REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2017

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

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

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Chairman's Statement

Summary

2017 was a year of transition and transformation. President entered the year working to optimise the production from its only asset in Argentina at the Puesto Guardian Concession with mixed results. The Group ended the year transformed. By the end of 2017 President was producing four times more than at the same time the previous year-end with increased margins primarily as a result of lower unit operating costs. In 2018, President continues to go from strength to strength. With strong positive cash generation from core operations of US$5 million for Q1 2018 there are realistic expectations that such level will increase as the year progresses and as benefit from the year-long capital expenditure programme crystallises.

The results for 2017 portrayed in the light of our unaudited management figures for Q1 2018 show the following:

- A transformational acquisition in late 2017 of Puesto Flores/Estancia Vieja Concessions in the Neuquén Basin from Chevron Argentina SRL producing immediate impact, generating profits, positive cash and real returns to the Group
- Acquisition cost of those concessions estimated to be paid back in less than two years with production there growing and currently at its highest level since purchase by President
- Group turnover in 2018 on course to triple year on year (2017: US$17.95 million), following an 81% increase in 2017 from the previous year (2016: US$9.9 million)
- Exit 2017 Group production over four times the exit 2016 level
- In 2017 the Group recognised a gross loss of US$3.4 million (2016: US$2.7 million) prior to the transformation that will flow from the recent investment decisions
- Strong positive cash generation from core operations in Q1 2018 of US$5 million and remaining robust
- Group net production:
  - Full year 2017 increased by 110% to 1,121boepd (2016: 533 boepd) on a like-for-like basis
  - Q1 2018 increased by a further 80% to 2,018 boepd over full year 2017 with production building up through the period
  - Currently approximately 2,400 boepd, even with certain wells off-line at the new concessions due to the on-going workover programme
- Significant improvement in core operating margin:
  - 2017 well operating costs per boe excluding workovers reduced by 26% in Argentina and 27% in the US over 2016; and
  - In Q1 2018 costs decreased by a further 14% and 49% respectively
- Group-wide administrative costs reduced by:
  - 44% over previous year to US$ 12.90 per boe (2016: US$ 23.20 per boe); and
  - A further 25% to US$ 9.70 per boe in Q1 2018 and set to further reduce as the year progresses
- Cash at year end 2017 of US$4.0 million (2016: US$17.6 million) after two acquisitions and extensive capex referred to below;
- Net debt of US$ 17.1 million after taking into account US$17.8 million paid for acquisitions and US$12.4 million capex incurred in year (2016: net cash US$8.5 million)
- Group 2P (proven and probable) hydrocarbon reserves as at y/e 2017 increased by 33% to 27.1 mmboe (2016 20.3 mmboe)

Argentina

Puesto Flores/Estancia Vieja

The fourth quarter of 2017 was a milestone in the Company's future with the acquisition and integration of the Puesto Flores/Estancia Vieja Concession, Rio Negro Province, in the famous Neuquén Basin where the Company is pleased to partner with EDHIPSA, the Rio Negro Provincial energy company which holds a 10% interest in the Concession.

The purchase transformed the financial position and prospects of President and from day one generated positive cash flow with material operating profits. The full benefit of the acquisition and licence extension will be felt in the results for the full year 2018 with payback of the acquisition cost of the asset estimated to be less than two years.

The Concession has added significant value, added reserves to our portfolio and provides substantial running room for growth in both the fields. An early workover programme demonstrated that there were untapped oil bearing intervals in Puesto Flores and shut-in gas in Estancia Vieja. The accelerated programme announced on 16 April 2018 will capitalise on this through workovers, new drilling and gas production. Thus President is focusing its capital in this area where the return is greatest against other areas of its portfolio. Such cash returns on its current businesses benefit from no corporate tax being paid by President until it is estimated 2021 due to carried forward tax losses.

Puesto Guardian

The first part of the year was spent conducting workovers of certain wells in our Puesto Guardian Concession with mixed results. The reasons for such results were due to both surface and sub-surface issues. With regards to the former, new surface pumps that had been ordered were late being delivered and subsequently proved to be defective. The latter sub-surface issues have led us to conclude that the optimal cost effective way to materially increase production in the Concession is to drill new wells targeting the many proven undeveloped accumulations. This is being planned for 2019 and President remains optimistic as to the opportunities in Puesto Guardian particularly as there is still another 32 years left of the Concession term.

We can therefore afford to be patient but nevertheless, in the meantime, with greater efficiencies and an improved oil price, Puesto Guardian is now operationally profitable at the field level, and is making a solid contribution to the Group.

President has now begun a farmout process of the deeper exploration prospects at the Concession and in the Company's neighbouring two licences of Matorras and Ocultar. At this early stage, interest is encouraging.

Paraguay

- During the year, additional third party studies were carried out that further validated President's optimistic view as to the prospectivity of its in-country assets
- The farm-out process continued with the assistance of third party advisers, albeit initially more slowly than anticipated, but with encouraging interest continuing to be generated from a number of parties
- Irrespective of this current process, the Company is committed to retaining its interests and licences in the Country and in such light is advancing plans towards drilling a well during 2019

Louisiana

The acquisition of an additional 50% WI (37.5% NRI) in April 2017 and the assumption of operatorship in the Triche Well, East Lake Verret, Louisiana has delivered results substantially beyond initial expectations

Louisiana contributed profitably to the Group with:

- production revenue increasing in the year 2017 by 33% to US$3.6 million (2016: US$2.7 million) on higher volumes
- well operating costs per boe down 27% over previous year and further decreased by 49% in Q1 of 2018

Louisiana is currently generating strong positive cash generation from core operations of US$245k per month. No corporate tax is currently payable due to carried forward losses being utilised.

Corporate

In April 2017, the Group acquired for US$2.25 million cash plus a US$400k capped earn out, an operated 50% working interest in the Triche well, Louisiana, taking President's working interest in the well to 62%. With the well performing significantly ahead of expectations and reflecting the higher than expected revenues under President's operatorship the earn out is expected to be completely satisfied in Q3 2018, some two years ahead of schedule, at which time the additional 5% revenue interest will revert to President.

In January 2018, the Group disposed of its entire non-operated, non-core beneficial interest in the East White Lake Field, Louisiana USA as further described in the Directors Report below.

In September 2017 President acquired operatorship and a 100% stake in the Puesto Flores/Estancia Vieja fields, Rio Negro Province, Argentina from Chevron Argentina for US$618k including apportionments. In December, the relevant Concession was extended by the Rio Negro Province for 10 years resulting in a payment to the Province of US$15 million, an obligation to pay a further US$7 million in 2018 in three instalments and the granting of a 10% interest in the Concession to Edhipsa, the Provincial energy company. Of such further monies, US$3.3 million has already been paid in 2018 with the balance payable in Q3 and Q4 2018.

In November/December 2017 a placing supported by major shareholders together with a subsequent open offer to shareholders raised US$15.3 million gross of new money which was utilised to part pay the approximately US$16 million cash due as a result of the acquisition of Puesto Flores/Estancia Vieja from Chevron Argentina and the subsequent grant of a further ten year licence period for the relevant concession.

Also in 2017, the Group entered into its first formal bank lending arrangement, with an US$8 million loan in Argentina. The loan has a 3.5 year term and is repayable in quarterly installments. Repayment commenced in 2018 and by the year end 2018, the capital balance outstanding of such loan is expected to be approximately US$6 million. The long term revolving facility of up to US$15 million granted by a Peter Levine group company, IYA, remains in place;

the year-end balance was around US$13.1 million and currently, some US$1.5 million remains undrawn as at 30 April 2018.

In April 2018 Rob Shepherd stepped up as from his Non-Executive role to be Group Finance Director with Alex Moody-Stuart formerly of Schlumberger being welcomed as a Non-Executive Director. Taking into account the increase in executive directors, to ensure a balanced Board, Miles Biggins will step down at the forthcoming AGM but will remain the Group's Technical Director.

Financial review of 2017

In 2017, the Group recognised a gross loss of US$3.4 million (2016: loss US$2.7 million) prior to the transformation that will flow from recent investment decisions. Throughout 2017, the Group continued to build for the future growth in Argentina with a major acquisition, higher workover activity and the build-up of the in country capability all of which need to be seen in the context of a full year when the transition will be fully apparent in the returns. After administrative expenses of US$5.3 million (2016: US$4.5 million) are taken in to account, this led to an operating loss before impairment and non-operating gains of US$8.8 million (2016: loss US$7.2 million). The loss for the year from continuing operations of US$8.8 million (2016: loss US$14.0 million loss) was after impairment charges of US$1.3 million (2016: US$ 11.0 million) relating primarily to the impairment of the East White Lake field in the USA in 2017.

Revenue increased by 81% to US$17.9 million (2016: US$9.9 million), reflecting higher sales driven by production offsetting slightly lower average product prices for the year of US$50.62/boe (2016: US$53.51/boe). Overall Group production increased by 110% to 1,121 boepd (2016: 533 boepd) on a like for like basis, which was driven by acquisitions in Argentina and the USA and higher production from the Puesto Guardian field in Argentina.

The Group's primary investment focus during 2017 was on growth through acquisitions in core areas, increasing production in Argentina whist continuing to evaluate farm out opportunities in Paraguay and Argentina. Investment in Property, Plant and Equipment and related Goodwill in the year included US$25.0 million on the acquisition and licence extension in Argentina, US$2.4 million on acquisition of low cost operations in the USA and US$10.3 million (2016: US$ 15.6 million) on capitalised workovers, tangible equipment purchases in Argentina offset by a decrease in the asset abandonment recognition. Intangible Fixed Asset additions amounted to US$0.7 million (2016: US$0.6 million) relating to Paraguay and Argentina.

Further information is contained in the Financial Review on pages 06 to 09.

Production and reserves

	Oil (bbls)		Natural Gas (mmcf)		Total (mmboe)	
Country	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Argentina	**300,831**	125,135	**12.1**	–	**302.8**	125.1
USA*	**44,014**	16,819	**166.8**	28.3	**71.8**	21.5
Assets held for resale*	**26,540**	36,653	**47.9**	71.1	**34.5**	48.5
	371,385	178,607	**226.8**	99.4	**409.1**	195.1

Net Reserves (mboe)	Proved	Probable	Total
As at 31 December 2016	12,366.1	7,899.0	20,265.1
Change in measurement*	44.1	–	44.1
Revisions in reserves	(325.9)	2,397.6	2,071.6
Acquisition USA	354.2	–	354.2
Acquisition Argentina	3,150.0	1,670.0	4,820.0
Production	(409.1)	–	(409.1)
As at 31 December 2017	15,179.3	11,966.6	27,145.9

* Production and reserves for USA reported assets have been changed from an entitlement basis to a working interest basis to better reflect the production managed and controlled from operations on the licence interests.

Reserve movements in Argentina reflect the results of workovers in the year and the subsequent independent auditor's reserve report by J@R Conultora.

Conclusion and Prospects

2017 was a year of transition and the transformation of the Company has been both swift and dramatic. The two acquisitions of producing assets we made, one in the Neuquén Basin, Argentina and the other, smaller, in Louisiana, are delivering results and cash flow above expectations which were fortuitously timed in the light of improving oil prices.

With strong cash generation from our core operations in Q1 2018 of US$5 million, set to increase as the year progresses, we have now developed into a Group delivering real positive returns for its shareholders with the management and financial resources and commitment to expand further both by acquisition and organically.

Our roadmap is clear, concentrating on cash flow, profits and margins and we look forward to 2018 with well-founded optimism as the Group goes from strength to strength.

Peter Levine
Chairman and Chief Executive
5th June 2018

Strategic Report

The Directors present their strategic report and the audited financial statements of President Energy PLC for the year ended 31 December 2017.

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 2017, the Group recognised a gross loss of US$3.4 million (2016: loss US$2.7 million) that is yet to fully reflect the transformation that will flow from recent investment decisions. Throughout 2017, the Group continued to build for the future growth in Argentina with a major acquisition, higher workover activity and the build-up of the in country capability all of which need to be seen in the context of a full year when the transition will be fully apparent in the returns. After administrative expenses of US$5.3 million (2016: US$4.5 million) are taken in to account, this led to an operating loss before impairment and non-operating gains of US$8.8 million (2016: loss US$7.2 million). The loss for the year from continuing operations of US$8.8 million (2016: loss US$14.0 million loss) was after impairment charges of US$1.3 million (2016: US$ 11.0 million) relating primarily to the impairment of the East White Lake field in the USA in 2017 and full impairment of the DP-1002 S/T well in Argentina in 2016.

Revenue increased by 81% to US$17.9 million (2016: US$9.9 million), reflecting higher sales driven by production offsetting slightly lower average product prices for the year of US$50.62/boe (2016: US$53.51/boe). Overall Group production increased by 110% to 1,121 boepd (2016: 533 boepd) on a like for like basis, which was driven by acquisitions in Argentina and the USA and higher production from the Puesto Guardian field in Argentina. Cost of sales of US$21.4 million (2016: US$12.6 million) increased in line with the stepped changes following the acquisitions but fell on a per boe basis reflecting the higher production volumes achieved.

In September 2017, the Group completed the acquisition of the Puesto Flores and Estancia Vieja assets in the Rio Negro Province, Argentina. This together with the higher production from successful workovers on both the Puesto Guardian and Puesto Flores fields increased production in Argentina by 42% to 302,849 boe (2016: 125,135 boe) or 830 boepd (2016: 342 boepd). As well as increasing production, the workovers also informed independently assessed additions to 2P reserves of over 2.0 mmboe representing a reserves replacement ratio of nearly over 7 times production volumes in 2017.

Oil sales in Argentina averaged US$53.41 per bbl (2016: US$57.83 per bbl) as the transition to a fully de-regulated market was only completed in October. Oil prices are now set to move in line with the prevailing Brent oil price adjusted for locational variations. Well operating costs before workover expenses were managed down during the year to US$41.43/boe (2016: US$55.69/boe) whilst depreciation also fell during the year to US$12.30/boe (2016: US$13.68/boe) as a result of the acquisition and reserves upgrades. With a full year of production from Puesto Flores combined with successful workovers we anticipate this should lead to a further reduction of unit well operating costs in 2018.

In April 2017, The Group completed the acquisition of an incremental interest and operatorship of the Triche well in Louisiana, USA. Consequently, production from the Group's working interest in US operations rose by 52% to 291 boepd (2016: 191 boepd, as adjusted) offsetting the natural decline at East Lake Verret and East White Lake.

Realised prices in the US edged down 5% on the prior year to US$42.11/boe (2016: US$44.51/boe). Cost of Sales increased by 14% to US$2.6 million (2016: US$2.2 million) reflecting the acquisition. However, on a per boe basis, cost of sales from the Group's working interest in US operations decreased to US$24.14/boe (2016: US$32.07/boe as adjusted) primarily due to the additional volumes from the lower unit cost Triche operation.

Financial Review (continued)

Despite the price environment, the EBITDA contribution from the US operations rose to US$1.2 million (2016: US$0.8 million) reflecting the acquisition and steps undertaken in 2017 to manage down operational and administrative costs in the Group's US operations.

In line with the investment strategy in Argentina, the growth in Argentine operating and administrative expense reflects the building up of in country capability and pursuit of investment opportunities. While Group-wide administrative expenses outside of Argentina remained flat the increase in overall Group administrative expense to US$5.3 million (2016: US$4.5 million) was driven by this approach.

Total impairment charges during the year of US$1.3 million (2016: US$11.0 million) relate to the impairment of the East White Lake field in the USA. In light of continued poor production performance the non-operated interest in the field was disposed of in 2018 (note 32 & 34). Consequently, the carrying value was impaired in the year in line with the fair value of the disposal proceeds. In 2016, the DP-1002 S/T well drilled in September in Puesto Guardian, Argentina, was fully impaired, US$10.9 million, as the well was rendered incapable of completion for production due to due to service quality issues encountered in drilling operations with the balance of the impairment on the carrying value of the East White Lake field.

With an improving oil price environment carrying through to 2018 there are growing signs that the global E&P sector is emerging from its recent slumber and looking for new opportunities. The Group's timely acquisition of Puesto Flores is evident that we are well placed to build on our positions in Paraguay and Argentina from our portfolio of investment opportunities but also well placed and well-funded should new opportunities arise. To that end the Company announced in February 2018 that it has commenced the relevant processes to obtain a secondary listing of the Company's shares on The Bolsa de Comercio de Buenos Aires (BCBA) – the Argentine Stock Exchange. The secondary listing is expected to take place later in 2018. The primary listing of the Company will remain the AIM market of the London Stock Exchange.

With support from existing and new shareholders, the Company raised US$13.1 million of equity (before expenses) in Q4 2017 to support the ongoing work programme at the recently acquired Puesto Flores and Estancia Vieja fields in Argentina, contributing towards the overall funding package to be paid to the Rio Negro Province in relation to the extension of the Concession for Puesto Flores. Following the completion of the acquisition, the Group announced their first commercial bank loan through the established Argentinian Banks, BACS Banco de Credito y Securitizacion S.A and Banco Hipotecario. The US$8.0 million facility was used to part fund the extension of the concession

Concurrent with the equity fundraising, the Group's loan facility with IYA Limited was restructured such that US$2.2 million of the outstanding principal was capitalised into equity and the remaining facility was extended to US$15.0 million at a 10.5% interest rate with maturity date remaining as the 31 December 2021. Certain clauses in the new loan agreement were amended resulting in the reclassification of the loan to non-current. At the year-end, total borrowings under this facility amounted to US$9.1 million (2016: US$9.1 million). Together, the new equity raise and loan capitalisation represent the US$14.8 million net placing proceeds set out in the Consolidated Statement of Changes in Equity.

The Group's primary investment focus during 2017 was on growth through acquisitions in core areas, increasing production in Argentina whist continuing to evaluate farm out opportunities in Paraguay and Argentina.

Investment in Property, Plant and Equipment and related Goodwill in the year included US$25.0 million on the acquisition and licence extension in Argentina, US$2.4 million on acquisition of low cost operations in the USA and US$10.3 million (2016: US$15.6 million) on capitalised workovers and tangible equipment purchases in Argentina, offset by a decrease in the asset abandonment recognition. As in the prior year, the Argentine Peso fell again in value relative to the US dollar, resulting in a reduction in the carrying value of the assets as presented in the Group financial statements.

Intangible Fixed Asset additions amounted to US$0.7 million (2016: US$0.6 million) relating to Paraguay and Argentina. In Paraguay, following encouraging interest in the farm out process the Company is committed to retaining its interests and licences in the Country and in such light is advancing plans towards drilling a well during 2019 The technical evaluation of the Matorras/Occultar block in Argentina was completed following the extension granted in 2017 and a formal farm out process has been launched.

Financial Review (continued)

Trade and other payables increased to US$18.1 million (2016: US$10.8 million) largely due to the US$7.0 million licence extension deferred payments due to be settled in 2018. The Group retains a prudent provision for all accrued costs in relation to the DP-1002 well. Notwithstanding this, President having taken expert legal advice considers that its claims against service providers relating to that well on a full liability basis extinguish and exceed the amounts so provided. No benefit from President's potential claims has been taken into account given that legal action is in process.

Year-end cash balances were US$4.0 million (2016: US$17.6 million).

Key Performance Indicators

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

Production in Argentina increased by 42% to 302,849 boe (2016: 125,135 boe) or 830 boepd (2016: 342 boepd) following the acquisition of the Puesto Flores and Estancia Vieja assets in the Rio Negro Province, Argentina and the higher production from successful workovers on both the Puesto Guardian and Puesto Flores fields.

In Argentina, well operating costs before workover expenses were managed down during the year to US$41.43/boe (2016: US$55.69/boe) whilst depreciation also fell during the year to US$12.30/boe (2016: US$13.68/boe) as a result of the acquisition and reserves upgrades.

	2017	2016 Restated	Increase/ (Decrease)
Production			
Net oil and natural gas liquid production mbbls	371.4	178.6	107.9%
Net gas production mmcf	226.8	99.4	128.2%
Production mboe			
USA	106.3	70.0	51.8%
Argentina	302.8	125.1	142.0%
Total net hydrocarbons	409.1	195.1	109.7%
Well operating costs US$000			
USA	1,796	1,619	10.9%
Argentina	15,111	8,637	75.0%
Total operating costs	16,907	10,256	64.8%
Well operating costs per boe US$			
USA	16.9	23.1	–26.9%
Argentina	49.9	69.0	–27.7%
Total well operating costs per boe US$	41.3	52.6	–21.4%
Cash balances US$000	4,026	17,586	–77.1%

*Production and reserves for USA reported assets have been changed from an entitlement basis to a working interest basis to better reflect the production managed and controlled from operations on the licence interests.

Production from US operations rose by 52% to 291 boepd (2016: 191 boepd, as adjusted) following the acquisition of an incremental interest and operatorship of the Triche well in Louisiana offsetting the natural decline at East Lake Verret and East White Lake.

In USA, well operating costs rose by 11% to US$1.8 million (2016: US$ 1.6 million) following the Triche acquisition. On a per boe basis, well operating costs fell to US$16.90/boe (2016: US$23.13/boe) on a like for like basis primarily due to the additional volumes from the lower unit cost Triche operation.

ON BEHALF OF THE BOARD
Peter Levine
Chairman and Chief Executive
5th June 2018

Directors' Report

The Directors present their report and the audited financial statements of President Energy PLC for the year ended 31 December 2017.

Directors

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

Principal
Peter Levine
Miles Biggins
Robert Shepherd
Jorge Bongiovanni (appointed 29 March 2016)

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

Results and Dividends

The loss for the year after taxation amounted to US$8.8 million (2016: loss US$14.0 million). The Directors do not recommend a dividend. (2016: 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 2nd January 2018, President announced the sale of its entire non-operated, non-core beneficial interest in the East White Lake Field, Louisiana USA with effect from 1 January 2018. The disposal of this peripheral asset to Alpha Imperial Corp for a total sum of US$525,000 reduced debt and provided resources for President to concentrate on its core Argentine assets. Alpha Imperial Corp is a company whose ultimate beneficial shareholder is Peter Levine, the Chairman and largest shareholder of President Energy, and the disposal constituted a related party transaction for the purposes of AIM Rule 13. Having considered recent offers of significantly less value the independent directors consulted with the Company's nominated advisor finnCap Limited and concluded the disposal was fair and reasonable in so far as the shareholders were concerned.

On 28th February 2018, the Company announced that it has commenced the relevant processes to obtain a secondary listing of the Company's shares on The Bolsa de Comercio de Buenos Aires (BCBA) – the Argentine Stock Exchange. The secondary listing is expected to take place later in 2018. It is intended that the primary listing of the Company will remain the AIM market of the London Stock Exchange.

On 14th March 2018, Rob Shepherd, formerly non-executive director was appointed Group Finance Director. Alexander Charles Moody-Stuart joined the Board as an independent non-executive director.

Substantial Shareholders

As at 1 May 2018, the latest practicable date prior to the publication of this report, the following interests appeared in the register.

Aurora Nominees Limited	399,252,362	37.25%
Chase Nominees Limited	155,352,366	14.49%
Vidacos Nominees Limited	127,351,270	11.88%
Mineworkers Pension Scheme/Chase GIS/Nominees Limited	41,701,867	3.89%

Substantial Shareholders (continued)

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

PLLG Investments Limited	29.90%
Schroders plc	14.10%
International Finance Corporation	11.70%
Michinoko Limited	8.90%
JP Morgan Asset Management Holdings Inc	8.80%

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	321,204,547

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 volatility in the oil price environment 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. The cash position at the year-end was US$4.0 million (2016: US$17.6 million). To support its operations the Group is dependent on ongoing finance through a loan facility of US$15.0 million available until December 2021 provided by IYA Global Limited, a subsidiary of PLLG Investments Limited the private investment fund of Peter Levine, the Chairman & Chief Executive and largest shareholder (note 32). At the year-end there was US$13.1 million drawn under the loan facility. The balance of the IYA loan as at 30 April 2018 was US$13.5 million.

The Group partially funded the recent Puesto Flores/Estancia Vieja acquisition in Argentina with an US$8.0 million bank loan which is serviced by the cash sales generated by the asset. This was the Group's first commercial bank loan which allowed flexibility in the management of financial resources to grow the business from this cash generative investment.

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 and further support available from IYA Global Limited noted above, the Directors believe that the Group will have available to it the financial resources to meet all commitments as they fall due. Further details of the Group's commitments are set out in note 28. 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.

Principal Risks and Uncertainties Facing the Company (continued)

- 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 and Argentine Pesos to match expected expenditure plans. These principally consist of exploration expenditure on the Pirity and Henandarias concessions in Paraguay and ongoing capital investment in the Puesto Guardian and Puesto Flores concessions in Argentina.

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 three main currencies of US Dollars, Paraguayan Guarani and Argentine Pesos. The Group mitigates currency risk by holding cash reserves in the currencies it requires for expenditure and also takes out currency options from time to time to hedge significant currency exposure. Sterling is retained for central corporate costs. Further details are provided in note 29.

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 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 2017.

The average creditor days were 32 (2016: 30). 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 29 June 2018 at 11:00 a.m at Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT.

ON BEHALF OF THE BOARD
Peter Levine
Chairman and Chief Executive
5th June 2018

Directors' Remuneration Report (unaudited)

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

The current Directors are:

Peter Levine – Chairman and Chief Executive Officer
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 its sale in 2009. Previously he was also Chairman of Severfield-Rowan PLC.

Miles Biggins – Chief Operating Officer
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 – Group Finance Director
(Appointed 14 March 2018)
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. Rob served as a senior independent non-executive director for the Company from October 2015 until his appointment as an executive director.

Jorge Dario Bongiovanni – Independent Non-Executive Director
(Appointed 29 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.

Alexander Charles Moody-Stuart – Independent Non-Executive Director
(Appointed 14 March 2018)
Alex recently left Schlumberger after 29 years.
A graduate of Imperial College, London, Alex started at Schlumberger as a field engineer spending subsequent years in senior managerial roles in South America and latterly as VP Business Development and New Ventures managing Business Development for Production Management worldwide.

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 Robert Shepherd (Chairman) and Jorge Bongiovanni in 2017. 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 three 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 2017, 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 2017 is set out below.

	Note	2017 US$000 Audited	2016 US$000 Audited
Peter Levine	a	**556**	599
Benjamin Wilkinson (stepped down 7th March 2016)		**0**	132
Miles Biggins	b	**332**	371
Jorge Bongiovanni (appointed 29th March 2016)		**45**	41
Robert Shepherd	c	**83**	96
		1,016	1,239

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$598,886 of his the 2016 salary included above was deferred, of which, US$392,083 remains outstanding at the year-end.

b) Under an agreement, US$46,992 (2016: US$55,576) included above has been deferred and remains outstanding at the year-end.

c) Under an agreement, US$22,363 (2016: US$24,093) 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 2018 1p shares	01 May 2018 % interest	01 May 2017 1p shares	01 May 2017 % interest
Peter Levine	321,204,547	29.9%	304,404,547	31.922%
Miles Biggins	437,238	0.04%	361,059	0.038%
Rob Shepherd	309,144	0.03%	9,144	0.001%
Jorge Bongiovanni	76,179	0.01%	–	–
Alexander Moody-Stuart	–	–	–	–

Peter Levine holds his shares through PLLG Investments Limited ("PLLGI"). 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 5th June 2018 and was signed on its behalf by:

Peter Levine

Company Secretary

5th June 2018

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 note the change to the AIM Rule 26 last month so that all AIM companies will need to report on their application of a recognised corporate governance code on their website with effect from 28th September 2018 and will respond accordingly.

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 Director and two non-executive Directors.

Board Committees

The audit committee and remuneration committee in 2017 comprised 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 and the US, 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.

Market Abuse Regulation

The Board is committed to compliance with the Market Abuse Regulation which came in to being during 2016, and has adopted formal policies and procedures during the year which will be reviewed annually.

Statement Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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;
- 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; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the board of directors on 5th June 2018 and is signed on its behalf by:

Peter Levine
Chairman and Chief Executive
5th June 2018

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

Opinion

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 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (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 including Financial Reporting Standard 101"Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of President Energy plc (the'parent company') and its subsidiaries (the'group') which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related consolidated notes 1 to 34; and
- the related parent company notes 1 to 11.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and 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, including FRS 101"Reduced Disclosure Framework"(United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Accounting for acquisitions • Impairment of development and production assets • Impairment of intangible exploration and evaluation assets • Oil and gas reserves estimates and accounting for depletion, depreciation and amortisation ("DD&A") of development and production assets.
Materiality	The materiality that we used for the group financial statements was $1.4 million which was determined on the basis of 1% of net assets.
Scoping	We performed a full scope audit on all three key business units, being USA and Paraguay, which are accounted for locally and in London, and Argentina which is accounted for locally, together with the parent company based in London. This resulted in a coverage of 100% of the group's net assets and loss before tax.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for acquisitions

Key audit matter description	The appropriate accounting treatment of acquisitions is a key judgement, specifically in determining whether an acquisition is a business combination or an asset acquisition, and estimating the fair value of any businesses acquired. As outlined in Note 33 the Group made two acquisitions during the year; the purchase of an increased working interest of 50% of Triche Well in East Lake Verret, USA, for $2.25m and the purchase of the Puesto Flores/Estancia Vieja field in Argentina for an initial consideration of $618k. The Triche acquisition was determined by management to be an asset acquisition and the Puesto Flores acquisition a business acquisition. The subsequent fair valuation, including key assumptions made by management, of the Puesto Flores acquisition is outlined in Note 33 of the financial statements.
How the scope of our audit responded to the key audit matter	We reviewed management's assessment of whether the acquisitions met the definition of a business combination with reference to the requirements under IFRS 3 Business combinations. We challenged management's key assumptions and estimates underpinning the fair valuation of the Puesto Flores acquisition by comparison to the subsequent performance of the asset and by reviewing underlying documentation including the sale and purchase agreement. We considered whether management's disclosures relating to acquisition and associated estimation uncertainty were adequate.
Key observations	We are satisfied that both acquisitions had been accounted for appropriately. We found that the assumptions used by management in the valuation of the Puesto Flores business were reasonable.

Impairment of development and production assets

Key audit matter description	The value of property, plant and equipment relating to the Group's development and production assets as at 31 December 2017 was $73.9 million (2016: $51.5 million). This is considered a key audit matter due to the significant judgements and estimates involved in assessing whether any impairment has arisen at year-end and in quantifying any such impairments. Management reviewed its producing fields in USA and Argentina for indicators of impairment. Impairment indicators were identified on East White Lake ("EWL"), USA, and Puesto Guardian, Argentina, fields only. Management has estimated the fair value less costs of disposal of each field and compared these to the carrying amount of each field on the balance sheet. For EWL management's fair value was based on commercial negotiations which resulted in the sale of the field on 2 January 2018. For Puesto Guardian management's fair value estimate is based on key assumptions which include: • oil and gas prices; • reserves estimates and production profile; and • the discount rate adopted. As referenced in note 3 of the financial statements the impairment assessment of property, plant and equipment is considered by management as a critical accounting judgement and a key source of estimation uncertainty. No impairment charges were recorded during the year. Further details of the key assumptions used by management in their impairment evaluation are provided in note 15 of the financial statements.
How the scope of our audit responded to the key audit matter	We understood the basis of management's conclusion as to the existence or otherwise of impairment triggers. For Puesto Guardian, where impairment triggers existed: • we compared oil and gas price assumptions with third party forecasts and publicly available forward curves; • we assessed the discount rate used through benchmarking of assumptions; • we assessed management's other assumptions by reference to third party information, our knowledge of the group and industry and also budgeted and forecast performance; • we tested management's impairment calculations for mechanical accuracy; and • we completed a scenario analysis, through which we conducted sensitivities for a range of input assumptions, including oil price and discount rates, and computed what we believed to be a reasonable range of recoverable amounts and compared the carrying value against this range. For EWL where impairment triggers existed: • we obtained appropriate audit evidence including the sale and purchase agreement from the commercial sale on 2 January 2018 to assess whether the sales price is supported; and • we obtained appropriate audit evidence including third party confirmation to assess whether this represented the fair value of the asset as at 31 December 2017. We considered whether management's disclosures relating to impairment and associated estimation uncertainty were adequate.

Key observations	We are satisfied that, with the exception of EWL and Puesto Guardian, there were no other indicators of impairment. We concluded that, based on the scenario analysis outlined above an impairment charge is not required for Puesto Guardian and the impairment charge for EWL is appropriate. We are satisfied that the related disclosures in note 15 of the financial statements are appropriate.

Impairment of intangible exploration and evaluation assets

Key audit matter description

The total value of exploration and evaluation ("E&E") assets as at 31 December 2017 held by the group was $103.4 million (2016: $103.4 million). The Group's principal interests are in Paraguay, making up $101.7 million (2016: $101.7 million).

In accordance with the relevant accounting standards, E&E costs are assessed for impairment at least annually. This is considered a key audit matter due to the significant judgments that are required and the material carrying value of E&E assets in the financial statements. These judgements include the effect of the significant and prolonged fall in oil price on the viability of the Group's E&E projects.

Management assessed whether there were any indicators of impairment of the Group's E&E assets by reference to IFRS 6"Exploration for and evaluation of mineral resources", including:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure for further exploration and evaluation in the specific area is neither budgeted or planned;
- whether exploration and evaluation activities have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue activities in the areas; or
- whether data exists to suggest that the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

As referenced in Note 3 of the financial statements, the impairment assessment of E&E assets is considered by management as a critical accounting judgement and key source of estimation uncertainty.

The current status of the Paraguay E&E asset together with activity during the year is summarised in the Chairman's Statement. No impairment charges were recorded in the year. Further details of the group's E&E assets and related impairment judgements are given in Note 14 of the financial statements.

How the scope of our audit responded to the key audit matter

We challenged the outcome of management's review of the Group's E&E assets for impairment.

Our procedures included:

- participating in meetings with key operational and finance staff to understand the current status and future intention for each asset;
- confirming that all assets which remain capitalised are included in future budgets and as part of our going concern considerations and that sufficient funds are or will be available;
- reviewing the Group's licenses to identify if they have expired or if due to expire in the near future are not expected to be renewed; and

	• obtaining appropriate audit evidence regarding material facts, for example by agreement to approved internal budgets, work programmes or contractual agreements to support the planned substantive expenditure; and • considering whether appropriate disclosures were provided in the narrative reporting and financial statements.
Key observations	We are satisfied that no impairments were required in the current year and that appropriate disclosure has been provided.

Oil and gas reserves estimates and accounting for DD&A of development and production assets

Key audit matter description	Oil and gas reserves estimates and accounting for DD&A of development and production assets was considered to be a key audit matter due to the subjective nature of reserves estimates and future development costs and timings, and their impact on the financial statement as key inputs within the impairment assessment and the DD&A calculations on the Argentinian development and production assets. Management have engaged a third party reservoir engineering expert to provide an independent report on the Group's reserves and contingent resource estimates using the standard industry reserve estimation methods and definitions for Puesto Guardian and Puesto Flores fields. Management's reserves and contingent resource estimates are included on page 4 of the annual report and are detailed as a critical accounting judgement in note 3.
How the scope of our audit responded to the key audit matter	For both Puesto Guardian and Puesto Flores assets: • we understood the process used by management to derive their estimates of reserves and contingent resources and the provision of information to, and interaction with, the third party expert; • we reviewed the third party expert's report on the group's reserves and contingent resource estimates in Argentina as disclosed on page 4 and checked whether these estimates were used consistently throughout the accounting calculations reflected in the financial statements; and • we enquired about the differences between current and prior year estimates and considered whether the explanations were consistent with other information obtained by us during the course of the audit.
Key observations	We are satisfied that the reserves and contingent resources figures are appropriate to be utilised in the Group's DD&A and impairment calculations.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	$1.4 million	$1.25 million
Basis for determining materiality	1% of net assets	Parent company materiality equates to less than 1% of net assets and has been capped at 90% of group materiality.
Rationale for the benchmark applied	In respect of the group, given the recent volatility in oil prices and the uncertain outlook for future oil prices, and the existence of losses in the current year, we do not consider that focusing solely on the group's profit or loss before tax would represent a stable basis for materiality or be representative of the underlying scale of the group. Accordingly, we have concluded that net assets represents the most appropriate benchmark which reflects the long term value of the group through its portfolio of production and exploration assets and their associated reserves and contingent resources.	For the parent company, as the primary nature of this holding company is to hold investments in subsidiaries, we have concluded that net assets represents the most appropriate benchmark.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $70k for the group, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, we scoped in all of the group's three key business units, being USA and Paraguay, which are accounted for locally and in London, and Argentina which is accounted for locally, together with the parent company based in London. Therefore our audit covered 100% of group's net assets and loss before tax.

The business unit component materiality levels ranged from $0.9 million to $1.26 million. We also audited the consolidation of the group's business units. Each of the key audit matters that had the greatest effect on our audit strategy, as described above, were audited directly by the group audit team in London.

The group audit team audited the work for all business units directly except for Argentina. We were involved in the audit work undertaken by the component auditors in Argentina through regular interaction, a visit to the component in the planning stage and review through correspondence, telephone and other electronic media as well as performing a review of the underlying work of the component auditors in selected key areas.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and or the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Anthony Matthews FCA
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, UK
5th June 2018

Consolidated Statement of Comprehensive Income
Year ended 31 December 2017

	Note	2017 US$000	2016 US$000
Continuing Operations			
Revenue	4	**17,945**	9,900
Cost of sales	5	**(21,402)**	(12,593)
Gross profit/(loss)		**(3,457)**	(2,693)
Administrative expenses	6	**(5,295)**	(4,524)
Operating loss before impairment and non-operating gains/(losses)		**(8,752)**	(7,217)
Non-operating gains	7	**1**	583
Impairment charge	8	**(1,337)**	(11,039)
Profit/(loss) after impairment and non-operating gains/(losses)		**(10,088)**	(17,673)
Interest income		**251**	1
Realised gains/(losses) on translation of foreign currencies		**(1,079)**	(388)
Finance costs	9	**(2,326)**	(2,431)
Profit/(loss) before tax	10	**(13,242)**	(20,491)
Income tax credit	12	**4,444**	6,470
Profit/(loss) for the year from continuing operations		**(8,798)**	(14,021)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(8,495)**	(7,534)
Total comprehensive profit/(loss) for the year attributable to the equity holders of the parent		**(17,293)**	(21,555)
Earnings/loss per share	13	US cents	US cents
Basic profit/(loss) per share from continuing operations		**(0.9)**	(2.5)
Diluted profit(loss) per share from continuing operations		**(0.9)**	(2.5)

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

Consolidated Statement of Financial Position 31 December 2017

	Note	2017 US$000	2016 US$000
ASSETS			
Non-current assets			
Intangible exploration & evaluation assets	14	**103,299**	103,372
Goodwill	33	**705**	–
Property, plant and equipment	15	**72,016**	51,492
Deferred tax	22	**1,190**	848
Other non-current assets	16	**352**	318
		177,562	156,030
Current assets			
Trade and other receivables	17	**8,310**	4,510
Asset held for resale	34	**1,313**	–
Stock		**77**	84
Cash and cash equivalents	18	**4,026**	17,586
		13,726	22,180
TOTAL ASSETS		**191,288**	178,210
LIABILITIES			
Current liabilities			
Trade and other payables	19	**18,043**	10,793
Asset held for resale	34	**788**	–
Borrowings	20	**1,846**	9,076
		20,677	19,869
Non-current liabilities			
Long-term provisions	21	**5,015**	4,717
Borrowings	20	**19,313**	–
Deferred tax	22	**306**	5,663
		24,634	10,380
TOTAL LIABILITIES		**45,311**	30,249
EQUITY			
Share capital	23	**23,642**	22,086
Share premium		**240,822**	227,325
Translation reserve		**(50,240)**	(41,745)
Profit and loss account		**(75,189)**	(66,391)
Other reserves	24	**6,942**	6,686
TOTAL EQUITY		**145,977**	147,961
TOTAL EQUITY AND LIABILITIES		**191,288**	178,210

These financial statements for President Energy PLC (company number 5104249) were approved by the Board of Directors and authorised for issue on 5th June 2018.

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 2017

	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 2016	16,754	201,646	(34,211)	(52,462)	6,594	138,321
Share-based payments	–	–	–	–	242	242
Placing of ordinary shares	5,332	26,660	–	–	–	31,992
Costs of issue	–	(981)	–	–	–	(981)
Transfer to P&L account	–	–	–	92	(92)	–
Convertible loan equity	–	–	–	–	(58)	(58)
Transactions with the owners	5,332	25,679	–	92	92	31,195
Loss for the year	–	–	–	(14,021)	–	(14,021)
Other comprehensive income						
Exchange differences on translation	–	–	(7,534)	–	–	(7,534)
Total comprehensive income for the year	–	–	(7,534)	(14,021)	–	(21,555)
Balance at 1 January 2017	**22,086**	**227,325**	**(41,745)**	**(66,391)**	**6,686**	**147,961**
Share-based payments	**–**	**–**	**–**	**–**	**256**	**256**
Issue of ordinary shares	**1,534**	**13,809**	**–**	**–**	**–**	**15,343**
Costs of issue	**–**	**(507)**	**–**	**–**	**–**	**(507)**
Issue to service provider	**22**	**195**	**–**	**–**	**–**	**217**
Transactions with the owners	**1,556**	**13,497**	**–**	**–**	**256**	**15,309**
Loss for the year	**–**	**–**	**–**	**(8,798)**	**–**	**(8,798)**
Other comprehensive income						
Exchange differences on translation	**–**	**–**	**(8,495)**	**–**	**–**	**(8,495)**
Total comprehensive income for the year	**–**	**–**	**(8,495)**	**(8,798)**	**–**	**(17,293)**
Balance at 31 December 2017	**23,642**	**240,822**	**(50,240)**	**(75,189)**	**6,942**	**145,977**

Attributable to the owners of the Company

Consolidated Statement of Cash Flows
Year ended 31 December 2017

	2017 US$000	2016 US$000
Cash flows from operating activities		
Cash generated by operating activities (note 26)	**(7,438)**	2,196
Interest received	**251**	1
Taxes paid	**(82)**	(2)
	(7,269)	2,195
Cash flows from investing activities		
Expenditure on exploration and evaluation assets	**(655)**	(578)
Expenditure on development and production assets	**(11,746)**	(13,979)
Proceeds from asset sales	**475**	209
Acquisition & licence extension in Argentina	**(15,618)**	–
Proceeds from insurance	**–**	585
USA acquisition	**(2,218)**	–
Deposits with state authorities	**(184)**	–
Expenditure on abandonment	**–**	(16)
	(29,946)	(13,779)
Cash flows from financing activities		
Loan drawn	**15,495**	14,661
Proceeds from issue of shares (net of expenses)	**14,836**	31,011
Loan converted to equity	**(2,205)**	(12,000)
Shares issued to service provider	**217**	–
Repayment of borrowings	**(1,207)**	(2,000)
Payment of interest and loan fees	**(1,971)**	(2,330)
	25,165	29,342
Net decrease in cash and cash equivalents	**(12,050)**	17,758
Opening cash and cash equivalents at beginning of year	**17,586**	217
Exchange gains on cash and cash equivalents	**(1,510)**	(389)
Closing cash and cash equivalents	**4,026**	17,586

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 public company limited by shares and incorporated in England in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 67. 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 09. 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 Lafayette, USA. Details on all subsidiaries of the group are provided in Note 4 in the Company accounts.

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 2j).

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 2017 and no restatement of prior year amounts has been required.

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

IFRS 9	Financial instruments
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases

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. After an initial assessment some additional disclosure may be required but is likely to be minimal due to the nature of the instruments applied. The Group does not use hedge accounting.
- IFRS 15 establishes a new framework for revenue determination which, depending on the contracts could impact on the timing and value of revenue recognised. After an initial assessment, President has concluded that it is unlikely to have a material quantitative impact on the financial results for the Group but may require additional disclosures as to the nature of contracts in place.
- IFRS 16 will impact on the measurement and disclosure of leases in the financial statements. President is in the process of identifying all lease arrangements across the Group. After an initial assessment the impact is likely to be immaterial as currently the Group has limited low value leases of less than a year

The Group has yet to fully complete its assessment of the financial impact of the transition to the new standards.

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 is impacted by the uncertainties in the sector and volatility in the oil price environment 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. The cash position at the year-end was US$4.0 million (2016: US$17.6 million). To support its operations the Group is dependent on ongoing finance through a loan facility of US$15.0 million available until December 2021 provided by IYA Global Limited, a subsidiary of PLLG Investments Limited the private investment fund of Peter Levine, the Chairman & Chief Executive and largest shareholder (note 32). At the year-end there was US$13.1 million drawn under the loan facility. The balance of the IYA loan as at 30 April 2018 was US$13.5 million.

The Group partially funded the recent Puesto Flores/Estancia Vieja acquisition in Argentina with an US$8.0 million bank loan which is serviced by the cash sales generated by the asset. This was the Group's first commercial bank loan which allowed flexibility in the management of financial resources to grow the business from this cash generative investment.

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 and further support available from IYA Global Limited noted above, the Directors believe that the Group will have available to it the financial resources to meet all commitments as they fall due. Further details of the Group's commitments are set out in note 28. 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.

2 Significant accounting policies (continued)

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.

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.

2 Significant accounting policies (continued)

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) Assets held for resale

Non-current assets (or disposal groups) classified as held for sale are recognised only when a disposal of the asset in its present condition is highly probable, there is a commitment to sell and an expectation that the sale will be completed within one year from the date of classification. Non-current assets are measured at the lower of carrying amount and fair value less costs to sell. Assets classified as held for sale and the corresponding liabilities are classified with current assets and liabilities on a separate line in the balance sheet.

j) 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 US Dollars. 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 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 during 2017 is considered to have 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;

2 Significant accounting policies (continued)

j) Foreign currencies (continued)

- 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.

k) 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 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.

2 Significant accounting policies (continued)

k) Financial instruments (continued)

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.

l) 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.

m) 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.

n) 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.

o) 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.

2 Significant accounting policies (continued)

p) 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 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.

Critical accounting judgements

Carrying value of intangible exploration and evaluation assets

The amounts for intangible exploration and evaluation assets represent active exploration projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established in accordance with the Group's accounting policy. The key areas in which management has applied judgement and estimation are as follows: the Group's intention to proceed with a future work programme for a prospect or licence; the likelihood of licence renewal or extension; the assessment of whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale, and the success of a well result or geological or geophysical survey.

During the year, additional third party studies were carried out that further validated President's optimistic view as to the prospectivity of its in-country assets in Paraguay. The farm-out process continued with the assistance of third party advisers, albeit initially more slowly than anticipated, but with encouraging interest continuing to be generated from a number of parties. Irrespective of this current process, the Company is committed to retaining its interests and licences in the Country and in such light is advancing plans towards drilling a well during 2019. Accordingly, in light of the current prospects management consider it is appropriate to continue to capitalise the balance of £102 million at 31 December 2017.

Key sources of estimation uncertainty

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 flows. Proved and probable reserves are estimated by reference to available reservoir and well information, including production

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

Key sources of estimation uncertainty (continued)

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 04.

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 or other relevant factors. 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 Sensitivities with respect to oil price and the pre-tax discount rate are detailed in Note 15.

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.

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, until January 2017, in Australia.

	Argentina 2017 US$000	Paraguay 2017 US$000	USA 2017 US$000	Australia 2017 US$000	UK 2017 US$000	Total 2017 US$000
Revenue	**14,391**	**–**	**3,554**	–	–	17,945
Cost of sales						
Depreciation	**3,725**	**–**	**770**	–	–	4,495
Well operating costs	**15,111**	**–**	**1,796**	–	–	16,907
Administrative expenses	**1,703**	**91**	**494**	–	3,007	5,295
Segment costs	**20,539**	**91**	**3,060**	–	3,007	26,697
Segment operating profit/(loss)	**(6,148)**	**(91)**	**494**	–	(3,007)	(8,752)

4 Segment reporting (continued)

	Argentina 2016 US$000	Paraguay 2016 US$000	USA 2016 US$000	Australia 2016 US$000	UK 2016 US$000	Total 2016 US$000
Revenue	**7,234**	**–**	**2,666**	–	–	9,900
Cost of sales						
Depreciation	**1,711**	**–**	**626**	–	–	2,337
Well operating costs	**8,637**	**–**	**1,619**	–	–	10,256
Administrative expenses	**913**	**132**	**233**	9	3,237	4,524
Segment costs	**11,261**	**132**	**2,478**	9	3,237	17,117
Segment operating profit/(loss)	**(4,027)**	**(132)**	**188**	(9)	(3,237)	(7,217)

Oil sales in Argentina in 2017 were largely made to Refineria Del Norte S.A. and Oil Combustibles S.A who comprise 57% per cent and 34% of total revenues respectively. While in the USA, operated oil sales were made to Shell Trading US Company comprising 46% of total revenues.

Revenue continues to be reported on an entitlement basis with sales per barrel of oil equivalent US$53 per boe (2016: US$58) and US42 per boe (2016: US45) for Argentina and USA respectively. Average reported sales prices for Argentina are calculated based on oil and gas sales volumes of 270.1 mmboe (2016: 125.1 mmboe) as following the 2017 acquisition oil inventory movements and gas consumed in operations will result in differences to reported production. Likewise in the USA, average reported sales prices are calculated based on oil and gas sales volumes of 84.4 mmboe (2016: 59.9 mmboe).

Segment assets

	Argentina 2017 US$000	Paraguay 2017 US$000	USA 2017 US$000	Australia 2017 US$000	UK 2017 US$000	Total 2017 US$000
Intangible assets	**1,578**	**101,721**	**–**	**–**	**–**	**103,299**
Goodwill	**705**	**–**	**–**	**–**	**–**	**705**
Property, plant and equipment	**69,754**	**103**	**2,159**	**–**	**–**	**72,016**
	72,037	**101,824**	**2,159**	**–**	**–**	**176,020**
Asset held for resale	**–**	**–**	**1,313**	**–**	**–**	**1,313**
Other assets	**7,852**	**17**	**1,767**	**–**	**293**	**9,929**
	79,889	**101,841**	**5,239**	**–**	**293**	**187,262**

	Argentina 2016 US$000	Paraguay 2016 US$000	USA 2016 US$000	Australia 2016 US$000	UK 2016 US$000	Total 2016 US$000
Intangible assets	1,655	101,717	–	–	–	103,372
Property, plant and equipment	48,298	101	3,093	–	–	51,492
	49,953	101,818	3,093	–	–	154,864
Other assets	3,696	168	1,673	36	187	5,760
	53,649	101,986	4,766	36	187	160,624

4 Segment reporting (continued)

Segment assets (continued)

Segment assets can be reconciled to the Group as follows:

	2017 US$000	2016 US$000
Segment assets	**187,262**	160,624
Group cash	**4,026**	17,586
Group assets	**191,288**	178,210

Segment liabilities

	Argentina 2017 US$000	Paraguay 2017 US$000	USA 2017 US$000	Australia 2017 US$000	UK 2017 US$000	Total 2017 US$000
Total liabilities	**27,438**	**274**	**2,451**	**–**	**15,148**	**45,311**

	Argentina 2016 US$000	Paraguay 2016 US$000	USA 2016 US$000	Australia 2016 US$000	UK 2016 US$000	Total 2016 US$000
Total liabilities	17,205	294	1,901	-	10,849	30,249

5 Cost of sales

	2017 US$000	2016 US$000
Depreciation	**4,495**	2,337
Well operating costs	**16,907**	10,256
	21,402	12,593

Well operating costs include US$2,566,000 (2016: US$1,670,465) in Argentine non-recurring workover costs expensed in the period.

6 Administrative expenses

	2017 US$000	2016 US$000
Directors and staff costs (including non-executive Directors)	**4,048**	2,775
Share-based payments	**256**	242
Depreciation	**(4)**	27
Other	**995**	1,480
	5,295	4,524

To allow for meaningful comparison, staff costs, share based payments and depreciation expenses are reflected gross before the effect of allocations to operating costs or balance sheet assets. Other expenses are shown net of the effect of allocations US$1.79 million (2016: US$0.75 million).

7 Other non-operating gains/(losses)

	2017 US$000	2016 US$000
Insurance claim proceeds	**–**	585
Other gains/(losses) arising on asset disposals	**1**	(2)
	1	583

7 Other non-operating gains/(losses) (continued)

Insurance proceeds amounting to US$0.585 million were received in 2016 from claims arising in connection with the DP1002 well in Argentina.

8 Impairment charge

	2017 US$000	2016 US$000
DP1002 well Argentina (PP&E)	**–**	10,885
East White Lake USA (PP&E) (Note 34)	**1,337**	154
	1,337	11,039

9 Finance costs

	2017 US$000	2016 US$000
Loan fees	**714**	273
Accretion on abandonment liabilities	**478**	224
Loan interest	**1,134**	1,934
	2,326	2,431

Cash paid out on loan fees and interest in the year amounted to US$ 1.9 million (2016: US$ 2.3 million).

10. Profit/(loss) before tax

	2017 US$000	2016 US$000
Profit/(loss) before tax has been arrived at after charging:		
Depreciation of property, plant and equipment (note 15)	**4,491**	2,364
Impairment of tangible assets (note 15)	**1,337**	11,039
Staff costs in Admin & Operations (note 11)	**5,663**	4,364
Rentals payable in respect of land and buildings	**280**	114
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the annual accounts	**92**	70
Audit of the Company's subsidiaries	**59**	39
Total audit fees	**151**	109
Audit related assurance services	**5**	5
Other non-audit services	**32**	–
Tax advisory services	**13**	16
	201	130

11. Staff costs

	2017 Number	2016 Number
Average monthly number of employees (including executive Directors and Chairman but excluding non-executive Directors)	**42**	41

11. Staff costs (continued)

	2017 US$000	2016 US$000
Wages, salaries and Directors' fees		
(including Chairman and excluding non-executive Directors)	**4,929**	3,935
Expense in respect of share-based payments	**256**	242
Social security costs	**745**	462
	5,930	4,639

A proportion of the staff costs above is capitalised as non-current assets (2017: US$0.3 million, 2016: US$ 0.3 million) and expensed in operating costs (2017: US$1.7 million, 2016: US$1.7 million).

	2017 US$000	2016 US$000
Emoluments paid in respect of the highest paid Director in the year (excluding share-based payment charge)	**556**	667

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 of the Directors' remuneration are provided in the Director's Report. Under an agreement, US$ 69,286 (2016: US$678,555) included above has been deferred and remains outstanding at the year-end. Details of share options granted are provided in note 25.

12. Tax

	2017 US$000	2016 US$000
Current tax credit/(charge)	**(62)**	(28)
Deferred tax		
Origination and reversal of temporary differences	**4,506**	6,498
	4,444	6,470

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

	2017	2016
Profit/(loss) on ordinary activities before taxation	**(13,242)**	(20,491)
Tax at 19.25% (2016: 20%)	**2,549**	4,098
Tax losses utilised but not previously recognised	**104**	194
Tax losses carried back to prior period	**3**	-
Deferred tax carried forward but not recognised	**(183)**	(828)
Deferred tax carried forward and recognised	**342**	587
Change in future deferred tax rates	**1,809**	-
Tax effect of income/expenses not realised in Group accounts	**(440)**	231
Expenses not deductible for tax purposes	**(972)**	(567)
Difference between US, Argentine, Australian and UK tax rates	**1,587**	2,376
Adjustments relating to prior years	**(355)**	379
Tax as per statement of comprehensive income	**4,444**	6,470

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

	2017 US$000	2016 US$000
Net profit/(loss) for the period attributable to the equity holders of the Parent Company	**(8,798)**	(14,021)

	Number '000	Number '000
Weighted average number of shares in issue	971,173	554,655

	US cents	US cents
Earnings/(loss) per share		
Basic earnings/(loss) per share from continuing operations	(0.9)	(2.5)
Diluted earnings/(loss) per share from continuing operations	(0.9)	(2.5)

At 31 December 2017, 115,176,490 (2016: 105,507,307) 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 2016 or 2017 as with the reported loss they are anti-dilutive.

14. Intangible assets - exploration and evaluation assets

	US$000
Cost	
At 1 January 2016	145,225
Additions	578
Exchange difference	(357)
At 1 January 2017	**145,446**
Additions	**655**
Exchange difference	**(259)**
Disposal	**(469)**
At 31 December 2017	**145,373**
Impairment	
At 1 January 2017	**42,074**
Impaired in year ended 2017	**–**
At 31 December 2017	**42,074**
Net Book Value	
At 31 December 2017	**103,299**
At 31 December 2016	103,372

The amounts for intangible exploration and evaluation assets represent active exploration and evaluation projects which 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. These amounts will ultimately be written off to the Statement of Comprehensive Income as exploration costs if commercial reserves are not established. 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)

During the year, additional third party studies were carried out that further validated President's optimistic view as to the prospectivity of its in-country assets in Paraguay. The farm-out process continued with the assistance of third party advisers, albeit initially more slowly than anticipated, but with encouraging interest continuing to be generated from a number of parties. Irrespective of this current process, the Company is committed to retaining its interests and licences in the Country and in such light is advancing plans towards drilling a well during 2019. Accordingly, in light of the current prospects management consider it is appropriate to continue to capitalise the balance of £102 million at 31 December 2017.

Additions of US$0.6 million (2016:US$0.6 million) for 2017 primarily comprise expenditure on evaluation of the Hernandarias Concession and Mattoras/Occultar licences in Paraguay and Argentina respectively. Rationalisation of surplus equipment held in advance of future Paraguay exploration drilling resulted in US$0.5 million disposal (2016: nil). Exchange differences of US$0.3 million (2016: US$0.4 million) reflect the fall in value of the Argentine Peso to the US dollar in Argentina.

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

	US$000
Cost	
At 1 January 2016	78,625
Additions	15,593
Disposals	(325)
Exchange difference	(10,616)
At 1 January 2017	**83,277**
Additions	**10,313**
Acquisition & licence extension in Argentina	**24,263**
Acquisition USA	**2,328**
Disposals	**(5)**
Asset held for resale	**(11,132)**
Exchange difference	**(11,780)**
At 31 December 2017	**97,264**
Depreciation	
At 1 January 2016	19,091
Charge for the year	2,364
Disposals	(120)
Impairment	11,039
Exchange difference	(589)
At 1 January 2017	**31,785**
Charge for the year	**4,491**
Disposals	**–**
Impairment	**1,337**
Asset held for resale	**(9,969)**
Exchange difference	**(2,396)**
At 31 December 2017	**25,248**
Net Book Value	
At 31 December 2017	**72,016**
At 31 December 2016	51,492

15. Property, plant and equipment - development and production assets (continued)

In 2017, the Group extended its investment in Argentina with the acquisition and extension of the concession incorporating the Puesto Flores and Estancia Vieja assets from Chevron Argentina SRL's (further details in Note 33). In the USA, the Group acquired a 50% working interest and operatorship of the Triche well produced through the fully owned East Lake Verret facilities. Additions in the year include capitalised workovers on the Puesto Guardian and Puesto Flores field in Argentina. 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.

Following the sale of the non-operated interest in East White Lake field announced in 2018, an impairment of US$1.3 million was recognised at the end of 2017. The impairment was based on the fair value of the purchase consideration to be received. The remaining net book value was reclassified to current assets held for resale.

During 2017, an impairment review was triggered on the Puesto Guardian field in Argentina as a result of a reduction in 2P reserves. Following a review of the fair value of the asset less cost to sell and the carrying book value no impairment was required. In arriving at the fair value a present value technique was applied to estimated future 2P reserves and costs using a conservative flat US$54.70 oil price with a 17% pre-tax discount rate. A reduction in the oil price of US$5 per barrel would trigger an impairment of around US$15 million while a US$5 per barrel increase shows a US$19m surplus. A 1% reduction in the pre-tax discount rate would increase the surplus by US$4 million an increase in the discount rate by 1% would trigger a small impairment of around US$2 million.

Additions in 2016 comprised the following: unsuccessful development well DP1002 (US$ 10.9 million), capitalised workover activity and spend on other tangible equipment in Argentina; development drilling on the East White Lake Field in the USA and abandonment asset recognition.

As a result of service quality issues encountered with drilling and casing the DP-1002 S/T well in 2016, the Board subsequently determined that it was not capable of completion for production and impaired the well fully at the 31 December 2016 in a one-off charge of US$10.9 million. A minor impairment of US$0.2 million was also applied in 2016 on the East White Lake field in the USA as higher estimated abandonment costs recognised in the year adversely impacted the carrying value of the field. The impairment was determined using a present value technique applied to estimated future reserves and costs using a forward oil price of US$49 per bbl and applying a 9% discount rate.

16. Other non-current assets

	2017 US$000	2016 US$000
Financial assets - Deposits with state authorities	**352**	318
	352	318

17. Trade and other receivables

	2017 US$000	2016 US$000
Trade receivables	**3,534**	1,382
Other receivables	**4,731**	3,077
Prepayments	**45**	51
	8,310	4,510

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 2017, 65% (2016 71%) of the Group's trade receivables were due from the four largest counter-parties. These amounts have been recovered in full since 1 January 2018.

18. Cash and cash equivalents

	2017 US$000	2016 US$000
Cash at bank and in hand	**4,026**	17,586

19. Trade and other payables

	2017 US$000	2016 US$000
Trade payables	**3,559**	2,635
Drilling, workover and operation accruals	**4,701**	5,716
Arising on Puesto Flores acquisition	**7,000**	–
Other payables	**2,783**	2,442
	18,043	10,793

20. Borrowings

	2017 US$000	2016 US$000
Current		
IYA Loan	**–**	9,076
Bank loan	**1,846**	–
	1,846	9,076
Non-current		
IYA Loan	**13,120**	–
Bank loan	**6,193**	–
	19,313	–
Total carrying value of borrowings	**21,159**	9,076

	2017	2016
IYA Loan		
Balance at beginning of year	**9,076**	4,473
Loan drawn in year (note 30)	**6,418**	12,455
Transfer to Convertible Loan	**–**	(1,000)
Converted to equity	**(2,205)**	(6,509)
Interest capitalised	**1,038**	1,657
Repaid in period : Capital repayments	**1,207**	2,000
Interest and loan fees	**1,038**	1,657
	(2,245)	(3,657)
Interest payable in statement of comprehensive income in period	**1,038**	1,657
	13,120	9,076

	2017	2016
IYA Convertible Loan		
Balance at beginning of year	**–**	3,885
Face value of new convertible loan	**–**	1,000
Equity component	**–**	(414)
Liability component of convertible loan on initial recognition	**–**	586
Converted to equity	**–**	(5,020)
Interest capitalised	**–**	549
Repaid in period : Capital repayments	**–**	–
Interest paid	**–**	549
	–	(549)
Interest payable in statement of comprehensive income in period	**–**	549
	–	–

	2017	2016
Bank loan		
Balance at beginning of year	**–**	–
Loan draw down in year	**8,000**	–
Interest capitalised	**39**	–
Repaid in period : Capital repayments	**–**	–
Interest paid	**39**	–
	(39)	–
Interest payable in statement of comprehensive income in period	**39**	–
	8,039	–

20. Borrowings (continued)

At the end of 2017, the Group completed a fundraising whereby US$2.2 million of the IYA loan balance was capitalised into equity. The loan facility was extended to US$15.0 million at a 10.5% interest rate with maturity date remaining as 31 December 2021. Certain clauses in the new loan agreement were amended resulting in the reclassification of the loan to non-current. During the year additional facilities were made available to the Group to support the acquisition in Argentina while further sources of finance were put in place. Following the completion of the acquisition, the Group announced their first commercial bank loan through the established Argentinian Banks, BACS Banco de Credito y Securitizacion S.A and Banco Hipotecario. The US$8.0 million facility is for a term of 42 months with capital and interest repayable over that time on a quarterly basis and benefiting from a 6 month initial capital repayment holiday. The interest rate is 7.5% over Libor.

In December 2016, the Group completed a fundraising and loan restructuring. A total of US$ 12.0 million of the loan balance was capitalised into equity incorporating US$0.5 million previously recognised. The remaining IYA loan and Convertible Loan facilities were replaced by a new fully drawn US$10.8 million IYA loan at an interest rate of 9% with a maturity date of 31 December 2021 and which has no equity conversion rights. In June 2016, the Group extended the term of the existing Convertible loan to June 2019 and increased the Convertible Loan by US$1.0 million transferred from the IYA loan. This resulted in the recognition of an additional equity component of US$0.4 million. The maturity on the IYA loan was also extended to June 2019. Further details on the terms of the IYA loan are detailed in the Related Party note 32

21. Long-term provision – Decommissioning

	US$000
At 1 January 2016	3,292
Increase in provision	1,614
Accretion	224
Incurred	(16)
Exchange difference	(397)
At 1 January 2017	**4,717**
Increase/(decrease) in provision	**(1,433)**
Accretion	**478**
Acquisition	**2,692**
Acquisition USA	**84**
Asset held for resale	**(788)**
Exchange difference	**(735)**
At 31 December 2017	**5,015**

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 relevant and 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. The provision is arrived at after taking in to consideration management's view of future inflation and an appropriate discount rate. 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 2018 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 2016	14,023
Movement in year	(5,910)
Exchange difference	(2,450)
Liability at 1 January 2017	**5,663**
Acquisition	**(342)**
Movement in year	**(2,355)**
Change in future tax rate	**(1,809)**
Exchange difference	**(851)**
Liability at 31 December 2017	**306**

All of the above relates to oil and gas properties. The movement in the deferred tax liability relates principally to Argentina where a phased reduction in future tax rates from 35% to 25% reduced the tax liability on the timing differences.

A Deferred Tax asset of US$ 1.19 million (2016: US$ 0.9 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 higher oil prices and higher reserve estimates the amount of tax losses recognised was increased. The Group has the following unrecognised tax losses available for offset against future profits:

	2017 US$000	2016 US$000
USA	**10,800**	10,000
Australia	**–**	12,300
UK	**25,500**	23,900

Tax losses in Australia expired when the entity was de-registered in 2017.

23. Share capital

	2017 '000s	2016 '000s
Issued – authorised, 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)	**1,071,938**	953,598

	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)	**14,917**	13,361
	23,642	22,086

The issued share capital is reconciled as follows

Balance at beginning of year	**22,086**	16,754
Shares issued	**1,556**	5,332
Balance at end of year	**23,642**	22,086

23. Share capital (continued)

During 2017, the highest mid-market price of the Company's shares was 12p and the lowest was 6p. The year-end price was 10p. In 2017, shares were issued to support the ongoing work programme at the recently acquired Puesto Flores and Estancia Vieja fields in Argentina, contribute towards the overall funding package to be paid to the Rio Negro Province in relation to the extension of the Concession for Puesto Flores and permit the IYA debt conversion strengthening the Company's capitalised position.

In 2016, shares were issued to fund a workover programme in Argentina and to strengthen the Group's balance sheet. 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	Conv Loan reserve US$000	Other reserves US$000
At 1 January 2016	6,444	150	6,594
Share-based payments	242	–	242
Transfer to P&L account	–	(92)	(92)
Convertible loan equity	–	414	414
Conversion to share premium	–	(472)	(472)
At 1 January 2017	**6,686**	**–**	**6,686**
Share-based payments	**256**	**–**	**256**
At 31 December 2017	**6,942**	**–**	**6,942**

* 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 2016	Granted in year	Exercised in year	Forfeited/ lapsed in year	31 Dec 2017
Options				'000	**'000**	**'000**	**'000**	**'000**
Peter Levine	a	30 Jul 15	17-35p	8,500	**–**	**–**	**–**	**8,500**
Miles Biggins	a	25 May 11	38-74p	800	**–**	**–**	**–**	**800**
Miles Biggins	a	30 Jul 15	17-35p	4,900	**–**	**–**	**–**	**4,900**
Miles Biggins	a	01 Jul 16	10-20p	3,500	**–**			**3,500**
Former director	a	30 Sep 11	51p	600	**–**	**–**	**–**	**600**
Former director	a	30 Jul 15	17-35p	3,650	**–**	**–**	**–**	**3,650**
Senior employee	a	25 Feb 14	53p	350	**–**	**–**	**350**	**–**
Senior employee	a	14 May 15	19-37p	1,075	**–**	**–**	**–**	**1,075**
Senior employee	a	30 Jul 15	17-35p	2,000	**–**	**–**	**–**	**2,000**
Senior employee	a	01 Jul 16	10-20p	11,300	**–**	**–**	**5,500**	**5,800**
Senior employee	a	21 Jun 17	9-18p	–	**10,750**	**–**	**1,000**	**9,750**
				36,675	**10,750**	**–**	**6,850**	**40,575**
Warrants	b		19p	72,808	**–**	**–**	**–**	**72,808**
			47p	4,253	**–**	**–**	**–**	**4,253**
				113,736	**10,750**	**–**	**6,850**	**117,636**

25. Share-based payments (continued)

Note

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

b) 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 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/warrant is 0.8 years (2016: 1.5 years) from 31 December 2017.

Warrants totalling 72.8 million were granted in 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 line with the Pirity Concession September 2018.

In 2017, options were granted on 20 June. The aggregate of the estimated fair value of the options granted is US$0.2 million (2016: US$0.2 million).

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

	2017	2016
Weighted average exercise price	**6.2p**	6.8p
Expected volatility	**75%**	75%
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.

26. Notes to the consolidated statement cash flows

	2017 US$000	2016 US$000
Profit/(loss) from operations before taxation	**(13,242)**	(20,491)
Interest on bank deposits	**(251)**	(1)
Interest payable and loan fees	**2,326**	2,431
Depreciation of property, plant and equipment	**4,491**	2,364
Impairment	**1,337**	11,039
(Gain)/loss on non-operating transaction	**(1)**	(583)
Share-based payments	**256**	242
Foreign exchange difference	**1,079**	388
Operating cash flows before movements in working capital	**(4,005)**	(4,611)
Decrease/(increase) in receivables	**(3,677)**	(833)
Increase/(decrease) in payables	**244**	7,640
Net cash generated by operating activities	**(7,438)**	2,196

27. Contingent liabilities

In the event of a commercial discovery on the Pirity Concession 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).

Under the terms of an agreement with a service provider in 2017, the survey work on the Matorras and Ocultar licences in Argentina includes a capped success fee of up to US$0.5 million per licence to be paid out of future net revenues from a commercial discovery.

28. Capital and operating lease commitments

Capital commitments

In Paraguay the Company has entered into a Farm-in agreement 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. If the Company fails to drill such a well it would have to relinquish its rights for the remaining 40% but on relinquishment would have no further liability. As at 31 December 2017, the remaining capital commitment was US$9.2 million.

The Company anticipates drilling an additional well on the Pirity Concession during 2019.

Under the term of the extension of the Puesto Flores/Estancia Vieja Concession, the Province has approved a work programme to commence in 2018 including re-completions/workovers and drilling of development and exploration wells aimed at materially increasing production and reserves at the fields.

As at 31 December 2017, the Group was committed to funding an exploration programme on each of the Matorras and Ocultar licence areas surrounding Puesto Guardian in Argentina. The licences have a combined work commitment of US$2.4 million. The current licence runs until September 2018 but approval for an 18 month extension is in progress.

Operating lease commitments

The Group has leases in respect of its office premises.

Minimum lease payments are as follows:

	2017 US$000	2016 US$000
Due within one year	**137**	121
One to five years	**54**	162
	191	283

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, UK 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. 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 2017. 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.

29. Risk management objectives and policies (continued)

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 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.

	2017 US$000	2016 US$000
US Dollars	**854**	11,258
Sterling	**476**	6,202
Argentine Pesos	**2,694**	123
Australian Dollars	**0**	1
Paraguayan Guarani	**2**	1
	4,026	17,586

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$48,000 (2016: US$620,000). If the exchange rate between the US Dollar and the Argentine Peso changed by 10% there would be a profit or loss of US$245,000 (2016: US$11,000).

d) Interest rate risk and sensitivity

The Group places surplus cash on deposit. Based on the average level of interest bearing deposits a 1% change in bank interest rate would increase or decrease interest received by approximately US$108,000 per annum (2016: US$89,000). As stated in note 32, interest on the related party loan is at a fixed rate. The new bank loan detailed in note 20 is at a variable 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:

	2017 US$000	2016 US$000
Trade receivables	**3,534**	1,382
Other receivables	**4,731**	3,077
Cash and cash equivalents	**4,026**	17,586
Deposits with state authorities	**352**	318
	12,643	22,363

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 2017 the Group's financial liabilities, all of which are non-interest bearing, have contractual maturities which are summarised as follows:

	Current	
	<6 months US$000	7-12 months US$000
Trade payables	**3,559**	–
Arising on Puesto Flores acquisition	**3,330**	3,670
Others	**2,783**	–
Bank loan	**615**	1,231

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	**2,635**	–
Others	**2,442**	–

The Group's borrowings are set out in note 20 and are due to mature in 2021.

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

	2017 US$000	2016 US$000
Non-current assets – loans and receivables		
Deposits with state authorities	**352**	318
Current assets – loans and receivables		
Trade receivables	**3,534**	1,382
Other receivables	**4,731**	3,077
Cash and cash equivalents	**4,026**	17,586
	12,291	22,045
Current liabilities – Financial liabilities measured at amortised cost		
Trade payables	**3,559**	2,635
Arising on Puesto Flores acquisition	**7,000**	–
Other payables	**2,783**	2,442
Borrowings	**1,846**	9,076
	15,188	14,153

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 2nd January 2018, President announced the sale of its entire non-operated, non-core beneficial interest in the East White Lake Field, Louisiana USA with effect from 1 January 2018. The disposal of this peripheral asset to Alpha Imperial Corp for a total sum of US$525,000 reduced debt and provided resources for President to concentrate on its core Argentine assets. Alpha Imperial Corp is a company whose ultimate beneficial shareholder is Peter Levine, the Chairman and largest shareholder of President Energy, and the disposal constituted a related party transaction for the purposes of AIM Rule 13. Having considered recent offers of significantly less value the independent directors consulted with the Company's nominated advisor finnCap Limited and concluded the disposal was fair and reasonable in so far as the shareholders were concerned.

On 28th February 2018, the Company announced that it has commenced the relevant processes to obtain a secondary listing of the Company's shares on The Bolsa de Comercio de Buenos Aires (BCBA) – the Argentine Stock Exchange. The secondary listing is expected to take place during H2 2018. It is intended that the primary listing of the Company will remain the AIM market of the London Stock Exchange.

On 14th March 2018, Rob Shepherd, formerly non-executive director was appointed Group Finance Director. Alexander Moody-Stuart joined the Board as an independent non-executive director

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 14 to 15.

The Company has made use of an unsecured revolving loan facility made available by IYA Global Limited, a subsidiary of PLLG Investments Limited which is beneficially owned by the Company's Chief Executive Officer, Executive Chairman and its largest shareholder, Peter Levine.

At the end of 2017, the Group completed a fundraising whereby US$2.2 million of the IYA loan balance was capitalised into equity. The loan facility was extended to US$15.0 million at a 10.5% interest rate with maturity date remaining as the 31 December 2021. Certain clauses in the new loan agreement were amended resulting in the reclassification of the loan to non-current. During the year additional facilities were made available to the Group to support the acquisition in Argentina while further sources of finance were put in place.

In December 2016, the Group completed a fundraising and loan restructuring. US$ 12.0 million of the loan balance at that time was capitalised into equity and the remaining IYA loan and Convertible Loan facilities were replaced by a new fully drawn US$10.8 million IYA loan facility. The new loan had an interest rate of 9% per annum on drawn amounts and 4% per annum on the undrawn balance of the facility with a maturity date of 31 December 2021. It has no equity conversion rights and the previously announced 3% net profits interest over hydrocarbons produced from certain wells on the Argentinian concessions had been forgone. Further details on borrowings are given in note 20.

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

At the end of the year, the Company had drawn US$13.1 million (2016: US$9.1 million) of the US$15.0 million facility. The balance of the IYA loan as at 30 April 2018 was US$13.5 million.

Loan interest expense amounted to US$1,091,000 (2016: US$2,206,000) which continues to capitalised into the loan balance. Loan fees of US$714,000 (2016: US$273,000) were higher due to the provision of the additional facilities referred to above.

On 2nd January 2018, President announced the sale of its entire non-operated, non-core beneficial interest in the East White Lake Field, Louisiana USA with effect from 1 January 2018. The disposal of this peripheral asset to Alpha Imperial Corp for a total sum of US$525,000 reduced debt and provided resources for President to concentrate on its core Argentine assets. Alpha Imperial Corp is a company whose ultimate beneficial shareholder is Peter Levine, the Chairman and largest shareholder of President Energy, and the disposal constituted a related party transaction for the purposes of AIM Rule 13. Having considered recent offers of significantly less value the independent directors consulted with the Company's nominated advisor finnCap Limited and concluded the disposal was fair and reasonable in so far as the shareholders were concerned.

33. Acquisition in Argentina

On 20th September 2017, the Group completed the acquisition of Chevron Argentina SRL's 100% operated interest in its oil producing assets at Puesto Flores and Estancia Vieja (the "Concession") in the prolific Neuquén Basin situated in the Rio Negro Province, Argentina.

The Concession is situated in the prolific Neuquén Basin in Argentina and has been solely owned and operated by Chevron for over 15 years. Producing in excess of 1,200 bopd, oil is transported by pipeline to a terminal where the buyers offtake the product by tanker. The business comprised the current production together with the benefit of fixed assets, stock and materials, an experienced production team and a Concession period through to mid November 2017.

In parallel with the signing of the Acquisition Agreement with Chevron, after detailed discussions with the Rio Negro Province, the Company subsequently entered into a Concession Extension Agreement with the Rio Negro Province under which, subject to ratification by the Provincial Legislature, the Concession period will be extended for a further 10 years to November 2027, in consideration of which the Company will, upon said ratification, pay the sum of US$15m with a further sum totalling US$7m payable through 2018. In addition, President is pleased to have agreed to partner with Ediphsa, the Provincial Energy Company in the Concession which will thenceforth own a 10% interest, with President operating the Concession and holding the remaining 90%. The Concession Extension Agreement was subsequently ratified by the Legislature on 11th December 2017.

In respect of the net assets acquired from Chevron Argentina SRL, the breakdown is as follows:

	US$000
Property, plant and equipment	2,055
Goodwill arising on acquisition	705
Stock	208
Deferred tax asset	942
Other non-current liability	(2,692)
Deferred tax liability	(600)
Total identifiable net assets	618
Satisfied by:	
Cash outflow on acquisition	618
Total consideration transferred	618

33. Acquisition in Argentina (continued)

The fair value of the Property, Plant & Equipment comprised US$0.1m of tangible equipment and US$2.0 million of value determined by the valuation of the net cash flows received. This fair value was determined using a discounted cash flow model reflecting actual revenues received less expenditure incurred and applying management's view on the discount rate for the three month period until the end of the existing concession term.

The fair value of the Stock of US$0.2 million was determined based on historic cost adjusted to net realisable value where our review indicated this would be lower. The non-current liability is the fair value future abandonment liabilities, determined in line with the Group accounting policy, amounting to US$2.6 million. The Deferred Tax Asset of US$0.9 million is the undiscounted tax value associated with tax relief on the future abandonment liabilities reflecting managements view that there will be sufficient future income against which to claim the deduction. The fair value of the deferred taxation has been determined by reference to timing differences between the assets acquired and liabilities assumed, and the tax bases of these items.

Goodwill amounting to US$0.7m was recognised on acquisition as the fair value of the consideration exceeded the fair value of the net assets acquired.

At US$55 per barrel, the business generates a current annualised turnover of approximately US$25m with positive cash flow presently running at US$1m per month after field opex but before capex and G&A. The interest contributed US$5.8 million revenue and a cash operating profit of US$3.2 million excluding workovers to the Group for the period between the date of acquisition and the balance sheet date. Acquisition-related costs included in administrative expenses include expenses of US$141,823 and transactional related taxes of US$228,580.

34. Assets held for resale

	2017 US$000	2016 US$000
Current asset arising from property, plant and equipment	**1,163**	–
Current asset arising from other non-current assets	**150**	–
Current liability arising from provision held	**(788)**	–
Net assets of asset held for resale	**525**	–

On 2nd January 2018, President announced the sale of its entire non-operated, non-core beneficial interest in the East White Lake Field, Louisiana USA with effect from 1 January 2018. The disposal of this peripheral asset to Alpha Imperial Corp for a total sum of US$525,000 reduced debt and provided resources for President to concentrate on its core Argentine assets. Further details are contained in Note 32 on related party transactions.

Following the decision to sell the asset, the carrying value of the asset recognised in Property, Plant and Equipment as at 31 December 2017 was impaired by US$1.3 million. The impairment was based on the fair value of the purchase consideration to be received. Consequently, the remaining associated non-current assets and non-current liabilities have been reclassified as current.

Company Balance Sheet
31 December 2017

ASSETS	Note	2017 US$000	2016 US$000
Non-current assets			
Investment in subsidiaries	4	**3,495**	3,495
Property plant and equipment		**–**	–
		3,495	3,495
Current assets			
Debtors	5	**208,522**	174,226
Cash at bank and in hand		**770**	17,351
		209,292	191,577
TOTAL ASSETS		**212,787**	195,072
LIABILITIES			
Non-current liabilities			
Borrowings	7	**13,120**	–
		13,120	–
Current liabilities			
Creditors – Amounts falling due within one year	6	**2,028**	1,759
Borrowings	7	**–**	9,076
		2,028	10,835
Net assets		**197,639**	184,237
EQUITY			
Called up share capital	8	**23,642**	22,086
Share premium	9	**240,822**	227,325
Retained earnings	9	**(73,767)**	(71,860)
Share Option Reserve	9	**6,942**	6,686
Total equity attributable to the equity holders		**197,639**	184,237

President Energy PLC reported a loss for the year ended 31 December 2017 of US$1,907,000 (2016: loss US$4,607,000). There were no other recognised gains and losses.

These financial statements for President Energy PLC (company number 5104249) were approved by the board of directors and authorised for issue on 5th June 2018.

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.

Notes to the Company Accounts
Year ended 31 December 2017

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 (formerly President Petroleum Company PLC until 28 September 2012) is a public company limited by shares and incorporated in England in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 67. The nature of the Company's operations and its principal activities are set out in the Report of the Directors on pages 10 to 13.

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 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 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, and 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 from the Company website as detailed on page 67.

Investments

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

1. Significant accounting policies (continued)

Group accounts

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

Adoption of new and revised Standards

The Company 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 2016 and no restatement of prior year amounts has been required.

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

IFRS 9	Financial instruments
IFRS15	Revenue from contracts with customers
IFRS 16	Leases

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 Company's operation at that time:

- IFRS 9 will impact both the measurement and disclosure of financial instruments.
- IFRS 15 establishes a new framework for revenue determination which, depending on the contracts in place at the time of adoption, could impact on the timing and value of revenue recognised
- IFRS 16 will impact on the measurement and disclosure of leases in the financial statements.

The Company has yet to fully complete its assessment of the financial impact of the transition to the new standards. Further details are provided in Note 2 to the Group financial statements.

Going concern

The Company is impacted by the uncertainties in the sector and volatility in the oil price environment 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. To support its operations the Company is dependent on ongoing finance through a loan facility of US$15.0 million available until December 2021 provided by IYA Global Limited, a subsidiary of PLLG Investments Limited the private investment fund of Peter Levine, the Chairman & Chief Executive and largest shareholder (note 32). At the year-end there was US$13.1 million drawn under the loan facility. The balance of the IYA loan as at 30 April 2018 was US$13.5 million.

The principal uncertainty in the Company's forecasts and projections relates to the level of future production and consequent revenues and the estimates of future drilling costs. The Company consults with industry specialists to ensure operational projections are accurate.

Based on this review and consideration of the continuing loan facility and further support available from IYA Global Limited noted above, the Directors believe that the Company will have available to it the financial resources to meet all commitments as they fall due. Further details of the Group's commitments are set out in note 28 to the Group report. 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.

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).

1. Significant accounting policies (continued)

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.

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. Critical accounting judgements and key sources of estimation uncertainty

In order to prepare the consolidated financial statements in conformity with IFRS, management of the Company 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.

The recoverability of the receivables from Group undertakings is subject to the underlying judgements and uncertainties highlighted in Note 3 in the Group report.

3. 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 2017 of US$1,907,000 (2016: loss US$4,607,000). There were no other recognised gains and losses and accordingly no separate statement of comprehensive income has been presented.

4. Investment in subsidiaries

	Place of Incorporation	Class of Share Capital	Percentage Held (1)	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 (2)	Switzerland	Ordinary	100%	Non trading
Sibla Invest AG (2)	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
Meridian Resources (USA) Inc. (3)	USA	Ordinary	100%	Oil and Gas

Note1: All holdings are of ordinary shares and represent the proportion of the nominal value of the shares held.
Note2: In liquidation as at 31 Dec 2017.
Note3: Name changed in 2017.

President Petroleum Pty Limited in Australia was deregistered during the year. The financial results and financial position of all companies listed above are included in the President Energy plc consolidated accounts.

5. Debtors

	2017 US$000	2016 US$000
Prepayments and accrued income	**–**	123
Amounts owed by Group undertakings	**208,229**	174,040
Other receivables	**293**	63
	208,522	174,226

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

6. Creditors – falling due within one year

	2017 US$000	2016 US$000
Social Security and other taxes	**54**	33
Accruals	**822**	1,141
Other creditors	**1,152**	585
	2,028	1,759

7. Borrowings

	2017 US$000	2016 US$000
Current		
Loan	**–**	9,076
	–	9,076
Non-current		
Loan	**13,120**	–
	13,120	–
Total carrying value of borrowings	**13,120**	9,076

8. 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

	2017 '000s	2016 '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	**1,071,938**	953,598

	2017 US$000	2016 US$000
Deferred shares of par value 29p each	**8,725**	8,725
Ordinary shares of par value 1p each	**14,917**	13,361
	23,642	22,086

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

	Share premium US$000	Profit and loss account US$000	Share option reserve US$000
Balance at 1 January 2017	227,325	(71,860)	6,686
Loss for the year	–	(1,907)	–
Premium on allotment in the year	13,497	–	–
Share based payments	–	–	256
Balance at 31 December 2017	240,822	(73,767)	6,942

10. Reconciliation of movement in shareholders' funds

	2017 US$000	2016 US$000
Loss for the year	(1,907)	(4,607)
Shares issued	15,560	31,992
Costs of issue	(507)	(981)
Convertible loan equity	–	414
Conversion to share premium	–	(472)
Share-based payments	256	242
Net additions to shareholders' funds	13,402	26,588
Shareholders' funds at 1 January	184,237	157,649
Shareholders' funds at 31 December	197,639	184,237

11. Related party transactions
Details on related party transactions are provided in Note 32 in the President Energy consolidated accounts.

Glossary

Technical terms

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

General and financial terms

AIM	Alternative Investment Market of the London Stock Exchange
EBITDA	Earnings Before Interest Tax & Depreciation calculated as revenue less operating costs less administrative expense.

Alternative Performance Measures

The Group uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles. These non-IFRS measures include net debt and well operating and underlying well operating costs per boe and free cash flow. Where used in the context of segmental disclosure the metrics are calculated in the same manner.

Net debt

Net debt is a useful indicator of the Group's indebtedness, financial flexibility and capital structure because it indicates the level of cash borrowings after taking account of cash and cash equivalents within the Group's business. Net debt is defined and calculated as follows:

	2017 US$000	2016 US$000
Borrowings Current (Note 20)	(1,846)	(9,076)
Borrowings Non-current (Note 20)	(19,313)	–
Cash (Note 18)	4,026	17,586
Net (debt)/ net cash	(17,133)	8,510

Well operating cost and underlying well operating cost per boe

Well operating cost per boe is a useful straight forward indicator of the Group's costs incurred to produce oil and gas. Where one-off or cyclical costs, such as workovers, are material these have been disclosed and the underlying well cost per boe referred to show the core performance. These have been defined and calculated as follows:

	2017 US$000	2016 US$000
Well operating costs (Note 5)	16,907	10,256
Production (mmboe)	409.1	195.1
Well operating costs per boe US$	41.33	52.56

	2017 US$000	2016 US$000
Well operating costs (Note 5)	16,907	10,256
Less workover costs (per text in Note 5)	(2,566)	(1,670)
	14,341	8,586
Production (mmboe)	409.1	195.1
Well operating costs per boe US$	35.05	44.00

Corporate Information

Directors	Peter Levine	Executive Chairman & Chief Executive
	Miles Biggins	Chief Operating Officer
	Robert Shepherd	Group Finance Director
	Jorge Bongiovanni	Non-Executive Director
	Alexander Moody-Stuart	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	finnCap Ltd 60 New Bond Street London, EC2M 1JJ	
Joint Broker	BMO Capital Markets 95 Queen Victoria Street London, EC4V 4HG	
Auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ	
Legal Advisers	Field Fisher Waterhouse LLP 35 Vine Street London EC3N 6AE	
Principal Bankers	Barclays Bank 54 Lombard Street London EC3P 3AH	
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA	
Registered number	5104249	

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held on 29 June 2018 at 11.00 a.m. at Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT 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 2017, 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 elect Alexander Moody-Stuart as a Director of the Company, who retires in accordance with Article 110 of the Company's Articles of Association.

4 To re-elect Robert Shepherd as a Director of the Company, who retires in accordance with Article 105 of the Company's Articles of Association and offers himself for re-election.

5 To re-elect Jorge Bongiovanni as a Director of the Company, who retires in accordance with Article 105 of the Company's Articles of Association and offers himself for re-election.

Special Business

As special business to consider and if thought fit to pass the following resolutions of which the resolution numbered 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 £3,215,814.98 (such amount equating to 30 per cent. of the aggregate nominal value of the issued share capital of the Company as at the date of this Notice) provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2019, 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) 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;

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of further equity securities up to an aggregate nominal amount of £1,071,938.33 (such amount equating to 10 per cent. of the aggregate nominal value of the issued share capital of the Company as at the date of this Notice) provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2019, 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
6 June 2018

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 27 June 2018 (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 27 June 2018 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 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 11.00am on 27 June 2018. 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.

PLEASE COMPLETE IF YOU DO NOT INTEND TO ATTEND IN PERSON

FORM OF PROXY

For use in connection with Annual General Meeting

(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 29 June 2018 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 ………

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

Tel: +44 (0) 20701 67950

www.presidentenergyplc.com