



31 March 2014

Bowleven plc ('Bowleven' or 'the Company')

### **Interim Results Announcement**

Bowleven, the Africa focused oil and gas exploration group traded on AIM, today announces its interim results for the six months ended 31 December 2013.

#### **OPERATIONAL UPDATE**

- Building on the success of the IM-5 well and the upside potential of the Intra Isongo reservoir, the Group continues to progress the monetisation options:
  - Progressing towards Etinde initial phase development Final Investment Decision (FID) integrated with fertiliser project FID
    - Etinde Exploitation Authorisation Application (EEAA) submitted; award anticipated shortly.
    - Exploitation Authorisation (EA) award provides access to funding sources through to FID.
    - Gas Sales Agreement (GSA) negotiations well advanced (extended to 20 year supply); GSA signature targeted by all parties H1 2014.
  - Cameroon LNG (CLNG) initiative advancing towards FEED and first cargo targeted 2019/20
    - Creates additional potential offtake solution for Group's discovered and potential resource base.
    - Capacity allocation discussions to supply GDF scheme proceeding constructively.
    - Resource audit for GDF scheme reinforces view of significant additional resource potential in the Intra Isongo.
- Exploration activity on Bomono and Kenya ongoing.

#### **INTERIM REPORT HIGHLIGHTS**

##### **(1) Continuing progress towards the monetisation of Etinde liquids and gas:**

- Expanded EEAA submitted to Cameroon authorities; award anticipated shortly.
- Substantial increase in P50 net contingent resources announced in November 2013; 30% increase to 263 mmboe.
- Progress demonstrated on both state-supported gas offtake solutions:
  - (1) *Fertiliser plant (Stage I of the Etinde development plan)*
    - Ferrostaal GSA progressing towards agreement; now includes 20 year supply to fertiliser plant.
    - GSA is integral in the path to FID and will ensure aligned schedules for delivering first gas to the fertiliser plant, targeted H1 2017.

- GSA signature targeted by all parties H1 2014.

(2) *Cameroon LNG (CLNG)*

- Intra Isongo results substantially increased the low risk prospective resource volumes on Etinde and reinforced the potential for additional gas offtake solutions, including CLNG.
- Momentum building on GDF operated CLNG project; advancing towards FEED with first cargo targeted for 2019/20.
- Capacity allocation discussions commenced for supply of Etinde gas (allowing for future successful appraisal/development drilling).

**(2) Exploration programme advancing:**

*Bomono*

- Rig negotiations advanced and preparation for second well site underway; two well exploration programme planned H2 2014.
- Several farm-out negotiations advancing.

*Kenya*

- Processed airborne geophysical survey (FTG) highlights several basins on the block.
- 2D seismic tender process at an advanced stage and award imminent.

*Zambia*

- Awarded three exploration blocks with applications for two blocks pending.

**Corporate**

- Group cash balance at end December 2013 circa \$38 million (end February 2014 circa \$34 million), no debt.
- Financing flexibility maintained:
  - Petrofac provides up to \$500 million development funding for Etinde with up to \$60 million IM-5 well costs reimbursed at FID.
  - Actively engaged with a range of potential industry and finance sources to provide funding for operations, both before and after FID.
  - Discussions ongoing with a number of parties regarding the potential farm-out of interests in Etinde and Bomono.
  - Strategic partnership with First Oil provides funding towards Kenya exploration activities.

**Kevin Hart, Chief Executive of Bowleven plc, said:**

“We continue to make progress towards sanction of the initial phase of the Etinde development. Whilst the granting of the EA has taken longer than expected to pass through the Cameroon authorities, all indications are that this process is almost complete with an EA award anticipated shortly. The EA award gives development rights for an initial 20 year period and provides access to sources of capital to fund the company through to FID.

Also more positively, the contemporaneous workstreams around resources, engineering and gas sales have increased our overall confidence level around the delivery of the combined fertiliser and upstream projects considerably.

Integration with the planned fertiliser project is essential and while joint project FID is more likely around the year-end, the GSA, the driver for building aligned schedules for both the fertiliser and Etinde projects to deliver first gas in H1 2017, is well advanced.

Beyond the 20 year gas supply to the fertiliser plant, the Intra Isongo reservoir interval encountered at IM-5, has significantly increased the potential for other offtake solutions to be considered. Momentum is building behind the proposed Cameroon LNG scheme and this represents a significant opportunity to monetise the considerable upside potential identified on Etinde, both in Block MLHP-7 and into our Sapele discoveries in Block MLHP-5. As part of this initiative we will continue to integrate the Intra Isongo results into a potential future appraisal/development drilling campaign to support our wider basin development plans.

Elsewhere, we continue to focus on exploiting our exploration portfolio and look forward to seismic activity in Kenya and exploration drilling on Bomono in the coming period.”

## ENQUIRIES

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**A presentation to analysts is scheduled for 9.00am BST today.**

**The presentation will be recorded and an audio version will be available on the Bowleven website from the afternoon of 31 March 2014. [www.bowleven.com](http://www.bowleven.com)  
A copy of the presentation materials and this announcement will also be available.**

*This announcement may include statements that are, or may be deemed to be "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They include statements regarding the Company's intentions, beliefs or current expectations concerning, amongst other things, the results of operations, financial conditions, liquidity, prospects, growth and strategies of the Company and its direct and indirect subsidiaries (the "Group") and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial conditions and liquidity, and the development of the*

*industry in which the Group operates, may differ materially from those suggested by the forward-looking statements contained in the announcement. In addition, even if the Group's results of operations, financial conditions and liquidity, and the development of the industry in which the Group operates, are consistent with the forward-looking statements contained in the announcement, those results or developments may not be indicative of results or developments in subsequent periods. In light of those risks, uncertainties and assumptions, the events described in the forward-looking statements in the announcement may not occur. Other than in accordance with the Company's obligations under the AIM Rules for Companies, the Company undertakes no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. All written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the announcement.*

**Notes to Editors:**

Bowleven is an African focused oil and gas exploration group, based in Edinburgh and traded on AIM. Bowleven's strategy is focused on creating and realising material value through exploration led organic growth. Bowleven holds equity interests in five blocks in Cameroon, with three blocks located offshore in shallow water and two onshore. All of these blocks are operated by Bowleven. Bowleven also holds an equity interest in an onshore block in Kenya, operated by Adamantine Energy, and has been awarded three blocks in Zambia.

**Notes to Announcement:**

- (1) The technical information in this release has been reviewed by Ed Willett, who is a qualified person for the purposes of the AIM Guidance Note for Mining, Oil and Gas Companies. Ed Willett, Exploration Director of Bowleven plc, is a geologist and geophysicist, a Fellow of the Geological Society (FGS) and a member of the Petroleum Exploration Society of Great Britain (PESGB) with over 26 years' experience in oil and gas exploration and production.
- (2) The information in this release reflects the views and opinions of Bowleven as operator and has not been reviewed in advance by its joint venture partners.

## **Chairman's and Chief Executive's Review**

The Group's key near term objectives remain the conversion of resources to reserves in Cameroon and the exploitation of our exploration potential in Africa – in Cameroon, Kenya and now Zambia.

Key focus areas for the Group include:

- Achieving FID for the initial phase of the Etinde development project by accomplishing the following milestones:
  - Grant of an Exploitation Authorisation (EA) for Etinde (block MLHP-7), and a new PSC for the acreage not covered by the EA, as part of the Group's wider plans for Etinde, including the supply of gas to the potential CLNG project.
  - A finalised GSA for the Ferrostaal fertiliser plant; integral in the path to FID and ensuring aligned schedules for delivering first gas, and enabling the release of value from the associated liquids stream.
  - Triggering access to \$60 million IM-5 well cost reimbursement and up to \$500 million development funding from Petrofac.
- Accelerating development activities following sanction of initial phase of the Etinde development.
- Progressing the opportunity for additional gas offtake solution, CLNG:
  - Agreeing the Etinde provisional capacity allocation to GDF scheme.
  - Further pre-appraisal evaluation of the upside potential in the Intra Isongo reservoir encountered at IM-5.
- Ongoing exploration activities involving:
  - Farming-out the onshore Bomono Permit in Cameroon with associated exploration drilling targeting low risk Tertiary prospectivity.
  - Seismic activity following FTG on block 11B in Kenya.
  - Early stage activity on Zambia.

As ever, these activities remain contingent on the optimisation of the asset and capital structure of the Group. In the current market environment, funding providers alongside E&P companies (in particular those like Bowleven in the pre-production stage) are becoming increasingly creative and adaptable in developing solutions to optimise asset and funding structures.

In this regard the already announced First Oil partnership and Petrofac Strategic Alliance provide the Group with funding sources for Kenya exploration activities and the initial phase of the Etinde development (including \$60 million reimbursement at FID) respectively. With the timing of upstream FID on Etinde linked to similar progress on the fertiliser plant, the Group is actively engaged in negotiations with industry sources and providers of finance regarding the provision of bridge/mezzanine funding for the period to FID.

In addition, the Group has the flexibility to seek farm-out funding via our high retained net interest positions. Although such processes may appear more protracted in the current market environment, detailed discussions are underway with several parties regarding our Bomono and Etinde Permits. In Bomono, where farm-out funding is being sought prior to planned exploration drilling, creative solutions such as drilling in return for an equity interest are being actively progressed.

In Etinde we believe we have a world class asset which becomes more attractive and valuable as we move towards development and FID. Progress is being made on both state-supported gas offtake solutions, fertiliser and Cameroon LNG. With the expanded EEAA submitted and approaching grant, and the fertiliser GSA well advanced, we have made good strides towards achieving sanction of the initial phase of the project. The integrated nature of the project dictates a more complicated process to final sanction, but the progress made in recent months has increased our confidence level considerably.

In order to extract further value from the Etinde gas and liquids resource base, additional gas offtake solutions are required. The CLNG scheme is gathering momentum, and Bowleven is actively involved in discussions with GDF Suez, the operator of the CLNG initiative, to ensure its participation at the outset. Sitting alongside the development of long-term potential within the domestic market, CLNG represents a further opportunity to monetise the considerable upside potential identified across the Etinde permit and the possibilities for basin-wide development.

In Bomono, we have two exploration wells planned in 2014 and preparations for drilling are underway. With the well locations selected, site preparations are being progressed and rig options pursued. Just as the Group achieved in Kenya, we are committed to unlocking further industry funding for this project and discussions are ongoing.

In East Africa, Kenya is rapidly moving towards becoming a major hydrocarbon province. With encouraging results from FTG and seismic planned on block 11B, Kenya represents an exciting exploration opportunity for the Group and its partners. Whilst very early stage, Bowleven's entrance into Zambia brings new potential, and is a demonstration of the Group's strength as a leading-edge explorer.

## **OPERATIONS REVIEW**

It has been another period of concentrated operations for the Group. Progressing to FID on the Etinde development has been the principal focus. Exploration activities on both Bomono and Kenya are also ongoing.

### **Cameroon – Etinde Permit (Bowleven Group 75% and Operator, CAMOP 25%) *Etinde Development***

As announced in November 2013, following the successful IM-5 well the Group's net contingent resource volumes on a P50 basis are 263 mmbbl. The Group continues to exclude the IF field volumes from its resource volumes pending review and completion of the field volumetrics that has been commissioned with TRACS.

With multiple liquids-rich gas discoveries on Etinde, identifying an offtake solution for the significant associated gas volumes is key to optimising future development plans for the liquids. Consequently, a number of solutions for the sale of gas to a third party, focussing on the two Cameroon state-supported offtake routes (supplied through the 'hub and spoke' development), are being advanced.

### ***Cameroon Gas Monetisation***

#### ***Initial Gas Offtake – Fertiliser Plant***

The initial phase of the development plan is predicated on supplying 70 mmscfd of dry gas to the planned Ferrostaal fertiliser plant in Cameroon from the IM field. Following the success

of the IM-5 well it has been confirmed that the existing discoveries contain sufficient gas volumes to meet the fertiliser plant requirements.

Negotiations with Ferrostaal and SNH to agree the detailed GSA are well advanced. The term sheet agreed with Ferrostaal prior to the IM-5 well, and as a pre-cursor to the GSA, envisaged a 10 year committed supply to the plant. Following the IM-5 well, the GSA now envisages a 20 year supply to the fertiliser plant.

Timing of FID for the Etinde upstream development is linked to the fertiliser plant FID, given the gas offtake solution is the enabler to access the high value liquid hydrocarbon production. FID for the midstream project is reliant on the Ferrostaal banking consortium reaching financial close. We are working closely with Ferrostaal and SNH to finalise the GSA and to support required environmental and social impact assessment (ESIA) processes, both key components in the financing process. FEED activities for the upstream development in advance of FID are also progressing. The pace of this expenditure remains flexible and is being managed closely to optimise progress and align schedules. Integrating with the proposed fertiliser timetable, first gas production from the initial phase of the development is targeted H1 2017.

Having determined the existence of sufficient gas to supply the fertiliser project, we are actively pursuing additional offtake solutions for our wider discovered and potential resources.

#### *Additional Gas Offtake – Cameroon LNG*

Recently, significant momentum has been building behind the CLNG scheme. This country-wide gas aggregation scheme, led by GDF and SNH, is now advancing towards FEED, with the first LNG cargo envisaged in 2019/20. The Etinde Permit is ideally placed to access the proposed infrastructure and detailed discussions are ongoing regarding the potential supply of Etinde gas to this scheme. As part of the CLNG process, a resource audit over fields on MLHP-7 was recently conducted by Netherland, Sewell & Associates Inc, to determine a provisional Etinde capacity allocation for the scheme. A provisional allocation is anticipated in H2 2014. Further appraisal drilling will be required to confirm the final allocation for CLNG but this is not a pre-requisite for agreement and is currently expected to be incorporated with the Etinde development drilling.

#### *Other Gas Offtake Solutions*

Other potential gas offtake solutions (including gas to electricity, a methanol plant, small scale LNG and gas reinjection) continue to be considered.

#### *‘Hub and Spoke’*

Our ‘hub and spoke’ development plan is centred around an onshore processing facility (‘hub’) linked to offshore producing wells (‘spokes’) which enables a staged development across different parts of Etinde. The initial phase of the development plan is centred around supply of gas to the fertiliser plant.

Under wider development plans for Etinde, subsequent development stages are expected to utilise production feed taken from both MLHP-7 and MLHP-5 (Sapele) discoveries with such development being predicated by additional gas offtake solutions. This phased and flexible approach facilitates early liquids production and enables existing fields, and any further discoveries, to be incorporated when appropriate.

### ***Etinde Exploitation Authorisation Application (EEAA)***

At the request of the Cameroon authorities, the EEAA, which defines the means of monetising the hydrocarbons from Etinde, was expanded during 2013 to incorporate the results of the IM-5 well and to include other potential gas offtake solutions in addition to the fertiliser plant (principally CLNG). The expanded EEAA was then approved by Bowleven and its joint venture partner CAMOP in early January 2014 and subsequently submitted to the Cameroon authorities for approval. The formal submission followed several workshops that had already been held with SNH to facilitate the progress of the EEAA. The Ministry of Mines confirmed receipt of the application in late January 2014 and advised that it would respond to the application following the provision of a technical opinion from SNH. Subsequently, at the request of the Cameroon authorities, the \$0.5 million fee payable for the application of the EA has now been made.

We continue to work closely with SNH and the Ministry of Mines to bring this process to a conclusion. A meeting with the state is in the process of being convened and award of the EA should be the next step following this meeting.

The award of the EA will give development and exploitation rights over block MLHP-7 for an initial period of 20 years. Following the award of the EA, the Cameroon state has the right to back-in for 20% of any planned development and on exercising that right the state will pay its participating interest share of development costs.

The exploration period of the Etinde PSC expires in December 2014 and this covers any Etinde acreage not captured under an EA. Based on discussions with the Cameroon authorities, it is envisaged that acreage not covered by the current EEAA (namely blocks MLHP-5 and MLHP-6) will be covered by a new exploration PSC. This exploration licence is integral to the current EEAA process, which focuses on developing block MLHP-7 under Stage I, as the remaining acreage forms part of the Group's wider plans for the Etinde Permit under the proposed 'hub and spoke' development scheme, including the supply of gas to CLNG.

### ***Further Potential***

The Intra Isongo reservoir interval encountered at IM-5, highlighted the substantial potential of the Etinde Permit. Ongoing analysis of the Intra Isongo interval also indicates significant upside potential outwith the areal extent currently considered for the discovered IM field volumes. This potential, alongside our Sapele discoveries in Block MLHP-5, has enabled the consideration of additional gas offtake schemes such as CLNG. We continue to evaluate the potential of the Intra Isongo and integrate it into a possible future appraisal/development drilling programme.

### ***Cameroon – Bomono Permit (Bowleven Group 100% and Operator)***

The Group has a mature prospect inventory over Bomono with multiple Tertiary and deeper Cretaceous aged targets. The site for the Group's first exploration well (Zingana-1) has been prepared and we are now preparing for site preparation and civil engineering activities at the planned second well location (Moambe-1) together with the establishment of a base camp in preparation for drilling. The wells are both targeting Tertiary aged three-way dip closed fault blocks.

We are currently in farm-out negotiations and are considering available rig options to drill the two wells prior to the expiry of the exploration period of the Bomono PSC in December 2014. In the event of exploration success on Bomono, potential offtake solutions for any associated gas include gas to electricity (GTE) and tie-in to the planned Etinde infrastructure.

### **Kenya – Block 11B (Bowleven Group effective interest 35%, Adamantine 50% and Operator)**

Acquisition of an extensive block-wide airborne geophysical survey (FTG) was completed in 2013. Interpretation of the high quality, high resolution dataset indicates the presence of a number of geological basins and provides clear imaging of primary structural features, facilitating a targeted 2D seismic programme. The tender process for the seismic programme is at an advanced stage with contract award anticipated during Q2 2014 and seismic acquisition envisaged during H2 2014. Funding from First Oil covers a significant proportion of the Company's share of the initial minimum work programme, comprising FTG and 2D seismic.

Meanwhile, industry focus in Kenya continues to intensify as it moves to becoming a major hydrocarbon province. Whilst our exploration activities are at a relatively early stage, it is encouraging to note E&P companies operating in the wider region are investigating infrastructure (including an export pipeline) to support development.

### **Zambia**

In June 2013, Bowleven submitted an application for acreage as part of the Zambian licensing round and was subsequently awarded three exploration blocks out of a five block application. Applications for the remaining two blocks are pending. The initial four year exploration period includes a minimum committed work programme estimated at approximately \$0.5 million.

### **New Ventures**

Bowleven continues to review potential opportunities to acquire additional low cost/early entry acreage in Africa. The strategic partnership with First Oil includes an agreement to co-operate in investigating other sub-Saharan African new venture exploration opportunities and as part of the agreement First Oil may contribute up to \$3.6 million towards Bowleven's share of funding in any resulting new investments.

### **FINANCE**

The Group has reported a loss of \$6.6 million for the six months ended 31 December 2013 (H1 2012: loss \$9.4 million). The results for the period include administrative expenses of \$5.5 million (H1 2012: \$6.3 million). Finance costs comprise foreign exchange losses of \$1.3 million arising principally from foreign exchange movements on US cash balances under IFRS (H1 2012: loss of \$3.4 million).

The Group's ongoing G&A expenditure is generally estimated to continue at between \$1.5 million to \$1.7 million gross per month.

On 13 November 2013, Bowleven issued 29,470,000 ordinary shares at a price of £0.45 per share raising net proceeds of \$21 million.

Capital expenditure cashflows during the period were \$7.7 million (H1 2012: \$46.2 million). The majority of this expenditure relates to remaining IM-5 well costs and pre-development spend on the Etinde Permit.

At 31 December 2013, Bowleven had \$38 million of cash and no debt (H1 2012: \$90 million and no debt). This includes \$5 million of cash collateral in respect of a guarantee which will be released on fulfilment of the Kenyan work programme commitment.

The non-controlling interest shown in the Interim Statements relates to the 30% interest in Bowleven (Kenya) Limited held by First Oil following the agreement of the strategic partnership outlined below (see notes 3(e) and 3(f) to the Interim Statements for further detail).

#### *Funding Activity*

The Group continues to review all available financing options to achieve the optimum funding mix for its future exploration, appraisal and development activities.

Against this background, the previously announced Petrofac Strategic Alliance and First Oil partnership outlined below already provide innovative funding solutions for the Group's ongoing and planned activities.

#### *Strategic Partnerships*

In July 2013, the Group signed a strategic partnership with First Oil. Under the arrangement First Oil acquired a 30% holding in Bowleven (Kenya) Limited, which holds the Group's 50% equity interest in block 11B, in return for funding exploration activities. First Oil will fund a significant proportion of the Company's share of the minimum work programme (FTG and 2D seismic) for the initial two year exploration phase on Kenya block 11B and up to \$12.5 million of an additional contingent work programme during the second two year exploration phase.

In November 2012, the Group entered into a Strategic Alliance Agreement with Petrofac. This provides access to up to \$500 million of development funding for the Etinde project, including the \$60 million reimbursement at FID for IM-5 costs. The Strategic Alliance is conditional *inter alia* on the project meeting certain economic hurdles and will be repaid out of EurOil's share of the Etinde project cashflows. The Strategic Alliance Agreement is due to expire on 31 December 2014, however, it can be extended to 31 December 2016 by Petrofac or also by mutual agreement.

#### *Funding Options*

Additional finance solutions, structured as bridging/mezzanine loans to optimise financial flexibility around the timing of fertiliser FID, are also under consideration. The Group is actively engaged in discussions with industry sources and providers of finance in this regard. While term sheets have been received from several potential providers, timing and completion remains subject to further work. Meanwhile, the pace of upstream FEED expenditure remains flexible and is being managed closely to optimise progress.

As Etinde moves closer to project sanction, other funding options for this period may also become available if required, including, but not limited to, project debt funding, development bank finance and mezzanine finance.

In addition, the Group's high equity interests retained in its assets also give additional flexibility to seek funding via industry farm-out. Discussions are ongoing with a number of parties regarding the potential farm-out of interests in Etinde and Bomono. As discussed in note 2 to the Interim Statements the accounts have been prepared on a going concern basis as the Directors believe that sufficient flexibility exists to secure additional funding as required.

#### *Commitments*

The Group has no outstanding work programme commitments on the Etinde Permit. On Kenya block 11B there is a remaining minimum work programme commitment for the acquisition of 2D seismic. A \$5m bank guarantee is in place for this work commitment which should be released on completion of the seismic activity. On Bomono the second two year exploration phase work programme commitment requires two exploration wells. The Company has disclosed a contingent liability of \$16 million for this commitment (see note 3(g) to the Interim Statements).

### **BOARD CHANGES**

Kerry Crawford was appointed as Finance Director and Director on the Board of Bowleven plc on 6 January 2014, replacing John Brown who gave notice of his resignation on 16 December 2013. Kerry was previously Deputy Finance Director and Head of Investor Relations at Bowleven and has served on the Group Management Board since joining the Company in January 2008.

### **OUTLOOK**

The next 12 months promises to be an exciting period for Bowleven. Development efforts will remain focused on attaining the EA award from the Cameroon Government, signing the fertiliser plant GSA with Ferrostaal and progressing towards sanction of the initial phase of the Etinde development.

With the Cameroon LNG scheme building momentum and creating the opportunity for an additional gas offtake solution, we remain focused on the broader basin-wide development plans for our Cameroon acreage. As part of this initiative we will continue to evaluate the significant upside potential identified in the Intra Isongo reservoir interval and integrate it into a possible future appraisal/development well drilling programme.

Focus will also be on exploration activity including the acquisition of 2D seismic on block 11B in Kenya, two exploration wells planned on Bomono and possibly early exploration activities in Zambia.

Commercially, the Group remains cognisant that current markets demand innovative funding solutions and strategic partnerships with industry players. We have already delivered some success here, and remain confident that our open approach will support the realisation of value for all stakeholders in our assets.

**Ronnie Hanna, Chairman**  
**Kevin Hart, Chief Executive**  
**31 March 2014**

**GROUP INCOME STATEMENT**  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	6 months ended 31 December 2013 (Unaudited) \$'000	6 months ended 31 December 2012 (Unaudited) \$'000	Year ended 30 June 2013 (Audited) \$'000
Revenue	-	-	-
Administrative expenses	(5,456)	(6,330)	(11,088)
<b>Operating loss before financing costs</b>	<b>(5,456)</b>	<b>(6,330)</b>	<b>(11,088)</b>
Finance income	72	350	516
Finance costs	(1,265)	(3,435)	(509)
<b>Loss from continuing operations before taxation</b>	<b>(6,649)</b>	<b>(9,415)</b>	<b>(11,081)</b>
Taxation	-	-	-
<b>Loss for the Period</b>	<b>(6,649)</b>	<b>(9,415)</b>	<b>(11,081)</b>
<b>Attributable to:</b>			
Owners of the parent undertaking	(6,607)	(9,415)	(11,081)
Non-controlling interest	(42)	-	-
Basic and diluted loss per share (\$/share) from continuing operations	(0.02)	(0.03)	(0.04)

**GROUP STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

	6 months ended 31 December 2013 (Unaudited) \$'000	6 months ended 31 December 2012 (Unaudited) \$'000	Year ended 30 June 2013 (Audited) \$'000
Loss for the period	(6,649)	(9,415)	(11,081)
<b>Other comprehensive income:</b>			
Items that will be reclassified to profit and loss:			
Currency translation differences	2,456	4,690	(405)
<b>Total Comprehensive Income for the Period</b>	<b>(4,193)</b>	<b>(4,725)</b>	<b>(11,486)</b>
<b>Attributable to:</b>			
Owners of the parent undertaking	(4,151)	(4,725)	(11,486)
Non-controlling interest	(42)	-	-
	(4,193)	(4,725)	(11,486)

**GROUP BALANCE SHEET**  
AS AT 31 DECEMBER 2013

	As at 31 December 2013 (Unaudited) \$'000	As at 31 December 2012 (Unaudited) \$'000	As at 30 June 2013 (Audited) \$'000
<b>Non-current Assets</b>			
Intangible exploration assets	543,086	479,282	532,507
Property, plant and equipment	831	1,167	930
	<b>543,917</b>	<b>480,449</b>	<b>533,437</b>
<b>Current Assets</b>			
Inventory	10,375	10,658	11,023
Trade and other receivables	5,024	22,765	16,385
Bank deposits	5,000	-	5,000
Cash and cash equivalents	32,953	90,001	19,742
	<b>53,352</b>	<b>123,424</b>	<b>52,150</b>
<b>Total Assets</b>	<b>597,269</b>	<b>603,873</b>	<b>585,587</b>
<b>Current Liabilities</b>			
Trade and other payables	(6,341)	(28,195)	(15,568)
<b>Total Liabilities</b>	<b>(6,341)</b>	<b>(28,195)</b>	<b>(15,568)</b>
<b>Net Assets</b>	<b>590,928</b>	<b>575,678</b>	<b>570,019</b>
<b>Equity</b>			
Called-up share capital	55,039	50,290	50,293
Share Premium	746,477	730,276	730,298
Foreign exchange reserve	(55,665)	(53,026)	(58,121)
Shares held by Employee Benefit Trust	(489)	(489)	(489)
Other reserves	15,169	13,732	13,932
Retained deficit	(170,504)	(165,105)	(165,894)
	<b>590,027</b>	<b>575,678</b>	<b>570,019</b>
Non-controlling interest	901	-	-
<b>Total Equity</b>	<b>590,928</b>	<b>575,678</b>	<b>570,019</b>

**GROUP CASH FLOW STATEMENT**  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	6 months ended 31 December 2013 (Unaudited) \$'000	6 months ended 31 December 2012 (Unaudited) \$'000	Year ended 30 June 2013 (Audited) \$'000
<b>Cash Flows from Operating Activities</b>			
Loss before tax	(6,649)	(9,415)	(11,081)
<i>Adjustments to reconcile Group loss before tax to net cash used in operating activities:</i>			
Depreciation of property, plant and equipment	221	264	496
Finance income	(72)	(350)	(516)
Finance costs	1,265	3,435	509
Equity-settled share based payment transactions	1,237	921	1,998
Adjusted loss before tax prior to changes in working capital	(3,998)	(5,145)	(8,594)
(Increase)/decrease in inventory	(715)	980	615
Decrease/(increase) in trade and other receivables	342	(4,307)	(1,078)
Increase in trade and other payables	133	477	981
Exchange differences	(234)	(207)	(328)
<b>Net Cash used in Operating Activities</b>	<b>(4,472)</b>	<b>(8,202)</b>	<b>(8,404)</b>
<b>Cash Flows used in Investing Activities</b>			
Purchases of property, plant and equipment	(123)	(180)	(175)
Purchases of intangible exploration assets	(7,560)	(45,979)	(109,206)
Movement in funds on bank deposit	-	-	(5,000)
Interest received	76	369	556
<b>Net Cash used in Investing Activities</b>	<b>(7,607)</b>	<b>(45,790)</b>	<b>(113,825)</b>
<b>Cash Flows from Financing Activities</b>			
Net proceeds from issue of ordinary shares	20,925	51	76
Funding from non-controlling interest	2,940	-	-
<b>Net Cash Flows from Financing Activities</b>	<b>23,865</b>	<b>51</b>	<b>76</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>11,786</b>	<b>(53,941)</b>	<b>(122,153)</b>
Effect of exchange rates on cash and cash equivalents	1,425	1,461	(586)
Cash and cash equivalents at the beginning of the period	19,742	142,481	142,481
<b>Cash and Cash Equivalents at the Period End</b>	<b>32,953</b>	<b>90,001</b>	<b>19,742</b>

**GROUP STATEMENT OF CHANGES IN EQUITY**  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Equity Share Capital* \$'000	Foreign Exchange Reserve \$'000	Shares Held in Trust \$'000	Other Reserves \$'000	Retained Deficit \$'000	Non- controlling interest \$'000	Total Equity \$'000
<b>At 1 July 2012</b>	<b>780,515</b>	<b>(57,716)</b>	<b>(489)</b>	<b>13,176</b>	<b>(156,055)</b>	-	<b>579,431</b>
Loss for the period	-	-	-	-	(9,415)	-	(9,415)
Other comprehensive income for the period	-	4,690	-	-	-	-	4,690
<b>Total comprehensive income</b>	-	<b>4,690</b>	-	-	<b>(9,415)</b>	-	<b>(4,725)</b>
Proceeds from issue of share capital	51	-	-	-	-	-	51
Share based payments	-	-	-	921	-	-	921
Transfer between reserves	-	-	-	(365)	365	-	-
<b>At 31 December 2012</b>	<b>780,566</b>	<b>(53,026)</b>	<b>(489)</b>	<b>13,732</b>	<b>(165,105)</b>	-	<b>575,678</b>
Loss for the period	-	-	-	-	(1,666)	-	(1,666)
Other comprehensive income for the period	-	(5,095)	-	-	-	-	(5,095)
<b>Total comprehensive income</b>	-	<b>(5,095)</b>	-	-	<b>(1,666)</b>	-	<b>(6,761)</b>
Proceeds from issue of share capital	25	-	-	-	-	-	25
Share based payments	-	-	-	1,077	-	-	1,077
Transfer between reserves	-	-	-	(877)	877	-	-
<b>At 30 June 2013</b>	<b>780,591</b>	<b>(58,121)</b>	<b>(489)</b>	<b>13,932</b>	<b>(165,894)</b>	-	<b>570,019</b>
Loss for the period	-	-	-	-	(6,607)	(42)	(6,649)
Other comprehensive income for the period	-	2,456	-	-	-	-	2,456
<b>Total comprehensive income</b>	-	<b>2,456</b>	-	-	<b>(6,607)</b>	<b>(42)</b>	<b>(4,193)</b>
Proceeds from issue of share capital	21,354	-	-	-	-	-	21,354
Cost of issued share capital	(429)	-	-	-	-	-	(429)
Share based payments	-	-	-	1,237	-	-	1,237
Funding from non-controlling interest	-	-	-	-	2,940	-	2,940
Transfer between reserves	-	-	-	-	(943)	943	-
<b>At 31 December 2013</b>	<b>801,516</b>	<b>(55,665)</b>	<b>(489)</b>	<b>15,169</b>	<b>(170,504)</b>	<b>901</b>	<b>590,928</b>

\*Includes both share capital and share premium

## **NOTES TO THE INTERIM STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

### **1. ACCOUNTING POLICIES**

#### **Basis of Preparation**

This Interim Report has been prepared on a basis consistent with the accounting policies applied to all the periods presented in these consolidated financial statements.

The disclosed figures are not statutory accounts in terms of section 435 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2013, on which the auditors gave an unqualified opinion, with an emphasis of matter on going concern and no statements under section 498 (2) or (3), have been filed with the Registrar of Companies.

### **2. GOING CONCERN**

In making their going concern assessment, the Directors have considered Group budgets and cash flow forecasts, and recognised that in order to continue to finance exploration and appraisal activities it will be necessary to secure additional funds.

As described more fully in the Chairman's and Chief Executive's Review, the company is proceeding towards FID and development sanction of Phase I of the Etinde development project. While FID is targeted for the end of 2014, the final timing will be integrated with that of the planned Ferrostaal fertiliser plant. The pace of upstream FEED expenditure remains flexible and is managed closely to optimise progress. The Group has ongoing exploration activity on the Bomono Permit in Cameroon and block 11B in Kenya. Both of these licences have minimum work programmes: Bomono carries a contingent liability (see note 3(g)) which may be called should the work not be completed or the licence not extended by the end of 2014, while the bank guarantee of \$5 million associated with Kenya block 11B should be released at the end of the forthcoming seismic programme.

As at 31 December 2013, the Group had a cash balance of \$38 million. The Group remains actively engaged in discussions with industry sources and providers of debt finance in order to maximise its funding flexibility. In this regard, in November 2012, the Group entered into a Strategic Alliance Agreement with Petrofac. This provides access to up to \$500 million of development funding for the Etinde project, including the \$60 million reimbursement at FID for IM-5 costs. In July 2013, the Group entered into a partnership with First Oil for its exploration activity in Kenya, exchanging equity for funding, and this arrangement covers a significant proportion of the Company's share of the minimum work programme on Kenya block 11B.

With a 75% equity interest in Etinde and 100% equity interest in Bomono, the Group still retains ample opportunity and flexibility via its high equity participating interests to access further industry funding through farm-out transaction(s). Active farm-out processes are underway for these assets. Additional finance options structured as bridging/mezzanine loans are also under negotiation. While term sheets have been received from several potential providers, timing and completion remains subject to further work. The Directors believe that as Etinde moves closer to project sanction, other funding options for this period may also become available if required, including, but not limited to, project debt funding, development bank finance and mezzanine finance.

Against this background, the Board believe that additional funds can be raised from any one of a number of sources (as discussed above) but note that as this has not been secured at the date of this report it creates a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Directors are confident that sufficient flexibility exists to secure additional funding if required, and on this basis, believe the adoption of the going concern basis in preparing the Interim Financial Statements is appropriate and that no adjustments are therefore required to the carrying value of the assets.

### **3. OTHER NOTES**

- a) The basic earnings per ordinary share is calculated on a loss of \$6,607,000 (H1 2012: loss of \$9,415,000) on a weighted average of 301,283,940 (H1 2012: 294,725,680) ordinary shares.
- b) The loss attributable to ordinary shareholders and the number of ordinary shares for the purpose of calculating the diluted earnings per share are identical to those used for the basic earnings per share. The exercise of share options 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.
- c) No dividend has been declared (2012: nil).
- d) The Company issued 29,470,000 ordinary shares during the period with a nominal value of \$4,745,194. The total increase in the share premium reserve regarding the issue was \$16,608,179 (gross). Expenses of \$428,795 have been set off against the share premium reserve.
- e) On 3 July 2013 First Oil subscribed for 30% of the shares in Bowleven (Kenya) Limited. Bowleven (Kenya) Limited is included in the current period group accounts as a subsidiary with the 30% First Oil shareholding recognised as a non-controlling interest.
- f) During the period funding from the non-controlling interest was received. This relates to interest free funding to Bowleven (Kenya) Limited from First Oil, repayable at such time as the Board of Bowleven (Kenya) Limited resolve Bowleven (Kenya) Limited has proceeds available to make a repayment. The sole asset within Bowleven (Kenya) Limited is the 50% interest in block 11B in Kenya, an early stage exploration Permit where FTG has been recently acquired and 2D seismic acquisition is planned.
- g) The Group has a contingent liability of \$16 million. If the Group is unable to satisfactorily demonstrate progress on meeting the Bomono PSC work programme commitments by the end of the licence term (December 2014) there is the possibility a \$16 million non-completion payment may become callable by the Cameroon authorities and the licence relinquished. The Board recognise this is a potential risk, however, consider there is still sufficient time available to secure a farm-in or source alternative funding to fulfill the required PSC commitments.

### **4. INTERIM REPORT**

This document represents the Interim Report and half yearly results of Bowleven plc. Copies of the Interim Report will be sent to shareholders and can be obtained, free of charge, from the Company at The Cube, 45 Leith Street, Edinburgh, EH1 3AT for a period of one month.

## GLOSSARY

The following are the main terms and abbreviations used in this announcement:

AIM	the market of that name operated by the London Stock Exchange
Board or Board of Directors	the Directors of the Company
Bomono Permit	the production sharing contract between the Republic of Cameroon and EurOil dated 12 December 2007 in respect of the area of approximately 2,328km <sup>2</sup> comprising former blocks OLHP-1 and OLHP-2 onshore Cameroon; or, as the context may require, the contract area to which this production sharing contract relates
Bowleven	Bowleven plc (LSE: BLVN) and/or its subsidiaries as appropriate
Cameroon	The Republic of Cameroon
CAMOP	Cameroon Offshore Petroleum S.A.R.L., the holder of a 25% non-operated participating interest in the Etinde Permit
CLNG	Cameroon LNG, the GDF Suez S.A and SNH strategic partnership to advance the monetisation of the substantial undeveloped gas resource within Cameroon, via an in-country gas aggregations scheme to supply a LNG facility
Companies Act 2006	the United Kingdom Companies Act 2006 (as amended)
Company	Bowleven plc
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
EA	Exploitation Authorisation
EEAA	Etinde Exploitation Authorisation Application
ESIA	environmental and social impact assessment
Etinde Permit	the production sharing contract between the Republic of Cameroon and EurOil Limited (an indirectly wholly owned subsidiary of the Company) dated 22 December 2008 in respect of the area of approximately 2,316km <sup>2</sup> , comprising former blocks MLHP-5, MLHP-6 and MLHP-7, offshore Cameroon; or, as the context may require, the contract area to which this production sharing contract relates
EurOil	EurOil Limited, an indirectly wholly owned subsidiary of the Company, incorporated in Cameroon
FEED	front end engineering and design

Ferrostaal	Ferrostaal GmbH, a global provider of industrial services in plant construction and engineering services, headquartered in Essen, Germany
FID	final investment decision
First Oil	First Oil plc, a private UK independent exploration and production company based in Aberdeen, and/or its subsidiaries as appropriate
FTG	full tensor gravity gradiometry
G&A	general and administration
GDF	GDF Suez S.A.
Group	the Company and its direct and indirect subsidiaries
GSA	gas sales agreement
GTE	gas to electricity
H1	first half
H2	second half
IF	the Isongo F Field area, block MLHP-7, Etinde Permit
IFRS	International Financial Reporting Standards
IM	the Isongo Marine Field area, block MLHP-7, Etinde Permit
km <sup>2</sup>	square kilometres
LNG	liquefied natural gas
mmboe	million barrels of oil equivalent
mmscfd	million standard cubic feet of gas per day
NGLs	natural gas liquids, being liquid hydrocarbon found in association with natural gas
ordinary shares	ordinary shares of 10p each in the capital of the Company
Petrofac	Petrofac Energy Developments West Africa Limited, an indirect subsidiary of Petrofac Limited (LSE: PFC)
PSC	production sharing contract
P50	50% probability that volumes will be equal to or greater than stated volumes
Q2	second quarter
SNH	Société Nationale des Hydrocarbures, the national oil and gas company of Cameroon

Stage I Development	the initial development of the Etinde Permit to be contained in the corresponding field development plan agreed at FID, currently envisaged to be the offshore development of the IE/ID and IM fields in block MLHP-7 and including export line to shore, onshore processing facilities and NGLs plant.
strategic alliance	means the proposed strategic alliance between the Company and Petrofac in respect of the Stage 1 Development on the terms set out in the Strategic Alliance Agreement
Strategic Alliance Agreement	the agreement of that name dated 6 November 2012 between Bowleven and Petrofac
TRACS	TRACS International Consultancy Limited
2D	two dimensional
\$	United States of America Dollars