

5 November 2020

## **Bowliven plc ('Bowliven' or 'the Company')**

### **Preliminary Results**

Bowliven, the Africa focused oil and gas exploration group traded on AIM, today announces its preliminary unaudited results for the year ended 30 June 2020.

## **HIGHLIGHTS**

### **Operational**

*Etinde, offshore Cameroon*

- Front End Engineering Design (FEED) contract awarded to Technip in Q1 2020. Commencement was delayed until 1 July 2020 due to the impact of the COVID-19 pandemic. This contract focuses on the design and engineering of the onshore gas processing facility, the IM well head platform and the appropriate production and sales pipeline infrastructure.
- FEED is expected to complete in November 2020 and is currently on time and within budget.
- Work is also progressing on the sub-surface development plan, including location, number and type of wells required to produce wet gas from IM reservoirs.

### **Financial**

- The loss for the financial year was \$2.6 million.
- Bowliven closed the year with \$9.1 million of cash and a financial investment of \$2.0 million, giving a total value of funds of \$11.1 million.
- Having assessed the forecast cash expenditure to Financial Investment Decision (FID) and the receipt of \$25 million on FID from the JV partners, the Company believes the Group has sufficient funds to continue in operation for the foreseeable future until at least FID, which is expected in 2021.

### **Corporate**

- Bowliven and New Age Ltd (New Age) have jointly appointed a lead financial adviser, Cofarco, to manage raising investment finance for the Etinde development.
- The Etinde JV partners are in discussion with Société Nationale des Hydrocarbures (SNH) and various other commercial parties in respect of the sale of gas, Liquefied Petroleum Gas (LPG) and condensate.
- The Group commenced closing its Employee Benefit Trust during the year following the cessation of the Group's long-term incentive plan (LTIP) and employee share option schemes.

- E&Y resigned as auditor during the year. Following a tender process, BDO was appointed to the role of auditor in the interim and will be nominated to be reappointed at the forthcoming annual general meeting (AGM).

## Outlook

Key objectives are to deliver on a revised strategy in FY2021 which include:

- Working with JV partners on FEED, Commercial and Finance matters in respect of the Etinde development options with the aim of Etinde project FID in 2021.
- The JV partners propose to address the Etinde Exclusive Exploitation Agreement (EEEEA) licence duration as part of the FID process regulatory submission to the Government of Cameroon. The risk of the Etinde licence potentially expiring in January 2021 is considered low to medium at the current time.
- Disciplined capital management to secure progress towards FID and thereafter explore funding options regarding development capital.

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

*“Our focus in 2021 will be to work with all of our stakeholders to ensure FID is achieved and underpinned by a compelling development plan, which is suitably robust to secure future capex funding. This combined with a disciplined approach to capital management will ensure that we are able to deliver maximum value for the Company’s shareholders.”*

As previously announced, Bowleven intends to host a conference call for shareholders to go through the Company’s 2020 Preliminary Results. This is now planned for 12pm on Monday 9 November 2020.

If you would like to participate in the call, please contact Ollie Mills at Celicourt Communications via email at [OMills@celicourt.uk](mailto:OMills@celicourt.uk).

## ENQUIRIES

For further information, please contact:

### **Bowleven plc**

Eli Chahin, Chief Executive

00 44 203 327 0150

### **Celicourt Communications Ltd**

Mark Antelme

00 44 208 434 2643

Jimmy Lea

### **Shore Capital (NOMAD and Broker)**

Robert Finlay

00 44 207 408 4090

Antonio Bossi

*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.

## **CHAIRMAN & CEO STATEMENT**

### **A STRONG CASE FOR DEVELOPMENT**

**2020 was a pivotal year for our company and we are well positioned to be a leading Cameroon oil and gas producer. Whilst we still have some work to do, our field is expected to prove worthy of its world class title.**

*Dear Shareholders,*

*2020 has been a milestone year, both for society and for our industry. The onset of COVID-19 resulted in widespread global medical and economic issues. Coupled with the Opec oil price war, further pressure was made on an already tight oil price environment. We expect to see continued pressure as more developed economies focus on adopting to a lower carbon future.*

*At an industry level, the short-term environment remains uncertain and turbulent, with the absence of any meaningful market equilibrium leading to significant challenges to our thinking as executives. This market dislocation was very publicly illustrated when, in April this year, WTI contracts traded at negative prices for the first time in history.*

*Several difficult-to-judge demand and supply catalysts remain precariously poised to contribute to continued market volatility in the near term. In these circumstances, final investment decisions are being delayed/deferred and the sanctioning of higher-cost projects remains under significant pressure. Today's underinvestment will invariably lead to a future rebalancing of the oil and gas market and we remain confident that shareholder patience will be rewarded. Given Etinde will produce natural gas and condensates, from an environmental and oil price volatility perspective, we continue to believe there is strong investment rationale for developing the asset. The Company continues to place great importance on addressing environmental, social and governance issues and is pleased to update on these matters further, later in the document.*

*At an operational level, we, along with our partners, have adapted to the current impact of the pandemic. We placed the welfare of our employees at the top of the list of priorities and implemented work-from-home practices to keep our workforce safe. As a result of the travel bans, office closures and 'social distancing' measures, the Etinde JV, which included our FEED contractor Technip, effectively started running its processes and projects entirely virtually – meaning remote management presentations, virtual due diligence and online question and answer forums. So far that approach has been relatively successful, although some slippage in the Etinde timetable was inevitable, as the various parties adjusted to remote ways of working. With no physical data rooms and communal workstations to verify seismic and geological data, the absence of face-to-face negotiations was always going to give rise to delays. Further, as we enter commercial negotiations with our various stakeholders the need to finalise the incremental development and phasing of development on the Etinde Permit is our pressing priority.*

*In February 2020, we were very pleased to see the signing of a non-binding Letter of Intent (LOI) between Victoria Oil & Gas Plc (AIM: VOG) and New Age, for the supply of gas from the Etinde Field. This LOI has the potential to lead to a Gas Supply Agreement (GSA) further down the line, as the project evolves. This event marks a considerable step forward regarding the commercialisation of the licence.*

*During March 2020, Technip was appointed to the role of Front End Engineering Design (FEED) contractor, to lead the onshore and offshore elements of the first phase of the field development programme. The reservoir engineering and sub-surface development aspects of the wider FEED process continue to be undertaken by our partner, New Age, as Operator. We are also fortunate to benefit from the extensive support provided by LUKOIL and our host Government of Cameroon. The initial phase of the development concept proposed by the JV partners comprises an onshore gas processing, storage and export facility linked to an unmanned well head platform with associated pipeline infrastructure.*

*On the financial side, Bowleven continues to benefit from a robust balance sheet, with a cash balance of \$7.4 million as at 30 October 2020. The Company also continues to operate in a lean fashion, with a very low G&A spend compared with its peers in the space. Also, it is important to note that we will receive a payment of \$25 million from the JV partners once FID is achieved, which, as before, we now expect to be in 2021.*

*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. Discussions will likely advance alongside completion of the FEED work, with a range of potential senior debt providers. 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 2021 at the latest. Delays have been on account of several factors, most notably ensuring the most economic plan meets with stakeholder consensus, the impact of the COVID-19 pandemic on the various workstreams (both in and outside Cameroon), and the geological work with regard to IE which is ongoing. Our efforts have been continuing to accelerate whatever is feasible to do so with a view to ensure the field development plan is that which delivers the best value accretion.*

*Environmental, Social, and Health Impact Assessment (ESHIA) is critical to the JV and particularly for a project of this size for the country of Cameroon. This work is progressing with relevant international standards being part of FEED. This is in combination with our corporate social responsibilities (CSR) responsibilities on account of which the JV has donated medical equipment to two local hospitals in Douala and Limbe in relation to the fight against COVID-19.*

*Stakeholder engagement is encouraging and has become an increasingly important project requirement, with heightened expectations from governments and lending institutions. The integration of these factors into project decision-making will be a key success factor to the delivery of long-term project value.*

*Due to the delays caused by the outbreak of COVID-19 and despite significant operational progress being made this year, an FID on Etinde is now expected during 2021. Notwithstanding this somewhat minor delay in timing, the Company remains confident that the current trajectory will generate value for all Bowleven stakeholders once our efforts are realised.*

*In December 2020, Matt MacDonald, Chairman, will step down from the Board following his three-year contract tenure and we have secured a high calibre individual to replace him. We welcome Jack Arnoff as a Non-Executive member of the Board. The Company would like to thank Matt for his significant contribution throughout his stewardship which has been key to imposing the capital and cost discipline to assist the Company in funding its way to FID. We wish him well. A process is ongoing and a replacement Chairman will be named in due course. Given our continued focus on corporate costs, we are content with the size of the reduced Board and don't feel further Board expansion is needed to secure FID.*

## **OUTLOOK**

*As the technical engineering phase of the Etinde FEED approaches conclusion at end of the calendar year, our immediate focus will be on the commercial, fiscal and financing elements of the project. Engagement with the Government of Cameroon on a range of operational, fiscal and regulatory matters has commenced alongside socialisation of the concept select report which had been tabled early in February 2020.*

*Having regard to the current spot price for Brent crude hovering around \$40 per barrel in October 2020, and the cost efficiencies realised through the FEED process, the economics of Etinde is such that the capital returns are suitably robust to be sanctioned in the current environment, assuming the required capital investment can be secured.*

The current industry under-investment, instigated by the demand slump and low commodity prices, would suggest that the timing to first gas production for Etinde in 2023/24 offers a favourable point in the investment cycle. As ever, the economic investment case of the Etinde project remains strong, with the Company's interest in the Etinde project alone having a value of \$150 million (as per 2019 valuation model). Well above the Group's current market capitalisation.

The importance of the development of Etinde to our shareholders serves to keep the Board and executive team focused at this challenging time for the industry. We are in active discussions with stakeholders to mitigate the funding challenges to secure the first extraction of molecules in a capital efficient way to enable project sanctioning.

The Board believes that the production and cash flow from the Etinde project, when combined with our existing unleveraged balance sheet, will deliver significant value for our investors, secure the long-term sustainability of the Company, and secure sufficient flexibility to further grow our business into the coming decade.

**Eli Chahin**  
**Chief Executive Officer**  
**4 November 2020**

**Matt McDonald**  
**Chairman**  
**4 November 2020**

## GROUP INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Unaudited 2020 \$000	Audited Restated 2019 \$000
Revenue	-	-
Administrative expenses	(3,260)	(5,012)
Impairment charge	-	(62,007)
Operating loss before financing costs	(3,260)	(67,019)
Finance and other (expense)/income	635	458
Loss from continuing operations before taxation	(2,625)	(66,564)
Taxation	-	-
<b>Loss for the year</b>	<b>(2,625)</b>	<b>(66,564)</b>
Basic and diluted loss per share (\$/share)	<b>(0.01)</b>	<b>(0.20)</b>

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

### Group

	Unaudited 2020 \$000	Audited Restated 2019 \$000
Loss for the year	(2,625)	(66,564)
<b>Prior year adjustment - IFRS 16 adoption</b>	(5)	8
<b>Other Comprehensive Income:</b>		
Items that will be reclassified to profit and loss:		
Currency translation differences	-	-
<b>Total comprehensive loss for the year</b>	<b>(2,630)</b>	<b>(66,556)</b>

## GROUP BALANCE SHEET

30 JUNE 2020

	Unaudited 2020 \$000	Audited Restated 2019 \$000
<b>Non-current assets</b>		
Intangible exploration assets	152,104	150,000
Property, plant and equipment	67	107
	<b>152,171</b>	150,107
<b>Current assets</b>		
Financial investments	2,010	4,134
Inventory	2,577	1,545
Trade and other receivables	1,272	1,852
Deferred consideration	-	-
Bank deposits	-	500
Cash and cash equivalents	9,102	10,482
	<b>14,961</b>	18,513
<b>Total assets</b>	<b>167,132</b>	<b>168,620</b>
<b>Current liabilities</b>		
Trade and other payables	(1,478)	(411)
Lease liabilities	(34)	(36)

	(1,512)	(447)
<b>Long term Liabilities</b>		
Lease liabilities	(2)	(37)
<b>Total liabilities</b>	<b>(1,514)</b>	<b>(484)</b>
<b>Net assets</b>	<b>165,618</b>	<b>168,136</b>
<b>Equity</b>		
Called-up share capital	56,517	56,517
Share premium	1,599	1,599
Foreign exchange reserve	(69,857)	(69,857)
Other reserves	2,927	2,354
Retained earnings	174,432	177,523
<b>Total equity</b>	<b>165,618</b>	<b>168,136</b>

## COMPANY BALANCE SHEET

30 JUNE 2020

	Unaudited 2020 \$000	Audited Restated 2019 \$000
<b>Non-current assets</b>		
Property, plant and equipment	67	106
Investments in Group undertakings	145,099	145,099
	<b>145,166</b>	145,205
<b>Current assets</b>		
Financial investments	2,010	4,134
Trade and other receivables	8,090	5,127
Bank deposits	-	500
Cash and cash equivalents	9,088	10,476
	<b>19,188</b>	20,237
<b>Total assets</b>	<b>164,354</b>	165,442
<b>Current Liabilities</b>		
Trade and other payables	(230)	(204)
Lease liabilities	(34)	(36)
	<b>(264)</b>	(240)
<b>Long term Liabilities</b>		
Lease liabilities	(2)	(37)
<b>Total Liabilities</b>	<b>(266)</b>	(277)
<b>Net assets</b>	<b>164,088</b>	<b>165,165</b>
<b>Equity</b>		
Called-up share capital	56,517	56,517
Share premium	1,599	1,599
Foreign exchange reserve	(147,715)	(147,715)
Other reserves	(2,310)	(2,883)
Retained earnings	255,997	257,647



<b>Total equity</b>	<b>164,088</b>	<b>165,165</b>
---------------------	----------------	----------------

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 \$1,184,000 (2019: loss of 77,926,000).

## GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

	Unaudited 2020 \$000	Audited Restated 2019 \$000
<b>Cash flows from operating activities</b>		
Loss before tax	(2,625)	(66,564)
<i>Adjustments to reconcile Group loss before tax to net cash used in operating activities:</i>		
Depreciation of property, plant and equipment	50	78
Impairment charge	–	62,007
Non-cash operating costs	–	1,080
Inventory impairment	–	150
Finance (income)/expense	(635)	(458)
Equity-settled share based payment transactions	112	151
Profit on disposal of financial investments	(7)	–
Profit/Loss on sale of property, plant and equipment	(3)	24
<b>Adjusted loss before tax prior to changes in working capital</b>	<b>(3,108)</b>	<b>(3,532)</b>
Decrease/(Increase) in trade and other receivables	58	207
(Decrease) in trade and other payables	(23)	(383)
<b>Net cash used in operating activities</b>	<b>(3,073)</b>	<b>(3,708)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(11)	(22)
Purchases of intangible exploration assets	(1,602)	(1,380)
Receipts from sale of financial investments	2,500	14,043
Transfer from bank deposits	500	–
Receipts from sale of property, plant and equipment	–	12
Dividends received	259	388
Interest received	87	1,597
<b>Net cash from investing activities</b>	<b>1,733</b>	<b>14,638</b>
<b>Cash flows from/(used in) financing activities</b>		
Lease payments	(40)	(40)
Special dividend paid	–	(63,142)
<b>Net cash Flows from/(used in) financing activities</b>	<b>(40)</b>	<b>(63,182)</b>

<b>Net decrease in cash and cash equivalents</b>	<b>(1,380)</b>	<b>(52,252)</b>
Cash and cash equivalents at the beginning of the year	10,482	62,734
Effect of exchange rates on cash and cash equivalents	-	-
Net decrease in cash and cash equivalents	(1,380)	(52,252)
<b>Cash and cash equivalents at the year end</b>	<b>9,102</b>	<b>10,482</b>

## COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

	<b>Unaudited</b>	<b>Audited</b>
	<b>2020</b>	<b>Restated</b>
	<b>\$000</b>	<b>2019</b>
		<b>\$000</b>
<b>Cash Flows from Operating Activities</b>		
Loss before tax	<b>(1,184)</b>	<b>(77,926)</b>
<i>Adjustments to reconcile Company loss before tax to net cash used in operating activities:</i>		
Depreciation of property, plant and equipment	49	76
Impairment of investment	-	76,659
Finance (income)/expense	(645)	(394)
Equity-settled share based payment transactions	112	151
Profit on disposal of financial investments	(7)	-
<b>Adjusted loss before tax prior to changes in working capital</b>	<b>(1,675)</b>	<b>(1,434)</b>
(Increase) in trade and other receivables	15	(307)
Decrease in trade and other payables	10	(352)
<b>Net (Cash used) in operating activities</b>	<b>(1,650)</b>	<b>(2,093)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of financial investments	2,500	14,043
Purchases of property, plant and equipment	(11)	(22)
Increase in inter-company funding	(3,033)	(2,955)
Transfer from bank deposits	500	-
Dividends received from financial investments	259	388
Interest received	87	1,597
<b>Net Cash from investing activities</b>	<b>302</b>	<b>13,051</b>
<b>Cash flows (used in)/from financing activities</b>		
Lease payments	(40)	(40)
Special dividend paid	-	(63,142)
<b>Net cash flows (used in)/from financing activities</b>	<b>(40)</b>	<b>(63,182)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,388)</b>	<b>(52,224)</b>
Cash and cash equivalents at the beginning of the year	10,476	62,700
Effect of exchange rates on cash and cash equivalents	-	-

Net decrease in cash and cash equivalents	(1,388)	(52,224)
<b>Cash and cash equivalents at the year end</b>	<b>9,088</b>	<b>10,476</b>

Note

The increase in inter-company funding to subsidiaries has been reclassified from a movement in working capital to an investing activity. The 2019 comparatives have been adjusted accordingly

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Called-up share capital \$000	Share Premium \$000	Foreign exchange reserve \$000	Other reserves \$000	Retained earnings \$000	Total equity \$000
At 1 July 2018	56,517	1,599	(69,857)	1,076	308,290	297,625
IFRS 16 adoption	-	-	-	-	2	2
<b>At 1 July 2018 as restated</b>	<b>56,517</b>	<b>1,599</b>	<b>(69,857)</b>	<b>1,076</b>	<b>308,292</b>	<b>297,627</b>
Loss for the year	-	-	-	-	(66,564)	(66,564)
IFRS 16 adoption	-	-	-	-	8	8
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(66,556)</b>	<b>(66,556)</b>
Special dividend payment	-	-	-	-	(63,142)	(63,142)
Share based payments	-	-	-	207	-	207
Transfer between reserves	-	-	-	1,071	(1,071)	-
<b>At 30 June 2019 audited</b>	<b>56,517</b>	<b>1,599</b>	<b>(69,857)</b>	<b>2,354</b>	<b>177,523</b>	<b>168,136</b>
Loss for the year	-	-	-	-	(2,625)	(2,625)
IFRS 16 adoption	-	-	-	-	(5)	(5)
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,630)</b>	<b>(2,630)</b>
Share based payments	-	-	-	112	-	112
Transfer between reserves	-	-	-	461	(461)	-
<b>At 30 June 2020 unaudited</b>	<b>56,517</b>	<b>1,599</b>	<b>(69,857)</b>	<b>2,927</b>	<b>174,432</b>	<b>165,618</b>

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Called-up share capital \$000	Share premium \$000	Foreign exchange reserve \$000	Other reserves \$000	Retained earnings \$000	Total equity \$000
<b>Attributable to Owners of Parent Company</b>						
At 1 July 2018	56,517	1,599	(147,715)	(2,446)	398,789	306,744
IFRS 16 adoption	–	–	–	–	4	4
<b>At 1 July 2018 as restated</b>	<b>56,517</b>	<b>1,599</b>	<b>(69,857)</b>	<b>(2,446)</b>	<b>398,793</b>	<b>306,748</b>
Loss for the year	–	–	–	–	(77,926)	(77,926)
IFRS 16 adoption	–	–	–	–	8	8
Other comprehensive income for the year	–	–	–	–	–	–
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(77,918)</b>	<b>(77,918)</b>
Special dividend payment	–	–	–	–	(63,142)	(63,142)
Share based payments: Transfer from subsidiary undertaking	–	–	–	(1,715)	989	(726)
Share based payments	–	–	–	207	–	207
Transfer between reserves	–	–	–	1,071	(1,071)	–
<b>At 30 June 2019 audited</b>	<b>56,517</b>	<b>1,599</b>	<b>(147,715)</b>	<b>(2,883)</b>	<b>257,647</b>	<b>165,165</b>
Loss for the year	–	–	–	–	(1,184)	(1,184)
IFRS 16 adoption	–	–	–	–	(5)	(5)
Other comprehensive income for the year	–	–	–	–	–	–
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,189)</b>	<b>(1,189)</b>
Share based payments	–	–	–	112	–	112
Transfer between reserves	–	–	–	461	(461)	–
<b>At 30 June 2020 unaudited</b>	<b>56,517</b>	<b>1,599</b>	<b>(147,715)</b>	<b>(2,310)</b>	<b>255,997</b>	<b>164,088</b>

## **NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS**

For the year ended 30 June 2020

### **(1) Accounting Policies**

#### Basis of preparation

The financial information in the preliminary financial statements has been extracted from the statutory accounts which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments).

The preliminary announcement has been prepared on a basis consistent with the accounting policies applied to the statutory accounts for the year ended 30 June 2020 with the one exception. IFRS 16 “Leases” was adopted for the first time in the current year. As a result the prior period balance sheet has been restated to reflect this change from 1 July 2018 onwards.

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 2020 annual results presented here are unaudited and the auditor is expected to issue 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 2019, the auditor gave an unqualified opinion that contained an emphasis of matter drawing attention to significant uncertainties related to valuation of intangible assets 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 2019 have been filed with the Registrar of Companies.

#### Going concern

Calendar 2020 has seen very significant additional macro-economic uncertainty developing due to both the prices and global demand for oil, gas and products due to global market conditions combined with the results from the ongoing COVID-19 (coronavirus) pandemic. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition in future periods.

After making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future 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. The Directors have considered the likelihood of reaching FID in 2021 and the consequent need to raise additional financing. In this scenario, the Group is due to receive a \$25m cash payment from its JV partners at FID. 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. The directors consider that the risk of the

Government of Cameroon removing the Etinde the PSC contract from the Etinde Joint Venture 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 2020;
- With SNH approval we have commenced FID and intend to move to FID and a significant in the near term followed by the Development of the Etinde licence; and
- We will request the Government to eliminate this uncertainty as part of the FID regulatory approval process.

However, should FID not happen in the near term, then the risk of Licence removal will increase. In this scenario, the Directors are satisfied that the Group has sufficient existing financial resources in place to meet its operating costs for at least 12 months from the date of approval of these accounts.

## **(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 (2019: nil).
- c) As at 30 June 2020 there is a current financial asset of \$nil (2019: \$nil) arising from the Etinde farm-out. The amount relates to the remaining deferred consideration relating to the appraisal drilling carry.
- d) As at 30 June 2020, 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) 2020 Annual Report and Accounts**

Full accounts are scheduled to be posted 16 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](http://www.bowleven.com).

## **GLOSSARY**

ABI	Association of British Insurers
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	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	the production sharing contract between the Republic of Cameroon and EurOil Limited, dated 12 December 2007, in respect of the area of approximately 2,328km <sup>2</sup> comprising former blocks OLHP-1 and OLHP-2 onshore Cameroon; or, as the context may require, the contract area to which that production sharing contract relates
Bowleven	Bowleven plc (LSE: BLVN) and/or its subsidiaries as appropriate
CFA	Central African CFA Francs
Companies Act 2006 ('the Act')	the United Kingdom Companies Act 2006 (as amended)
Company	Bowleven plc
CPR	Competent Persons Report
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
CSOP	Company share option plan
EBT	employee benefit trust
Etinde Permit	the Etinde Exploitation Authorisation (EA) area. The Etinde EA, granted on 29 July 2014, covers an area of approximately 461km <sup>2</sup> (formerly block MLHP-7) and is valid for an initial period of 20 years with an initial 6 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
FID	final investment decision
FLNG	floating liquefied natural gas
G&A	general and administration
GIIP	gas initially in place
Government	Cameroon Government
Group	the Company and its direct and indirect subsidiaries
HSSE	health, safety, security and environment
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IM	the Isongo Marine Field area, Etinde Permit



JV	joint venture an unincorporated joint operation. Joint Venture Partners are the financial investors who jointly own and operated the unincorporated joint operations
km <sup>2</sup>	square kilometres
LNG	liquefied natural gas
LUKOIL	LUKOIL Overseas West Project Ltd, a subsidiary undertaking of OAO LUKOIL
mmboe	million barrels of oil equivalent
mmscfd	million standard cubic feet of gas per day
mscfd	thousand standard cubic feet of gas per day
NewAge	New Age (African Global Energy) Limited, a privately owned oil and gas company
ordinary shares	ordinary shares of 10p each in the capital of the Company
PSC	production sharing contract
P50	50% probability that volumes will be equal to or greater than stated volumes
P90	90% probability that volumes will be equal to or greater than stated volumes
Q1, Q2 etc.	first quarter, second quarter etc.
SNH	Société Nationale des Hydrocarbures, the national oil and gas company of the Republic of Cameroon
tcf	trillion cubic feet
US	United States of America
VOG	Victoria Oil & Gas Plc
2D	two dimensional
\$ or US Dollars, USD	United States of America Dollars
£ or GB Pounds, GBP	Great Britain Pounds Sterling