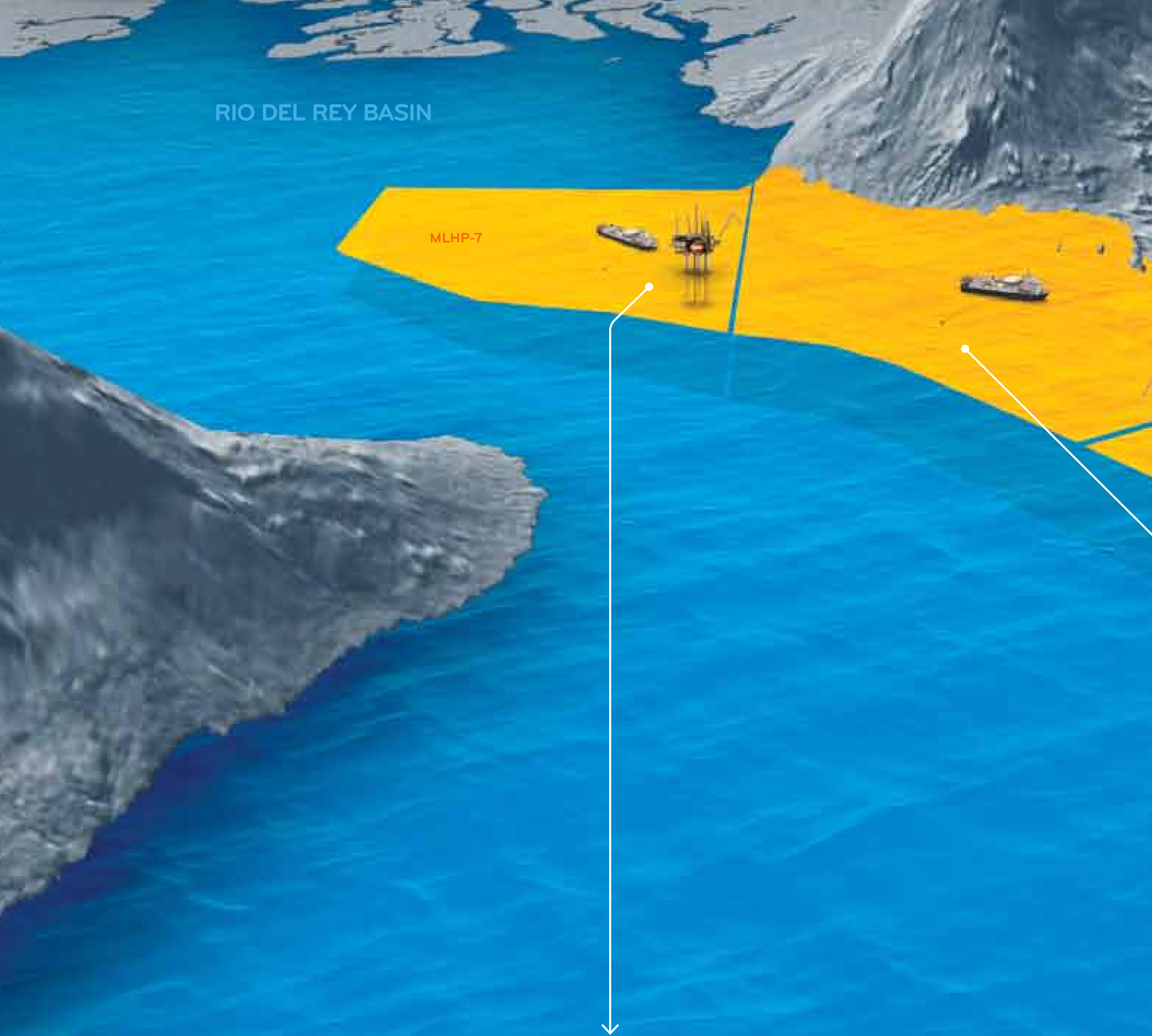
bowleven
oil & gas

MAKING STRATEGIC PROGRESS

Annual Report and Accounts 2011


VANTAGE
CAUTION

ASSET OVERVIEW AND 2010/11 KEY OPERATIONAL MILESTONES



THE FOCUS OF THE PAST 12 MONTHS HAS BEEN CENTRED AROUND PROGRESSING THE GROUP'S TWIN OBJECTIVES: HIGH IMPACT EXPLORATION DRILLING IN DOUALA BASIN AND CONVERTING RESOURCES TO RESERVES.

ETINDE PERMIT BLOCK MLHP-7 HIGHLIGHT

CONTINUATION OF APPRAISAL PROGRAMME

IE-3 appraisal well successfully tested in period, and acquisition of 102 km^2 of 3D 4C OBC development seismic data over the IE and IF discoveries.

Read more on pages 12 to 19.

AUGUST 2010

IE-3 appraisal well tested maximum cumulative flow rate of 22,909 boepd (from 5 zones).

Completion of 670 km^2 marine 3D streamer seismic acquisition on Etinde.

NOVEMBER 2010

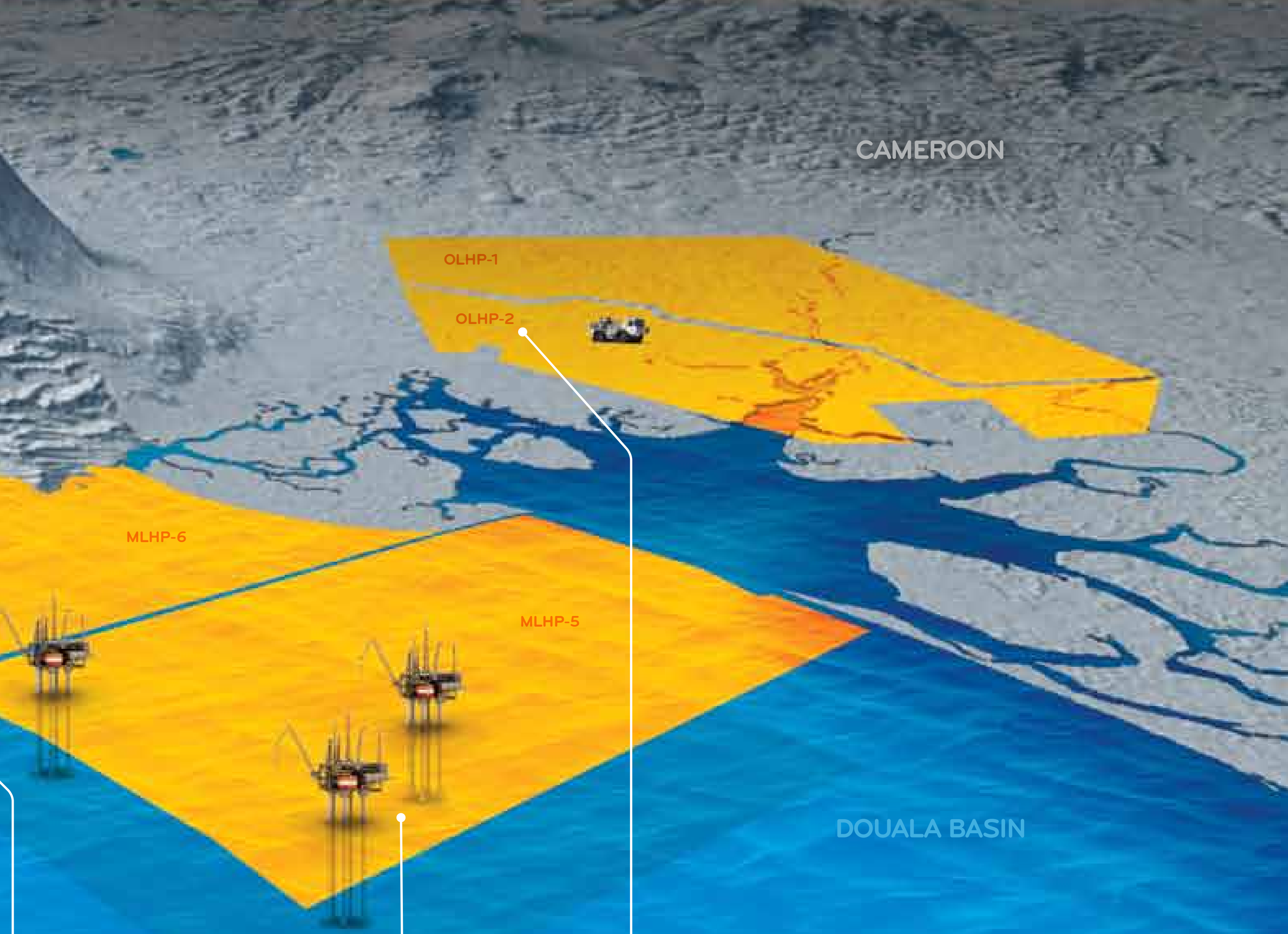
Sapele-1 exploration well discovered oil and gas condensate in Omicron intervals. In addition, the presence of reservoir and hydrocarbons were confirmed within the Epsilon complex interval and gas was encountered at TD in the Cretaceous.

JANUARY 2011

500 km of 2D seismic acquisition completed on Bomono.

APRIL 2011

Sapele-1ST encounters 23 metres net hydrocarbon-bearing pay in the Omicron intervals.



BOMONO PERMIT HIGHLIGHT

2D SEISMIC WORK INDICATES MULTIPLE PROSPECTS

500 km of 2D seismic data set has been acquired, processed and interpreted.

Read more on pages 12 to 19.

ETINDE PERMIT BLOCK MLHP-6 HIGHLIGHT

SUBSTANTIAL SEISMIC ACQUISITION PROGRAMME

Completed the acquisition of 670 km^2 of marine 3D seismic data over Etinde.

Read more on pages 12 to 19.

ETINDE PERMIT BLOCK MLHP-5 HIGHLIGHT

SIGNIFICANT DRILLING SUCCESS

Four Sapele wells drilled encountered hydrocarbons at multiple intervals.

Read more on pages 12 to 19.

MAY 2011

Sapele-2 well encountered 35 metres of net hydrocarbon pay within Omicron intervals.

JUNE 2011

Sapele-1ST tests results show high quality light oil and stabilised flow rate of 3,101 boepd.

102 km^2 3D 4C OBC seismic data acquisition over IF and IE fields completed.

AUGUST 2011

Sapele-2 well tested peak flow rate of 2,738 boepd in the Deep Omicron interval, with high quality light oil.

OCTOBER 2011

Sapele-3 exploration well encountered 11 metres of net hydrocarbon pay within Deep Omicron interval.

BOWLEVEN IS A WEST AFRICA FOCUSED OIL AND GAS EXPLORATION GROUP TRADED ON AIM SINCE 2004

Bowleven holds a 75% equity interest in the Etinde Permit, being three shallow-water blocks offshore Cameroon, West Africa: namely blocks MLHP-5, MLHP-6 and MLHP-7. The Etinde Permit covers approximately 2,316 km^2 of exploration acreage located across the Rio del Rey and Douala Basins. As well as contingent resources on blocks MLHP-7 and MLHP-5, the acreage has very attractive exploration potential. Bowleven also holds a 100% equity interest in the Bomono Permit, onshore Cameroon, comprising approximately 2,328 km^2 in the Douala Basin. Both Permits are operated by Bowleven through its wholly owned subsidiary EurOil Limited.

There is an extensive multi-well appraisal and exploration programme planned on its acreage during 2012.

Review of the Year

Financial Statements

Shareholders Information

FOR MORE INFORMATION VISIT US ONLINE AT:
WWW.BOWLEVEN.COM

FOCUS ON EXPLORING THE DOUALA BASIN AND CONVERTING RESOURCES TO RESERVES

2011 HIGHLIGHTS:

Operational

- Successful multi-well exploration and appraisal drilling campaign carried out on the Etinde Permit in the period.
- **Sapele-1** exploration well targeting multiple stacked objectives delivered positive results:
  - Significant discoveries of oil and gas condensate made in the Deep Omicron and Lower Omicron Miocene intervals respectively.
  - Oil and gas condensate confirmed as present in the Epsilon Complex interval.
  - Presence of hydrocarbons in the Cretaceous, offshore Douala Basin, extends Cretaceous fairway significantly offshore.
  - Highlights the significant potential of the Douala Basin.
- **Sapele-1ST and Sapele-2** appraisal wells also confirmed the significant prospectivity of the Douala Basin:
  - Tested oil from Deep Omicron interval with both wells.
  - Flowed gas condensate from Lower Omicron interval with Sapele-2.
  - Mapped Miocene fairways cover considerable proportion of block MLHP-5.
- **Sapele-3** well further extended Deep Omicron fairway; drilling operations are continuing:
  - Oil encountered in the Deep Omicron interval, 16 kilometres from original Sapele-1 discoveries.
  - Extends Deep Omicron fairway significantly beyond currently mapped area northwards into block MLHP-6.
  - Gas condensate encountered in the D-1r interval further highlights overall prospectivity.
- **IE-3** appraisal well on block MLHP-7 tested cumulative maximum flow rate of circa 23,000 boepd; appraisal activities on IE and IF fields progressing.
- **P50 contingent resources** for the Group increased by 39% year on year to 226 mmboe (net) due to the incorporation of oil and gas condensate discovered with the first three Sapele wells; volumetrics update post Sapele-3 well pending.
- **Seismic coverage** expanded significantly over the Etinde and Bomono Permits in Cameroon; results will aid development planning on block MLHP-7 and the identification of further exploration potential on our Douala Basin acreage.

Corporate

- Group cash balance at 30 June 2011 $96.6 million, no debt.
- Group cash balance at 31 October 2011 approximately $15 million; excludes $35 million EOV proceeds pending.
- Placing proceeds of approximately $124 million (gross) raised; conditional upon shareholder approval on 7 November 2011.
- Fully funded post placing/EOV proceeds for proposed drilling programme on Etinde.

OUTLOOK

- The two key Group objectives remain the exploration of the Douala Basin and the conversion of resources to reserves. A multi-well drilling programme comprising up to three appraisal and one exploration well offshore on the Etinde Permit and one exploration well on the onshore Bomono Permit are planned for 2012 in Cameroon.
- Development activities will focus on pre-FEED work for a 'hub and spoke' development concept across the Etinde Permit, with processing facilities based onshore at Limbé.
- Ongoing exploration activity in Cameroon is likely to include:
  - Completion of Sapele-3 exploration well.
  - Exploration drilling onshore and offshore Douala Basin, Cameroon targeting both Tertiary and Cretaceous prospectivity.
  - Progressing the acreage wide prospect and lead inventory further, incorporating new seismic and drilling data.


SAPPHIRE DRILLER
BOURBON
ANABELLE

CHAIRMAN'S &
CHIEF EXECUTIVE'S REVIEW

TAKING POSITIVE STEPS TOWARDS THE REALISATION OF OUR STRATEGY

This has been a year of intense activity at Bowleven with drilling operations continuing throughout the entire period. The results of this campaign, which has comprised both high impact exploration and lower risk appraisal, have been largely successful and very encouraging. Great credit for this goes to everyone in the team for ensuring these operations were conducted in a safe manner. Whilst the geology threw many challenges our way and on occasion made operations difficult, the results and intelligence gained from the campaign will assist greatly in ensuring future drilling efficiency and in optimising the pursuit of our strategic objectives.

The Etinde drilling programme has been focused on progressing the Group's two key objectives, namely:

1. Further 'Exploring the Douala Basin in Cameroon' and unlocking the potential of our acreage position in this relatively unexplored area encompassing both a substantial part of the offshore Etinde Permit and our onshore Bomono Permit.

   The Sapele-1 and Sapele-3 exploration wells have confirmed our belief that the Douala Basin has the potential, in time, to become a major hydrocarbon producing province.

2. Converting 'Resources to Reserves' through the ongoing appraisal and subsequent anticipated development sanction of the IE, IF and IM discoveries on block MLHP-7 and the Lower Omicron and Deep Omicron discoveries on block MLHP-5 of the Etinde Permit.

   The appraisal of the Lower (gas condensate) and Deep (oil) Omicron discoveries encountered with the Sapele-1 exploration well with follow up appraisal wells, Sapele-1ST and Sapele-2, on block MLHP-5, along with the successful first well in the Etinde drilling campaign (IE-3 appraisal well, block MLHP-7) have provided an increased level of confidence that we can deliver multiple commercial discoveries within both blocks MLHP-5 and MLHP-7 of the Etinde Permit.

The operational highlights for 2010/2011 have included:
- The IE-3 appraisal well (MLHP-7) which delivered a maximum cumulative flow rate on test of circa 23,000 boepd from five zones.
- The Sapele-1 exploration well (MLHP-5) which highlighted the significant potential of the Douala Basin, including:
  - The discovery of oil and gas condensate in the Deep and Lower Omicron Miocene intervals respectively.
  - The confirmation of oil and gas condensate in the Epsilon Complex interval.
  - The high pressure gas kick encountered at TD in the Cretaceous.
- The Sapele-1ST and Sapele-2 appraisal wells (MLHP-5) which confirmed the potential of the Omicron fairways including:
  - Testing high quality light oil from the Deep Omicron interval at both Sapele-1ST and Sapele-2.
  - Flowing gas condensate from the Lower Omicron interval at Sapele-2.
- The Sapele-3 exploration well (MLHP-5) which:
  - Confirmed the presence of the Deep Omicron interval 16 kilometres from the Sapele-1 well, suggesting the fairway extends significantly beyond current mapped area.
  - Intersected gas condensate in the D1-r equivalent interval.
- The acquisition of 2D onshore and 3D marine seismic over Bomono and Etinde (including block MLHP-6) respectively to further evaluate the exploration potential of our extensive Douala Basin acreage.
- Further appraisal activity on IE and IF fields, including development of a dynamic reservoir model over IE, and the acquisition of 3D four component ocean bottom cable (4C OBC) development seismic over both fields.

Good progress has been made across our asset base and our understanding of the prospectivity and potential of our Cameroon acreage has been significantly enhanced.

On 19 October 2011, despite the background of difficult equity markets, Bowleven announced the completion of an equity placing raising gross proceeds of approximately $124 million. This is conditional upon shareholder approval at a General Meeting on 7 November 2011. The net proceeds from the recent equity fundraising are to be used to carry out our proposed 2012 work programme in Cameroon that is centred around progressing the Group's two key objectives.

RESOURCES TO RESERVES

Bowleven's combined P50 contingent resource volumes on a net basis have increased from the previous year by 39% to 226 mmboe (2010: 163 mmboe).

This upward revision is attributable to volumes associated with the Lower and Deep Omicron discoveries recognised following the Sapele-1, Sapele-1ST and Sapele-2 wells on block MLHP-5. These volumes have not been updated to incorporate recent drilling results at Sapele-3.

The Group remains focused on converting resources to reserves on Etinde. Significant steps towards this were achieved in the period on both blocks MLHP-7 and MLHP-5, firstly with the completion and testing of the IE-3 appraisal well on MLHP-7 and secondly with the Sapele exploration and appraisal wells on MLHP-5. In addition, planned appraisal work on the IE and IF fields is progressing with dynamic reservoir modelling underway on the former and the acquisition of 3D 4C OBC seismic over both fields in the period. This is currently being processed and once interpreted is expected to form the foundation for well location selection for future appraisal/development drilling.

Further volumetric updates are anticipated as appraisal activity, including drilling, is carried out on Etinde.

The Group is currently reviewing the timing and content of a submission to the Cameroon authorities on further appraisal and development of the Permit, including the remaining work required to reach a development sanction decision.

In addition to the contingent resource noted above, there remains a significant unrisked prospective resource inventory across the Etinde and Bomono Permits.

“It has been an exciting year of intense operational activity for Bowleven during which considerable progress has been made across our Cameroon acreage. We are now more convinced than ever about the exploration and development potential of our acreage and we look forward to pursuing the opportunities our Cameroon acreage holds.”

Kevin Hart
Chief Executive

Ronnie Hanna
Chairman

CHAIRMAN'S & CHIEF EXECUTIVE'S REVIEW CONTINUED

EXPLORING THE DOUALA BASIN

The Douala Basin is an emerging hydrocarbon province that until recently has seen limited exploration activity, principally due to a historic belief that it was gas prone. This view has changed following the discovery of liquids by both Bowleven and other operators. Activity has intensified in recent times with neighbouring operators acquiring seismic, drilling exploration wells and recently sanctioning and progressing development projects.

Bowleven was extremely active in the Douala Basin during 2010/2011, with drilling and testing activities offshore (Sapele exploration and appraisal wells) and seismic activity onshore (Bomono) and offshore (Etinde blocks MLHP-5 and MLHP-6).

This momentum is expected to continue into 2012 with exploration drilling both onshore and offshore Douala Basin envisaged and the progression of our integrated development plans for the Etinde discoveries.

The discovery of oil and gas condensate in the Deep Omicron and Lower Omicron Miocene intervals with the Sapele-1 exploration well and follow up appraisal wells were significant events. Initial fairway mapping indicates that the Omicron fairways cover the majority of block MLHP-5. The subsequent discovery of oil in the Deep Omicron interval with Sapele-3, 16 kilometres north west of Sapele-1, suggests that this fairway extends significantly beyond the currently mapped area. The D-1r interval drilled with Sapele-3 also shows promise and requires further evaluation.

The Cretaceous stratigraphy drilled at Sapele-1 represents a new play, previously untested within this part of the Douala Basin. The Sapele-1 exploration well encountered gas at TD in the Cretaceous however plans to deepen the well were halted after encountering a rapid influx of high pressure gas. Whilst further exploration drilling is required to assess the Cretaceous prospectivity, initial results show the extension of the Cretaceous play fairway significantly offshore.

In addition, Sapele-1 also confirmed the presence of reservoir and hydrocarbons (including oil) within the Paleocene Epsilon Complex interval. This represents a highly prospective interval that Bowleven believes warrants further investigation.

The results of our recent drilling campaign have demonstrated the significant potential of our Douala Basin acreage. Although it is still at an early stage of evolution we believe that the Basin has the potential to become a major hydrocarbon producing area in the future.

OPERATIONS

It has been an extremely active period for the Group with appraisal and exploration drilling on the shallow water Etinde Permit and seismic activity on both Etinde and the onshore Bomono Permit.

Cameroon – Etinde Permit

Drilling and Testing Activities

The IE-3 appraisal well (MLHP-7) was the first well in the campaign and the Sapele-1 exploration well (MLHP-5) the second. This was then followed by the Sapele-1ST and Sapele-2 appraisal wells, drilled concurrently on contracting an additional jack-up rig. Both appraisal wells were subsequently tested. On completion of testing activities at Sapele-1ST the first rig was released.

Drilling operations are currently ongoing with the Sapele-3 exploration well. On 1 November 2011, Bowleven announced its intention to deepen the Sapele-3 well through the Deep Omicron interval into the Epsilon Complex. As planned, on completion of operations at Sapele-3, the rig will be released from contract.

A multi-well drilling campaign comprising both appraisal/development and exploration drilling on Etinde is expected to commence in the second quarter of 2012. Discussions are ongoing in relation to the contracting of a rig and other long lead items for this programme.

Seismic Activities

The acquisition and processing of 670 km^2 3D seismic over Etinde was completed during 2010. This has significantly expanded our block-wide coverage with newly acquired seismic over MLHP-6, the eastern edge of MLHP-5 and the IF field now combined with our previous 3D surveys to create a single integrated Etinde Permit wide 3D seismic volume. The interpretation of the merged 3D volume has formed a significant part of the Group's recent exploration efforts and is integral to the development of the Permit-wide prospect inventory and planning for future exploration drilling.

In addition, 3D 4C OBC development seismic was acquired over the IF and IE fields with a view to improving imaging through the IF gas chimney and volcanic carapace above the IE field. The seismic acquisition was completed in June 2011 and processing of the resulting primary and shear wave data is ongoing with subsequent interpretation expected to commence late in 2011. The intention is to use this, combined with the recently built dynamic reservoir model over IE, to select appraisal drilling locations. The plan is to situate wells at locations where they can be suspended as future producers.

Appraisal/Development

Considerable attention has been given to appraisal activities on the existing MLHP-7 discoveries during the period (including completion and testing of the IE-3 appraisal well, the acquisition of 3D 4C OBC seismic and the IE dynamic reservoir model build outlined above).

The oil and gas condensate discovered and appraised with the Sapele wells drilled on MLHP-5 has introduced a further dimension to our development strategy for our resource base in Cameroon, and consequently our development planning has evolved.

A 'hub and spoke' development concept with processing facilities onshore enables a modular approach that combines the exploitation of our existing MLHP-7 (IE, IF and IM) and MLHP-5 (Sapele) fields within a single integrated development. In addition to providing development synergies, it enables a phased development approach to be adopted, potentially facilitating early liquids production.

The Group has submitted a report on the Sapele discoveries to the Cameroon state and is currently reviewing the timing and content of a submission to the Cameroon authorities on further appraisal and development of the Permit as a whole, including the remaining work required to reach a development project sanction decision.

A one year extension to the exploration phase of the Etinde PSC (to 21 December 2012) was awarded by the Government of Cameroon in June 2011. This allows us to maintain momentum in targeting high impact exploration whilst planning the development strategy that will optimise the conversion of discovered resources to reserves. In addition, it allows us to plan and prepare an application to the Cameroon state for an exploitation authorisation over a significant proportion of the Permit.

Cameroon Gas Monetisation

With significant volumes of gas present across the Permit, in addition to the multiple liquids discoveries, it is recognised that identifying a route for the gas is key to optimising future development plans for the liquids.

The GDF Suez and SNH initiative to advance the monetisation of the substantial undeveloped gas resource within Cameroon via an in-country gas aggregation scheme to supply an LNG facility is progressing. Both parties together with the Etinde joint venture signed a term sheet at the end of June 2011 that established the framework intended to govern the sale and purchase of gas to the proposed LNG facility. Commercial negotiations are expected to commence shortly with FEED scheduled for 2012. The IE and IM fields on block MLHP-7 are seen as key potential contributors to the proposed scheme.

In addition, an early feasibility study is being carried out in association with our partner Vitol, to examine alternative options for gas commercialisation. Several options (including methanol, mini LNG, gas-to-power and fertiliser plant) have been identified as potential solutions.

Cameroon – Bomono Permit

The programme to acquire 2D seismic on Bomono, onshore Douala Basin, was completed at the end of January 2011, resulting in the acquisition of 500 kilometres in total. Subsequent processing and interpretation reveals multiple Tertiary and Cretaceous prospects. Potential well locations are under consideration and planning and preparation for drilling activities during 2012 are underway. The Group is also considering a farm-out in respect of part of its interest in the Bomono Permit.

Gabon – EOV Permit

As announced previously, the Group is in the process of disposing of its entire interest in the EOV Permit, offshore Gabon. Agreement in principle has been reached with a third party and our recent focus has been on engaging with the various authorities in Gabon to formalise the disposal. Despite the prolonged process significant progress towards completion has been made and completion is currently anticipated by the end of 2011.

Proceeds expected include a cash consideration of $35 million and a working capital adjustment from the effective date of the transaction.

Gabon – Epaemeno Permit

The Epaemeno Permit, onshore Gabon, has been relinquished following a joint technical review of prospectivity carried out by the Operator, Addax, and Bowleven.

New Ventures/Farm-Out Opportunities

Bowleven continues to review potential opportunities to acquire additional acreage in West Africa, its region of focus, and to review farm-out opportunities to optimise the exploitation of its overall portfolio for shareholders.

Operational Outlook

The successes of the last year form the foundation of our plans for 2012 in Cameroon. The future programme of operations is likely to include the following:

Drilling Activities

- Up to three appraisal wells on the Etinde Permit.
- One exploration well in the Douala Basin, offshore Etinde Permit.
- One exploration well on the onshore Bomono Permit.

Other Activities

- Conducting pre-FEED activities for a 'hub and spoke' development concept with processing facilities based onshore at Limbé.
- Ongoing interpretation of newly acquired 3D seismic on Etinde; including 4C OBC covering the IE and IF fields and 3D seismic over block MLHP-6.
- Progressing the necessary planning for, and preparation of, an application for an exploitation authorisation for Etinde.

VITOL

Vitol have a 25% participating interest in the Etinde Permit and an option to acquire an additional 10% participating interest in block MLHP-7 only, in return for funding an agreed $50 million gross appraisal work programme. The option expires on the earlier of (i) one month following receipt of finalised 3D 4C OBC dataset over IE and IF and (ii) 31 March 2012. An extension to the option exercise period was agreed in April 2011 in conjunction with an agreement that Vitol would disproportionately fund the proposed 3D 4C OBC seismic acquisition programme over the IE and IF fields on block MLHP-7 (funding on 50:50 basis).

The principal focus of Vitol's participation in Etinde is to move the existing discovered resource base towards development sanction. Consequently Vitol has been actively involved in appraisal/development activities across the Permit and this is expected to continue as the joint venture progresses towards development. Such activities comprise progressing gas monetisation studies and appraisal activities on existing MLHP-7 discoveries (including dynamic reservoir modelling on IE) in addition to involvement in ongoing drilling operations. Vitol chose not to participate in the Sapele-3 exploration well currently drilling on block MLHP-5, Etinde, this exploration-led well being a considerable 16 kilometre step-out from the original Sapele-1 well.

FINANCE

The Group has reported a loss of $76.8 million for the year ended 30 June 2011 (2010: profit $19.5 million). The loss for the year includes unsuccessful exploration costs of approximately $42 million for the write-off of the Epaemeno asset following relinquishment. In addition, the results for the year include a foreign exchange loss of $22.6 million (2010: $31 million gain), primarily due to the treatment under IFRS of foreign exchange movements arising on intra-group funding. Administrative expenses for the Group were $13.2 million (2010: $12.4 million).

Capital expenditure cashflows in the period were $85.7 million (2010: $39.7 million). The majority of the expenditure was on exploration and appraisal activities, primarily drilling operations on the Etinde Permit and seismic activity on both the Etinde and Bomono Permits. This excludes the expenditure incurred on the Etinde Permit in the first six months of the year which was covered by the remainder of the $100 million work programme carry from Vitol.

Net proceeds of $112 million from an equity placing were received in November 2010. As at the balance sheet date, 30 June 2011, the Group had cash balances of $96.6 million and no debt. The year end cash balance reduced to the cash position, announced to the market on 19 October 2011, of approximately $15 million at the end of October 2011 after taking into account all budgeted and approved drilling costs on Sapele-3 at that time. This excludes disposal proceeds of $35 million pending from the sale of EOV.

On 19 October 2011, we announced that we had raised gross proceeds of circa $124 million via an equity placing. This is conditional upon shareholder approval which will be sought at a General Meeting of the Company on 7 November 2011. There is completion risk as there is no guarantee that the equity placement will be approved. On this basis the auditor's report in the 2011 financial statements includes an emphasis of matter on going concern. However, as discussed in note 1 of the financial statements the accounts have been prepared on a going concern basis as Directors believe that the required shareholder approval will be obtained.

One of the primary objectives of the work programme next year will be the appraisal of the Group's assets to move the existing resource base from resources to reserves, which in turn will assist with attaining access to alternative funding options for development. In addition, the high equity interest retained in Etinde and Bomono affords the opportunity to bring in additional farm-in partners when deemed appropriate. The Group continues to review all available funding options and believes that it is well positioned to access these, when appropriate, given its solid asset base and continued drilling success.

BOARD CHANGES

Philip Tracy was appointed as Non-Executive Director on the Bowleven plc Board on 3 May 2011. Philip has extensive oil and gas industry experience and consequently brings valuable engineering and operations expertise to the Company.

The departure of John Morrow from the position of COO, for personal reasons, was announced on 22 July 2011. Following handover, Philip has assumed the role of Operations Director on an interim basis.

OUTLOOK

The success of our recent exploration and appraisal activities take us closer to sanctioning the development of our discoveries offshore Cameroon and, in doing so, achieving our goal of moving resources to reserves. This will require a further 12–18 months of dedication, hard work and focus as we strive to complete the work required to make the final investment decision. We will also continue to explore the outstanding potential of our onshore and offshore acreage in the Douala Basin.

This has been an active and exciting year operationally for the Group with exploration and appraisal drilling and seismic activities in abundance. The operational momentum of 2010/2011 is expected to continue with an extensive work programme planned for the forthcoming year.

We are now more convinced than ever about the exploration and development potential of our acreage and we look forward to pursuing the opportunities our Cameroon acreage position holds.

Ronnie Hanna
Chairman
2 November 2011

Kevin Hart
Chief Executive

1.

1. Vantage Sapphire and Noble Tommy Craighead rigs on block MLHP-5.
2. 3D 4C OBC seismic acquisition vessels operating on block MLHP-7.
3. Drilling control room on Vantage Sapphire rig.

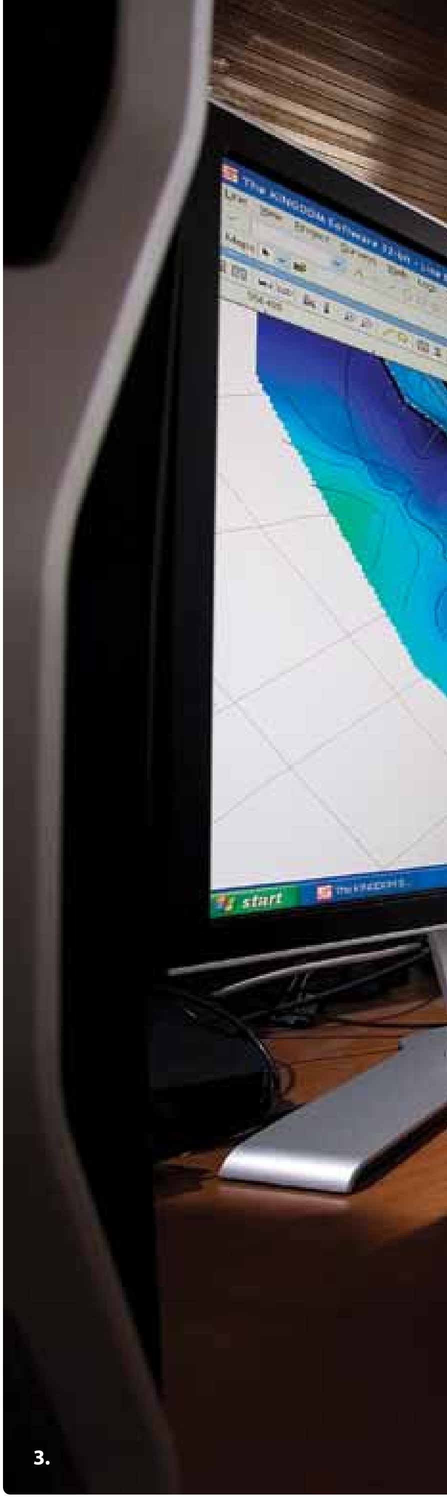
2.

OFFSHORE CAMEROON: FOCUS OF THE MOST ACTIVE OPERATIONAL PERIOD IN BOWLEVEN'S HISTORY

The Group contracted two rigs to drill a programme of four successful wells on block MLHP-5. We also significantly expanded the geophysical database with seismic acquisition projects in the Etinde Permit.

ONSHORE CAMEROON: EXPLORING THE OUTSTANDING POTENTIAL IN THE DOUALA BASIN

The Group acquired a total of 500 line km of 2D data, together with a full set of surface samples for geochemical analysis. The 2D seismic dataset has been processed and interpreted and used as the basis for a ranked inventory of prospects and leads across the Bomono Permit at the Tertiary and Cretaceous levels.



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2.

1. Site investigation on the Bomono Permit.
2. Geochemical sampling from the Bomono Permit.
3. Seismic interpretation at the Douala office.

EXPLORATION & OPERATIONAL REVIEW

ACTIVE AND EXCITING YEAR: OPERATIONAL MOMENTUM IS EXPECTED TO CONTINUE

OVERVIEW

The last 12 months have been the most active operational period in Bowleven's history. The Group contracted two rigs to drill a programme of exploration and appraisal wells on block MLHP-5 of the Etinde Permit. We also significantly expanded the Cameroon geophysical database with seismic acquisition projects in the onshore Bomono Permit and in blocks MLHP-5, MLHP-6 and MLHP-7 of the offshore Etinde Permit.

On the Etinde Permit, we completed the successful five zone drill stem test operations on the IE-3 appraisal well in block MLHP-7 in August 2010, and the Exploration and Operational Review in last year's annual report sets out in more detail the results of those tests.

The next well in the sequence, the Sapele-1 well in block MLHP-5, reached TD of 4,733 metres in early February. The well established the presence of gas-condensate and oil in the Tertiary-aged Lower Omicron, Deep Omicron and Epsilon reservoir sections, and also encountered a high pressure gas kick at TD in the Cretaceous that may be indicative of a hydrocarbon-bearing reservoir.

Following the success of the Sapele-1 well, Bowleven moved to a two rig operation in MLHP-5 and drilled the Sapele-1ST and Sapele-2 appraisal wells. The Sapele-1ST well, a sidetrack of the original block MLHP-5 Sapele-1 well, tested a light crude oil from the Deep Omicron interval with similar properties to the oil encountered in Sapele-1. The Sapele-2 well, located around 5 kilometres south-west of the Sapele-1 location, spudded in March 2011 and again saw good oil flow rates on test at the Deep Omicron interval. The well also provided the first test of hydrocarbons at the Lower Omicron interval.

Viewed together, Bowleven considers that the results of the three Sapele wells have very positive implications for the Etinde Permit as a whole. Seismic data, well log analysis and test results all indicate a substantial and a really extensive Deep Omicron interval containing high quality laterally pervasive and well connected reservoirs.

Sapele-1 also demonstrated that the prolific West African Cretaceous play is accessible much further offshore Cameroon than previously thought, at a location 40 kilometres west of the nearest previous discovery in that interval.

The 2011 drilling programme concluded with the Sapele-3 exploration well, located around 16 kilometres north-west of the Sapele-1 location. To date the well has penetrated a number of reservoirs, including:

- The D-1r equivalent reservoir interval, which confirmed the presence of high quality sandstone reservoir at this location with a gas column and gas water contact (GWC); and
- An extension of the Deep Omicron fairway, containing oil bearing reservoir intervals. This extension of the Deep Omicron is expected to result in a significant upwards revision to potential resources.

On 1 November 2011 we announced our intention to drill ahead through the Deep Omicron interval and into the deeper Epsilon complex.

In addition to the two string drilling operation on Etinde, a four component (4C) 3D ocean bottom cable (OBC) seismic survey was acquired over the IE and IF fields in block MLHP-7 with a view to a fast track development. The cost of this project was shared 50:50 with our partner, Vitol, as part of an agreement to extend Vitol's option to take a further 10% participating interest in the block. Processing of the data acquired is underway and initial volumes are expected shortly.

On the Bomono Permit the acquisition of a further 215 line km of 2D seismic, representing the second phase of the survey commenced last year, was completed in February 2011 fulfilling the PSC obligation for 500 line km. Processing of the entire 2D dataset was completed in the second half of the year, and interpretation of that dataset has revealed multiple Tertiary and Cretaceous prospects. Potential well locations are under consideration and planning and preparation for drilling, including the mandatory environmental and social impact assessment, are in progress.

In Gabon, Bowleven has reached agreement in principle with a third party for the sale of GGPC, the licence-holder of the EOV Permit. Completion of the sale is expected to take place by the end of 2011, and the proceeds of the sale will provide useful additional capital for operations in Cameroon next year. The onshore Epaemeno Permit has been relinquished following a joint technical review of prospectivity by the Operator, Addax and Bowleven.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE)

Bowleven fully recognises, and continues to emphasise, the importance of proper planning for the health, safety and security of our personnel and others involved in or affected by our operations. Environmental planning and regulation also play a key role in all operations.

Despite extensive operational activity, including the two string drilling programme and simultaneous drilling, testing and seismic operations on the Etinde Permit, the Group completed another year without any lost time incidents (LTIs).

The Group experienced one minor environmental incident: in February an estimated 108 barrels of oil based drilling fluid were lost to sea from the Noble Tommy Craighead jack-up unit after two valves in the cement unit were inadvertently left open. The spill was notified to the Cameroon authorities in accordance with regulatory requirements. A joint Bowleven and Noble team was appointed to investigate the incident and, following that investigation, a number of recommendations were made and corrective actions implemented.

The importance of advance planning and training of operational personnel was highlighted in February when the Sapele-1 well, being drilled by the Noble Tommy Craighead, experienced a high pressure gas kick in the Cretaceous.

EXPLORATION & OPERATIONAL REVIEW CONTINUED

Bowleven's operational management worked with the crew on the rig and Noble management in Houston and Lagos to control and manage safely a well in an environment considered to be ultra-HPHT (high pressure and high temperature). The control and abandonment of the lower section of the well was undertaken quickly, effectively and without incident, in one of the fastest recoveries from an HPHT well control situation on record. This safe and efficient management of a potentially serious incident is a reflection of the quality and practicality of the Group's operating and HSSE plans and procedures, and the training provided to Group and contractor personnel. It is also a credit to the collaborative and considered approach of Bowleven and Noble management in handling the situation.

The immediate response to the incident had been greatly assisted by the regular emergency drills and safety meetings held on the rig and the onshore base. These drills and meetings continue to be an integral part of the Group's HSSE procedures and are carried out on all seismic and drilling operations.

During the year we commissioned an independent external business risk consultancy to undertake a security audit of our operations and onshore premises in Cameroon. Following completion of the audit, the Group has undertaken a number of recommended actions to further improve marine security during drilling and geophysical operations and onshore security around the office, shore-base and staff accommodation in Cameroon.

EurOil, Bowleven's operating subsidiary in Cameroon, has submitted to the Cameroon Ministry of Environment an Environmental and Social Impact Assessment (ESIA) for the proposed drilling on the Bomono Permit in 2012, and is currently in the consultation process with local communities and other interested parties. The Permit area includes the north-western part of Douala and extends over farmland, scrub, jungle and river tributaries to the north and west of the city.

Seismic operations on the Etinde and Bomono Permits during the year were undertaken without LTI or environmental incident. On the onshore Bomono Permit in particular, Bowleven has endeavoured to keep disruption to local communities during the second phase of the 2D seismic survey to a minimum and there continue to be good relations between EurOil and the communities in the Bomono area.

CAMEROON

Etinde Permit (Bowleven Group 75% and Operator; Vitol 25%)

The Etinde Permit consists of the three former offshore blocks MLHP-5, MLHP-6 and MLHP-7, now consolidated into a single licence area of 2,316 km^2 under a PSC signed in December 2008. The Permit spans the boundary of the Rio del Rey and Douala Basins; both notable hydrocarbon provinces.

Bowleven's partner on the Permit, Vitol, retains an option to acquire a further 10% of block MLHP-7 in return for funding an agreed $50 million (gross) appraisal work programme. The option expires on the earlier of (i) one month following delivery of the finalised dataset acquired under the 3D 4C OBC seismic programme over IE and IF and (ii) 31 March 2012. This option was originally expected to expire on 31 March 2011, but on that date Bowleven agreed to an extension in consideration for Vitol agreeing to fund 50% (rather than their usual 25% participating interest share) of the acquisition and processing costs associated with the 3D 4C OBC seismic project.

Etinde Permit: Geophysical Operations

The 3D 4C OBC survey was undertaken by the seismic contractor Reservoir Exploration Technology (RXT) in April to June of this year. The Group has recognised for some time that high quality 3D 4C OBC seismic data was likely to provide enhanced imaging through the gas chimney that obscures part of the IF structure, but the cost and availability of the very limited number of seismic crews capable of undertaking such a survey had previously constrained acquisition plans. Under the RXT contract, the Group was able to take advantage of short term regional crew and vessel availability to commission the survey on favourable financial terms and within a schedule that will allow us to incorporate the results in the selection of MLHP-7 appraisal well locations and accelerate development planning. Once again the team involved in planning and preparation of the survey delivered the project in a remarkably short space of time, with initial concept to field mobilisation within the space of three weeks, including all detailed survey design and the securing of all necessary approvals.

The survey acquired primary wave (p-wave) and shear wave (s-wave) data over an area of 102 km^2 around the IE and IF fields in block MLHP-7. Processing of the p-wave data over the whole survey area and of the s-wave data over the IF field is expected to be completed shortly.

In addition to the new 3D 4C OBC data, processing was completed on the 670 km^2 of marine 3D seismic acquired in 2010 over the IF field, block MLHP-6 and an infill area on the eastern side of block MLHP-5. The processed volumes have now been incorporated with previous 3D surveys over the acreage to create a single integrated Etinde Permit wide 3D seismic volume. The new volume has allowed block MLHP-6 and the Cameroon Volcanic Line to be imaged and interpreted in detail for the first time, and the merger with the existing MLHP-5 and MLHP-7 seismic data has allowed the integration of all the pre-existing well data and associated well studies into an understanding of the MLHP-6 geology. This understanding has allowed the identification of a series of play concepts to be matured into prospects in the near term.

The interpretation of the merged 3D volume across the Etinde Permit has formed a significant part of the Group's exploration efforts over the last few months. Integration of the results of the Sapele wells into the 3D seismic is a cornerstone in the ongoing efforts to finalise well locations for 2012 drilling and ultimately to secure the Etinde Permit under a long term exploitation authorisation.

Etinde Permit: Drilling and Testing Operations

Sapele-1

As we reported last year, the Noble Tommy Craighead jack-up drilling rig drilled the IE-3 well on block MLHP-7 and then moved to the Sapele-1 location on block MLHP-5.

Sapele-1 was drilled to a TD of 4,733 metres in February of this year. Within the Tertiary aged formations the well intersected log-evaluated net hydrocarbon pay of approximately 16 metres in the Lower Omicron interval and 20 metres in the Deep Omicron interval. The presence of liquid hydrocarbons in the Deep Omicron interval was confirmed by MDT pressure gradient and sampling at multiple levels throughout the interval. A further 4 metres of net pay was encountered in a single sand in the Epsilon complex. An MDT pressure point and reservoir sample from this sand suggests hydrocarbon charge of relatively lean gas/condensate. Oil shows were also recorded in thinly bedded sands within the Epsilon interval.

At TD in the Cretaceous the well took an influx of 24 barrels from the formation (interpreted as gas), with recorded bottom hole pressures in excess of 15,000 psi. It was not possible to take logs across the section, as the bottom-hole assembly was cemented in the hole as part of the safe control and abandonment of the well, and temperatures were too high for the use of logging while drilling (LWD) technology. Nonetheless we consider that the influx experienced is the first indication of a potentially significant Cretaceous hydrocarbon column on the Etinde Permit, and during the course of 2012 we plan to undertake further studies to evaluate this play and review the operational planning requirements for further drilling to this level.

Mechanical issues arising from the enforced abandonment of the lower part of Sapele-1 resulted in a decision to undertake testing operations on the planned sidetrack of the well, Sapele-1ST.

Sapele-1ST

After plugging and abandonment of the lower section of the Sapele-1 well, operations on the sidetrack commenced. The principal objective of the sidetrack was to appraise the Deep Omicron interval. In April the well reached TD of 3,643 metres total vertical depth (4,483 metres measured depth) at approximately 2 kilometres south-east of the Deep Omicron discoveries in the original vertical well. The well intersected log-evaluated net hydrocarbon pay of approximately 11 metres in the Lower Omicron interval and 10 metres in the Deep Omicron interval. No testing was conducted in Lower Omicron, but MDT sampling indicated the presence of gas condensate. Efforts to obtain MDT pre-tests and samples over the Deep Omicron interval are believed to have been constrained by mechanical issues, but drill stem testing was undertaken and flowed high quality light oil.

The Sapele-1ST Deep Omicron DST results were as follows:

Test	Depth metres MD	Hydrocarbon	Comments
DST 1	3,918-3,989	39-42 °API oil	Oil flowed at 2,023 bopd with 6.47 mmscf/d gas. Combined rate of 3,101 boepd.

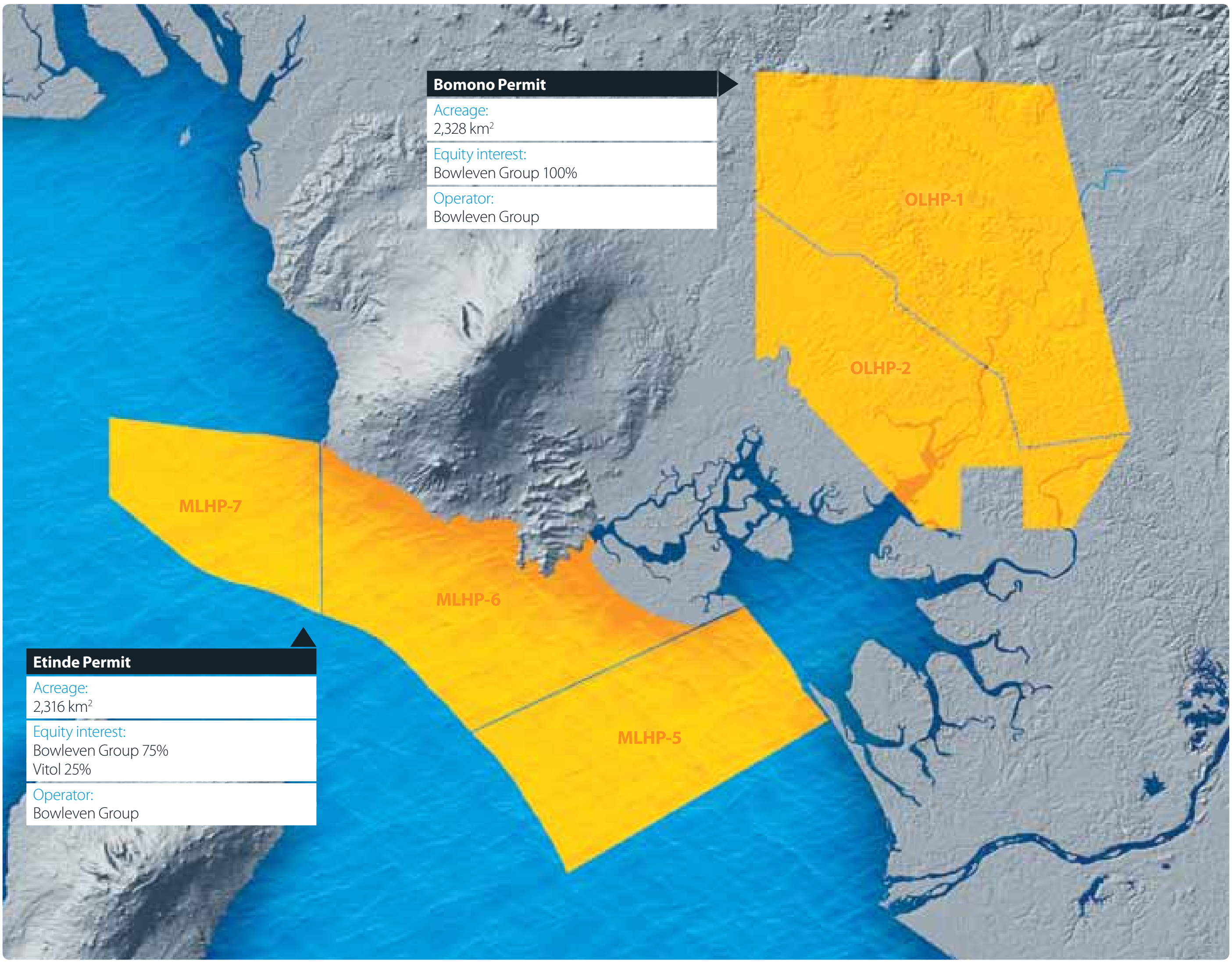
After evaluating the implications of the initial discoveries in Sapele-1, the Group contracted a second rig, the Vantage Sapphire Driller, to drill two firm wells on the Permit in 2011. A period of less than three months elapsed from original commercial proposal to mobilisation of the rig at the well site ready to commence operations. The speed and efficiency of the planning to execution phase of this second campaign is a credit to the Bowleven operations team and those of Vantage and other major service companies involved.

Sapele-2

The first Sapphire Driller well, Sapele-2, spudded in March 2011 and was intended to appraise the Lower and Deep Omicron discoveries made in the Sapele-1 well at a location around 5 kilometres south-west of the original well. It was selected specifically as a significant step-out from the original discovery to demonstrate the lateral potential of the Omicron reservoir fairways.

The well reached TD of 3,749 metres in early May and intersected log-evaluated net hydrocarbon pay of approximately 19 metres in the Lower Omicron interval and 16 metres in the Deep Omicron interval. In both intervals Gas Chromatography (GC Tracer) analysis indicated the probable presence of oil, but due to borehole conditions it was not feasible to recover MDT reservoir fluid samples.

"The initial discovery of oil and gas condensate with the Sapele-1 exploration well was a key event for the Company. All four Sapele wells drilled encountered hydrocarbons, highlighting the significant prospectivity and potential of our acreage in the Douala Basin."



EXPLORATION & OPERATIONAL REVIEW CONTINUED

Drill stem testing was undertaken over three zones, two in Deep Omicron and one in Lower Omicron. Despite possible formation damage compromising the Deep Omicron tests and a pressure leak curtailing operations on the Lower Omicron test, the programme flowed high quality light oil from Deep Omicron and delivered the first hydrocarbon flow from Lower Omicron.

The Sapele-2 DST results were as follows:

Test	Depth metres MD	Principal hydrocarbon	Comments	
DST 1	3,617-3,633	39-42 °API oil	Oil at 233 bopd peak flow rate with 0.89 mmscf/d associated gas. Combined rate of 381 boepd.	Deep Omicron
DST 2	3,374-3,390	39-42 °API oil	Oil at 1,818 bopd peak flow rate with 5.62 mmscf/d associated gas. Combined rate of 2,738 boepd.	Deep Omicron
DST 3	2,964-2,977	Gas	3.1 mmscf/d gas. Testing curtailed due to pressure leak in the test string. Flow rate for associated liquids not recorded.	Lower Omicron

Sapele-3

In August the Sapphire Driller spudded the final well in the current Etinde drilling programme, the Sapele-3 exploration well located around 16 kilometres north-west of the Sapele-1 location. The principal exploration objectives of the well were originally to evaluate Miocene-age reservoirs. The well objectives were subsequently expanded to include deepening to evaluate the hydrocarbon-bearing potential of a possible extension of the Deep Omicron reservoir fairway, to the north-west of the known extent of the fairway. The well also incorporated an ancillary appraisal component, aimed at testing the edge of the Upper and Lower Omicron play fairways. Vitol chose not to participate in the Sapele-3 well, and accordingly Bowleven undertook it as a sole risk project.

The results of the Sapele-3 well to date have confirmed the presence of hydrocarbons in the D-1r reservoir (one of the Miocene pre-drill exploration objectives) and of oil-bearing intervals within the Deep Omicron formation. On 1 November 2011 we announced our intention to drill ahead through the Deep Omicron interval and into the deeper Palaeocene Epsilon complex. At the date of this report drilling operations on the well remain in progress.

Overall, the positive test results from Sapele-1ST and Sapele-2 describe a reservoir system that is capable of delivering good flow rates with no apparent pressure depletion. The variable flow rates experienced in Sapele-2, from a formation with much improved reservoir characteristics than the DST interval in Sapele-1ST, indicate that drilling induced formation damage has had an impact on well test results in that well. However, the monitored pressure build-ups during shut-in (on all tests) demonstrate that the reservoirs encountered in the wells have good pressure support, and provide further supporting evidence for an extensive reservoir system in the Lower and Deep Omicron intervals. The results from Sapele-3 suggest that the Deep Omicron fairway extends considerably further to the north-west into MLHP-6, which will have a consequential positive impact on potential resources.

Following the completion of drilling operations on Sapele-3, the Sapphire Driller will be released from contract and is then expected to move to Ivory Coast.

We have begun planning and preparation for Etinde drilling next year and, based on the availability of suitable jack-up rigs and other key long lead procurement items, we expect to recommence operations in the second quarter of 2012.

Etinde Permit: Exploitation/Commercialisation

In June this year the Group secured a one year extension to the exploration phase of the Etinde Permit, which now expires at the end of 2012. This additional year will provide an opportunity to undertake further exploration and appraisal of the acreage and allow us to plan and prepare an application to the Cameroon state for an exploitation authorisation over a significant proportion of the Permit. The grant of an exploitation authorisation will confer an initial PSC exploitation phase of 15 years for oil or 20 years for gas.

The Group has submitted a report on the Sapele discoveries to the Cameroon state and is currently reviewing the timing and content of a submission to the Cameroon authorities on further appraisal and development of the Permit as a whole, including the remaining work required to reach a development project sanction decision.

Post-well studies following IE-3 are either complete or near completion, including dynamic modelling of the IE field. The recently acquired 3D 4C OBC seismic data, once fully processed for p-wave and s-wave volumes, will image through the IF gas chimney and volcanic carapace above the IE field. Interpretation will commence on receipt of the data in late 2011 and subsequently incorporated into modelling and ultimately used for the positioning of proposed development wells.

1. Monitoring data acquisition onboard 3D seismic vessel, on operation on Etinde Permit.
2. Drill pipe at Douala Point yard.
3. Noble Tommy Craighead rig drilling on block MLHP-5, Etinde Permit.

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The success of the Sapele wells has advanced our development philosophy considerably. The focus on liquids production remains unchanged, but there may be an opportunity to select a modular and phased development concept combining the exploitation of the IE, IF and Sapele fields within a single integrated development. Such a development would have significant cost reduction and other operational advantages over individual standalone projects and potentially facilitate early liquids production.

With material volumes of gas present across the Permit, in addition to the multiple liquids discoveries, we recognise that identifying a route for the gas is critical to optimising a liquids focused development. On 30 June 2011 Bowleven and its partner Vitol signed an indicative term sheet with GDF Suez and SNH, establishing a framework for commercial negotiation of the supply of gas from Etinde to the proposed Cameroon LNG project. Detailed commercial negotiations are expected to commence shortly, with front end engineering and design work (FEED) planned for 2012. The IE and IM fields in block MLHP-7 are seen as key potential contributors of feed gas to the proposed LNG facility, and Bowleven retains the flexibility to introduce additional fields to the initial phase of the project.

In addition to the Cameroon LNG project, we are collaborating with Vitol on an early feasibility study to examine other options for Etinde gas commercialisation. The initial phase of the study is complete, and has identified several options that should be pursued in the second phase. Following the results of the dynamic modelling of the IE field it now appears less likely that IE would be suitable for the gas recycling project previously considered.

Bomono Permit (Bowleven Group 100% and Operator)
The Bomono Permit comprises the two former blocks OLHP-1 and OLHP-2 in the onshore extension of the Douala Basin, covering an area of 2,328 km^2 situated to the north-west of Douala city.

As reported last year, phase one of the 2D seismic survey forming part of EurOil's minimum work commitment under the Bomono PSC was completed in the first half of 2010. A total of 285 line km of 2D data was acquired in the first phase, together with a full set of surface soil samples for geochemical analysis. Phase two of the survey was completed in early 2011 and acquired a further 215 line km of infill seismic, fulfilling the PSC obligation of 500 line km. The outstanding first phase commitment is a single exploration well.

"As we continue to successfully explore and appraise our acreage we have been actively progressing integrated development options for the entire Etinde Permit. The conversion of resources to reserves remains a priority for the Group as we seek to create value for our Shareholders."

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EXPLORATION & OPERATIONAL REVIEW CONTINUED

The complete 2D seismic dataset from both phases of the survey have been processed and interpretation has identified a series of prospects and leads across the Permit at both Tertiary and Cretaceous levels.

We are now planning for one exploration well on the Permit in 2012, and early stage preparation for the necessary civil engineering works is in progress. As mentioned earlier in this report, the ESIA for drilling operations has been submitted to the Cameroon Ministry of Environment.

The high equity interest retained in Bomono also affords the opportunity to bring in farm-in partners if considered appropriate.

GABON

EOV Permit (Bowleven Group 100% and Operator)

The EOV Permit is a small offshore block of 105 km^2 in the south Gabon sub-basin. The acreage is about 15 km offshore in water depths of around 20 metres.

Bowleven has reached agreement in principle with a third party for the sale of GGPC (Gabon) EOV Limited, the licence-holder of the EOV Permit. Completion of the sale is expected to take place by the end of 2011, and the proceeds of the sale will provide useful additional capital for operations in Cameroon next year.

Epaemeno Permit (Bowleven Group 50%; Addax 50% and Operator)

The Epaemeno Permit is a 1,340 km^2 onshore block in the north of the country, straddling the north and south Gabon sub-basins.

Following a full technical evaluation of the prospectivity of the onshore Epaemeno Permit in Gabon, the Operator, Addax, submitted a formal notice of relinquishment of the Permit in June this year. The Gabonese authorities have acknowledged the notice. A close-out environmental audit was completed in September 2011.

NEW OPPORTUNITIES

Bowleven continues to evaluate opportunities with the objective of securing attractive exploration and production acreage in the Gulf of Guinea, as a farm-in partner and in direct negotiation with national authorities.

RESOURCES

The Group's P50 contingent resource volumes on a net basis have increased by 63 mmboe to 226 mmboe from last year's report (2010: 163 mmboe). P90 volumes on a net basis have increased by 13 mmboe to 111 mmboe (2010: 98 mmboe).

The increase in resource volumes is attributable to the MLHP-5 Sapele Lower and Deep Omicron discoveries. No account has been taken of potential impact on volumes for the net pay intervals encountered in the Sapele-3 well, but EOV oil volumes (P90: 6 mmbbls; P50: 9 mmbbls) remain within the overall numbers pending completion of the sale of the asset.

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

Contingent resources	P90	P50	P10	Mean
Gas incl. LPG (bscf)	270	595	2,218	952
Condensate (mmbbls)	19	37	135	59
Oil (mmbbls)	47	89	217	118
Total BOE (mmboe)	111	226	723	337

Notes:

- Block MLHP-7 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.
- IF oil resource volumes are similarly estimated based on a considered typical recovery range for a water flood of 30-50% of STOIIP. IE oil resource volumes are estimated based on a considered typical recovery range of 15-35% of STOIIP (such range covering a variety of potential development scenarios).
- Contingent resources for the Sapele discoveries are estimated by Monte Carlo analysis using recovery factor ranges deemed appropriate for the predominantly stratigraphic nature of the discoveries. The P90 to P10 range of recovery factors used for oil is 12% to 25%. For gas the P90 to P10 range used is 24% to 52% (allowing for gas shrinkage due to liquids drop-out). The ranges applied cover a range of potential conceptual recovery schemes covering development scenarios from field depletion to effective reservoir pressure support by fluid injection in a hydraulically connected reservoir system.
- Volumes stated above include provision for associated gas in Sapele Deep Omicron discoveries only.
- For the purpose of calculating barrels of oil equivalent, 1 boe = 6 mscf gas.
- Ranges of recovery factors will be reviewed as technical evaluation and development planning activities are progressed.
- Other than as stated in these notes, this statement of the Group's resources has been prepared using the classification system set out in the 2007 Petroleum Resources Management System published jointly by the Society of Petroleum Engineers (SPE), the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE).

PROGRAMME FOR 2012

The Group's programme for 2012 will reflect the dual asset strategy of exploration in the Douala Basin in Cameroon and moving resources to reserves on the Etinde Permit.

We plan to drill up to three appraisal wells and one Douala Basin exploration well on the Etinde Permit in 2012. Appraisal wells will, where possible, be situated at locations where they can be suspended as potential future producers.

In conjunction with the anticipated appraisal drilling, we will progress our work on identifying the most appropriate development concept for Etinde, with particular emphasis on a single integrated project involving the existing discoveries across the Permit. We plan to carry out front end studies and other pre-FEED work for a 'hub and spoke' development concept, with processing facilities based onshore at Limbé. While monetisation of the liquids on Etinde remains the focus of planning, we also recognise that gas production is a key consideration in optimising any development on the Permit. To this end the Etinde joint venture will continue to review Cameroon gas utilisation options within the overall development planning framework.

With the completion of 2D seismic acquisition on the Bomono Permit earlier this year, we are also planning for an exploration well on that Permit in 2012. The initial ESIA for drilling operations has been submitted to the Cameroon authorities and detailed preparation for the civil engineering works during the dry season next year will commence following well location selection.

The success of our operations in the last 18 months has represented a significant advance in the delivery of our dual asset strategy. We look forward to maintaining this progress with the active exploration and appraisal programme planned for our Cameroon acreage in 2012.

Philip Tracy
Interim Operations Director
2 November 2011

Ed Willett
Exploration Director

The success of our operations in the last 18 months has represented a significant advance in the delivery of our dual asset strategy. We look forward to maintaining this progress with the active exploration and appraisal programme planned for our Cameroon acreage in 2012.

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1. Douala Basin, with Bioko Island (Equatorial Guinea) in distance.
2. Wireline logging tools ready for transfer to Vantage Sapphire rig.
3. OBC seismic vessel used on block MLHP-7.

WELL POSITIONED TO SUPPORT THE EXPLOITATION OF OUR ACREAGE

Financial summary	Year ended 30 June 2011 $'000	Year ended 30 June 2010 $'000
Operating loss before financing costs	(54,922)	(12,399)
(Loss)/profit for the year	(76,816)	19,481
Net cash used in operating activities	(11,808)	(7,206)
Cash and cash equivalents	96,621	79,152
Net assets held-for-sale	41,036	–
Net assets	472,993	411,561

RESULTS

Our results continue to reflect the ongoing appraisal and exploration work required to commercialise the asset base. The Group reported a loss of $76.8 million for the 12 months ended 30 June 2011, made up of administrative expenses of $13.2 million, unsuccessful exploration costs of $41.7 million, finance income of $0.7 million and finance costs of $22.6 million. This compares to a profit of $19.5 million for the previous financial year.

The total administrative expenses for the Group were $13.2 million compared to $12.4 million in the previous year. This increase is mainly due to a non-cash charge of higher national insurance expenses in relation to share options and LTIPs compared to the prior year. We will continue to focus on managing overhead expenditure whilst ensuring that the appropriate level of investment is made to support the exploitation of our acreage.

The results for the year include net finance costs of $21.9 million compared to net finance income of $31.9 million in the previous year. Finance costs include a foreign exchange loss of $22.6 million compared to a foreign exchange gain of $31.0 million included in finance income in the prior year. The large movement, which is a non-cash adjustment, is primarily due to the recognition of foreign exchange differences on intra-group funding under IFRS as the US Dollar weakened against Sterling over the comparative period.

As discussed in the Exploration and Operational Review, the onshore Epaemeno Permit, Gabon has been relinquished following a joint technical review of prospectivity by Bowleven and the operator, Addax. This has resulted in unsuccessful exploration costs of $41.7 million being charged to the Income Statement in the current financial year.

Loss per share (basic and diluted) was $0.37 compared to a profit per share (basic and diluted) of $0.10 for the previous year.

CASH FLOW

There was a Group cash outflow from operating activities (cash operating loss, adjusted for movements in current assets and liabilities) of $11.8 million for the year against a cash outflow of $7.2 million for the previous year.

In the year under review, $85.7 million was invested in capital expenditure on the Group's portfolio of assets (2010: $39.7 million). Almost all of this expenditure was on exploration and appraisal activities, primarily drilling activity on the Etinde Permit and seismic activity on both the Etinde and Bomono Permits. This excludes the expenditure incurred on the Etinde Permit in the first six months of the year which was covered by the remainder of the $100 million work programme carry from Vitol.

Interest received in the year amounted to $0.7 million (2010: $0.9 million).

The Group is currently financed entirely from shareholders equity. On 26 November 2010, the Company issued 22 million ordinary shares at a price of £3.27 per share with a nominal value of $3.5 million. The total aggregate increase in the share premium reserve regarding the issue was $108.6 million after deducting $2.7 million in expenses.

The above elements resulted in the increase in cash balances of $17.5 million to $96.6 million at the year end.

BALANCE SHEET

The Balance Sheet was reinforced by the net $112 million of equity finance that was received during the year as discussed above. Shareholders' funds had increased by $61.4 million to $473.0 million as at 30 June 2011.

An agreement has been reached with a third party to sell GGPC Gabon (EOV) Limited, the Bowleven Group subsidiary that is the licensee and operator of the EOV Permit. Assets and liabilities relating to GGPC Gabon (EOV) Limited have been classified as held-for-sale on the Balance Sheet in anticipation of the completion of the disposal of the company. Disposal proceeds of $35 million plus provisional working capital movements are expected from the transaction.

FINANCING

The year end cash balance of $96.6 million reduced to the cash position, announced to the market on 19 October 2011, of approximately $15 million at the end of October 2011 after taking into account all budgeted and approved drilling costs on Sapele-3 at that time. The Board recognised that in order to carry out the proposed 2012 work programme it would be necessary to raise additional funds. Accordingly, on 19 October 2011 we announced that we had raised gross proceeds of approximately $124 million by way of an equity placing, conditional upon shareholder approval which will be sought at a General Meeting of the Company on Monday 7 November 2011. As discussed in note 1 to the Financial Statements, the accounts have been prepared on a going concern basis as Directors believe that the required shareholder approval will be obtained.

One of the primary objectives of the work programme next year will be the 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. In addition, the high equity interest retained in Etinde and Bomono affords the opportunity to bring in additional farm-in partners if deemed appropriate.

The Group continues to review all available funding options and believes it is well positioned to access these given its solid asset base and continued drilling success.

John Brown
Finance Director
2 November 2011

BOARD OF DIRECTORS

AN EXPERIENCED TEAM FOCUSED ON DELIVERING SHAREHOLDER VALUE

1. 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 Troy Income & Growth Trust. He is a Scottish Chartered Accountant. He was appointed to the Bowleven Board in 2006.

2. KEVIN HART, CHIEF EXECUTIVE OFFICER
Kevin Hart was Finance Director at Cairn Energy PLC for over eight years, a role that incorporated board responsibility for financial, commercial, legal, risk management and HR matters. Prior to this, he was a Senior Associate Director with Deutsche Morgan Grenfell Group, specialising in oil and gas sector mergers and acquisitions. He is also a Non-Executive Director of Troy Income & Growth Trust, and a trustee of the charity Columba 1400. He was appointed to the Bowleven Board in 2006.

3. 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 gold mining company, and prior to this a Director for four years at British Linen Advisers. Before that, he was Finance Director for Paladin Resources, the UK independent oil and gas exploration and production company. He is a Scottish Chartered Accountant. He was appointed to the Bowleven Board in 2004.

4. ED WILLETT, EXPLORATION DIRECTOR
Ed Willett has worked in the oil and gas exploration business for 27 years and has 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 Cairn's entire portfolio, latterly as Head of Exploration for Nepal and Bangladesh. He has a degree in Geology from Cardiff University. He was appointed to the Bowleven Board in 2008.

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 attendance at the International Conference of Traditional Rulers in Africa, in South Africa. He is the founder and Chairman of EurOil Limited. He was appointed to the Bowleven Board in 2001.

6. PETER WILSON, DIRECTOR/GENERAL COUNSEL
A Scottish qualified solicitor, Peter Wilson joined from McClure Naismith, Bowleven's then legal advisers, where he was a partner in their Edinburgh office specialising in corporate law. He is a Director, General Counsel and Company Secretary of Bowleven. Peter has been advising Bowleven on contractual, legal and compliance matters since 1999. He was appointed to the Bowleven Board in 2005.

7. PHILIP TRACY, NON-EXECUTIVE DIRECTOR
Philip Tracy was appointed as a Non-Executive Director on 3 May 2011. He was previously Operations and Engineering Director of Cairn Energy PLC, with responsibility for Cairn's engineering and operations activities worldwide. He is a Chartered Engineer with over 38 years of experience in the international oil and gas industry, including 17 years at plc board level. Philip holds an MSc in Petroleum Engineering from Imperial College (1981) and a BSc in Chemical Engineering from Leeds University (1972). He is currently an Honorary Professor in the Petroleum Engineering Department of Edinburgh's Heriot-Watt University.

Philip assumed the role of Operations Director for Bowleven on an interim basis with effect from 1 August 2011 following the announcement of the departure of John Morrow (as Chief Operating Officer).

8. 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 her switch to equities in 1994, she worked for the oil industry consultants Wood Mackenzie (where her coverage included West Africa), and before that as part of the specialist oil and gas mergers and acquisitions team at Schroders. She has a degree in Modern History from the University of Cambridge. She was appointed to the Bowleven Board in 2006.

9. TIM SULLIVAN, NON-EXECUTIVE DIRECTOR
Tim Sullivan is also 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. 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 to 2002. He has an MSc in Geophysics from Birmingham University. He was appointed to the Bowleven Board in 2009.

1. Ronnie Hanna
Non-Executive Chairman

2. Kevin Hart
Chief Executive Officer

3. John Brown
Finance Director

4. Ed Willett
Exploration Director

5. Chief Tabetando
Chairman of EurOil

6. Peter Wilson
Director/General Counsel

7. Philip Tracy
Non-Executive Director

8. Caroline Cook
Non-Executive Director

9. Tim Sullivan
Non-Executive Director


VANTAGE

OUR RESULTS REFLECT THE ONGOING APPRAISAL AND EXPLORATION WORK REQUIRED TO COMMERCIALISE OUR ASSET BASE

Financial Statements

Shareholders Information

DIRECTORS' REPORT

The Directors submit their report and the Group financial statements of Bowleven plc for the year ended 30 June 2011.

PRINCIPAL ACTIVITY

The principal activity of the Group is oil and gas exploration in West Africa.

REVIEW OF THE BUSINESS

The Chairman's and Chief Executive's Review (pages 4 to 7) and the Exploration and Operational Review (pages 12 to 19) describe the 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 the payment of a dividend (2010: nil).

FUTURE DEVELOPMENTS

As discussed in the Chairman's and Chief Executive's Review on pages 4 to 7, the Directors believe that the Group is in a good position to continue to develop its asset base. The anticipated gross proceeds of approximately $124 million, following shareholder approval of an equity placing at a General Meeting to be held on 7 November 2011, would further strengthen that position.

POST BALANCE SHEET EVENTS

On 19 October 2011, the Company announced that it had raised gross proceeds of approximately $124 million by way of an equity placing, conditional upon shareholder approval which will be sought at a General Meeting of the Company to be held on 7 November 2011.

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 2011	At 1 July 2010
J D Brown	97,675	85,090
C Cook*	135,000	135,000
R G Hanna*	310,125	310,125
K Hart	1,990,000	1,967,073
J A C Morrow(ii)	141,419	125,401
T Sullivan*	96,745	96,745
Chief Tabetando	1,080,428	1,047,738
P O J Tracy*(i)	–	–
E A F Willett	192,235	176,217
P G Wilson	252,119	238,390
	4,295,746	**4,181,779**

* Denotes Non-Executive Directors.
(i) Appointed 3 May 2011.
(ii) Resigned 22 July 2011.

DIRECTORS' LIABILITIES

Qualifying third party indemnity provisions for the benefit of all of the Directors were in force throughout the financial year.

SUBSTANTIAL SHAREHOLDERS*

As of 18 October 2011, 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:

	Shares	%
BlackRock	32,499,700	15.04
F&C Asset Management	19,297,823	8.93
JPMorgan Asset Management	17,044,240	7.89
Newton Investment Management	15,674,423	7.25
Capital Group International	13,484,238	6.24
M&G Investment Management	9,119,329	4.22
Henderson Global Investors	6,846,171	3.17

As at 18 October 2011, the Company had not been notified of any other person who is interested in 3% or more of the Company's ordinary share capital.

SHAREHOLDER INFORMATION*

The ordinary shares of the Company are listed on AIM under the symbol 'BLVN'. As at 18 October 2011, the broad distribution of the ordinary shares in issue was as follows:

	Shares	%
Institutions	181,272,734	83.90
Other individuals	30,476,260	14.11
Directors and management	4,308,327	1.99
	216,057,321	**100**

* Substantial Shareholders on page 26 and Shareholder Information detailed above is calculated on the basis of the issued share capital of the Company as at 18 October 2011. The successful completion of an equity placing, conditional upon shareholder approval at a General Meeting to be held on 7 November 2011, would increase the issued share capital of the Company to 293,557,321 ordinary shares.

CORPORATE GOVERNANCE

The Directors are aware of the UK Corporate Governance Code (June 2010) applicable to all companies with a Premium Listing of equity shares. As an AIM listed Company, the Company is not required to comply with the UK Corporate Governance Code but the Directors nonetheless intend to comply with its main provisions as far as is practicable, having regard to the size of the Group.

BOARD STRUCTURE

The Board currently comprises five Executive Directors and four Non-Executive Directors, including the Chairman. Following John Morrow's retirement as Chief Operating Officer, Philip Tracy, assumed the executive role of Operations Director on an interim basis with effect from 1 September 2011. Whilst performing the role of Operations Director, Philip Tracy has temporarily stood down as a member of the Audit Committee. The Board has a formal schedule of matters reserved for its decisions. In addition to those formal matters required by the Companies Act 2006, 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 a Solicitor), and receive appropriate training where necessary.

Biographies of the Directors are set out on page 22. These demonstrate a range of experience and calibre considered sufficient to bring independent judgement 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 every three years, when they can offer themselves for re-election, if eligible. In accordance with the Company's Articles of Association, at the 2011 Annual General Meeting (AGM), John Brown, Chief Tabetando and Ed Willett will be retiring from the Board and will offer themselves for re-election. In addition, Directors appointed to the Board hold office only until the dissolution of the AGM of the Company immediately following their appointment. Philip Tracy, who was appointed as a Non-Executive Director on 3 May 2011, will resign and offer himself for re-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.

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

The Remuneration Committee comprises Ronnie Hanna (Chairman), Caroline Cook, Tim Sullivan and Philip Tracy. The Committee 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 30 to 32.

AUDIT COMMITTEE

The Audit Committee comprises Caroline Cook (Chairman), Ronnie Hanna and Tim Sullivan. Philip Tracy has temporarily stood down as a member of the Committee with effect from 1 September 2011 when he took on responsibility as Interim Operations Director. He will continue to receive notice of and to attend meetings of the Audit Committee at the invitation of the Chairman of the Audit Committee but he will not vote on any matters before the Committee. The Committee meets at least twice a year and is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. It liaises with the auditor and reviews the reports from the auditor relating to the accounts.

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 Head of Investor Relations (IR) ensures that a comprehensive investor relations programme is in place to allow the Company to meet with a broad range of shareholders.

The Chief Executive Officer and the Head of IR both maintain regular dialogue with major institutional investors and analysts. Management meet throughout the year with analysts and institutional investors, and after the Group's preliminary announcement of year end results and interim results, when an analyst presentation and investor roadshow are often held. In addition to these investor roadshows, the Company also attends various conferences or investor events. These tend to comprise a mix of presentation and one-to-one or group meetings which are held at various times during the year. In addition to meetings with investors in the UK, the Company has expanded its regular IR programme to cover conferences and investor meetings overseas, in particular North America. To assist with this initiative, the Company has employed the services of an IR advisory firm based in the United States. 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.

DIRECTORS' REPORT CONTINUED

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. Shareholders and other interested parties can also subscribe to receive news updates by email by contacting the Company to request inclusion on the Company distribution list. The Head of IR, Kerry Crawford, can also be contacted via email at info@bowleven.com or by telephone on +44 (0) 131 524 5678.

ANNUAL GENERAL MEETING

The 2011 AGM will be held at the offices of Shepherd and Wedderburn LLP, 5th Floor, 1 Exchange Crescent, Conference Square, Edinburgh, EH3 8UL at 11 a.m. (UK time) on 14 December 2011. Formal notice of the AGM, including details of special business, is set out in a notice of meeting on pages 64 to 66 and on the Company's website at http://www.bowleven.com/AGM.asp.

RISKS AND INTERNAL CONTROLS

Bowleven's business, financial standing and reputation may be impacted by various risks, not all of which are within its control. The Group identifies and monitors the key risks and uncertainties affecting the Group and runs its business in a way that minimises the impact of such risks where possible. Bowleven has established a Group Risk Forum (GRF) that is responsible for regularly reviewing the key risks faced by the business and providing regular Board updates on risk. The risk management framework and processes adopted by the GRF involve the identification, assessment, mitigation, monitoring and reporting of all key risks on a regular basis.

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 these 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 nature of the Group's operations exposes it to a wide range of significant health, safety, security and environmental (HSSE) risks.
- 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, who 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 does, however, 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.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objectives and policies are discussed in note 24 to the financial statements on pages 61 to 63.

GOING CONCERN

In making their going concern assessment, the Directors have considered Group budgets and cash flow forecasts and recognised that in order to finance exploration and appraisal activities it would be necessary to raise additional funds.

On 19 October 2011, we announced that we had raised gross proceeds of approximately $124 million by way of an equity placing conditional upon shareholder approval at a General Meeting to be held on 7 November 2011. The Directors believe that the required shareholder approval will be obtained and the equity placing will complete. Accordingly, the financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group will have sufficient funds to meet their ongoing working capital and committed capital expenditure requirements over the next 12 months.

However, there is completion risk as there is no guarantee that the equity placing will be approved. As additional funding has not been secured at the date of this report there is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

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 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 of receipt of a valid invoice for goods or services. Based on the average daily amount invoiced by suppliers to the Group during the year, trade creditors of the Group at 30 June 2011 were equivalent to 25 days' purchases.

DONATIONS

The Group made charitable donations of $1,000 in the UK (2010: nil). No donations were made to any EU or non-EU political organisation (2010: $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 person with a disability is, as far as possible, identical to that of a person without one.

EMPLOYEE INVOLVEMENT

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

AUDITOR AND DISCLOSURE OF INFORMATION TO THE AUDITOR

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

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

On behalf of the Board

Peter G Wilson
Director
2 November 2011

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, Tim Sullivan and Philip Tracy. All are Non-Executive Directors. The Committee meets at least twice a year and more often if required.

The Committee 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 awards under the long term incentive plan (LTIP) to Directors and senior management and share options to employees. Independent advisers are engaged to advise the Committee as required.

Directors do not 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 shareholders.

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 awards

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(i)	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

(i) Resigned 22 July 2011.

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 $126,339 (£80,000) per annum. Caroline Cook, Tim Sullivan and Philip Tracy each receive a fee of $58,413 (£37,000) per annum.

In addition to his fees as a Non-Executive Director, Philip Tracy receives a fee for his role as Interim Operations Director, providing technical services and advice to the Group under a service contract. His fees for this are calculated on the basis of a rate of $2,402 (£1,500) per day.

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 2011 $'000	Total 2010 $'000
Executives						
J D Brown	322	138	1	–	461	592
K Hart	572	383	2	–	957	1,216
J A C Morrow(ii)	402	108	13	–	523	746
Chief Tabetando	402	496(iii)	16	–	914	684
E A F Willett	358	180	3	–	541	661
P G Wilson	322	106	3	–	431	593
Non-Executives						
C Cook	–	–	–	58	58	52
R G Hanna	–	–	–	126	126	100
T Sullivan	–	–	–	58	58	52
P O J Tracy(i)	–	–	–	10	10	–
Total	**2,378**	**1,411**	**38**	**252**	**4,079**	**4,696**

(i) Appointed 3 May 2011.
(ii) Resigned 22 July 2011.
(iii) Includes a bonus in respect of both 2010 and 2011.

The performance related bonus is capped at a maximum of 100% of annual salary in the case of the Chief Executive Officer and 75% in the case of the other UK Executive Directors. The bonus is based as to 50% of any award upon the individual's own performance and as to the remaining 50% of any award 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 (2010: $nil).

DIRECTORS' SHARE OPTIONS AND LONG TERM INCENTIVE PLAN

Share options

No Directors had any interest in share options at 30 June 2011 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.

DIRECTORS' REMUNERATION REPORT CONTINUED

The number of awards held by Directors is as follows:

Performance period	J D Brown	K Hart	J A C Morrow	Chief Tabetando	E A F Willett	P G Wilson
11.01.11 to 11.01.14	48,684	105,263	52,632*	56,579	60,526	39,474
10.12.09 to 10.12.12	270,000	585,000	270,000*	270,000	225,000	165,000
11.12.08 to 11.12.11	327,273	775,758	409,091	477,273	424,242	327,273
Total	**645,957**	**1,466,021**	**731,723**	**803,852**	**709,768**	**531,747**

* Lapsed on 22 October 2011.

The number of LTIPs which vested and lapsed during the year is as follows:

Performance period 13.12.07 to 13.12.10	J D Brown	K Hart	J A C Morrow	Chief Tabetando	E A F Willett	P G Wilson
Original Award	55,000	110,000	70,000	70,000	70,000	60,000
Vested	25,685	51,370	32,690	32,690	32,690	28,020
Lapsed	29,315	58,630	37,310	37,310	37,310	31,980

The closing share price at 30 June 2011 was 335.25p and the highest and lowest prices during the year were 398p and 126.25p respectively.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE GROUP AND COMPANY FINANCIAL STATEMENTS

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

United Kingdom 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. The Directors have elected to prepare the Company financial statements on the same basis.

United Kingdom company law also provides that the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
— State that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
— Make judgements and estimates that are reasonable and prudent.

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BOWLEVEN PLC

We have audited the Group and Company financial statements (the 'financial statements') of Bowleven plc for the year ended 30 June 2011 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 Comprehensive Income, the Group and Company Statements of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 33, 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 and express an opinion of 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 parent 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. In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's and Company's ability to continue as a going concern. The conditions explained in note 1 to the financial statements indicate the existence of a material uncertainty that may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and Company's affairs as at 30 June 2011 and of the Group's loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- The parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Hywel Ball
(Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor, Edinburgh
2 November 2011

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 $'000	2010 $'000
Revenue		–	–
Administrative expenses		(13,218)	(12,399)
Unsuccessful exploration costs	3	(41,704)	–
Operating loss before financing costs	3	(54,922)	(12,399)
Finance income	5	700	31,881
Finance costs	6	(22,594)	(1)
(Loss)/profit from continuing operations before taxation		(76,816)	19,481
Taxation	7	–	–
(Loss)/Profit for the Year From Continuing Operations Attributable to Equity Shareholders of the Parent Undertaking		**(76,816)**	**19,481**
Basic and diluted (loss)/profit per share ($/share) from continuing operations	8	(0.37)	0.10

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 $94,532,000 (2010: profit of $1,002,000).

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

Group	Notes	2011 $'000	2010 $'000
(Loss)/profit for the year	18	(76,816)	19,481
Other Comprehensive Income:			
Currency translation differences	18	23,668	(35,495)
Total Comprehensive Income for the year Attributable to Equity Shareholders		**(53,148)**	**(16,014)**

Company	Notes	2011 $'000	2010 $'000
(Loss)/profit for the year	18	(94,532)	1,002
Other Comprehensive Income:			
Currency translation differences	18	26,357	(39,980)
Total Comprehensive Income for the year Attributable to Equity Shareholders		**(68,175)**	**(38,978)**

GROUP BALANCE SHEET
30 JUNE 2011

	Notes	2011 $'000	2010 $'000
Non-current Assets			
Intangible exploration assets	10	340,637	304,350
Property, plant and equipment	11	802	747
		341,439	305,097
Current Assets			
Inventory	13	8,180	6,926
Trade and other receivables	14	24,390	43,934
Cash and cash equivalents	15	96,621	79,152
		129,191	130,012
Assets held-for-sale	9	41,624	–
Total Assets		**512,254**	**435,109**
Current Liabilities			
Trade and other payables	16	(38,673)	(23,548)
Liabilities related to disposal unit held-for-sale	9	(588)	–
Total Liabilities		**(39,261)**	**(23,548)**
Net Assets		**472,993**	**411,561**
Equity			
Called-up share capital	17, 18	37,881	34,280
Share premium	18	619,729	510,538
Foreign exchange reserve	18	(55,187)	(78,855)
Shares held by Employee Benefit Trust	18	(580)	(944)
Other reserves	18	12,341	12,076
Retained deficit	18	(141,191)	(65,534)
Total Equity Attributable to the Equity Shareholders	**18**	**472,993**	**411,561**

The financial statements on pages 35 to 63 were approved by the Board of Directors and authorised for issue on 2 November 2011 and are signed on their behalf by:

John D Brown
Director

COMPANY BALANCE SHEET
30 JUNE 2011

	Notes	2011 $'000	2010 $'000
Non-current Assets			
Property, plant and equipment	11	427	474
Investments	12	1,876	47,350
		2,303	47,824
Current Assets			
Trade and other receivables	14	382,558	306,543
Cash and cash equivalents	15	96,336	78,860
		478,894	385,403
Total Assets		**481,197**	**433,227**
Current Liabilities			
Trade and other payables	16	(4,562)	(2,633)
Total Liabilities		**(4,562)**	**(2,633)**
Net Assets		**476,635**	**430,594**
Equity			
Called-up share capital	17, 18	37,881	34,280
Share premium	18	619,729	510,538
Foreign exchange reserve	18	(66,997)	(93,354)
Other reserves	18	6,915	6,634
Retained deficit	18	(120,893)	(27,504)
Total Equity Attributable to the Equity Shareholders	**18**	**476,635**	**430,594**

The financial statements on pages 35 to 63 were approved by the Board of Directors and authorised for issue on 2 November 2011 and are signed on their behalf by:

John D Brown
Director

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 $'000	2010 $'000
Cash Flows from Operating Activities			
(Loss)/profit before tax		(76,816)	19,481
Adjustments to reconcile Group (loss)/profit before tax to net cash used in operating activities:			
Unsuccessful exploration costs		41,704	–
Depreciation of property, plant and equipment		462	496
Finance income		(700)	(31,881)
Finance costs		22,594	1
Equity-settled share based payment transactions		1,788	2,106
Adjusted loss before tax prior to changes in working capital		(10,968)	(9,797)
(Increase)/decrease in inventory		(1,657)	1,842
Increase in trade and other receivables		(686)	(804)
Increase in trade and other payables		1,940	1,490
Exchange differences		(437)	63
Net Cash Used in Operating Activities		**(11,808)**	**(7,206)**
Cash Flows Used in Investing Activities			
Purchases of property, plant and equipment		(524)	(317)
Purchases of intangible exploration assets		(85,182)	(39,352)
Interest received		732	713
Net Cash Used in Investing Activities		**(84,974)**	**(38,956)**
Cash Flows from/(used in) Financing Activities			
Net proceeds from issue of ordinary shares		112,792	533
Purchase of own shares		–	(975)
Net Cash Flows from/(used in) Financing Activities		**112,792**	**(442)**
Net Increase/(Decrease) in Cash and Cash Equivalents		**16,010**	**(46,604)**
Net increase/(decrease) in cash and cash equivalents		16,010	(46,604)
Effect of exchange rates on cash and cash equivalents		1,511	(4,531)
Cash and cash equivalents at the beginning of the year		79,152	130,287
Cash and Cash Equivalents at the Year End	**15**	**96,673**	**79,152**

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 $'000	2010 $'000
Cash Flows from Operating Activities			
(Loss)/profit before tax		(94,532)	1,002
Adjustments to reconcile Company (loss)/profit before tax to net cash used in operating activities:			
Depreciation of property, plant and equipment		326	356
Impairment costs		73,168	–
Finance income		(700)	(11,961)
Finance costs		10,181	–
Equity-settled share based payment transactions		1,539	1,902
Adjusted loss before tax prior to changes in working capital		(10,018)	(8,701)
Increase in trade and other receivables		(101,166)	(19,024)
Increase in trade and other payables		1,929	972
Exchange differences		12,022	(19,785)
Net Cash Used in Operating Activities		**(97,233)**	**(46,538)**
Cash Flows from Investing Activities			
Purchases of property, plant and equipment		(279)	(147)
Interest received		732	554
Net Cash Flows from Investing Activities		**453**	**407**
Cash Flows from Financing Activities			
Net proceeds from issue of ordinary shares		112,792	533
Net Cash Flows from Financing Activities		**112,792**	**533**
Net Increase/(Decrease) in Cash and Cash Equivalents		**16,012**	**(45,598)**
Net increase/(decrease) in cash and cash equivalents		16,012	(45,598)
Effect of exchange rates on cash and cash equivalents		1,464	(4,443)
Cash and cash equivalents at the beginning of the year		78,860	128,901
Cash and Cash Equivalents at the Year End	**15**	**96,336**	**78,860**

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Group	Equity share capital* $'000	Foreign exchange reserve $'000	Shares held in trust $'000	Other reserves $'000	Retained deficit $'000	Total equity $'000
At 1 July 2009	544,285	(43,360)	–	12,296	(87,310)	425,911
Profit for the year	–	–	–	–	19,481	19,481
Other comprehensive income for the year	–	(35,495)	–	–	–	(35,495)
Total comprehensive income for the year	–	(35,495)	–	–	19,481	(16,014)
Proceeds from issue of share capital	537	–	–	–	–	537
Cost of issue of share capital	(4)	–	–	–	–	(4)
Share based payments	–	–	–	2,106	–	2,106
Transfer between reserves	–	–	31	(2,326)	2,295	–
Shares purchased by Employee Benefit Trust	–	–	(975)	–	–	(975)
At 30 June 2010	**544,818**	**(78,855)**	**(944)**	**12,076**	**(65,534)**	**411,561**
Loss for the year	–	–	–	–	(76,816)	(76,816)
Other comprehensive income for the year	–	23,668	–	–	–	23,668
Total comprehensive income for the year	–	23,668	–	–	(76,816)	(53,148)
Proceeds from issue of share capital	115,477	–	–	–	–	115,477
Cost of issue of share capital	(2,685)	–	–	–	–	(2,685)
Share based payments	–	–	–	1,788	–	1,788
Transfer between reserves	–	–	364	(1,523)	1,159	–
At 30 June 2011	**657,610**	**(55,187)**	**(580)**	**12,341**	**(141,191)**	**472,993**

Company	Equity share capital* $'000	Foreign exchange reserve $'000	Other reserves $'000	Retained deficit $'000	Total equity $'000
At 1 July 2009	544,285	(53,374)	7,059	(30,801)	467,169
Profit for the year	–	–	–	1,002	1,002
Other comprehensive income for the year	–	(39,980)	–	–	(39,980)
Total comprehensive income for the year	–	(39,980)	–	–	(38,978)
Proceeds from issue of share capital	537	–	–	–	537
Cost of issue of share capital	(4)	–	–	–	(4)
Share based payments	–	–	1,870	–	1,870
Transfer between reserves	–	–	(2,295)	2,295	–
At 30 June 2010	**544,818**	**(93,354)**	**6,634**	**(27,504)**	**430,594**
Loss for the year	–	–	–	(94,532)	(94,532)
Other comprehensive income for the year	–	26,357	–	–	26,357
Total comprehensive income for the year	–	26,357	–	(94,532)	(68,175)
Proceeds from issue of share capital	115,477	–	–	–	115,477
Cost of issue of share capital	(2,685)	–	–	–	(2,685)
Share based payments	–	–	1,788	–	1,788
Transfer between reserves	–	–	(1,507)	1,507	–
Transfer from Employee Benefit Trust	–	–	–	(364)	(364)
At 30 June 2011	**657,610**	**(66,997)**	**6,915**	**(120,893)**	**476,635**

* Includes both share capital and share premium.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 ACCOUNTING POLICIES
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.

GOING CONCERN
In making their going concern assessment, the Directors have considered Group budgets and cash flow forecasts and recognised that in order to finance exploration and appraisal activities it would be necessary to raise additional funds.

On 19 October 2011, we announced that we had raised gross proceeds of approximately $124 million by way of an equity placing, conditional upon shareholder approval at a General Meeting on 7 November 2011. The Directors believe that the required shareholder approval will be obtained and the equity placement will complete. Accordingly, the financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group will have sufficient funds to meet their ongoing working capital and committed capital expenditure requirements over the next 12 months.

However, there is completion risk as there is no guarantee that the equity placement will be approved. As additional funding has not been secured at the date of this report there is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

ACCOUNTING STANDARDS
During the year ending 30 June 2011, Bowleven adopted the following improvements to standards and interpretations:

Standard and Impact on Policy
IAS 7 'Statement of Cash Flows'. The amendment states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. Currently no impact on the Group position.

IFRS 5 'Non-current Assets Held-for-Sale and Discontinued Operations. The amendment clarifies the disclosure required for non-current assets, disposal groups classified as held-for-sale and discontinued operations. The Group has provided disclosure in line with the amendment as detailed in note 9.

IFRS 8 'Operating Segments'. Segment assets and liabilities need only be reported when those assets and liabilities are included in measures by the chief operating decision maker. The Group has provided the required disclosure relating to operating segments as detailed in note 2.

The following amendments/improvements are now effective but currently have no impact on the Group:

IAS 1 'Presentation of Financial Statements'
IFRS 2 'Group Cash-Settled Share Based Payment Arrangements'
IFRS 3 'Business Combinations'
IAS 17 'Leases'
IAS 27 'Consolidated and Separate Financial Statements (amended)'
IAS 32 'Financial Instruments: Presentation – Classification of Rights Issues (amendment)'
IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'
IAS 36 'Impairment of Assets'
IAS 39 'Financial Instruments: Recognition and Measurement'

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 not yet effective, hence have not yet been adopted:

Standard	Expected date of adoption by Group
IAS 24 'Related Party Disclosure'	1 July 2011
IFRIC 14 'Prepayments of a Minimum Funding Requirement (amendment)'	Not applicable
IFRS 9 'Financial Instruments'	1 January 2013
IFRS 7 'Financial Instruments: Disclosures (amendment)'	1 July 2011
IAS 12 'Income Taxes (amendment) – Deferred Taxes: Recovery and Underlying Assets'	Not applicable
IFRS 10 'Consolidated Financial Statements'	1 January 2013
IFRS 11 'Joint Arrangements'	1 January 2013
IFRS 12 'Disclosure of Interests in Other Entities'	1 January 2013
IFRS 13 'Fair Value Measurement'	1 January 2013

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.

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.
— Assets and Liabilities Held-for-Sale.

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 acquisition 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 6 and 7 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 when there has been a change in circumstances to the extent that the discounted future net cash flows are higher than the net book value at the time. In reversing impairment losses, the carrying amount of the asset will be increased to the carrying value that would have been determined had no impairment loss been recognised in prior periods.

OIL AND GAS: EVALUATED OIL AND GAS PROPERTIES (DEVELOPMENT/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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 CONTINUED

1 ACCOUNTING POLICIES CONTINUED

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.

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 (2010: $80/bbl) and 0% escalation for costs in 2011; otherwise escalation for prices and costs of 3% p.a. (2010: 3%) and a discount rate of 10% (2010: 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.

ASSETS AND LIABILITIES HELD-FOR-SALE

Non-current assets and related current assets and liabilities are classified as held-for-sale when it is highly probable that the carrying value of the asset will be recovered principally through a sale transaction as opposed to continuing use. A sale is considered highly probable when buyers have been identified and the sale is expected to qualify for recognition within one year from the date of classification.

Assets held-for-sale are measured at the lower of its carrying amount and fair value less costs to sell.

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 over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options 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.

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

CURRENT AND DEFERRED TAX
The tax expense represents the sum of the current tax expense and deferred tax expense.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised 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.

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 into US Dollars at exchange rates presiding at the Balance Sheet date, 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 2011 is $1.6013/£1 (2010: $1.5152/£1).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 CONTINUED

2 SEGMENTAL INFORMATION

For management reporting purposes, the Group has one operating segment as follows:

'West Africa' operations focus on exploration activities in Cameroon and Gabon. Included in this segment are the assets and liabilities relating to GGPC Gabon (EOV) Limited which have been classified as held-for-sale as at 30 June 2011.

'Other' includes amounts of a corporate nature which are not specifically attributable to the West Africa segment and adjustments required upon consolidation.

No operating segments have been aggregated to form the above reportable operating segments.

	2011 West Africa $'000	2011 Other $'000	2011 Group $'000	2010 West Africa $'000	2010 Other $'000	2010 Group $'000
Administration expenses	(1,198)	(11,558)	**(12,756)**	(1,302)	(10,601)	**(11,903)**
Depreciation	(136)	(326)	**(462)**	(140)	(356)	**(496)**
Unsuccessful exploration costs	(41,704)	–	**(41,704)**	–	–	**–**
Foreign exchange	(12,414)	(10,179)	**(22,593)**	19,760	11,267	**31,027**
Interest income	–	700	**700**	161	693	**854**
Finance costs	–	(1)	**(1)**	–	(1)	**(1)**
Taxation	–	–	**–**	–	–	**–**
(Loss)/Profit for the Year	**(55,452)**	**(21,364)**	**(76,816)**	**18,479**	**1,002**	**19,481**
Capital expenditure	119,000	251	**119,251**	16,414	202	**16,616**
Segment assets	413,338	98,916	**512,254**	359,589	75,520	**435,109**
Segment liabilities	(34,699)	(4,562)	**(39,261)**	(21,600)	(1,948)	**(23,548)**

Other operating assets include cash balances.

3 OPERATING LOSS

Operating loss is stated after charging:

	2011 $'000	2010 $'000
Depreciation of owned property, plant and equipment	462	496
Operating lease rentals – land and buildings	308	284
Unsuccessful exploration costs	41,704	–

Following a joint technical review by Bowleven and the operator, Addax; the decision was taken to relinquish the onshore Gabon Epaemeno Permit resulting in unsuccessful exploration costs of $41.7 million being charged to the Income Statement in the current financial year.

Audit and non-audit fees are analysed as follows:

In respect of Ernst & Young LLP and its associates:	2011 $'000	2010 $'000
Audit Fees in Respect of the Group(i)	**134**	**123**
Other fees to auditors and its associates:		
– local statutory audits for subsidiaries	22	21
– taxation services	68	46
– other services(ii)	220	284
	310	**351**

(i) $16,000 of this relates to the Company (2010: $15,000).
(ii) Other services include support regarding local returns for overseas operations.

4 STAFF COSTS AND DIRECTORS' EMOLUMENTS

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

	2011 Number	2010 Number
Management	6	6
Administration and operations	69	63
	75	**69**

The aggregate payroll costs for the above persons comprised:

	2011 $'000	2010 $'000
Wages and salaries	8,414	8,562
Social security costs	957	893
Share based payments	1,788	2,106
	11,159	**11,561**

Certain payroll costs included above are capitalised within intangible assets in EurOil Limited, GGPC Gabon (EOV) Limited and GGPC Gabon (Epaemeno) Limited, wholly-owned subsidiary undertakings, as the amounts represent exploration costs. These costs total $2,576,000 (2010: $2,294,000), $322,000 (2010: $315,000) and $6,000 (2010: $33,000) respectively.

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

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 30 to 32.

Remuneration of directors:

	2011 $'000	2010 $'000
Aggregate emoluments	4,079	4,696
Share based payments	848	940
Social security costs	489	484
	5,416	**6,120**

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

Six Directors received awards under the LTIP.

The remuneration in respect of the highest paid Director was:

	2011 $'000	2010 $'000
Emoluments	**957**	**1,216**

5 FINANCE INCOME

	2011 $'000	2010 $'000
Bank interest	700	854
Exchange rate gain	–	31,027
	700	**31,881**

6 FINANCE COSTS

	2011 $'000	2010 $'000
Bank interest	1	1
Exchange rate loss	22,593	–
	22,594	**1**

The main contributor to the exchange rate loss is the recognition of foreign exchange differences on intra-group funding under IFRS as the US Dollar weakened against GB Pound.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 CONTINUED

7 TAXATION

(a) Recognised in the Income Statement:

	2011 $'000	2010 $'000
UK Corporation Tax Based on the Results for the Year at 27.5% (2010: 28%)	–	–

(b) Factors Affecting the Tax Charge for the Year

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

	2011 $'000	2010 $'000
(Loss)/profit before tax	(76,816)	19,481
Corporation tax at the domestic income tax rate of 27.5% (2010: 28%)	(21,125)	5,455
Effects of:		
Expenses not deductible for tax purposes	18,224	653
Depreciation in excess of capital allowances	31	46
Non-taxable income	–	(7,701)
Tax losses not utilised	2,550	1,234
Other	320	313
Total Tax	–	–

Applicable tax rate is computed at 27.5% (2010: 28%). On 1 April 2011 the corporation tax rate was reduced from 28% to 26%.

(c) Deferred Tax

At 30 June 2011, tax losses were $50 million (2010: $40 million). 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.

8 BASIC AND DILUTED (LOSS)/PROFIT PER SHARE

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

	2011 $'000	2010 $'000
Net (Loss)/Profit Attributable to Equity Holders of the Parent Undertaking	**(76,816)**	**19,481**

	2011 Number	2010 Number
Basic Weighted Average Number of Ordinary Shares	**206,422,695**	**193,192,562**

	2011 $	2010 $
Basic and Diluted (Loss)/Profit Per Share – Ordinary Shares	**(0.37)**	**0.10**

The loss attributable to ordinary shares and the number of ordinary shares for the purpose of calculating the diluted earnings per share are identical to those used in the basic earnings per share. The exercise of share options would have the effect of reducing the loss per share and consequently is not taken into account. In the prior year, the diluted earnings per share was calculated using the same profit as the basic earnings per share calculation on 194,588,485 ordinary shares, being the basic weighted average of 193,192,562 and 1,395,923 dilutive potential ordinary shares relating to share options.

9 ASSETS AND LIABILITIES HELD-FOR-SALE

The assets and liabilities in relation to GGPC Gabon (EOV) Limited have been classified as held-for-sale on the Balance Sheet in anticipation of the completion of the disposal of the company. Refer to the Financial Review on page 21 for further details.

The assets and liabilities in relation to GGPC Gabon (EOV) Limited classified as held-for-sale as at 30 June 2011 are presented below:

	As at 30 June 2011 $'000
Assets	
Intangible exploration assets – net	40,864
Property, plant and equipment – net	7
Inventory	403
Trade and other receivables	298
Cash and cash equivalents	52
Assets held-for-sale	**41,624**
Liabilities	
Trade and other payables	(588)
Liabilities related to disposal unit held-for-sale	**(588)**
Net Assets Directly Associated with Disposal Unit Held-for-Sale	**41,036**

10 INTANGIBLE EXPLORATION ASSETS

Group	Exploration and appraisal expenditure $'000
Cost	
At 1 July 2009	338,584
Additions	16,245
At 30 June 2010	**354,829**
Additions	118,855
Unsuccessful exploration costs	(41,704)
Transfer to assets held-for-sale	(91,343)
At 30 June 2011	**340,637**
Impairment	
At 1 July 2009 and 30 June 2010	50,479
Transfer to assets held-for-sale	(50,479)
At 30 June 2011	–
Net book value	
At 30 June 2011	**340,637**
At 30 June 2010	**304,350**
At 1 July 2009	**288,105**

Unsuccessful exploration costs of $41.7 million relating to the Epaemeno asset were recognised in the current financial year. Refer to note 3 for further details.

On 1 April 2011, the Group entered into a revised option agreement with Vitol E&P Limited ('VEP'), in respect of the Etinde Permit, Cameroon. Under the agreement, Vitol retains the option to acquire an additional 10% beneficial interest in block MLHP-7, Etinde, in return for funding an agreed $50 million gross appraisal work programme. The option now expires on the earlier of (i) one month following delivery of the finalised dataset acquired under a planned four component 3D ocean bottom cable (3D 4C OBC) seismic programme over IE and IF and (ii) 31 March 2012, subject to the continuation of the exploration phase of the Etinde PSC. The option arrangement excludes blocks MLHP-5 and MLHP-6, Etinde. Bowleven will retain operatorship of all three blocks.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 CONTINUED

10 INTANGIBLE EXPLORATION ASSETS CONTINUED

On 30 September 2010, the Group entered into a revised option agreement with VEP, in respect of the Etinde Permit. Under the agreement, Vitol had an option to acquire a 10% participating interest in block MLHP-7, Etinde, in return for funding an agreed $50 million gross appraisal work programme. The option lapsed on 31 March 2011 and was replaced by the revised option agreement described above.

On 12 August 2009, the Group entered into a farm-out agreement with VEP, in respect of the Etinde Permit. The transaction comprised (i) the acquisition by VEP of an initial 25% interest in Etinde, in return for funding a $100 million gross work programme and (ii) an option to acquire a further 25% interest. The option to acquire a further 25% interest lapsed on 30 September 2010 and was replaced by the revised option agreement described above.

The impairment charge of $50.4 million, re-classified to assets held-for-sale relates to the EOV asset which was recognised in the 2009 financial year.

Company

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

11 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements $'000	Plant and machinery $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Cost					
At 1 July 2009	678	318	906	548	2,450
Foreign currency adjustment	(36)	(21)	(77)	–	(134)
Additions	–	121	250	–	371
Disposals	–	–	(2)	(22)	(24)
At 30 June 2010	**642**	**418**	**1,077**	**526**	**2,663**
Foreign currency adjustment	22	12	57	–	91
Additions	3	37	456	–	496
Transfer between categories	–	(14)	14	–	–
Transfer to assets held-for-sale	–	(12)	(4)	–	(16)
At 30 June 2011	**667**	**441**	**1,600**	**526**	**3,234**
Depreciation					
At 1 July 2009	426	210	512	376	1,524
Foreign currency adjustment	(18)	(14)	(50)	–	(82)
Charge for year	89	62	264	81	496
Disposals	–	–	–	(22)	(22)
At 30 June 2010	**497**	**258**	**726**	**435**	**1,916**
Foreign currency adjustment	14	10	39	–	63
Charge for year	79	61	285	37	462
Transfer between categories	–	(1)	1	–	–
Transfer to assets held-for-sale	–	(7)	(2)	–	(9)
At 30 June 2011	**590**	**321**	**1,049**	**472**	**2,432**
Net book value					
At 30 June 2011	**77**	**120**	**551**	**54**	**802**
At 30 June 2010	**145**	**160**	**351**	**91**	**747**
At 1 July 2009	**252**	**108**	**394**	**172**	**926**

Company	Leasehold improvements $'000	Plant and machinery $'000	Computer equipment $'000	Total $'000
Cost				
At 1 July 2009	414	202	812	1,428
Foreign currency adjustment	(36)	(21)	(77)	(134)
Additions	–	52	150	202
Disposals	–	–	(2)	(2)
At 30 June 2010	**378**	**233**	**883**	**1,494**
Foreign currency adjustment	22	13	57	92
Additions	3	7	241	251
Transfer between categories	–	(14)	14	–
At 30 June 2011	**403**	**239**	**1,195**	**1,837**
Depreciation				
At 1 July 2009	164	146	437	747
Foreign currency adjustment	(18)	(14)	(51)	(83)
Charge for year	79	28	249	356
At 30 June 2010	**225**	**160**	**635**	**1,020**
Foreign currency adjustment	14	10	40	64
Charge for year	79	27	220	326
Transfer between categories	–	(1)	1	–
At 30 June 2011	**318**	**196**	**896**	**1,410**
Net book value				
At 30 June 2011	**85**	**43**	**299**	**427**
At 30 June 2010	**153**	**73**	**248**	**474**
At 1 July 2009	**250**	**56**	**375**	**681**

12 INVESTMENTS

Company	Shares in Group companies $'000
Cost	
At 1 July 2009	51,836
Foreign currency adjustment	(4,486)
At 30 June 2010	**47,350**
Foreign currency adjustment	2,690
Additions	249
At 30 June 2011	**50,289**
Impairment	
At 1 July 2009 and 30 June 2010	–
Impairment	(48,413)
At 30 June 2011	**(48,413)**
Net book value	
At 30 June 2011	**1,876**
At 30 June 2010	**47,350**
At 1 July 2009	**51,836**

During the year $249,000 was recognised as additions relating to Bowleven Resources Limited for the award of share options of the Company to the employees of EurOil Limited (subsidiary of Bowleven Resources Limited).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 CONTINUED

12 INVESTMENTS CONTINUED

An impairment charge of $48.4 million relating to Bowleven plc's investment in FirstAfrica Oil Limited was recognised in the current financial year. The impairment is principally a result of the unsuccessful exploration costs of Epaemeno as discussed in note 10 and the transfer of the assets and liabilities relating to GGPC Gabon (EOV) Limited to held-for-sale at the Balance Sheet date as discussed in note 9.

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.

13 INVENTORY

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Inventory	**8,180**	**6,926**	**–**	**–**

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

14 TRADE AND OTHER RECEIVABLES

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Other receivables	1,898	23,942	1,473	658
Amounts owed by Group undertakings	–	–	405,160	305,043
Provision against amounts owed by Group undertakings	–	–	(24,755)	–
Other taxation and social security	96	338	96	338
Joint venture debtors and prepayments	21,609	19,041	–	–
Accrued interest	121	153	121	153
	23,724	**43,474**	**382,095**	**306,192**
Prepayments	666	460	463	351
	24,390	**43,934**	**382,558**	**306,543**

As at 30 June 2011, amounts owed by Group undertakings of $24.7 million (2010: nil) were impaired and fully provided for. The impairment relates solely to the Company and had no impact at a Group level.

The movement in the provision for impairment of receivables is as set out below:

Company	$'000
At 1 July 2009 and 30 June 2010	–
Charge for the year	24,755
At 30 June 2011	**24,755**

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
2011:							
Neither past due nor impaired	23,526	23,526	–	–	–	–	–
Past due but not impaired	198	–	–	–	–	–	198
As at 30 June 2011	**23,724**	**23,526**	**–**	**–**	**–**	**–**	**198**
2010:							
Neither past due nor impaired	43,276	43,276	–	–	–	–	–
Past due but not impaired	198	–	–	–	–	–	198
As at 30 June 2010	**43,474**	**43,276**	**–**	**–**	**–**	**–**	**198**

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

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
2011:							
Neither past due nor impaired	382,095	382,095	–	–	–	–	–
As at 30 June 2011	**382,095**	**382,095**	**–**	**–**	**–**	**–**	**–**
2010:							
Neither past due nor impaired	306,192	306,192	–	–	–	–	–
As at 30 June 2010	**306,192**	**306,192**	**–**	**–**	**–**	**–**	**–**

The majority of the Company receivables relate to intercompany balances.

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash at bank and in hand	1,422	1,491	1,137	1,199
Short-term deposits	95,199	77,661	95,199	77,661
	96,621	**79,152**	**96,336**	**78,860**

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	Group	
	2011 $'000	2010 $'000
Cash and cash equivalents	96,621	79,152
Cash and cash equivalents held in assets held-for-sale	52	–
	96,673	**79,152**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011
CONTINUED

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade payables	221	1,384	134	1,288
Joint venture creditors and accruals	30,534	19,139	–	–
	30,755	**20,523**	**134**	**1,288**
Other taxation and social security	230	95	206	81
Accruals and deferred income	7,688	2,930	4,222	1,264
	38,673	**23,548**	**4,562**	**2,633**

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

	2011			2010		
	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	221	–	221	1,384	–	1,384
Joint venture creditors and accruals	30,534	–	30,534	19,139	–	19,139
	30,755	**–**	**30,755**	**20,523**	**–**	**20,523**

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

	2011			2010		
	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	134	–	134	1,288	–	1,288
	134	**–**	**134**	**1,288**	**–**	**1,288**

17 AUTHORISED AND ISSUED SHARE CAPITAL

Group and Company	2011 £	2010 £
Authorised:		
Ordinary shares of £0.10 each as at 30 June	–	45,000,000

The Companies Act 2006 abolished the requirement for a Company to have an authorised share capital. The Company's new Articles of Association, as adopted at its Annual General Meeting on 13 December 2010, reflects this change.

	2011 Number	2010 Number	2011 $'000	2010 $'000
Allotted, called-up and fully-paid:				
Ordinary shares of £0.10 each at 1 July	193,367,525	192,973,318	34,280	34,215
Issued during the year	22,000,000	394,207	3,512	65
Issued on exercise of share options	566,788	–	89	–
At 30 June	**215,934,313**	**193,367,525**	**37,881**	**34,280**

On 26 November 2010, the Company issued 22,000,000 ordinary shares at a price of £3.27 per share with a nominal value of $3,512,234. The total aggregate increase in the share premium reserve regarding this issue was $108,653,128 after deducting $2,684,690 in expenses.

The Company issued 566,788 ordinary shares during the year upon the exercise of share options. The exercising of share options during the year amounted to an aggregated nominal value of $88,708 and an increase in the share premium reserve of $537,792.

On 10 December 2009, the Company issued 394,207 ordinary shares, when the Directors purchased shares from the proceeds of their annual bonus, at a price of £0.82 per share with a nominal value of $65,409. The total aggregate increase in the share premium reserve regarding this issue was $470,940.

18 RECONCILIATION OF MOVEMENTS IN EQUITY

Group	Share capital $'000	Share premium $'000	Foreign exchange reserve $'000	Share based payment reserve $'000	Shares held in trust $'000	Merger reserve $'000	Retained deficit $'000	Total equity $'000
			Attributable to Equity Holders of the Company					
Balance at 1 July 2009	34,214	510,071	(43,360)	7,059	–	5,237	(87,310)	425,911
Proceeds from issue of share capital	66	471	–	–	–	–	–	537
Costs of issue of share capital	–	(4)	–	–	–	–	–	(4)
Exchange differences arising on translation	–	–	(35,495)	–	–	–	–	(35,495)
Shares purchased by EBT	–	–	–	–	(975)	–	–	(975)
Retained profit for the year	–	–	–	–	–	–	19,481	19,481
Transfer between reserves	–	–	–	(2,326)	31	–	2,295	–
Share based payments	–	–	–	2,106	–	–	–	2,106
Balance at 30 June 2010	**34,280**	**510,538**	**(78,855)**	**6,839**	**(944)**	**5,237**	**(65,534)**	**411,561**
Proceeds from issue of share capital	3,601	111,876	–	–	–	–	–	115,477
Costs of issue of share capital	–	(2,685)	–	–	–	–	–	(2,685)
Exchange differences arising on translation	–	–	23,668	–	–	–	–	23,668
Retained loss for the year	–	–	–	–	–	–	(76,816)	(76,816)
Transfer between reserves	–	–	–	(1,523)	364	–	1,159	–
Share based payments	–	–	–	1,788	–	–	–	1,788
Balance at 30 June 2011	**37,881**	**619,729**	**(55,187)**	**7,104**	**(580)**	**5,237**	**(141,191)**	**472,993**

Equity Share Capital and Share Premium
The balance classified as equity share capital and share premium includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising ordinary shares of £0.10 each, as disclosed in note 17.

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.

Shares Held in Trust
The balance in the shares held in trust reserve relates to Bowleven plc shares held by the EBT for the settlement of share based payment obligations.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 CONTINUED

18 RECONCILIATION OF MOVEMENTS IN EQUITY CONTINUED

Merger Reserve

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

	Attributable to Equity Holders of the Company					
Company	Share capital $'000	Share premium $'000	Foreign exchange reserve $'000	Share based payment reserve $'000	Retained deficit $'000	Total equity $'000
Balance at 1 July 2009	34,214	510,071	(53,374)	7,059	(30,801)	467,169
Proceeds from issue of share capital	66	471	–	–	–	537
Costs of issue of share capital	–	(4)	–	–	–	(4)
Exchange differences arising on translation	–	–	(39,980)	–	–	(39,980)
Retained profit for the year	–	–	–	–	1,002	1,002
Transfer between reserves	–	–	–	(2,295)	2,295	–
Share based payments	–	–	–	1,870	–	1,870
Balance at 30 June 2010	**34,280**	**510,538**	**(93,354)**	**6,634**	**(27,504)**	**430,594**
Proceeds from issue of share capital	3,601	111,876	–	–	–	115,477
Costs of issue of share capital	–	(2,685)	–	–	–	(2,685)
Exchange differences arising on translation	–	–	26,357	–	–	26,357
Retained loss for the year	–	–	–	–	(94,532)	(94,532)
Transfer between reserves	–	–	–	(1,507)	1,507	–
Share based payments	–	–	–	1,788	–	1,788
Transfer from EBT	–	–	–	–	(364)	(364)
Balance at 30 June 2011	**37,881**	**619,729**	**(66,997)**	**6,915**	**(120,893)**	**476,635**

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.

Transfer from Employee Benefit Trust

The transfer of $364,000 relates to shares transferred from the EBT for LTIPs that vested during the year.

19 CAPITAL COMMITMENTS

Oil and gas expenditure:

Group	2011 $'000	2010 $'000
Intangible exploration assets	12,529	20,734
Contracted for	**12,529**	**20,734**

The above capital commitments represent Bowleven's share of obligations in relation to the Etinde asset.

The Company's capital commitments were nil as at 30 June 2011 (2010: nil).

20 SHARE BASED PAYMENTS

A summary of the share based arrangements with the Group's employees during the year ended 30 June 2011 is as follows:

Date of grant	CSOP* approved number 2011	CSOP approved number 2010	Exercise price £	Fair value per granted instrument £
26 October 2005	8,163	8,163	3.675	2.144
5 April 2006	7,143	17,143	1.750	1.089
22 March 2007	21,276	28,776	2.085	1.118
2 April 2007	14,354	14,354	2.090	1.115
28 August 2007	34,765	34,765	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	–	18,404	3.260	1.624
31 March 2008	8,875	8,875	3.380	1.690
7 April 2008	8,645	8,645	3.470	1.851
14 April 2008	16,482	16,482	3.640	1.820
7 April 2009	10,000	10,000	0.453	0.300
28 August 2009	34,582	34,582	0.868	0.549
29 March 2010	44,858	44,858	1.338	0.869
24 August 2010	16,483	–	1.820	1.092
22 September 2010	26,438	–	1.825	1.097
11 January 2011	8,720	–	3.800	2.294
	280,918	**265,181**		

* Company share option plan.

Date of grant	CSOP unapproved number 2011	CSOP unapproved number 2010	Exercise price £	Fair value per granted instrument £
26 October 2005	70,837	70,837	3.675	2.144
5 April 2006	20,500	54,107	1.750	1.089
3 August 2006	21,686	21,686	2.075	1.251
30 August 2006	4,963	4,963	2.075	1.282
22 March 2007	122,724	134,724	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
28 August 2007	2,942	2,942	1.910	1.360
29 August 2007	–	65,000	1.953	1.308
8 November 2007	16,254	16,254	3.430	1.784
18 January 2008	220,712	220,712	3.205	1.637
26 March 2008	–	111,596	3.260	1.640
31 March 2008	41,125	41,125	3.380	1.702
7 April 2008	6,355	6,355	3.470	1.854
14 April 2008	69,518	69,518	3.640	1.827
11 December 2008	762,849	1,405,083	0.330	0.109
28 August 2009	120,418	120,418	0.868	0.332
10 December 2009	1,723,075	1,821,803	0.820	0.317
29 March 2010	10,142	10,142	1.338	0.493
24 August 2010	128,517	–	1.820	0.661
22 September 2010	83,562	–	1.825	0.670
11 January 2011	388,627	–	3.800	1.430
	3,854,745	**4,217,204**		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 CONTINUED

20 SHARE BASED PAYMENTS CONTINUED

The above were valued at grant date using a binomial model utilising the following inputs in both 2010 and 2011:

Risk-free rate	2.5%–3.9%
Expected volatility	88%–103%
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 £1.30 (2010: £0.73). The weighted average fair value of unapproved options granted during the year was £1.16 (2010: £0.32). 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 & 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 employees were granted options which are exercisable between 2008 and 2021 at prices between £0.45 and £3.80. At 30 June 2011, there were 280,918 (2010: 265,181) options outstanding with a weighted average contractual life of 7.41 years (2010: 7.85 years).

Options granted under the Unapproved CSOP Scheme are exercisable two to ten years following the date of grant or three to ten years following the date of grant depending on the grant date. 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 & 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 two or three year period 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 2021 at prices between £0.33 and £3.80. At 30 June 2011, there were 3,854,745 (2010: 4,217,204) options outstanding with a weighted average contractual life of 8.00 years (2010: 8.63 years).

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

2011	Approved		Unapproved	
Exercisable between:	Number	WAEP (£)	Number	WAEP (£)
2008–2015	8,163	3.68	–	–
2009–2016	7,143	1.75	–	–
2010–2017	79,141	2.35	–	–
2011–2018	45,390	3.45	–	–
2012–2019	44,582	0.77	–	–
2013–2020	87,779	1.34	–	–
2014–2021	8,720	2.16	–	–
2007–2015	–	–	70,837	3.68
2008–2016	–	–	47,149	1.93
2009–2017	–	–	181,859	2.19
2010–2018	–	–	1,100,559	1.25
2011–2019	–	–	1,843,493	0.82
2012–2020	–	–	10,142	1.34
2013–2021	–	–	600,706	3.10
	280,918		**3,854,745**	

2010 Exercisable between:	Approved Number	 WAEP (£)	Unapproved Number	 WAEP (£)
2008–2015	8,163	3.68	–	–
2009–2016	17,143	1.75	–	–
2010–2017	86,641	2.33	–	–
2011–2018	63,794	3.39	–	–
2012–2019	44,582	0.77	–	–
2013–2020	44,858	1.34	–	–
2007–2015	–	–	70,837	3.68
2008–2016	–	–	80,756	1.86
2009–2017	–	–	258,859	2.13
2010–2018	–	–	1,854,389	1.05
2011–2019	–	–	1,942,221	0.82
2012–2020	–	–	10,142	1.34
	265,181		**4,217,204**	

The following table details the number and WAEP of share options for the Approved and Unapproved Schemes as at the Balance Sheet date:

	Approved Number	 WAEP (£)	Unapproved Number	 WAEP (£)
Outstanding at 1 July 2009	216,529	2.58	2,592,994	1.36
Granted during the year	79,440	1.13	1,971,570	0.83
Lapsed during the year	(30,788)	2.48	(347,360)	1.77
Outstanding at 1 July 2010	**265,181**	**2.16**	**4,217,204**	**1.07**
Granted during the year	51,641	2.16	600,706	3.10
Exercised during the year	(17,500)	1.89	(549,288)	0.67
Lapsed during the year	(18,404)	3.26	(413,877)	1.17
Outstanding at 30 June 2011	**280,918**	**2.10**	**3,854,745**	**1.43**
Exercisable at year end	**139,837**		**1,400,404**	

Unapproved share options totalling 859,758 and approved options totalling 68,436 were exercisable at 30 June 2010. No share options were exercised by employees during the year ended 30 June 2010.

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.

Bowleven plc share options were exercised throughout the year. The weighted average share price during the year was £2.73 (2010: £1.01).

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:

	2011	2010
Vesting	41.9%	36.2%
Volatility	88%–103%	64%–99%

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011
CONTINUED

20 SHARE BASED PAYMENTS CONTINUED

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 fourteen (2010: ten) main competitors ('the comparators') over the vesting period.

The awards under the existing LTIP are shown below:

	Number	WAGP* (£)
Outstanding at 1 July 2009	**5,266,227**	**1.27**
Granted during prior year	2,065,000	0.82
Lapsed during the year	(1,670,924)	2.31
Vested during the year	(23,980)	2.09
Outstanding at 1 July 2010	**5,636,323**	**0.79**
Granted during the year	426,316	3.80
Lapsed during the year	(294,218)	3.19
Vested during the year	(257,786)	3.18
Outstanding at 30 June 2011	**5,510,635**	**0.78**

* Weighted average grant price.

As at 30 June 2011, there were 5,510,635 awards (2010: 5,636,323) outstanding with a WAGP of £0.78 (2010: £0.79) and a weighted average remaining contractual life of 0.98 years (2010: 1.72 years).

The weighted average fair value of LTIP awards granted during the year was £1.59 (2010: £0.30).

The weighted average share price at the date LTIPs vested during the year was £3.92 (2010: £1.34).

21 CONTINGENT LIABILITIES

There are no contingent liabilities in existence for the Group at 30 June 2011 (2010: nil).

22 CONTINGENT ASSETS

There are no contingent assets in existence for the Group at 30 June 2011 (2010: nil).

23 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	
Group	2011 $'000	2010 $'000
No later than one year	471	255
More than one year but not more than five years	103	385
	574	**640**

	Land and buildings	
Company	2011 $'000	2010 $'000
No later than one year	383	226
More than one year but not more than five years	–	385
	383	**611**

In 2011 and 2010, total rent paid was $308,189 and $284,127, 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.

24 FINANCIAL INSTRUMENTS

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

Financial Assets and Liabilities

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

Financial Risk Factors

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

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

(a) Market Risk

Foreign exchange risk

The Group and Company operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the 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 Dollar-denominated, minimises the impact of foreign exchange movements on the Group's and Company's Balance Sheet.

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

Group Cash at bank:	In currency 2011 000	In US Dollars 2011 000	In currency 2010 '000	In US Dollars 2010 000
GB Pound	22,253	35,636	25,246	38,253
US Dollar	60,756	60,756	40,635	40,635
Euro	2	2	1	2
Gabonese Francs	127,006	279	143,936	262

Company Cash at bank:	In currency 2011 000	In US Dollars 2011 000	In currency 2010 '000	In US Dollars 2010 000
GB Pound	22,241	35,616	25,232	38,233
US Dollar	60,718	60,718	40,624	40,624
Euro	1	1	–	–
Gabonese Francs	479	1	1,520	3

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 US Dollar and GB Pound. The table below shows the impact that a change in the US Dollar to GB Pound rate would have had on (loss)/profit before tax and equity, all other variables being held constant.

	Effect on (loss)/profit before tax		Effect on equity	
Change in US Dollar: GB Pound rate	2011 $m	2010 $m	2011 $m	2010 $m
+10%	(47)	(35)	55	43
–10%	47	35	(55)	(43)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 CONTINUED

24 FINANCIAL INSTRUMENTS CONTINUED

(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 million (or 25% if total cash balance greater than $100 million) held with any one bank. As at 30 June 2011, the largest balance held with one institution was $25 million.

The Group and Company adopt a prudent approach to cash management to maximise safety, liquidity and yield. Developments in the market are closely monitored and if increasing counterparty risk is identified, funds are fully redeemed and invested with alternative institutions.

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 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.

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

The Group and Company have no borrowing facilities that require repayment and therefore have no interest rate risk exposure.

The maturity profile of the Company's liabilities is shown in note 16.

Capital Risk Management

The Group's and Company's objectives when managing capital, maintained on an ongoing basis, are to maintain a strong capital base so as to preserve investor, creditor and market confidence, sustain the future development of the business and achieve an optimal capital structure to reduce the cost of capital to the Group and Company. The Group considers 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 2011.

Group	2011 $'000	2010 $'000
Trade and other payables	(38,673)	(23,548)
Cash and cash equivalents	96,621	79,152
Net funds	57,948	55,604
Equity	472,993	411,561
Group Capital less Net Funds	**415,045**	**355,957**
Gearing ratio	–	–

Company	2011 $'000	2010 $'000
Trade and other payables	(4,562)	(2,633)
Cash and cash equivalents	96,336	78,860
Net funds	91,774	76,227
Equity	476,635	430,594
Group Capital less Net Funds	**384,861**	**354,367**
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 2011 $'000	Company 2011 $'000	Group 2010 $'000	Company 2010 $'000
As at 30 June:				
Loans and Receivables:				
Trade and other receivables	23,724	382,095	43,474	306,192
Cash and cash equivalents	96,621	96,336	79,152	78,860
	120,345	478,431	122,626	385,052
Financial Liabilities:				
Trade and other payables	(30,755)	(134)	(20,523)	(1,288)
	89,590	**478,297**	**102,103**	**383,764**

All of the above financial assets are unimpaired with the exception of trade and other receivables. An analysis of the ageing of the trade and other receivables is provided in note 14.

25 RELATED PARTY TRANSACTIONS

The Company's principal subsidiaries are listed in note 12. The following table provides the balances which are outstanding with subsidiary undertakings at the Balance Sheet date:

	2011 $'000	2010 $'000
Amounts Owed from Subsidiary Undertakings	**380,405**	**305,043**

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. Provisions have been made for doubtful debts in respect of the amounts owed by related parties. Refer to note 14 for movement in provisions for impairment of receivables.

No purchase or sales transactions were entered into between the Company and subsidiary undertakings. Re-charges from the Company to subsidiaries in the year were $5,589,000 (2010: $5,570,000).

26 POST BALANCE SHEET EVENTS

On 19 October 2011, the Company announced that it had raised gross proceeds of approximately $124 million by way of an equity placing, conditional upon shareholder approval which will be sought at a General Meeting of the Company on Monday 7 November 2011.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Bowleven plc (the 'Company') will be held at the offices of Shepherd and Wedderburn LLP, 5th Floor, 1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL at 11 a.m. (UK time) on 14 December 2011 (the 'AGM') for the following purposes:

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

1. To receive the Company's annual report and accounts for the financial year ended 30 June 2011 together with the reports of the directors and auditor thereon.

2. To re-appoint Philip Tracy, who was appointed as a director since the last AGM, as a director of the Company.

3. To re-elect John Brown, who retires at the AGM by rotation, as a director of the Company.

4. To re-elect Chief Tabetando, who retires at the AGM by rotation, as a director of the Company.

5. To re-elect Ed Willett, who retires at the AGM by rotation, as a director of the Company.

6. To re-appoint Ernst & Young LLP as auditor of the Company, to hold office until the conclusion of the next general meeting of the Company at which accounts are laid before the Company, and to authorise the directors to determine the auditor's remuneration.

7. That:
   (A) the directors be generally and unconditionally authorised 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 £9,785,244, representing approximately one third of the issued share capital of the Company;
   (B) in addition the directors be authorised 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 Companies Act 2006 (the 'Act')) up to a maximum nominal amount of a further £9,785,244, representing approximately a further one third of the issued share capital of the Company, in connection with a Pre-Emptive Offer undertaken by means of a rights issue;
   (C) the authorities given by this resolution:
      (1) are given pursuant to section 551 of the Act and shall be in substitution for all pre-existing authorities under that section; and
      (2) unless renewed, revoked or varied in accordance with the Act, shall expire on 30 December 2012 or, if earlier, at the end of the next AGM of the Company to be held in 2012 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; and
   (D) 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 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, pass the following as a special resolution:

8. That:
   (A) subject to the passing of resolution 7 set out in the notice of AGM dated 21 November 2011 (the **'Allotment Authority'**), the directors be given power pursuant to section 570 of the Act (as defined in the Allotment Authority) 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 or sale, provided that such power shall be limited to the allotment of equity securities:
      (1) in the case of paragraph (A) 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 £2,935,573, representing approximately 10 per cent. of the issued share capital of the Company as at 10 November 2011; and
      (2) in the case of paragraph (B) of the Allotment Authority, in connection with a Pre-Emptive Offer undertaken by means of a rights issue; and
   (B) the power given by this resolution:
      (1) shall be in substitution for all pre-existing powers under section 570 of the Act; and
      (2) unless renewed in accordance with the Act, 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, or treasury shares to be sold, after such expiry.

21 November 2011

By Order of The Board

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

Peter G Wilson
Company Secretary

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

GENERAL

The notes on the following pages give an explanation of the proposed resolutions. Resolutions 1 to 7 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 8 is proposed as a special resolution. This means that for that resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

RESOLUTION 1 – ANNUAL REPORT AND ACCOUNTS

The directors must lay the Company's accounts, the directors' report and the auditor's report before the shareholders in a general meeting. A copy of those accounts and reports are enclosed with this document and are also available on the Company's website at www.bowleven.com.

RESOLUTION 2 – RE-APPOINTMENT OF DIRECTOR

The Company's articles of association require that a director who was appointed since the last Annual General Meeting ('AGM') will retire at the meeting and accordingly, being eligible, Philip Tracy offers himself for re-appointment this year.

RESOLUTIONS 3 TO 5 – RE-ELECTION OF DIRECTORS

The Company's articles of association require that each director shall retire at the Annual General Meeting held in the third calendar year following the year in which he was last elected or last re-elected. John Brown, Chief Tabetando and Ed Willett will accordingly retire this year. Being eligible, they each offer themselves for re-election. A biography in respect of each director is included on page 22 of the annual report and accounts.

RESOLUTION 6 – RE-APPOINTMENT AND REMUNERATION OF THE AUDITOR

The Company is required to appoint an auditor at each general meeting at which accounts are laid before the shareholders, to hold office until the end of the next such meeting. Resolution 6 proposes the re-appointment of Ernst & Young LLP as the Company's auditor and seeks authority for the directors to decide the auditor's remuneration.

RESOLUTION 7 – RENEWAL OF AUTHORITY TO ALLOT SHARES

The purpose of this resolution is to confer upon the directors the power to allot shares. Section 551 of the Companies Act 2006 provides that the directors may not allot new shares (other than pursuant to employee share schemes) without shareholder approval. The directors were granted authority at the last AGM to allot shares up to a maximum amount of £12,892,026, which represented approximately two thirds of the Company's issued ordinary share capital at the time of notice of last year's AGM.

This resolution proposes that a similar authority be granted in substitution for that existing authority to allot securities up to a maximum amount of £9,785,244, representing approximately one third of the Company's issued ordinary share capital as at 10 November 2011, being the latest possible date prior to publication of this notice.

In addition (and as was the case at last year's AGM) following guidance issued by the ABI in December 2008, the Company is seeking additional authority to allot securities in connection with a fully pre-emptive rights issue up to a maximum amount of £9,785,244, representing approximately a further one third of the Company's issued ordinary share capital as at 10 November 2011, being the latest practicable date prior to publication of this document. The benefit to the Company of obtaining such authority on an annual basis is that it would allow the Company to implement a rights issue of an amount equal to two-thirds of the issued ordinary share capital without the need to call an additional general meeting. This would shorten the implementation timetable of such a rights issue.

The directors have no present intention of exercising this authority. The authority will expire at the conclusion of the next AGM or, if earlier, on 30 December 2012, unless previously renewed, revoked or varied by the Company in general meeting. It is the intention of the Directors to renew this authority annually at each AGM.

As at 10 November 2011, the Company did not hold any shares in treasury.

RESOLUTION 8 – DISAPPLICATION OF PRE-EMPTION RIGHTS

Section 561(1) of the Companies Act 2006 provides that if the directors wish to allot any equity securities, or sell any treasury shares (if it holds any), for cash, the Company must first offer them to existing shareholders in proportion to their existing shareholdings. Section 561 does not apply in connection with allotments made pursuant to an employee share scheme.

The purpose of this resolution is to allow the directors to allot shares or sell any treasury shares for cash as if section 561(1) of the Companies Act 2006 did not apply, in connection with rights issues, open offers and other pre-emptive offers pursuant to the authority to allot shares granted by resolution 7, and otherwise up to a total amount of £2,935,573, representing approximately 10 per cent. of the Company's issued ordinary share capital as at 10 November 2011, being the latest practicable date prior to publication of this document. As regards this latter power to allot equity securities on a non pre-emptive basis, shareholders should note that the directors currently have power to allot equity securities on a non pre-emptive basis up to a maximum amount of £1,933,804 (which represented approximately 15 per cent. of the Company's issued ordinary share capital when that power was granted). If passed, this resolution will replace that existing power.

The power conferred by this resolution will expire at the same time as the authority granted by resolution 7, unless previously renewed by the Company in general meeting. It is the intention of the directors to renew this power annually at each AGM.

SHAREHOLDER NOTES

APPOINTMENT OF PROXY

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

In order for a proxy form to be valid, it must be completed and signed and returned to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so they receive it no later than 11 a.m. (UK time) on 12 December 2011.

A shareholder wishing to appoint multiple proxies should contact the Shareholder Helpline on 0870 707 1284 to obtain additional proxy forms. Alternatively you may wish to photocopy your proxy form. It will be necessary for the shareholder to indicate on each separate proxy form the number of shares in relation to which each proxy is authorised to act.

CORPORATE REPRESENTATIVES

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.

RECORD DATE

To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6 p.m. on 12 December 2011 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

OTHER MATTERS

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

DOCUMENTS AVAILABLE FOR INSPECTION

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

- the existing articles of association of the Company;
- the Company's annual report and accounts for the year ended 30 June 2011;
- copies of the service contracts of John Brown, Kevin Hart, Chief Tabetando, Ed Willett and Peter Wilson (being the executive directors of the Company); and
- copies of the letters of appointment of Caroline Cook, Ronnie Hanna, Philip Tracy, and Tim Sullivan (being the non-executive directors of the Company).

SHAREHOLDER HELPLINE

Shareholders who have general queries about the AGM or need additional proxy forms should call our Shareholder Helpline on 0870 707 1284 (no other methods of communication will be accepted).

STATEMENT OF CAPITAL AND VOTING RIGHTS

As at 10 November 2011 (being the latest practicable date prior to publication of this notice) the Company's issued share capital consisted of 293,557,321 ordinary shares which each carry one vote. Therefore, total voting rights in the Company as at 10 November 2011 are 293,557,321.

NOTES

GLOSSARY

A

Addax: Addax Petroleum Corporation, a subsidiary of China Petrochemical Corporation (Sinopec)
AGM: annual general meeting
AIM: the market of that name operated by the London Stock Exchange
°API: a specific gravity scale developed by the American Petroleum Institute (API) for measuring the relative density of various petroleum liquids, expressed in degrees

B

Board or Directors: the directors of the Company
BOE or boe: barrels of oil equivalent
boepd: barrels of oil equivalent per day
Bomono Permit: the production sharing contract between the Republic of Cameroon and EurOil dated 12 December 2007 in respect of the area of approximately 2,328 km^2 comprising former blocks OLHP-1 and OLHP-2 onshore Cameroon; or, as the context may require, the contract area to which this production sharing contract relates
BOPD or bopd: barrels of oil per day
Bowleven: Bowleven plc and/or its subsidiaries as appropriate
bscf: billion standard cubic feet of gas

C

Companies Act 2006: the United Kingdom Companies Act 2006 (as amended)
Company: Bowleven plc
condensate: a light oil that is gaseous under certain reservoir conditions, often discovered with significant volumes of natural gas
CSOP: company share option plan

D

DST: drill stem test

E

EBT: Employee Benefit Trust
EOV Permit: the exploitation and production sharing contract between the Republic of Gabon and GGPC Gabon (EOV) Limited (an indirectly wholly owned subsidiary of the Company) dated 16 February 2004; or, as the context may require, the contract area to which this production sharing contract relates
Epaemeno Permit: the exploitation and production sharing contract between the Republic of Gabon and GGPC Gabon (Epaemeno) Limited (an indirectly wholly owned subsidiary of the Company) dated 17 November 2004, in respect of an area of approximately 1,340 km^2 onshore Gabon; or, as the context may require, the contract area to which this production sharing contract relates
ESIA: Environmental and Social Impact Assessment
Etinde Permit: the production sharing contract between the Republic of Cameroon and EurOil Limited dated 22 December 2008 in respect of the area of approximately 2,316 km^2 comprising former blocks MLHP-5, MLHP-6 and MLHP-7 offshore Cameroon; or, as the context may require, the contract area to which this production sharing contract relates
EurOil: EurOil Limited, an indirectly wholly owned subsidiary of the Company incorporated in Cameroon

F

FEED: front end engineering and design

G

GDF: GDF Suez S.A.
GGPC: GGPC Gabon (EOV) Limited, an indirectly wholly owned subsidiary of the Company, incorporated in the British Virgin Islands
GIIP: gas initially in place
Group: the Company and its direct and indirect subsidiaries

I

IAS: International Accounting Standards
IASB: International Accounting Standards Board
IE: the Isongo E Field area, block MLHP-7, Etinde Permit
IF: the Isongo F Field area, block MLHP-7, Etinde Permit
IFRIC: International Financial Reporting Interpretations Committee
IFRS: International Financial Reporting Standards
IM: the Isongo Marine Field area, block MLHP-7, Etinde Permit

K

km: kilometres
km^2: square kilometres

L

LNG: liquefied natural gas
LTI: lost time incident
LTIP: long term incentive plan

M

m: million
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
MD: measured depth
MDT: modular formation dynamics tester
mmbbls: million barrels
mmboe: million barrels of oil equivalent
mmscf/d: million standard cubic feet of gas per day
mscf: thousand standard cubic feet of gas

O

ordinary shares: ordinary shares of 10p each in the capital of the Company

P

prospect, lead & 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
psi: pounds per square inch
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

Sapele-1ST: the sidetrack of the original Sapele-1 well
SNH: Société Nationale des Hydrocarbures, the national oil company of Cameroon
STOIIP: stock tank oil initially in place

T

TD: total depth

U

unrisked: in the context of estimated resource values, without having been adjusted to reflect the prospect of success of a particular well or project

V

Vitol: Vitol E&P Limited

W

WAEP: weighted average exercise price
WAGP: weighted average grant price

Other

2D: two dimensional
3D: three dimensional
4C OBC: four component ocean bottom cable
$: United States of America Dollars
£: Great Britain Pounds Sterling

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Registered Office
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Registered in Scotland
Number SC225242

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FSC® C008886

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