

10 November 2015

Bovleven plc ('Bovleven' or 'the Company')

### **Preliminary Results Announcement**

Bovleven, the Africa focused oil and gas exploration group traded on AIM, today announces its preliminary results for the year ended 30 June 2015.

## **PRELIMINARY RESULTS HIGHLIGHTS**

### **Etinde Farm-Out Transaction Completed**

- Aggregate total consideration from LUKOIL/NewAge of approximately \$250 million, with \$170 million cash proceeds received and up to a further \$80 million consideration to follow, comprising:
  - Up to \$40 million (net) carry for two Etinde appraisal wells, including testing;
  - \$15 million cash to be received on completion of appraisal drilling (or end September 2016 at latest); and
  - \$25 million cash contingent upon, and to be received at, Etinde development project final investment decision (FID).
- Operatorship of Etinde transferred to NewAge; Bovleven retains a 20% non-operated interest in the Etinde development, including upside potential being targeted by carried appraisal drilling.

### **Operational**

#### *Etinde, offshore Cameroon*

- Exploitation Authorisation (EA) award gives exploitation and development rights for an initial period of 20 years.
- Locations for two appraisal wells targeting substantial additional volumes in the Intra Isongo reservoirs agreed by joint venture; drilling anticipated during 2016, with Bovleven carried for \$40 million of net costs.
- Operator-led review of additional gas offtake solutions underway to ensure optimised development scheme post appraisal drilling.

#### *Bomono, onshore Cameroon*

- Hydrocarbon discoveries made with both Zingana and Moambe exploration wells.
- Extended well test programme underway at Moambe, with Zingana expected to follow.
- Memorandum of Understanding (MOU) signed with Actis/Eneo for potential gas-to-power development scheme in event of successful testing.

#### *Other exploration*

- Evaluation of early-phase exploration activities in Kenya and Zambia ongoing.

## Corporate

- Group cash balance at end June 2015 \$145.3 million (post farm-out completion and \$9 million payment to Petrofac); no debt.
- Adjustments to resources and carrying values as previously reported in the Interim Results:
  - Group's P50 net contingent resources 58 mmboe (2014:244 mmboe); following farm-out of two-thirds of Etinde equity interest and the relinquishment of blocks MLHP-5 and MLHP-6.
  - \$76 million impairment to reflect revised commodity price and planning assumptions for Etinde development.
- G&A cost reduction programme implemented and continuing.

## OUTLOOK

Key objectives for next 12 months focusing on existing asset base:

- Work alongside expanded Etinde joint venture to:
  - commence drilling as soon as possible to further appraise the significant potential of the Intra Isongo reservoirs; and
  - evaluate additional offtake opportunities and progress development plans including finalisation of gas sales agreements.
- Planning for success and first production at Bomono by:
  - Completing the Extended Well Testing (EWT) programme to determine well deliverability.
  - Progressing development plans with Actis/Eneo to enable targeted near-term first production in event of testing success.
  - Submitting Exploitation Authorisation Application (EAA) to Cameroon authorities in November 2015.
- Protect balance sheet strength, with a disciplined approach to the consideration of further investment opportunities.

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

“Following completion of the Etinde farm-out we are well positioned with a strong financial foundation to deliver on our strategic objectives.

Our recent exploration drilling at Bomono, onshore Cameroon, resulted in hydrocarbon discoveries at both Zingana and Moambe. A positive outcome from the extended well testing programme could deliver a home grown revenue stream for the Group in the near-term. Consequently, alongside testing activities, we are continuing to progress plans with Actis/Eneo for a gas-to-power development scheme at Bomono.

The priority focus on Etinde is the drilling of the two appraisal wells, targeting the significant potential upside identified in the Intra Isongo reservoir interval. Bowleven is funded for its anticipated share of the drilling and testing of these wells via a \$40 million (net) carry obtained under the Etinde farm-out agreement. With well locations agreed we are looking forward to the operator drilling these wells as soon as practicable in 2016.

The sustained low oil price has created a challenging environment for E&P companies and we have taken the time to examine our current cost base to ensure that it is right-sized for current plan, and our strategic objectives. However, for those with balance sheet strength there are opportunities. We will evaluate this new business potential against a background of

capital discipline and operational capability while continuing to drive forward progress on our existing assets.”

## ENQUIRIES

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**A presentation to analysts is scheduled for 9.30am GMT today.**

**The presentation will be recorded and an audio version will be available on the Bowleven website from the afternoon of 10 November 2015. [www.bowleven.com](http://www.bowleven.com)  
A copy of the presentation materials and this announcement will also be available.**

*This announcement may include statements that are, or may be deemed to be "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They include statements regarding the Company's intentions, beliefs or current expectations concerning, amongst other things, the results of operations, financial conditions, liquidity, prospects, growth and strategies of the Company and its direct and indirect subsidiaries (the "Group") and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial conditions and liquidity, and the development of the industry in which the Group operates, may differ materially from those suggested by the forward-looking statements contained in the announcement. In addition, even if the Group's results of operations, financial conditions and liquidity, and the development of the industry in which the Group operates, are consistent with the forward-looking statements contained in the announcement, those results or developments may not be indicative of results or developments in subsequent periods. In light of those risks, uncertainties and assumptions, the events described in the forward-looking statements in the announcement may not occur. Other than in accordance with the Company's obligations under the AIM Rules for Companies, the Company undertakes no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. All written and oral forward-looking statements attributable to the Company or to persons*

*acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the announcement.*

**Notes to Editors:**

Bowleven is an African focused oil and gas exploration group, based in Edinburgh and traded on AIM. Bowleven's strategy is focused on creating and realising material value through exploration led organic growth. Bowleven holds equity interests in two Permits in Cameroon, with one located offshore in shallow water (operated by NewAge) and the other onshore (operated by Bowleven).

Bowleven also holds an equity interest in an onshore block in Kenya, operated by Adamantine Energy, and has been awarded three blocks in Zambia, with applications on two blocks pending.

**Notes to Announcement:**

- (1) The technical information in this release has been reviewed by Ed Willett and David Clarkson, both qualified persons 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 28 years' experience in oil and gas exploration and production. David Clarkson, Operations Director of Bowleven plc, is a Chartered Engineer and Fellow of the Institution of Mechanical Engineers with extensive oil and gas industry experience.
- (2) The information in this release reflects the views and opinions of Bowleven and has not been reviewed in advance by its joint venture partners.

## CHAIRMAN'S AND CHIEF EXECUTIVE'S REVIEW

Over the last 12 months Bowleven has been striving to deliver on its overriding objectives which were described in this year's Interim Results, namely:

- 1) Assisting the recently strengthened Etinde joint venture to convert existing resources into reserves in Cameroon and to target substantial hydrocarbon volume additions through further appraisal drilling earmarked for the exciting Intra Isongo formations.
- 2) Creating additional value through exploration on our Bomono acreage with a view to bringing any commercial finds into production in an expedient and cost-efficient manner.

In respect of both of these goals we have made significant progress, as demonstrated by the key highlights achieved during the period:

- Etinde farm-out transaction completed; \$170 million cash received with access to up to a further \$80 million via \$40 million (net) drilling/testing carry and \$40 million in staged cash proceeds.
- Two Etinde appraisal well locations agreed by joint venture and drilling planning initiated.
- G&A reductions following the Etinde transfer of operatorship and other cost reduction initiatives.
- Bomono exploration well drilling success; both wells encountered hydrocarbons.
- Bomono extended well test programme and success planning initiated; testing underway and gas offtake Memorandum of Understanding (MOU) signed with Actis/Eneo.

Looking ahead the challenge continues to be to deliver on these objectives. Consistent with this our forthcoming activities now encompass:

- **Etinde Appraisal Drilling**  
Part of the consideration receivable from NewAge and LUKOIL comprises a net appraisal carry of up to \$40 million to be spent on the drilling and testing of two Etinde appraisal wells. The primary target for these wells will be the Intra Isongo reservoirs which have the potential to contain significant additional volumes of both gas and condensate. Bowleven together with its partners have now identified suitable appraisal locations and the joint venture budget prepared by the operator contains a schedule targeting drilling commencing as soon as practicable in 2016. The locations of the wells have been selected to prove up to an additional one to two tcf of wet gas-in-place together with considerable associated liquids. The successful drilling of these wells and anticipated volume additions form a key piece of the Etinde development and monetisation jigsaw.
- **Etinde Development Progression**  
With the advent of the Etinde development operator role passing to NewAge, the introduction of both LUKOIL and SNH to the joint venture and the rapid change in the

cost landscape, a thorough operator-led joint venture review of the alternative development plans is ongoing.

The number of competing users for gas in Cameroon is expanding and includes fertiliser, power and LNG projects. Whilst at present sufficient gas exists to meet the demand from one of these offtake schemes it is hoped that the forthcoming appraisal drilling will add additional volumes which are sufficient to enable a multiple offtake development solution. Whatever the final development scheme selected by the joint venture, it is a common goal of all concerned to progress towards a commercially robust Final Investment Decision (FID) with first hydrocarbon sales as expediently as possible. The priority focus for Etinde meantime is on getting the appraisal wells drilled so that the additional hydrocarbon volumes available for development can be determined.

- **Bomono and testing**

Following recent exploration drilling and logging activity, an extended well test programme on the Moambe and Zingana wells has been initiated. These tests are designed to provide the confidence level required to enter into a gas sales agreement with Actis/Eneo whereby the gas supplied will be used for domestic power generation. As a result, the ongoing testing programme is targeted at providing productivity and connectivity information on the shallower gas-prone sands which it is intended will be used for the initial feedstock.

In addition to evaluating the shallow reservoirs, the team will also be focusing on determining the potential of the deeper sands that were targeted and encountered with both wells.

- **Bomono success case planning**

In the event of successful test results, it is the intention to bring production onstream as soon as possible. Bowleven has signed a Memorandum of Understanding (MOU) with Actis/Eneo and is working closely with them in order to try and achieve near-term first gas sales.

In parallel, an Exploitation Authorisation Application (EAA) will be submitted to the Government of Cameroon for its approval. Under the staged development approach envisaged, the gas will initially be earmarked for power generation using in-situ gas powered electricity generating engines, with any associated liquids separated out and trucked to the local refinery at Limbe.

If sufficient volumes are ultimately confirmed on the acreage, it is possible that the initial development will evolve to a larger power generation project utilising gas turbines.

- **Kenya and Zambia progression evaluation**

We continue to review early stage exploration plans for both Kenya and Zambia.

## **OPERATIONS**

### **Etinde Exploitation, Offshore Cameroon**

In July 2014, Bowleven and its joint venture partners were awarded an Exploitation Authorisation (EA) from the Cameroon State, which grants title over the Etinde development area for an initial period of 20 years. Subsequent to the award, the State, represented by SNH, exercised its rights to back-in to 20% of the Etinde development. Following the completion of the Etinde farm-out to LUKOIL and NewAge on 16 March 2015, revised participating interests in Etinde are as follows:

NewAge (Operator):	30%
LUKOIL:	30%
Bowleven:	20%
SNH:	20%

The joint venture plans to drill two appraisal wells on the Intra Isongo. The Intra Isongo reservoir interval encountered at IM-5 highlighted the significant upside potential on the Etinde Permit. The appraisal programme will both target additional resources and help further define the shape of the full-field development plans. If successful, the appraisal drilling has the potential to create significant additional value from Etinde.

Bowleven maintains exposure to this upside potential via its retained 20% interest and is funded via the carry for its anticipated share of drilling and testing of the planned two well programme. The partners have agreed the locations for the wells with drilling planned during 2016.

Potential offtake solutions for Etinde gas include fertiliser, power and LNG. With a new operator and expanded joint venture, development optimisation and commercialisation remains at the forefront. With discovered gas sufficient to supply one of the offtake opportunities e.g. the Ferrostaal-led fertiliser scheme, the Etinde joint venture is focused on drilling the two appraisal wells as priority to determine the extent of gas available and consequently scope for multiple offtake solutions.

### **Bomono, Onshore Cameroon**

In December 2014, the Cameroon authorities granted a one-year extension to the Bomono exploration licence to enabling the drilling of two exploration wells on the Permit.

A two well exploration drilling programme was undertaken on Bomono in 2015, fulfilling the remaining work programme obligations on the licence. Operations were impacted by the non-performance of contractors during both the preparation and operational phases of the programme, and discussions around various remedial options are ongoing with these service providers.

The Zingana and Moambe wells both encountered hydrocarbons in multiple targeted reservoir intervals and an extended well testing programme in the shallower horizons has been initiated. The programme, designed to test the productivity and the connectivity of the wells, is underway at Moambe, with testing at Zingana expected to follow. With the wells both completed as producers, the ability to move to production in event of testing success is facilitated.

We are in advanced discussions with Actis and Eneo regarding a gas-to-power scheme to supply the nearby Cameroon national grid in the event of a successful outcome to testing. It is intended that any associated liquids produced would be trucked for sale at the local refinery at Limbe.

Alongside, the preparation of the EAA for Bomono is well underway, with submission to the Cameroon Authorities scheduled prior to the expiry of the exploration phase of the licence on 12 December 2015 to enable commencement of the development phase. In addition to the near-term focus on gas delivery under a gas-to-power solution targeted, the team will also continue to evaluate the potential of the deeper reservoir intervals.

Bowleven, operator of the Permit, retains a 100% interest as the conditional farm-out of 20% to Fortesa lapsed in the period.

### **Volumetrics Update**

As announced in the Interim Results, the Group's P50 net contingent resource numbers have decreased to 58 mmboe, compared to the year end estimate of 244 mmboe. This reflects a reduction in equity interest in Etinde from 60% to 20% following completion of the Etinde farm-out on 16 March 2015, coupled with the removal of resources associated with blocks MLHP-5 and MLHP-6 following the expiry of the Etinde exploration PSC in December 2014. Although an application for a new exploration PSC over these blocks was submitted to the Cameroon authorities, alignment could not be reached on the appropriate level of work programme obligations.

The Group does not currently include any contingent resource volumes for the Bomono Permit where two exploration wells have been recently drilled and an extended well testing programme is currently underway. Updates for Bomono and Etinde, the latter following completion of the Etinde appraisal drilling programme, are expected in 2016.

### **Block 11B, Onshore Kenya**

A 2D seismic programme was expected to follow the acquisition of an FTG survey. Logistical issues, including security concerns, delayed the commencement of seismic activities and the operator was unable to acquire this prior to the expiry of the first exploration phase of the licence on 26 May 2015. A one-year extension to the initial exploration phase was awarded to allow for this activity to be undertaken and thus enable a decision regarding the second exploration phase of the licence. The joint venture has already met the financial obligations for this phase of the licence, and the Group is considering the forward plan in the context of its wider opportunities.

As disclosed in the notes to the financials, Bowleven (Kenya) Limited (owned by First Oil and Bowleven) is currently in dispute with the operator over continued title to the Bowleven Kenya interest. Bowleven Kenya has taken legal advice which strongly supports the Group's view that there is no legal basis for such a challenge.

### **Zambia**

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

## FINANCE

The Group has reported a loss of \$90.0 million (includes \$76.0 million impairment charge) for the year ended 30 June 2015 (2014: loss \$13.6 million).

As previously announced in the Interim Results, an impairment charge of \$76.0 million has been recognised following a review of the Etinde intangible exploration asset. Given the current market backdrop, the Group has reviewed the key commodity price and planning assumptions used in calculating impairment (further detail provided in notes to financials). The review has conservatively considered the discounted cashflows of the fertiliser offtake solution only.

The results for the year also include administrative expenses of \$11.9 million (2014: \$12.0 million). Finance costs comprise mainly of losses of \$2.4 million arising from foreign exchange movements on US cash balances under IFRS due to the parent Company's functional currency being GB pounds. (2014: loss of \$1.7 million).

The Group's current G&A charge (gross) is estimated at around \$1 million per month (previously \$1.5 million). Managing and reducing G&A costs continues to be a priority for the Group and further cost saving initiatives are being implemented.

On completion of the Etinde farm-out transaction in March 2015, the Group received \$165 million in cash and a subsequent \$5 million cash for working capital. \$9 million was paid to Petrofac for the termination of the previously announced Strategic Alliance Agreement intended to facilitate the development and funding of Etinde on a stand-alone basis.

Capital expenditure cashflows during the period were \$35.1 million (2014: \$18.0 million). This relates mainly to expenditure incurred preparing for and drilling two exploration wells on the Bomono Permit, as well as activity on Etinde and on block 11B, Kenya (which is primarily covered by First Oil funding). As outlined in the Bomono update, operations were impacted by contractor non-performance, both prior to and during the drilling programme, and discussions are ongoing with the service providers regarding the recovery of a proportion of additional expenditure incurred.

At 30 June 2015, Bowleven had \$145.3 million of cash and bank deposits and no debt (2014: \$25.5 million and no debt).

The Group has no remaining work programme obligations following the completion of the two well exploration commitment on Bomono.

The Group had a cash balance of circa \$120 million at 31 October 2015 and no debt. Under the terms of the Etinde farm-out transaction, Bowleven will also receive a \$40 million net drilling and testing carry for two appraisal wells on Etinde (or cash alternative in 2020) and \$40 million in staged cash proceeds (\$15 million receivable on completion of drilling/end September 2016 at latest and \$25 million at FID).

With a substantial cash balance, the deferred consideration structure, no debt or outstanding work programme commitments, the Group is well placed financially to progress its existing asset base through the exploration/appraisal phase and on to development. The Group will continue to review all available financing options to achieve the optimum funding mix for its future activities. The Company will also continue to focus on challenging costs within the business and exerting capital discipline in the choice and timing of future capital spending.

## **BOARD CHANGES**

The Etinde farm-out completion and associated transfer of operatorship, combined with the challenging nature of the current economic environment, has rightly been accompanied by a review of the Group's managerial and Board structure.

In May 2015, following completion of the Etinde farm-out and associated transfer of operatorship, it was announced that Chief Tabetando (Chairman of EurOil) and Peter Wilson (General Counsel) both stepped down from the Board with immediate effect.

Going forward, the Board will consist of four Executive Directors and four Non-Executives. Within this framework the roles of David Clarkson (as Chief Operating Officer) and Ed Willet (Exploration Director) have been reinforced. Operational delivery and accountability is vested in the COO, who ensures effective governance controls through an asset-based approach to technical, commercial and financial coordination. Alongside Operations, the Exploration Director leads the New Ventures group which scrutinises opportunities for business development.

The Group's Head of Legal and Commercial, Brian Cassidy, was appointed Company Secretary to the Board on 31 October 2015.

As announced in October, immediately following the Annual General Meeting (AGM) both Ronnie Hanna and Caroline Cook will step down from the Board each having served nine years on the Board as Chairman and Chairman of the Audit Committee respectively. Ronnie and Caroline have provided excellent stewardship and contribution to Bowleven over the years and their presence will be greatly missed by all within the Company.

As part of Board succession planning, John Martin and Billy Allan were appointed Non-Executive Directors in May 2015 and October 2015 respectively. It is intended that Billy Allan will succeed Ronnie as Chairman of the Board and that John Martin will take over responsibility for chairing the Audit Committee following the AGM in December 2015.

## **OUTLOOK**

Looking ahead the next 12 months promises to be a continuing period of significant operational activity for Bowleven. The ongoing testing programme at Bomono will hopefully confirm the levels of deliverability and connectivity required to justify sanctioning an initially modest gas-to-power development. This would provide Bowleven with its first home-grown cashflow – a major milestone for the Company. In addition, next year we should learn whether the Etinde acreage and specifically the Intra Isongo formation will yield the potentially substantial additional volumes hinted at by the IM-5 well. The outcome of the two well appraisal programme, which we are carried for up to a \$40 million net contribution, will help finally define the shape and size of the development of Etinde. With fertiliser, power and LNG projects all vying for the existing gas any additional volumes are likely to find a good home.

The rapid fall in the oil price has undoubtedly resulted in the entire sector re-evaluating their respective business models and adapting in order to survive whilst confronting the challenge of offering a viable investment proposition. The consummation of the deal with LUKOIL and NewAge has helped ensure that Bowleven is well positioned to ride out the storm and move forward with its assets. Although the transaction has significantly strengthened the Company's balance sheet, now more than ever, the focus needs to be on ensuring every dollar spent is an attractive investment proposition for stakeholders. These are undoubtedly difficult times for the industry however such an environment can also create opportunities. We are alive to this

but will continue to exert capital discipline when assessing potential opportunities as we move forward.

**Ronnie Hanna, Chairman**

**Kevin Hart, Chief Executive**

**9 November 2015**

## GROUP INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$'000	\$'000
Revenue	-	-
Administrative expenses	(11,868)	(12,025)
Impairment Charge	(75,959)	-
Operating loss before financing costs	(87,827)	(12,025)
Finance income	188	160
Finance costs	(2,380)	(1,737)
Loss from continuing operations before taxation	(90,019)	(13,602)
Taxation	-	-
<b>Loss for the Year from Continuing Operations</b>	<b>(90,019)</b>	<b>(13,602)</b>
<b>Loss attributable to:</b>		
Owners of the parent undertaking	(89,859)	(13,500)
Non-controlling interest	(160)	(102)
Basic and diluted loss per share (\$/share) from continuing operations	(0.28)	(0.04)

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
Group	\$'000	\$'000
Loss for the year	(90,019)	(13,602)
<b>Other Comprehensive Income:</b>		
Items that will be reclassified to profit and loss:		
Currency translation differences	1,854	3,401
<b>Total Comprehensive Income for the Year</b>	<b>(88,165)</b>	<b>(10,201)</b>
<b>Attributable to:</b>		
Owners of the parent undertaking	(88,005)	(10,099)
Non-controlling interest	(160)	(102)
	2015	2014
Company	\$'000	\$'000
Loss for the year	(93,687)	(11,809)
<b>Other Comprehensive Income:</b>		
Items that will be reclassified to profit and loss:		
Currency translation differences	(43,992)	65,419
<b>Total Comprehensive (Loss)/Income for the Year Attributable to Owners of the Parent Undertaking</b>	<b>(137,679)</b>	<b>53,610</b>

# GROUP BALANCE SHEET

30 JUNE 2015

	2015 \$'000	2014 \$'000
<b>Non-current Assets</b>		
Intangible exploration assets	304,662	550,745
Property, plant and equipment	1,896	701
	<b>306,558</b>	<b>551,446</b>
<b>Current Assets</b>		
Inventory	5,370	10,404
Trade and other receivables	6,431	6,493
Deferred consideration	54,977	-
Bank deposits	500	5,000
Cash and cash equivalents	144,751	20,454
	<b>212,029</b>	<b>42,351</b>
<b>Total Assets</b>	<b>518,587</b>	<b>593,797</b>
<b>Current Liabilities</b>		
Trade and other payables	(12,695)	(6,274)
<b>Total Liabilities</b>	<b>(12,695)</b>	<b>(6,274)</b>
<b>Net Assets</b>	<b>505,892</b>	<b>587,523</b>
<b>Equity</b>		
Called-up share capital	55,060	55,038
Share premium	-	746,477
Foreign exchange reserve	(52,866)	(54,720)
Shares held by Employee Benefit Trust	(105)	(489)
Other reserves	15,414	14,644
Retained earnings / (deficit)	485,949	(174,730)
<b>Total Equity</b>	<b>503,452</b>	<b>586,220</b>
<b>Attributable to:</b>		
Owners of the parent undertaking	503,452	586,220
Non-controlling interest	2,440	1,303
<b>Total Equity</b>	<b>505,892</b>	<b>587,523</b>

# COMPANY BALANCE SHEET

30 JUNE 2015

	2015	2014
	\$'000	\$'000
<b>Non-current Assets</b>		
Property, plant and equipment	314	575
Investments	351,408	604,102
	<b>351,722</b>	<b>604,677</b>
<b>Current Assets</b>		
Trade and other receivables	2,116	2,415
Bank deposits	500	5,000
Cash and cash equivalents	141,575	20,277
	<b>144,191</b>	<b>27,692</b>
<b>Total Assets</b>	<b>495,913</b>	<b>632,369</b>
<b>Current Liabilities</b>		
Trade and other payables	(1,688)	(2,292)
<b>Total Liabilities</b>	<b>(1,688)</b>	<b>(2,292)</b>
<b>Net Assets</b>	<b>494,225</b>	<b>630,077</b>
<b>Equity</b>		
Called-up share capital	55,060	55,038
Share premium	-	746,477
Foreign exchange reserve	(70,690)	(26,698)
Other reserves	9,993	9,223
Retained earnings/(deficit)	499,862	(153,963)
<b>Total Equity</b>	<b>494,225</b>	<b>630,077</b>

## GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
<b>Cash Flows from Operating Activities</b>		
Loss before tax	(90,019)	(13,602)
<i>Adjustments to reconcile Group loss before tax to net cash used in operating activities:</i>		
Depreciation of property, plant and equipment	397	421
Impairment of intangible exploration assets	75,959	-
Finance income	(188)	(160)
Finance costs	2,380	1,737
Equity-settled share based payment transactions	1,949	2,299
Gain on sale of property, plant and equipment	-	(3)
Adjusted loss before tax prior to changes in working capital	(9,522)	(9,308)
Decrease in inventory	316	619
Increase in trade and other receivables	(1,429)	(524)
Increase in trade and other payables	604	716
Exchange differences	(407)	(79)
<b>Net Cash used in Operating Activities</b>	<b>(10,438)</b>	<b>(8,576)</b>
<b>Cash Flows from/(used in) Investing Activities</b>		
Proceeds from sale of intangible exploration assets	165,000	-
Costs of sale of intangible exploration assets	(9,395)	-
Net proceeds from sale of intangible exploration assets	155,605	-
Receipts from working capital adjustment on sale of intangible exploration assets	5,083	-
Purchases of property, plant and equipment	(1,641)	(193)
Purchases of intangible exploration assets	(33,500)	(17,849)
Release funds on bank deposit	5,000	-
Reclassification of funds to bank deposit	(500)	-
Receipts from sale of property, plant and equipment	-	5
Receipts from sale of inventory	193	-
Interest received	139	177
<b>Net Cash from/(used in) Investing Activities</b>	<b>130,379</b>	<b>(17,860)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of share capital	71	21,353
Costs of issue of share capital	-	(429)
Net proceeds from issue of ordinary shares	71	20,924
Funding from non-controlling interests	4,323	4,482
<b>Net Cash Flows from Financing Activities</b>	<b>4,394</b>	<b>25,406</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>124,335</b>	<b>(1,030)</b>
Effect of exchange rates on cash and cash equivalents	(38)	1,742
Cash and cash equivalents at the beginning of the year	20,454	19,742
<b>Cash and Cash Equivalents at the Year End</b>	<b>144,751</b>	<b>20,454</b>

# COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$'000	2014 \$'000
<b>Cash Flows from Operating Activities</b>		
Loss before tax	(93,687)	(11,809)
<i>Adjustments to reconcile Company loss before tax to net cash used in operating activities:</i>		
Depreciation of property, plant and equipment	234	288
Impairment of investment	246,000	-
Finance income	(164)	(160)
Finance costs	1,930	1,581
Equity-settled share based payment transactions	1,949	1,894
Dividend received	(164,472)	-
Adjusted loss before tax prior to changes in working capital	(8,210)	(8,206)
(Increase)/Decrease in trade and other receivables	(130)	2,199
(Decrease)/Increase in trade and other payables	(604)	620
Exchange differences	(6)	73
<b>Net Cash used in Operating Activities</b>	<b>(8,950)</b>	<b>(5,314)</b>
<b>Cash Flows from/(used in) Investing Activities</b>		
Dividend received from subsidiary undertaking	164,472	-
Funding to subsidiaries	(38,866)	(16,711)
Purchases of property, plant and equipment	(14)	(117)
Release funds on bank deposit	5,000	-
Reclassification of funds on bank deposit	(500)	-
Interest received	116	177
<b>Net Cash from/(used in) Investing Activities</b>	<b>130,208</b>	<b>(16,651)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of share capital	71	21,353
Costs of issue of share capital	-	(429)
Net proceeds from issue of ordinary shares	71	20,924
<b>Net Cash Flows from Financing Activities</b>	<b>71</b>	<b>20,924</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>121,329</b>	<b>(1,041)</b>
Effect of exchange rates on cash and cash equivalents	(31)	1,746
Cash and cash equivalents at the beginning of the year	20,277	19,572
<b>Cash and Cash Equivalents at the Year End</b>	<b>141,575</b>	<b>20,277</b>

# GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Equity share capital* \$'000	Foreign exchange reserve \$'000	Shares held in trust \$'000	Other reserves \$'000	Retained earnings / (deficit) \$'000	Attributable to owners of parent company \$'000	Non- controlling Interests \$'000	Total equity \$'000
<b>At 1 July 2013</b>	<b>780,591</b>	<b>(58,121)</b>	<b>(489)</b>	<b>13,932</b>	<b>(165,894)</b>	<b>570,019</b>	<b>-</b>	<b>570,019</b>
Loss for the year	-	-	-	-	(13,500)	(13,500)	(102)	(13,602)
Other comprehensive income for the year	-	3,401	-	-	-	3,401	-	3,401
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,401</b>	<b>-</b>	<b>-</b>	<b>(13,500)</b>	<b>(10,099)</b>	<b>(102)</b>	<b>(10,201)</b>
Proceeds from issue of share capital	21,353	-	-	-	-	21,353	-	21,353
Cost of issue of share capital	(429)	-	-	-	-	(429)	-	(429)
Share based payments	-	-	-	2,299	-	2,299	-	2,299
Funding from non-controlling interests	-	-	-	-	3,077	3,077	1,405	4,482
Transfer between reserves	-	-	-	(1,587)	1,587	-	-	-
<b>At 30 June 2014</b>	<b>801,515</b>	<b>(54,720)</b>	<b>(489)</b>	<b>14,644</b>	<b>(174,730)</b>	<b>586,220</b>	<b>1,303</b>	<b>587,523</b>
Loss for the year	-	-	-	-	(89,859)	(89,859)	(160)	(90,019)
Other comprehensive income for the year	-	1,854	-	-	-	1,854	-	1,854
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,854</b>	<b>-</b>	<b>-</b>	<b>(89,859)</b>	<b>(88,005)</b>	<b>(160)</b>	<b>(88,165)</b>
Proceeds from issue of share capital	71	-	-	-	-	71	-	71
Share based payments	-	-	-	1,949	-	1,949	-	1,949
Funding from non-controlling interests	-	-	-	-	3,026	3,026	1,297	4,323
Transfer between reserves	(746,526)	-	478	(1,464)	747,512	-	-	-
Exchange arising on transfer of EBT	-	-	32	-	-	32	-	32
Shares purchased by employee benefit trust	-	-	(126)	-	-	(126)	-	(126)
Grant of warrants	-	-	-	285	-	285	-	285
<b>At 30 June 2015</b>	<b>55,060</b>	<b>(52,866)</b>	<b>(105)</b>	<b>15,414</b>	<b>485,949</b>	<b>503,452</b>	<b>2,440</b>	<b>505,892</b>

\*Includes both share capital and share premium

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Attributable to Owners of Parent Company				
	Equity share capital* \$'000	Foreign exchange reserve \$'000	Other reserves \$'000	Retained earnings / (deficit) \$'000	Total Equity \$'000
<b>At 1 July 2013</b>	<b>780,591</b>	<b>(92,117)</b>	<b>8,511</b>	<b>(143,741)</b>	<b>553,244</b>
Loss for the year	-	-	-	(11,809)	(11,809)
Other comprehensive income for the year	-	65,419	-	-	65,419
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>65,419</b>	<b>-</b>	<b>(11,809)</b>	<b>53,610</b>
Proceeds from issue of share capital	21,353	-	-	-	21,353
Cost of issue of share capital	(429)	-	-	-	(429)
Share based payments	-	-	2,299	-	2,299
Transfer between reserves	-	-	(1,587)	1,587	-
<b>At 30 June 2014</b>	<b>801,515</b>	<b>(26,698)</b>	<b>9,223</b>	<b>(153,963)</b>	<b>630,077</b>
Loss for the year	-	-	-	(93,687)	(93,687)
Other comprehensive income for the year	-	(43,992)	-	-	(43,992)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(43,992)</b>	<b>-</b>	<b>(93,687)</b>	<b>(137,679)</b>
Proceeds from issue of share capital	71	-	-	-	71
Share based payments	-	-	1,949	-	1,949
Transfer between reserves	(746,526)	-	(1,464)	747,990	-
Transfer from Employee Benefit Trust	-	-	-	(478)	(478)
Grant of warrants	-	-	285	-	285
<b>At 30 June 2015</b>	<b>55,060</b>	<b>(70,690)</b>	<b>9,993</b>	<b>499,862</b>	<b>494,225</b>

\*Includes both share capital and share premium

## NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

For the year ended 30 June 2015

### (1) Accounting Policies

#### Basis of Preparation

The financial information in the preliminary financial statements has been extracted from the statutory accounts which 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 2015.

Bowleven plc as a company operates using a functional currency of Great Britain Pounds. These financial statements are presented in United States Dollars, the Group's presentation currency, rounded to the nearest \$'000.

The disclosed figures are not statutory accounts in terms of section 434 of the Companies Act 2006. The statutory accounts give full disclosure of the Group accounting policies and are scheduled to be posted to shareholders on 23 November 2015 and will be filed with the Registrar of Companies in due course. On the statutory accounts for the year ended 30 June 2015 and 30 June 2014, the auditor gave an unqualified opinion that did not contain an emphasis of matter and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The statutory accounts for the year ended 30 June 2014 have been filed with the Registrar of Companies.

#### 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 has sufficient funds, considering the completion of the Etinde farm-out (and receipt of associated cash consideration) in the year, to meet the ongoing working capital and committed capital expenditure requirements. In making this assessment, the Directors considered the Group budgets, the cash flow forecasts and associated risks

### (2) 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 or warrants 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 (2014: nil).
- c) An impairment charge of \$76.0 million has been recognised following a review of the book value of the Etinde intangible exploration asset following the expiry of the Etinde exploration PSC on 22 December 2014 and considering the current economic environment.

Given the market backdrop, the Group has reviewed the key commodity price and planning assumptions used in calculating impairment. The review has been based on a conservative development case, considering only an initial fertiliser-led development.

- d) On 16 March 2015 the Etinde farm-out transaction with LUKOIL/NewAge completed. On completion, the Group retained a 20% equity interest in the Etinde Exploitation area (previously 60%) and operatorship transferred to NewAge. Initial cash proceeds of \$165 million were received on completion. A deferred consideration of \$55.0 million is recognised as a current asset on the Group balance sheet at 30 June 2015 and is expected to be received during 2016. This comprises a \$40 million net carry for the drilling and testing of two appraisal wells planned on Etinde in 2016 (or cash alternative in 2020 on non-utilisation of carry) and \$15 million in cash receivable due on drilling completion or by end September 2016 at the latest. One of the conditions of the Etinde farm-out agreement was the cancellation of the previously announced Petrofac strategic alliance which has been treated as a directly attributable cost of the transaction. On completion of the Etinde farm-out, \$9 million was paid to Petrofac as full and final settlement, to terminate the strategic alliance. As a result of the above net proceeds of \$211 million are recognised as a credit to intangible exploration assets in the year. A further \$5 million was received as a working capital adjustment on completion of the transaction and has been recognised in the year.
- e) As at 30 June 2015 a contingent asset of \$25 million is disclosed for the FID consideration relating to the Etinde farm-out and will be credited to intangible exploration assets once further clarity around Etinde project sanction/FID is obtained.
- f) Approval was given by shareholders at the AGM on 18 December 2014 to cancel the Bowleven plc share premium account by way of capital reduction. The capital reduction was confirmed by the Court of Session in Edinburgh on 20 March 2015 and the entire share premium account of Bowleven plc (£422 million) cancelled with a corresponding adjustment to retained deficit/earnings in the year to 30 June 2015. The Court imposed a short term restriction on the use of the distributable reserves created in Bowleven plc by the cancellation of the share premium account. Up to 16 March 2016 the consent of the Court is required for any distribution to shareholders other than the reduction of share capital by purchases in the market as approved at the 2014 AGM.
- g) 30% of the shares in Bowleven (Kenya) Limited are held by First Oil. Bowleven Kenya is included in the group accounts as a subsidiary with the 30% First Oil shareholding recognised as a non-controlling interest. Bowleven (Kenya) Limited is involved in legal proceedings with the operator of Kenya block 11B, Adamantine, who are seeking to force the assignment of Bowleven Kenya's 50% interest in the block to them. Bowleven Kenya has taken legal advice which strongly supports the Group's view there is no legal basis for this action. The Group holds \$11.8m in intangible fixed assets for block 11B (\$8.8m of which was funded by First Oil).
- h) In the Company balance sheet, an impairment charge of \$246 million has been recognised against the investment in Bowleven Resources Limited. The net assets of the subsidiary group have reduced following the payment of dividend from Bowleven Resources Limited to Bowleven plc (following cancellation of Bowleven Resources Limited share premium account in the year and subsequent completion of Etinde farm-out) and impairment loss on the Etinde asset as noted above. This adjustment does not impact the Group results.

### **(3) 2015 Annual Report and Accounts**

Full accounts are scheduled to be posted to shareholders who elected to continue to receive a hard copy report on Monday 23 November 2015 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. For shareholders who opted to receive the annual report electronically notification will be provided when the annual report is available to access from the company website [www.bowleven.com](http://www.bowleven.com).

## GLOSSARY

Actis	Actis LLP. Actis is a private equity firm investing exclusively in Africa, Asia and Latin America. In 2014, Actis acquired a 56% stake in Cameroon's national electricity utility, Eneo
Adamantine	Adamantine Energy (Kenya) Limited, the current operator of, and holder of a 50% participating interest in block 11B
AGM	annual general meeting
AIM	the market of that name operated by the London Stock Exchange
block 11B	the production sharing contract between the Republic of Kenya, Adamantine Energy (Kenya) Limited and Bowleven (Kenya) Limited dated 30 May 2012 in respect of the area of approximately 14,287 km <sup>2</sup> onshore Kenya and designated as block 11B; or, as the context may require, the contract area to which this production sharing contract relates
Board of Directors	the Directors of the Company
boe	barrels of oil equivalent
Bomono Permit	the production sharing contract between the Republic of Cameroon and EurOil, dated 12 December 2007 in respect of the area of approximately 2,328km <sup>2</sup> comprising former blocks OLHP-1 and OLHP-2 onshore Cameroon; or, as the context may require, the contract area to which that production sharing contract relates
Bowleven	Bowleven plc (LSE: BLVN) and/or its subsidiaries as appropriate
Bowleven (Kenya) Limited or Bowleven Kenya	Bowleven (Kenya) Limited, an affiliate of the Company, incorporated in Scotland
Companies Act 2006	the United Kingdom Companies Act 2006 (as amended)
Company	Bowleven plc
condensate	a light oil that is gaseous under certain reservoir conditions, often discovered with significant volumes of natural gas
contingent resources	those quantities of hydrocarbons that are estimated to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable
EA	Exploitation Authorisation
EAA	Exploitation Authorisation Application
E&P	Exploration and Production
Etinde Permit	the Etinde Exploitation Authorisation (EA) area. The Etinde EA, granted on 29 July 2014, covers an area of approximately 461km <sup>2</sup> (formerly block MLHP-7) and is valid for an initial period of 20 years
Eneo	Eneo Cameroon SA, an Actis LLP affiliated company. Eneo provides over 900 MW of generation and supplies electricity to more than 1 million customers.
EurOil	EurOil Limited, an indirectly wholly owned subsidiary of Bowleven plc, incorporated in Cameroon
EWT	extended well test

Ferrostaal	Ferrostaal GmbH, a global provider of industrial services in plant construction and engineering services, headquartered in Essen, Germany
FID	final investment decision
First Oil	First Oil plc, a private UK independent exploration and production company based in Aberdeen
Fortesa	Africa Fortesa Corp Ltd, the entity which entered into a farm-in arrangement with Bowleven with respect to the Bomono Permit which has now subsequently lapsed.
FTG	full tensor gravity gradiometry
G&A	general and administration
Group	the Company and its direct and indirect subsidiaries
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
LUKOIL	LUKOIL Overseas West Project Ltd, a subsidiary undertaking of OAO LUKOIL
mmboe	million barrels of oil equivalent
MOU	memorandum of understanding
mscf	thousand standard cubic feet of gas
MW	megawatt; a unit of power equal to one million watts
NewAge	New Age (African Global Energy) Limited
ordinary shares	ordinary shares of 10p each in the capital of the Company
Petrofac	Petrofac Energy Developments West Africa Limited, an indirect subsidiary of Petrofac Limited (LSE: PFC)
PSC	production sharing contract
P50	50% probability that volumes will be equal to or greater than stated volumes
SNH	Société Nationale des Hydrocarbures, the national oil and gas company of Cameroon
strategic alliance	the proposed strategic alliance between Bowleven and Petrofac in respect of the Etinde development on the terms set out in the Strategic Alliance Agreement
Strategic Alliance Agreement	the agreement of that name dated 6 November 2012 between Bowleven and Petrofac
tcf	trillion cubic feet
2D	two dimensional
\$	United States of America Dollars
£ or GB pounds	Great Britain Pounds Sterling

*Notes:*

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.

For the purposes of this announcement, 6 mscf of gas has been converted to 1 boe.