



17 September 2012

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

### Group Operations Update

Bowleven, the Africa focused oil and gas exploration group traded on AIM, is pleased to announce the following update on activities:

#### **Highlights**

- Drilling operations commenced on IM-5 appraisal/development well on block MLHP-7, Etinde
- Draft Etinde exploitation authorisation application submitted to Cameroon authorities
- Gas sales term sheet for proposed fertiliser plant in advanced stages of negotiation
- Discussions ongoing with preferred bidder on Bomono farm-out
- Extensive and highly prospective exploration acreage position obtained onshore Kenya
- Group cash balance at end August 2012 circa \$140 million

#### **Kevin Hart, Chief Executive, said:**

“We are pleased with the progress we have made on the proposed initial phase of the hub and spoke development plan for Etinde. The submission of a draft exploitation application and the commencement of drilling operations on the IM-5 appraisal/development well are key steps on the overall path to development.

We are also delighted to add a significant acreage position in Kenya to our existing exploration portfolio in Cameroon. This new acreage affords the Company exposure to an exciting new hydrocarbon province for a minimal capital commitment.”

## **ENQUIRIES**

For further information please contact:

Bowleven plc  
Kevin Hart, Chief Executive 00 44 131 524 5678  
Kerry Crawford, Head of Investor Relations

Brunswick Group LLP  
Patrick Handley 00 44 207 404 5959  
Catriona McDermott

Bank of America Merrill Lynch (Nomad)  
Derek Ross 00 44 207 628 1000  
Tony White

### **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. In addition, Bowleven today announces the acquisition of an equity interest in an onshore block in Kenya operated by Adamantine Energy.

Ferrostaal AG, a global company with headquarters in Germany, is a provider of industrial services in plant construction and engineering. It has subsidiaries in more than 40 countries and has, amongst other projects, built and operated petrochemical complexes in Chile, Trinidad and Tobago, Oman and Venezuela.

Adamantine Energy is a technically focused frontier exploration company applying specialist technologies to explore specific and neglected exploration opportunities in East Africa. Adamantine has a regional operations base in Nairobi, Kenya.

### **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 25 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.

## **GROUP OPERATIONS UPDATE**

### **Etinde Permit**

#### **Commencement of Drilling Operations**

Drilling operations have commenced on the IM-5 appraisal/development well on block MLHP-7 with the Atwood Aurora jack-up rig. The primary objective is to determine the reservoir and fluid properties of the Middle Isongo sands. The secondary objective is to explore the potential of the Intra Isongo reservoir sands. The Upper Isongo reservoir sands, which were encountered as gas bearing in the previous four IM wells, are prognosed to be beneath the gas/water contact and hence water-bearing at this location.

The well, located approximately one kilometre south of the IM-3 well location, has an estimated target depth of 3,475 metres and will be drilled in water depths of around 56 metres. The well has been designed to enable suspension as a future producing well.

The rig has been contracted for a minimum of two firm wells. The IM-5 well is the first well in the programme. The well, which is intended to incorporate an extensive logging, testing and coring programme, is expected to take approximately 14 weeks to reach TD. The location and timing of the second well remains flexible pending results from ongoing technical work and the outcome of the IM-5 well.

#### **Exploitation Authorisation Application**

The process to obtain an exploitation authorisation over a substantial part of the Etinde Permit is progressing as planned. A draft exploitation authorisation application has been submitted to the Cameroon authorities and supporting workshops are underway. The workshops are intended to expedite the approval of the final application that Bowleven expects to submit prior to the expiry of the current exploration phase in December 2012.

#### **Resource Monetisation**

Significant progress has been made on the plans to monetise the existing discoveries on the Etinde Permit through a hub and spoke development. The fields on block MLHP-7 are expected to be key contributors to proposed phase one development plans. It is envisaged that block MLHP-5 will be the focus for the second phase of development.

As previously reported, a memorandum of understanding for a ten year supply of gas from the Etinde Permit to a proposed fertiliser plant in Cameroon was signed by the prospective owners (Ferrostaal and SNH) and Bowleven as the Permit Operator in April 2012. A gas sales term sheet is in the advanced stages of negotiation and discussions to conclude terms, including pricing, are continuing.

The Group continues to review all available financing options as it moves forward with the Etinde development. Initial discussions have been held with a number of potential capital providers with a view to securing the required finance prior to FID. In addition to the more conventional debt funding solutions, the high equity interest in Etinde presents the opportunity to introduce additional farm-in partners if deemed appropriate.

### **Bomono Permit**

Discussions with a preferred bidder regarding a farm-out by the Group of part of its interest in the Bomono Permit are at an advanced stage. Completion of the transaction is still, *inter alia*, subject to contract and various Board and Government approvals.

To date drilling locations have been identified and site preparation is currently underway. Inevitably the planned commencement of drilling operations on Bomono in 2012 depends on a suitable onshore rig being secured. Whilst every endeavour is being made to contract a suitable rig it is possible that the drilling may slip into 2013, outwith the first exploration phase of the PSC. The Cameroon authorities have been kept fully informed and consequently Bowleven has submitted a request to SNH to accommodate this potential eventuality.

### **New Ventures – Kenya**

Bowleven has entered into a farm-in agreement to acquire a 50 percent equity interest in onshore exploration block 11B, Northwest Kenya, from Adamantine Energy Ltd ('Adamantine'). Block 11B covers an area of approximately 14,000 square kilometres covering the Loeli, Lotikipi, Gatome and South Gatome basins. The basins are to the north of the Lokichar Basin where a significant oil discovery has been made in recent months with the Ngamia-1 well. Analysis of the existing gravity and magnetics and seismic datasets suggest the basins in block 11B are of similar form to Lokichar and analogous geological plays and petroleum system elements are expected.

In return for acquiring this interest Bowleven will fund the work programme for the initial two year exploration period at an estimated cost of \$10 million. The initial work programme is to include an airborne geophysical survey and the acquisition of 2D seismic. Bowleven will also provide technical support to Adamantine, as operator, under a TSA during the initial exploration period. Completion of the farm-in is subject to normal approval from the Kenyan authorities.

*Commenting on the agreement, Chris Matchette-Downes, CEO of Adamantine Energy, said:* "Adamantine Energy are delighted to be working with Bowleven on block 11B. The two companies have complementary technical and operational skillsets and we can draw upon the outstanding track record of Bowleven's technical team in Cameroon and prior to that their experience and success in similar rift basins elsewhere in the world. As a partnership the two companies are ideally placed to fast track the work programme on block 11B, and we look forward to early exploration success!"

A map indicating the location of block 11B is available on our website [www.bowleven.com](http://www.bowleven.com)

Bowleven will announce its preliminary results for the year ended 30 June 2012 on 6 November 2012.

## **GLOSSARY OF TERMS**

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

|                         |  |
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| AIM                     | Alternative Investment Market  |
| Bomono Permit or Bomono | the production sharing contract between the Republic of Cameroon and EurOil Limited (an indirectly wholly owned subsidiary of the Company) dated 12 December 2007 in respect of the area of approximately 2,328 km <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 and/or its subsidiaries as appropriate  |
| Etinde Permit or Etinde | 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 2,316 km <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 |
| FID                     | final investment decision  |
| PSC                     | production sharing contract  |
| SNH                     | Société Nationale des Hydrocarbures, the national oil company of Cameroon  |
| TD                      | total depth  |
| TSA                     | technical services agreement   |