29 November 2019

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

<u>Preliminary Results Announcement</u>

Bowleven, the Africa focused oil and gas exploration group traded on AIM, today announces its preliminary results for the year ended 30 June 2019.

HIGHLIGHTS

Operational

Etinde, offshore Cameroon

- Ongoing operator evaluation of development options, with particular focus on the facilities necessary to undertake all aspects of the development.
- Extensive pre-Front End Engineering and Design (FEED) studies performed by several external engineering consultancies and equipment providers.
- Investment in completing the analysis of the data and samples collected for the two 2018 appraisal wells, which was followed up by a large scale exercise to remap and reassess each of the fields currently discovered in the Etinde licence area. Particular focus has been placed on re-evaluating the IE field, which has resulted in a much clearer understanding of the importance of existing discoveries and the prospectivity of the nearby undrilled prospects.
- The JV partners have undertaken an independent Competent Persons report on the contingent resources of the Etinde licence area. The final report shows that the overall 'in place' contingent resources of the Etinde licence area are largely unchanged from Bowleven's 2015 assessment. Recovery rates have been reassessed in light of current development options reducing the overall 2C contingent resources available for production to 244 million boe from 290 million boe on a 100 % basis.

Bomono, onshore Cameroon

- The licence terminated in December 2018. However, the Company currently await the Government's formal notification of the licence removal.

Financial

- The financial valuation of the Etinde asset has been assessed during the latter part of the year based on development plans proposed by the Operator and the revised assessment of the project's contingent resources.
- We have paid close attention to the risks and uncertainties associated with the pre-financial investment decision (FID) status of the project.

- The valuation has been determined to be within a range, with a mid-point of $150 million, resulting in an impairment provision of $62 million against the Group's carrying value of Etinde.

Corporate

- Decision to make payment to shareholders equivalent of 15 pence per ordinary share.
- Group cash balance at 30 June 2019 of $11 million with no debt. No outstanding work programme commitments.
- Investment of $4 million in publicly traded limited partnership interests and debt.
- Under the Etinde transaction, access to $25 million at FID.
- Ongoing control over general and administration (G&A) cost.

Outlook

Key objectives are to deliver on our revised strategy in FY2020 which includes:

- Working with our partners on Etinde development options with the aim of Etinde project FID in FY2020, having due consideration of the risk of the Etinde licence potentially expiring in January 2021.
- Disciplined capital management to secure progress towards FID and thereafter explore funding options regarding development capex.

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

"Our focus in 2020 will be to work with all of our stakeholders to ensure FID is underpinned by a compelling development plan, which is suitably robust to secure future capex funding during the financial year. This combined with a disciplined approach to capital, management will ensure that we are able to deliver maximum value for our shareholders."

ENQUIRIES

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This announcement may include statements that are, or may be deemed to be "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", *"projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They include statements regarding the Company's intentions, beliefs or current expectations concerning, amongst other things, the results of operations, financial conditions, liquidity, prospects, growth and strategies of the Company and its direct and indirect subsidiaries (the "Group") and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial conditions and liquidity, and the development of the industry in which the Group operates, may differ materially from those suggested by the forward-looking statements contained in the announcement. In addition, even if the Group's results of operations, financial conditions and liquidity, and the development of the industry in which the Group operates, are consistent with the forward-looking statements contained in the announcement, those results or developments may not be indicative of results or developments in subsequent periods. In light of those risks, uncertainties and assumptions, the events described in the forward-looking statements in the announcement may not occur. Other than in accordance with the Company's obligations under the AIM Rules for Companies and the Market Abuse Regulations, the Company undertakes no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. All written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the announcement.*

Notes to Editors:

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

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

Notes to Announcement:

1. The technical information in this release has been reviewed by Dr Michael Clancy, who is a qualified person for the purposes of the AIM Guidance Note for Mining, Oil and Gas Companies. Dr Michael Clancy, Reserves Engineering consultant for Bowleven plc, is a Petroleum Engineer with more than 30 years oil and gas industry experience and is a member of the Society of Petroleum Engineers.
2. The information in this release reflects the views and opinions of Bowleven and has not been reviewed in advance by its joint venture partners.
3. Certain capitalised terms used in this announcement are defined in the Glossary at the end of the announcement.

CHAIRMAN'S REVIEW

Progressing Etinde to FID

Dear Shareholders,

The past 12 months have seen Bowleven continue to work towards maturing our Etinde asset, derisking the business and returning surplus cash to shareholders.

Capital discipline and cost management remain key principles of stewardship for our shareholders. We appreciate your continued support as we strive to reach consensus on a development plan that rewards shareholder patience on what has been corroborated now as an asset of significant potential.

We continue to work towards developing our asset and maximising its revenue generating potential in the coming two to three years. The Company has a good cash position and no debt. This should enable us to get through to FID, which would then provide the Company with a $25 million payment from our JV partners. In the meantime, the Company continues to prudently manage its cost base.

Although a non-operator of Etinde, Bowleven enlists individuals and institutions to ensure we properly understand the commercial and technical risks associated with the Etinde development plans. As Etinde reaches technical maturity, we continue to measure its development against the key principles of capital discipline and delivering results.

An example of this key philosophy was the return of cash to shareholders undertaken in February 2019. We formed the view that given the increasingly low interest rate environment, the volatile capital markets and the time required to FID, we should return cash to shareholders. When the economics of the Etinde financing are clearly defined, any request for funding - be it from shareholders or lenders - will have to be demonstrated by a suitable business plan at that juncture.

The executive management team have also arrived at what appears to be a reasonable valuation methodology for Etinde given the circumstances surrounding the FID decision and the subsequent development.

Following the evaluation of a low-cost exploitation application for Bomono, management opted not to renew the expired licence.

The current Board constitution is likely to continue into 2020. Our management team provides effective decision-making, controls costs and is appropriate for the work programme of a non-operating partner in Etinde.

We enter 2020 determined to obtain FID and its attendant financial payment of $25 million. This would bring Etinde and our Company into its long-awaited next stage whilst also delivering considerable value to all of our stakeholders.

Matt McDonald
Chairman
28 November 2019

CHIEF EXECUTIVE'S REVIEW

Unlocking Material Value

Bowleven has continued to deliver on its clearly articulated strategy by maturing its Etinde asset towards FID, immediate alignment to shareholders interests and rigorous capital/cost discipline to ensure the successful exploitation of a long-term asset.

Dear Shareholders,

During 2019 we have moved closer to our goal of monetising the Etinde asset, despite an economic environment that has presented considerable challenges to many industries, and in particular the energy sector. Hydrocarbon prices continue to be volatile as concerns over slower global economic growth heighten, impacted by lack of progress in the US-China trade discussions and an increasingly unpredictable geopolitical backdrop. Whilst the world's two largest economies continue to make conciliatory gestures at the time of writing, the subdued demand outlook prompts suggestions that the oil markets could end up in surplus in the near term despite the efforts of OPEC to limit supply.

Global equity markets have responded accordingly with central banks adopting a continued effort to ease interest rates. Oil and gas demand growth remains fragile and the risks associated with low real wage growth and weak inflation has had an impact on sector investment. Whilst the industry context has remained challenging, we take comfort from the fact that Bowleven's monetisation of Etinde is anticipated at a time when the cyclical rebound appears likely.

In the meantime, our response is to continue to focus on the prudent management of our balance sheet and acceleration of the path towards securing FID, alongside obtaining the necessary funding to ensure this project is successfully executed.

Roadmap to FID

During 2019 we have undertaken the reassessment of the development concept for Etinde post the appraisal drilling programme. Extensive work has been undertaken, and indeed remains ongoing, as the JV partners continue to hold collaborative workshops around the key commercialisation issues.

The 2018 Etinde drilling campaign has reconfirmed the significant accumulations of hydrocarbons. The operator, NewAge, is currently calibrating the results in the model, enabling the JV partners to fine tune our common understanding of the field in order to achieve consensus on the best-fit development plan. We have gone into significant detail to give shareholders a sense of the ongoing deliberations to date as well as to rebalance the lack of information flow during the year. The Operating Review in this Annual Report gives a sense of the current roadmap as we approach FID in 2020.

The culmination of this effort will be the tabling of a revised development plan with our host government, which may also form the basis of a new Participation Agreement that could enable Société Nationale des Hydrocarbures (SNH) to share in the benefits of this critical investment for the country. This will of course also be the catalyst to the commissioning of the FEED studies which underpin the infrastructure investment, capex spend requirements and the development timetable to first production.

Currently all parties are focused on securing and structuring the commercial agreements with various counterparties which are a critical element to the financing solution. Substantive progress has already been made in this regard. This task can only be progressed upon reaching closure on the sub-surface development plan, the infrastructure and facilities requirements, as well as the relevant regulatory approvals. From Q4 2018, we have been working with our partners to align the geological diagnostic assessment of the field which has taken longer than initially planned, in part due to the complexity of the field. Prudent spending during this effort is something Bowleven is also keen to preserve and this invariably leads to a more measured process. It is therefore expected that the earlier Q1 2020 FID date will move to Q3 2020.

Valuation of the Etinde asset

Following the completion of the 2018 appraisal drilling programme, the JV partners have spent considerable time and effort reassessing both the amount of hydrocarbon available for development and the nature of the development itself. Whilst discussions around the field development plan remain ongoing, the development parameters have been significantly narrowed.

Given the change in both the hydrocarbon resource make-up and development plan, we have undertaken a fresh valuation of the Etinde asset based on what we consider to be the most likely economically viable development scenario(s) in view of the revised development scenarios currently being assessed by the Operator in consultation with the JV partners.

Until the JV partners and the Government of Cameroon issue FID and gain the necessary approvals, any valuation of Etinde will include many uncertainties and risks, as will any financial model that is prepared at this stage of the process. We have used two separate valuation methodologies to address the valuation risk arising as a result of these uncertainties. The first was to prepare a discounted cash flow model based on conservative assumptions. The second approach was to use a benchmarking analysis for Bowleven’s share or 2C contingent resources using a $ per boe derived from market data for comparable assets.

The DCF model used conservative initial assumptions, especially in respect to the level of contingent resources available for the development and hydrocarbon pricing, and applied a risk weighted discount rate to determine the financial impact of the risks we have identified.

The technical and commercial solution for the high volume of gas produced to access the high value condensate and LPG liquids remains the most significant commercial uncertainty. This is also impacted by the extent and timing of the availability of any actual domestic Cameroon gas demand, combined with the extent that the Government may enforce a domestic commitment. These factors are likely to directly impact the nature of the facilities and infrastructure needed to develop the field. However, they also have a large indirect impact on maximum production levels and hence the economic value of the recoverable resources.

The two other structural uncertainties relate to:

- Any impact which could arise should the time taken for the JV partners to agree to FID and the subsequent time taken for the Government to formally approve the revised field development plan results in the current licence end date of January 2021 being exceeded. Although we consider that the risk of the JV partners and Governmental authorities not being able to reach a negotiated agreement to be low, it remains a source of significant uncertainty; and
- The ability of Bowleven and the other JV partners to raise the necessary amounts of finance from shareholders and other sources to enable the development to proceed. We view this to be a low risk given the high quality of the asset, but until the matter is actually addressed it remains a source of uncertainty.

Based on our assessment of the revised valuation, we have concluded that Bowleven's share of the Etinde project has a value of $150 million. This gives rise to the need for an impairment provision of $62 million against the carrying value of the Intangible Exploration asset, which has been reflected in these preliminary financial statements (see Note 1 to the financial statements).

Special Dividend Payment

On 8 February 2019, the Company made a special dividend payment to shareholders of approximately £49 million, the equivalent of 15 pence per ordinary share. The payment was made in the context of the increasing challenges of securing adequate returns in the capital markets, alongside the lowering of interest rates. The Board believed that the capital was better placed with our shareholders until such time when the need for further capital investment decisions are required.

As Bowleven continues to fund its obligation to get to FID, the resulting payment to the Company of $25 million by our JV partners will provide a suitable cash buffer until additional funding for our portion of the project development cost is secured.

Bomono

Following a failed effort to secure the request for an EA for a small scale gas to power generation project with the discovered resources, the Bomono licence expired on 18 December 2018. Discussions with the regulator SNH, continue towards a Bomono PSC closeout meeting and a formal revocation of the licence.

Etinde

The Etinde Block is an established asset with a development plan being formulated that has various monetisation options that are currently being rigorously screened to ensure the optimum return for all our stakeholders. Whilst essentially a liquids play, we are excited by the hydrocarbon potential to make a difference to both West Africa and towards a decarbonised environment. The gas production potential can be meaningful in terms of facilitating energy transition for local Cameroonians in a way that existing sources haven't been able to.

Its geographic proximity between the port of Limbe (20 km) and the proposed gas mega hub in Bioko Island is ideally suited to ensure multiple options exist for securing a demand for the production. Its shallow water setting and the accommodating government response to innovative gas production solutions *vis-a-vis* the recent Golar Hili floating liquefied natural gas (FLNG) success bode well for continuing conversations to ensure the benefit of this asset are widely deployed.

In summary, in the same way we have navigated the transformation of the business into one which is better aligned with shareholder interest, I believe we have the right approach and methodology to oversee the development of a major shallow water project that delivers attractive financial return. The success will be underpinned by a shared prosperity with local and international stakeholders with whom we have a strong relationship. I am confident we have an exceptional team in place to meet the upcoming challenge in 2020 that will finally see us restoring shareholder value through our Etinde investment, while we continue to follow embedded performance and cost management culture.

Eli Chahin
Chief Executive Officer
28 November 2019

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	2019 $000	2018 $000
Revenue	-	-
Administrative expenses	(5,018)	(6,294)
Impairment charge	(62,007)	-
Operating loss before financing costs	(67,025)	(6,294)
Finance and other (expense)/income	458	(748)
Loss from continuing operations before taxation	(66,567)	(7,042)
Taxation	-	-
Loss for the year	**(66,567)**	**(7,042)**
Basic and diluted loss per share ($/share)	(0.20)	(0.02)

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

Group

	2019 $000	2018 $000
Loss for the year	(66,567)	(7,042)
Other Comprehensive Income:		
Items that will be reclassified to profit and loss:		
Currency translation differences	-	1,986
Total comprehensive loss for the year	**(66,567)**	**(5,056)**

Company

	2019 $000	2018 $000
Loss for the year	(77,930)	(3,821)
Other Comprehensive Income:		
Items that will be reclassified to profit and loss:		
Currency translation differences	-	6,937
Total comprehensive (loss)/gain for the year	**(77,930)**	**3,116**

GROUP BALANCE SHEET

30 JUNE 2019

	2019 $000	2018 $000
Non-current assets		
Intangible exploration assets	150,000	199,712
Property, plant and equipment	23	39
	150,023	**199,751**
Current assets		
Financial investments	4,134	19,073
Inventory	1,545	746
Trade and other receivables	1,890	2,903
Deferred consideration	-	12,984
Bank deposits	500	500
Cash and cash equivalents	10,482	62,734
	18,551	98,940
Total assets	**168,574**	**298,691**
Current liabilities		
Trade and other payables	(451)	(1,066)
Total liabilities	**(451)**	**(1,066)**
Net assets	**168,123**	**297,625**
Equity		
Called-up share capital	56,517	56,517
Share premium	1,599	1,599
Foreign exchange reserve	(69,857)	(69,857)
Other reserves	2,354	1,076
Retained earnings	177,510	308,290
Total equity	**168,123**	**297,625**

COMPANY BALANCE SHEET

30 JUNE 2019

	2019 $000	2018 $000
Non-current assets		
Property, plant and equipment	22	36
Investments in Group undertakings	145,099	221,758
	145,121	221,794
Current assets		
Financial investments	4,134	19,073
Trade and other receivables	5,109	3,216
Bank deposits	500	500
Cash and cash equivalents	10,476	62,700
	20,219	85,489
Total assets	165,340	**307,283**
Current Liabilities		
Trade and other payables	(187)	(539)
Total Liabilities	**(187)**	**(539)**
Net assets	**165,153**	**306,744**
Equity		
Called-up share capital	56,517	56,517
Share premium	1,599	1,599
Foreign exchange reserve	(147,715)	(147,715)
Other reserves	(2,883)	(2,446)
Retained earnings	257,635	398,789
Total equity	**165,153**	**306,744**

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 $77,930,000 (2018: loss of $3,821,000).

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	2019 $000	2018 $000
Cash flows from operating activities		
Loss before tax	**(66,567)**	**(7,042)**
Adjustments to reconcile Group loss before tax to net cash used in operating activities:		
Depreciation of property, plant and equipment	38	88
Impairment charge	62,007	-
Non-cash operating costs	1,080	-
Inventory impairment	150	1,607
Finance (income)/expense	(458)	748
Equity-settled share based payment transactions	151	167
Loss on sale of property, plant and equipment	24	17
Adjusted loss before tax prior to changes in working capital	**(3,575)**	**(4,415)**
Decrease/(Increase) in trade and other receivables	207	(629)
(Decrease) in trade and other payables	(380)	(445)
Exchange differences	-	(418)
Net cash used in operating activities	**(3,748)**	**(5,907)**
Cash flows (used in)/from investing activities		
Purchases of property, plant and equipment	(22)	(6)
Purchases of intangible exploration assets	(1,380)	(319)
Purchases of financial investments	-	(19,075)
Receipts from sale of financial investments	14,043	-
Receipts from sale of property, plant and equipment	12	91
Dividends received	388	194
Interest received	1,597	1,262
Net cash (used in)/from investing activities	**14,638**	**(17,853)**
Cash flows from/(used in) financing activities		
Proceeds from issue of share capital	-	1,069
Special dividend paid	(63,142)	-
Net cash Flows from/(used in) financing activities	**(63,142)**	**1,069**
Net decrease in cash and cash equivalents	**(52,252)**	**(22,691)**
Cash and cash equivalents at the beginning of the year	62,734	85,307
Effect of exchange rates on cash and cash equivalents	-	118
Net decrease in cash and cash equivalents	(52,252)	(22,691)
Cash and cash equivalents at the year end	**10,482**	**62,734**

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	2019 $000	2018 $000
Cash Flows from Operating Activities		
Loss before tax	**(77,930)**	**(3,821)**
Adjustments to reconcile Company loss before tax to net cash used in operating activities:		
Depreciation of property, plant and equipment	36	86
Impairment of investment	76,659	-
Finance (income)/expense	(397)	417
Equity-settled share based payment transactions	151	167
Loss on disposal of fixed assets	-	61
Adjusted loss before tax prior to changes in working capital	**(1,481)**	**(3,090)**
(Increase) in trade and other receivables	(3,255)	(1,832)
Decrease in trade and other payables	(352)	(459)
Exchange differences	-	(418)
Net (Cash used) in operating activities	**(5,088)**	**(5,799)**
Cash flows (used in)/from investing activities		
Purchases of financial investments	-	(19,075)
Proceeds from sale of financial investments	14,043	-
Purchases of property, plant and equipment	(22)	(5)
Dividends received from financial investments	388	194
Interest received	1,597	1,262
Net Cash from/(used in) investing activities	**16,006**	**(17,624)**
Cash flows (used in)/from financing activities		
Proceeds from issue of share capital	-	1,069
Special dividend paid	(63,142)	-
Net cash flows (used in)/from financing activities	**(63,142)**	**1,069**
Net decrease in cash and cash equivalents	**(52,224)**	**(22,354)**
Cash and cash equivalents at the beginning of the year	62,700	84,936
Effect of exchange rates on cash and cash equivalents	-	118
Net decrease in cash and cash equivalents	(52,224)	(22,354)
Cash and cash equivalents at the year end	**10,476**	**62,700**

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Called-up share capital $000	Share Premium $000	Foreign exchange reserve $000	Other reserves $000	Retained earnings $000	Total equity $000
At 1 July 2017	**56,186**	**861**	**(71,843)**	**4,730**	**311,511**	**301,445**
Loss for the year	-	-	-	-	(7,042)	(7,042)
Other comprehensive income for the year	-	-	1,986	-	-	1,986
Total comprehensive income for the year	**-**	**-**	**(3,183)**	**-**	**(53,692)**	**(56,875)**
Proceeds from issue of share capital	331	738	-	-	-	1,069
Share based payments	-	-	-	167	-	167
Transfer between reserves	-	-	-	(3,821)	3,821	-
At 30 June 2018	**56,517**	**1,599**	**(69,857)**	**1,076**	**308,290**	**297,625**
Loss for the year	-	-	-	-	(66,567)	(66,567)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(66,567)**	**(66,567)**
Special dividend payment	-	-	-	-	(63,142)	(63,142)
Share based payments	-	-	-	207	-	207
Transfer between reserves	-	-	-	1,071	(1,071)	-
At 30 June 2019	**56,517**	**1,599**	**(69,857)**	**2,354**	**177,510**	**168,123**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

Attributable to Owners of Parent Company	Called-up share capital $000	Share premium $000	Foreign exchange reserve $000	Other reserves $000	Retained earnings $000	Total equity $000
At 1 July 2017	**56,186**	**861**	**(154,652)**	**1,246**	**398,751**	**302,392**
Loss for the year	-	-	-	-	(49,460)	(49,460)
Other comprehensive income for the year	-	-	(7,905)	-	-	(7,905)
Total comprehensive income for the year	**-**	**-**	**(7,905)**	**-**	**(49,460)**	**(57,365)**
Proceeds from issue of share capital	331	738	-	-	-	1,069
Share based payments	-	-	-	167	-	167
Transfer between reserves	-	-	-	(3,859)	3,859	-
At 30 June 2018	**56,517**	**1,599**	**(147,715)**	**(2,446)**	**398,789**	**306,744**
Loss for the year	-	-	-	-	(77,930)	(77,930)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(77,930)**	**(77,930)**
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)	-
At 30 June 2019	**56,517**	**1,599**	**(147,715)**	**(2,883)**	**257,635**	**165,153**

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
For the year ended 30 June 2019

(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 2019.

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 2019 annual results presented here are audited and the auditor has issued an un-modified opinion containing an emphasis of matter drawing attention to significant uncertainties related to valuation of intangible assets, 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 2018, the auditor gave an unqualified opinion that did not contain an emphasis of matter 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 2018 have been filed with the Registrar of Companies.

Going concern

After making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. 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 2020 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 have also considered the possibility of FID not occurring prior to the licence expiry in January 2021. 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.

Impairment Considerations

The Group has undertaken a full impairment review of the Etinde exploration assets during the current financial year. This review was under taken as the JV consortium has recognised that the previous Government sanctioned development proposal is no longer realistic or achievable and the Contingent Resources of Etinde have been reassessed during the current year, following the completion of the 2018 appraisal drilling programme. Whilst the JV consortium partners have yet to adopt a revised development concept, the options currently under consideration are significantly different from previous concepts considered at the time of the last full impairment review undertaken in December 2015.

When a full impairment review is considered necessary, the recoverable amount of the asset is based on the higher of a fair value less costs of disposal approach (using Level 3 inputs based on IFRS 13 fair value hierarchy) and a value-in-use assessment. As Etinde is a pre-development asset, no consideration has been given to the value-in-use approach. The fair value less costs of disposal approach has been determined using two methods: (i) a risk adjusted discounted cash flow model and (ii) benchmarking against market data for comparable assets. The estimated recoverable amount is then compared to the net book value of the intangible exploration asset in the financial statements.

The discounted cash flow model is based on our best estimate of the expected development of the Etinde asset taking consideration of the following factors and assumptions:

- the macroeconomic environment globally and in Cameroon;
- prevailing market conditions in the oil and gas industry;
- a conservative and phased inclusion of the hydrocarbon resource available for development;
- the commercial and governmental situation in Cameroon;
- two alternate development options with either an onshore or an off-shore focused infrastructure based development;
- that the development will seek to maximise production from the outset giving due consideration to the potential for supplying gas to both Cameroon Domestic and Export supply;
- that Condensate and Liquefied Natural Gas ('LNG') can be supplied to either the global or domestic markets for the same value;
- Infrastructure capital and operating costs estimated based on the pre-FEED engineering studies undertaken in 2019, except where pricing data was not available.
- the Etinde asset is considered to be a single cash-generating unit and includes historic exploration costs incurred on the Etinde Permit in line with the treatment of those costs for cost recovery purposes.

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

- Reaching commercial agreement with potential off-takers and receiving Governmental approval to export gas;
- Agreeing the development solution with joint venture partners and other stakeholders;
- Raising finance to fund development post FID; and

- Any impact arising from FID date and the subsequent Governmental approval of the revised field development plan exceeding the current licence end date of January 2021.

In order to account for the significant uncertainties described above, we have taken an approach of risk-adjusting the discount rate in our valuation model. Using a risk adjustment discount rate of 17 to 23% our model gave a valuation estimate of $130 million - $190 million.

Our benchmarking of Etinde's contingent resources against market data for other African assets on a $ per boe of 2C contingent resources resulted in a valuation range of $120 million - $180 million based on a unit pricing range of $2 - $3 per boe.

We determined what we concluded to be a reasonable mid-point in the range of valuations there were derived from both valuation approaches. Our current year assessment of the recoverable amount of the Etinde cash-generating unit calculated on the basis set out is $150 million (2018: $208 million). This gives rise to an impairment adjustment of $62 million in the current year. Impairment charges were previously recognised in both 2015 and 2016 totaling $136.7 million (2016: $60.7 million; 2015: $76 million).

The key sensitivities in our valuation models are the level of contingent resources available, the risk weighted discount rate and the price per boe of 2C contingent resources on which the mid-point in the range of market valuations was determined. The valuation is directly impacted by a change in level of contingent resources available. A change in per boe input by $0.5 per boe would result in a $30 million change in the impairment result. Similarly, a change in risk weighted discount rate of 2% would result in $15 million change in the impairment result.

(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 (2018: nil).
c) As at 30 June 2019 there is a current financial asset of $nil (2018: $12.9 million) 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 2019, 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) 2019 Annual Report and Accounts

Full accounts are scheduled to be posted 4 December to shareholders who elected to continue to receive a hard copy report and can be obtained free of charge, at the Company's registered office, 50 Lothian Street, Edinburgh, EH3 9WJ for a period of one month after publication. For shareholders who opted to receive the annual report electronically, notification will be provided when the annual report is available to access from the company website www.bowleven.com.

GLOSSARY

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 2,328km² 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 461km² (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
km^2	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