



6 November 2012

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

### **Preliminary Results Announcement**

Bowleven, the Africa focused oil and gas exploration group traded on AIM, today announces its preliminary results for the year ended 30 June 2012.

## **HIGHLIGHTS**

### **Operational**

#### ***Resources to reserves***

- Draft Etinde Exploitation Authorisation Application (EEAA) submitted to authorities;
  - Final submission expected prior to expiry of PSC exploration phase.
- Advancing plans for a staged 'hub and spoke' development on Etinde:
  - Stage I to focus on block MLHP-7 fields with first production targeted 2016;
  - Stage II envisages integration of the Sapele discoveries.
- Term sheet for gas sales to proposed fertiliser plant nearing finalisation.
- Proposed strategic alliance with Petrofac provides access to extensive development expertise and up to \$500 million towards the development of Etinde.
  - Initial capital investment available at FID, anticipated H2 2013.
- Drilling underway on IM-5 appraisal/development well on block MLHP-7;
  - Update expected mid January 2013.

#### ***Exploration/Appraisal***

- Independent assessment of Deep Omicron interval volumes conducted by third party consultant (Sproule); in-place discovered and undiscovered Mean HIIP 1,208 mmboe.
- Supports H1 2012 upgrade to Deep Omicron in-place fairway volumes post Sapele-3 well; Mean HIIP of 1,197 mmboe.
- Sapele-2 and Sapele-3 exploration/appraisal wells encountered significant hydrocarbon intervals at multiple levels:
  - Sapele-2 tested high quality light oil from Deep Omicron interval; and
- Sapele-3 significantly extended the Deep Omicron and Epsilon fairways. Multiple Tertiary and Cretaceous prospects identified on Bomono Permit; drill-ready exploration target awaiting rig availability.
- Extensive, highly prospective exploration acreage obtained onshore Kenya.

### **Corporate**

- Strategic alliance agreement signed between Bowleven and Petrofac following extensive technical and commercial due diligence.
- EOY disposal completed in March 2012; \$38.6 million net proceeds received.

- Group cash balance at 30 June 2012 \$142.5 million, no debt.
- Group cash balance at 31 October 2012 approximately \$120 million.
- Funded for current exploration and appraisal programme.
- Discussions with preferred bidder on Bomono farm-out at advanced stage.

## **Outlook**

The two key near term Group objectives remain the conversion of resources to reserves and the exploration of the Douala Basin, now augmented with the Kenyan exploration acreage.

Key focus areas for 2013 are therefore expected to include:

- Progressing development activities including pre-FEED/FEED work for the staged ‘hub and spoke’ development across the Etinde Permit, with processing facilities based onshore.
- Targeting Final Investment Decision (FID) in H2 2013 for Etinde development ensuring:
  - Approval of the Etinde Exploitation Authorisation Application (EEAA)
  - Finalisation of Gas Sales Agreement
  - Access to finance for the development
- Appraisal/development drilling on MLHP-7, including the completion of drilling and testing on the IM-5 well.
  - The requirement for and location of, further wells will be determined following IM-5.
- Ongoing exploration activity in Cameroon involving:
  - Exploration drilling on the onshore Bomono Permit, targeting both Tertiary and Cretaceous prospectivity
  - Ongoing evaluation of the Douala Basin prospectivity
- Early stage exploration activities over new acreage in Kenya.

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

“We are delighted with the considerable progress made on our path to development in Cameroon and in so doing, pursuing our stated objective of converting resources to reserves.

As we target the Final Investment Decision (FID) and sanction of the staged Etinde ‘hub and spoke’ development project, our focus is on ensuring that key requirements are in place. In summary these are an approved Etinde Exploitation Authorisation Application (EEAA), a gas sales contract and development funding.

Significant progress has been and continues to be made in all of these areas. Final submission of the EEAA is expected prior to the expiry of the exploration phase in December. A gas sales term sheet is nearing finalisation, with all parties targeting conclusion by the end of the year.

The proposed strategic alliance with Petrofac announced today will give us access to capital alongside extensive development expertise to assist project delivery, mitigate execution risk and help deliver first production from Etinde.

In addition, we are excited about the further exploration opportunities within the Douala Basin and our new Kenyan acreage. The pending exploration extension to the onshore Bomono Permit facilitates our plans for Douala Basin exploration drilling in the near term. Planning for airborne geophysical and 2D seismic acquisition in Kenya is already underway.”

## ENQUIRIES

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*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.

**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.

## CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

The last year has been a period defined by further successful exploration and appraisal drilling in the Douala Basin followed by intense pre-development activity, including the compilation and submission of the draft Etinde Exploitation Authorisation Application (EEAA). In addition, extensive preparation has been undertaken for the current appraisal/development drilling. This work has put the Company in prime position to move forwards towards the phased development of its Etinde acreage.

A significant amount of attention has also been given to our 100% owned Bomono Permit with drilling locations identified and site preparation undertaken in advance of an eagerly anticipated near term drilling programme, subject to rig availability.

Throughout the year we have been working to achieve a number of the key deliverables highlighted at the Group's first capital markets day presentation held early in 2012. Significant progress has been made on each of them. These activities and milestones are consistent with the Group's stated key near term objectives of:

1. Converting "Resources to Reserves" through the ongoing appraisal and subsequent anticipated development sanction of the IE, IF and IM discoveries on block MLHP-7 and the Sapele discoveries on block MLHP-5 of the Etinde Permit; and
2. Further "Exploring the Douala Basin in Cameroon" and unlocking the potential of our acreage position in this relatively unexplored area, encompassing both our onshore Bomono Permit and a substantial part of the offshore Etinde Permit.

The overriding focus of the Group will remain on accomplishing these objectives as we look forward to 2013 with drilling and development activity on Etinde and exploration drilling on Bomono. With an eye to future expansion, we have recently acquired a 50% interest in block 11B in Kenya, an area that is attracting high profile attention from industry majors and leading independents with recent drilling successes. Although early days, we are very excited about the 11B opportunity and look forward to the commencement of operations in 2013.

The operational and corporate highlights for 2013 are likely to include:

- Approval of Etinde Exploitation Authorisation Application (EEAA)
- Appraisal / Development drilling on block MLHP-7
- Finalisation of Gas Sales Agreement (GSA) for Etinde gas
- Securing finance for phased 'hub and spoke' Etinde development
- Obtain Final Investment Decision (FID) for Etinde development project
- Commence exploration drilling on Bomono and complete farm-out
- Acquisition of airborne geophysical and seismic data over new Kenyan acreage

### **Resources to Reserves**

The development of the Group's resource base on Etinde and the re-categorisation of resources to reserves is progressing well. Key to achieving this and making FID is the attainment of three key components namely:

1. *An approved Etinde Exploration Exploitation Application (EEAA)*  
A draft of the EEAA has been submitted to the Cameroon authorities and a number of workshops have been held with SNH. It is currently anticipated that a final formal

license application will be made prior to 21 December 2012, the date the exploration period in the Etinde PSC expires. The development envisages a phased approach with initial production coming from the fields in MLHP-7 followed by a second phase which encompasses the MLHP-5 discoveries.

2. *A signed Gas Sales Agreement (GSA)*

A memorandum of understanding for the supply of 70 mmscfd of gas was signed between EurOil, SNH and Ferrostaal in April this year. A more detailed gas sales term sheet is now nearing finalisation with discussions to conclude terms, primarily the pricing mechanism, at an advanced stage. This agreement will form the basis for an even more detailed GSA which will be finalised prior to FID.

3. *Access to finance for the Etinde development*

Bowleven today announces it has entered into a proposed strategic alliance with Petrofac which includes, amongst other things, the provision of up to \$500 million towards Bowleven's share of the Etinde Stage I development. This investment, which is conditional *inter alia* on the project meeting certain economic hurdles, will be repaid out of EurOil's share of the Etinde project cashflows. Details of the arrangements with Petrofac are included in a separate press release issued on 6 November 2012. Due to the size and nature of the transaction the approval of Bowleven's shareholders will be required.

### **Exploring the Douala Basin**

Our focus continues to be on pursuing the considerable exploration potential of our Cameroon acreage. In particular, both significant discovered and as yet unexplored potential continues to exist in the Douala Basin. Over the coming months and years we plan to commence drilling onshore at Bomono and continue to develop, appraise and explore offshore within the Exploitation Area. In particular, it is anticipated that Stage II of the Etinde development will encompass the existing block MLHP-5 discoveries. This will enable accumulations such as Deep Omicron to be evaluated under long-term production test, providing valuable insight into reservoir connectivity and likely recovery factors.

### **Expanding our Exploration Horizons**

The recent farm-in to 50% of block 11B in Kenya represents a material new venture for Bowleven. The PSC, which covers approximately 14,000 square kilometres, is located in a new emerging hydrocarbon province, providing the potential for material future value creation through the drill-bit.

### **Volumetrics updates**

#### *In-Place Volumes and Contingent Resources Updates*

The Sapele-3 appraisal well significantly extended the Deep Omicron fairway encountered with the previous Sapele and earlier wells and as a consequence, as previously published in March 2012, we increased the fairway Mean HIIP to 1,197 mmboe. Sproule International Ltd (Sproule), the international petroleum consultancy house, was recently commissioned by Bowleven to undertake an independent assessment of volumes within the Deep Omicron interval. Sproule's methodology is based on the identification and volumetric assessment of

discrete geobodies pinpointed by detailed seismic interpretation. Bowleven's approach is to assume pay throughout the areal extent of the fairway and generate volumes accordingly.

We are very pleased that Sproule assess the Sapele wells to have discovered a Mean HIIP of 133 mmboe with a Mean undiscovered HIIP of 1,075 mmboe for the Deep Omicron fairway. Sproule's cumulative mean of 1,208 mmboe combines both their discovered and undiscovered in-place volumes and compares to Bowleven's 1,197 mmboe mean in-place fairway volume. The Sproule P50 in-place volumes are a third higher than Bowleven's published P50 in-place volumes. Further detail is provided in the table below:

In-Place Volumes	P50		Mean	
	Bowleven	Sproule*	Bowleven	Sproule*
STOIIP mmbbls	615	684	845	709
Associated GIIP bscf	1,532	2,841	2,111	2,972
TOTAL mmboe	871	1,164	1,197	1,208

\*Sproule figures include aggregated discovered and undiscovered volumes.

Sproule's work provides third party validation of the in-place volumes published by Bowleven for the Deep Omicron fairway. In addition, the Sproule analysis identifies potential sweetspots and therefore will be considered in selecting future well locations. Further details are provided in the report produced by Sproule, a copy of which is available on our website [www.bowleven.com](http://www.bowleven.com).

A key objective for the Group is the conversion of resources to reserves. It is envisaged that the Sapele discoveries in block MLHP-5 will form part of Stage II of the Etinde development and ultimate reserves recovery will depend on several factors including the number of production wells and reservoir connectivity. The revision to resources to incorporate the increased Deep Omicron fairway in-place volumes published following the Sapele-3 well is still in progress and therefore no update has been made to contingent resources below.

The Group's net contingent resource volumes on a P50 basis are 203 mmboe (2011: 226 mmboe). The movement is due to the removal of 9 mmboe resources relating to EOV following the sale of the asset in the period and the refinement of volumes on the IE/ID fields on block MLHP-7, incorporating the results from recently acquired 3D 4C OBC seismic data.

## **Operations**

It has been an active period for the Group with two drilling campaigns focused on the shallow water Etinde Permit in Cameroon. The first programme included the successful drilling of the Sapele-2 and Sapele-3 appraisal wells on block MLHP-5 following the earlier discoveries made with the Sapele-1 exploration well. The focus of the second is on appraisal/development drilling on block MLHP-7 and drilling operations on the IM-5 well are underway. Advancing our plans for a 'hub and spoke' development in Cameroon is a priority and significant progress has been made in the period. On the onshore Bomono Permit in Cameroon a prospects and leads inventory has been compiled following the evaluation of 2D

seismic data acquired on the acreage. Planning and preparation for drilling operations on Bomono, including site preparation, has also been progressed. New ventures activity has resulted in the farm-in to acreage in Kenya.

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

#### Drilling and Testing Activities

##### *Block MLHP-5, Etinde Permit*

The results of the Sapele-2 and Sapele-3 wells in the second half of 2011 enlarged the areal extent of the mapped Deep Omicron oil-bearing interval, discovered by the earlier Sapele wells, significantly northwards into block MLHP-6.

The Sapele-2 well was drilled to a TD of 3,479 metres in a water depth of 25 metres and encountered net hydrocarbon pay within both the Deep and Lower Omicron intervals. Drill stem tests produced oil and gas from the Deep and Lower Omicron intervals with high quality light oil at the Deep Omicron level.

The Sapele-3 well was drilled to a TD of 4,480 metres and encountered net hydrocarbon pay at multiple levels. This significant step-out from the existing Sapele discoveries considerably extended the previously defined Deep Omicron and deeper Epsilon fairway boundaries. The well was suspended for future testing. Gas chromatographic ratio analysis indicates both the Deep Omicron and Epsilon reservoirs are likely to be oil-bearing.

The four well Sapele drilling programme has demonstrated that the Deep and Lower Omicron reservoir intervals are not only seismically laterally extensive, but also have similar geological wireline log characteristics and hydrocarbon charge histories. Whilst the overall extent of these significant stratigraphic traps are yet to be delineated, the encouraging well test results and the substantial pressure inversions encountered in the reservoirs are also indicative of both a laterally extensive, well connected reservoir system and a commercially viable resource base. This can only conclusively be proved by drilling wells and obtaining long-term well performance data. It is envisaged that the Sapele discoveries will be developed in Stage II and integrated with the 'hub' constructed and installed as part of the Stage I development. The utilisation of the Stage I hub facilitates the sanction of future tie-ins.

##### *Block MLHP-7, Etinde Permit*

The existing IE, IF and IM fields are situated on block MLHP-7. Drilling operations commenced on the IM field in September 2012 with the IM-5 appraisal/development well. The primary objective of this well is to determine the reservoir and fluid properties and gas composition of the Middle Isongo sands which will be used to optimise the configuration and timing of future development wells. The secondary objective is to explore the potential of the previously untested Intra Isongo reservoir sands. The well has an estimated target depth of 3,475 metres and has been designed to enable suspension as a future producing well. A re-drill of the hole section was required due to mechanical difficulties encountered during drilling operations and the well is now expected to reach TD mid-January 2013. The requirement for further drilling, if any, will be assessed following the results of the IM-5 well. In order to allow a full integration of the IM-5 drilling results into the Etinde

development programme, the rig will be released to another operator in the area on completion of IM-5 operations. Meanwhile, we are considering taking the rig back on completion of this operators programme.

### Appraisal/Development

Significant progress has been made on plans to monetise the existing discoveries on the Etinde Permit. The selected development concept is based on a 'hub and spoke' development scheme which enables a phased and flexible approach to the development of our discoveries in Cameroon and facilitates early liquids production. The block MLHP-7 discoveries will be the focus for the first stage of the development in which all the required infrastructure for this phase will be constructed and installed, including the onshore processing facility ('hub'). The second stage envisages the integration of the discoveries on block MLHP-5 into the development, utilising the onshore infrastructure installed for the initial stage. The approach also provides additional flexibility in the event of further discoveries on our Cameroon acreage.

Appraisal and development activities are continuing. The evaluation of 3D 4C OBC seismic data acquired over the IE and IF fields on block MLHP-7 is progressing. An independent engineering firm was engaged to help develop the detailed reservoir engineering work required for field development planning, including the generation of reserves and production profiles. The draft EEAA, covering a substantial part of the Etinde Permit, was prepared and submitted and three workshops have been held with the Cameroon authorities. The final EEAA submission is expected prior to the expiry of the PSC exploration period on 21 December 2012. The application for the Exploitation Authorisation overrides the expiry date of the exploration phase. Acreage not covered by the exploitation area is being considered under a separate exploration PSC.

Development planning is also advancing with a project definition, scope and execution schedule all in place. The immediate priorities for the development team are obtaining the EEAA, completion of drilling and testing activities on the IM-5 well, site selection for the onshore processing facility and completing the associated environmental and social impact assessment (ESIA) for the development.

### Cameroon Gas Monetisation

With significant volumes of gas present across the Permit, in addition to the multiple liquids discoveries, it is recognised that identifying a route to market the gas is key to optimising future development plans for the liquids.

Significant progress has been made in advancing an offtake route for the gas. An MOU for the supply of gas for a minimum of 10 years from the Etinde Permit to a proposed fertiliser plant in Cameroon was signed by the prospective owners (Ferrostaal and SNH) and EurOil as operator of Etinde in April 2012 and considerable attention is being given to the progression of this initiative by all parties involved. Sufficient gas volumes are anticipated from the IM and IE fields to supply the MOU requirements. A gas sales term sheet is in now the advanced stages of negotiation and discussions to conclude terms, primarily details of the pricing mechanism, are continuing. All interested parties are targeting the end of 2012 for the

approval of the term sheet. The integration of timetables from the proposed fertiliser plant development and the Stage I Etinde development indicates first gas production in 2016.

Meanwhile, the GDF Suez and SNH initiative to advance the monetisation of the substantial undeveloped gas resource within Cameroon via an in-country gas aggregation scheme to supply a domestic LNG facility continues to progress. Also, additional in-house potential solutions (including methanol plant, mini LNG and gas reinjection) continue to be considered alongside third party led solutions.

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

The evaluation in the period of the 2D seismic dataset revealed multiple prospects and leads across the Permit with both Tertiary and deeper Cretaceous aged targets identified. A well location was highgraded from this exercise (Zingana-1) and planning and preparation for drilling carried out. As previously highlighted, the timing of commencement of exploration drilling on Bomono is dependent on a suitable onshore rig being sourced. An extensive rig contracting process has been undertaken throughout 2012 and is continuing. The limited availability of suitable rigs in the region has made this process particularly challenging. Meanwhile, well site preparation has been advanced to ensure the location is drill-ready when a rig becomes available. Indications from the rig contracting process are that it is likely that drilling will now commence in 2013, after the first exploration phase of the PSC, which expires in December 2012. The Cameroon authorities have been kept fully informed throughout the process and appreciate the problems of sourcing a suitable rig. Consequently SNH support our request to carry forward the well into the second two year exploration phase of the PSC. With SNH's support, this request will be tabled at a Special Operating Committee Meeting in November 2012.

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.

#### ***Gabon – EOV Permit & Epaemeno Permit***

The sale of the Group's entire equity interest in the offshore EOV Permit, to Perenco SA was completed on 30 March 2012 generating total net proceeds of \$38.6 million.

The onshore Epaemeno Permit has been relinquished following a joint technical review of prospectivity carried out by the Operator, Addax and Bowleven.

Following the disposal of the EOV Permit and the relinquishment of the Epaemeno Permit, the Group no longer has any interests in Gabon.

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

On the 17 September 2012, Bowleven farmed-in to a 50% equity interest in the Kenyan onshore exploration block 11B that covers an area of approximately 14,000 square kilometres covering several basins. The block is ideally located at the intersection of the Tertiary and Cretaceous East African Rift systems on trend with production to the north west in Sudan and north of recent discoveries in Kenya. The initial two year exploration work programme is to include an airborne geophysical survey and the acquisition of 2D seismic and tendering for these surveys has been initiated.

### ***New Ventures/Farm-Out Opportunities***

Bowleven continues to review potential opportunities to acquire additional acreage in Africa, its region of focus, and to review farm-out opportunities to optimise the exploitation of its overall portfolio for shareholders.

### ***Operational Outlook***

Operational momentum is expected to continue into 2013 with the focus on converting resources to reserves via our plans for development of the Etinde Permit. Maintaining exploration activity on our extensive acreage in Cameroon also remains a priority, with planned near term exploration drilling focused on the Bomono Permit. In addition, our new acreage in Kenya provides the opportunity for early stage exploration activity with the acquisition of airborne geophysical and 2D seismic surveys planned.

### **Finance**

The Group has reported a loss of \$13.1 million for the year ended 30 June 2012 (2011: loss \$76.8 million). The loss for the year includes charges arising from the disposal of EOV and following the relinquishment of Epaemeno of \$3.2 million and \$3.6 million respectively.

In addition, the results for the year include a foreign exchange gain of \$2.4 million (2011: \$22.6 million loss) arising from foreign exchange movements on US cash balances under IFRS. The prior year loss arose from foreign exchange differences on intra-group loans under IFRS that have since been capitalised. Administrative expenses for the Group were \$9.5 million (2011: \$13.2 million).

Capital expenditure cashflows in the year were \$97.3 million (2011: \$85.7 million). This expenditure relates to exploration and appraisal activities, primarily drilling operations on the Etinde Permit.

Net proceeds of \$123 million from an equity placing were received in November 2011. In addition, net disposal proceeds of \$38.6 million, relating to the sale of EOV, were received in March 2012. As at the balance sheet date, 30 June 2012, the Group had cash balances of \$142.5 million. The Group had cash balances of approximately \$120 million at 31 October 2012.

The Group continues to review all available financing options as it moves towards the development of the Etinde Permit and the associated transfer of the existing resource base from resources to reserves. This transition provides the opportunity to access alternative sources of funding for development purposes. Discussions have taken place, and continue, with a number of potential capital providers (including Petrofac) with a view to securing the required financing prior to FID. In addition to the more conventional debt funding solutions, the high equity interest retained in Etinde (as is also the case with Bomono) provides the opportunity to bring in additional farm-in partners when deemed appropriate.

## **Petrofac Strategic Alliance**

A strategic alliance agreement has been signed between Bowleven and Petrofac following extensive technical and commercial due diligence. The proposed strategic alliance provides access to up to \$500 million towards Stage I of the Etinde development and to Petrofac's world class development expertise. Further details are provided in the separate announcement released on 6 November 2012.

## **Outlook**

2013 will be a major year for Bowleven as we endeavour to put in place all the building blocks that will enable a final development investment decision to be made on Etinde. Securing finance, a robust gas sales agreement and a final development plan will all be required before the green light can be given. It will undoubtedly prove challenging but the proposed strategic alliance with Petrofac, who can provide extensive development experience along with access to significant investment capital, should ensure we have the best chance of success in our quest towards becoming a major producer in Cameroon. In addition, we will continue to stay true to our exploration roots as we seek to uncover the potential we believe still exists in the Douala Basin and start a new voyage of potential discovery in Kenya. Our team and our partners have the skills, experience and attitude to drive Bowleven forward and realise the value potential of our acreage.

**Ronnie Hanna, Chairman**  
**Kevin Hart, Chief Executive**

**5 November 2012**

## Group Income Statement

for the year ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>Revenue</b>	-	-
Administrative expenses	(9,452)	(13,218)
Unsuccessful exploration costs	(3,568)	(41,704)
Loss on disposal of subsidiary	(3,185)	-
Operating loss before financing costs	(16,205)	(54,922)
Finance income	3,133	700
Finance costs	(1)	(22,594)
Loss from continuing operations before taxation	(13,073)	(76,816)
Taxation	-	-
<b>Loss for the Year From Continuing Operations Attributable to Equity Shareholders of the Parent Undertaking</b>	<b>(13,073)</b>	<b>(76,816)</b>
Basic and diluted loss per share (\$/share) from continuing operations	(0.05)	(0.37)

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 loss for the Company for the year was \$12,641,000 (2011: loss of \$94,532,000).

## Statements of Comprehensive Income

for the year ended 30 June 2012

### Group

	2012 \$'000	2011 \$'000
Loss for the year	(13,073)	(76,816)
<b>Other Comprehensive Income:</b>		
Currency translation differences	(2,529)	23,668
<b>Total Comprehensive Income for the Year</b>		
<b>Attributable to Equity Shareholders</b>	<b>(15,602)</b>	<b>(53,148)</b>

### Company

	2012 \$'000	2011 \$'000
Loss for the year	(12,641)	(94,532)
<b>Other Comprehensive Income:</b>		
Currency translation differences	(12,753)	26,357
<b>Total Comprehensive Income for the Year</b>		
<b>Attributable to Equity Shareholders</b>	<b>(25,394)</b>	<b>(68,175)</b>

## Group Balance Sheet

30 June 2012

	2012 \$'000	2011 \$'000
<b>Non-current Assets</b>		
Intangible exploration assets	425,414	340,637
Property, plant and equipment	1,251	802
	426,665	341,439
<b>Current Assets</b>		
Inventory	11,638	8,180
Trade and other receivables	7,222	24,390
Cash and cash equivalents	142,481	96,621
	161,341	129,191
Assets held-for-sale	-	41,624
<b>Total Assets</b>	<b>588,006</b>	<b>512,254</b>
<b>Current Liabilities</b>		
Trade and other payables	(8,575)	(38,673)
Liabilities related to disposal unit held-for-sale	-	(588)
<b>Total Liabilities</b>	<b>(8,575)</b>	<b>(39,261)</b>
<b>Net Assets</b>	<b>579,431</b>	<b>472,993</b>
<b>Equity</b>		
Called-up share capital	50,274	37,881
Share premium	730,241	619,729
Foreign exchange reserve	(57,716)	(55,187)
Shares held by Employee Benefit Trust	(489)	(580)
Other reserves	13,176	12,341
Retained deficit	(156,055)	(141,191)
<b>Total Equity Attributable to the Equity Shareholders</b>	<b>579,431</b>	<b>472,993</b>

## Company Balance Sheet

30 June 2012

	2012 \$'000	2011 \$'000
<b>Non-current Assets</b>		
Property, plant and equipment	1,013	427
Investments	430,020	1,876
	<b>431,033</b>	<b>2,303</b>
<b>Current Assets</b>		
Trade and other receivables	1,581	382,558
Cash and cash equivalents	142,087	96,336
	<b>143,668</b>	<b>478,894</b>
<b>Total Assets</b>	<b>574,701</b>	<b>481,197</b>
<b>Current Liabilities</b>		
Trade and other payables	(1,511)	(4,562)
<b>Total Liabilities</b>	<b>(1,511)</b>	<b>(4,562)</b>
<b>Net Assets</b>	<b>573,190</b>	<b>476,635</b>
<b>Equity</b>		
Called-up share capital	50,274	37,881
Share premium	730,241	619,729
Foreign exchange reserve	(79,750)	(66,997)
Other reserves	7,755	6,915
Retained deficit	(135,330)	(120,893)
<b>Total Equity Attributable to the Equity Shareholders</b>	<b>573,190</b>	<b>476,635</b>

## Group Cash Flow Statement

for the year ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>Cash Flows from Operating Activities</b>		
Loss before tax	(13,073)	(76,816)
<i>Adjustments to reconcile Group loss before tax to net cash used in operating activities:</i>		
Unsuccessful exploration costs	-	41,704
Depreciation of property, plant and equipment	500	462
Loss on disposal of subsidiary	3,185	-
Finance income	(3,133)	(700)
Finance costs	1	22,594
Equity-settled share based payment transactions	1,807	1,788
Adjusted loss before tax prior to changes in working capital	(10,713)	(10,968)
Increase in inventory	(3,458)	(1,657)
Decrease/(Increase) in trade and other receivables	443	(686)
(Decrease)/Increase in trade and other payables	(2,634)	1,940
Exchange differences	(71)	(437)
<b>Net Cash used in Operating Activities</b>	<b>(16,433)</b>	<b>(11,808)</b>
<b>Cash Flows used in Investing Activities</b>		
Net proceeds from disposal of subsidiary	38,601	-
Purchases of property, plant and equipment	(941)	(524)
Purchases of intangible exploration assets	(96,381)	(85,182)
Interest received	821	732
<b>Net Cash used in Investing Activities</b>	<b>(57,900)</b>	<b>(84,974)</b>
<b>Cash Flows from Financing Activities</b>		
Net proceeds from issue of ordinary shares	122,905	112,792
Purchase of own shares	(2,672)	-
<b>Net Cash Flows from Financing Activities</b>	<b>120,233</b>	<b>112,792</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>45,900</b>	<b>16,010</b>
Net increase in cash and cash equivalents	45,900	16,010
Effect of exchange rates on cash and cash equivalents	(92)	1,511
Cash and cash equivalents at the beginning of the year	96,673	79,152
<b>Cash and Cash Equivalents at the Year End</b>	<b>142,481</b>	<b>96,673</b>

## Company Cash Flow Statement

for the year ended 30 June 2012

	2012 \$'000	2011 \$'000
<b>Cash Flows from Operating Activities</b>		
Loss before tax	(12,641)	(94,532)
<i>Adjustments to reconcile Company loss before tax to net cash used in operating activities:</i>		
Depreciation of property, plant and equipment	313	326
Impairment costs	7,811	73,168
Finance income	(3,242)	(700)
Finance costs	1	10,181
Equity-settled share based payment transactions	1,544	1,539
Adjusted loss before tax prior to changes in working capital	(6,214)	(10,018)
Decrease/(Increase) in trade and other receivables	31,261	(101,166)
Increase in funding to subsidiaries	(99,020)	-
(Decrease)/Increase in trade and other payables	(3,051)	1,929
Exchange differences	39	12,022
<b>Net Cash used in Operating Activities</b>	<b>(76,985)</b>	<b>(97,233)</b>
<b>Cash Flows used in Investing Activities</b>		
Purchases of property, plant and equipment	(898)	(279)
Interest received	819	732
<b>Net Cash (used in)/from Investing Activities</b>	<b>(79)</b>	<b>453</b>
<b>Cash Flows from Financing Activities</b>		
Net proceeds from issue of ordinary shares	122,905	112,792
<b>Net Cash Flows from Financing Activities</b>	<b>122,905</b>	<b>112,792</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>45,841</b>	<b>16,012</b>
Net increase in cash and cash equivalents	45,841	16,012
Effect of exchange rates on cash and cash equivalents	(90)	1,464
Cash and cash equivalents at the beginning of the year	96,336	78,860
<b>Cash and Cash Equivalents at the Year End</b>	<b>142,087</b>	<b>96,336</b>

## Group Statement of Changes in Equity

for the year ended 30 June 2012

	Equity share capital* \$'000	Foreign exchange reserve \$'000	Shares held in trust \$'000	Other reserves \$'000	Retained deficit \$'000	Total equity \$'000
<b>At 1 July 2010</b>	<b>544,818</b>	<b>(78,855)</b>	<b>(944)</b>	<b>12,076</b>	<b>(65,534)</b>	<b>411,561</b>
Loss for the year	-	-	-	-	(76,816)	(76,816)
Other comprehensive income for the year	-	23,668	-	-	-	23,668
Total comprehensive income for the year	-	23,668	-	-	(76,816)	(53,148)
Proceeds from issue of share capital	115,477	-	-	-	-	115,477
Cost of issue of share capital	(2,685)	-	-	-	-	(2,685)
Share based payments	-	-	-	1,788	-	1,788
Transfer between reserves	-	-	364	(1,523)	1,159	-
<b>At 30 June 2011</b>	<b>657,610</b>	<b>(55,187)</b>	<b>(580)</b>	<b>12,341</b>	<b>(141,191)</b>	<b>472,993</b>
Loss for the year	-	-	-	-	(13,073)	(13,073)
Other comprehensive income for the year	-	(2,529)	-	-	-	(2,529)
Total comprehensive income for the year	-	(2,529)	-	-	(13,073)	(15,602)
Proceeds from issue of share capital	126,028	-	-	-	-	126,028
Cost of issue of share capital	(3,123)	-	-	-	-	(3,123)
Share based payments	-	-	-	1,807	-	1,807
Transfer between reserves	-	-	2,763	(972)	(1,791)	-
Shares purchased by Employee Benefit Trust	-	-	(2,672)	-	-	(2,672)
<b>At 30 June 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>

\*Includes both share capital and share premium

## Company Statement of Changes in Equity

for the year ended 30 June 2012

	Equity share capital* \$'000	Foreign exchange reserve \$'000	Other reserves \$'000	Retained deficit \$'000	Total equity \$'000
<b>At 1 July 2010</b>	<b>544,818</b>	<b>(93,354)</b>	<b>6,634</b>	<b>(27,504)</b>	<b>430,594</b>
Loss for the year	-	-	-	(94,532)	(94,532)
Other comprehensive income for the year	-	26,357	-	-	26,357
Total comprehensive income for the year	-	26,357	-	(94,532)	(68,175)
Proceeds from issue of share capital	115,477	-	-	-	115,477
Cost of issue of share capital	(2,685)	-	-	-	(2,685)
Share based payments	-	-	1,788	-	1,788
Transfer between reserves	-	-	(1,507)	1,507	-
Transfer from Employee Benefit Trust	-	-	-	(364)	(364)
<b>At 30 June 2011</b>	<b>657,610</b>	<b>(66,997)</b>	<b>6,915</b>	<b>(120,893)</b>	<b>476,635</b>
Loss for the year	-	-	-	(12,641)	(12,641)
Other comprehensive income for the year	-	(12,753)	-	-	(12,753)
Total comprehensive income for the year	-	(12,753)	-	(12,641)	(25,394)
Proceeds from issue of share capital	126,028	-	-	-	126,028
Cost of issue of share capital	(3,123)	-	-	-	(3,123)
Share based payments	-	-	1,807	-	1,807
Transfer between reserves	-	-	(967)	967	-
Transfer from Employee Benefit Trust	-	-	-	(2,763)	(2,763)
<b>At 30 June 2012</b>	<b>780,515</b>	<b>(79,750)</b>	<b>7,755</b>	<b>(135,330)</b>	<b>573,190</b>

\*Includes both share capital and share premium

## **NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS**

### **For the year ended 30 June 2012**

#### (1) Accounting Policies

##### **Basis of Preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments). The preliminary announcement has been prepared on a basis consistent with the accounting policies applied to the statutory accounts for the year ended 30 June 2011.

Bowleven plc as a 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.

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 2012, on which the auditor gave an unqualified opinion which did not contain an emphasis of matter paragraph nor statements under sections 498 (2) or (3). The accounts give full disclosure of the Group accounting policies and are scheduled to be posted to shareholders on 19 November 2012 and will be filed with the Registrar of Companies in due course.

##### **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 will have sufficient funds to meet their ongoing working capital and committed capital expenditure requirements. In making this assessment, the Directors have considered the Group budgets, the cash flow forecasts and associated risks.

#### (2) Post balance sheet events

As announced on 17 September 2012, the Group has entered into a farm-in agreement to acquire a 50% equity interest in onshore exploration block 11B, Northwest Kenya, from Adamantine Energy Limited.

As announced on 6 November 2012, the Company has proposed a Strategic Alliance with Petrofac in connection with the development of the Etinde permit. This would provide potential access to up to \$500 million available at FID for the first stage of the proposed development of the Etinde permit. This investment, which is conditional inter alia on the project meeting certain economic hurdles, will be repaid out of EurOil's share of the Etinde project cashflows. Due to the size and nature of the transaction Bowleven shareholder approval will be required.

#### (3) Other notes

- a) 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 would have the effect of reducing the loss per share and consequently is not taken into account. In the prior year, the loss attributable to ordinary shares and the number of ordinary shares for the purpose of calculating the diluted earnings per share were identical to those used in the basic earnings per share.
- b) Directors have not recommended a dividend (2011: nil).
- c) On 8 November 2011, the Company issued 77,500,000 ordinary shares at a price of £1.03 per share with a nominal value of \$12,203,847. The total aggregate increase in the share premium reserve regarding this issue was \$110,373,098 million after deducting \$3,122,683 million in expenses.

#### (4) 2012 Annual Report and Accounts

Full accounts are scheduled to be posted to shareholders on Monday 19 November 2012 and can be obtained, free of charge, at the Company's registered office, 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:

Adamantine	Adamantine Energy Limited
Addax	Addax Petroleum Corporation, a subsidiary of China Petrochemical Corporation (Sinopec)
AIM	the market of that name operated by the London Stock Exchange
Board or 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 2,328 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
bscf	billion standard cubic feet of gas
Companies Act 2006	the United Kingdom Companies Act 2006 (as amended)
Company	Bowleven plc
EEAA	Etinde exploitation authorisation application
EOV Permit	the exploitation and production sharing contract between the Republic of Gabon and GGPC Gabon (EOV) Limited (formerly an indirectly wholly owned subsidiary of the Company) dated 16 February 2004; or, as the context may require, the contract area to which this production sharing contract relates
Epaemeno Permit	The former exploitation and production sharing contract between the Republic of Gabon and GGPC Gabon (Epaemeno) Limited (an indirectly wholly owned subsidiary of the Company) dated 17 November 2004, in respect of an area of approximately 1,340 km <sup>2</sup> onshore Gabon; or, as the context may require, the contract area to which this production sharing contract related
ESIA	environmental and social impact assessment
Etinde Permit	the production sharing contract between the Republic of Cameroon and EurOil Limited 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
EurOil	EurOil, an indirectly wholly owned subsidiary of the Company, incorporated in Cameroon
FEED	front end engineering and design

Ferrostaal	FERROSTAAL GmbH
FID	final investment decision
GDF	GDF Suez S.A.
GIIP	gas initially in place
Group	the Company and its direct and indirect subsidiaries
HIIP	hydrocarbons initially in place
IE	the Isongo E Field area, Block MLHP-7, Etinde Permit
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
mean	in the context of estimated resource volumes, means the arithmetic sum of a range of resource estimate cases divided by the number of cases
mmbbls	million barrels
mmboe	million barrels of oil equivalent
mmscfd	million standard cubic feet per day, a gas production rate referenced to a defined set of standard temperature and pressure conditions
MOU	memorandum of understanding
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)
prospect, lead & play	a play is an exploration concept or idea that is conducive to the identification of leads that may, in turn, become prospects when they are ready to be drilled
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
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 company of Cameroon

Sproule	Sproule International Limited
STOIP	stock tank oil initially in place
TD	total depth
Vitol	Vitol E&P Limited, the holding company of Cameroon Offshore Petroleum SARL, which holds a 25% participating interest (before State back-in) in the Etinde Permit
2D	two dimensional
3D	three dimensional
4C OBC	four component ocean bottom cable
\$	United States of America Dollars
£	Great Britain Pounds Sterling