President Energy PLC (company number 5104249) were approved by the Board of Directors and authorised for issue on 26th May 2016.

They were signed on their behalf by:

Peter Levine
Chairman and Chief Executive

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

Consolidated Statement of Changes in Equity
Year ended 31 December 2015

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	Other reserves US$000	Total US$000
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 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 1 January 2015	**14,928**	**186,566**	**(11,315)**	**(33,932)**	**4,142**	**160,389**
Share-based payments	**–**	**–**	**–**	**–**	**1,176**	**1,176**
Placing of ordinary shares	**1,826**	**17,163**	**–**	**–**	**–**	**18,989**
Costs of issue	**–**	**(957)**	**–**	**–**	**–**	**(957)**
Warrants issued on placing	**–**	**(1,126)**	**–**	**–**	**1,126**	**–**
Transfer to P&L account	**–**	**–**	**–**	**12**	**(12)**	**–**
Convertible loan equity	**–**	**–**	**–**	**–**	**162**	**162**
Transactions with the owners	**1,826**	**15,080**	**–**	**12**	**2,452**	**19,370**
Loss for the year	**–**	**–**	**–**	**(18,542)**	**–**	**(18,542)**
Other comprehensive income						
Exchange differences on translation	**–**	**–**	**(22,896)**	**–**	**–**	**(22,896)**
Total comprehensive income for the year	**–**	**–**	**(22,896)**	**(18,542)**	**–**	**(41,438)**
Balance at 31 December 2015	**16,754**	**201,646**	**(34,211)**	**(52,462)**	**6,594**	**138,321**

Consolidated Statement of Cash Flows
Year ended 31 December 2015

	2015 US$000	2014 US$000
Cash flows from operating activities		
Cash generated by operating activities (note 26)	**(1,002)**	(707)
Interest received	**2**	23
Taxes refunded	**4**	10
	(996)	(674)
Cash flows from investing activities		
Expenditure on exploration and evaluation assets	**(11,206)**	(47,987)
Expenditure on development and production assets	**(3,196)**	(1,305)
Payments in advance of drilling operations in Paraguay	**–**	(9,161)
Proceeds from asset sales	**199**	104
Pirity acquisition	**(756)**	–
Argentine acquisition	**–**	(5,459)
LCH SA acquisition	**–**	(250)
USA acquisition	**(121)**	–
Expenditure on abandonment	**–**	(29)
	(15,080)	(64,087)
Cash flows from financing activities		
Loan drawn	**3,895**	9,650
Proceeds from issue of shares (net of expenses)	**18,032**	48,051
Loan converted to equity	**(4,470)**	–
Proceeds from options exercised	**–**	506
Repayment of borrowings	**(555)**	–
Payment of interest and loan fees	**(1,722)**	(1,327)
	15,180	56,880
Net decrease in cash and cash equivalents	**(896)**	(7,881)
Opening cash and cash equivalents at beginning of year	**1,527**	10,009
Exchange losses on cash and cash equivalents	**(414)**	(601)
Closing cash and cash equivalents	**217**	1,527

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

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 60. The nature of the Group's operations and its principal activities are set out in note 4 and in the Strategic Report on pages 06 to 08. The Company is quoted on the AIM market of the London Stock Exchange (ticker: PPC), and is headquartered in Leeds, 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.

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 2015 and no restatement of prior year amounts has been required.

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 5	Non-current Assets held for Sale and Discontinued Operations – Changes in method of disposal
IFRS 9	Financial instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
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

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

- IFRS 9 will impact both the measurement and disclosure of financial instruments.
- IFRS 16 will impact on the measurement and disclosure of leases in the financial statements.

2. Significant accounting policies (continued)

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.

Under s479A of the Companies Act 2006 an audit exemption has been taken for President Energy UK Limited, President Energy Paraguay Limited and President Energy Pirity Limited.

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 05 to 07. In addition, note 28 and note 29 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 is impacted by the uncertainties in the sector and the fall in oil prices in the period as it is reliant on production revenues from existing producing wells. The Directors continue to monitor cash forecasts closely and apply sensitivity analyses to manage liquidity risk effectively reflecting that the Group is in a net current liabilities position and the cash position at the year-end was US$0.2 million (2014: US$1.5 million). To support its operations the Group is dependent on ongoing finance through a loan facility of $14 million made available by IYA Global Limited, a subsidiary of PLLG Investments Limited the private investment fund of Peter Levine the Chairman & Chief Executive and largest shareholder, which has been extended to June 2017 (note 32). At the year-end there was US$8.5 million drawn under the loan facility. The balance of the IYA loan as at 30 April 2016 was US$6.5 million and US$4.2 million for the Convertible Loan.

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.

2. Significant accounting policies (continued)

d) Going concern (continued)

Based on this review and consideration of the continuing loan facility available from IYA Global Limited noted above, 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 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.

2. Significant accounting policies (continued)

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

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 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

2. Significant accounting policies (continued)

i) Foreign currencies (continued)

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.

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 29 h) for a summary of the Group's financial assets by category. An assessment of

2. Significant accounting policies (continued)

j) Financial instruments (continued)

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 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.

2. Significant accounting policies (continued)

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 25.

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 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

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

Estimation of oil and gas reserves (continued)

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 05.

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 was a key judgement in 2014. The fair value was 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 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.

4. Segment reporting (continued)

	Argentina 2015 US$000	Paraguay 2015 US$000	USA 2015 US$000	Australia 2015 US$000	UK 2015 US$000	Total 2015 US$000
Revenue	6,635	–	3,457	–	–	10,092
Cost of sales						
Depreciation	1,647	–	1,095	–	–	2,742
Well operating costs	6,279	–	1,233	–	–	7,512
Administrative expenses	788	461	158	7	4,984	6,398
Segment costs	8,714	461	2,486	7	4,984	16,652
Segment operating profit/(loss)	(2,079)	(461)	971	(7)	(4,984)	(6,560)

	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)

Some 6,300 barrels of production from Argentina in 2015 was maintained in inventory as at 31 December 2015 for operational reasons in connection with the workover programme. This has resulted in revenue in Q1 2016 as inventory have been reduced to normal operating levels.

Segment assets

	Argentina 2015 US$000	Paraguay 2015 US$000	USA 2015 US$000	Australia 2015 US$000	UK 2015 US$000	Total 2015 US$000
Intangible assets	2,011	101,140	–	–	–	103,151
Property, plant and equipment	56,506	231	2,797	–	–	59,534
	58,517	101,371	2,797	–	–	162,685
Other assets	2,647	164	1,219	42	147	4,219
	61,164	101,535	4,016	42	147	166,904

	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

Segment assets can be reconciled to the Group as follows:

	2015 US$000	2014 US$000
Segment assets	**166,904**	205,395
Group cash	**217**	1,527
Group assets	**167,121**	206,922

5. Cost of sales

	2015 US$000	2014 US$000
Depreciation	**2,742**	3,055
Well operating costs	**7,512**	6,477
	10,254	9,532

6. Administrative expenses

	2015 US$000	2014 US$000
Directors and staff costs (including non-executive Directors)	**3,746**	4,690
Share-based payments	**1,176**	1,171
Depreciation	**88**	111
Other	**1,388**	(568)
	6,398	5,404

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$1.0 million (2014: US$3.1 million) being capitalised and are therefore displaying a negative balance for the year 2014.

As well as lower allocations, one-off costs incurred in 2015 have contributed to the rise in overall administrative expense. Legal costs incurred with respect to disputes connected to the Pirity Concession in Paraguay amounted to US$0.6 million before all matters were resolved.

7. Other non-operating gains

	2015 US$000	2014 US$000
Gain on Argentine acquisition	**66**	22,641
Gain on revaluation of pre-existing Argentine net assets	**–**	6,689
Other gains arising on asset disposals	**84**	104
	150	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 33. 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.

The gain arising in 2015 on the Argentine acquisition arises on the settlement of monetary liabilities associated with the acquisition on favourable terms.

8. Impairment charge

	2015 US$000	2014 US$000
Australia PEL82 (Intangible)	**–**	11,535
Dry hole on White Heirs1 well in USA (Intangible)	**–**	356
Demattei licence Paraguay (Intangible)	**10,876**	–
Prospects East Lake Verret USA (Intangible)	**74**	–
East White Lake USA (PP&E)	**444**	–
	11,394	11,891

9. Finance costs

	2015 US$000	2014 US$000
Loan fees	**692**	1,454
Accretion on abandonment liabilities	**184**	82
Loan interest	**1,365**	203
	2,241	1,739

Cash paid out on loan fees and interest in the period amounted to US$ 1.7 million (2014: US$ 1.3 million).

10. Profit/(loss) before tax

	2015 US$000	2014 US$000
Profit/(loss) before tax has been arrived at after charging:		
Depreciation of property, plant and equipment (note 15)	2,830	3,166
Impairment of intangible assets (note 14)	10,950	11,891
Staff costs in Administrative Expense (note 11)	3,635	2,963
Rentals payable in respect of land and buildings	120	263
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the annual accounts	76	94
Audit of the Company's subsidiaries	42	53
Total audit fees	118	147
Audit related assurance services	6	7
Other non-audit services	13	–
Tax advisory services	5	16
	142	170

11. Staff costs

	2015 Number	2014 Number
Average monthly number of employees		
(including executive Directors and Chairman but excluding non-executive Directors)	**42**	36

11. Staff costs (continued)

	2015 US$000	2014 US$000
Wages, salaries and Directors' fees		
(including Chairman and excluding non-executive Directors)	**5,129**	5,214
Expense in respect of share-based payments	**1,176**	1,171
Social security costs	**588**	583
	6,893	6,968

A proportion of the staff costs above is included in the cost of non-current assets (2015: US$1.1 million, 2014: US$ 2.7 million) and in operating costs (2015: US$2.2 million, 2014: US$1.3 million) following the acquisition of operated Argentine assets in 2014.

	2015 US$000	2014 US$000
Emoluments paid in respect of the highest paid Director in the year (excluding share-based payment charge)	**667**	736

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. Under an agreement, US$222,830 included above has been deferred and remains outstanding at the year-end. No salary has been paid since September 2015 and the date of this report. Details of share options granted are provided in note 25.

12. Tax

	2015 US$000	2014 US$000
Current tax credit /(charge)	**4**	10
Deferred tax		
Origination and reversal of temporary differences	**151**	197
	155	207

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

Profit/(loss) on ordinary activities before taxation	**(18,697)**	14,326
Tax at 20.25% (2014: 21.5%)	**3,786**	(3,080)
Tax losses utilised but not previously recognised	**575**	2,760
Tax losses carried back to prior period	**(105)**	–
Tax losses carried forward but not recognised	**(1,681)**	(1,508)
Income not subject to tax	**–**	9,918
Tax effect of income/expenses not realised in Group accounts	**1,012**	(1,870)
Expenses not deductible for tax purposes	**(2,100)**	(4,496)
Difference between US, Argentine, Australian and UK tax rates	**(915)**	(3,072)
Adjustments relating to prior years	**(418)**	1,555
Tax as per statement of comprehensive income	**155**	207

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

	2015 US$000	2014 US$000
Net profit/(loss) for the period attributable to the equity holders of the Parent Company	**(18,542)**	14,533

	Number '000	Number '000
Weighted average number of shares in issue	**471,697**	387,746

	US cents	US cents
Earnings /(loss) per share		
Basic earnings/(loss) per share from continuing operations	**(3.9)**	3.7
Diluted earnings/(loss) per share from continuing operations	**(3.9)**	3.5

At 31 December 2015, 76,174,896 (2014: 21,838,269) 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 2015 as with the reported loss they are anti-dilutive.

14. Intangible assets – exploration and evaluation assets

	US$000
Cost	
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 1 January 2015	**134,003**
Additions	**11,297**
Acquisition of Paraguay licence	**903**
Exchange difference	**(978)**
At 31 December 2015	**145,225**
Impairment	
At 1 January 2015	31,124
Impaired in year ended 2015	10,950
At 31 December 2015	42,074
Net Book Value	
At 31 December 2015	103,151
At 31 December 2014	102,879

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.

14. Intangible assets – exploration and evaluation assets (continued)

Additions of US$11.3 million (2014:US$ 55.1 million) for 2015 principally arose in Paraguay and comprise expenditure on drilling activities primarily the Jacaranda and Lapacho wells. Further additions of US$0.9 million arose on the acquisition of the remaining 36% in the Pirity Concession. Exchange differences of US$1.0 million (2014: US$1.1 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 led to the transfer of US$4.9 million of assets to Property, Plant and Equipment in 2014.

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. The licence has been suspended until March 2017. In view of the current hiatus President has taken the conservative view by impairing US$11.5 million of intangible asset value in 2014.

In 2015, President impaired US$10.9 million of expenditure on the Demattei Concession in Paraguay following the expiration of the licence despite possible litigation by the operator. The expenditure on acquisition, seismic and overhead related to the Block has been valuable for understanding regional geology, however the Company has prudently determined to take an impairment for its full cost at this stage. A further US$0.1 million was impaired for the full cost of expenses in connection with potential prospects near the East Lake Verret field in the USA.

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

	US$000
Cost	
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 1 January 2015	**103,882**
Additions	**3,968**
Acquisition	**121**
Disposals	**(251)**
Exchange difference	**(29,095)**
At 31 December 2015	**78,625**
Depreciation	
At 1 January 2014	13,845
Charge for the year	3,166
Exchange difference	(273)
At 1 January 2015	**16,738**
Charge for the year	**2,830**
Disposals	**(44)**
Impairment	**443**
Exchange difference	**(876)**
At 31 December 2015	**19,091**
Net Book Value	
At 31 December 2015	**59,534**
At 31 December 2014	87,144

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 33. As a result of the acquisition in 2014, the additional 50% interest acquired is recorded at fair value (US$43.3 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 in 2014.

Additions in 2015 comprise capitalised workover activity in Argentina (US$3.3 million), development drilling on the East White Lake Field in the USA (US$0.5 million) and acquisition of minor interests on the East Lake Verret field (US$0.1 million). An impairment of US$0.4m (2014: nil) has been made as lower prices and lower reserves on the East White Lake field in the USA adversely impacted the value of the field.

16. Other non-current assets

	2015 US$000	2014 US$000
Financial assets – Deposits with state authorities	**319**	323
	319	323

17. Trade and other receivables

	2015 US$000	2014 US$000
Trade receivables	**1,500**	2,332
Other receivables	**1,981**	2,346
Prepayments	**73**	9,624
	3,554	14,302

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 2015, 64% 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

	2015 US$000	2014 US$000
Cash at bank and in hand	**217**	1,527

19. Trade and other payables

	2015 US$000	2014 US$000
Trade payables	**1,433**	3,405
Exploration accruals	**225**	7,075
Other payables	**1,469**	1,423
	3,127	11,903

20. Borrowings

	2015 US$000	2014 US$000
IYA Loan	4,473	9,650
IYA Convertible Loan	3,885	–
	8,358	9,650

IYA Loan

		2015 US$000	2014 US$000
Balance at beginning of year		9,650	–
Loan drawn in year (note 30)		3,848	9,650
Transfer to Convertible Loan		(4,000)	–
Converted to equity		(4,470)	–
Repaid in period:	Capital repayments	555	–
	Interest paid	1,284	149
		(1,839)	(149)
Interest payable in statement of comprehensive income in period		1,284	149
		4,473	9,650

IYA Convertible Loan

		2015 US$000	2014 US$000
Balance at beginning of year		–	–
Face value of convertible loan transferred from IYA Loan		4,000	–
Equity component		(162)	–
Liability component of convertible loan on initial recognition		3,838	–
Interest capitalised		47	–
Repaid in period:	Capital repayments	–	–
	Interest paid	47	–
		(47)	–
Interest payable in statement of comprehensive income in period		47	–
		3,885	–

In November 2015, the Group refinanced the IYA loan with US$4.5 million converted to equity under a non-brokered placing, US$4 million transferred to an unsecured Convertible Loan and an extension of the term of the existing facility. The Convertible Loan has an interest rate of 10% per annum with the ability to convert the loan into shares at a price of 9.198 pence. Both the revised Loan Facility and the Convertible Loan have a maturity date of 30 June 2017.

The Convertible Loan has been split into a liability component of US$3.8 million and an equity component of US$0.2 million which represents the fair value of the embedded option to convert the loan into ordinary shares. Interest recognised under this Loan is capitalised until maturity.

Further details on the terms of the loan are detailed in the Related Party note 32.

21. Long-term provision – Decommissioning

	US$000
At 1 January 2014	1,590
Increase in provision	6
Accretion	82
Argentine acquisition: additional 50% acquired	839
Revaluation of pre-existing assets	474
Exchange difference	(128)
Cost incurred	(29)
At 1 January 2015	**2,834**
Increase in provision	**858**
Accretion	**184**
Exchange difference	**(584)**
At 31 December 2015	**3,292**

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 2025 for existing wells. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

22. Deferred tax

	US$000
Liability at 1 January 2014	6,567
Movement in year	(1,705)
Argentine acquisition: additional 50% acquired	13,238
Argentine acquisition: revaluation of pre-existing assets	5,221
Exchange difference	(1,175)
Liability at 1 January 2015	**22,146**
Movement in year	**(638)**
Exchange difference	**(7,485)**
Liability at 31 December 2015	**14,023**

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$ 0.3 million (2014: US$ 0.7 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. The Group has the following unrecognised tax losses available for offset against future profits:

	2015 US$000	2014 US$000
USA	**12,100**	9,700
Australia	**11,100**	12,500
UK	**20,000**	13,000

23. Share capital

Equity share capital	2015 '000s	2014 '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)	**525,321**	406,712

	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)	**8,029**	6,203
	16,754	14,928

The issued share capital is reconciled as follows:

Balance at beginning of year	**14,928**	13,471
Shares issued	**1,826**	1,457
Balance at end of year	**16,754**	14,928

During 2015, the highest mid-market price of the Company's shares was 17p and the lowest was 6p. The year-end price was 6p. In 2015, shares were issued to fund new seismic acquisition in Paraguay, work in Argentina and for general capital purposes. In 2014, shares were issued under an Open Offer and Placing to raise funds for the drilling programme 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. Other reserves

	Reserve for share-based Payments* US$000	Convertible Loan reserve US$000	Other reserves US$000
At 1 January 2014	2,947	–	2,947
Share-based payments	1,171	–	1,171
Transfer to P&L account	(460)	–	(460)
Acquisition of LCH SA	484	–	484
At 1 January 2015	**4,142**	**–**	**4,142**
Share-based payments	**1,176**	**–**	**1,176**
Warrants issued on placing	**1,126**	**–**	**1,126**
Transfer to P&L account	**–**	**(12)**	**(12)**
Convertible loan equity	**–**	**162**	**162**
At 31 December 2015	**6,444**	**150**	**6,594**

(*) including warrants

25. Share-based payments

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

		Grant date	Target Price	31 Dec 2014	Granted in year	Exercised in year	Forfeited/ lapsed in year	31 Dec 2015
Options				'000	'000	'000	'000	'000
Peter Levine	a	26 Nov 12	100p	2,600	–	–	2,600	–
Peter Levine	b	01 Jul 14	80-130p	2,700	–	–	2,700	–
Peter Levine	b	30 Jul 15	17-35p	–	8,500	–	–	8,500
John Hamilton	a	26 Nov 12	40-74p	2,200	–	–	2,200	–
John Hamilton	b	01 Jul 14	80-130p	2,250	–	–	2,250	–
Miles Biggins	b	25 May 11	38-74p	800	–	–	–	800
Miles Biggins	b	01 Jul 14	80-130p	2,500	–	–	2,500	–
Miles Biggins	b	30 Jul 15	17-35p	–	4,900	–	–	4,900
Richard Hubbard	b	02 Feb 12	69-135p	1,297	–	–	1,297	–
Richard Hubbard	a	26 Nov 12	38-73p	1,000	–	–	1,000	–
Richard Hubbard	a	01 Jul 14	80-130p	2,000	–	–	2,000	–
Ben Wilkinson	b	30 Sep 11	51p	600	–	–	–	600
Ben Wilkinson	a	26 Nov 12	40p	750	–	–	750	–
Ben Wilkinson	b	01 Jul 14	80-130p	1,000	–	–	1,000	–
Ben Wilkinson	b	30 Jul 15	17-35p	–	3,650	–	–	3,650
Senior employee	b	01 Mar 13	38-72p	2,160	–	–	–	2,160
Senior employee	b	17 Jun 13	40p	250	–	–	–	250
Senior employee	b	15 Oct 13	41-79p	1,000	–	–	1,000	–
Senior employee	b	14 Nov 13	50p	350	–	–	–	350
Senior employee	b	25 Feb 14	53p	350	–	–	–	350
Senior employee	b	01 Jul 14	80-130p	2,250	–	–	2,250	–
Senior employee	b	14 May 15	19-37p	–	3,226	–	–	3,226
Senior employee	b	30 Jul 15	17-35p	–	2,690	–	–	2,690
				26,057	22,966	–	21,547	27,476
Warrants	c		19p	–	72,808	–	–	72,808
			47p	4,253	–	–	–	4,253
				30,310	95,774	–	21,547	104,537

Note

a) Options are exercisable up to 30 days after vesting.

b) Options are exercisable up to 10 years after grant.

c) Warrants totalling 13,781,455 were granted to PLLG Investments, an entity controlled by Peter Levine and detailed in note 32, under the terms of the equity raise in March 2015. Warrants were also granted to Ben Wilkinson (169,600) and Miles Biggins (169,600) as part of the same issue.

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 2.2 years (2014: 1.2 years) from 31 December 2015.

25. Share-based payments (continued)

Warrants were granted in March 2015 in support of an equity placing and have a three year exercise period. The other warrants were issued in connection with the Group's acquisition of LCH SA in 2014 and expire in 2016.

In 2015, options were granted on 14 May and 30 July. The aggregate of the estimated fair value of the options granted on those dates is US$0.8 million (2014: US$0.8 million).

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

	2015	2014
Weighted average exercise price	**17.2p**	8.2p
Expected volatility	**65%**	65%
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.

26. Notes to the consolidated statement cash flows

	2015 US$000	2014 US$000
Profit/(loss) from operations before taxation	**(18,697)**	14,326
Interest on bank deposits	**(2)**	(23)
Interest payable and loan fees	**2,241**	1,739
Depreciation of property, plant and equipment	**2,830**	3,166
Impairment	**11,394**	11,891
(Gain)/loss on non-operating transaction	**(150)**	(29,434)
Share-based payments	**1,176**	1,171
Foreign exchange difference	**(1,346)**	(847)
Operating cash flows before movements in working capital	**(2,554)**	1,989
Decrease/(increase) in receivables	**10,376**	(1,705)
Increase/(decrease) in payables	**(8,824)**	(991)
Net cash generated by operating activities	**(1,002)**	(707)

27. 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).

28. Capital and operating lease commitments

Capital commitments

As at 31 December 2015 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. The licence was suspended in April 2016 for 18 months (to September 2017).

In Paraguay the Company has entered into a Farm-in agreement to spend a further US$10 million on the Hernandarias Concession to earn the remaining 40% working interest (40% already earned). The remaining work commitment on this licence is for one well to be drilled on or before October 2019. Following the suspension of the licence on the Pirity Concession, announced in January 2016, the remaining commitment on the work programme is for a well to be drilled by September 2017.

The Farm-in Agreement on the Demattei Concession was ended in 2015.

Operating lease commitments

The Group has leases in respect of its office premises.

Minimum lease payments are as follows:

	2015 US$000	2014 US$000
Due within one year	**76**	164
One to five years	**87**	64
	163	228

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

29. 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 Leeds 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 2015 the Group restructured loan facilities as described in note 32. 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 2015. 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 the UK, 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

29. Risk management objectives and policies (continued)

c) Foreign currency risk and sensitivity (continued)

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.

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

	2015 US$000	2014 US$000
US Dollars	**38**	1,369
Sterling	**88**	33
Argentine Pesos	**79**	92
Australian Dollars	**4**	19
Swiss Francs	**4**	11
Paraguayan Guarani	**5**	3
	217	1,527

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$8,000 (2014: US$3,000). If the exchange rate between the US Dollar and the Argentine Peso changed by 10% there would be a profit or loss of US$7,000 (2014: US$10,000).

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$7,000 per annum (2014:US$38,000). As stated in note 32, 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:

	2015 US$000	2014 US$000
Trade receivables	**1,500**	2,332
Other receivables	**1,981**	2,346
Cash and cash equivalents	**217**	1,527
Deposits with state authorities	**319**	323
	4,017	6,528

29. Risk management objectives and policies (continued)

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 2015 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	**1,433**	–
Others	**1,480**	–

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	3,405	–
Others	1,423	–

The Group's borrowings are set out in note 20 and are due to mature in June 2017.

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

	2015 US$000	2014 US$000
Non-current assets – loans and receivables		
Deposits with state authorities	**319**	323
Current assets – loans and receivables		
Trade receivables	**1,500**	2,332
Other receivables	**1,981**	2,346
Cash and cash equivalents	**217**	1,527
	3,698	6,205
Current liabilities – Financial liabilities measured at amortised cost		
Trade payables	**1,433**	3,405
Other payables	**1,469**	1,423
Borrowings	**8,358**	9,650
	11,260	14,478

With the exception of Group borrowings, further detail of which is set out in note 32, the fair value of financial assets and liabilities approximates to the carrying value due to the short-term nature of the financial instruments.

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

31. Subsequent events

On 22nd January 2016, President announced a 12 month suspension of the licence on the Pirity Concession with the option to extend the suspension for a further six months depending on prevailing circumstances. The outstanding work commitment is to drill one more exploration well and as a result of the 12 month suspension is now to be undertaken by September 2017.

In accordance with the Concession's terms, President relinquished part of the Hernandarias Concession in the northern part of the original Concession. However, President has re-applied for the relinquished area which is now known as the Don Quixote Block and the application is pending approval of the environmental license. President has been granted a prospection permit over an area called Pilcomayo which is located between the Pirity and Hernandarias Blocks.

On 7th March 2016, Ben Wilkinson stood down as Finance Director as President rationalised core central G&A costs concentrating spend in the countries where President operates. An interim, part time, Chief Financial Officer has been appointed.

On 29th March, President appointed Jorge Dario Bongiovanni as a non-executive director of the Company.

In April 2016, the term of the Dermattei Concession expired by effluxion of time with no extension being granted. President had previously relinquished its right to further farm-in to that area and whilst on expiration, it held 10%, it does not consider this a material event. It is understood that the Operator of that Block, Crescent Global Oil has made application to the Paraguay Courts against the relevant Government Ministry in relation to the Concession. President is not party to any such proceedings.

32. 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 13 to 15.

The Company has made use of a US$15.0 million unsecured revolving loan facility ("IYA Loan") 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

32. Transactions with Directors and other related parties (continued)

31 December 2016. In November 2015, the drawing under the existing facility was reduced from US$11.1 million to US$7.1 million by re-designating US$4.0 million into an unsecured Convertible Loan and the original facility that was available reduced to US$10 million. The Convertible Loan has a lower rate of interest that is capitalised during the term of the loan with the ability to convert the loan into shares as detailed in note 20. The loan term for both loans was extended to April 2017 and subsequently to June 2017.

At the end of the year, the Company had drawn US$8.5 million (2014: US$9.6 million) of the combined US$14.0 million facility available for both loans. The balance of the IYA loan as at 30 April 2016 was US$6.5 million and US$4.2 million for the Convertible Loan.

Under the IYA Loan, monies may be drawn down and repaid under the facility at the Company's election. Interest accrues on the loan at 14.5% 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 then 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 expense amounted to US$1,284,000 (2014: US$149,000) of which US$601,000 was capitalised into the loan balance. Loan fees of US$692,000 (2014: US$1,454,000) of which US$392,000 is a loan arrangement fee amortised from 2014. 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.

33. 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

33. Acquisition in Argentina (continued)

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$0.3 million 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$0.2 million 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 prior financial year, Group revenues for the period ended 31st December 2014 would have been US$ 4.1 million and the Group cash operating profit would have been US$ 1.2 million.

A further gain of US$ 66,000 was recognised in 2015 as the remaining deferred consideration was settled in full on favourable terms.

Company Balance Sheet
31 December 2015

	Note	2015 US$000	2014 US$000
Fixed assets			
Investment in subsidiaries	3	**3,495**	3,495
Property plant and equipment		**–**	30
		3,495	3,525
Current assets			
Debtors	4	**163,474**	148,961
Cash at bank and in hand		**88**	720
		163,562	149,681
Current liabilities			
Creditors – Amounts falling due within one year	5	**9,408**	10,201
Net current assets		**154,154**	139,480
Net assets		**157,649**	143,005
Equity			
Called up share capital	6	**16,754**	14,928
Share premium	7	**201,646**	186,566
Retained earnings	7	**(67,345)**	(62,631)
Convertible loan reserve	7	**150**	–
Share Option Reserve	7	**6,444**	4,142
Total equity attributable to the equity holders		**157,649**	143,005

These financial statements for President Energy PLC (company number 5104249) were approved by the board of directors and authorised for issue on 26th May 2016.

They were signed on its behalf by:

Peter Levine
Chairman & Chief Executive

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

Further to the notice given in the 2014 Annual Report and Financial Statements, the following financial statements have been prepared in accordance with the recognition and measurement principles of EU-adopted IFRSs and under Financial Reporting Standard 101 (Reduced Disclosure Framework).

1. Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

President Energy PLC is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 61. The nature of the Company's operations and its principal activities are set out in the Report of the Directors on pages 09 to 12.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The prior year financial statements were re-stated on adoption of FRS 101 in the current year and there were no material adjustments.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the good and services. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of President Energy PLC. The group accounts of President Energy PLC are available to the public and can be obtained as from the Company website as detailed on page 60.

Investments

Investments in subsidiaries are shown at cost, less provision for impairment.

Group accounts

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of President Energy PLC.

1. Significant accounting policies (continued)

Adoption of new and revised Standards

As explained above, the Company has adopted FRS 101 for the first time in the current year. As part of this adoption, the following new and revised Standards and Interpretations have been adopted in the current year. The application of these specific Standards and Interpretations has not had a material effect on the company.

Amendments to IAS 1 *Presentation of Financial Statements* (as part of the Annual Improvements to IFRSs 2009-2011 Cycle issued in May 2012)	The Annual Improvements to IFRSs 2009-2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Company are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position. In the current year, the company has applied IFRSs for the first time (see the discussion above), which has resulted in no material effects on the information in the statement of financial position as at 1 January 2014.
IFRS 13 *Fair Value Measurement*	The Company has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes). IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 includes extensive disclosure requirements; the Company has taken advantage of the exemption provided under FRS 101 from providing these disclosures. IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. The application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

1. Significant accounting policies (continued)

Adoption of new and revised Standards (continued)

The following new and revised Standards and Interpretations have been adopted early in the current year. The application of these specific Standards and Interpretations has not had a material effect on the Company.

New and revised Standards on consolidation, joint arrangements, associates and disclosure	In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards. In the current year, the company has applied for the first time IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures. Neither of these standards has had an impact on the financial statements.

Going concern

The financial statements have been prepared on a going concern basis as the Company's ultimate parent undertaking has confirmed that it will provide such financial support as is necessary to enable the Company to operate for the foreseeable future.

Foreign Currency

The financial statements are presented in United States Dollars, which is the currency of the primary economic environment in which the Company operates (its functional currency). Following a review, the functional currency as at 1 January 2015 was changed from Sterling to United State Dollars. This arises from the recent focus of the Company on Dollar denominated investments in Paraguay and Argentina as reflected in the intercompany receivables.

The change in functional currency at the opening balance sheet date and the presentation of comparative results for the previous reporting period has been made as follows:

- Shareholder's funds have been translated at historic rates;
- Other assets and liabilities are translated at the closing rate at the date of that balance sheet;
- income and expenses for are translated at average exchange rates for the period; and
- all resulting exchange differences are recognised as a currency translation adjustment to retained Profit and Losses

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Cash flow statement

The Directors have taken advantage of the exemption in Financial Reporting Standard 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is over 90% owned by its ultimate parent which publishes a consolidated cash flow statement.

1. Significant accounting policies (continued)

Taxation

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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 2015 of US$4,726,000 (2014: loss US$10,096,000). 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

	2015 US$000	2014 US$000
Prepayments and accrued income	**117**	391
Amounts owed by Group undertakings	**163,326**	148,471
Other receivables	**31**	99
	163,474	148,961

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

	2015 US$000	2014 US$000
Social Security and other taxes	**51**	6
Loans	**8,358**	9,650
Accruals	**516**	33
Other creditors	**483**	512
	9,408	10,201

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

	2015 ’000s	2014 ’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	**525,321**	406,712

	2015 US$000	2014 US$000
Deferred shares of par value 29p each	**8,725**	8,725
Ordinary shares of par value 1p each	**8,029**	6,203
	16,754	14,928

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

	Share premium US$000	Profit and loss account US$000	Convertible loan reserve US$000	Share option reserve US$000
Balance at 1 January 2015	186,566	(62,631)	–	4,142
Loss for the year	–	(4,726)	–	–
Premium on allotment in the year	16,206	–	–	–
Warrants issued on placing	(1,126)	–	–	1,126
Transfer to P&L account	–	12	(12)	–
Convertible loan equity	–	–	162	–
Share based payments	–	–	–	1,176
Balance at 31 December 2015	201,646	(67,345)	150	6,444

8. Reconciliation of movement in shareholders’ funds

	2015 US$000	2014 US$000
Loss for the year	**(4,726)**	(10,096)
Shares issued	**18,989**	58,776
Costs of issue	**(957)**	(3,330)
Convertible loan equity	**162**	–
Currency translation	**–**	(5,690)
Share-based payments	**1,176**	1,171
Net additions to shareholders’ funds	**14,644**	40,831
Shareholders’ funds at 1 January	**143,005**	102,174
Shareholders’ funds at 31 December	**157,649**	143,005

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
Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Probable Reserves
Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

Possible Reserves
Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.

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
	Robert Shepherd	Senior Independent Non-Executive Director
	Jorge Bongiovanni	Non-Executive Director
Secretary	Peter Levine	
Registered Office	1200 Century Way Thorpe Park Business Park Leeds LS15 8ZA	
Website	www.presidentenergyplc.com	
Nominated Advisor and Joint Broker	Peel Hunt LLP Moor House, 120 London Wall London, EC2Y 5ET	
Joint Broker	RBC Europe Limited (RBC Capital Markets) Riverbank House, 2 Swan Lane London, EC4R 3BF	
Auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ	
Legal Advisers	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT	
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 28 June 2016 at 11 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 2015, 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 Peter Levine as a Director of the Company, who retires in accordance with the Company's Articles of Association and offers himself for re-election.

4 To elect Robert Shepherd as a Director of the Company, who has been appointed since the last Annual General Meeting and who offers himself for election.

5 To elect Jorge Bongiovanni as a Director of the Company, who has been appointed since the last Annual General Meeting and who offers himself for election.

Special Business

As special business to consider and if thought fit to pass the following resolutions of which the resolution numbered 6 will be proposed as an ordinary resolution and the resolution numbered 7 will be proposed as a special resolution.

6 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 GBP 1,050,641 (such amount equating to 20 per cent. of the aggregate nominal value of the issued ordinary 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 2017, 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.

7 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) for cash pursuant to the authority conferred by resolution 6 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; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of further equity securities up to an aggregate nominal amount of GBP 525,321 (such amount equating to 10 per cent. of the aggregate nominal value of the issued ordinary 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 2017, 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

Peter Levine
Company Secretary
3rd June 2016

Registered office:
1200 Century Way
Thorpe Park Business Park
Leeds LS15 8ZA

Notes

Entitlement to attend, speak and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company has specified that only those members entered on the register of members at 6.30pm on 26th June 2016 (or in the event that this meeting is adjourned, on the register of members 48 hours excluding non-business days before the time of any adjourned meeting) shall be entitled to attend, speak and vote at the meeting in respect of the number of ordinary shares in the capital of the Company held in their name at that time. Changes to the register after 6.30pm on 26th June 2016 shall be disregarded in determining the rights of any person to attend, speak and vote at the meeting.

Appointment of proxies

2. Members are entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Please see the instructions on the enclosed Form of Proxy.

3. The completion and return of a Form of Proxy whether in hard copy form or in CREST will not preclude a member from attending in person at the meeting and voting should he or she wish to do so.

Appointment of proxies using hardcopy proxy form

4. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you) in the boxes indicated on the form. Please also indicate if the proxy instruction is one of multiple instructions being given. To appoint more than one proxy please see the instructions on the enclosed Form of Proxy. All forms must be signed and should be returned together in the same envelope.

5. To be valid, the Form of Proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be lodged at the offices of the Company's registrars, Freepost RTHJ-CLLL-KBKU, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 8LU by hand, or sent by post, so as to be received not less than 48 hours excluding non-business days before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be).

Appointment of proxies using CREST

6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from https://www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (Equiniti Limited RA19) by 6.30pm on 26th June 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

10. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

(This page has been left blank intentionally.)

Form of Proxy
For Annual
General
Meeting

PLEASE COMPLETE IF YOU DO NOT INTEND TO ATTEND IN PERSON

FORM OF PROXY

(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 28 June 2016 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			
	Resolution 6			
	Resolution 7			

Signed ....

Name ....

Date ....

President Energy PLC
1200 Century Way,
Thorpe Park Business Park
Leeds LS15 8ZA
United Kingdom

Tel: +44 (0) 20701 67950

www.presidentenergyplc.com

PRESIDENT
ENERGY