

# Bowleven



Annual General Meeting

9th December 2020

7.3697° N, 12.3547° E

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# Agenda

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- 1. Strategic Review**
2. The Etinde Asset
3. Financial Performance FY2020
4. Seismic Reprocessing Project
5. Etinde Roadmap towards Commercialisation
6. Capital Structure
7. Corporate Overview
8. Q & A

# Development planning through to FID in 2021



## Clear set of strategic priorities:

- To Secure FID during 2021.
- Alignment on development plans with JV partners and Government of Cameroon.
- Ensure that cash resources are wisely invested to cover Bowleven's G&A costs and share of Operator Work Programme/Budget.
- Assess development funding.

### H1 FY2020

- Completion of Concept Select Report
- Extensive pre-FEED studies undertaken
- Alignment of geological data
- Scrutinising options for hydrocarbon extraction sequencing
- Finalisation of Concept Select report

### H2 FY2020

- LOI signed for supply of gas from Etinde
- Lead FEED contract awarded to Technip
- FEED commencement; project on time and within budget
- Bowleven's share of FEED project approx. \$3.25m
- Cofarco appointed to support financing process

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## Etinde remains highly attractive

### Today

Bowleven and JV partners have an opportunity to deliver value and growth via the commercialisation of Etinde:

- Cash and financial investments of approx. \$11 million (circa £8 million).
- Market valuing Etinde stake at \$7m (c.£5m), less than the payment due upon FID and significantly below \$150m valuation of BLVN's interest in asset.
- Minimise cash burn to support G&A.

**Clear path to commercialisation**

### The commercial proposition of developing Etinde remains highly attractive

**Independent Competent Persons report issued by Degoyler & McNaughton in late November 2019 confirms 2C contingent resource base of 244 million boe based on around 1 tcf of wet gas in place**

**Design of project FEED completed and implemented with focus on monetising the value of the Condensate and Light Oil resources at Etinde**

**Challenges around Associated Gas manageable in the coming year, utilising strong in-country relationships**

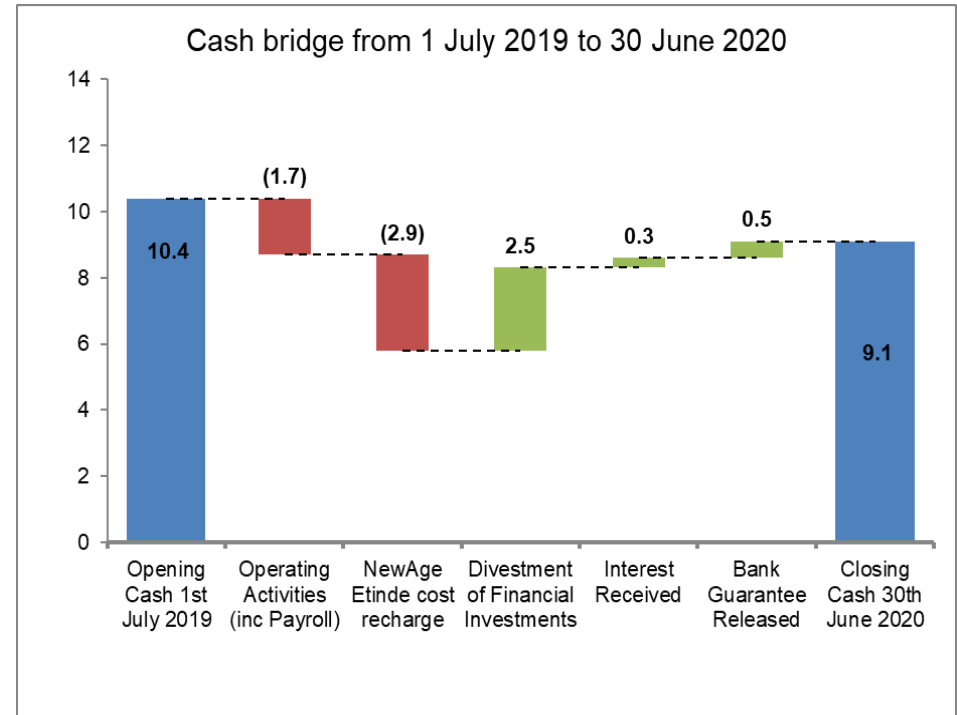
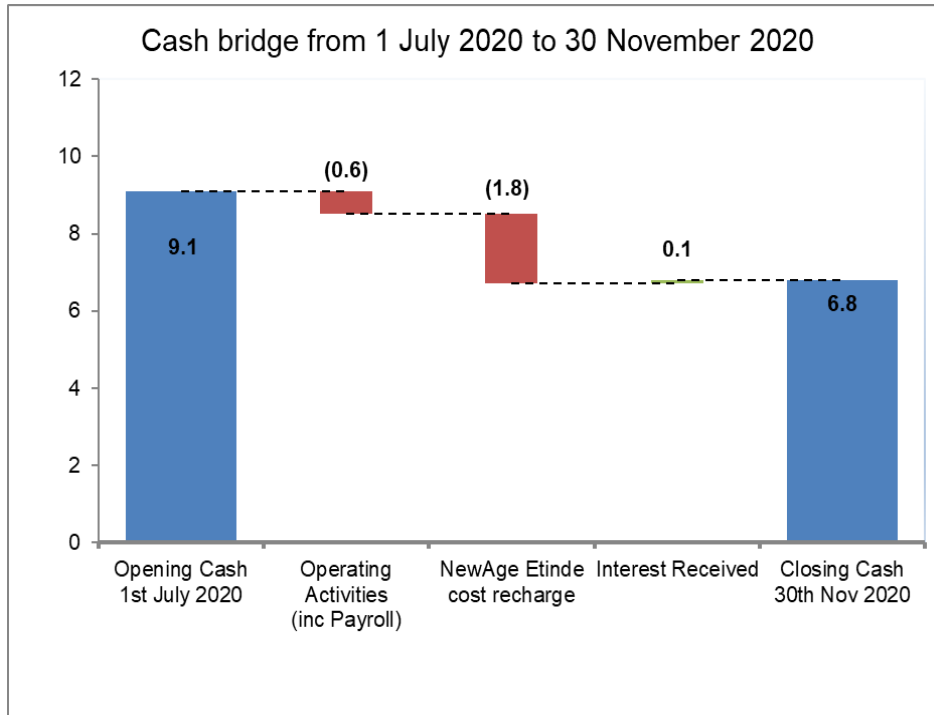
**A JV development field supported by a 2021 FID and a well proven resource base**

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# Financial Performance – Cash bridge from 1 July 2019 to 30 November 2020



## Outlook for FY2021 cash expenditure

- Bowleven's base line operating costs in H1 FY2021 have remained at a similar level to the comparable period in FY2020.
- Etinde G&A costs likely to increase in 2021 as we move towards FID and post-FID.
- \$25 million FID receipt expected in late 2021 depending on FID timing.

## Financial Performance – FY2020 vs FY2019

### Key Financial Performance metrics

	Year ending 30 June 2020	Year ending 30 June 2019 (restated)	Variance	
	\$000	\$000	\$000	
<b>Profit &amp; loss</b>				
Operating loss	-3,260	-67,019	63,759	Bowleven controlled G&A expenditure has reduced by c.\$0.44m pa.
Including:				
Bowleven G&A costs	-1,897	-2,338	441	Our share of G&A cost decreased by c.\$1.3 million; it will increase in 2021 as Etinde activity ramps up.
Etinde project G&A costs (Bowleven share)	-1,363	-2,674	1,311	
Intangible asset impairment	0	-62,007	62,007	Etinde intangible cost increased by \$2.1m due to the spend on FEED and pre-FEED related activities.
Financial income	345	1,496	-1,151	
<b>Cash flow metrics</b>				
Operating cash flow before working capital	-3,108	-3,532	424	\$11.1 m – cash (\$9.1m) & financial investment (\$2m) is sufficient to cover operating costs at current level until FID.
Dividend paid	0	-63,142	63,142	
<b>Balance sheet metrics</b>				
Intangible exploration assets	152,104	150,000	2,104	\$2.1 million Financial investment redeemed during the year.
Financial Investments	2,010	4,134	-2,124	
Cash	9,102	10,982	-1,880	

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# Seismic reprocessing has the potential to improve the project economics

## Rationale

### Target hypothesis

- The seismic reprocessing project aims to improve fine scale resolution of the IM and prospective IE area, with a view to including it in the Development concept.
- The JV partners chose to reprocess the entire seismic data cube set based on the limited price differential with processing a smaller area.
- The reprocessing work is virtually complete with the final data analysis being completed.

## Immediate priority

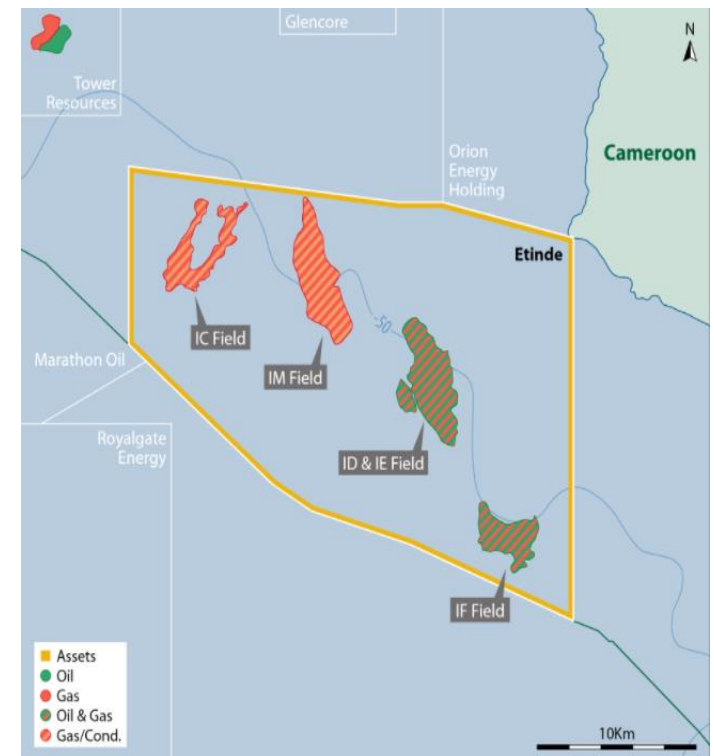
### Day 1 Playbook for the commercial team

- Refreshing the geological analysis of the three IM reservoirs to reduce structural or data ambiguity and further de-risk the subsurface development plan; and
- Improve the structural analysis of the IE area and relook at well correlation with the aim of reducing geological risk sufficiently for the IE area to be included in the development plan.

## Data analysis

### Outlook

- Reassess old discoveries such as the IC and ID areas as possible future step-out development locations.
- Assess existing and newly identified prospects and leads.





## Other G&G projects: These will not directly impact our FID proposed timeline

### Thin bed project

This project seeks to use the well data to provide a better analysis of gross and net pay, especially relating to the presence of thinly bedded reservoir horizons within wells. The initial phase to be completed by late 2020.

### Seismic property study

Improved analysis tools and higher resolution data means we can identify further hydrocarbon bearing prospects with higher confidence.

### Structural reconstruction project

We aim to reconstruct the Etinde licence area reservoir geology to enable data to be re-processed and re-interpreted.

This model would show the relative depositional structure of the various Channels improving understanding of reservoir location to enhance future appraisal activities.

***“crucial prerequisite to predict the economic potential of a hydrocarbon reservoir and to examine different production scenarios”***

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# Commercialisation options under consideration

## JV current development options

Workstream  
1

Workstream  
2

Workstream  
3

1. Gas reinjection and recycling to manage fluctuations in domestic demand, maximise Condensate recovery.
2. Initial low level Domestic gas supply for gas power. This will require maintenance of gas reserves to supply at a fixed rate for an extended (20 year) period.
3. Export gas sales to maximise initial production of condensate to ensure sufficient financial return for shareholders and finance suppliers.

### Ongoing due diligence effort

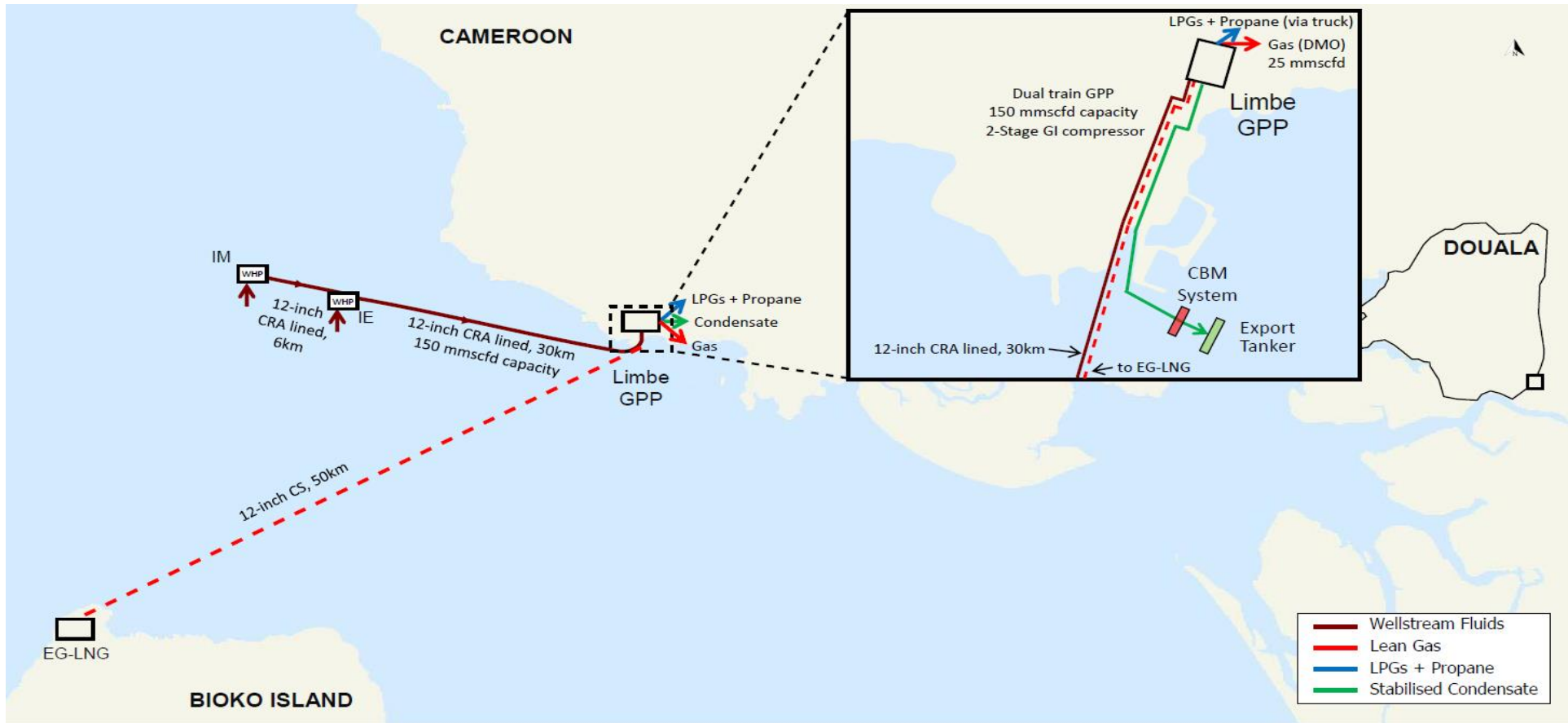
- Validate operational ability to supply multiple sales solutions. Multiple sales options increases the initial infrastructure development costs.
- Check for higher capital costs increases the need for higher production levels to generate sufficient economic return for the JV partners.
- Recommend solutions.

***The JV is committed to the project and remains at the disposal of the State for an expedited engagement on all commercial matters to achieve a timely sanction***



## Roadmap to development

This schematic represents a combined gas export and domestic supply orientated development



- FEED studies are drawing to an end – next step is to optimise facilities infrastructure around an appropriate field development plan.
- This must meet the Government's preference whilst delivering a robust economic return to meet our commercial and financing requirements.

## A facilities design concept has been well advanced

One FEED design concept: A single gas to liquids train based facility supporting gas reinjection and recycling. No gas export capability. Domestic gas supply infrastructure not shown in detail.



# Cameroon's domestic gas market remains underdeveloped but increasingly attractive

Domestic projects require a long period of steady production. The Government has two "approved" projects:

## Bekoko junction (Douala)

Aksa Energy has proposed a c150 MW gas powered generator development. VOG has a back to back MOU to supply gas to the project and an LOI to buy gas from Etinde. VOG is responsible for delivery of the gas to Bekoko

### Victoria Oil & Gas PLC

Term Sheet signed with Aksa Energy

[RNS 9459G](#)  
29 July 2019

## Limbe gas-fired power

From May to August 2020, the Government held an EOI for a gas-powered generator. Any development would be operated and financed by the Project Operator under a contract with the Government.

With a production capacity of 350 MW, the Limbe gas-fired power station is expected to improve the supply of electricity in the Littoral, West, and South-West regions, the Govt indicates.

**Cameroon** seeks new partner for the construction of 350MW Limbe thermal plant

[Energy](#)  
10 May 2020

**These projects have not been sanctioned, nor have investment decisions been made or financing issues considered**

### Key Uncertainties

- Domestic supply is hampered by the need to sanction and fund new gas fired electricity generation schemes.
- Electricity transmission infrastructure improvements required.
- Concerns regarding surety of funds from electricity sales.

# Export gas sales offers potential which yet hasn't been fully developed

## Possibilities

- Export gas solutions are less subject to demand fluctuations and sales issues
- Export of gas could in due course deliver maximum condensate production
- The development of IE and probably other future appraisal successes
- Export infrastructure is relatively inexpensive



## Issues

- Government of Cameroon permission to export gas
- Commercial considerations for increasing domestic supply
- Gas exports may be curtailed by minimum supply requirements
- Domestic gas and gas reinjection infrastructure development cost considerations

- The JV partners are actively focused on resolving the gas export versus domestic gas conundrum.
- High level discussions continue with key stakeholders and counterparties.

## Etinde Exploitation Authorisation – risk for early licence termination?

The JV partners consider Licence withdrawal to be a low risk in the immediate future

The risk to the JV of losing the Licence from January 2021 is very low, with negotiations currently underway to extend the duration of the Licence period.

SNH have recommended that the **JV partners submit a formal request** for a new EEA at the next OCM meeting in January 2021.

SNH, on behalf of the Government, has approved all annual work plans and budgets submitted up to 31 December 2020. We are currently submitting the 2021 work plan and budget.

We have **drafted a revised Participation Agreement**. This legal agreement is required for SNH to become a participating member of the consortium.

A revised field development plan must be submitted to and approved by SNH to authorise the new, revised Etinde development concept. This will need to be approved prior to FID and Finance raise and requires an amendment to the EEA. The existing EEA approved in 2013/4 was based around a SNH sponsored Cameroon fertiliser production facility at Limbe.

The JV's relationship with the host government is collaborative. During the FEED effort we have where possible also accommodated certain requests of the host government to study a number of their considerations for the Etinde development.

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## Capital structure and share price



### Key shareholders as at 3rd December 2020

% held of  
ISC  
(rounded)

Crown Ocean Capital	29.96
HSBC James Capel as principal	9.07
OVMK Vermogensbeheer	5.27

### Capital Structure

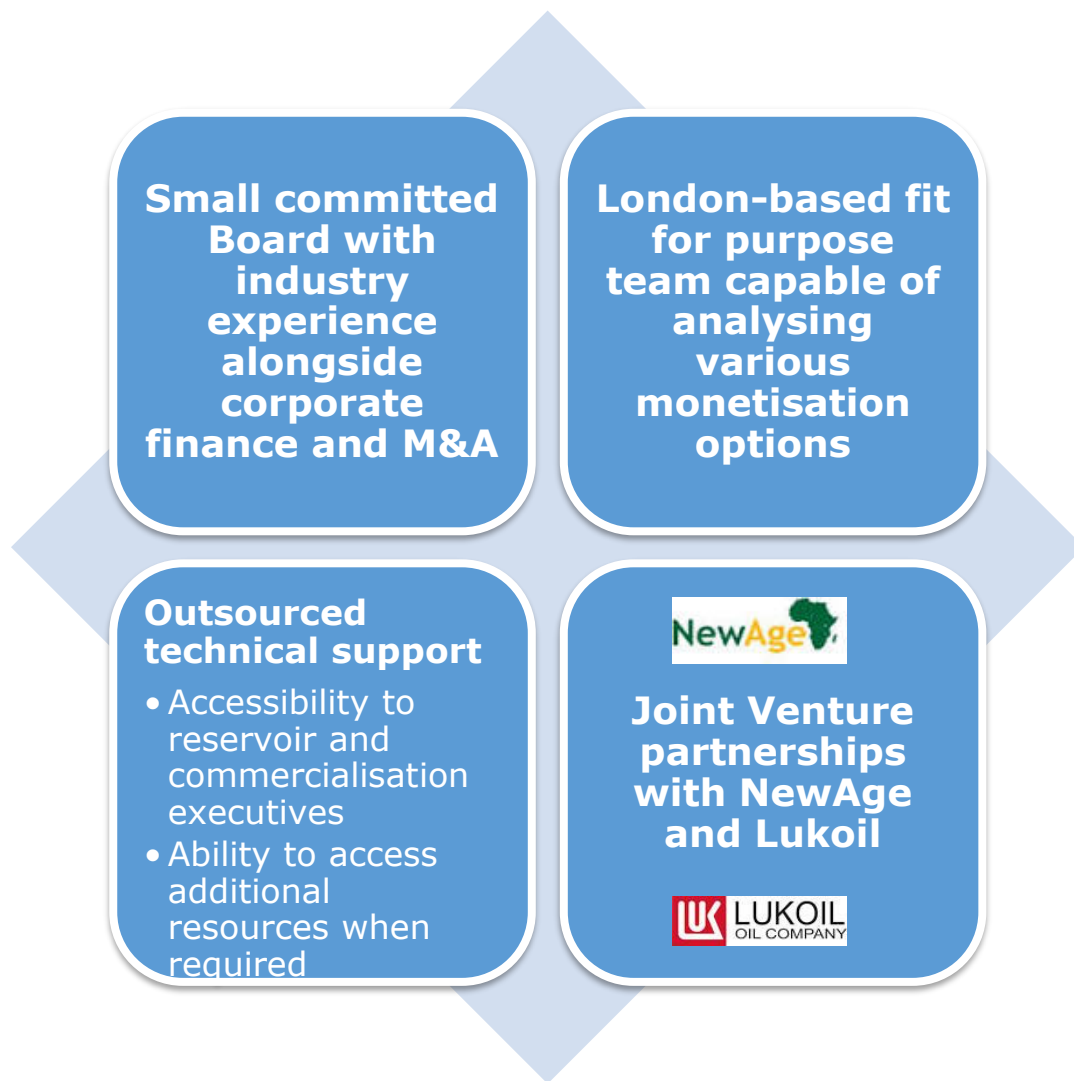
Listing	<b>AIM</b>
Share Price	<b>4.62</b>
Market Capitalisation	<b>£15.64 million</b>
Issued Share Capital	<b>335,272,933</b>
Director Holdings	<b>1,141,579</b>
• Data as at close on 3 December 2020	

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## Small and focused Board and management team



**Matt McDonald**

Chairman

**Jack Arnoff**

Non-Executive Director

**Eli Chahin**

Chief Executive Officer

**Thompson Molonge**

Cameroon Country Manager

**Nick Brough**

Group Financial Controller

**Anne-Marie Tenace**

IR Representative

## Focused on the Etinde FID and development

**Successfully proved and probable major gas asset with c.1 tcf of wet gas in place and 244 million boe of 2C contingent resource (P50) recoverable**

**Positive Outlook**

**Working with our partners to ensure an economically robust development that delivers value to all stakeholders**

**Etinde asset undervalued by the market**

**Strong corporate position**

- FEED virtually completed with most component elements having reported
- Commercial and Development options being actively assessed
- Both Facilities required and cost of development well understood
- Targeting Etinde development FID before year end 2021
- Robust balance sheet with good cash position and no debt
- Strict capital discipline and focus on minimising G&A expenditure

# Environmental, Social & Governance Responsibilities

## E

Upholding environmental consideration at the forefront of our drilling activities.

Prioritising the stabilisation of a non-polluting site.

Adhering to the Environmental and Social Health Impact Assessment certification.

Controlling potential impact through monitoring regimes and statutory reporting.

Ensuring local fishing communities will not be affected by the development of the Etinde project.

Controlling waste and oil-based mud materials disposal.

## S

Ensuring high standards of Health and Safety.

Placing employee welfare above all other business factors during COVID-19 period.

Supporting equal opportunity and human rights.

Contributing to social investment of the Cameroon community.

Encouraging and promoting investments in the local community.

Consulting and responding to the concerns of communities.

Potentially reducing the country's reliance on expensive LNG imports and heavy oil consumption.

## G

Operating to the highest ethical standards and supporting Board members in achieving them.

Ensuring alignment with the JV Operator's policies.

Remaining accountable to our stakeholders.

Mitigating risks and potential threats to the business.

Complying with all host country regulations, Good International Industry Practice and IFC Performance Standards.

Adhering to our Anti-Corruption & Bribery policy and other policies and procedures the Company has in place.

# Environmental, Social & Governance Responsibilities

We believe that in the interim there is an opportunity to satisfy ESG-minded investors to press for an ESG agenda in the country which requires an immediate catalysts for economic and social development.

ESG integration is viewed as a part of Bowleven fiduciary duty that will become increasingly important for the Company to adopt and disclose to its capital providers.

Our current project debt funding efforts have highlighted the importance of ESG with financing for such projects being increasingly directed by funds with this mindset.

As the regulations get fine tuned so will the need to assist emerging economies meet their development priorities in the post Covid world.



**PS1: Assessment and Management of E&S Risks and Impacts**



**PS2: Labor and Working Conditions**



**PS3: Resource Efficiency and Pollution Prevention**



**PS4: Community Health, Safety and Security**



**PS5: Land Acquisition and Involuntary Resettlement**



**PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources**



**PS7: Indigenous Peoples**



**PS8: Cultural Heritage**

**EHS Guidelines**

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# Q&A

7.3697° N, 12.3547° E

The background features a complex technical diagram. It consists of several concentric circles and radial lines, creating a grid-like structure. A central crosshair is visible, and there are various geometric shapes and lines scattered throughout the diagram, suggesting a technical or scientific context. The overall color scheme is blue and orange.

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