



# President Energy PLC

Interim Report and Financial Statements 2017

# Chairman's Statement

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## Summary

The first half of 2017 was a period of substantial activity with the commencement of workover operations at the Puesto Guardian asset, Argentina, acquisition of additional interest in a producing asset in the US and the laying of foundations for the major beneficial changes in the Group during the second half of the year.

As a result of the recently announced acquisition, Group production\* is currently in the range 2,300-2,400 boepd, generating positive cash and on an upward trajectory with each of the producing fields contributing positively on an operating level. The benefits will only be partially reflected in the second half of 2017 with the full year impact being shown in 2018.

This level of current daily production equating to an increase of in excess of 400% from the H1 2016 average production and 333% over the figures for H1 2017, clearly illustrates how far the Group has come. This step change has been made possible by the re-focus and strengthening of our Argentinian management team capability which has been key to our acquisition strategy.

Whilst the 1,200bopd target of production from the Puesto Guardian Concession in Salta Province has not been achieved by the time of this Report, the individual producing wells in the Concession there, now significantly increased in number as a result of our workover programme, have demonstrated they are capable of achieving such level of production, being presently constrained by mechanical infrastructure issues.

The workover programme itself has been a success. Wells that have not produced for decades are now producing. We are now receiving oil from all five fields in the Concession for the first time in many years. All such results support the extent of the reserves in the ground at this 35 year Concession where we have many years at our discretion to choose the right time to exploit the oil in the ground.

Our successful operational experience with the downhole workovers gained in Puesto Guardian will now be put to good use in order to unlock the value across our Argentinian portfolio. In this regard, over the 7 months of continuous back to back workovers, no days were lost due to mechanical or safety issues and the program was performed on time and on budget.

The constraint on production revolves around the centralised nature of the downhole jet pump system used in our wells which is dependent on centralised pumping units in each of our two Central Processing Units. In simple terms, the more wells connected up, and some of these wells are up to 10 kilometres apart, the more horsepower needed. The five Chinese pumps intended to replace the old system have not yet been put in commission by the Chinese manufacturers, six of whose engineers having flown in from China are in the field attending to the pumps. With due application, the issues should be solved and the wells then able to deliver to their optimum.

Nonetheless, the Concession is operating profitably on a field level and our confidence in Puesto Guardian deliverability remains undimmed with our Reserves at the Concession remaining solid. The Concession term, expiring in 2050, allied with our now diversified asset portfolio gives us the flexibility to spend our capex dollars from time to time where best to ensure returns to our

shareholders. In 2018 this is planned to be predominantly in the prolific Neuquén Basin where our latest Concession is situated, achieving the best realised prices.

This markedly contrasts with what we allege was the performance of our two main service providers in the 2016 DP1002 S/T well. In relation to this, for the avoidance of doubt and without prejudice to our rights, we have already prudently fully provided in our 2016 year end Audited Accounts for all claims that can be made by those parties against us notwithstanding that we vigorously reject the validity of such. We have likewise prudently taken no credit or benefit in our accounts in respect of the substantial claims we have against such parties despite the fact that the Company has received robust supportive legal advice from its roster of experienced oil and gas lawyers. The cases, which are ongoing, are no distraction to the Company's operations and management and the legal costs are limited and manageable being principally contingent on success.

The interim results for H1 2017 show that production during the period has increased by 31% versus the same period in 2016. This was driven by an increase in Argentinian production of 44% with the start of the workover programme and the Triche acquisition in Louisiana.

Louisiana continues to provide positive net cash flow and the Triche acquisition has been a success, delivering results ahead of original expectations.

The Group has material exploration prospects in both Argentina and Paraguay with total Unrisked Mean Prospective Resources estimated by management to be 4,400 MMboe. In relation to Paraguay, significantly supported by further G&G work during the reporting period including targeted geochemical surveys, the current farm-out process underway is generating an encouraging level of interest including from majors and the next near term step is to permit access to the data room. The Pirity Concession exploration period has approximately one more year to run.

In relation to Argentina exploration, recent G&G work including geochemical surveys has identified very interesting new prospective plays in the Matorras and Ocultar areas both of which have had their exploration licence terms extended by a further 18 months. Management now expects further additions to the Prospective Resources upon completion of studies in these two areas on top of the 1,400 MMboe of Unrisked Mean Prospective Resources management have already estimated for the Puesto Guardian, Matorras and Ocultar areas. A farm-out process of these exploration areas is planned to commence in the New Year.

The macro investment climate in our core area Argentina continues to materially improve and international investors and leading oil companies show increased interest in the country with IOC's such as Statoil this year entering the country and BP commencing a significant joint venture. President is in an excellent position to expand to be a mid-sized upstream company in Argentina with a strong underlying asset base, cash flow and core experience.

## Argentina

- Argentine production in the period significantly increased by 44% over H1 2016
- Current Argentina production running in excess of 2,000 bopd
- Extensive workover campaign of existing wells at the Puesto Guardian Concession commenced in H1 2017

- Strong and experienced Management team now in place, being further strengthened following the recent acquisition
- Average realised price of US\$50 per barrel in Argentina for the period (H1 2016: US\$58 per barrel) as prices moved in a stepped way toward parity with market. Current realised average price for President's fields is US\$52 per barrel
- New Geological and Geophysical studies made on the Company's Matorras and Ocular exploration licences, now extended in period by 18 months show additional propectivity

## Paraguay

- The Group remains committed to its Paraguay exploration assets and a farm-out process is underway generating increasing interest with the next step permitting near term access to the data room
- The original period of exploration at the Pirity Concession is currently expected to expire in Q4 2018
- Geological and Geophysical studies continue with newly acquired targeted geochemical surveys strongly supporting the concept of significant accumulation of hydrocarbons with current Management estimates of total Unrisked Mean Prospective Resources of 3,000 MMboe

## Louisiana

- Current Level of Louisiana production is in excess of 300 boepd with the benefit of the increased production from the Triche acquisition announced in April 2017 acquired at a cost of US\$2.25 million plus US\$400k in contingency payments which purchase is performing ahead of expectations
- Average realised oil price up 34% to US\$47 per barrel for period (H1 2016: US\$35 per barrel) and currently above that level

## Australia

- PEL 82 Block was relinquished without liability

## Management

- Operations in each of our production areas are now being managed direct, in country under the guidance of our experienced respective Country Managers Horacio Rossignoli in Argentina and Scott Daspit in Louisiana. They are supported by our new Group Chief Financial Officer, Bruce Martin who previously occupied senior financial positions in Schlumberger
- In line with operations being directly managed in Argentina and the USA, Miles Biggins has now been appointed Technical Director moving from his previous position as Chief Operating Officer

## Financials

- Overall sales increased by 24% to US\$5.6 million (H1 2016: US\$4.6 million)
- Cash operating profit of US\$738k excluding depreciation and non-recurring workovers
- Average realised prices US\$47 per barrel in USA (H1 2016: US\$35 per barrel) and US\$50 per barrel in Argentina (H1 2016: US\$58 per barrel)
- Cost of Sales of US\$7.5 million (H1 2016: US\$6.9 million), which includes US\$1.1 million (H1 2016: US\$1.5 million) on expensed Argentine well workovers designed to increase flow rates
- Well operating costs, excluding workovers, of US\$4.9 million (H1 2016: US\$4.0 million) and DD&A of US\$1.5 million (H1 2016: US\$1.4 million) make up the remaining component of Cost of Sales. On a like for like basis, the well operating costs before DD&A in H1 2017 are US\$39.10 per boe (H1 2016: US\$41.32 per boe) but these have come down very significantly due to the component of fixed costs particularly in Argentina and the increase in current production of 333% over the H1 2017 average
- Gross loss of US\$1.9 million (H1 2016: US\$2.3 million loss) after taking into account US\$1.1 million spent on workovers (H1 2016: US\$1.5 million), the benefit of which will be recorded in H2 2017, as well as US\$ 1.5 million of depreciation (H1 2016: US\$1.4 million)
- Administrative expenses in the UK further reduced by 9% with the entire Administrative expenses worldwide US\$2.3 million, or US\$19.73 per boe, (H1 2016: US\$2.0 million, or US\$22.41 per boe) reflecting the significant strengthening of the Argentina management team in

anticipation of the growth now taking place. This cost per barrel has now been significantly reduced due to the 333% increase in production over the H1 2017 average.

- Total assets increased by 7% to US\$173.2 million (H1 2016: US\$161.3 million) principally reflecting the US acquisition, capitalised workovers in Argentina, recoverable Argentine VAT in debtors and the change in cash on hand
- Cash balance at period end of US\$4.7 million (H1 2016: US\$1.1 million) after cash outflow from operating activities of US\$3.9 million (H1 2016: US\$1.9m outflow) and investments of US\$10.2 million (H1 2016: US\$2.1 million) has now been significantly reduced due to the 333% increase in production over the H1 2017 average
- The US\$10 million revolving loan facility maturing 31 December 2021 was utilised. Subsequent to the period end, President agreed to extend the amount of the facility on the basis referred to in the RNS announcement of the Company dated 21 September 2017. Whilst the Company considers that such loan is not in any practical respect a current liability, the classification in the accounts as such reflects relevant accounting standards due to aspects of the related party nature of the funding

## Outlook for H2 2017

- President looks forward to the rest of 2017 and thereafter with soundly based and realistic expectations
- Recent acquisition of Puesto Flores / Estancia Vieja Concession gives the Company a stable and profitable cashflow
- President is planning for material growth by both expanding production in our assets and by acquisition of quality producing assets
- Although still early days, the Company is pleased with the interest level shown in its Paraguay farm-out process with the next stage permitting access to the data room
- Work programme aimed at increasing production at the new acquisitions anticipated to commence in Q1 2018 and extending for 36 months with initially workovers and then drilling planned

- With the macro economic climate in Argentina improving, President views the future with confidence and looks forward to enhancing the already significantly material positive change in the Group's financial position and prospects in the near to medium term

“We view the future of President positively based on sound and solid expectations. The historic results from H1 2017, bearing little relation to the Group's current position and outlook, are relevant only as a necessary milestone which has been passed and are now in our rear view mirror.

“Our clear objectives are to deliver profits, based on good margins, positive cash flow, capital growth for our shareholders and, in the foreseeable future, provide real income returns to our investors by way of dividends.

“With an experienced Argentine Operational Management team in place, further strengthened through the recent acquisition from Chevron Argentina SRL, the Company is on an upward trajectory with current production in the range 2,300-2,400 bopd.

“We now apply ourselves to the tasks in hand with vigour and enthusiasm and have quiet confidence that the periods ahead will show further marked progress.”

**Peter Levine**

Chairman

29th September 2017

## Glossary of terms

MMboe	Million barrels of oil equivalent
Bcf.	Billion cubic feet ( gas)
Boepd	Barrels of oil equivalent per day
Bopd	Barrels of oil per day
MMbbbls	Million barrels of oil
MMBtu	Million British Thermal Units (gas)
Tcf.	Trillion cubic feet (gas)
YOY	Year on Year

\*Production means the production that a Concession owner has the legal and contractual right to retain

# Condensed Consolidated Statement of Comprehensive Income

## Six months ended 30 June 2017

	Note	6 months to 30 June 2017 (Unaudited) US\$000	6 months to 30 June 2016 (Unaudited) US\$000	Year to 31 Dec 2016 (Audited) US\$000
<b>Continuing Operations</b>				
Revenue		5,626	4,552	9,900
Cost of sales	3	<u>(7,505)</u>	<u>(6,854)</u>	<u>(12,593)</u>
Gross (loss)/profit		(1,879)	(2,302)	(2,693)
Administrative expenses	4	(2,319)	(2,034)	(4,524)
Operating loss before impairment charge and non-operating gains		<u>(4,198)</u>	<u>(4,336)</u>	<u>(7,217)</u>
Impairment charge	5	-	-	(11,039)
Non-operating gains	6	3	-	583
<b>Profit/(loss) after impairment and non-operating gains</b>		<u>(4,195)</u>	<u>(4,336)</u>	<u>(17,673)</u>
Investment income – Interest on bank deposits		61	-	1
Realised gains/(losses) on translation of foreign currencies		168	45	(388)
Loan fees and interest		(635)	(953)	(2,431)
<b>Profit / (loss) before tax</b>		<u>(4,601)</u>	<u>(5,244)</u>	<u>(20,491)</u>
Income tax (charge)/credit		(136)	540	6,470
<b>Profit/(loss) for the period from continuing operations</b>		<u>(4,737)</u>	<u>(4,704)</u>	<u>(14,021)</u>
<b>Other comprehensive income</b>				
- Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations		(2,592)	(5,988)	(7,534)
<b>Total comprehensive profit/(loss) for the period attributable to the equity holders of the Parent Company</b>		<u>(7,329)</u>	<u>(10,692)</u>	<u>(21,555)</u>
		US cents	US cents	US cents
<b>Earnings/ (loss )per share from continuing operations</b>				
Basic earnings/ (loss) per share	7	(0.9)	(1.0)	(2.5)
Diluted earnings / (loss) per share	7	<u>(0.9)</u>	<u>(1.0)</u>	<u>(2.5)</u>



# Condensed Consolidated Statement of Financial Position

## As at 30 June 2017

	Note	30 June 2017 (Unaudited) US\$000	30 June 2016 (Unaudited) US\$000	31 Dec 2016 (Audited) US\$000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible exploration and evaluation assets	8	103,466	103,292	103,372
Property, plant and equipment	8	57,251	52,246	51,492
		<u>160,717</u>	<u>155,538</u>	<u>154,864</u>
Deferred tax		727	334	848
Other non-current assets		502	320	318
		<u>161,946</u>	<u>156,192</u>	<u>156,030</u>
<b>Current assets</b>				
Trade and other receivables	9	6,502	3,972	4,510
Stock		87	58	84
Cash and cash equivalents		4,687	1,125	17,586
		<u>11,276</u>	<u>5,155</u>	<u>22,180</u>
<b>TOTAL ASSETS</b>		<u>173,222</u>	<u>161,347</u>	<u>178,210</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		11,507	4,468	10,793
Borrowings	10	10,753	-	9,076
		<u>22,260</u>	<u>4,468</u>	<u>19,869</u>
<b>Non-current liabilities</b>				
Long-term provisions		4,791	3,119	4,717
Borrowings	10	-	13,910	-
Deferred tax		5,384	11,706	5,663
		<u>10,175</u>	<u>28,735</u>	<u>10,380</u>
<b>TOTAL LIABILITIES</b>		<u>32,435</u>	<u>33,203</u>	<u>30,249</u>
<b>EQUITY</b>				
Share capital		22,086	16,754	22,086
Share premium		227,325	201,646	227,325
Translation reserve		(44,337)	(40,199)	(41,745)
Profit and loss account		(71,128)	(57,102)	(66,391)
Other reserve		6,841	7,045	6,686
<b>TOTAL EQUITY</b>		<u>140,787</u>	<u>128,144</u>	<u>147,961</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>173,222</u>	<u>161,347</u>	<u>178,210</u>

## Condensed Consolidated Statement of Changes in Equity

### Six months ended 30 June 2017

	Share capital	Share premium	Translation reserve	Profit and loss account	Other reserve	Total
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
<b>Balance at 1 January 2016</b>	16,754	201,646	(34,211)	(52,462)	6,594	138,321
Convertible loan equity	-	-	-	-	415	415
Transfer to P&L account	-	-	-	64	(64)	-
Share-based payments	-	-	-	-	100	100
<b>Transactions with owners</b>	-	-	-	64	451	515
Loss for the period	-	-	-	(4,704)	-	(4,704)
Exchange differences on translation	-	-	(5,988)	-	-	(5,988)
<b>Total comprehensive income/(loss)</b>	-	-	(5,988)	(4,704)	-	(10,692)
<b>Balance at 30 June 2016</b>	16,754	201,646	(40,199)	(57,102)	7,045	128,144
Share-based payments	-	-	-	-	142	142
Placing of ordinary shares	5,332	26,660	-	-	-	31,992
Cost of issue	-	(981)	-	-	-	(981)
Convertible loan equity	-	-	-	-	(473)	(473)
Transfer to P&L account	-	-	-	28	(28)	-
<b>Transactions with owners</b>	5,332	25,679	-	28	(359)	30,680
Loss for the period	-	-	-	(9,317)	-	(9,317)
Exchange differences on translation	-	-	(1,546)	-	-	(1,546)
<b>Total comprehensive income/(loss)</b>	-	-	(1,546)	(9,317)	-	(10,863)
<b>Balance at 1 January 2017</b>	22,086	227,325	(41,745)	(66,391)	6,686	147,961
Convertible loan equity	-	-	-	-	-	-
Transfer to P&L account	-	-	-	-	-	-
Share-based payments	-	-	-	-	155	155
<b>Transactions with owners</b>	-	-	-	-	155	155
Loss for the period	-	-	-	(4,737)	-	(4,737)
Exchange differences on translation	-	-	(2,592)	-	-	(2,592)
<b>Total comprehensive income/(loss)</b>	-	-	(2,592)	(4,737)	-	(7,329)
<b>Balance at 30 June 2017</b>	22,086	227,325	(44,337)	(71,128)	6,841	140,787

## Condensed Consolidated Statement of Cash Flows

### Six months ended 30 June 2017

	6 months to 30 June 2017 (Unaudited) US\$000	6 months to 30 June 2016 (Unaudited) US\$000	Year to 31 Dec 2016 (Audited) US\$000
<b>Cash flows from operating activities - (Note 11)</b>			
Cash generated/(consumed) by operations	(3,851)	(1,879)	2,196
Interest received	61	-	1
Taxes paid	-	-	(2)
	<u>(3,790)</u>	<u>(1,879)</u>	<u>2,195</u>
<b>Cash flows from investing activities</b>			
Expenditure on exploration and evaluation assets	(183)	(411)	(578)
Expenditure on development and production assets (excluding increase in provision for decommissioning)	(9,846)	(1,697)	(13,979)
Payments in advance of future decommissioning costs	(184)	-	-
Proceeds from asset sales	-	-	209
Proceeds from insurance	-	-	585
Expenditure on abandonment	-	-	(16)
	<u>(10,213)</u>	<u>(2,108)</u>	<u>(13,779)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of expenses)	-	-	31,011
Loan converted to equity	-	-	(12,000)
Loan drawdown	1,677	5,967	14,661
Repayment of loan capital	-	-	(2,000)
Payment of loan interest and fees	(457)	(835)	(2,330)
	<u>1,220</u>	<u>5,132</u>	<u>29,342</u>
Net increase/(decrease) in cash and cash equivalents	(12,783)	1,145	17,758
Opening cash and cash equivalents at beginning of year	17,586	217	217
Exchange (losses)/gains on cash and cash equivalents	(116)	(237)	(389)
<b>Closing cash and cash equivalents</b>	<u>4,687</u>	<u>1,125</u>	<u>17,586</u>

# Notes to the half-yearly financial statements

## Six months ended 30 June 2017

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### 1 Nature of operations and general information

President Energy PLC and its subsidiaries' (together "the Group") principal activities are the exploration for and the evaluation and production of oil and gas.

President Energy PLC is the Group's ultimate parent company. It is incorporated and domiciled in England. The Group has onshore oil and gas production and reserves in Argentina and the USA. The Group also has onshore exploration assets in Paraguay and Argentina. The address of President Energy PLC's registered office is 1200 Century Way, Thorpe Park Business Park, Leeds LS15 8ZA. President Energy PLC's shares are listed on the Alternative Investment Market of the London Stock Exchange.

These condensed consolidated interim financial statements (the interim financial statements) have been approved for issue by the Board of Directors on 29th September 2017. The financial information for the year ended 31 December 2016 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the six months ended 30 June 2017 and 30 June 2016 was neither audited nor reviewed by the auditor. The Group's statutory financial statements for the year ended 31 December 2016 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

### 2 Basis of preparation

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016, which have been prepared under IFRS as adopted by the European Union.

These financial statements have been prepared under the historical cost convention, except for any derivative financial instruments which have been measured at fair value. The interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2016.

# Notes to the half-yearly financial statements

## Six months ended 30 June 2017

### Continued

	6 months to 30 June 2017 (Unaudited) US\$000	6 months to 30 June 2016 (Unaudited) US\$000	Year to 31 Dec 2016 (Audited) US\$000
<b>3 Cost of Sales</b>			
Depreciation	1,470	1,394	2,337
Well operating costs	<u>6,035</u>	<u>5,460</u>	<u>10,256</u>
	<u>7,505</u>	<u>6,854</u>	<u>12,593</u>
<b>4 Administrative expenses</b>			
Directors and staff cost	1,739	1,240	2,775
Share-based payments	155	100	242
Depreciation	13	13	27
Other	<u>412</u>	<u>681</u>	<u>1,480</u>
	<u>2,319</u>	<u>2,034</u>	<u>4,524</u>
<b>5 Impairment charge</b>			
DP1002 well Argentina	-	-	10,885
East White Lake (PP&E)	<u>-</u>	<u>-</u>	<u>154</u>
	<u>-</u>	<u>-</u>	<u>11,039</u>
<b>6 Non-operating gains</b>			
Insurance proceeds	-	-	585
Other gains / (losses)	<u>3</u>	<u>-</u>	<u>(2)</u>
	<u>3</u>	<u>-</u>	<u>583</u>
<b>7 Earnings / (loss) per share</b>			
Net profit / (loss) for the period attributable to the equity holders of the Parent Company	<u>(4,737)</u>	<u>(4,704)</u>	<u>(14,021)</u>
	Number '000	Number '000	Number '000
Weighted average number of shares in issue	<u>554,655</u>	<u>471,697</u>	<u>554,655</u>
Earnings / (loss) per share	US cents	US cents	US cents
Basic	<u>(0.9)</u>	<u>(1.0)</u>	<u>(2.5)</u>
Diluted	<u>(0.9)</u>	<u>(1.0)</u>	<u>(2.5)</u>

# Notes to the half-yearly financial statements

## Six months ended 30 June 2017

### Continued

#### 8 Non-current assets

	Intangible	Property Plant and Equipment	Total
	US\$000	US\$000	US\$000
<b>Cost</b>			
At 1 January 2016	145,225	78,625	223,850
Additions	411	1,697	2,108
Exchange difference	(270)	(8,024)	(8,294)
At 30 June 2016	145,366	72,298	217,664
Additions	167	13,896	14,063
Disposals	-	(325)	(325)
Exchange difference	(87)	(2,592)	(2,679)
At 1 January 2017	145,446	83,277	228,723
Additions	183	9,846	10,029
Exchange difference	(89)	(3,429)	(3,518)
At 30 June 2017	145,540	89,694	235,234
<b>Depreciation/Impairment</b>			
At 1 January 2016	42,074	19,091	61,165
Exchange difference	-	(446)	(446)
Charge for the period	-	1,407	1,407
At 30 June 2016	42,074	20,052	62,126
Exchange difference	-	(143)	(143)
Disposals	-	(120)	(120)
Impairment	-	11,039	11,039
Charge for the period	-	957	957
At 1 January 2017	42,074	31,785	73,859
Charge for the period	-	1,483	1,483
Exchange difference	-	(825)	(825)
At 30 June 2016	42,074	32,443	74,517
<b>Net Book Value 30 June 2017</b>	<b>103,466</b>	<b>57,251</b>	<b>160,717</b>
<b>Net Book Value 30 June 2016</b>	<b>103,292</b>	<b>52,246</b>	<b>155,538</b>
<b>Net Book Value 31 December 2016</b>	<b>103,372</b>	<b>51,492</b>	<b>154,864</b>

#### 9 Trade and other receivables

	30 June 2017	30 June 2016	31 Dec 2016
Trade and other receivables	6,385	3,928	4,459
Prepayments	117	44	51
	6,502	3,972	4,510

# Notes to the half-yearly financial statements

## Six months ended 30 June 2017

### Continued

#### 10 Borrowings

	30 June 2017	30 June 2016	31 Dec 2016
IYA Loan	10,753	9,166	9,076
IYA Convertible Loan	-	4,744	-
	<u>10,753</u>	<u>13,910</u>	<u>9,076</u>

#### 11 Reconciliation of operating profit to net cash outflow from operating activities

	6 months to 30 June 2017 (Unaudited) US\$000	6 months to 30 June 2016 (Unaudited) US\$000	Year to 31 Dec 2016 (Audited) US\$000
<b>Loss from operations before taxation</b>	(4,601)	(5,244)	(20,491)
Interest on bank deposits	(61)	-	(1)
Interest payable and loan fees	635	953	2,431
Depreciation and impairment of property, plant and equipment	1,483	1,407	2,364
Impairment charge	-	-	11,039
Gain on non-operating transaction	(3)	-	(583)
Share-based payments	155	100	242
Foreign exchange difference	(168)	(45)	388
<b>Operating cash flows before movements in working capital</b>	<u>(2,560)</u>	<u>(2,829)</u>	<u>(4,611)</u>
(Increase)/decrease in receivables	(2,005)	(391)	(833)
(Decrease)/increase in payables	714	1,341	7,640
<b>Net cash generated by/(used in) operating activities</b>	<u>(3,851)</u>	<u>(1,879)</u>	<u>2,196</u>