

2 November 2006

BowLeven Plc ('BowLeven' or 'the Company')

Preliminary results for the year to 30 June 2006

BowLeven, the Cameroon-focused oil & gas company listed on AIM, today announces its preliminary results for the year ended 30 June 2006.

Highlights of the year include:

- Continuing progress with commercialisation of existing hydrocarbon resources in block MHLP-7;
- Acquisition of 3D seismic over blocks MHLP-5 and 6;
- Rig secured for four well drilling programme in early 2007;
- Strategic alliance with Suntera Resources; and
- Strengthened board composition and management team.

Commenting, Terry Heneaghan, Executive Chairman, said:

"BowLeven's business plans are back on track. Progress has been made on all fronts. The new management team, to be led by Kevin Hart, has the capability to drive the Company forward and attain considerable success in terms of shareholder value."

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Chairman's Statement  
2 November 2006

Following the disappointing drilling results of 2005, the Company has concentrated on its stated plans and objectives at the time of listing its shares on the AIM market, which are to:

- implement a Gas to Electricity ("GTE") business plan for block MLHP-7, to produce gas/condensate reserves, with the support of the Cameroon authorities;
- establish a plan to monetise additional existing recoverable hydrocarbon reserves and contingent resources within block MLHP-7;
- acquire and interpret 3D seismic over blocks MLHP-5 and MLHP-6, and identify attractive drilling prospects;
- secure one or more industry joint venture partners;
- assess the additional exploration potential of the Etinde Permit;
- prepare to drill four wells in early 2007; and
- strengthen the Board composition and management team.

Progress has been made on all fronts.

Our 100% owned subsidiary, EurOil Limited ("EurOil"), is actively engaged with the Cameroon authorities in negotiating a production-sharing contract ("PSC") for block MLHP-7, as a prelude to development of its recoverable hydrocarbon reserves.

EurOil is also in active discussions with Société Nationale des Hydrocarbures ("SNH") and other operators on the subject of establishing a Cameroon national gas-gathering system, with a hub at Limbe, which is onshore at block MLHP-7.

The acquisition and processing of 3D seismic over blocks MLHP-5 and 6 has been completed, and interpretation of the data is at an advanced stage. Several leads and plays have been identified and drilling prospects are being worked up.

Early in 2006, we conducted a preliminary exercise to farm out some of our equity in blocks MLHP-5 and 6. Although there was significant industry interest, we decided, for a variety of reasons, not to farm out at that time. We continue to evaluate our farm-out needs and opportunities.

A rig has been secured for a four-well drilling programme in early 2007, and drilling locations are currently being finalised.

#### BOARD CHANGES

The main Board has been strengthened by the appointment of our new CEO, Kevin Hart, the former Finance Director of Cairn Energy PLC, who joins the Company with effect from 17 November. This is a key appointment for BowLeven and I am certain that Kevin's professional and entrepreneurial skills, plus his determination to succeed, will drive the Company forward towards the attainment of significant shareholder value.

In addition, I am pleased to announce that a new Non-Executive Chairman has been selected to succeed me immediately after our AGM on 6 December 2006. Your new Chairman will be Ronnie Hanna, a man with a proven management track record in various fields and considerable main Board experience. Most recently, until 2003, Ronnie was for 11 years the Chief Executive of the successful house-building firm, Bett Brothers plc. He is currently a Non-Executive Director of several companies, including two investment trusts, and has considerable experience in dealing with the City. This is another excellent appointment for BowLeven and I have no doubt that Ronnie's broad experience will prove to be of great value to the Company.

Caroline Cook, formerly Managing Director and Co-Head of Equity Research (Oil and Gas) for Deutsche Bank, will join the Board of BowLeven immediately after the AGM as a non-executive



director.

I have been a founder of BowLeven, and its Executive Chairman, since March 1998. I had always intended to give up full-time executive life once I had reached the age of 60 and the time has now come for me to step down as Executive Chairman immediately after the AGM.

Dr. A. Easton Wren has also been with BowLeven since 1998. His contribution to the Company is most highly regarded, and it is with some regret to the Directors that that he has decided to retire, at the age of 68, immediately after the AGM.

I welcome the new Board members and am very pleased to leave behind such a strong and able team to run the Company. This Board of Directors, which will determine the future direction of the Company, is backed by a solid management team with the talent and experience to build a very successful oil and gas business.

In the interests of best corporate practice, it is the Board's firm intention to have a majority of non-executive directors on the Board. It is planned that the Board will reduce to a more manageable size of around eight members in the foreseeable future, comprising of three executive directors and five non-executive directors. Two other non-executive directors are being actively sought to add experience to the Board. It is expected that further announcements of new Board appointments will be made in the near future.

All aspects of Corporate Governance will be the responsibility of this Board.

#### GROUP MANAGEMENT BOARD

The former Executive Committee of the Company is disbanded. A Group board of management which will manage the day-to-day aspects of the business is now established. This Group Management Board, which comprises all the Executive Directors of the Company, will focus on generating value from the existing asset base and from new opportunities for corporate growth.

The Group Management Board consists of:

Chief Executive Officer: Kevin Hart\*  
 Exploration Director: Jerry Anthony  
 Finance Director: John Brown  
 Chief Operating Officer: John Morrow  
 Chairman of EurOil: Chief Tabetando  
 Commercial Director: Peter Wilson\*\*

\*Kevin Hart will chair the Group Management Board.

\*\*Peter Wilson also fulfils the roles of General Counsel and Company Secretary to the main Board.

This Group Management Board will follow all of the procedures and disciplines that have been established by the Board.

The Group Management Board is the executive engine of the Company. It will advise the Board on policy matters and implement declared policies as determined from time to time. Apart from managing day-to-day business matters, the future direction of the business will be substantially determined by the recommendations of the Group Management Board.

This is a strong and capable management team and I have every confidence in its ability to move the Company forward with success. I am also very pleased to announce that Mr. Ed Willett, a senior explorationist at Cairn Energy PLC, has agreed to join BowLeven in the New Year as Deputy Exploration Director. Ed is a proven finder of hydrocarbons and we are confident that he will be a valuable member of the team.

#### LONG-TERM INCENTIVE PLAN ("LTIP") AND SHARE OPTION SCHEME



A LTIP has been designed to incentivise the Executive team. Details of the scheme are set out in a separate circular, which is intended to be posted to shareholders shortly for their consideration at an EGM to be held on 6 December 2006, immediately prior to our AGM.

Currently only Executive Directors are being offered LTIPs under this scheme; the previously approved share option scheme remains in place for all other employees.

#### NOMINATED ADVISER AND BROKER

With effect from 2 November 2006, the broker to BowLeven is Hoare Govett (a subsidiary of the ABN-AMRO Group) and, with effect from 6 December 2006, the position of Nominated Adviser to the Company will also change to Hoare Govett.

Whilst I am pleased to announce the appointment of Hoare Govett, it is with some sadness that we are changing the advisory and broking relationship. Noble & Company ("Noble") were appointed financial advisers to BowLeven in 1998 and, despite several difficult years, when they were not being fully rewarded for their efforts, they persevered with BowLeven and sponsored the Company to list its shares on the AIM market in December 2004.

Noble's broking arm also raised in excess of £87 million of new funds for the Company in 2004/05, and shareholders should be very grateful for the loyalty, commitment and dedication that Noble gave to the Company over the past several years.

#### STRATEGIC ALLIANCE, SUNTERA

On 3 July 2006, Suntera Resources Limited ("Suntera"), a joint venture owned 50 per cent. by SUN Energy Limited and 50 per cent. by ITERA Oil & Gas LLC, acquired a 13% interest in the Company, through a placing of 4,438,000 New Ordinary Shares at approximately 245 pence each, for a cost of £10.9 million. This investment by Suntera is the basis of an important strategic alliance for BowLeven. Suntera, which has considerable experience in monetising gas assets, has built up a strong knowledge base and solid relationships in West Africa, and aims to help the BowLeven Group to secure new opportunities in the region. The strategic alliance with Suntera can help BowLeven to deliver its longer-term strategic objectives.

#### FINANCIAL RESULTS

The Group reported a loss of £1.7 million for the 12 months ended 30 June 2006. The main contributor to the loss was administrative expenses, as the Group expanded operations to properly carry out its work programme and exploit the potential of the Etinde Permit.

The Company, which had £42.5 million of cash at bank at year end, as further supplemented by the £10.9 million share placing to Suntera, has the financial resources to fulfil its 2007 capital investment plans and drilling programme. Some £5 million has been spent since 30 June, on 3D seismic acquisition, processing and interpretation, which should prove to be a significant asset to the Group.

#### OUTLOOK

Despite the drilling of two unsuccessful wells in 2005, the stated hydrocarbon asset base of the Group has not materially changed since the listing of BowLeven's shares on AIM two years ago. The potential to exploit these recoverable reserves and contingent resources remains intact, and I am confident that the management team will do so.

The exploration potential of the Etinde Permit remains; blocks MLHP-5 and 6 have the potential for discovery of substantial hydrocarbon reserves and resources, with consequent benefits for shareholder value.

The Board and management team have been strengthened and this team has the undoubted potential to drive the Company forward to success.

Terry Heneaghan  
Executive Chairman

**GROUP PROFIT AND LOSS ACCOUNT**  
for the year ended 30 June 2006

	<i>Notes</i>	2006 £'000	2005 £'000
<b>TURNOVER</b>		-	-
Distribution costs		-	-
Administrative expenses		(3,429)	(1,373)
<b>OPERATING LOSS</b>		<u>(3,429)</u>	<u>(1,373)</u>
Interest receivable and similar income		1,687	512
Interest payable and similar charges		(2)	(1,271)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(1,744)</u>	<u>(2,132)</u>
Taxation		-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(1,744)</u></u>	<u><u>(2,132)</u></u>
Basic and Diluted Earnings Per Share (£/share)	1	(0.06)	(0.13)

The operating loss for the year arises from the Group's continuing operations.

GROUP BALANCE SHEET  
30 June 2006

	2006 £'000	2005 £'000
<b>FIXED ASSETS</b>		
Intangible assets	40,953	11,289
Tangible assets	381	336
	<u>41,334</u>	<u>11,625</u>
<b>CURRENT ASSETS</b>		
Stocks	810	853
Debtors	435	527
Cash at bank	42,453	20,518
	<u>43,698</u>	<u>21,898</u>
<b>CREDITORS</b>		
Amounts falling due within one year	(1,003)	(844)
<b>NET CURRENT ASSETS</b>	<u>42,695</u>	<u>21,054</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>84,029</u>	<u>32,679</u>
<b>CAPITAL AND RESERVES</b>		
Called up equity share capital	2,961	2,111
Share premium account	86,002	33,758
Other reserves	2,883	2,883
Profit and loss account	(7,817)	(6,073)
<b>SHAREHOLDERS' FUNDS</b>	<u>84,029</u>	<u>32,679</u>

**GROUP CASH FLOW STATEMENT**  
for the year ended 30 June 2006

	2006 £'000	2005 £'000
Net cash flow from operating activities	(3,411)	(2,905)
Returns on investments and servicing of finance	1,685	(759)
Capital expenditure and financial investment	(29,433)	(5,686)
<b>CASH OUTFLOW BEFORE FINANCING</b>	<b>(31,159)</b>	<b>(9,350)</b>
Financing	53,094	29,706
<b>INCREASE IN CASH IN THE PERIOD</b>	<b>21,935</b>	<b>20,356</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>		
	2006 £'000	2005 £'000
Increase in cash in the year	21,935	20,356
Net cash inflow from loan instruments	-	4,944
<b>CHANGE IN NET DEBT</b>	<b>21,935</b>	<b>25,300</b>
<b>NET FUNDS AT 1 JULY 2005</b>	<b>20,518</b>	<b>(4,782)</b>
<b>NET FUNDS AT 30 JUNE 2006</b>	<b>42,453</b>	<b>20,518</b>



## NOTES FORMING PART OF THE FULL YEAR RESULTS

### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, in accordance with the Statement of Recommended Practice for Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities and with applicable accounting standards.

### 1 BASIC AND DILUTED EARNINGS PER SHARE

	2006 £	2005 £
Basic and diluted EPS – Ordinary shares of £0.10 each	<u>(0.06)</u>	<u>(0.13)</u>
Basic and diluted calculation based on:		
Loss for the financial year	<u>1,743,517</u>	<u>2,132,145</u>
Weighted average number of ordinary shares in the period	<u>27,138,432</u>	<u>16,788,012</u>

Basic and diluted loss per share are identical as there is no dilution.

### 3 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £'000	2005 £'000
Loss for the financial year	<u>(1,744)</u>	<u>(2,132)</u>
New equity share capital subscribed	850	1,081
Premium on new share capital subscribed	<u>52,244</u>	<u>33,569</u>
	<u>53,094</u>	<u>34,650</u>
Net increase to funds	51,350	32,518
Opening shareholders' equity funds	<u>32,679</u>	<u>161</u>
Closing shareholders' equity funds	<u>84,029</u>	<u>32,679</u>

This document provides details of the full year results of BowLeven Plc. Copies of the Annual Report will be sent to shareholders and can be obtained, free of charge, from the Company at 68-70 George Street, Edinburgh, EH2 2LT for a period of one month.

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