PRESIDENT ENERGY

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2021

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

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

Chairman's Statement

Summary

The year under report was very significant for President and has resulted in a welcome return to net profit after tax after taking into account all depreciation and impairments as well as the spin-out of Atome Energy from the Group.

Excluding depreciation, the core business in Argentina delivered significantly increased operational profits year on year. Three wells were drilled in Rio Negro Province, Argentina in the first part of the year. The three well drilling campaign in Salta, Argentina commenced late in Q4 for which we now are starting to see the beneficial impact.

The new oil treatment plant in Rio Negro was completed delivering a US$4 per barrel in savings and meaning we were no longer dependent on a third-party pipeline to deliver oil.

Louisiana was unfortunately shut-in and under reduced production for much of 2021 but following the successful workover at the start of 2022, the US assets should overall show a creditable contribution to profits.

On the strategic front, the long-mooted farm-out of our Paraguay exploration asset was completed in favour of CPC, the State Energy Company of Taiwan, a reputable and strong international partner, with President remaining operator and retaining 50% interest. We are due to commence drilling of the first exploration well later this year.

Atome Energy, President's green energy business, was spun out and successfully completed its Initial Public Offering at the end of 2021. This resulted in a very significant dividend in specie being declared in favour of President's shareholders, whilst the Company retained some 28% of Atome whose share price has increased over 40% in value since the IPO. The result is that, on a mark to market basis, President has within the space of 12 months generated for its shareholders as at current prices, approximately £20 million of value in and/or through Atome (on basis that the dividend shares in Atome are still held).

It is regrettable, that President, due to the location of its main operations, has not been able to really benefit significantly from the highly inflated current hydrocarbon prices. However, prices in Argentina are slowly increasing and with our ability to periodically export oil, as well as production in Louisiana recommenced, it does mean that this year will show benefits to us from the current oil price boom.

Financial

- Profit after tax of US$4.6 million (2020 loss US$11.3 million), after depreciation, depletion and amortisation of US$11.5 million (2020: US$10.3 million)
- Group revenue increased by 23% to US$34.1 million (2020: US$27.8 million) due to recovery in realised commodity prices in Argentina to US$40.6 per boe (2020: US$30.0 per boe 2020) and US$43.1 (2020: US$29.9 per boe) in the US
- Adjusted EBITDA* increased by 257% to US$7.5 million (2020: US$2.1 million) with the Adjusted EBITDA contribution from Argentina US$10.5 million (2020: US$2.9 million)
- Free cash generation from core operations* (excluding workovers) increased by 106% to US$12.8 million (2020: US$6.2 million)
- Net cash generated by operating activities increased by 250% to US$11.1 million (2020: US$4.4 million)
- Borrowings at year end increased to US$29.3 million (2020: US$17.7 million). Of this, US$18 million is third party financial debt with the balance owed to IYA, an affiliate company of mine. The increase in third party debt relates to the heavy capex programme last year totalling just over US$ 14.8 million.

Corporate

- Argentina bond issue of US$8.95 million at interest rate of only 1.24% with credit rating of A- investment grade (included in third party debt above)
- Atome Energy PLC spin off with an IPO on the AIM market in late December 2021 with an initial market capitalisation of GB£ 26 million
- Paraguay farm-out to CPC the State Energy Company of Taiwan successfully completed
- Matorras and Ocultar licences in Salta successfully relinquished

Operations

- Group net average production 2,473 boepd (2020: 2,714 boepd)
- Three new wells drilled in Rio Negro, Argentina in H1 2021. Three new well drilling programme in Salta, Argentina commenced late 2021 and now successfully completed
- Continued improvement in Argentina core operating performance with well operating costs per boe in 2021, excluding royalties and workovers*, reduced by 3% to US$17.0 per boe (2020: US$17.6)
- Group-wide administrative costs per barrel* US$4.8 per boe (2020: US$4.7 per boe) excluding directly attributable Atome expenses.

Production and reserves

- Net 2P (proven and probable) reserves in Argentina at year end, as confirmed by an independent reserves audit, increased to 24.4 mmboe (2020: 24.3 mmboe)
- Louisiana 1P current proven producing reserves estimated at 724 mboe (2020: 724 mboe)

* calculation of all quoted metrics not directly corresponding to GAAP measures are detailed in the Alternative Performance Measure glossary and cross referenced to the Notes where applicable

Production

	Oil (bbls)		Natural Gas (mmcf)		Total (mmboe)	
Country	2021	2020	2021	2020	2021	2020
Argentina	**561,947**	623,946	**1,838.9**	1,648.5	**868.4**	898.7
USA	**19,831**	50,582	**87.0**	263.3	**34.3**	94.5
	581,778	674,528	**1,925.9**	1,911.8	**902.7**	993.2

Net Reserves (mboe)	Argentina	USA	Total
As at 31 December 2020	24,301.1	723.8	25,024.9
Revisions in reserves	966.8	34.3	1,001.1
Production	(868.4)	(34.3)	(902.7)
As at 31 December 2021	24,399.5	723.8	25,123.3

Reserve revisions in Argentina reflect the results of production performance, drilling and workovers in the year and the subsequent independent auditor’s reserve report by Claudio N. Larriestra. It is important to note that the reserves as at 31 December 2021 do not represent the total of what is present and/or recoverable in the respective fields in Rio Negro but only rather what are present and/or recoverable over the term of President's current licenses as at the audit date.

Impact of COVID-19 on our operations

The first priority throughout 2021 remained the welfare and health of our employees and families as well as our contractors working in the field. Throughout the year, President continued to monitor and check on the health of all its employees and follow strict guidelines. Measures included restricting numbers travelling to fields in vehicles, monitoring health of operatives daily and social distancing. Production from operations has not been affected and there have been no shut-in wells or choke back of our wells.

The Company continued with social distancing measures, both in the office and in the fields, and maintained a “flexible” work schedule for the BA office, with employees still not back 100% in the office but equipped with all necessary IT infrastructure when working remotely. Moral remains excellent with a strong sense of togetherness throughout and there has been no decrease in efficiency. President has no offices in the UK or Louisiana so the Company is well used to working remotely and economically.

Climate Change

President acknowledges and takes due regard to the increasing emphasis on climate change around the World as evidenced by the activities regarding Atome Limited, an entity we created to focus on green hydrogen and ammonia. With regards to our core non renewables business, we acknowledge climate change as a risk facing President that will continue to be considered regularly by the Board.

Current Trading

In relation to trading in the year to date

- Current realised oil prices in Argentina are showing a small month by month increase. Prices in Salta province are up 12% since the start of the year with July realisations expected at US$66 per barrel. The average Rio Negro oil price for the first five months of this year to date, taking into account quantities we have been able to export during the period has been US$63 per barrel
- Oil prices received in Louisiana for May production were approximately US$109 per barrel

Current Trading (continued)

- Of the new wells drilled in Salta, all three are successful oil producers. The two in Dos Puntitas Field are slowly increasing towards optimum production levels, targeting after a final acid treatment and increase in pump capacity, some 190 bopd each. The third new well has come on strongly from the outset and already without need of fine tuning or stimulation is achieving over 200 bopd. Whilst capex was necessarily over budget due to unforeseen issues, the programme has demonstrated it has been economically worthwhile
- Daniel Musri, our new CEO, has started to implement a rigid ground up review of well, field and infrastructure management to mitigate the downtime and declines we have suffered in the past. This is accompanied by an internal management realignment
- In Louisiana, taking into account the volume of oil we have been advised is still to be recovered in the Triche well, it has been decided to install a form of artificial lift to maximise and stabilise production levels, which to date have flowed naturally without any support. This should enable the wells to be produced consistently over a prolonged period of time and capitalise on the prevailing oil prices. The installation of the new system is now proceeding but in the view of the Louisiana management is necessary to optimise the Triche well potential and take advantage of current high oil prices
- In Paraguay, work continues in preparation for spudding later this year. Our partner is fully compliant with its obligations and the main focus is not only agreeing with service segment providers costs and timing which is ongoing but finalising agreement with the rig contractor, who is undergoing an internal reorganisation. Whilst this is out of our hands as to timing, we are assured that we will be able to move forward with them in a concrete manner within the next three months which would still be in line with targeting commencement of drilling in the latter part of this year. I remind all actual or potential investors of the risks involved in exploration in such a context as we are in Paraguay and to measure expectations both as to timing and results accordingly
- As announced previously, we have within the Puesto Guradian licence a significant gas exploration project at the Martinez del Tineo field. We are launching a farm out process in Q3 2022, and whilst this may well roll over into 2023 the size of the prize and the increase in value in gas has made in our view the prospect more enticing, with initial interest already being shown. Further announcements will be made in due course.

Oil and gas business acquisition strategy

President remains committed to growing its oil and gas business by acquisition where appropriate and material efforts continue to be made in this regard, including considering opportunities outside of its present areas.

Atome

As I have stated, those shareholders who have stayed with their dividend in specie shares in Atome have seen a very healthy benefit. To date, assuming all shareholders would have held their shares, the benefit would have been some £20 million to members as a whole.

The full market value of the Group's share in Atome is not shown in the balance sheet for reasons relating to accounting standards for investments in associates. Currently the holding of the Company in Atome is considered an investment and will be reviewed as such at all relevant times. President is very encouraged by Atome's progress and remains supportive of its green objectives and exciting business case.

Alternative Energies – Green House Capital

Following the successful creation, spin off and IPO of Atome, bringing material value creation for shareholders of President, the Company views similar steps as a fertile way of demonstrating to the market its value as a company.

As part of the stated object of diversification of the Company's interests and/or migration to businesses seemingly more appreciated by the stock market, President has become a 75% beneficial shareholder in the UK registered private limited company, Green House Capital ("Green House") joining Alpha Oil Invest GmbH of Zug, Switzerland, an investment fund beneficially owned by myself, also a shareholder in Atome.

Green House is intended to become an incubator/investor in alternative energy related businesses capitalising, as with Atome, on the capacity to identify and develop business opportunities through, inter alia, the value creating experience of President and Alpha as well as the formers' status as a public company. For the avoidance of doubt to avoid conflict, Green House will not be involved in any business that directly or indirectly competes with Atome now, or in the future.

Further announcements in relation to Green House will be made at the appropriate time.

Peter Levine
Executive Chairman
27 June 2022

Strategic Report

Principal Activities

The Group conducts an international business principally focused on 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 04. Details of the statement by the Directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006 is included in the Corporate Governance Statement on page 15. Details on the principal risks and uncertainties are included in the Directors' Report on page 10.

Financial Review

2021 saw the recovery from the economic shock of the Covid-19 pandemic progress and attention shift back onto the challenges arising from climate change. The need to develop new environmentally friendly energy solutions was reflected in the rapid and noteworthy emergence of Atome Energy. Under the stewardship of President, Atome Energy has become an independent AIM listed international green energy business. It has also had a significant impact on President financial results at both Group and Company level in 2021.

As a result of the dividend in specie of Atome Energy shares in December 2021, a gain of US$13.1 million has been recognised at Group and Company level which represents the market value returned to shareholders by way of that dividend. In addition, the market value of the investment retained by President is now shown on the Company Balance Sheet resulting in a US$10.2 million gain in the Company financial statements, although this is not reflected in the Group Balance Sheet. With the accounting rules governing consolidation of investments in associate undertakings with significant influence, shareholders will need to look to the Company Balance Sheet going forward to see the changes in the market value of the investment. We have introduced a new note to the Group accounts to highlight and explain the impact of Atome Energy on the financial statements of the Group and Company (Note 33).

Revenue rose by 23% to US$34.1 million (2020: US$27.8 million) due to higher realised prices in both Argentina and the USA; the average Group product price was US$40.7/boe (2020: US$30.0/boe) due to the recovery in market prices in the year. Overall Group production fell by 9% to 2,473 boepd (2020: 2,714 boepd). Cost of sales increased to US$33.4 million (2020: US$31.8 million) due to higher depreciation and product price related royalty and tax expenses.

Free cash generation from core operations excluding changes in working capital, administrative expense and non-recurring workovers more than doubled to US$12.8 million (2020: US$6.2 million).

After depreciation, depletion and amortisation of US$11.5 million (2020: US$10.3 million) and administrative expenses of US$5.8 million (2020: US$4.6 million), the Group recorded an operating loss of US$5.0 million (2020: loss US$8.7 million).

Included within administrative expenses are US$1.4 million of directly attributable Atome Energy expenses largely offset by the US$1.3 million non-operating gain arising on migration to an associate investment, and directly linked to the US$1.3 million receivable ultimately recovered in 2022. The overall impact of Atome related expenses is essentially neutral in 2021.

A small impairment of US$0.1 million (2020: US$1.9 million) is related to intangible exploration assets in Argentina and the accounts show the impact of higher interest on Argentina borrowings and lower foreign exchanged related treasury income.

Profit before tax for the year was US$5.7 million (2020: loss US$10.3 million) with profit after tax totalling US$4.6 million (2020 loss: US$11.3 million).

Argentine operating performance

Production in Argentina decreased by 3% to 868,427 boe (2020: 898,704 boe) or 2,379 boepd (2020: 2,455 boepd). Average realised sales prices in Argentina rose by 35% to US$40.6 per boe (2020: US$30.0 per boe) in line with the recovery in world prices during the year.

Well operating costs in Argentina before non-recurring items* fell by 3% to US$17.0/boe (2020: US$17.6/boe) as the focus remained on cost control. Depreciation rose during the year to US$12.9/boe (2020: US$10.9/boe)* following higher future development cost estimates. The extension of the Rio Negro licence period and/or the secondary recovery project which are both under discussion with the Neuquén Province would lead to a significant reduction in depreciation rates.

Overall, following the annual independent review, proved and probable reserves in Argentina increased by 4%. There were no impairment indicators in relation to Argentine assets in the year.

USA operating performance
Production from the Group's working interest in US operations fell by 64% to 94 boepd (2020: 258 boepd) following a four-month outage of the Triche well and dislocation in production either side of the outage. A successful capital workover commenced in late 2021 perforating different reservoir zones and production resumed in 2022.

Average realised prices in the US rose by 44% on the prior year to US$43.1/boe (2020: US$29.9/boe). Well operating costs excluding royalty related expenses and non-recurring workovers* rose to US$14.3 /boe (2020: US$6.6 /boe) due to the production outage. Depreciation rose during the year to US$6.3/boe (2020: US$3.6/boe)* due to the higher capital cost while reserves remained unchanged.

Corporate
Much of the focus in 2021 was on the value creation in bringing Atome Energy to the market, development drilling in Argentina and concluding the farm out of the Pirity Concession in Paraguay. To that end, shareholder and High Court approval was obtained for a capital reduction of Share Premium balance to facilitate the dividend in specie to shareholders at the end of December 2021. Following the reduction, there remains over US$90.0 million of distributable reserves at the end of the year. Development drilling and working capital in Argentina was funded primarily through finance raised on the local market via the issue of a bond and a number of promissory notes. This is the first time that any member of the Group has issued a corporate bond and is notable due to it being given the credit rating of A- local investment grade by the Argentine affiliate of the worldwide credit rating agency Fitch, Fix SCR. The covenant lite Bond is secured solely on 60% of the sales proceeds from oil sales of the Puesto Flores Concession, Río Negro Province, Argentina. Production from all other Río Negro fields and the Puesto Guardian field in Salta as well as all gas production in Argentina is not subject to nor affected by this security.

The Group completed the farmout of part of its interest in the Pirity Concession to CPC Corporation, Taiwan ("CPC"), the state-owned energy company of Taiwan in November 2021. CPC and President, through their subsidiary companies, now have an equal 50/50 interest in the Pirity Concession, Paraguay with President continuing as operator under an international form of Joint Operating Agreement. The Pirity licence was extended until September 2023 and the Hernadarias licence until November 2023. The successful conclusion of the farmout process, US$4.0 million proceeds and licence extensions clear the way for a well to be drilled to determine the potential economic value of the intangible asset. Accordingly, management consider that it is appropriate to continue to capitalise the balance of US$54 million at 31 December 2021 (2020: US$53 million).

Investment in the Oil & Gas Assets component of Property, Plant and Equipment in the year amounted to US$14.7 million (2020: US$ 8.9 million) with a three well development drilling campaign on the Puesto Guardian licence in the northern Salta province in Argentina started in early November 2021. Drilling of the third well extended in to 2022. Investment in Rio Negro continued with the drilling and completion of a further two wells on the Las Bases and Estancia Vieja concessions in April 2021. A new oil treatment plant designed, engineered, constructed and completed in Rio Negro is now delivering material savings of operating costs.

Overall, Trade and Other Payables increased to US$22.0 million (2020: US$13.8 million) due to US$4.0 million Paraguay drilling obligation, pre-IPO financial support for Atome (repaid post period end as detailed below) and higher period end activity levels reflected in trade creditor, accruals and other payables. The Group has a constructive obligation to use the US$4.0 million proceeds received to drill the exploration well as defined in the farm-out agreements.

Trade and Other Receivables increased to US$11.9 million (2020: US$4.6 million). In financing Argentine drilling activity in 2021, the Group managed currency exposure by prepaying for US$3.2 million of drilling costs to be discharged on settlement in 2022. Under new borrowing arrangements, proceeds are received net of interest earned in future periods resulting in a prepayment of interest. Following the flotation of Atome Energy at the end of December 2021, the Group had a receivable of US$1.3 million in relation to the funding support provided to the Atome businesses. This amount was settled in full in 2022.

At the end of the year, the Group had a net current liability of US$9.2 million (2020: US$4.8 million). However, after deducting the liabilities on drilling and acquisition investment activity, which are periodic in nature as detailed in Note 19, the underlying net current liability from ongoing operations is significantly lower at US$3.2 million (2020: US$0.8 million). Year-end cash balances were US$2.0 million (2020: US$1.1 million).

Key Performance Indicators

Key Performance Indicators are used to measure the extent to which Directors and management are reaching key business objectives for the Group. 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.

	2021	2020	Increase/ (Decrease)
Production mboe			
USA	34.3	94.5	-63.7%
Argentina	868.4	898.7	-3.4%
Total net hydrocarbons	902.7	993.2	-9.1%
Well operating costs US$000*			
USA	488	623	-21.7%
Argentina	15,538	15,867	-2.1%
Total operating costs	16,026	16,490	-2.8%
Well operating costs per boe US$*			
USA	14.2	6.6	115.8%
Argentina	17.9	17.7	1.3%
Total well operating costs per boe US$	17.8	16.6	6.9%

* calculation of all quoted metrics not directly corresponding to GAAP measures are detailed in the Alternative Performance Measure glossary and cross referenced to the Notes where applicable

To have more visibility on the controllable element of operating costs, royalty and production related taxes have been excluded from our key performance measures. Underlying operating costs excluding non-recurring items have been calculated and detailed in the Alternative Performance Measure section of this report.

ON BEHALF OF THE BOARD
Rob Shepherd
Group Finance Director
27 June 2022

Directors' Report

The Directors present their report and the audited financial statements of President Energy PLC for the year ended 31 December 2021.

Directors

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

Peter Levine
Robert Shepherd
Alex Moody-Stuart
Jorge Bongiovanni
Martin Urdapilleta

None of the Directors has a service agreement of more than one year's duration. Aside from those disclosed in the Directors' Remuneration Report starting on page 12, no Director has a material interest in any contract of significance with the Company or its subsidiaries during the year. Details of the Directors' interests in the shares of the Company are also set out in the Directors' Remuneration Report.

Results and Dividends

The profit for the year after taxation amounted to US$4.6 million (2020: loss US$11.3 million). The Directors note the interim dividend in specie during 2021 amounted to US$13.1 million and do not recommend a final dividend. (2020: nil). There are shown in the accounts Distributable Reserves of over US$ 90 million available for any future distribution.

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 24. Each ordinary share carries the right to one vote at general meetings of the Company.

Subsequent Events

Impact of COVID-19 on operations

The first priority throughout 2021 remained the welfare and health of our employees and families as well as our contractors working in the field. Throughout the year, President continued to monitor and check on the health of all its employees and follow strict guidelines. Measures included restricting numbers travelling to fields in vehicles, monitoring health of operatives daily and social distancing. Production from operations has not been affected and there have been no shut-in wells or choke back of our wells.

The Company continued with social distancing measures, both in the office and in the fields, and maintained a "flexible" work schedule for the BA office, with employees still not back 100% in the office but equipped with all necessary IT infrastructure when working remotely. Moral remains excellent with a strong sense of togetherness throughout and there has been no decrease in efficiency. President has no offices in the UK or Louisiana, so the Company is well used to working remotely and economically.

Other events

During the first six months of 2022, President announced the production testing on certain newly drilled wells in the Salta Province in Argentina. Plans for a secondary recovery project in Rio Negro in Argentina are being progressed with the province. Preparations for drilling of the exploration well in Paraguay later this year have been advanced.

Substantial Shareholders

As at 3 June 2022, the Company had been notified in accordance with the requirements of provision 5.1.2 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules of the following significant holdings in the Company's ordinary share capital:

PLLG Investments Limited	29.22%
Urion Holdings (Malta) Limited	16.67%
Schroders Investment Management	8.95%
Michinoko Limited	7.21%

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

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

Further details of PLLG Investments Limited are set out in Note 32.

Going Concern

The Group is impacted by the uncertainties in the sector and volatility in the commodity price environment as it 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 capital and operating costs. The Group consults with industry specialists to ensure operational projections are accurate.

The Directors continue to monitor cash forecasts closely and apply sensitivity analyses to manage liquidity risk effectively. Cashflow forecasts incorporate the projected settlement of the net current liabilities related to investment activity as detailed in the Strategic Report. In arriving at their view on going concern, reasonable downside sensitivities are considered under which scenarios the Group can elect not to proceed with discretionary capital expenditure that may lead to a reduction in the forecast production, consider further cost reductions or sell non-core assets to mitigate risks accordingly.

The cash position at the year-end was US$2.0 million (2020: US$1.1 million). To support its operations the Group has and benefits from a loan facility of US$20.5 million available until December 2024 provided by IYA Global Limited (Note 32). At the year-end there was US$11.2 million (2020: US$11.2 million) drawn under the loan facility. The balance of the IYA loan as at 1 June 2022 was US$11.2 million leaving ca. US$9.3 million of the facility currently undrawn. Additionally, currently none of the oil production of the Group is subject to any prepay arrangement from any offtaker.

Based on their review of cash forecasts and related sensitivity analysis and supported by the undrawn available commitment under the existing loan facility provided by IYA Global Limited, the realisable value of the Company's residual 27.9% interest in Atome Energy Limited (estimated market value as at 12 June 2022 of US$13.2mln) as well as what the Directors consider unused reasonably available debt capacity, the Directors believe that the Group will have available to it the financial resources to meet all commitments as they fall due. Further details of the Group's commitments are set out in Note 28. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Environment

President Energy ensures that it understands and effectively manages the actual and potential environmental impact of its current and future activities. All local and national environmental regulations are observed in the countries in which the Group operates, and the Company follows the relevant performance standards of the World Bank Group.

Principal Risks and Uncertainties Facing the Group and Company

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

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

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

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

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

The Group is also exposed to non-operational risks such as oil price, geopolitical risk and economic risk. These risks are mitigated by maintaining a strong business model with the focus on cost control and quick decision-making. The Group have acknowledged climate change as a risk facing President that will continue to be considered regularly by the Board.

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 that have been converted to US Dollars and Argentine Pesos from time to time to match expected expenditure plans. These principally consist of exploration expenditure on the Pirity and Hernandarias concessions in Paraguay and ongoing capital investment in the Puesto Guardian and Puesto Flores concessions in Argentina.

The Group has oil and gas production in both Argentina and the US and receives revenue in Argentine Pesos and US Dollars. Currently planned Group expenditure is across the three main currencies of US Dollars, Paraguayan Guarani and Argentine Pesos. The Group mitigates currency risk by holding cash reserves in the currencies it requires for expenditure and also takes out currency options from time to time to hedge significant currency exposure. Sterling is retained for central corporate costs. Further details are provided in Note 29.

Price risk

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

Payment Policy and Practice

It is company and group policy to settle all debts with creditors on a timely basis and in accordance with the terms of credit agreed with each supplier. Normal payment terms are about 30 days or less. The Group had no trade creditors overdue at 31 December 2020 beyond agreed tended credit terms.

The average creditor days were 32 (2020: 32). Average creditor days are calculated on year-end creditors against purchases in the year.

Third Party Indemnities

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

Related Parties

Details of the Group's related party transactions are outlined in Note 32.

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

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

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 22 July 2022 at 11:00 a.m at The Army & Navy Club, 36 Pall Mall, London, SW1Y 5JN.

ON BEHALF OF THE BOARD
Peter Levine
Executive Chairman
27 June 2022

Directors' Remuneration Report (unaudited)

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

The current Directors are:

Peter Levine – Executive Chairman
Mr. Levine is a graduate and Honorary Fellow of Trinity College, Oxford. He founded the former FTSE 250 company Imperial Energy Corporation PLC, where he was Executive Chairman until its sale in 2009. Previously he was also Chairman of Severfield-Rowan PLC.

Rob Shepherd –Group Finance Director
Rob is a former Vice President for Emerging Markets Oil & Gas at ABN-AMRO, a former Non-Executive Director of Imperial Energy Plc and a former CFO of Dominion Petroleum and former CEO of Azonto Petroleum. Rob is a qualified Facilities Engineer, having trained with Shell. Rob served as a senior independent non-executive director for the Company from October 2015 until his appointment as an executive director.

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

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

Martin Urdapilleta – Non-Executive Director
Martin Urdapilleta, BEng (Hons), an Argentine citizen, has some 12 years' experience in the oil and gas industry. After graduating from Instituto Tecnologico de Buenos Aires, Argentina with a Bachelor of Industrial Engineering, Martin commenced work as a Commodity Trader joining Trafigura in 2008, where he is now General Manager of Trafigura Pte Ltd, Argentina. Martin has been appointed to the board of the Company by Trafigura pursuant to the Subscription Agreement announced on 20 January 2020.

Remuneration Committee
The Remuneration Committee's primary objective is to provide recommendations to the Board on the Group's remuneration policies and to determine the remuneration of the Executive Directors and other key employees. The Remuneration Committee comprised Jorge Bongiovanni (Chairman) and Alex Moody-Stuart. 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 twice.

Remuneration Policy
The Group's policy is to maintain levels of remuneration 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 by either party upon six months' notice in the case of Executive Directors, and upon three months' notice in the case of Non-Executive Directors. Further to the Subscription Agreement with Trafigura in 2020, Trafigura can appoint a Non-Executive Director while their equity investment in the Company remains above 3%. 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 2021, 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 2021 is set out below.

	Note	2021 US$000	2020 US$000
Peter Levine	a	**592**	591
Jorge Bongiovanni	b	**46**	68
Robert Shepherd	c,d	**58**	298
Alex Moody-Stuart		**257**	54
Martin Urdapilleta (appointed 24 June 2020)		**–**	–
		953	1,011

Note:
Further details on share options can be found in Note 25. Other than amounts paid directly to the individual, amounts were also paid to related parties as follows.

a) Further details are set out in Note 32 Transactions with Directors and other related parties. Under an agreement, US$294,823 of the 2021 salary included above was deferred. As at 31 December 2021, US$1,275,726 remains outstanding under the agreement (2020: US$991,867).

b) US$21,935 of the reported 2021 salary was prepaid in 2020. The remaining US$23,668 earned in 2021 remains outstanding as at 31 December 2021.

c) Under a deferred salary arrangement US$15,306 (2020: US$ 13,502) remained outstanding at the year-end. There were no changes during the year other than foreign exchange revaluations.

d) Includes remuneration of US$207,991 (2020: US$260,043) due to Utas Petroleum Services Limited, a company of which Robert Shepherd is a shareholder and director. As at 31 December 2021, US$ 248,169 (2020: US$184,159) remained outstanding.

e) In 2020, an ex-gratia award in shares of US$49,332 and US$111,611 was made to Jorge Bongiovanni and Robert Shepherd respectively. This was settled by the issue of shares as part of the equity raise in the year.

Directors' Remuneration Report (unaudited)

continued

Directors' Interests in the Share Capital of the Company

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

Directors

	3 Jun 22 1p shares	3 Jun-22 % interest	1 Aug 21 1p shares	1 Aug21 % interest
Peter Levine	601,453,462	29.22%	601,453,462	29.55%
Rob Shepherd	9,170,502	0.45%	9,170,502	0.45%
Jorge Bongiovanni	3,704,475	0.18%	3,704,475	0.18%
Alexander Moody-Stuart	100,000	0.00%	100,000	0.01%

Peter Levine holds his shares through PLLG Investments Limited ("PLLGI"). Further details of that company are set out in Note 32

Executive Bonus Scheme

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

Share Options Granted to Directors

With the assistance of independent remuneration consultants, a Global Incentive Plan was adopted during 2010 to provide the framework to provide a long-term incentive plan for existing and new members of staff. Details of options granted and held during the year are set out in Note 25.

This report was approved by the Board on 27 June 2022 and was signed on its behalf by:

Peter Levine
Company Secretary
27 June 2022

Corporate Governance Statement

The Directors recognise the importance of good corporate governance and have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The QCA Code was developed by the QCA in consultation with several significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the Company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". The Directors anticipate that, whilst the Company will continue to comply with the QCA Code, given the Group's size and plans for the future it will also endeavour to have regard to the provisions of the UK Corporate Governance Code as best practice guidance to the extent appropriate for a company of its size and nature. To see how the Company addresses the key governance principles defined in the QCA Code, please refer to the section on corporate governance on our website.

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 Executive Chairman, an executive Director and three non-executive Directors.

Board Committees

The audit committee and remuneration committee comprised non-executive Directors, Jorge Bongiovanni and Alex Moody-Stuart.

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. The Companies Act 2006 (the"Act") allows the Company to use its website to communicate with shareholders and so the Company makes documents and information available electronically on its website, including the following: Annual Report and Accounts, Interim Report and Notices of shareholders' meetings. Using electronic communications deliver significant savings to the Company in terms of administration, printing and postage costs, as well as speeding up the provision of information to shareholders. The reduced use of paper will also have environmental benefits. Having said that, such information is sent in hard copy to those shareholders that request it. The Group endeavours to maintain a regular dialogue with institutions and analysts particularly in relation to interim and full year results. Subject to Government guidance in relation to health and safety, the Board welcomes as many investors as possible to the Annual General Meeting and invites discussion on issues facing the Group. The Company maintains an up-to-date website, which complies with AIM Rule 26.

Internal Controls

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

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

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

Health, Safety and Environmental (HSE)

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

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

Bribery Act

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

Market Abuse Regulation

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

Modern Slavery Act

The Board is committed to recognising personal freedom as a fundamental human right. The UK Modern Slavery Act was brought into law in 2015 and President Energy fully supports the principles it promotes and the personal rights and freedoms it protects. We have zero tolerance for any form of slavery or any practices that could constitute or be perceived as slavery, whether they be in our own business or those of our suppliers, partners or consultants.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

The Board consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken throughout the year ended 31 December 2020.

President's purpose is to build a better future through responsible oil and gas development, and we are focused on creating sustainable long-term value for each of our stakeholders. To achieve this, the Board has established the Company's strategic roadmap, it has placed priority on good engagement with all stakeholders and it has considered and monitored the Company's principal risks. The Board takes each of these matters into account and the likely long-term consequences of its decisions when pursuing the Company's purpose.

The Board believes strongly in the importance of being a responsible operator across all aspects of our business. In this regard, the safety of President's workforce and the communities in which we operate is critical to our purpose, the quality of our relationships with host countries is very important and remains a priority.

These are some of the principles which the Directors took into consideration when setting the 2021 KPI scorecard and the Board will continue to monitor in the year ahead.

Statement of Directors' Responsibilities

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

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

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 27 June 2022 and is signed on its behalf by:

Peter Levine
Executive Chairman
27 June 2022

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of President Energy PLC (the"Parent Company") and its subsidiaries (the"Group") for the year ended 31 December 2021, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2021;
- the Group statement of financial position and parent company balance sheet as at 31 December 2021;
- the Group and parent company statements of changes in equity for the year then ended;
- the Group statement of cash flows for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the group and parent company financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included

- We have obtained managements going concern assessment and tested the mathematical accuracy of the model
- We have considered the key assumptions into the model including oil prices, operating expenditure and production volumes and agreed to forecast data and historical data accordingly.
- We have reviewed the disclosures made in the financial statements relating to going concern and agreed consistent with the assessment and our conclusions
- We performed our own sensitivity analysis having regard to the risk key financing events are delayed or do not occur to assess the impact on the going concern assessment
- We have directly validated the headroom on the IYA Global facility

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be US$1m (2020: US$1m), based on approximately 1% of total assets. We set a materiality level for the parent company at US$650k (2020: US$700k).

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. On this basis performance materiality was US$700k for the group and US$455k for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of US$25,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

There are four core components of the Group, being Argentina, Paraguay, US and the parent company. We performed a full scope audit on the Argentina and parent company components and targeted procedures on the US and Paraguay components, where we focussed on those areas where the risk of material misstatement was greatest. This resulted in 96% of the groups revenue, 98% of the groups operating result, 54% of the groups assets and 90% of the groups liabilities being subject to full scope procedures. Following our specific testing on the intangible assets in Paraguay this resulted in 98% of the groups assets being subject to audit procedures.

The audit procedures for the parent company, US and Paraguay components as well as the consolidation of the components were performed by the group audit team in London. The Argentina component was audited by local component auditors who are members of the Crowe network.

We engaged with the component auditors at all stages during the audit process and directed the audit work. We directed the component auditors regarding the audit approach at the planning stage, issued instructions that detailed the significant risks to be addressed through the audit procedures and indicated the information we required to be reported on.

Regular communication and remote audit file reviews were performed to review the component auditors' working papers, discuss key findings directly with the component audit team and component auditor reporting partner and conclude on significant issues.

Key Audit Matters

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

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Impairment of Development and producing assets The groups producing assets represent approximately 50% of the total non-current asset base of the group. The assessment for indicators of impairment and quantifying the value of any potential impairment is inherently judgmental and is therefore considered a key audit matter,	We performed the following procedures: • We obtained management’s assessment regarding the identification of cash generating units and considered whether the assessment was reasonable • We obtained management’s assessment as to whether any impairment indicators had been identified and substantiated key considerations relating to the price of oil and gas, production volumes and reserves volumes to supporting documentation • We considered the impairment models provided in the prior year with updated assumptions as to whether this would give rise to an impairment.
Impairment of exploration and evaluation assets The groups producing assets represent approximately 48% of the total non-current asset base of the group. The assessment for indicators of impairment and quantifying the value of any potential impairments is inherently judgmental and is therefore considered a key audit matter,	We performed the following procedures: • We obtained managements assessment as to whether there were any impairment indicators present for the exploration assets on a licence basis • For each licence we had regard to the IFRS 6 impairment criteria • We reviewed the Groups licences to identify if any had expired or were due to expire in the short term • We enquired as to whether there was planned further exploration expenditure and corroborated with forecast information

Independent Auditor's Report

continued

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant company law and taxation legislation in the UK and Argentina being the principal jurisdictions in which the Group operates as well as the regulations relating to oil and gas producers in Argentina.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases in particular where significant judgements are involved (see Key Audit Matters above).

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities is available on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

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

Matthew Stallabrass
(Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
27 June 2022

Consolidated Statement of Comprehensive Income
Year ended 31 December 2021

	Note	2021 US$000	2020 US$000
Continuing Operations			
Revenue	4	**34,147**	27,771
Cost of sales	5	**(33,431)**	(31,775)
Gross profit/(loss)		**716**	(4,004)
Administrative expenses	6,11	**(5,764)**	(4,648)
Operating profit /(loss) before impairment and non-operating gains/(losses)		**(5,048)**	(8,652)
Presented as:			
Adjusted EBITDA		**7,526**	2,115
Non-recurring items	10	**(751)**	(86)
EBITDA excluding share options		**6,775**	2,029
Depreciation, depletion & amortisation		**(11,456)**	(10,271)
Share based payment expense		**(367)**	(410)
Operating profit / (loss)		**(5,048)**	(8,652)
Non-operating gains / (losses)	7	**14,494**	(137)
Impairment credit / (charge)	8	**(51)**	(1,884)
Profit / (loss) after impairment and non-operating gains/(losses)		**9,395**	(10,673)
Finance income	9	**1,633**	4,506
Finance costs	9	**(5,324)**	(4,084)
Profit / (loss) before tax	10	**5,704**	(10,251)
Income tax (charge)/credit comprises:			
Current tax income tax (charge)/credit		**–**	(2)
Deferred tax: foreign exchange arising on provision for future taxes		**(1,341)**	(3,530)
Deferred tax being underlying provision for future taxes		**216**	2,498
Total income tax (charge)/credit	12	**(1,125)**	(1,034)
Profit / (loss) for the year from continuing operations		**4,579**	(11,285)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**–**	–
Total comprehensive profit /(loss) for the year attributable to the equity holders of the parent		**4,579**	(11,285)
Earnings / loss per share	13	US cents	US cents
Basic profit/(loss) per share from continuing operations		**0.23**	(0.69)
Diluted profit(loss) per share from continuing operations		**0.22**	(0.69)

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

Consolidated Statement of Financial Position 31 December 2021

	Note	2021 US$000	2020 US$000
ASSETS			
Non-current assets			
Intangible exploration & evaluation assets	14	**54,304**	52,703
Goodwill		**705**	705
Property, plant and equipment	15	**59,148**	54,489
Investment in associate		**25**	–
Deferred tax	23	**350**	567
Other non-current assets	16	**103**	102
		114,635	108,566
Current assets			
Trade and other receivables	17	**11,887**	4,554
Stock		**1,336**	1,336
Cash and cash equivalents	18	**2,014**	1,144
		15,237	7,034
TOTAL ASSETS		**129,872**	115,600
LIABILITIES			
Current liabilities			
Trade and other payables	19	**17,424**	10,287
Borrowings	20	**7,014**	1,539
		24,438	11,826
Non-current liabilities			
Trade and other payables	19	**4,580**	3,536
Long-term provisions	22	**7,480**	6,399
Borrowings	20	**22,250**	16,097
Deferred tax	23	**2,283**	1,375
		36,593	27,407
TOTAL LIABILITIES		**61,031**	39,233
EQUITY			
Share capital	24	**36,179**	35,708
Share premium		**48**	257,992
Translation reserve		**(50,240)**	(50,240)
Profit and loss account		**75,145**	(174,631)
Reserve for share-based payments		**7,709**	7,538
TOTAL EQUITY		**68,841**	76,367
TOTAL EQUITY AND LIABILITIES		**129,872**	115,600

These financial statements for President Energy PLC (company number 5104249) were approved by the Board of Directors and authorised for issue on 27 June 2022. They were signed on their behalf by:

Peter Levine
Executive 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 2021

	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 2020	24,465	245,692	(50,240)	(163,346)	7,416	63,987
Share-based payments	–	–	–	–	122	122
Issue of ordinary shares	2,604	2,213	–	–	–	4,817
Costs of issue	–	(434)	–	–	–	(434)
Debt conversion	3,344	3,869	–	–	–	7,213
Subscription	4,691	6,139	–	–	–	10,830
Issued in settlement	604	513	–	–	–	1,117
Transactions with the owners	11,243	12,300	–	–	122	23,665
Loss for the year	–	–	–	(11,285)	–	(11,285)
Total comprehensive income for the year	–	–	–	(11,285)	–	(11,285)
Balance at 1 January 2021	**35,708**	**257,992**	**(50,240)**	**(174,631)**	**7,538**	**76,367**
Share-based payments	**–**	**–**	**–**	**–**	**367**	**367**
Debt conversion	**82**	**58**	**–**	**–**	**–**	**140**
Subscription	**241**	**254**	**–**	**–**	**–**	**495**
Exercise of options	**148**	**48**	**–**	**–**	**(196)**	**–**
Capital reduction	**–**	**(258,304)**	**–**	**258,304**	**–**	**–**
Dividend in specie	**–**	**–**	**–**	**(13,130)**	**–**	**(13,130)**
Transactions with the owners	**471**	**(257,944)**	**–**	**245,174**	**171**	**(12,128)**
Profit for the year	**–**	**–**	**–**	**4,579**	**–**	**4,579**
Other comprehensive income						
Exchange differences on translation	**–**	**–**	**23**	**–**	**–**	**23**
Reclassified to profit and loss	**–**	**–**	**(23)**	**23**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**4,602**	**–**	**4,602**
Balance at 31 December 2021	**36,179**	**48**	**(50,240)**	**75,145**	**7,709**	**68,841**

Attributable to the owners of the Company

Consolidated Statement of Cash Flows Year ended 31 December 2021

	2021 US$000	2020 US$000
Cash flows from operating activities		
Cash generated by operating activities (note 26)	**11,078**	4,438
Interest received	**145**	105
Taxes paid	**–**	–
Taxes refunded	**–**	–
	11,223	4,543
Cash flows from investing activities		
Expenditure on exploration and evaluation assets	**(1,652)**	(173)
Expenditure on development and production assets	**(19,431)**	(11,395)
Proceeds from asset sales	**29**	78
Proceeds from Paraguay farm out	**4,000**	–
Acquisition & licence extension in Argentina	**(284)**	(678)
USA acquisition	**–**	(158)
Deposits with state authorities	**(1)**	249
Expenditure on abandonment	**–**	–
	(17,339)	(12,077)
Cash flows from financing activities		
Loan drawn	**11,731**	4,954
Proceeds from issue of shares (net of expenses)	**495**	5,213
Repayment of obligations under leases	**(1,332)**	(868)
Repayment of borrowings	**(3,130)**	(5,076)
Payment of interest and loan fees	**(1,338)**	(696)
	6,426	3,527
Net increase/(decrease) in cash and cash equivalents	**310**	(4,007)
Opening cash and cash equivalents at beginning of year	**1,144**	895
Exchange gains/(losses) on cash and cash equivalents	**560**	4,256
Closing cash and cash equivalents	**2,014**	1,144

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

Notes to the Consolidated Accounts

1. General information

Corporate status

President Energy PLC is a public company limited by shares and incorporated in England in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 71. The nature of the Group's operations and its principal activities are set out in Note 4 and in the Strategic Report on pages 05 to 07. The Company is quoted on the AIM market of the London Stock Exchange (ticker: PPC), and is headquartered in Leeds, UK, with offices in Asunción, Paraguay, Buenos Aires, Argentina, and Lafayette, USA. Details on all subsidiaries of the group are provided in Note 4 in the Company accounts.

Presentation currency

The presentation currency and functional currency of the Group and all subsidiaries is the United States (US) Dollar as the Group's trading, and the majority of other transactions and assets are in US Dollars. The Group's accounting policy on foreign currencies is detailed in Note 2j).

2. Significant accounting policies

a) Basis of preparation

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Financial Reporting Standards ('IFRS') in conformity with the requirements of the Companies Act 2006. The Group's financial statements have been prepared under the historical cost convention.

The consolidated financial statements are presented in accordance with IAS 1: Presentation of financial statements. A summary of the significant 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.

This included the following:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16.
- Covid-19-Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16.

The amendments listed above did not have any impact on the amounts recognised and are not expected to significantly affect the current or future periods. Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

b) Basis of accounting

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

2. Significant accounting policies (continued)

c) Basis of consolidation

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

Under s479A of the Companies Act 2006, an audit exemption has been taken for President Energy UK Limited, President Energy Paraguay Limited and President Energy Pirity Limited. President Energy Investments Limited and President Energy investments Paraguay Limited remained dormant during the reporting period and were entitled to an audit exemption under s480 of the Companies Act 2006.

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

d) Going concern

The accounts have been prepared under the going concern basis.

The Group is impacted by the uncertainties in the sector and volatility in the commodity price environment as it 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 capital and operating costs. The Group consults with industry specialists to ensure operational projections are accurate.

The Directors continue to monitor cash forecasts closely and apply sensitivity analyses to manage liquidity risk effectively. Cashflow forecasts incorporate the projected settlement of the net current liabilities related to investment activity as detailed in the Strategic Report. In arriving at their view on going concern, downside sensitivities are considered under which scenarios the Group can elect not to proceed with discretionary capital expenditure that may lead to a reduction in the forecast production.

The cash position at the year-end was US$2.0 million (2020: US$1.1 million). To support its operations the Group has and benefits from a loan facility of US$20.5 million available until December 2024 provided by IYA Global Limited (Note 32). At the year-end there was US$11.2 million (2020: US$11.2 million) drawn under the loan facility. The balance of the IYA loan as at 1 June 2022 was US$11.2 million leaving ca. US$9.3 million of the facility currently undrawn. Additionally, currently none of the oil production of the Group is subject to any prepay arrangement from any offtaker.

Based on their review of cash forecasts and related sensitivity analysis and supported by the undrawn available commitment under the existing loan facility provided by IYA Global Limited, the realisable value of the Company's residual 27.9% interest in Atome Energy Limited (estimated market value as at 12 June 2022 of US$13.2mln) as well as what the Directors consider unused reasonably available debt capacity, the Directors believe that the Group will have available to it the financial resources to meet all commitments as they fall due. Further details of the Group's commitments are set out in Note 28. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Significant accounting policies (continued)

e) Revenue recognition

Sales revenue from contracts with customers represents the sales value, net of VAT, of the Group's share of oil and gas sales, tariff income and production handling fees. Revenue is recognised when performance obligations have been met, which is typically when goods are delivered, and title has passed. Normal settlement terms are within 30 days of invoicing from the time the performance obligations are met. Where the Group has entered into a longer supply contract and payment is received in advance, a contract liability is recognised and unwound as the revenue is recognised in line with above.

Royalty payments are recognised as a cost of sale when the related production revenue is recognised.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

f) Oil and natural gas exploration and development expenditure

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

Exploration and evaluation expenditure – intangible assets

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

Development and production assets – property, plant and equipment

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

Depreciation, depletion and amortisation

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

Impairment

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

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

2. Significant accounting policies (continued)

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

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

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

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

g) Decommissioning

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

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

h) Property, plant and equipment

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

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.

Depreciation of Other Assets is on a straight-line basis to write off the cost, less the estimated residual value, of property, plant and equipment 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. Typically, this is between 3-10 years.

i) Assets held for resale

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

2. Significant accounting policies (continued)

j) Foreign currencies

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which an entity primarily generates and expends cash. The Company's functional and presentation currency is US Dollars.

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 reporting date are translated at the exchange rate ruling at that date with any exchange differences arising on retranslation being recognised as profit or loss in the statement of comprehensive income. Non-monetary items that are initially measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

k) Financial instruments

Cash and cash equivalents

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

Trade payables and other creditors

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

Derivative financial instruments

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

Equity

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

Accounting for financial assets

Financial assets are divided into the following categories:

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

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expenditure are recognised in the statement of comprehensive income. See note 28 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.

2. Significant accounting policies (continued)

k) Financial instruments (continued)

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 reporting date or when objective evidence is received that a specific counterparty will default. All other receivables are reviewed for impairment in groups, which are determined by reference to the industry and region or counterparty and other available features of shared credit risk characteristics, if any.

l) Income taxes

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

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

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

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

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

Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided that they are enacted or substantively enacted at the balance sheet date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land) in which case the related deferred tax is also charged or credited directly to equity.

m) Share-based payments

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

The fair values are calculated using a Black-Scholes option pricing model. Further details are in Note 25.

n) Leases

On inception of a contract, the Group assesses whether the contract is, or contains, a lease. A lease is recognised if the contract conveys the right to control and use an identified asset for a period of time in exchange for consideration. To make the determination the Group assess whether it has the right to obtain all of the economic benefits from the use of the asset throughout the period of use, and whether the Group has the right to direct the use of the asset.

2. Significant accounting policies (continued)

n) Leases (continued)
Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs required to remove or restore the underlying asset. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The initial measurement of the corresponding lease liability is at the present value of the lease payments at the lease commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease payments include fixed payments, less any lease incentive receivable, variable leases payments based on an index or rate, and amounts expected to be payable by the lessee under residual value guarantees.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Over the course of a lease contract, there will be taxable timing differences that could give rise to deferred tax, subject to local tax laws and regulations.

o) Segment reporting
An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and whose results are regularly reviewed by the chief operating decision makers. 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.

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

q) Non-recurring items
To monitor our financial performance, the Group excludes certain non-recurring income and expenses that are considered exceptional to monitor financial performance as it aids the comparability of our reported financial performance from year to year. In determining an exceptional non-recurring income or expense Management consider the nature of the event, the financial materiality involved and how frequently such an event typically occurs. In determining the facts and circumstances, management considers factors such as ensuring consistent treatment between favourable and unfavourable transactions. Further details on the non-recurring items are provided in Note 10.

2. Significant accounting policies (continued)

r) Inventory

Inventories, other than oil products, are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and comprises direct purchase costs. Net realisable value is determined by reference to prices existing at the balance sheet date.

s) Dividend in specie

A dividend in specie is recognised when the dividend is appropriately authorised and is no longer at the discretion of the Company and is measured at the fair value of the net assets to be distributed.

3. Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting judgements

The following are the critical judgements, apart from those involving estimation, that the Directors have made in applying the Group's accounting policies as detailed in Note 2 and that have the most significant effect on the amounts recognised in the financial statements.

Carrying value of intangible exploration and evaluation assets

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

The Group completed the farmout of part of its interest in the Pirity Concession to CPC Corporation, Taiwan ("CPC"), the state-owned energy company of Taiwan in November 2021. CPC and President, through their subsidiary companies, now have an equal 50/50 interest in the Pirity Concession, Paraguay with President continuing as operator under an international form of Joint Operating Agreement. The Pirity licence was extended until September 2023 and the Hernadarias licence until November 2023. The successful conclusion of the farmout process and licence extensions clears the way for a well to be drilled to determine the potential economic value of the intangible asset. Having regard to the terms of the farm out agreement and the negotiations that were undertaken management have recognised that the US$4.0 million proceeds received are to be utilised to fund future exploration activity and on this basis they have recognised as a liability. This will be released against the exploration asset as expenditure is incurred under the farm out agreement.

When considering the valuation of the Paraguay asset, the Directors have taken into account both the output of discussions from the farm down process over the past 12 months and internal assessments. Management remains committed to drilling in Paraguay with the planned drilling now scheduled for the second half of 2022. Accordingly, management considered that, in light of the commitment to drill and that the potential economic value, it is appropriate to continue to capitalise the balance of US$54 million at 31 December 2021.

Key sources of estimation uncertainty

These are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

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

Key sources of estimation uncertainty (continued)

Estimation of oil and gas reserves

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

Proved and probable oil and gas reserves are the quantities of oil and natural gas estimated by management, and verified from time to time by industry experts, that demonstrate with probability the likelihood that they are recoverable in future years from known reservoirs under existing economic and operating conditions, i.e. expected prices and costs as of the date the estimate is made. Estimates of oil and gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Accordingly, financial and accounting measures (such as impairment charges, depreciation, depletion and amortisation charges and decommissioning provisions) that are based on proved and probable reserves are also subject to change. Also, future gas and oil prices affect the point at which the well becomes uneconomic and the fair value measurement 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 03.

Impairment review

When assessing the carrying value of oil and gas producing wells included in tangible assets, the Group estimates future production levels and prices against predicted production costs to assess the continuing economic viability and value of the well, or field, or other relevant factors. For non-producing assets included in intangible exploration and evaluation assets, the cost of bringing the resource into production needs to be assessed against the volumes, prices and operating costs anticipated from estimated future production, to the extent that the evaluation of these assets is sufficiently advanced for those to be determined. Sensitivities with respect to the key sources of estimation uncertainty in relation to impairment are oil price, the pre-tax discount rate and other key estimates are detailed in Note 15.

Provisions for decommissioning

The Group provides for the costs that will be incurred when the well reaches the end of its economic life. In addition to the costs of physically removing plant and equipment there are costs associated with returning the area to an environmentally sound condition. This could include removal of roads, replacement of subsoil, planting of trees etc. to meet local and national requirements at that time. In arriving at the estimated provision, the key estimation uncertainty is the nominal discount rate to be applied. Further details are provided in Note 22.

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 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 and the USA.

4. Segment reporting (continued)

	Argentina 2021 US$000	Paraguay 2021 US$000	USA 2021 US$000	UK 2021 US$000	Total 2021 US$000
Revenue	**32,669**	**–**	**1,478**	**–**	**34,147**
Cost of sales					
Depreciation	**11,158**	**–**	**216**	**–**	**11,374**
Royalties & production taxes	**5,612**	**–**	**419**	**–**	**6,031**
Well operating costs	**15,538**	**–**	**488**	**–**	**16,026**
Administrative expenses	**1,889**	**64**	**389**	**3,422**	**5,764**
Segment costs	**34,197**	**64**	**1,512**	**3,422**	**39,195**
Segment operating profit/(loss)	**(1,528)**	**(64)**	**(34)**	**(3,422)**	**(5,048)**

	Argentina 2020 US$000	Paraguay 2020 US$000	USA 2020 US$000	UK 2020 US$000	Total 2020 US$000
Revenue	24,915	–	2,856	–	27,771
Cost of sales					
Depreciation	9,766	–	343	–	10,109
Royalties & production taxes	4,448	–	728	–	5,176
Well operating costs	15,867	–	623	–	16,490
Administrative expenses	1,859	73	422	2,294	4,648
Segment costs	31,940	73	2,116	2,294	36,423
Segment operating profit/(loss)	(7,025)	(73)	740	(2,294)	(8,652)

During 2021, oil sales in Argentina comprised 81% of total revenues (2020: 89%) reflecting growing gas sales. Principal customers were comprised as follows:

	2021	2020
Trafigura Argentina S.A	**80%**	83%
Refineria Del Norte S.A.	**14%**	9%
Industria Metalurgica Sud Americana	**0%**	4%

In the USA, oil sales made up 77% of total revenues (2020: 66%) and were marketed to Plains Marketing L.P. Gas sales are made to Enterprise Products Operating LLC. Sales per barrel of oil equivalent averaged US$41 per boe (2020: US$30 per boe) and US$43 per boe (2020: US$30 per boe) for Argentina and USA respectively.

Average reported sales prices for Argentina are calculated based on oil and gas sales volumes of 804.5 mmboe (2020: 830.7 mmboe) as Puesto Flores oil inventory movements and gas consumed in operations will result in differences to reported production volumes. Likewise in the USA, average reported sales prices are calculated based on oil and gas sales volumes of 34.3 mmboe (2020: 95.4 mmboe).

4. Segment reporting (continued)

Segment assets

	Argentina 2021 US$000	Paraguay 2021 US$000	USA 2021 US$000	UK 2021 US$000	Total 2021 US$000
Intangible assets	**129**	**54,175**	**–**	**–**	**54,304**
Goodwill	**705**	**–**	**–**	**–**	**705**
Investment in associate	**–**	**–**	**–**	**25**	**25**
Property, plant and equipment	**57,022**	**–**	**2,126**	**–**	**59,148**
	57,856	**54,175**	**2,126**	**25**	**114,182**
Other assets	**10,257**	**1,350**	**582**	**1,487**	**13,676**
	68,113	**55,525**	**2,708**	**1,512**	**127,858**

	Argentina 2020 US$000	Paraguay 2020 US$000	USA 2020 US$000	UK 2020 US$000	Total 2020 US$000
Intangible assets	129	52,574	–	–	52,703
Goodwill	705	–	–	–	705
Property, plant and equipment	52,637	–	1,852	–	54,489
	53,471	52,574	1,852	–	107,897
Other assets	3,975	1,352	936	296	6,559
	57,446	53,926	2,788	296	114,456

Segment assets can be reconciled to the Group as follows:

	2021 US$000	2020 US$000
Segment assets	**127,858**	114,456
Group cash	**2,014**	1,144
Group assets	**129,872**	115,600

Segment liabilities

	Argentina 2021 US$000	Paraguay 2021 US$000	USA 2021 US$000	UK 2021 US$000	Total 2021 US$000
Total liabilities	**39,095**	**4,056**	**1,963**	**15,917**	**61,031**

	Argentina 2020 US$000	Paraguay 2020 US$000	USA 2020 US$000	UK 2020 US$000	Total 2020 US$000
Total liabilities	23,870	56	1,675	13,632	39,233

5. Cost of sales

	2021 US$000	2020 US$000
Depreciation	**11,374**	10,109
Royalties & production taxes	**6,031**	5,176
Well operating costs	**16,026**	16,490
	33,431	31,775

Well operating costs include US$751,000 (2020: US$86,000) in non-recurring workover costs expensed in the period.

6. Administrative expenses

	2021 US$000	2020 US$000
Directors and staff costs (including non-executive Directors)	**2,530**	2,391
Share-based payments	**367**	410
Depreciation	**82**	162
Other	**2,785**	1,685
	5,764	4,648
Attributable to Atome business included above	**(1,397)**	–
	4,367	4,648

To allow for meaningful comparison, staff costs, share based payments and depreciation expenses are reflected gross before the effect of allocations to operating costs or balance sheet assets. Other expenses are shown net of the effect of allocations totalling US$1.3 million (2020: US$1.5 million).

Included with administrative expenses are US$1.4 million directly attributable to the Atome Energy businesses which are no longer part of the President Group following the flotation at the end of December 2021. Further details are provided in Note 33.

7. Other non-operating (gains)/losses

	2021 US$000	2020 US$000
Gain on dividend in specie of Atome shares	**(13,130)**	–
Reverse of provision for recoverable taxes	**–**	19
Movement on estimated credit loss on trade debtors	**–**	6
Gain on termination of leases	**(18)**	(86)
Other (gains)/losses arising on asset disposals	**(29)**	198
Gain on Atome transition to an associate investment	**(1,317)**	–
	(14,494)	137

Gains arising on dividend in specie of Atome shares and on transition of Atome to an investment in an associate entity are explained in Note 33.

8. Impairment (credit) / charge

	2021 US$000	2020 US$000
Matorras & Ocultar in Argentina (intangible)	**51**	1,759
Jefferson Island (intangible)	**–**	125
	51	1,884

Further details on the impairments are provided in Note 14 for Intangible assets.

9. Finance income & costs

	2021 US$000	2020 US$000
Interest income	**145**	105
Exchange gains	**1,488**	4,401
Finance income	**1,633**	4,506
Loan interest	**3,129**	2,328
Loan and financing fees	**470**	434
Accretion on abandonment liabilities	**840**	702
Interest on leases	**415**	191
Other interest	**313**	429
FX hedge	**157**	–
Finance costs	**5,324**	4,084

Cash paid out on loan fees and interest in the year amounted to US$1.3 million (2020: US$0.7 million).

10. Profit / (loss) before tax

	2021 US$000	2020 US$000
Profit/(loss) before tax has been arrived at after charging:		
Depreciation of property, plant and equipment (note 15)	**11,456**	10,271
Impairment of assets (notes 8, 14 & 15)	**51**	1,884
Staff costs in Admin & Operations (note 11)	**5,247**	4,968
Rentals payable in respect of land and buildings	**17**	17

Auditor's remuneration		
Fees payable to the Company's auditor and its associates for the audit of the annual accounts	**92**	92
Audit of the Company's subsidiaries	**58**	58
Total audit fees	**150**	150
Audit related assurance services	**5**	5
Tax advisory services	**–**	–
	155	155

Non-recurring items

The Group uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles ("GAAP"). Where referred to in the calculation of Adjusted EBITDA and in alternative performance measures these non-recurring items comprise the following:

Non-recurring	2021 US$000	2020 US$000
Workover costs (per text in Note 5)	**751**	86
	751	86

10. Profit / (loss) before tax (continued)

The Group considers that the irregular nature of these items can lead to variability in the understanding of the performance of the underlying business and as such provide additional disclosure to compliment the GAAP measures. These items are determined in line with the accounting policy in Note 2(q).

– Workovers are unplanned well interventions that are not part of routine operations that can occur from time to time. The workovers are not planned interventions and do not occur on the same well each year.

11. Staff costs

	2021 Number	2020 Number
Average monthly number of employees		
(including executive Directors and Chairman		
but excluding non-executive Directors)		
Management	**3**	3
Operational	**51**	50
Administration	**12**	10
	66	63

	2021 US$000	2020 US$000
Wages, salaries and Directors' fees		
(including Chairman and excluding non-executive Directors)	**4,129**	3,871
Expense in respect of share-based payments	**367**	410
Social security costs	**751**	687
	5,247	4,968

A proportion of the staff costs above are expensed in operating costs (2021: US$2.5 million, 2020: US$2.3 million). There are no other material allocations.

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

Under certain arrangements, US$204,549 of the above remuneration was deferred or accrued in 2021 (2020: US$197,711). As at 31 December 2021, US$1,619,354 remains outstanding (2020: US$1,176,069). Details on share option awarded during the period are provided in Note 25.

	2021 US$000	2020 US$000
Emoluments paid in respect of the highest paid Director in the year (excluding share-based payment charge)	**592**	591

12. Tax

	2021 US$000	2020 US$000
Current tax credit /(charge)	**–**	(2)
Deferred tax		
Origination and reversal of temporary differences	**(1,125)**	(1,032)
	(1,125)	(1,034)

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

	2021 US$000	2020 US$000
Profit / (loss) on ordinary activities before taxation	**5,704**	(10,251)
Tax at 19% (2020: 19%)	**(1,084)**	1,948
Tax losses utilised but not previously recognised	**–**	71
Deferred tax carried forward but not recognised	**(66)**	(470)
Deferred tax carried forward and recognised	**611**	(3,284)
Change in future deferred tax rates	**(652)**	45
Tax effect of income/expenses not realised in Group accounts	**(2,927)**	(83)
Expenses not deductible for tax purposes	**2,350**	477
Difference between US, Argentine, Paraguay and UK tax rates	**897**	881
Adjustments relating to prior years	**(254)**	(619)
Tax as per statement of comprehensive income	**(1,125)**	(1,034)

13. Earnings / (Loss) per share

	2021 US$000	2020 US$000
Net profit / (loss) for the period attributable to the equity holders of the Parent Company	4,579	(11,285)

	Number '000	Number '000
Weighted average number of shares in issue	2,031,855	1,641,684

	US cents	US cents
Earnings /(loss) per share		
Basic earnings / (loss) per share from continuing operations	0.23	(0.69)
Diluted earnings / (loss) per share from continuing operations	0.22	(0.69)

At 31 December 2021, 41,508,838 (2020: 32,146,921) share option and share warrant awards were in issue that, if exercised, would dilute earnings per share in the future. No dilution per share was calculated for 2020 as with the reported loss they are anti-dilutive.

14. Intangible assets - exploration and evaluation assets

	US$000
Cost	
At 1 January 2020	146,287
Additions	173
Transfer to current assets	**(1,336)**
At 1 January 2021	**145,124**
Additions	**1,601**
At 31 December 2021	**146,725**
Impairment	
At 1 January 2020	90,537
Impaired in year ended 2020	1,884
At 1 January 2021	**92,421**
Impaired in year ended 2021	**–**
At 31 December 2021	**92,421**
Net Book Value	
At 31 December 2021	**54,304**
At 31 December 2020	52,703

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

The Group completed the farmout of part of its interest in the Pirity Concession to CPC Corporation, Taiwan ("CPC"), the state-owned energy company of Taiwan in November 2021. CPC and President, through their subsidiary companies, now have an equal 50/50 interest in the Pirity Concession, Paraguay with President continuing as operator under an international form of Joint Operating Agreement. The Pirity licence was extended until September 2023 and the Hernadarias licence until November 2023. The successful conclusion of the farmout process and licence extensions clear the way for a well to be drilled to determine the potential economic value of the intangible asset.

Accordingly, management considered that, in light of the commitment to drill and that the potential economic value remains unchanged, it is appropriate to continue to capitalise the balance of US$54 million at 31 December 2021 (2020: US$53 million). Additions in the year largely comprise US$1.4 million of farm out costs directly attributable to the commercial and technical evaluation of the Pirity Concession in line with the accounting policy as detailed in Note 2.

In 2020, the Group impaired the Matorras & Ocultar licence and the Jefferson Island licence in Argentina and USA respectively. Both licences have been relinquished. Drilling inventory with a fair value estimate of US$1.3m was transferred to current assets during 2020 pending the determination of future drilling equipment requirements.

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

	2021 Oil & gas assets US$000	2021 Other assets US$000	2021 Leased assets US$000	2021 Total US$000	2020 Oil & gas assets US$000	2020 Other assets US$000	2020 Leased assets US$000	2020 Total US$000
Cost								
At 1 January	**143,446**	**458**	**3,385**	**147,289**	134,617	430	2,016	137,063
Additions	**14,701**	**12**	**1,451**	**16,164**	8,946	28	2,500	11,474
Acquisition of licence in USA	**–**	**–**	**–**	**–**	172	–	–	172
Disposals	**–**	**–**	**(256)**	**(256)**	(289)	–	(1,131)	(1,420)
At 31 December	**158,147**	**470**	**4,580**	**163,197**	143,446	458	3,385	147,289
Depreciation								
At 1 January	**91,520**	**316**	**964**	**92,800**	82,117	245	609	82,971
Charge for the year	**10,393**	**52**	**1,011**	**11,456**	9,416	71	784	10,271
Disposals	**–**	**–**	**(207)**	**(207)**	(13)	–	(429)	(442)
At 31 December	**101,913**	**368**	**1,768**	**104,049**	91,520	316	964	92,800
Net Book Value								
At 31 December	**56,234**	**102**	**2,812**	**59,148**	51,926	142	2,421	54,489

Following a review, no impairment indicators were identified in 2021 across all oil and gas assets. Discussions to extend its core Puesto Flores/Estancia Vieja concession in Argentina, currently due to expire in November 2027, for a further ten years until November 2037 in accordance with legislation are ongoing. Such an extension will have a positive effect on reserves and on future cash flow generation.

During 2021, a three well development drilling campaign on the Puesto Guardian licence in the northern Salta province in Argentina stated in early November 2021. Drilling of the third well extended in to 2022. Investment in Rio Negro continued with the drilling and completion of a further two wells on the Las Bases and Estancia Vieja concessions in April 2021. A new oil treatment plant designed, engineered, constructed and completed in Rio Negro is now delivering material savings of operating costs. The capital workover of the Triche well in the USA commenced at the end of the year with production re-established in 2022. Lease additions largely comprise recognition of new contracts on a compressor and vehicles in Argentina.

Additions during 2020 were all related to activity on the Rio Negro concession where investment was made to drill two new wells and complete gas infrastructure projects. Lease additions in the year comprised contracts on a compressor and generators in support of the increase in gas production. Contract modifications during the initial phase of the Covid-19 pandemic and the termination of drilling equipment contracts resulted in the disposals recognised.

16. Other non-current assets

	2021 US$000	2020 US$000
Financial assets - Deposits with state authorities	**103**	102
	103	102

17. Trade and other receivables

	2021 US$000	2020 US$000
Trade receivables	**5,236**	3,344
Prepaid drilling cost	**3,222**	–
Due from Atome	**1,291**	–
Other receivables	**1,170**	797
Prepaid interest on Argentine borrowing	**532**	–
Other prepayments	**436**	413
	11,887	4,554

In financing Argentine drilling activity in 2021, the Group managed currency exposure by prepaying for drilling costs to be discharged on settlement in 2022. Under new borrowing arrangements, detailed in Note 20, proceeds are received net of interest earned in future periods resulting in a prepayment of interest.

Following the flotation of Atome Energy at the end of December 2021, the Group had a receivable of US$1.3 million in relation to the funding support provided to the Atome businesses. This amount was settled in full in 2022. Further detail on Atome are provided in Note 33.

Higher trade receivables in 2021 reflect both higher sales volumes sold, and higher product prices compared to 2020. Trade receivables comprise amounts due for the sale of oil and gas and amounts due from joint venture partners. They are generally due for settlement within 30–60 days and are therefore all classified as current. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Group has assessed the estimated credit losses looking at the probability of default and potential loss on recovery for each category of risk using reputable external benchmarks. As at 31 December 2021, an estimated credit loss of US$62,256 was recognised (2020: US$62,256).

Credit risk

The Company has a low credit risk in respect of trade receivables as the balance owing comprises sales to reputable oil and gas purchasers, joint ventures with State partners and crude oil inventory in transit. The concentration of risk is such that at 31 December 2021, 87% (2020 84%) of the Group's trade receivables from product sales were due from the four largest counter-parties These amounts have been recovered in full since 1 January 2021. Further detail on credit risk management is detailed in Note 29.

18. Cash and cash equivalents

	2021 US$000	2020 US$000
Cash at bank and in hand	**2,014**	1,144

19. Trade and other payables

	2021 US$000	2020 US$000
Current		
Trade payables	**4,830**	3,453
Drilling, workover and operation accruals	**1,959**	3,696
Arising on licence acquisition and extension	**–**	284
Paraguay drilling obligation	**4,000**	–
Current portion of leases	**786**	750
Other payables	**5,849**	2,104
	17,424	10,287
Non-current		
Non-current portion of leases	**2,181**	1,750
Non-current portion of other payables	**2,399**	1,786
	4,580	3,536

Following the farm out of the Pirity Concession in Paraguay in 2021, the Group has a constructive obligation to use the US$4.0 million proceeds received to drill the exploration well as defined in the agreements.

20. Borrowings

	2021 US$000	2020 US$000
Current		
Bank loan	**2,053**	1,539
Promissory notes & bonds	**4,961**	–
	7,014	1,539
Non-current		
IYA Loan	**11,284**	11,175
Bank loan	**2,016**	4,922
Promissory notes & bonds	**8,950**	–
	22,250	16,097
Total carrying value of borrowings	**29,264**	17,636

		2021	2020
IYA Loan			
Balance at beginning of year		**11,175**	18,083
Loan drawn in year (note 30)		**257**	281
Converted to equity		**(140)**	(7,213)
Interest capitalised		**1,647**	2,045
Repaid in period:	Capital repayments	**1,641**	2,103
	Interest and loan fees	**1,647**	2,045
		(3,288)	(4,148)
Foreign exchange		**(14)**	82
Interest payable in statement of comprehensive income in period		**1,647**	2,045
		11,284	11,175

20. Borrowings (continued)

		2021 US$000	2020 US$000
Bank loan			
Balance at beginning of year		**6,461**	4,486
Loan drawdown in year		**–**	5,000
Interest capitalised		**1,317**	357
Repaid in period:	Capital repayments	**1,489**	2,973
	Interest paid	**1,317**	330
		(2,806)	(3,303)
Foreign exchange		**(993)**	(79)
Interest payable in statement of comprehensive income in period		**90**	–
		4,069	6,461

		2021 US$000	2020 US$000
Promissory notes & bond			
Balance at beginning of year		**–**	–
Loan drawdown in year		**13,900**	–
Interest capitalised		**203**	–
Repaid in period:	Capital repayments	**–**	–
	Interest paid	**192**	–
		(192)	–
Interest payable in statement of comprehensive income in period		**–**	–
		13,911	–

IYA Loan

On 2 January 2018, the Company entered into a loan agreement with IYA Global Limited ("IYA"), a company beneficially owned by Peter Levine, pursuant to which IYA provided a loan facility up to $20.5 million to the Company. The loan is due for repayment by 31 December 2024. Further details on the terms of the IYA loan are detailed in the Related Party Note 32.

On 5 October 2021, IYA agreed to convert the sum of £102,000 being part of the debt owed to it under the loan agreement into 6,000,000 new ordinary shares in the Company at the closing mid-market price on the day prior of 1.7 pence per conversion share). IYA directed in accordance with Peter Levine's wishes that the conversion shares should be allotted and issued to the Peter Levine Foundation, a charity in which neither Peter Levine nor any members of his family are beneficially interested and whose principal objectives are for promoting education and the welfare of the young.

In 2020, IYA Limited, a Peter Levine group company, converted US$7.2 million of monies owed to it from the Company into new ordinary shares as part of a restructuring involving a subscription for new shares by the international commodity trading and logistics group Trafigura.

Bank loan

A new Argentine Peso denominated bank loan was drawn in 2020 which is repayable in instalments between January 2022 and December 2023.

20. Borrowings (continued)

Promissory notes & bond

The Argentine subsidiary of the Company, President Petroleum S.A., a dollar-based business, has successfully issued and placed a US$8,950,000 Dollar denominated corporate bond (the "Bond"). This is the first time that any member of the Group has issued a corporate bond.

The issue, which was oversubscribed nearly three times, was successfully placed by a line-up of local institutions led by BACS Banco de Crédito y Securitización S.A. and Banco Hipotecario S.A. on behalf of the Company with the Bond carrying an interest rate of 1.24% p.a. and having a term of two years (with four quarterly amortization payments during the second year). The covenant lite Bond is secured solely on 60% of the sales proceeds from oil sales of the Puesto Flores Concession, Río Negro Province, Argentina. Production from all other Río Negro fields and the Puesto Guardian field in Salta as well as all gas production in Argentina is not subject to nor affected by this security.

Of particular note is that the Bond was given the credit rating of A- local investment grade by the Argentine affiliate of the worldwide credit rating agency Fitch, Fix SCR. The proceeds from the Bond will be mainly used for capital expenditures of the Argentine operations through the whole of next year including the drilling and seismic operations at the long term Puesto Guardian Concession as well as working capital.

Through 2021, President Petroleum S.A., issued US$4,950,000 million of promissory notes through local financial institutions. These notes have interest rates ranging from 4-7% and have repayment dates through 2022 and 2023.

21. Leases

	2021 US$000	2020 US$000
i) Amounts recognised in the balance sheet		
Right-of-use assets (included within Property, plant and equipment)		
Property leases	**19**	24
Oil and gas production and support equipment leases	**2,566**	2,387
Vehicles	**227**	10
	2,812	2,421
Leased liabilities		
Property leases	**20**	25
Oil and gas production and support equipment leases	**2,737**	2,467
Vehicles	**210**	8
	2,967	2,500
Current	**786**	750
Non-current	**2181**	1,750
	2,967	2,500
ii) Amounts recognised in the statement of profit or loss		
Property leases	**30**	91
Oil and gas production and support equipment leases	**981**	654
Vehicles	**49**	39
Depreciation charge of right-of-use assets	**1060**	784
Interest expense on lease liabilities (included in finance cost)	**415**	191
(Gain) / loss on termination of lease	**(67)**	(86)
Expense related to short-term leases	**13**	15
	1,421	904

The cash out flow for leases amounted to US$1.3 million (2020: US$0.9 million) in the period.

22. Long-term provision – Decommissioning

	US$000
At 1 January 2020	5,520
Increase / (decrease) in provision	163
Accretion	702
Acquisition	14
At 1 January 2021	**6,399**
Increase / (decrease) in provision	**241**
Accretion	**840**
Incurred	**–**
At 31 December 2021	**7,480**

Provisions for decommissioning relate to the restoration of well sites to a satisfactory environmental condition following the cessation of production. These provisions have been created based on the Group's internal estimates and, where relevant and available, operator's estimates. Assumptions, based on the current economic environment, have been made which management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. The provision is arrived at after taking into consideration management's view of future inflation and an appropriate discount rate. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates, which is currently expected to be between 2026 and 2050 for existing wells. This in turn will depend upon future oil and gas prices, which are inherently uncertain. The Group uses a nominal discount rate of 2.1% (2020: 2.1%) in the USA and 15% (2020: 15%) in Argentina. Inflation rate of 2.0% (2020 2.0%) has been applied as costs in the industry are determined in US dollar terms.

A wide range of estimation uncertainty surrounds the discount rate used in Argentina due to the prevailing economic environment. A decrease in the discount rate by 3% would increase the liability by US$1.4 million while an increase of 3% in the discount rate would reduce the liability by US$1.0 million.

23. Deferred tax

	US$000
Liability at 1 January 2020	1,024
Movement in year	(3,134)
Change in future tax rate	(45)
Exchange difference	3,530
Liability at 1 January 2021	**1,375**
Movement in year	**(1,085)**
Change in future tax rate	**652**
Exchange difference	**1,341**
Liability at 31 December 2021	**2,283**

All of the above relates to oil and gas properties. The movement in the year is largely due to the recognition of a deferred tax asset on tax losses arising in Argentina in the year. The further devaluation of the Argentine Peso impacted on the tax basis used in estimating the future tax provision. The devaluation significantly reduced the Peso denominated tax-deductible value of fixed assets and Peso denominated tax losses which, when compared to their carrying value for accounting purposes, gave rise to a deferred tax charge US$1.3 million (2020: US$3.5 million).

23. Deferred tax (continued)

In 2021, the Argentine government increased the corporate tax rate of from 25% applied in 2020 to a progressive scheme starting with a 25% rate and increasing up to a 35% rate according to bands of taxable income. This resulted in a US$0.7 million increase (2020 US$0.1 decrease) in the future liability.

A Deferred Tax asset of US$0.4 million (2020: US$ 0.6 million) is recognised in the USA based on forecast as the utilisation of expected tax losses exceeds the Deferred Tax liability arising on timing differences. Following updated forecasts incorporating higher oil prices and revised cost estimate the estimated amount of tax losses utilised has decreased in the period. The Group has the following unrecognised tax losses available for offset against future profits:

	2021 US$000	2020 US$000
USA	**11,977**	10,929
UK	**37,150**	49,736

24. Share capital

Equity share capital	2021 '000s	2020 '000s
Issued - authorised, allotted, called up and fully paid		
Deferred shares of par value £0.29 (US$0.54)	**16,093**	16,093
Ordinary shares of par value £0.01 (US$0.02)	**2,058,074**	2,023,576

	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)	**27,454**	26,983
	36,179	35,708

The issued share capital is reconciled as follows

Balance at beginning of year	**35,708**	24,465
Shares issued	**471**	11,243
Balance at end of year	**36,179**	35,708

During 2021, the highest mid-market price of the Company's shares was 2.73p and the lowest was 1.68p. The price at the year-end was 1.09p.

During 2021, US$0.5 million was received from Compañia General De Combustibles S.A under a subscription agreement. The company issued 17,498,246 new shares at an average price of 2.1 pence per share. In October 2021, the Company issued 6,000,000 new ordinary shares at 1.7 pence per share to convert debt owing to IYA Global Limited. Further details are provided in Note 20.

During 2020, the international commodity trading and logistics group Trafigura agreed to subscribe for new ordinary shares in the Company for a total sum of US$10 million at an average share price of 2.4 pence per share, thereby becoming a 16.7 per cent shareholder in President. During the same period, IYA, a Peter Levine group company, converted US$7.2 million of monies owed to it from the Company into new ordinary shares at the same average price. In aggregate this resulted in Peter Levine holding through his investment fund PLLG Investments 29.95% of the Company. In June 2020, the Company announced that it had raised £4.73 million before expenses by way of placing ordinary shares at a price of 1.85 pence per share. The company issued 255,896,325 new shares incorporating shares issued in settlement under direction agreements. During 2020, US$0.83 million was received from Compañia General De Combustibles S.A under a subscription agreement. The company issued 33,684,307 new shares at an average price of 1.923 pence per share.

24. Share capital (continued)

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.

Details on the capital reconstruction are provided in Note 30.

25. Share-based payments

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

		Grant date	Target Price	31 Dec 2020	Exercised in year	Forfeited/ lapsed in year	31 Dec 2021	Exercise
Options				'000	**'000**	**'000**	**'000**	
Former director	a	25 May 11	38-74p	800	**–**	**800**	**–**	25p
Former director	a	01 Jul 16	10-20p	1,167	**–**	**–**	**1,167**	6.75p
Former director	a	30 Sep 11	51p	600	**–**	**600**	**–**	33.875p
Senior employee	a	01 Jul 16	10-20p	1,933	**–**	**–**	**1,933**	6.75p
Senior employee	a	21 Jun 17	9-18p	1,667	**–**	**–**	**1,667**	6.18p
Robert Shepherd	a	20 Jun 18	14-27p	5,000	**–**	**5,000**	**–**	9.25p
Senior employee	a	20 Jun 18	14-27p	12,700	**–**	**12,700**	**–**	9.25p
Senior employee	b	19 Nov 20	–	35,000	**11,000**	**4,000**	**20,000**	1.00p
				58,867	**11,000**	**23,100**	**24,767**	
Warrants	c		47p	4,253	–	–	**4,253**	47p
				63,120	**11,000**	**23,100**	**29,020**	

Note

a) Options are exercisable up to 10 years after grant. Options are granted under the Global Incentive Plan scheme. 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, unless vested, have a 3-year vesting period from date of grant, and all are equity-settled.

b) Options granted in 2020 are nil cost options that vest in two equal tranches being 12 and 24 months from the date of grant subject to the relevant persons being in the employ of the group and not subject to notice. Subject to vesting and such conditions being met, these options are exercisable for up to six months from the vesting date of each tranche and will lapse if not exercised by such date.

c) The warrants were issued in connection with the Group's acquisition of LCH SA in 2014 and expire in line with the Pirity Concession in April 2022.

The weighted average remaining contractual life of the options/warrant is 1.6 years (2020: 1.4 years) from 31 December 2021.

26. Notes to the consolidated statement cash flows

	2021 US$000	2020 US$000
Profit / (loss) from operations before taxation	**5,704**	(10,251)
Interest on bank deposits	**(145)**	(105)
Interest payable and loan fees	**5,324**	4,084
Depreciation of property, plant and equipment	**11,456**	10,271
Impairment (credit)/charge	**51**	1,884
(Gain) / loss on non-operating transaction	**(14,494)**	137
Share-based payments	**367**	410
Foreign exchange difference	**(1,488)**	(4,401)
Operating cash flows before movements in working capital	**6,775**	2,029
Decrease / (increase) in receivables	**(2,430)**	1,421
Movement in stock	**–**	28
Increase / (decrease) in payables	**6,733**	960
Net cash generated by operating activities	**11,078**	4,438

27. Contingent liabilities

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

Since IYA Global Limited is a British Virgin Island registered entity, the payment of interest on the IYA loan triggers the obligation to pay income tax at 20% at the point in the future when settlement occurs. The potential liability to income tax is US$2.1m.

28. Capital commitments

In Paraguay, the Group has entered into a Farm-in agreement on the Hernandarias Concession to earn the remaining 40% working interest (40% already earned). The remaining work commitment is for one well to be drilled on the licence, which has been extended until November 2023. If the Group fails to drill such a well, it would have to relinquish its rights for the remaining 40% but on relinquishment would have no further liability. As at 31 December 2021, the remaining capital commitment was US$8.9 million which would not be payable if the rights are relinquished.

The Group anticipates drilling the remaining commitment well on the Pirity Concession at the earliest opportunity. The Pirity licence was extended to September 2023 with a work commitment to drill a further two wells or pay a financial penalty of US$0.1 million.

Under the term of the existing development concessions in Rio Negro, the Province has approved a work programme including re-completions/workovers and drilling of development and exploration wells aimed at materially increasing production and reserves at the fields. In 2019, the Group also acquired the Angostura exploration concession. In conjunction with the Province, the Group tracks and manages the work obligations across these concessions.

Following the relinquishment of the Matoras & Occultar licence in March 2022, the associated work commitment, US$2.61m in value, will transfer to Puesto Guardian. This work obligation equates to the cost of one production well and will be incorporated into future drilling plans.

29. Risk management objectives and policies

a) Overview

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The Group's risk management is co-ordinated at its Leeds, UK headquarters, in close co-operation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. To date, the Group has financed its operations from equity issues in Pounds sterling and loans denominated in US Dollars. The Group uses financial instruments (other than derivatives) comprising cash, liquid resources and various items, such as trade debtors and trade creditors that arise directly from its operations. The Group has not recently entered into any derivative transactions with the exception of currency options to hedge significant currency exposure. There were no contracts in place as at 31 December 2020. In the normal course of its operations and through its financial instruments the Group is exposed to foreign currency, commodity price and interest rate risks.

b) Hedging of oil and gas prices

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

c) Foreign currency risk and sensitivity

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

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

	2021 US$000	2020 US$000
US Dollars	**1,706**	286
Sterling	**7**	91
Argentine Pesos	**300**	765
Paraguayan Guarani	**1**	2
	2,014	1,144

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$1,000 (2020: US$9,000). If the exchange rate between the US Dollar and the Argentine Peso changed by 10% there would be a profit or loss of US$27,000 (2020: US$70,000).

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$16,000 per annum (2020: US$10,000). As stated in Note 32 and Note 20, interest on the related party loan is part fixed rate and part variable rate. The bank loan detailed in Note 20 is at a variable rate.

e) Credit risk

The Group's principal customers are substantial oil and gas companies and refiners and as such credit risk is considered to be low. While the majority of receivables from joint venture partners are either regional governments or companies of good standing. Accordingly, when the Group has assessed the estimated credit losses looking at the probability of default and potential loss on recovery for each category of risk a non-material provision amounting to 1.4% has been recognised. The Group conducts an internal review with respect to the credit worthiness of counterparties where the exposure is material.

29. Risk management objectives and policies (continued)

e) Credit risk (continued)

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:

	2021 US$000	2020 US$000
Trade receivables	**5,236**	3,344
Other receivables	**1,170**	797
Cash and cash equivalents	**2,014**	1,144
Deposits with state authorities	**103**	102
	8,523	5,387

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 aims to maintain cash to meet its liquidity requirements for up to 60-day periods. As at 31 December 2021 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	**4,830**	–
Drilling, workover and operation accruals	**1,959**	–
Arising on licence acquisition and extension	**–**	–
Current portion of leases	**786**	–
Others	**5,849**	–
Bank loan	**1,045**	1,008
Promissory notes & bonds	**1,511**	3,450

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	**3,453**	–
Drilling, workover and operation accruals	**3,696**	–
Arising on licence acquisition and extension	**284**	–
Current portion of leases	**750**	–
Current portion of contract liability	**–**	–
Others	**3,890**	–
Bank loan	**1,539**	–

The Group's borrowings are set out in Note 20 and are due to mature between 2022 and 2024.

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.

29. Risk management objectives and policies (continued)

h) Summary of financial assets and liabilities by category

	2021 US$000	2020 US$000
Non-current assets – loans and receivables		
Deposits with state authorities	**103**	102
Current financial assets at amortised cost		
Trade receivables	**5,236**	3,344
Other receivables	**1,170**	797
Due from Atome	**1,291**	–
Cash and cash equivalents	**2,014**	1,144
	9,711	5,285
Current financial liabilities measured at amortised cost		
Trade payables	**4,830**	3,453
Arising on licence acquisition and extension	**–**	284
Other payables	**5,849**	2,104
Borrowings	**7,014**	1,539
	17,693	7,380

With the exception of Group borrowings, further detail of which is set out in Note 20, the fair value of financial assets and liabilities approximates to the carrying value due to the short-term nature of the financial instruments with the exception of non-current loans and receivables that are held at amortised cost.

30. Managing capital

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

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

The Group sets the amount of capital in proportion to risk and its plans for growth. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust any amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Much of the focus in 2021 was on the value creation in bringing Atome Energy to the market, development drilling in Argentina and concluding the farm out of the Pirity Concession in Paraguay. To that end, shareholder and High Court approval was obtained for a capital reduction of Share Premium balance to facilitate the dividend in specie to shareholders at the end of December 2021.

Following the reduction, there remains over US$90.0 million of distributable reserves at the end of the year.

31. Subsequent events

Impact of COVID-19 on operations

The first priority throughout 2021 remained the welfare and health of our employees and families as well as our contractors working in the field. Throughout the year, President continued to monitor and check on the health of all its employees and follow strict guidelines. Measures included restricting numbers travelling to fields in vehicles, monitoring health of operatives daily and social distancing. Production from operations has not been affected and there have been no shut-in wells or choke back of our wells.

31. Subsequent events (continued)

Impact of COVID-19 on operations (continued)

The Company continued with social distancing measures, both in the office and in the fields, and maintained a"flexible"work schedule for the BA office, with employees still not back 100% in the office but equipped with all necessary IT infrastructure when working remotely. Moral remains excellent with a strong sense of togetherness throughout and there has been no decrease in efficiency. President has no offices in the UK or Louisiana, so the Company is well used to working remotely and economically.

Other events

During the first six months of 2022, President announced the production testing on certain newly drilled wells in the Salta Province in Argentina. Plans for a secondary recovery project in Rio Negro in Argentina are being progressed with the province. While preparations for the drilling of the exploration well in Paraguay later this year have been advanced.

32. Transactions with Directors and other related parties

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The Company defines key management personnel as Directors of the Company. Further information about the remuneration of individual Directors is provided in Note 11 and in the Directors' Remuneration Report on pages 12 to 14.

IYA loan facility

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

The total amount committed under the IYA loan facility is US$20.5 million with US$16.5 million at a 10.5% interest rate and additional borrowings of US$4.0 million at 12.5% plus 6-month Libor in line with previous bank borrowing. The facility is repayable in December 2024. Further details on borrowings are given in Note 20.

At the end of the year, the Company had drawn US$11.3 million (2020: US$11.2 million) of the US$20.5 million facility at the lower interest rate. Loan interest expense amounted to US$1,563,000 (2020: US$1,709,000) and largely continues to be capitalised into the loan balance. Loan fees expense of US$470,000 (2020: US$435,000) largely includes amortisation of historic arrangement fees.

On 5 October 2021, IYA agreed to convert the sum of £102,000.00 being part of the debt owed to it under the loan agreement into 6,000,000 new ordinary shares in the Company at the closing mid-market price on the day prior of 1.7 pence per conversion share). IYA directed in accordance with Peter Levine's wishes that the conversion shares should be allotted and issued to the Peter Levine Foundation, a charity in which neither Peter Levine nor any members of his family are beneficially interested and whose principal objectives are for promoting education and the welfare of the young.

During 2020, the international commodity trading and logistics group Trafigura agreed to subscribe for new ordinary shares in the Company for a total sum of US$10 million at an average share price of 2.4 pence per share, thereby becoming a 16.7 per cent shareholder in President. During the same period, IYA, a Peter Levine group company, converted US$7.2 million of monies owed to it from the Company into new ordinary shares at the same average price. In aggregate this resulted in Peter Levine holding through his investment fund PLLG Investments 29.95% of the Company.

The balance of the IYA loan as at 1 June 2022 was US$11.4 million leaving ca. US$9.1 million of the facility currently undrawn.

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

Other transactions

Alpha Imperial Corp is a company whose ultimate beneficial shareholder is Peter Levine, the Chairman and largest shareholder of President Energy. In 2018, Alpha Imperial Corp farmed in to earn a 75% share in the reactivation of the Pacific Enterprise No1 well in the USA in return for funding the workover over and assuming the abandonment liability for the well. While the Group retained a 24% interest in future production, recent evaluation has indicated that commercial production is not viable. The transaction was immaterial for the purposes of AIM Rule 13 disclosure. Alpha Imperial Corp was also a joint venture partner in the Jefferson Island licence, acquired by the partners in 2018, with a 55% interest (Group interest is 20% and operator). The licence was relinquished in 2021.

On 6th January 2021, President formed Atome Limited as a UK intermediate holding company focusing on developing a hydrogen and ammonia production, marketing and sales business as distinct from an OEM (original equipment manufacturer). Subsequently, President has allotted a 15% interest in Atome Limited to Alpha Oil Invest GmbH of Zug, Switzerland for cash at par value reflecting the work both done and continuing to be performed by Alpha Oil Invest GmbH as referred to below.

Alpha Oil Invest GmbH, in operation since 2006, is an established independently managed fund whose ultimate owner is Peter Levine, President's Executive Chairman. Since its inception Alpha Oil Invest GmbH has made a wide range of investments in a variety of sectors. It has developed an interest and expertise in renewable energy at its own cost and has certain business opportunities which it is now introducing to Atome Limited rather than pursuing them itself. The allocation of shares in Atome Limited is not a related party transaction for the purpose of Rule 13 of the AIM Rules for Companies due to that transaction being de minimis in its size. Nevertheless, in the spirit of Rule 13 of the AIM Rules for Companies, the independent directors carefully reviewed the terms of the issuance in the context of Rule 13 and considered them to be fair and reasonable insofar as the Company's shareholders are concerned.

Nikita Levine, a family member, is a consultant employed through a third-party supplier providing investor relations and business development services to President Energy in 2021. Nikita was appointed as a Director of Atome Limited.

PLLG Investments Limited a company whose ultimate beneficial shareholder is Peter Levine, the Chairman and largest shareholder of President Energy, provided company secretarial services to the Company amounting to US$93,700 (2020: US$81,589).

33. Atome Energy plc

Through 2021, Atome Energy plc was organised and developed as a green hydrogen, ammonia and fertiliser business under the governance and stewardship of President before culminating in its flotation as an independent AIM listed entity at the end of the year. It has had a significant and material impact on President at both Group and Company level. The selected key financial extracts detailed below

Group consolidation

Up until the dividend in specie on 29 December 2021, the results of the Atome entities have been fully consolidated into the Group, with a corresponding non-controlling interest, as President retained control with an 85% shareholding until this point. With the dividend in specie to President Shareholders and the subsequent Initial Public Offering, the shareholding was reduced to 27.9%. Consequently, the retained interest in Atome Energy is an associate undertaking going forward. A gain of US$1.3 million arises on the movement from a subsidiary to an associate investment. Going forward the investment is accounted for at historic cost, the cost when the original investment was made, at Group level with the net share of profits and losses arising recorded in the income statement in line with equity accounting principles.

33. Atome Energy plc (continued)

Dividend in specie of Atome Energy shares

Following the approval of shareholders and the High Court of Justice in England and Wales the reduction of capital in the company by way of cancellation of the Company's Share Premium account facilitated the distribution of Atome Energy shares as a dividend in specie. The distribution is recorded at market value through equity resulting in a gain in the Statement of Income of US$13.1 million.

Company financial statements

The Directors have decided to recognise the residual shareholding of Atome Energy at market value in the financial statements of the Company. The investment in Atome Energy is a marketable security that is distinct from the other investment holdings of the Company. The recognition of the market value of the residual 27.9% holding as at 31 December 2021 is presented on the Balance Sheet and results in a gain of US$10.2 million in the Company financial statements only. Going forward changes in the market value of the investment will be included in the profit & loss for the year with the market value clearly presented on the Company Balance Sheet.

Selected key financial extracts	2021 US$000
Group Statement of Comprehensive Income	
Administrative expense per Note 5	**(1,397)**
Gain on Atome transition to an associate investment per Note 7	**1,317**
Gain on dividend in specie of Atome shares per Note 7	**13,130**
	13,050
Group Statement of Financial position	
Non-current Investment in associate at cost	**25**
Current receivable due from Atome per Note 17	**1,291**
Company Profit & Loss Statement	
Gain on dividend in specie of Atome shares per Note 7	**13,096**
Gain arising on mark to market of investment	**10,150**
	23,246
Company Statement of Financial position	
Investment in Atome Energy plc at market value	**10,175**

Company Balance Sheet
31 December 2021

ASSETS	Note	2021 US$000	2020 US$000
Non-current assets			
Investment in subsidiaries	4	**3,496**	3,495
Investment in Atome Energy plc	5	**10,175**	–
		13,671	3,495
Current assets			
Debtors	6	**163,518**	162,430
Cash at bank and in hand		**1,541**	128
		165,059	162,558
TOTAL ASSETS		**178,730**	166,053
LIABILITIES			
Non-current liabilities			
Creditors	7	**2,399**	1,786
Borrowings	8	**11,284**	11,175
		13,683	12,961
Current liabilities			
Creditors	7	**2,234**	672
Borrowings	8	**–**	–
		2,234	672
Net assets		**162,813**	152,420
EQUITY			
Called up share capital	9	**36,179**	35,708
Share premium		**48**	257,992
Retained earnings		**118,877**	(148,818)
Share Option Reserve		**7,709**	7,538
Total equity attributable to the equity holders		**162,813**	152,420

President Energy PLC reported a profit for the year ended 31 December 2020 of US$22,521,000 (2020: loss US$6,981,000). There were no other recognised gains and losses.

These financial statements for President Energy PLC (company number 5104249) were approved by the board of directors and authorised for issue on 27 June 2022.

They were signed on its behalf by:

Peter Levine
Executive Chairman

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

Company Statement of Changes in Equity 31 December 2021

	Share capital US$000	Share premium US$000	Profit and loss account US$000	Share Option reserve US$000	Total US$000
Balance at 1 January 2020	24,465	245,692	(141,837)	7,416	135,736
Share-based payments	–	–	–	122	122
Issue of ordinary shares	2,604	2,213	–	–	4,817
Costs of issue	–	(434)	–	–	(434)
Debt conversion	3,344	3,869	–	–	7,213
Subscription	4,691	6,139	–	–	10,830
Issued in settlement	604	513	–	–	1,117
Transactions with the owners	11,243	12,300	–	122	23,665
Loss for the year	–	–	(6,981)	–	(6,981)
Total comprehensive income for the year	–	–	(6,981)	–	(6,981)
Balance at 1 January 2021	**35,708**	**257,992**	**(148,818)**	**7,538**	**152,420**
Share-based payments	**–**	**–**	**–**	**367**	**367**
Debt conversion	**82**	**58**	**–**	**–**	**140**
Subscription	**241**	**254**	**–**	**–**	**495**
Exercise of options	**148**	**48**	**–**	**(196)**	**–**
Capital reduction	**–**	**(258,304)**	**258,304**	**–**	**–**
Dividend in specie	**–**	**–**	**(13,130)**	**–**	**(13,130)**
Transactions with the owners	**471**	**(257,944)**	**245,174**	**171**	**(12,128)**
Profit for the year	**–**	**–**	**22,521**	**–**	**22,521**
Total comprehensive income for the year	**–**	**–**	**22,521**	**–**	**22,521**
Balance at 31 December 2021	**36,179**	**48**	**118,877**	**7,709**	**162,813**

Notes to the Company Accounts
Year ended 31 December 2021

The following financial statements have been prepared in accordance with the recognition and measurement principles of Financial Reporting Standard 101 (Reduced Disclosure Framework).

1. Significant accounting policies

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

Basis of accounting

President Energy PLC (formerly President Petroleum Company PLC until 28 September 2012) is a public company limited by shares and incorporated in England in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 71. The nature of the Company's operations and its principal activities are set out in the Report of the Directors on pages 08 to 11.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, and presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of President Energy PLC. The group accounts of President Energy PLC are available to the public and can be obtained from the Company website as detailed on page 71.

Investments

Investments in subsidiaries are shown at cost, less provision for impairment. The associate investment in Atome Energy plc is a marketable security that is distinct from the other investment holdings of the Company. Consequently, the Directors have decided to recognise the residual shareholding of Atome Energy at market value in the financial statements of the Company going forward.

Group accounts

These financial statements are separate financial statements for the Company and are included in the consolidated financial statements of the group accounts of President Energy PLC.

Adoption of new and revised Standards

The Company has adopted all applicable IFRSs and Interpretations which have been endorsed by the UK and which are relevant to its operations and mandatory for accounting periods beginning on 1 January 2021 and no restatement of prior year amounts has been required.

1. Significant accounting policies (continued)
Going concern
The Company is impacted by the uncertainties in the sector and volatility in the commodity price environment as it is reliant on production revenues from existing producing wells. The principal uncertainty in the Company's forecasts and projections relates to the level of future production and consequent revenues and the estimates of future capital and operating costs. The Company consults with industry specialists to ensure operational projections are accurate.

The Directors continue to monitor cash forecasts closely and apply sensitivity analyses to manage liquidity risk effectively. Cashflow forecasts incorporate the projected settlement of the net current liabilities related to investment activity as detailed in the Strategic Report. In arriving at their view on going concern, downside sensitivities are considered under which scenarios the Company can elect not to proceed with discretionary capital expenditure that may lead to a reduction in the forecast production.

The cash position at the year-end was US$2.0 million (2020: US$1.1 million). To support its operations the Company has and benefits from a loan facility of US$20.5 million available until December 2024 provided by IYA Global Limited (Note 32). At the year-end there was US$11.2 million (2020: US$11.2 million) drawn under the loan facility. The balance of the IYA loan as at 1 June 2022 was US$11.2 million leaving ca. US$9.3 million of the facility currently undrawn. Additionally, currently none of the oil production of the Group is subject to any prepay arrangement from any offtaker.

Based on their review of cash forecasts and related sensitivity analysis and supported by the undrawn available commitment under the existing loan facility provided by IYA Global Limited, the realisable value of the Company's residual 27.9% interest in Atome Energy Limited (estimated market value as at 12 June 2022 of US$13.2mln) well as what the Directors consider unused reasonably available debt capacity, the Directors believe that the Company will have available to it the financial resources to meet all commitments as they fall due. Further details of the Company's commitments are set out in Note 28 in the Group financial statements. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Foreign Currency
The financial statements are presented in United States Dollars, which is the currency of the primary economic environment in which the Company operates (its functional currency).

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

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

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

1. Significant accounting policies (continued)

Deferred tax (continued)

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

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

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

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

2. Critical accounting judgements and key sources of estimation uncertainty

In order to prepare the financial statements in conformity with FRS 101, management of the Company have to make estimates and judgements. The matters described below are considered to be the most important in understanding the judgements that are involved in preparing these statements and the uncertainties that could impact the amounts reported in the results of operations, financial condition and cash flows. The recoverability of the receivables from Group undertakings is also subject to the underlying judgements and uncertainties highlighted in Note 3 in the Group report.

Key sources of estimation uncertainty

These are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

IFRS 9 Financial Instruments

The Company is required to assess the carrying values of each of the amounts due from subsidiary undertakings, considering the requirements established by IFRS 9 Financial Instruments. The IFRS 9 impairment model requires the recognition of 'expected credit losses'. Where conditions exist for impairment on amounts due from subsidiary undertakings expected credit losses assume that repayment of a loan is demanded at the reporting date. If the subsidiary has sufficient liquid assets to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. However, as is the case with the Company's material amounts due from Group undertakings where the subsidiary could not demonstrate the ability to repay the loan, if demanded at the reporting date, the Company calculated an expected credit loss based on the percentage of loss of the amount due from subsidiary undertakings, which involves judgement around how amounts would likely be recovered, and over what time they would be recovered.

The Company exercises judgement in considering the future cash flows that could be recovered from each undertaking. The expected credit loss primarily relates to balances due from group entities in Argentina (ECL $2.7m) and Paraguay (ECL $51.3m), arising on the funding of the group's producing and exploration assets respectively. For the receivables that are linked to the producing assets, a probability of default has been calculated which is linked to the country risk premiums included in the group's WACC calculation relating to Argentina, the loss expected to be incurred in the event of default is calculated by taking the net present value (determined by management using their best estimate of forecast cashflows) of the assets divided by the total debt to give a coverage ratio. A 1% movement in the probability of default would increase the provision by $489k. For the receivables that are linked to the exploration assets a probability of default has been calculated based on a probability matrix which considers drilling two wells with an estimated chance of success of 30%. The expected loss in the event of default has been calculated at 99%. A 1% movement in the probability of default would increase the provision by $1.5m.

Despite this requirement, the Company does not intend to demand repayment of any amounts due from subsidiary undertakings in the near future.

3. Profit 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 profit for the year ended 31 December 2021 of US$22,521,000 (2021: loss US$6,981,000). There were no other recognised gains and losses and accordingly no separate statement of comprehensive income has been presented.

4. Investment in subsidiaries

	Place of Incorporation	Class of Share Capital	Percentage Held (1)	Business
Held Directly				
President Energy (UK) Limited 1	UK	Ordinary	100%	Non trading
President Energy Paraguay Limited 1	UK	Ordinary	100%	Non trading
President Energy Pirity Limited 1	UK	Ordinary	100%	Non trading
President Energy Investments Limited 1	UK	Ordinary	100%	Non trading
President Energy Investments Paraguay Limited 1	UK	Ordinary	100%	Non trading
Held Indirectly				
President Energy Holding UK Ltd 1	UK	Ordinary	100%	Non trading
President Energy Paraguay SA	Paraguay	Ordinary	100%	Oil and Gas
LCH SA	Paraguay	Ordinary	100%	Oil and Gas
President Petroleum SA 2	Argentina	Ordinary	100%	Oil and Gas
President Nuevo Energia SAU2	Argentina	Ordinary	100%	Non trading
Meridian Resources (USA) Inc. 3	USA	Ordinary	100%	Oil and Gas

Address of registered office

1. Carrwood Park, Selby Road, Leeds, West Yorkshire, England, LS15 4LG
2. Juana Manso 1750, Complejo Zencity, Edificio Esmarelda, 3er Piso Norte, C1107CHJ, Buenos Aires, Argentina
3. 2020 W Pinhook, Ste 201, Lafayette, LA70508, USA

Note (a): All holdings are of ordinary shares and represent the proportion of the nominal value of the shares held.

5. Investment in Atome Energy plc

Through 2021, the green hydrogen, ammonia and fertiliser business was organised and developed under the governance and stewardship of President before culminating in the flotation of Atome Energy plc as an independent AIM listed entity at the end of the year.

The Directors have decided to recognise the residual shareholding of Atome Energy at market value in the financial statements of the Company. The investment in Atome Energy is a marketable security that is distinct from the other investment holdings of the Company. The recognition of the market value of the residual 27.9% holding at 31 December 2021 is presented on the Balance Sheet and results in a gain of US$10.2 million in the Company financial statements only. Going forward changes in the market value of the investment will be included in the profit & loss for the year with the market value clearly presented on the Company Balance Sheet.

6. Debtors

	2021 US$000	2020 US$000
Amounts owed by Group undertakings	**162,031**	162,134
Due from Atome Energy plc	**1,291**	–
Other receivables	**196**	296
	163,518	162,430

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

Included in the amounts owed by Group undertakings is an estimated credit loss recognised under IFRS9 Financial Instruments. The estimated credit loss as at 31 December 2021 was US$54.1 million (2020: US$54.1 million).

7. Creditors

	2021 US$000	2020 US$000
Current		
Social Security and other taxes	**49**	15
Accruals	**586**	115
Other creditors	**1,599**	542
	2,234	672
Non-current		
Other creditors	**2,399**	1,786
	2,399	1,786
Total carrying value of creditors	**4,633**	2,458

8. Borrowings

	2021 US$000	2020 US$000
Current		
Loan	**–**	–
	–	–
Non-current		
Loan	**11,284**	11,175
	11,284	11,175
Total carrying value of borrowings	**11,284**	11,175

9. 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

	2021 '000s	2020 '000s
Issued - authorised, allotted, called up and fully paid		
Deferred shares of par value £0.29 (US$0.54)	**16,093**	16,093
Ordinary shares of par value £0.01 (US$0.02)	**2,058,074**	2,023,576

	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)	**27,454**	26,983
	36,179	35,708

The issued share capital is reconciled as follows		
Balance at beginning of year	**35,708**	24,465
Shares issued	**471**	11,243
Balance at end of year	**36,179**	35,708

10. Related party transactions

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

Glossary

Technical terms

bbls	Barrels of oil
mbbls	Thousand Barrels (of oil/liquids)
mmbbls	Million Barrels (of oil/liquids)
boe	Barrels of oil equivalent. Natural gas volume converted as 1 boe = 6 mcf
mboe	Thousand Barrels of oil equivalent
boepd	Barrels of oil equivalent per day
bopd	Barrels of oil per day
cf	Cubic feet (of natural gas)
mmcf	Million cubic feet (of natural gas)
bcf	Billion cubic feet (of natural gas)
Tcf	Trillion cubic feet (of natural gas)
mmcfd	Million cubic feet per day
Proved Reserves	Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.
Probable Reserves	Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.
Possible Reserves	Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.
Contingent Resources	Quantities of hydrocarbons estimated to be potentially recoverable from known accumulations
Prospective Resources	Quantities of hydrocarbons estimated to be potentially recoverable from undiscovered accumulations

General and financial terms

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

Alternative Performance Measures

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

Net debt

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

	2021 US$000	2020 US$000
Net debt		
Borrowings Current (Note 20)	**(2,053)**	(1,539)
Borrowings Non-current (Note 20)	**(22,250)**	(16,097)
Cash (Note 18)	**2,014**	1,144
Net (debt)/ net cash	**(22,289)**	(16,492)

Total operating cost and underlying well operating cost per boe

Total operating cost per boe is a useful straight forward indicator of the Group's costs incurred to produce oil and gas including all relevant expenses. However, since royalty, production taxes and similar expenses are not controllable these have been disaggregated to allow well operating costs to be measured.

Total operating cost per boe	2021 US$000	2020 US$000
Royalties & production taxes (Note 5)	**6,031**	5,176
Well operating costs (Note 5)	**16,026**	16,490
Total operating costs	**22,057**	21,666
Production (mmboe)	**902.7**	993.2
Total operating costs per boe US$	**24.43**	21.81

Where one-off or cyclical costs, such as workovers, are material these have been disclosed and the underlying well cost per boe referred to show the core performance. These have been defined and calculated as follows:

Underlying well operating cost per boe	2021 US$000	2020 US$000
Well operating costs (Note 5)	**16,026**	16,490
Less workover costs (per text in Note 5)	**(751)**	(86)
	15,275	16,404
Production (mmboe)	**902.7**	993.2
Underlying well operating costs per boe US$	**16.92**	16.52

A 3% reduction in core operating performance arose in Argentina and was calculated as follows:

	2021 US$000	2020 US$000
Well operating costs (Note 4)	**15,538**	15,867
Less workover costs	**(751)**	(86)
	14,787	15,781
Production (mmboe)	**868.4**	898.7
Underlying well operating costs per boe US$	**17.03**	17.56

Administrative cost per barrel
Underlying administrative expense excluding non-recurring items is calculated as follows:

Administrative cost per boe	2021 US$000	2020 US$000
Administrative expense (note 6)	**5,764**	4,648
Attributable to Atome business included above (note 6)	**(1,397)**	–
	4,367	4,648
Production (mmboe)	**902.7**	993.2
Administrative cost per boe	**4.84**	4.68

Adjusted EBITDA
The calculation is detailed on the Income Statement with further details on the non-recurring items include in Note 10. The Adjusted EBITDA for Argentina is calculated as follows:

Adjusted EBITDA Argentina	2021 US$000	2020 US$000
Operating profit / (loss) per note 4	**(1,528)**	(7,025)
Depreciation, depletion & amortisation per note 4	**11,240**	9,886
EBITDA excluding share options	**9,712**	2,861
Non-recurring items	**751**	68
Adjusted EBITDA	**10,463**	2,929

Non-recurring items
Where referred to in the calculation of Adjusted EBITDA and in alternative performance measures these comprise the following:

Non-recurring	2021 US$000	2020 US$000
Workover costs (per text in Note 5)	**751**	86
	751	86

Workover costs in Argentina in 2020 amounted to US$68,000

Free cash generation from core operations

A measure of cash generation from operations excluding changes in working capital, administrative expense and non-recurring workovers. Used by management as an indication of cash generation at asset level.

	2021 US$000	2020 US$000
Sales	**34,147**	27,771
Royalties & production taxes (Note 5)	**(6,031)**	(5,176)
Well operating costs (Note 5)	**(16,026)**	(16,490)
Add back non-recurring workovers	**751**	86
	12,841	6,191

Including the foreign exchange gains of US$1.5 million (2020: US$4.4 million) as detailed in Note 9 which largely arise on the treasury management of cash resources ("treasury income") takes the cash generation in the period to US$14.3 million (2020: US$10.6 million).

Reconciliation to cash flow from operations

The reported cash flow generated from operating activities can be reconciled to free cashflows from core operations as follows:

	2021 US$000	2020 US$000
Net cash generated by operating activities	**11,078**	4,438
Working capital movement per Note 26	**(4,303)**	(2,409)
Add back administrative expense per Note 5	**5,764**	4,648
Add back non cash depreciation in admin expense (Note 5)	**(82)**	(162)
Add back non cash share based payments in admin expense (Note 5)	**(367)**	(410)
Add back non-recurring workovers	**751**	86
	12,841	6,191

Depreciation per boe

Depreciation per barrel of oil equivalent can change between accounting periods due to costs incurred, changes in reserves or changes in future costs and hence is a useful metric for reporting purposes. Where calculated on at a group or segment level the calculation is as follows:

- Reported depreciation charge as reported in Cost of Sales per Note 4 in accordance with IFRS GAAP reporting
- Divided by the barrel of oil equivalent of production reported in the Chairman's Statement in accordance with industry standards and state reports

Corporate Information

Directors	Peter Levine	Executive Chairman
	Robert Shepherd	Group Finance Director
	Jorge Bongiovanni	Non-Executive Director
	Alexander Moody-Stuart	Non-Executive Director
	Martin Urdapilleta	Non-Executive Director
Secretary	Peter Levine	
Registered Office	Carrwood Park Selby Road Leeds, LS15 4LG	
Website	www.presidentenergyplc.com	
Nominated Advisor and Broker	finnCap Ltd 60 New Broad Street London, EC2M 1JJ	
Auditor	Crowe U.K. LLP 5 Ludgate Hill London EC4M 7JW	
Legal Advisers	Field Fisher Waterhouse LLP 35 Vine Street London EC3N 6AE	
Principal Bankers	Barclays Bank 54 Lombard Street London EC3P 3AH	
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA	
Registered number	5104249	

Notice of Annual General Meeting

President Energy PLC

(Incorporated and Registered in England and Wales under the Companies Act 1985 with company number: 5104249)

Notice of Annual General Meeting (the"AGM")

Notice is hereby given that the Annual General Meeting of the Company will be held on 22nd July 2022 at 11.00 a.m. at the Army & Navy Club, 36-39 Pall Mall, London, SW1Y 5JN.

In accordance with the Company's articles of association (the "**Articles**"), voting will take place on a show of hands and, if the Company is of the view that this does not reflect the proxy votes, the Chair will direct voting to be by poll.

The AGM will be held 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 2021, together with the reports of the auditor and directors of the Company ("**Directors**") thereon.

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

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

4 To re-elect Jorge Dario Bongiovanni as a Director of the Company, who retires in accordance with Article 105 of the Company's Articles 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 number 5 will be proposed as an ordinary resolution and resolution number 6 will be proposed as a special resolution.

5 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 £6,174,223.45 (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 2023, 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.

6 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 5 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 £2,058,074.48 (such amount equating to 10 per cent. of the aggregate nominal value of the issued share capital of the Company as at the date of this Notice) provided that this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2023, save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant thereto as if the authority conferred hereby had not expired.

BY THE ORDER OF THE BOARD

Peter Levine
Company Secretary
29 June 2022

Registered office:
Carrwood Park
Selby Road
Leeds LS15 4LG

Notes

Entitlement to attend, speak and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company has specified that only those members entered on the register of members at 6.30pm on 20 July 2022 (or in the event that this meeting is adjourned, on the register of members 48 hours excluding non-business days before the time of any adjourned meeting) shall be entitled to attend, speak and vote at the meeting in respect of the number of ordinary shares in the capital of the Company held in their name at that time. Changes to the register after 6.30pm on 20 July 2022 shall be disregarded in determining the rights of any person to attend, speak and vote at the meeting.

Appointment of proxies

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

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

Appointment of proxies using hardcopy proxy form

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

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

Appointment of proxies using CREST

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

7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (Equiniti Limited RA19) by 11.00am on 20 July 2022. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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

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

Corporate representatives

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

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