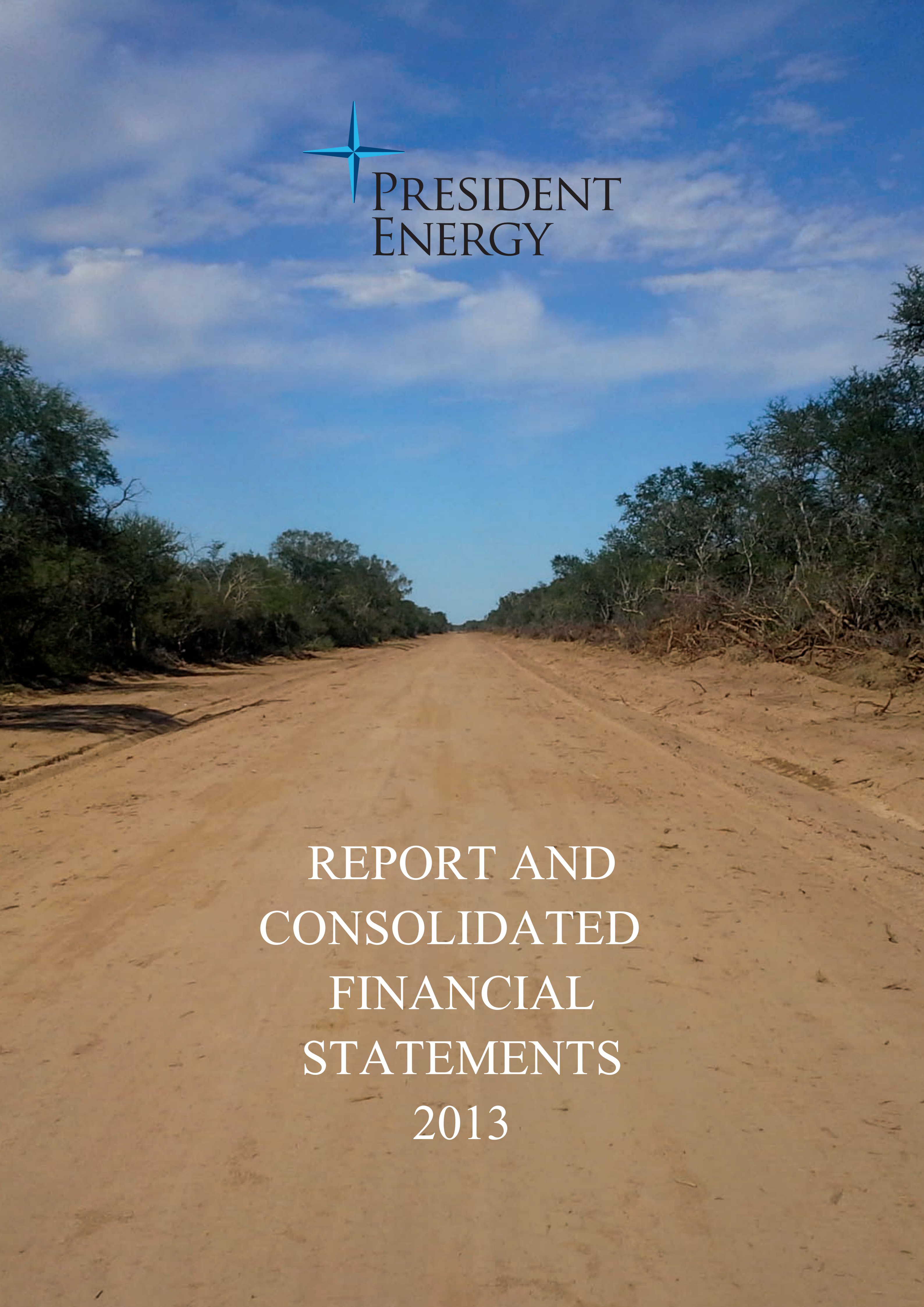


PRESIDENT ENERGY

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2013

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

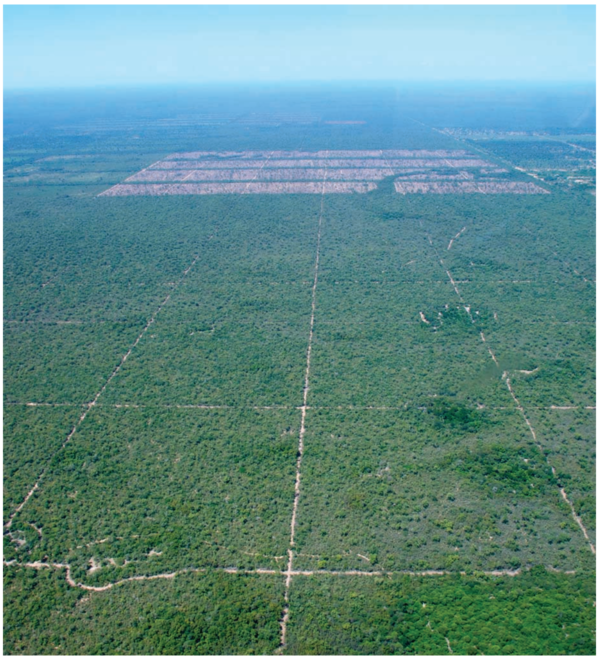
President Energy's target is to become a mid-cap independent exploration and production company with critical mass and a strategic presence in key areas of interest.

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

Chairman's Statement

Summary

2013 was an operationally critical and ultimately successful period for President, largely focused on Paraguay. Since the 2012 farm-ins to the Pirity and Demattei concessions in Paraguay, President has completed an extensive seismic campaign to evaluate the basin potential and define high graded drilling prospects. Preparation of drilling sites commenced at the end of 2013, and we are now at the point of commencing the 2014 drilling campaign. Argentina and Louisiana continue to provide a core foundation of reserves and production for the Company, with the potential for further production growth, particularly in Argentina.



Paraguay

The Paraguayan concessions combine to cover a substantial portion of the prospective Pirity Basin (16,000 km^2) in the Chaco, which is virtually undrilled and believed to be a direct extension of the proven Olmedo basin on the Argentine side of the country border. Since the 2012 farm-ins, President has completed an extensive seismic campaign to evaluate the basin potential and define high graded drilling prospects. Specifically, President, as operator, has acquired 791 km^2 of 3D and 1,054 km of 2D seismic. Geological and geophysical studies were also completed. Preparation of drilling sites commenced at the end of 2013, ahead of the commencement of the three exploration well drilling campaign in 2014.

In January 2014, President announced it has been granted an option at no cost to a staged farm-in (as operator) of up to an 80 percent participating interest in the Hernandarias Block in the Chaco Region of Paraguay. A provisional concession contract in respect to the Hernandarias Block has been approved by the relevant Senate Commissions in Paraguay and is currently subject to Paraguayan Government and other approvals. The Hernandarias Block covers a very large area (18,507 km^2) and is located immediately to the north of President's existing Paraguayan concessions. Together with the other Paraguayan concessions, on completion of the Hernandarias Farm-In Agreement, President would operate a contiguous land block of 34,507 km^2 covering almost the entire prospective Pirity Rift Basin thereby securing a basin controlling position in the Chaco region of Paraguay.

The new seismic data identified two structural play fairways each containing two petroleum systems. The first is the Cretaceous petroleum system, known from old 2D data and an extension of the Palmar Largo trend in Argentina. The second is a newly identified underlying Paleozoic petroleum system that has charged the large condensate producing fields in neighbouring southern Bolivia and north-western Argentina. Several of the Pirity Rift Basin prospects benefit from the possibility of receiving a double charge from both play systems, thereby reducing source risk. This double play system makes it possible for President's Pirity Rift Basin to develop into a large scale petroleum province.

President has made extensive preparation for the 2014 campaign. It has entered into a contract with Schlumberger for the provision of project management and integrated drilling and completion services, including well site supervision and engineering. President has also signed a contract for a rig to drill the 2014 exploration programme. The contractor is Queiroz Galvão Óleo e Gás S.A., one of the largest drilling contractors and production services providers in Brazil. The top drive rig is capable of drilling down to depths of 5,000 metres which is adequate to explore the deeper Paleozoic play identified in President's seismic survey. The first well is scheduled to spud, weather permitting, by the end of May 2014.

In January 2014, President announced the results of an independent review of its Prospective Resources carried out by the international consultancy RPS over three prospect areas. The RPS assessment is based on the results of the extensive 2013 3D and 2D seismic campaigns conducted by President. Specifically, RPS audited the volumetric and economic modelling of three prospect areas which contain five culminations with potential for targeting multiple ('stacked') reservoirs in two of these culminations, Jacaranda and Tapir, as currently mapped. The volumetric and economic models have been developed as standalone cases and have no inter-dependence (including economies of scale or timing of discovery and development). These three areas are estimated to have gross mean unrisked Prospective Resources of 1,093 mmboe, which net to President equates to mean net unrisked Prospective Resources of 647 mmboe and mean net risked Prospective Resources of 130 mmboe (both assuming full earn-in on farm-in). All volumes quoted represent the aggregated mean outcome assuming all eight prospect targets become discoveries and should not be taken as the mean expectation from the drilling campaign which will most likely contain some success and some failure in individual prospect targets.

Argentina

Consistent with other operators in Argentina, President's activities were characterised by restrained capital expenditure, reflecting a cautious view of the political and economic environment regarding investment. However, recently there are certain signs that the environment may be changing for the better. During the year a proof of concept well stimulation campaign was concluded, targeting two old shut in wells and one current producer. The programme was designed to test the flow rates from carbonate reservoirs which has historically not been targeted for production or indeed reserve attribution. The well performance data now observed, demonstrate that the stimulation campaign has proven successful. With a year-end realised oil price of US$77 per barrel and work over and stimulation costs at approximately US$1 million per well, the initial production rates and normal well declines observed on both the carbonate and A6 intervals in Dos Puntitas and Pozo Escondido are commercial. Furthermore, beam pumps will be installed to increase production as the wells decline. Average daily production for the year increased by 7% against the previous year and oil prices held firm at an average of US$74 per barrel.

Louisiana

Operations in East White Lake and East Lake Verret continue to provide President with solid cash flow which covers the majority of the group overhead. Production is up 29% to 236 boepd (2012: 183 boepd) for the year. Current production is 204 boepd. Oil prices have remained strong, and the bias towards oil production continues at 88% (2012: 88%). New exploration leads have also been identified.

Australia

As we have grown our presence in South America the Australian assets have taken lesser priority; nevertheless work continues to explore the potential of our PEL 82 licence and President has commissioned AusGeos Pty, an experienced Australian independent geological and geophysical consultancy, to undertake seismic reprocessing of the existing 3D data. A report on their findings has indicated a new unconventional play in the block with significant prospective resource of 904 bcf (P50, best estimate). Notwithstanding this, President is taking a conservative step by step view of the acreage and discussions are ongoing to find industry participation for possible further activity on PEL 82. During the year, President requested and was granted a one year suspension of the PEL 82 licence thus extending its expiry to September 2015.

Corporate

During 2013 we were very pleased to have brought the International Finance Corporation ("IFC") in as a strategic investor. IFC have invested approximately US$24 million into President shares (approximately US$15 million in 2013 and approximately US$9 million as part of a 2014 fund raising), and have the right to nominate a non-executive director. The IFC funds are to be used for the 2014 Paraguayan drilling campaign, and to finance environmental and socially responsible operations.

Post year end, President raised £31.2 million (of which £5.625 million came from IFC) to fund the upcoming drilling programme in Paraguay.

Financial Review

2013 has been a positive year for the Company with production increases of 18% leading to revenue increases of 19% and gross profit of US$5.3 million (2012: US$3.2 million). Capital spend in Paraguay has been the main focus of the year with US$24.7 million being spent across the Group on exploration and evaluation assets. Further information is contained in the Financial Review on page 6.

Production and reserves

	Oil (bbls)		Natural Gas (mmcf)		Total (mmboe)	
Producing Field	2013	2012	2013	2012	2013	2012
Puesto Guardian	69,908	65,148	–	–	69.9	65.1
East Lake Verret	5,320	10,464	4.0	7.0	6.0	11.6
East White Lake	70,283	48,315	60.3	41.2	80.3	55.2
	145,511	123,927	64.3	48.2	156.2	131.9

Net Reserves (mboe)	Proved	Probable	Total
As at 31 December 2012	2,306.3	4,556.0	6,862.3
USA reserve movement	4.3	14.6	18.9
Production 2013 USA	(86.3)	–	(86.3)
Production 2013 Argentina	(69.9)	–	(69.9)
As at 31 December 2013	2,154.4	4,570.6	6,725.0

Reserve movements in the USA have been triggered by an independent reserve report.

Outlook

President is looking forward to the exploration drilling in Paraguay this year. Argentina and Louisiana continue to contribute to the Group production and cashflow while Argentina has the potential to deliver future production and reserve growth.

Finally, I want to express my gratitude to my colleagues, management and staff who, from a standing start 18 months ago, have helped bring the Paraguay programme to the point of first well spud. Furthermore I would like to thank all of our shareholders and assure them that we remain fully focused in this critical year.

Peter Levine
Chairman
29 April 2014

Strategic Report

The Directors present their Strategic report and the audited financial statements of President Energy PLC for the year ended 31 December 2013.

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

The results for 2013 have been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Group adopts the US Dollar as its presentation currency to reflect the fact that most of the Group's activities are denominated in that currency. The balance sheet of the Parent Company is prepared under UK Generally Accepted Accounting Policies (UK GAAP). Proved and probable oil and gas reserves have been assessed by the Directors after obtaining third party competent person reports. These assets are not recognised in the balance sheet, with the exception of costs incurred to acquire them, evaluate their prospectivity and bring them into production.

Revenue increased 19% to US$13.4 million (2012: US$11.3 million) reflecting the 29% increase in USA production and a 7% increase in production in Argentina. Production in the USA increased to 86,300 mboe (2012: 66,800 mboe) with the more valuable oil component remaining constant at 88% of production (2012: 88%). The increase in USA production is attributable to the continued programme on the East White Lake field of workovers, plugbacks and drilling proved undeveloped locations. Production at the Puesto Guardian concession in Argentina increased 7% on the prior year as a consequence of the workover and frac programme undertaken on three wells leading to an increase in Argentine revenue of US$5.2 million (2012: US$4.8 million).

Cost of sales remained flat at US$8.1 million (2012: US$8.1 million) despite the 18% increase in Group production primarily due to a reduction in workover activity in Argentina which resulted in lower well operating costs, down 12%. Gross Profit increased 63% to US$5.3 million (2012: US$3.2 million).

Administrative expenses have reduced by 11% to US$7.6 million (2012: US$8.5 million) partly because of the capitalisation of overhead costs that are directly attributable to the concessions, following the greater focus of activity in Paraguay in particular. The costs of the business have increased in line with the level of activity in Paraguay where, as operator, we have undertaken a significant seismic campaign and are now gearing up to the drilling phase. The main components of administrative expenses are staff costs of US$4.4 million (2012: US$3.6 million) and share-based payments of US$1.3 million (2012: US$0.6 million).

Operating loss of US$2.8 million (2012: US$5.3 million) reflects the improvement in gross profit and a US$0.5 million impairment charge for the period relating to the carried costs for the PEL 132 licence that was relinquished in the year. Finance costs of US$0.8 million (2012: US$1.6 million) relate to interest and facility fees on a US$15.0 million loan facility, provided by IYA Global Limited (IYA), (see note 30 for further details). The loan facility was undrawn at the year-end but was utilised during the period to allow the Company to extend its Paraguay seismic programme, the results of which can be seen in the RPS Prospective Resource report published in January.

Financial Review (continued)

In December 2013 the Company announced an initial equity subscription by the International Finance Corporation (IFC) of US$15 million. The equity raise coupled with the ongoing seismic and pre-drilling payments are reflected in the year-end cash balances of US$10.0 million (2012: US$17.5 million). Non-current assets increased to US$95.9 million (2012: US$75.6 million) as a consequence of US$28 million of additions, which mostly relate to Paraguay, but reflecting also a US$6.6 million non-cash exchange rate adjustment because of the devaluation of the Argentine Peso and Australian Dollar against the United States Dollar in the year. Net assets increased to US$95.7 million (2012: US$86.9 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.

	2013	2012	Increase/ (Decrease)
Production			
Net oil and natural gas liquid production mbbls	145.5	123.9	17.4%
Net gas production mmcf	64.3	48.2	34.0%
Production mboe			
USA	86.3	66.8	29.2%
Argentina	69.9	65.1	7.4%
Total net hydrocarbons	156.2	131.9	18.4%
Well operating costs US$000			
USA	1,462	1,390	5.2%
Argentina	3,900	4,419	−11.7%
Total operating costs	5,362	5,809	−7.7%
Well operating costs per boe US$			
USA	16.9	20.7	−18.2%
Argentina	55.8	67.9	−17.8%
Total well operating costs per boe US$	34.3	44.0	−22.1%
Cash balances US$000	10,009	17,517	−44.4%

Well operating costs have reduced by a combined 8% against a backdrop of rising production. In Argentina the costs of the successful fracking programme have been capitalised as an asset while 2012 workover activity was reflected in the Income Statement. The lower operating costs and higher production, as detailed above, combine to reduce US Dollar well operating costs per boe by 22% overall.

ON BEHALF OF THE BOARD

Ben Wilkinson

Finance Director

29 April 2014

Directors' Report

The Directors present their report and the audited financial statements of President Energy PLC for the year ended 31 December 2013.

Directors

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

Peter Levine
John Hamilton
Benjamin Wilkinson
Miles Biggins (appointed 16 January 2013)
Dr. Richard Hubbard (appointed 16 January 2013)
Dr. David Jenkins
Dr. Michael Cochran
David Wake-Walker

None of the Directors has a service agreement of more than one year's duration. Save as disclosed in the Directors' Remuneration Report on page 11 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$1.7 million (2012: loss US$5.5 million). The Directors do not recommend a dividend. (2012: 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 22. Each ordinary share carries the right to one vote at general meetings of the Company.

Subsequent Events

On 10 January 2014, the Company announced that, subject to Governmental and regulatory approvals, it has been granted an option at no cost to the staged farm-in of up to 80% maximum participating interest in the Hernandarias Block in the Chaco Region of Paraguay as operator. Subject to exercise of the option, on completion of the Agreement, President will fund the first US$17 million of a work programme, including one well drilled to test the Devonian at any time within the three year exploration phase of the Concession Contract (the period starts upon the award of the Concession Law). No additional consideration or back costs are payable by President. The Hernandarias Block covers a very large area (18,507 km^2) and is located immediately north of President's existing Pirity and Demattei concessions.

In January 2014, the Company published the outcome of an independent audit of Prospective Resources carried out by the international consultancy, RPS, over its 2014 drilling target prospect areas in Paraguay. The report estimates gross mean unrisked Prospective Resources of 1,093 mmboe over three prospect areas and demonstrates the opportunity to open up a significant new hydrocarbon province.

On 24 February 2014, the Company announced the approval of all resolutions at the General Meeting held that day sanctioning the allotment of new shares under the Placing and Open Offer made earlier in the month. The Company successfully raised US$50.8 million in cash which resulted in 89,031,876 new shares being admitted on AIM pursuant to the Placing and Open Offer. Details of the dealings by directors are provided in the Directors' Remuneration Report. The equity raise was supported by new and existing institutional shareholders and the funds raised will be used to fund the 2014 exploration drilling campaign in Paraguay.

On 24 March 2014, the Company announced that it had entered into a firm drilling contract with Queiroz Galvão Óleo e Gás, one of the largest drilling contractors and production services providers in Brazil, for its 2014 drilling campaign in Paraguay. The first well in the Paraguay drilling campaign is scheduled to spud by the end of May 2014.

Substantial Shareholders

As at 15 April 2014, the latest practicable date prior to the publication of this report, the following interests appeared in the register.

Lynchwood Nominees Limited	78,015,607	19.72%
Vidacos Nominees Limited	55,065,184	13.92%
Mineworkers Pension Scheme/Chase GIS/Nominees Limited	22,242,164	5.62%
BNY (OCS) Nominees Limited	22,107,806	5.59%

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

PLLG Investments Limited	19.32%
International Finance Corporation	13.54%
Schroders plc	11.18%
Baillie Gifford & Co	6.72%
Harvison Capital Management, LLC	4.74%
Norges Bank	4.01%

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	76,412,209
Benjamin Wilkinson	40,000
Richard Hubbard	350,000

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

Further details of PLLGI are set out in note 30.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 06 to 07. In addition, note 27 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group's cash position at the year-end was US$10.0 million (2012: US$17.5 million). A further US$50.8 million was raised in February 2014 to fund the drilling campaign in Paraguay. Additionally, a loan facility of up to US$15.0 million has been made available to the Group (note 30), which is currently undrawn. The Group is reliant on production revenues from existing producing wells. The principal uncertainty in the Group's forecasts and projections relates to the level of future production and consequent revenues and the estimates of future drilling costs. The Group consults with industry specialists to ensure operational projections are accurate.

The Directors believe that the Group will be able to operate within its existing committed funding and to meet all commitments as they fall due. Further details of the Group's commitments are set out in note 26. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Environment

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

Principal Risks and Uncertainties Facing the Company

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

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

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

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

These risks are mitigated by managing our responsibilities as operator, and working closely with our partners on the fields that we do not operate.

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

Financial Risk Management Objectives and Policies

Exchange rate risk

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

The Group has oil and gas production in both Argentina and the US and receives revenue in Argentine Pesos and US Dollars. Currently planned Group expenditure is across the four currencies of US Dollars, Paraguayan Guarani, Argentine Pesos and Australian Dollars. The Group mitigates currency risk by holding cash reserves in the currencies it requires for expenditure and also takes out currency options to hedge significant currency exposure. Sterling is retained for central corporate costs. Further details are provided in note 27.

Price risk

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

Payment Policy and Practice

It is Company and Group policy to settle all debts with creditors on a timely basis and in accordance with the terms of credit agreed with each supplier. Normal payment terms are 30 days or less. The Group had no trade creditors overdue at 31 December 2013.

The average creditor days were 21 (2012: 31). 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 30.

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 16 June 2014 at 11:00 a.m at Bell Pottinger, 5th floor, Holborn Gate, WC1V 7QD.

ON BEHALF OF THE BOARD
Peter Levine
Chairman
29 April 2014

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 a separate Directors' Remuneration Report.

The current Directors are:

Peter Levine – Chairman
(appointed 11 May 2012)
Mr. Levine is a graduate and Honorary Fellow of Trinity College, Oxford. He founded the former FTSE 250 company Imperial Energy Corporation PLC, where he was Executive Chairman. Previously he was Chairman of Severfield-Rowan PLC.

John Hamilton – Chief Executive Officer
John Hamilton was previously Group Finance Director of Imperial Energy Corporation PLC until January 2009. Prior to joining Imperial Energy, John held senior positions at ABN AMRO.

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

Miles Biggins – Commercial Director
(appointed 16 January 2013)
Miles, a petroleum engineer, worked for Shell International for 15 years in a variety of technical and commercial roles, focusing latterly on business development. Following Shell, Miles joined Northern Petroleum PLC as Business Development Manager, where he worked until 2011. Miles was instrumental in Northern's new country entry into the Netherlands, and the building of the Italian and UK asset portfolios.

Dr. Richard Hubbard – Chief Operating Officer
(appointed 16 January 2013)
Dr Hubbard, a graduate of Stanford University, has 40 years' experience in international E&P business and has served in a wide range of leadership positions with BP, Statoil and Monument Oil & Gas. At BP, Richard served as Chief Geologist leading teams that discovered more than fifteen billion barrels. At Statoil, he served on the Executive Board with responsibility for all business outside Norway.

Dr. David Jenkins – Deputy Chairman & Senior Independent Non-Executive Director
(appointed 06 February 2012)
David has had a distinguished career spanning 50 years. He retired from BP at the end of 1998. During this time, he became Chief Geologist in 1979 and General Manager for BP Exploration in 1984. He was then promoted to Chief Executive Technology for BP Exploration and Chief Technology Advisor to the CEO. David served for 9 years (2001-2009) as a Director of BHP Billiton PLC, the world's largest and most successful diversified resource company. David is currently serving as Energy Advisor to Temasek and Riverstone.

Dr. Michael Cochran – Non-Executive Director and Chairman of Remuneration Committee
Mike Cochran has over 40 years' experience of the oil and gas business. Previously he was Senior Vice President, Strategy and Planning and Vice President of Worldwide Exploration for Anadarko Petroleum Corporation. Prior to his time at Anadarko, Mike was with Gulf Oil Company in Africa, South America and the US.

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

Remuneration Committee

The Remuneration Committee's primary objective is to provide recommendations to the Board on the Group's remuneration policies and to determine the remuneration of the Executive Directors and other key employees. The Remuneration Committee comprises Mike Cochran (Chairman), David Jenkins, Peter Levine and David Wake-Walker. Other Directors may be invited to attend meetings of the Remuneration Committee but no director participates in any decision affecting his own remuneration. The Remuneration Committee meets as necessary, and during the year met formally four 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 2013, 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 2013 is set out below.

	Note	2013 US$000	2012 US$000
Peter Levine (appointed 11 May 2012)	a	563	428
John Hamilton	b	485	440
Benjamin Wilkinson		364	416
Miles Biggins (appointed 16 Jan 2013)		465	–
Dr. Richard Hubbard (appointed 16 Jan 2013)		465	–
Dr. David Jenkins (appointed 6 February 2012)	c	66	70
Dr. Michael Cochran		50	50
David Wake-Walker	d	59	60
		2,517	1,464

Note

Further details on share options can be found in note 23. Other than amounts paid directly to the individual, amounts were also paid to related parties as follows.

a) 2013: US$nil (2012: US$141,019) was paid to Levine Capital Management Limited (now PLLG Investments Limited) for the services of Peter Levine in the period before 11 May 2012 when Peter Levine was appointed Executive Chairman. Further details are set out in note 30 Transactions with Directors and other related parties.

b) 2013: US$nil (2012: US$277,046) was paid to Levine Capital Management Advisors Limited (now PLLG Investments Limited), a company of which John Hamilton is a Non-Executive Director, in respect of John Hamilton's remuneration. John Hamilton became a full time employee of President Energy with effect from 1 November 2012 and is no longer seconded by Levine Capital Management Advisors Limited. Further details of that company are set out in note 30 Transactions with Directors and other related parties.

c) US$33,329 (2012: US$31.725) was paid to Chartwood Resources Limited, a company of which David Jenkins is a shareholder and director. There were no outstanding balances as at the year-end.

d) US$50,665 (2012: US$51,261) was paid to David Wake-Walker Limited, a company of which David Wake-Walker is a shareholder and director. There were no outstanding balances as at the year-end.

Directors' Interests in the Share Capital of the Company

The beneficial interests of the Directors who held office at 31 December 2013 in the Ordinary Shares of the Company were:

	15 April 2014 1p shares	15 April 2014 % interest	31 December 2013 1p shares	31 December 2012 1p shares
Peter Levine	76,412,209	19.32%	71,973,525	68,548,525
John Hamilton	429,786	0.11%	400,000	380,000
Benjamin Wilkinson	110,861	0.03%	82,290	40,000
Dr. Richard Hubbard	421,000	0.11%	350,000	n/a
Miles Biggins	191,459	0.05%	161,676	n/a
Dr. David Jenkins	155,000	0.04%	125,000	75,000
David Wake-Walker	353,804	0.09%	293,804	253,804
Dr. Michael Cochran	100,000	0.03%	100,000	100,000

Peter Levine, Benjamin Wilkinson and Richard Hubbard hold some of their shares through PLLG Investments Limited. Further details of that company are set out in note 30.

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 23.

This report was approved by the Board on 29 April 2014 and was signed on its behalf by:

David Wake-Walker
Company Secretary
29 April 2014

Corporate Governance Statement

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

The Board

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

Board Committees

During 2013 the audit committee comprised David Wake-Walker (Chairman), David Jenkins and Michael Cochran. The remuneration committee comprises Michael Cochran (Chairman), Peter Levine, David Jenkins and David Wake-Walker.

The role of the Audit Committee includes:

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

The role of the Remuneration Committee includes:

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

Relations with Shareholders

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

Internal Controls

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

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

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

Health, Safety and Environmental (HSE)

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

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

Bribery Act

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

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

Responsibility Statement

We confirm that to the best of our knowledge:

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

Peter Levine
Chairman
29 April 2014

Benjamin Wilkinson
Finance Director
29 April 2014

Independent Auditor's Report

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

We have audited the financial statements of President Energy PLC for the year ended 31 December 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Balance Sheet and the related notes 1 to 30 of the Consolidated Accounts and 1 to 8 of the Parent Company Accounts.

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

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2013 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Bevan Whitehead (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
29 April 2014

Consolidated Statement of Comprehensive Income Year ended 31 December 2013

	Note	2013 US$000	2012 US$000
Continuing Operations			
Revenue	4	13,408	11,288
Cost of sales	5	(8,131)	(8,056)
Gross profit		5,277	3,232
Administrative expenses	6	(7,620)	(8,543)
Operating loss before impairment charge		(2,343)	(5,311)
Impairment charge	7	(447)	–
Operating loss		(2,790)	(5,311)
Interest income		80	9
Realised gains/(losses) on translation of foreign currencies		(997)	540
Finance costs	8	(825)	(1,579)
Loss before tax	9	(4,532)	(6,341)
Income tax credit	11	2,849	886
Loss for the year from continuing operations		(1,683)	(5,455)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(5,892)	1,024
Total comprehensive loss for the year attributable to the equity holders of the parent		(7,575)	(4,431)
Loss per share	12	US cents	US cents
Basic earnings per share from continuing operations		(0.6)	(3.4)
Diluted earnings per share from continuing operations		(0.6)	(3.4)

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

Consolidated Statement of Financial Position 31 December 2013

ASSETS	Note	2013 US$000	2012 US$000
Non-current assets			
Intangible assets	13	58,650	51,301
Property, plant and equipment	14	34,666	23,763
		93,316	75,064
Deferred tax	21	2,255	–
Other non-current assets	15	326	591
		95,897	75,655
Current assets			
Trade and other receivables	16	5,406	6,178
Cash and cash equivalents	17	10,009	17,517
		15,415	23,695
TOTAL ASSETS		111,312	99,350
LIABILITIES			
Current liabilities			
Trade and other payables	18	7,479	4,013
		7,479	4,013
Non-current liabilities			
Long-term provisions	20	1,590	1,470
Deferred tax	21	6,567	6,999
		8,157	8,469
TOTAL LIABILITIES		15,636	12,482
EQUITY			
Share capital	22	13,471	12,862
Share premium		133,061	118,658
Translation reserve		(4,878)	1,014
Profit and loss account		(48,925)	(47,242)
Reserve for share-based payments		2,947	1,576
TOTAL EQUITY		95,676	86,868
TOTAL EQUITY AND LIABILITIES		111,312	99,350

These financial statements for President Energy PLC (company number 510249) were approved by the Board of Directors and authorised for issue on 29 April 2014.

They were signed on their behalf by:

Peter Levine
Chairman

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

Consolidated Statement of Changes in Equity Year ended 31 December 2013

Attributable to the owners of the Company

	Share capital US$000	Share premium US$000	Translation reserve US$000	Profit and loss account US$000	Reserve for share-based payments US$000	Total US$000
Balance at 1 January 2012	10,611	68,788	(10)	(41,787)	937	38,539
Share-based payments	–	–	–	–	639	639
Placings of ordinary shares	1,949	46,454	–	–	–	48,403
Warrants issued on acquisition of Paraguay assets	302	5,733	–	–	–	6,035
Costs of issue	–	(2,317)	–	–	–	(2,317)
Transactions with the owners	2,251	49,870	–	–	639	52,760
Loss for the year	–	–	–	(5,455)	–	(5,455)
Other comprehensive income						
Exchange differences on translation	–	–	1,024	–	–	1,024
Total comprehensive income for the year	–	–	1,024	(5,455)	–	(4,431)
Balance at 1 January 2013	12,862	118,658	1,014	(47,242)	1,576	86,868
Share-based payments	–	–	–	–	1,371	1,371
Placing of ordinary shares	603	14,484	–	–	–	15,087
Option exercised	6	167	–	–	–	173
Costs of issue	–	(248)	–	–	–	(248)
Transactions with the owners	609	14,403	–	–	1,371	16,383
Loss for the year	–	–	–	(1,683)	–	(1,683)
Other comprehensive income						
Exchange differences on translation	–	–	(5,892)	–	–	(5,892)
Total comprehensive income for the year	–	–	(5,892)	(1,683)	–	(7,575)
Balance at 31 December 2013	13,471	133,061	(4,878)	(48,925)	2,947	95,676

Consolidated Statement of Cash Flows Year ended 31 December 2013

	2013 US$000	2012 US$000
Cash flows from operating activities		
Cash generated by operating activities (note 24)	6,320	(4,491)
Interest received	80	9
Taxes paid	(298)	(356)
Taxes refunded	–	104
	6,102	(4,734)
Cash flows from investing activities		
Expenditure on exploration and evaluation assets	(24,669)	(12,301)
Expenditure on development and production assets	(3,302)	(5,811)
Expenditure on abandonment	(83)	–
Deferred consideration	–	(10,750)
	(28,054)	(28,862)
Cash flows from financing activities		
Loan drawn	5,750	9,000
Proceeds from issue of shares (net of expenses)	14,839	46,086
Proceeds from options exercised	173	–
Repayment of borrowings	(5,750)	(9,000)
Payment of interest and loan fees	(825)	(1,579)
	14,187	44,507
Net (decrease)/increase in cash and cash equivalents	(7,765)	10,911
Opening cash and cash equivalents at beginning of year	17,517	6,293
Exchange gains on cash and cash equivalents	257	313
Closing cash and cash equivalents	10,009	17,517

On 2 February 2012, the Group raised US$9 million, net of expenses, through a placing of ordinary shares.

On 12 September 2012, the Group raised US$39 million in cash through a placing of ordinary shares and issued shares worth US$6 million as part consideration for the farm-in in Paraguay.

On 13 December 2013, the Group raised US$15 million in cash, net of expenses, through a placing with International Finance Corporation a member of the World Bank Group.

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

1. General information

Corporate status

President Energy PLC (formerly President Petroleum Company PLC until 28 September 2012) is a company incorporated in England under the Companies Act 2006. The address of the registered office is given on page 51. 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 07. The Company is quoted on the AIM market of the London Stock Exchange (ticker: PPC), and is headquartered in London, UK, with offices in Asunción, Paraguay, Buenos Aires, Argentina, and Clarkston, Michigan, USA.

Presentation currency

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

2. Significant accounting policies

a) Basis of preparation

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

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

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

In the current year the Group has adopted all applicable IFRSs and Interpretations which have been endorsed by the EU and which are relevant to its operations and mandatory for accounting periods beginning on 1 January 2013 and no restatement of prior year amounts has been required.

- IFRS 7 has been amended to require disclosure of information about rights of set-off and related arrangements in regard to financial assets and liabilities.
- IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The new standard also requires new disclosures to assist users to understand the valuation techniques and inputs used to develop fair value measurements and the effect of fair value measurement on profit or loss.
- IAS 1 Presentation of Items of Other Comprehensive Income. The amendment to IAS 1 requires that items that will be reclassified to the income statement in the future will be presented separately from items that will never be reclassified.
- IAS 19 Employee Benefits (Revised). The revisions to IAS 19 includes, for defined benefit plans: the ability to defer recognition of actuarial gains and losses has been removed, expected returns on plan assets are no longer recognised in profit or loss, objectives for disclosure of defined benefit plans are explicitly stated in the revised standard, termination benefits are recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised and the distinction between short-term and other long-term employee benefits is based on the expected timing of settlement rather than the employee's entitlement to the benefits.
- Amendments to IFRS 1. Outlines treatment of Severe Hyperinflation and removal of fixed dates for first time adopters.
- Amendments to IAS 12. Clarifies the deferred tax recovery of underlying assets

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

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

• IFRS 10	*Consolidated financial statements*
• IFRS 11	*Joint Arrangements*
• IFRS 12	*Disclosure of interests in other entities*
• IAS 27	*Separate financial statements*
• IAS 28	*Investments in associates and joint ventures*
• Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
• Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
• Amendments to IAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*

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

- IFRS 9 will impact both the measurement and disclosure of financial instruments;
- IFRS 10 may impact the amounts reported in the consolidated financial statements as it provides a single basis for consolidation with a new definition of control;
- IFRS 11 may result in changes in the accounting of jointly-controlled;
- IFRS 12 will impact the disclosure of interests in other entities such as subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

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. 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. There are no unrealised gains and losses or income and expenses arising from intra Group transactions. Intra Group balances are eliminated in preparing the consolidated financial statements.

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

d) Going concern

The accounts have been prepared under the going concern basis.

2. Significant accounting policies (continued)

d) Going concern (continued)

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 06 to 07. In addition, note 27 and note 28 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group's cash position at the year-end is US$10.0 million (2012: US$17.5 million). A further US$50.8 million was raised in February 2014 to fund the drilling campaign in Paraguay. Additionally, a loan facility of up to US$15.0 million has been made available to the Group (note 30), which is currently undrawn. The principal uncertainty in the Group's forecasts and projections relates to the level of future production and consequent revenues and the estimates of future drilling costs. The Group consults with industry specialists to ensure operational projections are accurate.

The Directors believe that the Group will be able to operate within its existing committed funding and to meet all commitments as they fall due. Further details of the Group's commitments are set out in note 26. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

e) Revenue recognition

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

f) Oil and natural gas exploration and development expenditure

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

Exploration and evaluation expenditure – intangible assets

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

Development and production assets – property, plant and equipment

All field development costs and transferred exploration and evaluation costs are capitalised as property, plant and equipment. Property, plant and equipment related to production activities are amortised in accordance with the Group's Depletion and Amortisation accounting policy. 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. In 2012 the Group policy was to deplete capitalised expenditure against proved developed reserves. The impact of

2. Significant accounting policies (continued)

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

the change is to decrease depreciation in 2013 by US$135,464. This change is considered to be a change in accounting estimate under IAS 8 and accordingly the effect of the change is recognised prospectively and no prior period balance has been restated.

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.

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.

2. Significant accounting policies (continued)

h) Property, plant and equipment (continued)

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

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

i) Foreign currencies

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which an entity primarily generates and expends cash. The Parent Company's functional and presentation currency is pounds sterling. The Group has chosen the US Dollar as its presentation currency based on the fact that the Group's primary transactions originate in US Dollars, these being amongst others gas and oil sales and the procurement of the majority of the Group's plant and drilling services. Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. All exchange differences on transactions in currencies other than the individual entity's functional currency are recognised as profit or loss in the year in which they are incurred. Monetary assets and liabilities that are denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date with any exchange differences arising on retranslation being recognised as profit or loss in the statement of comprehensive income. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies

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

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

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

j) Financial instruments

Cash and cash equivalents

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

Trade payables and other creditors

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

2. Significant accounting policies (continued)

j) Financial instruments (continued)

Derivative financial instruments

The Group uses 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 27 h) for a summary of the Group's financial assets by category. An assessment of whether indications of impairment exist for a financial asset is made at least at each reporting date. If there is indication of impairment, an impairment review is undertaken.

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

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

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

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

k) Income taxes

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

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

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

2. Significant accounting policies (continued)

k) Income taxes (continued)

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.

l) Share-based payments

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

The fair values are calculated using a Black-Scholes option pricing model. Further details are in note 23.

m) Operating leases

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

n) Segment reporting

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

o) Business combinations

Acquisitions of subsidiaries which are businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and liabilities are recognised and measured in accordance with IAS 12 Income Taxes.

3. Critical accounting judgements and key sources of estimation uncertainty

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

Estimation of oil and gas reserves

Oil and gas reserves are key elements in the Group's investment decision-making process. They are also an important element in testing for impairment. 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 and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs.

All proved and probable reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Because oil and gas assets are accounted for on an historical cost basis, the prospective value of the above assets is not fully carried in the Statement of Financial Position, but unaudited reserves quantities are detailed in the Chairman's statement on page 05.

Impairment review

When assessing the carrying value of oil and gas producing wells included in tangible assets the Company estimates future production levels and prices against predicted production costs to assess the continuing economic viability and value of the well or field. For non-producing assets included in intangible exploration and evaluation assets the cost of bringing the resource into production needs to be assessed against the volumes, prices and operating costs anticipated from estimated future production, to the extent that the evaluation of these assets is sufficiently advanced for those to be determined. For other intangible exploration and evaluation assets an impairment is generally triggered by a licence expiry or when further exploration or evaluation is no longer planned. A key judgement in relation to the Group's oil and gas assets in Australia is detailed in note 13. The carrying value of oil and gas assets subject to impairment review is US$93.3 million (2012: US$75.1 million) at the balance sheet date.

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 Australia.

	Argentina 2013 US$000	Paraguay 2013 US$000	USA 2013 US$000	Australia 2013 US$000	UK 2013 US$000	Total 2013 US$000
Revenue	5,175	–	8,233	–	–	13,408
Cost of sales						
Depreciation	781	–	1,988	–	–	2,769
Well operating costs	3,900	–	1,462	–	–	5,362
Administrative expenses	956	127	749	23	5,765	7,620
Impairment cost	–	–	–	447	–	447
Segment costs	5,637	127	4,199	470	5,765	16,198
Segment operating profit/(loss)	(462)	(127)	4,034	(470)	(5,765)	(2,790)

	Argentina 2012 US$000	Paraguay 2012 US$000	USA 2012 US$000	Australia 2012 US$000	UK 2012 US$000	Total 2012 US$000
Revenue	4,831	–	6,457	–	–	11,288
Cost of sales						
Depreciation	801	–	1,446	–	–	2,247
Well operating costs	4,419	–	1,390	–	–	5,809
Administrative expenses	2,116	673	703	80	4,971	8,543
Segment costs	7,336	673	3,539	80	4,971	16,599
Segment operating profit/(loss)	(2,505)	(673)	2,918	(80)	(4,971)	(5,311)

Segment assets

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

	Argentina 2012 US$000	Paraguay 2012 US$000	USA 2012 US$000	Australia 2012 US$000	UK 2012 US$000	Total 2012 US$000
Intangible assets	19,171	14,376	3,191	14,563	–	51,301
Property, plant and equipment	20,527	366	2,724	–	146	23,763
	39,698	14,742	5,915	14,563	146	75,064
Other assets	4,008	72	1,841	58	790	6,769
	43,706	14,814	7,756	14,621	936	81,833

Segment assets can be reconciled to the Group as follows:

	2013 US$000	2012 US$000
Segment assets	101,303	81,833
Group cash	10,009	17,517
Group assets	111,312	99,350

5. Cost of sales

	2013 US$000	2012 US$000
Depreciation	2,769	2,247
Well operating costs	5,362	5,809
	8,131	8,056

6. Administrative expenses

Directors and staff costs (including non-executive Directors)	4,406	3,623
Share-based payments	1,250	639
Depreciation	83	115
Other	1,881	4,166
	7,620	8,543

7. Impairment charge

Relinquishment of PEL132 licence in Australia	447	–
	447	–

8. Finance costs

Loan fees	738	1,347
Loan interest	87	232
	825	1,579

9. Loss before tax

Loss before tax has been arrived at after charging:

Depreciation of property, plant and equipment (note 14)	2,852	2,362
Impairment of intangible assets (note 13)	447	–
Staff costs (note 10)	4,274	4,411
Rentals payable in respect of land and buildings	281	215

Auditor's remuneration

Fees payable to the Company's auditor for the audit of the annual accounts	79	84
Audit of the Company's subsidiaries	45	42
Total audit fees	124	126
Audit related assurance services	13	13
Tax advisory services	18	18
Other non audit services	–	36
	155	193

10. Staff costs

	2013 Number	2012 Number
Average monthly number of employees		
(including executive Directors and Chairman but excluding Non-Executive Directors)	14	13

	2013 US$000	2012 US$000
Wages, salaries and Directors' fees		
(including Chairman and excluding Non-Executive Directors)	4,231	3,334
Expense in respect of share-based payments	1,250	639
Social security costs	350	438
	5,831	4,411

A proportion of the staff costs above is included in the cost of non-current assets.

	2013 US$000	2012 US$000
Emoluments paid in respect of the highest paid		
Director in the year (excluding share-based payment charge)	563	440

Included in the above is the following Directors' remuneration earned in respect of the financial year by each director of the AIM 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.

	2013 US$000	2012 US$000
Peter Levine (appointed 11 May 2012)	563	428
John Hamilton	485	440
Benjamin Wilkinson	364	416
Miles Biggins (appointed 16 Jan 2013)	465	–
Dr. Richard Hubbard (appointed 16 Jan 2013)	465	–
Dr. David Jenkins (appointed 6 February 2012)	66	70
Dr. Michael Cochran	50	50
David Wake-Walker	59	60
	2,517	1,464

The above amounts do not include charges in respect of share based payments. Details of share options granted are provided in note 23.

11. Tax

	2013 US$000	2012 US$000
Current tax charge	(298)	(252)
Deferred tax		
Origination and reversal of temporary differences	3,147	1,138
	2,849	886

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

Loss on ordinary activities before taxation	(4,532)	(6,341)
Tax at 23.25% (2012 24.5%)	1,054	1,554
Tax losses utilised but not previously recognised	886	337
Tax losses carried forward but not recognised	(1,423)	(1,950)
Expenses not deductible for tax purposes	(429)	(177)
Difference between US and UK tax rates	(418)	(85)
Origination and reversal of temporary differences	3,147	1,138
Adjustments relating to prior years	32	69
Tax as per statement of comprehensive income	2,849	886

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

12. Loss per share

	2013 US$000	2012 US$000
Net loss for the period attributable to the equity holders of the Parent Company	(1,683)	(5,455)

	Number '000	Number '000
Weighted average number of shares in issue	269,997	161,128

	US cents	US cents
Loss per share		
Basic earnings per share from continuing operations	(0.6)	(3.4)
Diluted earnings per share from continuing operations	(0.6)	(3.4)

At 31 December 2013, 15,833,098 (2012: 8,388,023) weighted potential ordinary shares in the Company which underlie the Company's share option and share warrant awards, and which may dilute earnings per share in the future, have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the years to 31 December 2012 and 2013.

13. Intangible assets – exploration and evaluation assets

	US$000
Cost	
At 1 January 2012	53,353
Additions	18,336
Transfer to Tangible Assets	(1,602)
At 1 January 2013	70,087
Additions	24,669
Transfer to Tangible Assets	(14,101)
Exchange difference	(2,772)
At 31 December 2013	77,883
Impairment	
At 1 January 2012 and 31 December 2012	18,786
Impaired in year (note 7)	447
At 31 December 2013	19,233
Net Book Value	
At 31 December 2013	58,650
At 31 December 2012	51,301

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

Additions of US$24.1 million for 2013 principally arose in Paraguay and comprise expenditure on seismic, well site preparation and drilling overheads in advance of the drilling campaign in 2014. Exchange differences of US$2.8 million reflect the fall in value of the Argentine Peso and Australian Dollar relative to the US dollar in Argentina and Australia. Following seismic reprocessing in 2013, intangible assets in Argentina (US$11.0 million) have been transferred to Property, Plant and Equipment; while an updated competent persons report (CPR) has led to a transfer in the USA (US$3.1 million).

An amount of US$12.5 million (2012: US$14.6 million) is carried in relation to the Group's interests in Australia. An impairment charge of US$0.45 million has been taken for the historical expenditure on PEL 132 which was relinquished in the year. The remaining 2013 intangible asset relates to the cost of exploration expenditure on the PEL 82 licence area. President has reprocessed the existing 3D seismic and extended the expiry date of the licence in the year, following which efforts have recently recommenced to find industry participation for further activity on the exploration licence. Early stage discussions are ongoing, the results of which will be a key factor in determining further activity. Should ongoing efforts and discussion lead to no further activity on the licence the carrying amount will be written off in the future periods under the Group's accounting policies.

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

	US$000
Cost	
At 1 January 2012	28,669
Additions	4,590
Addition through business acquisition	–
Transfer from Intangible Assets – exploration and evaluation assets	1,602
At 1 January 2013	34,861
Additions	3,586
Transfer from Intangible Assets – exploration and evaluation assets	14,101
Disposal	(167)
Exchange difference	(3,870)
At 31 December 2013	48,511
Depreciation	
At 1 January 2012	8,736
Charge for the year	2,362
At 1 January 2013	11,098
Charge for the year	2,852
Disposal	(105)
At 31 December 2013	13,845
Net Book Value	
At 31 December 2013	34,666
At 31 December 2012	23,763

The fall in value of the Argentine Peso relative to the US dollar resulted in a reduction in the carrying value of the assets held.

15. Other non-current assets

	2013 US$000	2012 US$000
Financial assets – Deposits with state authorities	326	330
Prepayments – Loan fee	–	261
	326	591

16. Trade and other receivables

	2013 US$000	2012 US$000
Trade receivables	2,892	2,005
Other receivables	1,301	2,335
Prepayments	1,213	1,838
	5,406	6,178

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.

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 2013, 85% of the Group's trade receivables was due from the three largest counter-parties. These amounts have been recovered in full since 1 January 2014.

17. Cash and cash equivalents

	2013 US$000	2012 US$000
Cash at bank and in hand	10,009	17,517

18. Trade and other payables

	2013 US$000	2012 US$000
Trade payables	6,169	3,584
Other payables	1,310	429
	7,479	4,013

19. Borrowings and deferred consideration

		2013 US$000	2012 US$000
Balance at beginning of year		–	10,750
Loan drawn in year (note 30)		5,750	9,000
Repaid in period:	Capital repayments	5,750	9,000
	Interest paid	87	209
		(5,837)	(9,209)
Deferred consideration paid		–	(10,750)
Interest payable in Statement of Comprehensive Income in period		87	209
		–	–

20. Long-term provision – Decommissioning

	US$000
At 1 January 2012	2,691
Release of provision	(1,221)
At 1 January 2013	1,470
Increase in provision	284
Exchange difference	(81)
Cost incurred	(83)
At 31 December 2013	1,590

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

21. Deferred tax

	US$000
Liability at 1 January 2012	8,813
Movement in year	1,814
Liability at 1 January 2013	6,999
Movement in year	(892)
Exchange difference	460
Liability at 31 December 2013	6,567

All of the above relates to oil and gas properties. The temporary differences arise from transactions being treated in a different tax period from that dealt with in the Statement of Comprehensive Income. The movement in the deferred tax liability relates to Argentina which is subject to foreign exchange differences.

During 2013 US tax losses amounting to US$12.3 million have been recognised following the success of a work programme which has extended field lives. This gives rise to projected future profits which support the recognition and recoverability of a net deferred tax asset of US$2.2 million (2012: nil).

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

	2013 US$000	2012 US$000
USA	5,700	20,000
Australia	14,000	14,000
UK	23,000	10,000

22. Share capital

Equity share capital

	2013 '000s	2012 '000s
Issued – allotted, called up and fully paid		
Deferred shares of par value £0.29 (US$0.54)	16,093	16,093
Ordinary shares of par value £0.01 (US$0.02)	306,550	268,700

	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)	4,746	4,137
	13,471	12,862
The issued share capital is reconciled as follows		
Balance at beginning of year	12,862	10,611
Shares issued	609	2,251
Balance at end of year	13,471	12,862

During 2013, the highest mid-market price of the Company's shares was 37p and the lowest was 15p. The year-end price was 34p. In 2013, shares were issued to the IFC to support the 2014 Parayguan drilling campaign while in 2012 two share placements were undertaken to fund the initial Paraguayan work programme.

The deferred shares have no voting rights, no rights to dividends and no rights to capital distributions.

23. Share-based payments

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

	Note	Grant Date	Target Price	31 Dec 2012	Granted	Exercised	Forfeited	31 Dec 2013
Options								
Peter Levine	a	26 Nov 12	100p	2,600,000	–	–	–	2,600,000
John Hamilton	a	26 Nov 12	40-74p	2,200,000	–	–	–	2,200,000
Miles Biggins	b	25 May 11	38-74p	2,400,000	–	–	–	2,400,000
Richard Hubbard	b	02 Feb 12	69-135p	1,297,200	–	–	–	1,297,200
Richard Hubbard	a	26 Nov 12	38-73p	1,000,000	–	–	–	1,000,000
Ben Wilkinson	b	30 Sep 11	51p	600,000	–	–	–	600,000
Ben Wilkinson	a	26 Nov 12	40p	750,000	–	–	–	750,000
Senior employee	b	31 Dec 10	75p	140,000	–	–	140,000	–
Senior employee	b	22 Nov 11	44p	866,931	–	–	–	866,931
Senior employee	b	26 Nov 12	38-73p	1,700,000	–	–	1,700,000	–
Senior employee	b	23 Apr 12	60p	205,000	–	–	205,000	–
Senior employee	a	26 Nov 12	40p	200,000	–	–	200,000	–
Senior employee	b	25 May 11	38p	350,000	–	350,000	–	–
Senior employee	b	01 Mar 13	38-72p	–	2,160,000	–	–	2,160,000
Senior employee	b	17 Jun 13	40p	–	250,000	–	–	250,000
Senior employee	b	15 Oct 13	40-79p	–	1,000,000	–	–	1,000,000
Senior employee	b	14 Nov 13	50p	–	350,000	–	–	350,000
				14,309,131	3,760,000	350,000	2,245,000	15,474,131
Warrants			50p	1,000,000	–	–	–	1,000,000
			33p	923,077	–	–	–	923,077
				16,232,208	3,760,000	350,000	2,245,000	17,397,208

Note

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

23. Share-based payments (continued)

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 is 1.6 years from 31 December 2013. The exercise prices of the options are in the range 25p to 50p and the exercise prices of the warrants are in the range 32.5p to 50p. The warrants were issued in connection with the Group's entry into Argentina in 2011.

Share options held by a former employee were exercised in the period at an exercise price of 27p. In 2013, options were granted on 1 March, 17 June, 15 October and 14 November. The aggregate of the estimated fair value of the options granted on those dates is US$0.6 million (2012: US$1.9 million).

The inputs into the Black-Scholes model are as follows:

	2013	2012
Weighted average exercise price	26.3p	28.2p
Expected volatility	60%	65%
Expected life	3 years	3 years
Risk-free rate	1.0%	1.0%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 12 months. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The warrants are exercisable after one year from grant for a period of two years.

24. Notes to the consolidated statement cash flows

	2013 US$000	2012 US$000
Loss from operations before taxation	(4,532)	(6,341)
Interest on bank deposits	(80)	(9)
Interest payable and loan fees	825	1,579
Depreciation of property, plant and equipment	2,852	2,362
Impairment	447	–
Loss on disposal of assets	62	–
Share-based payments	1,250	639
Foreign exchange difference	997	556
Operating cash flows before movements in working capital	1,821	(1,214)
Decrease / (increase) in receivables	1,033	(2,992)
Decrease / (increase) in payables	3,466	(285)
Net cash generated by operating activities	6,320	(4,491)

25. Contingent liabilities

There are no contingent liabilities.

26. Capital and operating lease commitments

Capital commitments

As at 31 December 2013 the Group was committed to funding a three year exploration programme on each of the Matorras and Ocultar licence areas surrounding Puesto Guardian in Argentina. The licences have a seismic re-processing and new seismic acquisition commitment of US$2 million each with a drill or drop decision after three years (to September 2015).

In Paraguay the Company intends to drill up to three exploration wells in the Pirity Concession. The anticipated net cost of the drilling programme is US$50 million.

Operating lease commitments

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

Minimum lease payments are as follows:

	2013 US$000	2012 US$000
Due within one year	248	187
One to five years	375	229
	623	416

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

27. Risk management objectives and policies

a) Overview

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The Group's risk management is co-ordinated at its London headquarters, in close co-operation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. To date, the Group has financed its operations from equity issues in sterling and loans denominated in US Dollars. In 2012 the Group entered into a new loan facility agreement as described in note 30. 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 2013. 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, which are currently not significant.

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 these contracts at the balance sheet date.

c) Foreign currency risk and sensitivity

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

27. Risk management objectives and policies (continued)

c) Foreign currency risk and sensitivity (continued)

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

	2013 US$000	2012 US$000
US Dollars	8,809	11,426
Sterling	1,032	4,656
Argentine Pesos	98	1,174
Australian Dollars	9	37
Swiss Francs	57	98
Euros	–	121
Paraguayan Guarani	4	5
	10,009	17,517

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$115,000 (2012: US$288,000). If the exchange rate between the US Dollar and the Argentine Peso changed by 10% there would be a profit or loss of US$11,000 (2012: US$576,000).

d) Interest rate risk and sensitivity

The Group places surplus cash on deposit. Based on the average level of interest bearing deposits a 1% change in bank interest rate would increase or decrease interest received by approximately US$38,000 per annum (2012: US$29,000).

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:

	2013 US$000	2012 US$000
Trade receivables	2,892	2,005
Other receivables	1,301	2,335
Cash and cash equivalents	10,009	17,517
Deposits with state authorities	326	330
	14,528	22,187

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 2013 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	6,169	–
Others	1,310	–

27. Risk management objectives and policies (continued)

f) Liquidity risk analysis (continued)

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

	Current	
	<6 months US$000	7-12 months US$000
Trade payables	3,584	–
Others	758	–

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

	2013 US$000	2012 US$000
Non-current assets – loans and receivables		
Deposits with state authorities	326	330
Current assets – loans and receivables		
Trade receivables	2,892	2,005
Other receivables	1,301	2,335
Cash and cash equivalents	10,009	17,517
	14,202	21,857
Current liabilities – Financial liabilities measured at amortised cost		
Trade payables	6,169	3,584
Other payables	1,310	429
	7,479	4,013
Deferred consideration	–	10,750

The fair value of financial assets and liabilities approximates to the carrying value due to the short-term nature of the financial instruments.

28. 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.

29. Subsequent events

On 10 January 2014, the Company announced that, subject to Governmental and regulatory approvals, it has been granted an option at no cost to the staged farm-in of up to an 80% participating interest in the Hernandarias Block in the Chaco Region of Paraguay as operator. Subject to exercise of the option, on completion of the Agreement, President will fund the first US$17 million of a work programme, including one well drilled to test the Devonian at any time within the three year exploration phase of the Concession Contract (the period starts upon the award of the Concession Law). No additional consideration or back costs are payable by President. The Hernandarias Block covers a very large area (18,507 km^2) and is located immediately north of President's existing Pirity and Demattei Concessions.

In January 2014, the Company published the outcome of an independent audit of Prospective Resources carried out by the international consultancy, RPS, over its 2014 drilling target prospect areas in Paraguay. The report demonstrates the opportunity to open up a significant new hydrocarbon province.

On 24 February 2014, the Company announced the approval of all resolutions at the General Meeting held that day sanctioning the allotment of new shares under the Placing and Open Offer made earlier in the month. The Company successfully raised US$50.8 million in cash which resulted in 89,031,876 new shares being admitted on AIM pursuant to the Placing and Open Offer. Details of the dealings by directors are provided in the Directors' Remuneration Report. The funds raised will be used to fund the 2014 exploration drilling campaign in Paraguay.

On 24 March 2014, the Company announced that it had entered into a firm drilling contract with Queiroz Galvão Óleo e Gás, one of the largest drilling contractors and production services providers in Brazil, for its 2014 drilling campaign in Paraguay. The well is scheduled to spud by the end of May 2014.

30. 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 10 and in the Directors' Remuneration Report on pages 11 to 13.

During the year the Company paid US$ nil (2012: US$141,019) to Levine Capital Management Limited for the services of Peter Levine. These amounts relate to the period before 11 May 2012 when Peter Levine was appointed Executive Chairman.

During the year the Company drew and subsequently repaid in full US$5.75 million of a US$15 million loan facility made available by IYA Global Limited, a subsidiary of PLLG Investments Limited (formerly Levine Capital Management Limited). Loan monies may be drawn down and repaid under the facility at the Company's election. Interest accrues on the loan at 10 per cent. per annum on drawn amounts and 5 per cent. per annum on the undrawn balance of the facility. The Company's Directors, having consulted with its nominated advisor, RBC Europe Limited, consider that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned. Loan interest was paid of US$87,000 (2012: US$209,000) and loan fees of US$738,000 (2012: US$1,347,000). PLLG Investments Limited, a company registered in the British Virgin Islands, is the private investment fund of Peter Levine, the largest shareholder in the Company.

Company Balance Sheet
31 December 2013

	Note	2013 £000	2012 £000
Fixed assets			
Investment in subsidiaries	3	2,250	2,250
Property plant and equipment		55	–
		2,305	2,250
Current assets			
Debtors	4	56,860	48,415
Cash at bank and in hand		5,591	8,933
		62,451	57,348
Current liabilities			
Creditors – Amounts falling due within one year	5	774	228
Net current assets		61,677	57,120
Net assets		63,982	59,370
Equity			
Called up share capital	6	7,733	7,354
Share premium	7	82,390	73,317
Retained earnings	7	(27,928)	(22,289)
Share option reserve	7	1,787	988
Total equity attributable to the equity holders		63,982	59,370

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2014. They were signed on their behalf by:

Peter Levine
Chairman

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

1. Significant accounting policies

Basis of accounting

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

Cash flow statement

In accordance with FRS 1 , no cash flow statement has been prepared as the Company's cash flows are included in its consolidated financial statements which are made available to the public on an annual basis. The auditor's remuneration for audit services to the Company is disclosed in note 9 to the consolidated financial statements.

Investments

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

Foreign exchange

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

Related party transactions

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

Deferred tax

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

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

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

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

2. Loss for the year

As permitted by Section 408(1)(b) of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. President Energy PLC reported a loss for the year ended 31 December 2013 of £5,639,000 (2012: loss £8,742,000). There were no other recognised gains and losses.

3. Investment in subsidiaries

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

4. Debtors

	2013 £000	2012 £000
Prepayments and accrued income	118	96
Amounts owed by Group undertakings	56,587	48,319
Other receivables	155	–
	56,860	48,415

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

5. Creditors – falling due within one year

	2013 £000	2012 £000
Social Security and other taxes	44	72
Accruals	455	–
Other creditors	275	156
	774	228

6. Share capital

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

Equity share capital	2013 '000s	2012 '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	306,550	268,700

	2013 £000	2012 £000
Deferred shares of par value 29p each	4,667	4,667
Ordinary shares of par value 1p each	3,066	2,687
	7,733	7,354

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

	Share premium £000	Profit and loss account £000	Share option reserve £000
Balance at 1 January 2013	73,317	(22,289)	988
Loss for the year	–	(5,639)	–
Premium on allotment in the year	9,073	–	–
Share based payments	–	–	799
Balance at 31 December 2013	82,390	(27,928)	1,787

8. Reconciliation of movement in shareholders' funds

	2013 £000	2012 £000
Loss for the year	(5,639)	(8,742)
Shares issued	9,606	34,251
Costs of issue	(154)	(1,621)
Share-based payments	799	403
Net additions to shareholders' funds	4,612	24,291
Shareholders' funds at 1 January	59,370	35,079
Shareholders' funds at 31 December	63,982	59,370

Glossary

bbls
Barrels of oil

mbbls
Thousand 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)

mmcfd
Million cubic feet per day

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

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

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

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

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

AIM
Alternative Investment Market of the London Stock Exchange

Definitions

President, President Energy	President Energy PLC
Company	President Energy PLC
Parent Company	President Energy PLC
Group	President Energy PLC and its subsidiaries

Corporate Information

Directors	Peter Levine	Chairman
	John Hamilton	Chief Executive Officer
	Miles Biggins	Commercial Director
	Dr Richard J. Hubbard	Chief Operating Officer
	Ben Wilkinson	Finance Director
	Dr David A.L. Jenkins	Deputy Chairman & Senior Independent Non-Executive Director
	Michael Cochran	Non-Executive Director
	David Wake-Walker	Non-Executive Director
Secretary	David Wake-Walker	
Registered Office	11 Hill Street London W1J 5LF	
Website	www.presidentenergyplc.com	
Nominated Advisor and Joint Broker	RBC Europe Limited (RBC Capital Markets) Riverbank House, 2 Swan Lane London, EC4R 3BF	
Joint Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR	
Auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ	
Legal Advisers	Field Fisher Waterhouse LLP 35 Vine Street London EC3N 6AE	
Principal Bankers	Barclays Bank 54 Lombard Street London EC3P 3AH	
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6ZL	
Registered number	5104249	

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held on 16 June 2014 at 11:00 a.m at Bell Pottinger, 5th floor, Holborn Gate, WC1V 7QD for the following purposes, namely:

Ordinary business

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

1 To receive and adopt the Company's Financial Statements for the year ended 31 December 2013, together with the reports of the auditor and Directors thereon.

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

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

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

5 To re-elect David Wake-Walker as a Director of the Company, who retires in accordance with the Company's Articles of Association and offers himself for re-election.

Special Business

As special business to consider and if thought fit to pass the following resolutions of which the resolution numbered 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 £1,186,745 (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 2015, 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 £593,373 (such amount equating to 15 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 2015, save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant thereto as if the authority conferred hereby had not expired.

BY THE ORDER OF THE BOARD

David Wake-Walker
Company Secretary
15 May 2014

Registered office:
11 Hill Street
W1J 5LF

Notes

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

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

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

4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members at 6:00 p.m. on 14 June 2014.

Form of Proxy For Annual General Meeting

PRESIDENT

PLEASE COMPLETE IF YOU DO NOT INTEND TO ATTEND IN PERSON

(Company No: 5104249)

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

of address ....

....

being a member of the above named Company hereby appoint

Name of proxy	No. of shares

or, failing him/her the Chairman of the Meeting, as my proxy to vote for me on my behalf in accordance with the instructions set out below at the Annual General Meeting of the Company to be held on 16 June 2014 and at any adjournment thereof.

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

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

Either	To vote as my Proxy or failing him/her as the Chairman thinks fit.			
Or		For	Against	Vote Withheld
	Resolution 1			
	Resolution 2			
	Resolution 3			
	Resolution 4			
	Resolution 5			
	Resolution 6			
	Resolution 7			

Signed ....

Name ....

Date ....

President Energy PLC
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London W1J 5LF
United Kingdom

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www.presidentenergyplc.com

PRESIDENT
ENERGY