bowleven
oil & gas

Re-energised & re-focused

Annual Report year ended 30 June 2007

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oil & gas

Bowleven is an African oil and gas group, based in Edinburgh and traded on AIM since December 2004.

Bowleven holds, through its wholly-owned subsidiary EurOil Limited, a 100% equity interest in the Etinde Permit area being three shallow water blocks in offshore Cameroon, West Africa: Blocks MLHP 5, MLHP 6 and MLHP 7. In total Bowleven has approximately 2,300 km^2 of exploration acreage located across the Rio del Rey and Douala basins in the Etinde Permit. Bowleven has operated in Cameroon since 1999.

Bowleven also holds, through its wholly-owned subsidiary FirstAfrica Oil Limited, a 100% equity interest in the EOV offshore block in Gabon, which contains an existing oil discovery that it is seeking to develop, and a 50% equity interest in the Epaemeno Block, which is 1,340 km^2 of exploration acreage in onshore Gabon near a number of recent discoveries in surrounding blocks.

The Company's focus is on organic growth and selective acquisitions.

Review of Operations

Financial Statements

Highlights

Achievements

- Successful two wells, in Block 7, Rio del Rey Basin
- New discovery in Block 5, Douala Basin
- Announced and completed a successful takeover of FirstAfrica Oil Plc
- Farmed out part of the onshore Epaemeno Block in Gabon to Addax
- P50 resource base increased by over 50% during year to 167 mmboe
- Strengthened both the Board and Technical Team
- Carried out net equity fundraisings of £67 million

2008 Objectives

- Commercialise our existing resource base in Cameroon
- Drill at least one further appraisal well on the IF structure
- Further drilling intended on Block 5
- Consider further optimising the exploitation of our assets through farm-outs
- Implement preferred evacuation and processing route for EOV development
- Augment existing asset base through selective acquisitions

Potential for material exploration success

Focused active risk management

Strong partnerships and relationships

Exploration operator

Chairman's & Chief Executive's Review

Ronnie Hanna, Chairman

Kevin Hart, Chief Executive

"It is our vision to build an African focused exploration and production company that, in time, becomes renowned for its ability to consistently create and realise material shareholder value through exploration-led organic growth and niche acquisitions."

We are delighted to report that the last year proved to be a very successful time for the Company. During the period, Bowleven made significant steps towards evolving into a business that can ultimately deliver on its goal of consistent organic growth and material shareholder value creation.

The period was marked by a large degree of positive change and activity, with many significant milestones being reached. These included:

- undertaking a successful three well exploration and appraisal programme in Cameroon that resulted in:
  - the flow testing of the E field appraisal well in Block 7 in the Rio del Rey Basin at 30 mmscfd of gas and 3,800 bpd of condensate.
  - the discovery of the D field in Block 5 in the Douala Basin that tested 26 mmscfd of gas and 1,454 bpd of condensate.
  - the discovery of gas, condensate and oil 700 feet high to prognosis on the IF structure in Block 7, indicating the possible connectivity of the IE and IF accumulations and a possible 1,300-foot hydrocarbon column.
- announcing and completing a successful takeover of FirstAfrica Oil Plc.
- farming out part of the onshore Epaemeno Block in Gabon to Addax, subject to government approval.
- strengthening both the Board and the technical team.
- carrying out equity fundraisings totalling £67 million net of expenses.

"It is our strategy to focus on Africa, with particular emphasis on the Gulf of Guinea."

Value Creation

The Bowleven Board and management team strive to position the Company in such a way as to maximise its chances of success and the creation of shareholder value.

In so doing, the Board applies a set of aims that it believes is consistent with these goals, namely:

- have an asset base with the potential for material exploration success, augmented with opportunistic niche acquisitions;
- create the environment for a competitive advantage to exist through the focused active management of political, commercial and technical risk;
- foster strong external partnerships and excellent relationships with host nations, based always on mutual respect;
- keep control of our destiny by acting as exploration operator;
- maintain a robust financial position;
- building a world-class team of motivated individuals and an environment where they, and the Company, maximise their potential.

Operations

Bowleven has made significant progress in all its areas of operation as detailed below.

Cameroon

In the past few years we understand that Bowleven, through its wholly-owned subsidiary EurOil, has invested more in Cameroon on exploration and appraisal activities than any other oil and gas company. Recently significant time and effort has been expended on reprocessing and interpreting the extensive 2D and 3D seismic database that the Company has on its Etinde Permit covering Blocks MLHP 5, 6 and 7.

The culmination of this work has been a successful three-well drilling programme that was conducted earlier this year on the acreage.

The first (IE-2) and third (IF-1) wells of the campaign, drilled on Block MLHP 7, have helped build confidence that both these structures are connected. Whilst further appraisal of the IF structure is required to confirm the extent of the hydrocarbons present, it is considered likely, due to the excellent reservoir characteristics and high condensate yields encountered, that this area will prove an excellent development candidate.

The current development concept for the area anticipates that, initially, the gas produced would be recycled and the condensate extracted and transported to Cameroon via pipeline. Such a scheme has the benefit of negating any immediate requirement for gas sales and would enable the recycled gas to be extracted and sold subsequently when a market becomes available.

It is intended that at least one further appraisal well will be drilled on the IF structure. A tender process to secure a rig is ongoing and it is hoped that a well can be completed during the first quarter of 2008.

The second well of the programme (D-1), a higher risk exploration well drilled in Block MLHP 5 in the Douala Basin, also proved successful. The well, which was the first to be drilled on Bowleven's acreage in the Basin, tested 26 mmcfd of gas and 1,454 bpd of condensate.

Our strategy & vision

to realise material shareholder value

“We strive to position the Company in such a way as to maximise chances of success and the creation of shareholder value.”

Strategy & Vision

In the medium to long-term future, the strategy of the Group will be to:

- focus on Africa (with particular emphasis on the Gulf of Guinea);
- maintain significant exploration positions (including Operatorship);
- leverage technical and commercial expertise;
- seek value-adding partnerships as appropriate;
- seek to commercialise existing resource base;
- consider returning value to shareholders as appropriate to maintain significant equity gearing.

Objective

Provide material capital growth over 3-5 year period through high impact exploration and niche acquisitions and to realise value as appropriate.

Chairman's & Chief Executive's Review continued

The result of this well, combined with the recent positive drilling news in the adjoining acreage, also in the Douala Basin, bodes extremely well for the future exploration of this under-explored basin. The technical team has identified numerous further oil and gas prospects and leads on the acreage. It is intended that further drilling will occur on the acreage in the second half of 2008.

A key objective for the Group in the next 12 to 18 months is to seek to monetise our existing resource base in Block MLHP 7 in Cameroon together with any additional gas/liquids discovered in Blocks MLHP 5 and 6. Of particular encouragement is the Cameroon Government's announcement in early 2007 of a cooperation agreement with the Government of Equatorial Guinea to investigate the possibilities of a project to export gas from Cameroon to the gas liquefaction plant on Bioko Island. It is proposed that Limbe in Cameroon would be the gathering hub for any such scheme. The close proximity (approximately 27 km) of the Group's resource base to Limbe, combined with the high well deliverability and liquids content of the gas, should help ensure that Bowleven is ideally positioned to participate in any future gas export project.

Further details can be found in the Exploration & Operational Review.

Gabon

Bowleven gained entry to its position in Gabon through the acquisition of FirstAfrica Oil, which it completed on 26 January 2007. Since then, progress has been made on both of the contract areas (East Orovinyone and Epaemeno) that were acquired through this transaction.

On the offshore East Orovinyare PSC, extensive work has been carried out to determine the optimal evacuation and processing solution for the production. A final decision on the preferred option is anticipated by the end of 2007, with production anticipated to commence from the field in early 2009.

With regard to the onshore Epaemeno PSC, it was decided to bring into the acreage adjoining operators Addax. It is hoped that their local experience in the acreage will help add value to Bowleven's position as we move forward with seismic and drilling activities in 2008/2009.

Further details can be found in the Exploration & Operational Review.

Our people

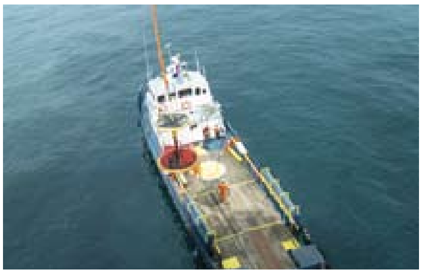
expertise & commitment

People are our key asset and the attitude of our team is critical to our business culture and to the success of the organisation.

The Group has a highly skilled and dedicated workforce and we place great emphasis on attracting and retaining the best quality staff. In order to promote career development and enhance competencies and job skills, we offer our staff access to relevant external training schemes and courses and encourage membership of appropriate professional bodies. We will continue to encourage team performance whilst recognising individual contributions. Our aim is to ensure all our team understand our business goals and values.

As an international Group, we believe that our staff should reflect the communities in which we operate. It is important to us that we help improve the quality and experience of our local employees in order to increase the number of local leaders throughout the organisation. We are committed to the development of the local staff in both Cameroon and Gabon. As well as sponsoring meaningful training programmes for the state oil companies and ministries, we also have active secondment schemes in operation at our head office for our technical staff from West Africa to develop both their skill set and their perspective of our activities.

Chairman's & Chief Executive's Review continued



Resource Base

The combined 2p resource base for the Group, as independently certified by Scott Pickford and Netherland, Sewell & Associates, is currently 167 mmboe. In addition, the mean unrisked in place exploration inventory comprises over 1.8 billion boe.

Finance

The Group reported a loss of £4.8 million for the year ended 30 June 2007 as we work towards first production from our asset base. The main contributor to this loss was an increase in administrative expenses during the year by £3.7 million to £7.4 million, part of which reflected the expected expansion in the scale of the Group's operations to properly carry out both the work programme to exploit the potential of the Etinde Permit and the integration of the Gabonese operations into the Group following the FirstAfrica acquisition. This was also the first period that the Group had applied FRS 20, which requires all companies to recognise the fair value of employee share-based benefits in the financial statements. This resulted in a charge of £0.8 million for the year ended 30 June 2007 that has been included within administrative expenses (there was a corresponding adjustment to the comparative figures of £0.3 million to reflect the adoption of this new accounting standard).

There was a further charge of £1.4 million within administrative expenses resulting from translation differences on foreign exchange transactions charged to the Profit & Loss Account.

With £67 million of new equity finance raised during the year and a £36 million outflow for Capex, the Balance Sheet is healthy. The Group had £53 million net cash resources at the year end.

Further details can be found in the Financial Review.

Outlook

The next twelve months promise to be an exciting time in the ongoing evolution of Bowleven. We have a high quality team that is capable of optimising and creating additional value from our existing portfolio whilst also assessing new opportunities as they arise. Of key importance will be the progress towards monetisation of our resource base in Cameroon.

The industry remains an extremely competitive one and if we are to succeed we must ensure that we manage the political, technical and commercial risks we face with energy, belief, integrity and teamwork. This will remain our focus.

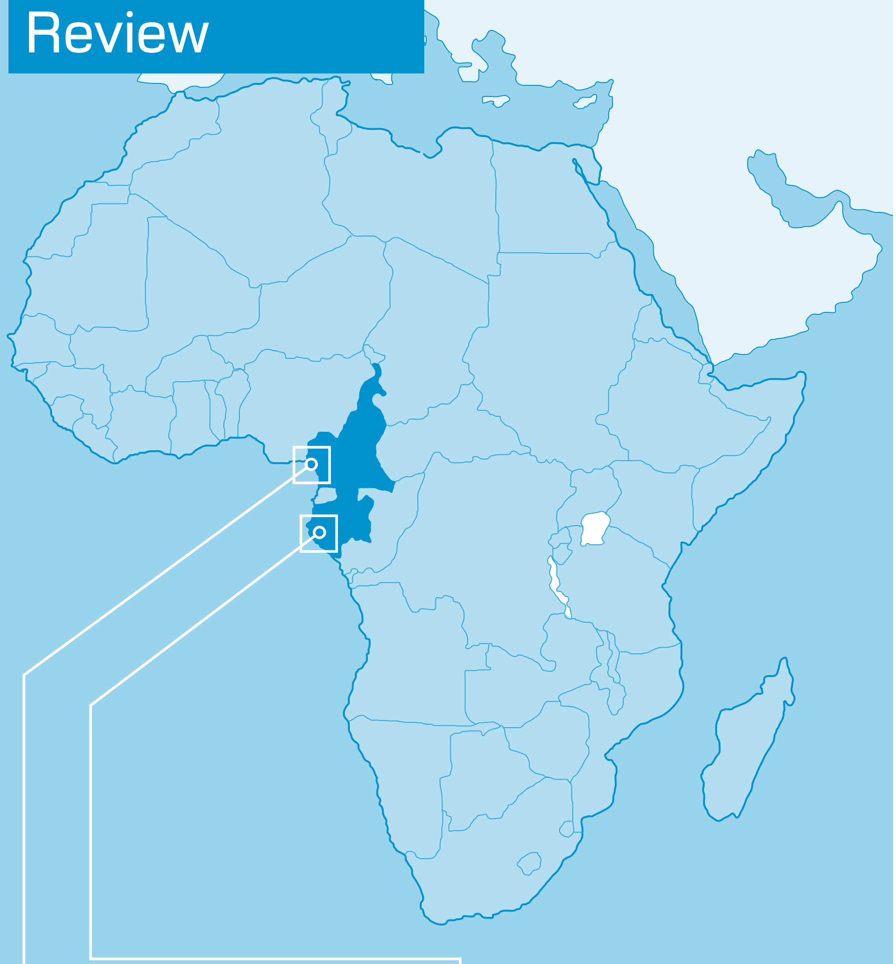
Finally, Steve Lowden, who has served as a non-executive director since 2005, is going to step down from the Board at the AGM. His contribution to the Group has been highly regarded and we thank him for all his efforts during his period with Bowleven.

Kevin Hart
Chief Executive

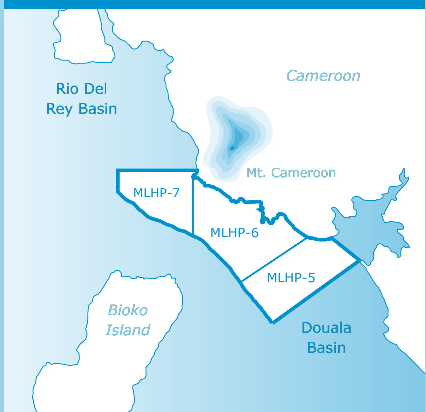
Ronnie Hanna
Chairman

12 November 2007

Exploration & Operational Review

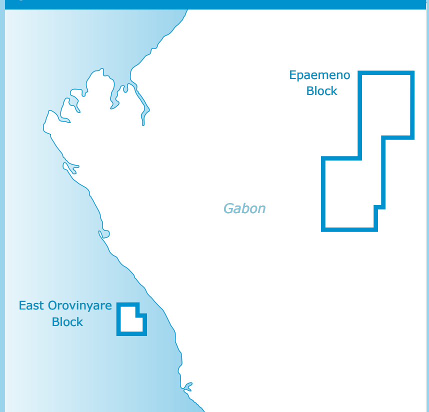


Cameroon



Etinde permit	
Acreage	2,314 km²
Equity interest	100%
Operator	Bowleven Group

Gabon



East Orovinyare	
Acreage	105 km²
Equity interest	100%
Operator	Bowleven Group

Epaemeno Block	
Acreage	1,340 km²
Equity interest	50%
Operator	Addax*

*subject to government consent

Overview

2007 was an extremely successful year for Bowleven.

In Cameroon we made a gas-condensate discovery with the first well in the previously undrilled Block 5 of the Etinde Permit. In Block 7 of the Etinde Permit we successfully appraised the IE field, establishing an extensive and very productive reservoir confirming the high liquids to gas ratio found in the discovery well. We also established the presence of hydrocarbons up-dip in the adjacent IF prospect, which we intend to appraise with a follow-up well as soon as practical.

We entered Gabon with the acquisition of FirstAfrica Oil Plc (FAO) in January. FAO has acreage both offshore and onshore and we successfully farmed out 50% of the onshore Epaemeno Block. We have also reviewed the development plans for the offshore East Orovinyare oil field and are on track to sanction development of this field early in 2008.

We have also built up a very strong technical team. Prior to 2007 Bowleven relied upon external consultants to provide geophysical and geological resources. This has now changed and we have established a first class team of geoscientists that has put the core of our business, exploration, into our own hands. We have also developed our operational capability and have brought management of our drilling and development activities in house. The results of our 2007 work programme reflect the quality of the technical and operational teams we now have on board. We look forward to further success as we move into 2008.

“2007 was an extremely successful year for Bowleven.”

Overall, our acreage now consists of the Etinde licence offshore Cameroon comprising Blocks MLHP 5, 6 and 7, and, in Gabon, the East Orovinyare licence that is offshore and the Epaemeno licence onshore. The acreages in Cameroon and Gabon have substantive prospects coverage that provide us with near term opportunities to drill exploration prospects as well as allowing for accelerated appraisal.

Health, Safety, Security and Environment

Over the past twelve months we have maintained our record of operating free of lost time injurious incidents. This is, in great part, due to the planning and diligence of our staff drilling team in Cameroon, the safety culture of our main contractors GlobalSantaFe and Schlumberger and the effort of all those who work in and with the Company. All incidents are avoidable and we will continue to plan all our operations in such a way as to make safety the priority.

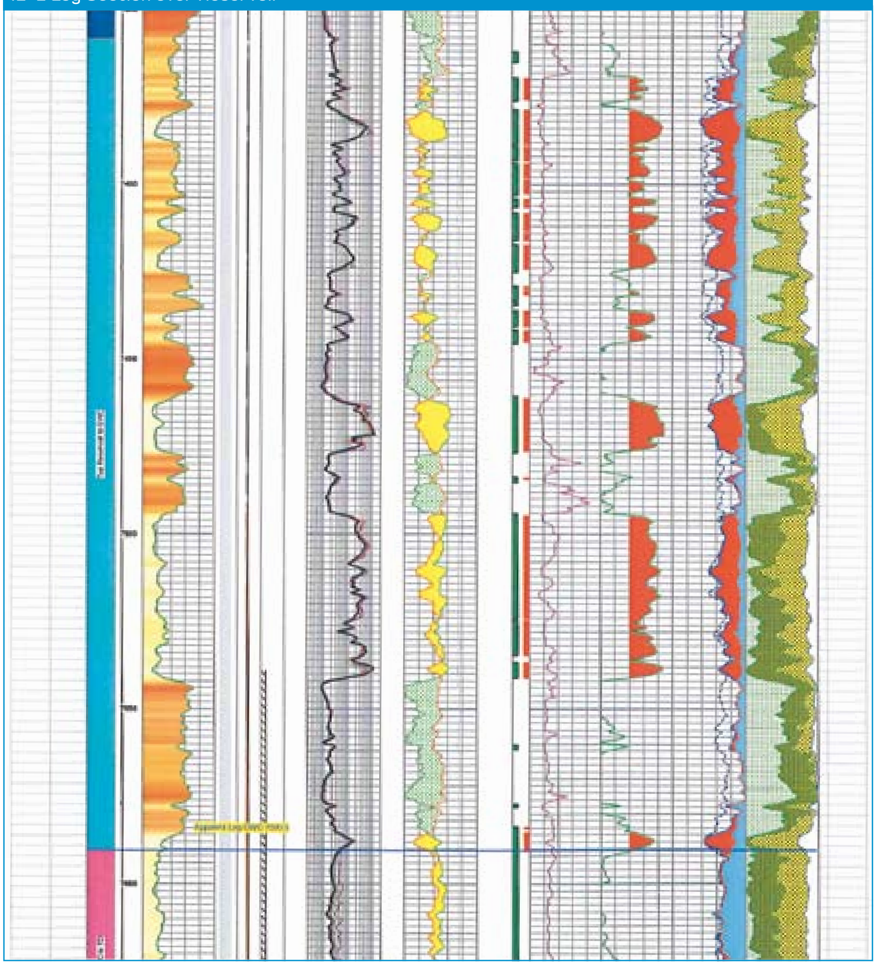
Early in 2007 we submitted the Environmental Impact Assessment (EIA) for drilling in MLHP 5 to the Cameroonian authorities. We also submitted the EIA for the EOV field development to the Authorities in Gabon. This EIA may be updated, depending on the final development option chosen for the EOV field.

Cameroon

In the first six months of 2007 we contracted GlobalSantaFe’s Adriatic VI jack-up rig for a drilling campaign in our Cameroonian acreage. Our first well was IE-2 in Block MLHP 7, an appraisal of the IE field, originally discovered in 1980. Remapping of this discovery based on our 3D seismic revealed a larger accumulation than evident from the pre-existing 2D survey. IE-2 was drilled up-dip from the discovery well and encountered ~130 ft of net pay in the Miocene-age Isongo Formation with a GWC at 7,504 ft TVDSS. On test, the well produced 31 mmscf/d of gas and 3,800 b/d of condensate through a 56/64" choke and with a flowing tubing head pressure of 2,126 psi. This flow rate was constrained by the size of the surface production test equipment. Initial analysis indicates mean in-place volumes of 238 bcf of gas and 33 million barrels of condensate for the IE field.

The rig was then moved to Block MLHP 5, location D-1. This well was the first to be drilled in MLHP 5 and targeted a Miocene-age turbidite reservoir complex defined from interpretation of the 3D seismic survey acquired by Bowleven in 2006. The well encountered gas-condensate bearing sands with a net vertical thickness of 38 ft. On test the well produced 26 mmscf per day of gas and 1,454 b/d of condensate through a 1” choke and with a flowing tubing head pressure of 1,524 psi. The D-1 well has successfully proved sand development and hydrocarbon charge in the previously undrilled MLHP 5 Block. The well intersected a channel complex evaluated to contain mean in-place volumes of 250 bcf gas and 10 mmbbls condensate.

IE-2 Log Section over Reservoir



Technical capabilities

We have transformed our technical in-house capability in 2007 to the extent that we are now able to undertake the majority of all geophysical and geological work internally. Where work is executed externally, we provide the necessary scrutiny. This transformation of capability is one of the keys to our strategy of holding high equity shares in exploration acreage and of maintaining operatorship in the majority of cases.

In addition, we now have an in-house drilling team responsible for managing the drilling of exploration and appraisal wells, as well as development wells.

We will shortly expand the team, as we seek to recruit further petroleum engineers and technical staff. We will then have full-time and directly employed staff covering all the key technical and operational areas required to deliver our business plans.

This allows coherent management of our technical effort and means that we are less affected by the current human resource constraints prevalent in the industry.

Exploration & Operational Review continued

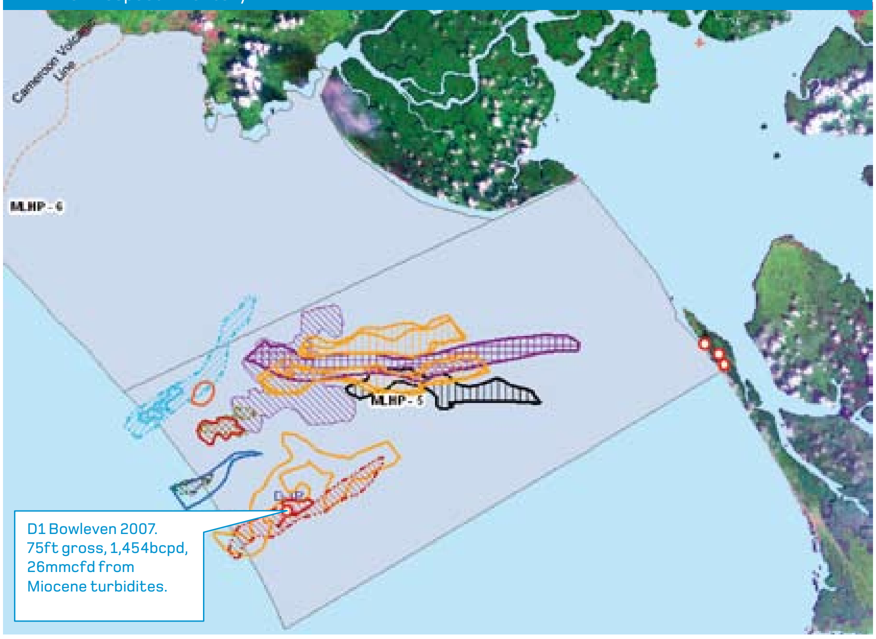
The Adriatic VI then returned to MLHP 7 to drill a further exploration well, IF-1. This well was located on a feature 7.5 km south and structurally up-dip of the IE field. Whilst drilling at 6,275 ft TVDSS in the uppermost part of the Isongo Formation, a high pressure kick was taken, some 700 ft higher than the prognosed reservoir interval.

The pressure of this kick was such that it proved impossible to maintain control of the well and it was decided to abandon the location with a number of carefully staged cement plugs. During the abandonment operation, part of the influx was circulated out of the well and this comprised gas, condensate and oil. The pressure encountered in the kick falls upon the extrapolated gas gradient defined by the pressure data from the IE-2 reservoir implying that a similar GWC and a potential hydrocarbon column in excess of 1,200 ft at the IF well location.

It is now planned to drill an appraisal well, IF-2, early in 2008.

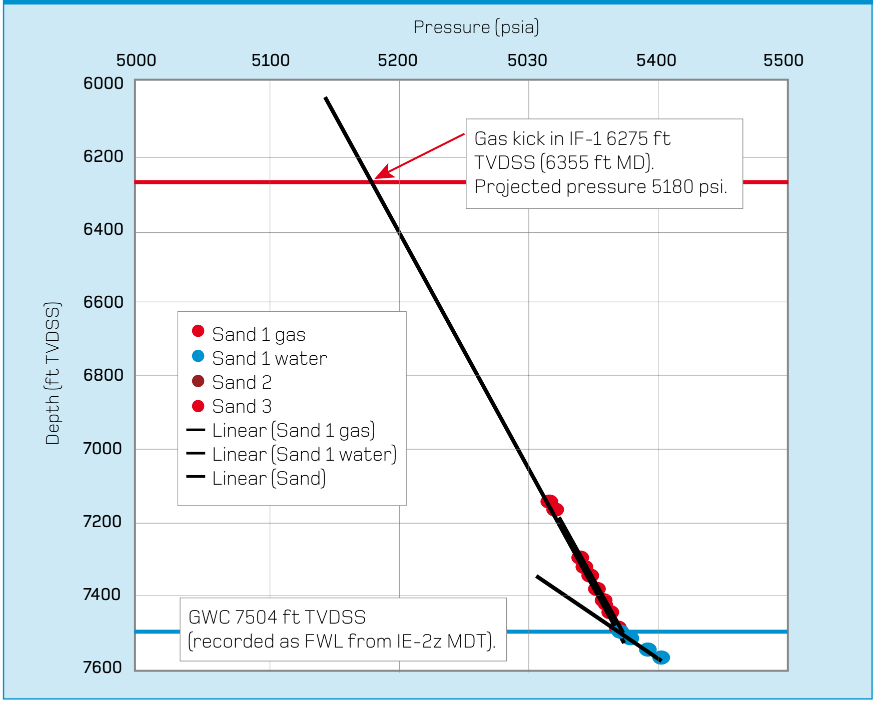
The drilling campaign has successfully established the presence of a cluster of gas and condensate rich fields and prospects in the MLHP 7 Block. If sand development at IF is similar to the IE field, then we currently estimate mean in-place volumes of 439 bcf of gas and 64 million barrels of condensate in the IF field. There is also further potential in the IE and IF area in other structures evident on 3D seismic that are still undergoing interpretation. We are now reprocessing the entire 3D survey over the MLHP 7 Block with the objectives of both improving structural definition and maturing the remaining prospect inventory. This will enable us to accelerate our appraisal activity in the IE and IF area and will also allow us to more accurately locate further exploration wells.

MHLP-5 Prospect Inventory

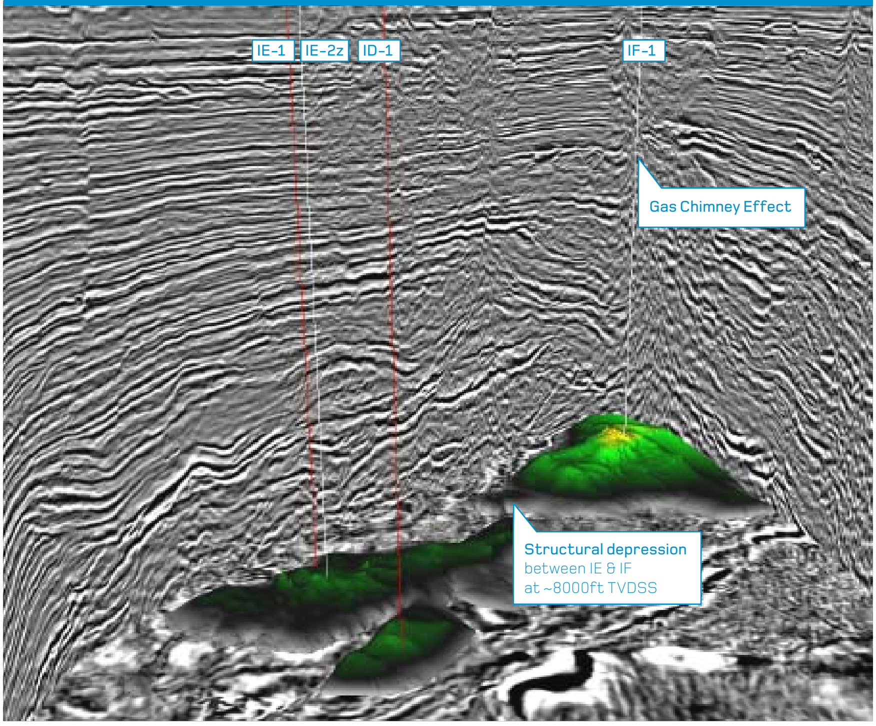


Exploration & Operational Review continued

Formation Pressure



3D Perspective Image of IE + IF Area in MLHP-7



Concepts for the development of the MLHP 7 discoveries are now being re-examined. Previously we have considered development of this area of Etinde through a gas-to-power project based on expansion of the existing power station at Limbe, but the potential for significant gas sales was always going to be limited. Now having established the presence of larger volumes with more associated liquids, however, it has opened up the possibility of liquids recovery through gas recycling as well as gas export for LNG. In January 2007, the Cameroon and Equatorial Guinea Governments signed a Memorandum of Understanding covering the supply of Cameroonian gas to the existing liquefaction facility at Bioko Island. This provides the possibility for us to export gas for LNG feedstock from MLHP 7, as it is only about 60 km from Limbe to the LNG plant.

These are exciting development opportunities and are almost certainly feasible using the currently discovered hydrocarbon volumes. Our additional exploration prospects in MLHP 7 give added potential.

Following the success of our first well in MLHP 5 we have now mapped a number of prospects and leads in the Block. These exploration opportunities are at both Miocene and Eocene level, with the Miocene gas prone and the Eocene principally oil prone. Cumulative mean un-risked in-place volumes are estimated at 2.1 tcf of gas and 439 barrels of hydrocarbon liquids. It is planned to conduct further drilling in MLHP 5 in 2008.

The Group is currently finalising its discussions with the Government of Cameroon on extending the exploration period on the Etinde Permit to September 2009 and is confident this will be granted in the near future.

Recoverable Resources*			
Etinde Permit Contingent Resources	P90	P50	P10
Gas (bscf)	516	682	886
Condensate (mmbbls)	35.1	46.3	60.5
BOE (mmbbls)	121.1	160.0	208.2
EOV Field Contingent Resources	P90	P50	P10
Oil (mmbbls)	4.1	7.4	12.4

* Excludes any volumes associated with IF area.

Gabon

We acquired FirstAfrica Oil (FAO) in January. FAO's assets in Gabon consist of the Epaemeno Block, a large relatively unexplored onshore licence, and East Orovinyare, an offshore licence with 3D seismic coverage and a small oil discovery, the East Orovinyare Field (EOV).

The Epaemeno licence is on trend with the Addax operated Tsiengui field to the south and is positioned between the Perenco operated Rembo-Kotto field to the west and the Maurel & Prom operated Onal field to the east. Epaemeno has potential for a number of different sub salt play types, including the Gamba and Basal sand plays. Four wells have previously been drilled on the acreage by Elf Gabon with a 15 m gas column recorded in the 1977 Riviere Perdue-1 well in the south of the Block. It is planned to acquire additional 2D seismic in 2008 and to commence exploration drilling in 2009. Shortly after acquiring FAO, we successfully farmed out 50% of Epaemeno to Addax who are well placed in Gabon with a developed local operating capability and existing production.

Addax has committed to spend the first $20 million of gross exploration costs on the Block (equivalent to $10 million 'carry' to Bowleven) and in the event of commercial success, the first $16 million of development costs ($8 million 'carry' to Bowleven). Subject to Government approval, Addax will assume operatorship of the Block, although Bowleven will retain responsibility for the technical evaluation and well location selection.

The East Orovinyare licence contains the EOV oil field that has P50 contingent resources of 7.4 million barrels. It also contains a number of leads and prospects including NW Kowe in the north western corner of the Block that has been independently assessed to have the potential of P50 un-risked volumes of 168 million barrels in the Batanga and Azile formations. When we acquired FAO, development of the EOV field, based on an FPSO had been partially executed. The FPSO lease rate, however, made the project unattractive and we suspended further development whilst we examined alternatives. We have identified two further development options using existing pipeline infrastructure and are in discussion with both the infrastructure owners. We remain in contact with the FPSO owners and development by this route remains a possibility, albeit at a considerably lower lease rate. Our objective is to sanction final development of the EOV field early in 2008.

Resources

With the acquisition of FAO and the results of our drilling campaign in Cameroon our resources position, as independently certified by Scott Pickford and Netherland, Sewell & Associates, is as shown in the table above.

New Opportunities

During the year we have continued with our negotiations with the Cameroonian authorities and are optimistic that we will secure additional acreage in the near future. Strategically, our objective is to focus on opportunities onshore and offshore in shallow water in up to three countries in the Gulf of Guinea region. We continue to pursue opportunities to secure attractive acreage in Cameroon, Gabon and other Gulf of Guinea countries both as a farm-in partner and in direct negotiation with national authorities.

Programme for 2008

In Cameroon over the next few months we will complete the reprocessing and further interpretation of the MLHP 7 3D seismic. We plan to drill the IF-2 well in MLHP 7 early in 2008 and at least one further well each in MLHP 7 and MLHP 5.

In Gabon we will be working to mature the NW Kowe lead in the EOV Block for a possible well in the second half of 2008. We will also be progressing the acquisition and processing of 2D seismic on the Epaemeno licence, with our partner Addax.

As for development, we aim to be able to sanction the EOV project in Gabon, our first field development project, early in 2008. We will also continue our conceptual development work for the fields in MLHP 7 in Cameroon.

In the past year we have moved the business to a position where we are now undertaking exploration, appraisal and development activity, as well as continuing to pursue new business opportunities.

We look forward to making substantive progress on all these fronts in the coming year.

John Morrow
Chief Operating Officer

Ed Willett
Exploration Director

12 November 2007

Financial Review

John Brown, Finance Director

Results

Our operations continue to be in an exploration and development phase as we work towards delivering first production from our assets. Against this background, the Group recorded a loss of £4.8 million for the year ended 30 June 2007 compared to a loss of £2.0 million for the previous financial year.

There was an increase in administrative expenses during the year by £3.7 million to £7.4 million, part of which reflected the expected expansion in the scale of the Group's operations to properly carry out both the work programme to exploit the potential of the Etinde Permit and the integration of the Gabonese operations into the Group following the FirstAfrica acquisition. This was also the first period that the Company had applied FRS 20, which requires all companies to recognise the fair value of employee share-based benefits in the financial statements. This resulted in a charge of £0.8 million for the year ended 30 June 2007 that has been included within administrative expenses (there was a corresponding adjustment to the comparative figures of £0.3 million to reflect the adoption of this new accounting standard). Also included within administrative expenses was an amount of £1.4 million primarily relating to various translation differences on foreign exchange transactions that have been charged to the Profit and Loss Account.

The greater cash balances held by the Group during the year resulted in an increase in interest receivable of £0.9 million to £2.6 million.

Loss per share was 0.09 pence compared to 0.07 pence for the previous year.

"Bowleven continues to be well placed financially with the funding flexibility to enhance the development of its business in 2008. We have a strong Balance Sheet and, in the near term, will have both cash flow and debt finance capability from the EOV development."

Cash Flow and Capital Expenditure

There was a Group cash outflow from operating activities (cash operating loss, adjusted for movements in current assets and liabilities) of £10.5 million for the year against a cash outflow of £3.4 million for the 2005/2006 year. Returns on investment totalled £2.6 million in the year to 30 June 2007.

In the year under review, £36.1 million of cash flow was invested in capital expenditure, primarily in the Etinde Permit (£29.4 million for the comparative period). The principal components of which were the drilling of one appraisal well on Block 7 and one exploration well on Block 5 (approximately $54 million was incurred at the Balance Sheet date) and the spend completing the acquisition of 3D seismic over parts of Blocks 5 and 6 (approximately $8 million).

Financial Summary	Year ended 30 June 2007 £000's	2006 £000's
Operating loss	7,388	3,674
Retained loss	4,768	1,989
Cash outflow from operating activities	10,533	3,411
Net cash	52,550	42,453
Net assets	175,355	84,029

Bowleven is currently financed entirely from shareholders' equity. Following on from the net £11 million placing in July 2006, the Group's finances were further significantly strengthened by the successful placing of 26.4 million share capital for £56 million (net of expenses) on 19 December 2006.

The above elements resulted in a net increase in cash balances of £10.1 million.

Balance Sheet and Financing

The Balance Sheet was considerably strengthened by the net £67 million of equity finance received during the year. Shareholders' funds had increased by £91.3 million to £175.4 million as at 30 June 2007, reflecting both the equity fundraisings during the period and the acquisition of FirstAfrica in January 2007 by the issue of approximately 14 million ordinary shares.

The Group is well funded for its committed work programme, being debt-free and having cash resources of approximately £52.6 million as at 30 June 2007.

Adoption of IFRS

In accordance with European legislation, Bowleven will adopt IFRS in preparing its financial statements from 1 July 2007. This will require adjusting prior periods to arrive at the opening balances and comparative figures.
I am pleased to say that this conversion work has already been successfully completed and a first-time adoption document will be released in the near future. I would like to thank the Bowleven finance team for all their hard work in the preparation of this restatement document.

John Brown
Finance Director
12 November 2007

Directors & Officers

1. Ronnie Hanna*
Non-Executive Chairman

Aged 65, he was previously Chief Executive of house builders and property developers Bett Brothers Plc. He is currently Chairman of Glasgow Income Trust p.l.c., and his other non-executive roles include A.G.Barr Plc and Edinburgh New Income Trust. He is a Scottish Chartered Accountant.

2. Caroline Cook*
Non-Executive Director

Aged 39, has spent most of her career as a highly-rated equity research analyst covering the oil and gas sector. For the six years prior to 2005, she was a Managing Director at Deutsche Bank and co-head of their global oil and gas team. Prior to the switch to equities in 1994, she worked for the oil industry consultants Wood Mackenzie (where her coverage included West Africa), and before that in the specialist oil and gas M&A team at Schroders. She has a degree in Modern History from the University of Cambridge.

3. Steve Lowden*
Non-Executive Director

Aged 48, he has had a highly successful career in operations and business development during his 26 years in the oil and gas business. A petroleum engineer, he joined the Board of Premier in 1996 with responsibility for exploration and production, and created a number of world-scale gas projects. In 2000, Steve joined Marathon Oil Company as Senior Vice President of Business Development. He has developed close working relationships with a number of national oil companies in West Africa and he was primarily responsible for Marathon's entry into Equatorial Guinea and Marathon's Atlantic LNG business. Steve left Marathon in 2005 to become CEO at Suntera, a privately-funded investment company focusing on the energy sector. Steve resigned from Suntera in August 2007.

4. Kevin Hart*
Chief Executive Officer

Aged 39, he was previously Finance Director at Cairn Energy Plc for over eight years, a role that incorporated Board responsibility for financial, commercial, legal, risk management and HR matters. Prior to this, he was a Senior Associate Director with Deutsche Morgan Grenfell Group specialising in oil and gas sector mergers and acquisitions. He is also a Non-Executive Director of Glasgow Income Trust Plc, and Argent Energy Plc, as well as being a Trustee at Columbia 1400 Ltd.

5. John Morrow*
Chief Operating Officer

Aged 53, he was previously employed by the BG Group as Project Director (Middle East), responsible for developing their LNG project in Iran. He was previously responsible for BG's technical effort in the Mediterranean Basin and its African assets, and was also Venture Director for the Karachaganak project in Kazakhstan. Prior to his ten years with BG, he was with Royal Dutch Shell for 15 years in a variety of operational and commercial roles in the UK, Malyasia and the Netherlands.

6. John Brown*
Finance Director

Aged 43, he was previously the Group Finance Director for Thistle Mining Inc, the Canadian goldmining company. John was a director of British Linen Advisers for four years before joining Thistle Mining. Prior to this he was Finance Director for Paladin Resources, the UK independent oil and gas exploration and production company. He is a Scottish Chartered Accountant.

7. Chief Tabetando*
Chairman of EurOil

Aged 59, a Cameroon citizen, he is a qualified lawyer with a degree in law from the University of London. He has been a senior attorney with a prominent law firm in Cameroon since 1975. He is also a legal adviser and Director of Fakoship Company Limited, a shipping and marine services company, and one of the largest cement importers in Cameroon. He is a founder of the Company and of EurOil.

8. Peter Wilson*
Commercial Director

Aged 44. A solicitor, he joined Bowleven as Commercial Director, General Counsel and Company Secretary in April 2005 from McClure Naismith, Bowleven's then legal advisers, where he was a partner. Peter has been advising Bowleven on commercial, contractual and compliance matters since 1999.

9. Ed Willett
Exploration Director

Aged 45, with 23 years in the oil & gas exploration business and a track record of achievements and extensive experience across a wide variety of petroleum provinces. He joined Bowleven in January 2007 as Deputy Exploration Director, having previously worked for Cairn Energy for 18 years in a variety of technical and management roles, and where he was latterly Head of Exploration for Nepal & Bangladesh.

*Member of Board of Directors

Financial Statements

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Directors' Report

The Directors submit their report and the Group financial statements of Bowleven PLC for the year ended 30 June 2007.

Principal Activities

The principal activities of the Group in the period under review were to procure and analyse scientific and technical data in order to assess exploration and development potential for oil and gas production in Cameroon and Gabon in West Africa.

Review of the Business

The Directors are satisfied with the results for the year. Three wells were drilled on the Etinde Permit in Cameroon and further seismic data acquired over the acreage. Concurrently with the FirstAfrica acquisition, bringing an expansion into Gabon for the Group, a significant capital raising was also completed to carry out the ongoing work programme and exploit the potential of the Group's hydrocarbon assets.

On 26 January 2007 the Group acquired FirstAfrica Oil Plc, by means of a recommended share offer and issuance of 14,082,261 ordinary shares in Bowleven PLC. FirstAfrica holds two 100% equity interests in licence Blocks in Gabon.

Results and Dividends

The trading results for the year, and the Group's financial position at the end of the year, are shown in the attached financial statements.

The Directors have not recommended a dividend.

Future Developments

As discussed in the Chairman's and Chief Executive's Review on pages 2 to 7, the Group is in a strong position to continue to develop its asset base in both Cameroon and Gabon.

Financial Risk Management Objectives and Policies

The Group currently finances its operations from cash reserves funded from share issues. The management's objectives are to retain sufficient liquid funds to enable it to meet its day-to-day obligations as they fall due, whilst maximising returns on surplus funds.

The Group's surplus funds are held primarily in short-term variable rate deposit accounts. The Directors believe this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance markets as they arise. All deposits are with reputable European banks and the Directors believe their choice of bank minimises any credit risk associated with not placing funds on deposit with a UK clearing bank.

Directors' Report continued

The Directors and their Interests

The Directors who served the Company during the year, together with their beneficial interests in the shares of the Company, were as follows:

	Ordinary shares of £0.10 each	
	At 30 June 2007	At 1 July 2006
Jerry S. Anthony (ii)	–	8,720
John D. Brown	4,150	4,150
Caroline Cook* (iv)	30,000	–
Ronald G. Hanna* (iv)	52,665	–
Kevin Hart (iii)	271,337	–
Terence A. Heneaghan (i)	–	795,800
Steven Lowden*	10,000	10,000
John A. C. Morrow	16,505	16,505
Chief Ndieb-Nso Tabetando	950,000	950,000
Peter G. Wilson	28,700	28,700
Dr. Andrew Easton Wren* (i)	–	100,000
	1,363,357	**1,913,875**

* denotes Non-Executive Directors

(i) resigned 6 December 2006
(ii) died on 30 December 2006
(iii) appointed 17 November 2006
(iv) appointed 6 December 2006

Substantial Interests

As of 29 October 2007, the Company had been notified, in accordance with Sections 198 to 208 of the Companies Act 1985, of the following interests of 3% or more in the Company's ordinary share capital (excluding Directors' interests, already disclosed above):

	Shares	%
BlackRock Investment Management	10,288,157	13.8
Credit Suisse as principal	7,593,219	10.2
Tell Investments CP	5,075,471	6.8
RBC Europe collateral account	4,636,482	6.2
RAB Capital	4,492,699	6.0
Artemis Investment Management	3,540,000	4.7
AEGON Asset Management	3,193,018	4.3
Fidelity Investments	2,283,691	3.1

The Company has not been notified of any other person who is interested in 3% or more of the Company's share capital.

Shareholder Information

The ordinary shares of the Company are listed on AIM under the symbol 'BLVN'. As at 29 October 2007, the broad distribution of the ordinary shares in issue was as follows:

	Number of shares	%
Institutions	56,497,947	76
Directors and management	1,363,357	2
Other individuals	16,862,282	22
		100

Corporate Governance

The Directors are aware of the Combined Code applicable to listed companies that consolidates the work of the Cadbury, Greenbury and Hampel Committees on corporate governance. As a Company that is quoted on AIM, the Company is not required to comply with the Combined Code but all the Directors intend to comply with its main provisions as far as is practicable having regard to the size of the Group.

Board Structure

The Board comprises five Executive Directors, and three Non-Executive Directors, including the Chairman. The Board meets at least six times throughout the year and as issues arise that require Board attention.

Biographies of the Directors are set out on page 17 of this annual report.

The Chairman conducts Board and shareholder meetings and ensures that all Directors are properly briefed. The Directors are responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and senior personnel appointments. The Directors have access to independent professional advice at the Company's expense, and to the Company Secretary (who is also a Director), and receive appropriate training where necessary.

There are transparent procedures in place for the appointment of new Directors to the Board and all Directors are required to retire by rotation at least every three years, when they can offer themselves for re-election, if eligible. In addition, Directors appointed by the Board hold office only until the dissolution of the annual general meeting of the Company next following such appointment. Accordingly, in accordance with the Company's Articles of Association, at this year's AGM, Mrs Caroline Cook, Mr Ronnie Hanna, Mr Kevin Hart, Mr John Morrow and Mr Peter Wilson are offering themselves for re-election.

The Company has established Audit, Nomination and Remuneration Committees. Terms of reference for the Committees are available on request from the Company.

Nomination Committee

A Nomination Committee has been established and currently comprises the Chairman, Mrs Caroline Cook and Mr Steve Lowden. It reviews and recommends to the Board the appointment of Directors.

Remuneration Committee

A Remuneration Committee has been established and currently comprises the Chairman, Mrs Caroline Cook and Mr Steve Lowden. It reviews the performance of the Executive Directors and sets the scale and structure of their remuneration on the basis of their service agreements with due regard to the interests of the shareholders and the performance of the Group. The Remuneration Committee also makes recommendations to the Board concerning employee incentives, including the allocation of share issues and options to employees. Directors of the Group are not permitted to participate in discussions or decisions of the Committee concerning their own remuneration.

Directors' Report
continued

Audit Committee

An Audit Committee has been established and currently comprises the Chairman and Mrs Caroline Cook. It meets at least twice a year and is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. It liaises with the auditor and reviews the reports from the auditor relating to the accounts and internal control systems.

Relations with Shareholders

Communications with shareholders are considered important by the Directors. The primary contact with shareholders, investors and analysts is the Chief Executive Officer. The other Executive Directors, however, regularly speak to investors and analysts during the year. Company circulars and press releases have also been issued throughout the year in relation to various proposals and keeping investors informed about the Group's progress.

The Company also maintains a website on the internet (www.bowleven.com) that is regularly updated and contains a wide range of information about the Group.

Internal Controls

The Board acknowledges that it is responsible for establishing and maintaining the Group's system of internal controls and reviewing its effectiveness. The procedures that include, inter alia, financial, operational and compliance matters and risk management are reviewed on an ongoing basis. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has considered the need for an internal audit function but does not consider it necessary at the current time.

Remuneration Report

In addition to complying with the main provisions of the Combined Code as far as is practicable having regard to the size of the Group, the Company is committed to the Principles of Good Governance relating to Directors' remuneration.

Directors' Remunerations and Interest in Shares

Details of the annual remuneration of the Directors, including their interests in share options, are set out in note 3 on pages 34 to 37 of the financial statements. Qualifying third party indemnity provision for the benefit of one or more of the Directors was in force during the financial year.

Service Contracts

No Directors have any service contracts, consultancy agreements or other such arrangements with a notice period in excess of one year.

Supplier Payment Policy

It is a Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms based upon receipt of an accurate invoice. It is the Group's policy to pay suppliers within 30 days. Trade creditors of the Group at 30 June 2007 were equivalent to 37 days' purchases, based on the average daily amount invoiced by suppliers to the Group during the year.

Donations

During the year the Group made a donation of £30,000 to political parties in West Africa (2006: £nil).

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective qualifications and abilities of the applicants concerned. In the event of employees becoming disabled, every effort is made to ensure their employment will continue. The training, career development and promotion of a disabled person is, as far as possible, identical to that of a person not suffering from a disability.

Employee Involvement

Using regular briefing procedures and meetings, managers keep employees at all levels informed about matters affecting the policy, progress, and people in the business in which they work.

Auditor and the Disclosure of Information to the Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Each Director has taken all the steps they are obliged to take as Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated their willingness to continue in office. A resolution for their re-appointment and authorising the Directors to fix their remuneration will be submitted to the Annual General Meeting.

On behalf of the Board

Peter Wilson
Director

12 November 2007

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for complying with the AIM rules.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Bowleven PLC

We have audited the financial statements which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets and the Group Cash Flow Statement, and the related notes.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referenced from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditor's Report to the Members of Bowleven PLC continued

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and parent Company's affairs as at 30 June 2007 and of the Group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP
2 Edinburgh Quay
Fountainbridge
Edinburgh
EH3 9PU

12 November 2007

Group Profit and Loss Account

for the year ended 30 June 2007

	Notes	2007 £000	2006 As restated £000
Turnover		–	–
Distribution costs		–	–
Administrative expenses		7,388	3,674
Operating loss			
Continuing operations		(6,519)	(3,674)
Acquisitions		(869)	–
	1	(7,388)	(3,674)
Interest receivable and similar income		2,629	1,687
Interest payable and similar charges	5	(9)	(2)
Loss on ordinary activities before taxation		(4,768)	(1,989)
Taxation	7	–	–
Loss for the financial year	**6**	**(4,768)**	**(1,989)**
Basic earnings per share (£/share)	8	(0.09)	(0.07)
Diluted earnings per share (£/share)	8	(0.09)	(0.07)

Group Statement of Total Recognised Gains and Losses

for the year ended 30 June 2007

	Notes	2007 £000	2006 As restated £000
Loss for the financial year		(4,768)	(1,989)
Currency translation loss on foreign currency investment		(913)	
Total recognised gains and losses relating to the year		**(5,681)**	**(1,989)**
Prior year adjustment	25	(335)	–
Total gains and losses recognised since last annual financial statements		**(6,016)**	**–**

Group Balance Sheet

as at 30 June 2007

	Notes	2007 £000	2006 As restated £000
Fixed assets			
Intangible assets	9	95,669	40,953
Tangible assets	10	31,921	381
		127,590	41,334
Current assets			
Stocks	12	3,893	810
Debtors	13	1,039	435
Cash at bank		52,550	42,453
		57,482	43,698
Creditors			
Amounts falling due within one year	14	(9,717)	(1,003)
Net current assets		47,765	42,695
Total assets less current liabilities		**175,355**	**84,029**
Capital and reserves			
Called up equity share capital	15	7,452	2,961
Share premium account	16	177,750	86,002
Other reserves	16	3,986	3,218
Foreign exchange reserve	16	(913)	–
Profit and loss account	16	(12,920)	(8,152)
Shareholders' funds	17	**175,355**	**84,029**

The financial statements on pages 27 to 48 were approved by the Board of Directors and authorised for issue on 12 November 2007 and are signed on their behalf by:

John D Brown
Director

Company Balance Sheet

as at 30 June 2007

	Notes	2007 £000	2006 As restated £000
Fixed assets			
Tangible assets	10	161	121
Investments	11	31,250	1,018
		31,411	1,139
Current assets			
Debtors	13	94,566	40,554
Bank and cash		51,820	42,453
		146,386	83,007
Creditors			
Amounts falling due within one year	14	(432)	(212)
Net current assets		145,954	82,795
Total assets less current liabilities		**177,365**	**83,934**
Capital and reserves			
Called up equity share capital	15	7,452	2,961
Share premium account	16	177,750	86,002
Other reserves	16	1,103	335
Profit and loss account	16	(8,940)	(5,364)
Shareholders' funds		**177,365**	**83,934**

The financial statements on pages 27 to 48 were approved by the Board of Directors and authorised for issue on 12 November 2007 and are signed on their behalf by:

John D Brown
Director

Group Cash Flow Statement

for the year ended 30 June 2007

	Notes	2007 £000	2006 £000
Net cash flow from operating activities	22	(10,533)	(3,411)
Returns on investments and servicing of finance	22	2,620	1,685
Tax	22	(25)	–
Capital expenditure and financial investment	22	(48,553)	(29,433)
Acquisitions and disposals	22	(458)	–
Cash outflow before financing		(56,949)	(31,159)
Financing	22	67,046	53,094
Increase in cash in the period		**10,097**	**21,935**

Reconciliation of Net Cash Flow to Movement in Net Funds

for the year ended 30 June 2007

	Notes	2007 £000	2006 £000
Increase in cash in the year		10,097	21,935
Change in net funds	22	10,097	21,935
Net funds at 1 July 2006	22	42,453	20,518
Net funds at 30 June 2007	22	**52,550**	**42,453**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2007

Basis of Accounting

The financial statements have been prepared under the historical cost convention, in accordance with the Statement of Recommended Practice for Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities and with applicable accounting standards.

Change in Accounting Policy

FRS 20 'Share-Based Payment' requires the recognition of equity-settled share-based payments at fair value at the date of the grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each Balance Sheet date.

Prior to the adoption of FRS 20, the Company did not recognise the financial effect of share-based payments until such payments were settled.

In accordance with the transitional provisions of FRS 20, the Standard has been applied retrospectively to all grants of equity instruments after 7 November 2002 that were yet to vest as of 1 January 2005.

Further details are provided in note 25.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies.

Under a Group reconstruction in a prior year, the Company acquired the whole of the issued share capital of Bowleven Resources Limited in exchange for shares. The reconstruction has been accounted for in accordance with the principles of merger accounting as set out in Financial Reporting Standard No. 6 (FRS 6), and in accordance with Schedule 4A of the Companies Act 1985.

On 26 January 2007, the Company acquired the whole of the share capital of FirstAfrica Oil Plc in exchange for shares. This acquisition has been accounted for in accordance with the principles of acquisition accounting as set out in FRS 6 from the date of acquisition.

As a consolidated Group Profit and Loss Account is published, a separate Profit and Loss Account for the parent Company is omitted from the Group financial statements by virtue of Section 230(4) of the Companies Act 1985.

Treatment of Translation of Foreign Enterprises

At each Balance Sheet date, the monetary assets and liabilities of the Group's entities that do not use UK Sterling as their functional currency are translated into UK Sterling at exchange rates prevailing on the Balance Sheet date and average rates for the Profit and Loss Account.

Exchange differences arising on translation are transferred to the Group's Foreign Exchange Reserve.

Going Concern

After making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Notes to the Consolidated Financial Statements continued

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of tangible fixed assets, less anticipated disposal proceeds, on a straight line basis over their estimated useful economic lives as follows:

Leasehold improvements	Over the life of the lease
Plant and machinery	Over four years
Computer equipment	Over three years
Motor vehicles	Over four years

Evaluated oil and gas properties are depleted using the unit of production method, based on proved and probable reserves.

Intangible Fixed Assets

The Group follows the full cost method under which expenditure relating to the acquisition, exploration, appraisal and development of oil and gas interests, including an appropriate share of overheads and relevant financing costs, is initially capitalised as intangible assets pending determination of commercial reserves. These costs are then written off unless commercial reserves have been established or the determination process has not been completed. Following the discovery of a commercially viable field, the attributable costs are transferred to tangible fixed assets in single field cost centres and then depleted over their useful lives.

Investments

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value.

Stocks

Stocks comprise equipment and materials purchased for various drilling programmes and are valued at the lower of cost and net realisable value.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction except where a transaction is hedged. Transactions that are hedged are translated at the hedged rate. Exchange differences are taken into account in arriving at the operating loss.

Derivatives

The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates, interest rates and movements in oil and gas prices.

The purpose for which a derivative is used is established at inception. To qualify for hedge accounting, the derivative must be 'highly effective' in achieving its objective, with the effectiveness documented at inception and throughout the period of the hedge relationship.

Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date.

A net deferred tax asset is regarded as recoverable, and therefore only recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is measured on a non-discounted basis.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Lease incentives received are recognised in the Profit and Loss Account as an integral part of the total lease expense.

Financial Instruments

The Group may use certain derivative instruments for hedging purposes to alter the risk profile of an underlying exposure of the business in accordance with the Group's risk management policies. The Group does not enter into speculative derivative contracts.

1 Operating Loss

Operating loss is stated after charging:

	2007 £000	2006 As restated £000
Depreciation of owned assets	168	128
Loss on disposal of fixed assets	35	–
Net loss on foreign currency translation	1,406	385
Operating lease rentals – land and buildings	135	73

Audit and non-audit fees are analysed as follows:

	2007 £000	2006 As restated £000
In respect of Baker Tilly and its associates:		
Statutory audit in respect of the Group	9	37
Other services relating to taxation	5	41
All other services	1	16
	15	**94**

In addition to the above payments to Baker Tilly and its associates, fees relating to the acquisition of FirstAfrica Oil Plc have also been capitalised. These costs amounted to £97,000.

Notes to the Consolidated Financial Statements continued

1 Operating Loss – continued

Audit and non-audit fees are analysed as follows:

	2007 £000	2006 As restated £000
In respect of Baker Tilly UK Audit LLP and its associates:		
Statutory audit in respect of the Group	32	–
Other services relating to taxation	9	–
All other services	4	–
	45	**–**

2 Particulars of Employees

The average number of staff employed by the Group during the financial year amounted to:

	2007 No	2006 No
Management	5	6
Administration and operations	24	15
	29	**21**

The aggregate payroll costs of the above were:

	2007 £000	2006 £000
Wages and salaries	2,333	1,503
Social security costs	250	131
	2,583	**1,634**

Certain payroll costs are capitalised in EurOil Limited as the amounts represent exploration and development costs. Further details are disclosed in note 3 to the financial statements.

3 Directors' Emoluments

The Directors' aggregate emoluments in respect of qualifying services were:

	2007 £000	2006 £000
Emoluments receivable	**1,537**	**1,232**

Emoluments of highest paid Director

	2007 £000	2006 £000
Total emoluments (excluding pension contributions):	**312**	**219**

£424,000 (2006: £248,000) of Directors' remuneration was capitalised in EurOil Limited.

Directors' Remuneration

The remuneration of the Directors were as follows:

	Salary £000	Benefits £000	Fees £000	2007 Total £000	2006 Total £000
Executives					
J. D. Brown	163	–	–	163	163
K. Hart	188	–	–	188	–
J. A. C. Morrow	209	3	–	212	151
Chief Tabetando	209	5	–	214	195
P. G. Wilson	165	1	–	166	164
Non Executives					
C. Cook (i)	–	–	14	14	–
R. G. Hanna (i)	–	–	32	32	–
S. Lowden	–	–	24	24	18
Former Directors					
J. S. Anthony (vi)	149	1	–	150	85
T. A. Heneaghan (ii)	298	1	13	312	219
P. B. Rhind (iii)*	–	–	–	–	148
D. B. Vandergrift (iv)	–	1	5	6	53
R. J. W. Walvis (v)	–	–	–	–	12
Dr. E. A. Wren (ii)	–	–	56	56	24
Total	**1,381**	**12**	**144**	**1,537**	**1,232**

(i) Appointed 6 December 2006
(ii) Resigned 6 December 2006
(iii) Resigned 20 February 2006
(iv) Resigned 20 October 2005
(v) Resigned 13 January 2006
(vi) Died 30 December 2006

The Group made contributions to Directors' pension schemes of £nil (2006: £nil).

*Compensations of £120,909 for loss of office were made during the year.

Notes to the Consolidated Financial Statements continued

3 Directors' Emoluments – continued

Directors' Share Options and Long-term Incentive Plans

The options of the Directors at 30 June 2007, over the existing share capital of the Company, were as undernoted, for which £nil has been paid.

		As at 1 June 2006	Granted	Exercise price	Exercisable from/to	Options cancelled	As at 30 June 2007
J. Anthony	Approved	17,143	24/03/2006	£1.75	24/03/09 – 23/03/16	–	17,143
	Unapproved	267,857	24/03/2006	£1.75	24/03/08 – 23/03/16	–	267,857
	Unapproved	81,927	03/08/2006	£2.075	03/08/08 – 02/08/16	–	81,927
J. D. Brown	Approved	8,264	17/12/2004	£3.63	17/12/07 – 16/12/14	(8,264)	–
	Unapproved	150,000	22/11/2004	£3.30	22/11/06 – 21/11/14	(150,000)	–
	Unapproved	20,662	17/12/2004	£3.63	17/12/06 – 16/12/14	(20,662)	–
T. A. Heneaghan	Approved	8,264	17/12/2004	£3.63	17/12/07 – 16/12/14	–	8,264
	Unapproved	212,122	17/12/2004	£3.63	17/12/06 – 16/12/14	–	212,122
J. A. C. Morrow	Approved	8,163	26/10/2005	£3.675	26/10/08 – 25/10/15	(8,163)	–
	Unapproved	266,837	26/10/2005	£5.30	26/10/07 – 25/10/15	(266,837)	–
Chief Tabetando	Unapproved	110,193	17/12/2004	£3.63	17/12/06 – 16/12/14	(110,193)	–
	Unapproved	55,097	28/04/2005	£3.825	28/04/07 – 27/04/15	(55,097)	–
P. G. Wilson	Approved	7,843	28/04/2005	£3.825	28/04/08 – 27/04/15	(7,843)	–
	Unapproved	156,540	28/04/2005	£3.825	28/04/07 – 27/04/15	(156,540)	–
		1,370,912				**(783,599)**	**587,313**

Approved options are granted under the Bowleven PLC Approved CSOP Scheme. Unapproved options were granted under the Company's Unapproved Share Option Scheme.

Approved options are exercisable within the period beginning on the third anniversary of the Date of Grant and ending on the day prior to the tenth anniversary. Unapproved options are exercisable within the period beginning on the second anniversary of the Date of Grant and ending on the day prior to the tenth anniversary.

The share price at 30 June 2007 was 197p and the highest and lowest prices during the year were 244.5p and 170.5p respectively.

Long-term Incentive Plan

A long-term incentive plan ('LTIP') scheme was approved by shareholders and introduced by the Company on 6 December 2006. Benefits will only be delivered if certain performance targets are met. Certain Directors elected to surrender their existing or proposed options in return for a grant of awards to them. Details of the awards of the Directors at 30 June 2007 are given below.

	Options held 1 June 2006	Options cancelled	LTIP awards 30 June 2007
J. D. Brown	178,926	178,926	170,000
K. Hart	–	–	775,000
J. A. C. Morrow	275,000	275,000	230,000
Chief Tabetando	165,290	165,290	230,000
P. G. Wilson	164,383	164,383	170,000
	783,599	**783,599**	**1,575,000**

4 Segmental Analysis

For the purposes of segmental information the operations of the Group comprise one class of business: oil and gas exploration and development.

The major areas of operation are the United Kingdom, the Republic of Cameroon, and the Republic of Gabon. The turnover, operating losses and Group net assets are split as follows:

	2007 £000	2006 £000
Turnover		
United Kingdom	–	–
Cameroon	–	–
Gabon	–	–
	–	**–**
Loss on ordinary activities before taxation		
United Kingdom	(3,880)	(1,414)
Cameroon	(695)	(575)
Gabon	(193)	–
	(4,768)	**(1,989)**
Net assets		
United Kingdom	56,940	42,644
Cameroon	77,339	41,385
Gabon	43,076	–
	177,355	**84,029**

Notes to the Consolidated Financial Statements continued

5 Interest Payable and Similar Charges

	2007 £000	2006 £000
Bank interest	9	2
	9	**2**

6 Loss Attributable to Members of the Parent Company

The loss dealt with in the accounts of the parent Company was £3,576,209 (2006: £1,412,365).

7 Taxation on Ordinary Activities

Current tax:

	2007 £000	2006 £000
In respect of the year:		
UK Corporation Tax based on the results for the year at 20% (2006: 19%)	–	–

The tax assessed on the loss on ordinary activities for the year has been affected by the following factors:

	2007 £000	2006 Restated £000
Loss on ordinary activities before taxation	(4,768)	(1,989)
Loss on ordinary activities by rate of tax	(954)	(378)
Effects of:		
Expenses not deductible for tax purposes	303	354
Amounts written off investments	–	109
Depreciation in excess of capital allowances	8	4
Tax losses not utilised/(utilised)	643	(89)
Total current tax	**–**	**–**

No provision for corporation tax is required due to the availability of tax losses. At 30 June 2007, corporation tax losses and other deferred tax timing differences were approximately £23.3 m (2006: £6.6 m). Tax losses will be carried forward, and are potentially available for utilisation against taxable profits for future years.

The Company has not recognised a deferred tax asset in respect of these tax losses and timing differences as it does not currently meet the recognition criteria of FRS 19. The asset will be recognised in future periods when its recovery (against taxable profits) is considered more likely than not.

8 Basic and Diluted Earnings per Share

	2007	2006
Basic EPS – Ordinary shares of £0.10 each	(0.09)	(0.07)
Diluted EPS – Ordinary shares of £0.10 each	(0.09)	(0.07)
Loss for the financial year	£4,767,985	£1,988,040
Weighted average number of ordinary shares in the period – Basic EPS	53,980,015	27,138,432
Weighted average number of ordinary shares in the period – Diluted EPS	54,126,857	27,285,274

9 Intangible Fixed Assets

Group	Exploration and appraisal expenditure £000	Total £000
Cost		
At 1 July 2006	40,953	40,953
Additions on acquisition of subsidiary – see note 20	14,798	14,798
Additions	39,918	39,918
At 30 June 2007	**95,669**	**95,669**
Net book value		
At 30 June 2007	**95,669**	**95,669**
At 30 June 2006	**40,953**	**40,953**

No intangible assets were capitalised by the individual Company at the Balance Sheet date.

Assets acquired on acquisition have been translated at the year end rate.

Notes to the Consolidated Financial Statements continued

10 Tangible Fixed Assets

Group	Evaluated oil & gas properties £000	Leasehold improvements £000	Plant and machinery £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost						
At 1 July 2006	–	192	95	80	166	533
Additions on acquisition of subsidiary – see note 20	29,583	–	–	7	–	29,590
Additions	1,974	21	18	96	51	2,160
Disposals	–	(63)	–	–	–	(63)
At 30 June 2007	**31,557**	**150**	**113**	**183**	**217**	**32,220**
Depreciation and impairment						
At 1 July 2006	–	62	28	27	35	152
Additions on acquisition of subsidiary	–	–	–	7	–	7
Charge for year	–	56	27	35	50	168
On disposals	–	(28)	–	–	–	(28)
At 30 June 2007	**–**	**90**	**55**	**69**	**85**	**299**
Net book value						
At 30 June 2007	**31,557**	**60**	**58**	**114**	**132**	**31,921**
At 30 June 2006	**–**	**130**	**67**	**53**	**131**	**381**

Assets acquired on acquisition have been translated at the year end rate.

Company	Leasehold improvements £000	Plant and machinery £000	Computer equipment £000	Total £000
Cost				
At 1 July 2006	62	66	46	174
Additions	21	18	92	131
Disposals	(63)	–	–	(63)
At 30 June 2007	**20**	**84**	**138**	**242**
Depreciation				
At 1 July 2006	15	22	16	53
Charge for year	12	20	23	55
On disposals	(27)	–	–	(27)
At 30 June 2007	**–**	**42**	**39**	**81**
Net book value				
At 30 June 2007	**20**	**42**	**99**	**161**
At 30 June 2006	**47**	**44**	**30**	**121**

11 Investments

Company	Shares in Group companies £000
Cost	
At 1 July 2006	1,018
Additions	30,232
At 30 June 2007	**31,250**
Net book value	
At 30 June 2007	**31,250**
At 30 June 2006	**1,018**

Tangible assets investments comprise:

Company	Country of incorporation/ registration	Holding	Class of share
Bowleven Resources Limited	Scotland	100%	Ordinary 10p
EurOil Limited (1)	Cameroon	100%	Ordinary 500,000 CFA
FirstAfrica Oil Plc	England/Wales	100%	Ordinary 10p
GGPC (EOV) Limited (2)	British Virgin Islands	100%	Ordinary $1
GGPC (Epaemeno) Limited (2)	British Virgin Islands	100%	Ordinary $1

(1) Bowleven Resources Limited owns 100% of EurOil Limited, therefore the figures stated above incorporate this investment.

The principal activity of Bowleven Resources Limited is as an intermediate holding company for the operating subsidiary in Cameroon.

The principal activity of EurOil Limited is to procure and analyse scientific and technical data in order to assess exploration and development potential for oil and gas production in the Republic of Cameroon, West Africa.

(2) The principal activity of FirstAfrica Oil Plc is the exploration and development of African oil and gas resources held under terms of oil and gas production sharing agreements in the Republic of Gabon, via its subsidiary undertakings, GGPC (EOV) Limited and GGPC (Epaemeno) Limited.

All subsidiaries are included in the Group consolidation.

12 Stocks

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Stock	3,893	810	–	–

The stock relates to the casing, tubular goods and other equipment that was purchased in preparation for future drilling programmes.

Notes to the Consolidated Financial Statements continued

13 Debtors

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Trade debtors	127	–	127	–
Amounts owed by Group undertakings	–	–	94,099	40,265
Other debtors	227	135	33	27
Other taxation and social security	116	115	78	115
Prepayments and accrued income	569	185	229	147
	1,039	**435**	**94,566**	**40,554**

Amounts owed by Group undertakings are unlikely to be requested for repayment within the next twelve months.

14 Creditors: Amounts Falling Due within One Year

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Trade creditors	5,035	450	218	61
Other creditors	193	66	24	21
Other taxation and social security	–	–	–	45
Accruals and deferred income	4,489	487	190	85
	9,717	**1,003**	**432**	**212**

15 Share Capital

	2007 £000	2006 £000
Authorised:		
120,000,000 Ordinary shares of £0.10 each (2006: 50,000,000)	12,000	5,000

	2007 £000	2006 £000
Allotted and called up:		
74,519,949 Ordinary shares of £0.10 each (2006: 29,606,925)	7,452	2,961

On 12 July 2006, the Company issued 4,438,000 ordinary shares at a price of £2.4536 per share with a nominal value of £443,800. The total aggregate increase in the share premium reserve regarding this issue was £10,250,986, after deducting £201,600 in expenses.

On 18 December 2006 a special resolution was passed, increasing the authorised share capital to £12,000,000.

On 19 December 2006 a further issue of 26,363,637 ordinary shares at a price of £2.20 took place. These shares had a nominal value of £2,636,364. The total aggregate increase in the share premium reserve regarding this issue was £53,715,683, after deducting £1,647,954 in expenses.

From 26 January 2007 the Company purchased the entire share capital of FirstAfrica Oil Plc. The sale took the form of several share issues, as follows. No transaction costs have been posted to the share premium account in respect of this transaction.

Date	Number of shares	Nominal value £	Share price £	Share premium £
26.01.2007	12,986,737	1,298,674	£2.065	25,518,938
08.02.2007	313,277	31,328	£2.04	607,757
23.02.2007	360,887	36,089	£2.1875	753,351
06.03.2007	109,351	10,935	£2.25	235,105
13.03.2007	13,663	1,366	£2.235	29,171
03.04.2007	66,969	6,697	£2.07	131,929
23.04.2007	69,484	6,948	£2.1025	139,142
14.06.2007	161,893	16,189	£2.0175	310,430
	14,082,261	**1,408,226**		**27,725,824**

The Company also issued 29,126 ordinary shares on 12 December 2006, as payment to the FirstAfrica Non-Executive Directors with share options. These shares had a nominal value of £2,913 and the total aggregate increase in the share premium account regarding this issue was £54,975, with no expenses.

16 Reserves

Group	Share premium £000	Other reserves £000	Foreign exchange reserve £000	Profit and loss as restated £000
Balance brought forward as previously stated	86,002	2,883	–	(7,817)
Prior year adjustment – FRS 20	–	335	–	(335)
Balance brought forward as restated	86,002	3,218	–	(8,152)
Loss for the year	–	–	–	(4,768)
Premium arising on shares issued in the year	91,748	–	–	–
Exchange differences	–	–	(913)	–
Value of share options expensed	–	768	–	–
Balance carried forward	**177,750**	**3,986**	**(913)**	**(12,920)**

'Other Reserves' comprise a Merger Reserve of £2,883,000 resulting from a Group reconstruction in 2002 and a Share-Based Payments Reserve of £1,103,000.

Notes to the Consolidated Financial Statements continued

16 Reserves – continued

Company	Share premium £000	Other reserves £000	Profit and loss as restated £000
Balance brought forward as previously stated	86,002	–	(5,029)
Prior year adjustment – FRS 20	–	335	(335)
Balance brought forward as restated	86,002	335	(5,364)
Loss for the year	–	–	(3,576)
Premium arising on shares issued in the year	91,748	–	–
Value of share options expensed	–	768	–
Balance carried forward	**177,750**	**1,103**	**(8,940)**

17 Reconciliation of Movements in Shareholders' Funds

	2007 £000	2006 As restated £000
Loss for the financial year as previously stated	(4,768)	(1,744)
Prior year adjustment – see note 25	–	(245)
Loss for the year as restated	(4,768)	(1,989)
New equity share capital subscribed	4,491	850
Premium on new share capital subscribed	91,748	52,244
Exchange differences on consolidation	(913)	–
Value of share options expensed	768	245
Net increase to funds	91,326	51,350
Opening shareholders' equity funds	84,029	32,679
Closing shareholders' equity funds	**175,355**	**84,029**

18 Capital Commitments

Capital commitments at 30 June 2007 were £nil (2006: $23.2m).

19 Contingent Liabilities

As stated in last year's Annual Report, the Company was served a claim in 2006 by Addax Petroleum NV (Addax) seeking repayment of a non-refundable deposit of $3 million. This sum was paid as part of an agreement in which a farm-in arrangement was contemplated. Addax subsequently indicated that it would not proceed with this arrangement. This claim has now been settled out of court with no payment having been made.

20 Acquisition of FirstAfrica Oil

On 26 January 2007 the Group acquired the entire share capital of FirstAfrica Oil Plc for a consideration of £30,232,000. The consideration was met through the issue of new ordinary shares. Details of share transactions are given in note 15 to the accounts. A fair value adjustment of £2,203,000 has been recorded to reduce the fair value of the assets and liabilities acquired to the value of the consideration.

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed assets:			
Tangible	30,113	–	30,113
Intangible	17,306	(2,203)	15,103
Current assets	1,640	–	1,640
Current liabilities and provisions	(16,624)	–	(16,624)
Net assets acquired	32,435	(2,203)	30,232
Consideration – shares issued	–	–	30,232
Goodwill arising on acquisition			**–**

FirstAfrica Oil Plc made a loss for the period from 1 January 2007 to 26 January 2007 (the acquisition date) of £323,000 (13 month period ended 31 December 2006: £84,803,000). Extracts from the Profit and Loss Account for the period from 1 December 2005 to 26 January 2007 are as follows:

	£000
Turnover	–
Operating loss	(7,119)
Exceptional items	(76,778)
Loss before tax	(85,093)
Taxation	(33)
Retained loss	(85,126)

21 Commitments under Operating Leases

At 30 June 2007, the Group was committed to making the following payments during the next year under non-cancellable operating leases as follows:

	Land and buildings	
	2007 £000	2006 £000
Expiring between 2 and 5 years	175	–
	175	**–**

Notes to the Consolidated Financial Statements continued

22 Cash Flows

a Reconciliation of operating loss to net cash outflow from operating activities

	2007 £000	2006 As restated £000
Operating loss	(7,388)	(3,674)
Depreciation	168	128
Loss on disposal of fixed assets	35	–
(Increase)/Decrease in stocks	(2,747)	43
Decrease in debtors	324	68
(Decrease) in creditors	(838)	(221)
Exchange differences	(913)	–
Share options expensed	768	245
Non-cash payment of Directors' share option scheme dues	58	–
Net cash outflow from operating activities	**(10,533)**	**(3,411)**

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2007 £000	2006 £000
Interest received	2,629	1,687
Interest paid	(9)	(2)
Net cash inflow from returns on investments and servicing of finance	**2,620**	**1,685**

Tax paid

	2007 £000	2006 £000
Tax paid	(25)	–
Net cash outflow from tax paid	**(25)**	**–**

Capital expenditure and financial investment

	2007 £000	2006 £000
Payments to acquire tangible fixed assets	(2,452)	(173)
Payments to acquire intangible fixed assets	(33,688)	(29,260)
Advance of loans	(12,413)	–
Net cash outflow from capital expenditure	**(48,553)**	**(29,433)**

Acquisitions and disposals

	2007 £000	2006 £000
Related acquisition expenses	(1,098)	–
Cash acquired	640	–
Net cash outflow from acquisitions and disposals	**(458)**	**–**

Financing

	2007 £000	2006 £000
Issue of equity share capital	68,896	55,250
Share issue costs	(1,850)	(2,156)
Net cash inflow from financing	**67,046**	**53,094**

Analysis of net funds

	At 1 July 2006 £000	Cash flows £000	Non cash flows £000	At 30 June 2007 £000
Cash in hand and at bank	42,453	10,097	–	52,550
Total	**42,453**	**10,097**	**–**	**52,550**

c Major non-cash transactions
The Group acquired FirstAfrica Oil Plc by means of an issuance of 14,082,261 shares during the year.

23 Financial Instruments

The Group's financial instruments principally comprise cash at bank, and various items such as trade debtors and creditors that arise directly from operations. The main purpose of these financial instruments is to provide finance for Bowleven's operations.

Financial assets and liabilities
Bowleven policy is to ensure that adequate cash is available and Bowleven does not trade in financial instruments and has not entered into any derivative transactions.

Bowleven had no financial assets that fall under the exemption of short-term debtors or short-term creditors and are therefore due within one year.

Interest rate risk profile of financial assets

	2005 £000	2006 £000	2007 £000	Interest rates
Financial assets:				
Cash at bank	20,518	42,453	52,550	Variable

Cash at bank earns interest at floating rates related to the published rate of the bank.

As the Group currently has no borrowings, there is no interest rate risk.

Notes to the Consolidated Financial Statements continued

23 Financial Instruments – continued

Currency risk

	In currency 2007 '000	In sterling 2007 £000
Cash at bank:		
Sterling	25,414	25,414
US Dollar	53,253	26,575
Euro	148	100
Central African Franc	450,146	461

Fair values of financial assets and liabilities

The Directors consider that the fair value of Bowleven's financial assets and liabilities are not considered to be materially different from their book values.

	In currency		Sterling equivalents	
Maturing within one year:	2007	2006	2007	2006
– To hedge future operating payments against US dollars	–	US$18m	–	£9.664m

24 Related Party Transactions

The Company has taken advantage of the exemption granted by paragraph 3c of the Financial Reporting Standard 8 not to disclose transactions with other Group Companies.

25 Change in Accounting Policy

FRS 20 'Share-Based Payment' has been adopted with effect from 1 July 2006.

For the year ended 30 June 2006, the change in accounting policy has resulted in a net increase in the loss for the year of £245,000. The Balance Sheet at 30 June 2006 has been restated to reflect the recognition of a share options reserve of £335,000.

For the year ended 30 June 2007 the change in accounting policy has resulted in a net charge to the Profit and Loss Account of £768,000. At 30 June 2007, the share options reserve amounted to £1,103,000.

Notice of Annual General Meeting

(registered number: SC225242)

Notice is hereby given that the 2007 Annual General Meeting of Bowleven plc ("the Company") will be held at The Balmoral Hotel, 1 Princes Street, Edinburgh, EH2 2EQ on Thursday 13 December 2007 at 1.00 p.m. to consider the following business:

Ordinary Business

To consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1 To receive the Company's annual report and accounts for the year ended 30 June 2007 together with the reports of the directors and the auditors thereon.

2 That Baker Tilly be re-appointed as auditors, to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company, and that the Directors be authorised to determine the Auditors' remuneration.

3 That Caroline Cook be re-elected as a director of the Company.

4 That Ronnie Hanna be re-elected as a director of the Company.

5 That Kevin Hart be re-elected as a director of the Company.

6 That John Morrow be re-elected as a director of the Company.

7 That Peter Wilson be re-elected as a director of the Company.

Special Business

To consider and if thought fit, to pass the following resolution which will be proposed as a special resolution:

8 That the Company may send or supply any document or information that is required or authorised to be sent or supplied to a member or any other person by the Company by a provision of the Companies Acts (as defined in section 2 of the Companies Act 2006 (the "2006 Act")), or pursuant to the Company's articles of association or to any other rules or regulations to which the Company may be subject, by making it available on a website, and the provisions of the 2006 Act which apply to sending or supplying a document or information required or authorised to be sent or supplied by the Companies Acts (as defined in section 2 of the 2006 Act) by making it available on a website shall, the necessary changes having been made, also apply to sending or supplying any document or information required or authorised to be sent by the Company's articles of association or any other rules or regulations to which the Company may be subject, by making it available on a website and this Resolution 10 shall supersede any provision in the Company's articles of association to the extent that it is inconsistent with this Resolution 8.

Dated 8 November 2007

By Order of the Board
Peter G Wilson
Company Secretary

Registered Office:
1 North St Andrew Lane
Edinburgh
EH2 1HX

Notice of Annual General Meeting
continued

Notes

1. A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend, speak and vote at the meeting instead of him/her. A member may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice of annual general meeting.

2. To be valid a duly executed form of proxy (together with any authority, if any, under which it is executed, or a certified copy of such power or authority) must be sent or delivered to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8FB so as to be received by no later than 1.00 p.m. on 11 December 2007 (being 48 hours prior to the time fixed for the meeting) or, if the meeting is adjourned, not less than 48 hours before the time appointed for the adjourned meeting.

3. Completion, signature and submission of a form of proxy will not preclude a member of the Company entitled to attend and vote from attending and voting, in substitution for his/her proxy, should he/she so wish.

4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at 6 p.m. on 11 December 2007 or, in the event that the meeting is adjourned, in the Register of Members of the Company as at 6 p.m. on the second day immediately preceding the day of the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after 6 p.m. on 11 December 2007 or, in the event that the meeting is adjourned, after 6 p.m. on the second day immediately preceding the day of the adjourned meeting shall be disregarded in determining the rights of any person to attend and vote at the meeting.

5. The following documents are available for inspection by any person at Bowleven plc, 1 North St Andrew Lane, Edinburgh EH2 1HX (being the Registered Office of the Company) during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) and will be available for inspection at the place of the annual general meeting from 12.45 a.m. until the conclusion of the annual general meeting:

   (a) the Company's annual report and accounts for the year ended 30 June 2007;

   (b) copies of the service contracts of John Brown, Kevin Hart, John Morrow and Peter Wilson (being the executive directors of the Company); and

   (c) copies of the letters of appointment of Caroline Cook, Ronnie Hanna and Chief Tabetando (being the non-executive directors of the Company).

Notes

Notes
continued

Advisers & Glossary

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ABN AMRO
250 Bishopsgate
London
EC2M 4AA

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Jefferies International Limited
Bracken House
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PR Advisers
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Competent Person
Scott Pickford Limited
4th Floor, Leon House
233 High Street
Croydon
CR0 9XT

B

BBL or bbl: Barrel of oil.
BCF or bcf: Billion cubic feet of gas.
BOE or boe: Barrels of oil equivalent.
BOPD or bopd: Barrels of oil produced per day.

C

CIIP: Condensate initially in place.
Condensate: A light oil, often discovered with significant volumes of natural gas, that is gaseous under certain reservoir conditions.

D

Discovery: A discovery of hydrocarbons not previously evidenced by drilling, recoverable at the surface in a flow measurable by conventional petroleum industry testing methods.

E

Etinde Permit: The permit granted by the Government of Cameroon that covers the area of 2,314 km^2 and consists of Block MLHP-5, Block MLHP-6 and Block MLHP-7, all within the Rio del Rey Basin and the Douala Basin.
EIA: Environmental Impact Assessment.
EOV field: An oil discovery within the East Orovinyare exploration area, offshore Gabon.
Epaemeno Block: The Epaemeno Onshore Exploration Permit, onshore Gabon.

F

FAO or fao: FirstAfrica Oil Plc.
FPSO: A floating production, storage and offloading vessel.
FWL: Free water level.

G

GIIP: Gas initially in place.
GWC: Gas Water Contact.

L

LNG: Liquefied natural gas.

M

MCF or mcf: Thousand cubic feet of gas.
MDT: Modular formation dynamics tester.
MMbbls or mmbbls: Million barrels of oil.
MMBOE or mmboe: Million barrels of oil equivalent.
MMcfd or mmcfd: Million cubic feet of gas per day.
MMscfd or mmscfd: Million standard cubic feet of gas per day.

P

P50 or 2P: Means 50 per cent probability that volumes will be equal to our greater than stated volumes.
Prospect, lead and play: A play is an exploration concept or idea that is conducive to the identification of leads that may, in turn, become prospects when they are ready to be drilled.
PSC: Production sharing contract.
Probable Reserves: Those reserves that are unproved but given available technical evidence are more likely than not to be produced under current economic, operating and regulatory conditions. There is deemed to be at least a 50 per cent probability that quantities actually recovered will equal or exceed the sum of this estimate and the Proved Reserves.
Prospective Reserves: Those quantities of petroleum that are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.
Proved Reserves: Those quantities of petroleum that can be estimated, with reasonable certainty, to be commercially recoverable under current economic, operating and regulatory conditions. There is deemed to be at least 90 per cent probability that quantities actually recovered will equal or exceed this estimate.

R

Risked Recoverable Reserves: Unrisked reserves that have been reduced in volume as a consequence of applying chances of success factors to their recoverability.

S

2D seismic data: Data resulting from two dimensional seismic acquisition.
3D seismic data: Data resulting from three dimensional seismic acquisition.

T

TVDSS: True Vertical Depth Sub-Sea.

U

Unrisked recoverable reserves: Estimated reserves of hydrocarbons before applying the chances of success factor as to their recoverability.

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