

Full Year Results

Released : 01 Nov 2022 07:30

RNS Number : 8227E

Bowleven plc

01 November 2022



1 November 2022

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

Full Year Results

Bowleven, the Africa focused oil and gas exploration group traded on AIM, today announces its audited full year results for the year ended 30 June 2022. Terms not otherwise defined have the meanings given to them in the Glossary at the end of this announcement.

HIGHLIGHTS

Operational

Etinde, offshore Cameroon

- In June 2022, New Age formally announced that it had signed a conditional agreement to sell operatorship and their 37.5% gross stake in Etinde to Perenco SA ('Perenco') Group for an undisclosed sum, subject to the resolution of a number of conditions precedent, including regulatory approval from SNH.
- The JO partners continue to await the completion of the New Age-Perenco transaction.
- New Age has reduced its operational footprint placing Etinde development activities on a 'care and maintenance' basis, pending the transfer to Perenco.
- Whilst New Age has completed several outstanding tasks from the 2021 post-FEED analysis programme during the calendar year, very little progress has been made otherwise.

Financial

- The loss for the financial year was \$2.5 million.
- Bowleven closed the year with \$1.3 million of cash and a financial investment of \$2.2 million giving a total value of available funds of \$3.5 million. Cash balance at 30 October 2022 was \$0.5 million.
- Currently, there is no draft work plan or budget for the 2023 calendar year as New Age has left this task open for Perenco to agree with the Joint Operation ('JO') partners and Société Nationale des Hydrocarbures ('SNH'), most likely in Spring 2023.
- Bowleven anticipates a higher Etinde expenditure in 2023 on the basis that Perenco is likely to put a full Etinde development team in place in early 2023, following completion of its Etinde interest acquisition, and may seek to take a fresh look at Etinde development options which would incur an additional cost. When combined with our current cash and liquid resources, the Directors' cash flow forecasts and

projections indicate a material risk that Bowleven will fully utilise its existing cash resources by the end of 2023. This gives rise to material uncertainty regarding the going concern status of the Bowleven group.

- The Board is currently discussing and investigating various options, including debt and equity issues, as well as hybrid debt instruments to raise additional funding during early 2023. No such plans have been put in place at the current time and there can be no certainty that any additional financing will be concluded, nor as to the terms of any such additional financing. Bowleven will make further announcements to update shareholders as soon as it has more information.

Outlook

The Company's key objective is to continue to deliver its outlined strategy in FY2023. The most important deliverables include:

- Working with JO partners on commercial and financial matters in respect of the Etinde development options with the aim of reaching an Etinde project financial investment decision (FID) in 2023.
- To renew the Etinde Exclusive Exploitation Agreement ('EEEE') licence as part of the regulatory process associated with FID. Bowleven considers that the risk of the Etinde licence (which expired in January 2021) potentially being removed will further decline as Perenco joins the development team. The Board understands that Perenco has an excellent relationship with SNH and the Government of Cameroon given its position as the largest oil and gas investor in Cameroon.
- Maintaining disciplined management of capital and operational expenditure to secure progress towards FID whilst maintaining financial resources and raising additional financing.

Eli Chahin, Chief Executive Officer of Bowleven plc, said:

"It has been a year of progress and we continue to focus on maximising the economic return to our shareholders. The most significant event to update on is New Age's ongoing transaction to sell its operatorship and share in Etinde development project to Perenco.

Perenco has a formidable operating history in Cameroon with oil and gas productions of 85,000 boepd (51,000 barrels per day and 24 million m3 of gas per day) mostly from the Rio del Rey basis (to the north of Etinde) and at the Sanaga Sud field complex near Kribi. Here Perenco, in conjunction with SNH and Golar operates the very successful FLNG gas export business using the Hilli Episeyo vessel.

At the January 2022 TCM held with SNH, the JO partners formally told SNH that the partnership had reached the decision that the Equatorial Guinea development had been selected as the development basis for Etinde. After extensive study, the conclusion was that this was the only economically and commercially viable development option for that JO partnership group. With the accession of Perenco, other additional options may now become feasible to study.

As we move into 2023, we will work with our JO partners on both commercial and financial matters in relation to the Etinde development options and to further progress towards FID."

ENQUIRIES

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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 and the Market Abuse Regulations, 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 plc is an African focused oil and gas group, based in London and traded on AIM. It is dedicated to realising material shareholder value from its asset in Cameroon, whilst maintaining capital discipline and employing a rigorously selective approach to other value-enhancing opportunities.

Bowleven holds a strategic equity interest in the offshore, shallow water Etinde permit (currently operated by New Age) in Cameroon.

CEO & CHAIRMAN STATEMENT

POSITIONED FOR VALUE CREATION

"Following a profoundly tumultuous period for the E&P sector, the Etinde development has now to some extent been fortified with sustained high commodity prices and an incoming joint venture partner that bodes well for its progress through to the \$25 million FID payment for Bowleven".

Dear Shareholders,

The recent geopolitical events in Ukraine have had a significant impact on the concept of energy sovereignty for all countries. The human tragedy has been immense, and our sympathies are with all who have been impacted by this crisis. There is a recognition today that the world has changed, and we must adapt to a new reality.

In the energy sector, the new paradigm that has emerged has affected the supply and flow of molecules, most likely for the considerable future. The burden on domestic consumers arising from recent historic highs in energy prices are currently being partly offset by some western governments to help deal with the cost of living crisis we are currently experiencing. This macroeconomic backdrop is also challenging central banks as interest rates are rising to help curtail the inflationary environment. The price of energy has become a much more visible component in the cost of living and the continued volatility in the short to medium term has changed the calculus for all decision makers who must grapple with the uncertainty.

It is the view of the Board that this uncertainty will continue in the short term on a number of levels.

As capital providers and other stakeholders make sense of the situation that surrounds us, it is clear that the path to continued economic growth will only return by solving the energy conundrum. This holds true for both developed and developing economies as they cope with the fiscal environment that challenges all governments as they balance the need for energy investments and the decarbonisation agenda.

Emission targets and energy transition strategies are currently being deliberated in light of the evolving situation in Europe, which is feeling the immediate impact of restricted access to hydrocarbon flows brought on by the Ukrainian crisis. Access to additional supply by way of alternative sources, increased liquefaction and storage infrastructure, and new alliances have now become part of the narrative for all government agencies.

Our investment in Etinde has not been spared the challenge of deciding how we navigate our business such that our shareholders reap the benefits of the asset entrusted under our stewardship. The anticipated changes in the joint venture have been a catalyst for positive momentum. The announced conditional acquisition by French-based Perenco of the New Age stake in the licence and the operatorship of Etinde is an important and positive milestone. Etinde's resource and volume estimates are of vital importance to the domestic economy in Cameroon and the surplus requirements are potentially of strategic significance to prospective buyers internationally. Our location offshore in West Africa leaves us well placed to deliver to European and other markets for years to come.

The most significant development during the year has undoubtedly been New Age signing a definitive conditional agreement with a subsidiary of Perenco to transfer all New Age's participating interests in the Etinde permit, and operatorship of the Etinde JO, to Perenco. Whilst the transaction remains subject to a number of approvals, Bowleven and Lukoil as parties to the JO decided not to exercise our pre-emption rights over New Age's interest. At the time of writing, the customary regulatory approvals by the Cameroon government are yet to be completed.

Perenco is a seasoned E&P company with a formidable operating history in Cameroon and across West Africa. It has the requisite balance sheet and human capital to support the JO partners in ensuring the best development plan is tabled to the host government. Perenco has earned the respect of the Government of Cameroon as one of the leading independent oil and gas companies in Europe today. In the Board's view, the transaction will move us closer to the final investment decision (FID) payment of USD25m from its Etinde JO partners which, following completion of the transaction, would include Perenco as a counterparty to this payment. The process of the New Age divestment is progressing smoothly, and we continue to anticipate a closing of the transaction in the fourth quarter of 2022.

Perenco is currently the largest operator in Cameroon in terms of production, with an operating area in the Rio del Rey and Douala basins, and with oil and gas productions of 85,000 boepd (51,000 barrels per day and 24 million m3 of gas per day).

The enhanced optionality this affords the Etinde development is deemed considerable. We refrain from holding any strong views on the likely development options without first gaining a better understanding of the evolving circumstances we will find ourselves in once the execution phases of the Perenco transaction have been completed, and when we are privy to further analysis of the options that we need to consider.

In our analysis during 2021, we expressed the view that we would continue to work towards securing a consensual development plan that met with the objectives of all strategic stakeholders. This process has not yet been fully realised on the back of the Perenco acquisition of the Etinde interest.

The Board believes, in light of Perenco's Cameroonian history and operatorship credentials, that our continued patience is a sensible proposition and indeed an inevitable consequence. We have yet to engage formally with the incoming Operator on what we believe is the most strategic commercial proposition for extracting the hydrocarbons within Etinde but draw comfort in the change in ownership and operatorship which is a testament to the Etinde investment hypothesis.

OPERATIONS

The Board's view was that the JO partners needed to maximise hydrocarbon production rates to extract the full economics of the licence which invariably entailed a combined IM and IE development basis. This approach was also consistent with the generation of higher tax revenue for the Government of Cameroon. Having regard to the best risk-return proposition for Etinde, it was our belief that processing Etinde wet gas directly at the existing Marathon-operated facility on Bioko Island, Equatorial Guinea is the best development option. This remains our position currently.

Given that the incoming Operator is likely to reassess the various development options considering today's economic environment, it is worth reserving further judgement on what could now be the most optimum development scenario. The incoming Operator has neighbouring licences which in and of itself may broaden the optionality for the Etinde development.

We have an obligation to our stakeholders to ensure both conceptually and economically that we are securing the best development option for what is regarded an important asset for future generations. Earlier in the year we stated that it was incumbent on the JO partners to present to the Government of Cameroon and Société Nationale des Hydrocarbures a work plan and budget to discuss this proposal with Marathon Oil in the 4th quarter of 2022.

As we go into Q4 2022, and subject to the views of an incoming new licence partner and Operator, we are currently in a holding pattern on a preferred development plan which needs to be formally agreed and then presented to SNH. The Board is of the view, having regard to this development and the broader economic backdrop for the energy complex, that we are keen to build an alignment with all stakeholders to ensure we have a framework and commitment to bringing Etinde into production. Whilst we have failed to anticipate the timing historically, we think that securing a mutually acceptable development solution is now an increasingly likely scenario.

Cost reduction without compromising our obligations to shareholders is one of the key objectives for the Board. We remain conscious of the need to preserve liquidity and any scope for G&A reduction is being considered having regard to this responsibility. We continue to operate with low overheads and retain basic staffing requirements in our London and Cameroon offices.

FINANCIAL AND OTHER MATTERS

At 30 June, 2022, the Company's balance sheet had cash of \$1.3 million and liquid financial investments of \$2.2 million, giving available funds of \$3.5 million.

At the time of writing, we have approved a budget to the end of 2022 with the outgoing Operator. No work plan or budget has been set for 2023, but it is probable that actual expenditure in 2023 will exceed our current liquid funds towards the end of the year. This will of course be determined by the actual work plan that will be proposed by the incoming Operator, Perenco SA.

In our view, there is a significant risk that our current cash and liquid financial resources may be fully utilised during 2023, as shown by various cash flow models produced by the executive team for the Board. How quickly this risk crystallises will depend on the actual date Perenco becomes the Etinde Operator, the speed at which they put their Etinde Operator management team in place, and the 2023 work plan and budget they propose. We consider that as a 'new broom' Perenco may wish to review the previously agreed Equatorial Development scheme, propose alternative(s), and probably update the front end engineering design ('FEED') to reflect any change in the approved development scheme and to reflect current cost inflation for FID purposes. These actions will all need to be approved by the JO partners as a group as well as SNH, as

regulator, before implementation. Our current cash flow projections suggest that this risk will probably crystallise during the latter half of 2023.

As was alluded to during our 2021 review, the Board will continue to consider its options and engage with various prospective providers of capital, on terms that it deems to be beneficial for existing shareholders, to ensure our continued ability to finance the Company until receipt of the FID payment of \$25 million. Whilst there are scenarios done on the basis that the JO works seamlessly towards early FID during 2023, showing that we hold sufficient funding at that time, it is most likely that additional equity or debt financing will need to be raised in 2023. This will especially be the case if a new material investment (eg. FEED) is required to bolster the extensive works that have been underwritten to date by the JO partners. That may of course change but we are not at this stage privy to any details to this effect. The leverage afforded to the company on the payment of the \$25 million FID payment is recognized, but it would be imprudent not to highlight the continued uncertainty regarding any additional FEED works to support what will ultimately be the optimum development concept. This represents a material uncertainty regarding the going concern status of the group as a whole, which is reflected in detail in this year's financial statements and the auditor's report thereon.

ESG FOCUS

Environmental, Social and Governance ('ESG') factors and Corporate Responsibility remain important factors for our Etinde development. The production of hydrocarbons within Cameroon in a responsible manner is something that we believe all stakeholders will take pride in as and when it materialises. We are determined to spearhead a positive legacy for Cameroon that has the impact to change lives and set precedents for other developers to follow. On securing Etinde FID, Bowleven will commit to a set of practices and protocols that are consistent with international best practices, responsibly having regard to our own emissions footprint.

It remains the Board's view that the Company's constitution and size continue to serve the best interests of shareholders from a cost and corporate governance perspective up until the time we secure FID.

OUTLOOK

Whilst we cautioned shareholders last year on the continued uncertainty that surrounds the hydrocarbons market, we certainly did not anticipate the geopolitical events that will likely shift the structural basis of energy markets for a considerable time. Current spot prices and physical availability have forced Europe to reconsider its dependency on the Russian flow of hydrocarbons.

The increase in hydrocarbon prices has refocused our attention on the development options for Etinde and the viability of development options previously thought to be marginal. Historically, we have deemed some of these options to be less resilient and high-cost relative to their breakeven economics. At the current high prices and with potentially further hydrocarbon acreage there may be greater optionality and flexibility for a floating liquefied natural gas (FLNG) export solution that was not available previously.

The value assigned to the proposed sale of operatorship and New Age's 37.5% (gross) stake in the Etinde development project to Perenco acts as a 'triggering event' under international financial reporting standards and has required the Board to undertake a new valuation of our share in the Etinde licence. We have calculated the net present value of Etinde based on projected cash flows using a risk weighted discount rate of 15% and oil and gas export prices of (Brent) \$65 per bbl and \$6 per mmcf respectively, using capital and operating cost estimates based on FEED and other pre-FEED studies undertaken by the JO partners between 2018 and 2021. We have also considered the potential value of alternate development scenarios that Perenco may present to the JO partners during 2023, after their transaction with New Age completes. These options tend to have higher initial capital investment and higher operating cost than the existing JO partner approved EG scenario.

On the basis of the detailed examination undertaken, the Board felt justified in maintaining the investment case for the Etinde valuation in excess of \$150 million and hence concluded that no impairment was deemed necessary at the current time. The Board feels that with the evolving macro and geopolitical environment, the revenue and cost assumptions of our recent financial modelling, and the high calibre JO partner, the Etinde valuation now has a stronger underlying hypothesis. We acknowledge that the current capitalisation falls well short of these levels and that the Board's challenge into 2023 is to close this gap.

The Board believes that the acquisition of the New Age stake by Perenco bodes well vis-a-vis operational credibility and project backing to assist with our own capital raising efforts. Provided we can financially support our operational overheads into 2023 and beyond, we feel Bowleven is exceptionally well placed to build a business that exposes our stakeholders to material value creation in the short to medium term.

Eli Chahin
Chief Executive Officer
31 October 2022

Jack Arnoff
Chairman
31 October 2022

**GROUP INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

	Audited 2022 \$000	Audited 2021 \$000
Revenue	-	-
Administrative expenses	(2,376)	(2,803)
Impairment charges	-	-
Operating loss	(2,376)	(2,803)
Finance and other income	(108)	820
Loss before taxation	(2,484)	(1,983)
Taxation	-	-
Loss for the year	(2,484)	(1,983)
Basic and diluted loss per share (\$/share) from continuing operations	(0.01)	(0.01)

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Audited 2022 \$000	Audited 2021 \$000
Comprehensive Loss for the year	(2,484)	(1,983)

**GROUP BALANCE SHEET
30 JUNE 2022**

	Audited 2022 \$000	Audited 2021 \$000
Non-current assets		
Intangible exploration assets	155,433	154,885
Property, plant and equipment	13	31
	155,446	154,916
Current assets		
Financial investments	2,251	2,499
Inventory	1,180	1,180
Trade and other receivables	1,858	1,838
Cash and cash equivalents	1,273	4,094
	6,562	9,611
Total assets	162,008	164,527
Current liabilities		
Trade and other payables	(668)	(781)
Lease liability	-	(2)

Total liabilities	(668)	(783)
Net assets	161,340	163,744
Equity		
Share capital	56,517	56,517
Share premium	1,599	1,599
Foreign exchange reserve	(69,857)	(69,857)
Other reserves	2,767	2,687
Retained earnings	170,314	172,798
Total equity	161,340	163,744

**COMPANY BALANCE SHEET
30 JUNE 2022**

	Audited 2022 \$000	Audited 2021 \$000
Non-current assets		
Property, plant and equipment	12	30
Investments in Group undertakings	145,099	145,099
	145,111	145,129
Current assets		
Financial investments	2,251	2,499
Trade and other receivables	13,142	11,730
Cash and cash equivalents	1,264	4,086
	16,657	18,315
Total assets	161,768	163,444
Current liabilities		
Trade and other payables	(311)	(244)
Lease liability	-	(2)
Total liabilities	(311)	(246)
Net assets	161,457	163,198
Equity		
Share capital	56,517	56,517
Share premium	1,599	1,599
Foreign exchange reserve	(147,715)	(147,715)
Other reserves	(2,470)	(2,550)
Retained earnings	253,526	255,347
Total equity	161,457	163,198

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the individual parent undertaking income statement. The result for the Company for the year was a loss of \$1,821,000 (2021: loss of \$999,000).

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Audited 2022 \$000	Audited 2021 \$000
Cash flows from operating activities		
Loss before tax	(2,484)	(1,983)
Adjustments to reconcile Group loss before tax to net cash used in operating activities:		
Depreciation of property, plant and equipment	18	57
Finance costs/(income)	108	(820)
Equity-settled share based payment transactions	80	109
Loss on sale of property, plant and equipment	-	31
Adjusted loss before tax prior to changes in working capital	(2,278)	(2,606)
(Increase) in trade and other receivables	(18)	(491)
Decrease in trade and other payables	(170)	(624)
Net cash (used in) operating activities	(2,466)	(3,721)
Cash flows used in investing activities		
Purchase of property, plant and equipment	-	(21)
Purchase of intangible exploration assets	(572)	(1,446)
Dividends received	220	220
Net cash used in investing activities	(352)	(1,247)
Cash flows used in financing activities		
Lease repayments	(3)	(40)
Net cash flows used in financing activities	(3)	(40)
Net decrease in cash and cash equivalents	(2,821)	(5,008)
Cash and cash equivalents at the beginning of the year	4,094	9,102
Net decrease in cash and cash equivalents	(2,821)	(5,008)
Cash and cash equivalents at the year end	1,273	4,094

COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Audited 2022 \$000	Audited 2021 \$000
Cash flows from operating activities		
Loss before tax	(1,821)	(999)
Adjustments to reconcile Company loss before tax to net cash used in operating activities:		
Depreciation of property, plant and equipment	18	57
Finance costs/(income)	87	(813)
Equity-settled share based payment transactions	80	109
Loss on disposal of fixed assets	-	31
Adjusted loss before tax prior to changes in working capital	(1,636)	(1,615)
(Increase) in trade and other receivables	(14)	(25)

Increase in trade and other payables	9	15
Net cash (used in) operating activities	(1,641)	(1,625)
Cash flows used in investing activities		
Purchase of property, plant and equipment	-	(20)
Increase in inter-company funding	(1,398)	(3,537)
Dividends received from financial investments	220	220
Net cash (used in) investing activities	(2,819)	(3,337)
Cash flows used in financing activities		
Lease payments	(3)	(40)
Net cash flows used in financing activities	(3)	(40)
Net decrease in cash and cash equivalents	(2,822)	(5,002)
Cash and cash equivalents at the beginning of the year	4,086	9,088
Net decrease in cash and cash equivalents	(2,822)	(5,002)
Cash and cash equivalents at the year end	1,264	4,086

**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Share capital \$000	Share premium \$000	Foreign exchange reserve \$000	Other reserves \$000	Retained earnings \$000	Total equity \$000
At 1 July 2020 (audited)	56,517	1,599	(69,857)	2,927	174,432	165,618
Loss for the year	-	-	-	-	(1,983)	(1,983)
Total comprehensive loss for the year	-	-	-	-	(1,983)	(1,983)
Share based payments	-	-	-	109	-	109
Revaluation of EBT shares	-	-	-	(315)	315	-
Transfer between reserves	-	-	-	(34)	34	-
At 30 June 2021 (audited)	56,517	1,599	(69,857)	2,687	172,798	163,744
Loss for the year	-	-	-	-	(2,484)	(2,484)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(2,484)	(2,484)
Share based payments	-	-	-	80	-	80
At 30 June 2022 (audited)	56,517	1,599	(69,857)	2,767	170,314	161,340

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

Attributable to owners of Parent Company	Share capital \$000	Share premium \$000	Foreign exchange reserve \$000	Other reserves \$000	Retained earnings \$000	Total equity \$000
At 30 June 2020 (audited)	56,517	1,599	(147,715)	(2,310)	255,997	164,088
Loss for the year	-	-	-	-	(999)	(999)
Total comprehensive loss for the year	-	-	-	-	(999)	(999)
Share based payments	-	-	-	109	-	109
Revaluation of EBT shares	-	-	-	(315)	315	-
Transfer between reserves	-	-	-	(34)	34	-
At 30 June 2021 (audited)	56,517	1,599	(147,715)	(2,550)	255,347	163,198
Loss for the year	-	-	-	-	(1,821)	(1,821)
Total comprehensive loss for the year	-	-	-	-	(1,821)	(1,821)
Share based payments	-	-	-	80	-	80
At 30 June 2022 (audited)	56,517	1,599	(147,715)	(2,470)	253,526	161,457

NOTES TO THE FULL YEAR FINANCIAL STATEMENTS

For the year ended 30 June 2022

(1) Accounting Policies

Basis of preparation

The financial information in the financial statements has been extracted from the statutory accounts which have been prepared in accordance with UK Adopted International Accounting Standard (UK IAS) and in conformity with the requirements of the Companies Act 2006. The Company financial statements have been prepared in accordance with UK Adopted International Accounting Standard (UK IAS) as applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The financial statements comply with those parts of the Companies Act 2006 applicable to companies reporting under UK Adopted International Accounting Standard (UK IAS).

The announcement has been prepared on a basis consistent with the accounting policies applied to the statutory accounts for the year ended 30 June 2022.

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 will be published as soon as they are available.

On the statutory accounts for the year ended 30 June 2022, the auditor gave an unqualified opinion 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 2021 have been filed with the Registrar of Companies.

Going concern

Global market conditions have recovered or are recovering from the economic slowdown caused by the COVID-19 (coronavirus) pandemic. However, the aftereffects of the Covid pandemic and the ongoing uncertainty related to the Russian invasion of Ukraine are creating significant economic and financial uncertainty at the current time.

The two most significant sources of material uncertainty facing the Bowleven Group today relate to:

- (i) the timing of FID and the receipt of the \$25 million FID payment from Lukoil and New Age (Perenco in due course) and
- (ii) the level of spending required under the 2023 Etinde WPB, which has yet to be prepared and submitted to SNH for approval.

Preparing the 2023 WPB and agreeing that plan with ourselves, LUKOIL and SNH, will be the first significant task facing Perenco when they become operator at completion of their transaction with New Age.

Progress towards FID has remained slower than we expected. There are considerable commercial and regulatory issues which require resolution before FID can be attained. The timing of resolution of these formalities cannot be accurately predicted as many of them are not within the Etinde JO partners' direct control.

The Directors have considered a number of different operational scenarios for 2023 in order for us to prepare short and medium cash flow forecasts and projections for the Etinde development project and hence the Bowleven Group.

The Directors took the above issues into consideration when determining the potential scenarios to use in their assessment of the going concern status of the Group. These scenarios ranged from no FID being achieved in 2023 through to modelling the impact of a number of different development options on budgeted, forecasted and projected cash flows until December 2024.

As New Age has not prepared a 2023 work plan and budget for the Etinde project pending Perenco becoming Operator, we have made our own assessment based on various assumptions regarding the steps and actions that Perenco will take and the speed at which they will progress the development plan towards FID. We have assumed FID will occur in late 2023 or later for cash flow modelling purposes in our base scenario.

Our assumption is that Perenco will most probably choose to conduct a new assessment of Etinde

development options and these steps will most likely include a new FEED process. By their nature, our expenditure projections for 2023 and later are highly uncertain at this point in time. We believe that we have adopted a more conservative approach to costs and potentially a more rapid implementation timetable than Perenco may adopt in practice.

In each scenario modelled for the period July 2022 to December 2023, the Group continues to retain positive cash balances until at least June 2023. Thereafter, current liquid resources are forecasted to be fully depleted by the end of 2023 under all of the scenarios modelled. However, we note that it remains plausible that the rate of progress towards FID will remain slow in 2023 while the JO partners and SNH seek to agree any new Etinde development scenario.

As the timing of progress towards FID is not within the control of the Group, we have concluded that it is highly likely that Bowleven will need to raise additional short term funding to bridge expenditure to FID. The amount of additional finance that will be required will depend on the status of the Etinde development and the likely time period to FID as well as any anticipated risk to this being further delayed beyond our expectation.

At FID, Bowleven is due to receive \$25 million from our JO partners under the terms of the 2015 farm-in agreement. The Directors do not anticipate any timing issue relating to receipt of these funds when they fall due but note that any failure to receive these funds promptly may also cause further funding issues for the Bowleven Group.

The Directors consider the risk of the Government of Cameroon removing the Etinde PSC contract from the Etinde JO partners is low at the current time, for the following reasons:

- the issue of the January 2021 date has not been raised as a formal concern by SNH and SNH has approved all annual work programmes and budgets up to and including the year ending 31 December 2021;
- we will request the Government eliminate this uncertainty as part of the FID regulatory approval process; and
- The expected addition of Perenco to the JO as operator, in place of New Age, is likely to reduce practical risk of the Government of Cameroon entering default proceedings.

After taking the preceding funding risks into account, the Directors are satisfied that the Group would be able to secure additional debt and equity funding in order to finance its share of the Etinde development. Whilst discussions with certain parties are ongoing about an injection of new debt financing, and we have also undertaken preliminary discussions with regard to raising new equity funding. However, no formal binding financing arrangements have been put in place at the current time.

The Directors are nevertheless conscious that the issues discussed above, create a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern and therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Whilst acknowledging this material uncertainty, the Directors remain confident of raising finance in 2023 including making further cost savings to reduce the level of cash expenditure. 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 to meet ongoing working capital and committed capital expenditure requirements.

The financial statements do not include any adjustments that might result if the Group were unable to continue as a going concern.

The auditor's report on the 2022 Annual Report and Accounts, which is un-modified, includes a Key Audit Matter disclosure identifying events or conditions that create a material uncertainty which may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern, noting that the Group and Parent Company may require additional funding during the 12 months after approval of the financial statements in order to continue as a going concern, depending on the timing of the final investment decision for the Etinde project.

(2) Etinde Valuation

The proposed acquisition of New Age's 37.5% gross share of the Etinde Joint Operations, by Perenco by setting a potential external valuation of the Etinde asset as a whole, represents a triggering event as defined under IFRS accounting standards, requiring the Directors to formally value Bowleven Group's share of the Etinde project.

Global events in 2021/22 have had a significant impact on global supply and demand for both oil and gas, causing material increases in the expected price of hydrocarbons in the short term as well as creating significant market uncertainty.

Three major uncertainties related to:

- global hydrocarbon prices which are currently at or higher than 2021 price levels. However, the Directors consider that at the current time, there is no definitive evidence that prices will remain at current levels in 2026 when first production is expected;
- timing of FID; and
- regulatory uncertainty. In our assessment, management remain confident that the JO partners have undertaken all reasonable steps possible to ensure that the JO is meeting all its obligations to ensure that FID is given as soon as possible. Accordingly, although the possibility of a licence revocation exists, management considers that the risk of this occurring is low in the short term.

Etinde Impairment Review in 2022

The discounted cash flow model was used in 2022 to determine our best estimate of the expected value of the development of the Etinde asset taking into consideration the following factors and assumptions:

- the macroeconomic environment globally and in Cameroon;
- prevailing market conditions in the oil and gas industry;
- a conservative and phased inclusion of the hydrocarbon resource available for development;
- the commercial and governmental situation in Cameroon;
- The JO partner approved Equatorial Guinea development scenario, plus additional consideration of potential alternate approaches that Perenco, as incoming Operator, might propose at a future date; that the development will seek to maximise production from the outset giving due consideration to the potential for supplying gas to both Cameroon domestic and export supply;
- that condensate can be supplied to either the global or domestic markets for the same value;
- Differential gas and LNG process for the Cameroon domestic and LNG based European gas export market;
- infrastructure capital and operating costs estimated are based on FEED and pre-FEED engineering studies undertaken or assessed between 2019 and 2021, except where pricing data was not available; and
- the Etinde asset is considered to be a single cash-generating unit and includes historic exploration costs incurred on the Etinde Permit in line with the treatment of those costs for cost recovery purposes.

Until the JO partners and the Government of Cameroon issue FID and gain the necessary approvals, any valuation of Etinde will include many uncertainties and risks. Any financial model that is prepared at this stage of the process, in the period immediately prior to the point in time that development consent is given and approvals issued, is inherently uncertain. The most significant uncertainties impacting the valuation model include:

- reaching commercial agreement with potential off-takers and receiving governmental approval to export gas;
- agreeing the development solution with joint venture partners and other stakeholders;
- raising finance to fund development post-FID; and
- any impact arising from FID date and the subsequent governmental approval of the revised field development plan. The current PSC terminates 2045. However, failure to complete the initial work programme set out in the Presidential decree and EEA documentation within the first six years after approval in January 2015, may be used to provide grounds under which the Government of Cameroon can proceed to terminate the Etinde development licence early at their option, following the process set out in the Cameroon Petroleum Code.

We have applied a risk weighted discount rate of 15% to the projected Etinde cash flows, based on FID in late 2023, with first revenue projected to occur after 2026, with the date depending on the development scenario considered. All capex costs include a project contingency of 20% and allow for EPIC contract costs of 15% and 5% withholding tax applied on imports under Cameroon fiscal code. The largest single risk factor included in the discount rate reflects the risk relating to Government approval of the EG development option and a likely longer period to reach the approval.

We have used a reasonable range of condensate, Cameroon domestic and European export gas (LNG) pricing taking due account of currently available long term oil and gas price forecasts prepared by internationally reputable bodies such as the IMF, World Bank and US EIA, as well as other oil and gas businesses and market commentators. We have used a range of recovered oil and gas reserves from various discovered oil and gas condensate fields based on the latest reservoir modelling information prepared by New Age on a C2 (P50) resource basis. Our base line financial modelling demonstrates that

the 1 January 2023 value of Bowleven group's 20% share of the Etinde development project ranges from \$158 million to over \$200 million at \$65 Brent, \$6 LNG export price and \$3 domestic gas price points.

Whilst we have prepared financial forecasts for alternate development scenarios that Perenco may propose to the JO partners, we note that any such alternative will require the formal approval of at least LUKOIL as well as SNH and the Government of Cameroon to become official JO policy. Due to the nature of these alternate potential developments, our forecasts have a higher degree of uncertainty as they have not been studied in detail as part of FEED or pre-FEED activities. In general terms, these scenarios tend to have higher initial capital development costs (which may be reduced by sale and lease back arrangements) and higher operating costs, giving rise to a lower calculated NPV range. Offsetting this, the risk weighting attached to the time/approval of any Cameroon focused development is materially lower than for the EG option. Using lower discount rates partially offsets the impact of higher costs. In any case, the Board of Bowleven remain adamant that we will not approve any alternate development scenario that provides a significantly lower economic return to Bowleven's shareholders.

The key sensitivities in our valuation models include:

- Export price. Increasing Oil and gas export prices to \$75 per bbl and \$8 per mmscf, has a positive impact of around \$50 to \$60 million increase in NPV, depending on the development scenario;
- Discount rates. Increasing risk weighted discount rates from 15 to 17%, reduces NPV by around \$20 million, depending on the development scenario;

The impact of FID and development commencement alongside first revenue have allowed for using the different assumptions under the EG and alternate development options. This is also the major risk weighting factor in arriving at the 15% risk weighted discount rate. As such making a further sensitivity adjustment would be double counting the risk weighting.

On this basis, the Board has concluded that the current net book value of the Etinde intangible asset (at \$156 million) is not impaired at the current date. However, in reaching this conclusion we do note that there are potential material uncertainties and that we cannot rule out further valuation impairment triggering events arising in future periods and that a lower valuation may be estimated at that point.

(3) Other Notes

- a) The loss attributable to ordinary shares and the number of ordinary shares for the purpose of calculating the diluted earnings per share are identical to those used in the basic earnings per share. The exercise of share options or warrants would have the effect of reducing the loss per share and consequently are 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 (2021: nil).
- c) As at 30 June 2022, 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.

(4) 2022 Annual Report and Accounts

Full accounts together with a notice of AGM are scheduled to be posted on 4 November 2022 to shareholders who elected to continue to receive a hard copy report and can be obtained free of charge, at the Company's registered office, 50 Lothian Street, Edinburgh, EH3 9WJ for a period of one month after publication. 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.

GLOSSARY

AGM	annual general meeting
AIM	the market of that name operated by the London Stock Exchange
Articles of Association	the internal rules by which a company is governed
BBL or bbl	barrel of oil
bcf or bscf	billion standard cubic feet of gas
Board of Directors	the Directors of the Company
boe	barrels of oil equivalent
Bomono Permit/Licence	the production sharing contract between the Republic of Cameroon and EurOil, dated 12 December 2007, in respect of the area of approximately 2,328 km ² 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 or Bowleven plc	Bowleven plc (LSE: BLVN) and/or its subsidiaries as appropriate
CAMOP	New Age Cameroon Operating Company
CFA	Central African Francs
Companies Act 2006 (the Act)	the United Kingdom Companies Act 2006 (as amended)
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
EBT	employee benefit trust
EEEA	Etinde Exclusive Exploitation Agreement
EG	Equatorial Guinea
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 ² (formerly block MLHP-7) and is valid for an initial period of 20 years with an initial six-year period ending January 2021, by which time development must commence. SNH have informed the JO of their intention to exercise their right to back into this licence, but have not signed the Participation Agreement and funded their share of cash calls in accordance with the requirements set out in the PSC
EurOil	EurOil Limited, an indirectly wholly owned subsidiary of Bowleven plc, incorporated in Cameroon
FEED	Front End Engineering Design
FID	final investment decision
FLNG	Floating liquefied natural gas
G&A	general and administration
GIIP	gas initially in place
Host Government	Government of Cameroon
Group	the Company and its direct and indirect subsidiaries
HSSE	health, safety, security and environment
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Intra Isongo	nomenclature used to describe a sequence of sedimentary rocks in the Etinde licence area
JO, JV or JV partners	an unincorporated joint operation. Joint Venture partners are the financial investors who jointly own and operate the unincorporated joint operations
km	kilometres
km²	square kilometres
LNG	liquefied natural gas
LPG	liquefied petroleum gas
LTIP	long-term incentive plan
LUKOIL	LUKOIL Overseas West Project Limited, a subsidiary undertaking of OAO LUKOIL

Macquarie	Macquarie Capital (Europe) Limited
mmbbls	million barrels
mmboc	million barrels of oil equivalent
MMBtu	Metric Million British Thermal Unit
mmscf	million standard cubic feet of gas
mscf	thousand standard cubic feet of gas
New Age	New Age (African Global Energy) Limited, a privately held oil and gas company
New Age Group	New Age and its subsidiaries
NOMAD	nominated advisor
ordinary shares	ordinary shares of 10 pence each in the capital of the Company
P10 (3C)	10% probability that volumes will be equal to or greater than stated volumes
P50 (2C)	50% probability that volumes will be equal to or greater than stated volumes
P90 (1C)	90% probability that volumes will be equal to or greater than stated volumes
PSC	production sharing contract
Q1, Q2 etc.	first quarter, second quarter etc.
scf	standard cubic feet.
shareholders	means holders of ordinary shares and 'shareholder' means any one of them
SNH	Société Nationale des Hydrocarbures, the national oil and gas company of Cameroon
tcf	trillion cubic feet
TCM	Technical Committee Meeting
US	United States of America
\$, US Dollars, USD	United States of America Dollars
£, GB Pounds, GBP	Great Britain Pounds Sterling
WPB	Work plan and budget

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, 6mscf of gas has been converted to 1boe.

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