10 November 2021

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

**<u>Full Year Results</u>**

Bowleven, the Africa focused oil and gas exploration group traded on AIM, today announces its audited results for the year ended 30 June 2021. Terms not otherwise defined have the meanings given to them in the Glossary at the foot of this announcement.

# HIGHLIGHTS

## Operational

*Etinde, offshore Cameroon*

- The Front End Engineering Design (FEED) project completed in December 2020 with follow-up evaluation completed during Q1 2021.
- FEED highlighted that an IM field only development based on domestic gas sales only, with reinjection and recycling of surplus gas would not deliver sufficient return on investment for the JV partners under current market conditions. The Board of Bowleven believes that the addition of IE reserves and higher domestic and/or export gas production is critical for the Limbe facility based development option.
- Processing Etinde wet gas production at the Marathon Oil-operated Bioko Island facilities in Equatorial Guinea has become a potential alternative and Société Nationale des Hydrocarbures (SNH) has given the JV partners approval to investigate this option.
- Work is progressing on re-evaluation of the IE reservoirs with the aim of adding this option to the Field Development Plan.
- The economic investment case for Etinde remains strong, with the Company's interest in the Etinde project continuing to hold an estimated value of $150 million, well above the Group's current market capitalisation.

## Financial

- The loss for the financial year was $2 million.
- Bowleven closed the year with $4.1 million of cash and a financial investment of $2.5 million giving a total value of funds of $6.6 million. Cash balances at 30 October 2021 were $3.0 million.

- There are commercial and regulatory issues which have yet to be resolved in conjunction with the uncertainty regarding the optimum development concept. Resolving these issues to permit FID to be reached in 2022 will be a challenge for the JV partners and any delays in reaching final resolutions will create a high financial risk for Bowleven.
- The timing of resolving these issues impacts the Directors considerations relating to their assessment of the going concern status of the group. It was therefore considered appropriate that a number of different scenarios were considered by the Directors. In addition to these scenarios, a number of further sensitivities were modelled which considered the impact of increases in opex and capex and changes in FID timing. Each of the scenarios and sensitivities demonstrated positive cash balances twelve months from the date of approval of the financial statements and the Directors are therefore satisfied that the Group has adequate resources to continue in operational existence for 12 months from the date of the approval of the financial statements. However, timing of progress towards FID is not within the control of the Group. Should these commercial and regulatory issues not be resolved as anticipated, it is likely that Bowleven would be required to raise additional short-term funding to bridge expenditure to FID and the receipt of $25 million due from the JV partners at that milestone.

## Corporate

- The Etinde JV partners are in continued discussion with SNH and various other commercial parties in respect of the domestic sale of gas, Liquefied Petroleum Gas (LPG) and condensate.
- The Group has entered initial discussions with Marathon Oil regarding using the Bioko Island facilities subject to approval from SNH.
- Appointment of Jack Arnoff as NED and Chairman.

## Outlook

The Company's key objective is to deliver on a revised strategy in FY2022 which includes:

- Working with JV partners on Commercial and Finance matters in respect of the Etinde development options with the aim of reaching an Etinde project FID in 2022.
- The JV partners propose to renew the Etinde Exclusive Exploitation Agreement (EEEA) licence as part of the regulatory process associated with FID in 2022. The risk of the Etinde licence potentially being removed following its expiry in January 2021is considered low at the current time.
- Maintaining disciplined capital management to secure progress towards FID whilst maintaining financial resources, the Company thereafter exploring funding options regarding development capital.

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

*"We continue to focus on maximising the economic return to our shareholders. Throughout the course of 2021, we have seen global gas prices return to high levels and trend towards higher long term prices. With the expected timing of our first gas condensate production, we uphold a strong economic case for our asset with capital returns anticipated by the Board to be favourable.*

*Our focus for 2022 is to reach an agreement within the JV partnership and our wider stakeholders on the optimum development concept for Etinde and reach FID during the year. The Board and the executive team are continually discussing ways to mitigate project and financing risk and will continue to seek ways to deliver significant long-term value to investors whilst securing the sustainability of the Company."*

**ENQUIRIES**

For further information, please contact:


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|---|---|
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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 (operated by NewAge) in Cameroon.

# CEO & CHAIRMAN STATEMENT

## A STRATEGIC FOCUS ON ETINDE FID

*Dear Shareholders,*

*Last year, we considered 2020 to have been a milestone year, both for society and for our industry. Following the onset of COVID-19 we saw a growing intensity around the need for the global economy to increasingly focus on the Green Transition to a lower carbon future. In many ways, 2021 has surpassed 2020, as the global economy has returned to something more akin to the 2018 and 2019 environment. Natural gas prices have reached extraordinary highs in Southeast Asia during the summer and early autumn, with Liquefied Natural Gas (LNG) loads selling at more than $17 per MMBtu. Indeed, global natural gas prices, outside the USA domestic market, have also seen similar large price increases this year. Whilst there are significant current year factors at play, there appears to be a trend towards higher price developments. Oil prices have also recovered and recently we have seen Brent reaching highs of $80 or more per barrel.*

*At the petroleum industry level, the short-term environment remains as uncertain and turbulent as in 2020, but with increased volatility as the global market returns to a new market equilibrium. Both demand and supply are rapidly returning to 2019 levels, even though the impact of new variants of the COVID-19 virus has maintained a negative economic and social impact.*

*In our view, many different difficult-to-judge demand and supply catalysts remain poised to contribute to continued market volatility in the near term. In the medium term, we expect there to be a complex interaction between the effect of several years' cumulative delays in new project investment decisions, especially to higher-cost projects, and the return to previous 'business as usual' demand. This, in combination with further global economic growth, expected short-term inflation and the increasing impact of decarbonisation measures, will impact global demand in uncertain ways.*

*There is no current consensus on how this dynamic equilibrium will evolve, although we remain confident that shareholders' patience will be rewarded. It appears likely that petroleum prices will continue to rise in the medium term and we continue to see a strong investment case for developing the Etinde asset at the current time.*

*At an operational level, the COVID-19 protective remote working practices commenced in 2020 have continued to be applied. Whilst these have been very successful at protecting the welfare of our employees, as we noted in our interim results, travel bans have seen a growing impact on commercial negotiations. The absence of face-to-face negotiations was always going to give rise to delays of the sort we have seen in 2021.*

*OPERATIONS*

*On the Operations front, we have seen two major developments in the year.*

*The first and most important was the completion of the Technip FEED project in December 2020 and our own ancillary processes largely by March 2021, although elements of the project continued at a lower level throughout the year. At a practical level, we now have a very detailed technical and financial understanding of the proposed Limbe-based gas processing facility and the wider surface and subsurface development project focused on the IM fields and their reserves. Practically, we identified the major suppliers we would like to tender as part of an actual development project and were actually ready to move to a pre-tender competitive proposal process in early 2021, before we agreed to pause this aspect of the programme.*

*Based on the combination of FEED cost projections and the 2020 economic environment, the JV partners agreed to temporarily pause matters to allow a re-evaluation of the existing development concepts with a view to seeking to further de-risk the economic and financial aspects of the development. The estimated facility cost from FEED was materially higher than that identified during the Concept Select phase and pre-FEED technical studies undertaken in 2019 and 2020. We examined this combined with the proposed IM-only development base case' limited to one train processing facility at Limbe with a production cap of 90 mmscf/d, extensive gas reinjection and recycling with a 20 mmscf/d domestic gas demand. Financial projections based on 2020 economic parameters concluded that this development scenario had a sub-optimal project NPV and too low a rate of return on investment for the given level of risk. During this temporary pause, the JV partners undertook an individual and collective reassessment of the development plan.*

*For Bowleven, FEED output confirmed what we have long considered to be necessary for a successful development, namely that obtaining a full economic return requires maximising initial production rates and generating a monetary value for all output, including all dry gas production.*

*Following FEED, the JV partners concluded that a Limbe facility-based development would require much better clarity on the availability of both the domestic and export gas markets and would likely require a combined IM and IE development basis under the current economic environment.*

*Throughout this reassessment process, the JV partners considered what had previously been seen to be a politically time consuming option, namely processing Etinde wet gas directly at the existing Marathon-operated gas condensate processing facilities on Bioko Island, Equatorial Guinea. This option would remove the need for the majority of processing facilities at Limbe and enable a development with materially lower initial investment cost and probably a shorter timetable. Whilst this option would most likely generate a higher tax income for the*

*Government of Cameroon, it would mean less development phase employment opportunities in Cameroon.*

*This leads us to the second major development in 2021.*

*An initial desktop technical and commercial study based on the above alternative development strategy was prepared and presented to the JV partners in spring 2021 which clearly demonstrated favourable development economics. This concept was informally presented to the Government of Cameroon and SNH by a senior delegation of LUKOIL executives with the desktop study being formally presented with a JV partner endorsement to SNH.*

*After much discussion, SNH accepted the inclusion of this option as part of the JV 2021 work plan and budget and gave the JV partners permission to discuss this proposal with Marathon Oil with a view to presenting a more formal paper to SNH detailing the benefits to the people of Cameroon in Q4 2021. We believe this to be a very welcome development as it signals a wider recognition that other options may be possible in practice.*

*The Operator is currently working up a series of technical, economic and risk-based scenarios around the Limbe facility and Equatorial Guinea development options for presentation to the JV partners later this year. The JV partners have agreed to choose a preferred development scenario based on these options and formerly present this to SNH in due course.*

*At the current time, we cannot anticipate the outcome of this ongoing process. Whilst we agree with the concept of choosing a preference, given the significant commercial and political decisions that will be involved, we are inclined to keep all options on the table for the foreseeable future. We believe that the JV partners will need to remain flexible in our response to future considerations until the JV partners and all our stakeholders are able to reach a mutually acceptable development solution. This will then be put forward for FID approval, most likely in 2022.*

*Throughout 2021, the Operator's geotechnical team has led an ongoing process to completely re-evaluate the potential reserves in the IM and especially the IE area following the completion of the seismic reprocessing project at the end of 2020.*

*Following FEED, the re-evaluation of IE discoveries has taken on a high priority and technical work is progressing quickly on a collaborative basis. The Operator's in-house reserves assessment is close to completion and should be presented for JV evaluation shortly. This will be followed by the completion of reservoir engineering models and the Operator's proposal for the optimal sub-surface IE development concept shortly afterwards, if possible. The full re-evaluation of the IE area and the reassessment of reserves and development plan should be completed before the end of 2021. This will likely be subject to a formal external reserves assessment, alongside the earlier completed IM update during 2022.*

*FINANCIAL AND OTHER MATTERS*

*The Group continues to benefit from a robust balance sheet, with a cash balance of $4.1 million as of 30 June 2021 and a liquid financial investment valued at $2.5 million giving available funds of $6.6 million. Cash balances at 30 October 2021 were $3.0 million.*

*Whilst the Company continues to operate in a lean fashion, with a very low G&A spend compared with its peers in the space, liquid funds continue to decline. At the current time, the Board considers that existing funds should be sufficient to take the business to FID in 2022, so long as the JV partners are not required to make further material investments in development planning prior to FID. At FID, we will receive a payment of $25 million from the JV partners. However, there are considerable commercial and regulatory issues which have yet to be resolved in conjunction with the uncertainty regarding the optimum development concept. Resolving these issues to permit FID to be reached in 2022 will be a challenge for the JV partners and any delays in reaching final resolutions will create a high financial risk for Bowleven. The Company may need to raise additional short-term finance to bridge the gap to attaining FID and the receipt of the $25 million payment.*

*In mid-2020, a Paris-based financial advisory firm, Cofarco, was appointed by Bowleven and New Age to support the process of obtaining financing for the project. Work in this area was put on hold in early 2021, whilst the development concept evaluation took place. Discussions with a range of potential senior debt providers will likely advance alongside completion of the post FEED work, in early 2022.*

*Engagement continues with the Government of Cameroon on a range of environmental, fiscal, and regulatory matters with a view to obtaining the consents and agreements necessary to be in a position to reach a final investment decision in 2022 at the latest. Delays have been on account of several factors, most notably ensuring the economic plan achieves stakeholder consensus, and the impact of the COVID-19 pandemic on the various workstreams (both in and outside Cameroon and the Etinde JV). Our efforts have been continuing to accelerate what is feasible in practice with a view to ensuring the selected field development plan delivers the best value return for all stakeholders.*

*ESG FOCUS*

*Alongside our corporate social responsibilities (CSR), Environmental, Social, and Health Impact Assessment (ESHIA) remains critical to the JV and particularly for a project of this size for the country of Cameroon. The JV partners have continued to provide support to the local community with the focus being on public health facilities and equipment in consideration of the COVID-19 crisis during the past year. We made a donation to two approved COVID-19 centres that enabled medical equipment to be purchased and distributed to be used in an effort to mitigate the impact of the virus amongst the people.*

*Ongoing stakeholder engagement remains encouraging and formed an important part of our and our JV partners' activities throughout 2021. The integration of these factors into project decision-making remains a critical aspect of the key success factors to the delivery of long-term project value.*

*In December 2020, Matt McDonald, Chairman, stepped down from the Board and was replaced by Jack Arnoff as a Non-Executive member and now Chairman of the Board. Given our continued focus on corporate costs in the context of our activities, we are content with the size of the reduced Board, since, at this juncture, we do not feel further Board expansion is needed to secure FID.*

*OUTLOOK*

*The vast majority of the technical engineering phases of the wider Etinde development activity should largely be completed by the end of 2021. Some technical evaluation activity will no doubt continue, and we may need to refresh the capital investment cost elements of FEED for the preferred development option prior to FID. However, we do not expect a materially significant additional financial investment this side of FID.*

*With current spot prices for Brent crude hovering around $80 per barrel in summer/autumn 2021, and correspondingly high global gas natural prices, the economics of Etinde are such that the capital returns appear to have improved during 2021. These should remain suitably robust to be sanctioned in the current environment, assuming the required capital investment can be secured.*

*The medium to long-term hydrocarbon pricing forecasts indicates that the market will remain volatile and uncertain for some months yet. The stabilised position remains uncertain, but the current trends suggest that COVID-19-based economic uncertainty is likely to have a temporary effect. Long-term hydrocarbon pricing looks very likely to return to 2019 levels or higher. We continue to believe the likely timing of Etinde first gas and condensate production in 2024/25 offers a favourable point in the investment cycle. The economic investment case for Etinde remains strong in our view, with the Company's interest in the Etinde project continuing to demonstrate a value in excess of $150 million based on management's modelling. This is well above the Group's current market capitalisation and remains the key investment opportunity in the Company.*

*The Board and executive team are focused on the development of Etinde and maximising the economic return to our shareholders. We are in continual discussion with all stakeholders to determine the optimal development concept, mitigate the funding challenges and secure the earliest extraction of molecules in the most capital efficient way to enable project sanction.*

*The Board continues to believe that the future production and cash flow from the Etinde project, when combined with our existing unleveraged balance sheet, will deliver significant long-term value for our investors whilst securing the long-term sustainability of the Company.*

| | |
|---|---|
| ***Eli Chahin*** | ***Jack Arnoff*** |
| ***Chief Executive Officer*** | ***Chairman*** |
| ***9 November 2021*** | ***9 November 2021*** |

# GROUP INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2021

| | **Audited 2021 $000** | Audited 2020 $000 |
|---|---|---|
| Revenue | **–** | – |
| Administrative expenses | **(2,803)** | (3,260) |
| Impairment charges | **–** | – |
| **Operating loss** | **(2,803)** | (3,260) |
| Finance and other income | 820 | 635 |
| **Loss from before taxation** | **(1,983)** | (2,625) |
| Taxation | **–** | – |
| **Loss for the year** | **(1,983)** | (2,625) |
| Basic and diluted loss per share | | |
| ($/share) from continuing operations | **(0.01)** | (0.01) |

# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2021

| | **Audited 2021 $000** | Audited 2020 $000 |
|---|---|---|
| **Loss for the year** | **(1,983)** | (2,625) |
| IFRS 16 adoption | **–** | (5) |
| **Other comprehensive income:** | | |
| Items that will be reclassified to profit and loss: | | |
| Currency translation differences | **–** | – |
| **Total comprehensive loss for the year** | **(1,983)** | (2,630) |

# GROUP BALANCE SHEET

## AT 30 JUNE 2021

| | **Audited 2021 $000** | Audited 2020 $000 |
|---|---|---|
| **Non-current assets** | | |
| Intangible exploration assets | 154,885 | 152,104 |
| Property, plant and equipment | 31 | 67 |
| | **154,916** | 152,171 |
| **Current assets** | | |
| Financial investments | 2,499 | 2,010 |
| Inventory | 1,180 | 2,577 |
| Trade and other receivables | 1,838 | 1,272 |
| Cash and cash equivalents | 4,094 | 9,102 |
| | 9,611 | 14,961 |
| **Total assets** | 164,527 | 167,132 |
| **Current liabilities** | | |
| Trade and other payables | (781) | (1,478) |
| Lease liability | (2) | (34) |
| | (783) | (1,512) |
| **Non-current liabilities** | | |
| Lease liability | - | (2) |
| **Total liabilities** | (783) | (1,514) |
| **Net assets** | **163,744** | **165,618** |
| **Equity** | | |
| Share capital | 56,517 | 56,517 |
| Share premium | 1,599 | 1,599 |
| Foreign exchange reserve | (69,857) | (69,857) |
| Other reserves | 2,687 | 2,927 |
| Retained earnings | 172,798 | 174,432 |
| **Total equity** | **163,744** | **165,618** |

# COMPANY BALANCE SHEET

## AT 30 JUNE 2021

| | **Audited 2021 $000** | Audited 2020 $000 |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 30 | 67 |
| Investments in Group undertakings | 145,099 | 145,099 |
| | 145,129 | 145,166 |
| **Current assets** | | |
| Financial investments | 2,499 | 2,010 |
| Trade and other receivables | 11,730 | 8,090 |
| Cash and cash equivalents | 4,086 | 9,088 |
| | **18,315** | 19,188 |
| **Total assets** | **163,444** | 164,354 |
| **Current liabilities** | | |
| Trade and other payables | (244) | (230) |
| Lease liability | (2) | (34) |
| | (246) | (264) |
| **Non-current liabilities** | | |
| Lease liability | - | (2) |
| **Total liabilities** | (246) | (266) |
| **Net assets** | **163,198** | **164,088** |
| **Equity** | | |
| Share capital | 56,517 | 56,517 |
| Share premium | 1,599 | 1,599 |
| Foreign exchange reserve | (147,715) | (147,715) |
| Other reserves | (2,550) | (2,310) |
| Retained earnings | 255,347 | 255,997 |
| **Total equity** | **163,198** | **164,088** |

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 $999,000 (2020: loss of $1,184,000).

# GROUP CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2021

| | **Audited 2021 $000** | Audited 2020 $000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Loss before tax** | **(1,983)** | **(2,625)** |
| **Adjustments to reconcile Group loss before tax to net cash used in operating activities:** | | |
| Depreciation of property, plant and equipment | 57 | 50 |
| Finance (income) | (820) | (635) |
| Equity-settled share based payment transactions | 109 | 112 |
| Loss on disposal of financial investments | – | (7) |
| Loss on sale of property, plant and equipment | 31 | (3) |
| **Adjusted loss before tax prior to changes in working capital** | (2,606) | (3,108) |
| (Increase)/decrease in trade and other receivables | (491) | 58 |
| Decrease in trade and other payables | (624) | (23) |
| **Net cash (used in) operating activities** | **(3,721)** | **(3,073)** |
| **Cash flows (used in)/from investing activities** | | |
| Purchase of property, plant and equipment | (21) | (11) |
| Purchase of intangible exploration assets | (1,446) | (1,602) |
| Receipts from sale of financial investments | – | 2,500 |
| Transfer from bank deposits | – | 500 |
| Dividends received | 220 | 259 |
| Interest received | – | 87 |
| **Net cash from investing activities** | **(1,247)** | **1,733** |
| **Cash flows used in financing activities** | | |
| Lease repayments | (40) | (40) |
| **Net cash flows used in financing activities** | **(40)** | **(40)** |
| **Net decrease in cash and cash equivalents** | **(5,008)** | **(1,380)** |
| Cash and cash equivalents at the beginning of the year | **9,102** | **10,482** |
| Net decrease in cash and cash equivalents | **(5,008)** | **(1,380)** |
| **Cash and cash equivalents at the year end** | **4,094** | **9,102** |

# COMPANY CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2021

| | **Audited 2021 $000** | Audited 2020 $000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Loss before tax** | **(999)** | **(1,184)** |
| **Adjustments to reconcile Company loss before tax to net cash used in operating activities:** | | |
| Depreciation of property, plant and equipment | 56 | 49 |
| Finance (income) | (813) | (645) |
| Equity-settled share based payment transactions | 109 | 112 |
| Loss on disposal of fixed assets | 31 | (7) |
| **Adjusted loss before tax prior to changes in working capital** | (1,616) | (1,675) |
| (Increase)/decrease in trade and other receivables | (25) | 15 |
| Increase in trade and other payables | 16 | 10 |
| **Net (cash used) in operating activities** | (1,625) | (1,650) |
| **Cash flows (used in)/from investing activities** | | |
| Receipt from sale of financial investments | - | 2,500 |
| Purchase of property, plant and equipment | (20) | (11) |
| Increase in inter-company funding | (3,537) | (3,033) |
| Transfer from bank deposits | - | 500 |
| Dividends received from financial investments | 220 | 259 |
| Interest received | - | 87 |
| **Net cash (used in)/from investing activities** | **(3,337)** | **302** |
| **Cash flows used in financing activities** | | |
| Lease payments | (40) | (40) |
| **Net cash flows used in financing activities** | **(40)** | **(40)** |
| **Net decrease in cash and cash equivalents** | **(5,002)** | **(1,388)** |
| Cash and cash equivalents at the beginning of the year | **9,088** | **10,476** |
| Net decrease in cash and cash equivalents | (5,002) | (1,388) |
| **Cash and cash equivalents at the year end** | **4,086** | **9,088** |

# GROUP STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2021

| Audited | Share capital $000 | Share premium $000 | Foreign exchange reserve $000 | Other reserves $000 | Retained earnings $000 | Total equity $000 |
|---|---|---|---|---|---|---|
| **At 1 July 2019** | **56,517** | **1,599** | **(69,857)** | **2,354** | **177,523** | **168,136** |
| Loss for the year | – | – | – | – | (2,625) | (2,625) |
| IFRS 16 adoption | – | – | – | – | (5) | (5) |
| Other comprehensive income for the year | – | – | – | – | – | – |
| **Total comprehensive loss for the year** | **–** | **–** | **–** | **–** | (2,630) | (2,630) |
| Share based payments | – | – | – | 112 | – | 112 |
| Transfer between reserves | – | – | – | 461 | (461) | – |
| **At 30 June 2020** | **56,517** | **1,599** | **(69,857)** | **2,927** | **174,432** | **165,618** |
| Loss for the year | – | – | – | – | (1,983) | (1,983) |
| Other comprehensive income for the year | – | – | – | – | – | – |
| **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** | **56,517** | **1,599** | **(69,857)** | **2,687** | **172,798** | **163,744** |

# COMPANY STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2021

| Audited<br>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 1 July 2019** | **56,517** | **1,599** | **(147,715)** | **(2,883)** | **257,647** | **165,165** |
| Loss for the year | – | – | – | – | (1,184) | (1,184) |
| IFRS 16 adoption | – | – | – | – | (5) | (5) |
| Other comprehensive income for the year | – | – | – | – | – | – |
| **Total comprehensive loss for the year** | – | – | – | **–** | **(1,189)** | **(1,189)** |
| Share based payments: transfer from subsidiary undertaking | – | – | – | 112 | – | 112 |
| Share based payments | – | – | – | 461 | (461) | – |
| Transfer between reserves | – | – | – | 1,071 | (1,071) | – |
| **At 30 June 2020** | **56,517** | **1,599** | **(147,715)** | **(2,310)** | **255,997** | **164,088** |
| Loss for the year | – | – | – | – | (999) | (999) |
| Other comprehensive income for the year | – | – | – | – | – | – |
| **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** | **56,517** | **1,599** | **(147,715)** | **(2,550)** | **255,347** | **163,198** |

**NOTES TO THE FULL YEAR FINANCIAL STATEMENTS**
**For the year ended 30 June 2021**

## (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 International Financial Reporting Standards (IFRS) 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 announcement has been prepared on a basis consistent with the accounting policies applied to the statutory accounts for the year ended 30 June 2021 with the one exception. These financial statements are presented in US Dollars, the Group’s presentation and functional 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 will be published as soon as they are available. The 30 June 2021 annual results presented here are audited and the auditor has issued an un-modified opinion and containing no statement under section 498 (2) and (3) of the Companies Act 2006.

On the statutory accounts for the year ended 30 June 2021, 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 2020 have been filed with the Registrar of Companies.

Going concern

Global market conditions combined with the ongoing COVID-19 (coronavirus) pandemic have caused significant additional macroeconomic uncertainty during the 2021 calendar year that have impacted the prices and global demand for oil, gas and products. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition in future periods.

Progress towards FID has been slower than we expected and there remain considerable commercial and regulatory issues which require resolution before FID can be attained. We cannot accurately predict the timing of resolution of these concerns at the current time. Many of these concerns lie outside the Etinde JO partners direct control. The timing of resolving these issues impacts the Directors considerations relating to the potential scenarios considered in their assessment of the going concern status of the group.

It was therefore considered appropriate that a number of scenarios were considered by the Directors. These ranged from no FID being achieved in the going concern window through to a number of different development scenarios. In each scenario, in the going concern period, the Group continues to retain positive cash balances. In addition to these scenarios, a number of sensitivities were modelled which considered the impact of increases in opex and capex. As noted previously these scenarios also demonstrated positive cash balances twelve months from the date of approval of these financial statements.

As the timing of progress towards FID is not within the control of the Group should the commercial and regulatory issues not be resolved as anticipated in our modelling it is likely that Bowleven would be required to raise additional short term funding to bridge expenditure to FID.

At FID Bowleven is due to receive $25 million from our Joint Venture partners under the terms of the 2015 farm-in agreement. The Directors do not anticipate 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 funding issues for the Bowleven Group.

The Directors consider that the risk of the Government of Cameroon removing the Etinde PSC contract from the Etinde JO partners is low to medium 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; and
- we will request the Government eliminate this uncertainty as part of the FID regulatory approval process.

Looking to the future, 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.

Having taken the preceding funding risks into due account and after making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of signing this report. 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.

**(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 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 (2020: nil).
c) As at 30 June 2021, 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.

**(3) 2021 Annual Report and Accounts**

Full accounts are scheduled to be posted 15 November 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 km2 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 |
| **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 |
| **EEA or EEEA** | Etinde Exclusive Exploitation Agreement |
| **EG** | Equatorial Guinea |
| **E & P** | exploration and production |
| **Etinde Permit** | the Etinde Exclusive Exploitation Authorisation area. The Etinde EA, granted on 29 July 2014, covers an area of approximately 461km2 (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 JV 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 |
| **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 |

| | |
|---|---|
| **IE, IM** | Specific locations or areas where Miocene aged Intra-Isongo reservoirs horizons have been identified as actual or potential oil and gas condensate fields |
| **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 |
| **LUKOIL** | LUKOIL Overseas West Project Limited, a subsidiary undertaking of OAO LUKOIL |
| **mmbbls** | million barrels |
| **mmboe** | 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 |
| **US** | United States of America |
| **$, US Dollars, USD** | United States of America Dollars |
| **£, GB Pounds, GBP** | Great Britain Pounds Sterling |