

# HIGH QUALITY ASSET

bowleven

BOWLEVEN PLC  
ANNUAL REPORT AND ACCOUNTS 2019



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## WHO WE ARE

Bowleven plc is an independent AIM listed oil and gas company focused on Africa, where it holds a combination of development and exploration interests in Cameroon.

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### OUR PURPOSE

Bowleven plc is dedicated to realising material shareholder value from its asset in Cameroon, whilst maintaining capital discipline and employing a rigorously selective approach to other value-enhancing opportunities.

### OUR VISION

To deliver shareholder value through monetisation of our discovered hydrocarbons by creating value from the asset and managing risk.



## CORPORATE HIGHLIGHTS

# \$11m

Cash and bank deposits held at end June 2019; no debt. No outstanding work programme commitments (2018: \$63m)

# \$4m

Invested in publicly traded debt instruments and equity in the form of limited partnership structures (2018: \$19m)

# \$25m

Payment of \$25 million is due from joint venture (JV) partners once a final investment decision (FID) is reached on the development of the Etinde field (2018: \$25m)

# \$62m

Write down in the value of the Etinde Intangible exploration asset during the year, following a reassessment of the value of the project given the high level of uncertainty and risk immediately prior to FID being achieved

# \$63m

Total value of special dividend payment to shareholders, equivalent of 15 pence per ordinary share

### OPERATIONAL

Etinde, offshore Cameroon

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

Bomono, onshore Cameroon

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

### FINANCIAL

- The financial valuation of the Etinde asset has been assessed during the latter part of the year based on development plans proposed by the Operator and the revised assessment of the project's contingent resources.
- We have paid close attention to the risks and uncertainties associated with the pre-final investment decision (FID) status of the project.
- The valuation has been determined to be within a range, with a mid-point of \$150 million, resulting in an impairment provision of \$62 million against the Group's carrying value of Etinde.

### CORPORATE

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

### OUTLOOK

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

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

## BOWLEVEN AT A GLANCE

# An Africa-focused oil and gas company

Bowleven plc has strategic interests in key hydrocarbon licences in Cameroon. It currently has a 25% interest in the offshore, shallow water Etinde permit. Our vision is to deliver shareholder value through monetisation of our discovered hydrocarbons. Creating value from these assets and managing risk are core deliverables to our shareholders.

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**WHERE WE OPERATE**

The West African state of Cameroon has an established hydrocarbon industry with a history of oil production from the Rio del Rey Basin.

The Group has a strategic equity interest in the offshore shallow water Etinde Permit (non-operated) in Cameroon.

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**OUR PORTFOLIO****ETINDE**

The Etinde Permit (formerly MLHP-7 block) was awarded an Exploitation Authorisation (EA) in July 2014. The PSC based permit has a term of 20 years with an option to extend for a further ten years. The licence sits in the prolific Rio del Rey Basin. The IM-5 well drilled in 2013, encountered liquids-rich hydrocarbons at sufficient volumes to underpin a development scheme within the EA framework.

**BOMONO**

The Group's former interest in the Bomono Permit came to an end in December 2018. Whilst we have not yet received formal notification of the termination of the licence from the Government of Cameroon, this is considered likely. The licence is located in an onshore extension of the Douala Basin.

Population in Cameroon

**25.8m**

Population growth rate (2019 est.)

**2.6%**

Gross Domestic Products (GDP) per capita

**\$1,500**



Rio del Rey Basin

CAMEROON

ETINDE PERMIT

MLHP-7

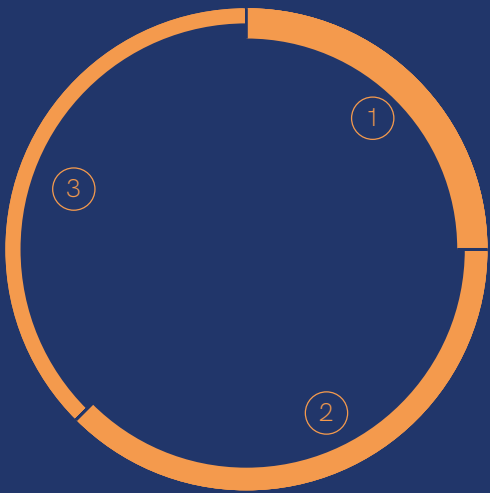
Douala Basin

BOMONO  
PERMIT

OLHP-1

OLHP-2

ETINDE PERMIT- MLHP-7



①	Bowleven	25%
②	LUKOIL	37.5%
③	NewAge	37.5%
④	SNH*	

\* SNH has a potential right to back-in the PSC, which would have the impact of reducing Bowleven's interest to 20%.

## CEO REVIEW

# Unlocking Material Value

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

ELI CHAHIN  
CHIEF EXECUTIVE OFFICER



Dear Shareholders,

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

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

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

## ROADMAP TO FID

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

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

The culmination of this effort will be the tabling of a revised development plan with our host government, which may also form the basis of a Participation

Agreement that could enable Société Nationale des Hydrocarbures (SNH) to share in the benefits of this critical investment for the country. This will of course also be the catalyst to the commissioning of the FEED studies which underpin the infrastructure investment, capex spend requirements and the development timetable to first production

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

#### VALUATION OF THE ETINDE ASSET

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

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

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

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

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

The two other structural uncertainties relate to:

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

Based on our assessment of the revised valuation, we have concluded that Bowleven's share of the Etinde project has a value of \$150 million. This gives rise to the need for an impairment provision of \$62 million against the carrying value of the Intangible Exploration asset, which has been reflected in these preliminary financial statements (see note 8 to the financial statements).

#### SPECIAL DIVIDEND PAYMENT

On 8 February 2019, the Company made a special dividend payment to shareholders of approximately £49 million, the equivalent of 15 pence per ordinary share. The payment was made in the context of the increasing challenges of securing adequate returns in the capital markets, alongside the lowering of interest rates. The Board believed that the capital

was better placed with our shareholders until such time when further capital investment decisions are required.

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

#### BOMONO

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

#### ETINDE

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

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

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

#### Eli Chahin

Chief Executive Officer  
28 November 2019

## STRATEGIC FRAMEWORK

# A focus on achieving FID

**FOCUSED STRATEGY**

Following the 2018 appraisal campaign, the Etinde project has moved to a development planning phase where Bowleven together with the JV partners remain focused on achieving FID.

**CONTINUED DELIVERY**

Several development screening concept studies to optimise the development of the Etinde Field are being progressed with the aim of agreeing development concept and securing and structuring commercial agreements with various counterparties in the coming months.

**STRONG POSITION**

A final investment decision is expected in 2020, with first production envisaged in 2023.

**TRANSFORMATIONAL UPSIDE POTENTIAL**

The Etinde Block is regarded to be an established asset transpiring monetisation of a world-class resource and the potential for optimum return to shareholders.

**Progress made during 2019**

- Alignment of geological data.
- Scrutinising of all development options for optimum hydrocarbon extraction sequencing.
- Independent examination of the resource base.
- Multiple hydrocarbon bearing horizons.
- Further appraisal showing potential for future prospectivity.
- Independent verification of hydrocarbons by D&M.

## STRATEGIC PILLARS

### VALUE MONETISATION

Remaining aligned organisationally to ensure value monetisation

### ENHANCING THE ASSET

Obtaining a better understanding of the sub-surface environment

### STAKEHOLDER AGREEMENT

An aim to obtain participation agreement with host government

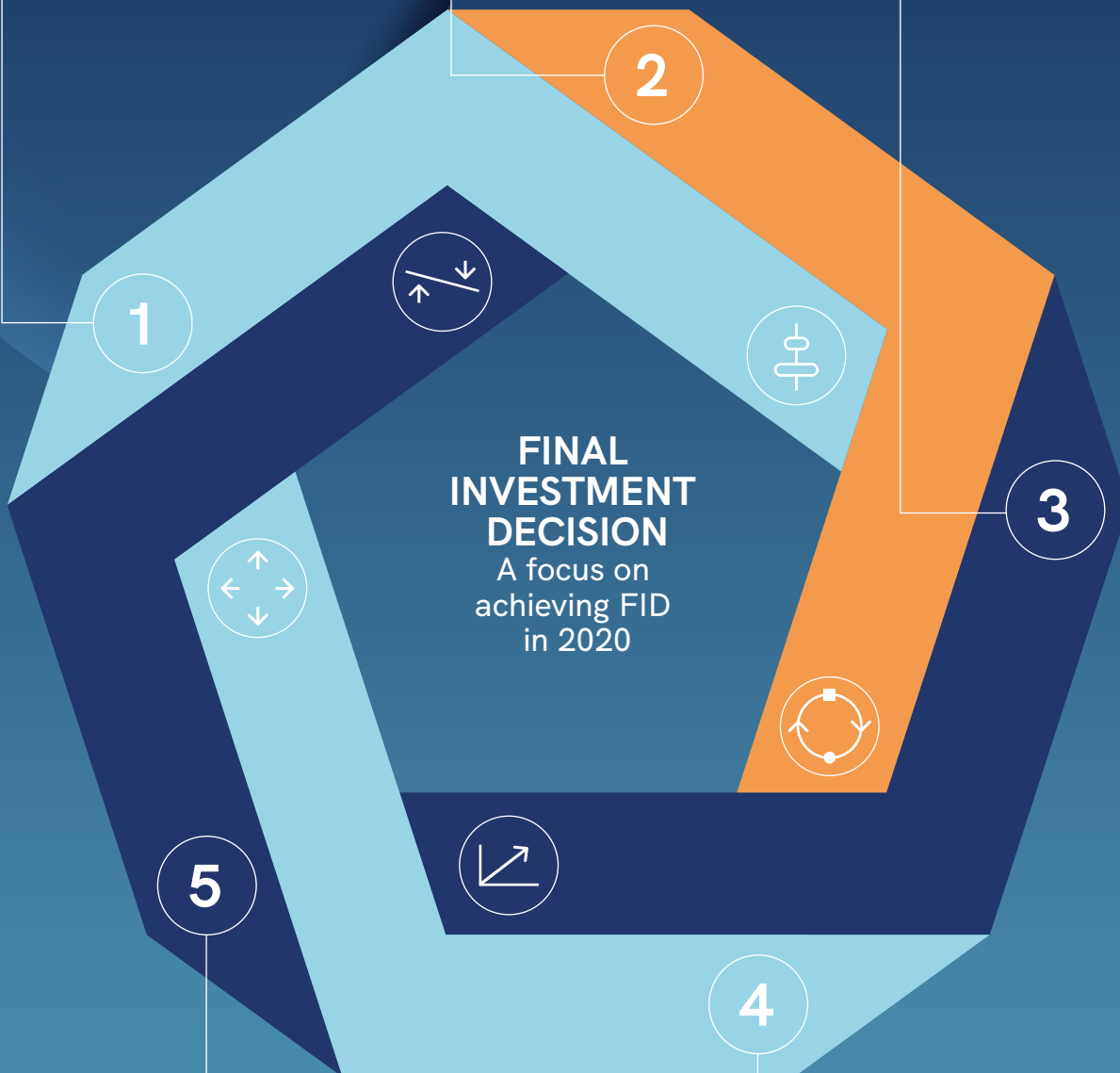
**FINAL INVESTMENT DECISION**  
A focus on achieving FID in 2020

### PROJECT FUNDING

Position for funding of Etinde project

### LOW COST OPERATING MODEL

Maintaining a fit for purpose lean operating business





## OPERATING REVIEW

# Securing a development plan with stakeholder engagement

During the past 12 months the JV partners have focused on the reviews of both the geological and engineering data following the 2018 appraisal drilling programme, and a thorough reassessment of the Etinde development plan. These two separate activity strands are still ongoing, and completion is expected in early 2020.



**WORK DONE DURING 2019 ENABLES THE ASSESSMENT OF ALL OPTIONS AND FINALISATION OF DEVELOPMENT CONCEPT.**

Following the completion of the two appraisal wells in autumn 2018, the data and physical samples and core material collected have been subject to a wide range of analysis undertaken by external consultancies.

The operator's in-house specialists have undertaken a fresh examination of the latest and previous geological and geophysical data, in order to prepare an updated geological analysis of the Etinde licence and then revised the Petrel and reservoir engineering models. The output of the review will provide a new integrated set of data, an updated in-house resource basis for the Etinde licence and a revised set of leads and prospects for future appraisal activity. In addition, it will enable a pre-FID field development plan, which supports the infrastructure development scheme that forms the bedrock of the FID decision.

During 2019, the JV partners have held a series of collaborative workshops focusing on the operator's findings and reaching technical alignment. Several technical meetings included the Cameroon state oil company, Société Nationale des Hydrocarbures (SNH).

The JV partners also agreed to undertake an update to the JV's externally verified resource base. DeGoyler & McNaughton (D&M) was appointed to undertake this assessment that was recently finalised, and the results have been reflected in this Annual Report.

In Q4 2018, the JV partners agreed to undertake a full reassessment of the Etinde development project with special emphasis on the infrastructure needed to support the development. NewAge commissioned several specialist engineering consultancies to investigate different facets of the development options. These assessments were undertaken based on a floating production storage and offloading vessel (FPSO) based development, a platform with floating storage and offloading vessel (FSO) development, or an onshore gas and condensate processing facility.

The specialist consultancies completed their various assessments during the summer of 2019. The operator has subsequently been preparing a Concept Selection Report (CSR), which marries the initial sub-surface development plan with the necessary infrastructure to develop the field. Whilst this is not a full field development plan, as not all commercial considerations have been included or assessed, the primary aim is to enable the JV partners to narrow down the development plan and then to provide a basis for FEED studies to be undertaken. A new field development plan is to be produced subsequently.

The CSR has focused on the commercial and infrastructure issues and remains subject to further iterations. The operator proposes that once agreement is reached an initial development concept will be proposed and presented to both

the JV partners and SNH for outline approval. NewAge envisage a revised field development concept and development budget be produced subsequent to the finalisation of the proposed FEED studies. This will be agreed during Q1 2020 leading to an anticipated FID decision. Whilst we consider the proposed steps represent an appropriate basis, we consider that it is likely that the JV partners, SNH and the Government of Cameroon may require additional time to agree a decision.

The Etinde exploitation authorisation (EEA) was initially granted in July 2014 for an initial period of 20 years, which is extendable by a further 10 years on application. The EEA provided a right for SNH to enter into a 20% share of the licence, subject to a completion process, which has yet to happen and has gone past the deadlines set out in the relevant legislation. In addition, the EEA requires SNH and the Government to approve any development plan prior to implementation and requires development to commence prior to January 2021. The JV partners consider that the risk of losing the licence is low, but it cannot be ruled out entirely.

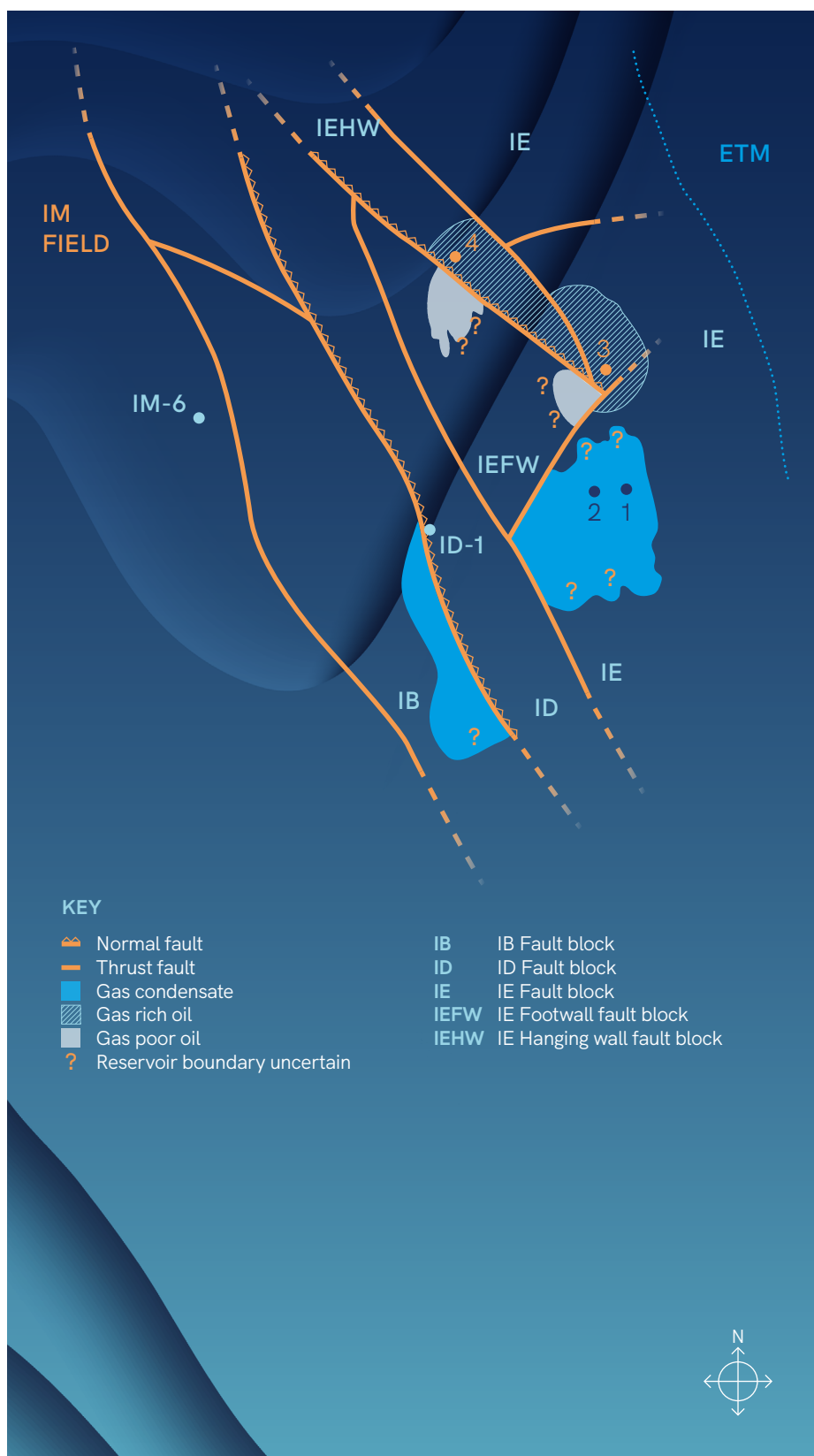
#### GEOLOGICAL UPDATE

During 2018/19, the operator has completed the post drilling analysis of the data collected from the IM-6 and IE-4 appraisal wells and integrated the new data into the existing models. In addition, the operator has undertaken a fresh look at the reservoirs and structures within the western part of the Etinde licence area using a new team of geological and geophysical specialists.

The significant reservoir horizons are found in coarse to fine grained sandy deposits, which may also include large clasts of earlier sediments. These horizons were formed in a long lived, submarine channel complex that developed along the continental margin of this part of west Africa from at least the Middle to Upper Miocene age (c.5 and 15+ million years ago). Submarine current flows (often referred to as turbidity or gravity currents) produce complex cross cutting multi-axis channel systems that have a complex three dimensional geometry and depositional history, which are commonly difficult to unravel. For interpretational reasons, each major sandy package has been given a numeric identifier. These reservoir horizons can change in composition, thickness and sequence across relatively small distance as a result of the way the submarine channel originally formed. Between the major reservoir horizons, other smaller, thinner horizons which may act as hydrocarbon reservoirs, can also be present.

#### IE FIELD DISCOVERED RESOURCE

A simplified, schematic representation of the main petroleum traps in the area adjacent to the IE wells.



## OPERATING REVIEW CONTINUED

These submarine channel deposits have been subject to tectonic disruption related to plate tectonic movements and the formation and evolution of the volcanoes (such as Mount Cameroon and Bioko Island) that form part of the Cameroon volcanic line. Across the Etinde licence area, this faulting has created a series of individual fault bounded blocks where the faults may act as hydrocarbon seals for one or more of the major and minor reservoir horizons. These blocks have been given individual names for interpretational reasons.

The JV partners appointed D&M to undertake an independent examination of the IM and IE fields, resulting in an update to the contingent resource position. The results of this contingent resource update have been summarised later in this section on page 11.

#### IM Field Update Following Analysis of the IM-6 Well Data

The IM field comprises three separate hydrocarbon reservoirs. These are discussed below.

##### 1. Upper Isongo

The Upper Isongo reservoir is the smallest of three reservoirs that comprise the IM field. The current remapping suggests that the identified field may extend further north than previously identified. JV partners are currently investigating the technical feasibility of producing this reservoir from a single vertical well combined with a dry gas reinjection well. Initial modelling suggests it should be possible to increase condensate extraction for up to a three-year period as a result.

##### 2. Intra Isongo

The most significant Intra Isongo aged Miocene reservoir horizon is the '410' channel sand package, which is present across a significant part of the western side of the Etinde licence, although there are also significant younger (510) and older (310) sequences. The IM-5Rz well drilled in 2012/13 discovered gas concentrate in the structurally highest part of what has been called the 'Awl' prospect.

The fluid pressure data from the water leg collected in the 410 reservoir formation at the IM-6 well location provided sufficient information to determine the location of the gas/water contact in the Intra-Isongo Awl structure at a 3,050 m depth.

This reservoir will be a part of the initial development. It is proposed hydrocarbons will be extracted using a single inclined well drilled down dip from the IM-5Rz location along the roughly north-south channel axis targeting the thickest part of the 410 reservoir.

##### 3. Middle Isongo

This is the largest of the three structures in the IM field with the bulk of the hydrocarbons being found in the main reservoir horizon (M250) although the slightly deeper M230 horizon is also important.

The updated analysis indicates that the Middle Isongo reservoir is separated into three or four main compartments, only one of which has been drilled to date. The revised mapping also suggests that the hydrocarbon trap may extend northwards, into the adjacent licence area. The Middle Isongo trap in particular is adversely affected by seismic dimming caused by stratigraphically higher volcanic deposits. This causes problems distinguishing the channel structures where the thicker, higher quality reservoir can be found. As a result, the middle Isongo has quite a wide range between the proven and possible resource in the field.

The draft sub-surface development plan prepared by the operator proposes that the wet gas is produced using three inclined wells, one in each of the three main compartments. A vertical appraisal well could also be drilled at the same time to test the northwards extension of the structure, which could also be used as a production well.

#### IE Field Update Following Analysis of the IE-4 Well Data

The IE field sits in a geologically complex area, separated into several different fault blocks. The four IE wells combined with the nearby ID well show multiple hydrocarbon bearing horizons, many of which have been subject to well testing that demonstrated potentially commercially viable production rates. Correlation between the well locations is complicated by poor seismic data and the presence of multiple faults that break the potential reservoirs into distinct blocks.

The IE-4 well was designed to test the prospectivity of the lateral continuation of the IM field's 410 reservoir in this area in two separate fault bounded blocks. The well showed that the 'Drillbit' block was water bearing with no evidence of prior hydrocarbon presence, whilst the uppermost 5 to 6 m of 'Crowbar' reservoir was hydrocarbon bearing. Subsequent analysis shows quite a high degree of difference in the compositional nature of the 410 sands in the two blocks, with the Crowbar sands also having a significant carbonate cement, giving rise to low porosity and permeability. The well data is unable to demonstrate whether the presence of the cement is localised to the fault zone or a characteristic of the Crowbar block 410 sands themselves.



**IE WELLS SHOW MULTIPLE HYDROCARBON BEARING HORIZONS AND DEMONSTRATE COMMERCIALY VIABLE PRODUCTION RATES.**

## CONTINGENT RESOURCES

### RESOURCE AND VOLUME ESTIMATES

The operator of the Etinde field has led a detailed review of the field during late 2018 and across 2019, incorporating the results of the 2018 appraisal drilling programme and updating the existing models in light of the new data, undertaking a complete geological reinterpretation and forming a revised field development concept. This work is nearing completion and will ultimately produce a revised subsurface development plan for the IM and IE fields.

Alongside this process, the JV partners have provided updated data to D&M, who have been contracted to provide an independent assessment of the contingent resources of the IM and IE fields. D&M recently presented their independent assessment to the JV partners. Bowleven have adopted this report as the basis of the Group's assessment of the resources for the Etinde licence. D&M's assessment is as follows:

#### Gas condensate

The gas condensate reservoirs in the IM and IE fields as a whole, currently comprises about c.1.2 tcf of gas in place on a P50 basis.

	1C (P90)	2C (P50)	3C (P10)
Gas initially in place (bcf)	743	1,146	1,375
Recoverable volume			
Gas (bcf)	461	810	1,091
Condensate (million bbls)	51	83	105
LPG (million bbls)	9	16	21
Total BOE (million bbls)	137	234	308

The total amount of contingent resource attributable to Bowleven (25%) for the licence is estimated as follows:

	1C (P90)	2C (P50)	3C (P10)
Recoverable volume			
Dry Gas (bcf)	115	203	273
Condensate (million bbls)	13	21	26
LPG (million bbls)	2	4	5
Total BOE (million bbls)	34	59	77

Compared to the previous (2015) published P50 resources for Etinde, the gas initially in place is largely unchanged in total. This reflects a net change comprising a reduction of 200 bcf for the IM field volume offset by an increase in the IE field. The IE field was not previously included in the development plan. Recoverable volumes have declined by around 15% depending on the category, giving an overall reduction on contingent resources from 290 million boe to 244 million boe (in total).

#### Oil

The IE field also contains an oil reservoir, which was not previously recognised in contingent resources. D&M estimate the STOIP and recoverable oil resources to be:

	1C (P90)	2C (P50)	3C (P10)
STOIP (million standard bbls)	13	30	38
Recoverable volume			
Oil (million standard bbls)	3	7	12
Dry Gas (bcf)	6	17	27
Total BOE (million bbls)	4	10	17

Attributable to Bowleven's 25% share:

	1C (P90)	2C (P50)	3C (P10)
Recoverable volume			
Oil (million standard bbls)	1	2	3
Dry Gas (bcf)	2	4	7
Total BOE (million bbls)	1	3	4

In addition to these contingent resources, there is also prospective resources in drilled locations (IC, ID, IE and IF locations) as well as several undrilled prospects.

#### Notes:

- For the IM and IE fields, the range of contingent resources are reported based on the current proposed development plan for the field as detailed earlier in this section. The Etinde exploitation authorisation area (EEAA) based production model previously used, is no longer considered appropriate. For the IM/IE fields, the contingent resources estimates are now reported as sales gas, primary and secondary condensate recovery and LPG recovery resources respectively.
- For all Etinde discoveries, except the IM and IE fields, wet gas contingent resources are estimated based on a consideration of the range of recovery factors that may be typically anticipated from a gas field, for a range of development scenarios and resulting outcomes, ranging from reservoir depletion to gas recycling. Gas recovery factor ranges of 50–80% of GIIP can be considered typical for a gas field. Tabulated gas resource figures are based on an appropriate range of recovery factor estimates for the range of current conceptual development cases, allowing for gas shrinkage due to liquids drop-out. The reported sales gas resource includes CO<sub>2</sub> content. This will either be removed prior to sale or adjusted for in the gas selling price depending on the actual gas sales agreement.
- For the purpose of calculating barrels of oil equivalent, 1 boe = 6,000 scf gas.
- Other than as stated in these notes, this statement of the Group's resources has been prepared using the classification system set out in the 2007 Petroleum Resources Management System published jointly by the Society of Petroleum Engineers (SPE), the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE).
- In this report, Bowleven's resource and volume reporting is based on a 25% equity interest in Etinde. In previous reports post the farm-in agreement, 20% was used. This is because, under the EA, SNH were able to take up a 20% equity participating interest as a JV partner. In this case, Bowleven's equity would be reduced from 25% to 20%. At the current time, SNH and the JV parties need to reach a new agreement on the basis upon which SNH would be able to take its equity share.
- To date SNH have not signed the Participation Agreement to take up their 20% interest. Therefore, the Etinde JV is proceeding on the basis that the Etinde equity split is NewAge 37.5%; LUKOIL 37.5%; and Bowleven 25%.
- No resources have been included for Bomono in this tabulation.

## OPERATING REVIEW CONTINUED

Chemical analysis of the hydrocarbon fluid sample indicates the presence of a gas poor light black oil at Crowbar rather than a gas condensate or high gas content light oil. This type of hydrocarbon has not previously been identified at Etinde. Further appraisal drilling on the Crowbar deposits will be needed to make a final assessment of the prospectivity of the Crowbar reservoir.

The well also discovered a 25 m relatively thinly bedded sequence of interbedded sands/muds sitting above the 410 horizon in the Drillbit block (the '420' sands). The lower 12 m of this sequence was subject to a well test in 2018, with a maximum average flow rate of 17.1 mmscf/d with 8,700 bopd of light oil. Subsequent sedimentological analysis suggests this represents a sequence of slope collapse deposits. The chemical composition of the gas rich light oil found at the IE-4 well is similar to that previously found at the IE-3 well.

Much of the post well activity on the IE area has been spent trying to correlate the hydrocarbon bearing horizons identified in the ID-1 and IE-1 to IE-4 wells and obtain a better understanding of the fault boundaries and displacement across the faults themselves. This is quite difficult to do, because of the seismic dimming due to presence of younger volcanic rocks in this area, lateral changes in the thickness and extent of the potential reservoir horizons and the relative ages and quality of the well data itself.

The revised mapping suggests that the potential reservoir horizon in the IE-4 well above the Drillbit 410 sand can be correlated with the similar light oil horizon in the IE-3 well and that the reservoirs are geologically continuous with the possibility that a single horizontal well could potentially be used to produce the oil. There is evidence that there may be separate compartments present within this oil reservoir due to the presence of either seismically undetectable faults or the nature of deposits themselves. This may be an important factor for oil recovery rates.

The revised geological analysis indicates the presence of a gas condensate trap around the IE-1 and IE-2 wells. The northern/western boundary end would appear to be sealed against fault boundaries, although the existing data doesn't determine where the boundary may be, except that this reservoir isn't present at the IE-3 well location. The location of the down structure gas/water boundary is equally uncertain. Seismic dimming makes an exact structural correlation between the IE-1 and IE-2 wells unclear, which complicates the delineation of this potential gas condensate field.

Similarly, the ID-1 well penetrated a gas condensate bearing structure in the IB Block. Mapping suggests that this may also form a gas condensate trap sealed by the northern fault boundary, although the location of the eastern boundary of the trap is unknown.

The plan for further geological analysis in 2020 is currently under discussion. NewAge has proposed reprocessing some or all of the seismic data for the Etinde licence area in the belief that advances in data processing technology can increase the clarity of seismic data to assist the seismic and geological analysis by compensating for the seismic dimming effect.

**ETINDE DEVELOPMENT CONCEPT**

The JV partners agreed to undertake an 'all options' reassessment of the development concept for the Etinde licence gas condensate discoveries in Q4 2018, following the initial results of the 2018 appraisal drilling programme. The 2018 appraisal drilling programme clearly showed that an FLNG based development concept of the scale previously proposed was no longer commercially viable and that the development should focus on monetising the condensate and dealing with the gas as a secondary consideration.

Several engineering consultancies were appointed to undertake detailed engineering studies, development timetable and an estimate of the likely infrastructure/facilities based development cost. A specialist drilling consultancy has provided cost estimates for the subsea development element. The initial engineering studies were completed during Q3 2019 and are currently being reviewed by the JV partners.

NewAge is preparing a CSR based on these engineering design studies that aims to set out the pros and cons of each of the main development concepts, which can be used by the JV partners as a basis to reach an initial agreement on the most likely development concept(s) for the licence. The CSR is evolving through several drafts based on discussion and feedback from the JV partners as well as an expansion in the scope of the report.

The current draft CSR is not based on the final subsurface development model which requires finalisation of the revised Etinde resources and the determination of the optimum hydrocarbon extraction proposal. The finalisation of the CSR is also closely integrated with many commercial considerations, which have a direct impact on the nature of the physical infrastructure required to attain commercial development of the field. The open issues specifically related to the utilisation of LPG and dry gas fraction and the likely end customer(s) for these products. The operator expects to issue the final document later this year and has the intention of issuing a (revised) field development plan in early 2020.

**Progress Towards Development During the Year**

The initial results of the 2018 appraisal drilling programme clearly showed that the initial development of the Etinde licence would need to proceed based on the already discovered resources, primarily in the IM field. Based on this level of resources, c. 1 tcf of wet gas in place, any commercial development would primarily be based on condensate production, but the volume of gas produced would be the deciding factor on how the development would proceed. The previously proposed FLNG concept ceased to be economically valid as there was insufficient gas present in the field.

The JV partners agreed in Q4 2018 to initiate a full reassessment of monetisation options for Etinde. To support this process a number of specialist engineering companies and consultancies were commissioned to undertake engineering design studies to assess various potential approaches. This assessment looked at three main development concepts:

1. FPSO based offshore development;
2. an offshore condensate processing platform plus FSO; and
3. an onshore gas processing plant based development concept.



The studies also focused on the infrastructure that would be needed to supply condensate, LPG and dry gas to the Cameroon domestic market and to consider viable mechanisms for exporting production.

One significant change has occurred to the commercial gas market in Cameroon during 2019. The Government of Cameroon determined that the Cameroon electricity generation sector should be provided by a combination of hydroelectric generation schemes combined with gas powered electricity generation. As a result, several projects have been proposed to convert existing heavy oil powered electricity generation to gas power and to develop new gas powered generation capacity.

NewAge has convened a number of JV workshops and formal meetings with SNH and the JV partners across 2019 to discuss various aspects of potential development schemes, which have continued to evolve across the year based on interaction with the engineering design consultancies and JV partners.

These studies culminated with NewAge presenting the JV partners with the beginnings of a development strategy in Q3 2019. The CSR's primary objective is to summarise the pros and cons of each of the three main development concepts and to detail the nature and cost of field infrastructure required to develop Etinde. As a by-product the CSR should also allow the JV partners to draw a conclusion regarding the most probable field infrastructure needed to support the core development.

This report draws upon and is supported by the engineering design studies commission in late 2018. Initial studies suggest that onshore gas processing is likely to be somewhat cheaper than an offshore based development, although no definitive conclusion has been reached to date. The current draft needs to be updated to reflect the final subsurface development concept, when this separate work stream is completed later in 2019.

The CSR currently remains in draft pending further analysis and finalisation of JV partner discussion. There are several open items relating to the proposed infrastructure, especially those relating to economic and gas production considerations that need to be resolved before the report can be finalised.

Ultimately, the economic success of the Etinde development will be controlled by the commercial and technical solutions that will govern the rate at which gas can be extracted from the reservoirs. This will be predicated on gas reinjection capacity in the reservoirs, gas to power domestics demand economics and the viability of any export solutions for the residual production.

The sequencing of the gas production solutions directly impacts on the nature of the initial infrastructure development and associated capital investment requirements.

#### Next Steps Towards FID

Once the CSR has been approved by the JV partners, NewAge intends to prepare a revised development concept which will be detailed in a development plan supported by a field development information memorandum.

The development plan will be submitted for formal approval to SNH and the Government of Cameroon. SNH would also be asked to formally commit to taking up their 20% share of the licence, which would require them to commit to providing their share of the development budget and their share of currently unpaid back costs.

As part of this process, the JV partners may reach an agreement to fund SNH's share of current and past development costs under a commercial financing agreement.

The initial development plan would also be used to commission FEED studies to enable the development of the necessary infrastructure design, a full development timetable and a detailed cost estimate. Simultaneously, several commercial agreements with various third parties would also need to be finalised.

On receipt of the FEED studies and development concept approval from SNH and the Government of Cameroon, the Development Plan and associated information memoranda would be finalised, and the JV partners would need to agree to the FID, which would commence the actual field development project.

The date at which FID may be given is uncertain as it is subject to a number of subsidiary stages, that have yet to commence. NewAge believes that the FID decision point can be reached by Q1 2020. Given the complex nature of the interaction between economic/commercial issues, the sub-surface development plan and the necessary development infrastructure combined with internal SNH and Governmental approval processes, we consider that progress towards resolving the open issues will take time, consequently delaying FID to later in 2020.

#### Bomono Permit (Bowleven Group 100% and operator)

Efforts to engage various stakeholders towards securing a small scale development option for Bomono's 146 bcf of unrisked gas initially in place (GIIP) were not successful during 2018. The Bomono exploration licence expired on 12 December 2018, however the licence has not yet formally been withdrawn by the Government of Cameroon. Discussions with SNH on the future of the licence are ongoing at the current time.

## FINANCIAL REVIEW

# Remaining well funded after dividend payment

## \$63m

Special Dividend payment

**FINANCIAL POSITION AT 30 JUNE 2019**

The Group continues to have a robust unleveraged balance sheet with cash of \$11 million (2018: \$63 million) and reasonably liquid investments of \$4 million (2018: \$19 million). The reduction in the Group's cash and liquid investments resources is due to the payment of a £48.5 million (\$63.1 million) special dividend in February 2019.

The Group remains focused on implementing the development of Etinde to attain FID as soon as possible in conjunction with the JV partners and other stakeholders to ensure that the Company's share price fully reflects the value of the Etinde investment. We continue to maintain a rigorous application of capital and cost discipline in our operations.

Following the return of surplus cash funds to shareholders via the payment of a special dividend, the remaining \$11 million of cash and \$4 million liquid financial investments at 30 June 2019 with no debt and no Etinde financial commitments, the Company remains well-funded to explore its ability to participate in the upstream investment to realise the hydrocarbons that have already been discovered within the Etinde field.

**INTANGIBLE ASSET**

The Group's investment in the Etinde licence increased by \$12 million (2018: \$27 million) to \$212 million (2018: \$200 million) before any consideration of the underlying value of the asset. The increase is due to the

combination of Bowleven's nominal share of the appraisal drilling programme (\$6 million) and a transfer of expenditure from deferred consideration to intangible exploration assets (\$6 million) on a basis consistent with the crediting the proceeds of the 2015 Etinde farm-out to intangible exploration asset. Other Etinde intangible asset additions of various pre-FEED engineering studies and G&G studies totalling \$2 million.

The G&G studies related to follow-up investigation and studies relating to the data collected during the 2018 appraisal drilling programme. This data was subsequently used to update and amend the IM and IE field and to prepare revised contingent resource and subsurface field development plan. The pre-FEED studies were prepared by several different engineering consultancies and other specialist organisations were used in the assessment of various field development options and in preparing the draft CSR. Both the G&G studies and follow-up activity related to the pre-FEED studies are ongoing at the current time. This expenditure was offset by various accounting adjustments, which reduced the value invested by \$3 million.

With the completion of the 2018 appraisal drilling programme in October 2018. The Etinde JV partners do not have any financial or other commitments relating to the Etinde licence area.

The Group has an unrecognised contingent asset of \$25 million. The amount is due as part of the consideration arising from 2015 farm-out transaction with NewAge and LUKOIL and is dependent on the FID for the development of the Etinde licence being approved.

**VALUATION AND IMPAIRMENT OF THE CARRYING VALUE OF THE ETINDE ASSET**

As detailed in the CEO's statement and the Operations review, the JV partners have spent considerable time and effort in 2019 reassessing the amount of hydrocarbon available for development following the completion of the 2018

drilling programme and reappraising the optimum engineering solution for the commercial development of the Etinde asset. Whilst discussion regarding the specifics of the field development plan are ongoing, the majority of the engineering and commercial requirements have been significantly narrowed.

Given the changes in both the hydrocarbon resource make-up and the delineation of the engineering design and forecast cost of the necessary facilities needed to support the various alternative development options under consideration, we have undertaken a fresh valuation of the Etinde asset. This valuation has been based on what Bowleven considers to be the most likely economically viable development scenario(s) based on those currently under assessment by the field Operator in consultation with the JV partners.

However, until the JV partners reach FID and the revised proposals are submitted to SNH and the Government of Cameroon for the necessary approval, any valuation of Etinde will include many uncertainties and risks. This gives rise to a material uncertainty regarding the valuation of the Etinde JV and hence the carrying value of the Intangible asset in the Group's balance sheet.

To minimise the risk of over-valuing Etinde at this stage, we have approached the valuation of Etinde using two different methodologies. The first was by preparing an economic forecast using conservative assumptions, especially in respect of the level of contingent resources available for the development and hydrocarbon pricing assumptions. To this basic cash flow model, we have gone through a process to determine how the uncertainties and risks may impact the valuation and to make an assessment of the potential range in the risk weighted discount rate used. This assessment has been supported by sensitivity analysis.

In addition to this valuation methodology, we have also sought



## FINANCIAL INVESTMENT INCOME FOR THE YEAR WAS \$1.5 MILLION (2018: \$1.7 MILLION).

to benchmark our share of the 2C Contingent resources of Etinde against publicly available market data for broadly comparable assets using a \$ price per boe of 2C resources.

Further details of the valuation methodology and the key assumptions and risks can be found in note 8 of the financial statements. Each valuation methodology used provides a range of potential valuations for Etinde. We have made an assessment of the most realistic mid-point valuation within the combined valuation range having given due consideration to our assessment of the inherent reliability of each valuation methodology.

On this basis, it was determined that Bowleven's share of the recoverable value of Etinde was \$150 million. Comparing this to the current net book value of the Intangible asset, gave rise to an impairment provision of \$62 million during the current financial year.

### INVESTMENTS

The Group intends to continue seeking opportunities to maximise its investment income where possible. However, the high level of international financial market volatility seen in FY2019 caused the Board to terminate investments earlier than originally intended to minimise financial losses.

At the beginning of the financial year, the Group had a total of nine investments in seven companies, in both equity shares, limited partnership equities and debt instruments, for a total amount of \$19 million. Most of these investments were sold in FY2018/19, leaving the Group holding two investments in one company at 30 June 2019, with a value of \$4 million. The remaining debt instrument will reach maturity at the end of October 2019.

### SHAREHOLDERS' FUNDS

Shareholders' funds are \$168 million (2018: \$298 million) at 30 June 2019. The reduction is primarily due to the Etinde intangible asset impairment and

the declaration and payment of the special dividend and the FY2018/19 retained operating loss of \$4.6 million before the impairment charge.

### FINANCIAL PERFORMANCE

The Group's loss for the year to 30 June 2019 was \$66.6 million (2018: \$7 million). The loss for the year is mainly driven by an impairment provision of \$62 million against the carrying value of the Etinde intangible asset discussed above. The remainder of the loss includes administrative expenses for the Group of \$5 million (2018: \$6 million). This includes Bowleven's share of the Operator's administrative cost for the Etinde asset of \$3 million (2018: \$1 million). Overall Bowleven Group's internal administration costs have been reduced to \$2 million from the previous year's level of \$3 million. We do not expect any further reductions. Costs may increase in the future as the Group invests in more external consultancy support related to the move from exploration to development status for the Etinde project.

The Group suffered a foreign exchange loss of \$0.3 million (2018: \$2.5 million loss). In the prior year, the FX loss mostly arose as a result of translating US Dollar (USD) cash assets to GB Pounds (GBP) in the holding company's accounts. The functional currency of the holding company was changed from GBP to USD from 1 January 2018, which eliminated this requirement.

The current year FX loss arises from translating GBP denominated cash and cash equivalents to USD. This greatly reduced the FX loss as the Group mostly holds USD-denominated assets and liabilities.

The Group's investment income is generated by interest income on its cash balances and from its financial investments. Net investment income in FY2019 at \$1.5 million was lower than the previous year (\$1.7 million) due to the reduction in the value of both cash and financial investments held by the Group across the year. The Group also incurred a net loss

of \$0.8 million due to the combination of net losses on the sale of financial investments and a corresponding reduction in the market value of the investments held due to increased market volatility.

### CASH FLOW

The Group's net cash position reduced to \$11 million from \$63 million at the end of the prior year. The net reduction was mostly due to the payment of a special dividend of £49 million (\$63 million) in February 2019.

The cash value of the Group's operating losses for the financial year was \$3.7 million compared to \$6 million in the prior year. Capital expenditure increased to \$1.4 million from \$0.3 million. This was mostly due to Bowleven's share of pre-FEED and G&G studies relating to the Etinde project. The Group realised \$14 million from the sale of its financial investments acquired at a cost of \$19 million in the prior year.

### BALANCE SHEET

The carrying value of oil and gas assets at 30 June 2019 was \$150 million (2018: \$200 million). The decrease is due to the combination of a \$62 million impairment charge, Bowleven's nominal share of the appraisal drilling programme (\$6 million), and a transfer of expenditure from deferred consideration to intangible exploration assets (\$6 million). This is on a basis consistent with the crediting of the proceeds of the 2015 Etinde farm-out to intangible exploration asset. Other Etinde intangible asset additions of \$2 million were offset by a reduction in the carrying value of \$3 million due to various accounting adjustments relating to timing and other JV accounting related movements.

As at 30 June 2019, Bowleven had cash and liquid financial investment balances of \$11 million (2018: \$63 million) and no debt plus \$4 million of financial investments (2018: \$19 million).

### FINANCIAL SUMMARY

	Year ended 30 June	
	2019 \$000	2018 \$000
Loss for the year after impairment and similar charges	<b>4,560</b>	7,042
Net cash used in operating activities	<b>66,567</b>	5,907
Net cash used in investing activities, excluding financial investments	<b>3,748</b>	17,853
Bank deposits, cash and cash equivalents	<b>10,982</b>	63,234
Financial investments	<b>4,134</b>	19,073
Shareholders' funds	<b>168,123</b>	297,625

Loss per share (basic and diluted) was \$0.20 (2018: loss per share \$0.02).

## RISKS AND INTERNAL CONTROLS

# Protecting our business from potential risks

Risk management is fundamental to Bowleven's conduct and includes executing action plans around and within the Company's activities in order to protect business interests from risks.

The Board is responsible for maintaining effective risk management and internal controls. We remain of the view that on account of the significantly reduced levels of business activity the need to establish an independent internal audit function is not evident. The executive team is well qualified and suitably professional for managing daily risks across the business. There is an authority matrix in place to mitigate or otherwise bring them to the Board's attention. The Board recognises that risk cannot be fully eliminated and that their responsibility is to ensure that they need to be informed regularly by a risk assessment and decisions need to be made at the right level and within the Company's defined risk appetite.

The Group's principal risks and uncertainties are listed in the table. In the event of a risk becoming known to the Company, the following process is adhered to:

1. Identify the risk
2. Assess the risk
3. Mitigate the risk
4. Add risk details to the Risk Register
5. Regularly review and evaluate risks



The principal risk areas for the business and the respective mitigating actions are listed below:

RISK	MITIGATION	RISK RATING
Significant capital requirements.	<p>Capital discipline is rigorously deployed to maximise value and reviewed at every Board meeting.</p> <p>The Group is due to receive a \$25m cash payment from its JV partners at FID. If FID is reached in 2020, the Directors are satisfied that the Group would be able to secure additional debt and equity funding in order to finance its share of the Etinde development. If FID is not reached prior to licence expiry in January 2021, the Directors are satisfied that Group has sufficient existing financial resources in place to meet its operating costs for at least 12 months from the date of approval of these accounts.</p> <p>The Group actively manages its funding requirements to progress the monetisation of its portfolio. Active engagement with capital providers (banks, shareholders, potential partners), will recommence if necessary, to assess the range of options that are available for when additional sources of funding will be required to meet our upstream infrastructure capex requirements.</p> <p>Depending on the choice of development scheme, the Group may have to raise additional finance at some point in the future. Contacts with banks, existing shareholders and potential investors may be reinitiated to facilitate this should it prove necessary.</p>	Medium
Misalignment between JV partners who may have different priorities and objectives.	<p>The Group is actively engaged with its JV partners in building and maintaining effective and transparent working relationships as a means of understanding their positions and influencing decision-making for the benefit of the JV as a whole.</p> <p>Due diligence is used to review development plans tabled alongside regular engagement to ensure partner interest are aligned.</p>	Medium
Development plan delivery.	<p>The Company is investing significant time and resources to validate the various development options under consideration. The Company uses a range of third party experts to validate, co-ordinate, and support where necessary, the development risks and plans tabled.</p>	Medium
Geological/reservoir risk: assumptions used to estimate hydrocarbon resources may prove incorrect and this may lead to sub-optimum development options being made.	<p>The appraisal programme was undertaken to de-risk the Etinde asset and the JV partners are obtaining a better understanding of the reservoir geology.</p> <p>NewAge and the Etinde JV partners have validated the data obtained from the drilling and the well testing to obtain a better understanding of the reservoir model.</p> <p>The Group utilises its experience and that of the JV partners to determine and correlate the resource and development assumptions to ensure that its management and Board maintain a realistic view of resources. The Etinde JV will require an independent consultant's report to verify the results of the appraisal drilling and before an FID is made.</p>	Medium
The Group's JV partners may fail to fund their share of joint operations.	<p>Risk of default is mitigated by provisions in the joint operating agreement (JOA) model used in the business. The JOA allows the non-defaulting JV partners to acquire the defaulting partner's equity share in the asset concerned.</p>	Low
The existence of a market for gas in Cameroon may be an important factor to the successful commercial development of the Etinde Permit.	<p>SNH supported the Etinde appraisal drilling programme and the Government of Cameroon sanctioned a Gas Convention Agreement for exporting the Etinde gas on the basis that the JV assigns 500 bcf of resource to Cameroon domestic offtakes.</p> <p>SNH and the Government remain interested in developing power generation capacity.</p>	Medium
Regulatory uncertainty and delays or refusal in granting approvals may severely inhibit project development in the Group's non-operated asset and in a worst case scenario lead to the loss of title assets.	<p>The Group uses its influence in the JV Management Committee(s) to support the JV operator in ensuring that there are open communication channels with Cameroon Government agencies. Also, the Group ensures that it is represented at the in-country meetings to discuss JV business with SNH and Government officials.</p> <p>Under the terms of the Etinde exploitation authorisation, there is an initial 6 year period, ending in January 2021, by the end of which development must have commenced. Failure to meet this deadline potentially allows SNH, at their option, to terminate the licence.</p>	Medium



## RISKS AND INTERNAL CONTROLS CONTINUED

RISK	MITIGATION	RISK RATING
The areas in which the Group operates are perceived to have serious bribery and corruption problems and issues.	<p>The Group has a zero-tolerance attitude towards bribery and corruption.</p> <p>The Group has an anti-bribery and corruption policy, consistent with the Group's obligations arising under the UK Bribery Act 2010, and has established procedures for monitoring compliance, including regular training for all Group staff. The Group includes anti-bribery and corruption compliance provisions in all contracts entered with third parties.</p> <p>As part of the regular training, staff are also reminded of the Group's whistleblowing policy and encouraged to confidentially raise any concerns that they may have about dangerous, illegal activity or any wrongdoing within the organisation.</p>	Low
The nature of the Group's operations exposes it to a wide range of HSSE risks, including cybercrime risk.	<p>The Group regularly reviews its HSSE policies and procedures within the context of its operational profile to ensure that effective HSSE measures are in place to ensure compliance with the Company HSSE policy and industry standards. Currently, the Group does not undertake oilfield operations on its own behalf and therefore, has a low staffing level.</p> <p>The Group monitors the application and effectiveness of the HSSE policies and procedures performed by the Operator of the Etinde JV.</p> <p>The Company is aware of EU and UK legislation regarding the growing threat from cybercrime. The Company continuously reviews its IT systems and implements measures to ensure that the Group systems are secure and able to adequately protect its intellectual property.</p>	Medium
The Group operates in challenging market conditions with lower commodity prices than previously experienced that could adversely affect the carrying value of assets. There remains uncertainty on how long these market conditions will continue and, of course, this will impact on investment decisions we will make for Etinde.	<p>The Group monitors its macroeconomic environment, maintains a disciplined approach to capital allocation and costs, and evaluates its business strategies appropriately.</p> <p>The Group works closely with its JV partners and maintains awareness of industry trends and costs to understand how the Group's assets might be valued.</p>	Low
Staff retention is a major risk which would mean that the Company is unable to function properly and meet its management and reporting obligations to shareholders and as a listed Company.	<p>The Group has retained a small executive team and some key technical expertise on <i>ad hoc</i> contracts to be called upon to deliver specialist support at JV meetings.</p> <p>The Group has access to several consultants, accounting and legal firms who have knowledge of the business and support the formal reporting protocol. Additionally, the Group has retained technical expertise in geology, sub-surface engineering and analysis and facilities engineering.</p>	Medium
Political risk due to unstable governments, and economy in Cameroon presents a risk of losing money.	The Group has obtained insurance against political risk in order to protect investors and the Company in case of events promoting financial loss, such as acts of expropriation, domestic or international political unrest and violence (including war and terrorism).	High

The above risks are considered by the Directors to be typical for an oil and gas group of Bowleven's size and stage of development.

## APPROVAL OF STRATEGIC REPORT

The Strategic Report on pages 1 to 19 of the Annual Report and Accounts has been approved by the Board of Directors.

On behalf of the Board

**Eli Chahin**

Chief Executive Officer  
28 November 2019

## CORPORATE SOCIAL RESPONSIBILITY

# A commitment to the environment and the people

**Bowleven is mindful of the increasing concern of environmental and social impacts of drilling programme activities and together with our JV partners we continue to manage these to safeguard the protection of the environment, its communities and our employees.**

The corporate social responsibility (CSR) philosophy maintained by NewAge (JV Operator) and shared by all parties comprises proactively taking action, going beyond the requirements of laws and to contribute to the welfare and progress of the communities within which we operate.

We seek to understand and manage the environmental and social impact that our exploration has on the community and its networks. Our continual focus on doing business:

- within the prescribed legal frameworks,
- in an ethical way, respecting human rights and the environment,
- while implementing health and safety policies that protect our workers and mitigate any potentially negative impact on the environment remains at the forefront of our operations.

## SUPPORTING THE COMMUNITY

The Company is committed to supporting the community in which it operates and proudly contributes to the Etinde CSR activities in Cameroon driven by the JV Operator, which include events and projects that benefit the country's welfare or progress. They are offered to the national community and to the wider community within which company assets may be located.

Bowleven's annual contribution of USD \$100,000 towards SNH's training programme which helps fund the training

of personnel in oil and gas operations in Cameroon. This support enables SNH to provide workshops and seminars to SNH staff and other Cameroonians as well as pay all associated costs and expenses such as training materials, accommodation etc.

## ENVIRONMENTAL CONSIDERATION

Environmental consideration is at the forefront of the Etinde drilling programme with the intention to reduce any damage that may be caused by the JV activities. The JV Operator adheres to stringent processes as part of the Environmental and Social Impact Assessment (ESIA) certification which includes public communication, regular reports and consultations and compliance with environmental regulations and standards.

An adherence to monitoring regimes and statutory reporting during the drilling programme operation ensures the control of potential impact. Some of the environment protection measures in place included the installation of proper waste treatment facilities, the monitoring of waste streams to verify waste levels were kept to a minimum as well as the cycling of water to remove hazardous materials.

The stabilisation of the site to a non-polluting and acceptable risk standard is a priority in the final stage of programme. The control of waste disposal throughout the project and the proper disposal of OBM materials contributed to the minimisation of potential impact on the environment.

## HEALTH AND SAFETY

Together with our JV partners, Bowleven manages the business' health and safety to ensure the health, safety and wellbeing of its employees, contractors and suppliers.

The standard practice of the JV operator's (NewAge) standard practice includes making sure risks are properly understood and promoting continuous improvement practices to eliminate HSE risks or reduce them As Low As Reasonably Practicable (ALARP). Other standards it incorporates are:



Other standards it incorporates are:

- a robust contractor selection and HSE risk education and training process;
- health and safety training for all personnel;
- complying with all host country regulations, Good International Industry Practice and International Finance Corporation (IFC) Performance Standards;
- minimisation of workplace exposure to hazards through risk management;
- the identification, assessment and management of health and safety hazards, risks and impacts.

Bowleven has continued to monitor the policies and procedures that the JV Operator has in place to confirm that they are consistent with our own policies in maintaining health and safety standards in the workplace and working environment. We are proud to report that no major accidents occurred during the 2018 Etinde drilling programme.

## CHAIRMAN'S REVIEW

# Progressing Etinde to FID

Bowleven's immediate objective remains to create value through the delivery of the Etinde FID.

Our focus has been to derisk the business, return cash to shareholders, and put in place the appropriate team to accompany our JV partners to develop and monetise Etinde.

## BOARD OF DIRECTORS

Dear Shareholders,

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

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

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

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

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

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

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

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

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

**Matt McDonald**  
Chairman  
28 November 2019

### **ELI CHAHIN** **Chief Executive Officer**

**Appointed to the Board**  
March 2017

#### **Experience**

Eli Chahin has 25 years' experience working in banking and management consulting, during which he has worked across several industries and markets, including the UK, US and Australia. He holds a number of Board appointments and currently serves as a Senior Advisor to AlixPartners, a leading international consulting firm. He has held various senior executive roles at ANZ and Standard Chartered Bank. He was elected to the Bowleven Board in March 2017, and shortly thereafter became Chief Executive Officer.

### **MATT MCDONALD** **Non-Executive Director and Chairman**

**Appointed to the Board**  
August 2017

#### **Experience**

Matt McDonald was an international financial restructuring lawyer who has worked extensively in numerous countries across M&A advisory, financial restructuring and corporate finance. He has over 20 years' experience, having worked with international law firms in London, Frankfurt and Los Angeles. He has advised companies and investors on complex transactions in numerous industries, including the oil and gas industry. Matt was appointed to the Bowleven plc Board in August 2017 and was a member of the Remuneration Committee.



## CORPORATE GOVERNANCE

## Applying the principles of the QCA Code

Corporate governance is an important matter for the Board and the Directors are committed to ensuring that good practice flows throughout the Company.



THE DIRECTORS PURPOSEFULLY COMPLY WITH THE QCA CODE HAVING REGARD TO COMPANY FUNDAMENTALS.

As an AIM listed company, Bowleven has adopted the Quoted Companies Alliance (QCA) Code and continually demonstrates the application of its principles that underpin best practice in corporate governance.

The Company seeks to continually develop a governance framework in respect to our business. The Directors purposefully comply with the underlying principles of the QCA Code, to the extent they consider it appropriate and having regard to the size, current stage of development and resources of the Company. Details of how Bowleven addresses the key governance principles of the QCA Code are contained in this section and on our Company website.

**BOARD STRUCTURE**

The Board currently comprises of Eli Chahin as Executive Director and Matt McDonald as Non-Executive Director. On 2 May 2018, Matt McDonald was appointed as Chairman of the Board.

Matt McDonald (Non-Executive Chairman) is responsible for the running of the Board and Eli Chahin (Chief Executive Officer) is responsible for implementing the strategy and running the Group's business. Both Board members are collectively responsible and committed to promoting the interests of the Company and meeting high standards of corporate governance.

Biographies of the current Directors and details of their respective skills are set out on page 21.

**BOARD SKILLS**

The Board members provide a 50/50 balance between Executive and Non-Executive Directors and are supported by other professionals as and when required. The Board led by the Chair has the necessary skills and knowledge to discharge their duties and responsibilities effectively, setting clear expectations and ensuring stringent measures for meeting corporate governance standards, particularly in relation to executive remuneration, accountability and audit.

The Executive and Non-Executive Directors' skill sets are complementary, and together provide a blend of broad commercial, operational, legal and financial expertise. Their suitably broad, high calibre skill set is such that all decision-making at Board level is robust and mindful of the fiduciary responsibilities that need to be discharged to all shareholders.

Although the Non-Executive Director is a representative for the Company's largest shareholder, he brings the skills and expertise necessary to challenge effectively, constructively and independently the performance of the Company strategy. He continually demonstrates the commitment to provide an independent oversight to Board matters; to support the CEO in an objective manner; and to consistently act independently, in character and judgement. Acknowledging there may be residual shareholder concerns surrounding the composition of the Board, and the absence of independent Directors, there is a more conscious effort to promote shareholder discussions having regard to the need to provide confidence on the governance framework deemed appropriate at this juncture in the Company's evolution.

**COMMITMENT TO THE ROLE**

Each of the Directors are committed to devoting the necessary time required to fulfil their roles' responsibilities. The expectation is for Executive Directors to devote a substantial amount of their time, attention and ability to their duties, however a time commitment of 12 days per annum is the contractual agreement for Non-Executives. Prior to accepting additional commitments that might affect the time they are able to devote to their duties, permission must be sought by the Chairman (or the CEO in the case of the Chairman).



### BOARD MEETINGS

As part of their responsibilities the Directors are expected to attend scheduled Board meetings that take place at least six times a year. Additional meetings are arranged on an *ad hoc* basis.

The total number of scheduled Board meetings held for the period 1 July 2018 to 30 June 2019 was six, which were attended by Eli Chahin and Matt McDonald. No unscheduled Board meetings took place during this period.

### MATTERS RESERVED FOR THE BOARD

The key matters reserved for the Board comprises matters required by the Companies Act 2006 together with business strategy and policy; business and major capital investment plans; risk management policy and processes; expenditure budgets and significant financing matters; senior personnel appointments; corporate governance; Board evaluation; stakeholder communications; offers of company takeovers; litigation; and statutory shareholder reporting.

### RISK MANAGEMENT

The risk management framework and processes adopted by the Board involve the identification, assessment, mitigation, monitoring and reporting of all key risks on a regular basis to minimise the impact of such risks. Formal arrangements for determining the extent of exposure to the risk has been established by the Board.

The Board is responsible for regularly reviewing and updating the Group Risk Register and matrix considering the key risks and uncertainties facing the business. All newly identified risks are added to the register and any changes in an identified risk from the last reporting period is noted and all updates are communicated throughout the organisation. All risks are rated according to the severity of the risk. All risks that are given a 'High' rating are monitored more closely and systems are in place to flag up risks that remain with a 'High' rating for an extended period so that an action plan to lower the severity can be deciphered by the Board.

Details of the Risk Register can be found on pages 17 and 18.

### BOARD PERFORMANCE EFFECTIVENESS

The Board evaluation occurs annually, whereby the Chairman conducts a one-to-one meeting with the CEO. The aim of the Board evaluation is to review the effectiveness of the Board's performance and assess its strengths as well as areas for development.

As part of the process a set of questions which reflect details of the Financial Reporting Council's (FRC) guidelines on board effectiveness are discussed. The Board is collectively and individually assessed against a set of criteria that centres around scheduling, teamwork and relationships, responsibility for corporate governance, support of the Company's strategy, Company performance, engagement with shareholders, and the individual's skills and experience.

The results of the evaluation process are collated and reviewed, and recommendations are made based on the results. An action plan is then devised, and the progress is monitored throughout the year.

All Directors are provided with the opportunity for further development and training. In addition, the Company supports them to seek independent and professional advice in relation to the continuation of their duties.

Board performance is under closer market scrutiny having regard to the diminished Board numbers. The Board has engaged more proactively with key shareholder constituents mindful that the strategic direction of the business needs to be in broad alignment with shareholder expectations.

### COMPANY SECRETARY

All Directors have access to the Company Secretary for advice and services. The appointment and removal of the Company Secretary is a decision for the Board as a whole. Directors also have access to independent professional advice at the Company's expense and receive appropriate training where necessary.

Burness Paull LLP was appointed Company Secretary to the Board on 19 July 2017.

### AUDITORS

Our auditors are consulted from time to time on matters relating to internal audit controls and processes to ensure robust systems are in place for the Company's systems of internal control and risk management.

Ernst & Young LLP was reappointed as the Company's auditor at the AGM on 12 December 2018.

### RE-ELECTION OF DIRECTORS

There are transparent procedures in place for the appointment of new Directors to the Board. In accordance with the Company's Articles of Association, all Directors are required to retire by rotation every three years, when they can offer themselves for re-election, if eligible. In addition, the Company's Articles of Association provide that any Director appointed by the Directors shall retire at the AGM of the Company immediately following their appointment and be eligible for re-election. There are no Directors to whom either of these regulations is applicable to in 2019.

### BOARD COMMITTEES

In the absence of an Audit, Nomination and Remuneration Committee, the Board is responsible for carrying out the duties pursuant to each of these functions in compliance with the QCA Code.

### Audit Responsibilities

The Board takes responsibility for ensuring that the financial performance of the Group is properly reported on and monitored. This included the monitoring of the integrity of financial statements and the Company's internal financial controls and risk management systems. The Committee liaised with the auditor and reviewed the reports from the auditor relating to the accounts and control processes.

### Nomination Responsibilities

The nomination responsibilities involve reviewing and recommending the appointment of new Directors to the Board. As there was no requirement to appoint another Director, no meetings of this nature were held.

### Remuneration Responsibilities

With the Board currently comprising of the Chief Executive Officer and the Non-Executive Director who is also the Chairman of the Company, these responsibilities have been adopted by the Chairman. There has been no change to the CEO remuneration package since it was agreed in March 2017 with a third party executive consultant appointed by the Nomination Committee at the time.

## CORPORATE GOVERNANCE CONTINUED

## UPHOLDING GOVERNANCE

The Board recognises the need for good corporate governance and is therefore committed to maintaining compliance to the QCA Code principles.

In view of the current size of the Board, no delegation of specific responsibilities has been made to committees at this stage. The Board does not consider it appropriate to adopt terms of reference to establish Audit, Remuneration and Nominations Committees in the short term.

In the absence of committees, the Board is supported by external bodies which are called upon as required for their input and expertise in relation to matters which are normally dealt with by the committees.

Strong financial controls are in place and are well documented. A Directory of Authority which details the authorisation process is in place and is part of the Policy & Procedures manual. An internal audit plan is in place and is monitoring and assessed against the audit function in the context of the Company's overall risk management system.

As part of the Company's external audit process, the Board regularly reviews and assesses the effectiveness and independence of the Company's external auditor, particularly prior to the submission for the auditor's re-election at the Company's AGM.

## PROMOTING A HEALTHY CORPORATE CULTURE

The Company is committed to conducting business in an open, honest, fair and professional way.

The Directors understand the importance of leading by example, demonstrating professionalism and integrity, and encourage communication and team spirit through meetings, team events and regular contact. The Company promotes team development and team alignment via its optimal operating process, which encourages a consultative approach in the decision-making process. The office is an open-plan space that continually provides the opportunities for staff interaction.

Employees and contractors are remunerated in line with their skills and competencies, which are reviewed on an annual basis via an employee performance appraisal programme.

The Company has a Policy and Procedures manual in place which staff are given as part of their induction and can access as required. Staff are made aware that they must always adhere to these and are encouraged to ask questions and seek clarification on anything they are unsure about.

Anti-corruption and anti-bribery training are compulsory for all staff and contractors and the anti-bribery statement and policy is contained in the Company's employee handbook as well as on the corporate website. The Company's expectation of honest, fair and professional behaviour is reflected by this and there is zero tolerance for bribery and unethical behaviour by anyone relating to the business.

A whistleblowing policy is also in place which enables staff the opportunity to confidently raise any concerns directly with the Chairman, the Company Secretary or the Group's audit team. The Company considers it essential that all staff should be made to feel safe in their environment and therefore has the means available to freely discuss any issues that arise.

The Company's equal opportunity policy promotes equal opportunity for employment and non-discriminatory behaviour. The principles of non-discrimination and equality of opportunity also apply to the way in which employees treat visitors, clients, customers, suppliers and former staff members.

The general wellbeing of personnel working for the Company is a matter of importance. Management support a flexible approach in the work environment and assisting employees in obtaining advice on health and personal matters as well as further education and training.

## ENGAGING WITH SHAREHOLDERS

The Board recognises the importance of engaging with its institutional and private investors and has the responsibility for ensuring that a satisfactory dialogue with shareholders takes place. The Board communicates with shareholders and potential investors through a variety of channels, formal and informal including the Annual Report, Interim Report, RNS announcements, PR, media, corporate website, videos, investor presentations, analyst meetings, social media (Twitter, LinkedIn), emails, one-on-one and group conference meetings.

The Board receives regular updates of shareholder registry reports and remains informed by monitoring the main movements in shareholdings together with reviewing broker reports.

The Group continually seeks to develop and improve its investor relations activities. Enquiries from all shareholders are welcomed by the Company and shareholders are encouraged to raise any concerns they may have with the Chief Executive Officer or the Non-Executive Chairman.

## DIRECTORS' REPORT

The Directors of Bowleven plc (a company incorporated in Scotland with registered number SC225242) submit the Annual Report and Accounts for the year ended 30 June 2019. These will be laid before the shareholders at the AGM to be held on Wednesday 11 December 2019.

### PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Chief Executive Officer's Review (pages 4 and 5), the Chairman's Review (pages 20 and 21) and the Operating Review (pages 8 to 13), which form part of the Strategic Review, describe the activities of the Group during the financial year and its future developments.

The Group operates through overseas branches and subsidiary undertakings as appropriate to the fiscal environment.

### 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 Group reported a loss for the year of \$66.6 million (2018: \$7.0 million loss).

A special dividend of £0.15 per share was declared on 6 January 2019 and paid on 8 February 2019. The amount returned to shareholders was £48.5 million (\$63.1 million) in total.

The Directors do not recommend the payment of a dividend for the year ended 30 June 2019 (2018: nil).

### POST BALANCE SHEET EVENTS

In September 2019, the Company received notification that the parent company of one of its financial investments in a debt instrument had refinanced its debt and that the loan note principal would be settled in full on 30 October 2019.

### THE DIRECTORS AND THEIR INTERESTS

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

	Appointment date
<b>Executives</b>	
E Chahin	14 March 2017
<b>Non-Executives</b>	
M McDonald	17 August 2017

The Directors' holdings in Bowleven plc ordinary shares during the financial year were as follows:

	Ordinary shares at £0.10 each	
	At 30 June 2019	At 30 June 2018
<b>Executive</b>		
E Chahin	1,141,579	1,141,579

### DIRECTORS' LIABILITIES

Qualifying third-party indemnity provisions for the benefit of all the Directors were in force throughout the financial year and they remained in force as at the date of approval of the Annual Report.

### MAJOR SHAREHOLDERS

As at 31 October 2019, the Company had been notified of the following interests of 3% or more in the Company's ordinary share capital:

	Shares	% held
Crown Ocean Capital P1 Limited	96,876,798	29.58
HSBC James Capel as principal	30,408,348	9.29
OVMK Vermogensbeheer	17,043,934	5.20

The details in the table are calculated using 327,465,652 as the denominator (being the total issued share capital of the Company excluding treasury shares as at 31 October 2019).

## DIRECTORS' REPORT CONTINUED

### RELATIONS WITH SHAREHOLDERS

Communications with shareholders are given high priority by the management. The Company communicates with shareholders and potential investors through a variety of channels. The Annual Report and the Interim Report provide a comprehensive update of the Group's activities and are made available to all shareholders. In addition, market announcements, including Group operational updates, are also released, as and when appropriate, to update shareholders on activities. The Company's website is also used to enable access to a variety of information on the Company ([www.bowleven.com](http://www.bowleven.com)).

The Chief Executive maintains regular dialogue with shareholders and potential shareholders by way of direct communication, presentations, and analyst meetings. An analyst update and investor conference may be held after the Group's announcement of year end results and interim results. In addition to these, the Company seeks to engage with shareholders through investor events. These tend to comprise a mix of presentations and one-to-one or group meetings which are held at various times during the year.

Presentations prepared for investor meetings and conferences are made available on the Company's website. At the AGM, a business presentation is normally provided for the benefit of shareholders. The AGM also provides an opportunity for private shareholders and institutional investors to meet and to speak to members of the Board.

An investor plan is prepared and presented to the Board annually and is reviewed on an ongoing basis. The Board receives regular investor relations reports covering key investor meetings and activities as well as analyst, shareholder and investor feedback and market updates.

The Company maintains a database of all meetings held by the Directors with shareholders and analysts. All analysts' reports received on the Company are reviewed and monitored and copies are distributed to Directors. Support is provided, where appropriate, to analysts covering and initiating coverage on the Company. The Company consults with its corporate brokers and NOMAD on investor/market matters and utilises Celicourt Communications for ongoing public relations support.

Shareholders and other interested parties can register on the Group's website to receive news updates by email and submit an enquiry via the website contact form.

### ANNUAL GENERAL MEETING 2019

The AGM of the Company will be held at Hilton London Tower Bridge, 5 More London Place, Tooley Street, London SE1 2BY at 10am (UK time) on Wednesday 11 December 2019. The resolutions to be proposed at the AGM are set out and fully explained on pages 68 to 70 in the notice of AGM and are also available on the Company's website at: <http://www.bowleven.com/investor-relations/shareholder-services/general-meeting-information>.

### Financial Risk Management Objectives and Policies

The financial risk management objectives and policies of the Company are detailed in note 22 forming part of the financial statements on pages 63 to 67.

### Employee Involvement

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

### 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 continues. The training, career development and promotion of a person with a disability is, as far as possible, identical to that of a person without a disability.

### Auditor and 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 its report) of which the auditor is unaware. Each Director has taken all the steps that should be taken as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Ernst & Young LLP has indicated its willingness to continue in office. Resolutions proposing its reappointment and authorising the Directors to fix its remuneration will be submitted at the AGM on 11 December 2019.

By order of the Board

### Eli Chahin

Chief Executive Officer  
28 November 2019

## DIRECTORS' REMUNERATION REPORT

### REMUNERATION POLICY

The Board's policy is aimed to provide overall packages of terms and conditions that were competitive in the market to attract, retain and motivate high quality individuals capable of achieving the Group's objectives. The Board believes that such packages should contain significant performance-related elements and that these elements should be designed to align the interests of the Executive Directors with shareholders.

The main elements of the remuneration package for the Executive Directors are:

- basic salary;
- limited benefits in kind; and
- BTIP

As set out in the Corporate Governance section previously, a Remuneration Committee was in place until 14 December 2017. Subsequent to that date, the Committee's responsibilities were subsumed by the Board.

### COMPONENTS OF EXECUTIVE DIRECTORS' REMUNERATION

#### Basic Salary and Benefits

The Board reviews the existing remuneration of the Executive Director, making comparisons with peer companies of a similar size and complexity in the independent oil and gas exploration and production industry in the UK and overseas on an as needs basis.

#### Bowleven Transformation Incentive Plan (BTIP)

The BTIP was adopted by the Board of the Company on 9 May 2017. The purpose of the BTIP is to align employees with the Company's long-term goals and performance through the potential for share ownership. Awards under the BTIP are granted at the sole discretion of the Non-Executive Director.

The Chief Executive Officer was granted a right to acquire up to 10,000,000 ordinary shares in the Company at a nil cost under the BTIP. The option shall be exercisable subject to and in accordance with the rules of the BTIP, including the extent to which certain performance conditions are satisfied over the performance period commencing on the date of grant and ending on 31 March 2022. The option's performance conditions relate to the attainment of certain share price points between £0.45 and £0.80 per share for a continuous period of at least three months and meeting the annual cost underpin criteria, whereby the annual cash costs incurred must be below the amount set out in the cash expenses target set by the Board. Malus and claw-back provisions apply. Options under the BTIP which vest may be exercised within ten years from the date of grant.

#### Long-Term Incentive Plan (LTIP)

Following the resignation of David Clarkson in December 2017, previous LTIP awards expired. There are no LTIPs currently in place.

### DIRECTORS' CONTRACTS

It is the Company's policy that Executive Directors should have service contracts with a notice period of 12 months. Details of notice periods for the Executive and Non-Executive Directors who were in office as at 30 June 2019 are summarised below:

	Date of contract	Notice period
E Chahin	30 March 2017	12 months
M McDonald	17 August 2017	1 month

Executive Directors are required to obtain consent from the Chairman prior to accepting any non-executive positions.

### NON-EXECUTIVE DIRECTORS

The Non-Executive Directors have written terms of engagement setting out their roles and responsibilities. Fees for the Non-Executive Directors are determined by the Board. Matt McDonald received an annual fee of \$58,000 (£45,000). Directors' remuneration is paid in GBP and converted at an average rate of \$1.29/£1.00 (2018: \$1.25/£1.00).

Non-Executive Directors do not participate in the BTIP or LTIP scheme and are not entitled to a cash bonus or pension contributions.



## DIRECTORS' REMUNERATION REPORT CONTINUED

## DIRECTORS' REMUNERATION

The remuneration of the Directors who served the Company during the year was as follows:

	Salary and fees \$000	Pension benefits \$000	Other benefits \$000	<b>Total 2019 \$000</b>	Total 2018 \$000
<b>Executive</b>					
E Chahin <sup>(i)</sup>	518	-	43	<b>561</b>	575
<b>Non-Executive</b>					
M McDonald	58	-	-	<b>58</b>	53
<b>Total</b>	<b>576</b>	<b>-</b>	<b>43</b>	<b>619</b>	<b>628</b>

(i) Highest paid Director.

Details of appointment and resignation dates are set out in the Directors' Report.

## FURTHER NOTES TO DIRECTORS' REMUNERATION TABLE

Benefits in kind principally comprised of medical and travel insurance. The Company operates a non-contributory defined contribution personal pension scheme in the UK, open to permanent employees. The Company contributes 10% of basic salary of Executive Directors into the scheme or an individual personal pension plan. If statutory limits are applicable, an equivalent salary alternative is provided.

## DIRECTORS' LTIP HOLDINGS

No Directors have any outstanding awards under the LTIP scheme during the financial year. As at 30 June 2019, no LTIP incentive scheme shares remain in place. Accordingly, the remaining balance of the share based payment reserve was transferred to the profit and loss reserve.

## DILUTION - COMPLIANCE WITH INVESTMENT ASSOCIATION PRINCIPLES OF REMUNERATION

The Company complies with the dilution guidelines issued by the Investment Association (published July 2016). The number of ordinary shares which may be issued in respect of all the Company's employee share schemes (whether discretionary or otherwise) may not exceed 10% of the issued ordinary share capital (adjusted for share issuance and cancellation) in any rolling ten-year period. In addition, commitments to issue new shares under the Company's LTIPs may not exceed 5% of the issued ordinary share capital of the Company (adjusted for share issuance and cancellation) in any rolling ten-year period.

By order of the Board

**Matt McDonald**

28 November 2019

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE GROUP AND COMPANY FINANCIAL STATEMENTS

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

UK company law requires the Directors to prepare financial statements for each financial year. The AIM Rules require the Directors to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The Directors have prepared the Group and the Company financial statements on the same basis.

UK company law provides that the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss of the Group for that period. In preparing these Group and Company financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 '*Accounting Policies, Changes in Accounting Estimates and Errors*' and then apply them consistently;
- present information, including accounting policies, in a manner that is relevant, reliable, comparable and understandable;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and the Company's financial position and financial performance of the Group and of the Company;
- state that the Group and the Company have complied with IFRS, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and of the Company and enable them to ensure that the Group's and the Company's financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOWLEVEN PLC

### OPINION

In our opinion:

- Bowleven plc's Group financial statements and parent company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Bowleven plc which comprise:

Group	Parent company
Group income statement for the year ended 30 June 2019	Company balance sheet as at 30 June 2019
Group statement of comprehensive income for the year ended 30 June 2019	Company statement of comprehensive income for the year ended 30 June 2019
Group balance sheet as at 30 June 2019	Company cash flow statement for the year ended 30 June 2019
Group cash flow statement for the year ended 30 June 2019	Company statement of changes in equity for the year ended 30 June 2019
Group statement of changes in equity for the year ended 30 June 2019	Related notes 1 to 24 to the financial statements including a summary of significant accounting policies
Related notes 1 to 24 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

### EMPHASIS OF MATTER - VALUATION OF INTANGIBLE ASSETS

We draw attention to Note 8 to the financial statements, which describes the significant uncertainties related to the valuation of the Etinde asset. Our opinion is not modified in respect of this matter.

### OVERVIEW OF OUR AUDIT APPROACH

Key audit matters	<ul style="list-style-type: none"> <li>- Impairment of the carrying value of intangible assets</li> <li>- Impairment of the carrying value of investments of the parent company</li> </ul>
Audit scope	- We performed an audit of the complete financial information of two components for which we performed full or specific audit procedures accounted for 100% of loss before tax, 100% of revenue and 100% of total assets.
Materiality	- Overall Group materiality of \$2.5m which represents 1.5% of net assets.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *emphasis of matter – material uncertainty related to valuation of intangible assets* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Impairment of the carrying value of intangible assets (2019: \$150m, 2018: \$199.7m)</b></p> <p><i>Refer to Accounting policies (page 43); and note 8 of the financial statements (page 51)</i></p> <p>There is risk that an assessment of the carrying value of exploration assets is not being performed appropriately.</p> <p>Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. There is a risk that impairment triggers are not correctly identified. Ongoing licence and development plan discussions with joint venture partners in respect of Etinde, means that this risk, as in prior years, continues to be a main focus of the audit.</p> <p>Given the uncertainties relating to the intended development of the Etinde asset, there is a risk that there is not a sufficiently reliable basis to determine a valuation of the asset and that the resulting impairment charge is not calculated appropriately.</p>	<p>We challenged management's judgement of whether an impairment trigger existed for the Etinde asset and therefore whether a full impairment assessment was required.</p> <p>We involved valuations specialists to support our assessment of the appropriateness of valuation methods selected by management and considered whether a reasonable basis existed for determining an estimate of recoverable amount.</p> <p>We considered the implications of the contra-evidence of the Company's market capitalisation as an indicator of the valuation of the Etinde asset.</p> <p>We assessed the reservoir engineering specialists relied upon by management to determine estimates of contingent resources available for development.</p> <p>We confirmed the progress of negotiations directly with the joint venture operator.</p> <p>We tested the price, volume and cost assumptions together with the mathematical integrity of management's discounted cash flow model. We considered the reasonableness of the range of discount rates used by management to reflect the uncertainties and risks of the pre-development status of the Etinde asset.</p> <p>We assessed management's benchmarking analysis of market data for comparable assets by comparing that with our own calculated range derived from our own set of comparable market data identified by our valuations team.</p> <p>We recalculated the resulting impairment charge and assessed the presentation and disclosure of the impairment, including the disclosure of the associated uncertainties in the financial statements.</p>	<p>Following our challenge, management updated their evaluation of impairment triggers and determined that a full impairment assessment was required.</p> <p>Due to the significant uncertainties and risks of the pre-development status of the Etinde asset, it was not possible to conclude on the incorporation of an appropriate risk premium in the discount rate used in the cash flow model. Accordingly, management performed a benchmarking analysis as an additional valuation approach. This resulted in a reduction of the valuation of the Etinde asset initially estimated by management.</p> <p>As described in Note 8 of the financial statements, there are significant uncertainties relating to the valuation of the Etinde asset. Notwithstanding these uncertainties, management have used reasonable valuation methodologies to estimate the recoverable amount of the Etinde asset.</p> <p>The resulting impairment charge of \$62.0 million has been properly reflected in the financial statements.</p> <p>The uncertainties inherent in the assessment of the recoverable amount of the Etinde asset have been appropriately disclosed in Note 8 of the financial statements and are, in our view, of such significance to the users of the financial statements that we have included an emphasis of matter in this report.</p>
<p><b>Impairment of the carrying value of investments – parent company only (2019: \$145m, 2018: \$221.8m)</b></p> <p><i>Refer to Accounting policies (page 44); and note 10 of the financial statements (page 55)</i></p> <p>As a result of any impairment of the carrying value of exploration assets during the year or other related transactions, Bowleven plc parent company's investments in subsidiaries may be impaired as a result of a reduction in the carrying value of underlying assets and liabilities.</p>	<p>The underlying assets of the principal subsidiary are made up of the intangible exploration assets of Etinde, along with related working capital balances, and management have calculated the recoverable amount of the principal subsidiary by assessing the fair value of the underlying net assets which reflect the nature of activities in the investment.</p> <p>Given there has been an assessment of the recoverable amount of the underlying assets during the year which resulted in an impairment charge, we have obtained and audited management's assessment of the carrying value of the parent company's investments in Bowleven Resources Limited.</p>	<p>We concur with management's assessment that, due to an adjustment to reduce the recoverable value of the underlying asset during the year, indicators of impairment of investment balances have been identified, and consequently an impairment charge of \$76.7 million was required in the current year.</p>

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOWLEVEN PLC CONTINUED

### AN OVERVIEW OF THE SCOPE OF OUR AUDIT

#### Tailoring the Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected both components covering entities within Africa and the United Kingdom.

We performed an audit of the complete financial information of both components ('full scope components') which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 100 % (2018: 100 %) of the Group's loss before tax, 100 % (2018: 100 %) of the Group's revenue and 100 % (2018: 100 %) of the Group's total assets.

#### Involvement with Component Teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

### OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

#### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be \$2.5m (2018: \$4.5m), which is 1.5% (2018: 1.5%) of net assets. We believe that net assets provides us with the most appropriate basis to use due to there being no revenue generated in the business with all assets being in pre-development stage. The users of the business are therefore focused on the capital position of the Group which is largely reflective of the underlying assets and liabilities.

During the course of our audit, we reassessed materiality and reduced the amount from our initial assessment (\$3.45m) to reflect the decrease in net assets as a result of the impairment charge recorded.

#### Performance Materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely \$1.9m (2018: \$3.3m). We have set performance materiality at this percentage due to our expectation of minimal misstatements based on low level of audit misstatements in the prior year, and our assessment of the control environment.

#### Reporting Threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Board that we would report to them all uncorrected audit differences in excess of \$0.13m (2018: \$0.2m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### OTHER INFORMATION

The other information comprises the information included in the Annual Report set out on pages 1 to 29, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.



If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 29, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

#### Jamie Dixon (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor, Manchester  
28 November 2019

#### Notes:

1. The maintenance and integrity of the Bowleven plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## GROUP INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$000	2018 \$000
Revenue		-	-
Administrative expenses	3	(5,018)	(6,294)
Impairment charges	3,8	(62,007)	-
<b>Operating loss before financing costs</b>	3	<b>(67,025)</b>	(6,294)
Finance and other income/(expense)	5	458	(748)
<b>Loss from before taxation</b>		<b>(66,567)</b>	(7,042)
Taxation	6	-	-
<b>Loss for the year</b>		<b>(66,567)</b>	<b>(7,042)</b>
Basic and diluted loss per share (\$/share) from continuing operations	7	(0.20)	(0.02)

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

### GROUP

	Notes	2019 \$000	2018 \$000
<b>Loss for the year</b>		<b>(66,567)</b>	(7,042)
<b>Other comprehensive income:</b>			
Items that will be reclassified to profit and loss:			
Currency translation differences	18	-	1,986
<b>Total comprehensive loss for the year</b>		<b>(66,567)</b>	<b>(5,056)</b>

### COMPANY

	Notes	2019 \$000	2018 \$000
<b>Loss for the year</b>		<b>(77,930)</b>	(3,821)
<b>Other comprehensive income:</b>			
Items that will be reclassified to profit and loss:			
Currency translation differences	18	-	6,937
<b>Total comprehensive (loss)/gain for the year</b>		<b>(77,930)</b>	<b>3,116</b>

## GROUP BALANCE SHEET

30 JUNE 2019

	Notes	2019 \$000	2018 \$000
<b>Non-current assets</b>			
Intangible exploration assets	8	150,000	199,712
Property, plant and equipment	9	23	39
		<b>150,023</b>	199,751
<b>Current assets</b>			
Financial investments	11	4,134	19,073
Inventory	12	1,545	746
Trade and other receivables	13	1,890	2,903
Deferred consideration	14	-	12,984
Bank deposits	15	500	500
Cash and cash equivalents	15	10,482	62,734
		<b>18,551</b>	98,940
<b>Total assets</b>		<b>168,574</b>	298,691
<b>Current liabilities</b>			
Trade and other payables	16	(451)	(1,066)
<b>Total liabilities</b>		<b>(451)</b>	(1,066)
<b>Net assets</b>		<b>168,123</b>	<b>297,625</b>
<b>Equity</b>			
Called-up share capital	17,18	56,517	56,517
Share premium	18	1,599	1,599
Foreign exchange reserve	18	(69,857)	(69,857)
Other reserves	18	2,354	1,076
Retained earnings		177,510	308,290
<b>Total equity</b>		<b>168,123</b>	<b>297,625</b>

The financial statements on pages 34 to 67 were approved by the Board of Directors and authorised for issue on 28 November 2019 and are signed on their behalf by:

**Eli Chahin**  
Director

## COMPANY BALANCE SHEET

30 JUNE 2019

	Notes	2019 \$000	2018 \$000
<b>Non-current assets</b>			
Property, plant and equipment	9	22	36
Investments in Group undertakings	10	145,099	221,758
		<b>145,121</b>	221,794
<b>Current assets</b>			
Financial investments	11	4,134	19,073
Trade and other receivables	13	5,109	3,216
Bank deposits	15	500	500
Cash and cash equivalents	15	10,476	62,700
		<b>20,219</b>	85,489
<b>Total assets</b>		<b>165,340</b>	307,283
<b>Current liabilities</b>			
Trade and other payables	16	(187)	(539)
<b>Total liabilities</b>		<b>(187)</b>	(539)
<b>Net assets</b>		<b>165,153</b>	<b>306,744</b>
<b>Equity</b>			
Called-up share capital	17,18	56,517	56,517
Share premium	18	1,599	1,599
Foreign exchange reserve	18	(147,715)	(147,715)
Other reserves	18	(2,883)	(2,446)
Retained earnings		257,635	398,789
<b>Total equity</b>		<b>165,153</b>	<b>306,744</b>

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the individual parent undertaking income statement. The result for the Company for the year was a loss of \$77,930,000 (2018: loss of \$3,821,000).

The financial statements on pages 34 to 67 were approved by the Board of Directors and authorised for issue on 28 November 2019 and are signed on their behalf by:

**Eli Chahin**  
Director



## GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$000	2018 \$000
<b>Cash flows from operating activities</b>			
<b>Loss before tax</b>		<b>(66,567)</b>	<b>(7,042)</b>
<b>Adjustments to reconcile Group loss before tax to net cash used in operating activities:</b>			
Depreciation of property, plant and equipment	3	38	88
Impairment charge	8	62,007	-
Non-cash operating costs	8	1,080	-
Inventory impairment	3	150	1,607
Finance (income)/expense	5	(458)	748
Equity-settled share based payment transactions	19	151	167
Loss on sale of property, plant and equipment		24	17
<b>Adjusted loss before tax prior to changes in working capital</b>		<b>(3,575)</b>	<b>(4,415)</b>
Decrease/(Increase) in trade and other receivables		207	(629)
(Decrease) in trade and other payables		(380)	(445)
Exchange differences		-	(418)
<b>Net cash (used in) operating activities</b>		<b>(3,748)</b>	<b>(5,907)</b>
<b>Cash flows (used in)/from investing activities</b>			
Purchases of property, plant and equipment	9	(22)	(6)
Purchases of intangible exploration assets	8	(1,380)	(319)
Purchases of financial investments	11	-	(19,075)
Receipts from sale of financial investments	11	14,043	-
Receipts from sale of property, plant and equipment		12	91
Dividends received		388	194
Interest received		1,597	1,262
<b>Net cash from/(used in) investing activities</b>		<b>14,638</b>	<b>(17,853)</b>
<b>Cash flows used in financing activities</b>			
Proceeds from issue of share capital	17	-	1,069
Special dividend paid	18	(63,142)	-
<b>Net cash flows (used in)/from financing activities</b>		<b>(63,142)</b>	<b>1,069</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(52,252)</b>	<b>(22,691)</b>
Cash and cash equivalents at the beginning of the year	15	62,734	85,307
Effect of exchange rates on cash and cash equivalents		-	118
Net decrease in cash and cash equivalents		(52,252)	(22,691)
<b>Cash and cash equivalents at the year end</b>	15	<b>10,482</b>	<b>62,734</b>

## COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$000	2018 \$000
<b>Cash flows from operating activities</b>			
<b>Loss before tax</b>		<b>(77,930)</b>	(3,821)
<b>Adjustments to reconcile Company loss before tax to net cash used in operating activities:</b>			
Depreciation of property, plant and equipment	9	36	86
Impairment of investment	10	76,659	-
Finance (income)/expense	5	(397)	417
Equity-settled share based payment transactions	19	151	167
Loss on disposal of fixed assets		-	61
<b>Adjusted loss before tax prior to changes in working capital</b>		<b>(1,481)</b>	(3,090)
Decrease in trade and other receivables		(3,255)	(1,832)
Decrease in trade and other payables		(352)	(459)
Exchange differences		-	(418)
<b>Net (cash used) in operating activities</b>		<b>(5,088)</b>	(5,799)
<b>Cash flows from/(used-in) investing activities</b>			
Purchases of financial investments	11	-	(19,075)
Receipt from sale of financial investments	11	14,043	-
Purchases of property, plant and equipment	9	(22)	(5)
Dividends received from financial investments	11	388	194
Interest received		1,597	1,262
<b>Net cash from/(used in) investing activities</b>		<b>16,006</b>	(17,624)
<b>Cash flows from/(used-in) financing activities</b>			
Proceeds from issue of share capital	18	-	1,069
Special dividend paid	18	(63,142)	-
<b>Net cash flows (used-in)/from financing activities</b>		<b>(63,142)</b>	1,069
<b>Net decrease in cash and cash equivalents</b>		<b>(52,224)</b>	(22,354)
Cash and cash equivalents at the beginning of the year	15	62,700	84,936
Effect of exchange rates on cash and cash equivalents		-	118
Net decrease in cash and cash equivalents		(52,224)	(22,354)
<b>Cash and cash equivalents at the year end</b>	15	<b>10,476</b>	<b>62,700</b>

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Called-up share capital \$000	Share premium \$000	Foreign exchange reserve \$000	Other reserves \$000	Retained earnings \$000	Total equity \$000
<b>At 1 July 2017</b>	<b>56,186</b>	<b>861</b>	<b>(71,843)</b>	<b>4,730</b>	<b>311,511</b>	<b>301,445</b>
Loss for the year	-	-	-	-	(7,042)	(7,042)
Other comprehensive income for the year	-	-	1,986	-	-	1,986
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,986</b>	<b>-</b>	<b>(7,042)</b>	<b>(5,056)</b>
Proceeds from issue of share capital	331	738	-	-	-	1,069
Share based payments	-	-	-	167	-	167
Transfer between reserves	-	-	-	(3,821)	3,821	-
<b>At 30 June 2018</b>	<b>56,517</b>	<b>1,599</b>	<b>(69,857)</b>	<b>1,076</b>	<b>308,290</b>	<b>297,625</b>
Loss for the year	-	-	-	-	(66,567)	(66,567)
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(66,567)</b>	<b>(66,567)</b>
Special dividend paid	-	-	-	-	(63,142)	(63,142)
Share based payments	-	-	-	207	-	207
Transfer between reserves	-	-	-	1,071	(1,071)	-
<b>At 30 June 2019</b>	<b>56,517</b>	<b>1,599</b>	<b>(69,857)</b>	<b>2,354</b>	<b>177,510</b>	<b>168,123</b>

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

Attributable to owners of parent company	Called-up share capital \$000	Share premium \$000	Foreign exchange reserve \$000	Other reserves \$000	Retained earnings \$000	Total equity \$000
<b>At 1 July 2017</b>	<b>56,186</b>	<b>861</b>	<b>(154,652)</b>	<b>1,246</b>	<b>398,751</b>	<b>302,392</b>
Loss for the year	-	-	-	-	(3,821)	(3,821)
Other comprehensive income for the year	-	-	6,937	-	-	6,937
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>6,937</b>	<b>-</b>	<b>(3,821)</b>	<b>3,116</b>
Proceeds from issue of share capital	331	738	-	-	-	1,069
Share based payments	-	-	-	167	-	167
Transfer between reserves	-	-	-	(3,859)	3,859	-
<b>At 30 June 2018</b>	<b>56,517</b>	<b>1,599</b>	<b>(147,715)</b>	<b>(2,446)</b>	<b>398,789</b>	<b>306,744</b>
Loss for the year	-	-	-	-	(77,930)	(77,930)
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(77,930)</b>	<b>(77,930)</b>
Special dividend payment	-	-	-	-	(63,142)	(63,142)
Share based payments: Transfer from subsidiary undertaking	-	-	-	(1,715)	989	(726)
Share based payments	-	-	-	207	-	207
Transfer between reserves	-	-	-	1,071	(1,071)	-
<b>At 30 June 2019</b>	<b>56,517</b>	<b>1,599</b>	<b>(147,715)</b>	<b>(2,883)</b>	<b>257,635</b>	<b>165,153</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

### 1 ACCOUNTING POLICIES

Bowleven plc ('the Company') is a public limited company limited by shares, domiciled in the United Kingdom, registered in Scotland (company number SC: 225242). The registered office address is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ. The accounting policies set out below have been applied consistently to all the periods presented in these consolidated financial statements.

#### Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The Company financial statements have been prepared in accordance with IFRS as adopted by the EU as applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The financial statements comply with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These financial statements are presented in US Dollars (USD), the Group's presentation and functional currency, rounded to the nearest \$000.

#### Going concern

After making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future at least 12 months from the date of signing this report. Accordingly, the financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group has sufficient funds to meet ongoing working capital and committed capital expenditure requirements. The Directors have considered the likelihood of reaching FID in 2020 and the consequent need to raise additional financing. In this scenario, the Group is due to receive a \$25m cash payment from its JV partners at FID. The Directors are satisfied that the Group would be able to secure additional debt and equity funding in order to finance its share of the Etinde development. The Directors have also considered the possibility of FID not occurring prior to potential licence expiry in January 2021. In this scenario, the Directors are satisfied that the Group has sufficient existing financial resources in place to meet its operating costs for at least 12 months from the date of approval of these accounts.

#### Accounting standards

During the year ending 30 June 2019, the following standards, amendments/improvements endorsed by the EU became effective, which have had no significant impact on the Group:

- Amendments to IFRS 9 - '*Prepayment Features with Negative Compensation*'
- Amendments to IAS 28 - '*Long Term Interests in Associates and Joint Ventures*'
- Annual improvement to IFRS standards 2015 to 2017 cycle
- Amendments to IAS 19 - '*Plan Amendment, Curtailment or Settlement*'
- Amendments to IAS 1 and 8 - '*Definition of Material*'

IFRS 15 - '*Revenue from Contracts with Customers*' became effective during the current financial year.

IFRS 9 - '*Financial Instruments*' was adopted early during the previous financial year.

IFRS 15 has no impact on the Group as there are currently no revenue generating contracts.

The adoption of IFRS 9 requires the Group to assess its expected credit losses (ECL) for all financial assets including cash and Trade and other receivables. The Group has assessed that this standard change had no material impact in either of the current or prior years.

#### Standards and Interpretations Issued but Not Yet Effective

At the date that the financial statements were authorised for issue, the standards, interpretations and amendments that were in issue but not yet effective are set out in the table below. The Group are in the process of assessing the potential for each of these standards, interpretations and amendments having a significant impact on the Group's existing accounting policies and procedures or how the Group's results, cash flows and financial position are determined and reported. The Directors do not anticipate that the adoption of these standards will have a material impact on the Group's financial statements in the period of initial application. There is no intention to adopt any of these standards early.

#### IFRS 16 '*Leases*'

The revised standard requires lessees to account for all leases under a single balance sheet model recognising both the rights to the asset and the liability arising under the lease. The Directors have considered the impact of application of the new standard on the Group's lease commitments and given the limited number of leases (see note 21) do not consider that implementation will have a significant impact.

Periods beginning on or  
after 1 January 2019

#### Functional Currency

Up to 31 December 2017, the Company operated using a functional currency of GBP. Following the completion of the Company's operations strategy review. The Company's functional currency was changed to USD. As an oil and gas investment holding company, the future operations of the Company would have a very significant reduction in the size and value of the Group's UK holding company activity. As a result, expenditure in GBP has reduced significantly and the importance of USD in respect of both balance sheet and profit and loss account activities increased considerably.



## 1 ACCOUNTING POLICIES CONTINUED

In addition, the Company mainly holds or has investments in USD functional currency businesses and no longer holds an appreciable amount of GBP denominated assets and liabilities. The change in functional currency was effective from 1 January 2018.

The functional currency of the Company's investments in subsidiaries and JV are USD. The presentational currency of the Group is USD.

### *Adoption of IFRS 9 'Financial Instruments'*

During FY2018, the Group acquired a number of investments in debt and equity instruments for the first time, consistent with the change in treasury investments implemented during the year. The Group adopted IFRS 9 'Financial Instruments' early at that point.

### *Critical accounting estimates and judgements*

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reporting amount of income and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Accounting estimates used by the Group are discussed in more detail in the following accounting policies:

### *Oil and Gas: Intangible Exploration Assets – Carrying value and Impairment*

Note 8 sets out the key estimates and judgements relating to the assessment of the carrying value of intangible exploration assets including impairment considerations in the current and prior years

### *Basis of consolidation*

The consolidated accounts include the results of the Company and all its subsidiary undertakings at the balance sheet date.

### *Joint arrangements*

Bowleven participates in joint arrangements which involve the joint control of assets used in the Group's oil and gas exploration and appraisal activities. All the Group's current interests in these arrangements are determined to be joint operations. The Group accounts for its share of assets, liabilities, income and expenditure of the joint operation, classified in the appropriate balance sheet and income statement headings. Bowleven's interests in unincorporated joint arrangements are detailed in note 8.

### *Oil and gas: intangible exploration assets*

The Group applies a successful efforts based method of accounting for exploration and appraisal costs and applies the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Costs incurred prior to obtaining the legal right to explore an area are expensed directly to the income statement as they are incurred. All licence acquisition, exploration and appraisal costs and directly attributable administration costs are capitalised initially as intangible assets by well, field or exploration area as appropriate.

In a situation where the Group benefits from a carry from a joint arrangement partner, no costs are recognised in intangible assets for the period of the carry. In a situation where the Group contributes through a carry to a joint arrangement partner, full costs are recognised in intangible assets for the period of the carry.

Once commercial reserves are established and technical feasibility for extraction determined, then the carrying cost, after adjusting for any impairment that may be required, of the relevant exploration and appraisal asset are then reclassified as a single field cost centre and transferred into development and production assets. In the event that no commercial reserves have been found, the results of the exploration activity no longer contribute to ongoing exploration work, or, if the Group decides not to continue exploration and appraisal activity in the area, then the costs of such unsuccessful exploration and appraisal are written off to the income statement in the period in which the determination is made. The carrying value of the Group's intangible exploration assets are set out in note 8.

### *Disposals*

Net proceeds, including directly attributable costs of the transaction, from any disposal of an exploration/appraisal asset are credited initially against previously capitalised costs. Any surplus or shortfall in proceeds is taken to the income statement.

Where the transaction reflects consideration in the form of a carry (or cash alternative on non-utilisation of carry) a financial asset is recognised. As and when the carry is utilised, those costs attributable to Bowleven are paid by the farm-inees and the costs recognised in Group intangible exploration assets, with a corresponding reduction to the financial asset.

### *Impairment*

In accordance with IFRS 6, exploration and appraisal assets are reviewed whenever there is an indicator of impairment and costs written off where circumstances indicate that the carrying value of the asset exceeds the recoverable amount (being the higher of value in use and fair value less costs to sell).

The recoverable amount of an asset is calculated using a discounted cash flow model. The estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The estimates and assumptions used in preparing the discounted cash flow model are subject to risk and uncertainty. Therefore, there is a possibility that a change in circumstances will impact these projections, which may impact the recoverable amount of the assets.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2019

#### 1 ACCOUNTING POLICIES CONTINUED

The following, which is not considered to be exhaustive, are considered possible indicators of impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Expenditure on further exploration for and evaluation of mineral resources in the specific area is not planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where there has been a charge for impairment in an earlier period, that charge will be reversed when there has been a change in circumstances to the extent that the discounted future net cash flows are higher than the net book value at the time.

In reversing impairment losses, the carrying amount of the asset will be increased to the carrying value that would have been determined had no impairment loss been recognised in prior periods.

#### Oil and Gas: Evaluated Oil and Gas Properties (Development/Production Assets)

There are currently no development and production assets during the reported periods.

In the event of development and production assets, the significant components are deemed to be at the field level. The fields are aggregated to represent the cost of developing the commercial reserves discovered, together with the exploration and appraisal costs transferred from intangible exploration and appraisal assets and the costs of bringing them into production.

The development and production costs also include:

- i. costs of assets acquired/purchased;
- ii. directly attributable overheads;
- iii. finance costs; and
- iv. decommissioning and restoration.

#### Depletion

The Group will deplete expenditure on development and production assets using the unit of production method, based on proved and probable reserves on a field-by-field basis. The depletion calculation takes account of the estimated future costs of the development of recognised proved and probable reserves.

#### Impairment

Impairment reviews on development and production assets will be carried out on each cash-generating unit in accordance with IAS 36 'Impairment of Assets'.

#### Property, plant and equipment: owned assets

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, 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

#### Impairment

Impairment reviews on property, plant and equipment will be carried out in accordance with IAS 36 'Impairment of Assets'.

#### Investments in group undertakings

Investments held as non-current assets are stated at cost less impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If the recoverable amount of the underlying assets within the investment is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the Income Statement.

#### Inventory

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

## 1 ACCOUNTING POLICIES CONTINUED

### Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument. Financial assets are categorised as amortised cost, fair value through the profit and loss account or fair value through other comprehensive income. All the Group's financial assets are categorised as being fair value through the profit and loss account or amortised cost. Financial liabilities generally substantiate claims for repayment in cash or another financial asset. Financial liabilities are measured at amortised cost.

### Trade and Other Receivables

Trade receivables are recognised and carried at the original invoice amount less any provision for impairment. Other receivables are recognised and measured at nominal value less any provision for impairment.

Group applies a simplified approach in calculating expected credit losses (ECLs) in respect of trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less. Bank deposits with an original maturity of over three months are held as a separate category of current asset and presented on the face of the balance sheet.

### Trade Payables and Other Creditors

Trade payables and other creditors are non-interest bearing and are measured at cost. Cost is taken to be fair value on initial recognition.

### Investments in Equity Investments

These financial assets are initially recorded at cost and subsequently measured at fair value through the profit and loss account as they are held for trading. These investments have been acquired to generate income and are held with a view to selling/repurchasing in the near term.

Dividends on listed equity investments are recognised as other finance income in the statement of profit or loss when the right of payment has been established. Equity instruments held for trading are classified as current financial assets.

### Investments in Debt Instruments

The Group currently operates a number of equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options/Long-term incentive plan (LTIP) is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or LTIPs granted.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss alongside any fair value change. Debt instruments held for trading are classified as current financial assets.

### Share Based Transactions: Employee Benefits

The Group currently operates a number of equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options/Long-term incentive plans (LTIPs) is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or LTIPs granted.

Fair value is determined by a third party using an appropriate suite of models, taking all market performance conditions and non-vesting conditions into account. Market performance conditions are linked to the growth of the Company's share price against movements in comparator group indices. Further information on performance conditions is provided in note 19. Non-market performance vesting and service conditions are included in assumptions about the number of options/LTIPs that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options/LTIPs that are expected to vest.

It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the share based payment reserve. No expense is recognised for awards that do not ultimately vest except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether the market or non-vesting condition is met providing that all other performance/service conditions are met.

Where an employee that the Company designates as a 'good leaver' retains share options/LTIPs on leaving, under an award dated pre 1 July 2014, this is accounted for as a cancellation of the existing award and a replacement award (treated as a modification) as applied under the existing policy. Where the award is dated on or after 1 July 2014, this will be accounted for as a forfeiture, together with a new grant for any replacement award.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2019

#### 1 ACCOUNTING POLICIES CONTINUED

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised/LTIPs vest and new shares are issued.

Shares acquired to meet awards under these share based compensation plans are held by the Employee Benefit Trust (EBT). The accounts of the EBT are consolidated in the Group financial statements.

#### Current and deferred tax

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised where a taxable temporary difference arises from the initial recognition of goodwill or where temporary differences arise from the initial recognition (other than in business combinations) of other assets and liabilities in a transaction which at the time of the transaction affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Current and deferred tax is charged or credited in the income statement, except when it relates to items credited or charged against other comprehensive income or equity, in which case the related tax is also dealt with in other comprehensive income or equity respectively.

#### Foreign currencies

Transactions entered into in a currency other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

At each balance sheet date, the monetary assets and liabilities of the Group's entities that are not in the functional currency of that entity are translated into the functional currency at exchange rates prevailing at the balance sheet date. The resulting exchange differences are recognised in the income statement.

The entire Group, with the exception of parent company up to 31 December 2017, are US Dollar functional currency. For consistency, the Group presents its financial statements in US Dollars and it is industry practice to present in US Dollars. The exchange rate used for the retranslation of the closing balance sheet at 30 June 2019 is \$1.269/£1 (2018: \$1.321/£1).

#### Operating Lease Agreements

An operating lease is recognised where substantially all of the benefits and risks of ownership remain with the lessor and the lease payments under an operating lease agreement are charged against profits on a straight line basis over the period of the lease.

Lease incentives received are recognised in the income statement over the period of the lease as an integral part of the total lease expense.

## 2 SEGMENTAL INFORMATION

For financial reporting purposes, the Group's assets are aggregated into two reporting segments as follows:

	2019			2018		
	Africa \$000	Head office \$000	Group \$000	Africa \$000	Head office \$000	Group \$000
Administrative expenses	(3,320)	(1,660)	(4,980)	(2,946)	(3,260)	(6,206)
Depreciation	(2)	(36)	(38)	(3)	(85)	(88)
Impairment	(62,007)	-	(62,007)	-	-	-
Foreign exchange gains/losses	34	(306)	(272)	(259)	(2,228)	(2,487)
Finance income	-	730	730	-	1,739	1,739
<b>Loss for the year</b>	<b>(65,295)</b>	<b>(1,272)</b>	<b>(66,567)</b>	<b>(3,208)</b>	<b>(3,834)</b>	<b>(7,042)</b>
Capital expenditure	1	22	23	320	5	325
Non-current assets	150,001	22	150,023	199,715	36	199,751
Segment assets	148,333	20,241	168,574	214,810	82,815	297,625
Segment liabilities	(264)	(187)	(451)	(456)	(610)	(1,066)

(i) Segmental result.

(ii) The non-current assets, within the Africa segment, relate to Cameroon.

The reporting segments are defined as follows:

'Africa' operations focus on exploration and appraisal activities in Cameroon. All assets that are aggregated in this segment are in the exploration phase and operate under a similar regulatory environment

'Head office' includes amounts of a corporate nature which are not specifically attributable to the Africa segment such as head office costs, property, plant and equipment and cash balances. These amounts are net of intercompany transactions. The segment assets include cash and investment balances.

## 3 OPERATING LOSS

Operating loss is stated after charging:

	Notes	2019 \$000	2018 \$000
Depreciation of property, plant and equipment	9	38	88
Operating lease rentals – land and buildings		35	64
Etinde project share of JV G&A costs		2,674	1,433
Impairment of Etinde JV Inventory	12	150	1,607
Impairment charges	8	62,007	-

Audit and non-audit fees are analysed as follows:

	2019 \$000	2018 \$000
In respect of Ernst & Young LLP and its associates:		
<b>Audit fees in respect of the Group<sup>(i)</sup></b>	<b>100</b>	<b>98</b>
Other fees to auditors and its associates:		
- auditing accounts of subsidiaries of the Company	6	6
- additional fees in respect of prior year Group audit	-	26
- taxation advisory services	-	26
- other assurance services	6	8
<b>Non-audit fees in respect of the Group</b>	<b>12</b>	<b>66</b>

(i) \$15,000 of this relates to the Company (2018: \$15,000).



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2019

#### 4 STAFF COSTS AND DIRECTORS' EMOLUMENTS

The average number of staff, including Executive Directors, employed by the Group and Company during the financial year amounted to:

	Group		Company	
	2019 Number	2018 Number	2019 Number	2018 Number
Management	2	2.5	2	2.5
Administration and operations	5	5	3	3
	<b>7</b>	<b>7.5</b>	<b>5</b>	<b>5.5</b>

The aggregate payroll costs for the above persons comprised:

	Group		Company	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Wages and salaries	809	1,377	763	1,346
Social security costs	97	114	97	114
Pension benefit costs	17	22	17	22
Share based payments	151	167	151	167
	<b>1,074</b>	<b>1,680</b>	<b>1,028</b>	<b>1,649</b>

Company payroll is paid in GBP and converted at an average rate of \$1.29/£1.00 (2018: \$1.25/£1.00).

Payroll costs totalling \$nil (2018: \$0.1m) included above are capitalised within intangible assets in EurOil Limited, as the amounts represent internal expenditure relate to exploration costs. The share based payments charge relates entirely to share based payment transactions that will be equity-settled.

Since 1 October 2015, the Company has operated a non-contributory defined contribution personal pension scheme in the UK. All permanent employees of the Company are eligible to participate. The Company contributes a specified percentage of basic annual salary for permanent employees (into either the Company pension scheme or an individual personal pension plan) or, where statutory limits are applicable, pays them an equivalent salary alternative. Prior to 1 October 2015, the Company made a contribution of a specified percentage of basic salary to all permanent employees which they were required to pay into a personal pension plan.

#### Remuneration of Key Management Personnel

##### a) Changes in Directors During the Year

There were no changes in current Directors of the Company and Group during the year. The Directors were as follows:

	Appointment date	Resignation date
<b>Executive</b>		
E Chahin	14 March 2017	-
<b>Non-Executive</b>		
M McDonald	17 August 2017	-

##### b) Remuneration of Directors

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate.

	2019 \$000	2018 \$000
Short-term employee benefits	619	979
Long-term employee benefits	-	-
Post employment benefits <sup>(i)</sup>	-	27
<b>Directors' remuneration</b>	<b>619</b>	<b>1,006</b>
Social security costs	75	87
Share based payments	151	167
<b>Total</b>	<b>845</b>	<b>1,260</b>

(i) Includes contributions to the Company pension scheme or Directors' personal pension plan.

#### Directors' Bonuses

No bonuses were paid in 2019 (2018: none).

#### 4 STAFF COSTS AND DIRECTORS' EMOLUMENTS CONTINUED

##### Long-Term Incentive Plan

No Directors received awards under the LTIP scheme (2018: nil). The aggregate amount of gains on vesting of LTIPs was \$nil translated at date of vesting (2018: \$nil).

The gains on vesting for the highest paid Director in the year were \$nil (2018: \$nil).

Further details on Directors' remuneration is provided in the Directors' Remuneration Report on pages 27 to 28, including further detail on LTIP grants, vestings and outstanding awards.

##### Bowleven Transformation Incentive Plan

No Director received an award under the BTIP set up during 2017. No amounts vested in either 2019 or 2018.

##### c) Remuneration of Individual Directors

	Salary and fees \$000	Pension benefits \$000	Other benefits \$000	Total 2019 \$000	Total 2018 \$000
<b>Executives</b>					
D Clarkson	-	-	-	-	301
E Chahin <sup>(i)</sup>	518	-	43	561	575
<b>Non-Executives</b>					
C Ashworth	-	-	-	-	42
J Darby	-	-	-	-	35
M McDonald	58	-	-	58	53
	<b>576</b>	<b>-</b>	<b>43</b>	<b>619</b>	<b>1,006</b>

(i) Highest paid Director in the current year.

#### 5 FINANCE AND OTHER INCOME/(EXPENSE)

	2019 \$000	2018 \$000
<b>Income from investments measured at amortised cost</b>		
Bank interest	720	1,002
<b>Income from investments measured at fair value through the profit and loss</b>		
Dividend income from equity investments	612	388
Preference share dividend and interest income from debt instrument investments	164	351
Change in the fair value of equity and debt instrument investments	(766)	(2)
Exchange rate (loss)	(272)	(2,487)
	<b>458</b>	<b>(748)</b>

##### Exchange Rate Gains and Losses

From 1 January 2018 the functional currency of the Company was changed to USD. In the period prior to the change in the Company's functional currency the primary generator of foreign exchange differences giving rise to a charge/credit to the profit and loss account was the Company's investment in USD cash, the gain or loss being dependent on the value of the investment and the degree of fluctuation in the USD:GBP exchange rate.

Following the change in functional currency of the Company, the main cause foreign exchange gains or losses will be accounts payable and accrual balances and prepayment and other receivables denominated in GBP. The value of such balances are significantly smaller than the USD cash balance. Accordingly, there was a considerable reduction in the foreign exchange gain or loss taken to the profit and loss account.

As shown in the Statement of Changes in Equity and note 18, on consolidation of the Group's results under USD presentational currency, the Company's GBP denominated cash balances and investments in subsidiary undertakings and JV are translated into USD at the closing balance sheet rate. This gives rise to a foreign exchange gain or loss arising on consolidation, which is recorded as a movement in the Group's equity under heading 'Foreign Exchange Reserve'. Following the change in functional currency of the Company, the entire Bowleven Group will comprise USD functional currency entities. As a result, there will be no further foreign exchange differences arising on consolidation.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2019

#### 6 TAXATION

##### a) Recognised in the Income Statement:

	2019 \$000	2018 \$000
<b>Corporation tax based on the results for the year at 34.3 % (2018: 27.8 %)</b>	<b>-</b>	<b>-</b>

##### b) Factors Affecting the Tax Charge for the Year

The charge for the year can be reconciled to the loss in the income statement as follows:

	2019 \$000	2018 \$000
Loss before tax	<b>(66,567)</b>	(7,042)
Corporation tax at the Group weighted average income tax rate of 34.3% (2017: 27.8%)	<b>(22,831)</b>	(1,958)
Effects of:		
Expenses not deductible for tax purposes	<b>1,173</b>	1,001
Depreciation (less)/greater than capital allowances	-	(9)
Tax losses not utilised	<b>390</b>	934
Impairment charge	<b>21,268</b>	-
Other	-	32
<b>Total tax</b>	<b>-</b>	<b>-</b>

Applicable UK tax rate is computed at 19 % (2018: 19 %). The standard rate of UK corporation tax is 19%, reducing to 17% from 1 April 2020. The standard corporate tax rate applicable in Cameroon is 40%.

##### c) Deferred Tax

At 30 June 2019, tax losses were \$86m (2018: \$80m). Tax losses will be carried forward and are potentially available for utilisation against taxable profits in future years. The Group has not recognised a deferred tax asset in respect of these tax losses and temporary differences as it does not currently meet the recognition criteria of IAS 12 'Income Taxes'. The asset will be recognised in future periods when its recovery (against appropriate taxable profits) is considered probable.

#### 7 BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	2019 \$000	2018 \$000
<b>Net loss attributable to owners of the parent undertaking</b>	<b>(66,567)</b>	<b>(7,042)</b>

	2019 Number	2018 Number
<b>Basic weighted average number of ordinary shares</b>	<b>327,465,652</b>	<b>326,184,037</b>

	2019 \$	2018 \$
<b>Basic and diluted loss per share – ordinary shares</b>	<b>(0.20)</b>	<b>(0.02)</b>

The loss attributable to ordinary shares and the number of ordinary shares for the purpose of calculating the diluted earnings per share are identical to those used in the basic earnings per share. The exercise of share options, LTIP awards and share warrants would have the effect of reducing the loss per share and consequently is not taken into account in the calculation for diluted loss per share.

## 8 INTANGIBLE EXPLORATION ASSETS

Group	Exploration and appraisal expenditure \$000
<b>Cost</b>	
<b>At 1 July 2017</b>	<b>415,889</b>
Additions	6,691
Transfer from deferred consideration	20,323
<b>At 30 June 2018</b>	<b>442,903</b>
Additions	5,955
Transfer from deferred consideration	6,340
<b>At 30 June 2019</b>	<b>455,198</b>
<b>Impairment</b>	
<b>At 1 July 2017</b>	<b>(243,191)</b>
Impairment loss	-
<b>At 30 June 2018</b>	<b>(243,191)</b>
Impairment loss	(62,007)
<b>At 30 June 2019</b>	<b>(305,198)</b>
<b>Net book value</b>	
<b>At 30 June 2019</b>	<b>150,000</b>
<b>At 30 June 2018</b>	<b>199,712</b>
<b>At 1 July 2017</b>	<b>172,698</b>

Refer to the table below and note 11 for further information regarding the Company's interests and joint arrangements as required under IFRS 12.

Intangible asset	Equity interest
Etinde Permit – Exploitation, Cameroon <sup>(i)</sup>	Bowleven 25%, NewAge Group <sup>(ii)</sup> 37.5%, LUKOIL 37.5%, SNH <sup>(iii)</sup> 0%
Bomono Permit, Cameroon	Bowleven <sup>(iv)</sup> 100%

(i) Classified as a joint operation in accordance with IFRS 11 'Joint Arrangements'.

(ii) NewAge/NewAge Group or subsidiaries thereof as appropriate.

(iii) Subject to completion of SNH back-in rights.

(iv) Licence terminated at 18 December 2018, but not yet enacted by law.

## Etinde Farm-Out in 2015

On 16 March 2015, the Group completed a farm-out of part of its interest in the Etinde asset to LUKOIL Overseas West Project Limited (LUKOIL) and NewAge (African Global Energy) Limited (NewAge). The operatorship of Etinde transferred to NewAge on that date with Bowleven retaining a 25% non-operated interest. \$165m initial cash proceeds were received on 16 March 2015 along with a further \$15m on 30 September 2016. In accordance with the Company's then policy under IFRS 6 'Exploration for and Evaluation of Mineral Assets' the Group deducted the net proceeds received from the carrying value of intangible exploration assets in the prior years.

In addition to these cash payments, there was an amount of deferred consideration:

- Up to \$40m (net) carry for two Etinde appraisal wells, including testing (or cash alternative in 2020); and
- \$25m cash contingent upon and to be received at Etinde development project FID.

A financial asset was recognised (note 14) in respect of the deferred consideration relating to the two-well Etinde appraisal drilling carry, which was credited to intangible exploration assets along with the other elements of consideration. This credit to intangibles was unwound during the 2018 appraisal drilling programme as costs attributable to Bowleven were paid by the farm-inees. In addition, a further amount was released as the actual cost of the 2018 appraisal drilling programme was lower than the amount initially recognised. These costs have been recognised in Group intangible exploration assets.

The remaining \$25m is currently disclosed as a contingent asset (note 20) and will be credited to intangible exploration assets once sufficient certainty on FID project sanction is achieved.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2019

#### 8 INTANGIBLE EXPLORATION ASSETS CONTINUED

##### Impairment considerations

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

When a full impairment review is considered necessary, the recoverable amount of the asset is based on the higher of a fair value less costs of disposal approach (using Level 3 inputs based on IFRS 13 fair value hierarchy) and a value-in-use assessment. The fair value less costs of disposal approach has been determined using two methods: (i) a risk adjusted discounted cash flow model and (ii) benchmarking against market data for comparable assets. The estimated recoverable amount is then compared to the net book value of the intangible exploration asset in the financial statements.

##### Etinde Impairment Review

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

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

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

- Reaching commercial agreement with potential off-takers and receiving Governmental approval to export gas;
- Agreeing the development solution with joint venture partners and other stakeholders;
- Raising finance to fund development post FID; and
- Any impact arising from FID date and the subsequent Governmental approval of the revised field development plan exceeding the current licence end date of January 2021.

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

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

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

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



## 8 INTANGIBLE EXPLORATION ASSETS CONTINUED

### Bomono Impairment

The Bomono asset is considered to be a single cash-generating unit. In January 2017, the Group received an extension to the Bomono EA of a further two years, extending the period to 12 December 2018. During this period, the Group submitted requests to the regulator to switch from an exploration to exploitation licence, which would permit small scale initial development concepts to be implemented. Simultaneously attempts were made with several third parties to create potential implementable development plans. The proposed change in licence status was not issued. The current PSC reached the end of its term in December 2018, although the PSC itself has not yet been withdrawn. Discussion is ongoing regarding the future of the licence. The carrying value of the asset was fully impaired in FY2016 and FY2017.

### Company

No intangible assets were capitalised by the Company at the balance sheet date.

## 9 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements \$000	Plant and machinery \$000	Computer equipment \$000	Motor vehicles \$000	Total \$000
<b>Cost</b>					
<b>At 1 July 2017</b>	<b>266</b>	<b>242</b>	<b>1,189</b>	<b>478</b>	<b>2,175</b>
Foreign currency adjustment	-	-	(9)	-	(9)
Additions	-	5	1	-	6
Disposals	(266)	(241)	(542)	(337)	(1,386)
<b>At 30 June 2018</b>	<b>-</b>	<b>6</b>	<b>639</b>	<b>141</b>	<b>786</b>
Foreign currency adjustment	-	-	-	-	-
Additions	-	-	22	-	22
Disposals	-	-	(148)	(141)	(289)
<b>At 30 June 2019</b>	<b>-</b>	<b>6</b>	<b>513</b>	<b>-</b>	<b>519</b>
<b>Depreciation and impairment</b>					
<b>At 1 July 2017</b>	<b>266</b>	<b>238</b>	<b>1,016</b>	<b>478</b>	<b>1,998</b>
Foreign currency adjustment	-	-	(9)	-	(9)
Charge for year	-	2	86	-	88
Disposals	(266)	(239)	(488)	(337)	(1,330)
<b>At 30 June 2018</b>	<b>-</b>	<b>1</b>	<b>605</b>	<b>141</b>	<b>747</b>
Foreign currency adjustment	-	-	-	-	-
Charge for year	-	2	36	-	38
Disposals	-	-	(148)	(141)	(289)
<b>At 30 June 2019</b>	<b>-</b>	<b>3</b>	<b>493</b>	<b>-</b>	<b>496</b>
<b>Net book value</b>					
<b>At 30 June 2019</b>	<b>-</b>	<b>3</b>	<b>20</b>	<b>-</b>	<b>23</b>
<b>At 30 June 2018</b>	<b>-</b>	<b>5</b>	<b>34</b>	<b>-</b>	<b>39</b>
<b>At 1 July 2017</b>	<b>-</b>	<b>4</b>	<b>173</b>	<b>-</b>	<b>177</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2019

#### 9 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Company	Plant and machinery \$000	Computer equipment \$000	Total \$000
<b>Cost</b>			
<b>At 1 July 2017</b>	-	<b>661</b>	<b>661</b>
Foreign currency adjustment	-	17	17
Additions	5	-	5
Disposals	-	(101)	(101)
<b>At 30 June 2018</b>	<b>5</b>	<b>577</b>	<b>582</b>
Foreign currency adjustment	-	-	-
Additions	-	22	22
Disposals	-	-	-
<b>At 30 June 2019</b>	<b>5</b>	<b>599</b>	<b>604</b>
<b>Depreciation</b>			
<b>At 30 June 2017</b>	-	<b>490</b>	<b>490</b>
Foreign currency adjustment	-	10	10
Charge for year	1	85	86
Disposals	-	(40)	(40)
<b>At 30 June 2018</b>	<b>1</b>	<b>545</b>	<b>546</b>
Foreign currency adjustment	-	-	-
Charge for year	1	35	36
Disposals	-	-	-
<b>At 30 June 2019</b>	<b>2</b>	<b>580</b>	<b>582</b>
<b>Net book value</b>			
<b>At 30 June 2019</b>	<b>3</b>	<b>19</b>	<b>22</b>
<b>At 30 June 2018</b>	<b>4</b>	<b>32</b>	<b>36</b>
<b>At 1 July 2017</b>	-	<b>171</b>	<b>171</b>

## 10 INVESTMENTS IN GROUP UNDERTAKINGS

Company	Investment in subsidiaries \$000
<b>Cost</b>	
<b>At 1 July 2017</b>	<b>659,116</b>
Foreign currency adjustment	5,156
Additions	-
<b>At 30 June 2018</b>	<b>664,272</b>
Foreign currency adjustment	-
Additions	-
<b>At 30 June 2019</b>	<b>664,272</b>
<b>Impairment</b>	
<b>At 1 July 2017</b>	<b>442,514</b>
Impairment loss	-
<b>At 30 June 2018</b>	<b>442,514</b>
Impairment loss	76,659
<b>At 30 June 2019</b>	<b>519,173</b>
<b>Net book value</b>	
<b>At 30 June 2019</b>	<b>145,099</b>
<b>At 30 June 2018</b>	<b>221,758</b>
<b>At 1 July 2017</b>	<b>216,602</b>

Ongoing funding advanced from the Company to its subsidiaries may be capitalised. During the year \$nil (2018: \$0m) has been capitalised.

A full impairment review of the carrying value of investments in subsidiary undertakings was performed in the current year, giving rise to an impairment provision of \$76.7m. Previously the last impairment review was undertaken in 2017, which gave rise to an impairment provision of \$58.1m.

The recoverable amount of the investments are determined using discounted future cash flows, on a basis consistent with that already disclosed in note 8 'Intangible Exploration Assets', and compared to the net book values of the investments in Bowleven Resources Limited and Bowleven New Ventures Limited in the financial statements.

An impairment provision of \$76.7m (2017: \$58.1m) was required in relation to the investment in Bowleven Resources Limited in 2019 and 2017. The recoverable amount of the investment in Bowleven Resources Limited was \$145m (2018: \$222m) as at 30 June 2019. All other investments have a carrying value and recoverable amount of zero as at 30 June 2019 and 2018.

Investments in Group undertakings, all of which are included in the Group consolidation, comprise:

Company	Country of incorporation/registration	Holding	Class of share
Bowleven Resources Limited <sup>(i)</sup>	Scotland	100%	Ordinary £0.10
EurOil Limited <sup>(i)</sup>	Cameroon	100%	Ordinary 500,000 CFA
<b>Companies in process of being wound-up<sup>(ii)</sup></b>			
EurOil Bomono Limited	British Virgin Islands	100%	Ordinary \$1
FirstAfrica Oil Limited	England and Wales	100%	Ordinary £0.001
Bowleven New Ventures Limited	Scotland	100%	Ordinary £1
Bowleven (Zambia) Limited	Scotland	100%	Ordinary £0.10
Bowleven (Kenya) Limited	Scotland	100%	Ordinary £1
Bowleven Cameroon Limited	Scotland	100%	Ordinary £0.10

(i) Bowleven Resources Limited owns 100% of EurOil Limited. 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 and manage day-to-day operations in Cameroon.

(ii) All other subsidiary undertaking are dormant non-trading companies.

All subsidiary undertakings are directly owned by Bowleven plc except as noted above. The registered office of all Scotland, and England and Wales registered Companies is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ. EurOil Limited's registered address is PO Box 643, Limbe, South West Province, Republic of Cameroon. The registered address for the British Virgin Island companies is c/o Estera Corporate Services, Jayla Place, Wickham Cay, PO Box 3190, Road Town, Tortola, British Virgin Islands.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2019

#### 11 FINANCIAL INVESTMENTS

Financial investments comprise:

Group and Company	2019 \$000	2018 \$000
Investments in listed equity shares	-	7,890
Investments in listed preference shares	1,722	2,535
Investments in listed debt instruments	2,412	8,648
<b>Total</b>	<b>4,134</b>	<b>19,073</b>

The investments in equity shares were sold during the financial year (2018: in three different companies listed on the New York Stock Exchange). These investments in ordinary, preference or partnership shares were held in an actively traded market and are subject to fair value using quoted market prices (Level 2 valuation basis in accordance with IFRS 13 'Fair Value Measurement' criteria). The investment(s) in debt instruments are in one (2018: four) actively traded senior notes with specific repayment dates and fixed interest rates. The investments are fair valued monthly using quoted market prices (Level 2) valuation bases in accordance with the criteria set out in IFRS 13 'Fair Value Measurement'.

#### 12 INVENTORY

	Group		Company	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Inventory	1,545	746	-	-
<b>Inventory</b>	<b>1,545</b>	<b>746</b>	<b>-</b>	<b>-</b>

The inventories relate to Bowleven's 25% share of casing, tubular goods and other equipment which were purchased for Etinde drilling programmes. The JV partners fully impaired and then sold for scrap any pre-2018 inventory which could not be used in the 2018 or subsequent drilling programme. Most of the inventory now held was acquired in 2018 as part of the appraisal drilling programme. These residual materials considered usable in future drilling programmes. Bomono related inventory is fully impaired.

#### 13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Trade receivables	54	54	-	-
Other receivables	1,423	1,507	-	-
Amounts owed by Group undertakings	-	-	4,901	2,674
JV debtors and prepayments	-	493	-	-
Accrued interest	94	380	94	380
	<b>1,571</b>	<b>2,434</b>	<b>4,995</b>	<b>3,054</b>
Other taxation and social security	7	13	7	13
Prepayments	312	456	107	149
	<b>1,890</b>	<b>2,903</b>	<b>5,109</b>	<b>3,216</b>

##### Group

As at 30 June, the ageing analysis of trade and other receivables, excluding prepayments and taxation and social security, is as set out below:

	Total \$000	Current \$000	<30 days \$000	30-60 days \$000	60-90 days \$000	90-120 days \$000	>120 days \$000
<b>2019</b>							
Not past due	1,373	1,373	-	-	-	-	-
Past due	198	-	-	-	-	-	198
<b>As at 30 June 2019</b>	<b>1,571</b>	<b>1,373</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198</b>
<b>2018</b>							
Not past due	2,236	2,236	-	-	-	-	-
Past due	198	-	-	-	-	-	198
<b>As at 30 June 2018</b>	<b>2,434</b>	<b>2,236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198</b>

Trade and other receivables consist of current receivables that the Group views as recoverable in the short term. There are no concerns regarding the credit quality of these receivables.

**13 TRADE AND OTHER RECEIVABLES CONTINUED****Expected Credit Losses (ECL)**

No new provisions or provision reversals have been made during the current or previous year. The amount of ECL are considered to be immaterial.

**Company**

As at 30 June, the ageing analysis of trade and other receivables, excluding prepayments and taxation and social security, is as set out below:

	Total \$000	Current \$000	<30 days \$000	30-60 days \$000	60-90 days \$000	90-120 days \$000	>120 days \$000
<b>2019</b>							
Not past due	4,995	4,995	-	-	-	-	-
<b>As at 30 June 2019</b>	<b>4,995</b>	<b>4,995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2018</b>							
Not past due	3,054	3,054	-	-	-	-	-
<b>As at 30 June 2018</b>	<b>3,054</b>	<b>3,054</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Expected Credit Losses**

No new provisions or provision reversals have been made during the current or previous year. The amount of ECL are considered to be immaterial.

**14 DEFERRED CONSIDERATION**

	Group		Company	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Deferred consideration</b>	<b>-</b>	<b>12,984</b>	<b>-</b>	<b>-</b>

As at 30 June 2019, there is a financial asset of \$nil (2018: \$12.9m) arising from the Etinde farm-out (see note 8 for further detail). The initial outstanding amount was \$40m (net) relating to two appraisal well carry on the Etinde asset (or cash alternative if not completed by 2020). The financial asset was unwound as the carry is utilised by notification from the Etinde field operator relating to the 2018 appraisal drilling programme. No discounting was applied for this and prior periods as the impact would be immaterial, so no adjustment has been made.

Bowleven's nominal 25% share of the cost of the 2018 appraisal drilling programme actually cost less than \$40m carried value. The fair value of the deferred consideration was reassessed during FY2018 and FY2019 resulting in a reduction on the in the fair value of just under \$27m. This was been debited to intangible assets on a basis consistent with the original accounting treatment adopted for the 2015 farm-out transaction.

**15 BANK DEPOSITS, CASH AND CASH EQUIVALENTS**

	Group		Company	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Bank deposits</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
Cash at bank and in hand	525	209	519	172
Short-term deposits	9,957	62,525	9,957	62,528
	<b>10,482</b>	<b>62,734</b>	<b>10,476</b>	<b>62,700</b>

The Group and Company balances as at 30 June 2019 include \$0.5m (2018: \$0.5m) of restricted cash to cover bank guarantees held in short-term deposits. The bank guarantees are a requirement of current operating activities.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2019

#### 16 TRADE AND OTHER PAYABLES

	Group		Company	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Trade payables	110	277	21	124
Amounts due to Group undertakings	-	-	-	-
JV creditors and accruals	31	266	-	-
	141	543	21	124
Other taxation and social security	18	4	18	7
Accruals	292	519	148	408
	451	1,066	187	539

##### Group

The table below summarises the maturity profile of the Group's financial liabilities at 30 June based on contractual undiscounted payments:

	2019			2018		
	Less than one month \$000	Greater than one month \$000	Total \$000	Less than one month \$000	Greater than one month \$000	Total \$000
Trade payables	110	-	110	277	-	277
JV creditors and accruals	31	-	31	266	-	266
	141	-	141	543	-	543

##### Company

The table below summarises the maturity profile of the Company's financial liabilities at 30 June based on contractual undiscounted payments:

	2019			2018		
	Less than one month \$000	Greater than one month \$000	Total \$000	Less than one month \$000	Greater than one month \$000	Total \$000
Trade payables	21	-	21	124	-	124

#### 17 ISSUED SHARE CAPITAL

	2019 Number	2018 Number	2019 \$000	2018 \$000
<b>Authorised &amp; allotted, called-up and fully paid:</b>				
Ordinary shares of £0.10 each at 1 July	335,272,933	332,647,279	56,517	56,186
Issued during the year	-	-	-	-
Issued on exercise of share options	-	2,625,654	-	331
<b>At 30 June</b>	<b>335,272,933</b>	<b>335,272,933</b>	<b>56,517</b>	<b>56,517</b>

During the year the Company issued nil (2018: 2,625,654) ordinary shares in respect of share options. The issue amounted to an aggregated nominal value of \$nil (2018: \$331,000) and an increase in the share premium reserve of \$nil (2018: \$738,000).

#### 18 EQUITY AND RESERVES

##### Equity share capital and share premium

The balance classified as equity share capital and share premium includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising ordinary shares of £0.10 each, as disclosed in note 17. Available distributable reserves in the Company are assessed in the functional currency of the Company which was GBP until 31 December 2017. From that date the functional currency changed to USD.

##### Foreign exchange reserve

Unrealised foreign exchange gains and losses arose historically on translation of the Company's previous GBP functional currency results into USD presentation currency in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.



## 18 EQUITY AND RESERVES CONTINUED

## Other reserves – Group

Other reserves in the Group balance sheet can be analysed as follows:

Group	Treasury shares \$000	Share based payment reserve \$000	Shares held in trust \$000	Merger reserve \$000	Total other reserves \$000
<b>Balance at 1 July 2017</b>	<b>(2,566)</b>	<b>3,996</b>	<b>(1,937)</b>	<b>5,237</b>	<b>4,730</b>
Transfer between reserves	-	(4,043)	222	-	(3,821)
Share based payments	-	167	-	-	167
<b>Balance at 30 June 2018</b>	<b>(2,566)</b>	<b>120</b>	<b>(1,715)</b>	<b>5,237</b>	<b>1,076</b>
Transfer between reserves	-	-	1,071	-	1,071
Share based payments	-	207	-	-	207
<b>Balance at 30 June 2019</b>	<b>(2,566)</b>	<b>327</b>	<b>(644)</b>	<b>5,237</b>	<b>2,354</b>

## Share based payment reserve

The balance held in the share based payment reserve relates to the fair value of the LTIPs and share options that have been expensed through the Group income statement. The transfer between reserves relates to LTIPs and share options exercised or lapsed in the period and represent the amount previously expensed through the Group income statement.

## Shares held in trust

The director and senior employee benefit trust holds 4,106,328 shares (2018: 4,106,328 shares) in Bowleven plc EBT for the settlement of the LTIP share based payment scheme. During the year, the EBT purchased nil shares (2018: nil shares) and issued nil shares (2018: 533,235). The shares are valued at the closing market value of Bowleven plc shares at the year end (2019: 12 pence per share; 2018: 37 pence per share). The EBT did not receive any amount from the special dividend paid in February 2019.

## Merger reserve

The balance held in the merger reserve is the result of a Group reconstruction in 2002.

## Treasury shares

The Company initiated a share buyback programme on 19 August 2016 for a maximum aggregate consideration of up to \$10m, the purpose being to reduce the outstanding issued share capital of the Company. The Board considered that the share buyback programme would be in the shareholders' interests, being accretive to NAV per share whilst retaining sufficient financial flexibility to evaluate growth options. The Company entered into an agreement with its then broker, Macquarie Capital (Europe) Limited to repurchase shares on its behalf, such shares being held by the Company in treasury. The share buyback programme was executed in accordance with the Company's general authority to make market purchases which was approved by shareholders at the AGM on 16 December 2015 and the Company retained discretion in respect of the volume, timing and price of shares to be repurchased. The share buyback arrangements were terminated at the AGM on 14 December 2016.

At that time the Company repurchased 7,807,281 shares into treasury, having a nominal value of £780,728. The aggregate amount of consideration paid by the Company for those shares was \$2,566,000.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2019

#### 18 EQUITY AND RESERVES CONTINUED

##### Other reserves – Company

Other reserves in the Company balance sheet can be analysed as follows:

Company	Treasury shares \$000	Share based payment reserve \$000	Shares held in trust \$000	Total other reserves \$000
<b>Balance at 1 July 2017</b>	<b>(2,566)</b>	<b>3,812</b>	<b>-</b>	<b>1,246</b>
Transfer between reserves	-	(3,859)	-	(3,859)
Share based payments	-	167	-	167
<b>Balance at 30 June 2018</b>	<b>(2,566)</b>	<b>120</b>	<b>-</b>	<b>(2,446)</b>
Transfer from subsidiary	-	-	(1,715)	(1,715)
Transfer between reserves	-	-	1,071	1,071
Share based payments	-	207	-	207
<b>Balance at 30 June 2019</b>	<b>(2,566)</b>	<b>327</b>	<b>(644)</b>	<b>(2,883)</b>

Company reserves are as defined above.

##### Shares held in trust

In July 2019, the ownership of the EBT was transferred from FirstAfrica Oil Limited to Bowleven plc at the 30 June 2018 market value of the shares held along with the intra-Group receivable from the EBT to FirstAfrica Oil. The net value of the Trust assets was \$nil and the transfer was settled through the intra-Group funding balance.

##### Special dividend payment

On 6 January 2019, the Board approved the declaration of a one-off special dividend at a rate of £0.15 per share, which after adjustment for treasury shares and Bowleven shares held by the EBT amounts to a payment of GBP £48.5m (\$63.1m). The dividend was paid on 8 February 2019.

#### 19 SHARE BASED PAYMENTS

The Group operates share based payment schemes for the benefit of its employees.

##### Approved and unapproved CSOP scheme

Options granted under the approved Company share option plan (CSOP) were exercisable three to ten years following the date of grant. Options granted under the unapproved CSOP Scheme were exercisable two to ten years following the date of grant or three to ten years following the date of grant depending on the grant date. Options issued after 31 December 2007 are subject to the following performance conditions attached to their exercise:

- (1) an increase in Bowleven plc's share price of at least 5% per annum on a compound basis over the period from the date of grant of the options up to the date they are exercised; and
- (2) the percentage increase in Bowleven plc's share price over the same period being at least equal to or greater than the percentage movement in the FTSE AIM Oil & Gas Index.

During 2017, a number of employees were made redundant. The Remuneration Committee determined that each leaver was to be treated as a 'good leaver' under the scheme rules and permitted each employee to exercise their full option rights in the 12-month period following their redundancy. Since 1 July 2017, a number of former employees, whose CSOP options had a value price lower than the market share price have exercised their options. By 30 June 2018, all non-exercised options lapsed as the 12-month period ended. No new options have been issued since that date.

**19 SHARE BASED PAYMENTS CONTINUED**

The following table details the number, weighted average exercise price (WAEP) and weighted average contractual life (WACL) of share options for the approved and unapproved schemes as at the balance sheet date:

	Approved			Unapproved		
	Number	WAEP £	WACL Years	Number	WAEP £	WACL £
<b>Outstanding at 1 July 2017</b>	<b>786,903</b>	<b>0.67</b>	<b>-</b>	<b>8,751,264</b>	<b>0.68</b>	<b>-</b>
Granted during the year	-	-	-	-	-	-
Exercised during the year	(449,023)	0.32	-	(2,176,631)	0.32	-
Lapsed during the year	(337,880)	1.14	-	(6,574,633)	1.01	-
<b>Outstanding at 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Granted during the year	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-
Lapsed during the year	-	-	-	-	-	-
<b>Outstanding at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Outstanding at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exercisable at 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exercisable at 1 July 2017</b>	<b>786,903</b>	<b>0.67</b>	<b>-</b>	<b>8,751,264</b>	<b>0.68</b>	<b>-</b>

The weighted average fair value of approved and unapproved options granted during the prior year was £nil. No options were granted in the current year. No employees have any issued options under the CSOP schemes at the current time.

**Long-term incentive plan (LTIP)**

The fair value of the LTIP scheme awards has been calculated using an appropriate suite of models. The main inputs to the model are as per the share option schemes above. In addition, the following assumptions were used in calculating the fair value of LTIP awards:

	2019/2018
Risk-free rate	0.29%
Expected volatility	45.4%
Dividend yield	0%
Expected life	3 years

The vesting date is three years from the date the LTIP was awarded.

**Performance Conditions**

A proportion of the LTIP awards vested if the total shareholder return in the Company ranks median or above when compared with the total shareholder return of a predefined list of its 14 (2018: 14) main competitors ('the comparators') over the vesting period.

The awards under the existing LTIP are shown below:

	Number
<b>Outstanding at 1 July 2017</b>	<b>4,364,694</b>
Granted during the year	-
Expired during the year	(3,831,459)
Vested during the year	(533,235)
<b>Outstanding at 30 June 2018</b>	<b>-</b>
Granted during the year	-
Expired during the year	-
Vested during the year	-
<b>Outstanding at 30 June 2019</b>	<b>-</b>

As at 30 June 2019, there were nil awards (2018: nil) outstanding.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2019

#### 19 SHARE BASED PAYMENTS CONTINUED

##### Bowleven transformation incentive plan (BTIP)

The BTIP was adopted by the Board of the Company on 9 May 2017. The purpose of the BTIP is to motivate employees of the Company in the Company's long-term goals and performance. Options are issued at the discretion of the Board. Options granted under the BTIP cover a performance period running between the date of grant and 31 March 2022. The options vest from the release date, determined by the Board based on the attainment of certain performance criteria. The options may be exercised in the subsequent period up to a maximum of ten years from the grant date. The performance conditions relate to the attainment of certain share prices points between £0.45 and £0.80 per share for a continuous period of at least three months and meeting the annual cost underpin criteria, whereby the annual cash costs incurred must be below the amount set out in cash expenses target set by the Board. The options have a nil exercise price.

The awards under the BTIP during the year are as follows:

	Number
<b>Outstanding at 1 July 2017</b>	<b>10,000,000</b>
Expired during the year	-
Vested during the year	-
<b>Outstanding at 30 June 2018</b>	<b>10,000,000</b>
Granted during the year	-
Expired during the year	-
Vested during the year	-
<b>Outstanding at 30 June 2019</b>	<b>10,000,000</b>

The fair value of the BTIP scheme awards has been calculated using an appropriate suite of models. The main inputs to the model are as per the share option schemes below using a trinomial pricing model applying a Monte Carlo simulation.

In addition, the following assumptions were used in calculating the fair value of BTIP awards:

	2017
Risk-free rate	0.48%
Expected volatility	48.5%
Dividend yield	0%
Vesting period	5 years
Expected life	10 years
Expected departures during vesting period	0

The weighted average fair value of BTIP award granted during the prior year was £0.04.

#### 20 CONTINGENT ASSETS

The Group has the following contingent asset:

	2019 \$000	2018 \$000
Etinde farm-out contingent consideration	25,000	25,000
	<b>25,000</b>	<b>25,000</b>

As at 30 June 2018 and 30 June 2019, the Group has a contingent asset of \$25m arising from the Etinde farm-out (see note 8 for further detail). The amount is contingent on FID being reached on the development of the Etinde field by all parties. A financial asset will be recognised in the balance sheet and this final consideration for the Etinde farm-out transaction once sufficient certainty on FID project sanction is achieved.

## 21 COMMITMENTS UNDER OPERATING LEASES

The Group has entered non-cancellable operating leases for certain land and buildings. No restrictions have been placed on the lessee by entering into these leases. Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2019 \$000	2018 \$000
<b>Group</b>		
No later than one year	26	44
More than one year but not more than five years	-	-
	<b>26</b>	<b>44</b>
	Land and buildings	
	2019 \$000	2018 \$000
<b>Company</b>		
No later than one year	26	-
More than one year but not more than five years	-	-
	<b>26</b>	<b>-</b>

In 2019 and 2018, total rent paid was \$35,000 and \$64,000 respectively. Leasing terms range mainly between one and five years, with an average term of approximately two years. All leases have been entered into on conventional commercial terms. Certain contracts include renewal options.

## 22 FINANCIAL INSTRUMENTS

The Group's and Company's principal financial instruments comprise cash and cash equivalents, financial investments and deferred consideration. The main purpose of these financial instruments is to finance the Group's and Company's operations. The Group and Company have other financial instruments, which mainly comprise trade receivables and trade payables arising directly from its operations.

During FY2018, the Group transitioned from reporting on financial instruments in accordance with IAS 39 to IFRS 9, which was adopted early in the year. On transition, no changes were made to the categorisation and carrying amounts of the existing financial instruments. During the year, investments in listed debt and equity instruments were made. These have been accounted for in accordance with IFRS 9.

### Financial risk factors

The Group's and Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's and Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and Company's financial performance.

The Group and Company finance department identifies, evaluates and manages financial risks under policies approved by the Board of Directors. The Board provides guidance on overall risk management including foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The principal aim of the risk management policy is to minimise financial risks and ensure adequate cash is available to the Group and Company.

### a) Market Risk

#### Foreign Exchange Risk

The Group and Company operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the GBP and the USD.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the functional currency of a Group company. The Group and Company manage exposures that arise from receipt of monies in a non-functional currency by matching receipts and payments in the same currency.

The Group reports in USD which, with the majority of assets USD denominated, minimises the impact of foreign exchange movements on the Group's balance sheet. Surplus funds are placed on short-term deposits and money market funds at floating rates or invested in financial investments.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2019

#### 22 FINANCIAL INSTRUMENTS CONTINUED

As at the year end the following bank deposits were held in the denominated currencies:

Group	In currency 2019 000	In USD 2019 000	In currency 2018 000	In USD 2018 000
Deposits and cash at bank:				
GBP	2,009	2,552	4	5
USD	8,424	8,424	63,199	63,199
Central African Franc	3,624	6	17,032	30

Company	In currency 2019 000	In USD 2019 000	In currency 2018 000	In USD 2018 000
Deposits and cash at bank:				
GBP	2,009	2,552	18	21
USD	8,424	8,424	63,200	63,200

As at the year end the following investments in listed debt and equity investments were held in the denominated currencies:

Group and Company	In currency 2019 000	In USD 2019 000	In currency 2018 000	In USD 2018 000
Financial investments:				
GBP	-	-	1,881	2,485
USD	4,134	4,134	16,588	16,588

The Group and Company are exposed to foreign exchange risk relating to translation of foreign currency balances under IFRS, mainly between USD and GBP. The table below shows the impact that a change in the USD to GBP rate would have had on (loss)/profit before tax, all other variables being held constant.

Change in USD:GBP Rate	Effect on loss before tax	
	2019 \$m	2018 \$m
+10%	(0.2)	(8)
-10%	0.2	8

#### Market Price Risk

The investments in listed debt and equity instruments are subject to changes in market price in accordance with the perception of the market as a whole in the individual investments and in the sector, they operate in. As a result, the Group is exposed to market price risk. The table below shows the impact that a change in the market price of the investment would have had on loss before tax, all other variables being held constant.

#### Change in Market Price

	Effect on loss before tax	
	2019 \$m	2018 \$m
+10%	(0.4)	(2)
-10%	0.4	2

#### b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and on the equity and debt instruments acquired during the current financial year. As the Group and Company are not yet trading, they are not yet exposed to the credit risks associated with trade receivables. The Group has JV receivables balances and deferred consideration receivable relating to the Etinde farm-out, both of which are monitored on an ongoing basis with appropriate follow-up action taken if necessary. The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.



## 22 FINANCIAL INSTRUMENTS CONTINUED

### Cash

The Group invests primarily in funds with institutions holding a Moody's long-term deposit rating of A2 or above, or with AAA-rated money market funds. The Board may from time to time approve the use of banks rated P2 or above, with investment assessed on a case-by-case basis (limited to \$3m per bank). The Directors believe their choice of bank reduces the credit risk exposure of the Group.

Counterparty risk is monitored on a regular basis and the Group and Company aim to minimise its exposure by investing funds with a number of counterparties at any one time, with a maximum of \$25m (or 25% if total cash balance greater than \$100m) held with any one bank. As at 30 June 2019, the largest balance held with one institution was \$7m (2018: \$25m).

The Group and Company adopt a prudent approach to cash management to maximise safety, liquidity and yield. Developments in the market are closely monitored and if increasing counterparty risk is identified, funds are fully redeemed and invested with alternative institutions. Neither the Group nor Company have any offset arrangements.

### Financial Investments – Listed Debt Instruments

During 2018, the Group has acquired a number of investments of separately listed debt instruments issued by publicly or privately owned companies. The table sets out the value of investment held at 30 June, analysed by credit rating.

The Group also holds a number of investments in preference shares issued by publicly listed equity bodies, which are treated as debt instruments for accounting purposes.

Rating	2019 \$000	2018 \$000
A- to BBB	-	2,483
BB to B3	4,134	8,431
<b>Total</b>	<b>4,134</b>	<b>10,914</b>

### Financial investments – listed Equity instruments

Value of investment held, by credit rating

Rating	2019 \$000	2018 \$000
BBB to BB	-	8,159
<b>Total</b>	<b>-</b>	<b>8,159</b>

For instruments where no credit rating is available, management have estimated the rating based on the investment's similarity to its other rated investments.

### c) Liquidity Risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due.

### Cash

Management's objectives are to retain sufficient liquid funds to enable them to meet their day-to-day obligations as they fall due whilst maximising returns on surplus funds. The Group and Company prepare cash flow information on a regular basis, which is reviewed by the Directors and senior management.

The Group and Company currently finance their operations from existing cash reserves which, in the past, have been funded from share issues and farm-out activity. During 2015, the Group completed the Etinde farm-out and received cash proceeds of \$165m on completion with a further \$15m received on 30 September 2016. There is further deferred consideration relating to the Etinde farm-out totalling \$25m receivable as soon as the FID has been taken by the JV consortium (refer to notes 8, 14 and 20). As the Group moves towards development, alternative sources of funding are likely to be used.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 30 JUNE 2019

#### 22 FINANCIAL INSTRUMENTS CONTINUED

The Group and Company currently have surplus cash, which is placed predominantly in short-term variable-rate deposit accounts or invested in money market funds. 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.

Management monitors rolling forecasts of the Group's and Company's cash and cash equivalents on the basis of expected cash flows. In addition, the Group's and Company's liquidity management policy involves projecting cash flows for capital expenditure and considering the level of liquid assets necessary to meet these.

Cash and cash equivalents include restricted cash of \$0.5m (2016: \$0.5m) as detailed in note 15.

#### Listed Debt and Equity Instrument Investments

The Company and Group's investments in listed debt and equity instruments are held in both active and semi-active markets. Given the size of the Company's position in each investment and/or the liquidity of the market where the investment is traded, it may not be possible to realise any or all of each investment over a very short period. Should the need arise to liquidate the Company's investment position, either due to the Directors changing investment strategy or the requirement for additional cash demand within the business, the expectation is that any disposal would be planned and implemented over several days.

As set out above, management's objectives are to retain sufficient liquid funds to enable them to meet their day-to-day obligations as they fall due whilst maximising returns on surplus funds. A proportion of the Company and Group's surplus cash has been invested in listed debt and equity instruments. The investments are publicly traded in a number of different international markets and have varying degrees of market liquidity. Whilst the Directors do not have any formal target in respect of the proportion of funds held in non-cash assets, the 2018 year end level of around 25 to 35% is considered to be appropriate maximum amount at the current time.

The Directors believe these investments increases the rate of return on the surplus cash held by the business generating a significant level of higher interest rate income on the fixed interest rate debt and preference share investments as well as providing some additional upside on the variable return equity investments, which reduces the net cash expenditure incurred by the Group on normal operating activities.

#### Borrowing

The Group and Company have no borrowing facilities that require repayment and therefore have no interest rate risk exposure. The maturity profile of the Company's liabilities is shown in note 16.

#### Capital risk management

The Group's and Company's objectives when managing capital, maintained on an ongoing basis, are to maintain a strong capital base so as to preserve investor, creditor and market confidence, sustain the future development of the business and achieve an optimal capital structure to reduce the cost of capital to the Group and Company.

The Group currently considers equity to be the principal capital source of the Group alongside farm-out opportunities. As the Group moves towards development, alternative sources of funding are likely to be used. In order to maintain or adjust the capital structure, the Group and Company may issue fresh equity, return capital to shareholders, farm-out part of its assets or source debt funding.

No changes were made in the objectives and policies during the year ended 30 June 2019.

	Group 2019 \$000	Group 2018 \$000	Company 2019 \$000	Company 2018 \$000
Trade and other payables	(451)	(1,066)	(187)	(539)
Bank deposits, cash and cash equivalents	10,982	63,234	10,976	63,200
Financial investments	4,134	19,073	4,134	19,073
<b>Net funds</b>	<b>14,665</b>	81,241	<b>14,923</b>	81,734
Equity	168,123	297,625	165,153	306,744
<b>Equity less net funds</b>	<b>153,458</b>	<b>216,384</b>	<b>150,230</b>	<b>225,010</b>

**22 FINANCIAL INSTRUMENTS CONTINUED****Fair values of financial assets and liabilities**

The fair value of the above financial instruments has been valued using Level 2 hierarchy. The Directors consider that the fair value of the Group's financial assets and liabilities are not considered to be materially different from their book values.

**Financial Instruments by Category:**

	<b>Group 2019 \$000</b>	<b>Group 2018 \$000</b>	<b>Company 2019 \$000</b>	<b>Company 2018 \$000</b>
<b>As at 30 June:</b>				
<b>Measured at fair value through the profit and loss</b>				
<i>Financial investments</i>				
Equity instruments	<b>1,722</b>	8,159	<b>1,722</b>	8,159
Debt instruments	<b>2,412</b>	10,914	<b>2,412</b>	10,914
<b>Measured at amortised cost</b>				
<i>Loans and receivables</i>				
Trade and other receivables <sup>(i)</sup>	<b>1,571</b>	2,434	<b>4,995</b>	3,054
Deferred consideration	<b>-</b>	12,984	<b>-</b>	-
Bank deposits, cash and cash equivalents	<b>10,982</b>	63,234	<b>10,976</b>	63,200
	<b>16,687</b>	97,725	<b>20,105</b>	85,327
<i>Financial liabilities:</i>				
Trade and other payables <sup>(i)</sup>	<b>(451)</b>	(543)	<b>(187)</b>	(124)
	<b>16,236</b>	<b>97,182</b>	<b>19,918</b>	<b>85,203</b>

(i) Excluding tax, prepayments and accruals.

In the current year and prior year all of the above financial assets are unimpaired. An analysis of the ageing of the trade and other receivables is provided in note 13.

**23 RELATED PARTY TRANSACTIONS****a) Company Balance Sheet**

The Company's subsidiaries are listed in note 10. The following table provides the balances which are outstanding with subsidiary undertakings at the balance sheet date:

	<b>2019 \$000</b>	<b>2018 \$000</b>
Amounts owed from subsidiary undertakings	<b>4,901</b>	2,839
Amounts owed to subsidiary undertakings	<b>-</b>	(165)
<b>Amounts owed (to)/from subsidiary undertakings</b>	<b>4,901</b>	<b>2,674</b>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

No purchase or sales transactions were entered between the Company and subsidiary undertakings. Recharges from the Company to subsidiaries in the year were \$nil (2018: \$0.3m). Ongoing funding is advanced from the Company to its subsidiaries and capitalised on a regular basis. Such funding is detailed in note 10.

**b) Remuneration of Key Management**

The remuneration of the Directors of the Company is provided in note 4.

**24 POST BALANCE SHEET EVENTS**

In September 2019, the Company received notification that the parent company of one of its financial investments had refinanced its debt and that the loan note principle would be settled in full on 30 October 2019. This has no material financial impact on the Group's results.

## NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting (the AGM) of Bowleven plc (the 'Company') will be held at 10 a.m. (UK time) at Hilton London Tower Bridge, 5 More London Place, Tooley Street, London SE1 2BY on Wednesday 11 December 2019 for the following purposes:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive the Company's Annual Report and Accounts for the financial year ended 30 June 2019 and the reports of the Directors and the independent auditors thereon.
2. To reappoint Ernst & Young LLP as auditor of the Company, from the conclusion of the AGM until the conclusion of the next general meeting of the Company at which accounts are laid.
3. To authorise the Directors to determine the auditor's remuneration.

To consider and, if thought fit, pass the following resolutions as special resolution:

4. That, the Company be generally and unconditionally authorised for the purposes of section 693A of the Companies Act 2006 to make off-market purchases (as defined in section 693(2) of the Companies Act 2006) and for the purposes of or pursuant to an employees' share scheme (as defined in section 1166 of the Companies Act 2006) of fully paid ordinary shares of 10 pence each in the capital of the Company (the 'Shares') on such terms and in such manner as the Directors may from time to time determine provided that:
  - (1) the authority be restricted to the purchase by the Company of some or all of the 4,106,328 Shares held by the Company's employee benefit trust as at the date of this Notice for the purpose of enabling the Company to shut down the Bowleven plc Employee Benefit Trust (the 'EBT');
  - (2) the minimum price (exclusive of expenses) which may be paid for each Share shall be the 10 pence per Share;
  - (3) the maximum price (exclusive of expenses) which may be paid for each Share is an amount equal to 105% of the average of the middle market quotations for a Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Company agrees to buy the Shares concerned;
  - (4) the authority hereby conferred shall expire on 31 December 2020 or, if earlier, at the conclusion of the next AGM of the Company to be held in 2020, unless previously revoked, varied or renewed by the Company in a general meeting prior to such time provided that the Company may make a contract to purchase Shares under this authority before its expiry which will or may be completed wholly or partly after the expiry of this authority, and may complete such a purchase as if this authority had not expired.

In exercising this authority, the Company may purchase Shares using any currency, including GBP and USD.

By order of the Board

**Burness Paull LLP**  
Company Secretary  
50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ  
13 November 2019

## EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

### GENERAL

The notes on the following pages give an explanation of the proposed resolutions. Resolutions 1 to 3 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 4 is proposed as a special resolution. This means that for this resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### RESOLUTION 1 – ANNUAL REPORT AND ACCOUNTS

The Directors must lay the Company's accounts, the Directors' Report and the Auditor's Report before the shareholders in a general meeting. A copy of those accounts and reports are available on the Company's website at [www.bowleven.com](http://www.bowleven.com).

### RESOLUTIONS 2 AND 3 – REAPPOINTMENT AND REMUNERATION OF THE AUDITOR

The Company is required to appoint an auditor at each general meeting at which accounts are laid before the shareholders, to hold office until the end of the next such meeting. Resolution 2 proposes the re-appointment of Ernst & Young LLP as the Company's auditor and Resolution 3 seeks authority for the Directors to determine the auditor's remuneration.

### RESOLUTION 4 – AUTHORITY FOR OFF-MARKET PURCHASE OF UP TO 4,106,328 SHARES BY THE COMPANY

Resolution 4 is proposed as a special resolution and seeks authority for the Company to make off-market purchases (as defined in section 693(2) of the Companies Act 2006 (the 'Act')) pursuant to section 693A of the Act of some or all of the 4,106,328 Shares (representing approximately 1.18% of the Company's issued ordinary share capital (excluding treasury shares) as at 13 November 2019) held by the Bowleven plc Employee Benefit Trust (the 'EBT') as at 13 November 2019.

The Directors intend at present to use this power (which would require the agreement of the EBT trustees), to purchase some or all of the 4,106,328 Shares held in the EBT for the purpose of enabling the Company to shut down the Bowleven plc EBT and wish to retain the flexibility to do so in the future in the event that it is necessary in order to enable the Company to satisfy its obligations under the Bowleven plc Transformation Incentive Plan (being an employee share scheme of the Company as defined in section 1166 of the Act) with regard to the CEO. Accordingly, it is the Directors' current intention that any of such Shares that are purchased by the Company would be held in treasury until such time as they require to be utilised for the forgoing purpose.

Resolution 4 specifies the maximum and minimum prices which may be paid for any Shares purchased by the Company pursuant to this authority. The authority will expire on 31 December 2020 or, if earlier, at the conclusion of the next AGM of the Company to be held in 2020, unless previously renewed, revoked or varied.

The Directors will only exercise the authority granted by this resolution to make purchases of Shares if they believe that to do so would be in the best interests of the shareholders generally and in making any such decision, the Directors would take account of the Company's cash resources and capital. To the extent the authority is utilised to purchase all of the aforementioned 4,106,328 Shares, the Directors' current intention would be to subsequently wind up the EBT in order to save on EBT operating costs.

### RECOMMENDATION

The Directors consider that the resolutions to be proposed at the AGM are in the best interests of the Company and shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the resolutions to be proposed at the AGM, as the Directors intend to do in respect of their own beneficial shareholdings, which amount in aggregate to 1,141,579 Shares, being approximately 0.33% of the ordinary share capital of the Company in issue at the date of this notice (excluding treasury shares).

### SHAREHOLDER NOTES

#### Appointment of Proxy

Any shareholder who is entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who need not be shareholders) to attend the AGM and speak and vote instead of the shareholder. If more than one proxy is appointed each proxy must be appointed to exercise rights attached to different Shares. Appointment of a proxy will not preclude a shareholder from attending and voting in person at the AGM.

In order for a proxy form to be valid, it must be lodged with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 10 a.m. (UK time) on 9 December 2019.

A shareholder wishing to appoint multiple proxies should contact the Shareholder Helpline on 0370 707 1284 to obtain additional proxy forms. Alternatively, you may wish to photocopy your proxy form. It will be necessary for the shareholder to indicate on each separate proxy form the number of Shares in relation to which each proxy is authorised to act.

## EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### Corporate representatives

Any corporation that is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all its powers as a shareholder provided that they do not do so in relation to the same Shares.

### Record date

To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6 p.m. (UK time) on 9 December 2019 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

### Other matters

A shareholder may not use any electronic address provided either in this notice of AGM or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

### Documents available for inspection

Copies of the following documents may be inspected at the registered office of the Company during normal business hours Monday to Friday (public holidays excepted) up to and including the day of the AGM, and at the venue for the AGM from half an hour before the time fixed for the AGM until the end of the AGM:

- the existing Articles of Association of the Company;
- the Company's Annual Report and Accounts for the year ended 30 June 2019;
- copy of the service contract of Eli Chahin (being the Executive Director of the Company); and
- copy of the letter of appointment of Matthew McDonald (being the Non-Executive Director of the Company).

### Shareholder Helpline

Shareholders who have general queries about the AGM or need additional proxy forms should call our Shareholder Helpline on 0370 707 1284 (no other methods of communication will be accepted).

### Statement of capital and voting rights

As at 13 November 2019 (being the latest practicable date prior to publication of this notice) the Company's issued share capital consisted of 335,272,933 Shares (one vote per ordinary share). 7,807,281 Shares were held in treasury. Therefore, the total number of voting rights in the share capital of the Company as at 13 November 2019 is 327,465,652.

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## GLOSSARY

<b>ABI</b>	Association of British Insurers	<b>HSSE</b>	health, safety, security and environment
<b>AGM</b>	annual general meeting	<b>IAS</b>	International Accounting Standards
<b>AIM</b>	the market of that name operated by the London Stock Exchange	<b>IFRS</b>	International Financial Reporting Standards
<b>Articles of Association</b>	the internal rules by which a company is governed	<b>IA</b>	Investment Association
<b>BBL or bbl</b>	barrel of oil	<b>Intra Isongo</b>	Nomenclature used to describe a sequence of sedimentary rocks in the Etinde licence area
<b>bcf or bscf</b>	billion standard cubic feet of gas	<b>JV</b>	joint venture
<b>BEAA</b>	Bomono Exploitation Authorisation Application	<b>km</b>	kilometres
<b>Board of Directors</b>	the Directors of the Company	<b>km<sup>2</sup></b>	square kilometres
<b>boe</b>	barrels of oil equivalent	<b>LNG</b>	liquefied natural gas
<b>Bomono Permit</b>	the production sharing contract between the Republic of Cameroon and EurOil, dated 12 December 2007, in respect of the area of approximately 2,328km <sup>2</sup> comprising former blocks OLHP-1 and OLHP-2 onshore Cameroon; or, as the context may require, the contract area to which that production sharing contract relates	<b>LPG</b>	liquefied petroleum gas
<b>Bowleven or Bowleven plc</b>	Bowleven plc (LSE: BLVN) and/or its subsidiaries as appropriate	<b>LTi</b>	lost time incident
<b>CFA</b>	Central African CFA Francs	<b>LTIP</b>	long term incentive plan
<b>Companies Act 2006 ('the Act')</b>	the United Kingdom Companies Act 2006 (as amended)	<b>LUKOIL</b>	LUKOIL Overseas West Project Limited, a subsidiary undertaking of OAO LUKOIL
<b>contingent resources</b>	those quantities of hydrocarbons that are estimated to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable	<b>Macquarie</b>	Macquarie Capital (Europe) Limited
<b>CSOP</b>	Company Share Option Plan	<b>mmbbls</b>	million barrels
<b>CMFLNG</b>	Cameroon floating liquefied natural gas	<b>mmboe</b>	million barrels of oil equivalent
<b>EA</b>	exploitation authorisation	<b>mmscf</b>	million standard cubic feet of gas
<b>EBT</b>	employee benefit trust	<b>mscf</b>	thousand standard cubic feet of gas
<b>EEAA</b>	Etinde Exploitation Authorisation Area	<b>NewAge</b>	NewAge (African Global Energy) Limited, a privately held oil and gas company
<b>E &amp; P</b>	exploration and production	<b>NewAge Group</b>	NewAge and its subsidiaries
<b>Etinde Permit</b>	the Etinde Exploitation Authorisation (EA) area. The Etinde EA, granted on 29 July 2014, covers an area of approximately 461 km <sup>2</sup> (formerly block MLHP-7) and is valid for an initial period of 20 years with an initial 6 year period ending January 2021, by which time development must commence. SNH have informed the JV of their intention to exercise their right to back into this licence, but have not signed the Participation Agreement and funded their share of cash calls in accordance with the requirements set out in the PSC.	<b>NOMAD</b>	nominated adviser
<b>EurOil</b>	EurOil Limited, an indirectly wholly-owned subsidiary of Bowleven plc, incorporated in Cameroon	<b>ordinary shares</b>	ordinary shares of 10 pence each in the capital of the Company
<b>FID</b>	final investment decision	<b>P10 (3C)</b>	10% probability that volumes will be equal to or greater than stated volumes
<b>FLNG</b>	floating liquefied natural gas	<b>P50 (2C)</b>	50% probability that volumes will be equal to or greater than stated volumes
<b>FPSO</b>	floating production storage and offloading vessel	<b>P90 (1C)</b>	90% probability that volumes will be equal to or greater than stated volumes
<b>FSO</b>	floating storage and offloading vessel	<b>PEA</b>	Provisional Exploitation Authorisation
<b>G&amp;A</b>	general and administration	<b>PSC</b>	production sharing contract
<b>GIIP</b>	gas initially in place	<b>Q1, Q2 etc.</b>	first quarter, second quarter etc.
<b>Government</b>	Cameroon Government	<b>scf</b>	standard cubic feet
<b>Group</b>	the Company and its direct and indirect subsidiaries	<b>shareholders</b>	means holders of ordinary shares and 'shareholder' means any one of them
		<b>SNH</b>	Société Nationale des Hydrocarbures, the national oil and gas company of Cameroon
		<b>tcf</b>	trillion cubic feet
		<b>TSR</b>	total shareholder return
		<b>US</b>	United States of America
		<b>\$ or US Dollars, USD</b>	United States of America Dollars
		<b>£ or GB Pounds, GBP</b>	Great Britain Pounds Sterling

Notes:  
Prospective resources, contingent resources and reserves shall have the meanings given to them by the guidance on petroleum resources classification contained in the 2007.

SPE Petroleum Management System published jointly by the Society of Petroleum Engineers, The American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers.

For the purposes of this announcement, 6 mscf of gas has been converted to 1 boe.

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