



Highlights

Corporate

- Etinde PSC signed December 2008, setting economic basis for future developments.
- Equity fundraising in June 2009 raised approximately \$113 million.
- Etinde farm-out transaction entered into with Vitol E&P Limited (Vitol) in August 2009; assignment approval anticipated by end 2009.
- Current group cash balance approximately \$120 million.
- Vitol initial carry (\$100 million gross) provides additional flexibility.
- Funding in place for planned 2010 work programme.
- Advanced discussions ongoing in relation to EOv.

Operational

- P50 contingent resources for the Group increased to 217 mmboe (2008: 203 mmboe).
- Completed GDF/SNH feasibility study adds momentum to the development of Cameroon gas resources.

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Bowleven is an African focused oil and gas group, based in Edinburgh and traded on AIM since December 2004. It holds equity interests in offshore and onshore exploration acreage in both Cameroon and Gabon.

2010 Overview and Objectives

- Continuous exploration/appraisal programme with up to four wells on Etinde to commence H1 2010, including:
 - IE and IF appraisal wells to confirm commercial viability;
 - High impact MLHP-5 exploration well to pursue Cretaceous oil play;
 - Fourth well, target to be confirmed during 2010 work programme; and
 - Extensive 3D seismic acquisition and reprocessing on Etinde.
- Progress IE and IF development projects to sanction; aim to upgrade resources to reserves.
- Drilling on Epaemeno planned with operator, Addax, in H2 2010.
- Commence Bomono 2D seismic in Q4 2009.
- Continue to review farm-out opportunities to optimise exploitation of acreage.



Chairman's & Chief Executive's Review

2010 is shaping up to be the most active period in Bowleven's history. This is an exciting time for the Group with a scheduled work programme that will shape Bowleven's future.

It has been a difficult year throughout the oil and gas industry with a background of significant international economic weakness, oil price volatility and acute difficulty in accessing capital markets. The combination has put severe demands on management teams and subjected asset bases to sharp scrutiny. It is to Bowleven's credit that through this period we have advanced the opportunities in our existing acreage and have now raised the finance necessary to exploit them.

Whilst drilling operations over the last 12 months have been relatively quiet, this belies a very active period of geological interpretation and mapping as well as operational planning. This vital groundwork will assist in optimising the extensive drilling campaign planned for 2010.

Of equal importance, given the difficult external environment, has been the significant progress made on both the financing and farm-out fronts. The combination of the \$113 million placing in June 2009 and subsequent farm-out of 25% of Etinde to Vitol for a \$100 million gross carry in August 2009 have brought the Company to a very robust financial position. We now have the resources and flexibility to aggressively pursue our attractive opportunity set in both Cameroon and Gabon.

As a result, and having confirmed our priorities, we are now able to commit to a significant drilling programme in Etinde and to move forward in Gabon. With financial and operational foundations in place, 2010 is shaping up to be the most active period of drilling and seismic operations in Bowleven's history.

The operational highlights of the forthcoming programme are likely to include:

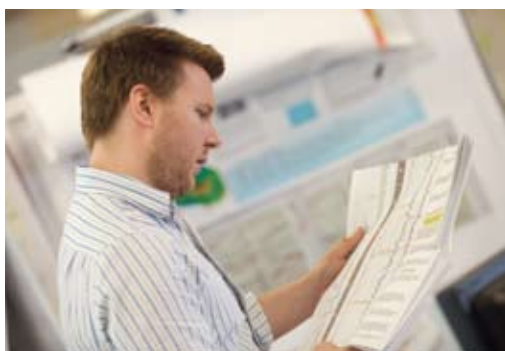
- An appraisal well on the IE gas/condensate field.
- An exploration well on MLHP-5 to investigate the potential of the deep Cretaceous channel systems.
- An appraisal well on the IF oil field.
- A fourth well, location to be confirmed.
- Acquisition of additional 3D seismic coverage over Etinde, including the IF field.
- Reprocessing existing seismic data over Etinde.
- An onshore exploration well on Epaemeno.
- A 2D survey over Bomono.

Resources to Reserves

The Group's overarching objective for 2010 is to move its existing liquid hydrocarbon resource base from resources to reserves. The principal focus for the 2010 drilling campaign is therefore to conduct appraisal activity on the Group's IE and IF discoveries with the aim of achieving development project sanction and ultimately production from Etinde as soon as practicable.

The Group's combined P50 contingent resource base has increased to approximately 217 mmboe (2008: 203 mmboe).

The Group also currently has a significant in place prospect inventory for Etinde. The drilling of exploration wells is now required to confirm this resource potential. The work programme for 2010 therefore includes the drilling of a high impact exploration well on MLHP-5.



Left: Kevin Hart
Chief Executive
Right: Ronnie Hanna
Chairman



There is also the potential for further significant exploration resource to be identified on Etinde. Increased 3D seismic coverage is being acquired over the Permit during 2010 and the existing Etinde prospect inventory will be updated by the Bowleven technical team following the interpretation of the resulting data.

Detailed prospect and lead inventories are being developed for both Bomono and Epaemeno and these also have the potential to generate significant exploration resources for the Group. Seismic acquisition and drilling are planned in 2010 on Bomono and Epaemeno respectively.

Operations

It has been an active period for the Group from both a corporate and operations perspective. Considerable progress has been made operationally, with key technical groundwork being undertaken prior to commencement of planned 2010 seismic and drilling programmes across the portfolio.

Cameroon – Etinde Permit

Significant progress has been made in relation to Cameroon operations in the period, including the following:

- The first oil discovery on Etinde (IF); this opens up the potential for further oil to be found on the acreage.
- The completion of the associated independent assessment by TRACS of contingent resources for the IF discovery; supports Bowleven's view of the potential for IF and confirms that further appraisal is warranted.
- The signing of the Etinde PSC; provides the underlying commercial framework for future developments on the Permit.
- The agreement with Vitol for the farm-out of 25% of Etinde; endorses the value of the Permit and provides access to additional funding and resources.

The commercialisation of the Group's growing resource base in Cameroon remains a priority with initial focus concentrated on the potential exploitation of liquids via the development of the IE gas/condensate and IF oil discoveries. Drilling activity for 2010 is therefore centred on appraisal activity on both IE and IF with a view to sanctioning these projects as soon as practicable.

A continuous drilling campaign of up to four wells is being planned for Etinde in 2010. The drilling programme scheduled currently comprises an IE appraisal well, an MLHP-5 exploration well and an IF appraisal well. The location for the potential fourth well has yet to be determined as the selection process will take into consideration information obtained during 2010 drilling and seismic activities. There are currently a number of rigs available in West Africa and rates are significantly lower than those at the 2008 peak.

The rig tendering process will be initiated during Q4 2009, in advance of planned activities. With a multiple well campaign proposed, both drilling cost and operational efficiencies are anticipated.

A priority focus for the Group is accessing and monetising the significant gas/condensate resource base identified on IE and an appraisal well remains an integral part of this process. The IE well location has been selected and the appraisal well is ready to be drilled. The well is intended to appraise the main reservoir Isongo sands updip of the previous wells drilled and also to penetrate the shallower Biafra gas accumulation. The well will also target additional deeper Isongo sand reservoirs. Given the importance of this well from an appraisal/development perspective, IE-3 is intended to be the first well in the 2010 drilling campaign.

Similarly, an IF appraisal well remains essential to plans for a potential fast track oil development and consequently forms part of the proposed drilling programme. 3D seismic activity is planned over the IF structure in early 2010 and this in conjunction with recent site survey information will be used to identify and plan the optimal IF-2 appraisal well location. The drilling order has therefore been formulated with the timing of acquisition of this information in mind. Consequently, the IF well is scheduled to be the third well of the campaign.

Successful exploration undertaken by other operators on neighbouring acreage emphasises the highly prospective nature of the Permit and in particular the oil potential on MLHP-5. As a consequence, having matured the prospect inventory based on existing seismic coverage across MLHP-5, the intention is to include a high impact exploration well, targeting multiple stratigraphic levels that are proven to be oil bearing in adjacent wells, in the 2010 drilling programme. The technical team is in the process of selecting the prospect target and preferred drilling location for the well.

Extensive seismic activity is also planned across Etinde in 2010. In order to fully assess the prospectivity of the Permit, the intention is to acquire additional seismic where there is no existing 3D coverage. A multi streamer marine 3D survey is planned to bridge the gap between the existing 3D survey in the Douala basin and the 3D survey acquired in 2005 over MLHP-7. This survey will specifically overlap the IF field and will also be used to facilitate the well planning and selection process. In addition, a shallow water survey is planned to fill in gaps in existing MLHP-5 seismic coverage. This will fill the gaps adjacent to the Souellaba oil field and the Sanaga 1X discovery where we recognise significant potential for hydrocarbon bearing structures at multiple stratigraphic levels.



Chairman's & Chief Executive's Review continued

The Group's overarching objective for 2010 is to move its existing liquid hydrocarbon resource base from resources to reserves.



The intention is also to reprocess existing 3D coverage on the Permit to enhance our understanding of the subsurface imaging in advance of any future appraisal/development activities.

The initial \$100 million gross expenditure carry from Vitol will be used to fund these drilling and seismic activities on Etinde. The estimate of gross expenditure for the principal items in the planned 2010 Group work programme is currently between \$145 million and \$170 million. After the Vitol carry (of \$100 million gross) this reduces to between \$40 million and \$60 million spend for the Group. In the event of option exercise by Vitol this would reduce further to between \$20 million and \$25 million.

Cameroon – Bomono Permit

The contract has been awarded for 2D seismic work onshore Bomono. This activity is scheduled to commence Q1 2010 and drilling is envisaged 2011/2012. Initial technical evaluation of Bomono highlights multiple prospects at different stratigraphic levels with individual sizes ranging from 10 to 250 mmbbls mean unrisked STOIIIP.

Further details can be found on page 9 in the Exploration and Operational Overview.

Gabon – EOY Permit

Project sanction for the EOY field development remains deferred, pending possible further drilling on the block to enhance the resource base and improve returns for all stakeholders. Interpretation work on the North West Kowe exploration prospect has been completed and a provisional well location has been selected for drilling. Given the other priorities and opportunities available across the Group's portfolio, there are no firm plans to drill on the Permit.

Advanced discussions are ongoing on EOY and the outcome of these discussions will be influential in shaping planned activity on the acreage.

Gabon – Epaemeno Permit

The processing of 2D seismic acquired across Epaemeno has been completed by the operator, Addax. Interpretation work to identify leads and mature potential prospects is being finalised by Addax, with input from Bowleven, and drilling is planned for 2010. Based on the work done by Bowleven, a number of significant prospects have been identified with unrisked mean in-place prospect sizes estimated to be between 10 and 350 mmbbls each.

Further details can be found on page 10 in the Exploration and Operational Overview.

Etinde PSC

On 22 December 2008, the Group signed a PSC covering the entire Etinde Permit. The PSC, which includes a further three year exploration phase commencing from the date of signature, provides an excellent framework to underpin the commercial viability of the IE and IF discoveries.





Cameroon Gas Monetisation

Significant progress has been made towards the monetisation of the substantial undeveloped gas resource within Cameroon. An initial feasibility study, conducted by the strategic partnership formed between GDF and SNH (the national oil company of Cameroon) in November 2008, has concluded that an LNG export scheme is a viable solution for Cameroon's gas. Timing for the submission of certified reserves has been tentatively scheduled for H1 2011 and it is likely that the Etinde gas fields, including the IM gas field in the north of the Permit, will provide a sizeable proportion of the required gas volumes for this project. In the event that momentum for this initiative is maintained and the opportunity for potential gas offtake materialises, further appraisal of the IM field will be considered.

Vitol Transaction

The farm-out agreement reached with Vitol in August 2009 for our Etinde PSC is a significant milestone for Bowleven in delivering our strategy for Cameroon and endorses the value of our Etinde position. Under the agreement, Vitol will fund an initial \$100 million gross exploration/appraisal work programme on Etinde in return for a 25% stake in the Permit. The assignment is conditional upon normal regulatory approval by the Cameroon Government and it is anticipated that this will be obtained by the end of 2009. The transaction will complete when assignment approval is obtained.

Vitol has a breadth of experience in the oil and gas industry, including development, marketing and project finance expertise, which Bowleven considers will be of real benefit to the joint venture as it moves from exploration to development in Cameroon. The farm-out transaction also provides Bowleven with access to additional financing, enabling the acceleration of exploration and appraisal/development activities on the Permit.

Since agreement was reached on the farm-out, the new partnership has been actively involved in formulating the optimal 2010 drilling and seismic work programmes for Etinde. It is also intended that Vitol will provide additional technical resource to the joint venture to support our experienced Bowleven team with the extensive seismic and drilling activity and pre-development work scheduled for 2010.

Finance

The Group has reported a loss of \$10.2 million for the year ended 30 June 2009 (2008: loss \$10.9 million). The results for the year include a reduction of \$6.5 million in administrative expenses to \$9.8 million, primarily as a result of a strengthening US Dollar exchange rate on principally Sterling expenditure. A foreign exchange gain of \$48.8 million arose in 2009 (2008: \$1.6 million) primarily due to the treatment under IFRS of exchange movements on intra-group funding. The Group also recognised an impairment charge of \$50.5 million in the period in relation to the EOY asset in Gabon, reflecting the decision to defer the activities in 2010 required to realise project sanction for the field.

Capital expenditure cashflows in the period were \$69.9 million (2008: \$73.5 million). The majority of the expenditure was on exploration and appraisal activities on Etinde including completion of the IF-1r well.

Bowleven strengthened its balance sheet by raising approximately \$113 million (net of expenses) via an equity placing in June 2009. Net assets at 30 June 2009 were \$426 million (2008: \$377 million).

At the end of June 2009 the Group had cash of approximately \$130 million. The Group currently has approximately \$120 million in cash and no debt. With Bowleven's existing cash balances and the \$100 million gross expenditure carry on Etinde from Vitol, the Group has the required funding in place to undertake the extensive work programme planned for 2010 across its asset portfolio.

In the event that Vitol exercises the option under the farm-out agreement for an additional 25% interest (exercisable by 30 September 2010), it will provide funding for an additional \$100 million gross work programme and in addition make a \$25 million cash payment to Bowleven to be used on Etinde.

Farm-out opportunities across Bowleven's acreage remain under review. Such transactions are undertaken to ensure ongoing optimisation of the Group's asset portfolio. Advanced discussions are ongoing on EOY.

Board Appointment

Tim Sullivan was appointed as a Non-Executive Director on the Board of Bowleven plc with effect from 13 May 2009. Tim has extensive oil and gas industry experience and brings complementary skills and expertise to the Board.

Outlook

The forthcoming 12-18 months will undoubtedly change the shape of our business as we embark upon the busiest operational period in Bowleven's history. We are confident that the work programme envisaged can propel us forward, with the aim of proving exploration potential and turning resources into commercial reserves.

We also look forward with great anticipation to the exploration drilling that, if successful, would add further significant value to our portfolio.

Ronnie Hanna
Chairman

Kevin Hart
Chief Executive

30 October 2009



Exploration & Operational Review

The IF oil discovery, the Etinde PSC signing and the Etinde farm-out agreement reached with Vitol are key milestones in the Group's overall strategy to create and realise value from its Etinde asset base.

Overview

The past year has been one of further significant progress for Bowleven.

In Cameroon we signed a new production sharing contract (PSC) for the Etinde Permit in December 2008. This PSC replaced the previous concession agreement and provided for a new exploration period of three years, until December 2011, with an associated work programme of one exploration well and the acquisition of 200 km² of 3D seismic. We also farmed-out a 25% share of the Etinde Permit to Vitol E&P Limited (Vitol). Vitol also has an option to acquire a further 25% share, exercisable by 30 September 2010. The farm-out is subject to Cameroon government approval.

The first oil discovery (IF field) on the Etinde Permit was made in August 2008. Since then the technical effort has been focused on improving the understanding of the field and a remapping exercise has been completed that resulted in the upward revision of estimates of hydrocarbons in place. In addition, an independent assessment was completed by TRACS of the contingent resources of the IF oil discovery and this supported Bowleven's internal assessment of hydrocarbons in place. An IF-2 well is planned for 2010 to appraise the field.

An IE appraisal well also forms part of the 2010 campaign and with work undertaken to select the well location this is now ready to drill. This well is intended to appraise the main reservoir Isongo sands updip of the previous wells and also to penetrate the shallower Biafra gas accumulations. The well will also target additional deeper Isongo sand reservoirs.

We continued work on the onshore Bomono Permit with the acquisition of hi-resolution airborne gravity and magnetic data. These surveys have now been interpreted and the results used to plan the 2D seismic survey which will be acquired in the coming 2009/2010 dry season.

On the EOY Permit in Gabon, a decision was made to defer project sanction, pending further drilling on the block to enhance the resource base. With this objective, we completed the mapping exercise for the rest of the Permit and matured the North West Kowe prospect ready for drilling. However, given the other

priorities and opportunities available across the Group's portfolio, we have no firm plans to drill on the Permit. Advanced discussions are ongoing in relation to EOY.

Also in Gabon, the operator, Addax, completed the acquisition of airborne geophysical data and 747 km of 2D seismic on the onshore Epaemeno Permit. Under the Technical Services Agreement (TSA) with Addax, the Bowleven exploration team managed the processing of the newly acquired seismic and has now completed seismic interpretation, mapping and a prospect inventory. Drilling is planned on the Permit in 2010.

Health, Safety, Security and Environment (HSSE)

The past year has seen the Group maintain its record of operating without any lost time incidents (LTIs). Our principal activities over the year have been geophysical survey operations, both onshore and offshore, and the absence of LTIs is a credit to the planning and preparation of our geophysical operations team led by Peter Stacey.

We continue to emphasise the importance of proper planning in the health, safety and security of our personnel and others involved in or affected by our operations, and we also recognise that environmental planning and regulation play an increasing role in all our operations.

Malaria is a key health threat for personnel in our operations and although staff are instructed in techniques for avoiding malaria, cases will still occur and speedy diagnosis and treatment is the key to recovery. The importance of rapid response was underlined earlier this year when a contractor on board a survey vessel in Cameroon contracted malaria. The case was diagnosed quickly and, following evacuation and treatment, the individual has now fully recovered.

During the year we commissioned an external HSSE consultancy to conduct an audit of our HSSE management systems and HSSE performance specifically within our Cameroon operations. The audit found no significant shortcomings in our HSSE management and performance, although there were several recommendations. We have taken action on all the recommendations made and have refined both our corporate HSSE systems and detailed operational planning procedures.

Etinde PSC Agreement

Chief Tabetando and the Head of SNH at the signing ceremony, 22 December 2008.



Bonomo Permit

Acreage:
2,328 km²
Equity interest:
100%
Operator:
Bowleven Group

Cameroon

Rio del
Rey Basin

Mt Cameroon

MLHP-7

MLHP-6

MLHP-5

OLHP-1

OLHP-2

Douala
Basin

Etinde Permit

Acreage:
2,316 km²
Equity interest:
100%*
Operator:
Bowleven Group
* pre-Vitol farm-out

During 2009 we initiated the process to secure environmental clearance for the acquisition of 2D seismic over the Bonomo Permit. This Permit extends over the north western part of the city of Douala as well as over scrub, rainforest and river tributaries, and thorough environmental planning is a key part of operations within the Permit area. As part of this process we held a number of public briefings and discussions to explain our operations to the general public and to address their concerns. We have now also commenced Environmental Impact Assessments (EIAs) covering the offshore Etinde Permit for the planned seismic and drilling programmes due to commence in 2010.

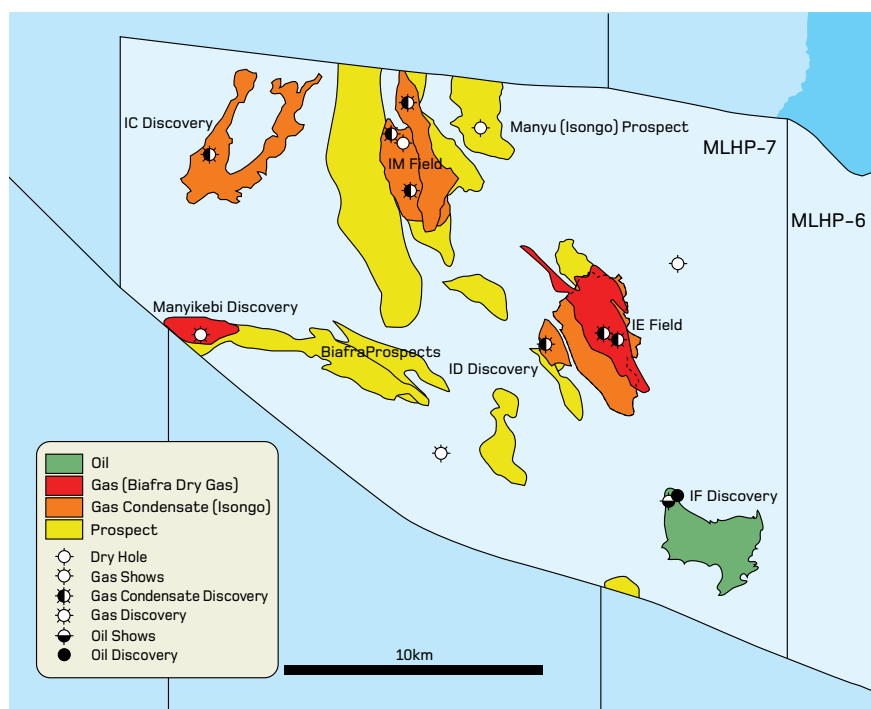
Cameroon

Etinde Permit (Bowleven Group 100% (pre-Vitol farm-out) – operator)

The Etinde Permit consists of the three former offshore blocks, MLHP-5, MLHP-6 and MLHP-7, which have now been consolidated into a single licence area of 2,316 km² under a new PSC signed in December 2008. The Permit straddles the Rio del Rey and Douala basins.

During the past year a significant effort has been put into seeking a farm-out partner for Etinde. This effort culminated with our announcement, in August 2009, of the successful farm-out of a 25% share to Vitol. Under the terms of this farm-out, Vitol carries Bowleven for its share of a \$100 million gross work programme.

MLHP-7 discoveries and prospect inventory



Exploration & Operational Review continued

The key objective of this programme is to move the existing IE and IF discoveries towards development project sanction.

Vitol also has the option, exercisable by 30 September 2010, to earn a further 25% share in Etinde by carrying Bowleven for a further \$100 million gross work programme plus a cash payment of \$25 million to be invested on the Permit. This farm-out will provide significant further impetus to the exploration, appraisal and development of Etinde through both the funding and professional contributions of Vitol.

With the conversion of the Etinde Permit to a PSC, the exploration period for the Permit will now expire at the end of 2011. This gives around two years to complete exploration of the Permit and to develop and complete appraisal plans (a further one year extension can be granted to complete appraisal activity). Over the next year we are therefore planning to:

- Reprocess the two existing 3D seismic surveys in order to improve imaging in the subsurface;
- Acquire additional 3D seismic data to provide, to the extent possible, block wide 3D seismic coverage over Etinde with the objective of identifying further exploration prospectivity and, specifically, hi-resolution 3D coverage over the IF discovery;
- Submit an appraisal plan covering the existing discoveries in Etinde and
- Plan and execute a drilling campaign to commence appraisal of existing high potential discoveries and test high ranking prospectivity.

Following the discovery of the IF oil field in the middle of 2008, complete remapping was undertaken and a new estimate of hydrocarbons in place produced. This work showed that the field extended to the south and east of the discovery well but that part of the structure was obscured by a gas chimney.

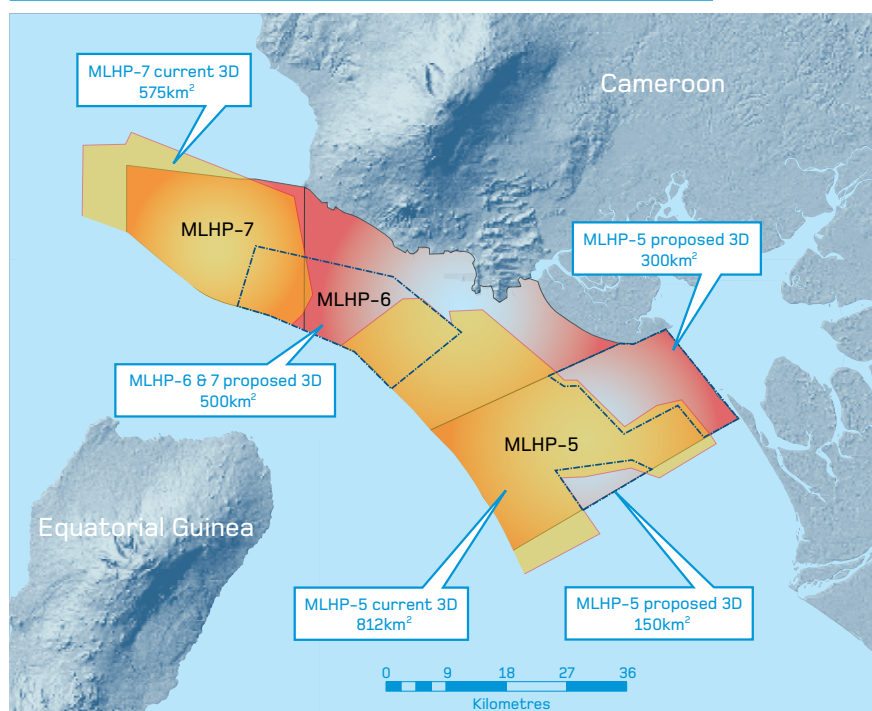
A competent persons report was commissioned in the first half of 2009. This independent assessment, undertaken by TRACS, supported Bowleven's internal assessment of hydrocarbons in place.

In August 2009, we conducted some specific seismic acquisition tests in order to attempt to image the portion of the IF structure under the gas chimney. This 2D survey utilised a geophone cable located on the seabed (Ocean Bottom Cable) and acquired 4 component data designed to image through gas chimneys. Following the processing and subsequent interpretation of this data, it is now planned to acquire further hi-resolution 3D seismic over the entire IF field prior to appraisal and development drilling.

A multi streamer marine 3D survey, of about 500 km², is planned to cover the majority of the central area of Etinde as well as the IF field. The survey will bridge the gap between the existing 3D seismic survey in the Douala basin and the 3D survey in the northern area of Etinde originally acquired in 2005, and will also specifically extend over the IF field.

In addition a shallow water survey of about 450 km², utilising Ocean Bottom Cable technology, is also planned for 2010. This will infill the gaps in the existing Douala basin (MLHP-5) 3D survey adjacent

Etinde seismic: existing coverage and planned 2010 acquisition programme



to the Souellaba oil field and the Sanaga 1X discovery, where we recognise significant potential for hydrocarbon bearing structures at multiple stratigraphic levels.

We also plan to reprocess the existing 3D surveys to take advantage of new technology to improve subsurface imaging. This is scheduled to commence later this year so that the results can be fed into selecting the well locations for the 2010 drilling campaign.

Planning is now progressing for this drilling campaign. There are a number of rigs available in West Africa and rates are significantly lower than those at the 2008 peak. A drilling campaign of up to four wells is currently envisaged, commencing in H1 2010, including IE and IF appraisal wells and an MLHP-5 exploration well in the area covered by existing seismic surveys. A potential fourth well in the programme could be another exploration well and specific plans for this well will be made considering data gathered from seismic and drilling activities during 2010. A rig tendering process is expected to be initiated in Q4 2009.

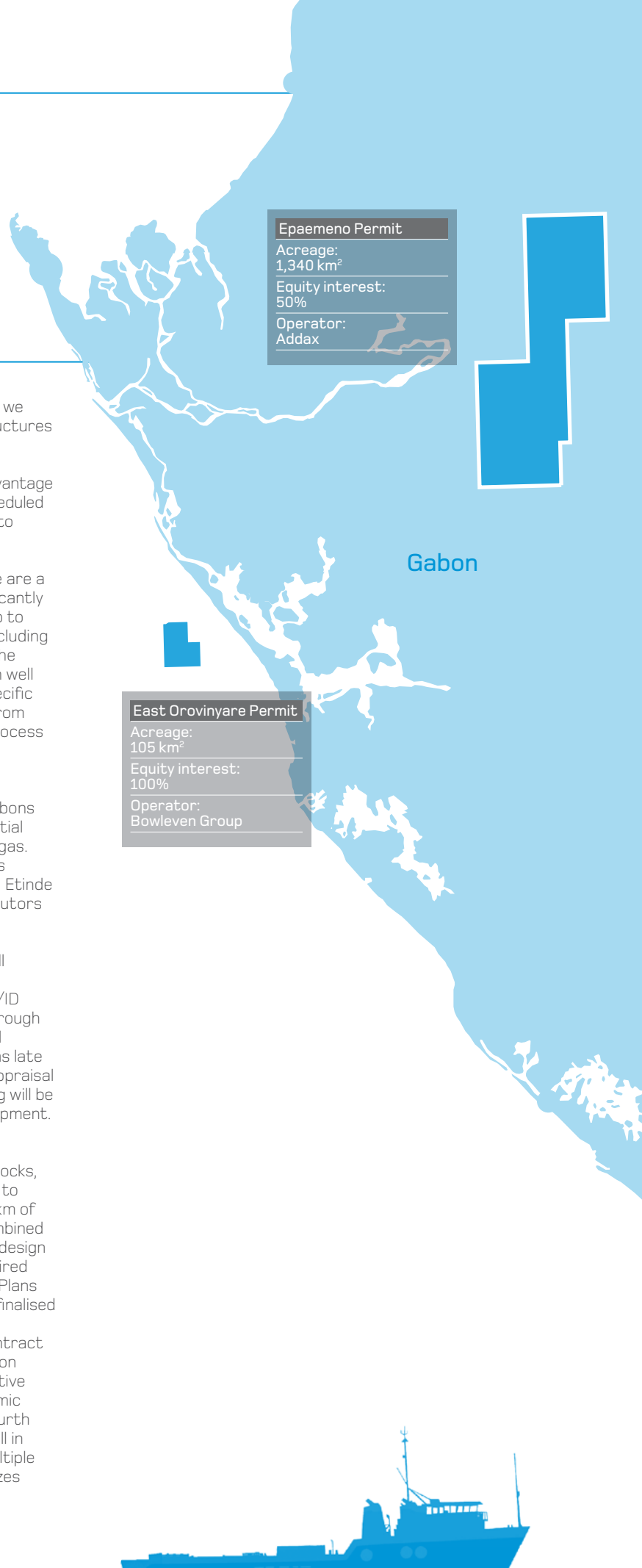
Etinde Permit – exploitation/commercialisation

In late 2008 GDF and SNH, the Cameroon national hydrocarbons company, formed an alliance to jointly investigate the potential of developing a LNG export scheme based on Cameroonian gas. The first phase of study was completed in mid 2009 and this concluded that a LNG export scheme was viable. Bowleven's Etinde fields, and IM in particular, are likely to be important contributors to the necessary gas volumes for this potential project.

Initial development of the IE and ID gas/condensate fields will probably be based on a gas recycling scheme to maximise liquids recovery. There is also the potential to combine an IE/ID recycling development with development of the IF oil field through the utilisation of a common FPSO vessel. Gas recycling could incorporate a gas depletion scheme in later years, possibly as late phase feedstock for a LNG facility. Assuming a successful appraisal of the IE field in the 2010 drilling campaign, dynamic modelling will be used to further assess the viability of a gas recycling development.

Bomono Permit (Bowleven Group 100% – operator)

The Bomono Permit consists of two onshore Douala basin blocks, OLHP-1 and OLHP-2, covering an area of 2,328 km² situated to the north of Douala city. During the year we acquired 3,125 km of hi-resolution gravity and 6,222 km of magnetic data in a combined airborne survey. These data have been used to assist in the design of the 2D seismic survey of about 500 km, which will be acquired over the next two dry seasons in 2009/10 and into 2010/11. Plans for the 2D seismic survey are well advanced. An EIA is being finalised at the present time, after a lengthy process which requires extensive consultation with local communities within the contract area and with the authorities in Douala and Yaoundé. Selection of the seismic contractor followed an international competitive tender process, which has now been concluded and the seismic contract awarded. Mobilisation will commence during the fourth quarter of this year. It is planned to drill the commitment well in 2011/12. Initial technical evaluation of Bomono highlights multiple prospects at different stratigraphic levels with individual sizes ranging from 10 to 250 mmbbls mean unrisked STOIIIP.



Epaemeno Permit

Acreage:
1,340 km²

Equity interest:
50%

Operator:
Addax

East Orovinyare Permit

Acreage:
105 km²

Equity interest:
100%

Operator:
Bowleven Group

Exploration & Operational Review continued

With this extensive work programme we look forward to making significant progress across our portfolio in the coming year.

Gabon

Epaemeno Permit (Bowleven Group 50%, Addax 50% – operator)

The Epaemeno Permit is a 1,340 km² onshore block in the north of the country, straddling the north and south Gabon sub-basins. Activity has progressed as planned on the Permit with Addax completing a 2D seismic survey of 747 km earlier this year. The data has been processed and Bowleven has undertaken interpretation and prospect generation work under the TSA with Addax. Based on the work done by Bowleven, a number of significant prospects have been identified with unrisks mean in place prospect sizes estimated to be between 10 and 350 mmbbl each. It is planned to drill the first well during the 2010 dry season. The second exploration term expires at the end of August 2010 and at this stage 50% of the acreage is required to be relinquished.

East Orovinyare (EOV) Permit (Bowleven Group 100% – operator)

The EOV Permit is a small offshore block of 105 km² in the south Gabon sub-basin. The acreage is about 15 km offshore in 65 feet of water.

Reservoir study work was completed. Bowleven obtained an option to contract the Knock Taggart FPSO vessel, which was allowed to expire without exercise in December 2008. The platform sub-structure and topsides and some completion equipment, all of which Bowleven took over at the time of the original acquisition of FAO, are in storage.

During the year a block wide mapping exercise has been undertaken and a number of prospects and leads confirmed. This includes the North West Kowe prospect that has been matured to drillable status.

The decision was made not to proceed with the development and to defer project sanction, pending further drilling on the Permit to enhance the resource base. Advanced discussions are ongoing in relation to EOV.

New Opportunities

Strategically, our objective is to collaborate with indigenous companies in the Gulf of Guinea region and focus on opportunities onshore and offshore in shallow water in up to three countries. Bowleven continues to pursue opportunities to secure attractive exploration and production acreage in Cameroon, Gabon and other Gulf of Guinea countries, both as a farm-in partner and in direct negotiation with national authorities.

Resources

The table below outlines the Group's resources position on a gross basis.

The P50 volumes have increased by 14 mmboe from last year's report to 217 mmboe (2008: 203 mmboe). Mean volumes are included in the report for the first time.

Contingent Resources	P90	P50	P10	Mean
Gas incl. LPG (bscf)	273	570	1,296	695
Condensate (mmbbls)	18	37	78	44
Oil (mmbbls)	50	85	142	91
Total BOE (mmboe)	113	217	436	251

Notes

- Etinde Permit 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. A gas recovery factor range 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 conceptual development cases, allowing for gas shrinkage (due to liquids drop-out). Etinde Permit oil resource volumes are similarly estimated based on a considered typical recovery range for a water-flood of 30-55% of STOIIIP.
- Ranges of recovery factors will be reviewed as technical evaluations and development planning activities are progressed.
- 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).





Programme for 2010

With activity planned across our portfolio, 2010 is looking to be a highly active period operationally for the Group. Seismic campaigns are planned on Etinde and Bomono and drilling activity is planned on Etinde and Epaemeno. The principal focus of these operations is to appraise our existing IF and IE discoveries on Etinde, to drill a high impact exploration well on MLHP-5, Etinde, and to improve our understanding of the exploration and appraisal opportunities that exist in both Etinde and Bomono through the acquisition of further seismic. At least one exploration well is also planned on Epaemeno. With this extensive work programme we look forward to making significant progress across our portfolio in the coming year.

**Overall P50
contingent resource
base 217 mmboe**

John Morrow

Chief Operating Officer

Ed Willett

Exploration Director

30 October 2009



Financial Review

With current cash of around \$120 million and \$100 million gross expenditure carry from Vitol on Etinde, the Group is well funded to carry out the planned work programme across its entire portfolio.

Financial Summary

	Year ended 30 June 2009 \$'000	2008 \$'000
Operating loss before financing costs	(60,307)	(16,287)
Loss from continuing operations	(10,176)	(10,946)
Net cash used in operating activities	(8,830)	(10,226)
Net cash and cash equivalents	130,287	103,226
Net assets	425,911	377,019

Results

Our results reflect the ongoing exploration and development work required to commercialise our asset base. The Group reported a loss of \$10.2 million for the 12 months ended 30 June 2009 made up of a \$50.5 million impairment on our EOv asset, finance income of \$50.1 million and net operating costs of \$9.8 million. This compares to a loss of \$10.9 million for the previous financial year.

The total administrative expenses for the Group were \$9.8 million, approximately \$6.5 million less than the previous year. This reflects both the exchange rate impact of the strengthening US Dollar on Sterling spend and reduced new venture activity in the year. We will continue to focus on managing our overheads expenditure whilst ensuring the appropriate level of investment to allow the exploitation of our acreage.

Bowleven has recognised an impairment charge of \$50.5 million in the income statement in relation to the EOv field in Gabon. This reflects the Board's decision to defer the activities in 2010 required to realise project sanction for the field. Given the other priorities and opportunities available across the Group's portfolio, we have no firm plans to drill on the permit.

Finance income increased by \$44.7 million to \$50.1 million. The main contributor to this was the gain of \$48.8 million arising from the recognition of foreign exchange differences on intra-group funding under IFRS as the US Dollar strengthened against Sterling. The reduced interest rate being offered for cash placed on deposit during the year, combined with a reduction in cash balances until the placing in June 2009, resulted in a reduction in interest receivable of \$2.4 million to \$1.3 million.

Loss per share (basic and diluted) was \$0.12 compared to a loss of \$0.14 for the previous year.



**Net assets
of \$426 million
at year end**

**Current group cash
balance approximately
\$120 million**

Cash Flow

There was a Group cash outflow from operating activities (cash operating loss, adjusted for movements in current assets and liabilities) of \$8.8 million for the year against a cash outflow of \$10.2 million for the previous year. The reduction in cash outflow is mainly a result of exchange movements on operating activities.

In the year under review, \$69.9 million was invested in capital expenditure on the Group's portfolio of assets (2008: \$73.5 million). The majority of this expenditure (\$60 million) was on exploration and appraisal activities, primarily successful drilling activity on the Etinde Permit including the completion of the IF-1r well. There was also exploration expenditure incurred on seismic acquisition on the Epaemeno Permit in Gabon.

Interest received in the year amounted to \$1.5 million (2008: \$3.7 million).

The Group continues to be financed entirely from shareholders' equity. Its finances were further strengthened by the successful placing of 106 million ordinary shares for approximately \$113 million (net of expenses) on 29 June 2009. The purpose of this placing was to finance further appraisal of the Group's assets to move the existing resource base from resources to reserves, which in turn assists with attaining access to alternative funding options for development.

The above elements resulted in the increase in cash balances of \$27.1 million to \$130.3 million at the year end.

Balance Sheet

The balance sheet was considerably reinforced by the net \$113 million of equity finance received during the year as discussed above. Shareholders' funds had increased by \$48.9 million to \$425.9 million as at 30 June 2009.

As mentioned elsewhere, project sanction work on the EOv development has been deferred pending further drilling on the permit to enhance the resource base. Accordingly, the EOv field has been more appropriately re-categorised from "evaluated oil & gas properties" to "intangible exploration assets" on the balance sheet during the financial year.

In the prior year Bowleven benefited from a carry from the joint venture partner for the Epaemeno Permit in Gabon. This was fully utilised during the financial year and, as a result, the Group's share of the joint venture balances is now appearing on the Group balance sheet.

Financing

The Group is in a robust position to fund its anticipated investment programme, being debt free and having cash resources of approximately \$130 million as at 30 June 2009. As announced subsequent to the year end, the farm-out agreement with Vitol will also provide access to substantial additional finance that will enable us to accelerate the appraisal and exploration activities that exist across our acreage.

John Brown

Finance Director

30 October 2009



Board of Directors



1. John Morrow Chief Operating Officer

John Morrow was previously employed by the BG Group as Project Director (Middle East), responsible for developing their LNG project in Iran. Prior to that, he was responsible for BG's technical effort in the Mediterranean Basin and its African assets, and also spent 4 years as Venture Director for the Karachaganak joint venture project in Kazakhstan. Prior to his 10 years with BG, he was with Royal Dutch Shell for 15 years in a variety of operational and commercial roles in the UK, Malaysia and the Netherlands.

2. Tim Sullivan Non-Executive Director

Tim Sullivan joined the Company as a Non-Executive Director on 13 May 2009. He is Deputy Chief Executive Officer of Agora Oil and Gas. From 2002 to 2006 Tim was Chief Executive Officer of Revus Energy ASA, a company which he co-founded. He stepped down from this position in 2006 to enable him to concentrate on the Exploration activities of the company. Tim has 35 years' experience in the oil and gas industry, primarily with Conoco, Getty Oil and Enterprise Oil. He was Enterprise Oil's worldwide Exploration Manager from 2000-2002. He has a MSC in Geophysics from Birmingham University.

3. Peter Wilson Director/General Counsel

A Scottish qualified solicitor, Peter Wilson joined Bowleven as a Director, General Counsel and Company Secretary in April 2005 from McClure Naismith, Bowleven's then legal advisors, where he was a partner in their Edinburgh office specialising in corporate law. Peter has been advising Bowleven on contractual, legal and compliance matters since 1999.

4. Kevin Hart Chief Executive Officer

Kevin Hart was previously Finance Director at Cairn Energy PLC for over 8 years, a role that incorporated board responsibility for financial, commercial, legal, risk management and HR matters. Prior to this, he was a Senior Associate Director with Deutsche Morgan Grenfell Group, specialising in oil and gas sector mergers and acquisitions. He is also a Non-Executive Director of Glasgow Income Trust plc, a Non-Executive of HSBC Scottish Advisory Board, as well as being a Trustee at Columba 1400.

5. Chief Tabetando Chairman of EurOil

A Cameroonian citizen, Chief Tabetando is a qualified lawyer with an LLM degree from the University of London and has been senior partner and head of his law firm since 1975. He has over 12 years of experience in the oil and gas industry in an executive role.



A senior monarch and political figure in Cameroon, he successfully led the Cameroon Southwest Chiefs Conference for a term of two years, including attending the International Conference of Traditional Rulers in Africa, in South Africa. He is the founder and Chairman of EurOil Ltd.

6. Ronnie Hanna Non-Executive Chairman

Ronnie Hanna was Chief Executive of house builders and property developers Bett Brothers Plc. He is currently Chairman of A.G.BARR p.l.c. and of Glasgow Income Trust plc. He is a Scottish Chartered Accountant.

7. Caroline Cook Non-Executive Director

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

8. Ed Willett Exploration Director

Ed Willett has 25 years in the oil and gas exploration business with a highly successful track record of achievements and extensive experience across a wide variety of petroleum provinces. He started his career with Carless Exploration in the mid 1980s working on UK Onshore and UK continental shelf assets, before joining Cairn Energy in 1989 where he held a variety of technical and management roles across all of Cairn's portfolio, latterly as Head of Exploration for Nepal and Bangladesh. He joined Bowleven in January 2007 as Deputy Exploration Director; was promoted to Exploration Director in July 2007 and appointed to the Bowleven Board of Directors in March 2008. He has a degree in Geology from Cardiff University.

9. John Brown Finance Director

John Brown is also responsible for commercial matters within the organisation. He was previously the Group Finance Director for Thistle Mining Inc, a Canadian goldmining company. He was a director of British Linen Advisers for 4 years before joining Thistle Mining. Prior to this he was Finance Director for Paladin Resources, the UK independent oil and gas exploration and production company. He is a Scottish Chartered Accountant.

Directors' Report

The Directors submit their report and the Group financial statements of Bowleven plc for the year ended 30 June 2009.

Principal Activity

The principal activity of the Group is as an African focused oil and gas business, in particular exploration-led organic growth.

Review of the Business

The Chairman's and Chief Executive's Review (pages 2 to 5) and the Exploration and Operational Overview (pages 6 to 11) describe the significant activities of the Group during the financial year.

Results and Dividends

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

The Directors have not recommended a dividend (2008: nil).

Future Developments

As discussed in the Chairman's and Chief Executive's Review on pages 2 to 5, the Directors believe that the Group is in a strong position to continue to develop its asset base in both Cameroon and Gabon.

Post Balance Sheet Events

On 12 August 2009, the Group entered into a farm-out agreement with Vitol E&P Limited (VEP), a subsidiary of a major independent energy trading company headquartered in Geneva, in respect of the Etinde Permit (Etinde), Cameroon. The transaction comprised (1) the acquisition by VEP of an initial 25% interest in Etinde, in return for funding a \$100 million gross work programme; and (2) an option to acquire a further 25% interest, in return for funding an additional \$100 million gross work programme and paying \$25 million in cash to the Bowleven Group to progress Etinde activities. The option expires on 30 September 2010.

The farm-out is conditional upon normal regulatory approval by the Cameroon government.

Financial Risk Management Objectives and Policies

The financial risk management objectives and policies are discussed in note 23 to the financial statements on pages 54 to 56.

The Directors and their Interests

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

	Ordinary shares of £0.10 each	
	At 30 June 2009	At 1 July 2008
J D Brown	35,700	10,700
C Cook*	135,000	30,000
R G Hanna*	310,125	77,665
K Hart	1,850,000	290,000
J A C Morrow	63,663	28,769
T Sullivan* (i)	96,745	–
Chief Tabetando	986,000	950,000
E A F Willett	47,359	7,359
P G Wilson	189,000	36,700
	3,713,592	1,431,193

* denotes Non-Executive Directors.

(i) Appointed 13 May 2009. Ordinary shares held at 13 May 2009 were nil.

Directors' Liabilities

Qualifying third party indemnity provision for the benefit of one or more of the Directors was in force during the financial year.

Substantial Interests

As of 15 October 2009, the Company had been notified in accordance with sections 793 to 828 of the Companies Act 2006, of the following interests of 3% or more in the Company's ordinary share capital (excluding Directors' interests already disclosed above):

	Shares	%
BlackRock Investment Management	26,726,653	13.85
JP Morgan Asset Management	21,996,250	11.40
F&C Asset Management	18,288,570	9.48
Credit Suisse as Principal	12,872,486	6.67
AEGON Asset Management	12,808,353	6.64
Mr Peter Michael Levine	5,800,000	3.01

The Company has not been notified of any other person who is interested in 3% or more of the Company's share capital as at 15 October 2009.

Shareholder Information

The ordinary shares of the Company are listed on AIM under the symbol 'BLVN'. As at 15 October 2009, the broad distribution of the ordinary shares in issue was as follows:

	Shares	%
Institutions	176,656,683	91.54
Directors and management	3,813,592	1.98
Other individuals	12,503,043	6.48
	192,973,318	100

Corporate Governance

The Directors are aware of the Combined Code 2006 applicable to listed companies that consolidates the work of the Cadbury, Greenbury and Hampel Committees on corporate governance.

Board Structure

The Board comprises six Executive Directors and three Non-Executive Directors, including the Chairman. The Board has a formal schedule of matters reserved for its decisions. In addition to those formal matters required by the Companies Act, the Board also considers business strategy and policy, approval of major capital investment plans, risk management policy, significant financing matters, senior personnel appointments and statutory shareholder reporting.

The Chairman conducts Board and shareholder meetings and ensures that all Directors are properly briefed. The Directors have access to independent professional advice at the Company's expense and to the Company Secretary (who is also a Director) and receive appropriate training where necessary.

Biographies of the Directors are set out on pages 14 and 15 of this Annual Report. These demonstrate a range of experience and calibre sufficient to bring independent judgements on those issues considered by the Board.

There are transparent procedures in place for the appointment of new Directors to the Board and all Directors are required to retire by rotation at least every three years, when they can offer themselves for re-election, if eligible. In addition, Directors appointed to the Board hold office only until the dissolution of the Annual General Meeting (AGM) of the Company following such appointment. Accordingly, in accordance with the Company's Articles of Association, at this year's AGM, Tim Sullivan is offering himself for the first time for appointment by shareholders.

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

Directors' Report

continued

Nomination Committee

The Nomination Committee comprises Ronnie Hanna (Chairman), Caroline Cook and Tim Sullivan. It reviews and recommends to the Board the appointment of Directors.

Remuneration Committee

The Remuneration Committee comprises Ronnie Hanna (Chairman), Caroline Cook and Tim Sullivan. It reviews the performance of the Executive Directors and sets the scale and structure of their remuneration on the basis of their service agreements, with due regard to the interests of shareholders and the performance of the Group. The Remuneration Committee is discussed further in the Directors' Remuneration Report on pages 20 to 22.

Audit Committee

The Audit Committee comprises Caroline Cook (Chairman), Ronnie Hanna and Tim Sullivan. It meets at least twice a year and is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. It liaises with the auditors and reviews the reports from the auditors relating to the accounts.

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 Interim Report provide a comprehensive update of the Group's activities and are distributed to all shareholders.

The Chief Executive and the Head of Investor Relations both maintain regular dialogue with major institutional investors and analysts. Management meet throughout the year with analysts and institutional investors, and specifically after the Group's preliminary announcement of year end results and interim results when an analyst presentation and investor roadshow are both held. In addition to these investor roadshows, the Company also attends various conferences (aimed at both institutional and private investors). These tend to comprise a mix of presentation and one to one meetings scheduled with investors. Presentations prepared for these meetings and conferences are made available on the Company's website. At the AGM a business presentation is provided for the benefit of shareholders. The AGM also provides an opportunity for private shareholders and institutional investors to meet and speak to members of the Board.

The Board receives regular investor relations reports covering key investor meetings and activities as well as shareholder and investor feedback. The Company also maintains a database of all meetings held by the directors with shareholders and analysts. All analysts' and brokers' reports received on the Company are distributed to directors.

Company circulars and announcements are issued throughout the year in relation to various proposals and to keep investors informed about the Group's progress. The Company maintains a website (www.bowleven.com) that is regularly updated and contains a range of information about the Group, including all announcements and published reports. Enquiries from all shareholders are welcomed by the Company.

Principal Risks and Uncertainties

An element of risk is inherent to the activities of oil and gas exploration and development. It is the Board's objective to be aware of the risks and evaluate and mitigate them where possible. The Board believes that the principal risk categories for the business are: operational and explorational; financial; strategic; and corporate.

The key risk areas for the business are listed below:

- The business operations of the Group, or of operators of assets in which the Group has interests, involve risks normally incidental to such activities.
- The results of appraisal and development of discoveries are uncertain.
- Exploration activities are capital intensive, speculative and inherently uncertain in their outcome.
- The assumptions upon which the estimates of the Group's hydrocarbon resources have been based may prove to be inaccurate.
- Hydrocarbon prices are subject to large fluctuations in response to a variety of factors beyond the Group's control.
- The continued ability to access capital to finance activities (from equity, debt or industry funding) is impacted by the prevailing capital markets and macro-economic environment in which the Group operates and can be subject to uncertainty.
- The Group's operations are exposed to political, economic, legal, regulatory and social risks of the countries in which it operates or in which it has interests.
- Loss of key employees, as employees are central to the success of the Group.

These risks are considered typical for an oil and gas group of Bowleven's size and stage of development.

Internal Controls

The Board acknowledges that it is responsible for establishing and maintaining the Group's system of internal controls and reviewing its effectiveness. Group procedures, including those relating to financial, operational and compliance matters and risk management are reviewed on an ongoing basis. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has considered the need for a dedicated internal audit function but does not consider it necessary at the current time. The Board however does set an internal audit programme annually under which various specific reviews of business activities are proposed. Responsibilities for organising these reviews, including utilising external consultants as appropriate and reporting back, are assigned within the organisation.

Supplier Payment Policy

It is a Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms based upon receipt of an accurate invoice. It is the Group's policy to pay suppliers within 30 days. Trade creditors of the Group at 30 June 2009 were equivalent to 10 days purchases, based on the average daily amount invoiced by suppliers to the Group during the year.

Donations

The Group made charitable donations of \$1,000 in the UK (2008: \$20,000). The Group made no donations to UK political parties (2008: \$nil).

Disabled Employees

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

Employee Involvement

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

Auditors and the Disclosure of Information to the Auditor

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

Ernst & Young LLP has indicated its willingness to continue in office. A resolution for its re-appointment and authorising the Directors to fix its remuneration will be submitted to the Annual General Meeting.

On behalf of the Board

Peter Wilson

Director

30 October 2009

Directors' Remuneration Report

Information Not Subject to Audit

The Group is not required to disclose the following information but has chosen to do so.

The Company is committed to the principles of good governance relating to Directors' remuneration.

Remuneration Committee

The Remuneration Committee comprises Ronnie Hanna (Chairman), Caroline Cook and Tim Sullivan. All are Non-Executive Directors. The Committee meets at least twice a year and more often if required.

It reviews the performance of the Executive Directors and sets the scale and structure of their remuneration on the basis of their service agreements with due regard to the interests of shareholders and the performance of the Group. The Remuneration Committee also makes recommendations to the Board concerning employee incentives, including the allocation of Long Term Incentive Plan (LTIP) awards to Directors and share options to employees. Independent advisers are engaged to advise the Committee as required.

Directors of the Group are not permitted to participate in discussions or decisions of the Committee concerning their own remuneration.

Remuneration Policy

The Remuneration Committee aims to provide overall packages of terms and conditions that are competitive in the market and will attract, retain and motivate high quality individuals capable of achieving the Group's objectives. The Remuneration Committee believes that such packages should contain significant performance related elements and that these elements should be designed to align the interests of employees with those of the shareholders. Performance targets have been put in place and include indicators such as successful investment, innovation, staff development and achievement of regulatory requirements.

The Remuneration Committee reviews annually the existing remuneration of the Executive Directors, making comparisons with peer companies of a similar size and complexity in the independent oil exploration and production industry in the UK and overseas.

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

- Basic salary
- Benefits in kind
- Performance related bonus
- LTIP

Directors' Contracts

It is the Company's policy that Executive Directors should have contracts with a maximum notice period of 12 months. Details of notice periods in the Executive Directors' service contracts are summarised below:

Name of Director	Date of Contract	Notice Period
J D Brown	1 December 2004	12 months
K Hart	1 January 2007	12 months
J A C Morrow	7 September 2005	12 months
Chief Tabetando	1 December 2004	12 months
E A F Willett	29 January 2007	12 months
P G Wilson	1 April 2005	12 months

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. The Chairman receives a fee of \$102,436 (£62,500) per annum. Caroline Cook and Tim Sullivan receive a fee of \$53,267 (£32,500) per annum. The Non-Executive Directors do not participate in the share option scheme or the LTIP.

Audited Information

Directors' Emoluments

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

	Salary \$'000	Performance Related Bonus \$'000	Benefits \$'000	Fees \$'000	Total 2009 \$'000	Total 2008 \$'000
Executives						
J D Brown	324	–	1	–	325	476
K Hart	577	–	3	–	580	969
J A C Morrow	406	–	6	–	412	620
Chief Tabetando	404	–	11	–	415	640
P G Wilson	324	–	4	–	328	495
E A F Willett (i)	360	–	4	–	364	89
Non-Executives						
C Cook	–	–	–	53	53	57
R G Hanna	–	–	–	102	102	117
T Sullivan (ii)	–	–	–	7	7	–
Former Directors						
S Lowden (iii)	–	–	–	–	–	32
Total	2,395	–	29	162	2,586	3,495

(i) Appointed 28 March 2008.

(ii) Appointed 13 May 2009.

(iii) Resigned 13 December 2007.

The performance related bonus is based 50% upon the individual's own performance and 50% upon the Group's performance (defined by certain key performance indicators decided annually after consultation with the Remuneration Committee).

The Group made contributions to Directors' pension schemes of \$nil (2008: \$nil).

Directors' Remuneration Report

continued

Directors' Share Options and Long Term Incentive Plan

Share Options

No Directors had any interest in share options at 30 June 2009 or at any point during the financial year.

Long Term Incentive Plan

The LTIP is designed to reward the Executive Directors and certain senior executives in line with the future performance of the Company. Benefits will only be delivered if performance targets are met.

The LTIP was approved by shareholders at the EGM held on 6 December 2006.

The LTIP entitles the holder to receive a specific number of shares in the Company for no consideration, with the release of those shares being dependent upon the achievement of certain performance conditions by the Company over the performance period. Performance conditions are determined by the Remuneration Committee. Performance conditions for awards currently in issue are predicated upon a Total Shareholder Return (TSR) target against the TSR of companies in a comparator group over the relevant performance period.

In addition, prior to any award vesting under the LTIP, the Remuneration Committee is required to be satisfied that there has been a satisfactory and sustained improvement in the underlying financial performance of the Company over the Performance Period.

Further details of the LTIP and how it operates can be found on the Company's website www.bowleven.com at the following location: Investor Relations/Governance and Directors Shares/LTIP Scheme.

Performance Period	J D Brown	K Hart	J A C Morrow	Chief Tabetando	E A F Willett	P G Wilson
06.12.06 to 05.12.09*	170,000	775,000	230,000	230,000	–	170,000
22.03.07 to 21.03.10	–	–	–	–	119,904	–
13.12.07 to 12.12.10	55,000	110,000	70,000	70,000	70,000	60,000
11.12.08 to 10.12.11	327,273	775,758	409,091	477,273	424,242	327,273
Total	552,273	1,660,758	709,091	777,273	614,146	557,273

* This initial award of LTIPs was disclosed in the circular to shareholders dated 6 December 2006 incorporating a notice of EGM to propose, *inter alia*, the approval of the LTIP. All subsequent awards have been separately announced to the market.

The share price at 30 June 2009 was 65.25p and the highest and lowest prices during the year were 380p and 25.5p respectively.

Directors' Responsibilities

in respect of the Group Financial Statements

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

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 the International Financial Reporting Standards (IFRS) as adopted by the European Union and the Directors have elected to prepare the Company financial statements on the same basis.

Under company law 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 Company and of the Group 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 financial position and financial performance; and
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and of the Group 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

We have audited the Group and Company financial statements (the 'financial statements') of Bowleven plc for the year ended 30 June 2009 which comprise the Group income statement, the Group and Company balance sheets, the Group and Company Cash Flow Statements, the Group and Company Statements of Recognised Income and Expenses and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with sections 495 and 496 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 30 June 2009 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Group or Company; or
- Group or 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.

Ernst & Young LLP

Hywel Ball

for and on behalf of Ernst & Young LLP, Statutory Auditor, Edinburgh

30 October 2009

Group Income Statement

for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Revenue		–	–
Administrative expenses		(9,828)	(16,287)
Impairment of Intangible Exploration Assets	2	(50,479)	–
Operating loss before financing costs	2	(60,307)	(16,287)
Finance income	4	50,134	5,351
Finance costs	5	(3)	(10)
Loss from continuing operations before taxation		(10,176)	(10,946)
Taxation	6	–	–
Loss for the Year From Continuing Operations			
Attributable to Equity Shareholders of the Parent Undertaking		(10,176)	(10,946)
Basic and diluted loss per share (\$/share)	7	(0.12)	(0.14)

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 loss for the Company for the year was \$3,355,000 (2008: \$10,711,000).

Statement of Recognised Income and Expense

for the year ended 30 June 2009

Group

	Notes	2009 \$'000	2008 \$'000
Exchange differences on retranslation of foreign operations	17	(55,892)	(1,196)
Net expense recognised directly in equity		(55,892)	(1,196)
Loss for the year	17	(10,176)	(10,946)
Total Recognised Income and Expense for the Year Attributable to Equity Shareholders		(66,068)	(12,142)

Company

	Notes	2009 \$'000	2008 \$'000
Exchange differences on retranslation of foreign operations	17	(66,412)	(2,536)
Net expense recognised directly in equity		(66,412)	(2,536)
Loss for the year	17	(3,355)	(10,711)
Total Recognised Income and Expense for the Year Attributable to Equity Shareholders		(69,767)	(13,247)

Group Balance Sheet

30 June 2009

	Notes	2009 \$'000	2008 \$'000
Non-current Assets			
Intangible exploration assets	8	288,105	206,155
Evaluated oil and gas properties	9	–	74,156
Property, plant and equipment	10	926	931
		289,031	281,242
Current Assets			
Inventory	12	8,768	5,655
Trade and other receivables	13	15,753	5,621
Cash and cash equivalents	14	130,287	103,226
		154,808	114,502
Total Assets		443,839	395,744
Current Liabilities			
Trade and other payables	15	(17,928)	(18,725)
Total Liabilities		(17,928)	(18,725)
Net Assets		425,911	377,019
Equity			
Called up share capital	16, 17	34,214	16,841
Share premium	17	510,071	414,682
Foreign exchange reserve	17	(43,360)	12,532
Other reserves	17	12,296	10,098
Retained deficit	17	(87,310)	(77,134)
Total Equity Attributable to the Equity Shareholders	17	425,911	377,019

The financial statements on pages 25 to 57 were approved by the Board of Directors and authorised for issue on 30 October 2009 and are signed on their behalf by:

John D Brown
Director

Company Balance Sheet

30 June 2009

	Notes	2009 \$'000	2008 \$'000
Non-current Assets			
Property, plant and equipment	10	681	759
Investments	11	51,836	62,358
		52,517	63,117
Current Assets			
Trade and other receivables	13	287,412	258,324
Cash and cash equivalents	14	128,901	102,961
		416,313	361,285
Total Assets		468,830	424,402
Current Liabilities			
Trade and other payables	15	(1,661)	(2,426)
Total Liabilities		(1,661)	(2,426)
Net Assets		467,169	421,976
Equity			
Called up share capital	16, 17	34,214	16,841
Share premium	17	510,071	414,682
Foreign exchange reserve	17	(53,374)	13,038
Other reserves	17	7,059	4,861
Retained deficit	17	(30,801)	(27,446)
Total Equity Attributable to the Equity Shareholders	17	467,169	421,976

The financial statements on pages 25 to 57 were approved by the Board of Directors and authorised for issue on 30 October 2009 and are signed on their behalf by:

John D Brown
Director

Group Cash Flow Statement

for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Cash Flows from Operating Activities		
Loss before tax	(10,176)	(10,946)
<i>Adjustments to reconcile Group loss before tax to net cash used in operating activities:</i>		
Depreciation and impairment of property, plant and equipment	50,973	553
Finance income	(50,134)	(5,351)
Finance costs	3	10
Equity settled share based payment transactions	2,198	2,715
Adjusted loss before tax prior to changes in working capital	(7,136)	(13,019)
(Increase)/decrease in inventory	(3,113)	2,147
Decrease/(increase) in trade and other receivables	1,554	(700)
(Decrease)/increase in trade and other payables	(1,528)	1,816
Exchange differences	1,396	(460)
Interest paid	(3)	(10)
Net Cash Used in Operating Activities	(8,830)	(10,226)
Cash Flows from Investing Activities		
Purchases of property, plant and equipment	(1,303)	(789)
Purchases of evaluated oil and gas properties	(8,948)	(13,843)
Purchases of intangible exploration assets	(59,637)	(58,916)
Interest received	1,498	3,694
Net Cash Used in Investing Activities	(68,390)	(69,854)
Cash Flows from Financing Activities		
Net proceeds from issue of ordinary shares	112,762	77,087
Net Cash Flows from Financing Activities	112,762	77,087
Net Increase/(Decrease) in Cash and Cash Equivalents	35,542	(2,993)
Net increase/(decrease) in cash and cash equivalents	35,542	(2,993)
Effect of exchange rates on cash and cash equivalents	(8,481)	912
Cash and cash equivalents at the beginning of the year	103,226	105,307
Cash and Cash Equivalents at the Year End	130,287	103,226

Company Cash Flow Statement

for the year ended 30 June 2009

	2009 \$'000	2008 \$'000
Cash Flows from Operating Activities		
Loss before tax	(3,355)	(10,711)
<i>Adjustments to reconcile Company loss before tax to net cash used in operating activities:</i>		
Depreciation and impairment of property, plant and equipment	330	325
Finance income	(6,027)	(4,022)
Finance costs	1	10
Equity settled share based payment transactions	2,198	2,715
Adjusted loss before tax prior to changes in working capital	(6,853)	(11,683)
Increase in trade and other receivables	(29,259)	(68,813)
(Decrease)/increase in trade and other payables	(765)	1,560
Exchange differences	(42,726)	(3,023)
Interest paid	(1)	(10)
Net Cash Used in Operating Activities	(79,604)	(81,969)
Cash Flows from Investing Activities		
Purchases of property, plant and equipment	(252)	(496)
Interest received	1,498	3,683
Net Cash from Investing Activities	1,246	3,187
Cash Flows from Financing Activities		
Net proceeds from issue of ordinary shares	112,762	77,088
Net Cash Flows from Financing Activities	112,762	77,088
Net Increase/(Decrease) in Cash and Cash Equivalents	34,404	(1,694)
Net increase/(decrease) in cash and cash equivalents	34,404	(1,694)
Effect of exchange rates on cash and cash equivalents	(8,464)	816
Cash and cash equivalents at the beginning of the year	102,961	103,839
Cash and Cash Equivalents at the Year End	128,901	102,961

Accounting Policies

for the year ended 30 June 2009

Bowleven plc ('the Company') is a company domiciled in the United Kingdom.

The accounting policies set out below have been applied consistently to all the periods presented in these consolidated financial statements.

Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments).

Bowleven plc as a company operates using a functional currency of GB pounds. These financial statements are presented in US Dollars, the Group's presentation currency, rounded to the nearest \$'000.

Standards and Interpretations Issued but not Yet Effective

At the date the financial statements were authorised for issue, the following standards, interpretations and amendments were in issue but have not yet been adopted as they are not yet effective:

Standard and Impact on Policy	Expected date of adoption by Group
IAS 1 'Presentation of financial statements' – Revision. Amendments to the standard include changes to titles of some of the financial statements and presentational changes to the components of the financial statements. The revision is effective for periods commencing on or after 1 January 2009. The impact on the Group will be alternative disclosures within the financial statements.	1 July 2009
IAS 27 'Consolidated and separate financial statements' – Revision. The main amendments relate to the accounting for minority interests and the loss of control of a subsidiary. The revision is effective for periods commencing on or after 1 July 2009. This is likely to have no impact on the Group.	1 July 2009
IAS 32 and IAS 1 'Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation'. This revision provides guidance in relation to the presentation of certain puttable financial instruments and financial instruments that impose an obligation on the entity to deliver a pro rata share of the net assets of the entity on liquidation. The revision is effective for periods commencing on or after 1 January 2009. There will be no impact on the Group.	1 July 2009
IFRS 1 and IAS 27 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'. The revised standards provide guidance on how to determine the cost of investments, jointly controlled entities and associates. This will have no impact on Group.	1 July 2009
IFRS 2 'Share based payment' – Revision. The amendment redefines vesting conditions and clarifies the accounting treatment in respect of cancellations and non-vesting conditions. The revision is effective for periods commencing on or after 1 January 2009. The revision may increase or decrease the charge in relation to share based payments recognised in the financial statements.	1 July 2009
IFRS 3 'Business combinations' – Revision. The International Accountancy Standards Board proposes changes to the scope of the standard, the accounting for goodwill, the cost of business combinations and the accounting for business combinations achieved in stages. The revision is effective for periods commencing on or after 1 July 2009. This will only impact the Group on acquisitions after the effective date.	1 July 2009
IFRS 7 'Financial Instruments: Disclosures (Amendments)'. The amendments aim to enhance disclosure about fair value measurement and liquidity risk. The amendments are effective for periods commencing on or after 1 January 2009. The Group will be required to provide additional disclosure relating to financial instruments.	1 July 2009

Accounting Policies

continued

Standard and Impact on Policy	Expected date of adoption by Group
IFRS 8 'Operating Segments' replaces IAS 14 'Segment Reporting' and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The revision is effective for periods commencing on or after 1 January 2009. The Group will be required to provide additional disclosure relating to operating segments.	1 July 2009
IFRIC 16 'Hedges of a net investment in a foreign operation' provides guidance on: identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment in a foreign operation; where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting; and how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. It is effective for periods commencing on or after 1 October 2008. There will be minimal, if any, impact on the Group.	1 July 2009

The IASB Annual Improvements Project issues additional guidance annually on International Accounting Standards. The Group considers the guidance as issued by the IASB. No material impact from any of the improvements is anticipated.

The Directors anticipate that the adoption of these Standards and Interpretations will have no material impact on the financial statements when the relevant Standards and Interpretations come into effect.

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 – Impairment
- Oil and Gas: Evaluated oil and gas properties – Impairment
- Employee Benefits Share Based Transactions.

Going Concern

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

Basis of Consolidation

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

The Company allocates the purchase consideration of any acquisition to assets and liabilities on the basis of fair values at the date of acquisition.

Business Combinations

The acquisition of subsidiaries by the Group is accounted for using the purchase method.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition.

Joint Ventures

Bowleven participates in joint ventures which involve the joint control of assets used in the Group's oil and gas exploration activities. The Group accounts for its share of assets, liabilities, income and expenditure of the joint venture, classified in the appropriate balance sheet and income statement headings.

Bowleven's interests in unincorporated joint ventures are detailed on pages 7 and 9 of this report.

Oil and Gas: Intangible Exploration Assets

The Group applies a successful efforts based method of accounting for exploration and appraisal costs having regard to 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 (including seismic) are capitalised initially as intangible assets by well, field or exploration area as appropriate.

In the situation where the Group benefits from a carry from a joint venture partner, no 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 (see below), of the relevant exploration and appraisal asset is then reclassified as a single field cost centre and transferred into development and producing 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.

Disposals

Net proceeds from any disposal of an exploration/appraisal asset are credited initially against previously capitalised costs. Any surplus proceeds are credited to the income statement.

Impairment

In accordance with IFRS 6, exploration and appraisal assets are reviewed regularly for indicators 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).

Where there has been a charge for impairment in an earlier period that charge will be reversed in a later period where 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/Producing Assets

The significant components of the development and production assets are the fields. 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 are carried out on each cash generating unit in accordance with IAS 36 'Impairment of Assets'. An impairment test is performed whenever events or circumstances arising during the development or production phase indicate that the carrying value of a cash generating unit may exceed its recoverable amount. An impairment test is also carried out before the transfer of costs related to assets which are being transferred to development and production assets following establishment of commercial reserves.

The cash generating units for impairment purposes are those assets which generate largely independent cash flows and are normally, but not always, single development areas.

Accounting Policies

continued

Oil and Gas: Evaluated Oil and Gas Properties – Development/Producing Assets continued

Where there are indicators of impairment, the carrying value of each cash generating unit is compared with its recoverable amount, i.e. the associated expected discounted future net cash flows. If the carrying value is higher than the recoverable amount, the value is written down to the recoverable amount and the loss is written off to the income statement as an impairment loss.

Discounted future net cash flows are calculated using an estimated long-term real oil price of \$80/bbl (2008: \$80/bbl), 0% escalation for costs in 2009, otherwise escalation for prices and costs of 3% p.a. (2008: 3%) and a discount rate of 10% (2008: 10%).

Forecasted production profiles are determined on an asset-by-asset basis, using appropriate petroleum engineering techniques.

Disposals

Any surplus gain or loss arising on disposal of a development/production asset is recognised in the income statement to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised cost of the asset.

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 tangible fixed assets, less anticipated disposal proceeds, on a straight line basis over their estimated useful economic lives as follows:

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

Operating Lease Agreements

An operating lease is recognised where substantially all of the benefits and risks of ownership remain with the lessor and is 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.

Investments in Subsidiaries

Investments, held as non-current assets, are stated at cost less any provision for permanent impairment.

Inventory

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

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 held-to-maturity investments, available for sale financial assets, fair value through profit and loss, or loans and receivables. All of the Group's financial assets are loans and receivables, with the exception of derivative financial instruments which are held at fair value through profit or loss.

Financial liabilities generally substantiate claims for repayment in cash or another financial asset. Financial liabilities are categorised as either fair value through profit or loss or held at amortised cost. All of the Group's financial liabilities are held at amortised cost.

Derivative Financial Instruments

The Group's activities expose the entity to foreign currency rate risk. The Group uses foreign exchange forward contracts to hedge the exposure. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies, approved by the Board of Directors, which provide written principles in the use of financial derivatives.

Derivative financial instruments are stated at fair value and are re-measured each period and, where measurement differences occur, the gain or loss arising from the re-measurement in fair value is recognised immediately in the income statement. The Group did not apply hedge accounting for derivative financial instruments held during the current or prior year.

The Group does not currently have any existing derivative financial instruments in place, but has used them during the reported periods to manage its exposure to fluctuations in foreign exchange rates.

Trade and Other Receivables

Trade and other receivables are non-interest bearing, are recognised when invoiced and are stated at the expected recoverable amount.

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.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the estimated cash flows. No fair value calculations are made as the difference between the asset's net present value and carrying amount is not material. The carrying amount of the asset would be reduced through the use of a bad debt provision account and the amount of the loss would be recognised in the income statement within administrative expenses. Where a trade receivable is uncollectible, it would be written off against the bad debt provision account.

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.

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.

Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Employee Benefits – Share Based Transactions

The Group 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 is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options 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.

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.

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 if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Accounting Policies

continued

Current and Deferred Tax continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

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 functional currency at exchange rates prevailing at the balance sheet date. The resulting exchange differences are recognised in the income statement.

At each balance sheet date, for presentation purposes, the assets and liabilities of the Group's entities that do not use US Dollars as their functional currency are translated at exchange rates prevailing at the balance sheet date into US Dollars, with gains or losses on retranslation being recognised through the foreign exchange reserve. The resulting exchange differences are classified as a separate component of equity until disposal of the subsidiary. On disposal the cumulative amounts of exchange differences are recognised in the income statement.

The exchange rate used for the retranslation of the closing balance sheet at 30 June 2009 is \$1.6587/£1 (2008: \$1.9954/£1).

Notes Forming Part of the Financial Statements

for the year ended 30 June 2009

1 Segmental Information

The Group has only one reportable segment as defined by IAS 14 'Segmental Reporting'.

2 Operating Loss

Operating loss is stated after charging:

	2009 \$'000	2008 \$'000
Depreciation of owned property, plant and equipment	494	553
Operating lease rentals – land and buildings	311	273
Impairment of Intangible Exploration Assets	50,479	–

At the year end, and at the date of approving the accounts, the Group carried out impairment reviews of Intangible Exploration Assets where indicators of impairment were found to exist. Indicators of impairment were found to exist in relation to the EOY asset in Gabon due to the Board's decision to defer the activities in 2010 required to realise project sanction for the field. Given the other priorities and opportunities available across the Group's portfolio, there are no firm plans to drill on the permit. The delay in activity on the field and the fact that further appraisal work on the field is required to establish commercial reserves result in a reduction in the expected recoverable amount for the field and an impairment loss of \$50.5m has been recognised in the income statement.

Audit and non-audit fees are analysed as follows:

	2009 \$'000	2008 \$'000
In respect of Ernst & Young LLP and its associates:		
Audit fees in respect of the Group (i)	150	125
Other fees to auditors and its associates:		
– local statutory audits for subsidiaries	24	54
– taxation services	77	30
– other services (ii)	369	100
	470	184

(i) \$17,000 of this relates to the Company (2008: \$20,000).

(ii) Other services include support regarding local returns for overseas operations.

3 Staff Costs and Directors' Emoluments

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

	2009 Number	2008 Number
Management	6	6
Administration and operations	58	43
	64	49

The aggregate payroll costs for the above persons comprised:

	2009 \$'000	2008 \$'000
Wages and salaries	5,443	8,030
Social security costs	562	701
Share based payments	2,198	2,715
	8,203	11,446

Certain payroll costs included above are capitalised within intangible assets in EurOil Limited, GGPC Gabon (EOV) Ltd and GGPC Gabon (Epaemeno) Ltd, wholly owned subsidiary undertakings, as the amounts represent exploration costs. These costs total \$1,929,328 (2008: \$1,322,000), \$380,446 (2008: \$nil) and \$30,390 (2008: \$nil) respectively.

The share based payments charge relates entirely to share based payment transactions that will be equity settled.

Notes Forming Part of the Financial Statements

continued

3 Staff Costs and Directors' Emoluments continued

Remuneration of Key Management Personnel:

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate. Further information about the remuneration of individual directors is provided in the Directors' Remuneration Report on pages 20 to 22.

Remuneration of directors:

	2009 \$'000	2008 \$'000
Aggregate Emoluments	2,586	3,495

The aggregate emoluments are made up entirely of short-term employee benefits.

During the year no Directors exercised share options. Six Directors received awards under the LTIP.

The remuneration in respect of the highest paid Director was:

	2009 \$'000	2008 \$'000
Emoluments	580	969

4 Finance Income

	2009 \$'000	2008 \$'000
Bank interest	1,328	3,704
Exchange rate gain	48,806	1,647
	50,134	5,351

The main contributor to the 2009 exchange rate gain is the recognition of foreign exchange differences on intra-group funding under IFRS as the US Dollar strengthened against Sterling.

5 Finance Costs

	2009 \$'000	2008 \$'000
Bank interest	3	10
	3	10

6 Taxation

Recognised in the income statement:

	2009 \$'000	2008 \$'000
UK Corporation Tax Based on the Results for the Year at 28% (2008: 21%)	–	–

(a) Factors affecting the tax charge for the year

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

	2009 \$'000	2008 \$'000
Loss before tax	(10,176)	(10,946)
Corporation tax at the domestic income tax rate of 28% (2008: 21%)	(2,849)	(2,299)
Effects of:		
Expenses not deductible for tax purposes	14,531	476
Depreciation in excess of capital allowances	34	35
Non-taxable income	(10,111)	–
Tax losses utilised	(1,721)	–
Tax losses not utilised	–	1,788
Other	116	–
Total Tax	–	–

Applicable tax rate is computed at 28% (2008: 21%), being the current UK corporation tax rate, for the Group's level of taxable profits (2008: losses).

(b) Deferred tax

Deferred tax assets of \$4.0m relating to brought forward tax losses have been recognised in the current year and offset against taxable profits for the period.

At 30 June 2009, tax losses were approximately \$35m (2008: \$48m). 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:

	2009 \$'000	2008 \$'000
Net Loss Attributable to Equity Holders of the Parent Undertaking	(10,176)	(10,946)

	2009 Number	2008 Number
Basic Weighted Average Number of Ordinary Shares	87,536,606	78,087,017

	2009 \$	2008 \$
Basic and Diluted Loss per Share – Ordinary Shares	(0.12)	(0.14)

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 for basic earnings per share. The exercise of share options would have the effect of reducing the loss per share and consequently is not taken into account. The share placing on 29 June 2009 (note 16) has a minimal effect on the number of ordinary shares in the earnings per share calculation as the placing occurred so close to the end of the financial year.

Notes Forming Part of the Financial Statements

continued

8 Intangible Exploration Assets

Group	Exploration and appraisal expenditure \$'000
Cost	
At 1 July 2007	149,709
Additions	56,446
At 30 June 2008	206,155
Additions	49,357
Transfers between categories	83,072
At 30 June 2009	338,584
Impairment	
At 1 July 2007 and 2008	–
Impairment	50,479
At 30 June 2009	50,479
Net Book Value	
At 30 June 2009	288,105
At 30 June 2008	206,155
At 1 July 2007	149,709

During 2008 the Group entered into a farm-out agreement with a subsidiary of Addax Petroleum Corporation, a company registered in Canada, whereby 50% of the interest in the Epaemeno licence area was sold by GGPC Gabon (Epaemeno) Limited, a subsidiary undertaking of the Company. Under the terms of this agreement, Addax was obligated to pay the first \$10m of the Group's share of exploration costs and, in the event of a commercial development, is obligated to pay the first \$8m of the Group's share of development costs.

An impairment charge of \$50m relating to the EOVS asset was recognised in the current financial year. Refer to note 2 for further details.

The EOVS asset has been transferred from evaluated oil and gas properties to intangible exploration assets during the financial year following the decision to allow the FPSO option to lapse without exercise, resulting in the lack of an evaluation route for the development, and the subsequent decision by the Board shortly afterwards to defer the activities required to realise project sanction for the field. The criteria of established commercial reserves and determination of technical feasibility for extraction (being the trigger for recognition of evaluated oil and gas properties in the Group) are no longer being met by the asset.

Company

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

9 Evaluated Oil and Gas Properties

Group	Evaluated Oil and Gas Properties \$'000
Cost	
At 1 July 2007	63,237
Additions	10,919
At 30 June 2008	74,156
Additions	8,916
Transfers between categories	(83,072)
At 30 June 2009	–
Net Book Value	
At 30 June 2009	–
At 30 June 2008	74,156
At 1 July 2007	63,237

The EOY field has been transferred from evaluated oil and gas properties to intangible exploration assets (see note 8 for further details).

Company

No evaluated oil and gas properties assets were capitalised by the Company at the balance sheet date.

Notes Forming Part of the Financial Statements

continued

10 Property, Plant and Equipment

Group	Leasehold Improvements \$'000	Plant and Machinery \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Cost					
At 1 July 2007	276	219	347	400	1,242
Foreign currency adjustment	–	(1)	(1)	–	(2)
Additions	477	33	281	–	791
At 30 June 2008	753	251	627	400	2,031
Foreign currency adjustment	(81)	(32)	(100)	–	(213)
Additions	6	99	379	148	632
At 30 June 2009	678	318	906	548	2,450
Depreciation					
At 1 July 2007	164	108	120	155	547
Charge for year	187	64	201	101	553
At 30 June 2008	351	172	321	256	1,100
Foreign currency adjustment	(15)	(26)	(29)	–	(70)
Charge for year	90	64	220	120	494
At 30 June 2009	426	210	512	376	1,524
Net Book Value					
At 30 June 2009	252	108	394	172	926
At 30 June 2008	402	79	306	144	931
At 1 July 2007	112	111	227	245	695

Company	Leasehold Improvements \$'000	Plant and Machinery \$'000	Computer Equipment \$'000	Total \$'000
Cost				
At 1 July 2007	40	168	277	485
Foreign currency adjustment	–	(1)	(1)	(2)
Additions	449	33	281	763
At 30 June 2008	489	200	557	1,246
Foreign currency adjustment	(81)	(32)	(100)	(213)
Additions	6	34	355	395
At 30 June 2009	414	202	812	1,428
Depreciation				
At 1 July 2007	–	84	78	162
Charge for year	98	50	177	325
At 30 June 2008	98	134	255	487
Foreign currency adjustment	(15)	(26)	(29)	(70)
Charge for year	81	38	211	330
At 30 June 2009	164	146	437	747
Net Book Value				
At 30 June 2009	250	56	375	681
At 30 June 2008	391	66	302	759
At 1 July 2007	40	84	199	323

Notes Forming Part of the Financial Statements

continued

11 Investments

Company	Shares in Group companies \$'000
Cost	
At 1 July 2007	62,624
Foreign currency adjustment	(266)
At 30 June 2008	62,358
Foreign currency adjustment	(10,522)
At 30 June 2009	51,836
Net Book Value	
At 30 June 2009	51,836
At 30 June 2008	62,358
At 1 July 2007	62,624

Investments comprise:

Company	Country of incorporation/registration	Holding	Class of Share
Bowleven Resources Limited (i)	Scotland	100%	Ordinary £0.10
EurOil Limited (i)	Cameroon	100%	Ordinary 500,000 CFA
FirstAfrica Oil Limited (ii)	England and Wales	100%	Ordinary £0.001
GGPC Gabon (EOV) Limited (ii)	British Virgin Islands	100%	Ordinary \$1
GGPC Gabon (Epaemeno) Limited (ii)	British Virgin Islands	100%	Ordinary \$1
EurOil Bomono Limited (iii)	British Virgin Islands	100%	Ordinary \$1

(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.

(ii) FirstAfrica Oil Limited owns 100% of GGPC Gabon (EOV) Limited and GGPC Gabon (Epaemeno) Limited. The principal activity of FirstAfrica Oil Limited is as an intermediate holding company for the operating subsidiaries in Gabon. The principal activity of the subsidiaries is the exploration and development of oil and gas resources held under terms of oil and gas production sharing agreements in the Republic of Gabon.

(iii) EurOil Bomono Limited is a dormant company owned 100% by Bowleven plc.

All subsidiaries are included in the Group consolidation.

12 Inventory

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Inventory	8,768	5,655	–	–

The inventories relate to the casing, tubular goods and other equipment which were purchased in preparation for future drilling programmes.

13 Trade and Other Receivables

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Other receivables	2,686	3,860	543	192
Amounts owed by group undertakings	–	–	286,331	256,797
Other taxation and social security	147	901	147	868
Joint venture debtors and prepayments	12,235	–	–	–
Accrued interest	13	184	13	184
	15,081	4,945	287,034	258,041
Prepayments	672	676	378	283
	15,753	5,621	287,412	258,324

Group:

As at 30 June, the ageing analysis of trade and other receivables, excluding prepayments, 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
2009:							
Neither past due nor impaired	14,883	14,883	–	–	–	–	–
Past due but not impaired	198	–	–	–	–	–	198
As at 30 June 2009	15,081	14,883	–	–	–	–	198
2008:							
Neither past due nor impaired	4,747	4,747	–	–	–	–	–
Past due but not impaired	198	–	–	–	–	–	198
As at 30 June 2008	4,945	4,747	–	–	–	–	198

Trade and other receivables neither past due nor impaired consist of current debt that the Group views as recoverable in the short-term. There are no concerns regarding the credit quality of this debt.

The majority of the Company receivables relate to intercompany balances.

Notes Forming Part of the Financial Statements

continued

13 Trade and Other Receivables continued

Company:

As at 30 June, the ageing analysis of trade and other receivables, excluding prepayments, 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
2009:							
Neither past due nor impaired	287,034	287,034	—	—	—	—	—
As at 30 June 2009	287,034	287,034	—	—	—	—	—
2008:							
Neither past due nor impaired	258,041	258,041	—	—	—	—	—
As at 30 June 2008	258,041	258,041	—	—	—	—	—

No provision is required in respect of Group or Company trade and other receivables.

14 Cash and Cash Equivalents

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank and in hand	24,077	373	22,691	108
Short-term deposits	106,210	102,853	106,210	102,853
	130,287	103,226	128,901	102,961

15 Trade and Other Payables

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade payables	583	241	186	241
Joint venture creditors and accruals	10,269	—	—	—
	10,852	241	186	241
Other taxation and social security	167	410	154	191
Accruals and deferred income	6,909	18,074	1,321	1,994
	17,928	18,725	1,661	2,426

Group:

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

	2009			2008		
	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	583	—	583	241	—	241
Joint venture creditors and accruals	10,269	—	10,269	—	—	—
	10,852	—	10,852	241	—	241

Company:

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

	2009			2008		
	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	186	–	186	241	–	241
	186	–	186	241	–	241

16 Authorised and Issued Share Capital

Group and Company	2009 £	2008 £
Authorised:		
Ordinary shares of £0.10 each as at 30 June	45,000,000	12,000,000

	2009 Number	2008 Number	2009 \$'000	2008 \$'000
Allotted, called up and fully paid:				
Ordinary shares of £0.10 each				
At 1 July	86,873,318	74,519,949	16,841	14,378
Issued during the year	106,000,000	11,974,442	17,354	2,389
Issued on exercise of share options	100,000	378,927	19	74
At 30 June	192,973,318	86,873,318	34,214	16,841

As approved at the EGM of 11 December 2008, the authorised share capital was increased to £45,000,000 by the creation of 330,000,000 ordinary shares of £0.10 each.

On 30 July 2007, the Company issued 3,568 ordinary shares at a price of £0.10 per share with a nominal value of £357, as part of the purchase of the entire share capital of FirstAfrica Oil Limited in the prior year. There was no increase in the share premium reserve regarding this issue.

On 28 August 2007, 23 October 2007 and 12 December 2007, the Company issued 100,000, 100,000 and 85,000 ordinary shares respectively for cash at a price of £1.75 per share upon the exercise of share options. On 12 December 2007, the Company issued a further 81,927 ordinary shares for cash at a price of £2.075 per share upon the exercise of share options. On 20 May 2008, the Company issued a further 12,000 ordinary shares for cash at a price of £2.085 per share upon the exercise of share options. The exercising of share options during the year amounted to an aggregated nominal value of \$74,643. The total aggregate increase in the share premium reserve regarding these issues was \$1,328,999.

On 28 March 2008, the Company issued 11,970,874 ordinary shares at a price of £3.27 per share with a nominal value of \$2,389,020. The total aggregate increase in the share premium reserve regarding this issue was \$73,294,871, after deducting \$2,414,527 in expenses.

On 3 September 2008, the Company issued a further 100,000 ordinary shares for cash at a price of £0.60 per share upon the exercise of share options. The exercising of share options during the year amounted to an aggregated nominal value of \$18,891. The increase in the share premium reserve regarding this issue was \$94,457.

On 29 June 2009, the Company issued 106,000,000 ordinary shares at a price of £0.67 per share with a nominal value of \$17,354,320. The total aggregate increase in the share premium reserve regarding this issue was \$95,294,270, after deducting \$3,625,354 in expenses.

Notes Forming Part of the Financial Statements

continued

17 Reconciliation of Movements in Equity

Group	Attributable to equity holders of the Company						Total equity \$'000
	Share capital \$'000	Share premium \$'000	Foreign exchange reserve \$'000	Share based payment reserve \$'000	Merger reserve \$'000	Retained deficit \$'000	
Balance at 1 July 2007	14,378	340,058	13,728	2,146	5,237	(66,188)	309,359
Proceeds from issue of share capital	2,463	77,039	–	–	–	–	79,502
Costs of issue of share capital	–	(2,415)	–	–	–	–	(2,415)
Exchange differences arising on translation	–	–	(1,196)	–	–	–	(1,196)
Retained loss for the period	–	–	–	–	–	(10,946)	(10,946)
Share based payments	–	–	–	2,715	–	–	2,715
Balance at 30 June 2008	16,841	414,682	12,532	4,861	5,237	(77,134)	377,019
Proceeds from issue of share capital	17,373	99,014	–	–	–	–	116,387
Costs of issue of share capital	–	(3,625)	–	–	–	–	(3,625)
Exchange differences arising on translation	–	–	(55,892)	–	–	–	(55,892)
Retained loss for the period	–	–	–	–	–	(10,176)	(10,176)
Share based payments	–	–	–	2,198	–	–	2,198
Balance at 30 June 2009	34,214	510,071	(43,360)	7,059	5,237	(87,310)	425,911

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 16.

Foreign Exchange Reserve

Unrealised foreign exchange gains and losses arising on translation of functional to presentation currency are taken directly to reserves in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

In accordance with IAS 21, foreign exchange differences arising on intra-group loans are not eliminated on consolidation. These intra-group loans are not considered to be an investment in a foreign operation.

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.

Merger Reserve

The balance held in the Merger Reserve is the result of a Group reconstruction in 2002.

Company	Attributable to equity holders of the Company					Total equity \$'000
	Share capital \$'000	Share premium \$'000	Foreign exchange reserve \$'000	Share based payment reserve \$'000	Retained deficit \$'000	
Balance at 1 July 2007	14,378	340,058	15,574	2,146	(16,735)	355,421
Proceeds from issue of share capital	2,463	77,039	–	–	–	79,502
Costs of issue of share capital	–	(2,415)	–	–	–	(2,415)
Exchange differences arising on translation	–	–	(2,536)	–	–	(2,536)
Retained loss for the period	–	–	–	–	(10,711)	(10,711)
Share based payments	–	–	–	2,715	–	2,715
Balance at 30 June 2008	16,841	414,682	13,038	4,861	(27,446)	421,976
Proceeds from issue of share capital	17,373	99,014	–	–	–	116,387
Costs of issue of share capital	–	(3,625)	–	–	–	(3,625)
Exchange differences arising on translation	–	–	(66,412)	–	–	(66,412)
Retained loss for the period	–	–	–	–	(3,355)	(3,355)
Share based payments	–	–	–	2,198	–	2,198
Balance at 30 June 2009	34,214	510,071	(53,374)	7,059	(30,801)	467,169

Company reserves are as defined above, with the exception of:

Foreign Currency Translation

Unrealised foreign exchange gains and losses arise on translation of the Company's GB Pounds functional results into US Dollars presentation currency in accordance with IAS 21.

18 Capital Commitments

Oil and Gas expenditure

Group	2009 \$'000	2008 \$'000
Intangible exploration assets	44	5,671
Contracted for	44	5,671

The Company's capital commitments were nil as at 30 June 2009 (2008: nil).

Notes Forming Part of the Financial Statements

continued

19 Share Based Payments

A summary of the share based arrangements with the Group's employees during the year ended 30 June 2009 is as follows:

Date of Grant	CSOP* Approved number 2009	CSOP Approved number 2008	Exercise price £	Fair value per granted instrument £
26 October 2005	8,163	16,326	3.675	2.144
5 April 2006	34,286	34,286	1.750	1.089
22 March 2007	28,776	28,776	2.085	1.118
2 April 2007	14,354	14,354	2.090	1.115
28 August 2007	34,765	47,530	2.350	1.220
8 November 2007	8,746	8,746	3.430	1.829
18 January 2008	11,388	11,388	3.205	1.668
26 March 2008	23,404	23,404	3.260	1.624
31 March 2008	8,875	8,875	3.380	1.690
7 April 2008	17,290	17,290	3.470	1.851
14 April 2008	16,482	16,482	3.640	1.820
7 April 2009	10,000	–	0.453	0.300
	216,529	227,457		

* Company Share Option Plan

Date of Grant	CSOP Unapproved number 2009	CSOP Unapproved number 2008	Exercise price £	Fair value per granted instrument £
26 October 2005	70,837	82,674	3.675	2.144
5 April 2006	246,964	246,964	1.750	1.089
3 August 2006	81,926	81,926	2.075	1.251
30 August 2006	8,578	8,578	2.075	1.282
22 March 2007	134,724	142,724	2.085	1.118
2 April 2007	30,646	30,646	2.090	1.122
28 June 2007	9,293	9,293	1.910	0.968
4 July 2007	–	11,364	2.200	1.144
28 August 2007	2,942	2,942	1.910	1.360
28 August 2007	–	871	2.200	1.148
29 August 2007	65,000	65,000	1.953	1.308
8 November 2007	16,254	16,254	3.430	1.784
18 January 2008	253,912	270,612	3.205	1.637
26 March 2008	111,596	111,596	3.260	1.640
31 March 2008	41,125	41,125	3.380	1.702
7 April 2008	9,710	9,710	3.470	1.854
14 April 2008	69,518	69,518	3.640	1.827
11 December 2008	1,439,969	–	0.330	0.109
	2,592,994	1,201,797		

The above were valued at grant date using a binomial model utilising the following inputs:

Risk free rate	3.40%-5.00%
Expected volatility	63%-108%
Dividend yield	0%
Vesting period	2-3 years
Expected life	10 years
Expected departures during vesting period	5.0%

The weighted average fair value of Approved options granted during the year was £0.53 (2008: £1.56). The weighted average fair value of Unapproved options granted during the year was £0.11 (2008: £1.61). Settlement is in shares and the exercise price is the share price at date of grant. Expected volatility was determined by calculating the historical volatility of the Company's share price since July 2005, when it was originally admitted to trading on AIM. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Approved and Unapproved CSOP Scheme

Options granted under the Approved CSOP Scheme are exercisable three to ten years following the date of grant. The options issued prior to 31 December 2007 are not subject to performance conditions on exercise. 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.
- (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 and Gas index.

The scheme was adopted by the Directors on 10 December 2004 and approved by the Inland Revenue with effect from 15 December 2004. Under the scheme certain Executive Directors and employees were granted options which are exercisable between 2008 and 2019 at prices between £0.45 and £3.68. At 30 June 2009 there were 216,529 (2008: 227,457) options outstanding with a weighted average contractual life of 8.08 years (2008: 8.94 years).

Options granted under the Unapproved CSOP Scheme are exercisable two to ten years following the date of grant. The options issued prior to the 31 December 2007 are not subject to performance conditions on exercise. 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.
- (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 and Gas index.

Options granted under the Unapproved CSOP Scheme on 11 December 2008 were subject to special performance conditions attached to their exercise as follows:

The Company's performance over the period of two years from the date of grant being the Median Position or above relative to other oil and gas companies in its Comparator Group.

The scheme was adopted by the Directors on 10 December 2004. Under the scheme certain employees were granted options which are exercisable between 2007 and 2019 at prices between £0.33 and £3.68. At 30 June 2009 there were 2,592,994 (2008: 1,201,797) options outstanding with a weighted average contractual life of 8.73 years (2008: 8.81 years).

Notes Forming Part of the Financial Statements

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19 Share Based Payments continued

The options outstanding at the end of the year under the Approved and Unapproved CSOP Scheme can be broken down into the following weighted average exercise price (WAEP) variants:

2009 Exercisable between:	Approved		Unapproved	
	Number	WAEP (£)	Number	WAEP (£)
2008-2015	8,163	3.68	—	—
2009-2016	34,286	1.75	—	—
2010-2017	86,641	2.33	—	—
2011-2018	77,439	3.39	—	—
2012-2019	10,000	0.45	—	—
2007-2015	—	—	70,837	3.68
2008-2016	—	—	337,468	1.84
2009-2017	—	—	258,859	2.13
2010-2018	—	—	1,925,830	1.08
	216,529		2,592,994	

2008 Exercisable between:	Approved		Unapproved	
	Number	WAEP (£)	Number	WAEP (£)
2008-2015	16,326	3.68	—	—
2009-2016	34,286	1.75	—	—
2010-2017	99,406	2.33	—	—
2011-2018	77,439	3.39	—	—
2007-2015	—	—	82,674	3.68
2008-2016	—	—	337,468	1.84
2009-2017	—	—	279,094	2.13
2010-2018	—	—	502,561	3.30
	227,457		1,201,797	

The following table details the number and WAEP of share options for the Approved and Unapproved schemes as at the balance sheet date:

	Approved		Unapproved	
	Number	WAEP (£)	Number	WAEP (£)
Outstanding at 1 July 2007	171,244	2.18	1,179,823	2.33
Granted during the year	160,116	2.90	600,615	3.12
Lapsed during the year	(86,760)	2.22	(216,857)	3.60
Exercised during the year	(17,143)	1.75	(361,784)	1.83
Outstanding at 1 July 2008	227,457	2.70	1,201,797	2.64
Granted during the year	30,000	0.93	1,439,969	0.33
Lapsed during the year	(40,928)	2.04	(48,772)	2.88
Outstanding at 30 June 2009	216,529		2,592,994	
Exercisable at year end	42,449		582,968	

Unapproved share options totalling 329,638 were exercisable at 30 June 2008. No approved options were exercisable at that date.

No share options were exercised by employees during the period ending 30 June 2009.

The weighted average share price during the period ending 30 June 2008 for the Approved options exercised was £3.14. The weighted average share price during the period ending 30 June 2008 for the Unapproved options exercised was £2.95.

Due to the limited data available and the small number of members under the scheme it has not been possible to carry out an analysis of the historic actions of employees. Instead a set of triggers that are weighted towards early exercise in line with general population exercise trends has been used.

Trigger Points

25% profit	15%
50% profit	25%
75% profit	25%
100% profit	15%
125% profit	10%
No trigger	10%

Trigger points indicate the profit points at which it is assumed the relevant percentage of employees will exercise their options.

LTIP

The fair value of the LTIP scheme awards has been calculated using a binomial model. 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:

Vesting	35.23%
Volatility	64-80.5%

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

Performance Conditions

A proportion of the LTIP awards will vest if the total shareholder return in the Company ranks median or above when compared with the total shareholder return of a pre-defined list of its ten main competitors ('the Comparators') over the vesting period.

The awards under the existing LTIP are shown below:

Outstanding at 1 July 2007	1,694,904
Granted during prior year	552,004
Outstanding at 1 July 2008	2,246,908
Granted during the year	3,019,319
Outstanding at 30 June 2008	5,266,227

No LTIPs lapsed or vested during the year.

As at 30 June 2009, there were 5,266,227 awards (2008: 2,246,908) outstanding with a weighted average grant price of £1.27 (2008: £2.52) and a weighted average remaining contractual life of 1.70 years (2008: 1.79 years).

The weighted average fair value of LTIP awards granted during the year was £0.12 (2008: £1.13).

20 Contingent Liabilities

There are no contingent liabilities in existence for the Group at 30 June 2009 (2008: nil).

21 Contingent Assets

There are no contingent assets in existence for the Group at 30 June 2009.

At 30 June 2008, the Company had a contingent asset of up to approximately \$9m relating to the insurance reclaim for the high pressure kick encountered on the IF-1 well that resulted in the well being abandoned for safety reasons. The amount was received during the current financial year.

No asset was recognised in the accounts.

Notes Forming Part of the Financial Statements

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22 Commitments Under Operating Leases

The Group has entered into 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	
	2009 \$'000	2008 \$'000
Group		
No later than one year	402	336
More than one year but not more than five years	825	1,385
	1,227	1,721

	Land and buildings	
	2009 \$'000	2008 \$'000
Company		
No later than one year	252	335
More than one year but not more than five years	720	1,138
	972	1,473

In 2009 and 2008, total rent paid was \$310,546 and \$272,855, 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.

23 Financial Instruments

The Group and Company's principal financial instruments comprise cash and cash equivalents and short-term deposits. The main purpose of these financial instruments is to finance the Group and Company's operations. The Group and Company have other financial instruments, which mainly comprise trade receivables and trade payables which arise directly from its operations.

Financial Assets and Liabilities

Financial assets and financial liabilities are recognised on the Group and Company's balance sheet when the Group or Company becomes party to the contractual provisions of the instrument.

Financial Risk Factors

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

Risk management is carried out by the finance department under policies approved by the Board of Directors. The Group and Company finance department identifies, evaluates and manages financial risks. 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 GB Pound and the US Dollar.

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 and Company report in US Dollars which, with the majority of assets US Dollars denominated, minimises the impact of foreign exchange movements on the Group and Company balance sheet.

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

Group	In currency 2009 '000	In US Dollars 2009 '000	In currency 2008 '000	In US Dollars 2008 '000
Cash at bank:				
Sterling	44,184	73,289	37,951	75,728
US Dollar	56,799	56,799	27,466	27,466
Euro	1	2	2	4
Gabonese Francs	91,614	197	11,552	28

Company	In currency 2009 '000	In US Dollars 2009 '000	In currency 2008 '000	In US Dollars 2008 '000
Cash at bank:				
Sterling	43,615	72,344	37,862	75,549
US Dollar	56,557	56,557	27,412	27,412

Surplus funds are placed on short-term deposits at floating rates.

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 profit before tax and equity, all other variables being held constant.

Change in USD: GBP rate	Effect on profit before tax 2009 \$m	Effect on profit before tax 2008 \$m	Effect on equity 2009 \$m	Effect on equity 2008 \$m
+10%	(34)	(28)	46	42
-10%	34	28	(46)	(42)

(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. The Group only places funds with institutions holding a Moody's long-term deposit rating of A2 or above, or with AAA rated money market funds. 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 placing funds with a number of counterparties at any one time with a maximum of 25% of funds with any one bank. As at 30 June 2009, the largest balance held within one institution was \$29m representing 22% of cash balances held.

Given the current market conditions the Group and Company have adopted 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.

As the Group and Company are not yet trading they are not yet exposed to the credit risks associated with trade receivables.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

(c) Liquidity Risk

Liquidity risk is the risk that the Group or Company will not be able to meet their financial obligations as they fall due. The Group and Company prepare cash flow information on a regular basis, which is reviewed by Directors and senior management.

The Group and Company currently finance their operations from cash reserves funded from share issues. 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 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.

Notes Forming Part of the Financial Statements

continued

23 Financial Instruments continued

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

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 15.

Capital Risk Management

The Group and Company's objectives when managing capital, which it maintains 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 consider equity to be the capital of the Group.

In order to maintain or adjust the capital structure, the Group and Company may issue fresh equity, return capital to shareholders or farm-out part of its assets.

No changes were made in the objectives, policies or processes during the year ended 30 June 2009.

Group	2009 \$'000	2008 \$'000
Trade and other payables	(17,928)	(18,725)
Cash and cash equivalents	130,287	103,226
Net funds	112,359	84,501
Equity	425,911	377,019
Group capital less net funds	313,552	292,518
Gearing ratio	—	—

Company	2009 \$'000	2008 \$'000
Trade and other payables	(1,661)	(2,426)
Cash and cash equivalents	128,901	102,961
Net funds	127,240	100,535
Equity	467,169	421,976
Group capital less net funds	339,929	321,441
Gearing ratio	—	—

Fair Values of Financial Assets and Liabilities

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:

	Group 2009 \$'000	Company 2009 \$'000	Group 2008 \$'000	Company 2008 \$'000
As at 30 June:				
<i>Loans and Receivables</i>				
Trade and other receivables	15,081	287,034	4,945	258,041
Cash and cash equivalents	130,287	128,901	103,226	102,961
<i>Financial Liabilities</i>				
Trade and other payables	(10,852)	(186)	(241)	(241)
	134,516	415,749	107,930	360,761

All of the above financial assets are unimpaired and an analysis of the ageing of the trade and other receivables is provided in note 13.

24 Related Party Transactions

The Company's principal subsidiaries are listed in note 11. The following table provides the balances which are outstanding with subsidiary undertakings at the balance sheet date:

	2009 \$'000	2008 \$'000
Amounts Owed from Subsidiary Undertakings	286,331	256,797

Long-term cash financing is provided by the Company to its subsidiary undertakings. The monies advanced will be repaid once commercial reserves have been identified.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

No purchase or sales transactions were entered into between the Company and subsidiary undertakings. Recharges from the Company to subsidiaries in the year were \$4,173,000 (2008: \$2,405,000).

25 Post Balance Sheet Events

On 12 August 2009, the Group entered into a farm-out agreement with Vitol E&P Limited, a subsidiary of a major independent energy trading company headquartered in Geneva, in respect of the Etinde Permit, Cameroon. The transaction comprised (1) the acquisition by VEP of an initial 25% interest in Etinde, in return for funding a \$100m gross work programme; and (2) an option to acquire a further 25% interest, in return for funding an additional \$100m gross work programme and paying \$25m in cash to the Bowleven Group to progress Etinde activities. That option expires on 30 September 2010. The farm-out is conditional upon normal regulatory approval by the Cameroon Government.

Notice of Annual General Meeting

(Registered Number: SC225242)

Notice is hereby given that the 2009 Annual General Meeting of Bowleven plc (the 'Company') will be held at The Scotsman Hotel, 20 North Bridge, Edinburgh, EH1 1YT on Thursday, 10 December 2009 at 1.00pm to consider the following business:

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

- 1 To receive the Company's annual report and accounts for the financial year ended 30 June 2009 together with the reports of the directors and the auditors thereon.
- 2 That Ernst & Young LLP be re-appointed as auditors, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company, and that the directors be authorised to determine the auditors' remuneration.
- 3 That Tim Sullivan, who was appointed as a director since the last Annual General Meeting, be re-appointed as a director of the Company.
- 4 That Ronnie Hanna, who retires by rotation, be re-elected as a director of the Company.
- 5 That Peter G Wilson, who retires by rotation, be re-elected as a director of the Company.
- 6 That:

(A) the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the 'Act'):

- (1) to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £6,432,400, representing approximately 33% of the issued share capital of the Company; and
- (2) to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company, comprising equity securities (within the meaning of section 560(1) of the Act) up to a maximum nominal amount (when aggregated with any allotment made pursuant to paragraph A(1) above) of £12,864,800, representing approximately 66% of the issued share capital of the Company, in connection with a Pre-Emptive Offer undertaken by way of rights issue;

(B) the authorities given in this Resolution:

- (1) shall be in substitution for all pre-existing authorities under section 551 of the Act or its predecessor, section 80 of the Companies Act 1985; and
- (2) unless, renewed, revoked or varied in accordance with the Act, shall expire at the end of the next Annual General Meeting of the Company to be held in 2010, save that the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company, after such expiry;

(C) for the purpose of this Resolution, 'Pre-Emptive Offer' means an offer of equity securities to:

- (1) holders of ordinary shares (other than the Company) on a fixed record date in proportion to their respective holdings of such shares; and
- (2) other persons entitled to participate in such offer by virtue of, and in accordance with, the rights attaching to any other equity securities held by them;

in each case, subject to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractional entitlements, legal, regulatory or practical problems under the laws or the requirements of any regulatory body or stock exchange of any territory or otherwise.

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

7 That:

- (A) subject to the passing of Resolution 6 above (the 'Allotment Authority'), the directors be given power pursuant to section 570 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560(1) of the Act) for cash, pursuant to the Allotment Authority, as if section 561(1) of the Act did not apply to any such allotment, provided that such power shall be limited to the allotment of equity securities:
 - (1) in the case of paragraph A(1) of the Allotment Authority:
 - (a) in connection with a Pre-Emptive Offer (as defined in the Allotment Authority); or
 - (b) otherwise than in connection with a Pre-Emptive Offer, up to a maximum nominal amount of £2,894,599, representing approximately 15% of the issued share capital of the Company;
 - (2) in the case of paragraph A(2) of the Allotment Authority, in connection with a Pre-Emptive Offer undertaken by way of rights issue; and
- (B) the power given in this Resolution:
 - (1) shall be in substitution for all pre-existing powers under section 570 of the Act or its predecessor, section 95 of the Companies Act 1985; and
 - (2) shall expire at the same time as the Allotment Authority, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry.

By Order of the Board

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

Peter G Wilson
Company Secretary

30 October 2009

Notice of Annual General Meeting

continued

Notes

- 1 A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend, speak and vote at the meeting instead of him/her. A member may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice of Annual General Meeting.
- 2 To be valid, a duly executed form of proxy (together with any authority, if any, under which it is executed, or a certified copy of such power or authority) must be sent or delivered to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received by no later than 1.00pm on 8 December 2009 (being 48 hours prior to the time fixed for the meeting) or, if the meeting is adjourned, not less than 48 hours before the time appointed for the adjourned meeting. To appoint more than one proxy, additional proxy forms can be obtained by contacting the Company's registrars' helpline on 0870 707 1284 or you may photocopy the enclosed form of proxy. 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. All forms should be signed and returned in the same envelope.
- 3 Completion, signature and submission of a form of proxy will not preclude a member of the Company entitled to attend and vote from attending and voting, in substitution for his/her proxy, should he/she so wish.
- 4 Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
- 5 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at 6.00pm on 8 December 2009 or, in the event that the meeting is adjourned, in the Register of Members of the Company as at 6.00pm on the second day immediately preceding the day of the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after 6.00pm on 8 December 2009 or, in the event that the meeting is adjourned, after 6.00pm on the second day immediately preceding the day of the adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 6 The following documents are available for inspection by any person at Bowleven plc, 1 North St Andrew Lane, Edinburgh, EH2 1HX (being the Registered Office of the Company) during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) and will be available for inspection at the place of the Annual General Meeting from 12.45pm until the conclusion of the Annual General Meeting:
 - (a) the Company's annual report and accounts for the year ended 30 June 2009;
 - (b) copies of the service contracts of John Brown, Kevin Hart, John Morrow, Chief Tabetando, Ed Willett and Peter Wilson (being the executive directors of the Company); and
 - (c) copies of the letters of appointment of Ronnie Hanna, Caroline Cook and Tim Sullivan (being the non-executive directors of the Company).
- 7 A member may not use any electronic address provided either in this notice of Annual General Meeting 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.

Notes

Notes

Glossary

A

Addax: Addax Petroleum Corporation
AGM: annual general meeting
AIM: Alternative Investment Market
Articles of Association: the internal rules by which a company is governed

B

bcf or bscf: billion standard cubic feet of gas
Biafra Field or Biafra Sands: the Biafra formation gas and condensate reserves in Block MLHP-7
boe or BOE: barrel(s) of oil equivalent
Bomono Permit: the production sharing contract between the Republic of Cameroon and EurOil dated 12 December 2007 in respect of the area of approximately 2,328km², comprising Block OLHP-1 and Block OLHP-2 onshore Cameroon or, as the context may require, the contract area to which this production sharing contract relates
Bowleven: Bowleven plc and/or its subsidiaries as appropriate

C

CFA: CFA Franc, the local currency of Cameroon and Gabon
Combined Code 2006: the Combined Code on Corporate Governance
Companies Act 2006: an Act of Parliament of the United Kingdom regulating companies within that jurisdiction that superseded the Companies Act 1985
Company: Bowleven plc
condensate: a low-density liquid hydrocarbon, often associated with significant volumes of natural gas, that is gaseous under initial reservoir conditions but condenses to liquid form as pressure drops below the dewpoint either in the drops below the dewpoint either in the reservoir or in the production stream

D

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

E

EGM: extraordinary general meeting
EIA: Environmental Impact Assessment
EOV field: an oil discovery within the EOV Permit
EOV Permit: the permit constituted by the exploitation and production sharing contract between the Republic of Gabon and GGPC Gabon (EOV) Limited dated 16 February 2004, in respect of an area of approximately 105km² offshore Gabon, or as the context may require, the contract area to which this production sharing contract relates
Epaemeno Permit: the permit constituted by the exploitation and production sharing contract between the Republic of Gabon and GGPC Gabon (Epaemeno) Limited dated 17 November 2004 in respect of an area of approximately 1,340km² onshore Gabon or, as the context may require, the contract area to which this production sharing contract relates

Etinde Permit: the production sharing contract between the Republic of Cameroon and EurOil dated 22 December 2008 in respect of the area of approximately 2,316 km², comprising Block MLHP-5, Block MLHP-6 and Block MLHP-7 offshore Cameroon or, as the context may require, the contract area to which this production sharing contract relates
EurOil: EurOil Limited, the wholly owned indirect subsidiary of the Company incorporated in Cameroon

F

FAO: FirstAfrica Oil Limited (formerly FirstAfrica Oil plc), a wholly owned subsidiary of the Company
FPSO: floating production, storage and offloading vessel

G

GDF: Gaz de France Suez S.A.
GIIP: gas initially in place
Group: the Company and its subsidiaries

I

IAS: International Accounting Standards
IASB: International Accounting Standards Board
ICSA: Institute of Chartered Secretaries and Administrators
ID: the Isongo D Field, Block MLHP-7
IE: the Isongo E Field, Block MLHP-7
IF: the Isongo F Field, Block MLHP-7
IM: the Isongo Marine Field, Block MLHP-7
IFRIC: International Financial Reporting Interpretations Committee
IFRS: International Financial Reporting Standards
Isongo Field or Isongo Sands: the Isongo formation gas and condensate reserves in Block MLHP-7

K

km: kilometres
km²: square kilometres

L

LNG: liquefied natural gas
LPG: liquefied petroleum gas
LTi: lost time incident
LTIP: long term incentive plan

M

mean: in the context of estimated resource volumes, means the arithmetic sum of a range of resource estimate cases divided by the number of cases
mmbbls: million barrels
mmboe: million barrels of oil equivalent

O

Ocean Bottom Cable: an assembly of geophones and hydrophones connected by electrical wires and deployed on the seabed to record and relay data to a seismic recording vessel

P

prospect, lead and play: a play is an exploration concept or idea that is conducive to the identification of leads that may, in turn, become prospects when they are ready to be drilled

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
PSC: production sharing contract
P10: 10% probability that volumes will be equal to or greater than stated volumes
P50: 50% probability that volumes will be equal to or greater than stated volumes
P90: 90% probability that volumes will be equal to or greater than stated volumes

S

scf: standard cubic feet
SNH: Société Nationale des Hydrocarbures, the national oil company of Cameroon
STOILP: stock tank oil initially in place

T

TRACS: TRACS International Consultancy Limited
TSA: Technical Services Agreement

U

Uncertificated Securities Regulations 2001: the regulations that came into force on 26 November 2001 and replaced the Uncertificated Securities Regulations 1995, which established the legal framework for the CREST settlement system
unrisked: in the context of estimated resource values, means without having been adjusted to reflect the prospect of success of a particular well or project

V

Vitol: Vitol E & P Limited

£: Great Britain Pounds Sterling
\$: United States of America Dollars
2D: two dimensional
3D: three dimensional
4 component data: borehole or marine seismic data typically acquired using three orthogonally-oriented geophones and a hydrophone within an ocean bottom sensor

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Registered in Scotland
Number SC 225242



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Printed on Chromomat (300gsm cover and 170gsm
pages 1-16) and Soporset (110gsm pages 17-64)

Soporset is an FSC-recognised paper, produced from
well-managed forests, and recycled wood or fibre.
This publication was printed with vegetable oil-based
inks by an FSC-recognised printer that holds an
ISO 14001 certification.

Designed and produced by **Emperor Design Consultants Ltd** 
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