bowleven
oil & gas

Transforming the business

Bowleven plc
Annual Report and Accounts
2017

Who We Are

Bowleven plc is an independent AIM listed oil and gas company focused on Africa, where it holds a combination of development and exploration interests in Cameroon.

Our purpose

Bowleven plc is dedicated to realising material shareholder value from its assets in Cameroon, whilst maintaining capital discipline and employing a rigorously selective approach to other value-enhancing opportunities.

Find out more on our website
www.bowleven.com

Corporate Highlights

$86m

Cash and bank deposits held at end June 2017 no debt. No outstanding work programme commitments

$40m

Access to $40m (net) carry for drilling/testing two Etinde appraisal wells

$25m

Payment of $25m is due from joint venture (JV) partners once a Final Investment Decision (FID) is reached on the development of the Etinde field

Operational

Etinde, offshore Cameroon

- Ongoing operator evaluation of development options, including scope for early-stage development plans that align with the Government's preferred offtake solutions.
- Two carried appraisal well locations agreed with our partners targeting combined additional in-place volumes of up to 2 tcf of gas and associated liquid resource; drilling to progress once agreed by the Etinde JV partners.

Bomono, onshore Cameroon

- Bomono development concept defined to access existing Cameroon infrastructure and potential monetisation route.
- Prospect inventory compiled highlighting both Tertiary and Cretaceous prospectivity.

Other

- Pre-March 2017, the Board signed an agreement to farm-out 80% of the Group's interest in the Bomono Production Sharing contract to Victoria Oil & Gas Plc (VOG). The commercial terms and legal documentation remain the subject of negotiations owing to various stakeholder discussions.
- Cameroon Government approval for the completion of this farm-out arrangement has not been received to date.
- Impairment of Bomono Intangible exploration asset by $46m, reflecting the impact of the VOG farm-in agreement on the asset valuation.

Corporate

- Group cash balance at 30 June 2017 circa $86m; no debt. No outstanding work programme commitments.
- Under the Etinde transaction, access to further $40m (net) carry for two appraisal wells (including testing) and $25m at FID.
- Completed organisational restructuring commensurate with our non operated portfolio giving rise to significant General and Administration (G&A) cost reductions.

Outlook

Key objectives are to continue to deliver on our revised strategy into FY2018 which includes:

- Ongoing focus maintaining the significant reduction in G&A costs into FY2018.
- Ensuring our capital is rigorously guarded to maximise value of every dollar invested for our shareholders.
- Working with our partners on Etinde development options and on the appraisal drilling programme in 2018.
- Leveraging partner relationships in de-risking Bomono.

“With new leadership and a fresh approach, we are looking forward to the value of our assets being recognised in the Bowleven share price as we continue to progress in 2018.”

Chris Ashworth
Non-Executive Chairman

Contents

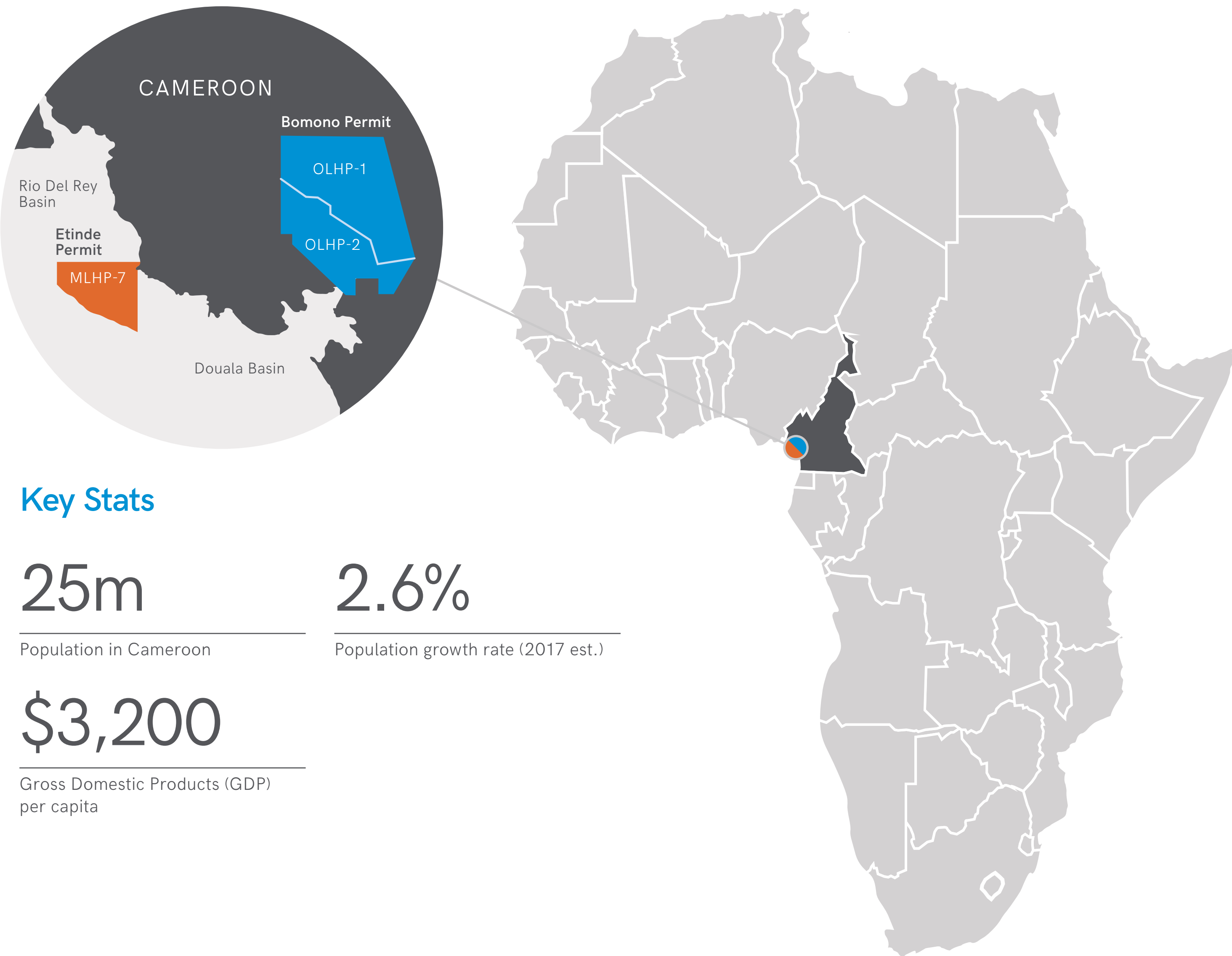
An Africa-Focused Oil and Gas Company

Bowleven plc has strategic interests in key hydrocarbon licences in Cameroon. It currently has a 25% interest in an offshore, shallow water permit in Etinde and a 100% interest in Bomono, an onshore permit. Our vision is to deliver transformational shareholder value through monetisation of our discovered hydrocarbons. Creating value from these assets and managing risk are core deliverables to our shareholders.

Where We Operate

The West African state of Cameroon has an established hydrocarbon industry with a history of oil production from the Rio del Rey Basin.

The Group has strategic equity interests in two permits in Cameroon, the offshore shallow water Etinde Permit (non-operated) and the Onshore Bomono Permit (operated).



Key Stats

25m

Population in Cameroon

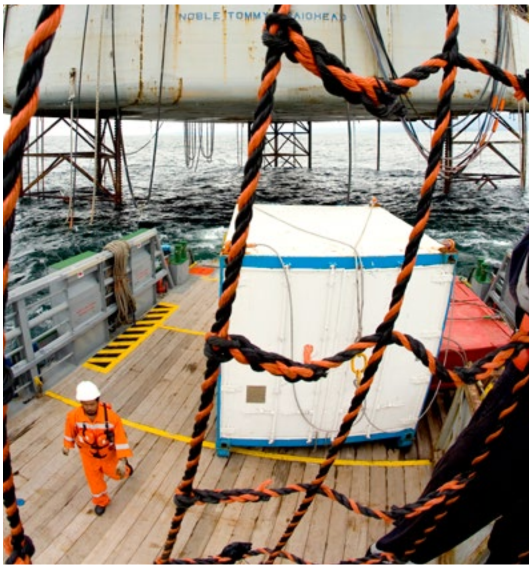
2.6%

Population growth rate (2017 est.)

$3,200

Gross Domestic Products (GDP) per capita

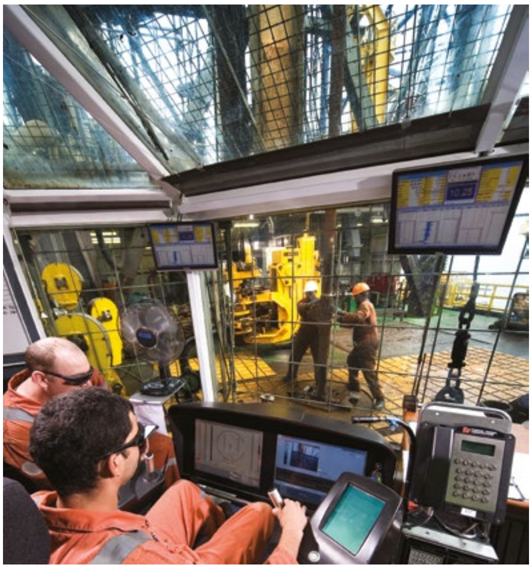
Our Portfolio



Etinde

The Etinde Permit (formerly MLHP-7 block) was awarded an Exploitation Authorisation in July 2014. The production sharing contract based Permit has a term of 20 years with an option to extend for a further ten years. The licence sits in the prolific Rio del Rey Basin. The IM-5 well drilled in 2013, encountered liquids-rich hydrocarbons at sufficient volumes to underpin a development scheme within the EA framework.

Bowleven has an 25% interest currently. SNH has a right to back-in the PSC, which would have the impact of reducing Bowleven's interest to 20%.



Bomono

The Bomono Permit is located in an onshore extension of the Douala Basin. The acreage is characterised by numerous surface oil seeps, but is under-explored using modern exploration methods. We have identified multiple Tertiary and Cretaceous age prospects and leads, as well as the hydrocarbons identified in the Moambe and Zingara exploration wells drilled in 2015.

Find out more on our website
www.bowleven.com

A Strong Platform for Growth Following Transformational Change

2017 was a year of significant change for Bowleven. Having substantially reduced the operating costs and maintained a strong balance sheet, the Company is well positioned to develop its assets.

Eli Chahin
Chief Executive Officer

As an incoming CEO, considerable effort was spent in engaging stakeholders to ensure the disruptive start to 2017 would result in a positive transformative change. Whilst the work is ongoing, Bowleven now has in place a fit-for-purpose organisation and business model that has the potential to deliver shareholder value into 2018 and beyond.

The Board has strongly supported the turnaround agenda, and within a short period, the Company right-sized its cost base, initiated a more disciplined approach towards capital allocation and retained the capacity to deliver meaningful progress in its Etinde and Bomono assets.

With a small central team we have been able to leverage our stakeholder relationships to navigate the complexity of these acreage developments with a view to delivering value from our assets.

This focus has delivered the positive progress made with Société Nationale des Hydrocarbures (SNH) in Etinde, which has indicated support for the appraisal drilling programme that supports an economically viable Floating Liquefied Natural Gas (FLNG) scheme. In Bomono, we have maintained the farm-in option with Victoria Oil & Gas Plc (VOG), which allows us to leverage their infrastructure, but as a non-operator. Key to our business model is partnering, whilst continuing to scrutinise work programme costs and exercise capital discipline wherever possible.

Our capital discipline is underpinned by a strong financial position, which will remain a recurring theme into next year. With a strong cash balance and a deferred consideration structure in place post completion of the Etinde farm-out transaction, no debt or outstanding work programme commitments, the Group is well placed financially to progress its existing asset base.

The prolonged downturn in the industry is creating opportunities for Bowleven by providing the ability to access lower development costs for its assets and to continue to challenge cost efficiency in the investment cycle. With its robust financial position, Bowleven is in an ideal position to capitalise on these opportunities as they arise. We remain determined and committed to challenging costs and proper capital allocation in operational delivery.

The farm-in agreement with VOG in respect of the Bomono licence area, has de-risked our funding obligations whilst retaining some long-term ability to extract some shareholder value, notwithstanding the reduction in the Group's share of the asset. However, contractual terms of the farm-in as agreed by the previous Board provide limited financial value for the 80% of the asset transferred to VOG, and efforts continue to mitigate the associated contingent liabilities.

Our discussions with VOG to date have suggested that there are limited prospects of negotiating more favourable commercial terms. Should the farm-in arrangement with VOG not complete, the Group will not be in a position to present the Government with an alternative development plan for the licence area in the remaining time before the existing agreement terminates in December 2018.

Furthermore, there is a risk that the Government will not approve a further extension to the Exploration Authorisation. In which case, any Provisional Exploitation Authorisation (PEA) would cease to be valid. Therefore, when considering these risks as a whole, the Board deems it unlikely that the Government will seek to extend the existing licence any further at the current time without attaching additional work commitments.

"A disciplined approach to cost, strict capital allocation, working with the right stakeholders to unlock Etinde asset monetisation and de-risking Bomono will deliver long-term shareholder value."

Given the ongoing negotiations and fundamental uncertainties, the recoverable amount of the Bomono asset has been determined to be zero at the current time, resulting in an impairment charge of $45.6m (2016: $61.0m) in the income statement as detailed in note 9 of the financial statements.

The focus on reducing G&A costs through organisational and work process efficiencies was taken to a new level towards the end of the financial year. The ongoing costs savings will significantly reduce the Group's Corporate G&A footprint in both the UK and Cameroon. The Board is now focused on agreeing similar G&A efficiencies with the Operator of the Etinde asset. The outlook for Etinde is encouraging, and as the proposed appraisal well drilling programme materialises, this has important implications for the Company.

Outlook

Much progress has been made and the benefits of the relentless effort will be clearer into 2018. The task in hand is clear. We are determined to protect cash, maintain capital discipline and optimise the value and return from our assets.

We will continue to focus on a strategy that preserves our financial robustness within the context of developing our assets in a manner that manages the risks and creates value over the longer term. The potentially transformational Etinde appraisal drilling campaign during 2018 will enable us to further define the asset monetisation route for this potentially world-class asset. The operating model is fit-for-purpose and I look forward to FY2018 and beyond as we grow shareholder value.

Eli Chahin
Chief Executive Officer
7 November 2017

Near-Term Business Objectives

Maximise the value of Etinde
- Ensure the appraisal drilling is carried out as soon as possible

Secure early cash flows from Bomono
- Secure the PEA and obtain Government approval for the farm-out
- Complete the farm-out to VOG on agreeable terms
- Following farm-out, further appraisal/exploration opportunities may follow under VOG's development plans

Grow the company through new ventures
- Ensure cash is wisely invested to cover our G&A costs
- Focus in the short term on progressing Etinde and Bomono, thereafter, possibly consider new investment opportunities

Creating Shareholder Value

To deliver value to the shareholders by developing and growing the resources base from our Cameroon assets whilst maintaining rigorous attention to costs and value.

Our Strategic Re-Focus

Positioning for Future Growth

Consistent with the Board transformation in March 2017, our plan is to create long-term shareholder value with these strategic pillars

1	**A right-sized organisation, London-based, that is fit for purpose**	Since April 2017 we have focused on adapting the organisational structure such that it allows for proper portfolio coverage and a cost base commensurate with the needs of the business.
2	**Withdrawal from new exploration activity**	In the near term we are not deploying capital for exploring for new oil and gas deposits. Given the current commodity cycle, along with the technical and funding requirements for developing resources, the Board has decided to focus on monetising the existing project pipeline.
3	**Develop existing asset – Etinde**	We have a potentially world-class asset in Etinde where resources discovered to date will already support commercial development but which has the potential following appraisal drilling success to deliver even greater commercial opportunities. The impact for the business could be transformational and value accretive.
4	**De-risk Bomono**	Assuming agreeable terms can be negotiated, continue to develop the farm-out opportunity to establish a sustainable, low development cost, domestic gas revenue stream with potential growth opportunities in local energy demand.
5	**Relentless focus on capital discipline**	We have an unleveraged balance sheet, strong cash position and are carried for two appraisal drills. We should have sufficient financial flexibility to realise the benefits of the Etinde appraisal well discoveries.

Progressing our Assets in Cameroon

A significant milestone will be the commencement of appraisal drilling in 2018, key to ensuring that Etinde's full potential will be maximised.

The strategic review undertaken in March 2017 led the Board to decide that, unless there were compelling business reasons to the contrary, exploration and merger-acquisition activities would be suspended. The strategic review has led to a restructuring of Bowleven as a company and organisation, with major staff reductions in the UK head office and in our EurOil offices in Cameroon.

This effort has highlighted the task of creating value from the Etinde and Bomono assets and that this value should be underpinned by realistic, competitive development costs.

A key strategic tenet of Bowleven is to ensure that at all times the business complies with the Company's Health, Security, Safety and Environmental (HSSE) Policy across its offices and sites. This extends to our contractors and to anyone visiting the offices or sites. Bowleven also seeks to influence its business partners and contractors in striving to achieve top-tier performance in delivering a safe, secure and compliant operation.

Group HSSE performance for the period ending August 2017 has achieved the performance requirements set by the Board. There have been 750 lost time incident (LTI)-free days accrued in Cameroon since a low severity LTI was recorded in 2015. There has been no loss of containment or oil spills in excess of one barrel in the same period.

The Company is also focused on building capability and skills in the local community through the provision of employment. There have been no employee disputes, strikes, local community actions or unauthorised access which interrupted activities in Cameroon in the period of this review.

An Environmental and Social Impact Assessment has been independently conducted for the Bomono development and this involved stakeholder engagement and consultations.

> With agreement from the Cameroonian authorities that the appraisal drilling programme is to proceed, the Etinde JV plans to undertake the drilling in 2018 will ensure that Etinde's potential can be determined.

Etinde JV (NewAge 37.5%; LUKOIL 37.5%; Bowleven 25%)
Within the Etinde JV, there has been significant behind-the-scenes activity and the JV Operator has managed to bring clarity to the development plans for the Etinde resources. The Cameroon authorities have agreed that the appraisal drilling programme for two wells is to proceed and that, provided 500 bcf of resource is set aside for future domestic gas opportunities, a commercially viable Floating LNG project will be supported if reserves are sufficient.

The 500 bcf resource would be utilised for domestic projects such as fertiliser and gas-to-power schemes. The fertiliser project remains the reference case for Bowleven's Etinde valuation.

The Etinde JV is proceeding with plans to undertake the appraisal drilling in 2018 and seeking to prove up an additional 2.0 tcf of resource.

The appraisal drilling will be a significant step in the development of Etinde and a significant milestone for the JV and Cameroon. The outcome of the appraisal wells will be assessed to define the most cost-effective development plan and if successful, there will be sufficient Etinde resource to support Cameroon's ambitions for their domestic market and also to support LNG exports.

This represents a positive move, considering that plans have been impacted by the low-price, low-investment environment in the industry which has, in turn, adversely impacted investment in Cameroon oil, gas and energy projects.

The plan to commence appraisal drilling in 2018 will ensure that Etinde's potential can be determined and a full-cycle project valuation presented to the shareholders and the investment community.

The Board is assured that this project is supported by the Cameroon authorities and that any other opportunities which may arise to develop Etinde will be fully evaluated to enable the project to be chosen which would deliver the best value for all stakeholders.

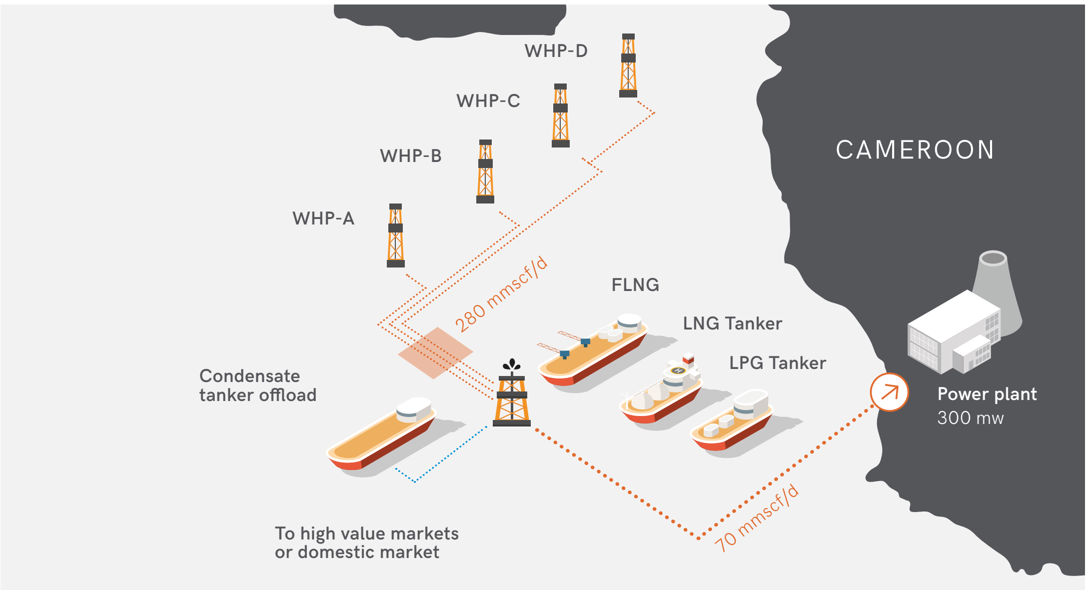
Bomono Permit (Bowleven Group 100% and Operator)
Following extended well testing which was completed in 2016, the Zingana and Moambe wells were suspended.

Efforts have continued through the year to find an offtake solution. The Bomono Exploration Licence, which was extended to the end of 2015 to allow the wells to be drilled and tested, was further extended by the Cameroon authorities until the end of 2016 and then by a further two-year period to 12 December 2018.

The Cameroon authorities have indicated that a PEA could be awarded within the governing framework of the Exploration Licence for a period of two years, in order to prove an initial commercial development phase. Once granted, the Provisional Exploitation Licence will allow Bomono gas to be sold to the domestic markets in Cameroon once wellstream gas processing facilities are installed and commissioned.

Etinde Full-Field Development Concept Proposed by JV Operator

- Concept contingent on successful appraisal drilling – 2 tcf
- Government mandated gas pipeline to domestic gas projects (fertiliser and power)
- Wellhead platforms and wells within Etinde production sharing contract (PSC)
- Etinde Gas processed on FLNG vessel and sold to FLNG mid-stream
- Condensates and LPGs recovered for sale
- Production rates shown are indicative values



The net resource figures are summarised in the table below:

Net Contingent Resources	P90	P50	P10	Mean
Gas (bscf)	91	187	332	194
Condensates (mmbbls)	8	19	41	20
LPGs (mmbbls)	3	7	10	7
Oil (mmbbls)	0	1	3	1
Total boe (mmboe)	26	58	109	60

Further analysis of the data from the exploration wells has allowed the Bomono Prospect inventory exercise to progress. This exercise shows that there is 146 bcf of un-risked gas initially in place (GIIP) in the Bomono permit area. As of the end of October 2017, other than routine checks on the integrity of the wellheads, all activities in Bomono have ceased and the leased accommodation blocks used for drilling and operations workers have been returned to the lessor.

The Bomono block presents an opportunity for a sustainable supply of onshore gas to Cameroon's domestic market and is consistent with Cameroon's stated gas strategy. Our Bomono development plan is to produce hydrocarbons from the shallow Tertiary formation to existing gas pipeline infrastructure which directly accesses industrial users in the Douala area in conjunction with VOG, who would become licence Operator and main shareholder on completion of the farm-in arrangement.

Discussions are in progress to secure approval for a farm-in arrangement which requires government Exploitation Authorisation approval and their support for the farm-in.

Contingent Resources

Resource and Volume Estimates (2015)

No changes have been made to the contingent resource estimates since the Interim Results announcement in March 2015. That announcement removed the discovered resource estimates for Etinde blocks MLHP-5 and MLHP-6 following the licence expiry in December 2014, and adjusted the equity share of resources within the Etinde Permit to account for the farm-out to NewAge and LUKOIL.

Notes:

- For all block MLHP-7 discoveries, except the IM field, wet gas contingent resources are estimated based on a consideration of the range of recovery factors that may be typically anticipated from a gas field, for a range of development scenarios and resulting outcomes, ranging from reservoir depletion to gas recycling. Gas recovery factor ranges of 50–80% of GIIP can be considered typical for a gas field. Tabulated gas resource figures are based on an appropriate range of recovery factor estimates for the range of current conceptual development cases, allowing for gas shrinkage due to liquids drop-out.
- For the IM field, the range of contingent resources are reported based on a production model of the 'Phase 1' development as described in the Etinde Exploitation Authorisation Application. For the IM field, the contingent resources estimates are now reported as sales gas, primary and secondary condensate recovery and LPG recovery resources respectively.
- For the purpose of calculating barrels of oil equivalent, 1 boe = 6,000 scf gas.
- The contingent resource for Etinde will be updated following the appraisal drilling and subsequent development studies.
- Other than as stated in these notes, this statement of the Group's resources has been prepared using the classification system set out in the 2007 Petroleum Resources Management System published jointly by the Society of Petroleum Engineers (SPE), the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE).
- In this report, and in previous reports post the farm-in agreement, Bowleven's resource and volume reporting is based on a 20% equity interest in Etinde. This is because, under the Exploitation Authorisation, SNH were able to take up a 20% equity participating interest as a JV partner. In this case, Bowleven's equity would be reduced from 25% to 20%.
- To date SNH have not signed the Participation Agreement to take up their 20% interest. Therefore, the Etinde JV is proceeding on the basis that the Etinde equity split is NewAge 37.5%; LUKOIL 37.5%; and Bowleven 25%.
- No resources have been included for Bomono in this tabulation.

Providing Support to the Community

Bowleven's Corporate Social Responsibility (CSR) activities cover donations to charities, libraries, community projects, religious organisations, universities/colleges and other social groups. This is in line with our belief that businesses need to 'give back' to the community.

Community Events

- Supported the December 2016 annual Christmas event hosted by the Dibombari Rural Council. This event is an annual come-together of the local communities around EurOil's Bomono operations site
- Supported Grass-2-Grass (G2G) initiative, which rewards local community success stories
- Donated trophy, water and other consumables towards inter-village football competitions in the Dibombari area

Scholarly Events

The Company also did the following during the course of the year:

- Supported Price award initiative rewarding excellence for final year secondary and high school students. This is also an annual event to which EurOil has been a regular contributor
- Donated stationery supplies and other school accessories to Nkappa, Tilo and Nkume villages within Dibombari/Bomono community

Previous History

Local Company projects that Bowleven has supported over the years include:

- Standard Chartered Bank 'Seeing is Believing – SIB' Project/International Agency for the Prevention of Blindness (IAPB)
- GICAM HIV Control Project
- CERAC Cameroon, with medical supplies CERAC (Circle of Friends of Cameroon) is a charity organisation headed by Chantal Biya, wife of the President of the Republic of Cameroon
- Financing to Orphanages – HOTPEC and Boulou Blind Centres for the blind and physically challenged, SAVE THE CHILDREN for street children for example
- Computers to Libraries; the National Police Department in their efforts to fight crimes and religious building projects given religion holds a prominent place in the civil life of many Cameroonian communities
- Pipe borne water supply to local communities

"Bowleven is always looking at ways it can be part of the initiatives that support Company projects and help the community overall."

CEO FINANCIAL REVIEW

Financial Review

With the substantial 'one-off' costs now behind us, Bowleven can expect the ongoing cost to reduce significantly.

Results

The Group reported a loss of $53.7m (2016: a loss of $129.3m) for the 12 months ended 30 June 2017, with an impairment charge of $45.6m (2016: $122.3m) and no unsuccessful exploration costs (2016: $11.8m) arising from the review of the Group's intangible exploration assets.

The upstream oil and gas sector continues to operate in a challenging macro environment of prolonged lower global oil prices. Whilst prices have recovered slightly during FY2016/17, they have remained low by recent standards.

The Group's assessment of key commodity price and planning assumptions, used in assessing and calculating any impairment charge on intangible exploration assets, performed in FY2015/16 has been validated during the current financial year. As set out in the CEO statement, on page 4 and 5, the carrying value of the Bomono intangible exploration asset has been impaired during the year by $45.6m (2016: $61.0m) following the agreed, but not yet completed sale to VOG.

The loss for the year includes administrative expenses for the Group of $11.7m (2016: $9.1m), which included one-off reorganisation and restructuring costs of $2.0m, of which $1.7m was Director and staff redundancy related. Going forward, we expect the ongoing cost to reduce significantly.

Finance income includes $2.9m in foreign exchange gains arising primarily from the recognition of foreign exchange differences under International Financial Reporting Standards (IFRS) on US Dollar cash balances held (2016: exchange gain of $13.5m).

Loss per share (basic and diluted) was $0.17 (2016: loss per share $0.39).

Cash Flow

Group cash outflow from operating activities (cash operating loss, adjusted for non-cash charges and movements in current assets and liabilities) of $8.0m for the year against a cash outflow of $6.9m for the previous year. The 2017 cost includes the exceptional administration costs of $2.0m.

Financial summary

	Year ended 30 June 2017 $'000	Year ended 30 June 2016 $'000
(Loss)/profit for the year (pre impairment charge/unsuccessful exploration cost)	**(8,103)**	4,852
Loss for the year (post impairment charge/unsuccessful exploration cost)	**(53,692)**	(129,269)
Net cash used in operating activities	**(8,006)**	(6,941)
Net cash from/(used in) investing activities	**10,135**	(47,721)
Bank deposits, cash and cash equivalents	**85,807**	88,526
Net assets	**301,445**	361,975

Capital expenditure cash flows during the period were $6.0m (2016: $48.2m) and relate primarily to follow-up activities related to the FY2015/16 drilling and testing activities on the Bomono Permit.

Balance Sheet

The carrying value of oil and gas assets at 30 June 2017 was $172.7m (2016: $213.7m). There was an impairment charge of $45.6m relating to the Bomono intangible exploration (2016: $121.6m relating to Bomono and Etinde). There was no unsuccessful drilling activities in the current financial year. The year-on-year movement reflects capital expenditure on the Bomono, and to a small extent, Etinde licences, as well as the impairment charge.

As at 30 June 2017, Bowleven had cash and deposit balances of $85.8m (2016: $88.5m) and no debt. Under the terms of the Etinde farm-out transaction that completed in March 2015, Bowleven received a further $15m in cash on 30 September 2016.

The Group also has access to a $39.7m (net) drilling and testing carry which is expected to cover its share of two appraisal wells on Etinde. This deferred consideration (2016: $54.7m) is recognised as a current asset on the Group Balance Sheet at 30 June 2017. In addition, a further receivable of $25m is disclosed as a contingent asset and will be credited to intangible exploration assets once further clarity around Etinde project sanction/FID is obtained.

The Group has no remaining work programme obligations, following completion of the two well exploration commitments on Bomono in September 2015.

The Group's business is conducted primarily in US Dollars, with the majority of the Group's cash held in that currency. Consequently, in practical terms the Group's operations continue to be insulated from UK currency volatility in recent months. However, the functional currency of the UK Holding Company is GBP, which results in an annual currency revaluation of the Holding Company's balance sheet into USD and a foreign exchange revaluation on translation of USD cash and bank deposits into GBP functional currency.

Shareholders' funds are $301.4m as at 30 June 2017 (2016: $362m). The year-on-year reduction of $60.5m is primarily due to the impairment of the Bomono exploration asset ($45.6m), GBP to USD retranslation of the balance sheet ($3.2m), the retained loss for the year excluding impairment charge ($8.1m) and share based payments, associated with the operation of the Group's employee share option, Director and executive management orientated long-term incentive plan (LTIP) and the purchase of treasury shares ($3.6m).

Risks and Internal Controls

Immediate identification, evaluation and mitigation of risks is crucial to keeping the level of risk associated to activities within the Bowleven Group to a minimum.

Risks

Bowleven's business, financial standing and reputation may be impacted by various risks, not all of which are within its control. The Group identifies and regularly monitors the key risks and uncertainties considered to affect the Group and its operations, and runs its business in a way that, wherever possible, minimises the impact of such risks.

Of course, one major risk that is often overlooked is misalignment between the aims and ambitions of the Group's management and those of its shareholders, which may result in a lack of support for the way in which the business is being developed. This situation occurred during early 2017 following a period of high expenditure and lacklustre performance and ultimately led to major changes at Board level, restructuring of the Company and adoption of a new strategy to create shareholder value. In the future, this risk will be mitigated by better communication with shareholders and developing closer relationships.

Bowleven's Board is responsible for regularly reviewing and updating the Group risk register and matrix and considering the key risks facing the business. The Group risk register and matrix are also regularly reviewed by the Board.

The risk management framework and processes adopted by the Board involve the identification, assessment, mitigation, monitoring and reporting of all key Group risks on a regular basis.

An element of risk is inherent to the activities of oil and gas exploration and development. It is the Board's objective to be aware of these risks and evaluate and mitigate them wherever possible. The Board believes that the principal risk categories for the business are: corporate/strategic; JV misalignment; operational (exploration, development and operating); financial; political/regulatory; HSSE and management/organisational. These risks are common and must be managed whether an asset is operated or non-operated.

The principal risk areas for the business and the respective mitigating actions are listed below:

Risk	Mitigation
Misalignment of objectives and strategy between management and shareholders.	Communicate more effectively with shareholders and establish closer relationships to ensure shareholder support for the way in which the business is being developed.
Misalignment between JV partners who may have different priorities and objectives.	The Group is actively engaged with its JV partners in building and maintaining effective and transparent working relationships as a means of understanding their positions and influencing decision-making for the benefit of the JV as a whole.
Exploration and appraisal activities are inherently uncertain in their cost and outcome.	The Group has completed a major restructuring of the business and has changed strategy to de-emphasise exploration in the short term. Appraisal drilling at Etinde will be funded by JV partners. The Group has retained access to technical support through ad hoc contracts with previous employees. Additionally, the Group has access to specialists who have gained knowledge and experience in the Company's technical challenges. Additionally, the JV partners in Etinde work closely to ensure that technical and operational risks are identified in sub-surface and facilities engineering and this provides a means by which exploration, appraisal and project execution risks may be mitigated.
Reliance on JV Operator for asset performance.	The Group also continues to actively participate in technical workshops and meetings to challenge, apply influence and/or support partners to develop sound concepts and successful work programmes.

Risk	Mitigation
The Group's JV partners may fail to fund their share of joint operations.	Risk of default is mitigated by provisions in the Joint Operating Agreement (JOA) model used in the business. The JOA allows the non-defaulting JV partners to acquire the defaulting partner's equity share in the asset concerned.
The Group's ability to access capital to meet its commitments and implement its development plans.	The Group has no debt and no outstanding work commitments and is sufficiently funded to support its interests in Etinde and Bomono for the foreseeable future. The two well Etinde appraisal drilling programme is funded through a carry of up to $40m as agreed with the JV partners in the Etinde farm-in transaction. If the appraisal wells are not drilled by the end of 2020, the $40m is to be paid in cash. The Group will receive an additional $25m cash when the FID is made for Etinde. Depending on the choice of development scheme, the Group may have to raise additional finance at some point in the future. Contacts with banks, existing shareholders and potential investors are being maintained to facilitate this should it prove necessary. Capital discipline is rigorously deployed to maximise value and reviewed at every Board meeting.
The existence of a market for gas in Cameroon is key to the successful commercial development of the Etinde and Bomono Permits.	Société Nationale des Hydrocarbures (SNH) have indicated that they will support the Etinde appraisal drilling programme and an economically viable FLNG project provided that the JV assigns 500 bcf of resource to Cameroon domestic offtakes. SNH remain interested in developing a proposed fertiliser plant and gas to power schemes. The Group continues to discuss access to the industrial gas customer base and pipeline infrastructure of Gaz Du Cameroun S.A., a wholly owned subsidiary of VOG. This would enable the development of the resource in Bomono.
Regulatory uncertainty and delays or refusal in granting approvals may severely inhibit project development in the Group's operated and non-operated assets and in a worst case scenario, lead to the loss of title assets.	The Group uses its influence in the JV Management Committee(s) to support the JV Operator in ensuring that there are open communication channels with Cameroon Government agencies. Also, the Group ensures that it is represented at the in-country meetings to discuss JV business with SNH and Government officials.
The areas in which the Group operates are perceived to have serious bribery and corruption problems and issues.	The Group has a zero tolerance attitude towards bribery and corruption. The Group has an Anti-Bribery and Corruption Policy, consistent with the Group's obligations arising under the UK Bribery Act 2010, and has established procedures for monitoring compliance, including regular training for all Group staff. The Group includes anti-bribery and corruption compliance provisions in all contracts entered into with third parties. As part of the regular training, staff are also reminded of the Group's Whistleblowing Policy and encouraged to confidentially raise any concerns that they may have about dangerous, illegal activity or any wrongdoing within the organisation.
The nature of the Group's operations exposes it to a wide range of HSSE risks, including cybercrime risk.	The Group regularly reviews its HSSE policies and procedures within the context of its operational profile to ensure that effective HSSE effective measures are in place to ensure compliance with the Company HSSE Policy and industry standards. Currently, the Group does not undertake oilfield operations and, therefore, has a low staffing level. The Company is aware of EU and UK legislation with regard to the growing threat from cybercrime. Having completed a major restructuring, the Company is establishing new IT systems and implementing measures to ensure that the Group systems are secure and able to adequately protect its intellectual property.
The Group operates in challenging market conditions with lower commodity prices than previously experienced that could adversely affect the carrying value of assets. There remains uncertainty on how long these market conditions will continue and, of course, this will impact on investment decisions we will make for Etinde.	The Group monitors its macro-economic environment, maintains a disciplined approach to capital allocation and costs, and evaluates its business strategies appropriately. The Group works closely with its JV partners and maintains awareness of industry trends and costs to understand how the Group's assets might be valued.

Risk	Mitigation
The assumptions used to estimate hydrocarbon resources may prove incorrect and this may lead to sub-optimum development options being made.	The Group utilises its experience and that of the JV partners to determine and correlate the resource and development assumptions to ensure that its management and Board maintain a realistic view of resources. The Etinde JV will require an independent consultant's report to verify the results of the appraisal drilling and before a FID is made.
Implementation of Company restructuring plans. The potential for losing staff and management presents major risk which would mean that the Company is unable to function properly and meet its management and reporting obligations to shareholders and as a listed Company.	The Group has retained some key technical expertise on ad hoc contracts to be called upon to deliver specialist support at JV meetings. The Group has access to a number of consultants, audit and legal firms who have knowledge of the business and also support the formal reporting protocol. Additionally, the Group has retained technical expertise in geology, sub-surface engineering and analysis and facilities engineering.

The above risks are considered by the Directors to be typical for an oil and gas group of Bowleven's size and stage of development.

Internal Controls

The Board acknowledges that it is responsible for establishing and maintaining the Group's system of internal controls and reviewing its effectiveness. Group procedures are reviewed on an ongoing basis. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has considered the need for a dedicated internal audit function but does not consider it necessary at the current time. The Board does, however, approve an internal audit programme annually under which various specific reviews of business activities are carried out. Responsibilities for organising these reviews, including utilising external consultants as appropriate and reporting back, are assigned within the organisation.

Approval of Strategic Report

The Strategic Report on pages 1 to 14 of the Annual Report and Accounts has been approved by the Board of Directors.

On behalf of the Board

Eli Chahin
Chief Executive Officer
7 November 2017

CHAIRMAN'S STATEMENT

Delivering Value for All Shareholders

2017 has been a transformative year for Bowleven, both in terms of its Board and its operating model.

Chris Ashworth
Chairman

Responding to Shareholders

Crown Ocean Capital P1 Limited ('Crown Ocean'), then and now a major shareholder of the Company, approached Eli Chahin and myself around the turn of the year. They shared their analysis of the Group's historic strategy, which had pursued expensive and unsuccessful exploration activities that resulted in significant value destruction to shareholders. They asked us if we would be prepared to be nominated as directors of Bowleven and we each agreed to stand for election as independent Directors.

Board Changes

A General Meeting was requisitioned and, as shareholders now know, on 14 March 2017, Eli Chahin and I were elected Directors and the then Chief Executive Officer, Chief Financial Officer and three of the Non-Executive Directors were removed from office. David Clarkson, the Chief Operating Officer, was not the subject of a requisition to remove him and remained in post as COO.

On 31 March, it was announced that Billy Allan had resigned from the Board and Eli Chahin was appointed as Chief Executive Officer. Joe Darby joined the Board, as Non-Executive Director, bringing extensive oil and gas experience, and I became Chairman. With David Clarkson, we were a newly constituted Board, determined to refocus the Company's strategy on maximising value from our existing assets and reducing corporate expenses. Subsequent discussions which we conducted with our institutional shareholders, confirmed that this strategy enjoys strong support throughout our shareholder base.

New Leadership

Six months have passed in which we have swiftly put this strategy into action. I would like to pay tribute to Eli Chahin for his bold and efficient leadership and to David Clarkson for his tireless efforts in support, which have allowed the Bowleven Group to achieve such a material transformation in such a short period of time.

The Company's overhead base has been substantially reduced with new exploration activity costs virtually eliminated. We have relocated our head office from a large prestigious Edinburgh building to a small operation near London Bridge. This has resulted in a reduction in full time employees from 40 to fewer than ten, a workforce which has proven to be sufficient and effective for the Company's activities. These were challenging steps for the individuals affected, and the Board would like to thank both current and former employees for their co-operation and patience during a difficult period. The Board is now able to look forward to executing its strategy from a sustainable footing. That is to maximise the value of both our 25% Etinde offshore interest and our interest in Bomono, utilising the prospective arrangement with VOG, and dealing with any future demands for funding of these investments through careful deployment of the Company's $86m cash balance.

Delivering Value

With Crown Ocean's representative, Matt McDonald, having recently joined the Board, we are completely aligned on our ambition to deliver value for all shareholders. We are looking forward to the new operating model for the Group and the value of our Etinde and Bomono assets being recognised in the Bowleven share price, as progress towards monetisation of these fields materialises during 2018.

Chris Ashworth
Chairman

> "Bowleven is now better aligned to delivering long-term value for all shareholders and the operating model and balance sheet strength will ensure that can happen."

Chris Ashworth

Non-Executive Chairman

Appointed to the Board: March 2017

Experience

Chris Ashworth was a Partner at Ashurst for 20 years and headed the Corporate Department. He thereafter led O'Melveny & Myers' European M&A business and was Head of Corporate Finance at Lovells. Chris has a particular reputation for corporate governance having been included in the Law Firm Directories. He was an active member of the International Bar Association both as a participant and speaker for many years, as well as having a number of publications to his name. He operated as an adviser, both legal and transactional, on specific projects for individual clients and most recently, he was General Counsel at Knight Vinke. Chris was elected to the Bowleven Board in March 2017 and shortly thereafter became Non-Executive Chairman. He became Chairman of the Remuneration Committee in April 2017.

Eli Chahin

Chief Executive Officer

Appointed to the Board: March 2017

Experience

Eli Chahin has 25 years' experience working in banking and management consulting, during which he has worked across a number of industries and markets, including the UK, US and Australia. He holds a number of Board appointments and currently serves as a Senior Advisor to AlixPartners, a leading international consulting firm. He has held various senior executive roles at ANZ and Standard Chartered Bank. He was elected to the Bowleven Board in March 2017, and shortly thereafter became Chief Executive Officer.

David Clarkson

Chief Operating Officer

Appointed to the Board: June 2013

Experience

David Clarkson has over 30 years' experience working for BP plc, including as Senior Vice President for BP's global projects and engineering portfolio; in leading major project and development operations in frontier locations, in South America, Indonesia and the Middle East; and as a member of BP's Upstream Group Leadership team. David holds a BSc degree in Mechanical Engineering from the University of Strathclyde, is a Chartered Engineer and a Fellow of the Institution of Mechanical Engineers. He was appointed to the Bowleven Board in 2013.

Joe Darby

Non-Executive Director

Appointed to the Board: April 2017

Experience

Joe Darby has more than 40 years' experience in the upstream oil and gas industry. He is currently the Senior Independent Non-Executive Director at Gulfsands Petroleum Plc, having previously held the role of Chairman at Faroe Petroleum plc and Mowlem plc. He acted as Chief Executive Officer of LASMO plc prior to its acquisition by ENI, and is a former Non-Executive Director of Alkane Energy plc, Centurion Energy, Inc, Premier Oil plc and British Nuclear Fuels plc. Joe was appointed to the Bowleven Board in April 2017 and is a member of the Remuneration Committee.

Matt McDonald

Non-Executive Director

Appointed to the Board: August 2017

Experience

Matt McDonald is an international financial restructuring lawyer who has worked extensively in numerous countries across M&A advisory, financial restructuring and corporate finance. He has over 20 years' experience, having worked with international law firms in London, Frankfurt and Los Angeles. He has advised companies and investors on complex transactions in numerous industries, including the oil and gas industry. Matt was appointed to the Bowleven plc Board in August 2017 and is a member of the Remuneration Committee.

Corporate Governance

Bowleven's Directors are committed to meeting high standards of corporate governance.

The Directors are committed to meeting high standards of corporate governance. As an AIM listed company, Bowleven is not required to comply with the UK Corporate Governance Code (the Code). However, the Directors are aware of the main principles of the Code and seek to comply with the principles as far as practicable, having regard to the size and resources of the Company.

Board Structure
The Board currently comprises two Executive Directors and three Non-Executive Directors, including the Chairman. At the General Meeting held on 14 March 2017, shareholders voted for the removal of Kevin Hart, Kerry Crawford, Philip Tracy, Tim Sullivan and John Martin as Directors with immediate effect. In addition, shareholders voted in favour of the appointment of Chris Ashworth and Eli Chahin as Directors with immediate effect. On 30 March 2017, Billy Allan resigned from the Board, having served as Non-Executive Chairman since 16 December 2015 and as a Non-Executive Director since 7 October 2015. Chris Ashworth succeeded Billy Allan to the role of Non-Executive Chairman on 30 March 2017. Joe Darby and Matt McDonald were appointed to the Board as Non-Executive Directors on 3 April 2017 and 17 August 2017 respectively. Ed Willett resigned from the Board in December 2016.

Biographies of the current Directors are set out on pages 16 and 17. These demonstrate a wide range of experience and high calibre considered sufficient to bring independent judgement on the issues considered by the Board.

Matters Reserved for the Board
The Board has a schedule of matters reserved for its decisions. In addition to those matters required by the Companies Act 2006, the Board also considers business strategy and policy, approval of major capital investment plans, risk management policy, significant financing matters, senior personnel appointments and statutory shareholder reporting.

Board Meetings
The Chairman conducts Board and shareholder meetings and ensures that all Directors are properly briefed. The Board intends to meet at least five times each year.

Company Secretary
All Directors have access to the Company Secretary for advice and services. The appointment and removal of the Company Secretary is a decision for the Board as a whole. Directors also have access to independent professional advice at the Company's expense and receive appropriate training where necessary.

Burness Paull LLP was appointed Company Secretary to the Board on 19 July 2017.

Re-election of Directors
There are transparent procedures in place for the appointment of new Directors to the Board. In accordance with the Company's Articles of Association, all Directors are required to retire by rotation every three years, when they can offer themselves for re-election, if eligible. There are no Directors to whom this is applicable in 2017. In addition, the Company's Articles of Association provide that any Director appointed by the Directors shall retire at the AGM of the Company immediately following their appointment and be eligible for re-election. Joe Darby and Matt McDonald, appointed on 3 April 2017 and 17 August 2017 respectively, will therefore retire and offer themselves for re-election by shareholders at the AGM on 13 December 2017.

Audit, Nomination and Remuneration Committees
Prior to the General Meeting held on 14 March 2017, the Company had established Audit, Nomination and Remuneration Committees, each having formal Terms of Reference in place and comprised as set out below.

Audit Committee

The Audit Committee comprised John Martin (Chairman), Billy Allan, Tim Sullivan and Philip Tracy. The auditor was invited to attend part of the Audit Committee meetings and, if required, at the request of the Chairman of the Audit Committee, Executive Directors and senior members of management attended meetings by invitation.

The Committee met at least twice a year and was responsible for ensuring that the financial performance of the Group was properly reported on and monitored. This included the monitoring of the integrity of financial statements and the Company's internal financial controls and risk management systems. The Committee liaised with the auditor and reviewed the reports from the auditor relating to the accounts and control processes.

Nomination Committee

The Nomination Committee comprised Billy Allan (Chairman), John Martin, Tim Sullivan and Philip Tracy. The Committee reviewed and recommended the appointment of new Directors to the Board. If required, at the request of the Chairman of the Nomination Committee, the Chief Executive attended meetings by invitation.

Remuneration Committee

The Remuneration Committee comprised Tim Sullivan (Chairman), Billy Allan, John Martin and Philip Tracy. The Committee was responsible for developing policy on remuneration for the Executive Directors and senior management, reviewing their performance and setting the scale and structure of their remuneration on the basis of their service agreements, with due regard to the interests of shareholders and the performance of the Group. If required, at the request of the Chairman of the Remuneration Committee, the Chief Executive attended meetings by invitation.

Upholding Governance Through the Transformation Process

The Board recognises the need for good corporate governance and is therefore committed to maintaining the roles of each of the Committees. Without compromising the importance of compliance and commitment to high standards of corporate governance, the Board has taken on the responsibilities of each of the previous Committees.

The role of the Audit Committee has been returned to the entire Board to ensure the overseeing of the presentation of the results in the financial statements; external audit; internal audit and other areas as set out in the Code.

The role of the Nomination Committee has also been returned to the entire Board and the members of the Board have taken on the responsibilities accordingly.

Changes have also been made to the Remuneration Committee. In April 2017, a Remuneration Committee was reconstituted with formal Terms of Reference which are available from the Company on request. The Remuneration Committee is currently comprised of Chris Ashworth (Chair), Joe Darby and Matt McDonald.

Further consideration will be given by the Board to the requirement for an Audit Committee and a Nomination Committee. The Remuneration Committee is discussed further in the Directors' Remuneration Report on pages 23 to 27.

The Directors of Bowleven plc (a company incorporated in Scotland with registered number SC225242) submit the Annual Report and Accounts for the year ended 30 June 2017. These will be laid before the shareholders at the AGM to be held on Wednesday 13 December 2017.

Principal Activity, Review of the Business and Future Developments

The Chief Executive's Statement (pages 4 to 5), the Chairman's Statement (page 15) and the Operating Review (pages 7 to 9), which form part of the Strategic Review, describe the activities of the Group during the financial year and its future developments.

The Group operates through overseas branches and subsidiary undertakings as appropriate to the fiscal environment.

Results and Dividends

The trading results for the year, and the Group's financial position at the end of the year, are shown in the attached financial statements. The Group reported a loss for the year of $53.7m (2016: $129m loss).

The Directors do not recommend the payment of a dividend for the year ended 30 June 2017 (2016: nil).

Post Balance Sheet Events

Bomono farm-out transaction

In March 2017, the Group announced that an outline deal had been agreed with VOG to sell an 80% stake in the Bomono exploration asset. Negotiations are continuing; VOG extended the deadline to 31 December 2017 on 28 September 2017.

The Directors and Their Interests

The Directors who served the Company during the year, together with their beneficial interests in shares in the Company, were as follows:

	Removal/resignation date	Appointment/election date
Executives		
D Clarkson		
K Crawford	14 March 2017	
K Hart	14 March 2017	
E A F Willett	31 December 2016	
E Chahin		14 March 2017
Non-Executives		
B Allan	30 March 2017	7 October 2016
J Martin	14 March 2017	
T Sullivan	14 March 2017	
P Tracy	14 March 2017	
C Ashworth		14 March 2017
J Darby		3 April 2017
M McDonald		17 August 2017

	Ordinary shares of £0.10 each	
	At 30 June 2017	At 30 June 2016
Executives		
E Chahin	**1,141,579**	
D Clarkson	**664,695**	379,753
K Crawford		443,685
K Hart		3,569,994
E A F Willett		665,594
Non-Executives		
B Allan		
C Ashworth		
J Darby		
J Martin		173,913
T Sullivan		146,745
P O J Tracy		100,000
	1,806,274	**5,479,684**

Directors' Liabilities
Qualifying third party indemnity provisions for the benefit of all of the Directors were in force throughout the financial year and they remained in force as at the date of approval of the Annual Report.

Major Shareholders
As at 31 October 2017, the Company had been notified of the following interests of 3% or more in the Company's ordinary share capital[i]:

	Shares	%
Crown Ocean Capital P1 Limited	87,296,043	26.8
OVMK Vermogensbeheer	17,043,934	5.2
JP Morgan Asset Management	11,453,913	3.5

(i) The details in the table are calculated using 325,560,636 as the denominator (being the total issued share capital of the Company excluding treasury shares as at 31 October 2017).

Relations with Shareholders
Communications with shareholders are given high priority by the management. The Company communicates with shareholders and potential investors through a variety of channels. The Annual Report and the Interim Report provide a comprehensive update of the Group's activities and are made available to all shareholders. In addition, market announcements, including Group operational updates, are also released, as and when appropriate, to update shareholders on activities. The Company's website is also used to enable access to a variety of information on the Company (www.bowleven.com). The Chief Executive maintains regular dialogue with shareholders and potential shareholders by way of formal roadshows and presentations, and analyst meetings. An analyst update and investor roadshow are often held after the Group's announcement of year end results and interim results. In addition to these investor roadshows, the Company also attends various conferences and investor events. These tend to comprise a mix of presentations and one-to-one or group meetings which are held at various times during the year. As well as meetings with investors in the UK, the Company's investor relations programme includes conferences and investor meetings overseas, extending to Africa, North America and Europe and other regions as appropriate. Presentations prepared for investor meetings and conferences are made available on the Company's website. At the AGM a business presentation is normally provided for the benefit of shareholders. The AGM also provides an opportunity for private shareholders and institutional investors to meet and to speak to members of the Board.

An investor plan is prepared and presented to the Board annually and is reviewed on an ongoing basis. The Board receives regular investor relations reports covering key investor meetings and activities as well as analyst, shareholder and investor feedback and market updates. The Company maintains a database of all meetings held by the Directors with shareholders and analysts. All analysts' reports received on the Company are reviewed and monitored and copies are distributed to Directors. Support is provided, where appropriate, to analysts covering and initiating coverage on the Company. The Company consults with its corporate brokers and NOMAD on investor/market matters and also utilises Brunswick LLP for ongoing public relations support.

The Group continually seeks to develop and improve its investor relations activities. Enquiries from all shareholders are welcomed by the Company. Shareholders and other interested parties can also register on the Group's website to receive news updates by email.

Annual General Meeting 2017
The AGM of the Company will be held at Hilton London Tower Bridge, 5 More London Place, Tooley Street, London SE1 2BY at 11am (UK time) on Wednesday 13 December 2017. The resolutions to be proposed at the AGM are set out and fully explained on pages 66 to 68 in the notice of AGM and are also available on the Company's website at: http://www.bowleven.com/investor-relations/shareholder-services/general-meeting-information.

Financial Risk Management Objectives and Policies
The financial risk management objectives and policies of the Company are detailed in note 22 to the financial statements on pages 62-65.

Employee Involvement
Using regular briefing procedures and meetings, the Board keeps employees at all levels informed about matters affecting the policy, progress and people in the business in which they work.

Disabled Employees
Applications for employment by disabled persons are always fully considered bearing in mind the respective qualifications and abilities of the applicants concerned. In the event of employees becoming disabled, every effort is made to ensure their employment continues. The training, career development and promotion of a person with a disability is, as far as possible, identical to that of a person without a disability.

Acquisition of Own Shares

The Company initiated a share buyback programme on 19 August 2016 for a maximum consideration of up to $10m, the purpose being to reduce the outstanding issued share capital of the Company. The Board, as constituted at that time, considered that the share buyback programme would be in the shareholders' interests, being accretive to net asset value per share whilst retaining sufficient financial flexibility to evaluate growth options. The Company entered into an agreement with its broker at the time, Macquarie Capital (Europe) Limited to repurchase shares on its behalf, such shares being held by the Company in treasury. The share buyback programme was executed in accordance with the general authority held by the Company at that time to make market purchases which had been approved by shareholders at the AGM on 16 December 2015 and the Company retained discretion in respect of the volume, timing and price of shares to be repurchased. The resolution sought at the AGM on 14 December 2016 to authorise the Company to make market purchases of its own shares was not passed and, consequently, the share buyback programme ceased. Under the programme, the Company repurchased 7,807,281 shares into treasury, having a nominal value of £780,728. The aggregate amount of consideration paid by the Company for those shares was £2.7m.

Auditor and Disclosure of Information to the Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information (being information needed by the auditor in connection with preparing its report) of which the auditor is unaware. Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Ernst & Young LLP has indicated its willingness to continue in office. Resolutions proposing its reappointment and authorising the Directors to fix its remuneration will be submitted at the AGM on 13 December 2017.

By order of the Board

Eli Chahin
Chief Executive Officer
7 November 2017

The Group is not required to disclose all of the following information but has chosen to do so in the interests of greater transparency for the benefit of shareholders.

Remuneration Committee

Prior to the General Meeting held on 14 March 2017, the Company's Remuneration Committee comprised of Tim Sullivan (Chairman), Billy Allan, John Martin and Philip Tracy. Following the General Meeting, in April 2017, the Remuneration Committee was reconstituted and now comprises Chris Ashworth (Chairman), Joe Darby and Matt McDonald.

The Committee meets at least four times a year (more often if required) to consider, amongst other things, progress made against the corporate key performance indicators which were set by the Board on an annual basis.

The Committee is responsible for developing policy on remuneration for the Executive Directors and senior management, reviewing their performance and setting the scale and structure of their remuneration on the basis of their service agreements, with due regard to the interests of shareholders and the performance of the Group. The Remuneration Committee also makes recommendations to the Board concerning employee incentives, including the allocation of awards under the Bowleven LTIP and the Bowleven transformation incentive plan (BTIP) to Executive Directors and senior management and the grant of share options to employees. Independent advisers are engaged to advise the Committee as required.

The Chief Executive Officer may attend meetings of the Committee at the invitation of the Chairman. Neither the CEO nor any of the other Directors participate in discussions or decisions of the Committee concerning their own remuneration.

Remuneration Policy

The Remuneration Committee aimed to provide overall packages of terms and conditions that were competitive in the market to attract, retain and motivate high quality individuals capable of achieving the Group's objectives. The Committee believes that such packages should contain significant performance-related elements and that these elements should be designed to align the interests of the Executive Directors with shareholders.

The main elements of the remuneration package for Executive Directors and senior management are:

- basic salary;
- benefits in kind;
- performance-related bonus; and
- BTIP, LTIP and Share Option awards.

The overall package is generally weighted more towards variable pay, with a suitable weighting towards long-term performance through the award of long-term incentives.

The Remuneration Committee applied its Remuneration Policy during the year having regard to the following factors:

- The competitive recruitment market in the oil and gas sector;
- A desire to closely align executive remuneration with shareholders' interests; and
- Economic conditions affecting the Group and its proposed operations.

Components of Executive Directors' Remuneration

Basic Salary and Benefits

The Remuneration Committee reviewed annually the existing remuneration of the Executive Directors, making comparisons with peer companies of a similar size and complexity in the independent oil and gas exploration and production industry in the UK and overseas.

Performance Bonus Scheme

The Company operated a discretionary performance-related bonus scheme for all staff, including the Executive Directors and senior management.

The performance-related bonus is capped at a maximum percentage of annual salary applicable to each employee. In the case of the Chief Executive, this is a maximum of 100% of annual salary and in the case of all of the other Executive Directors, a maximum of 75%. Subject to the overriding discretion of the Remuneration Committee, 20% of each Executive Director's bonus opportunity is based on achievement of personal objectives set by the Chief Executive or, in the case of the Chief Executive, by the Chairman, with the remaining 80% being calculated with reference to the Group's performance against the corporate key performance indicators for that year that are set by the Board on the recommendation of the Remuneration Committee. No bonus is payable in any year unless the weighted performance against the annual corporate key performance indicators exceeds 50%.

Performance against the corporate key performance indicators and the determination of the consequential level of performance-related bonus payable, if any, is calculated on a calendar year basis by the Remuneration Committee. Any bonus arising is usually paid in January of the following year. Whether any bonus is payable and the level of it, remains subject to the overriding discretion of the Remuneration Committee.

Although a number of key objectives were met during the calendar year ending 31 December 2016, the Remuneration Committee, with the support of the Executive Directors, exercised its discretion and resolved that no bonus be paid to staff, including the Executive Directors and senior management in respect of that calendar year.

Long Term Incentive Plans
The LTIPs (the 2006 LTIP and the 2015 LTIP) are designed to reward the Executive Directors and senior Managers in line with the future performance of the Company. Benefits will only be delivered if performance conditions are met.

The LTIPs entitle the holder to receive a specific number of shares in the Company for no consideration, with the release of those shares being dependent upon the achievement of certain performance conditions that are set by the Remuneration Committee at grant and then measured over a three-year period. The performance criteria are discussed in detail later in this report, but relate to the Company's total shareholder return (TSR) performance against a group of comparable companies.

In addition, prior to any award vesting under either LTIP, the Remuneration Committee is required to be satisfied that, amongst other things, there has been an overall satisfactory and sustained improvement in the performance of the Company over the performance period.

Awards made under the LTIPs may not exceed 200% of base salary in any year, or 400% of base salary in any consecutive three-year period. The Remuneration Committee recommends the level of award to the Board. Individual awards in any particular year are influenced by, *inter alia*, individual performance against personal objectives, Group performance relative to the corporate key performance indicators and the wider market environment. The Remuneration Committee retains an element of discretion in relation to the level of awards granted.

Bowleven Transformation Incentive Plan
The BTIP was adopted by the Board of the Company on 9 May 2017. The purpose of the BTIP is to align employees with the Company's long-term goals and performance through the potential for share ownership. Awards under the BTIP are granted at the sole discretion of the Remuneration Committee.

As announced on 12 May 2017, Eli Chahin, the Chief Executive Officer, was granted a right to acquire up to 10,000,000 ordinary shares in the Company at a nil cost under the BTIP. The Option shall be exercisable subject to and in accordance with the rules of the BTIP, including the extent to which certain performance conditions are satisfied over the performance period commencing on the date of grant and ending on 31 March 2022. The Option's performance conditions relate to the attainment of certain share price points between £0.45 and £0.80 per share for a continuous period of at least three months and meeting the annual cost underpin criteria, whereby the annual cash costs incurred must be below the amount set out in the cash expenses target set by the Board. Malus and clawback provisions apply. Options under the BTIP which vest may be exercised within ten years from the date of grant.

Directors' Contracts
It is the Company's policy that Executive Directors should have service contracts with a notice period of 12 months. Details of notice periods for the Executive and Non-Executive Directors who were in office as at 30 June 2017 and subsequently appointed are summarised below:

Name of Director	Date of contract	Notice period
Executives		
E Chahin	30 March 2017	12 months
D Clarkson	1 January 2015	12 months
Non-Executives		
C Ashworth	14 March 2017	1 month
J Darby	3 April 2017	1 month
M McDonald	17 August 2017	1 month

Executive Directors are required to obtain consent from the Chairman prior to accepting any non-executive positions.

Non-Executive Directors
The Non-Executive Directors have written terms of engagement setting out their roles and responsibilities. Fees for the Non-Executive Directors are determined by the Board. The annual fee for Billy Allan as Chairman was $102,000 (£80,000), reduced by agreement to $91,400 (£72,000) with effect from 1 January 2017. The annual fee for the Chairman has been reduced further in respect of Chris Ashworth to $88,900 (£70,000). The Non-Executive Directors prior to the General Meeting on 14 March 2017 had an annual fee of $50,800 (£40,000), with John Martin receiving an additional fee of $6,350 (£5,000) per annum as Chairman of the Audit Committee. Joe Darby and Matt McDonald receive an annual fee of $76,000 (£60,000) and $57,150 (£45,000) respectively. It is also possible for the Non-Executive Directors to earn fees through consultancy work as part of their usual professional activities or in respect of additional work provided above their agreed time commitment. Directors' remuneration is paid in GB Pounds and converted at $1.27/£1.00 (2016: $1.49/£1.00).

Non-Executive Directors do not participate in the share option scheme, the LTIPs or BTIP and are not entitled to a cash bonus or pension contributions.

Directors' remuneration

The remuneration of the Directors who served the Company during the year was as follows:

	Salary and fees $'000	Compensation for loss of office $'000	Pension benefits $'000	Other benefits $'000	**Total 2017 $'000**	Total 2016 $'000
Executives						
E Chahin	131	–	–	6	**137**	–
D Clarkson	307	–	31	–	**338**	394
K Crawford	219	299	21	1	**540**	329
K Hart	346	444	34	1	**825**	568
E A F Willett	149	313	15	3	**480**	376
Non-Executives						
B Allan	75	–	–	–	**75**	75
C Ashworth	27	–	–	–	**27**	–
C Cook	–	–	–	–	**–**	32
R G Hanna	–	–	–	–	**–**	65
J Darby	19	–	–	–	**19**	–
J Martin	41	14	–	–	**55**	64
T Sullivan	36	12	–	–	**48**	60
P O J Tracy	36	12	–	–	**48**	60
	1,386	**1,094**	**101**	**11**	**2,592**	**2,023**

Details of appointment and resignation dates are set out in the Directors' Report.

Further Notes to Directors' Remuneration Table

Benefits in kind principally comprised of medical and travel insurance. The Company operates a non-contributory defined contribution personal pension scheme in the UK, open to both Executive Directors and permanent employees. The Company contributes 10% of basic salary of Executive Directors into the scheme or an individual personal pension plan. If statutory limits are applicable, an equivalent salary alternative is provided.

Payments Made to Executive Directors in Connection with Loss of Office During the Year

During the year, a number of Executive Directors left the Company. In particular:

- Ed Willett ceased employment on 31 December 2016; and
- following the results of the 14 March 2017 General Meeting, the employment of Kevin Hart and Kerry Crawford came to an end on 31 March 2017.

In each of the above cases, a payment was made to the individual in lieu of sums due in respect of their contractual notice period of one year. These amounts are included in the 'Compensation for loss of office' column of the above table.

In regards to the participation of these individuals in the LTIPs, it was agreed that:

- Ed Willett's outstanding awards would continue to subsist and would vest in accordance with their terms (which included performance condition satisfaction); and
- each of the awards held by Kevin Hart and Kerry Crawford would lapse immediately in full on cessation of their employment, with the exception of the awards under the December 2013 LTIP.

The December 2013 LTIP awards, vesting following the full satisfaction of the applicable performance conditions over the original three-year measurement period to 4 December 2016. The Remuneration Committee and the Directors agreed that vesting should be made subject to a further condition. The new condition stated that the Remuneration Committee would need to be satisfied that an overall 'satisfactory and sustained improvement' in the share performance of the Company would need to be achieved, over an additional period, which would ordinarily end on 4 June 2017. For Kevin Hart and Kerry Crawford, this additional six-month period was cut short on 14 March 2017 following their removal from the Board. The December 2013 LTIPs awards were subsequently awarded to both Directors as part of their employee severance arrangements, in accordance with the original vesting criteria from the December 2016 Remuneration Committee meeting decision.

Details of the above vestings and lapses are included in the remaining sections of this Report.

Directors' LTIP Holdings

The number of awards held under the LTIP by Directors in office as at 30 June 2017 or at the date of resignation was as follows:

Performance period	Share price at date of grant	D Clarkson	K Crawford	K Hart	E A F Willett
23.12.14 to 23.12.17	26.25 pence	1,370,000	1,030,000	2,075,000	420,639
13.01.16 to 31.01.19	20 pence	1,440,000	1,036,438	1,818,300	687,149
18.12.16 to 19.12.19	24.5 pence	734,694	673,469	1,113,245	–
Lapsed on resignation		–	(2,739,907)	(5,006,545)	(1,107,788)
Total		**3,544,694**	**0**	**0**	**0**

The comparator group for the awards granted on 19 December 2016 comprised Bowleven and the following 14 companies:

Chariot Oil & Gas Limited	Lekoil Limited	Trinity Exploration & Production Plc
Circle Oil Plc	Ophir Energy Plc	Victoria Oil & Gas Plc
Eland Oil & Gas PLC	Rockhopper Exploration plc	Wentworth Resources Limited
Gulfsands Petroleum Plc	Savannah Petroleum PLC	Xcite Energy Limited
Ithaca Energy Inc.	Sterling Energy Plc	

The Company's closing share price on 30 June 2017 was 25.5 pence (2016: 21.25 pence) and the highest and lowest prices during the year were 36.5 pence and 20.87 pence respectively.

Vesting of Awards

The vesting of an award granted under the LTIPs is dependent upon the achievement of performance conditions determined by the Remuneration Committee at the relevant grant date. The three-year performance period commences on the date of grant of an award and ends on the third anniversary of the date of grant (save where it expires earlier in accordance with the rules of the applicable plan).

The performance conditions which are applicable to awards under the LTIPs are as follows:

- Awards will vest if the Company's TSR ranks median or above when compared with the TSR of a pre-defined comparator group over the relevant three-year performance period.
- The percentage of allocated shares that are transferred to a participant is determined by Bowleven's position in the TSR ranking list as set out below:

TSR ranking of Bowleven compared with comparator group	% shares transferred
Upper quartile and above	100
Between median and upper quartile	Pro-rata on a straight line basis
Median	20
Below median	nil

The rules of the LTIPs also contain the proviso that no award will vest unless the Remuneration Committee, in its absolute discretion, is satisfied that there has been an overall satisfactory and sustained improvement in the performance of the Company during the performance period.

Vesting of Awards on Loss of Office

E Willet resigned as a Director on 31 December 2016. On 6 March 2017, the Remuneration Committee concluded that the relevant TSR performance criteria in respect of the 2014 and 2016 LTIP awards up to the date of resignation when the share price was 33.5 pence had been satisfied in full, but the awards were time prorated. Accordingly, part of the 2014 and 2016 awards lapsed. In respect of the 2013 award, the additional six-month period referred to above was curtailed and as part of the Settlement Agreement with Mr Willet, the 2013 award was granted in full.

Director	Performance period	No. of shares awarded	Share price at grant date	Units vesting
E Willet	4.12.13 to 4.12.16	441,334	50 pence	441,334
E Willet	23.12.14 to 24.12.17	1,295,000	26.25 pence	874,361
E Willet	13.1.16 to 14.1.19	852,326	20 pence	165,177

Mr Hart and Mrs Crawford resigned following the 14 March General Meeting and all outstanding LTIP awards, other than the 2013 awards, lapsed in full on their termination dates. For the same reasons as applied to Mr Willet, on 7 April 2017 when the share price was 34 pence, the 2013 awards of Mr Hart and Mrs Crawford were granted in full as part of their Settlement Agreements.

Director	Performance period	No. of shares awarded	Share price at grant date	Units vesting (100%)
K Crawford	4.12.13 to 4.12.16	289,626	50 pence	289,626
K Hart	4.12.13 to 4.12.16	706,136	50 pence	706,136

Vesting of June 2013 and December 2013 LTIP Awards

As announced on 21 December 2016, following the expiry of the three-year performance period applicable to the 2013 grant of awards under Bowleven's 2006 LTIP (the 2013 LTIP Awards) on 4 December 2016, Bowleven's TSR was ranked in the upper quartile when compared with the TSR achieved over such performance period by a comparator group of companies.

In light of this situation, 100% of the 2013 LTIP Awards would ordinarily have vested. However, the participants and the Remuneration Committee agreed that vesting should be deferred in accordance with the 2006 LTIP scheme rules and that it was appropriate for vesting to be made subject to a further condition. The new condition stated that the Remuneration Committee would need to be satisfied that an overall 'satisfactory and sustained improvement' in the share price performance of the Company would need to be achieved, over an additional period, which would ordinarily end on 4 June 2017.

Vesting of 2013 award held by D Clarkson

Mr D Clarkson was a Director of the company when the six-month additional time period for the 2013 award expired on 4 June 2017.
The Remuneration Committee decided on the 19 June that the 2013 award should be granted in full.

Details of the December 2013 LTIP award that vested on 19 June 2017 when the closing share price was 28.5 pence is given in the table below:

Director	Performance period	No. of shares awarded	Share price at grant date	Units vesting (100%)
D Clarkson	4.12.13 to 4.12.16	480,000	50 pence(i)	480,000

(i) As announced at the time the 2013 LTIP Awards were granted, the calculation of Bowleven's TSR for these purposes was carried out by reference to a deemed 'starting price' of 50 pence per share (which was higher than required (37.50 pence per share) under the terms of the 2006 LTIP).

Dilution – Compliance with Investment Association Principles of Remuneration

The Company complies with the dilution guidelines issued by the Investment Association (published July 2016). The number of ordinary shares which may be issued in respect of all of the Company's employee share schemes (whether discretionary or otherwise) may not exceed 10% of the issued ordinary share capital (adjusted for share issuance and cancellation) in any rolling ten-year period. In addition, commitments to issue new shares under the Company's LTIPs may not exceed 5% of the issued ordinary share capital of the Company (adjusted for share issuance and cancellation) in any rolling ten-year period.

By order of the Board

Christopher Ashworth
Chairman of the Remuneration Committee
7 November 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE GROUP AND COMPANY FINANCIAL STATEMENTS

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

UK company law requires the Directors to prepare financial statements for each financial year. The AIM Rules require the Directors to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The Directors have prepared the Group and the Company financial statements on the same basis.

UK company law provides that 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 of the Company and of the profit or loss of the Group for that period. In preparing these Group and Company financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- present information, including accounting policies, in a manner that is relevant, reliable, comparable and understandable;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and the Company's financial position and financial performance of the Group and of the Company;
- state that the Group and the Company have complied with IFRS, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BOWLEVEN PLC

Opinion
In our opinion:

- Bowleven plc's Group financial statements and Parent Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Bowleven plc which comprise:

Group	Parent company
Group income statement for the year ended 30 June 2017	Company balance sheet as at 30 June 2017
Statements of comprehensive income for the year ended 30 June 2017	Company cash flow statement for the year ended 30 June 2017
Group balance sheet as at 30 June 2017	Company statement of changes in equity for the year ended 30 June 2017
Group cash flow statement for the year ended 30 June 2017	Related notes 1 to 24 to the financial statements, including a summary of significant accounting policies
Group statement of changes in equity for the year ended 30 June 2017	
Related notes 1 to 24 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 IFRS as adopted by the European Union and, as regards to the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Overview of our Audit Approach

Key audit matters	– Impairment of the carrying value of intangible assets – Impairment of the carrying value of investments
Audit scope	– We performed an audit of the complete financial information of two components and audit procedures on a review scope basis for three components – The components where we performed full or specific audit procedures accounted for 100% of loss before tax, 100% of revenue and 100% of total assets
Materiality	– Overall Group materiality of $5.2m, which represents 1.5% of net assets

Key Audit Matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of the carrying value of intangible assets (2017: $173m, 2016: $214m) *Refer to Accounting Policies (page 41); and note 9 of the consolidated financial statements (page 50)* The risk relates to the assessment of the carrying value of exploration assets not being performed appropriately, including write-offs not booked, assets not transferred to development, and/or receipt of exploitation authorisation or exploration licence extensions not occurring in a timely manner. Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The facts and circumstances to be considered in this assessment include, but are not limited to, the potential for licences to expire or not be renewed in the near future, further exploration and evaluation activity not being planned or budgeted or the value not likely to be recovered by a sale. The continued low oil price environment, together with ongoing licence and development plans for both assets (Bomono and Etinde), means that this risk, as in prior years, continues to be a main focus of the audit.	Following an impairment charge taken on both assets in prior year, consideration of indicators for the current year was undertaken with indicators of impairment identified on the Bomono asset. There were no indicators of impairment or impairment reversals on the Etinde asset. In assessing the appropriateness of management's oil price assumptions, we have compared their price assumptions with the latest market evidence available, including forward curves, brokers' estimates and other long-term price forecasts. We carried out procedures to understand and walk through Bowleven plc's process for identifying impairment triggers, reversal triggers and considered management's assessment of indicators. We audited management's assessment of impairment indicators and whether or not a formal impairment test was required. Where a formal impairment test was necessary, we audited management's assumptions and sensitivities. This included specifically determination of the facts and circumstances, understanding of the commercial terms of the proposed Bomono farm-out transaction (including cash flows, gas prices, production profiles, capital and operating expenditure and discount rates) and evaluating alternative development options.	We concur with management that impairment indicators were identified on the Bomono assets leading to a full impairment test. We concur with management that no indicators of impairment or impairment reversals have been identified on the Etinde asset, and therefore no formal impairment test was carried out on this asset. In our view the assumptions used by management in relation to the commercial terms of the proposed Bomono farm-out and lack of appropriate alternative development options are appropriate. Consequently we believe that the impairment charge taken on the Bomono asset has been treated appropriately, and we concur that no impairment charge or reversal is required on the Etinde asset in the current year.
Impairment of the carrying value of investments – Parent Company only (2017: $217m, 2016: $275m) *Refer to Accounting Policies (page 41); and note 11 of the consolidated financial statements (page 54)* As a result of any impairment of the carrying value of exploration assets during the year, Bowleven plc Parent Company's investments in subsidiaries may be impaired as a result of a reduction in net assets.	The underlying assets of the principal subsidiary are made up of the intangible exploration assets of Etinde and Bomono, along with related working capital balances, and management have calculated the recoverable amount of the principal subsidiary by looking at the individual underlying net assets which reflect the nature of activities in the investment. Given there has been a change in the assessment of the recoverable amount of the underlying assets during the year predominantly due to impairment of the Bomono asset, we have audited management's assumptions and impairment assessment.	We concur with management assessment that, due to no decline in underlying asset valuations during the year, no indicators of impairment of investment balances have been identified, and consequently no impairment charges or reversals are required in the current year.

An Overview of the Scope of our Audit

Tailoring the Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the five reporting components of the Group, we selected five components covering entities within Africa and the UK, which represent the principal business units within the Group.

Of the five components selected, we performed an audit of the complete financial information of two components ('full scope components') which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 100% (2016: 100%) of the Group's loss before tax, 100% (2016: 100%) of the Group's revenue and 100% (2016: 100%) of the Group's total assets. For the current year, the full scope components contributed 100% (2016: 100%) of the Group's loss before tax, 100% (2016: 100%) of the Group's revenue and 100% (2016: 100%) of the Group's total assets.

Of the remaining three components that together represent 0% of the Group's net assets, none are individually greater than 1.5% of the Group's net assets. For these components, we performed other procedures, including analytical review on 'review scope' components, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

Involvement with Component Teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $5.2m (2016: $5.5m), which is 1.5% (2016: 1.5%) of net assets. We believe that net assets provides us with the most appropriate basis to use, due to there being no revenue generated in the business with all assets being in development stage, removing the consideration of an activity-based measure. The users of the business are therefore focused on the capital position of the Company which is largely reflective of the assets held.

Performance Materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2016: 75%) of our planning materiality, namely $3.9m (2016: $4.1m). We have set performance materiality at this percentage due to our expectation of misstatements based on low level of audit misstatements in the prior year, and our assessment of the control environment.

Reporting Threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $0.3m (2016: $0.3m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other Information

The other information comprises the information included in the annual report set out on pages 1 to 28, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

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

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

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

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

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

Matters on Which We Are Required to Report by Exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 28, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

James Nisbet (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
7 November 2017

Notes:
1. The maintenance and integrity of the Bowleven plc website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $'000	2016 $'000
Revenue		–	–
Administrative expenses	3, 5	**(11,720)**	(9,085)
Impairment charge	3	**(45,589)**	(122,305)
Unsuccessful exploration costs		–	(11,816)
Operating loss before financing costs	3	**(57,309)**	(143,206)
Finance income	6	**3,617**	13,937
Loss from continuing operations before taxation		**(53,692)**	(129,269)
Taxation	7	–	–
Loss for the year from continuing operations		**(53,692)**	**(129,269)**
Loss attributable to:			
Owners of the parent undertaking		**(53,692)**	(125,632)
Non-controlling interest		–	(3,637)
Basic and diluted loss per share ($/share) from continuing operations	8	**(0.17)**	(0.39)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

Group	Notes	2017 $'000	2016 $'000
Loss for the year		**(53,692)**	(129,269)
Other comprehensive income:			
Items that will be reclassified to profit and loss:			
Currency translation differences	18	**(3,183)**	(15,794)
Total comprehensive loss for the year		**(56,875)**	**(145,063)**
Attributable to:			
Owners of the parent undertaking		**(56,875)**	(141,426)
Non-controlling interest		–	(3,637)

Company	Notes	2017 $'000	2016 $'000
Loss for the year		**(49,460)**	(57,735)
Other comprehensive income:			
Items that will be reclassified to profit and loss:			
Currency translation differences	18	**(7,905)**	(76,057)
Total comprehensive loss for the year		**(57,365)**	**(133,792)**

GROUP BALANCE SHEET
30 JUNE 2017

	Notes	2017 $'000	2016 $'000
Non-current assets			
Intangible exploration assets	9	**172,698**	213,669
Property, plant and equipment	10	**177**	853
		172,875	214,522
Current assets			
Inventory	12	**2,353**	3,650
Trade and other receivables	13	**2,242**	2,955
Deferred consideration	14	**39,679**	54,688
Bank deposits	15	**500**	500
Cash and cash equivalents	15	**85,307**	88,026
		130,081	149,819
Total assets		**302,956**	**364,341**
Current liabilities			
Trade and other payables	16	**(1,511)**	(2,366)
Total liabilities		**(1,511)**	**(2,366)**
Net assets		**301,445**	**361,975**
Equity			
Called-up share capital	17, 18	**56,186**	55,504
Share premium	18	**861**	–
Foreign exchange reserve	18	**(71,843)**	(68,660)
Other reserves	18	**4,730**	15,102
Retained earnings		**311,511**	359,998
Total equity		**301,445**	**361,944**
Attributable to:			
Owners of the parent undertaking		**301,445**	361,944
Non-controlling interest	18	**–**	31
Total equity	18	**301,445**	**361,975**

The financial statements on pages 33 to 65 were approved by the Board of Directors and authorised for issue on 7 November 2017 and are signed on their behalf by:

Eli Chahin
Director

COMPANY BALANCE SHEET
30 JUNE 2017

	Notes	2017 $'000	2016 $'000
Non-current assets			
Property, plant and equipment	10	**171**	404
Investments	11	**216,602**	274,787
		216,773	275,191
Current assets			
Trade and other receivables	13	**1,180**	1,084
Bank deposits	15	**500**	500
Cash and cash equivalents	15	**84,936**	86,605
		86,616	88,189
Total assets		**303,389**	**363,380**
Current liabilities			
Trade and other payables	16	**(997)**	(1,788)
Total liabilities		**(997)**	**(1,788)**
Net assets		**302,392**	**361,592**
Equity			
Called-up share capital	17, 18	**56,186**	55,504
Share premium	18	**861**	–
Foreign exchange reserve	18	**(154,652)**	(146,747)
Other reserves	18	**1,246**	9,798
Retained earnings		**398,751**	443,037
Total equity		**302,392**	**361,592**

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the individual parent undertaking income statement. The result for the Company for the year was a loss of $49,460,000 (2016: loss of $57,735,000).

The financial statements on pages 33 to 65 were approved by the Board of Directors and authorised for issue on 7 November 2017 and are signed on their behalf by:

Eli Chahin
Director

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $'000	2016 $'000
Cash flows from operating activities			
Loss before tax		**(53,692)**	(129,269)
Adjustments to reconcile Group loss before tax to net cash used in operating activities:			
Depreciation of property, plant and equipment	3	**249**	655
Impairment charge	9, 10	**45,589**	122,305
Unsuccessful exploration costs	9	**–**	11,816
Finance income	6	**(3,617)**	(13,937)
Equity-settled share based payment transactions		**802**	1,332
Loss on sale of property, plant and equipment		**310**	21
Adjusted loss before tax prior to changes in working capital		**(10,359)**	(7,077)
Decrease in inventory		**1,297**	1,720
Decrease/(Increase) in trade and other receivables		**1,209**	(423)
(Decrease) in trade and other payables		**(246)**	(807)
Exchange differences		**93**	(354)
Net cash (used in) operating activities		**(8,006)**	**(6,941)**
Cash flows from/(used in) investing activities			
Net proceeds from deferred consideration arising from sale of intangible exploration assets in prior years	14	**15,000**	–
Purchases of property, plant and equipment	10	**(292)**	(390)
Purchases of intangible exploration assets	9	**(5,675)**	(47,821)
Receipts from sale of property, plant and equipment		**443**	40
Interest received		**659**	450
Net cash from/used in investing activities		**10,135**	**(47,721)**
Cash flows used in financing activities			
Proceeds from issue of share capital	18	**1,543**	–
Purchase of treasury shares	18	**(2,566)**	–
Shares purchased by EBT	18	**(3,434)**	(186)
Net cash flows used in financing activities		**(4,457)**	**(186)**
Net decrease in cash and cash equivalents		**(2,328)**	**(54,848)**
Effect of exchange rates on cash and cash equivalents		**(391)**	(1,877)
Cash and cash equivalents at the beginning of the year	15	**88,026**	144,751
Cash and cash equivalents at the year end	15	**85,307**	**88,026**

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $'000	2016 $'000
Cash flows from operating activities			
Loss before tax		**(49,460)**	(57,735)
Adjustments to reconcile Company loss before tax to net cash used in operating activities:			
Depreciation of property, plant and equipment	10	**236**	231
Impairment of investment	11	**58,147**	64,148
Finance income		**(3,609)**	(14,337)
Equity-settled share based payment transactions		**753**	1,239
Dividend received		**(15,000)**	–
Loss on disposal of fixed assets		**264**	–
Adjusted loss before tax prior to changes in working capital		**(8,669)**	(6,454)
Decrease in trade and other receivables		**578**	910
Decrease in trade and other payables		**(278)**	(414)
Exchange differences		**73**	122
Net (cash used) in operating activities		**(8,296)**	**(5,836)**
Cash flows from/(used in) investing activities			
Dividend from subsidiary undertaking		**15,000**	–
Proceeds from the sale of fixed assets		**11**	–
Funding to subsidiaries	11	**(4,635)**	(47,695)
Loan to subsidiary in respect of EBT	18	**(2,715)**	–
Purchases of property, plant and equipment	10	**(291)**	(385)
Interest received		**659**	450
Net cash from/(used in) investing activities		**8,029**	**(47,630)**
Cash flows (used-in)/from financing activities			
Proceeds from issue of share capital	18	**1,543**	444
Purchase of treasury shares	18	**(2,566)**	–
Net cash flows (used-in)/from financing activities		**(1,023)**	**444**
Net (decrease) in cash and cash equivalents		**(1,290)**	**(53,022)**
Effect of exchange rates on cash and cash equivalents		**(379)**	(1,948)
Cash and cash equivalents at the beginning of the year	15	**86,605**	141,575
Cash and cash equivalents at the year end	15	**84,936**	**86,605**

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

The format of the Group Statement of Changes in Equity has been changed slightly to improve the clarity of presentation.

	Called-up share capital $'000	Share premium $'000	Foreign exchange reserve $'000	Other reserves $'000	Retained earnings $'000	Attributable to owners of Parent Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 July 2015	**55,060**	**–**	**(52,866)**	**15,309**	**485,949**	**503,452**	**2,440**	**505,892**
Loss for the year		–	–	–	(125,632)	(125,632)	(3,637)	(129,269)
Other comprehensive income for the year	–	–	(15,794)	–	–	(15,794)	–	(15,794)
Total comprehensive income for the year	–	–	(15,794)	–	(125,632)	(141,426)	(3,637)	(145,063)
Proceeds from issue of share capital	444	–	–	(444)	–	–	–	–
Share based payments	–	–	–	1,332	–	1,332	–	1,332
Transfer between reserves	–	–	–	(909)	(319)	(1,228)	1,228	–
Shares purchased by EBT	–	–	–	(186)	–	(186)	–	(186)
At 30 June 2016	**55,504**	**–**	**(68,660)**	**15,102**	**359,998**	**361,944**	**31**	**361,975**
Loss for the year	**–**	**–**	**–**	**–**	**(53,692)**	**(53,692)**	**–**	**(53,692)**
Other comprehensive income for the year	**–**	**–**	**(3,183)**	**–**	**–**	**(3,183)**	**–**	**(3,183)**
Total comprehensive income for the year	**–**	**–**	**(3,183)**	**–**	**(53,692)**	**(56,875)**	**–**	**(56,875)**
Proceeds from issue of share capital	**682**	**861**	**–**	**–**	**–**	**1,543**	**–**	**1,543**
Share based payments	**–**	**–**	**–**	**802**	**–**	**802**	**–**	**802**
Transfer between reserves	**–**	**–**	**–**	**(6,788)**	**6,819**	**31**	**(31)**	**–**
Transfer from EBT reserve	**–**	**–**	**–**	**1,614**	**(1,614)**	**–**	**–**	**–**
Purchase of treasury shares	**–**	**–**	**–**	**(2,566)**	**–**	**(2,566)**	**–**	**(2,566)**
Shares purchased by EBT	**–**	**–**	**–**	**(3,434)**	**–**	**(3,434)**	**–**	**(3,434)**
At 30 June 2017	**56,186**	**861**	**(71,843)**	**4,730**	**311,511**	**301,445**	**–**	**301,445**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

The format of the Company Statement of Changes in Equity has been changed slightly to improve the clarity of presentation.

	Attributable to owners of Parent Company					
	Called-up share capital $'000	Share premium $'000	Foreign exchange reserve $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
At 1 July 2015	**55,060**	**–**	**(70,690)**	**9,993**	**499,862**	**494,225**
Loss for the year	–	–	–	–	(57,735)	(57,735)
Other comprehensive income for the year	–	–	(76,057)	–	–	(76,057)
Total comprehensive income for the year	–	–	(76,057)	–	(57,735)	(133,792)
Proceeds from issue of share capital	444	–	–	–	–	444
Share based payments	–	–	–	1,332	–	1,332
Transfer between reserves	–	–	–	(1,527)	1,527	–
Transfer from EBT	–	–	–	–	(617)	(617)
At 30 June 2016	**55,504**	**–**	**(146,747)**	**9,798**	**443,037**	**361,592**
Loss for the year	**–**	**–**	**–**	**–**	**(49,460)**	**(49,460)**
Other comprehensive income for the year	**–**	**–**	**(7,905)**	**–**	**–**	**(7,905)**
Total comprehensive income for the year	**–**	**–**	**(7,905)**	**–**	**(49,460)**	**(57,365)**
Proceeds from issue of share capital	**682**	**861**	**–**	**–**	**–**	**1,543**
Share based payments	**–**	**–**	**–**	**802**	**–**	**802**
Purchase of Treasury shares	**–**	**–**	**–**	**(2,566)**	**–**	**(2,566)**
Transfer between reserves	**–**	**–**	**–**	**(6,788)**	**6,788**	**–**
Transfer from EBT	**–**	**–**	**–**		**(1,614)**	**(1,614)**
At 30 June 2017	**56,186**	**861**	**(154,652)**	**1,246**	**398,751**	**302,392**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting Policies
Bowleven plc ('the Company') is a public limited company limited by shares, domiciled in the UK, registered in Scotland (company number SC: 225242). The registered office address is 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ Scotland.

The accounting policies set out below have been applied consistently to all the periods presented in these consolidated financial statements.

Basis of Preparation
The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The Company financial statements have been prepared in accordance with IFRS as adopted by the EU as applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The financial statements comply with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company operates using a functional currency of GB Pounds. These financial statements are presented in US Dollars, the Group's presentation currency, rounded to the nearest $'000.

Going Concern
After making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group has sufficient funds to meet ongoing working capital and committed capital expenditure requirements. In making this assessment, the Directors considered the Group budgets, the cash flow forecasts and associated risks.

Accounting Standards
During the year ending 30 June 2017, the following amendments/improvements endorsed by the EU became effective, which have had no significant impact on the Group:

IFRS 11 'Joint Arrangements'
The change to this standard requires that a joint operator accounting for an acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combination accounting. Furthermore, entities are required to disclose the information required in those IFRS in relation to business combinations.

Whilst this amendment has had no direct impact on the current or previous financial year, it may well do so in the future.

Standards and Interpretations Issued But Not Yet Effective
At the date that the financial statements were authorised for issue, the standards, interpretations and amendments that were in issue but not yet effective are set out in the table below. The Group are in the process of assessing the potential for each of these standards, interpretations and amendments having a significant impact on the Group's existing accounting policies and procedures or how the Group's results, cash flows and financial position are determined and reported. The Directors do not anticipate that the adoption of these standards will have a material impact on the Group's financial statements in the period of initial application. There is no intention to adopt any of these standards early.

Standard	Effective date
IAS 7 disclosure initiative – amendments to IAS 7 Requires additional disclosure to enable users to evaluate any changes in liabilities arising from financing activities (both cash and non-cash changes).	1 January 2017
IFRS 15 'Revenue from Contracts with Customers' Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The Group does not have revenue-generating activities, so until these commence there is no impact on the Group of the implementation of IFRS 15 and the Directors will continue to assess the application.	1 January 2018
IFRS 16 'Leases' The revised standard requires lessees to account for all leases under a single balance sheet model recognising both the rights to the asset and the liability arising under the lease. The Directors have considered the impact of application of the new standard on the Group's lease commitments and given the limited number of leases (see note 21) do not consider that implementation will have a significant impact.	1 January 2019
IAS 12 'Income Taxes' amendment – recognition of deferred tax assets for unrealised losses	1 January 2017
IFRS 9 'Financial Instruments'	1 January 2018

1 Accounting Policies continued

Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reporting amount of income and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Accounting estimates used by the Group are discussed in more detail in the following accounting policies:

- Oil and Gas: intangible exploration assets – carrying value and impairment
  - Note 9 sets out the key estimates and judgements relating to the assessment of the carrying value of intangible exploration assets including impairment considerations in the current and prior years.

Basis of Consolidation

The consolidated accounts include the results of the Company and all its subsidiary undertakings at the balance sheet date.

Joint Arrangements

Bowleven participates in joint arrangements which involve the joint control of assets used in the Group's oil and gas exploration and appraisal activities. All of the Group's current interests in these arrangements are determined to be joint operations. The Group accounts for its share of assets, liabilities, income and expenditure of the joint operation, classified in the appropriate balance sheet and income statement headings. Bowleven's interests in unincorporated joint arrangements are detailed in note 9.

Oil and Gas: Intangible Exploration Assets

The Group applies a successful efforts based method of accounting for exploration and appraisal costs and applies the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'.

Costs incurred prior to obtaining the legal right to explore an area are expensed directly to the income statement as they are incurred.

All licence acquisition, exploration and appraisal costs and directly attributable administration costs are capitalised initially as intangible assets by well, field or exploration area as appropriate.

In a situation where the Group benefits from a carry from a joint arrangement partner, no costs are recognised in intangible assets for the period of the carry. In a situation where the Group contributes through a carry to a joint arrangement partner, full costs are recognised in intangible assets for the period of the carry.

Once commercial reserves are established and technical feasibility for extraction determined, then the carrying cost, after adjusting for any impairment that may be required, of the relevant exploration and appraisal asset are then reclassified as a single field cost centre and transferred into development and producing assets. In the event that no commercial reserves have been found, the results of the exploration activity no longer contribute to ongoing exploration work, or, if the Group decides not to continue exploration and appraisal activity in the area, then the costs of such unsuccessful exploration and appraisal are written off to the income statement in the period in which the determination is made.

The carrying value of the Group's intangible exploration assets are set out in note 9.

Disposals

Net proceeds, including directly attributable costs of the transaction, from any disposal of an exploration/appraisal asset are credited initially against previously capitalised costs. Any surplus or shortfall in proceeds is taken to the income statement. Where the transaction reflects consideration in the form of a carry (or cash alternative on non-utilisation of carry) a financial asset is recognised. As and when the carry is utilised, those costs attributable to Bowleven are paid by the farminees and the costs recognised in Group intangible exploration assets, with a corresponding reduction to the financial asset.

Impairment

In accordance with IFRS 6, exploration and appraisal assets are reviewed whenever there is an indicator of impairment and costs written off where circumstances indicate that the carrying value of the asset exceeds the recoverable amount (being the higher of value in use and fair value less costs to sell).

The recoverable amount of an asset is calculated using a discounted cash flow model. The estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The estimates and assumptions used in preparing the discounted cash flow model are subject to risk and uncertainty. Therefore, there is a possibility that a change in circumstances will impact these projections, which may impact the recoverable amount of the assets.

The following are considered possible indicators of impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Expenditure on further exploration for and evaluation of mineral resources in the specific area is not planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where there has been a charge for impairment in an earlier period, that charge will be reversed when there has been a change in circumstances to the extent that the discounted future net cash flows are higher than the net book value at the time.

In reversing impairment losses, the carrying amount of the asset will be increased to the carrying value that would have been determined had no impairment loss been recognised in prior periods.

Oil and Gas: Evaluated Oil and Gas Properties (Development/Producing Assets)
There were no development and producing assets during the reported periods.

The significant components of the development and production assets are the fields. The fields are aggregated to represent the cost of developing the commercial reserves discovered, together with the exploration and appraisal costs transferred from intangible exploration and appraisal assets and the costs of bringing them into production.

The development and production costs also include:

- costs of assets acquired/purchased;
- directly attributable overheads;
- finance costs; and
- decommissioning and restoration.

Depletion
The Group will deplete expenditure on development and production assets using the unit of production method, based on proved and probable reserves on a field-by-field basis. The depletion calculation takes account of the estimated future costs of the development of recognised proved and probable reserves.

Impairment
Impairment reviews on development and production assets will be carried out on each cash-generating unit in accordance with IAS 36 'Impairment of Assets'.

Property, Plant and Equipment: Owned Assets
Property, plant and equipment are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, less anticipated disposal proceeds, on a straight line basis over their estimated useful economic lives as follows:

Leasehold improvements	over the life of the lease
Plant and machinery	over four years
Computer equipment	over three years
Motor vehicles	over four years

Impairment
Impairment reviews on property, plant and equipment will be carried out in accordance with IAS 36 'Impairment of Assets'.

Operating Lease Agreements
An operating lease is recognised where substantially all of the benefits and risks of ownership remain with the lessor and the lease payments under an operating lease agreement are charged against profits on a straight line basis over the period of the lease.

Lease incentives received are recognised in the income statement over the period of the lease as an integral part of the total lease expense.

1 Accounting Policies continued

Investments in Subsidiaries

Investments held as non-current assets are stated at cost less impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If the recoverable amount of the underlying assets within the investment is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Inventory

Inventories comprise equipment and materials purchased for various drilling programmes and are valued at the lower of cost and net realisable value.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets are categorised as held-to-maturity investments, available-for-sale financial assets, fair value through profit and loss or loans and receivables. All of the Group's financial assets are loans and receivables, with the exception of derivative financial instruments which are held at fair value through profit or loss.

Financial liabilities generally substantiate claims for repayment in cash or another financial asset. Financial liabilities are categorised as either fair value through profit or loss or held at amortised cost.

Derivative Financial Instruments

The Group's activities expose the entity to foreign currency rate risk. The Group can use foreign exchange forward contracts to hedge the exposure. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies, approved by the Board of Directors, which provide written principles over the use of financial derivatives.

Derivative financial instruments are stated at fair value and are remeasured each period and, where measurement differences occur, the gain or loss arising from the remeasurement in fair value is recognised immediately in the income statement. The Group did not use financial derivatives in the current or prior year.

Trade and Other Receivables

Trade receivables are recognised and carried at the original invoice amount less any provision for impairment. Other receivables are recognised and measured at nominal value less any provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the estimated cash flows. The carrying amount of the asset would be reduced through the use of a bad debt provision account and the amount of the loss would be recognised in the Income Statement within administrative expenses. Where a trade receivable is uncollectible, it would be written off against the bad debt provision account. No fair value calculations are made as the difference between the asset's net present value and carrying amount is not material.

Bank Deposits

Bank deposits with an original maturity of over three months are held as a separate category of current asset and presented on the face of the Balance Sheet.

Cash and Cash Equivalents

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

Trade Payables and Other Creditors

Trade payables and other creditors are non-interest bearing and are measured at cost. Cost is taken to be fair value on initial recognition.

Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share Based Transactions: Employee Benefits
The Group operates a number of equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options/LTIPs is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options/LTIPs granted. Fair value is determined by a third party using an appropriate suite of models, taking all market performance conditions and non-vesting conditions into account. Market performance conditions are linked to the growth of the Company's share price against movements in comparator group indices. Further information on performance conditions is provided in note 19. Non-market performance vesting and service conditions are included in assumptions about the number of options/LTIPs that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options/LTIPs that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the share based payment reserve. No expense is recognised for awards that do not ultimately vest except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether the market or non-vesting condition is met providing that all other performance/service conditions are met.

Where an employee that the Company designates as a 'good leaver' retains share options/LTIPs on leaving, under an award dated pre 1 July 2014, this is accounted for as a cancellation of the existing award and a replacement award (treated as a modification) as applied under the existing policy. Where the award is dated on or after 1 July 2014, this will be accounted for as a forfeiture, together with a new grant for any replacement award.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised/LTIPs vest and new shares are issued.

Shares acquired to meet awards under these share based compensation plans are held by the EBT. The accounts of the EBT are consolidated in the Group financial statements.

Share Based Transactions: Warrants
The Group has issued warrants in connection with a number of transactions with third parties. The fair value of warrants issued is determined in accordance with IFRS 2 based upon a valuation model. The proceeds received on exercise of warrants, net of any directly attributable transaction costs, will be credited to share capital (nominal value) and share premium when share warrants are converted into ordinary shares.

Current and Deferred Tax
The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised where a taxable temporary difference arises from the initial recognition of goodwill or where temporary differences arise from the initial recognition (other than in business combinations) of other assets and liabilities in a transaction which at the time of the transaction affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Current and deferred tax is charged or credited in the income statement, except when it relates to items credited or charged against other comprehensive income or equity, in which case the related tax is also dealt with in other comprehensive income or equity respectively.

Foreign Currencies
Transactions entered into in a currency other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

At each balance sheet date, the monetary assets and liabilities of the Group's entities that are not in the functional currency of that entity are translated into the functional currency at exchange rates prevailing at the balance sheet date. The resulting exchange differences are recognised in the income statement.

1 Accounting Policies continued

At each balance sheet date, for presentation purposes, the assets and liabilities of the Group's entities that do not use US Dollars as their functional currency are translated into US Dollars at exchange rates presiding at the balance sheet date, with gains or losses on retranslation being recognised through the foreign exchange reserve. Income and expense transactions are translated at the average exchange rates for the period, where average rates are a reasonable approximation of actual rates.

The entire Group, with the exception of the Parent Company, are US Dollar functional. For consistency, the Group presents its financial statements in US Dollars and it is industry practice to present in US Dollars. The exchange rate used for the retranslation of the closing balance sheet at 30 June 2017 is $1.2978/£1 (2016: $1.3433/£1).

2 Segmental Information

For financial reporting purposes, the Groups assets are aggregated into a single reporting segment as follows:

'Africa' operations focus on exploration and appraisal activities in Cameroon (2016: Cameroon and Kenya). All assets that are aggregated in this segment are in the exploration phase and operate under a similar regulatory environment. At the end of 2017, there are no remaining assets relating to Kenya.

'Other' includes amounts of a corporate nature which are not specifically attributable to the Africa segment, such as head office costs, property, plant and equipment and cash balances. These amounts are net of intercompany transactions.

	2017 Africa $'000	**2017 Other $'000**	**2017 Group $'000**	2016 Africa $'000	2016 Other $'000	2016 Group $'000
Administrative expenses	**(1,737)**	**(9,734)**	**(11,471)**	(737)	(7,693)	**(8,430)**
Depreciation	**(13)**	**(236)**	**(249)**	(424)	(231)	**(655)**
Impairment	**(45,589)**	**–**	**(45,589)**	(122,305)	–	**(122,305)**
Unsuccessful exploration costs	**–**	**–**	**–**	(11,816)	–	**(11,816)**
Foreign exchange gain	**7**	**2,865**	**2,872**	(400)	13,905	**13,505**
Interest income	**–**	**745**	**745**	–	432	**432**
(Loss)/gain for the year[(i)]	**(47,332)**	**(6,360)**	**(53,692)**	**(135,682)**	**6,413**	**(129,269)**
Capital expenditure	**4,620**	**291**	**4,911**	42,471	385	**42,856**
Non-current assets[(ii)]	**172,704**	**171**	**172,875**	214,118	404	**214,522**
Segment assets	**216,856**	**86,100**	**302,956**	276,310	88,031	**364,341**
Segment liabilities	**(514)**	**(997)**	**(1,511)**	(1,651)	(715)	**(2,366)**

(i) Segmental result.
(ii) The material non-current assets, within the Africa segment, relate to Cameroon.

Other segment assets include cash balances.

3 Operating Loss

Operating loss is stated after charging:

	Notes	**2017 $'000**	2016 $'000
Depreciation of property, plant and equipment	10	**(249)**	(655)
Operating lease rentals – land and buildings		**(403)**	(435)
Impairment charge	9	**(45,589)**	(122,305)
Unsuccessful exploration costs		**–**	(11,816)
Exceptional non-recurring administrative expenses	5	**(2,015)**	–

Audit and non-audit fees are analysed as follows:

In respect of Ernst & Young LLP and its associates:	**2017 $'000**	2016 $'000
Audit fees in respect of the Group[(i)]	**105**	**128**
Other fees to auditor and its associates:		
– auditing accounts of subsidiaries of the Company	**33**	42
– taxation compliance services	**30**	31
– taxation advisory services	**–**	37
– other assurance services	**22**	34
	85	**144**

(i) $15,000 of this relates to the Company (2016: $15,000).

4 Staff Costs and Directors' Emoluments

The average number of staff, including Executive Directors, employed by the Group and Company during the financial year amounted to:

	Group		Company	
	2017 Number	2016 Number	**2017 Number**	2016 Number
Management	**3**	4	**3**	4
Administration and operations	**28**	36	**19**	23
	31	**40**	**22**	**27**

The aggregate payroll costs for the above persons comprised:

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Wages and salaries	**4,612**	4,195	**4,448**	3,898
Social security costs	**606**	583	**606**	583
Pension benefit costs	**234**	271	**234**	271
Share based payments	**802**	1,332	**753**	1,239
	6,254	**6,381**	**6,041**	**5,991**

Company payroll is paid in GB Pounds and converted at $1.27/£1.00 (2016: $1.49/£1.00).

Payroll costs totalling $206,000 (2016: $513,000) included above are capitalised within intangible assets in EurOil Limited, as the amounts represent exploration costs. The share based payments charge relates entirely to share based payment transactions that will be equity-settled.

Since 1 October 2015, the Company has operated a non-contributory defined contribution personal pension scheme in the UK. All permanent employees of the Company are eligible to participate. The Company contributes a specified percentage of basic annual salary for permanent employees (into either the Company pension scheme or an individual personal pension plan) or, where statutory limits are applicable, pays them an equivalent salary alternative. Prior to 1 October 2015, the Company made a contribution of a specified percentage of basic salary to all permanent employees which they were required to pay into a personal pension plan.

Remuneration of Key Management Personnel

Changes in Directors During the Year

Changes in current and former Directors of the Company and Group during the year were as follows:

	Resignation date	Appointment date
Executives		
D Clarkson		
K Crawford	14 March 2017	
K Hart	14 March 2017	
E A F Willett	31 December 2016	
E. Chahin		14 March 2017
Non-Executives		
B Allan	30 March 2017	7 October 2016
J Martin	14 March 2017	
T Sullivan	14 March 2017	
P Tracy	14 March 2017	
C Ashworth		14 March 2017
J Darby		3 April 2017
M McDonald		17 August 2017

4 Staff Costs and Directors' Emoluments continued

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate.

Remuneration of Directors

	2017 $'000	2016 $'000
Short-term employee benefits	**1,397**	1,975
Long-term employee benefits	**–**	–
Post-employment benefits(i)	**101**	48
Compensation for loss of office	**1,094**	–
Directors' remuneration	**2,592**	2,023
Social security costs	**509**	376
Share based payments	**279**	723
Total	**3,380**	**3,122**

(i) Includes contributions from 1 October 2015 to the Company pension scheme or Directors' personal pension plan. Prior to 1 October 2015 and where statutory limits are applicable, the equivalent salary alternative is included within short-term benefits.

Directors' bonuses

No bonuses were paid in 2017 (2016: none).

Compensation for loss of office

Compensation for loss of office includes payments in lieu of contract notice periods and amounts payable in cash in accordance with compromise agreements between the Group and the former officers.

Long Term Incentive Plan

Three Directors received awards under the LTIP scheme (2016: four). The aggregate amount of gains on vesting of LTIPs was $971,000 translated at date of vesting (2016: $497,000).

The gains on vesting for the highest paid director in the year were $240,000 (2016: $187,000).

Further details on Directors' remuneration is provided in the Directors' Remuneration Report on pages 23 to 27, including further detail on LTIP grants, vestings and outstanding awards.

Bowleven Transformation Incentive Plan

One Director received an award under the BTIP set up during the year. No amounts vested in 2017.

Remuneration of Individual Directors

	Salary and fees $'000	Compensation for loss of office $'000	Pension benefits $'000	Other benefits $'000	Total 2017 $'000	Total 2016 $'000
Executives						
D Clarkson	307	–	31	–	**338**	394
K Crawford	219	299	21	1	**540**	329
K Hart(i)	346	444	34	1	**825**	568
E A F Willett	149	313	15	3	**480**	376
E Chahin	131	–	–	6	**137**	–
Non-Executives						
B Allan	75	–	–	–	**75**	75
C Cook	–	–	–	–	**–**	32
R G Hanna	–	–	–	–	**–**	65
J Martin	41	14	–	–	**55**	64
T Sullivan	36	12	–	–	**48**	60
P O J Tracy	36	12	–	–	**48**	60
C Ashworth	27	–	–	–	**27**	–
J Darby	19	–	–	–	**19**	–
M McDonald	–	–	–	–	**–**	–
Total	**1,386**	**1,094**	**101**	**11**	**2,592**	**2,023**

(i) Highest paid Director.

5 Exceptional Administrative Costs

During 2016/17, the Board called a general meeting of the shareholders in response to a request from the Group's largest shareholder, Crown Ocean Capital P1 Limited ('Crown'). Crown suggested that the Group's operations had been subject to poor management decision making and insufficient attention to investors' interests. The Board determined to undertake a strategic review of the Group's operations and report back to shareholders at a subsequent general meeting. During the strategic review and associated rebuttal of Crown's claims, the Group incurred legal and professional costs of circa $530,000.

At the general meeting on 14 March 2017, shareholders voted to remove all but one of the pre-existing Board members from office and appointed two new Directors. As a result of this decision, the Group made termination of employment payments to Executive Directors of $743,000. Subsequent to this meeting, the new Board implemented a series of actions to reduce the operating cost of the Group's head office function, as well as relocating the head office from Edinburgh to London. Head office redundancy costs of $742,000 were incurred as a result.

These costs were settled in cash and form part of the Group's cash flows from operating activities. We expect the costs to be fully deductible at the standard rate of UK Corporation tax.

6 Finance Income

	2017 $'000	2016 $'000
Bank interest	**745**	432
Exchange rate gain	**2,872**	13,505
	3,617	**13,937**

7 Taxation

(a) Recognised in the Income Statement:

	2017 $'000	2016 $'000
UK Corporation tax based on the results for the year at 19.8% (2016: 20.0%)	–	–

(b) Factors Affecting the Tax Charge for the Year

The charge for the year can be reconciled to the loss in the Income Statement as follows:

	2017 $'000	2016 $'000
Loss before tax	**(53,692)**	(129,269)
Corporation tax at the domestic income tax rate of 19.8% (2016: 20%)	**(10,604)**	(25,854)
Effects of:		
Expenses not deductible for tax purposes	**205**	418
Depreciation less than capital allowances	**(8)**	(31)
Tax losses not utilised/(utilised)	**1,383**	(1,356)
Impairment charge	**9,004**	24,461
Unsuccessful exploration costs	–	2,363
Other	**20**	(1)
Total tax	–	–

Applicable tax rate is computed at 19.8% (2016: 20%). The standard rate of UK Corporation tax is 20%, reducing to 19% from 1 April 2017. The Finance Act 2016 includes legislation to further reduce the rate from 1 April 2020 to 17%.

(c) Deferred Tax

At 30 June 2017, tax losses were $73.8m (2016: $67.1m). Tax losses will be carried forward and are potentially available for utilisation against taxable profits in future years. The Group has not recognised a deferred tax asset in respect of these tax losses and temporary differences as it does not currently meet the recognition criteria of IAS 12 'Income Taxes'. The asset will be recognised in future periods when its recovery (against appropriate taxable profits) is considered probable.

8 Basic and Diluted Loss per Share

The calculation of basic and diluted earnings per share is based on the following data:

	2017 $'000	2016 $'000
Net loss attributable to owners of the parent undertaking	**(53,692)**	**(125,632)**

	2017 Number	2016 Number
Basic weighted average number of ordinary shares	**323,699,879**	**325,888,290**

	2017 $'000	2016 $'000
Basic and diluted loss per share – ordinary shares	**(0.17)**	**(0.39)**

The loss attributable to ordinary shares and the number of ordinary shares for the purpose of calculating the diluted earnings per share are identical to those used in the basic earnings per share. The exercise of share options, LTIP awards and share warrants would have the effect of reducing the loss per share and consequently is not taken into account in the calculation for diluted loss per share.

9 Intangible Exploration Assets

Group	Exploration and appraisal expenditure $'000
Cost	
At 1 July 2015	380,621
Additions	42,466
Unsuccessful exploration costs	(11,816)
At 30 June 2016	**411,271**
Additions	4,618
At 30 June 2017	**415,889**
Impairment	
At 1 July 2015	(75,959)
Impairment loss	(121,643)
At 30 June 2016	**(197,602)**
Impairment loss	(45,589)
At 30 June 2017	**(243,191)**
Net book value	
At 30 June 2017	**172,698**
At 30 June 2016	**213,669**
At 1 July 2015	**304,662**

Further details of our plans as operator on the Bomono licence and as non-operator on the Etinde Permit are discussed in the Strategic Report. 2017 impairment of the Bomono exploration asset is detailed in note 9.

Refer to the table below and note 11 for further information regarding the Company's interests and joint arrangements as required under IFRS 12.

Intangible Asset	Equity Interest
Etinde Permit – Exploitation, Cameroon(i)	Bowleven 25%, NewAge Group(ii) 37.5%, LUKOIL 37.5%, SNH(iii) 0%
Bomono Permit, Cameroon	Bowleven 100%

(i) Classified as a joint operation in accordance with IFRS 11 'Joint Arrangements'.
(ii) NewAge/NewAge Group or subsidiaries thereof as appropriate.
(iii) Subject to completion of SNH back-in rights.

Impairment Considerations

The Group undertook a full impairment review of its exploration assets in December 2015 and the review was undertaken with consideration of the macro economic environment and prevailing market conditions in the oil and gas industry which has resulted in a prolonged period of lower global oil prices. During the current financial year, the inputs and assumptions which underlie the impairment review of the carrying value of intangible exploration assets undertaken as at 31 December 2015 have been reviewed and deemed appropriate by the Directors, and the Group considers that there have been no additional or material changes to the indicators of impairment identified at that date for the current year.
In addition to the underlying inputs and assumptions considered above, additional indicators of impairment have arisen in the current year specifically relating to the Bomono asset (as described in more detail below).

In carrying out the impairment assessment of each asset, the recoverable amount of the asset (fair value less costs of disposal using level 3 inputs based on IFRS 13 fair value hierarchy) was determined using a discounted cash flow model and is compared to the net book value of the intangible exploration asset in the financial statements. The discount rate has been calculated based on the post tax rate of 10% (unchanged from prior reporting period). The carrying value as at 30 June 2017 includes additions incurred since 31 December 2015 (the initial impairment date). The application of this impairment basis to each of the Group's assets is set out below.

Etinde

Given the market downturn, the Group's long-term oil price assumption has been retained at $65 per bbl (2016: $65 per bbl). The Etinde asset is considered to be a single cash-generating unit and includes historic exploration costs incurred on the Etinde Permit in line with the treatment of those costs for cost recovery purposes.

The discounted cash flow model used to assess the Etinde recoverable amount represents a conservative case, and only considers an initial development supplying gas to the planned fertiliser plant excluding any potential additional resources and offtake solutions that may result from planned appraisal drilling, in particular that of the Intra Isongo formation which will be targeted by two planned appraisal wells. Bowleven's estimated share of the drilling and testing of these wells is covered by a $40m net carry provided under the Etinde farm-out transaction that completed in March 2015.

As a result of this impairment review, no additional impairment charge is considered necessary, nor any impairment reversal and no additional amount has been recognised in the income statement (2016: $60.7m). The carrying value as at 30 June 2017 includes additions incurred since December 2015. The recoverable amount of the Etinde cash-generating unit calculated on the above basis remains $168.4m (2016: $168.4m).

Bomono

The Bomono asset is considered to be a single cash-generating unit. In the prior year, the Bomono asset was written down by a $61.0m impairment charge to its recoverable amount following an impairment review as at December 2015. The key valuation assumption used to assess the value of the Bomono licence for impairment purposes, was a gas price of $7/mmscf, which reflected the market downturn and was gauged against local market pricing in the absence of a gas sales agreement for the asset at that juncture.

This gas pricing assumption was applied to the discounted cash flow model which is based on the EA submission and assumes a small initial in-situ gas-to-power development. The recoverable amount of the Bomono asset calculated on the basis detailed above in 2016 was $36.6m (2015 $97.6m). The carrying amount of the Bomono asset at June 2016 reflected subsequent additions since December 2015.

In January 2017, the Group received an extension to the Bomono Exploration Authorisation of a further two years, extending the period to 12 December 2018. The Group continues to be actively engaged with the Cameroon authorities regarding the award of a PEA under the extended Exploration Authorisation. Pending the award of the PEA, to enable development and gas sales discussion progression, the team has completed its evaluation of the potential of both the shallower and deeper reservoirs encountered following the completion of drilling and testing activities in January 2016. A full inventory of existing contingent and prospective resources has been compiled.

In March 2017, the Board concluded initial discussions with VOG, an AIM listed oil and gas utility business with operations in Cameroon, to sell 80% of its investment in the Bomono PSC, subject to the finalisation of a number of conditions precedent. The most significant of which related to the receipt of Governmental approval, further extension of the licence term and the award of a PEA. These contractual arrangements had a 'longstop' date of 30 June 2017, which VOG has extended with our agreement to 31 December 2017. The conditions precedent have yet to be achieved and discussions continue with VOG and SNH.

The Directors consider the farm-out arrangement with VOG to be an ideal partnership for both parties to enable the successful development of the Bomono asset. VOG has a well established infrastructure and commercially orientated customer base around Douala in close proximity to the Moambe discovery in the Bomono licence area. There are currently few other potential development partners in Cameroon for an asset of this size and nature.

The Group have used this contractual arrangement as providing a reasonably definitive third party valuation point for the Bomono exploration asset at 30 June 2017. The principal consideration for the asset transfer is a royalty against future gas sales from the Moambe well, along with a small amount of VOG shares and a carry of up to $3m in value, against an estimate of $6m capital cost to bring the existing gas to market. The carry is subject to a clawback arrangement under which Bowleven might repay up to $2m.

9 Intangible Exploration Assets continued

In respect of the royalty agreement, there is some uncertainty regarding both the gas selling price, where there is a range of possible selling prices based on the agreement with VOG, upon which the royalty would be calculated, and the amount of gas that would be produced from the Moambe well. As a result, we are not able to determine the net present value of the royalty at the current time with sufficient reliability nor to estimate the net present value of Bowleven's continuing 20% share of the Bomono licence under the commercial terms agreed with VOG.

Should the farm-in arrangement with VOG not complete, then the Directors consider it unlikely that the Group will be able to present the Government with an alternative development plan for the licence area in the remaining time before the existing agreement terminates in December 2018. Furthermore, there is a risk that the Government will not approve a further extension to the Exploration Authorisation. In which case, any PEA would cease to be valid. Therefore, when considering these risks as a whole, the Directors' consider it unlikely that the Government will seek to extend the existing licence any further at the current time without attaching additional work commitments.

Given the ongoing negotiations and fundamental uncertainties, the recoverable amount of the Bomono asset has been determined to be zero, resulting in an impairment charge of $45.6m (2016: $61.0m) in the income statement.

Our discussions with VOG to date have suggested that there is little or no prospect of improving on the above commercial terms. Whilst we have also flagged other possible Bomono divestment scenarios, the likelihood is that any NPV improvement on the farm-in terms, if any, is likely to be marginal. To the extent any contractual arrangement is agreed and a possible valuation determination is possible on any royalty structure, or indeed Bowleven's 20% equity in the Bomono PSC, then an impairment reversal may be merited at that time.

Unsuccessful Exploration Costs

The licence interest in Kenya block 11B, the sole asset held in Bowleven Kenya (owned by Bowleven 70% and First Oil 30%), expired on 26 May 2016, the end of the initial phase of the exploration licence. Bowleven has not sought to extend the licence and has exited the development. Exploration costs of $11.8m had been incurred on the licence ($8.8m of which was funded by First Oil) and were fully impaired in 2016.

Etinde Farm-Out

On 16 March 2015, the Group completed a farm-out of part of its interest in the Etinde asset to LUKOIL Overseas West Project Ltd ('LUKOIL') and NewAge (African Global Energy) Ltd ('NewAge'). The operatorship of Etinde transferred to NewAge on that date with Bowleven retaining a 25% non-operated interest. $165m initial cash proceeds were received on 16 March 2015 along with a further $15m on 30 September 2016 on completion of appraisal drilling. In accordance with the Company's policy under IFRS 6 'Exploration for and Evaluation of Mineral Assets' the Group deducted the net proceeds received from the carrying value of intangible exploration assets in the prior years.

In addition to these cash payments, there is further deferred consideration:

- Up to $40m (net) carry for two Etinde appraisal wells, including testing (or cash alternative in 2020); and
- $25m cash contingent upon and to be received at Etinde development project FID.

A financial asset of $55m (note 14) was recognised for the deferred considerations relating to the two well future Etinde appraisal drilling carry (or cash alternative on non-utilisation of carry) of $40m and $15m relating to the completion of ongoing appraisal drilling noted above. The appraisal drilling carry is an element of the total transaction consideration so has been credited to intangible exploration assets along with the other elements of consideration. This credit to intangibles will be unwound as those appraisal drilling costs attributable to Bowleven are paid by the farminees and the costs recognised in Group intangible exploration assets.

The remaining $25m is currently disclosed as a contingent asset (note 20) and will be credited to intangible exploration assets once sufficient certainty on FID project sanction is achieved. This is likely to occur post appraisal drilling as key milestones are reached on the path to FID.

Company

No intangible assets were capitalised by the Company at the balance sheet date.

10 Property, Plant and Equipment

Group	Leasehold improvements $'000	Plant and machinery $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Cost					
At 1 July 2015	954	2,194	1,974	510	5,632
Foreign currency adjustment	(100)	(44)	(252)	–	(396)
Additions	–	3	387	–	390
Disposals	–	(47)	–	(32)	(79)
At 30 June 2016	**854**	**2,106**	**2,109**	**478**	**5,547**
Foreign currency adjustment	(14)	(10)	(59)	–	(83)
Additions	249	–	44	–	293
Disposals	(823)	(1,854)	(905)	–	(3,582)
At 30 June 2017	**266**	**242**	**1,189**	**478**	**2,175**
Depreciation and impairment					
At 1 July 2015	700	625	1,920	491	3,736
Foreign currency adjustment	(77)	(44)	(212)	–	(333)
Charge for year	131	429	95	–	655
Disposals	–	(13)	–	(13)	(26)
Impairment loss	–	662	–	–	662
At 30 June 2016	**754**	**1,659**	**1,803**	**478**	**4,694**
Foreign currency adjustment	(16)	(10)	(45)	–	(71)
Charge for year	112	12	125	–	249
Disposals	(584)	(1,423)	(867)	–	(2,874)
At 30 June 2017	**266**	**238**	**1,016**	**478**	**1,998**
Net book value					
At 30 June 2017	**–**	**4**	**173**	**–**	**177**
At 30 June 2016	**100**	**447**	**306**	**–**	**853**
At 1 July 2015	**254**	**1,569**	**54**	**19**	**1,896**

An impairment review of the carrying value of plant and machinery was carried out at 30 June 2016 and as a result an impairment loss was recognised. The recoverable amount of the assets were assessed using fair value less costs of disposal. No further indicators of impairment have been identified for the year end 30 June 2017.

10 Property, plant and equipment continued

Company	Leasehold improvements $'000	Plant and machinery $'000	Computer equipment $'000	Total $'000
Cost				
At 1 July 2015	689	310	1,451	2,450
Foreign currency adjustment	(100)	(44)	(251)	(395)
Additions	–	–	385	385
At 30 June 2016	**589**	**266**	**1,585**	**2,440**
Foreign currency adjustment	(15)	(10)	(62)	(87)
Additions	248	–	43	291
Disposals	(822)	(256)	(905)	(1,983)
At 30 June 2017	**0**	**0**	**661**	**661**
Depreciation				
At 1 July 2015	428	285	1,423	2,136
Foreign currency adjustment	(77)	(44)	(210)	(331)
Charge for year	131	21	79	231
At 30 June 2016	**482**	**262**	**1,292**	**2,036**
Foreign currency adjustment	(7)	(10)	(58)	(75)
Charge for year	109	4	123	236
Disposals	(584)	(256)	(867)	(1,707)
At 30 June 2017	**0**	**0**	**490**	**490**
Net book value				
At 30 June 2017	**–**	**–**	**171**	**171**
At 30 June 2016	**107**	**4**	**293**	**404**
At 1 July 2015	**261**	**25**	**28**	**314**

11 Investments

Company	Investment in subsidiaries $'000
Cost	
At 1 July 2015	671,627
Foreign currency adjustment	(60,262)
Additions	47,789
At 30 June 2016	**659,154**
Foreign currency adjustment	**(4,673)**
Additions	**4,635**
At 30 June 2017	**659,116**
Impairment	
At 1 July 2015	320,219
Impairment loss	64,148
At 30 June 2016	**384,367**
Impairment loss	**58,147**
At 30 June 2017	**442,514**
Net book value	
At 30 June 2017	**216,602**
At 30 June 2016	**274,787**
At 1 July 2015	**351,408**

Ongoing funding advanced from the Company to its subsidiaries is capitalised on a regular basis. During the year $4.6m (2016: $47.7m) has been capitalised. During the year $49,000 (2016: $94,000) was recognised as additions relating to Bowleven Resources Limited for the award of share options in the Company to the employees of EurOil Limited (Cameroon subsidiary of Bowleven Resources Limited).

A full impairment review of the carrying value of Investments in subsidiary undertakings was performed in 2017, giving rise to an impairment provision of $58.1m (2016: $64.1m).

The recoverable amount of the investments are determined using discounted future cash flows, on a basis consistent with that already disclosed in note 9 'Intangible Exploration Assets', and compared to the net book values of the investments in Bowleven Resources Limited and Bowleven New Ventures Limited in the financial statements. As a result of the current year update following the impairment provision of the Bomono intangible asset (note 9) and the dividend of $15m of Etinde deferred consideration distributed to the Company, a further impairment provision of $58.1m has been required in relation to the investment in Bowleven Resources Limited (2016: $60.5m). No impairment reversals or further provisions have been made against the carrying value of Bowleven New Ventures Limited (2016: $3.6m) in respect of the year to 30 June 2017. The recoverable amount of the investment in Bowleven Resources Limited was $215.4m (2016: $273.5m) as at 30 June 2017. The investment in Bowleven New Ventures Limited was assessed to have a recoverable amount of zero as at 30 June 2017 and 2016.

Investments comprise:

Company	Country of incorporation/registration	Holding	Class of share
Bowleven Resources Limited[(i)]	Scotland	100%[(viii)]	Ordinary £0.10
EurOil Limited[(i)]	Cameroon	100%	Ordinary 500,000 CFA
FirstAfrica Oil Limited[(ii)]	England and Wales	100%[(viii)]	Ordinary £0.001
GGPC Gabon (Epaemeno) Limited[(ii)]	British Virgin Islands	100%	Ordinary $1
EurOil Bomono Limited[(iii)]	British Virgin Islands	100%[(viii)]	Ordinary $1
Bowleven New Ventures Limited[(iv)]	Scotland	100%[(viii)]	Ordinary £1
Bowleven (Zambia) Limited[(iv)]	Scotland	100%	Ordinary £0.10
Bowleven (Kenya) Limited[(iv)]	Scotland	70%	Ordinary £1
Bowleven Etinde Limited[(v)]	British Virgin Islands	100%[(viii)]	Ordinary $1
Bowleven Holdings Limited[(vi)]	British Virgin Islands	100%[(viii)]	Ordinary $1
Bowleven Cameroon Limited[(vii)]	Scotland	100%	Ordinary £0.10

(i) Bowleven Resources Limited owns 100% of EurOil Limited. The principal activity of Bowleven Resources Limited is as an intermediate holding company for the operating subsidiary in Cameroon. The principal activity of EurOil Limited is to procure and analyse scientific and technical data in order to assess exploration and development potential for oil and gas production in the Republic of Cameroon and manage day-to-day operations in Cameroon.

(ii) FirstAfrica Oil Limited owns 100% of GGPC Gabon (Epaemeno) Limited. The principal activity of FirstAfrica Oil Limited is as an intermediate holding company for the subsidiary.

(iii) EurOil Bomono Limited is a dormant company owned 100% by Bowleven plc.

(iv) Bowleven New Ventures Limited owns 70% of Bowleven (Kenya) Limited and 100% of Bowleven (Zambia) Limited. The principal activity of Bowleven New Ventures Limited was to act as an intermediate holding company for the operating subsidiaries in Kenya and Zambia. The principal activities of Bowleven (Kenya) Limited and Bowleven (Zambia) Limited were to procure and analyse scientific and technical data in order to assess exploration and development potential for oil and gas production in Kenya and Zambia respectively. All Kenya and Zambia licences have expired/been relinquished.

(v) Bowleven Etinde Limited is a dormant company owned 100% by Bowleven plc.

(vi) Bowleven Holdings Limited is a dormant company owned 100% by Bowleven plc.

(vii) Bowleven Cameroon Limited is a dormant company owned 100% by Bowleven plc.

(viii) Bowleven Resources Limited, FirstAfrica Oil Limited, EurOil Bomono Limited, Bowleven New Ventures Limited, Bowleven Etinde Limited, Bowleven Holdings Limited and Bowleven Cameroon Limited are directly held by Bowleven plc. All other subsidiaries are indirectly held. The registered office of all Scotland registered Companies is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ Scotland. EurOil Limited's registered address is PO Box 643, Limbe, South West Province, Republic of Cameroon. The registered address for the British Virgin Island companies is c/o Estera Corporate Services, Jayla Place, Wickham Cay, PO Box 3190, Road Town, Tortola, British Virgin Islands. The registered address for FirstAfrica Oil Limited is Suite 1, Collegiate House, 9 St Thomas Street, London SE1 9RY.

All subsidiaries are included in the Group consolidation.

12 Inventory

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Inventory	**2,353**	**3,650**	**–**	**–**

The inventories relate to the casing, tubular goods and other equipment which were purchased for drilling programmes.

13 Trade and Other Receivables

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Trade receivables	**53**	–	**–**	–
Other receivables	**998**	1,778	**99**	541
Amounts owed by Group undertakings	**–**	–	**685**	–
JV debtors and prepayments	**757**	587	**–**	–
Accrued interest	**117**	31	**117**	31
	1,925	**2,396**	**901**	**572**
Other taxation and social security	**45**	124	**45**	119
Prepayments	**272**	435	**234**	393
	2,242	**2,955**	**1,180**	**1,084**

Group:
As at 30 June, the ageing analysis of trade and other receivables, excluding prepayments and taxation and social security, is as set out below:

	Total $'000	Current $'000	<30 days $'000	30-60 days $'000	60-90 days $'000	90-120 days $'000	>120 days $'000
2017:							
Neither past due nor impaired	**1,727**	**1,727**	**–**	**–**	**–**	**–**	**–**
Past due but not impaired	**198**	**–**	**–**	**–**	**–**	**–**	**198**
As at 30 June 2017	**1,925**	**1,727**	**–**	**–**	**–**	**–**	**198**
2016:							
Neither past due nor impaired	2,198	2,198	–	–	–	–	–
Past due but not impaired	198	–	–	–	–	–	198
As at 30 June 2016	**2,396**	**2,198**	**–**	**–**	**–**	**–**	**198**

Trade and other receivables, neither past due nor impaired, consist of current receivables that the Group views as recoverable in the short term. There are no concerns regarding the credit quality of these receivables.

Company:
As at 30 June, the ageing analysis of trade and other receivables, excluding prepayments and taxation and social security, is as set out below:

	Total $'000	Current $'000	<30 days $'000	30-60 days $'000	60-90 days $'000	90-120 days $'000	>120 days $'000
2017:							
Neither past due nor impaired	**901**	**901**	**–**	**–**	**–**	**–**	**–**
As at 30 June 2017	**901**	**901**	**–**	**–**	**–**	**–**	**–**
2016:							
Neither past due nor impaired	572	572	–	–	–	–	–
As at 30 June 2016	**572**	**572**	**–**	**–**	**–**	**–**	**–**

14 Deferred Consideration

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Deferred consideration	**39,679**	**54,688**	**–**	**–**

As at 30 June 2017 there is a financial asset of $39.7m (2016: $54.7m) arising from the Etinde farm-out (see note 9 for further detail). $15m deferred cash consideration was received on 30 September 2016 in respect of ongoing appraisal drilling. The initial, outstanding amount was $40m (net) relating to two appraisal wells carry on the Etinde asset (or cash alternative if not completed by 2020). The financial asset will unwind as the carry is utilised through appraisal drilling and/or when the deferred cash is received respectively. The Etinde field operator has cash called a small amount of the sum outstanding in the year. Any discounting applied for this period would be immaterial so no adjustment has been made.

15 Bank Deposits, Cash and Cash Equivalents

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Bank deposits	**500**	**500**	**500**	**500**
Cash at bank and in hand	**647**	21,525	**276**	20,104
Short-term deposits	**84,660**	66,501	**84,660**	66,501
	85,307	**88,026**	**84,936**	**86,605**

The Group and Company balances as at 30 June 2017 include $0.5m (2016: $0.5m) of restricted cash to cover bank guarantees held in short-term deposits. The bank guarantees are a requirement of current operating activities.

16 Trade and Other Payables

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Trade payables	**154**	489	**117**	524
Amounts due to Group undertakings	**–**	–	**–**	513
JV creditors and accruals	**377**	1,050	**–**	–
	531	**1,539**	**117**	**1,037**
Other taxation and social security	**591**	199	**526**	190
Accruals	**389**	628	**354**	561
	1,511	**2,366**	**997**	**1,788**

Group:
The table below summarises the maturity profile of the Group's financial liabilities at 30 June based on contractual undiscounted payments:

	2017			2016		
	Less than one month $'000	**Greater than one month $'000**	**Total $'000**	Less than one month $'000	Greater than one month $'000	Total $'000
Trade payables	**154**	**–**	**154**	489	–	489
JV creditors and accruals	**377**	**–**	**377**	1,050	–	1,050
	531	**–**	**531**	**1,539**	**–**	**1,539**

Due to the expiry of the block 11B licence in Kenya on 26 May 2016, no repayment will be made in respect of funding received from First Oil and accordingly, no liability is recorded.

Company:
The table below summarises the maturity profile of the Company's financial liabilities at 30 June based on contractual undiscounted payments:

	2017			2016		
	Less than one month $'000	**Greater than one month $'000**	**Total $'000**	Less than one month $'000	Greater than one month $'000	Total $'000
Trade payables	**117**	**–**	**117**	**1,037**	**–**	**1,037**

17 Issued Share Capital

	2017 Number	2016 Number	**2017 $'000**	2016 $'000
Allotted, called-up and fully paid:				
Ordinary shares of £0.10 each at 1 July	**327,275,601**	324,348,616	**55,504**	55,060
Issued during the year	**5,371,678**	2,926,985	**682**	444
Issued on exercise of share options		–	**–**	–
At 30 June	**332,647,279**	**327,275,601**	**56,186**	**55,504**

During the year the Company issued 5,371,678 (2016: 2,926,985) ordinary shares in respect of share options. The issue amounted to an aggregated nominal value of $682,000 (2016: $444,000) and an increase in the share premium reserve of $861,000 (2016: $nil).

18 Equity and Reserves

Equity Share Capital and Share Premium

The balance classified as equity share capital and share premium includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising ordinary shares of £0.10 each, as disclosed in note 17. Available distributable reserves in the Company are assessed in the functional currency of the Company, which is GB Pounds.

Foreign Exchange Reserve

Unrealised foreign exchange gains and losses arise on translation of the Company's GB Pounds functional results into US Dollars presentation currency in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

Other Reserves – Group

Other reserves in the Group balance sheet can be analysed as follows:

Group	Treasury shares $'000	Share based payment reserve $'000	Shares held in trust $'000	Merger reserve $'000	Total other reserves $'000
Balance at 1 July 2015	**–**	**10,177**	**(105)**	**5,237**	**15,309**
Proceeds from issue of share capital	–	–	(444)	–	(444)
Transfer between reserves	–	(1,527)	618	–	(909)
Share based payments	–	1,332	–	–	1,332
Shares purchased by EBT	–	–	(186)	–	(186)
Purchase of treasury shares	–	–	–	–	–
Balance at 30 June 2016	**–**	**9,982**	**(117)**	**5,237**	**15,102**
Transfer between reserves	**–**	**(6,788)**	**–**	**–**	**(6,788)**
Transfer from EBT reserve	**–**	**–**	**1,614**	**–**	**1,614**
Share based payments	**–**	**802**	**–**	**–**	**802**
Shares purchased by EBT	**–**	**–**	**(3,434)**	**–**	**(3,434)**
Purchase of treasury shares	**(2,566)**	**–**	**–**	**–**	**(2,566)**
Balance at 30 June 2017	**(2,566)**	**3,996**	**(1,937)**	**5,237**	**4,730**

Share Based Payment Reserve

The balance held in the share based payment reserve relates to the fair value of the LTIPs and share options that have been expensed through the Group income statement. The transfer between reserves relates to LTIPs and share options exercised or lapsed in the period and represent the amount previously expensed through the Group income statement.

Shares Held in Trust

The balance in the shares held in trust reserve 4,639,563 shares (2016: 302,895 shares) relates to Bowleven plc shares held by the EBT for the settlement of share based payment obligations. During the year, the EBT purchased 9,201,577 shares (2016: 3,544,633 shares) and issued 4,864,909 shares (2016: 3,378,515).

Merger Reserve

The balance held in the merger reserve is the result of a Group reconstruction in 2002.

Treasury Shares

The Company initiated a share buyback programme on 19 August 2016 for a maximum aggregate consideration of up to $10m, the purpose being to reduce the outstanding issued share capital of the Company. The Board considered that the share buyback programme would be in the shareholders' interests, being accretive to net asset value per share whilst retaining sufficient financial flexibility to evaluate growth options. The Company entered into an agreement with its then broker, Macquarie Capital (Europe) Limited to repurchase shares on its behalf, such shares being held by the Company in treasury. The share buyback programme was executed in accordance with the Company's general authority to make market purchases which was approved by shareholders at the AGM on 16 December 2015 and the Company retained discretion in respect of the volume, timing and price of shares to be repurchased. The share buyback arrangements were terminated at the AGM on 14 December 2016. The Company repurchased 7,807,281 shares into treasury, having a nominal value of £780,728. The aggregate amount of consideration paid by the Company for those shares was £2,566,000.

Non-Controlling Interest

Bowleven Kenya is included in the Group accounts as a subsidiary with the 30% First Oil shareholding recognised as a non-controlling interest (note 11). In the year to 30 June 2015 funding from the non-controlling interest was received. This relates to interest free funding to Bowleven Kenya from First Oil, repayable at such time as the Board of Bowleven Kenya resolve Bowleven Kenya has proceeds available to make a repayment. Given the expiry of the block 11B licence in Kenya on 26 May 2016, no repayment will be made in respect of funding received from First Oil and accordingly, no liability is recorded.

Other Reserves – Company
Other reserves in the Company balance sheet can be analysed as follows:

Company	Treasury shares $'000	Share based payment reserve $'000	Total Other reserves $'000
Balance at 1 July 2015	**–**	**9,993**	**9,993**
Transfer between reserves	–	(1,527)	(1,527)
Share based payments	–	1,332	1,332
Balance at 30 June 2016	**–**	**9,798**	**9,798**
Transfer between reserves	**–**	**(6,788)**	**(6,788)**
Share based payments	**–**	**802**	**802**
Purchase of Treasury shares	**(2,566)**	**–**	**(2,566)**
Balance at 30 June 2017	**(2,566)**	**3,812**	**1,246**

Company reserves are as defined above.

19 Share Based Payments

The Group operates share based payment schemes for the benefit of its employees. The Group has also issued share based payments in connection with third party transactions.

Approved and Unapproved Company Share Option Plan (CSOP) Scheme
Options granted under the approved CSOP are exercisable three to ten years following the date of grant. Options granted under the unapproved CSOP Scheme are exercisable two to ten years following the date of grant or three to ten years following the date of grant depending on the grant date. The options issued prior to 31 December 2007 are not subject to performance conditions on exercise. Options issued after 31 December 2007 are subject to the following performance conditions attached to their exercise:

- an increase in Bowleven plc's share price of at least 5% per annum on a compound basis over the period from the date of grant of the options up to the date they are exercised; and
- the percentage increase in Bowleven plc's share price over the same period being at least equal to or greater than the percentage movement in the FTSE AIM Oil & Gas Index.

The options granted under the unapproved CSOP Scheme on 11 December 2008 have special performance conditions attached to their exercise as follows in that they are conditional upon the Company's performance over the period of two years from the date of grant being the median position or above, relative to other oil and gas companies in its comparator group.

Both schemes were adopted by the Directors on 10 December 2004 and the approved scheme was approved by the Inland Revenue with effect from 15 December 2004. Under the approved scheme, certain employees were granted options which are exercisable between 2008 and 2026 at prices between £0.20 and £3.80.

Under the unapproved scheme, certain employees were granted options which are exercisable between 2007 and 2026 at prices between £0.20 and £3.80.

During 2017, a number of employees were made redundant. The Remuneration Committee determined that each leaver was to be treated as a 'good leaver' under the scheme rules and permitted each employee to exercise their full option rights in the 12-month period following their redundancy.

19 Share based payments continued

The following table details the number, weighted average exercise price (WAEP) and weighted average contractual life (WACL) of share options for the approved and unapproved schemes as at the Balance Sheet date:

	Approved			Unapproved		
	Number	WAEP £	WACL Years	Number	WAEP £	WACL Years
Outstanding at 1 July 2015	**484,924**	**1.16**	**6.22**	**11,761,378**	**0.65**	**7.40**
Granted during the year	698,137	0.21	–	2,036,768	0.20	–
Exercised during the year	–	–	–	–	–	–
Lapsed during the year	(63,021)	1.63	–	(2,659,691)	0.79	–
Outstanding at 30 June 2016	**1,120,040**	**0.54**	**8.02**	**11,138,455**	**0.53**	**7.08**
Granted during the year	1,027,444	0.22	–	7,410,863	0.23	–
Exercised during the year	(451,828)	0.30	–	(4,919,850)	0.30	–
Lapsed during the year	(908,753)	0.77	–	(4,878,204)	0.92	–
Outstanding at 30 June 2017	**786,903**	**0.67**	**–**	**8,751,264**	**0.68**	**–**
Exercisable at 30 June 2017	**786,903**	**0.67**	**–**	**8,751,264**	**0.68**	**–**
Exercisable at 30 June 2016	**301,871**	**1.41**	**–**	**5,275,228**	**0.85**	**–**

During the current financial year, the Remuneration Committee and the Board changed the terms of the share options already in issue, following two rounds of redundancies. As a result of these changes, the fair value of certain options changed, resulting in the requirement to update the valuation model. The valuation assumptions used in respect of both the revaluation and the awards during the year were calculated using a Monte Carlo model at the date of grant or change in scheme rules, utilising the following inputs:

	May 2017 Revaluation	December 2016 Revaluations	**New options issued 2016/17**	2015 and 2016
Risk-free rate	**0.07%**	0.02%	**0.29%**	0.49%-0.92%
Expected volatility	**37.2%**	45.3-45.9%	**45.4%**	48.9%-59.9%
Dividend yield	**0%**	0%	**0%**	0%
Vesting period	**1 year**	1 year	**2-3 years**	2-3 years
Expected life	**1 year**	1 year	**7 years**	7 years
Expected departures during vesting period	**0%**	0%	**5%**	5.0%

Prior to 1 July 2012 awards were valued using a binomial model.

The weighted average fair value of approved options granted during the year was £0.06 (2016: £0.06). The weighted average fair value of unapproved options granted during the year was £0.06 (2016: £0.06). Settlement is in shares and the exercise price is the share price at date of grant. Expected volatility has been set as an estimate of the rate which the Company share price is expected to fluctuate during the life of the option. Estimation included consideration of movements in the historic volatility of the Company share price. 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 weighted average share price during the year was £0.23 (2016: £0.23).

Long Term Incentive Plan (LTIP)

The fair value of the LTIP scheme awards has been calculated using an appropriate suite of models. The main inputs to the model are as per the share option schemes above. In addition, the following assumptions were used in calculating the fair value of LTIP awards:

	2017	2016
Risk-free rate	**0.29%**	0.76%
Expected volatility	**45.4%**	49.4%
Dividend yield	**0%**	0%
Expected life	**3 years**	3 years

The vesting date is three years from the date the LTIP was awarded.

Performance Conditions
A proportion of the LTIP awards will vest if the total shareholder return in the Company ranks median or above when compared with the total shareholder return of a pre-defined list of its 14 (2016: 14) main competitors ('the comparators') over the vesting period.

The awards under the existing LTIP are shown below:

	Number
Outstanding at 1 July 2015	**14,391,429**
Granted during the year	6,684,564
Expired during the year	(1,161,203)
Vested during the year	(3,378,515)
Outstanding at 1 July 2016	**16,536,275**
Granted during the year	3,378,551
Expired during the year	(10,685,223)
Vested during the year	(4,864,909)
Outstanding at 30 June 2017	**4,364,694**

As at 30 June 2017, there were 4,364,694 awards (2016: 16,536,275) outstanding with a weighted average grant price of £0.23 (2016: £0.26) and a weighted average remaining contractual life of 1.2 years (2016: 1.76 years).

The weighted average fair value of LTIP awards granted during the year was £0.06 (2016: £0.06) and the weighted average share price at the date of grant of LTIP awards granted during the year was £0.22 (2016: £0.20).

During the year, a number of Directors and senior managers left employment with the Group. For each individual, the Remuneration Committee determined which LTIP awards had met or partially met the appropriate performance criteria. On this basis a number of awards were considered to have vested. Other LTIP awards were considered to have lapsed.

Bowleven Transformation Incentive Plan
The Plan was adopted by the Board of the Company on 9 May 2017. The purpose of the Plan is to motivate employees of the Company in alignment with the Company's long-term goals and performance. Options are issued at the discretion of the Remuneration Committee.

Options granted under the Plan cover a performance period running between the date of grant and 31 March 2022. The options vest from the release date, determined by the Board based on the attainment of certain performance criteria. The options may be exercised in the subsequent period up to a maximum of ten years from the grant date. The performance conditions relate to the attainment of certain share prices points between £0.45 and £0.80 pence per share for a continuous period of at least three months and meeting the annual cost underpin criteria, whereby the annual cash costs incurred must be below the amount set out in cash expenses target set by the Board. The options have a nil exercise price.

The awards under the Plan during the year are as follows:

	Number
Outstanding at 1 July 2016	**–**
Granted during the year	10,000,000
Expired during the year	–
Vested during the year	–
Outstanding at 30 June 2017	**10,000,000**

The fair value of the BTIP scheme awards has been calculated using an appropriate suite of models. The main inputs to the model are as per the share option schemes below using a trinomial pricing model applying a Monte Carlo simulation. In addition, the following assumptions were used in calculating the fair value of LTIP awards:

	2017
Risk-free rate	**0.48%**
Expected volatility	**48.5%**
Dividend yield	**0%**
Vesting period	**5 years**
Expected life	**10 years**
Expected departures during vesting period	**0**

The weighted average fair value of BTIP award granted during the year was £0.04.

Warrants
During 2015, 6,875,000 warrants were issued to Macquarie under the terms of a now-expired bridge facility at an exercise price of 50 pence, exercisable by 30 June 2018. The warrants were valued using a Black-Scholes pricing model at 2.69 pence each.

20 Contingent Assets

The Group has the following contingent asset:

	2017 $'000	2016 $'000
Etinde farm-out contingent consideration	**25,000**	25,000
	25,000	**25,000**

As at 30 June 2017 the Group has a contingent asset of $25m (2016: $25m) arising from the Etinde farm-out (see note 9 for further detail). The amount is contingent on a FID being reached on the development of the Etinde field by all parties. A financial asset will be recognised in the balance sheet and this final consideration for the Etinde farm-out transaction credited to intangible exploration assets once sufficient certainty on FID project sanction is achieved. This is likely to occur post appraisal drilling as key milestones are reached on the path to FID.

21 Commitments Under Operating Leases

The Group has entered into non-cancellable operating leases for certain land and buildings. No restrictions have been placed on the lessee by entering into these leases. Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
Group	2017 $'000	2016 $'000
No later than one year	–	238
More than one year but not more than five years	–	–
	–	**238**

	Land and buildings	
Company	2017 $'000	2016 $'000
No later than one year	–	200
More than one year but not more than five years	–	–
	–	**200**

In 2017 and 2016, total rent paid was $403,000 and $435,000 respectively. Leasing terms range mainly between one and five years, with an average term of approximately two years. All leases have been entered into on conventional commercial terms. Certain contracts include renewal options. Subsequent to the end of the financial year, the leases on the existing office space ended and new office leases have been signed in the UK and Cameroon. The total commitment under these agreements is $40,000 per annum in respect of a two-year lease.

22 Financial Instruments

The Group's and Company's principal financial instruments comprise cash and cash equivalents and deferred consideration. The main purpose of these financial instruments is to finance the Group's and Company's operations. The Group and Company have other financial instruments, which mainly comprise trade receivables and trade payables arising directly from its operations.

Financial Risk Factors

The Group's and Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's and Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and Company's financial performance.

The Group and Company finance department identifies, evaluates and manages financial risks under policies approved by the Board of Directors. The Board provides guidance on overall risk management including foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The principal aim of the Risk Management Policy is to minimise financial risks and ensure adequate cash is available to the Group and Company.

(a) Market Risk

Foreign Exchange Risk

The Group and Company operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the GB Pound and the US Dollar.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the functional currency of a Group company. The Group and Company manage exposures that arise from receipt of monies in a non-functional currency by matching receipts and payments in the same currency.

The Group reports in US Dollars which, with the majority of assets US Dollar denominated, minimises the impact of foreign exchange movements on the Group's balance sheet.

As at the year end the following bank deposits were held in the denominated currencies:

Group Deposits and cash at bank:	**In currency 2017 '000**	**In US Dollars 2017 '000**	In currency 2016 '000	In US Dollars 2016 '000
GB Pound	**1,591**	**2,065**	6,872	9,233
US Dollar	**83,529**	**83,529**	79,223	79,223
Central African Franc	**122,071**	**212**	17,110	29
Kenya Shillings	**86**	**1**	4,211	41

Company Deposits and cash at bank:	**In currency 2017 '000**	**In US Dollars 2017 '000**	In currency 2016 '000	In US Dollars 2016 '000
GB Pound	**1,585**	**2,057**	6,866	9,225
US Dollar	**83,377**	**83,377**	77,880	77,880
Central African Franc	**638**	**1**	324	–
Kenya Shillings	**86**	**1**	86	–

Surplus funds are placed on short-term deposits and money market funds at floating rates.

The Group and Company are exposed to foreign exchange risk relating to translation of foreign currency balances under IFRS, mainly between US Dollar and GB Pound. The table below shows the impact that a change in the US Dollar to GB Pound rate would have had on (loss)/profit before tax and equity, all other variables being held constant.

	Effect on loss before tax	
Change in US Dollar:GB Pound rate	**2017 $m**	2016 $m
+10%	**(8)**	(8)
-10%	**8**	8

(b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. The Group invests primarily in funds with institutions holding a Moody's long-term deposit rating of A2 or above, or with AAA-rated money market funds. The Board may from time to time approve the use of banks rated P2 or above, with investment assessed on a case by case basis (limited to $3m per bank). The Directors believe their choice of bank reduces the credit risk exposure of the Group.

Counterparty risk is monitored on a regular basis and the Group and Company aim to minimise its exposure by investing funds with a number of counterparties at any one time, with a maximum of $25m (or 25% if total cash balance greater than $100m) held with any one bank. As at 30 June 2017, the largest balance held with one institution was $25m (2016: $19.7m).

The Group and Company adopt a prudent approach to cash management to maximise safety, liquidity and yield. Developments in the market are closely monitored and if increasing counterparty risk is identified, funds are fully redeemed and invested with alternative institutions. Neither the Group or Company have any offset arrangements.

As the Group and Company are not yet trading, they are not yet exposed to the credit risks associated with trade receivables. The Group has JV receivables balances and deferred consideration receivable relating to the Etinde farm-out, both of which are monitored on an ongoing basis with appropriate follow-up action taken if necessary.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

22 Financial instruments continued

(c) Liquidity Risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due. The Group and Company prepare cash flow information on a regular basis, which is reviewed by Directors and senior management.

Management's objectives are to retain sufficient liquid funds to enable them to meet their day-to-day obligations as they fall due whilst maximising returns on surplus funds.

The Group and Company currently finance their operations from existing cash reserves which, in the past, have been funded from share issues. During 2015, the Group completed the Etinde farm-out and received cash proceeds of $165m on completion with a further $15m received on 30 September 2016. There is further deferred consideration relating to the Etinde farm-out totalling $64.7m receivable as a combination of cash and carry for appraisal drilling activity (refer to note 9). As the Group moves towards development, alternative sources of funding are likely to be used.

The Group and Company currently have surplus cash, which is placed predominantly in short-term variable-rate deposit accounts or invested in money market funds. The Directors believe this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise.

Management monitors rolling forecasts of the Group's and Company's cash and cash equivalents on the basis of expected cash flows. In addition, the Group's and Company's Liquidity Management Policy involves projecting cash flows for capital expenditure and considering the level of liquid assets necessary to meet these.

Cash and cash equivalents include restricted cash of $0.5m (2016: $0.5m) as detailed in note 15.

The Group and Company have no borrowing facilities (with the exception of the interest free funding from First Oil) that require repayment and therefore have no interest rate risk exposure. The maturity profile of the Company's liabilities is shown in note 16.

Capital Risk Management

The Group's and Company's objectives when managing capital, maintained on an ongoing basis, are to maintain a strong capital base so as to preserve investor, creditor and market confidence, sustain the future development of the business and achieve an optimal capital structure to reduce the cost of capital to the Group and Company. The Group currently considers equity to be the principal capital source of the Group alongside farm-out opportunities. As the Group moves towards development, alternative sources of funding are likely to be used.

In order to maintain or adjust the capital structure, the Group and Company may issue fresh equity, return capital to shareholders (cancellation of share premium account completed in prior year, refer to note 18), farm-out part of its assets or source debt funding.

Other funding sources include funding from the non-controlling interest. This relates to interest free funding to Bowleven Kenya from First Oil. Given the expiry of the block 11B licence in Kenya on 26 May 2016, no repayment will be made in respect of funding received from First Oil and accordingly, no liability is recorded.

No changes were made in the objectives, policies or processes during the year ended 30 June 2017.

	Group 2017 $'000	Group 2016 $'000	**Company 2017 $'000**	Company 2016 $'000
Trade and other payables	**(1,511)**	(2,366)	**(997)**	(1,788)
Bank deposits, cash and cash equivalents	**85,807**	88,526	**85,436**	87,105
Net funds	**84,296**	86,160	**84,439**	85,317
Equity	**301,445**	361,975	**302,392**	361,592
Equity less net funds	**217,149**	**275,815**	**217,953**	**276,275**

Fair Values of Financial Assets and Liabilities
The fair value of the above financial instruments have been valued using Level 2 hierarchy. The Directors consider that the fair value of the Group's financial assets and liabilities are not considered to be materially different from their book values.

Financial Instruments by Category:

	Group 2017 $'000	Group 2016 $'000	**Company 2017 $'000**	Company 2016 $'000
As at 30 June:				
Loans and Receivables:				
Trade and other receivables(i)	**1,925**	2,396	**901**	572
Deferred consideration	**39,679**	54,688	**–**	–
Bank deposits, cash and cash equivalents	**85,807**	88,526	**85,436**	87,105
	127,411	145,610	**86,337**	87,677
Financial Liabilities:				
Trade and other payables(i)	**(531)**	(1,539)	**(117)**	(1,037)
	126,880	**144,071**	**86,220**	**86,640**

(i) Excluding tax, prepayments and accruals.

In the current year and prior year all of the above financial assets are unimpaired. An analysis of the ageing of the trade and other receivables is provided in note 13.

23 Related Party Transactions

a) Company Balance Sheet
The Company's subsidiaries are listed in note 11. The following table provides the balances which are outstanding with subsidiary undertakings at the balance sheet date:

	2017 $'000	2016 $'000
Amounts owed from subsidiary undertakings	**685**	–
Amounts owed to subsidiary undertakings	**–**	(513)
Amounts owed from/to subsidiary undertakings	**685**	**(513)**

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

No purchase or sales transactions were entered into between the Company and subsidiary undertakings. Recharges from the Company to subsidiaries in the year were $2.7m (2016: $3.6m).

Ongoing funding is advanced from the Company to its subsidiaries and capitalised on a regular basis. Such funding is detailed in note 11.

b) Remuneration of Key Management
The remuneration of the Directors of the Company is provided in note 4.

24 Post Balance Sheet Events

Bomono Farm-Out Transaction
In March 2017, the Group announced that an outline deal had been agreed with VOG to sell an 80% stake in the Bomono exploration asset. Negotiations are continuing; VOG extended the deadline to 31 December 2017 on 28 September 2017.

Notice is hereby given that the annual general meeting (AGM) of Bowleven plc ('the Company') will be held at 11am (UK time) at Hilton London Tower Bridge, 5 More London Place, Tooley Street, London SE1 2BY on Wednesday 13 December 2017 for the following purposes:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive the Company's Annual Report and Accounts for the financial year ended 30 June 2017.
2. To re-elect Joe Darby as a Director of the Company.
3. To re-elect Matthew McDonald as a Director of the Company
4. To reappoint Ernst & Young LLP as auditor of the Company.
5. To authorise the Directors to determine the auditor's remuneration.
6. That:
   (A) the Directors be generally and unconditionally authorised to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company, up to a maximum nominal amount of £10,852,021, representing approximately one-third of the issued share capital of the Company (excluding treasury shares) as at 7 November 2017;
   (B) in addition to the authority contained in sub-paragraph (A) of this resolution, the Directors be authorised to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company, comprising equity securities (within the meaning of section 560(1) of the Companies Act 2006 (as amended) (the Act)up to a maximum nominal amount of £10,852,021, representing approximately one-third of the issued share capital of the Company (excluding treasury shares) as at 7 November 2017, in connection with a pre-emptive offer undertaken by means of a rights issue;
   (C) the authorities given by this resolution:
      (1) are given pursuant to section 551 of the Act and shall be in substitution for all pre-existing authorities under that section; and
      (2) unless previously renewed, revoked or varied in accordance with the Act, shall expire on 31 December 2018 or, if earlier, at the conclusion of the next AGM of the Company to be held in 2018, save that the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company, after such expiry; and
   (D) for the purpose of this resolution, 'pre-emptive offer' means an offer of equity securities to:
      (1) holders of ordinary shares (other than the Company) on a fixed record date in proportion to their respective holdings of such shares; and
      (2) other persons entitled to participate in such offer by virtue of, and in accordance with, the rights attaching to any other equity securities held by them;
      in each case, subject to such exclusions or other arrangements as the Directors may deem necessary or appropriate in relation to fractional entitlements, legal, regulatory or practical problems under the laws or the requirements of any regulatory body or stock exchange of any territory or otherwise.

To consider and, if thought fit, pass the following resolution as a special resolution:

7. That:
   (A) subject to the passing of resolution 6 set out in the notice of AGM dated 7 November 2017 (the allotment authority), the Directors be given power pursuant to section 570 of the Companies Act 2006 (as amended) (the Act) to allot equity securities (within the meaning of section 560(1) of the Act) for cash pursuant to the allotment authority and to sell treasury shares wholly for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that such power shall be limited to the allotment of equity securities or the sale of treasury shares:
      (1) in the case of paragraph (A) of the allotment authority:
         (a) in connection with a pre-emptive offer (as defined in the allotment authority); or
         (b) otherwise than in connection with a pre-emptive offer, up to a maximum nominal amount of £3,255,606, representing approximately 10% of the issued share capital of the Company (excluding treasury shares) as at 7 November 2017; and
      (2) in the case of paragraph (B) of the allotment authority, in connection with a pre-emptive offer undertaken by means of a rights issue; and
   (B) the power given by this resolution:
      (1) shall be in substitution for all pre-existing powers under section 570 of the Act; and
      (2) unless renewed in accordance with the Act, shall expire at the same time as the allotment authority, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry.

By Order of the Board

Burness Paull LLP
Company Secretary
50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

7 November 2017

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

General
The notes on the following pages give an explanation of the proposed resolutions. Resolutions 1 to 6 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 7 is proposed as a special resolution. This means that for this resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1 – Annual Report and Accounts
The Directors must lay the Company's accounts, the Directors' Report and the auditor's report before the shareholders in a general meeting. A copy of those accounts and reports are available on the Company's website at www.bowleven.com.

Resolutions 2 and 3 – Re-Election of Directors
The Company's Articles of Association require that any Director appointed by the Directors shall retire at the next AGM following their respective appointments and be eligible for re-election. Joe Darby (appointed to the Board on 3 April 2017) and Matthew McDonald (appointed to the Board on 17 August 2017) will accordingly retire and offer themselves for election by the shareholders for the first time.

A biography in respect of each Director is included on pages 16 and 17 of the Annual Report and Accounts.

Resolutions 4 and 5 – Reappointment and Remuneration of the Auditor
The Company is required to appoint an auditor at each general meeting at which accounts are laid before the shareholders, to hold office until the end of the next such meeting. Resolution 4 proposes the reappointment of Ernst & Young LLP as the Company's auditor and Resolution 5 seeks authority for the Directors to determine the auditor's remuneration.

Resolution 6 – Renewal of Authority to Allot Shares
The purpose of this resolution is to renew the Directors' power to allot shares. Section 551 of the Companies Act 2006 provides that the Directors may not allot new shares (other than pursuant to employee share schemes) without shareholder approval.

This resolution proposes that authority be granted in substitution for the existing authority to allot securities up to a maximum amount of £10,852,021, representing approximately one-third of the Company's issued ordinary share capital (excluding treasury shares) as at 7 November 2017, being the latest practicable date prior to publication of this notice.

In addition (and as was the case at last year's AGM), following guidance issued by the Association of British Insurers (ABI) (now known as the Investment Association) in December 2008 and updated in November 2009, the Company is seeking additional authority to allot securities in connection with a pre-emptive rights issue up to a maximum amount of £10,852,021, representing approximately one-third of the Company's issued ordinary share capital (excluding treasury shares) as at 7 November 2017, being the latest practicable date prior to publication of this notice. The benefit to the Company of obtaining such authority on an annual basis is that it would allow the Company to implement a rights issue of an amount equal to a maximum of approximately two-thirds of the issued ordinary share capital (excluding treasury shares) without the need to call an additional general meeting. This would shorten the implementation timetable of such a rights issue.

The Directors have no present intention of exercising the authorities sought pursuant to this resolution but consider them desirable to allow the Company to retain flexibility. The authorities will expire on 31 December 2018, or if earlier, at the conclusion of the next AGM to be held in 2018, unless previously renewed, revoked or varied by the Company in a general meeting. It is the intention of the Directors to renew these authorities annually at each annual general meeting.

As at 7 November 2017, 7,807,281 shares were held by the Company in treasury which represented approximately 2.34% of the issued share capital of the Company.

Resolution 7 – Disapplication of Pre-Emption Rights
Section 561(1) of the Companies Act 2006 provides that if the Directors wish to allot any equity securities, or sell any treasury shares (if it holds any), for cash, the Company must first offer them to existing shareholders in proportion to their existing shareholdings. Section 561 does not apply in connection with allotments made pursuant to an employee share scheme.

The purpose of this resolution is to seek power for the Directors to allot equity securities or sell any treasury shares for cash as if section 561(1) of the Companies Act 2006 did not apply, in connection with rights issues, open offers and other pre-emptive offers pursuant to the authority granted by resolution 6, and otherwise up to a total amount of £3,255,606, representing approximately 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 7 November 2017, being the latest practicable date prior to publication of this document. The power conferred by this resolution will expire at the same time as the authority granted by resolution 6, unless previously renewed, revoked or varied by the Company in a general meeting. It is the intention of the Directors to renew this power annually at each AGM.

Recommendation
The Directors consider that the resolutions to be proposed at the AGM are in the best interests of the Company and shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the resolutions to be proposed at the AGM, as the Directors intend to do in respect of their own beneficial shareholdings, which amount in aggregate to 1,806,274 ordinary shares, being 0.55% of the ordinary share capital of the Company in issue at the date of this notice (excluding treasury shares).

Appointment of Proxy
Any shareholder who is entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who need not be shareholders) to attend the AGM and speak and vote instead of the shareholder. If more than one proxy is appointed each proxy must be appointed to exercise rights attached to different shares. Appointment of a proxy will not preclude a shareholder from attending and voting in person at the AGM.

In order for a proxy form to be valid, it must be lodged with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 11am (UK time) on 11 December 2017.

A shareholder wishing to appoint multiple proxies should contact the Shareholder Helpline on 0370 707 1284 to obtain additional proxy forms. Alternatively, you may wish to photocopy your proxy form. It will be necessary for the shareholder to indicate on each separate proxy form the number of shares in relation to which each proxy is authorised to act.

Corporate Representatives
Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

Record Date
To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6pm (UK time) on 11 December 2017 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Other Matters
A shareholder may not use any electronic address provided either in this notice of AGM or any related documents (including the Proxy Form), to communicate with the Company for any purposes other than those expressly stated.

Documents Available for Inspection
Copies of the following documents may be inspected at the registered office of the Company during normal business hours Monday to Friday (public holidays excepted) up to and including the day of the AGM, and at the venue for the AGM from half an hour before the time fixed for the AGM until the end of the AGM:

- the existing Articles of Association of the Company;
- the Company's Annual Report and Accounts for the year ended 30 June 2017;
- copies of the service contracts of Eli Chahin and David Clarkson (being the Executive Directors of the Company); and
- copies of the letters of appointment of Chris Ashworth, Joe Darby and Matthew McDonald (being the Non-Executive Directors of the Company).

Shareholder Helpline
Shareholders who have general queries about the AGM or need additional proxy forms should call our Shareholder Helpline on 0370 707 1284 (no other methods of communication will be accepted).

Statement of Capital and Voting Rights
As at 7 November 2017 (being the latest practicable date prior to publication of this notice) the Company's issued share capital consisted of 333,367,917 ordinary shares (one vote per ordinary share). 7,807,281 ordinary shares were held in treasury. Therefore, the total number of voting rights in the share capital of the Company as at 7 November 2017 is 325,560,636.

GLOSSARY

ABI	Association of British Insurers
Adamantine	Adamantine Energy (Kenya) Limited, the current operator of, and holder of, a 50% participating interest in block 11B
AGM	annual general meeting
AIM	the market of that name operated by the London Stock Exchange
Articles of Association	the internal rules by which a company is governed
BBL or bbl	barrel of oil
bcf or bscf	billion standard cubic feet of gas
BEAA	Bomono Exploitation Authorisation Application
block 11B	the production sharing contract between the Republic of Kenya, Adamantine Energy (Kenya) Limited and Bowleven (Kenya) Limited dated 30 May 2012, in respect of the area of approximately 14,287km² onshore Kenya and designated as block 11B; or, as the context may require, the contract area to which this production sharing contract relates
Board of Directors	the Directors of the Company
boe	barrels of oil equivalent
Bomono Permit	the production sharing contract between the Republic of Cameroon and EurOil, dated 12 December 2007, in respect of the area of approximately 2,328km² comprising former blocks OLHP-1 and OLHP-2 onshore Cameroon; or, as the context may require, the contract area to which that production sharing contract relates
Bowleven or Bowleven plc	Bowleven plc (LSE: BLVN) and/or its subsidiaries as appropriate
CFA	Central African CFA Francs
Companies Act 2006 ('the Act')	the United Kingdom Companies Act 2006 (as amended)
contingent resources	those quantities of hydrocarbons that are estimated to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable
CSOP	Company Share Option Plan
EBT	employee benefit trust
Etinde Permit	the Etinde Exploitation Authorisation (EA) area. The Etinde EA, granted on 29 July 2014, covers an area of approximately 461km² (formerly block MLHP-7) and is valid for an initial period of 20 years
EurOil	EurOil Limited, an indirectly wholly-owned subsidiary of Bowleven plc, incorporated in Cameroon
FID	final investment decision
First Oil	First Oil Expro Limited, a private UK independent exploration and production company, based in Aberdeen. On 19 February 2016 First Oil went into administration
FLNG	floating liquefied natural gas
G&A	general and administration
GIIP	gas initially in place
Government	Cameroon Government
Group	the Company and its direct and indirect subsidiaries
HSSE	health, safety, security and environment
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IA	Investment Association
JV	joint venture
km	kilometres
km²	square kilometres
LNG	liquefied natural gas
LPG	liquefied petroleum gas
LTI	lost time incident
LTIP	long term incentive plan
LUKOIL	LUKOIL Overseas West Project Ltd, a subsidiary undertaking of OAO LUKOIL
Macquarie	Macquarie Capital (Europe) Limited
mmbbls	million barrels
mmboe	million barrels of oil equivalent
mmscf	million standard cubic feet of gas
NewAge	NewAge (African Global Energy) Limited, a privately held oil and gas company
NewAge Group	NewAge and its subsidiaries
NOMAD	nominated adviser
ordinary shares	ordinary shares of 10 pence each in the capital of the Company
P10	10% probability that volumes will be equal to or greater than stated volumes
P50	50% probability that volumes will be equal to or greater than stated volumes
P90	90% probability that volumes will be equal to or greater than stated volumes
PEA	Provisional Exploitation Authorisation
PSC	production sharing contract
Q1, Q2 etc.	first quarter, second quarter etc.

scf	standard cubic feet. Note: saying 6,000 scf is same as saying 6 mscf but the scf way is more common so we tend to use that.
shareholders	means holders of ordinary shares and 'shareholder' means any one of them
SNH	Société Nationale des Hydrocarbures, the national oil and gas company of Cameroon
tcf	trillion cubic feet
TSR	total shareholder return
US	United States of America
$ or US Dollars	United States of America Dollars
£ or GB Pounds	Great Britain Pounds Sterling

Notes:
Prospective resources, contingent resources and reserves shall have the meanings given to them by the guidance on petroleum resources classification contained in the 2007 SPE Petroleum Management System published jointly by the Society of Petroleum Engineers, The American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers.

For the purposes of this announcement, 6 mscf of gas has been converted to 1 boe.

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