



24 June 2014

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

Etinde Farm-out agreement signed with LUKOIL and NewAge

Bowleven, the Africa focused oil and gas exploration group traded on AIM, is pleased to announce that it has delivered its strategic intent to sell part of its interest in the Etinde Permit, offshore Cameroon, by entering into a conditional agreement with LUKOIL and NewAge.

Highlights of the Transaction

- Bowleven will reduce its interest in the Etinde permit from 75% to 25% and receive aggregate consideration of approximately \$250 million (subject to final working capital adjustment) comprising:
 - \$170 million cash payment at completion;
 - \$40 million staged deferred cash payment due at Etinde development project FID and on completion of appraisal drilling; and
 - \$40 million (net) carry for two appraisal wells.
- LUKOIL will acquire a 37.5% interest and NewAge will acquire an additional 12.5% interest in the Etinde Permit to increase its group holding from 25% to 37.5%
- Camop (a wholly-owned subsidiary of NewAge) will become Operator of the Etinde Permit following completion, allowing Bowleven to focus on its proven exploration skillset.
- Bowleven will retain a 25% interest in the Etinde Permit, ensuring continued exposure to the considerable resource and future development potential of the acreage.
- The significant cash consideration strengthens the Group's balance sheet providing funding flexibility for Bowleven's pre-production share of Etinde development expenditure and the progression of exploration activities.
- The two acquisitions are interconditional and the principal conditions precedent to completion of the transaction are normal regulatory approval by the Cameroon government and approval by Bowleven shareholders to be sought at a General Meeting.

Kevin Hart, Chief Executive of Bowleven plc, said:

"We are extremely proud of the substantial progress that we have made with Etinde in discovering resource and creating markets. With the Exploitation Authorisation approved

and nearing formal award, gas sales discussions well advanced, and significantly increased scope for expansion to additional gas offtake solutions, in particular CLNG, we believe now is the right time to bring in a new partner and transfer operatorship.

I am delighted that LUKOIL are joining us as a value-adding partner in Cameroon, alongside our existing co-venturer, NewAge. LUKOIL are a major international integrated oil and gas group with extensive operating and marketing expertise globally and a track record of delivering world class oil and gas developments. The expanded joint venture will work together to realise the considerable potential of this world class asset.

Bowleven's strategy is to focus on our core strengths of exploration and appraisal and enable the conversion of resources to reserves, ensuring that we realise value for shareholders at the appropriate time. This transaction endorses the value of Etinde while allowing us ongoing participation in its significant remaining potential.

Going forward, having transferred the operatorship of Etinde and significantly strengthened our balance sheet, we are well-positioned to both fund our share of Etinde's ongoing appraisal and development programme and also to progress the potential of our exciting African exploration portfolio in Cameroon, Kenya and Zambia.”

Transaction Overview

The transaction will enable the Company to focus on its strategy of pursuing exploration and appraisal opportunities and converting resources to reserves within the Group. The Board believes that the transaction delivers significant shareholder benefits:

- Bowleven will gain an experienced upstream partner in Cameroon with considerable expertise in developing, producing and marketing oil and gas. This will facilitate progression of Etinde development plans, enhance the monetisation of the Group's Etinde acreage offshore Cameroon, and allow the Bowleven team to refocus on its core skillset of exploration.
- With sufficient Etinde gas already in place for the proposed fertiliser plant and the potential for considerable upside on the permit demonstrated, further drilling will be aimed at confirming the additional resources available for expanded and broader development opportunities, in particular the GDF-led CLNG scheme. The transaction facilitates the accelerated appraisal of the extensive Intra Isongo reservoir interval encountered with the IM-5 well, with funding from the \$40 million drilling/testing carry considered sufficient for Bowleven's share of the two appraisal wells.
- The significant cash component of the consideration will strengthen the Group's balance sheet bringing increased financial flexibility. This, combined with the Group's current balance sheet, comprising cash and no debt, means that the Company is well funded for its pre-production share (20% post state back-in) of development expenditure.
- Additionally, the group will have the flexibility to progress the multiple exploration opportunities present across the Group's wider African portfolio, including exploration drilling both planned and potential on Bomono, onshore Cameroon and block 11B, Kenya respectively.

- Bowleven retains access to future upside potential as the Etinde project moves forward. Continued participation will bring a share in future revenue generating cashflows, providing ongoing funding for the Group's focused exposure to Africa E&A activities.

Asset Details

The farm-out transaction relates to the Etinde Permit (currently comprising blocks MLHP-5, MLHP-6 and MLHP-7), offshore Cameroon. EurOil, a subsidiary of Bowleven, is currently the operator of that Permit.

Both exploration and appraisal activity has been undertaken by Bowleven on Etinde and several hydrocarbon discoveries have been made. The Group's current P50 net contingent resources for Etinde, prior to this transaction and any state participation, are 263 mmboe. Initial development concepts have centred around a phased hub-and-spoke approach, with the IM field on block MLHP-7 delivering the first phase of liquids and associated gas production. Initial dry gas sales are envisaged to be into the planned fertiliser plant, but with significant upside resource potential on the Permit, additional gas offtake solutions are being considered, principally CLNG.

Pending development activity, there is currently no production on Etinde. Support and approval of the Etinde Exploitation Authorisation Application (EEAA) over block MLHP-7 was given by the Cameroon State following a Special Operating Committee Meeting (OCM) held in late May 2014 and the formal decree awarding the Exploitation Authorisation (EA) is expected to follow in due course. The EA will give development and exploitation rights over block MLHP-7 for an initial period of 20 years.

Details of the Transaction

- LUKOIL and NewAge have agreed to farm-in to two thirds of Bowleven's current equity interest in the Etinde Permit. On completion LUKOIL will have a 37.5% interest in Etinde, NewAge (including its affiliate and the Group's current Etinde joint venture partner, Camop) 37.5% and EurOil 25%, with all entitlements under the PSC being shared accordingly, subject only to LUKOIL and NewAge being entitled to cost recovery in respect of the two well carry.
- Camop, an affiliate of NewAge and the Group's existing joint venture partner in the Permit will assume operatorship of the Etinde Permit (including the Etinde development).
- LUKOIL/NewAge have agreed to pay Bowleven an aggregate consideration of approximately \$250 million (subject to final working capital adjustment).
- The aggregate \$250 million consideration comprises:
 - \$170 million cash received at completion (including approximately \$5 million of expected working capital adjustment, subject to finalisation)
 - Up to \$40 million (net to Bowleven) carry for two Etinde appraisal wells, including testing.
 - \$25 million cash contingent upon and received at Etinde IM field development project FID.

- \$15 million cash received on completion of appraisal drilling.

Other Transaction Details:

- The effective date of the transaction is the completion date, which will occur 15 business days after the satisfaction (or, where permitted, waiver) of the conditions to the transaction. The longstop date by which all conditions to completion of the transaction must have been satisfied (or waived) is 31 August 2014.
- The above interests are expressed prior to the exercise of any back-in rights by the Cameroon state. Under the Etinde PSC, the Cameroon state has the right to elect to take a 20% participating interest in development activity.
- Completion is subject to, amongst other things:
 - the grant of an Exploitation Authorisation over block MLHP-7 of the Etinde Permit. An Etinde Exploitation Authorisation Application over block MLHP-7 was submitted to the Cameroon authorities in January 2014 and was approved by the Cameroon state following a Special Operating Committee meeting in May 2014. The formal decree awarding the Exploitation Authorisation is now expected to follow in due course;
 - the approval by the Cameroon government of the transfer of the equity interest and operatorship from EurOil, Bowleven's wholly owned subsidiary, to the purchasers (or their nominated affiliates);
 - either the termination prior to completion of the previously announced Strategic Alliance Agreement with Petrofac or the release of the interests sold from the scope of the Strategic Alliance Agreement.

Information on LUKOIL

LUKOIL is one of the world's leading integrated oil and gas companies, accounting for in excess of 2% of global output of crude oil. Main activities of the LUKOIL group are the exploration and production of oil and gas, production and marketing of petroleum products and petrochemicals, oil refining and gas processing and power generation.

LUKOIL is one of the largest listed oil and gas companies in the world with a market capitalisation of around \$53 billion. LUKOIL is listed on the Russian Stock Exchange (MICEX) and has had a full listing on the London Stock Exchange for over 10 years.

It has over 20 years of operating experience. Most of the LUKOIL group's exploration and production activity is located in Russia and its main resource base is in Western Siberia. It also has E&P interests in Sierra Leone, Cote d'Ivoire, Ghana, Egypt, Saudi Arabia and Iraq amongst others and is currently implementing oil & gas exploration and production projects in over 10 countries. It has extensive experience in operating multi-tcf gas fields, developing and producing hydrocarbons (including the processing of natural gas liquids) and working with multiple stakeholders.

Information on NewAge/Camop

New Age (African Global Energy) Limited is a privately-owned oil and gas exploration company, with operations in 7 countries and a portfolio of 21 oil and gas concessions covering 6 hydrocarbon basins. New Age has experience in finding and developing oil and

gas in emerging areas. New Age has completed seismic acquisition in all assets and has discovered and appraised 5 oil fields and 6 gas fields. New Age is currently developing 3 of these fields and expects to commence production in 2015. Camop, an existing partner in the Etinde joint venture, is a subsidiary undertaking of New Age and has held its 25% equity interest in the Permit since 2009.

General Meeting

Approval of the transaction by Bowleven shareholders will be sought at a general meeting scheduled for 21 July 2014. A circular convening the meeting will be posted to shareholders shortly and a copy will be made available on the Company's website.

Conference call

Kevin Hart, Chief Executive Officer, will be hosting a conference call for analysts today at 10.45 a.m. BST. Conference call details will be circulated separately. They can also be obtained directly from Brunswick.

A replay facility of this call will be available from approximately 1.00 p.m. BST. To access this facility dial:

Replay dial-in: +44(0)20 3427 0598 UK

+1 347 366 9565 USA

Replay passcode: 8858676

ENQUIRIES

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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. It is anticipated that on completion of the farm-out transaction outlined in this announcement operatorship of the offshore Etinde Permit in Cameroon will transfer to Camop. Bowleven will remain operator of the onshore Bomono Permit in Cameroon. Bowleven also holds an equity interest in an onshore block in Kenya, operated by

Adamantine Energy, and has been awarded three blocks in Zambia, with applications on two blocks pending.

Notes to Announcement:

- (1) 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.
- (2) 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 25 years' experience in oil and gas exploration and production.
- (3) Citigroup acted as sole adviser to Bowleven in relation to the farm-out of part of the Bowleven Group's interest in the Etinde Permit. Bank of America Merrill Lynch provided financial advice in relation to the transaction.
- (4) The most recent published financial statements for the Bowleven Group are contained within the Interim results for the six months ended 31 December 2013 which were announced on 31 March 2014. The carrying value of the Etinde Permit contained within the balance sheet and classified as 'intangible exploration assets' as at that date was \$501 million.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

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
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 and an affiliate of NewAge
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 aggregation scheme to supply a LNG facility
Company	Bowleven plc
Completion	completion of the transaction

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
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 ² , 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
FID	final investment decision
GDF	GDF SUEZ S.A.
Group	the Company and its direct and indirect subsidiaries
IM	the Isongo Marine Field area, block MLHP-7, Etinde Permit
km ²	square kilometres
LUKOIL	LUKOIL Overseas West Project Ltd, a subsidiary undertaking of OAO LUKOIL
LNG	liquefied natural gas
mmboe	million barrels of oil equivalent
mmboepd	million barrels of oil equivalent per day
mmbopd	million barrels of oil per day
NewAge	NewAge (African Global Energy) Limited, the parent undertaking of Camop
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

SNH	Société Nationale des Hydrocarbures, the national oil and gas company of Cameroon
strategic alliance	the proposed strategic alliance between the Company and Petrofac in respect of the Etinde 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
tcf	trillion cubic feet
\$	United States of America Dollars