



This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

30 March 2023

## **Bowleven plc**

(‘Bowleven’ or ‘the Group’ or ‘the Company’)

### **Interim Results**

Bowleven, the Africa focused oil and gas, Exploration and Production Company with key interests in Cameroon, today announces its unaudited interim results for the six months ended 31 December 2022.

#### **HIGHLIGHTS**

##### **Operational**

###### *Etinde*

- Etinde operations are currently in a “care and maintenance” mode with limited ongoing activity other than New Age’s maintenance of the Cameroon project office. This activity level is expected to continue until the conditions precedent to the completion of the disposal of New Age’s Etinde operating interest to Perenco are satisfied and regulatory approval is provided. As such Bowleven expects minimal capital outlay related to the Etinde asset until the completion of New Age’s disposal.

##### **Corporate**

- The loss for the 6-month period was \$1.0 million compared to \$1.3 million for the same period in the prior year. The decreased loss is primarily due to lower recharges from Etinde, as project development activities have been reduced, and further expenditure reduction measures imposed by Bowleven’s Board.
- The Group cash balance as at 31 December 2022 was approximately \$0.25 million with a further \$2.2 million held in a financial investment, with no debt or material financial commitments. As at the end of March 2023 the financial investment has been partly converted to cash to be used to fund ongoing operations, with the net financial investment now at \$1.4 million. As at 29 March 2022 the Group cash balance is circa \$0.9 million.
- The Directors have temporarily reduced UK staffing and overhead costs from January 2023 until Perenco become the operator at Etinde and further financing is secured. As a result, the current Bowleven expenditure run rate has been temporarily reduced to between \$125,000 and \$200,000 per month (with actual monthly expenditure depending on Etinde cash call amounts) to extend Bowleven’s current cash resources.

- As set out in the Group’s final results statement on 1 November 2022, whilst expenditure on the Etinde project is currently low, Bowleven anticipates a higher expenditure later in 2023 on the basis that, once Perenco’s Etinde interest acquisition has been completed, it may seek to take a fresh look at Etinde development options and put in place a full development team. Assuming Perenco and New Age’s transaction completes in June 2023, Bowleven estimates that FID could be in late 2024, subject to Perenco’s initial review of the Etinde development options. Based upon this potential timing, when combined with Bowleven’s 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 a material uncertainty regarding the going concern status of the Group.
- The Board has therefore been considering its fundraising options and expects to seek to raise additional equity capital in 2023 to help to finance the Group’s ongoing corporate activities and to assist financing its share of the future expenditure as the Etinde project progresses towards FID. Planning for an equity fundraising remains at an early stage and there can be no certainty that a fundraising will be concluded, nor as to the structure or terms of any such fundraising. To the extent possible, the Board will seek to respect shareholders’ pre-emption rights. Bowleven will make further announcements as appropriate.

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

*“We remain on the verge of what we believe to be a major turning point in the business with the expected upcoming change of the Etinde operatorship once Perenco secures regulatory approval.*

*This is expected to be a key milestone in progressing what is hoped to be a transformational energy project for Cameroon, accelerating what has to date been a challenging timetable towards hydrocarbon production at Etinde for the benefit of all the JV Partners. As demonstrated by the recent signing of a bilateral co-operation agreement on hydrocarbon monetization with neighboring Equatorial Guinea, we are on the cusp of a new energy horizon for Cameroon that will impact the lives of many. We look forward to keeping our shareholders abreast of the anticipated positive developments over the coming months.”*

**ENQUIRIES**

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**A copy of this announcement is available on the Bowleven website [www.bowleven.com](http://www.bowleven.com)**

**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 Etinde 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 New Age) in Cameroon.

**Notes to Announcement:**

The information in this release reflects the views and opinions of Bowleven and has not been reviewed in advance by its joint venture partners.

Terms not otherwise defined have the meanings given to them in the definitions section at the foot of this announcement.

## **CEO's REVIEW**

The 6 month period ending 31 December 2022, has been another frustrating period with little in the way of positive developments to report on regarding our stake in the Etinde development project following the agreement of the conditional sale of the Operator's stake to Perenco in June 2022.

Whilst New Age and Perenco seek governmental approval and the resolution of a number of other conditions precedent to completion, New Age has placed the project on hiatus with little other than "care and maintenance" based operations.

On the regulatory side, New Age has assisted SNH in completing an audit of expenditure at Etinde covering the period from 2015 to 2020 and they are in negotiations regarding the 2023 work plan and budget.

Perenco has not, to date, sought to directly discuss its plans for the future of Etinde development with Bowleven or LUKOIL, although we have been made aware of some of their potential ideas indirectly. We consider the financial and strategic acquisition merits of Perenco's purchase to be compelling and there are options we think are currently being assessed that would lead to commencement of production at Etinde in a cost effective and profitable way for the benefit of all Etinde JV Partners.

The Board believes that Bowleven will need to raise additional funds in 2023 in order to fund its corporate overheads and the likely expenditure required of Bowleven from the point that Perenco becomes Etinde operator, which we currently anticipate by June 2023, towards a potential FID date in late 2024. It should be noted however that the timing of FID and the level of future expenditure required of Bowleven is an area of considerable uncertainty, as discussed later in this interim report. Alongside this, the Directors have reduced UK staff costs. The Board sees this as a temporary measure, which will be in place during 2023 until Perenco become operator and the Company has sufficient cash resources after additional finance is secured.

### **New Age's transaction with Perenco**

New Age agreed to sell its 37.5% stake and Operatorship in Etinde to Perenco for an undisclosed amount in June 2022. Under the terms of the deal, a number of conditions precedent remain outstanding. Completion of this transaction is notably dependent on Perenco reaching both governmental agreement with SNH as well as commercial agreement with LUKOIL relating to some logistical matters.

We understand from New Age that regulatory approval is expected to be issued by SNH and the Government of Cameroon in mid-2023, and that discussions are ongoing between LUKOIL and Perenco. Bowleven has no involvement in these discussions. Under the terms of the June 2022 transaction, unless completed beforehand, the transaction termination date ('long stop date') is 12 months after signature (June 2023).

### **Going concern**

The Directors' singular focus is to accelerate the path to FID and sanction a project that maximises the potential economics of Etinde's significant hydrocarbon resources.

As at 28th February 2023, the Company had (unaudited) liquid resources (comprising cash and a

financial investment) of approximately \$2.3 million.

The Group needs to secure funding to underpin the reduced cost base we have implemented during 2023, to fund our share of current and future joint venture spend as aligned with the preferred development plan, and the necessary cash buffer to meet cost contingencies.

As set out above, the Board is currently working on plans to raise additional equity capital in 2023 to help to finance the Group's ongoing corporate activities and to assist to finance its share of the future expenditure as the Etinde project progresses towards FID. However, planning for an equity fundraising remains at an early stage and there can be no certainty that an equity fundraising will be concluded, nor as to the terms of any such fundraising.

Since December 2022, the business has made further cost reductions, through a combination of redundancy and moving all remaining staff onto a part time basis to reduce the Group's controllable cash burn as far as possible. This is a temporary measure which Bowleven anticipates to change once it has sufficient cash resources after a fundraising occurs and Perenco completes its acquisition.

Monthly expenditure at Etinde remains low as New Age continues to operate the business on a largely suspended, care and maintenance basis. However, we expect that, on transfer of ownership to the new operator, Perenco will rapidly put a new project team in place and commence development planning activity over a short period of time. As previously discussed, the timing and financial impact of this remains uncertain, but its impact on Bowleven's current expenditure levels will likely be substantial. Without a further cash injection to fund the period to FID, there is a material uncertainty around the Group's ability to operate as a going concern.

As discussed in note 2 to the interim financial statements and the Outlook section below, the Directors have considered a number of different cash flow forecasts. On the basis of this modelling and Bowleven's current and forecast cash expenditure for FY 2023, the Directors have concluded that Bowleven is highly likely to need to complete a fundraising in 2023 in order to continue to fund the Group's operations as the Etinde project progresses towards FID, although the timing of FID and the level of future expenditure required of Bowleven is an area of considerable uncertainty.

### **Final Investment Decision for Etinde**

The current JV partners have recommended to the regulator, SNH, that we move forward on the basis of the EG development option, which leaves essential commercial and large-scale governmental approval issues to resolve. There would also be a significant number of commercial and technical details that require further analysis and commercial negotiation with Marathon Oil, the Bioko Island facility operator. In addition, the EG option would need formal regulatory approval from both SNH and the Government of Cameroon and the signature of an intergovernmental agreement between Cameroon and Equatorial Guinea. In our opinion, the landmark signing during March 2023 of a bilateral cooperation agreement between Cameroon and Equatorial Guinea to jointly develop and monetise oil and gas projects along their respective borders bodes well for the monetisation of hydrocarbons and energy sovereignty. Currently the agreement is focused on two Chevron-operated fields and could serve as a template for the Etinde field optionality.

We do not know what, if any, alternative development scenario Perenco may propose to the JV partners nor whether these plans will meet with JV partner's collective approval. But we draw comfort that a precedent has now been established to mitigate the associated intergovernmental issues that previously challenged such bilateral developments.

We are not currently able to make any firm forecast as to when the JV partners will be able to reach a final investment decision for Etinde, although we continue to see the development of Etinde to be financially compelling, especially in the current global environment, with the increasing reduction of Russian sourced oil and gas on global markets.

One of our JV partners, Lukoil PJSC, has been impacted by the imposition of Russian sanctions, following the invasion of Ukraine. However, their day-to-day participation in the Etinde PSC as a non-operating minority partner has not been affected to date.

## **OPERATIONS REVIEW**

### **Etinde Exploitation, Offshore Cameroon (25% equity interest)**

During this 6 month operations period, New Age's technical staff completed the SNH agreed FY2022 technical work plan making several additional internal reports available to the JV partners. These built upon and finalised various outstanding economic and technical modelling issues as well as presenting a geo-technical risk and resources assessment of the IC discovery and several exploration targets to the west of the IM discovery. These were detailed in Bowleven's 30 June 2022 Operations Review, included within the previous annual report.

Since October/November 2022, New Age has scaled back its remaining operations to the maintenance of the Etinde project office in Cameroon and a small scale watching and management brief for a handful of its London based staff.

A draft FY 2023 Work Plan and Budget has been prepared on the basis of minimal technical activity, however this has yet to be approved. Expenditure is being approved on a quarter by quarter basis by the JV partners. All parties, including SNH, are aware that this interim budget will be replaced by Perenco once their transaction with New Age completes, unless terminated if it reaches its June 2023 long stop date.

During the second half of 2022, SNH completed a cost recovery expenditure audit of Etinde covering the periods from 2015 to 2020. As can be expected, SNH disallowed a percentage of the expenditure across that period, which moves from recoverable to non-recoverable under the PSC terms. This has been the subject of ongoing discussion with SNH by New Age, as Operator. At the current time, the JV partners and SNH remain in dispute regarding the PSC recoverability of \$10 million of expenditure covering the period 2014 to 2020.

### **Volumetric Update**

P50 (C2) net contingent resources to Bowleven on the current 25% licence interest are 61 mmboe following the Resource reassessment undertaken in late 2019. The next resource update is likely to be undertaken as part of the field development plan process to formerly re-categorise Etinde IM field Contingent Resources to Reserves in accordance with any field development plan produced at that point.

## **FINANCE REVIEW**

The Group reports a loss of \$1.0 million (H1 2021: loss of \$1.2 million) for the six months ended 31 December 2022.

The Group's current period G&A expense charge was \$1.1 million (H1 2021: \$1.3 million) which was somewhat lower than the equivalent period in the prior year, reflecting the impact of further

cost saving measures. This includes \$0.3 million of Etinde G&A costs (H1 2021: \$0.3 million) charged by the Operator.

Finance income comprises interest and dividend income of \$0.1 million (H1 2021: \$0.1 million), foreign exchange loss of \$0 million (H1 2021: loss \$0.03 million) and a mark to market loss of \$0.06 million (H1 2021: gain \$0.02 million) arising from the revaluation of the Group's financial investment.

Capital expenditure cash flows during the 6 month period were \$0.2 million (H1 2021: \$0.3 million) all of which relates to Bowleven's share of the Etinde pre-development phase project expenditure recharged by the Operator.

At 31 December 2022, Bowleven had \$0.2 million of cash and cash equivalents and no debt (H1 2021: \$2.5 million and no debt). Bowleven owned \$2.2 million of financial investments in preference shares (H1 2021: \$2.5 million), which generates a reasonable financial return at relatively low investment risk. This investment is being liquidated in an orderly manner during 2023 and converted to cash to fund the Group's on-going operations. There will be a corresponding reduction in dividend income during 2023.

Under the terms of the Etinde farm-out transaction in March 2015, the Group is entitled to a \$25 million payment from the JV partners, which is contingent on achieving Etinde FID. This is held as a contingent asset pending further clarity around Etinde FID project sanction.

At the completion of the 2021/22 financial reporting cycle, Bowleven's auditors (BDO LLP) raised the question of the likely audit fees for the FY 2022/23 cycle and the subsequent period. BDO proposed to charge a substantial increase in the base fee plus a significant additional sum to cover the expected cost of a change in audit process driven by changes to UK audit regulation. Whilst we fully understand the current dynamics in the regulated UK audit marketplace, we considered the overall proposed fee increase to be unwarranted. On this basis, Bowleven and BDO have agreed to part company and BDO has tendered its resignation. We are currently in discussions with a number of other major UK audit firms to replace BDO for the audit of the Group financial statements for the year ending 30 June 2023.

## **OUTLOOK**

There are two significant short term events that will significantly influence the future of Bowleven and its participation in the Etinde development. These are as follows:-

1. The completion of the transaction between New Age and Perenco; and
2. A fundraising to provide additional capital to allow the Group to continue its operations.

During the remainder of 2023, if the EG option is pursued, the Group expects to continue to work alongside the other Etinde JV partners to undertake commercial discussions with Marathon Oil as operator of the Bioko Island facilities JV. Subject to obtaining approval for the EG development option from SNH, we expect to support bilateral discussions between the Governments of Cameroon and Equatorial Guinea alongside SNH, Marathon Oil and other interested parties of those countries. Once the legal and commercial development framework is agreed, we expect the project to proceed to FID and to raise investment finance from commercial debt finance providers, our shareholders and other potential equity investors to support the investment required in project development.

As current cash and liquid investment resources continue to decline through the combination of

normal operating costs and continued low level development planning-related capital investment at Etinde, our safety margin is continuing to decrease. Having reviewed a number of possible FID, opex and capex scenarios (which are described further in note 2 to these interim financial statements), 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. The Directors are therefore of the opinion that it is highly likely the Group will need to complete a fundraising in order to meet its ongoing working capital and committed capital expenditure requirements as the Etinde project progresses towards FID.

There remains a considerable number of regulatory and commercial uncertainties regarding aspects of the Etinde development together with reaching multi-stakeholder approval of the JV partners' preferred development option. Whilst we currently expect FID to occur by late 2024, this is reliant on many of the above considerations being resolved during 2023, including the transaction between New Age and Perenco completing. Even with a successful Bowleven fundraising taking place in 2023, there will continue to be a high financial risk for Bowleven if FID slips to 2025 or if there is a requirement for the Group to contribute to higher investment spending on Etinde than currently expected.

In addition, it remains possible that Bowleven will need to seek additional short-term financing to allow the Group's cash expenditure to bridge any gap to attaining FID and the receipt of the \$25 million FID payment (in addition to the proposed fundraising plans discussed above). Additional funding requirements will depend on the circumstances at the time and the time taken to attain FID. Further details are provided in note 2 to these interim accounts.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The ultimate development of the Etinde wet gas and light oil discoveries is likely to be technically and commercially dependent on the extent to which the JV will be able to fully utilise the volume of gas potentially produced by the onshore processing of the production of gas and liquids. This is the most significant controlling factor, which governs the project's NPV. The substantial associated risks include:

- Oil price volatility,
- Joint venture partner alignment,
- Governmental approval of a revised field development plan,
- The timing between SNH and the Government of Cameroon approving the field development plan, commercial and technical discussions in relation to the field development plan, the JV partners giving FID approval and the exhaustion of our current working capital funds,
- Timing of the completion of the transaction between New Age and Perenco,
- Raising finance for Bowleven to continue its operations and to finance its share of project expenditure,
- Raising sufficient debt and equity finance by both Bowleven and our JV partners, following FID, to finance the initial cost of the development,
- Receipt of the FID success payment from both of the JV partners, Lukoil and New Age, when it falls due,
- Domestic market demand for natural gas and the ability to monetise this demand,
- Access to project capital,
- Commercial terms and government permission to export gas.



## RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge, the interim management report includes a fair review of the important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year.



**Eli Chahin**  
**Chief Executive Officer**  
29 March 2023

**Jack Arnoff**  
**Chairman**  
29 March 2023

## GROUP INCOME STATEMENTS

	<b>6 months ending 31 December 2022 (unaudited) \$000</b>	<b>6 months ending 31 December 2021 (unaudited) \$000</b>	<b>Year ending 30 June 2022 (audited) \$000</b>
Revenue		-	-
Administrative expenses	(1,055)	(1,278)	(2,376)
Impairment	-	-	-
Operating loss before financing	(1,055)	(1,278)	(2,803)
Finance and other income	45	58	(108)
Loss from operations before taxation	(1,010)	(1,220)	(2,484)
Taxation	-	-	-
<b>Loss for the period/year from continuing operations</b>	<b>(1,010)</b>	<b>(1,220)</b>	<b>(2,484)</b>
Basic and diluted loss per share (\$/share) from continuing operations	(0.00)	(0.00)	<b>(0.01)</b>

## GROUP STATEMENTS OF COMPREHENSIVE INCOME

	<b>6 months ended 31 December 2022 (unaudited) \$000</b>	<b>6 months ended 31 December 2021 (unaudited) \$000</b>	<b>Year ended 30 June 2022 (audited) \$000</b>
<b>Total comprehensive loss for the period/year</b>	<b>(1,010)</b>	<b>(1,220)</b>	<b>(2,484)</b>

## GROUP BALANCE SHEETS

	31 December 2022 (unaudited) \$000	31 December 2021 (unaudited) \$000	30 June 2022 (audited) \$000
<b>Non-current assets</b>			
Intangible exploration assets	155,540	155,195	155,433
Property, plant and equipment	7	28	13
	<b>155,547</b>	<b>155,223</b>	<b>155,446</b>
<b>Current assets</b>			
Financial investments	2,193	2,481	2,251
Inventory	1,180	1,180	1,180
Trade and other receivables	1,665	1,789	1,858
Cash and cash equivalents	247	2,485	1,273
	5,285	7,935	6,562
<b>Total assets</b>	<b>160,832</b>	<b>163,158</b>	162,008
<b>Current liabilities</b>			
Trade and other payables	(502)	(571)	(668)
Lease liabilities	-	(9)	-
<b>Total current liabilities</b>	<b>(502)</b>	<b>(580)</b>	(668)
<b>Net assets</b>	<b>160,330</b>	<b>162,578</b>	<b>161,340</b>
<b>Equity</b>			
Called-up share capital	56,517	56,517	56,517
Share premium	1,599	1,599	1,599
Foreign exchange reserve	(69,857)	(69,857)	(69,857)
Other reserves	2,767	2,741	2,767
Retained earnings	169,304	171,578	170,314
<b>Total equity</b>	<b>160,330</b>	<b>162,578</b>	<b>161,340</b>

## GROUP CASH FLOW STATEMENT

	6 months ended 31 December 2022 (unaudited) \$000	6 months ended 31 December 2021 (unaudited) \$000	Year ended 30 June 2022 (audited) \$000
<b>Cash Flows from Operating Activities</b>			
Loss before tax	(1,010)	(1,220)	(2,484)
<i>Adjustments to reconcile Company loss before tax to net cash used in operating activities:</i>			
Depreciation of property, plant and equipment	5	12	18
Non-cash operating costs	-	-	-
Finance costs/(income)	(45)	(58)	108
Equity-settled share-based payment transactions	-	54	80
<b>Adjusted loss before tax prior to changes in working capital</b>	<b>(1,050)</b>	<b>(1,212)</b>	<b>(2,278)</b>
Decrease/(increase) in trade and other receivables	307	54	(18)
Decrease/(increase) in trade and other payables	(177)	(242)	(170)
<b>Net (Cash used) in operating activities</b>	<b>(920)</b>	<b>(1,400)</b>	<b>(2,466)</b>
<b>Cash flows used in investing activities</b>			
Purchase of intangible exploration assets	(216)	(318)	(572)
Dividends received from financial investments	110	110	220
<b>Net Cash (used in) investing activities</b>	<b>(106)</b>	<b>(208)</b>	<b>(352)</b>
<b>Cash flows used in/from financing activities</b>			
Lease payments	-	(1)	(3)
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>(1)</b>	<b>(3)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,026)</b>	<b>(1,609)</b>	<b>(2,821)</b>
Cash and cash equivalents at the beginning of the period/year	1,273	4,094	4,094
Net decrease in cash and cash equivalents	(1,026)	(1,609)	(2,821)
<b>Cash and cash equivalents at the period/year end</b>	<b>247</b>	<b>2,485</b>	<b>1,273</b>

## GROUP STATEMENT OF CHANGES IN EQUITY

	Called-up share capital \$000	Share Premium \$000	Foreign exchange reserve \$000	Other reserves \$000	Retained earnings \$000	Total equity \$000
<b>At 1 July 2021</b>	<b>56,517</b>	<b>1,599</b>	<b>(69,857)</b>	<b>2,687</b>	<b>172,798</b>	<b>163,744</b>
Loss for the period	-	-	-	-	(1,220)	(1,220)
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,220)</b>	<b>(1,220)</b>
Share based payments	-	-	-	54	-	54
<b>At 31 December 2021</b>	<b>56,517</b>	<b>1,599</b>	<b>(69,857)</b>	<b>2,741</b>	<b>171,578</b>	<b>162,578</b>
Loss for the period	-	-	-	-	(1,264)	(1,264)
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,264)</b>	<b>(1,264)</b>
Share based payments	-	-	-	26	-	26
<b>At 30 June 2022</b>	<b>56,517</b>	<b>1,599</b>	<b>(69,857)</b>	<b>2,767</b>	<b>170,314</b>	<b>161,340</b>
Loss for the period	-	-	-	-	(1,010)	(1,010)
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,010)</b>	<b>(1,010)</b>
Share based payments	-	-	-	-	-	-
<b>At 31 December 2022</b>	<b>56,517</b>	<b>1,599</b>	<b>(69,857)</b>	<b>2,767</b>	<b>169,304</b>	<b>160,330</b>

## **NOTES TO THE INTERIM STATEMENTS**

**For the 6 months ended 31 December 2022**

### **1. Accounting Policies**

#### ***Basis of Preparation***

This Interim Report has been prepared on a basis consistent with the accounting policies applied to all the periods presented in these consolidated financial statements.

The disclosed figures are not statutory accounts in terms of section 435 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2022 have been filed with the Registrar of Companies. The auditor's report on the annual report and accounts for the year ended 30 June 2022, which was un-modified, included a Key Audit Matter disclosure identifying events or conditions that create a material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as a going concern, noting that the Group and 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. Going Concern**

The current global market conditions remain highly uncertain, with continuing high inflation, ongoing interest rate and taxation rises to fund current and past Government expenditure, the ongoing war in Ukraine, and increasing geopolitical tensions. Long term demand and pricing for hydrocarbons remains the most significant factor that will permit the monetisation of Etinde resources, as well as governmental approval for Etinde's development.

The major sources of significant economic and financial uncertainty for Bowleven Group, at the current time, relate to:

- 1) the timing of FID and the receipt of the \$25 million FID payment from LUKOIL and New Age (or Perenco in due course) and
- 2) the level of spending required under the 2023 Etinde work plan and budget ('WPB'), which has been drafted but has yet to be approved.

In the absence of the completion of the transaction between New Age and Perenco, New Age have prepared an Etinde WPB for FY 2023, which has currently not been formally approved by either the JV partners nor SNH. This WPB was prepared on common understanding that it would be supplemented/replaced once Perenco became operator, reflecting the proposed change in project operator and potential for changes to the operational plan. In the meantime, the Etinde partners are approving Etinde expenditure on a quarter by quarter basis.

Notwithstanding the period of time it is taking for New Age's transaction with Perenco to complete, progress towards FID has remained slower than we expected for several years. It remains to be seen what Perenco may propose as an alternative to the current JV partner agreed development scenario. The current proposal continues to have 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 JV partners' direct control.

The Directors have considered a number of different operational scenarios for 2023 onwards 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 2025. As a 2023 WPB for Etinde project spending hasn't to date been approved, with Perenco expected to become operator in the future, we have prepared our own forecast and projections based on various assumptions regarding the steps and actions that Perenco may take and the speed at which they will progress the development plan towards FID. We have assumed FID will occur in late 2024 in our base case 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 prudently adopted a more conservative approach to costs and potentially a more rapid implementation timetable than Perenco may adopt in practice.

In the scenarios modelled, 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 a material uncertainty regarding the going concern status of the Group. The Directors have therefore concluded that it is highly likely that the Group will need to raise additional finance in 2023 in order to continue to fund the Group as the Etinde project progresses towards FID.

The amount of additional finance required will depend on the status of the Etinde development, the expenditure required of Bowleven to fund its share 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, the Bowleven Group 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 licence expiry date has not been raised as a formal concern by SNH, and SNH has approved all annual WPB up to and including the year ending 31 December 2021;
- The JO 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 significantly reduce the practical risk of the Government of Cameroon entering default proceedings.

After taking the preceding funding risks into account, the Directors believe that the Group should be able to secure additional funding. Planning for an injection of new finance is underway. However, it remains at an early stage and no formal arrangements have been put in place and no agreements have been reached at the current time. Therefore there is no certainty that additional financing will be secured, nor as to the terms of any such financing if it is secured.

Even with a successful Bowleven fundraising taking place in 2023, there will continue to be a high financial risk for Bowleven if FID slips to 2025 or if there is a requirement for the Group to contribute to higher investment spending on Etinde than currently expected. In addition, it remains possible that Bowleven will need to seek additional short-term financing to allow the Group's cash expenditure to bridge any gap to attaining FID and the receipt of the \$25 million FID payment (in addition to the proposed fundraising plans discussed above). Additional funding requirements will depend on the circumstances at the time and the time taken to attain FID.

The Directors are conscious that the Company's financial position and 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. Accordingly, the interim 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.

### **3. Subsequent events**

There have been no significant post balance sheet events.

### **4. Other Notes**

- a) The basic earnings per ordinary share is calculated on a loss of \$1,010,000 (H1 2021: loss \$1,220,000) on a weighted average of 327,465,652 (H1 2022: 327,465,652) ordinary shares.
- b) In respect of the 6 months to 31 December 2022 the diluted earnings per share is calculated on a loss of \$1,010,000 on 327,465,652 ordinary shares. The loss attributable to ordinary shareholders and the number of ordinary shares for the purpose of calculating the diluted earnings per share are identical to those used for the basic earnings per share.
- c) No dividend has been declared.

### **5. Electronic Shareholder Communication**

As per the prior year Interim Results, and recognising increased automation in shareholder communications, the Group no longer produces hard copy Interim Reports. The Annual Report is distributed electronically unless shareholders specifically elect to receive a hard copy which can be obtained from the Company on request.

### **6. Interim Report**



This announcement represents the Interim Report and half yearly results of Bowleven plc. The announcement will be available to download from the Company website [www.bowleven.com](http://www.bowleven.com).

## GLOSSARY

<b>AGM</b>	annual general meeting
<b>AIM</b>	the market of that name operated by the London Stock Exchange
<b>Articles of Association</b>	the internal rules by which a company is governed
<b>BBL or bbl</b>	barrel of oil
<b>bcf or bscf</b>	billion standard cubic feet of gas
<b>Board of Directors</b>	the Directors of the Company
<b>boe</b>	barrels of oil equivalent
<b>Bomono Permit/Licence</b>	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 <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
<b>Bowleven or Bowleven plc</b>	Bowleven plc (LSE: BLVN) and/or its subsidiaries as appropriate
<b>CFA</b>	Central African Francs
<b>Companies Act 2006 ('the Act')</b>	the United Kingdom Companies Act 2006 (as amended)
<b>Contingent resources</b>	those quantities of hydrocarbons that are estimated to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable
<b>EA</b>	Exploitation Authorisation
<b>EBT</b>	employee benefit trust
<b>EEA or EEEA</b>	Etinde Exclusive Exploitation Agreement
<b>EG</b>	Equatorial Guinea
<b>E &amp; P</b>	exploration and production
<b>Etinde Permit</b>	the Etinde Exclusive Exploitation Authorisation agreement or 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 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
<b>EurOil</b>	EurOil Limited, an indirectly wholly owned subsidiary of Bowleven plc, incorporated in Cameroon
<b>FEED</b>	Front End Engineering Design
<b>FID</b>	final investment decision
<b>G&amp;A</b>	general and administration
<b>GIIP</b>	gas initially in place
<b>Host Government</b>	Government of Cameroon
<b>Group</b>	the Company and its direct and indirect subsidiaries
<b>HSSE</b>	health, safety, security and environment
<b>IAS</b>	International Accounting Standards
<b>IE, IM</b>	Specific locations or areas where Miocene aged Intra-Isongo reservoirs
<b>IFRS</b>	horizons have been identified as actual or potential oil and gas condensate fields International Financial Reporting Standards

<b>Intra Isongo</b>	nomenclature used to describe a sequence of sedimentary rocks in the Etinde licence area
<b>JO, JV or JV partners</b>	an unincorporated joint operation. Joint Venture partners are the financial investors who jointly own and operate the unincorporated joint operations
<b>km</b>	kilometres
<b>km<sup>2</sup></b>	square kilometres
<b>LNG</b>	liquefied natural gas
<b>LPG</b>	liquefied petroleum gas
<b>LUKOIL</b>	LUKOIL Overseas West Project Limited, a subsidiary undertaking of OAO LUKOIL
<b>mmbbls</b>	million barrels
<b>mmboe</b>	million barrels of oil equivalent
<b>MMBtu</b>	Metric Million British Thermal Unit
<b>mmscf</b>	million standard cubic feet of gas
<b>mscf</b>	thousand standard cubic feet of gas
<b>New Age</b>	New Age (African Global Energy) Limited, a privately held oil and gas company
<b>New Age Group</b>	New Age and its subsidiaries
<b>NOMAD</b>	nominated advisor
<b>Operator</b>	New Age Group
<b>ordinary shares</b>	ordinary shares of 10 pence each in the capital of the Company
<b>P10 (3C)</b>	10% probability that volumes will be equal to or greater than stated volumes
<b>P50 (2C)</b>	50% probability that volumes will be equal to or greater than stated volumes
<b>P90 (1C)</b>	90% probability that volumes will be equal to or greater than stated volumes
<b>PSC</b>	production sharing contract
<b>Q1, Q2 etc.</b>	first quarter, second quarter etc.
<b>scf</b>	standard cubic feet.
<b>shareholders</b>	means holders of ordinary shares and ‘shareholder’ means any one of them
<b>SNH</b>	Société Nationale des Hydrocarbures, the national oil and gas company of Cameroon
<b>tcf</b>	trillion cubic feet
<b>US</b>	United States of America
<b>\$, US Dollars, USD</b>	United States of America Dollars
<b>£, GB Pounds, GBP</b>	Great Britain Pounds Sterling