



Predator Oil & Gas Holdings plc



Annual Report for the Year ended 31 December 2018

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Chairman's statement

INTRODUCTION

Dear Shareholder,

I am pleased to present the 2018 Annual Report which incorporates our financial results for the year and a detailed summary of our activities during the year and into the early months of 2019.

Following four very difficult years for the oil and gas sector, arising from the sharp decline in oil prices in particular, there had been a subsequent reduction in exploration activity, availability of capital and a severe contraction in the size of the potential farmout market.

More significantly, there is also a growing sector awareness that the Fossil Fuel Industry must adapt quickly to address growing global concerns regarding CO₂ emissions and climate change that result from an over-reliance on fossil fuels as a source of primary energy to support economic development.

In developing the Company's asset portfolio during 2018 the strategic focus has been on building a responsible fossil fuel exploration and production business.

Predator's focus on gas reflects the fact that gas has lower CO₂ emissions than oil and is a relatively flexible fossil fuel, being more widely available and affordable and with multiple potential roles in the energy transition towards a greater dependence on renewable energy.

Cash flows have increased in the industry during 2018 and the sharp decline in operating costs attributed to the fall in the price of oil has now allowed the industry to focus on replacing reserves and identifying new business growth opportunities through exploration, appraisal and near-term development. Gas assets with credible technical merits and a clear pathway to monetisation close to existing infrastructure are potentially an attractive proposition and compatible with the sector backdrop outlined above.

The global energy consumption mix is still dominated by fossil fuel energy and to reduce this reliance requires a considerable period of time and large amounts of capital investment in renewable energy projects whilst sustaining economic development to pay for such investments.

Natural gas continues to play a key role in Ireland's energy system providing approximately 30% of the country's primary energy needs. In 2018 50% of Ireland's electricity was powered by natural gas, and despite significant investment in and contributions from renewable energy Ireland presently remains one of the worst CO₂ polluters per capita within the European Union.

In Morocco 80.4% of thermal electricity generating capacity is based on coal with minor fuel oil, which results in high levels of CO₂ emissions.

By seeking to explore for and develop indigenous gas in Ireland and Morocco Predator seeks to make a small but practical contribution to the role gas has in decarbonising the living environment, whilst still maintaining the security and cost effectiveness of energy supply, which is critical to sustaining economic development.

In Trinidad Predator, through its Pilot CO₂ Enhanced Oil Recovery project, is seeking to utilise some CO₂ emissions from one of Trinidad's ammonia plants which would otherwise be vented into the atmosphere. A significant proportion of the CO₂ utilised in the Pilot will be sequestered in the ground. The potential for upscaling enhanced oil production using CO₂ injection within Trinidad's large inventory of mature oil fields may potentially provide further business development opportunities.

Predator was formed during the year to consolidate the acquisition of an existing non-operated, potentially revenue-generating, business opportunity in Trinidad and an operated exploration and appraisal portfolio offshore Ireland. During the year progress was made on adding an exploration project onshore Morocco. A successful public listing raised £1.3 million of capital primarily to develop the Trinidad project. Predator's public listing was the first by a junior oil and gas company in 2018.

Trinidad is a core asset in the Predator portfolio as it offers the potential for early cash flow from production revenues with which to provide medium-term contributions to Predator's balance sheet. During the year the emphasis has been on prudently moving the project scope from infill drilling to enhancing oil recoveries and production rates using CO₂ injection, a process widely used to good effect in the United States. Commercial rationale for this was based upon reducing the quantum of capital investment per barrel of oil produced and the payback time on investment, whilst increasing forecast production rates per well. Securing exclusivity to the CO₂ supply was an important primary objective in order to have the opportunity to be in the prime position to upscale CO₂ EOR operations after a potentially successful Pilot.

During the year Predator has applied for Successor Authorisations in Ireland, one of which has subsequently been granted in 2019, and developed its business model for these gas assets. Ireland has proved to be a challenging environment over the recent years for executing projects in a timely manner. The completion of the sale of the Corrib gas field combined with a new drive to reduce CO₂ emissions to avoid EU fines and to improve security of gas supply has potentially created the conditions to re-energised the gas sector to possibly create a changed environment for potentially substantive transactions for gas assets proximal to existing infrastructure with rapidly developing capacity ullage. Predator is well-placed to exploit such an opportunity for business development using our management team, which has considerable transaction experience in Ireland.

Morocco is becoming an exciting addition to the portfolio of gas projects and offers a high-quality opportunity for low capital investment in drilling close to existing under-utilised gas infrastructure. The level of general interest already shown in this asset, which was screened and selected based on our management's long history of involvement in operations and farm-out activity in Morocco, is very encouraging. Morocco is set to become an additional pillar supporting Predator's business growth potential during 2019 and is consistent with current sector sentiments in relation to gas and the environment.

Recognising the changing environment in which we operate, your Board and management's most recent strategic review has concluded that Predator must focus the majority of its cash resources on executing and developing its short-term production capability in Trinidad whilst maintaining in good standing an attractive portfolio of material high quality gas assets to facilitate de-risking the financing thereof through farmouts and potential M & A transactions.

Predator will continue to operate with a very small management team with specialist knowledge and experience and a track record in executing and delivering projects to the highest possible standards and for the benefit of the Company and its shareholders.

We have a robust Board experienced in many diverse aspects of the corporate business of a public company and all of whom make important contributions to the Board's deliberations to provide diligent oversight of Predator's business. Collectively we strive to

Chairman's statement (continued)

meet the best corporate governance standards and maintain a strong commitment to judiciously developing the business of the Company in line with shareholder expectations.

The outcome to Brexit in 2019 may pose significant new challenges in terms of creating instability in the financial markets and currency exchange rate fluctuations, reducing access to UK-based oil field services, and in creating conditions liable to weaken investor sentiment and decision-making processes. The Company has some protection in that it does not operate in the United Kingdom and is intending to generate revenues in United States dollars from production in Trinidad. However, whilst Brexit remains unresolved uncertainty will persist and possible outcomes cannot be predicted with confidence.

In conclusion I am encouraged by our achievements to date over a short period of time in developing a portfolio of material assets, each of which could potentially transform the Company in its own right. Predator has performed well on the Standard Listing segment of the Official List on the Main Market of the London Stock Exchange during 2018. At year end our share price was 190% higher than our IPO price without shareholder dilution, out-performing the AIM All-Share Chart for 2018. I look forward to reporting on our progress in the coming year.

Finally, I would like to thank our management team for their diligence and hard work during the year. The commitment and support of my fellow Board members is also very much appreciated.

Sarah Cope

Chairman

30 April 2019

Strategy

The Company's core strategy is to build a responsible fossil fuel business focussed on assembling material equity positions in a portfolio of assets combining existing gas discoveries and new gas prospects with production opportunities where enhanced oil production can be achieved by sequestering significant quantities of pollutant CO₂.

The Company seeks to develop and provide sources of fossil fuel-derived energy that contribute to reducing CO₂ emissions.

The Board believes that the medium-term future for the fossil fuel industry relies on gas as being the flexible energy source to replace coal and oil as a fuel for power generation, thereby reducing CO₂ emissions as gas by comparison is less CO₂ pollutant.

The Company's business plan is being executed to minimise where possible capital expenditures through:

- prudent low-cost investment in existing mature oil fields for CO₂ EOR production revenues; and
- by leveraging our gas experience and licence positions around gas-gathering infrastructures with third parties to validate our exploration and appraisal assets and to provide potential for gas-focussed M & A transactions and farmouts to defray CAPEX for subsequent drilling/development

Geological risk mitigation has been enacted through screening suitable projects for the Company's portfolio using management's extensive and relevant industry experience. Farm-out transaction risk is being addressed by improving development economics and lowering commercial risk by assembling projects close to infrastructure and in areas where there is a high demand for indigenous gas to improve security of energy supply.

KEY ACTIVITIES 2018

- Developed a portfolio of high impact oil and gas assets in the Republic of Trinidad and Ireland.
- Negotiated Petroleum Agreement for onshore Morocco.
- Established potential for production and cash flow from Trinidad in the near and medium term.
- Developed Pilot CO₂ EOR operational plan in Trinidad, put together by the Company, with Heritage, FRAM, Environmental Monitoring Authority, Ministry and Massy Gas Products which potentially forms the template for all future onshore CO₂ EOR operations.
- Progressed offshore Ireland and Morocco to maintain exposure to high potential, transformational gas acreage by initiating the acquisition of assets at low cost prior to rising gas prices and renewed concerns over security of gas supply.
- Generated project economic models to support the strategy for early monetisation in a success case of the Company's strategic focus on gas assets around existing mature infrastructure offshore Ireland and onshore Morocco.
- Equity funds raised on IPO ensured the Company was fully-funded for near-term operations with the medium-term strategy of completing farmouts and M & A transactions being progressed through technical studies to de-risk future capital requirements using the Company's material licence positions and proprietary knowledge to secure acceptable financial terms.

- Group structure established suitable for potential M & A and farmout transactions to reflect the diversified portfolio of near-term production; exploration and appraisal, and exploration in different geographic regions with different fiscal terms.

SHARE PRICE PERFORMANCE AND CAPITAL RAISING

At the time of listing in May 2018 the Company's share price was 2.8p, but by the end of the year it had increased by 190% to 8.13p. On Listing a placing of 46,428,600 shares at 2.8 p raised gross proceeds of £1.3 million. The funds raised have been or will be used in support of the Company's 2018/19 work programmes, primarily in Trinidad. We are very grateful for the support shown to the Company in the fundraising by our existing shareholders and of course subsequently by our new shareholders who we welcome to the Company.

FINANCIAL RESULTS FOR 2018

- Loss from operations of £0.792 million (2017: Loss of £0.448 million).
- Cash balance at period end of 2018 £0.973 million (2017: £0.521 million).
- On 21 March 2018, 53,708,550 shares were issued at £0.01 per share in a 'share for share' exchange to acquire 100% of Predator Oil and Gas Ventures Limited.
- On 21 May 2018 a placing of 46,428,600 shares was effected at £0.028 per share raising £1,300,001 gross (net after costs: £1,034,369).
- On 24 May 2018, 2,231,248 warrants at an exercise price of £0.028 were issued to brokers, Novum Securities Limited and 160,714 warrants at an exercise price of £0.028 were issued to brokers, Optiva Securities Limited for placing services.
- On 24 May 2018, a total of 10,013,712 options at an exercise price of £0.028 were issued to the four directors of the Company. Vesting conditions apply to these options.
- Dis-application of pre-emptive rights over 20,027,430 equity securities granting authority of allotment thereof to the Directors.

CASH RESOURCES

- Cash resources for the Group at 31 December 2018 were £0.973 million (2017: £0.521 million). During the year, the cash outflows used in operations were £0.619 million (2017: £0.147 million) and the inflows from financing activities were a net £1.075 million (2017: £nil). The Directors monitor the cash position of the Group closely and seek to ensure that there are sufficient funds within the business to allow the Group to meet its commitments and continue the development of the assets. The Directors are of the view that the outcome to Brexit and the general current geopolitical climate, as a result, may create conditions liable to weaken investor confidence due to level of uncertainty amongst the general group of investors as a whole. The Group has some protection in that it does not operate in the UK and whilst the impact of Brexit remains unresolved and whilst the impact cannot be predicted, the Directors have a reasonable expectation that they should be able to raise fresh funds.
- The Directors closely monitor the development of the Group's assets and focus on ensuring that the regulatory requirements of its licence interests are in good standing always and that any expenditure on the assets is closely controlled and monitored.

Strategy (continued)

EVENTS SINCE YEAR END

Operational

Near-Term Production Projects

Inniss-Trinity CO2 EOR Pilot Project, Onshore Trinidad

- Approval received from Heritage Petroleum Ltd for the Pilot CO2 EOR Project conditional on EMA and Ministry permits and consents
- Option to purchase FRAM extended to 31 December 2019
- Exclusivity period for CO2 gas supply from Massy Gas Products Ltd extended to 31 May 2019, subject to finalising CO2 Gas Sales Contract
- New CPR specific to CO2 EOR operations commissioned

Near-Term Exploration Projects

Guercif Petroleum Agreement ("PA") Onshore Morocco

- Bank Guarantee arranged
- Guercif PA formally signed on 19 March 2019
- Rig selection discussions ongoing
- Planning for Environmental Impact Assessment commenced
- CPR for Guercif commissioned

Medium Term Exploration and Appraisal Projects

- *Corrib South Licensing Option 16/26 Slyne Basin, Atlantic Margin Ireland*
- Farmout and M & A activity progressing whilst waiting on award of Frontier Exploration Licence

Ram Head Licensing Option 16/30 Celtic Sea Basin, Ireland

- New CPR incorporating new reservoir engineering data commissioned
- Potential synergies with the decommissioning of the Kinsale facilities being investigated with other interested parties
- Award of 12-month extension to the Ram Head Licensing Option 16/30 received and accepted on 10 April 2019

Financial

On 15 February 2019 £1,500,000 was raised in the form of convertible loan notes. The loan notes carry no coupon, are repayable at a premium of 5% and a fee of 10% of the principal amount. The loan notes are convertible at the election of the lender at 90% of the volume weighted average share price. The term of the loan notes is two years. The lender Arato Global Opportunities Limited, also agreed to make available an additional £250,000 on the same terms. The lender was issued with 2,083,333 warrants at an exercise price of 12p with a vesting period of two years. Novum Securities Limited, the arranger of the convertible loan notes, was issued with 2,000,000 in warrants on the same terms.

On 12 April, 2019 following the receipt of notice from Arato Global Opportunities Limited for the conversion of £150,000 of the Loan Note, issued on 15 February 2019, 1,966,888 New Ordinary Shares were allotted and issued. Following the issue of such 1,966,888 New Ordinary Shares, the Company's issued share capital was 102,104,038 shares of no par value, each with one vote per share (and no such shares are held in treasury). The total number of voting rights was therefore 102,104,038 following said issue of shares.

Cash balance of £0.922 million in the Group as at 30 April, 2019 annual report date.

CONCLUSION

2018 was a busy and very successful year for the Company and on your behalf, I would like to thank the management team for their commitment and enthusiasm, and I look forward with confidence to an equally successful 2019.

Sarah Cope

Chairman

30 April 2019

Group strategic report for year ended 31 December 2018

STRATEGIC OBJECTIVES AND BUSINESS MODEL

The company has a clear and focussed strategy of building a responsible fossil fuel business dependent upon assembling material equity positions in a portfolio of assets combining existing gas discoveries and new gas prospects with production opportunities where enhanced oil production can be achieved by sequestering significant quantities of pollutant CO₂.

Trinidad, Morocco and Ireland have been identified as geographic regions that meet the requirements of the Company's strategic objectives.

The Company's business model is being executed to minimise where possible capital expenditures through: prudent low cost investment in existing mature oil fields for CO₂ EOR production revenues; and by leveraging with third parties our gas experience and licence positions around gas-gathering infrastructures to validate our exploration and appraisal assets and to provide potential for gas-focussed M & A transactions and farmouts to defray CAPEX for subsequent drilling/development.

Geological risk mitigation has been enacted through screening suitable projects for the Company's portfolio using management's extensive and relevant industry experience to generate only high impact growth opportunities.

2018 was a very busy and impressive year of growth for the Company in the short time since its Listing in pursuit of our strategic objectives.

Farm-out transaction risk is being addressed by improving development economics and lowering commercial risk by assembling projects close to infrastructure and in areas where there is a high demand for indigenous gas to improve security of energy supply.

BUSINESS OPERATIONS REVIEW AND FUTURE DEVELOPMENTS

As the Chairman has shown in her remarks, the past year has been a year of real progress in developing the strategic objectives and business model of the Company and its associated ethos of becoming a responsible fossil fuel business.

Highlights

Summarised below for ease of reference are the key operational highlights for 2018.

Near-Term Production Projects

Inniss-Trinity CO₂ EOR Pilot Project, Onshore Trinidad

- Well Participation Agreement ("WPA") with FRAM Exploration (Trinidad) Ltd ("FRAM") amended to re-focus on CO₂ EOR operations
- Option to acquire FRAM extended to 30 June 2019 (31 December 2019 after year under review)
- Heads of Agreement for CO₂ Gas Sales entered with the only in-country CO₂ supplier and based on a minimum daily delivery of 60 Mt CO₂
- Exclusivity Period to negotiate CO₂ Gas Sales Agreement initially to 31 August 2018 and extended to 30 November 2018 (extended further after year under review to 31 May 2019)
- Independent CO₂ EOR Reservoir Engineering Study completed for the AT-4 Block within the Inniss-Trinity Field
- Pilot CO₂ injection volumes modelled and incorporated in CO₂ Gas Sales Agreement discussions and design of surface facilities
- Production forecasts modelled and input into design of surface facilities

- Surface facilities designed in consultation with Massy Gas Products and suppliers based in the United States
- Site inspections carried out to identify suitable access roads and ground conditions for CO₂ transport, storage and in-field injection and production facilities
- Four-well workover programme generated to prepare wells for CO₂ EOR operations based on reservoir engineering results
- Layout and operational plan for CO₂ EOR injection and production wells established
- Environmental Monitoring Programme established with the Environmental Monitoring Authority ("EMA") and collection of "Base Line" samples begun
- Health and Safety Plan for CO₂ EOR operations drafted
- Submissions to the EMA and Heritage Petroleum Company Ltd. (resulting from the re-structuring of Petrotrin) made requesting approvals to carry out the CO₂ EOR Pilot Project (Heritage conditional consent given on 27 February 2019 after year under review)

Near Term Exploration Projects

Guercif Petroleum Agreement ("PA") Onshore Morocco

- An Application for an exclusive licence for exploration (PA) covering an area of 7,269 km² in the Guercif Basin was submitted to the Office National des Hydrocarbures et des Mines ("ONHYM")
- The PA terms and work programme covering Guercif Permits I, II, III and IV were successfully negotiated and a Signing Ceremony set for Q1 2019 (Petroleum Agreement signed after the year under review on 19th March 2019)
- Administrative and compliance procedures for financing and putting in place a Bank Guarantee in favour of ONHYM commenced

- The Company was accepted as operator of the PA by ONHYM
- Material working interest of 75% negotiated
- Discussions with potential drilling contractors initiated for various different commercial and logistical scenarios
- Re-evaluation of geological and geophysical database carried out
- Drill-ready target ("Moulouya Prospect") for gas identified 9 km from the Maghreb gas pipeline linking Morocco to Europe

Medium Term Appraisal and Exploration Projects

Ram Head Licensing Option 16/30 Celtic Sea Basin, Ireland

- Application submitted to the Department of Communications, Climate Action and Environment to extend Ram Head Licensing Option for a further 12 months from 30 November 2018 (awarded and accepted post year under review on 10th April 2019)
- Independent Reservoir Engineering Study completed for the Marathon gas discovery well 49/19-1 (1984)
- Potential modelled to assess appraising and developing the gas discovery via 10 vertical wells at an initial rate of 400 mm cfd to recover approximately 1 TCF of gas over 11 years
- Screening study successfully completed to evaluate the technical feasibility and cost-effectiveness of re-entering and testing the gas sands in the 49/19-1 well

Group strategic report for year ended 31 December 2018 (continued)

- Exploratory discussions opened with interested parties regarding the proposed decommissioning of the Kinsale gas facilities and the strategic importance of maintaining a landfall for gas at Inch, County Cork

Corrib South Licensing Option 16/26 Slyne Basin, Atlantic Margin Ireland

- Application for a Successor Authorisation (Frontier Exploration Licence) submitted to the Department of Communications, Climate Action and Environment
- Scoping production forecasts generated consistent with future spare capacity in the Corrib infrastructure
- Preliminary 18/25-3 well location and well prognosis determined
- Farmout and M & A activity initiated and progressed during 2018 stimulated by the announcement by Vermillion confirming the completion of the sale of Shell's 45% interest in the Corrib gas field for approximately US\$1.3 billion

Over the past 12 months we have agreed transactions in Trinidad that have re-focused our operations to concentrate on potentially uplifting our forecast production entitlements in the Inniss-Trinity field through a Pilot CO₂ Enhanced Oil Recovery Project ("CO₂ EOR"). At the same time, we have extended both our option to acquire FRAM Exploration Trinidad Ltd. ("FRAM") and our exclusivity in terms of Trinidad's only source of CO₂ supply suitable for CO₂ EOR operations.

With the Columbus Energy acquisition of Steeldrum Oil Company Inc., owners of FRAM, which was first proposed on 13 July 2018, the Company elected to relinquish its option to acquire Cory Moruga Holdings Ltd. as the assets of that company no longer were compatible with the Company's core strategy of developing CO₂ EOR opportunities in Trinidad.

In Ireland we have maintained, through our applications for a Frontier Exploration Licence for Corrib South Licensing Option 16/26 and a 12-month extension for Ram head Licensing Option 16/30, our high impact gas exploration and appraisal acreage through a challenging period dominated by the political debate over the fossil fuel industry dictated by concerns regarding CO₂ emissions and climate change.

In Morocco we negotiated the Guercif Petroleum Agreement and gained acceptance as an operator. We look forward to commencing operational activity in Morocco during 2019.

The main operational activity during 2018 was the planning and costing of and application for consents for the Inniss-Trinity Pilot CO₂ EOR project. The commercial and technical model and transaction structure developed by the Company is unique to Trinidad and it is this which distinguishes the Company from its peers in Trinidad. The Pilot CO₂ EOR is the first CO₂ EOR project to be undertaken with the State-owned Heritage Petroleum Company Ltd. ("Heritage"), the new entity resulting from the re-structuring of Petrotrin. Heritage continues to hold the vast majority of resources potentially suitable for CO₂ EOR operations in Trinidad's mature onshore producing fields. A successful Pilot CO₂ EOR Project for the Company therefore could potentially unlock further upside which, given the Company's current exclusivity over security of CO₂ supply, puts us in the pole position as the implementer of CO₂ operations in Trinidad.

For this reason the Company's management has made even greater effort to ensure that its Monitoring, Verification and Accounting ("MVA") strategy for CO₂ EOR operations and its collection of "Base Line" samples and data together with its Health and Safety and Environment Plan were comprehensive before they were submitted to Trinidad's Environmental Monitoring Authority ("EMA") and Heritage for consents and environmental approvals to carry out the proposed CO₂ EOR operations. We are very pleased indeed to confirm that our submissions to the EMA and Heritage have been very favourably received and studied. This is important for establishing trust and confidence in the Company's ability to deliver a technically sound, environmentally aware and safe CO₂ EOR project. The template the Company has established is a valuable asset to assist with expanding our CO₂ EOR capabilities and footprint in Trinidad. The Company is the pathfinder for what is a strategic national objective.

Our Project Schedule is on track to deliver first production in 2019. However, we will not take shortcuts to strive for earlier production at the expense of technical credibility, safety and the environment as this would jeopardise our longer term CO₂ EOR opportunities in Trinidad.

The Inniss-Trinity field data were evaluated to determine which area of the site was best suited to CO₂ EOR operations both from a geological and logistical perspective.

The "AT-4" Block was selected as the site for the first CO₂ EOR Pilot based on the fact that the previous operator, Texaco, had not placed a dedicated water injector in this compartment within the field and that analysis of produced formation water indicated a potentially isolated fault compartment of a manageable size suitable for efficient CO₂ reservoir "fill-up" and reservoir pressure restoration within a commercially viable time framework.

Production history in the AT-4 Block for producing wells confirmed good lateral reservoir connectivity ideal for focussed CO₂ injection and efficient reservoir sweep.

The main operational activity was the complex planning of the CO₂ EOR project to mitigate against the risk of high water cuts resulting from poor well conditions in old wells and the potential for a secondary gas cap.

Workover of the initial four wells in the AT-4 Block selected for CO₂ EOR operations was deemed to be necessary in preparation for CO₂ injection and a well intervention plan has been prepared.

An independent reservoir engineering study was commissioned to develop models to determine volumes of CO₂ required for injection and the equivalent potential enhanced oil production rates. These data were essential for designing the surface facilities and the potential volumes of CO₂ required to be delivered to the Inniss-Trinity field site on a daily basis. This in turn impacts the CO₂ Gas Sales contract discussions. Optimising the CO₂ supply is necessary to reduce operating costs whilst continuing to maintain the level of enhanced oil production predicted from the reservoir engineering studies.

Initially CO₂ is to be injected lower down the AT-4 Block structure for a short period into the AT-5X and AT-12 wells to target the Herrera #4 and #5 Sands in AT-5X and the Herrera #1, #2 and #3 Sands in AT-12. Maximum CO₂ injection rates for this initial operation were estimated to be up to 13 metric tonnes per day at an injection pressure scaled back to up to 1500 psia to avoid fracturing the reservoir cap rocks and placing undo stresses on the original borehole structure. This operation is required to re-pressure the reservoirs near to their original pressures to dissolve the secondary gas cap and to reduce the potential water cut.

Thereafter crestal wells in the AT-4 structure, AT-13 and AT-4, will be injected continuously with up to 40 metric tonnes per day of CO₂ at up to similar injection pressures. AT-5X and AT-12 will cease to be injectors and will be converted to production wells.

It is important to emphasise to our Shareholders that this is a Pilot CO₂ EOR project and that there are no historical production data for such operations to calibrate and validate the pre-Pilot estimates of enhanced production. Flexibility has to be maintained during the pilot CO₂ EOR operations to vary injection and production parameters in order to strive for optimum success.

On this technical basis surface facilities have been designed in consultation with Massy Gas Products and suppliers based in the United States of America.

Site inspections were carried out to identify suitable access roads and ground conditions for CO₂ transport, storage and in-field injection and production equipment.

Successful implementation of the Operational Plan combined with the independent reservoir engineering analysis was forecast to result in a combined average production rate reaching 300 bopd from up to 5 Herrera sand intervals spread over two production wells based on reaching the desired reservoir pressure maintenance targets.

Recent production from these wells has been less than 50 bopd. Successful Pilot CO₂ EOR results are therefore forecast to increase these production rates by up to 6-fold if optimum producing conditions are established as forecast.

Based on the independent reservoir engineering study recoverable resources within the AT-4 Block are forecast to be 859,000 barrels for full-CO₂ EOR where all the existing wells contribute to enhanced oil production. This represents a 12.3% recovery factor based on the former operator Texaco's estimate of original oil in place. The AT-4 Block represents approximately 10% of the entire area of the Inniss-Trinity field.

Original oil in place estimates for the Inniss-Trinity field vary between 68 million barrels (Texaco 1973), 150 million barrels (Gaffney Cline CPR for FRAM Exploration Trinidad Ltd ("FRAM") 2011) and 89 million barrels (SLR Consulting CPR for the Company 2018).

Assuming the AT-4 Block Pilot CO₂ EOR forecast recovery factor of 12.3% were to be replicated throughout the field, then substantial additional resources may exist to be further exploited. A new CPR has been commissioned to independently quantify the potential CO₂ EOR resources.

Project economics are being regularly updated to reflect changes in West Texas Intermediate spot oil prices and the impact of 18% Supplementary Petroleum Profit Tax that applies at a realised oil price of greater than US\$50/barrel. Utilising FRAM's historical tax losses allows us, after deduction of all operating costs and inclusive of CO₂ supply costs, to maintain an average net-back of US\$10/barrel for guidance purposes for this early-stage CO₂ EOR project where there is little initial potential for economies of scale.

Every effort is being made to keep capital investment costs as low as possible. Currently the estimate has been reduced to a range of US\$500,000 to 600,000 by carefully ensuring that specifications for site facilities and equipment are closely compatible with the technical requirements. Similarly, the Company controls planning costs by using the current experienced management team, who are also executive Board directors, supplemented occasionally by experienced consultants with a proven track record of delivering positive results.

Future developments are focussed on the Inniss-Trinity Pilot CO₂ EOR project being a core operational activity for 2019 and being important as a potential source of revenue for the Company. The project has for that reason quite rightly occupied the majority of management time during 2018. During 2019 the intention is to advance and accelerate our Moroccan and Irish portfolio assets to a similar level of preparedness in alignment with our strategy of developing a diverse portfolio of near-term production projects, near-term exploration drilling opportunities for gas and suitable for accelerated farmout and medium-term exploration and appraisal opportunities suitable for farmout and M & A transactions centred around gas and infrastructure ullage. In this respect we are very pleased to have received and accepted post the year under review the award of a 12-month extension to the Ram Head Licensing Option 16/30 offshore Ireland.

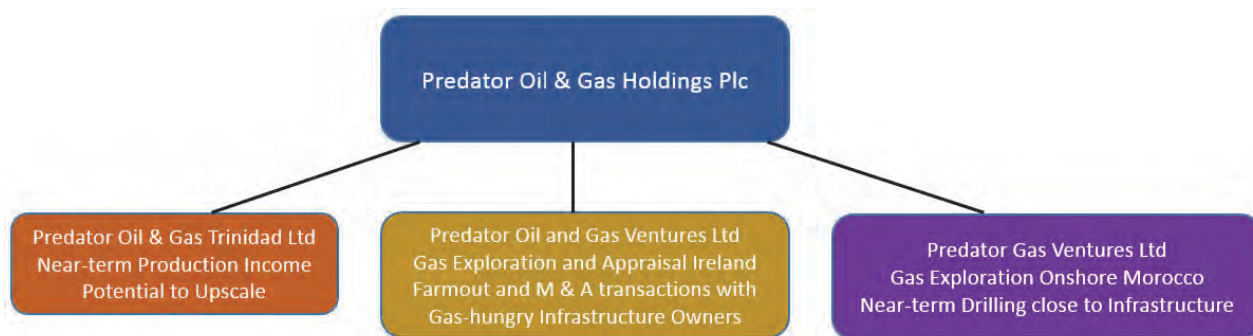
Finally details of the assets are included in the remaining pages of the operational review. Financially the Company recorded a loss for the financial year of £640,980 which includes an impairment of £32,171 for a non-performing loan. Losses are attributable to the running and administrative costs unavoidably associated with a public company and to the operational activities required for Trinidad in preparation for the execution of the Pilot CO₂ EOR project. Cash on the balance sheet was £0.973 million and the Company had no debt as at 31 December 2018.

In summary 2018 was a very busy year and 2019 is shaping up to be equally busy. The diligent preparation for the Pilot CO₂ EOR Project was absolutely pivotal for the Company and its shareholders in terms of striving to lay the correct foundations for positive cash flow from operations during 2019 and building trust and understanding with Heritage and the EMA against the backdrop of the re-structuring of Petrotrin. Heritage has provided clear third party validation for Predator's proposed Pilot CO₂ EOR operations by granting approval post year end to proceed subject to EMA and Ministry permits and consents, which are progressing.

Finally, I would like to thank all of our stakeholders and to acknowledge the enormous efforts of the very small Predator team and the guidance and support of the Board of Directors.

Group strategic report for year ended 31 December 2018 (continued)

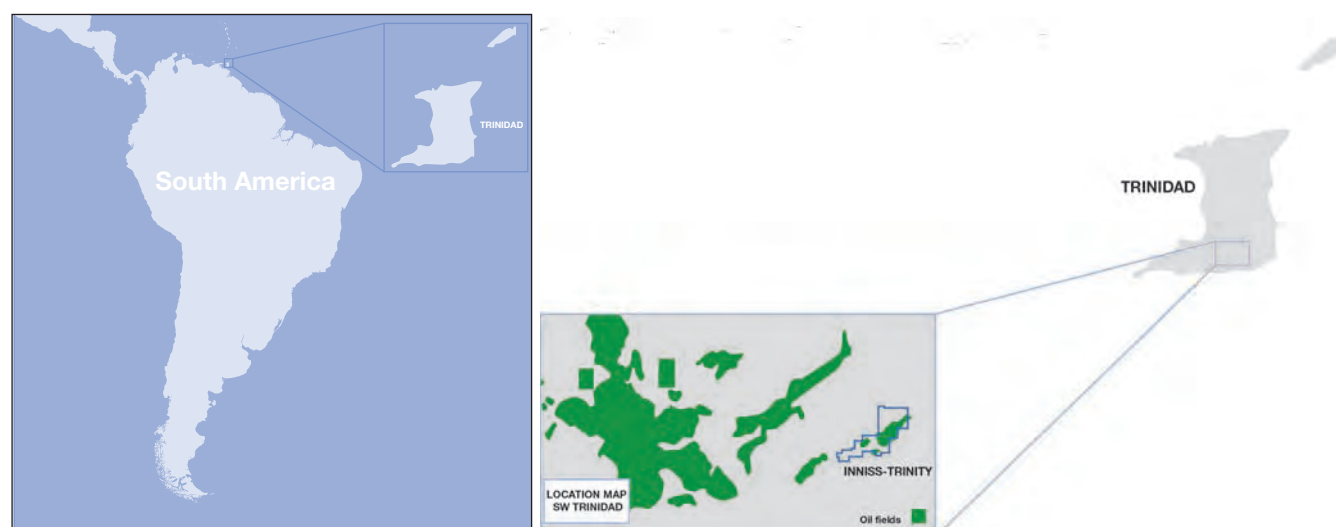
GROUP STRUCTURE AND LIST OF ASSETS



Ref	Licence/Agreement	Issued	Asset	Operator	Partners	PRD%	Type
ONSHORE TRINIDAD							
1	Well Participation Agreement Production Revenue Split 100% until repayment of investment: 50% after repayment of investment	2017	Inniss-Trinity Pilot C02 EOR	Fram Exploration (Trinidad) Ltd Predator Oil & Gas Trinidad Ltd (Technical Operator)	Fram Exploration (Trinidad) Ltd	100 (50)	Producing Oil Field Pilot C02 EOR
OFFSHORE IRELAND							
Atlantic Margin Slyne Basin							
2	LO 16/26	2016 ¹	Corrib South	Predator Oil and Gas Ventures Ltd	Theseus Ltd.	50	Gas exploration
North Celtic Sea Basin							
3	LO 16/30	2016 ²	Ram Head	Predator Oil and Gas Ventures Ltd	Theseus Ltd.	50	Gas discoveries
ONSHORE MOROCCO							
4	Guercif Petroleum Agreement	2019	Moulouya	Predator Gas Ventures Ltd	ONHYM	75	Gas exploration

¹ Frontier Exploration Licence applied for - First Phase 3 years 200 kms 3D seismic acquisition
² 12 month extension to LO 16/30 applied for - Seismic reprocessing and desk top studies

Trinidad - Near Term Production



Well Participation Agreement – Pilot CO2 Enhanced Oil Recovery Project Inniss-Trinity Field

The producing Inniss-Trinity oil field is located onshore Trinidad in the Southern Basin approximately 10 km southeast of the producing Barrackpore-Penal oil field and approximately 75 km south of the capital Port of Spain. The Inniss-Trinity Licence covers an area of 23.35 km² and currently contains 86 producing wells that are available for the application of enhanced oil recovery techniques.

Through its wholly owned subsidiary Predator Oil & Gas Trinidad Ltd., (“POGTL”) the Company currently holds an interest in a Well Participation Agreement (“WPA”) signed with FRAM Exploration (Trinidad) Ltd. (“FRAM”), a wholly-owned subsidiary of Steeldrum Oil Company Inc. (“Steeldrum”), on 17th November 2017 and relating to the producing Inniss-Trinity oil field (“Inniss-Trinity”).

Inniss-Trinity is licenced to Petrotrin, the State Oil Company. Following the closure of Petrotrin’s oil refinery in Trinidad, Petrotrin was re-structured during the end of 2018 to create the new State Oil Company Heritage Petroleum Company Ltd. (“Heritage”).

FRAM is operator of the Inniss-Trinity field under the terms of an Incremental Production Services Contract with Heritage (“IPSC”). The IPSC allows for FRAM to invest in Inniss-Trinity by satisfying certain annual infill drilling commitments during the life of the IPSC. In return FRAM receives 100% of the benefits of all incremental production achieved through the investment relative to the base line production established for the field prior to the investment being made. FRAM’s net incremental production revenues are after deduction of operating costs and certain royalties and taxes. Historical tax losses accumulated within FRAM are available for offset against Petroleum Profit Tax on operating profits.

Under the WPA POGTL is entitled to a profit split from all incremental production revenues generated from enhanced oil production under the same terms of the IPSC through the Company’s investment in Inniss-Trinity. However, in the specific case of the WPA, POGTL has capped the operating costs at US\$10/bbl. and will also benefit from utilising FRAM’s historical tax losses. POGTL is not a partner in the IPSC and therefore has no exposure to any of the FRAM commitments relating to the IPSC. POGTL will receive 100% of all operating profits



Inniss-Trinity Field

Group strategic report for year ended 31 December 2018 (continued)

until payback of its investment and thereafter operating profits will be split 50:50 between POGTL and FRAM. Under the WPA POGTL also has an option to acquire certain assets of Steeldrum, including FRAM for an agreed sum of US\$4.2 million.

The completion of the sale of Steeldrum Oil Company Inc., owners of FRAM, to Columbus Energy Plc was announced on 8 October 2018. The WPA remains in full force following the sale of FRAM.

During 2018 the WPA with FRAM was amended to re-focus on Enhanced Oil Recovery operations using locally-sourced injected carbon dioxide ("CO2 EOR"). This technique is widely used in oil fields in the United States, where an affordable source of CO2 is available. The option to acquire FRAM was extended to 30 June 2019 (and subsequently, following the year currently under review, to 31 December 2019). An option to acquire Cory Moruga Holdings Ltd., another wholly-owned subsidiary of Steeldrum, was dropped in order to focus resources on the Inniss-Trinity asset.

To further the initiation of a Pilot CO2 EOR project in Inniss-Trinity, a Heads of Agreement for CO2 Gas Sales was entered into with the only in-country CO2 supplier, Massy Gas Products Ltd. ("Massy"), based on a minimum daily delivery of 60 Mt CO2.

An Exclusivity Period to negotiate the CO2 Gas Sales Agreement, initially to 31 August 2018, was extended to 30 November 2018 and has been subsequently extended further to 31 May 2019 following the year currently under review.

History

In the past, Inniss-Trinity was discovered by Texaco in 1956 and developed from 1958 onwards. Peak production reached 4,200 bopd in 1958 and 134 wells were drilled. Initial well productivities were typically from 82 to 462 bopd from the prolific Miocene Herrera turbidite reservoirs, which are the host for a number of producing fields in the area. Estimates of Inniss-Trinity STOIP range from 68 to 150 million barrels.

Waterflood was initiated by Texaco in 1973 and the field eventually passed to Petrotrin in the 1980's.

One area of Inniss-Trinity designated the "AT-4 Block", and the only part of the field not exclusively owned by Texaco but jointly owned with Shell, was not subject to waterflood. The AT-4 Block has been chosen by the Company as the site of the first Pilot CO2 EOR project based on its suitable geological characteristics and accessibility for trial CO2 EOR.

During the year an independent CO2 EOR Reservoir Engineering Study was completed for the AT-4 Block within the Inniss-Trinity Field. Based on this pilot CO2 injection volumes have been modelled and incorporated in the CO2 Gas Sales Agreement discussions with Massy.

Oil production forecasts derived from the above study have been modelled and input into the design schematics for the CO2 EOR-dedicated surface production facilities. Pilot CO2 EOR is forecast from desk top studies to increase production by four- to six-fold compared to the current production from the two existing wells in the AT-4 Block chosen for the Pilot CO2 EOR Project. Target production of 300 bopd is forecast by the end of H1 2019 if the pilot CO2 EOR operations are successful.

The surface facilities have been designed in consultation with Massy, based on their experiences of operating CO2 facilities, and suppliers based in the United States of America who supply specialist equipment for CO2 EOR field operations.

Site inspections have been carried out to identify suitable access roads and ground conditions for 32 metric tonnes CO2 transport trucks (20 metric tonne liquid CO2 loads), CO2 storage tanks and dedicated CO2 EOR in-field injection and production facilities. Initially 2 to 3 truckload deliveries of pressurised liquid CO2 per day to the site from the CO2 Plant approximately 40 km away are envisaged. The CO2 will then be discharged into injector wells at higher pressures using specialist CO2 pumps.



Site meeting with Massy Gas Products Ltd



20MT Capacity CO2 Delivery Trucks

A four-well workover programme has been generated to prepare wells for CO2 EOR operations based on the Company's reservoir engineering results.

The layout of injection wells and the operational plan for CO2 EOR injection and oil production wells has been devised.

An Environmental Monitoring Programme has been established with the Environmental Monitoring Authority (“EMA”) and collection of “Base Line” samples has begun.

The Health and Safety Plan for CO2 EOR operations has been drafted and will be updated after further consultations with the EMA and Massy.

With the preliminary planning work completed submissions to the EMA and Heritage were made before the end of the year under review to request approvals and consents to carry out the CO2 EOR Pilot operations in Inniss Trinity.

Forward Programme

During 2019 a new Competent Person’s Report will be commissioned to address specifically the CO2 EOR resources potential for Inniss-Trinity incorporating the studies completed during 2018.

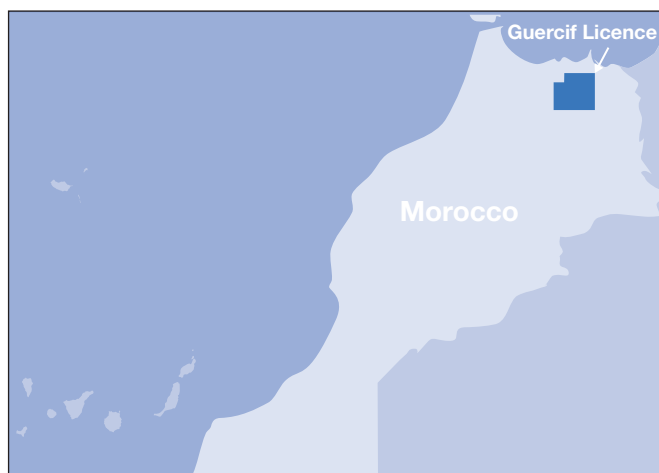
Progress on environmental and regulatory consents and approvals will continue to be made following the conditional consent given by Heritage at the beginning of 2019, the licence holder, for CO2 EOR operations.

Workover well operations will commence in 2019 to prepare up to four wells for CO2 EOR operations (two CO2 injectors and two oil producers).

Once workovers are completed and portable surface facilities (CO2 injection pumps and CO2 storage tanks) are installed and tested, CO2 injection will commence to re-pressurise several or all of the oil-producing reservoirs in the AT-4 Block. Thereafter oil production is anticipated to commence in combination with continuous CO2 injection.

By mid-year the initial results of the pilot CO2 EOR operations can be assessed to determine the potential for expanding the CO2 EOR operations to other geologically suitable parts of the Inniss-Trinity field and potentially to other fields onshore Trinidad.

Morocco Near Term Exploration



Guercif Petroleum Agreement – Moulouya Prospect

Through its wholly owned subsidiary Gas Ventures Ltd., the Company will hold a 75% working interest in and will be operator of the Guercif Petroleum Agreement (“PA”). ONHYM, the State oil company, will hold 25% and is carried through exploration but funds its pro-rata share of all costs upon a Declaration of Commerciality.

The Guercif PA, comprising the Guercif Permits I, II, III and IV, is located in the Guercif Basin and covers 7,269 km², c. 250 km due east of and on trend with the Rharb Basin where shallow commercial gas production has been established by SDX Energy Plc for several years. Guercif also lies approximately 180 km due north-west of Tendrara where deep discovered gas is currently being appraised and potentially developed by Sound Energy Plc.

The Licence is for 8 years and is split into an Initial Period of 30 months; a First Extension Period of 36 months duration; and a Second Extension Period also of 30 months. After each Licence Period there is an opportunity to withdraw from the Licence without entering the next Licence Period.

In the Initial Period the work programme comprises 250 kilometres of 2D seismic reprocessing and AVO analysis and the drilling of one well to a minimum depth of 2,000 metres. Desk-top geological and gas marketing studies will also be carried out. Seismic reprocessing costs are estimated to be US\$150,000 and well costs US\$2,000,000.

The fiscal terms in Morocco are restricted to a 5% State royalty for gas, applicable after the first 10.6 BCF of net production to the operator, and corporation tax charged at 31%. However, there is a 10-year “holiday” before corporation tax will be charged and any unused tax losses can be offset against the tax due. There are no signature bonuses but production bonuses in the form of cash payments exist with a maximum one-off payment of US\$5,000,000 on production greater than 30,000 BOE/day. A discovery bonus of US\$1,000,000 is also payable.

Gas prices in Morocco are currently higher than UK National Balancing Point (NPB) prices for domestic delivery. Any future gas exports will be priced at NPB prices.

Group strategic report for year ended 31 December 2018 (continued)

History

Guercif has been very lightly explored with only 4 deep exploration wells drilled by Elf in 1972 (GRF-1), Phillips in 1979 (TAF-1X), ONAREP (the forerunner of ONHYM) in 1985 and 1986 (MSD-1 and KDH-1) and 2 shallow stratigraphic wells drilled by BRPM for coal exploration in the 1950's.

TransAtlantic re-entered, logged and tested the MSD-1 well, originally drilled in 1985, in 2008 but the logging and testing failed to establish the presence of hydrocarbons in the Jurassic.

The seismic inventory includes 3,291 kilometres of 2D seismic data acquired between 1968 and 2003 (including a new 300-kilometre ONAREP 2D seismic survey acquired in 2003, which were reprocessed in 2006 by TransAtlantic when Pre-Stack Time Migration was applied for the first time to the entire seismic inventory. TransAtlantic also acquired an aero magnetic and aero gravity survey in 2006 comprising 10,000 line kilometres.

Historical exploration focus was entirely on the Jurassic and was completed before the shift in focus took place that resulted in shallow (Tertiary) gas production in the Rharb Basin and successful deep (Triassic) gas appraisal drilling at Tendirra.

In this context therefore Guercif has never been explored for these more recent targets and this is the new focus for Predator Gas Ventures Ltd. ("PGV").

Current Prospectivity

The Company has re-evaluated the existing reprocessed 2D seismic database and well data and has identified the Moulouya Prospect as being drill-ready. The Moulouya Prospect covers at least 40 km² and is supported by multiple seismic amplitude anomalies.

An off-set well, GRF-1 drilled in 1972 before the acquisition of the 2003 ONAREP seismic, less than 1.5 kilometres to the south-east of the edge of the seismic amplitude anomaly, had dry gas shows in some high quality Tortonian (Miocene) reservoir sands. The same reservoir sands are exposed at the margin of the Guercif Basin where they are interpreted as deep water turbidites and form thick, stacked multiple sand bodies.

The gas potential of the area is further enhanced by the recognition of TransAtlantic of up to 128 feet of untested gas pay at the base of the Miocene in GRF-1 with average porosities of 20% and average gas saturations of 20%. Two micro-seepage surveys carried out for TransAtlantic by Geo-Microbial Technologies in 2006 and 2007 also identified dry gas around the GRF-1 well in soil samples.

The Company believes that the Moulouya Prospect therefore represents a low risk proven gas play that is a potentially play-opening, opportunity for shallow gas in multiple, high quality reservoirs at depths in the range 2,000 to 5,000 feet. Significantly the potential for a very large accumulation exists due to the lack of compartmentalisation of the mapped seismic anomaly – unlike the situation in the producing Rharb Basin where the structures are small but with a very high success rate for finding gas.

Commercial Rationale

The Moulouya Prospect lies just 9 kilometres from the Maghreb gas pipeline where significant spare capacity exists for the transport of gas either for domestic use or for export to the European Union.

Approximately 90% of Morocco's hydrocarbons are imported from Algeria but in 2021 ownership of the Maghreb Pipeline will pass to Morocco.

Small volumes of gas can be utilised in the domestic gas market but larger volumes require gas-to-power and export options. The potential to get gas to market with ease exists and the Government is supportive and aligned commercially and strategically with the other licence partners and has a desire to keep gas in-country.

The reservoirs potentially developed in the Moulouya Prospect have the potential to generate good well deliverability without any stimulation whatsoever based on the production history for similar shallow reservoirs in the Rharb Basin. Field production rates for a successful field development are expected to be high and therefore production costs per unit volume produced are anticipated to be correspondingly low. Capital development costs are expected to be very low given the shallow drilling depths, high recoveries per well based on potentially contiguous reservoir sands (thereby reducing the number of development wells), anticipated quality of the dry gas (reducing complex processing requirements), and proximity to the Maghreb Pipeline.

The Company believes that a successful gas discovery well potentially creates the opportunity for a fast-tracked, uncomplicated gas development.

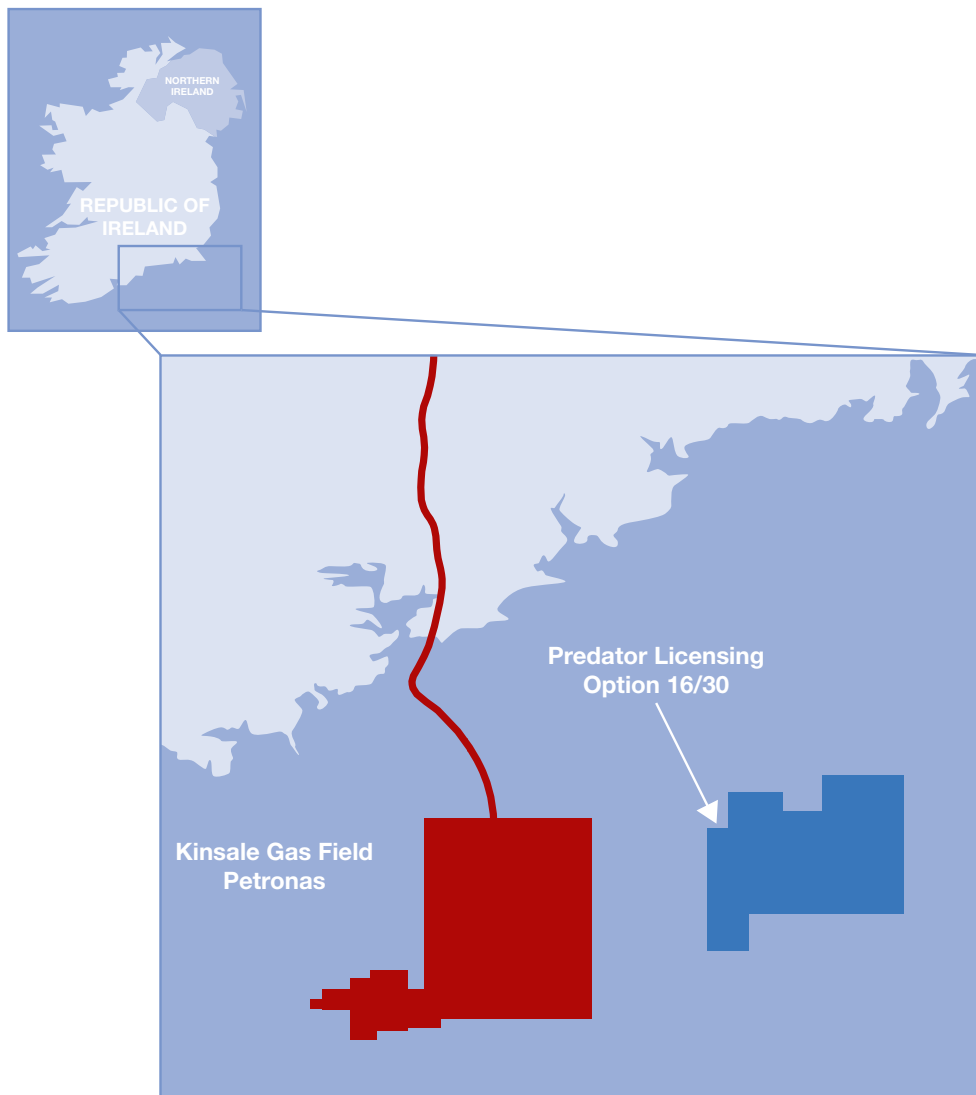
Forward Programme

The Company believes that the Moulouya Prospect is drill-ready and warrants a fast-tracked approach to drilling in order to capitalise upon its attractive valuation metrics and the ability to accelerate a gas development in the case of a gas discovery to exploit the current demand for gas in Morocco and, in a wider context, Europe.

2019 will therefore be spent on desk-top studies by management to develop and finalise the drilling programme and to carry out an Environmental Impact Study. Discussions with rig owners and potential drilling partners (for a multi-well programme) will progress further with the objective of seeking a suitable rig to drill the Moulouya Prospect in 2019 subject to the availability of long-lead items, such as well heads, and cost-effective rig-sharing to reduce mobilisation and demobilisation costs. The well is not anticipated at present to take longer than 15 – 20 days to drill, subject to finalising the drilling programme.

Ireland - Medium Term Appraisal and Exploration

Appraisal: North Celtic Sea Offshore Ireland



LO 16/30 – Ram Head Gas Project

Through its wholly owned subsidiary Predator Oil and Gas Ventures Ltd., the Company currently holds a 50% working interest in and is operator of LO 16/30 which contains the 49/19-1 and Ardmore 49/14-1 gas discoveries made by Marathon Oil Ireland Ltd in 1984 and 1975 but never subsequently appraised.

LO 16/30 is located in the North Celtic Sea Basin and covers 799 km², c. 75 km offshore from the current landfall of gas from the Kinsale field at Inch, County Cork. It is situated in approximately 100 m of water depth. The Licensing Option is located approximately 40 km east of the giant Petronas-operated Kinsale Head Gas Field, for which an application to decommission has been submitted to the regulatory authorities for approval.

History

In the past, under the operatorship of Marathon, three wells were drilled within the Licensing Option area. Of these 2 wells successfully logged hydrocarbon-bearing reservoirs and one, 49/14-1, was tested for gas and flowed 8 mm cfgpd from several different horizons in the Lower Cretaceous.

During 2018, following the award of a two-year Licensing Option to the Company and its partner Theseus Ltd., the Company carried out a number of studies to re-determine the quality of the gas reservoirs in the original discovery well 49/19-1; to complete an initial reservoir engineering study and scoping development plan; and to assess the technical feasibility of re-entering the 49/19-1 well to test the previously logged gas-bearing Jurassic reservoirs to validate production forecasts determined from the desk top studies.

Group strategic report for year ended 31 December 2018 (continued)

Prior to the completion of reservoir engineering studies, a Competent Person's Report by SLR Consulting commissioned by the Company in 2018 had indicated Net Prospective recoverable Gas Resources in the Jurassic in the range of 118 to 1,370 BCF with a 12% Chance of Success.

The programme of 2018 studies was designed to address reservoir risk in terms of gas deliverability and also to determine a cost-effective way to flow test the discovered gas without drilling an expensive appraisal well.

Reservoir studies based on new NuTech log analysis technology have identified 64 feet of previously unrecognised good quality gas pay in 49/19-1. Based on these data the first-ever independent reservoir engineering study was commissioned by the Company, which has indicated potential initial well productivities of 40 mm cfgpd and an initial potential field development profile of 400 mm cfgpd from a minimum of 10 vertical wells. Desk top projections indicate approximately 1 TCF of gross gas could be recovered in 11 years. The scoping development concept requires gas to be landed at the existing Inch brown field site and therefore the Company has made a submission to the regulatory authorities during 2018 stressing the importance of the continuance of the Inch site, after decommissioning of the Kinsale Gas Field facilities, for future potential gas developments.

Forward Programme

On completion of the above work a new Competent Person's Report is being commissioned, the results of which will form the catalyst to progress farmout and M & A transactions with infrastructure owners' offshore Ireland seeking additional gas supply to fill growing infrastructure ullage.

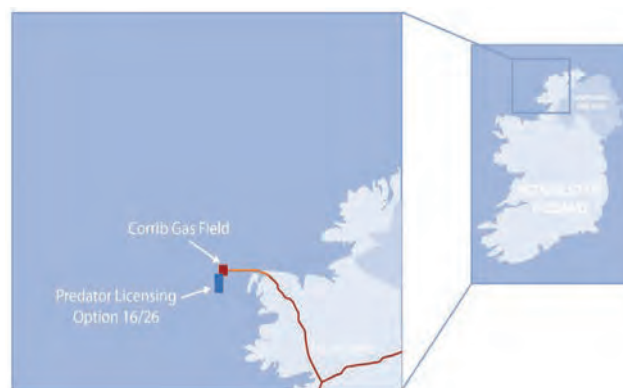
LO 16/30 may be converted into an Exploration Licence upon expiry of a 12-month extension to the current Licensing Option term following the Company's successful application for a Successor Authorisation. The extension to the current Licensing Option term expires on the 30 November 2019.

The 2018 Competent Person's Report also indicated unrisksed Net Contingent recoverable Oil Resources at the Base of the Cretaceous in the range of 32 to 247 million barrels.

New NuTech log analysis over this interval shows 46 feet of good quality net oil pay that was tested without success by Marathon in 1984 due to formation damage. A 32 API oil skim was recovered from the Drill Stem Test tool.

Whilst developing conventional oil is not in the business strategy of the Company, the Company is aware that an extensive appraisal programme is planned for the analogous Barryroe oil discovery in 2019 by the operator Providence Resources Plc and its farminee APEC Energy Enterprise Ltd., a privately owned Chinese company. A successful outcome for the appraisal programme may create additional M & A possibilities centred on the discovered light oil at Ram Head.

Exploration: Atlantic Margin Offshore Ireland



LO 16/26 – Corrib South Gas Exploration

Through its wholly owned subsidiary Predator Oil and Gas Ventures Ltd., the Company currently holds a 50% working interest in and is operator of LO 16/26 which contains the 18/25-2 well drilled by Enterprise Oil in 1999.

LO 16/26 is located in the Slyne Basin and covers 302 km², c. 70 km offshore from the current landfall of gas from the Corrib field in County Mayo. It is situated in approximately 335 m of water depth. The Licensing Option is adjoining and to the south of the Vermillion-operated Corrib Gas Field, which is currently Ireland's largest producing gas field.

History

In the past, under the operatorship of Enterprise Oil, 640 km² of 3D seismic were acquired in 1997 which resulted in the identification of the Corrib Gas Field structure and two structures to the south within the Licensing Option area. One well, 18/25-2, was drilled in 1999 within the Licensing Option area on the structure closest to the Corrib Gas Field, after the first Corrib discovery well was drilled. No logged hydrocarbon-bearing reservoirs were penetrated but the Corrib Field gas reservoir was proven to be present in the well. The second structure, the "Deel Prospect" and re-named "Corrib South" by the Company, was never drilled and was eventually relinquished by Enterprise's successor Shell prior to the approval of the Corrib Gas Field Plan of Development by the regulatory authorities.

During 2017 and 2018, following the award of a two-year Licensing Option to the Company and its partner Theseus Ltd. in the 2015 Atlantic Margin Licensing Round, the Company carried out a re-assessment of the Corrib South Prospect based on integrating regional geological and geophysical data and new information from the producing Corrib gas field. The Company concluded that the Corrib South Prospect was potentially larger than previously considered and extended beyond the limit of the current 1997 3D seismic coverage.

Based on this re-interpretation of the Corrib South Prospect, SLR Consulting were commissioned by the Company in 2018 to produce a Competent Person's Report. It indicated Net Prospective recoverable Gas Resources in the Triassic reservoir (the Corrib Gas Field reservoir) to be in the range of 92.3 to 452.4 BCF with a 30% Chance of Success.

Forward Programme

The Company noted the announcement in the last quarter of 2018 by the new incoming operator of the Corrib Gas Field, Vermilion, confirming the completion of the sale of Shell's 45% interest in Corrib for approximately \$1.3 billion to Nephin Energy Holdings Limited and the transfer of operatorship to Vermilion. The Company further noted comments attributed to Vermilion regarding outline plans to expand the Corrib project and in addition that it would look to do deals with other oil and gas companies exploring in the waters around Corrib, either by allowing those companies to use Corrib Infrastructure to transport gas, or by buying stakes in those companies.

The announcement lends substance to the Company's business model in relation to focussing solely on gas in Ireland and only in those areas where gas production has already established offshore and onshore infrastructure.

It is a potential catalyst for farmout and M & A transactions with infrastructure owners' offshore Ireland seeking additional assets to expand their existing projects.

An application to convert L0 16/26 into a Frontier Exploration Licence was made during 2018 upon.

Regulatory Environment

Ireland remains an extremely challenging regulatory environment and concerns over Brexit in 2019 may provide further uncertainty in the ability of operators to efficiently access oil field services, vessels and rigs in a cost-effective manner out of the UK.

The Company therefore maintains a flexible strategy towards its assets offshore Ireland in the context of minimising financial exposure through generating farmout and M and A activity.

Information on the Company and its oil and gas portfolio is available at www.predatoroilandgas.com

KEY PERFORMANCE INDICATORS

At this stage in the Group's development, the Directors do not consider that standard industry key performance indicators are relevant. The Group currently has no oil and gas production and therefore has no income. The Group is not expected to report profits until it develops its exploration and development projects. The main KPI is therefore considered to be the conservation of cash whilst they continue to obtain the appropriate licences to undertake appropriate exploration activity as described as follows:

- Expanding total prospective, probable and proven resources and reserves. These measure our ability to discover resources and develop reserves, including through the acquisition of new licences.
- Develop oil and gas projects which will result in positive cash flow within a short time horizon. This measures our ability to assist the internal funding of projects with longer time horizons.
- Enter into value adding joint venture and farm-out transactions. This measures our ability to mitigate risk, share capital expenditure with partners and assist in meeting licence commitments.
- Secure funding that minimises shareholder dilution, cognisant of a judicious level of debt funding. This measures our ability to enhance shareholder value whilst securing the means to grow the business without unduly increasing risk.
- The rate of utilisation of the Group's cash resources. This measures our ability to plan expenditure and conserve cash to ensure a going concern.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has identified the principal strategic and operational risks as including:

Exploration industry risks

Oil and gas drilling is a speculative activity and involves numerous risks and substantial and uncertain costs that could adversely affect the Group.

Mitigation: Where possible the Board aims to build a diversified portfolio of assets so that an adverse outcome is mitigated by the prospects of favourable outcomes

Oil and gas exploration and development activities are dependent on the availability of skilled personnel, drilling and related equipment in the particular areas where such activities will be conducted. Demand for such personnel or equipment, or access restrictions may affect the availability to the Group.

Mitigation: Management through many years of experience has a network of independent contractors with skilled personnel and equipment which it can access.

Oil and gas prices are highly volatile, and lower oil and gas prices will negatively affect the Group's financial position, capital expenditures and results of operations.

Mitigation: By balancing projects with near cash inflow prospects with projects that require long term funding the risk is mitigated. Planning includes simulation of down side risk scenarios.

Reserve and resource data and estimated discounted future net cash flows are estimates based on assumptions that may be inaccurate and are based on existing economic and operating conditions that may change in the future.

Mitigation: The Group has considerable experience in project evaluation. It may resort from time to time to independent expert consultants to verify assumptions

The Group is dependent on the successful development of its oil and gas assets.

Mitigation: The Group has diversified its profile away from regular oil and gas exploration by undertaking a CO2 EOR project.

Political risks

All of the Group's operations are located in a foreign jurisdiction. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to, changes in policies or the personnel administering them, terrorism, nationalisation, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which these operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrection.

Mitigation: The Group only conducts operations in those countries with a stable political environment and which have established acceptable oil and gas codes. The Company adheres to all local laws and pays heed to local customs.

Group strategic report for year ended 31 December 2018 (continued)

Financial and liquidity risks

The Group's business involves significant capital expenditure and given the current liquidity position of the Group as at the date of this report the Group will require additional funding to meet its planned work programme. There is no guarantee that such additional funding will be available on acceptable terms at the relevant time.

Mitigation: Management has demonstrated an ability to raise funds. Through timely and regular cash flow projections pro-active action is capable of being taken to pre-empt cash deficits. Such actions may include farm-outs and loan and equity fund raises

Instability in the global financial system may have impacts on the Group's liquidity and financial condition that currently cannot be predicted.

Mitigation: Judicious assumption of new licence commitments; careful financial planning, currency hedging and economic evaluation of opportunities with simulation of risks mitigate against these risks. The Directors also maintain tight budgetary and financial controls to ensure cash is spent in the most efficient manner.

Foreign exchange risks

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and US Dollar.

Risks to exchange movements are mitigated by minimising the amount of funds held overseas. All treasury matters are handled centrally in Jersey. All requests for funds from overseas operations are reviewed and authorised by Board members. The Group endeavours to reduce its exposure to foreign currencies by holding cash balances in the currency of intended expenditure and recognises the profits and losses resulting from currency fluctuations as and when they arise.

As the Group may undertake some exploration activity along the Irish Sea under the terms of the agreement with the Irish authorities, the Directors currently anticipate that the impact on the business of the UK's exit from the European Union will be limited to the effects of potential increased foreign exchange fluctuations. As a result of these fluctuations, it is expected that the reported results of the Group may decline in the short- to medium-term. However, the Directors do not expect there to be any significant lasting impact.

Liquidity risks

The Group's liquidity risk is considered to be insignificant.

The Group does not enter into binding commitments for exploration expenditure. Cash forecasts are updated continuously. The financial exposure of the Group will reduce as it is the intention of the directors to partner with third parties in exploration joint ventures.

Environmental risks

The Group is subject to various environmental risks and governmental regulations and future regulations may be more stringent.

Mitigation: The Group is aware of these risks before it undertakes licence commitments and periodically re-evaluates these risks.

Climate change and climate change legislation and regulatory initiatives could result in increased operating costs and decreased demand for oil and gas.

Mitigation: The Group's strategy is to diversify into greener types of energy. The current profile of the Group is weighted towards gas exploration, a more climate friendly energy source.

Insurance risks

Offshore operations are subject to various operating and other casualty risks that could result in liability exposure.

Mitigation: The Group comprehensively surveys its exposure to these kinds of risks and considers taking either an appropriate level of insurance cover or self-insuring where judicious.

The Group may not have enough insurance to cover all of its risks.

Mitigation: A judicious quantum of self-insurance may need to be resorted to in these circumstances

COMPOSITION OF THE BOARD

A full analysis of the Board, its function, composition and policies, is included in the Remuneration Report.

CAPITAL STRUCTURE

The Company's capital consists of ordinary shares which rank *pari passu* in all respects which are traded on the Standard segment of the Main Market of the London Stock Exchange. There are no restrictions on the transfer of securities in the Company or restrictions on voting rights and none of the Company's shares are owned or controlled by employee share schemes. There are no arrangements in place between shareholders that are known to the Company that may restrict voting rights, restrict the transfer of securities, result in the appointment or replacement of Directors amend the Company's articles of association or restrict the powers of the Company's Directors, including in relation to the issuing or buying back by the Company of its shares or any significant agreements to which the Company is a party that take effect after or terminate upon, a change of control of the Company following a takeover bid or arrangements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that may occur because of a takeover bid.

ENVIRONMENTAL AND OTHER REGULATORY REQUIREMENTS

The event of a breach of any environmental or regulatory requirements may give rise to reputational, financial or other sanctions against the Company, and therefore the Board considers these risks seriously and designs, maintains and reviews its policies and processes so as to mitigate or avoid these risks.



Paul Griffiths
Chief Executive Officer
30 April 2019

Report of the directors for the year ended 31 December 2018

The Directors present their report together with the audited financial statements for the year ended 31 December 2018.

The Company's Ordinary Shares were admitted on 24 May 2018 to a listing on the London Stock Exchange on the Official List pursuant to Chapters 14 of the Listing Rules, which sets out the requirements for Standard Listings.

RESULTS AND DIVIDENDS

The Directors do not recommend the payment of a dividend (2017: nil).

FINANCIAL INSTRUMENTS

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 12 of the financial statements.

DIRECTORS

The Directors who served during the year and up to the date hereof were as follows:-

	<i>Date of Appointment</i>
Paul Griffiths	31 December 2017
Ron Pilbeam	31 December 2017
Sarah Cope	24 May 2018
Steve Staley	24 May 2018

DIRECTORS THIRD PARTY INDEMNITY PROVISIONS

The Group maintained during the period and to the date of approval of the financial statements, indemnity insurance for its Directors and Officers against liability in respect of proceedings brought by third parties.

GOING CONCERN

Notwithstanding the loss incurred during the year under review, the Directors have a reasonable expectation that the Group will be able to raise funds to provide adequate resources to continue operations for the foreseeable future. The Directors do not believe that Brexit will adversely influence the Group's access to fresh capital. The Group is likely to need to raise fresh funds in the course of the next 12 months if major spending commitments on newly awarded licences arise. In the unlikely event that the Group will not be able to raise the required funds for the foreseeable future Directors will institute a programme of cuts to directors' and consultant's remuneration. The Directors having made due and careful enquiry, are of the opinion that the Group has adequate working capital to execute its operations over the next 12 months given that current spending commitments will prevail. The Group will therefore continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern included in page 35 under accounting policies

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2018, the total number of issued ordinary shares with voting rights in the Company was 100,137,150. Details of the Company's capital structure and voting rights are set out in note 13 to the financial statements. The Company has been notified of the following interests of 3 per cent or more in its issued share capital as at 23 April 2019.

Entity name	Ordinary Shares held	% holding of the Company
Paul Griffiths	44,773,293	43.9%
Ron Pilbeam	7,273,294	7.1%
Hargreaves Lansdown (Nominees) Ltd	13,743,204	13.5%
Pershing Nominees Ltd	8,229,585	8.1%
The Bank of New York (Nominees) Ltd	7,780,328	7.6%
Interactive Investor Services Nominees	4,063,741	4.0%
Total	85,863,445	84.2%

FINANCIAL INSTRUMENT

Details of the use of financial instruments by the Group are contained in note 12 of the financial statements.

GREENHOUSE GAS EMISSIONS

The Group has as yet minimal greenhouse gas emissions to report from the operations of the Company and its subsidiaries and does not have responsibility for any other emission producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2014.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' 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 (IFRS's) as adopted by the EU and applicable law.

Report of the directors for the year ended 31 December 2018 (continued)

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements in accordance with Section 103 of the Companies (Jersey) Law 1991.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Group's website is the responsibility of the Directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in Jersey governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

FUTURE DEVELOPMENTS

The Group's plans for future developments are more fully set down in the Strategic Report, on pages 3 and 5.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor are unaware, and each 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.

We confirm 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 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.

AUDITORS

The Company's auditor, PKF Littlejohn LLP, was initially appointed on 4 December 2017 and it is proposed by the Board that they be reappointed as auditors at the forthcoming AGM. The auditors have expressed their willingness to continue in office.

EVENTS AFTER THE REPORTING DATE

These are more fully disclosed in Note 20.

By order of the Board



Paul Griffiths
Chief Executive Officer
30 April 2019

Board of directors for the year ended 31 December 2018



Sarah Cope (nee Wharry), Non-Executive Chairman (age 47)

Mrs. Cope has 20 years investment banking experience working as an advisor to small and mid-cap companies across numerous industry sectors, advising them at Board level on their capital raising requirements, regulatory compliance, corporate governance, growth strategy, acquisitions and disposals. Mrs. Cope has worked on numerous IPOs, specialised in advising companies in the Oil and Gas sector and was co-head of energy for Cantor Fitzgerald Europe until January 2018. Mrs. Cope has previously worked at finnCap Limited as a director of corporate finance heading up the oil and gas sector, RBC Capital Markets as a director in the equity capital markets team and Seymour Pierce Limited as a director of corporate finance. Mrs. Cope is also a non-executive director of Anglo African Oil & Gas PLC and Mayan Energy Limited.



Paul Griffiths, Chief Executive Officer (age 65)

Mr Griffiths has 40 years' oil and gas industry experience, including with the Libyan National Oil Corporation and Gulf Oil, and as CEO of both Island Oil & Gas plc and Fastnet Oil and Gas plc. During this time Mr. Griffiths has managed 2D and 3D seismic data acquisition and processing projects onshore and offshore; drilling and testing programmes, both onshore and offshore; and geological and reservoir simulation desk top studies. Mr. Griffiths is also experienced in business development in respect of licence acquisitions, farm-ins, farm outs, gas marketing and gas sales contracts and negotiations with government agencies. In 2006, Mr. Griffiths put together and led the team that drilled the first successful exploration well in offshore southeast Ireland in 16 years. In 2008 he put together and led the team that generated and submitted the plan of development for the Amstel Field in the Netherlands and in 2014 he put together and led the team that carried out the Tendrara gas field re-evaluation prior to a successful appraisal drilling programme by Sound Energy. He is a geology graduate of the Royal School of Mines (London) and an Associate of the Royal School of Mines.



Ronald Pilbeam, Project Development Director (age 72)

Mr Pilbeam has over 40 years' technical and commercial experience in energy-related E&P activities. During this time Mr Pilbeam has worked with Parsons Brinckerhoff in the United States, the Caribbean and Brazil, then with United Technologies in Brazil, before becoming associated with Unigas International both in Brazil and South Africa. Mr Pilbeam has undertaken the management of a number of projects in oil & gas shipping, gas-to-liquids, offshore LNG, onshore petro-chemical plant, gas storage, and gas handling, pipelines and terminals. In so doing, Mr Pilbeam has also amassed considerable international experience in working with government, industry and commerce, to achieve often challenging objectives. A British national, Mr Pilbeam is an engineering graduate of King's College (London), a licensed Professional Engineer (Canada) and an Associate Member of the Institution of Civil Engineers (UK).



Dr George Henry Stephen Staley, Non-Executive Director (age 59)

Dr Staley has 35 years wide-ranging management, technical and commercial experience in the international oil, gas and power sectors. He is currently the CEO, and a director and co-founder, of Upland Resources Limited, a London-listed (Standard Listing) oil & gas company currently with assets onshore and offshore UK. He is also a non-executive director of 88 Energy Limited, an Australian oil & gas company with assets onshore Alaska. 88 Energy has a dual listing on the ASX and AIM. Dr Staley co-founded and brought to the AIM market both Fastnet Oil & Gas plc (where he was the founding CEO) and Independent Resources plc (where he was the founding managing director). He was also both a technical consultant to, and non-executive director of, Cove Energy plc – the highly successful East Africa focused explorer that went from having a market capitalisation of £2 million in mid-2009 to being sold to PTPP for £1.2 billion in less than three years. Dr Staley is owner and founder of Derwent Resources Limited, an upstream consultancy advising on oil and gas opportunities. Prior to this he has worked for Cineroy Corp., Conoco and BP.

He holds a BSc (Hons.) in geophysics from Edinburgh University, a PhD in petroleum geology from Sheffield University and an MBA from Warwick University. He is a fellow of the Geological Society and a member of the European Association of Geoscientists & Engineers, the Petroleum Exploration Society of Great Britain and The Arctic Club.

Corporate Governance Report

The Chairman of the Board of Directors of Predator Resources PLC ('Predator' or 'the Company' or 'the Group' or 'we/our') has a responsibility to ensure that Predator has a sound corporate governance policy and an effective Board.

The Board has not adopted, but voluntarily follows the Quoted Companies Alliance (QCA) Corporate Governance Code. The QCA code identifies ten principles to be followed in order for companies to deliver growth in long-term shareholder value, encompassing effective management with regular and timely communication to shareholders. This report follows the structure of those principles and explains how we have applied the guidance as well as disclosing any areas of non-compliance.

We will provide annual updates on our compliance with the code. The Board considers that the Group complies with the QCA code so far as is practicable having regard to the size, nature and current stage of development of the Company.

The sections below set out how the Group applies the ten principles of the QCA code and sets out areas of non-compliance.

Key governance changes during the year include the adherence to the QCA code.

PRINCIPLE 1: ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTES LONG-TERM VALUE FOR SHAREHOLDERS

The Company is a oil and gas exploration specialist, with operations in Morocco, Trinidad and Ireland. Our goal is to deliver long term value for our shareholders. We aim to do this by identifying prospective and early-stage exploration projects. Consequently we:

- use our expertise to identify areas with economically feasible resources,
- assess the business environment of the target country and its attractiveness for prospecting and eventual development and production,
- understand existing interests in a licence area in order to ensure we can earn-in to existing interests on terms favourable to our shareholders.

Oil and gas exploration is by its nature speculative and we aim to reduce the risks inherent in the industry by careful application of funds throughout individual projects. We do that by:

- Reviewing existing exploration data;
- Establishing close in-country partnerships for our projects;
- Applying the most appropriate cost-effective exploration techniques in order to determine whether further work, using increasingly expensive exploration techniques, is justified; and
- Appreciating the likely realisation routes that will be available to us as the project moves towards development.

PRINCIPLE 2: SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Company is committed to engaging with its shareholders to ensure that its strategy, operational results and financial performance are clearly understood. We engage with our shareholders via roadshows, attending investor conferences and through our regular reporting on the London Stock Exchange. Roadshows are typically timed to follow the release of interim and final results. The Company regularly takes part in investor conferences, both in the UK and internationally. LSE announcements include details of the website, and include phone numbers to contact the Company and its professional advisors.

Private shareholders

The AGM is the main forum for dialogue with retail shareholders and the Board. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. All Directors attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are announced via the London Stock Exchange. In addition, the Executive Directors regularly attend investor forums specific to the mining industry and engage with shareholders at those events. Investors can contact us via our website or by email.

Retail shareholders also regularly attend investor evenings held by our brokers or other industry bodies and we publicise our attendance via LSE announcements. In addition, our up to date Corporate presentation is made available on our website.

Institutional shareholders

The Directors actively seek to build a relationship with institutional shareholders. Shareholder relations are managed primarily by the Chief Executive Officer. The Chief Executive Officer makes presentations to institutional shareholders and analysts throughout the year, mainly in London. We also have ad-hoc meetings with our shareholders via conference call and email. The Board as a whole is kept informed of the views and concerns of major shareholders by the Chief Executive Officer. Any significant investment reports from analysts are also circulated to the Board. The Non-Executive Chairman and Non-Executive Director are available to meet with major shareholders if required to discuss issues of importance to them and are considered to be Independent from the executive management of the Company.

PRINCIPLE 3: TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG TERM SUCCESS.

Aside from our shareholders, our most important stakeholder groups are local partners and those local communities that may be impacted by our exploration activities. The Board is regularly updated on stakeholder issues and their potential impact on our business to enable the Board to understand and consider these issues in decision-making. The Board understands that maintaining the support of all its stakeholders is paramount for the long-term success of the Company.

Personnel

The Group does not have permanent staff in Jersey, Channel Islands. All staff are recruited under consultancy agreements as service providers. We aim to provide an environment which will attract, retain and motivate our team and monitor the effectiveness by regular one-on-one discussion. Our key value is to treat all staff fairly and equally and to promote ethical behaviour, diversity and non-discrimination.

Local partners and communities

Our operations provide employment in remote areas of developing countries. Essential to our success is the establishment of close working relationships with local partners. We seek local partners who have a good understanding of the local exploration and oil and gas exploration industry and regulations within their country, and with the capacity and capability to assist with the management and maintenance of the project.

We are mindful of our obligations to the local environment and operate to high levels of health and safety in respect of both our local workers and the local community. Employee training focuses on operating safety. Engagement with local communities is dependent on jurisdiction and the stage of exploration but is typically by public forum or with local or regional leaders, including site visits and workshops. Social projects in the local communities are dependent on local need and also the stage of exploration/level of project investment.

As projects move forward, towards potential production activities, we seek to bring in partners who can credibly make the investments to move towards development and production. In doing so we have regard for their ability and desire to move projects forward, their industry reputation and their commitment to treating the local communities fairly and protecting the environment. We enter agreements that allow us to monitor their activities and have monthly updates on project progress.

PRINCIPLE 4: EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

Audit, risk and internal control

Financial controls

The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Executive Management, the Audit Committee and the Board. The key financial controls are:

- The Board is responsible for reviewing and approving overall Company strategy, approving new exploration projects and budgets, and for determining the financial structure of the Company including treasury, tax and dividend policy. Monthly results and variances from plans and forecasts are reported to the Board;
- The Audit Committee, comprising the two Non-executive Directors, assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls;
- Regular budgeting and forecasting is performed to monitor the Company's ongoing cash requirements and cash flow forecasts are circulated to the Board on a monthly basis;
- Actual results are reported against budget and prior year and are circulated to the Board;
- The Company has an investment appraisal system that considers expected costs against a range of potential outcomes arising from the exploration opportunities that we are invited to participate in;
- Regular reviews of exploration results are performed as the basis for decisions regarding future expenditure commitment;
- Due to the international nature of the business there are, at times, significant foreign exchange rate movement exposures. Cash flow forecasting is done at the 'required currency' level and foreign currency balances are maintained to meet expected requirements; and
- For exploration projects, we manage the risk of failure to find economic deposits by low cost early stage exploration techniques, with detailed analysis of results. Moving projects to more expensive exploration techniques requires a rigorous review of results data prior to deciding whether to proceed with further work.

Non-financial controls

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks; and
- Central control over key areas such as capital expenditure authorisation and banking facilities.

The Group reviews at least annually the effectiveness of its system of internal control, whilst also having regard to its size and the resources available. As part of the Group's plans we continue to review a number of non-financial controls covering areas such as regulatory compliance, business integrity, health and safety, and corporate social responsibility. All personnel are aware of their obligations under anti-bribery and corruption legislation.

Corporate Governance Report (continued)

PRINCIPLE 5: MAINTAINING THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

The Board comprises the Non-Executive Chairman, two Executive Directors and one Non-Executive Director. One non-executive Director has extensive experience in the oil and gas industry, is a qualified geologist and has considerable experience of serving on the Board of public companies.

The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company and industry on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

The Board aim to meet at least monthly. The agenda is set by the Company Secretary in consultation with the Chairman and CEO. The standard agenda points include:

- Review of previous meeting minutes and actions arising there from;
- A report by the CEO covering all operational matters;
- A report from the Financial consultant covering all financial matters;
- Any other business including update of Register of Conflicts

Directors' conflict of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board. A Register of Conflicts is maintained and is a standard agenda item at each Board Meeting. The Board has access to the Company's nominated adviser, its brokers and its lawyers. The advisers do not typically provide materials for Board meetings except if requested to do so for the purposes of discussing upcoming regulations and other issues.

Board meetings are deemed quorate if two Board members are present and providing 7 days' notice of such meeting has been given and waived by the non-attending Directors.

Directors and Officers Liability insurance is maintained for all Directors and key employees.

PRINCIPLE 6: ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, particularly so in the area of oil and gas exploration and evaluation. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings by the Company Secretary. Contracts are available for inspection at the Company's registered office and at the Annual General Meeting ("AGM").

Directors are selected having regards to the Company's needs for a balance of operational, industry, legal and financial skills. Experience of the Oil and Gas exploration industry is important but not critical, as is experience of running a public company.

All Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association.

Appointment, removal and re-election of Directors The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that at every AGM any director (i) who has been appointed by the board since the last AGM or (ii) who held office since the first of the three previous AGMs and who did not retire at either of them or (iii) who has been selected by the board for re-election shall retire from office and may offer himself for re-appointment by the members.

Independent advice

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense from lawyers, the nominated adviser, brokers and other professional advisors that they deem relevant. In addition, the Directors have direct access to the advice and services of the Company Secretary.

PRINCIPLE 7: EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

Over the next 12 months we intend to review the performance of the team as a unit to ensure that the members of the Board collectively function in an efficient and productive manner. Over the same period the Non-Executive Directors will be seeking to set clear and relevant objectives for the Executive Directors, and for the Board as a whole.

PRINCIPLE 8: PROMOTE A CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Board aims to lead by example and do what is in the best interests of the Company. We operate in remote and under-developed areas and ensure our employees understand their obligations towards the environment and in respect of anti-bribery and corruption.

PRINCIPLE 9: MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD**Board programme**

The Board aims to meet monthly and as and when required. The Board sets direction for the Company through a formal schedule of matters reserved for its decision. During the year to December 2018 the Board met for fourteen scheduled meetings. The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting and Board and Committee papers are distributed by the Company Secretary several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and are then followed up by the Company's management.

Roles of the Board, Chairman and Chief Executive Officer.

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is responsible for overall Group strategy; approval of exploration projects; approval of the annual and interim results; annual budgets; dividend policy; and Board structure. It monitors the exposure to key business risks. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction.

The Chief Executive Officer ('CEO') is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company. The CEO, together with the Financial consultant, is responsible for establishing and enforcing systems and controls, and liaison with external advisors. The CEO has responsibility for communicating with shareholders.

All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. A senior executive, the Financial consultant, attends Board meetings when deemed appropriate by the CEO or Chairman, to present business updates.

Board committees

The Board is supported by the Audit and Remuneration committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. The two committees comprise both of the Non-Executive Directors.

The Audit Committee provides a formal review of the effectiveness of the internal control systems, the Group's financial reports and results announcements and the external audit process. The Committee meets twice per year to review the published financial information and to meet with the Auditors.

The Remuneration Committee provides a formal and transparent review of the remuneration of the Executive Directors and senior employees and makes recommendations to the Board on individual remuneration packages. The Committee did not meet during the year.

The Audit committee has not provided a separate report for the current financial period, but intends to do so for next years report.

PRINCIPLE 10: COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year results announcements, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders. The Company regularly posts LSE announcements covering operational and corporate matters, such as drilling results and significant changes in ownership positions across historic projects in which it still retains an investment. A range of corporate information (including all Company announcements and a corporate presentation) is also available to shareholders, investors and the public on the Company's corporate website.

The Board receives regular updates on the views of shareholders through briefings and reports from Investor Relations, the CEO, and the Company's brokers. The Company communicates with institutional investors frequently through briefings with management. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views.

By order of the Board



Sarah Cope
Chairman
30 April 2019

Directors' Remuneration Report

The Company's Remuneration Committee comprises two Non-Executive Directors: Sarah Cope (Chairman) and Stephen Staley.

The Company's Remuneration Committee operates within the terms of reference approved by the Board.

In the year to 31 December 2018 the two members of the Remuneration Committee have not met.

The items included in this report are unaudited unless otherwise stated.

COMMITTEE'S MAIN RESPONSIBILITIES

- The Remuneration Committee considers the remuneration policy, employment terms and remuneration of the Executive Directors and senior management;
- The Remuneration Committee's role is advisory in nature and it makes recommendations to the Board on the overall remuneration packages for Executive Directors and senior management in order to attract, retain and motivate high quality executives capable of achieving the Company's objectives;
- The Remuneration Committee also reviews proposals for any share option plans and other incentive plans, makes recommendations for the grant of awards under such plans as well as approving the terms of any performance-related pay schemes;
- The Board's policy is to remunerate the Company's executives fairly and in such a manner as to facilitate the recruitment, retention and motivation of suitably qualified personnel; and
- The Remuneration Committee, when considering the remuneration packages of the Company's executives, will review the policies of comparable companies in the industry.

CONSIDERATION OF SHAREHOLDER VIEWS

The Remuneration Committee considers shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Company's periodic reviews of its policy on remuneration.

STATEMENT OF POLICY ON DIRECTORS' REMUNERATION

The Company's policy is to maintain levels of remuneration so as to attract, motivate, and retain Directors and Senior Executives of the highest calibre who can contribute their experience to deliver industry leading performance with the Company's operations. Currently Director's remuneration is not subject to specific performance targets.

In future periods the Company intends to implement a remuneration policy so that a meaningful proportion of Executive and Senior Management's remuneration is structured so as to link rewards to corporate and individual performance, align their interests with those of shareholders and to incentivise them to perform at the highest levels. The Remuneration Committee considers remuneration policy and the employment terms and remuneration of the Executive Directors and makes recommendations to the Board of Directors on the overall remuneration packages for the Executive Directors. No Director takes part in any decision directly affecting their own remuneration.

There was no vote taken during the last general meeting with regard to the Director's remuneration policy. This is considered reasonable given the current size and stage of development of the Company and the fact that remuneration is not currently linked to performance. This will be revisited in future periods once a meaningful remuneration policy has been implemented as noted above.

DIRECTORS' REMUNERATION

The Directors who held office at 31 December 2018 and who had beneficial interests in the ordinary shares of the Company are summarised as follows:

Name of Director	Position
Sarah Cope	Chairman, Non-Executive Director
Dr Stephen Staley	Non-Executive Director
Paul Griffiths	Chief Executive Officer
Ron Pilbeam	Executive Officer

The interests in the shares of the Company of the Directors who served during the year were as follows:

	31 December 2018		At the date of this report	
	Ordinary Shares	Share Options	Ordinary Shares	Share Options
Paul Griffiths	44,773,293	4,005,486	44,773,293	4,005,486
Ron Pilbeam	7,273,294	4,005,486	7,273,294	4,005,486
Sarah Cope	–	1,001,370	–	1,001,370
Steve Staley	–	1,001,370	–	1,001,370
Total	52,046,587	10,013,712	52,046,587	10,013,712

Paul Griffiths is the Group's controlling shareholder

Share Option Scheme

The following Directors have been granted rights under the Group's Share Option Scheme:

	In issue at 31 December 2017	Grant date	Options Awarded	Exercised/ lapsed during year	In issue at 31 December 2018	Vesting period	
						Start	Various
Paul Griffiths	0	24 May 2018	4,005,486	–	4,005,486	24 May 2018	See note14
Ron Pilbeam	0	24 May 2018	4,005,486	–	4,005,486	24 May 2018	
Sarah Cope	0	24 May 2018	1,001,370	–	1,001,370	24 May 2018	
Steve Staley	0	24 May 2018	1,001,370	–	1,001,370	24 May 2018	

Each of the Directors entered into service agreements at the time of the Company's admission to the market in May 2018. Details of those service agreements are set out below. There were no other major remuneration decisions in the period.

DIRECTORS' SERVICE CONTRACTS

Sarah Cope was appointed as a Non-Executive Director and Chairman of the Company on 18 May 2018 when she entered into a letter of appointment with the Company. Pursuant to his letter of appointment Mrs Cope is entitled to an annual fee of £35,000 which includes consideration for chairing the Remuneration Committee and for being a member of the Audit Committee. The Chairman is not entitled to receive any compensation on termination of her appointment (other than payment in respect of a notice period where notice is served) and is entitled to be reimbursed all reasonable out-of-pocket expenses incurred in the proper performance of her duties. Mrs Cope's appointment may be terminated by either party giving to the other three month's prior written notice. The services of Mrs Cope are provided on a consultancy basis. The Company established a share option scheme that became effective on 24 May 2018 for a long term incentive plan for the award of share options subject to performance conditions. The share option scheme includes Mrs. Cope as a beneficiary

Dr Stephen Staley was appointed as a Non-Executive Director of the Company on 18 May 2018 when he entered into a letter of appointment with the Company. Pursuant to his letter of appointment Dr Staley is entitled to an annual fee of £30,000 which includes consideration for being a member the Remuneration Committee and for being a member of the Audit Committee. Dr Staley is not entitled to receive any compensation on termination of his appointment (other than payment in respect of a notice period where notice is served) and is entitled to be reimbursed all reasonable out-of-pocket expenses incurred in the proper performance of his duties. Dr Staley's appointment may be terminated by either party giving to the other three month's prior written notice. The services of Dr Staley are provided on a consultancy basis. The Company established a share option scheme that became effective on 24 May 2018 for a long term incentive plan for the award of share options subject to performance conditions. The share option scheme includes Dr Staley as a beneficiary

Paul Griffiths provides his services as Chief Executive Officer under a consultancy agreement with the Company. The Company entered into a consultancy agreement dated 18 May 2018 with Petro- Celtex Consultancy Limited ("**Petro-Celtex**") under which Petro-Celtex is to provide the services of Paul Griffiths as Chief Executive of the Company, on a part-time basis (120 hours in each calendar month). Under the consultancy agreement, Petro-Celtex is entitled to a fee of £80,000 per annum (plus VAT, if applicable) for the basic 120 hours per calendar month, £1,200 per 8 hour day (plus VAT, if applicable) for each additional day or part day in excess of the first 120 hours in any calendar month, up to an annual cumulative cap of 320 hours in a calendar year, and reimbursement of all reasonable expenses. The consultancy agreement may be terminated at any time by 3 months' prior written notice served by either party. Paul Griffiths entered into a side letter dated 18 May 2018 with the Company confirming that the terms of this consultancy agreement will be binding on him as an individual. Paul Griffiths also entered into a letter of appointment dated 21 December 2017 with the Company in respect of his continued appointment as a director of the Company with effect from 24 May 2018, but with no additional fee payable to him over and above the fee referred to in the consultancy agreement above. The continued appointment of Paul Griffiths as a director of the Company on the terms of such appointment letter is (subject to limited exceptions) for an initial period of 12 months with effect from 24 May 2018 and thereafter subject to termination by either party on three months' written notice. In addition the Company may forthwith terminate Paul Griffiths's appointment as a director of the Company for, *inter alia*, a material breach by Petro- Celtex of its obligations under the consultancy agreement referred to above and Paul Griffiths may terminate such appointment for a material breach by the Company of its obligations under the consultancy agreement referred to above.

The Company established a share option scheme that became effective on 24 May 2018 for a long term incentive plan for the award of share options subject to performance conditions. The share option scheme includes Paul Griffiths as a beneficiary.

Ronald Pilbeam provides his services as an Executive Director under a consultancy agreement with the Company. The Company entered into a consultancy agreement dated 18 May 2018 with Ronald Pilbeam to provide the services of Ronald Pilbeam as project development director of the Company, on a part-time basis (75 hours in each calendar month). Under the consultancy agreement, Ronald Pilbeam is entitled to a fee of £50,000 per annum (plus VAT, if applicable) for the basic 75 hours per calendar month, £1,000 per 8 hour day (plus VAT, if applicable) for each additional day or part day in excess of the first 75 hours in any calendar month, up to an annual cumulative cap of 400 hours in a calendar year, and reimbursement of all reasonable expenses. The consultancy agreement may be terminated at any time by 3 months' prior written notice served by either party.

Ronald Pilbeam also entered into a letter of appointment dated 19 March 2018 with the Company in respect of his continued appointment as a director of the Company with effect from 24 May 2018, but with no additional fee payable to him over and above the fee referred to in the consultancy agreement above. The continued appointment of Ronald Pilbeam as a director of the Company on the terms of such appointment letter is (subject to limited exceptions) for an initial period of 12 months following Admission and thereafter subject to termination by either party on three months' written notice. In addition the Company may forthwith terminate Ronald Pilbeam's appointment as a director of the

Directors' Remuneration Report (continued)

Company for, *inter alia*, a material breach by Ronald Pilbeam of his obligations under the consultancy agreement referred to above, and Ronald Pilbeam may terminate such appointment for a material breach by the Company of its obligations under the consultancy agreement referred to above.

The Company established a share option scheme that became effective on 24 May 2018 for a long term incentive plan for the award of share options subject to performance conditions. The share option scheme includes Ronald Pilbeam as a beneficiary.

REMUNERATION COMPONENTS

For the year ended 31 December 2018 consultancy fees and a share incentive scheme were the only two components of remuneration. The Company established a share option scheme that became effective on 24 May 2018 for a long term incentive plan for the award of share options subject to certain oil production targets being reached and sustained by the Company for a period of not less than thirty calendar days. The Board is not planning to consider any other components of Director remuneration during the year.

DIRECTORS' EMOLUMENTS AND COMPENSATION

Short Term Employment benefits

Director	2018 £	2017 £
Sarah Cope	20,900	–
Stephen Staley	18,100	–
Non-Executive total	39,000	–
Paul Griffiths	98,200	–
Ronald Pilbeam	83,100	–
Executive total	181,300	–
Total	220,300	–

There were no awards of annual bonuses or incentive arrangements other than share options granted in the period. Remuneration was therefore fixed in nature and no illustrative table of the application of remuneration policy has been included in this report.

Pension entitlements

The Company does currently not have any pension plans for any of the Directors and does not pay pension amounts in relation to their remuneration.

Directors' interests in share warrants

Directors do not hold any share warrants over ordinary shares.

Consideration of employment conditions elsewhere in the Group

The Committee has not consulted with the only other personnel member in the Group about executive pay but considers that the current remuneration of Executive Directors to be consistent with pay and employment benefits across the Group.

UK 10-year performance graph

The Directors have considered the requirement for a UK 10-year performance graph comparing the Groups Total Shareholder Return with that of a comparable indicator. The Directors do not currently consider that including the graph will be meaningful because the Company has only been listed since May 2018, is not paying dividends and is currently incurring losses as it gains scale. The Directors therefore do not consider the inclusion of this graph to be useful to shareholders at the current time. The Directors will review the inclusion of this table for future reports.

UK 10-year CEO table and UK percentage change table

The Directors have considered the requirement for a UK 10-year CEO table and UK percentage change table. The Directors do not currently consider that including these tables would be meaningful because, as described under the Directors' Service Contracts section above directors have been engaged in the Company only since May 2018. The Directors will review the inclusion of this table for future reports.

Relative importance of spend on pay

The Directors have considered the requirement to present information on the relative importance of spend on pay compared to shareholder dividends paid. Given that the Company does not currently pay dividends the Directors have not considered it necessary to include such information.

Policy for new appointments

Base salary levels will take into account market data for the relevant role, internal relativities, the individual's experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Policy on payment for loss of office

Payment for loss of office would be determined by the Remuneration Committee, taking into account contractual obligations.

Approved by the Board on 30 April 2019.



Sarah Cope

Chairman of the Remuneration Committee

Independent Auditor's Report To The Members Of Predator Oil & Gas Holdings Plc

OPINION

We have audited the financial statements of Predator Oil & Gas Holdings Plc (the 'parent company') and its subsidiaries (the 'Group') for the period ended 31 December 2018 which comprise of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2018 and of the Group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements the Companies (Jersey) Law 1991.

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 SME 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined materiality for the Group to be £10,000. We agreed with the Board that all audit differences in excess of £500, as well as differences below that threshold, warranted reporting.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The audit was scoped to ensure that we obtained sufficient and appropriate audit evidence in respect of:

- the significant business operations of the group;
- other operations which, irrespective of size, are perceived as carrying a significant level of audit risk whether through susceptibility to fraud, or for other reasons;
- the appropriateness of the going concern assumption used in the preparation of the financial statements.

The audit was scoped to support our audit opinion on group financial statements of Predator Oil & Gas Holdings Plc and was based on group materiality and an assessment of risk at group level.

All entities in the Group were audited by a single engagement team. We did not rely on the work of any component auditors.

As part of our planning we assessed the risk of material misstatement including those that required significant auditor consideration at the component and group level. Procedures were then performed to address the risk identified and for the most significant assessed risks of material misstatement, the procedures performed are outlined above in the key audit matters section of this report.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

Key Audit Matter

Acquisition of Predator Oil and Gas Ventures Limited

During the period Predator Oil & Gas Holdings Limited acquired Predator Oil & Gas Ventures Limited. This transaction is significant as through it the Group now holds licences from which it can potentially generate returns to its shareholders.

There is a risk that the acquisition has been accounted for incorrectly.

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

We performed the following work in order to address the identified risk:

- Agreed acquisition details to the Share and Purchase Agreement;
- Considered the accounting treatment of the acquisition and assessed whether it fell outside the scope of IFRS 3 “Business Combinations”;
- Reviewed the calculations prepared by management in respect of the acquisition for both mathematical accuracy and adherence to accounting convention; and
- Reviewed the disclosures within the financial statements for appropriateness.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where The Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the group 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 group financial statements, the directors are responsible for assessing the Group’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 to cease operations, or have no realistic alternative but to do so.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: <http://www.frc.org.uk/auditors-responsibilities>. This description, forms part of our auditor’s report.

Independent Auditor's Report To The Members Of Predator Oil & Gas Holdings Plc (continued)

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. 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.



Zahir Khaki (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

30 April 2019

1 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated statement of comprehensive income for the year ended 31 December 2018

	Notes	01.01.2018 to 31.12.2018 (audited) £	01.01.2017 to 31.12.2017 (unaudited) £
Continuing operations			
Administrative expenses		(761,302)	(414,370)
Loan impairment/write off		(32,171)	(34,276)
Operating loss		(793,473)	(448,646)
Finance income		1,012	492
Loss for the year before taxation		(792,461)	(448,154)
Taxation		–	–
Loss for the year after taxation		(792,461)	(448,154)
Other comprehensive income		–	–
Total comprehensive loss for the year attributable to the owners of the parent		(792,461)	(448,154)
Earnings per share (in pence)	6	(1.0)	(0.8)

The accompanying accounting policies and notes on pages 35 to 47 form an integral part of these financial statements

Consolidated statement of financial position as at 31 December 2018

	Notes	31.12.2018 (audited) £	31.12.2017 (unaudited) £
Non-current assets			
Tangible fixed assets	8	3,622	–
		3,622	–
Current assets			
Trade and other receivables	10	12,250	68,804
Cash and cash equivalents		973,600	520,939
Total current assets		985,850	589,743
Total assets		989,472	589,743
Equity attributable to the owner of the parent			
Share capital	13	1,584,795	537,085
Reconstruction reserve		3,547,190	3,547,190
Other reserves		81,570	–
Retained deficit		(4,294,352)	(3,501,891)
Total equity		919,202	582,384
Current liabilities			
Trade and other payables	11	70,270	7,359
Total liabilities		70,270	7,359
Total liabilities and equity		989,472	589,743

The accompanying accounting policies and notes on pages 35 to 47 form an integral part of these financial statements.

The Company has adopted the exemption in terms of Companies (Jersey) law 1991 and has not presented its own income statement in these financial statements. The Group reported a loss after taxation for the year of £0.8 million (2017: £0.4 million loss). The financial statements on pages 31 to 34 were approved and authorised for issue by the Board of Directors on 30 April 2019 and were signed on its behalf by:

Paul Griffiths

Director

30 April 2019

Company Registered number: 125419

Consolidated statement of changes in equity for the year 31 ended December 2018

	Attributable to owners of the parent				Total
	Share Capital	Reconstruction Reserve	Other Reserves	Retained deficit	
	£	£	£	£	£
Balance at 31 December 2016	375,000	3,375,000	–	(3,053,737)	696,263
Issue of ordinary share capital	162,085	172,190	–	–	334,275
Total contributions by and distributions to owners of the parent recognised directly in equity	537,085	3,547,190	–	(3,053,737)	1,030,538
Loss for the year	–	–	–	(448,154)	(448,154)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(448,154)	(448,154)
Balance at 31 December 2017	537,085	3,547,190	–	(3,501,891)	582,384
Issue of ordinary share capital	1,300,001	–	–	–	1,300,001
Issue of warrants	–	–	27,051	–	27,051
Issue of share options	–	–	54,519	–	54,519
Listing costs capitalised	(252,292)	–	–	–	(252,292)
Total contributions by and distributions to owners of the parent recognised directly in equity	1,047,709	–	81,570	–	1,129,279
Loss for the year	–	–	–	(792,461)	(792,461)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(792,461)	(792,461)
Balance at 31 December 2018	1,584,794	3,547,190	81,570	(4,294,352)	919,202

The accompanying accounting policies and notes on pages 35 to 47 form an integral part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December 2018

	01.01.2018 to 31.12.2018 (audited) £	01.01.2017 to 31.12.2017 (unaudited) £
Cash flows from operating activities		
Loss for the period before taxation	(792,461)	(448,154)
Adjustments for:		
Consultancy fees	–	300,000
Loans waived	32,171	34,276
Issue of share options	54,519	–
Finance income	(1,012)	(492)
Depreciation	392	–
Decrease/(Increase) in trade and other receivables	24,383	(36,293)
Increase in trade and other payables	62,911	3,238
Net cash used in operating activities	(619,097)	(147,425)
Cash flow from investing activities		
Purchase of computer equipment	(4,014)	–
Net cash generated from investing activities	(4,014)	–
Cash flows from financing activities		
Proceeds from issuance of shares, net of issue costs	1,074,760	–
Finance income received	1,012	–
Net cash generated from financing activities	1,075,772	–
Net increase/(decrease) in cash and cash equivalents	452,661	(147,425)
Cash and cash equivalents at the beginning of the year	520,939	668,364
Cash and cash equivalents at the end of the year	973,600	520,939

The accompanying accounting policies and notes on pages 35 to 47 form an integral part of these financial statements.

Statement of accounting policies for the year ended 31 December 2018

GENERAL INFORMATION

Predator Oil & Gas Holdings Plc (“the Company”) and its subsidiaries (together “the Group”) are engaged principally in the operation of an oil and gas development business in the Republic of Trinidad and Tobago and an exploration and appraisal portfolio in Ireland and Morocco. The Company’s ordinary shares are on the Official List of the UK Listing Authority in the standard listing section of the London Stock Exchange.

Predator Oil & Gas Holdings plc was incorporated in 2017 as a public limited company under Companies (Jersey) Law 1991 with registered number 125419. It is domiciled and registered at 3rd Floor, Standard Bank House, 47–49 La Motte Street, Jersey, JE2 4SZ, Channel Islands.

BASIS OF PREPARATION AND GOING CONCERN ASSESSMENT

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied throughout the current year and prior year, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies (Jersey) Law, 1991 applicable to companies preparing their accounts under IFRS. The Company has adopted the exemption in terms of Companies (Jersey) law 1991 and has not presented its own income statement in these financial statements.

The consolidated financial statements incorporate the results of Predator Oil & Gas Holdings Plc and its subsidiary undertakings as at 31 December 2018.

The financial statements are prepared under the historical cost convention on a going concern basis. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The preparation of financial statements requires an assessment on the validity of the going concern assumption. At the date of these financial statements the Directors expect that the Group will require further funding for the Group’s corporate overheads; Irish licence interests, Moroccan licence and for the development of a CO2 EOR pilot project. Post the year end the Group entered into a convertible loan note raising £1.5 million gross, largely to progress the Moroccan Guercif licence awarded on 20 March 2019. The Directors are confident that the Group will be able to raise further funds as it considers appropriate to meet requirements over the course of the next 24 months, in cash, as debt finance, joint venture or farminee partner equity, share issues or otherwise. Failing the success of these fund raising activities the Directors will be prepared to accept appropriate reductions in their remuneration to conserve cash resources.

CHANGES IN ACCOUNTING POLICIES

At the date of approval of these financial statements, certain new standards, amendments and interpretations have been published by the International Accounting Standards Board but are not as yet effective and have not been adopted early by the Group. All relevant standards, amendments and interpretations will be adopted in the Group’s accounting policies in the first period beginning on or after the effective date of the relevant pronouncement.

At the date of authorisation of these financial statements, a number of Standards and Interpretations were in issue but were not yet effective. The Directors do not anticipate that the adoption of these standards and interpretations, or any of the amendments made to existing standards as a result of the annual improvements cycle, will have a material effect on the financial statements in the year of initial application.

(i) New IFRS accounting standards

The following are the major new IFRS accounting standards in issue and effective from 1 January 2018:

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The impact of applying this change during the year ended 31 December 2018 is not applicable as the Group currently does not generate any revenue.

IFRS 9 FINANCIAL INSTRUMENTS (‘FINANCIAL INSTRUMENTS’)

This standard replaces IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The standard is effective for annual periods beginning on or after 1 January 2018. The standard introduces an expected credit loss model for the measurement of the impairment of financial assets so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

The Group’s adoption of IFRS 9 has not resulted in a material change to the carrying values and classification of financial assets and liabilities.

IFRS 15 and IFRS 9 became effective for the Group from 1 January 2018. As the effects of applying these standards are considered immaterial to the Group, the Group has elected not to restate prior periods on adoption of the new standards in 2018.

All other IFRS or IFRIC interpretations that were effective for the first time for the financial year beginning 1 January 2018 has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Statement of accounting policies for the year ended 31 December 2018 (continued)

(ii) New and amended standards not yet adopted by the Group

IFRS 16	Leases: Effective 1 January 2019
IFRIC 23	Uncertainty over tax treatments: Effective 1 January 2019
IFRS 9 amendments	Prepayment Features with Negative Compensation: Effective 1 January 2019
IFRS 28 amendments	Long-term Interests in Associates and Joint Ventures: Effective 1 January 2019*
Annual Improvements	2015 – 2017 Cycle: Effective 1 January 2019*
IFRS 19 amendments	Plan Amendment, Curtailment or Settlement: Effective 1 January 2019*
IFRS 3 amendments	Business Combinations: Effective 1 January 2020*
IAS 1 & IAS 8 amendments	Definition of Material: Effective 1 January 2020*

*Subject to EU endorsement

There are no IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company or Group.

AREAS OF ESTIMATES AND JUDGEMENT

The preparation of the group financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The Group commenced operations in 2018 and did not enter into material operational transactions requiring significant estimates and assumptions to be effected in preparation of financial statements for the reporting period. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below:

a) Going concern and Inter-company loan recoverability.

The Group's cash flow projections, which have used conservative assumptions on forward oil and gas prices, indicate that the Group should have sufficient resources to continue as a going concern, although, as stated in the Principal risks section of the strategic report, the Group will require additional funding for its near-term investment plans. While the Group is confident of its capacity to raise this funding, should it not materialise, or if the projections not be realised, the Group's going concern would depend on the success of future fund-raising initiatives.

The recoverability of inter-company loans advanced by the Company to subsidiaries depends also on the subsidiaries realising their cash flow projections.

b) Useful lives of property, plant & equipment

Property, plant and equipment are depreciated over their useful economic lives. Useful economic lives are based on management's estimates of the period that the assets will be in operational use, which are periodically reviewed for continued appropriateness. More details, including carrying values, are included in note 8 to the financial statements.

c) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost. Following their assessment, the directors concluded that a full impairment against the loan issued to Theseus Limited was required.

d) Share based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment* for all grants of equity instruments

The Group operates an equity settled share option scheme for directors. The increase in equity is measured by reference to the fair value of equity instruments at the date of grant. The liabilities assumed under these arrangements into shares in the parent company, under an option arrangement. The fair value of the service received in exchange for the grant of options and warrants is recognised as an expense. Equity-settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of equity-settled share-based payment is expensed on a graded vesting basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

During the year the Company issued warrants in lieu of fees to stockbrokers. The warrant agreements do not contain vesting conditions and therefore the full share based payment charge, being the fair value of the warrants using the Black-Scholes model, has been recorded immediately. A charge was recorded against the share capital as a direct listing cost. The valuation of these warrants involves making a number of estimates relating to price volatility, future dividend yields and continuous growth rates (see Note 14)

The fair value of these share options is estimated by using the Black Scholes model on the date of grant based on certain assumptions. Those assumptions are described in note 14 and include, among others, the expected volatility and expected life of the options. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability exercise restrictions and behavioural considerations. The market price used in the model is the issue price of the Company's shares at the last placement of shares immediately preceding the calculation date. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons or entities other than staff, the fair value of goods and services received is charged to profit or loss, except where it is in respect to costs associated with the issue of shares, in which case, it is charged to the share premium account.

The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitation of the calculations used.

Further details of the specific amounts concerned are given in note 14.

BASIS OF CONSOLIDATION

Where the Group has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full. Uniform accounting policies are applied across the Group.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquirer's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

BUSINESS COMBINATIONS

The financial information incorporates the results of business combinations using the purchase method. In the statement of changes in equity, the acquirer's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Group statement of comprehensive income from the date on which control is obtained. The assets acquired have been valued at their fair value. Any excess of consideration paid over the fair value of the net assets acquired is allocated to the exploration and evaluation intangible asset. Any excess fair value over the consideration paid is considered to be negative goodwill and is immediately recorded within the income statement.

Where business combinations are discontinued, whether by closure or disposal to third parties, any resultant gain or loss on the discontinued operation is identified separately and dealt with in the Group's consolidated income statement as a separate item.

Where the acquired entity is under common control it does constitute a business combination under IFRS3 merger accounting is adopted.

MERGER ACCOUNTING

On 21 March 2018 the Company acquired the entire issued share capital of Predator Oil and Gas Ventures Limited for a consideration of £537,085. The consideration was satisfied by the issue of the 53,708,550 new Ordinary shares of No Par Value.

In these financial statements, except where reference is made to the figures only for the Company without its subsidiaries, the 2018 figures and comparative figures for 2017 include the whole Group as it was before the aforesaid acquisition by Predator Oil and Gas Ventures Limited (as it is the same operating business) adjusted where necessary in the balance sheet to reflect the effects of merger accounting.

Consequently the previously recognised book values and assets and liabilities of Predator Oil and Gas Ventures Limited have been retained and the consolidated financial statements for periods ending 31 December 2018 and earlier years have been presented as if Predator Oil and Gas Holdings Plc had always been the parent company of the Group.

In determining the appropriate accounting treatment for the transaction, the Directors considered IFRS 3 "Business Combinations". However, they concluded that this transaction fell outside of the scope IFRS 3 since the transaction described above represents a combination of entities under common control.

Statement of accounting policies for the year ended 31 December 2018 (continued)

Paragraph 10 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" require management to use its judgement in developing and applying a policy that is relevant, reliable, represents faithfully the transaction, reflected the economic substance of the transaction, is neutral, is prudent and is complete in all material respects when selecting the appropriate methodology for consolidation accounting.

Section 19.27 to 19.33 of FRS 102 Group reconstructions (UK) permits merger accounting as a result of a group reconstruction when an addition of a new parent company does not alter the relative rights of the shareholders and is facilitated entirely by a share for share exchange.

The result is that the merged group is treated as if it has been combined throughout the current and comparative accounting periods. Merger accounting principles for these combinations gave rise to a reconstruction reserve in the consolidated statement of financial position.

FINANCIAL ASSETS

The Financial assets currently held by the Group and Company are classified as loans and receivables and cash and cash equivalents. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

These amounts comprise cash on hand and balances with banks. Cash equivalents are short term, highly liquid accounts that are readily converted to known amounts of cash. They include short-term bank deposits and short-term investments.

Any cash or bank balances that are subject to any restrictive conditions, such as cash held in escrow pending the conclusion of conditions precedent to completion of a contract, are disclosed separately as "Restricted cash".

There is no significant difference between the carrying value and fair value of receivables.

Derecognition:

The Group derecognises a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the asset and substantially all the risk and rewards of ownership of the asset to another entity

FINANCIAL LIABILITIES

The Group's financial liabilities consist of trade and other payables (including short terms loans) and long term secured borrowings. These are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method. All interest and other borrowing costs incurred in connection with the above are expensed as incurred and reported as part of financing costs in profit or loss. Where any liability carries a right to convertibility into shares in the Group, the fair value of the equity and liability portions of the liability is determined at the date that the convertible instrument is issued, by use of appropriate discount factors.

Derecognition:

The Group derecognises a financial liability when the obligations are discharged, cancelled or they expire.

FOREIGN CURRENCY

The functional currency of the Group and all of its subsidiaries is the British Pound Sterling.

Transactions entered into by the Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the date of the statement of financial position. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

The exchange rates applied at each reporting date were as follows:

31 December 2017	£1: US\$1.35 and £1: Euro1.14
31 December 2018	£1: US\$1.274 and £1: Euro 1.114

INVESTMENT IN SUBSIDIARIES

The Group's investment in its subsidiaries is recorded at cost.

PENSION COSTS

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate. The Group currently does not have a pension scheme.

PRODUCTION EXPENSES

Production expenses include all direct costs of production, including depreciation of property plant and equipment involved in the oil & gas production, but excluding corporate overhead. The Group currently does not produce any oil and gas.

Plant and equipment

The only assets the Group currently has are personal computers.

Depreciation is provided on equipment so as to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Computer assets – 20% per annum, straight line

Share Options and Equity Instruments

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than consultants, the fair value of goods and services received is charged to profit or loss, except where it is in respect to costs associated with the issue of shares, in which case, it is charged to the share capital or share premium account.

TAXATION

The Company and all subsidiaries ('the Group') are registered in Jersey, Channel Islands and are taxed at the Jersey company standard rate of 0%. However, the Group's projects are situated in jurisdictions where taxation may become applicable to local operations.

The major components of income tax on the profit or loss include current and deferred tax.

Current tax

Current tax is based on the profit or loss adjusted for items that are non-assessable or disallowed and is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Tax is charged or credited to the statement of comprehensive income, except when the tax relates to items credited or charged directly to equity, in which case the tax is also dealt with in equity.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on:

- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the differences will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when deferred tax liabilities/ (assets) are settled/ (recovered). Deferred tax balances are not discounted.

The Group currently does not hold any deferred tax asset or liability.

Notes to the financial statements for the year ended 31 December 2018

1. Segmental analysis

The Group operates in one business segment, the exploration, appraisal and development of oil and gas assets. The Group has interests in three geographical segments being Africa (Morocco), Europe (Ireland) and the Caribbean (Trinidad and Tobago).

The Group's operations are reviewed by the Board (which is considered to be the Chief Operating Decision Maker ('CODM')) and split between oil and gas exploration and development and administration and corporate costs.

Exploration and development is reported to the CODM only on the basis of those costs incurred directly on projects.

Administration and corporate costs are further reviewed on the basis of spend across the Group.

Decisions are made about where to allocate cash resources based on the status of each project and according to the Group's strategy to develop the projects. Each project, if taken into commercial development, has the potential to be a separate operating segment. Operating segments are disclosed below on the basis of the split between exploration and development and administration and corporate.

	Europe £'000	Caribbean £'000	Africa £'000	Corporate £'000
Year to 31 December 2018				
Gross profit (loss)	(71)	(123)	(30)	(483)
Depreciation	–	–	–	–
Other administrative and overhead expenses				
Share option and warrant expense	–	–	–	(55)
Finance income	–	–	–	1
Finance expense				
Taxation (charge)	–	–	–	–
Profit (loss) for the year from continuing operations	(71)	(123)	(30)	(569)
Total assets	255	–	–	966
Total non-current assets	–	–	–	–
Additions to non-current assets	–	–	–	–
Total current assets	255	–	–	966
Total liabilities	(4)	(137)	(30)	(61)

There are no non-current assets held in the Group's country of domicile, being the Jersey Isles (2017: £nil).

2. Group loss from operations

	2018 Group £'000	2017 Group £'000
Operating loss is stated after charging/(crediting):		
Auditors' remuneration (note 3)	67.5	–
Depreciation	–	–
Share option expense	–	–
Foreign exchange (gain)	(19.0)	0.8

3. Auditor's remuneration

	2018 Group £'000	2017 Group £'000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	–	–
Fees payable to the Group's auditor for other services:	–	–
– Audit of the accounts of the Group	20.0	–
– Other services	48.0	–
	68.0	–

4. Taxation

	2018 Group £'000	2017 Group £'000
Factors affecting the tax charge for the year		
Loss on ordinary activities before tax:	(792)	(448)
Loss on ordinary activities at Jersey standard 0% tax (2017: 0%)	0	0
Tax charge (credit) for the year:	0	0

No deferred tax asset or liability has been recognised as the Standard Jersey corporate tax rate is 0%.

5. Personnel

	2018 Group £'000	2017 Group £'000
Personnel costs (including directors) consist of:		
Consultancy fees	242	300
Share based payments	55	–
Healthcare costs	–	–
Pension costs	–	–
	297	300

The average number of personnel (including directors) during the year was as follows:

Management	5	2
Other operations	–	–
	5	2

Four Directors at the end of the period have share options receivable under long term incentive schemes. The highest paid Director received an amount of £98,200 (2017: nil). The Group does not have employees. All personnel are engaged as service providers.

6. Earnings per share

	31 Dec 2018 Group £'000	31 Dec 2017 Group £'000
Loss per ordinary share has been calculated using the weighted average number of ordinary shares in issue during the relevant financial year.		
The weighted average number of ordinary shares in issue for the period is:	82,201,718	53,708,550
Losses for the period: (£'000)	(£792)	(£448)
Earnings per share basic and diluted (pence)	(1.0p)	(0.8p)

Dilutive loss per Ordinary Share equals basic loss per Ordinary Share as, due to the losses incurred in 2018 and 2017, there is no dilutive effect from the subsisting share options

7. Loss for the financial year

The Group has adopted the exemption in terms of Companies (Jersey) law 1991 and has not presented its own income statement in these financial statements.

Notes to the financial statements for the year ended 31 December 2018 (continued)

8. Property, plant and equipment

Fixed Assets	Computer equipment £
Cost	
At 31 December 2017	–
Additions	4,014
At 31 December 2018	4,014
Amortisation	
At 31 December 2017	–
Charge for the year	392
At 31 December 2018	392
Carrying amount	
At 31 December 2017	–
At 31 December 2018	3,622

9. Investments in subsidiaries

	2018 Group £'000	2017 Group £'000
Cost at the beginning of the year	–	–
Additions during the year	537	–
Cost at the end of the year	537	–

The principal subsidiaries of Predator Oil and Gas Holdings Plc, all of which are included in these consolidated Annual Financial Statements, are as follows:

Group	Country of registration	Class	2018	Proportion held by Group 2017	Nature of business
Predator Oil and Gas Ventures Limited	Jersey, Channel Islands	Ordinary	100%	100%	Licence options offshore Ireland
Predator Gas Ventures Limited	Jersey, Channel Islands	Ordinary	100%	–	Exploitation licence onshore Morocco
Predator Oil and Gas Trinidad Limited	Jersey, Channel Islands	Ordinary	100%	100%	Drilling rights for a CO2 pilot oil recovery project

The registered address of all of the Group's companies is at 3rd Floor, Standard Bank House, 47–49 La Motte Street, Jersey, JE2 4SZ, Channel Islands.

10. TRADE AND OTHER RECEIVABLES

	Dec 2018 Group £'000	Dec 2017 Group £'000
Loan receivable	32	32
Provision for impairment	(32)	–
Prepayments	12	37
	12	69

Prepayments in 2018 are in respect of an insurance premium paid in advance and are expensed within 60 days. There are no material differences between the fair value of trade and other receivables and their carrying value at the year end.

11. TRADE AND OTHER PAYABLES

	Dec 2018 Group £'000	Dec 2017 Group £'000
Trade payables	3	–
Accrued expenses	67	7
	70	7

All payables are required to be settled within 30 days.

12. Financial instruments – risk management
SIGNIFICANT ACCOUNTING POLICIES

Details of the significant accounting policies in respect of financial instruments are disclosed on pages 35 to 39. The Group's financial instruments comprise cash and items arising directly from its operations such as other receivables, trade payables and loans.

FINANCIAL RISK MANAGEMENT

The Board seeks to minimise its exposure to financial risk by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis. No formal policies have been put in place in order to hedge the Group's activities to the exposure to currency risk or interest risk; however, the Board will consider this periodically. A foreign exchange hedge was entered into during the year whereby Sterling £ was converted to United States \$.

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Market risk (includes cash flow interest rate risk and foreign currency risk)
- Liquidity risk

The policy for each of the above risks is described in more detail below.

The principal financial instruments used by the Group, from which financial instruments risk arises are as follow:

- Receivables
- Cash and cash equivalents
- Trade and other payables (excluding other taxes and social security) and loans

The table below sets out the carrying value of all financial instruments by category and where applicable shows the valuation level used to determine the fair value at each reporting date. The fair value of all financial assets and financial liabilities is not materially different to the book value.

	2018 Group £'000	2017 Group £'000
Loans and receivables		
Cash and cash equivalents	974	521
Receivables	12	69
Available for sale financial assets		
Available for sale investments (valuation level 1)	–	–
Other liabilities		
Trade and other payables (excl short term loans)	70	7
Loans and borrowings	–	–

CREDIT RISK

Financial assets, which potentially subject the Group to concentrations of credit risk, consist principally of cash, short-term deposits and other receivables. Cash balances are all held at recognised financial institutions. Other receivables are presented net of allowances for doubtful receivables. Other receivables currently form an insignificant part of the Group's business and therefore the credit risks associated with them are also insignificant to the Group as a whole.

The Group has a credit risk in respect of inter-company loans to subsidiaries. The Company is owed £196,830 by its subsidiaries. The recoverability of these balances is dependent on the commercial viability of the exploration activities undertaken by the respective subsidiary companies. The credit risk of these loans is managed as the directors constantly monitor and assess the viability and quality of the respective subsidiary's investments in intangible oil & gas assets.

Notes to the financial statements for the year ended 31 December 2018 (continued)

Maximum exposure to credit risk

The Group's maximum exposure to credit risk by category of financial instrument is shown in the table below:

	2018 Carrying value £'000	2018 Maximum exposure £'000	2017 Carrying value £'000	2017 Maximum exposure £'000
Cash and cash equivalents	973	1,034	521	521
Receivables	12	12	69	69
Loans and borrowings	–	–	–	–

The holding company's maximum exposure to credit risk by class of financial instrument is shown in the table below:

	2018 Carrying value £'000	2018 Maximum exposure £'000	2017 Carrying value £'000	2017 Maximum exposure £'000
Cash and cash equivalents	973	1034	521	521
Receivables	12	12	69	69
Loans to Group Companies	197	197	–	–

MARKET RISK

Cash flow interest rate risk

The Group has adopted a non-speculative policy on managing interest rate risk. Only approved financial institutions with sound capital bases are used to borrow funds and for the investments of surplus funds.

The Group seeks to obtain a favourable interest rate on its cash balances through the use of bank deposits. The Group's bank ceased paying interest on cash balances during the year, therefore the Group is not currently affected by interest rate changes. At 31 December, 2018, the Group had a cash balance of £0.973 million (2017: £0.521 million) which was made up as follows:

	2018 Group £'000	2017 Group £'000
Sterling	455	521
United States Dollar	518	–
	973	521

At the reporting date, the Group had a cash balance of £0.922 million

The Group had no interest bearing debts at the current year end

Foreign currency risk

Foreign exchange risk is inherent in the Group's activities and is accepted as such. The majority of the Group's expenses are denominated in Sterling and therefore foreign currency exchange risk arises where any balance is held, or costs incurred, in currencies other than Sterling. At 31 December 2018 and 31 December 2017, the currency exposure of the Group was as follows:

	Sterling £'000	US Dollar £'000	Euro £'000	Other £'000	Total £'000
At 31 December 2018					
Cash and cash equivalents	455	518	–	–	973
Trade and other receivables	12	–	–	–	12
Trade and other payables	70	–	–	–	70
At 31 December 2017					
Cash and cash equivalents	521	–	–	–	521
Trade and other receivables	69	–	–	–	69
Trade and other payables	7	–	–	–	7

The effect of a 10% strengthening of Sterling against the US dollar at the reporting date, all other variables held constant, would have resulted in increasing post tax losses by £51,800 (2017: £nil). Conversely the effect of a 10% weakening of Sterling against the US dollar at the reporting date, all other variables held constant, would have resulted in decreasing post tax losses by £51,800 (2017: £nil).

LIQUIDITY RISK

Any borrowing facilities are negotiated with approved financial institutions at acceptable interest rates. All assets and liabilities are at fixed and floating interest rate. The Group seeks to manage its financial risk to ensure that sufficient liquidity is available to meet the foreseeable needs both in the short and long term. See also references to Going Concern disclosures in the Strategic Report on pages 3 and 16.

CAPITAL

The objective of the directors is to maximise shareholder returns and minimise risks by keeping a reasonable balance between debt and equity. At 31 December 2018 the Group had no debt

13. Share Capital

	Ordinary No. of shares	Nominal value
As at 31 December 2017	53,708,550	£537,085
Issued during the year *	46,428,600	£1,300,001
Less listing costs	–	(£252,292)
As at 31 December 2018	100,137,150	£1,584,794

* Details of the shares issued during the year are as shown in the table below and in the Statement of Changes of Equity on page 33.

Date of issue	No of shares	Issue price	Purpose of issue
21 March 2018	53,708,550	£0.01	Acquire Predator Oil & Gas Ventures Limited
21 May 2018	46,428,600	£0.028	Fund operations

14. Share based payments**Equity – settled share based payments****Warrant and Share option expense**

	2018 Group £'000	2017 Group £'000
Warrant and share option expense:		
– In respect of remuneration contracts	55	–
– In respect of financing arrangements	27	–
Total expense/(credit)	82	–

The Group operates a share option plan for directors. Details of share options granted in the year to 31 December 2018 are noted below.

On 24 May 2018 both Paul Griffiths and Ron Pilbeam were granted share options each of 4,005,486 exercisable at £0.028 each and Steve Staley and Sarah Cope were granted share options each of 1,001,370 exercisable at £0.028 each.

The options are subject to the following vesting conditions:

1/3 of the option shares 3,337,904 on gross production from the wells drilled under the Well Participation Agreement Predator Oil and Gas Ventures Limited and FRAM Exploration Trinidad Limited of 50 BOPD (measured over a consecutive 30 day period).

1/3 of the option shares 3,337,904 on incremental gross production from a Pilot CO2 test of 300 BOPD (measured over a consecutive 30 day period).

1/3 of the option shares 3,337,904 on incremental total gross production from wells for which the Company receives revenues of 1,000 BOPD (measured over a consecutive 30 day period).

Each option shall lapse 5 years after the date on which it vests, assuming it is not exercised before then and no event occurs to cause it to lapse early.

Each option shall lapse 5 years after the date on which it vests, assuming it is not exercised before then and no event occurs to cause it to lapse early. The Black Scholes model has been used to fair value the options, the inputs into the model were as follows:

Grant date	24 May, 2018
Share price	£0.028
Exercise price	£0.028
Term	5 years
Expected volatility	400%
Expected dividend yield	0%
Risk free rate	0.80%
Fair value per option	£0.028
The total fair value of the options:	£54,519

Notes to the financial statements for the year ended 31 December 2018 (continued)

Expected volatility was determined by reference to the Company's share price since admission to the Standard List of the London Stock Exchange and the year end. The risk free rate is based on the UK three year bond yield.

On 24 May 2018 the Company's granted 2,231,248 warrants to Novum Securities Limited and 160,714 warrants to Optiva Securities Limited in consideration of services provided to the Company pursuant to the terms of the Placing Agreement and conditional upon admission becoming effective. The warrants may be exercised at £0.028 each in whole or in part at any time and from time to time from the date of their grant until the third anniversary of admission.

The Black Scholes model has been used to fair value the warrants, the inputs into the model were as follows:

Grant date	24 May, 2018
Share price	£0.028
Exercise price	£0.028
Term	3 years
Expected volatility	60%
Expected dividend yield	0%
Risk free rate	0.80%
Fair value per warrant	£0.0113
Total fair value of warrants	£27,051

15. Reserves

Details of the nature and purpose of each reserve within owners' equity are provided below:

- Share capital represents the nominal value each of the shares in issue.
- The Other Reserves are included in the Consolidated Statement of Changes in Equity and in the Consolidated Statement of Financial Position and represent the accumulated balance of share benefit charges recognised in respect of share options and warrants granted by the Company, less transfers to retained losses in respect of options exercised or lapsed.
- The Retained Deficit Reserve represents the cumulative net gains and losses recognised in the Group's statement of comprehensive income.
- The Reconstruction Reserve arose through the acquisition of Predator Oil & Gas Ventures Limited. This entity was under common control and therefore merger accounting was adopted.

16. Related party transactions

Directors and key management emoluments are disclosed in note 5 and in the Remuneration report.

Paul Griffiths holds 44,773,293 ordinary shares, 44.7% (43.8% as at the reporting date) of the issued share capital in the Company, and is the Group's controlling shareholder.

17. Acquisition of Predator Oil & Gas Ventures Limited

On 21 March 2018 the Predator Oil and Gas Holdings Plc acquired the entire issued share capital of Predator Oil and Gas Ventures Limited for a consideration of £537,085. The consideration was satisfied by the issue of the 53,708,550 new Ordinary shares of No Par Value.

	£
Consideration	
Issue of 53,708,550 Ordinary NPV shares	537,085
Total consideration	537,085

The assets and liabilities recognised as a result of the acquisition are as follows:

Cash	387,444
Loans receivable	43,458
Total net assets acquired	430,902

The acquisition of Predator Oil & Gas Ventures Limited does not constitute a business combination under IFRS3 because the entity was under common control and therefore merger accounting has been adopted.

18. Contingent liabilities and capital commitments

The Group had at the reporting date no capital commitments or contingent liabilities.

19. Litigation

The Group is not involved in any litigation.

20. Events after the reporting date

1. A licence was awarded to Predator Gas Ventures Limited by ONHYM on 20 March 2019 for the exploitation of Guercif Moulouya Tortonian Prospect in Northern Morocco.
2. On 15 February, 2019 £1,500,000 gross, was raised in the form of convertible loan notes to progress inter alia the Guercif licence. The loan notes carry no coupon, are repayable at a premium of 5% and a fee of 10% of the principal amount. The loan notes are convertible at the election of the lender at 90% of the volume weighted average share price ruling on the preceding two trading days. The term of the loan notes is two years. The lender, Arato Global Opportunities Limited, also agreed to make available an additional £250,000 on the same terms. The lender was issued with 2,083,333 warrants at an exercise price of 12p with a vesting period of two years. Novum Securities Limited, the arranger of the convertible loan notes, was issued with 2,000,000 in warrants on the same terms.
3. On 12 April, 2019 following the receipt of notice from Arato Global Opportunities limited for the conversion of £150,000 of the Loan Note, issued on 15 February 2019, 1,966,888 New Ordinary Shares were allotted and issued. Following the issue of such 1,966,888 New Ordinary Shares, the Company's issued share capital was 102,104,038 shares of no par value, each with one vote per share (and no such shares are held in treasury). The total number of voting rights was therefore 102,104,038 following said issue of shares.
4. On 10 April 2019 the Company announced its acceptance of a one year extension of the term of the Licensing Option 16/30 ("LO 16/30") ('Ram Head') to 30 November 2019 subject to the carrying out of the work programme agreed with the Department of Communications, Climate Action and Environment, the conditions that are attached to Licensing Option 16/30 and the Licensing Terms for Offshore Oil and Gas Exploration and Development and Production 2007 respectively.

Corporate Information

Directors	Paul Stanard Griffiths (Executive Director – CEO) Ronald Pilbeam (<i>Executive Director</i>) Sarah Cope (<i>Non-Executive Chairman</i>) Dr Stephen Staley (<i>Non-Executive Director</i>)
Company Secretary	Consortia Secretaries Limited* 3rd Floor, Standard Bank House 47 – 49 La Motte Street Jersey JE2 4SZ <i>*(Changed name in 2019 to Oak Secretaries (Jersey) Ltd)</i>
Registered Office	3rd Floor, Standard Bank House 47 – 49 La Motte Street Jersey JE2 4SZ Telephone +44 (0) 1534 834 600
Joint Broker and Placing Agent	Novum Securities Limited 8-10 Grosvenor Gardens London SW1W 0DH
Joint Broker and Placing Agent	Optiva Securities Limited 49 Berkeley Square London W1J 5AZ <i>(Services terminated in July 2018)</i>
Auditors	PKF Littlejohn LLP 1 Westferry Circus Canary Wharf London E14 4HD
Legal advisers to the Group as to English law	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Legal advisers to the Group as to Jersey law	Pinel Advocates One Liberty Place Liberty Wharf La Route de la Liberation St Helier Jersey JE2 3NY

Competent Person

SLR Consulting (Ireland) Ltd
7 Dundrum Business Park
Windy Arbour
Dublin 14, D14 N2Y7
Republic of Ireland

Registrar

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey JE11ES

Financial PR

IFC Advisory Limited
15 Bishopsgate London EC2N 3AR
(Services terminated in August 2018)

Principal Bankers

The Royal Bank of Scotland International Limited
P.O. Box 64
Royal Bank House
71 Bath Street
St Helier
Jersey JE4 8PJ

Barclays Bank Plc
13 Library Place
St Helier
Jersey JE4 8NE

