



15 February 2017

Bowleven plc
(**Bowleven** or **the Company**)

**Notice of General Meeting and
Posting of Circular to Shareholders**

The Board's recommendation is to VOTE AGAINST all resolutions

Further to the announcements dated 24 January 2017 and 8 February 2017 in connection with the requisition of a general meeting of the Company by Crown Ocean Capital P1 Limited (**Crown Ocean**), Bowleven announces that the circular (the **Circular**) containing the notice of general meeting (the **General Meeting**) has been posted to Shareholders. The Circular is available on the Company's website at www.bowleven.com.

Key sections from the Circular, including the letter from the Chairman and the detailed response to, and rebuttal of, the statement by Crown Ocean accompanying its notice of requisition are set out at the end of this announcement.

The Board's recommendation is that Shareholders VOTE AGAINST all resolutions

The Board unanimously recommends that Shareholders **VOTE AGAINST** all of the resolutions to be proposed at the General Meeting (the **Resolutions**) for the following reasons:

- Crown Ocean is not offering Shareholders a fair deal
- Crown Ocean's plans substantially reduce the Company's options and ability to maximise value for Shareholders
- Crown Ocean's intent is to create a holding company, strip the cash and leave the Company unable to pursue value creation opportunities
- Crown Ocean is not presenting a credible strategy to realise long term value from Bowleven's assets
- Crown Ocean intends to remove the existing board of directors, delivering stewardship of the Company into the hands of unvetted and inexperienced Crown Ocean appointees
- the Resolutions would result in the nominees of a 15.56% minority shareholder controlling the Board, leaving it with no independent directors representing the interests of Shareholders as a whole and rendering the Company non-compliant with applicable corporate governance guidelines
- Crown Ocean's vote against the share buy-back programme has already damaged Shareholders by removing a tax-efficient way to return excess cash

- Crown Ocean’s plans will remove valuable knowledge of the assets and well-established relationships and interfaces with key Cameroon decision makers
- Crown Ocean’s proposals remove Shareholders’ best chance to maximise value

The Board, in making its recommendation to VOTE AGAINST the resolutions proposed by Crown Ocean, also asks Shareholders to consider the following:

- The Board is committed to maximising value from the Company’s assets through the implementation of its corporate strategy
- The Company is staffed with experienced oil and gas professionals focussed on creating value and delivering material upside to all Shareholders
- The Company is in a position of strength and the Board is best placed to deliver for all Shareholders
- The Company already has a Board compliant with applicable corporate governance standards, providing Shareholders with effective and appropriate governance for their investment

Details of the General Meeting

The General Meeting will be held at the offices of Shepherd and Wedderburn LLP, 5th Floor, 1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL at 11.00 a.m. on 14 March 2017.

Expected Timetable of Principal Events

Latest time and date for receipt of forms of proxy	11.00 a.m. on Friday 10 March 2017
Voting record time	6.00 p.m. on Friday 10 March 2017
General Meeting	11.00 a.m. on Tuesday 14 March 2017

Billy Allan, Chairman of Bowleven plc, said:

“After full consideration, the Board has concluded that Crown Ocean’s proposal is without merit. Their approach lacks any strategy to maximise the value of Bowleven’s assets and disregards the vital need for a Board to serve all shareholders.

Crown Ocean proposes a Board structure that is entirely self-serving and a model of bad governance. Their intent is to create a holding company, stripping Bowleven’s cash for its own benefit and effectively removing any viable option to realise the value inherent in the Company’s assets. For these reasons, the Board unanimously recommends that Shareholders vote against all of the Resolutions proposed by Crown Ocean at the General Meeting.”

ENQUIRIES

For further information please contact:

Bowleven plc
Kevin Hart, Chief Executive Officer 00 44 131 524 5678
Kerry Crawford, Finance Director

Brunswick Group LLP
Patrick Handley 00 44 207 404 5959
Will Rowberry

Cenkos Securities plc (NOMAD)
Derrick Lee 00 44 131 220 6939
Neil McDonald

SHAREHOLDER NOTES

Appointment of proxy

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

Proxies for the General Meeting can be lodged in three ways:

- By completing **the physical form of proxy** enclosed with the Circular in accordance with the instructions printed on it and returning it to the Company's registrars, Computershare. Completed forms of proxy should be returned to the Company's registrars so as to be received by no later than 11.00 a.m. on 10 March 2017. The completion and return of a form of proxy will not preclude you from attending the General Meeting and voting in person should you so wish.
- By use of the **online proxy service** for the General Meeting established by the Company's registrars, Computershare, at www.investorcentre.co.uk/eproxy. Use of the online proxy service requires the Control Number, Shareholder Reference Number (SRN) and PIN shown on the physical form of proxy enclosed with the Circular. Proxies lodged online are subject to the same submission deadline as physical forms of proxy lodged with the Company's registrars. Accordingly, in order to be valid, online proxies must be lodged **no later than 11.00 a.m. on 10 March 2017**. The lodging of an online proxy will not preclude a shareholder from attending the General Meeting and voting in person should they so wish.

- For shareholders holding Ordinary Shares in CREST, by using **the CREST electronic proxy appointment service**, in accordance with the procedures set out in the CREST Manual.

Shareholders wishing to appoint multiple proxies and require additional proxy form(s), or having any questions about their holding of Ordinary Shares, should contact the Company's registrars, Computershare, on 0370 707 1284 (within the UK) or +44 (0)370 707 1284 (UK). This number is available between 8.30 a.m. and 5.30 p.m., Monday to Friday, from the date of this announcement until the date of the General Meeting. Calls to Computershare from within the UK will be charged at the applicable local rate, and calls from outside the UK will be charged at the applicable international rate. Please note that Computershare cannot provide any financial, legal or tax advice and that calls may be recorded and monitored for security and training purposes.

Alternatively, a shareholder wishing to appoint multiple proxies may photocopy their proxy form. It will be necessary for the shareholder to indicate on each separate proxy form the number of shares in relation to which each proxy is authorised to act.

Corporate representatives

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

Record date

To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the register of members of the Company at 6:00 p.m. on 10 March 2017 (or, in the event of any adjournment, on the date which is two working days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Shareholder Helpline

If you have any questions relating to the Circular, the General Meeting or how to vote including the completion and return of the enclosed form of proxy please call our Shareholder Helpline on **0800 063 9280** (from within the UK) and **+44 20 3282 8159** (from outside the UK). Calls from within the UK are free. Calls from outside the UK will be charged at the applicable international rate. The Shareholder Helpline is open between 9.00 a.m. and 5.00 p.m., Monday to Friday (excluding public holidays in England and Wales), from 15 February 2017 to the date of the General Meeting. Please note that the Shareholder Helpline cannot provide any financial, legal or tax advice and that calls may be recorded and monitored for security and training purposes.

Other matters

Shareholders may not use any electronic address provided in either this announcement or the Circular to communicate with the Company for any purposes other than those expressly stated.

Documents available for inspection

Copies of the following documents may be inspected at the registered office of the Company during normal business hours Monday to Friday (public holidays excepted) up to and including the day of the General Meeting, and at the venue for the General Meeting from 15 minutes before the time fixed for the General Meeting until the end of the General Meeting:

- the current articles of association of the Company; and
- copies of the executive Directors' service contracts and non-executive Directors' letters of appointment.

Statement of capital and voting rights

As at 14 February 2017 (being the latest practical date prior to this announcement), the Company's issued share capital consisted of 328,338,939 Ordinary Shares, of which 7,807,281 Ordinary Shares were held in treasury. Accordingly, the total voting rights in the Company as at 13 February 2017 were 320,531,658.

CHAIRMAN'S LETTER
(EXTRACTED FROM PAGES 12 TO 24 OF THE CIRCULAR)

Bowleven plc

(Incorporated in Scotland under the Companies Act 1985 with registered number SC225242)

Directors:

Billy Allan *(Non-Executive Chairman)*
John Martin *(Non-Executive Director)*
Tim Sullivan *(Non-Executive Director)*
Philip Tracy *(Non-Executive Director)*
Kevin Hart *(Chief Executive Officer)*
David Clarkson *(Chief Operating Officer)*
Kerry Crawford *(Finance Director)*

Registered Office:

2nd Floor West
Rosebery House
9 Haymarket Terrace
Edinburgh EH12 5EZ

14 February 2017

To the holders of Ordinary Shares and, for information only, to the holders of options over Ordinary Shares

Dear Shareholder

NOTICE OF GENERAL MEETING
UNANIMOUS BOARD RECOMMENDATION TO VOTE AGAINST ALL OF THE RESOLUTIONS

1. Introduction

On 24 January 2017, your Board announced that it had received a notice (the **GM Requisition**) from Crown Ocean, a Monaco-based offshore private investment vehicle, requiring the Company to convene a general meeting to consider ordinary resolutions to remove six existing Directors (being all four non-executive Directors of the Company and two of the three executive Directors, being Kevin Hart and Kerry Crawford) and to appoint Christopher John Ashworth and Eli Chahin as new directors.

The Board made a further announcement on 8 February 2017, noting that Crown Ocean had continued to acquire Ordinary Shares after submission of the GM Requisition and advising Shareholders of the Board's view of key aspects of the Crown Ocean proposal and its intention to recommend that Shareholders vote against all Resolutions at the General Meeting.

The purpose of this document is to convene the General Meeting and to explain in more detail why your Board unanimously recommends that you **VOTE AGAINST** all of the Resolutions.

2. Background

Stakebuilding by Crown Ocean

On 3 June 2016, the Board received a TR-1 Notification from Crown Ocean intimating that Crown Ocean held 8,739,153 Ordinary Shares and rights in respect of a further 2,756,967 Ordinary Shares, representing a total interest in Ordinary Shares of 3.51% of the total issued share capital of the Company at the time.

Further TR-1 Notifications intimating increases in Crown Ocean's holding of Ordinary Shares were received by the Company in August, September and November 2016. More recently, the Company received TR-1 Notifications from Crown Ocean on 3 and 6 February 2017. The most recent TR-1 Notification from Crown Ocean, received by the Company on 6 February 2017, stated that Crown Ocean held 49,815,128 Ordinary Shares (approximately 15.56% of the Ordinary Shares in issue at the time). The Board has not received any TR-1 Notifications from Crown Ocean since 6 February 2017, and Crown Ocean publicly announced on 8 February 2017 via RNS Reach that it was the beneficial owner of 15.56% of the issued ordinary share capital of the Company. The Board is not aware of any change in Crown Ocean's holding of Ordinary Shares since this announcement.

Crown Ocean MBO Proposal to Management

In August 2016, having acquired an interest in Ordinary Shares representing approximately 10% of the total issued share capital of the Company (based on its then most recent TR-1 Notification), Crown Ocean made an informal approach to the executive management team of the Company. This informal approach proposed that the current management collaborate with Crown Ocean on a financed management buy-out (**MBO**) of the Company. Although no formal offer for Ordinary Shares was tabled by Crown Ocean it was understood that Crown Ocean's price expectations for the Company were equivalent to the approximate value of cash only on the Company's balance sheet, with little or no value attributable to Etinde or Bomono.

In response Crown Ocean was informed that the Board was not prepared to continue discussions unless Crown Ocean made an approach at a level reflecting a fair value of the Company and capable of recommendation to Shareholders. The Board believes that Crown Ocean's actions since then are intended to achieve the same end – acquiring the Company at less than fair value – through different means.

2016 AGM

As announced by the Company on 15 November 2016, Crown Ocean submitted a requisition to the Company to include new resolutions for consideration at the Company's AGM convened for 14 December 2016. The resolutions Crown Ocean sought to requisition proposed that three existing non-executive Directors, John Martin, Tim Sullivan and Philip Tracy, be removed as directors of the Company and that Breht McConville, Titus Gebel and Matthew McDonald, none of whom had direct experience in the upstream oil and gas industry, be appointed in their place. The purported requisition of the resolutions by Crown Ocean was defective.

Crown Ocean was given an opportunity to rectify the defects in the purported requisition and, in response, submitted a further requisition to the Company with the same objective of proposing the

resolutions for consideration at the 2016 AGM. The further requisition also contained procedural defects. After the second unsuccessful attempt to submit a valid requisition, Crown Ocean was given another opportunity to rectify the defects in the purported requisition but failed to do so, with the result that the resolutions were not put to the 2016 AGM.

At the 2016 AGM Crown Ocean voted all of its holding of Ordinary Shares by proxy against six of the eight resolutions proposed. On AGM Resolutions 4 and 5 (dealing with reappointment and remuneration of the auditor), Crown Ocean voted part of its beneficial holding of Ordinary Shares in favour, and part of its holding against.

Although all six ordinary resolutions proposed at the 2016 AGM were passed, Crown Ocean's vote was sufficient to prevent the passing of the two special resolutions proposed:

- *AGM Resolution 7* (the limited disapplication of statutory pre-emption rights on issues of Ordinary Shares); and
- *AGM Resolution 8* (authorising the Directors to buy back Ordinary Shares in the market).

Excluding Crown Ocean's votes, both special resolutions would have passed with a substantial majority of votes cast in favour.

As a result of AGM Resolution 8 not being passed, the Company was immediately required to cease its share buyback programme launched in August 2016, implemented under authority granted by an overwhelming majority of shareholders at the 2015 AGM. The Board believes that the programme was in the best interests of Shareholders, being accretive to net asset value per share whilst retaining the requisite financial flexibility for the business.

Crown Ocean's vote against the renewal of the share buyback programme at the 2016 AGM was both inconsistent with its stated objective in the Crown Ocean Statement of returning excess cash to Shareholders and denied Shareholders the opportunity to take advantage of the favourable tax treatment available to many of them in respect of share buyback programmes.

General Meeting Requisition

The Board received the GM Requisition and Crown Ocean Statement on 24 January 2017 and, having determined it was validly prepared and submitted by Crown Ocean in accordance with the Companies Act 2016 and the Company's articles of association, initiated the process to convene the General Meeting.

The General Meeting will be held at the offices of Shepherd and Wedderburn LLP, 5th Floor, 1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL at 11.00 a.m. on 14 March 2017. The Resolutions to be put to the General Meeting are as follows:

Resolution Number	Description of Resolution
1	To appoint Christopher Ashworth as a Director with immediate effect
2	To appoint Eli Chahin as a Director with immediate effect
3	To remove William Allan as a Director with immediate effect
4	To remove Kerry Crawford as a Director with immediate effect
5	To remove Kevin Hart as a Director with immediate effect
6	To remove John Martin as a Director with immediate effect
7	To remove Tim Sullivan as a Director with immediate effect
8	To remove Philip Tracy as a Director with immediate effect
9	To remove from office any other person appointed as a Director after the submission of the GM Requisition.

If all Resolutions are passed, the Board immediately after the General Meeting will comprise only three Directors: Crown Ocean’s two nominees, Christopher Ashworth and Eli Chahin, and David Clarkson. In December 2016 Crown Ocean had voted against David Clarkson’s re-election at the AGM, and David unequivocally supports the Board’s position on the Resolutions. He has had no discussions or contact with Crown Ocean or its associates with respect to a future strategy or his personal involvement in its future business.

The passing of all Resolutions at the General Meeting would result in the nominees of a 15.56% minority shareholder controlling the Board, and leave the Board with no independent directors representing the interests of Shareholders as a whole.

Your Board does not support the actions of Crown Ocean in requisitioning the General Meeting and recommends unanimously to Shareholders that they **VOTE AGAINST** all of the Resolutions. The reasons for the Board’s recommendation are set out in detail in the following section of this letter.

3. Reasons for the Board’s unanimous recommendation to VOTE AGAINST all of the Resolutions

Your Board unanimously recommends that you **VOTE AGAINST** all of the Resolutions for the following reasons:

- a) ***Crown Ocean is seeking to take control of Bowleven without paying fair value and then to strip the cash from the Company***

Crown Ocean’s stated intention, if it acquires Board control, is to “efficiently transform Bowleven into a holding company”, with the objective of returning cash to Shareholders.

Although Crown Ocean appears to be seeking to frame this as a strategy to realise value for all Shareholders, the Directors believe this is misleading. In reality the Resolutions appear to the

Board to represent an attempt by a single minority shareholder to take control of the Company without making a general offer to other Shareholders, with the subsequent objective of stripping the Company of cash and leaving it as a passive investment vehicle with no credible strategy to generate material value from the upstream assets. This view is supported further by:

- The background and previous experience of the individuals proposed as directors by Crown Ocean, one of whom is a senior adviser at a corporate restructuring firm and the other of whom was most recently General Counsel at a Monaco-based activist investor.
- Crown Ocean's statement that it would cease "further spending on the Bomono project", which is a strategy consistent with an intent to strip all available cash from the Company rather than seeking to generate value from the assets, given the extent of progress towards a provisional exploitation licence and commercial production at Bomono.
- The apparent inconsistency between Crown Ocean's stated strategy of returning excess cash to Shareholders and its voting at the 2016 AGM to block the renewal of the Company's share buyback authority.
- The various approaches made to the management of Bowleven by Crown Ocean before submission of the GM Requisition, including the MBO proposal.

Based on the actions of Crown Ocean, the Board has concluded that Crown Ocean's primary objective in seeking Board control for its nominees is to strip the Company of its cash reserves in its own interests rather than those of all Shareholders.

- b) ***Crown Ocean has provided no credible alternative strategy to maximise the value of Bowleven's upstream assets***

Etinde

As noted above, the Board considers that Crown Ocean's strategy for Bowleven is centred on stripping cash from the Company for short term gain with no interest in creating a sustainable long term business that increases value for other Shareholders. The successful farmout by management of Etinde to Lukoil and NewAge just before the industry downturn provided the Group with the financial strength to weather this downturn, while several other independent oil and gas companies have faced financial difficulty and some have entered insolvency.

The immediate return of cash to Shareholders, as proposed by Crown Ocean, will seriously limit the options for the Etinde asset and jeopardise the ability of Bowleven to realise value from the asset. With little or no available cash, Bowleven – as a passive investment vehicle controlled by Crown Ocean Board nominees – would have no means of funding its net 20% share of development spend on the asset.

Although not explicitly stated in the Crown Ocean Statement, the Board considers it reasonable to infer from Crown Ocean's stated strategy of returning cash to Shareholders and identifying "the route to value maximisation from Etinde over time" that Crown Ocean would expect to seek a near term buyer for Etinde rather than pursue longer term value from the asset. In that

situation, Bowleven would be negotiating an asset sale from a position of capital-constrained weakness.

By contrast, the Board is committed to realising long term value from Etinde for the benefit of all Shareholders.

Bomono

It is clear from the Crown Ocean Statement that Crown Ocean, if acquiring control of the Board, intends to cease activity and expenditure immediately on Bomono, and presumably expects to be in a position to relinquish the Bomono PSC as soon as possible thereafter. The Board infers from this that Crown Ocean does not believe it can sell the asset in the short term and it is, accordingly, of no interest. This strategy is fundamentally flawed for two important reasons:

- ***Lost value***

The Board recognises that the results of the Bomono exploration wells did not meet pre-drill expectations, and that Bowleven is unlikely to recover the full amount spent on the asset to date from those discoveries. By its nature, oil and gas exploration involves a significant element of risk. The exploration drilling on Bomono did encounter hydrocarbons, but further drilling will be required to demonstrate long term sustainable production. It does not however follow naturally that expenditure on Bomono should cease immediately and permanently. The only outcome for Shareholders in that situation would be loss of the Company's entire investment in Bomono with further expenditure on plugging and abandoning the wells.

The alternative approach to Bomono, preferred by the Board, is to seek to realise near term value through commercial production. Bowleven has already secured a two year extension to the exploration phase of the Bomono PSC to 12 December 2018, and is currently pursuing a provisional exploitation authorisation to allow development and production from the asset. The Board continues to believe that Bomono has value potential capable of realisation through a farmout to minimise further investment by Bowleven. While such an arrangement continues to be pursued, current activity on Bomono has been reduced to care and maintenance of the well site since cessation of drilling in 2016.

- ***PSC, regulatory and HSSE obligations***

It is unrealistic and irresponsible to propose immediate departure from an operated asset without abandoning the site in accordance with applicable PSC and regulatory obligations and HSSE standards established by good international petroleum industry practice. Bowleven believes in safe and efficient operations and building and maintaining strong working relationships in Cameroon. Seeking to relinquish Bomono without agreement on abandonment operations would be irresponsible, reputationally damaging and in breach of Bomono PSC obligations. The "walk away" option understood to be advocated by Crown Ocean for Bomono would involve further additional cost. The fact that this does not appear to be recognised by Crown

Ocean is, in the Board's view, further evidence of its lack of experience and understanding of the upstream oil and gas industry.

New ventures/other opportunities

Irrespective of the strategy for Etinde and Bomono, retaining an appropriate level of cash in the Group provides financial flexibility to pursue new value-accretive opportunities for all Shareholders. The Crown Ocean Statement does not contemplate the pursuit of such opportunities, further reinforcing the impression that the Crown Ocean strategy is focussed on the short term stripping of the Group's existing assets and value.

By contrast, the Directors are actively looking for opportunities to add value for Shareholders and avoid eroding the existing cash balance – for example, through farmout and carry arrangements and the potential acquisition of production with upside potential to cover G&A costs. During 2016 alone, the Company screened and evaluated over 50 potential asset or corporate transactions, and detailed due diligence was undertaken on a number of opportunities.

In the Board's view, Crown Ocean has no credible strategy for any of the Group's oil and gas assets, with a flawed strategy to abandon Bomono revealing a lack of upstream operating expertise, a thinly disguised intention to sell Etinde from a weak negotiating position and a lack of interest in pursuing further value-accretive opportunities in the interests of all Shareholders.

- c) ***Crown Ocean's proposed Board following the General Meeting fails to meet even the minimum expected governance standards and will not protect the interests of Shareholders as a whole***

As noted above, if all Resolutions are passed, the Board immediately after the General Meeting will comprise only three Directors: Crown Ocean's two unvetted nominees, Christopher Ashworth and Eli Chahin, and one remaining executive director, David Clarkson. **David Clarkson unequivocally supports the Board's position on the Resolutions and has had no discussions or contact with Crown Ocean or its associates with respect to a future strategy or his personal involvement in its future business.**

In the Board structure proposed by Crown Ocean no Director could be properly considered independent, and a single minority shareholder would have secured management control of the Company without the need to make a general offer to all Shareholders for their Ordinary Shares.

Crown Ocean has offered no explanation of how, after the changes proposed to the Board by the Resolutions, it intends to observe and maintain standards of corporate governance and protect the interests of all Shareholders. At present the Bowleven board and management complies in all material respects with:

- the Corporate Governance Guidelines published by the Quoted Companies Alliance establishing a minimum governance standard for small and mid-cap quoted companies (**QCA Corporate Governance Code**); and
- the Corporate Governance and Voting Guidelines for Smaller Quoted Companies published by the Pensions and Lifetime Savings Association (**PLSA Guidance**).

In addition, the Board complies with main provisions of the more onerous UK Corporate Governance Code so far as is practicable, having regard to the size of the Group. The Board remains firmly committed to good and responsible corporate governance, and recognises that good governance promotes investor confidence and is a prerequisite for the long term success of the Company.

Two new non-executive Directors, including a new Chairman, were appointed to the Board during 2015, bringing a new independent voice to the business. These new appointments have resulted in a non-executive group on the Board that has a wealth of oil and gas experience and, crucially, the appropriate skills and capability to provide constructive challenge and support to the executive Directors. The Chairman has stated on more than one occasion that he views 2017 as a key year for the Board and that, if the Board does not deliver on its strategic objectives for the year, he expects to be answerable to Shareholders at the 2017 AGM.

By contrast, if all of Crown Ocean's Resolutions are passed at the General Meeting, the resulting Board will be non-compliant with the QCA Corporate Governance Code and the PLSA Guidance in several respects. These areas of non-compliance will include the minimum expectations for the composition, administration, management, terms of reference and accountability of the principal board committees (audit, remuneration and nomination). In addition, the Board proposed by Crown Ocean will fail to meet QCA Corporate Governance Code guidance on the roles and responsibilities for the role of the chairman, senior independent director, executive and non-executive directors.

The Crown Ocean proposal, if successful, would provide a 15.56% minority shareholder with management control through unvetted appointees and deprive the Company of the corporate governance controls, checks and balances that promote transparency, accountability, fairness and responsibility in the interests of all Shareholders.

d) *Crown Ocean's proposed Board replacements have no relevant industry experience or regional relationships*

In addition to failing to meet minimum corporate governance standards applicable to public companies traded on AIM, the reconstituted Board proposed by Crown Ocean would include two new Directors with no disclosed upstream oil and gas industry expertise and no familiarity with, or experience of, business in Cameroon.

By contrast, the current Board has significant proven experience in the oil and gas industry. Each Director has many years of management and industry experience, ranging from 20 years to over 40 years. The current Board and management team has well-established relationships

with the Etinde stakeholders, including the Cameroon government and joint venture partners Lukoil and NewAge, positioning the Company to progress the development of its principal upstream asset at a critical stage in its evolution. Bowleven management is currently engaged in discussions with the various Etinde stakeholders on the options for gas monetisation, as outlined in more detail in section 4(e) of this letter.

The Board firmly believes that the two nominees proposed by Crown Ocean possess insufficient industry experience and no relevant regional relationships. This compares starkly to the capability and experience of the current Directors. There is no evidence that the Crown Ocean nominees would be able to enhance or even maintain the regional influence already enjoyed by the current Bowleven management and its partners Lukoil and NewAge.

Indeed, the experience and background of the Crown Ocean nominees in corporate restructuring suggests that Crown Ocean's preferred route to value realisation would be to pursue the break-up of the Group's asset base for short term gain without consideration for realising longer term value for Shareholders.

e) ***Crown Ocean's actions to date in relation to the Company have been inconsistent and ill-considered***

As described in more detail in section 2 of this letter, Crown Ocean has, throughout its involvement with the Company, displayed a lack of consistency over its support for current management and the future strategy of the Company:

- Crown Ocean first approached the management of the Company to advocate a financed MBO, but appeared to abandon the proposal when management made it clear that Crown Ocean's price expectations for the Company fell well short of a fair value that independent members of the Board could recommend;
- Crown Ocean's second approach, evidenced by its unsuccessful attempt to propose new resolutions at the Company's 2016 AGM, was to support some of the existing management team and strategy, but to remove three of the existing non-executive Directors of the Company and introduce its own nominees as replacements; and
- Crown Ocean's third and current approach is to remove all board members, except David Clarkson (against whose re-election Crown Ocean voted at the 2016 AGM), and replace them with two new nominees – neither of whom were within the three Crown Ocean Board nominees originally proposed before the 2016 AGM.

Crown Ocean's inconsistent and apparently arbitrary actions in relation to the Company and its management do not suggest a well-considered long term strategy that has the interests of the Company and its shareholders at its heart. Rather, it suggests a party attempting by any means necessary to achieve a self-serving end.

In the Board's view, the only consistent theme of Crown Ocean's actions in relation to the Company has been a desire to extract cash from the business without paying a fair value for

the Company and with no consideration for the protection and creation of future long term value from its upstream assets.

f) The Crown Ocean Statement is inaccurate, incomplete and lacks context

In the view of the Board, the Crown Ocean Statement contains a number of inaccurate statements, includes information selectively and presents statements of opinion and belief on the part of Crown Ocean without a proper consideration of context. In view of this, the Board considers it important to provide a more complete, accurate and balanced picture of the circumstances and, in some cases, to rebut directly claims included in the Crown Ocean Statement. This response and rebuttal is set out in pages 25 to 31 of this document.

4. Bowleven Track Record and Future Strategy

The Board also considers it important in this document to present an alternative vision for the Company to that proposed by Crown Ocean and, in doing so, demonstrate the positive case for preserving value for the benefit of all Shareholders.

a) Vision and Strategy

Bowleven's original vision remains: to build an African focussed exploration and production company focussed on creating and realising material value through exploration-led organic growth and niche acquisitions.

The Group holds equity interests in two oil and gas permits in Cameroon:

- the shallow water Etinde Permit operated by New Age (Bowleven 20%); and
- the onshore Bomono Permit (Bowleven 100% and operator).

The Board's strategy is to maximise value for the benefit of all Shareholders through the execution of four key deliverables:

- maximisation of the value of the Group's principal asset, Etinde, ensuring that development FID is achieved as soon as practicable and significant upside potential is targeted through a well-structured field development plan;
- securing the Provisional Exploitation Authorisation (PEA) and farmout of Bomono to facilitate early cashflows for minimum outlay;
- acquisition of an asset/business with free cashflow and growth potential through effective field management; and
- identification of an exploration opportunity to leverage our resources to drive value through the drill-bit.

Progress towards these deliverables is discussed in more detail in section 4(e) below headed "The Group's asset base and progress towards key deliverables". In addition to these key deliverables, the Board continues to pursue opportunities to reduce overheads wherever

possible within the business, and significant reductions have been made with further reductions expected in future.

b) *A firm financial foundation*

Bowleven has a strong balance sheet with approximately US\$95 million cash and no debt as at 31 December 2016 or outstanding work programme commitments. In addition, and by virtue of the deferred consideration due to the Company under the Etinde farmout to Lukoil and NewAge, the Company is entitled to a further US\$40 million net drilling carry for two appraisal wells on Etinde and a US\$25 million cash receipt on Etinde development FID. If for any reason the appraisal wells are not drilled by 2020, the Company is entitled to receive the US\$40 million net carry in cash.

The farmout of Etinde provided the Group with important funding flexibility in connection with its pre-production share of Etinde development expenditure. Bowleven's retained interest in Etinde also ensures continued exposure to the considerable resource and future development potential of the acreage.

A key objective of the Board is to ensure that the Group retains financial flexibility to enable the investment necessary to realise maximum value from its Cameroon assets. The precise funding requirements for Etinde will be shaped by the ultimate development plans. As these plans are still under discussion by the Etinde stakeholders, it is critical that the Group retains adequate financial flexibility for its share of expenditure to avoid compromising its influence and negotiating position. The Group's strong balance sheet ensures that the Company retains optionality and maintains its bargaining position when looking to maximise value from its assets. As the Group progresses towards the development of its assets, it will continue to review all available financing options, including potential debt funding, to achieve the optimal funding mix for future activities.

Employing strict capital discipline, Bowleven implemented a share buy-back programme in August 2016. The Company firmly believes that this programme to return up to US\$10 million excess cash was in Shareholders' interests, being accretive to net asset value per share whilst preserving an appropriate level of financial flexibility. The scheme provided a mechanism to return excess cash to shareholders in a tax efficient manner, but the Board's authority to continue the scheme was blocked only four months after its introduction as a result of Crown Ocean's vote at the AGM in December 2016.

Bowleven has a firm financial foundation in place to support the advancement of the Group's existing asset base alongside potential portfolio-enhancing opportunities whilst ensuring that its balance sheet strength is not compromised.

c) *A Board with decades of industry experience*

The current Board has significant experience and an established track record in the upstream oil and gas industry. Each director has many years of management and direct industry experience, ranging from 20 years to over 40 years. Further details of the background and experience of all of the Directors are available on the Company's website at www.bowleven.com/about-us/board.

The accumulated experience and know-how of the current Board is a major asset of the Group not readily capable of replacement. Succession planning is a complex, considered and time-consuming process, particularly in an industry as specialised as upstream oil and gas. In line with applicable corporate governance standards, the Company has a Nomination Committee comprised entirely of non-executive directors that has responsibility for reviewing and recommending proposed appointees to the Board and senior management. The review of proposed appointees undertaken by the Nomination Committee is extensive and well-established, including a vetting and interview process and the involvement of the Company's nominated adviser.

Despite this, Crown Ocean proposes to remove all but one of the existing Directors from the Board, surrendering the considerable value of their combined experience to the Group, and replace them with two unvetted nominees with no apparent upstream oil and gas management experience. This circumvents established Board appointment protocol and conflicts with applicable corporate governance standards.

d) *A Board and management with extensive experience and strong relationships in Cameroon*

The Group has operated in Cameroon for nearly 20 years, with the award of the original Etinde exploration licence to Euroil in 1998. In that time, its management and staff have acquired substantial knowledge and expertise of the legislative, regulatory and operating environment, and established long-standing working relationships with key in-country stakeholders. Given the length and extent of the Group's involvement in Etinde, Bowleven's management and technical team are highly familiar with the asset. This, coupled with the extensive industry experience described above, enables active and meaningful participation in, and contribution to, Etinde joint venture discussions with its partners Lukoil and NewAge, in the interests of all Shareholders. This will be lost immediately and irrevocably if Crown Ocean's proposals succeed, at a time when regional relationships in Cameroon are critical to development of, and realising value from, the Group's assets.

Bowleven has been consistently successful in discovering hydrocarbons through exploration drilling in Cameroon. That said, one of the challenges of operating in Cameroon has been its embryonic gas market. Although Etinde is liquids-rich, an offtake solution is required for the gas to enable monetisation. In the absence of existing gas offtake solutions of scale, progress towards commercial development of Etinde has proved difficult, with slow progress and project-on-project risk impacting schedules. Recently there appears to be more traction, with the Cameroon government and the joint venture planning a workshop to determine the

preferred development solution(s) for Etinde for all stakeholders. Alongside this, and relevant to Bomono, the onshore domestic/gas-to-power market is showing expansion.

e) ***The Group's asset base and progress towards key deliverables***

Etinde (20%; operator NewAge)

- **Farmout to Lukoil and NewAge:** The Etinde farmout transaction announced in June 2014 completed in March 2015 following receipt of the necessary approvals from the Cameroon authorities, with Lukoil acquiring a 30% working interest in the permit and NewAge increasing its working interest to 30% and becoming operator.
- **Recent MLHP-7 Drilling:** The farmout transaction followed a successful period of exploration drilling on block MLHP-7 under Bowleven's operatorship during the exploration term of the licence, culminating in the IM-5 well described below. Following this exploration drilling success, a formal decree awarding the exploitation authorisation (EA) was signed by the President of Cameroon in August 2014. The EA gives the joint venture development and exploitation (production) rights over block MLHP-7 for an initial period of 20 years with the option to renew for up to a further 10 years. The IM-5 well, drilled in 2013, had two primary appraisal and exploration objectives, to appraise the middle Isongo reservoirs of the existing IM field and to target the Intra Isongo, a reservoir interval not previously explored. The well exceeded initial expectations, encountering 95 metres of net pay in the Intra and Middle Isongo reservoir objectives and flowing condensate-rich gas at substantial rates on test from both intervals (maximum flow rate of 60 mmscfd of gas and 7,819 bpd of associated condensate representing a combined maximum flow rate of over 17,800 boepd).

The IM-5 well was a key well on Etinde. The flow rates achieved on test demonstrated the substantial well deliverability from both intervals and strengthened the foundation for the planned development of Etinde. In addition to confirming sufficient volumes already discovered on Etinde to justify a development solution, it also highlighted the significant further prospectivity and volumetric upside on the acreage. Consequently, further appraisal drilling on IM-5 has been a priority focus of the joint venture, with Bowleven enabled to fund its share via the US\$40 million (net) carry through the farmout transaction with Lukoil and NewAge.

- **MLHP-5 and MLHP-6 Drilling:** Significant in-place volumes of gas and liquids were discovered following exploration drilling activity in 2011 on blocks MLHP-5 and MLHP-6 (exploration blocks originally part of the permit area during the exploration phase of the Etinde PSC). Emphasising the risks associated with high impact exploration drilling, hydrocarbons were discovered in the wells drilled, but the sand development was not as hoped, thus prohibiting development activity in the absence of established infrastructure. This acreage was not awarded under the Etinde EA but the Etinde joint venture was invited to apply for an exploration PSC over Blocks MLHP-5 and MLHP-6.

However, the Cameroon authorities' expectation of an expensive, complex and high risk high pressure high temperature (HPHT) Cretaceous well commitment to secure the acreage, coupled with the absence of established infrastructure required for monetisation, resulted in a decision not to pursue such an application. The acreage remains open following its relinquishment by the Etinde joint venture. Past exploration costs associated with blocks MLHP-5 and MLHP-6 form part of the cost pool retained by the joint venture for recovery against the potential developments on block MLHP-7.

- **Development and Commercialisation:** Bowleven's net P50 contingent resource for block MLHP-7 is 58 mmboe, as stated in its most recent annual report. With significant volumes of gas present across Etinde, in addition to the liquids discoveries, it is recognised that identifying a monetisation route for the gas is key to enabling future development plans for the liquids. A number of gas commercialisation opportunities exist in Cameroon (including gas-to-power, FLNG and, most recently, the potential for processing the gas and associated liquids in Equatorial Guinea utilising existing facilities), and the joint venture has been exploring all available options. The Board believes that Etinde contains sufficient existing discovered resource to support one initial offtake solution without further appraisal drilling.

In addition, the appraisal drilling of the Intra Isongo reservoir interval, which was encountered with IM-5, is targeting un-risked P90 in-place volumes of up to 2 tcf of gas and associated liquids which in the event of successful drilling, creates scope for multiple offtake solutions for Etinde. The timing of appraisal drilling will in part be driven by which development scheme proceeds initially. Bowleven remains covered for its estimated share of future Etinde drilling costs by a US\$40 million (net) carry under the Etinde farmout transaction with Lukoil and NewAge. The challenging environment of sustained low oil prices has, however, affected recent progress, with the allocation of joint venture capital in particular having affected planned drilling schedules.

Recent discussions indicate a new resolve on the part of stakeholders to monetise Etinde. The Cameroon government and Etinde joint venture partners agreed at a recent OCM to convene a technical workshop to discuss development options for Etinde, including gas-to-power, FLNG and the potential to process Etinde gas and associated liquids production in Equatorial Guinea. The last mentioned of these would have the twin merits of being a relatively low capex option utilising existing facilities and assisting the facility operator in overcoming a structural shortfall in feedstock supply arising before the end of the decade.

Bomono (100% and operator)

- **History and initial exploration activity:** The Bomono Permit, frontier acreage located in the onshore extension of the Douala basin, an emerging hydrocarbon province, was acquired by the Group under an exploration PSC in late 2007. Airborne gravity and magnetic data was obtained in 2009 and 2 phases of 2D seismic were acquired over 2010 and 2011. Subsequent processing and interpretation revealed multiple Tertiary and

Cretaceous prospects and drilling locations were identified. The timing of exploration drilling was dependent on sourcing an onshore rig and ensuring access to capital to drill the two commitment exploration wells. The Bomono PSC included a US\$16 million financial penalty that would have been imposed on the Group in the event of its failure to drill the wells. At that stage significant expenditure had already been incurred on Bomono, primarily on the pre-drill airborne and seismic projects described above.

- **Exploration drilling (Zingana-1 and Moambe-1):** After a challenging process to identify suitable options in the regional and international market, the Company sourced a rig for Bomono drilling in 2014. The rig was mobilised to Cameroon at the end of 2014, but drilling did not commence until mid-2015 due to mechanical and control issues identified on the rig. These issues required to be addressed to enable safe operations before the drilling could commence. The non-performance of the rig contractor during both the preparation and operational phases of the drilling/testing programme is subject to ongoing arbitration. The Company is seeking reimbursement of costs associated with making the rig fit for purpose. Further updates on the progress of this arbitration will be provided in due course.

Exploration operations completed in early 2016 and both Zingana-1 and Moambe-1 were subjected to extended well tests focussed on the shallower reservoirs intended to demonstrate well deliverability and sustainability. The extended testing programme was geared to enable an early gas-to-power scheme and the wells were suspended pending the progression of development activities on the acreage.

The Board recognise that the results of the Bomono exploration wells did not meet pre-drill expectations, and that Bowleven is unlikely to recover the full amount spent on the asset to date from these discoveries. It is the nature of oil and gas exploration that there is an element of risk involved. The exploration drilling on Bomono did encounter hydrocarbons, but further drilling will be required to demonstrate long term sustainable production. The Board acknowledge and understand that the expense and duration of exploration operations on Bomono has been disappointing for long term Shareholders, but believes there remains a route to commercialisation and early production revenue without significant further expenditure on the part of the Company.

- **Provisional Exploitation Authorisation and Commercialisation:** Development and production activity on Bomono requires an exploitation authorisation under the terms of the PSC and the applicable Cameroon legislation. An application for a Bomono EA was originally submitted to the Cameroon authorities in late 2015 and, following a Special OCM held in early 2017, formal resolutions for the state's support for the award of a two-year extension to the exploration phase of the Bomono PSC (to 12 December 2018) and a provisional exploitation authorisation (PEA) were signed. Ministerial approval for the PSC extension has been received and, as stipulated by the Cameroon authorities, the PEA approval process will now follow. The PEA, awarded under the framework of the exploration phase of the Bomono PSC, grants the right to progress development and

commercialisation activities on Bomono, enabling the anticipated sale of gas to either the domestic gas market or power generation.

In parallel with this approval process the Company is in advanced discussions on a potential farmout of the Bomono licence in order to facilitate early cashflow for minimum outlay.

- **Further upside:** A Bomono prospect inventory has been prepared following the post drilling analysis of the well results. This identified 146 bcf of mean unrisked GIIP within the Tertiary reservoir interval. Further prospectivity (263 bcf of mean unrisked GIIP) has also been identified in the deeper Cretaceous interval.

Other Opportunities

- **Kenya and Zambia:** Against the market backdrop of prolonged low oil prices, the Group carried out a strategic review of its asset base during 2016, in particular the higher risk, early stage exploration acreage in Kenya and Zambia. Recognising the market cycle and the preference for more mature exploration in such an environment and with two key blocks pending, the Group decided not to progress its five block application for frontier acreage in Zambia. The Group also allowed its exploration licence in Kenya (block 11B) to lapse in 2016. The vast majority of the Company's expenditure in the first exploration phase of the licence was covered by an arrangement with First Oil. Following technical evaluation including FTG data acquired during the first phase, the decision was made not to proceed to the next phase and the corresponding seismic and drilling commitment.
- **Future new ventures opportunities:** Given the absence of exploration within the Group's current portfolio, the Board intends to continue identifying and evaluating opportunities that have the ability to create material shareholder value through the drill-bit, leveraging on our technical skills whilst ensuring the responsible and prudent use of capital. Oil and gas exploration is, by its nature, high risk-high reward, therefore opportunities screened need to have the potential to move the dial significantly for shareholders, recognising the inherent risks involved with such activities.

The current downturn in the industry has created an opening for debt-free companies with cash, such as Bowleven, seeking new venture opportunities. The active screening of new venture opportunities that have near-term production with upside and infrastructure-led exploration to facilitate monetisation in the event of exploration success is ongoing. During 2016, the Company screened and evaluated over 50 potential asset or corporate transactions and detailed due diligence was undertaken on a number of opportunities. The Company continues to exert rigour in the evaluation of potential transactions to ensure value is created for Shareholders whilst protecting balance sheet strength.

5. Action to be taken

A form of proxy for use at the General Meeting is enclosed. Whether or not you intend to attend the General Meeting in person, you are requested to lodge a proxy in respect of your holding of Ordinary Shares.

Proxies for the General Meeting can be lodged in three ways:

- By completing the **physical form of proxy** enclosed with this document in accordance with the instructions printed on it and returning it to the Company's registrars, Computershare. Completed forms of proxy should be returned to the Company's registrars so as to be received by no later than 11.00 a.m. on 10 March 2017. The completion and return of a form of proxy will not preclude you from attending the General Meeting and voting in person should you so wish.
- By use of the **online proxy service** for the General Meeting at www.investorcentre.co.uk/eproxy, using the Control Number, Shareholder Reference Number (SRN) and PIN shown on the physical form of proxy enclosed with this document. Proxies lodged online are subject to the same submission deadline as physical forms of proxy lodged with the Company's registrars. Accordingly, in order to be valid, online proxies must be lodged no later than 11.00 a.m. on 10 March 2017. The lodging of an online proxy will not preclude you from attending the General Meeting and voting in person should you so wish.
- If you hold Ordinary Shares in CREST, by using the **CREST electronic proxy appointment service**, in accordance with the procedures set out in the CREST Manual.

Please support your Board by VOTING AGAINST all of the Resolutions.

6. Unanimous recommendation to **VOTE AGAINST** all of the Resolutions

For the reasons set out in this letter, the Directors consider that the Resolutions are not in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that you **VOTE AGAINST** all of the Resolutions, as they intend to do in respect of their entire beneficial holdings of Ordinary Shares (representing approximately 1.50% of the current issued share capital of the Company, excluding shares held in treasury).

The Board of Directors of Bowleven plc unanimously recommends that Shareholders VOTE AGAINST all of the Resolutions at the General Meeting.

Yours sincerely

Billy Allan
Chairman

**RESPONSE TO, AND REBUTTAL OF, THE CROWN OCEAN STATEMENT
(EXTRACTED FROM PAGES 25 TO 31 OF THE CIRCULAR)**

The Chairman's Letter sets out in detail why the Board recommend unanimously that Shareholders **VOTE AGAINST** all Resolutions proposed at the General Meeting.

Notwithstanding this, the Board considers it important to respond specifically to some of the statements, claims and allegations made in the Crown Ocean Statement. The responses below are intended to provide a more complete, accurate and balanced picture of the circumstances and, in some cases, to rebut directly claims included in the Crown Ocean Statement.

Crown Ocean's Proposed Strategy for the Company

The Crown Ocean Statement includes an introductory section setting out Crown Ocean's strategy for value realisation, assuming the changes it seeks to the Board are implemented. This section contains several statements of opinion or belief on the part of Crown Ocean that should be considered in a wider context.

- **Crown Ocean's claim that the Board requires to "cut Bowleven's spending of cash on general and administrative expenses"**

The Board has overseen a significant reduction in Group G&A costs since reaching agreement with Lukoil and NewAge for the farmout of Etinde. Following the transfer of operatorship of Etinde to NewAge, staff levels were reduced dramatically in Cameroon. Administrative expenses for the three preceding years, as disclosed in the Group's audited financial statements have declined from US\$12.0 million for the financial year to 30 June 2014 to US\$9.1 million for the financial year to 30 June 2016.

Since 30 June 2016 the Board's cost cutting measures have continued, including:

- a redundancy programme in late 2016 reducing the number of Edinburgh-based staff by approximately one third;
- a move to cheaper and smaller office premises in early 2017;
- reduction in other non-essential expenditure;
- further reduction of the number of executive Directors from four to three, having been six in 2015; and
- agreement by the Chairman and Chief Executive Officer to reductions in their remuneration packages.

In addition, Etinde remains the key asset of the Group, despite the Group no longer holding an operated interest. Ensuring Etinde progresses to development is an important value consideration, and the current management's technical and operational familiarity with the asset allows it to maintain a level of influence and expertise in the joint venture for the benefit of all Shareholders.

The Board has also stated to Shareholders that, in the absence of achieving its strategic objectives in 2017, the Group's resource requirement will be further reviewed. In the meantime staffing levels continue to be assessed, but the Board views it as unwise and short sighted to pursue further immediate staffing reductions that could result in the business losing valuable skills, experience and regional relationships. The Board intends to maintain an optimal and fit-for-purpose team to manage, protect and monitor the Group's interests on both existing assets and future opportunities.

- **Crown Ocean's erroneous belief that it is possible to "cease further spending on the Bomono project" and that this is in the best interests of Shareholders**

As noted in the Chairman's Letter, Crown Ocean's strategy to cease activity and expenditure on Bomono immediately is fundamentally flawed for two important reasons:

- ***Lost value***

The Board recognises that the results of the Bomono exploration wells did not meet pre-drill expectations, and that Bowleven is unlikely to recover the full amount spent on the asset to date from those discoveries. It is the nature of oil and gas exploration that there is an element of risk involved, and that investment in exploration is risk capital that can take many years from outlay to return.

The exploration drilling on Bomono did encounter hydrocarbons, but further drilling will be required to demonstrate long term sustainable production. It does not however follow naturally that expenditure on Bomono should cease immediately and permanently. The only outcome for Shareholders in that situation would be loss of the Company's entire investment in Bomono with further expenditure on plugging and abandoning the wells.

The alternative approach to Bomono, preferred by the Board, is to seek to realise near term value through commercial production with limited further expenditure on the part of the Company. Bowleven has already secured an extension to the exploration phase of the Bomono PSC, and is currently pursuing a provisional exploitation authorisation to allow development and production from the asset. The Board continues to believe that Bomono has potential that could be realised with minimal further investment by Bowleven, through the potential farmout under discussion. While this continues to be pursued, current activity on Bomono is reduced to care and maintenance of the well site since cessation of drilling in 2016.

- ***PSC, regulatory and HSE obligations***

It is unrealistic and irresponsible to propose immediate departure from an operated asset without abandoning the site in accordance with applicable PSC and regulatory obligations and HSE standards established by good international petroleum industry practice. Bowleven believes in safe and efficient operations and building and maintaining strong working relationships in Cameroon. Seeking to relinquish Bomono without agreement on abandonment operations would be irresponsible, reputationally

damaging and in breach of Bomono PSC obligations. The “walk away” option understood to be advocated by Crown Ocean would involve additional cost.

It should also be recognised that the “estimated over US\$100 million spent on Bomono to date” in the Crown Ocean document includes pre-drilling spend on airborne surveys, seismic acquisition and processing, licence costs, etc. as well as the drilling and extended testing of two exploration wells, Zingana-1 and Moambe-1. Bomono is frontier exploration acreage, with favourable fiscal terms and a phased commitment work programme common in the industry. In assets of this nature, there will inevitably be a significant initial capital investment before any return is possible.

In addition, and as previously stated, the non-performance of the rig contractor during both the preparation and operational phases of the Bomono drilling and testing programme is subject to ongoing arbitration. The Company is seeking reimbursement of costs associated with making the rig fit for purpose. Further updates on the progress of this arbitration will be provided in due course.

- **Crown Ocean’s statement that it expects the Ordinary Shares to “significantly appreciate upon the adoption of this strategy”**

The only rationale provided by Crown Ocean for the statement that Ordinary Shares will “significantly appreciate” on the adoption of its strategy for Bowleven is that “market price implied uncertainty over cash spending and monetisation of assets is being removed with further material upside from Etinde over time”.

The Board is unclear on the underlying basis for this statement in the context of Crown Ocean’s stated strategy of placing Board control in the hands of its two unvetted nominees and extracting cash from the business with no credible plan for the Group’s oil and gas assets. In particular, it is unclear how Crown Ocean plans to realise “material upside” from Etinde over time without cash retained in the Company to fund its share of development expenditure.

Although not explicitly stated in the Crown Ocean Statement, the Board considers it reasonable to infer from those elements of Crown Ocean’s strategy disclosed in the Crown Ocean Statement that it would intend to seek a near term buyer for Etinde rather than pursue longer term value from the asset. The Board does not believe Crown Ocean’s strategy would maximise value from Etinde for Shareholders and, consequently, there is no reasonable basis for Crown Ocean’s claim that the Ordinary Shares will “significantly appreciate” on adoption of the strategy.

Crown Ocean’s Proposed Changes to the Board

The Crown Ocean Statement includes a section headed “The compelling need to change the board”. This section contains several statements that are inaccurate, incomplete or should be considered in a wider context.

- **Crown Ocean’s claim that the Board retains “expensive execution capacity”:**

Amongst other claims in this section of the Crown Ocean Statement, Crown Ocean states that the Board “holds on to expensive execution capacity although Bowleven’s most valuable asset is a 20% stake in Etinde for which Bowleven ceded the crucial operator role”.

In the Board’s opinion this is a misleading statement that does not accurately reflect the factual background. The Group requires an adequate level of resource in order to run the business in both the UK and Cameroon and stripping this back excessively would, in the view of the Board, be detrimental to the future value of Bowleven and would compromise its commitment to good corporate governance. The current Board is fit for purpose and, unlike the Board composition proposed by Crown Ocean, structured to meet the standards of corporate governance applicable to UK small cap companies, further details of which are set out in the Chairman’s Letter.

In addition to retaining operatorship of Bomono, Bowleven plays an active role as a non-operating partner in the Etinde joint venture where the value of its technical expertise and knowledge of the asset is recognised by co-venturers and the Cameroon authorities. This role in turn ensures that Bowleven is in a position to represent the interest of Shareholders and influence the strategic direction of the Etinde joint venture to their advantage. The Board also retains the strategic aim of enhancing the existing resource base and the pursuit of future exploration opportunities with the aim of adding further value for shareholders. The Group will require appropriately experienced and skilled staff to deliver on this strategy.

In addition, and as set out in detail above, the Board has overseen a significant reduction in Group administrative expenses over the last three years, and this process continues.

- **Crown Ocean’s inaccurate claim that US\$44 million was paid to Directors over the last ten years**

The Crown Ocean Statement contains a claim that US\$44 million was paid to Directors over the last 10 years. This is overstated by 25%, as the figure includes employer’s national insurance costs and accounting adjustments for share based payments (the latter of which resulted in no cash outflow from the Company). In addition, the gross amount disclosed is before deduction of any taxes and employees’ national insurance contributions and consequently, the net cash received by Directors was significantly lower.

For the avoidance of doubt, the combined total current annual salary of the three remaining executive Directors, including pension contributions or payments made in lieu of pension contributions, is approximately US\$1.08 million gross, before deduction of taxes and employees’ national insurance contributions.

For the majority of the 10 year period quoted, and whilst the Group operated Etinde, the Company had six executive directors. Following reviews of the composition of the Board the number of executive directors has been reduced to three in phases, commensurate with the requirements of the business.

In 2016, the remuneration of the executive Directors was the subject of a benchmarking exercise by an independent third party consultant, considering comparator companies in the oil and gas industry and to ensure alignment with market practice. The benchmarking showed that the executive Directors' current remuneration is in line with similarly sized industry peers.

- **Crown Ocean's suggestion that the Board's stated strategy of acquiring production alongside value adding opportunities is not in the best interests of Shareholders**

As outlined in more detail in the Chairman's Letter, the Board aims to expand the Bowleven business to bring in cash generating assets with upside to fund ongoing G&A, already significantly reduced by the Board. The Board continues to seek opportunities but is applying rigorous screening to those that are considered in order to avoid erosion of cash balances. Part of the screening process involves assessing potential exploration upside where there is an opportunity to add value for Shareholders. The fact that the Company screened and evaluated over 50 potential asset or corporate transactions in 2016, undertaking detailed due diligence on a number of opportunities, without concluding a transaction, is further evidence that the Board is highly selective in assessing potential projects and will only pursue these when it has full confidence that they can create value for shareholders whilst protecting its balance sheet strength.

It is neither reasonable nor accurate for the Crown Ocean Statement to imply that the Board would pursue producing assets, or any other opportunities, that were not in the best interest of Shareholders.

Crown Ocean's Proposed Board Appointees

The Crown Ocean Statement includes a section headed "Proposed Board appointments" incorporating brief biographies of the two nominees proposed as Directors by Crown Ocean, Christopher Ashworth and Eli Chahin. This introduction to this section states that "Strong, independent directors of sound reputation and experience have been identified in whom all shareholders can trust to undertake the strategic review and to provide the skills for Bowleven's future". The Board note a number of important observations on this statement and the remainder of the section:

- **Concerns over independence of the Crown Ocean nominees**

The Crown Ocean Statement states that the two Crown Ocean nominees are "[...] strong, independent directors ... in whom all shareholders can trust [...]" but then offers no evidence to support this statement. Given that:

- the Board and the Nomination Committee have not been provided with any opportunity to review the suitability of the Crown Ocean nominees for appointment to the Board or to consider alternative candidates;
- both individuals have been identified and nominated by Crown Ocean specifically despite having little or no direct relevant experience for the role;
- the experience that the Crown Ocean nominees do have in corporate restructuring would suggest a close alignment with Crown Ocean's strategy for Bowleven of extracting short term value from the Group through a break-up of its assets; and

- the Resolutions proposed by Crown Ocean would also result in the removal of all current members of the Board other than David Clarkson (who unequivocally supports the Board’s recommendation to vote against all Resolutions), leaving a Board that fails to meet minimum expected standards of corporate governance;

the Board considers that the reasonable and prudent course of action, in the interests of all Shareholders, is to assume that the two Crown Ocean nominees are not fully independent of Crown Ocean. There can be no assurance that the Crown Ocean nominees, having secured control of the Board, will represent the interests of all Shareholders.

- **Concerns over lack of relevant experience and lack of evidence that the Crown Ocean nominees can “provide the skills for Bowleven’s future”**

The Crown Ocean Statement provides very limited information on the backgrounds and experience of either of Crown Ocean’s proposed nominees to the Board. Those details that have been provided offer no support to the statement that the nominees can “provide the skills for Bowleven’s future”, unless that future involves short term value extraction and asset sales.

The biography of Christopher Ashworth in the Crown Ocean Statement is brief, with all disclosed past experience in the legal profession and no reference to any prior involvement in the upstream oil and gas industry or the wider energy sector. His most recent position is stated to be General Counsel at Knight Vinke, a private US-based investment management firm with a history of institutional activism and corporate restructuring. The biography of Eli Chahin in the Crown Ocean Statement is more expansive, but contains no direct upstream oil and gas experience beyond an advisory role on a restructuring of “a listed oil and gas company which required performing project analysis and devising balance sheet strategies”. He is also stated to serve on the board of Al Jaber Group, a privately-owned services conglomerate based in Abu Dhabi, although the Company has not been able to verify this statement. His principal position is stated as “Senior Adviser at Alix Partners”, a US-based corporate restructuring firm specialising in selling off the assets of undervalued businesses. This expertise appears to be consistent with the asset-stripping strategy that the Board believe Crown Ocean intends to pursue. Alix Partners were appointed administrators of Afren plc in 2015 and oversaw the sale of its assets for the benefit of creditors. The Board wishes to stress that the financial position of Bowleven, with strong cash reserves and no debt, bears no relation to that of Afren plc prior to its administration.

In summary, there is no evidence that either of the proposed Crown Ocean nominees to the Board have any upstream oil and gas experience, whether as operator or non-operator, or any experience of conducting business in Cameroon. The lack of industry and regional experience does not suggest that the future envisaged by Crown Ocean for Bowleven involves creating a long term sustainable business for Shareholders. This impression is reinforced by the background and experience of the two Crown Ocean nominees in corporate restructuring. It is assumed that Crown Ocean’s stated intention to retain David Clarkson on the Board is a tacit acknowledgement of the lack of direct and relevant experience of the two Crown Ocean

nominees, but despite this David has had no discussions or contact with Crown Ocean or their associates with respect to a future strategy or his personal involvement in their future business. In addition, it is worth noting that the nominees proposed by Crown Ocean are not the same individuals that Crown Ocean sought to propose as Directors at the AGM in December 2016 (being Brehm McConville, Titus Gebel and Matthew McDonald). This rapid change of proposed Board appointments suggests a strategy with the underlying aim of acquiring control of the Company irrespective of the means, rather than one that identifies the most appropriate individuals for the role to act in the best interests of all Shareholders.

- **Concerns over maintenance of corporate governance standards**

For reasons already outlined in the Chairman's Letter, the structure of the Board proposed by Crown Ocean immediately following the General Meeting falls short of even minimum expected standards of corporate governance applicable to small cap UK public companies. Crown Ocean has provided no information on how it or its nominees on the Board intend to uphold standards of corporate governance if the Resolutions are passed.

- **Failure to consult with, and seek the agreement of, David Clarkson to the proposed Board restructuring**

The Crown Ocean Statement also assumes that, if all Resolutions are passed at the General Meeting, the resulting Board will consist of the two Crown Ocean nominees, Christopher Ashworth and Eli Chahin, and Bowleven's current Chief Operating Officer, David Clarkson. As stated in the Chairman's Letter, **David Clarkson unequivocally supports the Board's position on the Resolutions. He has had no discussions or contact with Crown Ocean or its associates with respect to a future strategy or his personal involvement in its future business. David, together with all other Directors, will vote his entire holding of Ordinary Shares against the Resolutions at the General Meeting.**

Bowleven Track Record

The Crown Ocean Statement includes a section headed "Bowleven's 10 year track record as an operating company". This section contains inaccurate or incomplete statements on the part of Crown Ocean that should be considered in a wider context:

- **Crown Ocean's claim that there has been "significant shareholder value destruction"**

While the Board acknowledges that the share price performance of the Company over the preceding ten years has been disappointing for long term Shareholders, this needs to be considered in context. The Board does not consider it reasonable or accurate for Crown Ocean to characterise the previous ten years of operational activity as "value destruction". In particular:

- a) The last ten years have included a global financial crisis and two significant oil price declines (in 2009 and 2014/15), the effects of which are still being felt in the industry. Many upstream oil and gas businesses have faced the same challenges during the period, and several have suffered severe financial distress and, in some cases, insolvency. It is well documented in financial and industry media that the economic landscape since 2008 has resulted in institutional shareholders viewing upstream oil and gas investments with caution, preferring investments considered to be lower risk.
- b) The majority of cash outflow over the last ten years relates to exploration drilling on Etinde, which has established a substantial resource base that remains the primary source of value for Shareholders. The cash to finance this expenditure was raised through a number of separate equity fundraising rounds.
- c) The members of the Board have invested significantly in the Company over that ten year period at prices well above the current market levels, with the Directors having personally invested over £2 million in the Company and currently holding 4.8 million shares. Kevin Hart has invested over 85% of the net amount received by him in base salary during his employment at Bowleven in Ordinary Shares, disregarding any Ordinary Shares awarded under the LTIP.
- d) Bowleven is primarily an exploration company, with the higher risk and reward that entails. Not all exploration operations will achieve expectations, but the Board believes that in the last ten years Bowleven's exploration success rate – with 10 of 10 wells in Cameroon encountering hydrocarbons – stands up to scrutiny and compares favourably to the great majority of industry peers.
- e) The announcement of the farmout of Etinde, just before the oil price decline and related industry downturn in 2014, and the subsequent completion of the transaction in March 2015, provided the Group with the financial strength to weather this downturn and avoid the severe and prolonged financial distress experienced by other upstream operators. The reduction in equity interest has allowed access to both funding and the skilled development expertise of Lukoil and NewAge in order to seek to progress the asset and ultimately realise value for Shareholders. In addition, Bowleven is entitled to a further US\$65 million of deferred consideration from the Etinde farmout through the carried appraisal wells and the bullet payment due on Etinde development FID.

- **Crown Ocean's statement that Bowleven has spent US\$80 million over the past two years on Bomono and administration**

The US\$80 million figure quoted by Crown Ocean includes the cost of drilling and extended well testing of two exploration wells on Bomono. In addition, and as outlined in previous annual reports of the Company, purchases of intangible exploration assets over the preceding two financial years also included exploration expenditure on both Etinde and Block 11B Kenya (the latter of which is offset by the First Oil funding disclosed separately on the cashflow statement). In the same period, the Company received US\$165 million of cash proceeds on completion of the Etinde farmout transaction, together with an additional cash payment of US\$15 million in

September 2016. A further US\$65 million (net to Bowleven) of deferred consideration remains outstanding under the Etinde farmout agreement.

Crown Ocean's statement also disregards the context that frontier exploration acreage will inevitably involve significant initial capital investment before any return is possible.

- **Crown Ocean's statement that Bowleven has incurred US\$219 million of pre-tax losses over the last two financial years**

The pre-tax loss figure of US\$219 million referred to in the Crown Ocean Statement includes US\$198 million of impairment charges relating to the current assets of the Group. These impairment charges are purely accounting adjustments, not cash outflows for the business, and can be reversed in future on an increase in the value of the assets. Impairment charges are not unusual in the industry in recent years, particularly following the prolonged downturn in oil prices. This environment has resulted in Bowleven reducing its long-term oil price assumption to US\$65 per barrel, alongside the conservative development case adopted for Etinde. Further details of this are provided in the Company's 2016 annual report.

The figure of US\$219 million also includes unsuccessful exploration costs of US\$12 million relating to Kenya block 11B – the majority of which were funded by First Oil.

- **Crown Ocean has been a significant Shareholder for less than one year, and in that time has experienced a significant appreciation in the value of its original investment**

A relatively small proportion of Shareholders have continued to hold Ordinary Shares for the ten year period cited by Crown Ocean to assess Shareholder returns, and Crown Ocean is not among them. Crown Ocean has been a significant Shareholder in the Company for less than one year, having first submitted a TR-1 Notification to the Company on 3 June 2016 disclosing an interest in 3.51% of the total issued share capital of the Company.

On 3 June 2016 the closing mid-market price of Ordinary Shares was 20.5p, compared to a closing mid-market price of 31.75p on 13 February 2017 (the latest practicable date prior to the date of this document), a rise of 54.9% in a period slightly over eight months.

When considering the Resolutions, Shareholders should therefore take into account that Crown Ocean has experienced a significant appreciation in the Company's share price since its original investment.

GLOSSARY AND DEFINITIONS

All references to time in this announcement are to UK time.

Act	the Companies Act 2006
AGM	annual general meeting
AIM	the market of that name operated by the London Stock Exchange
bcf or bscf	billions of standard cubic feet of gas

boepd	barrels of oil equivalent per day
bpd	barrels of liquids per day
Board or Directors	the directors of the Company
Bomono or the Bomono Permit	the PSC between the Republic of Cameroon and EurOil Limited, dated 12 December 2007, in respect of the area of approximately 2,328 km ² , comprising former blocks OLHP-1 and OLHP-2 onshore Cameroon; or, as the context may require, the contract area to which that PSC relates
Chairman's Letter	the letter from the Chairman of the Board set out on pages 12 to 24 of the Circular
Computershare	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended, and any applicable rules made under those regulations
Crown Ocean Statement	the statement from Crown Ocean set out on pages 32 and 33 of the Circular
EA	exploitation authorisation
Etinde or the Etinde Permit	the Etinde EA area, covering an area of approximately 461 km ² (formerly block MLHP-7)
Euroil	Euroil Limited, Bowleven's wholly owned operating subsidiary incorporated in Cameroon
G&A or G&A costs	general and administrative costs
FID	final investment decision
First Oil	First Oil Expro Limited, incorporated in England and Wales with registered number 01021486 (currently in administration)
FLNG	floating liquefied natural gas
Form of Proxy	the form of proxy for use in connection with the General Meeting accompanying the Circular
FTG	full tensor gravity gradiometry
GIIP	gas initially in place
Group	the Company and its direct and indirect subsidiaries
HSSE	health, safety, security and the environment
LTIP	Long Term Incentive Plan
Lukoil	LUKOIL Overseas West Project Ltd, a subsidiary undertaking of OAO LUKOIL
OCM	operating committee meeting
Ordinary Shares	ordinary shares of 10 pence each in the capital of the Company

mmscfd	million standard cubic feet per day
NewAge	NewAge (African Global Energy) Limited, a privately owned oil and gas company
PEA	provisional exploitation authorisation
PSC	production sharing contract
Shareholder	a holder of Ordinary Shares
tcf	trillions of standard cubic feet of gas
TR-1 Notification	TR-1 Notification of Major Interest in Shares required under chapter 5 of the UK Disclosure and Transparency Rules
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
US\$	United States dollars, the lawful currency of the United States of America