bowleven
oil & gas

CATALYST
FOR GROWTH

BOWLEVEN OIL & GAS
ANNUAL REPORT AND
ACCOUNTS 2014

WHO WE ARE

BOWLEVEN IS AN AIM LISTED OIL AND GAS COMPANY FOCUSED ON AFRICA WHERE IT HOLDS A COMBINATION OF DEVELOPMENT AND EXPLORATION INTERESTS. THESE ARE LOCATED IN CAMEROON, KENYA AND ZAMBIA.

OUR PURPOSE

BOWLEVEN'S GOAL IS TO CREATE AND REALISE MATERIAL SHAREHOLDER RETURNS THROUGH AFRICA FOCUSED EXPLORATION-LED GROWTH, NICHE ACQUISITIONS AND VALUE-REALISING DISPOSALS.

KEY OBJECTIVES IN NEXT 12 MONTHS

- COMPLETION OF ETINDE FARM-OUT
- APPRAISAL DRILLING ON BLOCK MLHP-7, ETINDE
- PROGRESS TOWARDS ACHIEVING ETINDE FID
- EXPLORATION DRILLING ON BOMONO
- COMPLETE SEISMIC ACTIVITIES ON KENYA, BLOCK 11B

STRATEGIC REPORT

Highlights & Outlook	02
Africa Focused Portfolio	04
Making Progress	06
Chairman's & Chief Executive's Review	08
Exploration & Operational Review	16
Financial Review	22
Risk and Internal Controls	24

CORPORATE GOVERNANCE

Board of Directors	26
Directors' Report	28
Directors' Remuneration Report	32
Directors' Responsibilities	37

FINANCIAL STATEMENTS

Independent Auditor's Report	39
Primary Statements	40
Notes Forming Part of the Financial Statements	48

SHAREHOLDER INFORMATION

Notice of Annual General Meeting	68
Glossary	74
Advisers and Registered Office	76

Highlights & Outlook

Africa Focused Portfolio

Exploration & Operational Review

Chairman's & Chief Executive's Review

Making Progress

CORPORATE HIGHLIGHTS

- Agreement to farm-out two-thirds of Etinde to LUKOIL and NewAge for consideration of circa \$250 million; comprises \$170 million cash at completion, \$40 million deferred cash payments and \$40 million (net) drilling carry.
- Etinde farm-out transaction nearing completion, with the gazetting of the Presidential decree the final condition to be met.
- Group cash balance at 31 October 2014 circa \$14 million with \$30 million bridge facility undrawn and available pending farm-out completion although utilisation not anticipated.

~\$170m

cash to be received on completion of Etinde transaction

OPERATIONAL HIGHLIGHTS

Etinde Development
- Etinde Exploitation Authorisation (EA) awarded July 2014; gives exploitation and development rights over block MLHP-7 for an initial period of 20 years.
- Cameroon State (SNH) exercised 20% back-in right on Etinde development.
- Advancement of the fertiliser and Cameroon LNG (CLNG) projects; discussions on GSA and provisional LNG allocations progressed respectively.
- Operatorship to transfer to CAMOP (NewAge) on completion of farm-out transaction; Ministerial approval obtained.

Exploration
- Two well exploration drilling programme to commence on Bomono, onshore Cameroon; rig contract signed and mobilisation initiated, first well expected to spud around the end of the year.
- FTG acquired and seismic programme initiated on Kenya block 11B; licence extension awarded to May 2015 to enable evaluation ahead of second phase decision.
- New PSC application submitted for Etinde blocks MLHP-5 and MLHP-6, offshore Cameroon.
- Three blocks awarded in Zambia with applications for two further blocks pending.

20 years

exploitation rights over block MLHP-7, Etinde

OUTLOOK

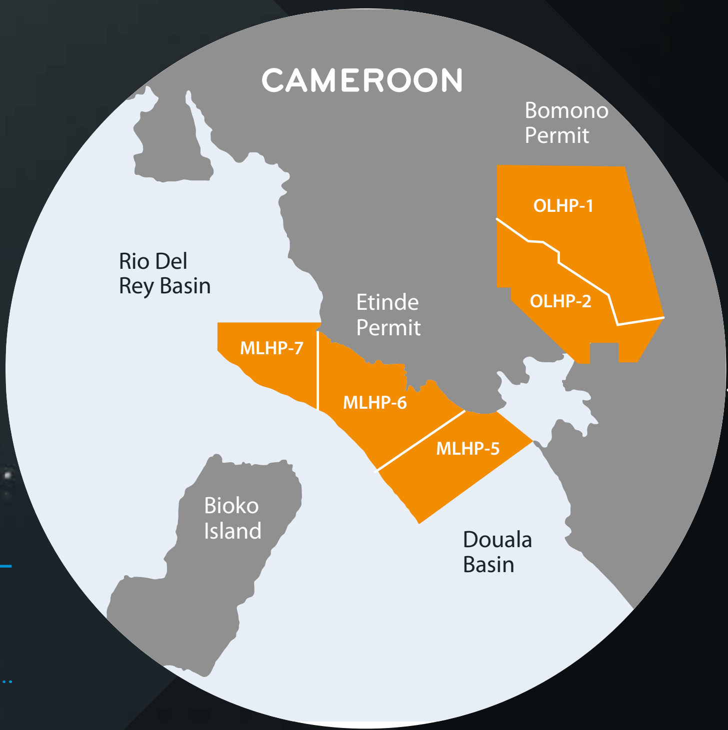
Key objectives for next 12 months:
- Completion of the Etinde farm-out.
- Support and assist Etinde joint venture with:
  - Planning and execution of two carried appraisal well drilling campaign.
  - Progress towards achieving final investment decision (FID).
- Drill two exploration wells on Bomono and ascertain commercial viability.
- Complete acquisition, processing and interpretation of 2D seismic on block 11B, Kenya pending decision to enter second exploration phase.
- Activity will be funded by carry arrangements and strong balance sheet post completion of Etinde farm-out transaction.

4 wells planned

in Cameroon; two exploration wells on Bomono and two appraisal wells on Etinde

AFRICA FOCUSED PORTFOLIO

The Group has extensive oil and gas exploration and operating experience and holds interests in highly prospective and relatively unexplored regions of Africa.



CAMEROON

Etinde Permit – Exploitation (block MLHP-7)[i]

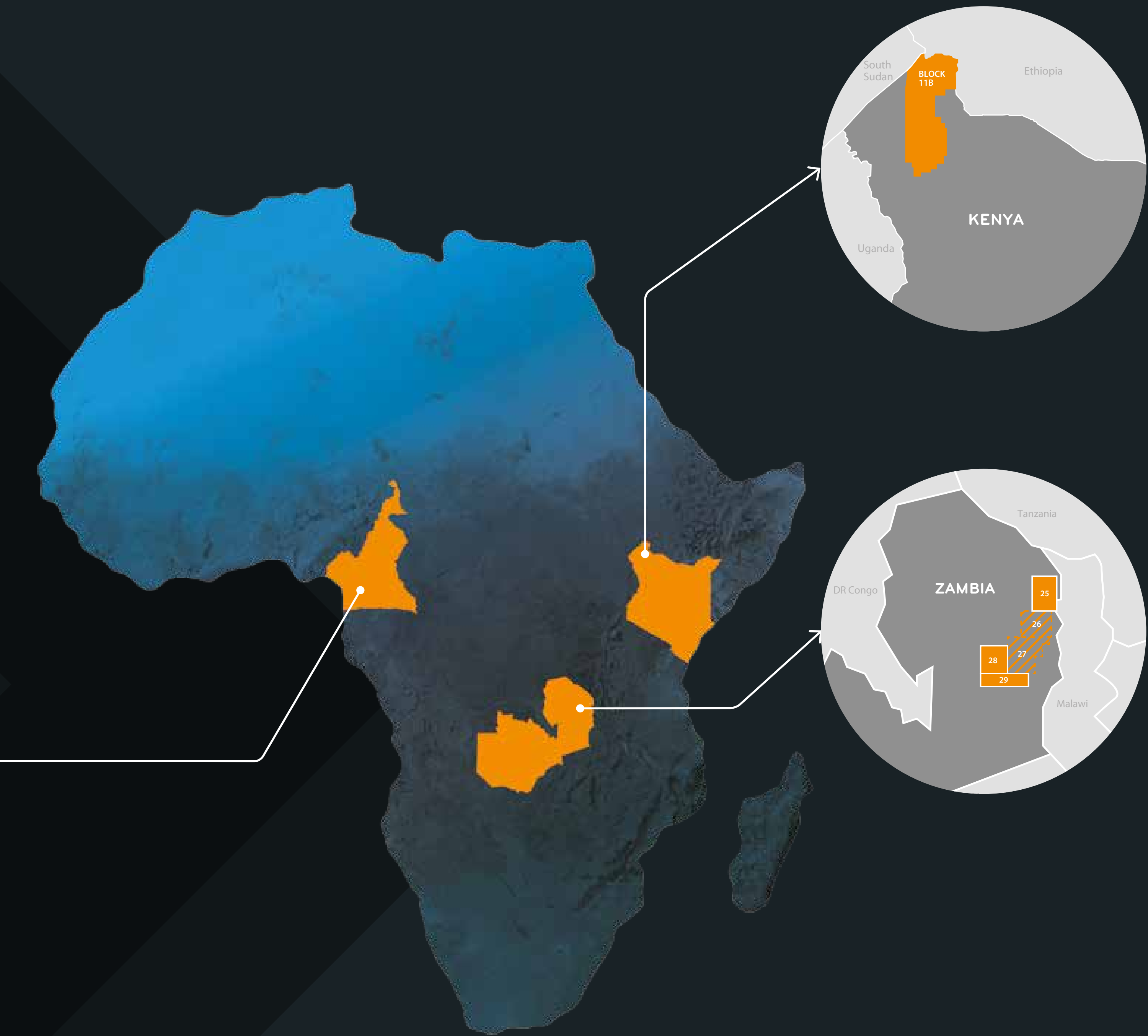
Acreage	461km^2
Equity interest	Bowleven 60%, CAMOP 20%, SNH 20%
Operator	Bowleven

Etinde Permit – Exploration (blocks MLHP-5&6)[i]

Acreage	1,855km^2
Equity interest	Bowleven 75%, CAMOP 25%
Operator	Bowleven

Bomono Permit

Acreage	2,328km^2
Equity interest	100%[ii]
Operator	Bowleven



ZAMBIA

Blocks 25, 28 and 29[iii]

Acreage	16,251km^2
Equity interest	100%
Operator	Bowleven

KENYA

Block 11B

Acreage	14,287km^2
Equity interest	Bowleven 50%[iv], Adamantine Energy 50%
Operator	Adamantine Energy

(i) Position pre-completion of Etinde farm-out to LUKOIL and NewAge. Refer to page 18.
(ii) Position pre-completion of Fortesa transaction. Refer to page 20.
(iii) Three blocks awarded (25, 28 and 29) and applications for two blocks pending (26 and 27). Refer to page 20.
(iv) Bowleven effective interest 35%. Refer to page 20.

MAKING PROGRESS

The Group's objectives continue to be to create and realise value from the conversion of resources to reserves in Cameroon and the exploitation of our exploration portfolio in Africa.

CONVERTING RESOURCES TO RESERVES

Award of Etinde EA gives development rights over block MLHP-7 for 20 years.

Initial gas sales to fertiliser plant; detailed GSA negotiations continuing.

Additional potential gas resources initially earmarked for Cameroon LNG project; provisional allocation progressed.

Appraisal drilling on extensive Intra Isongo reservoir interval planned in 2015 to prove up additional resources.

Timing and shape of Etinde development plans will be influenced by new partners and operator.

EXPLORATION POTENTIAL

Two exploration well campaign commencing on Bomono, onshore Cameroon, around end of 2014; rig contracted and in the process of being mobilised.

Initial exploration term of Kenya block 11B licence extended to May 2015; FTG acquired and 2D Seismic operations underway.

New PSC application submitted for Etinde blocks MLHP-5 and MLHP-6, offshore Cameroon.

New acreage in Zambia.

VALUE-ADDED PARTNERSHIPS

Etinde farm-out to LUKOIL/NewAge brings access to extensive development expertise.

Expanded Etinde joint venture (including SNH) will facilitate the progression of development plans.

Fortesa agreement provides rig at low cost for Bomono drilling operations in return for a 20% interest in the licence.

First Oil arrangement provides funding for activity on block 11B, Kenya.

STRONG BALANCE SHEET

Cash consideration of circa $170 million anticipated on completion of Etinde farm-out transaction.

Transaction consideration also includes:

- $40 million staged deferred cash consideration ($15m on completion of appraisal drilling and $25m at FID).
- $40 million (net) drilling carry for 2 appraisal wells.

Planned activity funded by carry arrangements and strong balance sheet post farm-out completion.

$14 million cash at 31 October 2014 and $30 million bridge facility undrawn and available pending farm-out completion.

STEADY PROGRESS MADE DURING THE YEAR

The last year has seen Bowleven deliver a number of key milestones as we work to convert our existing Cameroon resources to reserves and create new value through further exploration and appraisal activity.

Key highlights of the last 12 months:

- Agreed to farm-out two-thirds of the Etinde development area to LUKOIL and NewAge for a combined total consideration of $250 million, bringing access to extensive development expertise; farm-out nearing completion.
- Award of the Etinde Exploitation Authorisation (EA) granting title to block MLHP-7 acreage for a development period of 20 years, and the opportunity for exclusive negotiations on a new PSC for blocks MLHP-5 and MLHP-6.
- Further technical evaluation of the Intra Isongo reservoir resulted in the identification of a substantial increase in unrisked prospective resources within the greater Intra Isongo interval. The Intra Isongo potential will be tested in 2015 with two carried appraisal wells.
- Substantial advancement of the prospective fertiliser and Cameroon LNG (CLNG) projects.
- Bomono drilling site preparation, farm-out agreement and drilling contract signed in preparation for forthcoming two well exploration programme.
- Kenya FTG processed with first licence phase extended to enable processing and interpretation of ongoing 2D seismic programme prior to deciding on participation in next phase.
- Awarded three blocks in Zambia with the application for further two blocks pending.

The wider operating and financing environment for E&P companies has been challenging and consequently it is incumbent on us to be creative and adaptable in optimising the asset and funding structures of the Group.

The Etinde farm-out to LUKOIL and NewAge, together with the planned farm-out of part of Bomono to Fortesa, are examples of this adaptive approach. These transactions will enable the Group to participate in four potentially significant exploration and appraisal wells over the next 12-18 months. On completion of the Etinde farm-out we will have a strong balance sheet capable of funding all expected exploration, appraisal and development activities while demanding that the Board remains focused on applying appropriate capital discipline and commercial rigour to all investment propositions.

OPERATIONS

Etinde – block MLHP-7, offshore Cameroon

On Etinde we are delighted to have secured the award of the EA from the State which grants title over the development area for a minimum of 20 years. This significant achievement represents the culmination of an intensive effort to produce and submit a detailed exploitation application for our discovered and potential resources. The development plan is secured around the extraction and processing of significant volumes of associated condensate and LPGs, with gas delivered to the planned fertiliser and LNG offtakers. Subsequent to the award, we are pleased that the State, represented by SNH, has exercised its right to back-in to 20% of the development.

The licence award provides the green light for the joint venture to progress towards the development of existing discovered gas and liquid hydrocarbons, whilst in tandem planning the further appraisal of the potentially extensive hydrocarbon bearing Intra Isongo reservoirs highlighted by the successful IM-5 well.

Negotiations have continued throughout the year with the Ferrostaal-led fertiliser project as it seeks to finalise its gas purchase, fertiliser offtake and financing terms. Once project planning is complete, we will be well positioned to move swiftly towards FID on a schedule integrated with the downstream market first gas delivery requirements. Under the terms of the draft gas sales agreement (GSA) the Etinde group will supply 70 mmscfd of dry gas to the plant for a 20 year period. This represents a committed total gas volume of approximately 500 billion cubic feet.

The timing and shape of Etinde development plans will be influenced by our new partner LUKOIL joining, and operatorship transferring to existing partner CAMOP. Completion of the farm-out will enable the drilling of two carried appraisal wells targeting the substantial additional resource base identified in the Intra Isongo. In anticipation of a successful appraisal campaign, these potential gas resources have initially been earmarked for supply to the Government-backed CLNG project. A provisional allocation agreement has already been discussed with the project operator GDF which anticipates the Etinde joint venture providing up to 200 mmscfd. These volumes are in addition to the gas volumes already earmarked under the draft GSA with the Ferrostaal-led fertiliser project.

With the significant volumes of associated gas present across the Permit, identifying sales solutions for the gas that optimises both delivery and value, enabling access to the high value liquid hydrocarbon production, is key to future development plans. The addition of LUKOIL to the Etinde partnership, alongside NewAge, brings significant additional expertise to the realisation of best value for all the stakeholders. The potential of the liquids and associated gas stream in Etinde makes the development a highly attractive proposition for both Cameroon and the upstream partners.

Etinde – blocks MLHP-5 and MLHP-6, offshore Cameroon

Blocks MLHP-5 and MLHP-6 are not included in the exploitation area award and remain under the framework of the Etinde exploration production sharing contract (PSC) which expires on 22 December 2014. In recognition of the extensive and successful exploration drilling campaign undertaken by the partners, Bowleven and NewAge were invited by the Cameroon Government to submit an exclusive application for a new PSC. Following submission of the application in September 2014, the Cameroon authorities have acknowledged receipt and we anticipate discussions on the application in the near future.

"COMPLETION OF THE ETINDE FARM-OUT WILL ALLOW THE EXPANDED JOINT VENTURE TO WORK TOGETHER TO PROGRESS DEVELOPMENT PLANS, FURTHER APPRAISE THE INTRA ISONGO RESERVOIR INTERVAL AND REALISE THE CONSIDERABLE POTENTIAL OF ETINDE."

Bomono, onshore Cameroon

Onshore Cameroon, preparations are well advanced for the drilling of two exploration wells on our operated Bomono acreage. The contracted drilling rig is in the process of being mobilised to Cameroon with the first well expected to spud around the end of the year. While the drilling period will extend beyond the expiry of the licence in December, our rights under the PSC include an extension of six to twelve months to allow for completion of operations. Consequently, an application to extend the licence by twelve months was submitted to the Cameroon authorities on 31 October 2014.

The two wells, Zingana and Moambe, both target multiple stacked objectives in the Tertiary, and are expected to take around 45 days each to drill, excluding any testing.

The shallow sands are most likely to be gas-condensate bearing, with a higher risk opportunity for oil in the deeper horizons. Should we encounter gas-condensate, the key to early commerciality will lie in the determination of potential liquids production rates, together with the offtake and monetisation of associated gas. In this regard, discussions have already commenced with a variety of potential gas purchasers so that, in the event of success, we can move quickly towards development planning.

Early stage exploration

The Group's other exploration ventures are focused on the African rift systems where we have acreage in Kenya and Zambia.

Kenya

In Kenya we, along with many other industry participants, have also been active. On Kenya block 11B we have completed a full tensor gravity gradiometry survey (FTG), which has identified the northern region of this large block as being the most likely area to contain working hydrocarbon systems. Interpretation of the FTG has enabled us to focus the forthcoming seismic campaign on the areas identified as potentially prospective. Mobilisation for the seismic operations is now underway, with acquisition of 500km of 2D seismic expected to commence during November 2014.

An extension of the first phase of the PSC has been granted until 26 May 2015, which will enable the joint venture to assess the block's prospectivity prior to deciding whether to enter the second phase of the contract. The second phase currently requires a further work commitment of 500km of 2D seismic and the drilling of one well. Up to $12.5 million of the second phase work programme will be funded by First Oil through the agreed strategic partnership (described in detail in the funding activity section).

We will also be keeping a close eye on the escalating activity on the Kenyan Rift Valley trend where a number of wells are planned, by other E&P operators, in close proximity to our acreage.

Zambia
In Zambia we have been awarded three blocks, and two further contiguous ones were applied for as part of the application and are pending award. This will result in Bowleven having an extensive acreage position covering a large frontier exploration area. As ever at this stage it is impossible to tell whether this acreage will yield any discoveries, however the low cost nature of the entry, together with our initial evaluation of the potential prospectivity, make this a welcome addition to our portfolio.

VOLUMETRICS UPDATE

Contingent resource volumes

The Group's gross contingent resource volumes on a P50 basis have increased by 10% to 384 mmboe, compared to the prior year estimate of 350 mmboe. This increase is principally due to further technical evaluation of fluid properties in the Intra and Middle Isongo reservoirs.

The gross contingent figures for 2014 also includes the reintroduction of minor volumes for the IF field which were removed in 2013 pending the results of an independent review of the field structure enabled by new multi-azimuth streamer and OBC seismic surveys. The new seismic data, re-interpreted by our in-house team and verified by AGR-TRACS, reveals a more faulted structure. While the initial resource estimates were also independently verified by AGR-TRACS, the available data was compromised by the intrusion of a gas chimney.

At a P50 level, the Group has net contingent resources of 244 mmboe (2013: 263 mmboe). This reduction reflects our reduced equity interest in Etinde block MLHP-7 from 75% to 60% as a result of SNH electing to exercise its 20% back-in rights.

FINANCE

The Group has reported a loss of $13.6 million for the year ended 30 June 2014 (2013: loss $11.1 million).

The results for the year include administrative expenses for the Group of $12.0 million (2013: $11.1 million) and a foreign exchange loss of $1.7 million (2013: $0.5 million) arising from foreign exchange movement on US cash balances under IFRS.

Capital expenditure cashflows in the year were $18.0 million (2013: $109.4 million). Almost all of this expenditure was on exploration and appraisal activities, primarily pre-development spend on the Etinde Permit and drilling preparation costs on the Bomono Permit.

At 30 June 2014, Bowleven had $25.5 million of cash and no debt (2013: $24.7 million and no debt). At 31 October 2014, Bowleven had circa $14 million cash and an available but undrawn bridge facility of $30 million (see below for further details).

FUNDING ACTIVITY

During the year a number of agreements have been signed including the farm-out of Etinde which, on completion, will strengthen the balance sheet and provide financing flexibility for the Group's future exploration, appraisal and development activities.

On 23 June 2014, the Group entered into a conditional agreement with LUKOIL/NewAge to farm-out two-thirds of its equity interest in the Etinde Permit in return for a cash consideration of approximately $170 million receivable on completion (including approximately $5 million working capital adjustment), $40 million deferred cash consideration and a net $40 million carry to cover the Group's share of a two well appraisal drilling programme on block MLHP-7, Etinde. On completion of the farm-out Bowleven's interest in the Exploitation Authorisation area will reduce to 20%.

One of the conditions of the transaction was the cancellation of the previously announced Petrofac strategic alliance. The Group reached a mutually acceptable agreement with Petrofac to terminate the strategic alliance on completion of the farm-out with payment of $9 million as full and final settlement due upon completion. Notification of the Cameroon Government's approval of the assignment of equity interests and associated transfer of operatorship was received from the Ministry of Mines in late October 2014. Consequently, the only remaining formality to transaction completion is the gazetting of the final Presidential decree. The parties to the transaction agreed an extension to the longstop date to 31 December 2014 to allow for this final condition to transaction completion to be met.

Whilst we do not expect it to be required, a $30 million short-term bridge facility was signed with Macquarie Bank on 24 October 2014 which, alongside the Group's cash balance at the end of October 2014 of circa $14 million, provides financial

"THE GROUP EXPECTS TO PARTICIPATE IN FOUR POTENTIALLY SIGNIFICANT EXPLORATION AND APPRAISAL WELLS OVER THE NEXT TWELVE MONTHS."

flexibility pending Etinde farm-out transaction completion. The bridge facility matures on 31 December 2015 but will be cancelled on completion of the farm-out transaction and amounts drawn (if any) repaid from the proceeds. While the facility enables the progression of the Group operations and funding of its commitments, pending receipt of the Etinde farm-out transaction proceeds, it is recognised that in the absence of or, in the event of delayed farm-out completion, the Group will be subject to cash limitations.

In July 2013, the Group signed a strategic partnership with First Oil. In return for acquiring a 30% interest in Bowleven Kenya Limited, First Oil committed to fund $9 million of the first $10 million of spend towards the minimum work programme (FTG and 2D seismic) for the initial two year exploration phase on block 11B, and up to $12.5 million of an additional contingent work programme during an optional second two year exploration phase.

COMMITMENTS

The Group has no outstanding work commitments on Etinde blocks MLHP-5, 6 and 7.

On Kenya block 11B there is a remaining work programme commitment for the acquisition of 2D seismic. The seismic contract has been signed and operations will commence shortly. Completion of the seismic programme will fulfil the remaining work programme commitment.

On Bomono the second two year exploration phase, work programme commitment requires two exploration wells. A rig contract has been signed and the rig is in the process of being mobilised from Senegal to Cameroon, with the first well expected to spud around the end of the year.

BOARD CHANGES

Kerry Crawford was appointed as Finance Director and Director on the Board of Bowleven plc on 6 January 2014, replacing John Brown who gave notice of his resignation on 16 December 2013. Kerry was previously Deputy Finance Director and Head of Investor Relations at Bowleven and has served on the Group Management Board since joining the Company in January 2008.

OUTLOOK

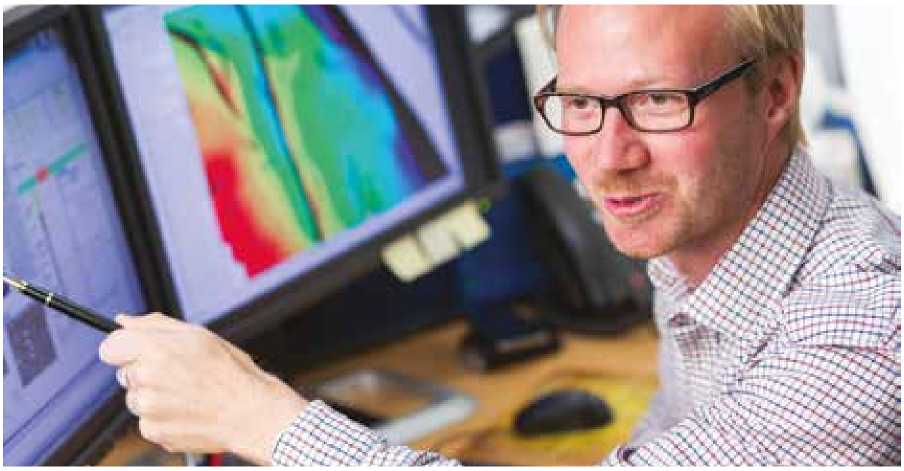
There is no doubt that a combination of external events made the award of the Etinde EA and the progression of development planning much more difficult than we had anticipated. Whilst progressing the award to its ultimately successful conclusion has been our prime objective, we have remained focused on our opportunities: the evaluation of the successful IM-5 well, planning for Etinde development and gas sales, and preparation for exploration work on Bomono and Kenya block 11B.

When combined with the expected completion of the farm-out of two-thirds of our interest in Etinde to LUKOIL and NewAge, the continuation of these core operational activities leaves Bowleven in an excellent position to take the business forward.

The proceeds from the transaction will enable the Group, amongst other things, to fund its participation in near-term exploration and appraisal drilling activity on Bomono and Etinde respectively. The results from these wells are eagerly anticipated as they each have the capacity to add material value for shareholders.

On Etinde, the $40 million net appraisal drilling carry covering two appraisal wells will enable the further investigation of the highly promising Intra Isongo interval. The wells will target a substantial increase in the volume of both gas and associated liquids discovered to date, alongside important information on sustainable flow rates and potential. A positive outcome will facilitate additional gas sales for LNG production, and enable the recovery of the even more valuable associated liquids.

In conjunction with the planned drilling operations, the joint venture will continue to drive towards FID for the considerable discovered resources. In addition to the existing opportunities in fertiliser and the GDF-led CLNG scheme, the enlarged partnership can bring its broad industrial experience to bear on the identification of the optimal development and sales schemes.



On Bomono we have a real opportunity to realise the potential our technical team has identified. Provided commercial volumes are encountered, we will strive to bring any discovery onstream as quickly as possible to generate valuable home grown cash flows.

Focus will also be on our position in Kenya, where the 2D seismic programme will hopefully identify a number of attractive prospects and leads. A full and measured evaluation will be completed before the decision to enter into the next phase of commitments, but the work completed to date certainly justifies our initial interest.

In Zambia we have a real frontier opportunity, with minimal financial commitments, over this extension to the series of African rift plays.

The Group's objectives continue to be to create and realise value from the conversion of resources to reserves in Cameroon and the exploitation of our exploration portfolio in Africa. Although the macro environment continues to be challenging and we recognise the need to evolve alongside these market conditions, we are well positioned with an excellent team and a strong financial foundation post farm-out completion, ensuring strict capital discipline, to progress our existing asset base. We remain focused on delivering on our strategy to deliver value to shareholders through the opportunities of well-funded, exploration-led growth across the business cycle.

Ronnie Hanna
Chairman
11 November 2014

Kevin Hart
Chief Executive

"ACTIVITY WILL BE FULLY FUNDED BY OUR STRONG BALANCE SHEET FOLLOWING COMPLETION OF THE ETINDE FARM-OUT TRANSACTION."

MAKING PROGRESS

THE EA AWARD WAS A SIGNIFICANT ACHIEVEMENT

The award of the Etinde Exploitation Authorisation marks a major milestone in our objective of converting resources to reserves, while activities in Cameroon, Kenya and Zambia continue to mature our exploration potential.

OVERVIEW

The last 12 months have seen significant progress made in the positioning of all of our assets for future development. On Etinde, the Exploitation Authorisation (EA) has been approved and a farm-out agreed that will see the partial realisation of value for our shareholders while adding new capital and expertise to the development itself. Onshore Cameroon, drilling operations have commenced on our Bomono Permit and the first well is expected to spud around the end of the year with the potential for both gas/condensate and oil discoveries. In Kenya, mobilisation is underway for a focused seismic campaign and in Zambia the support infrastructure for early field work is emerging. While reported net contingent resources are down slightly year-on-year to 244 mmboe (P50), the impact of the SNH back-in to Etinde masks an underlying increase on a gross basis.

At the corporate level, while the Etinde farm-out has replaced our pioneering strategic alliance with Petrofac, we continue to work with First Oil to identify new exploration projects. The Group remains determined to identify and develop innovative partnerships, and remains highly appreciative of the time and effort Petrofac gave to Cameroon and the Etinde opportunity.

Cameroon

The extensive exploration and appraisal activity undertaken by Bowleven on the Etinde Permit in recent years finally delivered the EA in July 2014. Building particularly on the success of the 2013 IM-5 well, the block MLHP-7 area is now held under an EA for a minimum of 20 years. The Cameroon Government has exercised its 20% back-in right, reducing Bowleven's net interest to 60% (pre farm-out).

In parallel with progressing the EEAA to approval, and consistent with the Group's exploration-led strategy, we actively sought to farm-down a significant portion of our stake in the Etinde development. Agreement was reached with LUKOIL and NewAge in June 2014 to acquire two-thirds of our participating interest in the Etinde Permit. As part of this transaction, the operator role will transfer to CAMOP (the local operating subsidiary of NewAge), and Bowleven will retain a net 20% interest. The farm-out further strengthens the future of the acreage by bringing in highly experienced frontier development and operating skills to the Etinde development.

With the EA approved, the Etinde asset can now be developed to its potential, and the joint venture is addressing all options to monetise the significant resource base. As well as the Government-sponsored fertiliser project, there is considerable interest in LNG schemes both at an Etinde field level and across the basin for an integrated gas aggregation scheme to support a major LNG facility. Consistent with the EA, the joint venture now plans to drill two appraisal wells on Etinde in 2015. Focused on the liquids and associated gas potential of the Intra Isongo, this activity will help to further define the shape of the full field development plans.

With the transfer of Etinde operatorship to CAMOP, Bowleven will optimise its EurOil operating base in Cameroon and maintain a presence to explore and develop the onshore Bomono Permit.

At Bomono, final preparations are underway to commence a two well exploration commitment by drilling the Zingana and Moambe prospects. Following an active farm-out process, an agreement with Fortesa has delivered a suitable rig at low cost in exchange for a 20% equity interest. The wells will target a series of stacked sands prospective for shallow gas/condensate and deeper oil and a field development concept study is underway to determine the viability of small-scale power generation and trucked liquids to establish an early revenue stream.

Kenya and Zambia

The Group's new exploration ventures are currently focused on the African rift systems. In Kenya, Bowleven farmed-in to Adamantine Energy's onshore exploration block 11B in 2012, and in July 2013, First Oil acquired a 30% interest in Bowleven (Kenya) Limited, reducing the Group's effective interest in block 11B to 35%. Work on the block progressed in Q1/Q2 2014 with the interpretation of the airborne full tensor gravity (FTG) survey acquired at the end of 2013. With the new data showing positive results, the planned seismic survey programme has been refined and the 500km 2D Vibroseis™ survey is scheduled to commence in Q4 2014. The wider area continues to generate exploration success for other E&P operators, and a decision on a second exploration phase will be made in mid-2015.

In Zambia, Bowleven has taken operatorship of three blocks in the Luangwa Rift Valley with the application for a further two blocks pending. Unexplored since the 1980s, but showing the critical signs of a working petroleum system, initial field work with minimal financial commitment is planned for 2015.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

Bowleven is fully committed to ensuring the health, safety and security of all personnel who are directly involved in, or affected by, the Group's operations and full compliance with environmental legislation and standards. As part of this commitment, the Group reviews the HSSE policies and procedures on a regular basis, integrated with the Group safety management system (SMS) to ensure full compliance with industry 'best practice', and international and local rules and regulations.

HSSE related documentation is regularly reviewed to ensure that the Group incident management and emergency response (IM&ER) system is robust and supported by emergency response plans (ERPs). All related procedures are maintained and kept in accordance with OGP (International Association of Oil & Gas Producers) standards and requirements, supported by regular training and a comprehensive drills and exercises plan. Group HSSE performance is communicated to the Bowleven Board, and HSSE risks and mitigations are defined in the risk management register.

HSSE performance continued to improve throughout the reporting period with 322,805 man hours being completed without lost time accidents, spills or occupational health issues. However, EurOil experienced a single near miss with high potential incident (HiPo) in May 2014, as a result of inadequate work site controls by a contractor. The incident (involving the repair of a roof on a building) was immediately controlled and a lessons-learned review completed and actioned.

The Bowleven Group manages a comprehensive action tracking system and risk register, which is reported and discussed at monthly Board meetings, demonstrating effective management of the risks and resulting in close-out actions and incident analysis.

Environmental compliance and management is a priority, and the Group is committed to ensuring that all the appropriate steps are taken to ensure any environmental impacts resulting from the Group's operations are kept to a minimum. Consistent with international and local requirements, the Group conducts environmental and social impact assessments (ESIAs) and ensures that environmental approvals from the relevant authorities are in place prior to embarking on any new projects.

Correct and sustainable management of waste has been a key area of activity within the Group's operations in the last year, specifically in Cameroon, where arrangements are in place with local waste management companies for the correct disposal of segregated waste.

The Group ensures risk management and mitigation procedures are implemented for loss of containment. This is underpinned by contingency planning, spill management procedures and contractor management.

Ensuring that its employees, contractors and associates can work in a secure environment at all times is imperative. Bowleven recognises the potential security risks within an African context and threats are assessed and managed in accordance with Group-wide policies.
In Cameroon, activities are supported by the Government of Cameroon, in line with international standards. In Kenya, a dedicated security and risk assessment was conducted prior to licence entry, and continues to influence our

proactive approach. The recent outbreak of Ebola (EDV) has reached epidemic proportions across some countries in West Africa. The World Health Organisation continues to signal the potential for EDV to spread, and Bowleven continues to monitor the situation. A business continuity plan has been prepared to ensure that, should the EDV spread to our operational centres, Bowleven is able to affect an appropriate response to protect its workforce and assets.

CORPORATE SOCIAL RESPONSIBILITY

The Group has long pursued a policy whereby the social and environmental impact of all its activities are properly considered before the commencement of any operations. Bowleven is committed to ensuring ethical standards and behaviour in all of the areas it operates and does so in close liaison and co-operation with the national authorities and local village principals and stakeholders. We also seek partners in our joint ventures who have similar corporate intent.

In Cameroon and Kenya we utilise our expertise to conduct local stakeholder mapping, to develop local talent, build a local supplier base and deliver long lasting socio-economic benefits. This brings an added value to the host country through the procurement of goods and services and local workforce development. Recognising Cameroon has an important biodiversity component, Bowleven will conduct ESIAs to ensure limited

WITH THE EA APPROVED, THE ETINDE ASSET CAN NOW BE DEVELOPED TO ITS POTENTIAL, AND THE JOINT VENTURE IS ADDRESSING ALL OPTIONS TO MONETISE THE SIGNIFICANT RESOURCE BASE.

disruption when operating and extracting the reserves on our operations, and to use our influence in non-operated assets to ensure our partners follow similar objectives. In Kenya, mindful of the importance of good community relationships in all our areas of operation, Bowleven has also taken a pro-active role throughout 2013 and 2014 in leading community liaison in block 11B in North-West Kenya.

EXPLOITATION/COMMERCIALISATION: ETINDE PERMIT

The offshore Etinde Permit historically consisted of three blocks: MLHP-5, 6 and 7, consolidated into a single licence area of 2,316km^2 under a PSC signed in December 2008. The Permit spans the boundary of the Rio Del Rey Basin to the north and the Douala Basin to the south; both notable hydrocarbon provinces. Bowleven, in conjunction with its partner CAMOP, has made a number of discoveries on the acreage, most recently with the IM-5 well that completed in May 2013 after intersecting a number of gas/condensate reservoirs. The associated contingent resource volumes are detailed later in this section.

In July 2014, Bowleven and CAMOP were granted a 20 year EA to develop the resources in block MLHP-7. The Cameroon Government then exercised its back-in rights to leave net interests at 60% Bowleven, 20% CAMOP and 20% SNH. Blocks MLHP-5 and MLHP-6 remain under the existing exploration PSC (expires 22 December 2014) with interests of 75% Bowleven and 25% CAMOP.

Farm-out of Etinde to LUKOIL and NewAge

In June 2014, Bowleven announced the farm-out of two-thirds of its interest in Etinde to LUKOIL and NewAge. On completion, Bowleven's interest in block MLHP-7 will reduce to 20%, while LUKOIL will acquire 30% and NewAge (through CAMOP, and new subsidiary CAMOD) will hold a net 30% stake. CAMOP will become operator, allowing Bowleven to refocus on its proven exploration skillset.

The application for a new PSC to cover blocks MLHP-5 and MLHP-6 is ongoing.

Aggregate consideration for the farm-out is approximately $250 million (subject to final working capital adjustments), and will be received in four stages:

- $170 million cash payment at completion (including estimated $5 million working capital);
- $40 million (net) carry for two appraisal wells;
- $15 million deferred cash payment due on the earlier of completion of appraisal drilling or 18 months from transaction completion; and
- $25 million deferred cash payment due at Etinde development project FID (final investment decision).

Cameroon Gas Monetisation

With significant volumes of associated gas present across the Permit, identifying a sales solution for the gas that optimises both delivery and value is key to future development plans.

The Etinde partnership are currently negotiating with two potential gas offtakers (Ferrostaal and GDF), both of whom have made significant progress in 2014 in terms of project scope and timing. In addition, the expansion of the joint venture to include LUKOIL, alongside NewAge, brings the wider industrial expertise to generate further gas-led schemes. We look forward to working with our partners into 2015 to optimise the best gas offtake solutions for all stakeholders.

The Ferrostaal-led fertiliser scheme continues to progress with strong support from the Cameroon Government. Following the signing of the draft gas sales agreement in May 2013, all sides have worked hard to define the project scope and progress the gas sales terms. Detailed discussions are continuing as Ferrostaal seeks to finalise its financing structure on route to FID.

It is envisaged that the fertiliser scheme will be the first of a series of gas offtakers for the Etinde acreage. The initial development will be driven by the IM field, with the potential to tie in IE or other discoveries confirmed during the forthcoming appraisal campaign. The Etinde gas supply project will be integrated with the downstream development.

The second series of live discussions concerns the GDF-led Cameroon LNG (CLNG) project. In conjunction with the Cameroon Government, GDF are proposing a country-wide gas aggregation scheme that will tie in the resources of a number of operators. The project will offer a monetisation route for gas that is currently flared or reinjected, and for new projects such as our own. The level of GDF's engagement with Etinde was confirmed by its sponsorship of a Netherland Sewall audit of the appraisal potential of the Intra Isongo following the successful IM-5 well in 2013. The joint venture is currently in price and capacity negotiations with GDF in anticipation of the launch of downstream FEED.

Beyond the projects of Ferrostaal and GDF, the last 12 to 18 months have seen technical and commercial momentum build globally behind small-scale floating and barge mounted LNG schemes. Offering the potential for rapid deployment and innovative financing, the joint venture continues to monitor the potential for such projects in the relatively benign inshore waters of the Etinde Permit.

Development and further appraisal

The case for development presented and approved within the EA focused on the opportunity to monetise the existing discoveries in block MLHP-7 through a 'hub and spoke' scheme. Maximising the flexibility to develop in stages and offering opportunities to tie-in further resources, the base project envisaged initial supply to the fertiliser project, followed by LNG.

Since the completion of the successful IM-5 well and the high deliverability of the Intra Isongo interval, further work has been undertaken on the optimisation of the first development phase. With initial deliveries from the IM field alone, upfront capital spend can be reduced and some drilling and facilities spend deferred for several years. Going forward, further design optimisation may emerge in the balance of onshore versus offshore facilities.

Following the transaction with LUKOIL and NewAge, and the greater momentum behind the various gas sales options, the joint venture has been able to accelerate plans to appraise the Intra Isongo. Two wells are planned for 2015, and positive results will again help to optimise the shape and timing of the phased Etinde development.

EXPLORATION

Bowleven's overall strategy continues to be exploration led and is being actively pursued in Cameroon, with the Bomono Permit, in Kenya in block 11B and in Zambia with blocks 25, 28 and 29.

Cameroon

Blocks MLHP-5 and MLHP-6 (Bowleven Group 75% and operator)

Blocks MLHP-5 and MLHP-6 are not included in the EA and remain under the framework of the Etinde exploration PSC which expires on 22 December 2014. In recognition of the extensive and successful exploration drilling campaign undertaken by the partners, Bowleven and CAMOP were invited by the Cameroon Government to submit an exclusive application for a new PSC. This was lodged in September 2014, and we anticipate discussions on the application in the near future.

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 2,328km^2 situated to the north and north-west of Douala city.

As previously reported, the acquisition of 500 line kilometres of 2D seismic forming part of the Group's minimum work commitment under the Bomono PSC was completed in early 2011. The outstanding first phase commitment for one exploration well was rolled over into a two well commitment for the second exploration phase. While this period reaches first expiry in December 2014, an extension of 6 to 12 months is available to cover active drilling operations.

A complete prospect inventory was generated following the initial seismic campaign, and identified a series of prospects and leads across the Permit, with both Tertiary and deeper Cretaceous aged targets. The work highlighted that the Paleocene reservoirs encountered in the exploration wells of the 1950s are considered the lowest risk and potentially highest prospectivity in the Permit.

The first well location, selected 20 kilometres north-west of Douala, targets the Zingana prospect, a Paleocene (Tertiary) aged three-way dip closed fault block that was partially penetrated by shallow wells drilled in the 1950s from which gas and liquid hydrocarbons were flowed to surface. The aim of the Zingana-1 well is to confirm these shallow reservoirs prior to drilling deeper within the trap to test updip from oil shows. The second well location, Moambe, is just over two kilometres east of the Zingana prospect, and is a previously undrilled Paleocene (Tertiary) aged robust three-way dip closed fault block, which is expected to have thicker reservoir units than at Zingana.

AT BOMONO, FINAL PREPARATIONS ARE UNDERWAY TO COMMENCE A TWO WELL EXPLORATION COMMITMENT BY DRILLING THE ZINGANA AND MOAMBE PROSPECTS.

BOWLEVEN'S OVERALL STRATEGY CONTINUES TO BE EXPLORATION LED AND IS BEING ACTIVELY PURSUED IN CAMEROON, WITH THE BOMONO PERMIT, IN KENYA IN BLOCK 11B AND IN ZAMBIA.

In June 2014 Bowleven announced an agreement with privately held Fortesa. Fortesa will drill the two exploration wells with their rig, at low cost, in exchange for a 20% equity interest on Bomono. Fortesa, through its wholly-owned subsidiary, Africa Onshore Drilling, has drilled numerous successful wells onshore West Africa and in Senegal, a number of which are currently producing for gas-to-power. The Cameroon authorities approved the sole sourcing of the Fortesa rig in September 2014.

The rig is currently in the process of being mobilised from Senegal to Cameroon. The Zingana well is now expected to spud around the end of the year, with Moambe to follow at a date to be determined by the overall completion and testing strategy. While both wells are targeting shallow gas/condensate and deeper oil, Bowleven is actively engaged with a number of local power generators to identify an early offtake solution for any associated gas. Early reservoir engineering indications, coupled with the location adjacent to Douala City, indicate the potential viability of a rapid early development scheme consisting of local power generation with liquids trucking.

Kenya
Block 11B (Bowleven Group effective interest 35%, Adamantine 50% and operator)

On 17 September 2012, Bowleven entered into a farm-in agreement to acquire a 50% equity interest in Kenya onshore exploration block 11B from Adamantine. Block 11B is located in the Turkana district of North-West Kenya, and encompasses an area of approximately 14,000km^2 covering part of the eastern branch of the Tertiary East African Rift System along which significant oil discoveries have been made in recent years. In addition to the prospectivity of the Tertiary basins, the block is also located in the region where the East African Rift System intersects the geologically older Cretaceous/Paleogene Central African Rift System which has oil production to the north-west in South Sudan in the Melut and Muglad Basins. A variety of rift-related regionally proven play-types are therefore expected on the block.

The initial work programme includes a high resolution airborne geophysical survey and the acquisition of 2D seismic, along with a satellite interpretation study. As part of a technical services agreement between Bowleven and the operator Adamantine, Bowleven provides technical support and geophysical operational management and implementation to the operator during the initial exploration period.

The ESIA work was completed in 2013, paving the way for the commencement of geophysical operations. Following initial reconnaissance and community engagement in the area, the airborne gravity and magnetics survey was completed at the end of 2013 with evaluation and interpretation work being conducted in Q1/Q2 2014. The results from the FTG survey are highly encouraging, and have enabled us to focus the forthcoming seismic campaign on two specific geological basins within the block.

Prior to the expiry of the initial two year exploration period of the Permit, the Kenyan Ministry of Energy and Petroleum granted a nine-month extension to 26 May 2015. Mobilisation of seismic operations is now underway, with acquisition expected to commence during November and expected to take around three months.

Completion of this 2D seismic campaign will fulfil the commitments in the first exploration period on the block. The option to extend into a second period will be considered across the current seismic programme. The Group's strategic partnership with First Oil (described in detail below) is funding much of the first phase spending, and includes a similar carry for any second phase work.

Zambia
Blocks 25, 28 and 29 (Bowleven Group 100% and operator)

Following participation in the 2013 Zambian licence round, Bowleven was awarded blocks 25, 28 and 29 which lie in the extensive and under-explored Luangwa Rift Valley. The Luangwa Valley, which was last explored in the 1980s, comprises a major north-east to south-west trending rift basin. Regional evidence suggests that the critical elements of a petroleum system are present. Bowleven's initial exploration period of four years includes a minimum committed work programme estimated to cost approximately $500,000. Through the reporting period technical studies have been ongoing, and several field trips in-country undertaken to establish support infrastructure in readiness for field work.

The Group is in discussions about the further two blocks of the five block application, and may farm-down a small portion of its 100% stake to a local partner.

NEW VENTURES/STRATEGIC PARTNERSHIP

Bowleven continues to review opportunities to acquire additional acreage in Africa. In July 2013 Bowleven announced a strategic partnership with Aberdeen based First Oil, a privately owned UK E&P company. Under the arrangement First Oil acquired a 30% holding in Bowleven (Kenya) Limited, which holds the Group's interest in block 11B, in return for funding exploration activities.

Under this agreement First Oil committed to fund $9 million of the first $10 million of the initial work programme, with a further commitment to fund up to $12.5 million of an additional contingent work programme during the second two year exploration phase.

Separately, the parties have also agreed to co-operate in investigating early-entry exploration opportunities in Sub-Saharan Africa. As part of this agreement First Oil may make an initial contribution of up to $3.6 million towards Bowleven's share of funding in any resulting new investments.

CONTINGENT RESOURCES

Gross Contingent Resources

No wells have been drilled during the reporting period, but the Group has continued its ongoing technical evaluation of existing discoveries through seismic interpretation and reservoir modelling.

Overall, gross contingent resources have shown a slight increase principally due to new work on fluid properties in the Intra Isongo and Middle Isongo reservoirs, alongside the building of a more complex reservoir model for the IM field in conjunction with the EEAA submission. At the P50 level, gross contingent resource volumes have increased by 10% (34 mmboe) to 384 mmboe, compared to the previous year estimate of 350 mmboe.

The gross contingent figures for 2014 also include the reintroduction of minor volumes for the IF field. In 2013, IF volumes were removed from the resource report pending a review of the field structure enabled by new multi-azimuth streamer and OBC seismic surveys. While the initial resource estimates produced were independently verified by AGR-TRACS, an external consulting firm, the available data was compromised by the intrusion of a gas chimney. The new seismic data and associated re-interpretation, undertaken by our in-house team and then again verified by AGR-TRACS, reveals a more faulted structure.

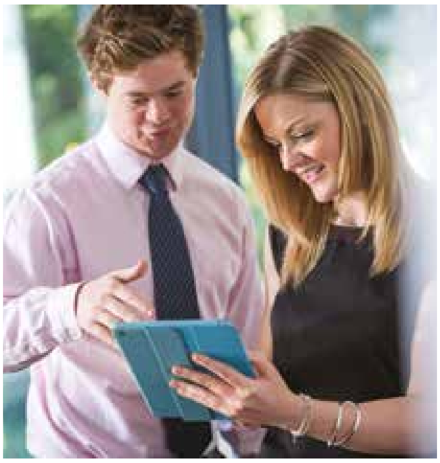
Net Contingent Resources

At the P50 level, the Group has net contingent resources of 244 mmboe (previous year 263 mmboe). This decrease reflects the reduction in our equity interest in Etinde block MLHP-7. As a result of the award of the EA, SNH elected to exercise its back-in rights thereby reducing Bowleven's net equity interest from 75% to 60%. Bowleven's equity interest in blocks MLHP-5 and 6 remains at 75%, and negotiations regarding the granting of a new PSC over this area are currently ongoing.

Net Contingent Resources	P90	P50	P10	Mean
Gas (bscf)	322	770	2,409	1,073
Condensate (mmbbls)	26	71	218	92
LPGs (mmbbls)	10	20	29	20
Oil (mmbbls)	5	25	114	50
Total BOE (mmboe)	**95**	**244**	**763**	**341**

Notes:

- For all block MLHP-7 discoveries, except the IM field, wet gas contingent resources are estimated based on a consideration of the range of recovery factors that may be typically anticipated from a gas field, for a range of development scenarios and resulting outcomes, ranging from reservoir depletion to gas recycling. 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 current conceptual development cases, allowing for gas shrinkage due to liquids drop-out.
- For the IM field, the range of contingent resources are reported for the field based on the current production model employed for the proposed 'Phase 1' development as described and included in the Etinde Exploitation Authorisation Application. For the IM field, the contingent resources estimates are now reported as sales gas, primary and secondary condensate recovery and LPG recovery resources respectively.
- IF oil resource volumes have been updated from previous resource reporting in September 2013 to reflect the recent external review of the field.
- 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 P50 to P10 range of recovery factors used for oil is 17% to 25%. The P90 oil case reflects resource estimates made for and contained in the EEAA, based on sector model reservoir simulation studies. 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 = 6,000 scf 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).



David Clarkson
Group Operations Director

Ed Willett
Exploration Director
11 November 2014

"WE HAVE MADE STEADY PROGRESS DURING THE YEAR IN DELIVERING A NUMBER OF KEY MILESTONES."

RESULTS

The Group reported a loss of $13.6 million for the 12 months ended 30 June 2014 compared to a loss of $11.1 million in the previous financial year. The results for the year include administrative expenses for the Group of $12.0 million (2013: $11.1 million). Finance costs comprise $1.7 million in foreign exchange losses arising primarily from the recognition of foreign exchange differences under IFRS on our US Dollar cash balances (2013: exchange loss of $0.5 million).

Loss per share (basic and diluted) was $0.04 (2013: loss per share $0.04).

CASH FLOW

There was a Group cash outflow from operating activities (cash operating loss, adjusted for movements in current assets and liabilities) of $8.6 million for the year against a cash outflow of $8.4 million for the previous year.

In the year under review, $18.0 million was invested in capital expenditure on the Group's portfolio of assets (2013: $109.4 million). Almost all of this expenditure was on exploration and appraisal activities, primarily remaining IM-5 well costs and pre-development spend on the Etinde Permit, as well as drilling preparation costs on the Bomono Permit.

Interest received in the year amounted to $0.2 million (2013: $0.5 million).

On 13 November 2013, Bowleven issued 29,470,000 ordinary shares at a price of £0.45 per share raising net proceeds of $20.9 million.

BALANCE SHEET

The carrying value of oil and gas assets at 30 June 2014 was $550.7 million (2013: $532.5 million). Additions in the year relate primarily to the capitalisation of exploration and appraisal spend across the Group's assets.

Shareholders' funds increased by $17.5 million to $587.5 million as at 30 June 2014. This includes $1.3 million attributable to a non-controlling interest. This relates to the 30% interest in Bowleven (Kenya) Limited held by First Oil following the agreement of the strategic partnership (outlined below) under which First Oil are funding a significant proportion of the Group's minimum work programme obligations on Kenya block 11B.

As at the balance sheet date, 30 June 2014, the Group had cash and deposit balances of $25.5 million and no debt. This included $5 million of cash collateral in respect of the Kenyan work programme; this was released in September 2014.

As at 31 October 2014 the Group had net cash of $14 million and no debt. This excludes the circa $170 million proceeds that would be received on completion of the Etinde farm-out transaction. Whilst we do not expect it to be required, pending completion of the Etinde farm-out transaction, the Group has access to a $30 million short-term bridge facility with Macquarie bank, signed during and undrawn at the end of October 2014.

Financial Summary	Year ended 30 June 2014 $'000	2013 $'000
Operating loss before financing costs	(12,025)	(11,088)
Loss for the year	(13,602)	(11,081)
Net cash used in operating activities	(8,576)	(8,404)
Bank deposits, cash and cash equivalents	25,454	24,742
Net assets	587,523	570,019

The bridge facility matures on 31 December 2015, but will be cancelled on completion of the Etinde farm-out transaction, and amounts drawn (if any) under the facility repaid from the proceeds. While the facility enables the progression of Group operations pending receipt of the Etinde farm-out transaction proceeds, it is recognised that in the absence of or, in the event of delayed completion, the Group will be subject to cash limitations. Refer to note 25 to the accounts for key terms of the facility.

FINANCING

In July 2013, the Group signed a strategic partnership with First Oil. Under the arrangement First Oil acquired a 30% holding in Bowleven (Kenya) Limited, which holds the Group's 50% equity interest in block 11B, in return for funding exploration activities. First Oil committed to fund $9 million of the first $10 million of spend towards the minimum work programme (FTG and 2D seismic) for the initial two year exploration phase on block 11B, and up to $12.5 million of an additional contingent work programme during an optional second two year exploration phase.

On 23 June 2014, the Group entered into a conditional agreement with LUKOIL and NewAge to farm-out two thirds of its equity interest in the Etinde Permit, in return for a cash consideration of approximately $170 million (including approximately $5 million of an expected working capital adjustment, subject to finalisation) receivable on completion of the transaction, and a $40 million deferred cash consideration (comprising $15 million due on the earlier of completion of appraisal drilling or 18 months from transaction completion, and $25 million at FID). In addition there is a net $40 million carry to cover the Group's share of a two well appraisal drilling campaign planned for 2015.

On 15 July 2014 the Group announced that it had reached a mutually acceptable agreement with Petrofac to terminate the Strategic Alliance Agreement on completion of the LUKOIL and NewAge farm-out transaction. On completion, $9 million will be paid to Petrofac as full and final settlement and the Strategic Alliance Agreement shall terminate.

On 24 October the Company entered into a $30 million bridge facility with Macquarie Bank, as discussed above, to enable operational commitments to be made and funded if required pending final completion of the Etinde farm-out transaction.

The Group has now committed to a rig contract with AODL to enable the drilling of the two exploration wells planned on the Bomono Permit. The drilling of these wells will fulfil the remaining work programme obligation on the Permit and allow the release of the $16 million contingent liability disclosed in the annual report and accounts for this commitment.

The above post balance sheet events are described in more detail in note 25 to the financial statements.

OUTLOOK

Bowleven's balance sheet will be significantly strengthened following completion of the Etinde farm-out transaction, bringing increased financial flexibility to the Group. The substantial cash and deferred payment structure means that the Group will be well funded for its anticipated remaining share of pre-production development expenditure on Etinde. The drilling carry will also allow the Group to accelerate appraisal activity on Etinde with the aim of enhancing the monetisation of the acreage.

The transaction will enhance the Group's potential to progress its exploration opportunities alongside Etinde, while demanding that the Board remains focused on applying appropriate capital discipline and commercial rigour to all investment propositions.

Kerry Crawford
Finance Director
11 November 2014

BOWLEVEN'S BALANCE SHEET WILL BE SIGNIFICANTLY STRENGTHENED FOLLOWING COMPLETION OF THE ETINDE FARM-OUT TRANSACTION, BRINGING INCREASED FINANCIAL FLEXIBILITY TO THE GROUP.

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 regularly monitors the key risks and uncertainties considered to affect the Group and its operations, and runs its business in a way which, wherever possible, minimises the impact of such risks.

Bowleven has a Group risk forum (GRF) which is responsible for regularly reviewing and updating the Group risk register and considering the key risks facing the business. The Group risk register is also regularly reviewed by the Board.

The risk management framework and processes adopted by the GRF involve the identification, assessment, mitigation, monitoring and reporting of all key Group 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 wherever possible. The Board believes that the principal risk categories for the business are: operations and exploration; financial; strategic and corporate.

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

Risk	Mitigation
Although the parties have extended the completion date for the Etinde farm-out transaction to 31 December 2014, and the Minister of Mines has given his approval for the Etinde farm-out transaction, there is no guarantee that the Presidential decree will be obtained and gazetted by that date, which would mean that, unless extended, the transaction technically terminates.	The counterparties to the Etinde farm-out transaction remain keen to complete the deal, as evidenced by their agreement to the extension. Ministerial approval has already been granted and the formal decree recording that approval is currently with the President's office for signing. In the event that, for whatever reason, the Presidential decree is not forthcoming before 31 December 2014 and the counterparties are not agreeable to any further extension with the consequence that the Etinde farm-out transaction is terminated, the recently announced Macquarie bridge finance facility affords the Group time to secure alternative financing solutions.
Unless a new PSC is granted by the Cameroon authorities in respect of block MLHP-5 & 6 before expiry of the Etinde PSC in December 2014, the Group will lose title to these blocks.	During the course of the negotiations leading to the award of an Exploitation Authorisation in respect of block MLHP-7, and in recognition of the fact that the discoveries made by the Group on block MLHP-5 would in due course form part of the proposed development plan of the resources on block MLHP-7, the Cameroon authorities indicated that they would be supportive of an application by the Group and its joint venture partner for the award of a new PSC in respect of blocks MLHP-5 & 6. That application has been submitted to the Cameroon authorities and is currently being considered by a committee of representatives from the Cameroon authorities.
The Group's ability to access capital and the value of its assets is impacted by macro-economic shifts, equity markets and movements in commodity prices.	Completion of the Etinde farm-out transaction will not only provide the Group with funding to meet its share of anticipated drilling costs for the upcoming appraisal drilling campaign on Etinde but also provide funding flexibility to meet its estimated residual equity share of the anticipated development costs for the Etinde development and provide further funding for exploration activities. Whilst this is not expected to be utilised, the Macquarie bridge finance facility provides short-term funding flexibility pending completion of the Etinde farm-out transaction. The Group has been successful in securing other innovative funding solutions, as demonstrated by the Petrofac strategic alliance and the joint venture with First Oil in Kenya. Other funding arrangements continue to be explored by the Group.
The existence of a market for gas in Cameroon is key to the successful commercial development of the associated liquids on the Etinde Permit.	The Group continues negotiations for the sale of gas to the proposed fertiliser plant to be constructed at Limbé by a consortium led by Ferrostaal (refer to the Chairman's and Chief Executive's review for further detail of progress). The Group also continues to progress the joint GDF and SNH initiative to advance the monetisation of undeveloped gas resources within Cameroon via an in-country gas aggregation scheme to supply a domestic LNG facility. Other potential gas monetisation solutions continue to be considered by the Group and its Etinde joint venture partners.
Regulatory uncertainty and delays in granting approvals or passing laws may severely inhibit project development in the Group's areas of operations.	The Group maintains a regular dialogue with Government agencies in the countries in which it operates.

Risk	Mitigation
The countries in which the Group operates are perceived to have serious bribery and corruption problems and issues.	The Group has a zero tolerance attitude towards bribery and corruption. The Group has an anti-bribery and corruption policy consistent with the Group's obligations arising under the UK Bribery Act 2010, and has established procedures for monitoring compliance including regular training for all Group staff. As part of the regular training staff are also reminded of the Group's whistleblowing policy and encouraged to confidentially raise any concerns that they may have about dangerous, illegal activity or any wrong doing within the organisation.
The nature of the Group's operations exposes it to a wide range of health, safety, security and environmental (HSSE) risks, including cybercrime risk.	The Group regularly reviews its HSSE policies and procedures to ensure that they are fully compliant with industry 'best practice' as well as all the appropriate international and local rules and regulations. HSSE related documentation is regularly reviewed to ensure that emergency response plans (ERPs) and related procedures are up to date and in accordance with international 'best practice' and requirements. Drills and exercises are regularly conducted on the Group's operations to ensure that the procedures in place are fit for purpose. The Company is aware of proposed EU regulations with regard to the growing threat from cybercrime and is working towards identifying any risk exposure that may exist and meeting the necessary standards to protect its intellectual assets from those risks.
Exploration and appraisal activities are inherently uncertain in their cost and outcome.	The Group has rigorous processes and procedures in place for assessing the geological and commercial risks associated with its exploration and appraisal activities. To supplement in-house expertise the Group engages appropriate technical and engineering consultants. Geophysical programmes, wells and their design are also subjected to scrutiny by peer review and also by the appropriate regulatory authorities and the Group's insurers, as required.
The assumptions used to estimate hydrocarbon resources may prove incorrect.	In addition to its own technical evaluation of resource and development scenarios, the Group employs external consultants to provide independent evaluations on a regular basis. Most recently AGR-TRACS have carried out a further independent volumetric assessment of the IF oil discovery (in that regard see the Exploration and Operational review).

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

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 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, approve an internal audit programme annually under which various specific reviews of business activities are carried out. Responsibilities for organising these reviews, including utilising external consultants as appropriate and reporting back, are assigned within the organisation.

APPROVAL OF STRATEGIC REPORT

The Strategic Report on pages 2 to 25 of the Annual Report 2014 has been approved by the Board of Directors.

On behalf of the Board

Peter G Wilson
Director
11 November 2014

BOARD OF DIRECTORS

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02

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01. 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 plc. He is a Scottish Chartered Accountant. He was appointed to the Bowleven Board in 2006.

02. 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 November 2006.

03. CHIEF TABETANDO
CHAIRMAN OF EUROIL LTD

A Cameroonian citizen, Chief Tabetando is a qualified lawyer with an LLM degree from the University of London. Prior to joining Bowleven he was senior partner and head of Chambers in one of Cameroon's leading international law firms since 1975. He has over 12 years of experience in the oil and gas industry in an executive role. He is presently Vice President of the Cameroon National Council of Monarchs. He is a founding shareholder and Chairman of EurOil Limited. He was appointed to the Bowleven Board in 2001.

04. DAVID CLARKSON
OPERATIONS DIRECTOR

David Clarkson previously worked for BP where he held a variety of senior executive positions in the Upstream business, including leading major project developments in frontier locations and as Technical Vice President for Projects & Engineering. He has a degree in Mechanical Engineering from the University of Strathclyde and is a Chartered Engineer and Fellow of the Institution of Mechanical Engineers. He was appointed to the Bowleven Board in 2013.

05. KERRY CRAWFORD
FINANCE DIRECTOR

Kerry Crawford joined Bowleven in 2008 as Deputy Finance Director and Head of Investor Relations. She previously worked at Cairn Energy plc for ten years, latterly in the role as Deputy Finance Director and Head of IR. She qualified and first worked as a Chartered Accountant at Ernst & Young and is a member of The Institute of Chartered Accountants of Scotland. She is also an Associate Member of the Institute of Corporate Treasurers. She was appointed Finance Director and member of the Bowleven Board in January 2014.

06. ED WILLETT
EXPLORATION DIRECTOR

Ed Willett has worked in the oil and gas exploration business for 30 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 plc in 1989, where he held a variety of technical and management roles across Cairn's entire portfolio. He was appointed to the Bowleven Board in 2008.

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THE BOARD CURRENTLY COMPRISES SIX EXECUTIVE DIRECTORS AND FOUR NON-EXECUTIVE DIRECTORS, INCLUDING THE CHAIRMAN.

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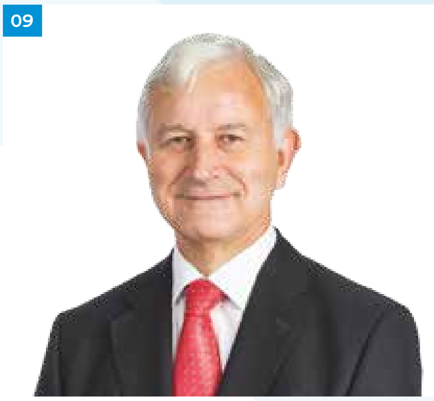

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07. PETER WILSON
DIRECTOR/GENERAL COUNSEL

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. He has been advising Bowleven on contractual, legal and compliance matters since 1999. He was appointed to the Bowleven Board in 2005.

08. CAROLINE COOK
NON-EXECUTIVE DIRECTOR

Having established her career as a leading equity research analyst, Caroline Cook is now an independent consultant on strategic and macro issues in 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 number one rated global oil and gas franchise. 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.

09. TIM SULLIVAN
NON-EXECUTIVE DIRECTOR

Tim Sullivan has over 40 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. From 2002 to 2006, Tim was CEO of Revus Energy ASA, a company which he co-founded. He then went on to be Deputy CEO of Agora Oil and Gas and more recently was Technical Advisor to the Northwest European business unit of Cairn Energy plc. He is Deputy CEO of Origo Exploration AS. He has an MSc in Geophysics from Birmingham University. He was appointed to the Bowleven Board in 2009.

10. PHILIP TRACY
NON-EXECUTIVE DIRECTOR

Philip Tracy was appointed as a Non-Executive Director in May 2011 and held the role of Interim Operations Director from August 2011 until May 2013. He was previously Operations and Engineering Director of Cairn Energy plc. He is a Chartered Engineer with over 40 years of experience in the international oil and gas industry, including 19 years at plc board level. He was an Honorary Professor in the Petroleum Engineering Department of Heriot-Watt University for five years and currently holds one other non-executive position as well as a number of consultancy/advisory positions. He was elected Fellow of the Royal Academy of Engineering in September 2014.

DIRECTORS' REPORT

The Directors of Bowleven plc (a company incorporated in Scotland with registered number SC225242) submit their report and the Group financial statements for the year ended 30 June 2014.

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the Group is exploration for and appraisal and development of oil and gas resources in Africa. The Group currently has interests in Cameroon, Kenya and Zambia.

The Chairman's and Chief Executive's review (pages 8 to 13) and the Exploration and Operational review (pages 16 to 21) describe the activities of the Group during the financial year and its future developments.

RESULTS AND DIVIDENDS

The trading results for the year, and the Group's financial position at the end of the year, are shown in the attached financial statements. The Group reported a loss for the year of $13.6 million (2013: $11.1 million loss).

The Directors do not recommend the payment of a dividend (2013: nil).

POST BALANCE SHEET EVENTS

Etinde Exploitation Authorisation (EA)

On 29 July 2014, the formal decree awarding the Etinde EA was signed by the President of Cameroon. The EA gives Bowleven and its joint venture partners, development and exploitation rights over block MLHP-7 for an initial period of 20 years with the option to renew for up to a further 10 years.

Cameroon State back-in to Etinde block MLHP-7

Following approval of the EA, the Cameroon State oil company, SNH, exercised its right to take a 20% participating interest in the Etinde EA. As a result, the Group's participating interest in block MLHP-7, the area covered by the EA, reduced from 75% to 60%. SNH are liable for their share of development costs from the date of back-in (29 July 2014). There is no impact to the Financial Statements as a result of the State back-in.

Etinde blocks MLHP-5&6 PSC application

Blocks MLHP-5 and MLHP-6 of the Etinde Permit are not covered by the EA and remain under the framework of the exploration term of the Etinde PSC. The Etinde PSC is due to expire on 22 December 2014. The special Operating Committee meeting that considered the EA also indicated its support for a new PSC covering these blocks to the existing partners. A new PSC application, was submitted to the Cameroon authorities in September 2014. The Cameroon authorities have acknowledged receipt and discussions on the application are anticipated in the near future.

Etinde farm-out transaction

On 24 June 2014, Bowleven announced the farm-out of two-thirds of its interest in Etinde to LUKOIL and NewAge subject to the satisfaction of a number of conditions. Bowleven's interest will reduce from 60% (post State back-in) to 20% on completion. The following conditions to completion have been met:

- On 15 July 2014, the Group announced it had reached a mutually acceptable agreement to terminate the Petrofac Strategic Alliance Agreement (SAA) on completion of the farm-out. In such event, $9 million will be payable to Petrofac as full and final settlement and the SAA will terminate.
- At the general meeting on 21 July 2014, Bowleven shareholders passed the resolution to approve the farm-out transaction.
- On 29 July 2014, as described above, the formal decree awarding the Etinde EA was signed by the President of Cameroon.

On 28 October 2014, Bowleven announced that all parties to the farm-out transaction agreed to extend the longstop date to 31 December 2014. Following notification in October 2014 of the Cameroon Government's approval of the assignment of the Etinde equity interests to the nominated affiliates of LUKOIL/NewAge, and the associated transfer of operatorship to CAMOP (NewAge) the only remaining condition to completion under the farm-out agreement is the gazetting of the signed Presidential decree.

Macquarie bridge facility

On 24 October 2014, the Group entered into a $30 million bridge facility agreement with Macquarie Bank to provide financing flexibility, in the event required, for the period until completion of the Etinde farm-out transaction. Whilst it is not expected to be required the bridge facility may be used for capital investment and ongoing working capital requirements of the Group.

The facility is structured as a corporate loan facility with an arrangement fee, a commitment fee on any undrawn amounts and interest payable on any funds drawn at LIBOR plus 4% to 6%. If the facility is drawn, or remains in place beyond 31 December 2014, Macquarie will be entitled to up to 11 million warrants priced at 50 pence per share, issuable at certain fixed dates across 2015. The facility matures on 31 December 2015, but will be cancelled on completion of the Etinde farm-out and any amounts drawn (if any) repaid from the proceeds of the farm-out.

Bomono rig contract and licence extension

A rig contract with Africa Onshore Drilling LDC has been signed and the rig is in the process of being mobilised from Senegal to Cameroon. We have commenced drilling operations on the Bomono Permit and expect to spud the first well around the end of the year. Whilst the drilling activity will extend beyond the expiry of the licence on 12 December 2014, our rights include a six to twelve month extension (period of extension determined by Cameroon Minister of Mines) for operations to complete. In line with the Petroleum Regulations, on 31 October 2014, a request to extend the exploration period by twelve months was submitted to the Cameroon authorities to enable drilling operations to be completed and in the event of success enable preparation of an Exploitation Authorisation Application.

Farm-out of Bomono to Fortesa

On 27 June 2014, the Group announced it had agreed to farm-out a 20% interest in the Bomono Permit to Fortesa in return for the provision of a suitable rig at low cost. Completion of the farm-out is subject, *inter alia*, to approval of the assignment of interests by the Cameroon Government.

GOING CONCERN

After making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group will have sufficient funds, considering the completion of the Etinde farm-out (and receipt of associated cash consideration) and, pending completion, availability of the $30 million bridge facility with Macquarie Bank , to meet their ongoing working capital and committed capital expenditure requirements. In making this assessment, the Directors considered the Group budgets, the cash flow forecasts and associated risks. Refer to funding activity section in Chairman's and Chief Executive's review for further detail.

THE DIRECTORS AND THEIR INTERESTS

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

	Ordinary Shares of £0.10 each	
	At 30 June 2014	At 1 July 2013 or date of appointment
J D Brown [(i)]	–	300,000
D Clarkson	–	–
C Cook*	135,000	135,000
K Crawford [(ii)]	308,636	308,636
R G Hanna*	330,135	330,135
K Hart	2,712,364	2,562,364
T Sullivan*	146,745	146,745
Chief Tabetando	1,557,701	1,557,701
P O J Tracy*	–	–
E A F Willett	388,113	338,113
P G Wilson	430,000	410,000
	6,008,694	**5,780,058**

* Denotes Non-Executive Directors.
(i) Resigned 6 January 2014.
(ii) Appointed 6 January 2014.

DIRECTORS' LIABILITIES

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

SHAREHOLDER INFORMATION

The ordinary shares of the Company are listed on AIM under the symbol 'BLVN'. As at 15 October 2014, the broad distribution of the ordinary shares in issue was as follows:

	Shares	%
Institutions	140,639,354	43.36
Other individuals	177,700,568	54.79
Directors and management	6,008,694	1.85
	324,348,616	**100**

CORPORATE GOVERNANCE

The Directors are committed to meeting high standards of corporate governance. As an AIM listed company, the Company is not required to, and does not, fully comply with every provision of the UK Corporate Governance Code (the Code). However, the Directors are aware of the principles and provisions of the Code and have established policies and procedures to follow the main and supporting principles of the Code and, as far as it is practicable to do so, having regard to the size and resources of the Group, the underlying provisions.

BOARD STRUCTURE

The Board currently comprises six Executive Directors and four Non-Executive Directors, including the Chairman. The Board has a schedule of matters reserved for its decisions. In addition to those 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.

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 pages 26 and 27. These demonstrate a wide range of experience and high calibre considered sufficient to bring independent judgement on the issues considered by the Board.

There are transparent procedures in place for the appointment of new Directors to the Board. 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 2014 annual general meeting (AGM), Chief Tabetando, Phil Tracy and Ed Willett will therefore retire from the Board and will offer themselves for re-election. In addition, the Company's Articles of Association also provide that Directors appointed to the Board hold office only until the dissolution of the AGM of the Company immediately following their appointment. Kerry Crawford, who was appointed as a Director on 6 January 2014, will therefore resign and offer herself for re-appointment by shareholders.

The Company has established Audit, Nomination and Remuneration Committees. Terms of reference for these 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 is responsible for developing policy on remuneration for the Executive Directors and senior management and reviewing their performance and setting 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 32 to 36.

AUDIT COMMITTEE

The Audit Committee comprises Caroline Cook (Chairman), Ronnie Hanna, Tim Sullivan and Philip Tracy. If required, at the request of the Chairman of the Audit Committee, Executive Directors and senior members of the management are also invited to attend meetings.

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. The Committee 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. In addition, market announcements, including Group operational updates, are also released, as and when appropriate, to update shareholders on activities. Investor Relations (IR) ensure that a comprehensive IR programme is in place to allow the Company to meet with a broad range of shareholders.

The Chief Executive and IR maintain regular dialogue with major institutional investors and analysts. An analyst presentation and investor roadshow are often held after the Group's preliminary announcement of year end results and interim results. In addition to these investor roadshows, the Company also attends various conferences or investor events. These tend to comprise of a mix of presentations 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's IR programme includes conferences and investor meetings overseas, including North America and Europe. Presentations prepared for investor meetings and conferences are made available on the Company's website. At the AGM a business presentation is provided for the benefit of shareholders. The AGM also provides an opportunity for private shareholders and institutional investors to meet and speak to members of the Board.

The Board receives regular investor relations reports covering key investor meetings and activities as well as analyst, shareholder and investor feedback and market updates. The Company maintains a database of all meetings held by the Directors with shareholders and analysts. All analysts' reports received on the Company are reviewed and monitored by IR and copies are distributed to Directors. IR support is provided, where appropriate, to analysts covering and initiating coverage on the Company. The Company consults with its corporate brokers and NOMAD on investor/market matters and also utilises Brunswick LLP for ongoing public relations support.

The Group continually seeks to develop and improve its IR activities. Enquiries from all shareholders are welcomed by the Company. The Company has instigated, and intends to continue with, a programme of briefing meetings for shareholders, held in London at which private shareholders can speak to the Chief Executive and other members of the Board. Shareholders and other interested parties can also register on the Group's website to receive news updates by email. The Group's Head of IR can also be contacted via email at IRqueries@bowleven.com or by telephone on +44 (0) 131 524 5678.

ANNUAL GENERAL MEETING

The 2014 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 Thursday 18 December 2014. Formal notice of the AGM, including details of special business, is set out in a notice of meeting on pages 68 to 70 and on the Company's website at http://www.bowleven.com/investor-relations/shareholder-services/general-meeting-information.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objectives and policies are discussed in note 23 to the financial statements on pages 64 to 66.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered bearing in mind the respective qualifications and abilities of the applicants concerned. In the event of employees becoming disabled, every effort is made to ensure their employment continues. The training, career development and promotion of a person with a disability is, as far as possible, identical to that of a person without a disability.

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 reappointment and authorising the Directors to fix its remuneration will be submitted to the AGM.

On behalf of the Board

Peter G Wilson
Director
11 November 2014

DIRECTORS' REMUNERATION REPORT

The Group is not required to disclose the following information but has chosen to do so in the interests of greater transparency.

REMUNERATION COMMITTEE

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

The Committee meets at least four times a year to consider, amongst other things, the continuing suitability of the key corporate performance indicators which are set by the Board in January each year. The Committee meets more often if required.

The Committee is responsible for developing policy on remuneration for the Executive Directors and senior management and reviewing their performance and setting 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 Bowleven long-term incentive plan (LTIP) to Executive Directors and senior management and the grant of share options to employees. Independent advisers are engaged to advise the Committee as required.

The Chief Executive may attend meetings of the Committee at the invitation of the Chairman. Neither he nor any of the other Directors 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 the Executive Directors with shareholders.

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

- Basic salary;
- Benefits in kind;
- Performance related bonus; and
- LTIP awards.

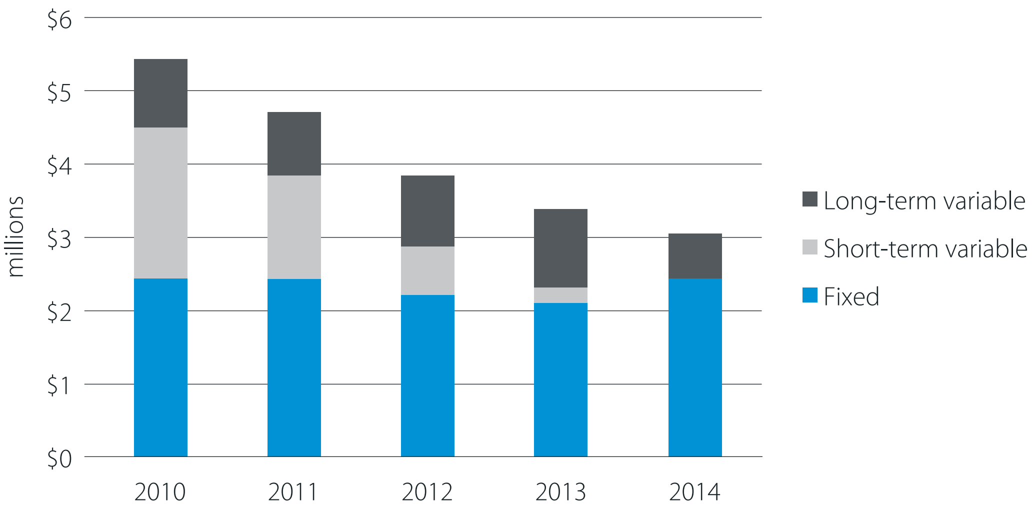
The overall package is generally weighted more towards variable pay with a suitable weighting towards long-term performance through the award of long-term incentives.

The Remuneration Committee applied its remuneration policy during the year having regard to the following factors:

- The competitive recruitment market in the oil and gas sector;
- A desire to closely align executive remuneration with shareholders' interests; and
- Economic conditions affecting the Group and its proposed operations.

SPLIT OF TOTAL COMPENSATION

The chart below shows the total compensation for Executive Directors over the last five years split between fixed, short-term and long-term variable performance based remuneration.



- Fixed remuneration comprises salary and benefits in kind;
- Short-term variable remuneration comprises performance related bonus; and
- Long-term variable remuneration is comprised of the fair value (in a manner consistent with IFRS 2) of LTIP awards granted during the year.

COMPONENTS OF EXECUTIVE DIRECTORS' REMUNERATION

BASIC SALARY AND BENEFITS

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.

PERFORMANCE BONUS SCHEME

The Company operates a discretionary performance related bonus for all full-time staff, including the Executive Directors and senior management.

The performance related bonus is capped at a maximum percentage of annual salary applicable to each employee. In the case of the Chief Executive this is a maximum of 100% of annual salary and in the case of all of the other UK Executive Directors a maximum of 75%. Subject to the overriding discretion of the Remuneration Committee, UK Executive Directors' bonuses are based as to 20% of any bonus being calculated with reference to personal objectives set by the Chief Executive or, in the case of the Chief Executive, by the Chairman and as to the remaining 80% with reference to the Group's performance against the key corporate performance indicators for that year. No bonus is payable in any year unless the weighted performance against the annual key corporate performance indicators exceeds 50%.

Group performance is determined by reference to a series of key corporate performance indicators set by the Board each January on the recommendation of the Remuneration Committee, these are then reviewed quarterly by the Remuneration Committee.

Performance against the annual key corporate performance indicators set by the Board and determination of the consequential level of performance related bonuses payable, if any, is calculated on a calendar year basis by the Remuneration Committee. Any bonus arising is usually paid in January of the following year. Whether any bonus is payable and the level of it, remains subject to the overriding discretion of the Remuneration Committee.

No bonuses were declared payable to the Executive Directors in respect of the financial year to 30 June 2014. The Remuneration Committee resolved on 5 December 2012 that the payment of 2012 bonuses to Executive Directors be deferred and made subject to further performance conditions. The form of deferred bonus (i.e. cash or shares) was left to the discretion of the Remuneration Committee. These bonuses totalling $532,000 remain deferred.

LONG-TERM INCENTIVE PLAN

The LTIP is designed to reward the Executive Directors 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 a general meeting of the Company 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 a three year performance period. Performance conditions are determined by the Remuneration Committee. The performance criteria are discussed in detail later in this report, but relate to the performance of the Company's share price against a group of comparable companies.

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

Awards made under the LTIP may not exceed 200% of base salary in any year, or 400% of base salary in any consecutive three year period. The Remuneration Committee recommends the level of award to the Board coincident with recommendations for any annual performance bonus. Individual awards in any particular year are influenced by, *inter alia*, personal performance against annual objectives, Group performance relative to the corporate performance indicators and the wider market environment. The Remuneration Committee continues to prefer an element of annual discretion against pre-set flat 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
D Clarkson *	1 April 2014	12 months
K Crawford	6 January 2014	12 months
K Hart	1 January 2007	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

* David Clarkson changed from being a full time Employee to a self-employed Consultant, paid on the basis of an agreed day rate, with effect from 1 April 2014. He continues to be an Executive Director and holds the position of Operations Director.

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

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors have written terms of engagement setting out their roles and responsibilities. Fees for the Non-Executive Directors are determined by the Board. The Chairman receives a fee of $162,000 (£100,000) per annum. Caroline Cook, Tim Sullivan and Philip Tracy each receive a fee of $65,000 (£40,000) per annum. Caroline Cook receives an additional fee of $8,000 (£5,000) per annum as Chairman of the Audit Committee.

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

DIRECTORS' REMUNERATION

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 2014 $'000	Total 2013 $'000
Executives						
J D Brown (i)	172	–	1	–	173	372
D Clarkson (ii)	215	–	–	115	330	–
K Crawford (iii)	160	–	1	–	161	–
K Hart (iv)	627	–	2	–	629	611
Chief Tabetando	441	–	17	–	458	532
E A F Willett	392	–	3	–	395	412
P G Wilson	353	–	3	–	356	371
Non-Executives						
C Cook	–	–	–	73	73	71
R G Hanna	–	–	–	162	162	157
P O J Tracy (v)	–	–	–	65	65	450
T Sullivan	–	–	–	65	65	63
Total	**2,360**	**–**	**27**	**480**	**2,867**	**3,039**

(i) Resigned 6 January 2014. Salary shown is for the current year up to 6 January 2014.
(ii) Moved to consultancy contract on 1 April 2014. During the period from 1 April 2014 to 30 June 2014, the Company paid $115,273 (2013: nil) to Adergy Limited in respect of the provision of services by David Clarkson. David Clarkson remains an Executive Director.
(iii) Appointed 6 January 2014. Salary shown is for the current year from 6 January 2014.
(iv) Highest paid Director.
(v) Total remuneration for 2013 includes $387,002 paid to Greyhair Advisory Services LLP in respect of the provision of services by Phil Tracy in his capacity as Interim Operations Director for the period ended 30 June 2013.

The Group does not operate a Company pension scheme for Executive Directors but, as with all other permanent staff, it does make a contribution of 10% of basic salary to Executive Directors, who are required to pay an equivalent sum into their personal pension plan.

Benefits in kind principally comprise of medical and travel insurance.

DIRECTORS' LONG-TERM INCENTIVE PLAN AWARDS

The number of awards held by Directors under the LTIP is as follows:

Performance period	Share price at date of grant	D Clarkson	K Crawford	K Hart	Chief Tabetando	E A F Willett	P G Wilson
10.12.09 to 10.12.12 (i)	82 pence	–	32,000	117,000	54,000	45,000	33,000
12.12.11 to 12.12.14	70.5 pence	–	199,426	729,328	341,872	303,887	273,498
10.12.12 to 10.12.15	69 pence	–	209,874	721,878	359,784	319,807	287,826
26.06.13 to 26.06.16	61 pence	393,442	–	–	–	–	–
04.12.13 to 04.12.16	50 pence (ii)	480,000	289,626	706,136	496,502	441,334	397,200
Total		**873,442**	**730,926**	**2,274,342**	**1,252,158**	**1,110,028**	**991,524**

(i) In accordance with the LTIP scheme rules and based upon the Company's performance against the Comparator Group over the relevant Performance Period 20% of the 2009 award should have vested in December 2012 with the remaining 80% lapsing. However, by agreement between the Remuneration Committee and the Executive Directors, it was agreed that the 20% which should otherwise have vested would be deferred and made conditional upon the Company achieving certain other targets, details of which are set out in the December 2009 LTIP Awards section below.
(ii) Although the actual share price of the Company on the date of grant was 37.5 pence, the Remuneration Committee resolved to set a higher deemed share price of 50 pence for the Company and this will be used to determine the Company's performance against the Comparator Group over the Performance Period.

The closing share price of one Bowleven share on 30 June 2014 was 39.25p (2013: 59.25p) and the highest and lowest prices during the year were 69.75p and 29.25p respectively.

VESTING OF AWARDS

The vesting of an award granted under the LTIP is dependent upon the achievement of performance conditions determined by the Remuneration Committee at the relevant grant date. The three year performance period commences on the date of grant of an award and ends on the third anniversary of the date of grant (or such other period as may be determined by the Remuneration Committee) or such shorter period as provided for in the rules of the scheme.

The performance conditions which are applicable to awards under the LTIP are as follows:

- Awards will vest if the total shareholder return (TSR) in the Company ranks median or above when compared with the TSR of a pre-defined comparator group over the relevant three year performance period.
- The percentage of allocated shares that are transferred to a participant is determined by Bowleven's position in the TSR ranking list as set out below:

TSR ranking of Bowleven compared with comparator group	% Shares transferred
Upper Quartile and above	100
Between Median and Upper Quartile	Pro-rata on a straight line basis
Median	20
Below Median	nil

December 2009 LTIP Awards

In accordance with the LTIP scheme rules and based upon the Company's performance against the Comparator Group over the performance period ending on 10 December 2012, 20% of the 2009 awards should have vested in December 2012 with the remaining 80% lapsing. However, the Executive Directors, agreed to a recommendation by the Remuneration Committee that the 20% which should otherwise have vested at that time would be deferred and made conditional upon the Board approving the final investment decision in respect of the Etinde development on or before 31 December 2014. It was also agreed that at the December 2012 meeting of the Remuneration Committee that the deferred 2009 LTIP Awards would automatically vest in the event of a change of control of the Company before 31 December 2014. At its meeting the Remuneration Committee subsequently varied this condition in July 2014, agreeing instead that the deferred 2009 LTIP Awards should vest instead on completion of the Etinde farm-out.

Details of the 2009 LTIP awards subject to a deferred vesting are given in the table below:

Director	Performance period	No. of shares awarded	Share price at grant date	Units vesting (20%)
J D Brown (i)	10.12.09 to 10.12.12	270,000	82 pence	54,000
K Crawford (ii)	10.12.09 to 10.12.12	160,000	82 pence	32,000
K Hart	10.12.09 to 10.12.12	585,000	82 pence	117,000
Chief Tabetando	10.12.09 to 10.12.12	270,000	82 pence	54,000
E A F Willett	10.12.09 to 10.12.12	225,000	82 pence	45,000
P G Wilson	10.12.09 to 10.12.12	165,000	82 pence	33,000

(i) John Brown ceased to be a Director on 6 January 2014 and all awards under the LTIP held by him on that date, including the above deferred award, automatically lapsed on that date.
(ii) This award was made prior to Kerry Crawford becoming a Director.

January 2011 LTIP Awards

The performance period for the following awards, which were made to Directors on 11 January 2011, ended on 11 January 2014. Bowleven's performance against the Comparator Group over this period was below the median and therefore, in accordance with the scheme rules, none of the awards vested.

Director	No. of shares in January 2011 Awards
J D Brown *	48,684
K Crawford	34,211
K Hart	105,263
Chief Tabetando	56,579
E A F Willett	60,526
P G Wilson	39,474

* John Brown ceased to be a Director on 6 January 2014 and all awards under the LTIP held by him on that date, including the above award, automatically lapsed.

December 2013 LTIP Awards

The following awards were made to Directors on 4 December 2013. Although the actual share price of the Company on the date of awards was 37.5 pence, the Remuneration Committee resolved to set a higher deemed share price of 50 pence for the Company and this price will be used to determine the Company's performance against the comparator group over the performance period.

Director	No. of shares in December 2013 Awards
J D Brown *	397,200
D Clarkson	480,000
K Crawford	289,626
K Hart	706,136
Chief Tabetando	496,502
E A F Willett	441,334
P G Wilson	397,200

* John Brown ceased to be a Director on 6 January 2014 and all awards under the LTIP held by him on that date automatically lapsed.

The Comparator Group for the awards granted on 4 December 2013 comprised Bowleven and the following fourteen companies:

Afren plc	Gulfsands Petroleum plc	Salamander Energy plc
Ascent Resources plc	Heritage Oil plc	Soco International plc
Chariot Oil & Gas Limited	Ophir Energy plc	Sterling Energy plc
Circle Oil plc	Petroceltic International plc	Tullow Oil plc
Cairn Energy plc	Rockhopper Exploration plc	

DILUTION – COMPLIANCE WITH ABI GUIDELINES

The Company complies with the dilution guidelines issued by the Association of British Insurers. When aggregated with awards under all of the Company's other schemes, the Company can issue a maximum of 10% of the issued ordinary share capital (adjusted for share issuance and cancellation) in any rolling 10 year period. In addition, commitments to issue new shares under the LTIP may not exceed 5% of the issued ordinary share capital of the Company (adjusted for share issuance and cancellation) in any rolling 10 year period.

As at 11 November 2014 a total of 1,573,844 shares (representing 0.49% of the issued share capital) have vested and been awarded to staff under all of the Bowleven Company share option schemes. Options in respect of 10,431,801 shares (3.22%) are currently in issue to staff. 2,948,127 shares (0.91%) have been issued to Executive Directors and senior management under the LTIP with up to a further 7,680,825 shares (2.37%) subject to awards granted in respect of ongoing performance periods. This figure includes the deferred 2009 LTIP awards.

SHAREHOLDING GUIDELINES

In order to align the Executive Directors' interests more closely with those of shareholders the Remuneration Committee introduced a requirement in 2012 that Executive Directors with more than one year's service are required to purchase shares in the market and/or retain shares from share awards vesting under the long-term incentive plan, to a minimum of the equivalent to one year's salary, based upon the share price at the time of purchase and/or vesting. All directors currently comply with this obligation with the exception of David Clarkson who has been given temporary dispensation by the Remuneration Committee.

The table below sets out details of the aggregate cost of shares purchased by Directors and details of share awards under the LTIP retained by the Executive Directors.

The table set out below details the Directors' shareholdings as at 30 June 2014:

Name of Director	Total shares purchased	Total cost of shares purchased	Shares acquired on vesting LTIPs	Total shares held
D Clarkson	–	–	–	–
C Cook	135,000	£123,708	–	135,000
K Crawford (i)	150,000	£105,075	158,636	308,636
R G Hanna	330,135	£342,018	–	330,135
K Hart	2,317,073	£1,666,816	395,291	2,712,364
T Sullivan	146,745	£114,800	–	146,745
Chief Tabetando	1,047,738	£60,345	509,963	1,557,701
P O J Tracy	–	–	–	–
E A F Willett	227,273	£158,623	160,876	388,113
P G Wilson (ii)	283,390	£242,144	146,610	430,000

(i) Includes 25,000 of shares held by spouse.
(ii) Includes 6,700 shares purchased jointly with spouse at £3.67 per share, prior to joining the company on 1 April 2005.

DIRECTORS' RESPONSIBILITIES

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 UK law and regulations.

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

UK 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.

FINANCIAL STATEMENTS

Independent Auditor's Report	39
Group Income Statement	40
Statements of Comprehensive Income	41
Group Balance Sheet	42
Company Balance Sheet	43
Group Cash Flow Statement	44
Company Cash Flow Statement	45
Group Statement of Changes In Equity	46
Company Statement of Changes In Equity	47
Notes Forming Part of the Financial Statements	48

SHAREHOLDER INFORMATION

Notice of Annual General Meeting	68
Glossary	74
Advisers and Registered Office	76

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BOWLEVEN PLC

We have audited the financial statements of Bowleven PLC for the year ended 30 June 2014 which comprise the Group Income Statement, the Group and Company Statements of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, the Group and Company Statements of Changes in Equity and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 AUDITOR
As explained more fully in the Directors' Responsibilities Statement set out on page 37, 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 on 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006
In our opinion the information given in the Strategic Report and 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.

James Nisbet
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor, Glasgow
11 November 2014

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Revenue		–	–
Administrative expenses		(12,025)	(11,088)
Operating loss before financing costs		(12,025)	(11,088)
Finance income	5	160	516
Finance costs	6	(1,737)	(509)
Loss from continuing operations before taxation		(13,602)	(11,081)
Taxation	7	–	–
Loss for the Year from Continuing Operations		**(13,602)**	**(11,081)**
Loss attributable to:			
Owners of the parent undertaking		(13,500)	(11,081)
Non-controlling interest		(102)	–
Basic and diluted loss per share ($/share) from continuing operations	8	(0.04)	(0.04)

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 $11,809,000 (2013: loss of $9,653,000).

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

Group	Notes	2014 $'000	2013 $'000
Loss for the year	17	(13,602)	(11,081)
Other Comprehensive Income:			
Items that will be reclassified to profit and loss:			
Currency translation differences	17	3,401	(405)
Total Comprehensive Income for the Year		**(10,201)**	**(11,486)**
Attributable to:			
Owners of the parent undertaking		(10,099)	(11,486)
Non-controlling interest		(102)	–

Company	Notes	2014 $'000	2013 $'000
Loss for the year	17	(11,809)	(9,653)
Other Comprehensive Income:			
Items that will be reclassified to profit and loss:			
Currency translation differences	17	65,419	(12,367)
Total Comprehensive Income for the Year Attributable to Owners of the Parent Undertaking		**53,610**	**(22,020)**

GROUP BALANCE SHEET
30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Non-current Assets			
Intangible exploration assets	9	550,745	532,507
Property, plant and equipment	10	701	930
		551,446	533,437
Current Assets			
Inventory	12	10,404	11,023
Trade and other receivables	13	6,493	16,385
Bank deposits	14	5,000	5,000
Cash and cash equivalents	14	20,454	19,742
		42,351	52,150
Total Assets		**593,797**	**585,587**
Current Liabilities			
Trade and other payables	15	(6,274)	(15,568)
Total Liabilities		**(6,274)**	**(15,568)**
Net Assets		**587,523**	**570,019**
Equity			
Called-up share capital	16,17	55,038	50,293
Share premium	17	746,477	730,298
Foreign exchange reserve	17	(54,720)	(58,121)
Shares held by Employee Benefit Trust	17	(489)	(489)
Other reserves	17	14,644	13,932
Retained deficit	17	(174,730)	(165,894)
Total Equity		**586,220**	**570,019**
Attributable to:			
Owners of the parent undertaking		586,220	570,019
Non-controlling interest	17	1,303	–
Total Equity	17	**587,523**	**570,019**

The financial statements on pages 40 to 67 were approved by the Board of Directors and authorised for issue on 11 November 2014 and are signed on their behalf by:

Kerry Crawford
Director

COMPANY BALANCE SHEET
30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Non-current Assets			
Property, plant and equipment	10	575	745
Investments	11	604,102	524,967
		604,677	525,712
Current Assets			
Trade and other receivables	13	2,415	4,632
Bank deposits	14	5,000	5,000
Cash and cash equivalents	14	20,277	19,572
		27,692	29,204
Total Assets		**632,369**	**554,916**
Current Liabilities			
Trade and other payables	15	(2,292)	(1,672)
Total Liabilities		**(2,292)**	**(1,672)**
Net Assets		**630,077**	**553,244**
Equity			
Called-up share capital	16,17	55,038	50,293
Share premium	17	746,477	730,298
Foreign exchange reserve	17	(26,698)	(92,117)
Other reserves	17	9,223	8,511
Retained deficit	17	(153,963)	(143,741)
Total Equity	17	**630,077**	**553,244**

The financial statements on pages 40 to 67 were approved by the Board of Directors and authorised for issue on 11 November 2014 and are signed on their behalf by:

Kerry Crawford
Director

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Cash Flows from Operating Activities			
Loss before tax		(13,602)	(11,081)
Adjustments to reconcile Group loss before tax to net cash used in operating activities:			
Depreciation of property, plant and equipment	3	421	496
Finance income	5	(160)	(516)
Finance costs	6	1,737	509
Equity-settled share based payment transactions	17	2,299	1,998
Gain on sale of property, plant and equipment		(3)	–
Adjusted loss before tax prior to changes in working capital		(9,308)	(8,594)
Decrease in inventory		619	615
Increase in trade and other receivables		(524)	(1,078)
Increase in trade and other payables		716	981
Exchange differences		(79)	(328)
Net Cash used in Operating Activities		**(8,576)**	**(8,404)**
Cash Flows used in Investing Activities			
Purchases of property, plant and equipment		(193)	(175)
Purchases of intangible exploration assets		(17,849)	(109,206)
Movement in funds on bank deposits		–	(5,000)
Receipts from sale of property, plant and equipment		5	–
Interest received		177	556
Net Cash used in Investing Activities		**(17,860)**	**(113,825)**
Cash Flows from Financing Activities			
Proceeds from issue of share capital		21,353	76
Costs of issue of share capital		(429)	–
Net proceeds from issue of ordinary shares		20,924	76
Funding from non-controlling interests		4,482	–
Net Cash Flows from Financing Activities		**25,406**	**76**
Net Decrease in Cash and Cash Equivalents		**(1,030)**	**(122,153)**
Effect of exchange rates on cash and cash equivalents		1,742	(586)
Cash and cash equivalents at the beginning of the year	14	19,742	142,481
Cash and Cash Equivalents at the Year End	14	**20,454**	**19,742**

COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Cash Flows from Operating Activities			
Loss before tax		(11,809)	(9,653)
Adjustments to reconcile Company loss before tax to net cash used in operating activities:			
Depreciation of property, plant and equipment	10	288	347
Finance income		(160)	(516)
Finance costs		1,581	223
Equity-settled share based payment transactions		1,894	1,666
Adjusted loss before tax prior to changes in working capital		(8,206)	(7,933)
Decrease/(Increase) in trade and other receivables		2,199	(3,091)
Increase in trade and other payables		620	161
Exchange differences		73	(38)
Net Cash used in Operating Activities		**(5,314)**	**(10,901)**
Cash Flows used in Investing Activities			
Funding to subsidiaries		(16,711)	(106,577)
Purchases of property, plant and equipment		(117)	(79)
Movement in funds on bank deposit		–	(5,000)
Interest received		177	556
Net Cash used in Investing Activities		**(16,651)**	**(111,100)**
Cash Flows from Financing Activities			
Proceeds from issue of share capital		21,353	76
Costs of issue of share capital		(429)	–
Net proceeds from issue of ordinary shares		20,924	76
Net Cash Flows from Financing Activities		**20,924**	**76**
Net Decrease in Cash and Cash Equivalents		**(1,041)**	**(121,925)**
Effect of exchange rates on cash and cash equivalents		1,746	(590)
Cash and cash equivalents at the beginning of the year	14	19,572	142,087
Cash and Cash Equivalents at the Year End	14	**20,277**	**19,572**

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Equity share capital* $'000	Foreign exchange reserve $'000	Shares held in trust $'000	Other reserves $'000	Retained deficit $'000	Attributable to owners of parent company $'000	Non-controlling Interests $'000	Total equity $'000
At 1 July 2012	**780,515**	**(57,716)**	**(489)**	**13,176**	**(156,055)**	**579,431**	**–**	**579,431**
Loss for the year	–	–	–	–	(11,081)	(11,081)	–	(11,081)
Other comprehensive income for the year	–	(405)	–	–	–	(405)	–	(405)
Total comprehensive income for the year	**–**	**(405)**	**–**	**–**	**(11,081)**	**(11,486)**	**–**	**(11,486)**
Proceeds from issue of share capital	76	–	–	–	–	76	–	76
Share based payments	–	–	–	1,998	–	1,998	–	1,998
Transfer between reserves	–	–	–	(1,242)	1,242	–	–	–
At 30 June 2013	**780,591**	**(58,121)**	**(489)**	**13,932**	**(165,894)**	**570,019**	**–**	**570,019**
Loss for the year	–	–	–	–	(13,500)	(13,500)	(102)	(13,602)
Other comprehensive income for the year	–	3,401	–	–	–	3,401	–	3,401
Total comprehensive income for the year	**–**	**3,401**	**–**	**–**	**(13,500)**	**(10,099)**	**(102)**	**(10,201)**
Proceeds from issue of share capital	21,353	–	–	–	–	21,353	–	21,353
Cost of issue of share capital	(429)	–	–	–	–	(429)	–	(429)
Share based payments	–	–	–	2,299	–	2,299	–	2,299
Funding from non-controlling interests	–	–	–	–	3,077	3,077	1,405	4,482
Transfer between reserves	–	–	–	(1,587)	1,587	–	–	–
At 30 June 2014	**801,515**	**(54,720)**	**(489)**	**14,644**	**(174,730)**	**586,220**	**1,303**	**587,523**

* Includes both share capital and share premium.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Attributable to Owners of Parent Company				
	Equity share capital* $'000	Foreign exchange reserve $'000	Other reserves $'000	Retained deficit $'000	Total Equity $'000
At 1 July 2012	**780,515**	**(79,750)**	**7,755**	**(135,330)**	**573,190**
Loss for the year	–	–	–	(9,653)	(9,653)
Other comprehensive income for the year	–	(12,367)	–	–	(12,367)
Total comprehensive income for the year	**–**	**(12,367)**	**–**	**(9,653)**	**(22,020)**
Proceeds from issue of share capital	76	–	–	–	76
Share based payments	–	–	1,998	–	1,998
Transfer between reserves	–	–	(1,242)	1,242	–
At 30 June 2013	**780,591**	**(92,117)**	**8,511**	**(143,741)**	**553,244**
Loss for the year	–	–	–	(11,809)	(11,809)
Other comprehensive income for the year	–	65,419	–	–	65,419
Total comprehensive income for the year	**–**	**65,419**	**–**	**(11,809)**	**53,610**
Proceeds from issue of share capital	21,353	–	–	–	21,353
Cost of issue of share capital	(429)	–	–	–	(429)
Share based payments	–	–	2,299	–	2,299
Transfer between reserves	–	–	(1,587)	1,587	–
At 30 June 2014	**801,515**	**(26,698)**	**9,223**	**(153,963)**	**630,077**

* Includes both share capital and share premium.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

After making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group will have sufficient funds, considering the completion of the Etinde farm-out (and receipt of associated cash consideration) and, pending completion, availability of the $30 million bridge facility with Macquarie bank, to meet their ongoing working capital and committed capital expenditure requirements. In making this assessment, the Directors considered the Group budgets, the cash flow forecasts and associated risks. Refer to funding activity section in Chairman's and Chief Executive's Review for further detail.

ACCOUNTING STANDARDS

During the year ending 30 June 2014, Bowleven adopted the following improvements to standards and interpretations:

Standard and Impact on Policy

IFRS 13 'Fair Value Measurement'. This standard provides guidance on how fair value should be measured and introduces consistent requirement disclosures regarding fair value measurements. There is currently no impact on the financial position of the Group, however, additional disclosure is required. Note 23 discloses the valuation method, assumptions and fair value hierarchy for those assets and liabilities measured at fair value.

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

IFRS 7 'Disclosures (Amendment) – Offsetting Financial Assets and Liabilities'
IAS 19 'Employee Benefits'
IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine'
Improvements to International Financial Reporting Standards – 2009-2011 Cycle

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:

Standard	Effective date
Potential future impact	
IFRS 10 'Consolidated Financial Statements'*	1 January 2013
The Company has taken into consideration the revised definition of control outlined in IFRS 10 and believe all control criteria are satisfied with regards to its subsidiaries. Therefore there is currently no expected direct impact from IFRS 10.	
IFRS 11 'Joint Arrangements'*	1 January 2013
As current joint arrangements are not structured through a separate vehicle and have rights to the assets and obligations for the liabilities of our arrangements, they should continue to be accounted for as joint operations therefore there is currently no expected direct impact from IFRS 11.	
IFRS 12 'Disclosure of interests in Other Entities'*	1 January 2013
Implementation of IFRS 12 will result in increased disclosure of interests in joint arrangements.	
No future impact	
IFRS 9 'Financial Instruments'	1 January 2018
IFRS 14 'Regulatory Deferral Accounts'	1 January 2016
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017
IAS 16 & IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016
IAS 27R 'Separate Financial Statements'*	1 January 2013
IAS 28R 'Investment in Associates and Joint Ventures'*	1 January 2013
(This revision has no impact as there are no associate or joint venture entities within the Group.)	
IAS 32 'Offsetting Financial Assets and Liabilities'	1 January 2014
IAS 36 'Recoverable amount Disclosures for Non-financial Assets'	1 January 2014
IFRIC 21 'Levies'	1 January 2014
Improvements to International Financial Reporting Standards – 2010-2012 Cycle	1 July 2014
Improvements to International Financial Reporting Standards – 2011-2013 Cycle	1 July 2014

* For entities reporting in accordance with IFRS as adopted by the EU, effective for annual periods beginning on or after 1 January 2014.

There is no intention to adopt any of these standards early.

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
  - The key assumptions in the Group's discounted cash flow models include oil price ($90 per boe), P50 resource estimates, cost profiles and the post-tax discount rate (10%).
- Fair value of interest free funding from non-controlling interest – Financial Instruments.

BASIS OF CONSOLIDATION

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

JOINT ARRANGEMENTS

Bowleven participates in joint arrangements which involve the joint control of assets used in the Group's oil and gas exploration and appraisal activities. The Group accounts for its share of assets, liabilities, income and expenditure of the joint operation, classified in the appropriate Balance Sheet and Income Statement headings.

Bowleven's interests in unincorporated joint arrangements are detailed on pages 4 and 5 of this report.

OIL AND GAS: INTANGIBLE EXPLORATION ASSETS

The Group applies a successful efforts based method of accounting for exploration and appraisal costs and applies the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'.

Costs incurred prior to obtaining the legal right to explore an area are expensed directly to the Income Statement as they are incurred.

All licence acquisition, exploration and appraisal costs and directly attributable administration costs are capitalised initially as intangible assets by well, field or exploration area as appropriate.

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

Once commercial reserves are established and technical feasibility for extraction determined, then the carrying cost, after adjusting for any impairment that may be required (see below), 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 on-going exploration work, or, if the Group decides not to continue exploration and appraisal activity in the area, then the costs of such unsuccessful exploration and appraisal are written off to the Income Statement in the period in which the determination is made.

The carrying value of the Group's intangible exploration assets are detailed in note 9.

Disposals

Net proceeds from any disposal of an exploration/appraisal asset are credited initially against previously capitalised costs. Any surplus or shortfall in proceeds is taken to the Income Statement.

Impairment

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

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

The following are considered possible indicators of impairment:

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

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

1 ACCOUNTING POLICIES CONTINUED

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)

There were no development and producing assets during the reported periods.

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

The development and production costs also include:
i. costs of assets acquired/purchased;
ii. directly attributable overheads;
iii. finance costs; and
iv. decommissioning and restoration.

Depletion

The Group will deplete expenditure on development and production assets using the unit of production method, based on proved and probable reserves on a field-by-field basis.

The depletion calculation takes account of the estimated future costs of the development of recognised proved and probable reserves.

Impairment

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

PROPERTY, PLANT AND EQUIPMENT: OWNED ASSETS

Property, plant and equipment are stated at cost less depreciation.

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

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

OPERATING LEASE AGREEMENTS

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

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

INVESTMENTS IN SUBSIDIARIES

Investments held as non-current assets are stated at cost less impairment.

INVENTORY

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

FINANCIAL INSTRUMENTS

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

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

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

Interest free funding to Bowleven (Kenya) Limited received from the non-controlling interest is recorded at fair value with any difference between cash received and the fair value being recognised in equity. The fair value of the interest free funding is measured using level 3 of the fair value hierarchy. Measurement is derived from valuation techniques which include inputs for the liability that are not based on observable market data. Fair value is measured based on exploration, drilling and development risk and the length of time required to reach production and generate cashflows. Following initial recognition, the financial liability is accounted for using the amortised cost method. Changes to the estimates of the cash flows expected under the loan arrangement, discounted at the original effective interest rate, will be recognised in the profit and loss.

Derivative Financial Instruments

The Group's activities expose the entity to foreign currency rate risk. The Group can use 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 over 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 use financial derivatives in the current or prior year.

Trade and Other Receivables

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

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. 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. No fair value calculations are made as the difference between the asset's net present value and carrying amount is not material.

Bank Deposits

Bank deposits with an original maturity of over three months are held as a separate category of current asset and presented on the face of the Balance Sheet.

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/LTIPs is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options/LTIPs granted. Fair value is determined by a third party using an appropriate suite of models, taking all market performance conditions and non-vesting conditions into account. Market performance conditions are linked to growth of the Company share price against movements in comparator group indices. Further information on performance conditions is provided in note 19. Non-market performance vesting and service conditions are included in assumptions about the number of options/LTIPs that are expected to vest. At each Balance Sheet date, the entity revises its estimates of the number of options/LTIPs that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to the share based payment reserve. No expense is recognised for awards that do not ultimately vest except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether the market or non-vesting condition is met providing that all other performance/service conditions are met.

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

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

CURRENT AND DEFERRED TAX

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

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

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

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

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

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

1 ACCOUNTING POLICIES CONTINUED

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 loss of control of the subsidiary. At loss of control the cumulative amounts of exchange differences are recognised in the Income Statement.

The entire Group, with the exception of Parent Company, are US Dollar functional. For consistency, the Group presents its financial statements in US Dollars and it is industry practice to present in US Dollars. The exchange rate used for the retranslation of the closing Balance Sheet at 30 June 2014 is $1.70405/£1 (2013: $1.5259/£1).

2 SEGMENTAL INFORMATION

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

'Africa' operations focus on exploration and appraisal activities in Cameroon and Kenya. Going forward spend on our Zambian average will also be included within Africa.

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

	2014 Africa $'000	2014 Other $'000	2014 Group $'000	2013 Africa $'000	2013 Other $'000	2013 Group $'000
Administrative expenses	(1,504)	(10,100)	**(11,604)**	(993)	(9,599)	**(10,592)**
Depreciation	(133)	(288)	**(421)**	(149)	(347)	**(496)**
Foreign exchange	(156)	(1,581)	**(1,737)**	(286)	(223)	**(509)**
Interest income	–	160	**160**	–	516	**516**
Loss for the Year*	**(1,793)**	**(11,809)**	**(13,602)**	**(1,428)**	**(9,653)**	**(11,081)**
Capital expenditure	18,312	43	**18,355**	107,189	94	**107,283**
Non-current assets**	550,871	575	**551,446**	532,692	745	**533,437**
Segment assets	565,915	27,882	**593,797**	558,715	26,872	**585,587**
Segment liabilities	(3,982)	(2,292)	**(6,274)**	(13,896)	(1,672)	**(15,568)**

* Segmental result.
** The material non-current assets, within the Africa segment, relate to Cameroon.

Other segment assets include cash balances.

3 OPERATING LOSS

Operating loss is stated after charging:

	2014 $'000	2013 $'000
Depreciation of property, plant and equipment	421	496
Operating lease rentals – land and buildings	436	354

Audit and non-audit fees are analysed as follows:

In respect of Ernst & Young LLP and its associates:	2014 $'000	2013 $'000
Audit Fees in Respect of the Group(i)	**221**	**129**
Other fees to auditors and its associates:		
– auditing accounts of associate companies	45	39
– taxation compliance services	39	39
– taxation advisory services	47	329
– other assurance services	35	33
	166	**440**

(i) $17,000 of this relates to the Company (2013: $16,500).

4 STAFF COSTS AND DIRECTORS' EMOLUMENTS

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

	2014 Number	2013 Number
Management	5	5
Administration and operations	67	69
	72	**74**

The number of staff, including Executive Directors, employed by the Group at 30 June 2014 was 72 (2013: 74).

The aggregate payroll costs for the above persons comprised:

	2014 $'000	2013 $'000
Wages and salaries	5,913	6,291
Social security costs	574	730
Share based payments	2,299	1,998
	8,786	**9,019**

Company payroll is paid in GBP and converted at $1.62/£1.00 (2013: $1.57/£1.00).

Payroll costs totalling $1,721,000 (2013: $2,242,000) included above are capitalised within intangible assets in EurOil Limited, as the amounts represent exploration costs. Payroll costs of $417,000 (including overhead uplift) were invoiced to Adamantine Energy, operator of Kenya block 11B. 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.

Remuneration of Directors:

	2014 $'000	2013 $'000
Directors remuneration	2,867	3,039
Social security costs	310	415
Share based payments	966	1,020
	4,143	**4,474**

The aggregate remuneration is made up entirely of short-term employee benefits.

Remuneration of individual Directors is provided below:

	Salary $'000	Performance related bonus $'000	Benefits $'000	Fees $'000	Total 2014 $'000	Total 2013 $'000
Executives						
J D Brown(ii)	172	–	1	–	173	372
D Clarkson(iv)	215	–	–	115	330	–
K Crawford(iii)	160	–	1	–	161	–
K Hart(i)	627	–	2	–	629	611
Chief Tabetando	441	–	17	–	458	532
E A F Willett	392	–	3	–	395	412
P G Wilson	353	–	3	–	356	371
Non-Executives						
C Cook	–	–	–	73	73	71
R G Hanna	–	–	–	162	162	157
P O J Tracy	–	–	–	65	65	450
T Sullivan	–	–	–	65	65	63
Total	**2,360**	**–**	**27**	**480**	**2,867**	**3,039**

(i) Highest paid Director.
(ii) Resigned 6 January 2014.
(iii) Appointed 6 January 2014.
(iv) Moved to consultancy contract on 1 April 2014 (see page 54).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
CONTINUED

4 STAFF COSTS AND DIRECTORS' EMOLUMENTS CONTINUED

During the year, the Company paid a total of $115,000 (2013: nil) in respect of the services of Adergy Ltd for David Clarkson. This amount is included as fees in the table on page 53 in accordance with Companies Act requirements.

Six Directors received awards under the LTIP scheme (2013: six). The aggregate amount of gains on vesting of LTIPs was nil (2013: nil). In accordance with the LTIP scheme rules and based upon the Company's performance against the comparator group over the performance period ending on 10 December 2012, 20% of the 2009 awards should have vested in December 2012 with the remaining 80% lapsing. However, by agreement between the Remuneration Committee and the Executive Directors, it was agreed that the 20% which should otherwise have vested would be deferred and made conditional upon the Board approving the final investment decision in respect of the Etinde development on or before 31 December 2014. It was also agreed that the deferred 2009 LTIP Awards would automatically vest on a change of control of the Company before that date. The Remuneration Committee subsequently varied the condition relating to approval of the final investment decision in July 2014, agreeing instead that the deferred shares should vest instead on completion of the Etinde farm-out to LUKOIL/NewAge.

The Remuneration Committee resolved on 5 December 2012 that the payment of 2012 bonuses to Executive Directors be deferred and made subject to further performance conditions. The form of deferred bonus (i.e. cash or shares) was left to the discretion of the Remuneration Committee. These bonuses totalling $532,000 remain deferred.

Further details on Directors' remuneration is provided in the Remuneration Report on pages 32 to 36.

5 FINANCE INCOME

	2014 $'000	2013 $'000
Bank interest	160	516
	160	**516**

6 FINANCE COSTS

	2014 $'000	2013 $'000
Exchange rate loss	1,737	509
	1,737	**509**

7 TAXATION

(A) RECOGNISED IN THE INCOME STATEMENT:

	2014 $'000	2013 $'000
UK Corporation Tax Based on the Results for the Year at 21% (2013: 23%)	**–**	**–**

(B) FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

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

	2014 $'000	2013 $'000
Loss before tax	(13,602)	(11,081)
Corporation tax at the domestic income tax rate of 22.5% (2013: 23.75%)	(3,060)	(2,632)
Effects of:		
Expenses not deductible for tax purposes	492	508
Depreciation in excess of capital allowances	36	42
Tax losses not utilised	2,275	1,796
Other	257	286
Total Tax	**–**	**–**

Applicable tax rate is computed at 22.5% (2013: 23.75%). On 1 April 2014 the corporation tax rate was reduced from 23% to 21%. As of 1 April 2015, the corporation tax rate is 20%.

(C) DEFERRED TAX

At 30 June 2014, tax losses were $75.6 million (2013: $68 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 PER SHARE

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

	2014 $'000	2013 $'000
Net Loss Attributable to Owners of the Parent Undertaking	**(13,500)**	**(11,081)**

	2014 Number	2013 Number
Basic Weighted Average Number of ordinary shares	**312,886,326**	**294,378,745**

	2014 $'000	2013 $'000
Basic and Diluted Loss per Share – ordinary shares	**(0.04)**	**(0.04)**

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 and LTIP awards would have the effect of reducing the loss per share and consequently is not taken into account in the calculation for diluted loss per share.

9 INTANGIBLE EXPLORATION ASSETS

Group	Exploration and appraisal expenditure $'000
Cost	
At 1 July 2012	425,414
Additions	107,093
At 30 June 2013	**532,507**
Additions	18,238
At 30 June 2014	**550,745**
Net book value	
At 30 June 2014	**550,745**
At 30 June 2013	**532,507**
At 1 July 2012	**425,414**

As described in note 25, an Exploitation Authorisation (EA) over block MLHP-7, Etinde was officially awarded by the Cameroon authorities on 29 July 2014. The EA gives exploitation rights over block MLHP-7 for an initial period of 20 years, with the option to renew for up to a further ten years. Further details of our plans on the Bomono licence and blocks MLHP-5 & 6 on the Etinde Permit are discussed in the Chairman's and Chief Executive's Review and the Exploration and Operational Review.

On 24 June 2014, the Group announced it had agreed to sell part of its interest in the Etinde Permit, by entering a conditional agreement with LUKOIL and NewAge. On 27 June 2014, the Group announced it had agreed to farm-out a 20% interest in the Bomono Permit to Fortesa in return for the provision of a suitable rig at low cost. Further information on both of these transactions is provided in the Chairman's and Chief Executive's Review, the Exploration and Operational Review and note 25 Post Balance Sheet Events.

In July 2013, the Group entered into a strategic partnership with First Oil. Under this arrangement First Oil committed to fund $9 million of the first $10 million of spend towards the planned Kenya block 11B work programme during the initial two year exploration phase in return for a 30% holding in Bowleven (Kenya) Limited, which holds the Group's 50% equity interest in block 11B. The Kenyan Ministry of Energy and Petroleum recently granted a nine month extension to the initial exploration period on block 11B to 26 May 2015.

COMPANY

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

10 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements $'000	Plant and machinery $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Cost					
At 1 July 2012	948	510	1,741	526	3,725
Foreign currency adjustment	(15)	(7)	(30)	–	(52)
Additions	–	38	152	–	190
At 30 June 2013	**933**	**541**	**1,863**	**526**	**3,863**
Foreign currency adjustment	78	35	162	–	275
Additions	–	18	60	39	117
Disposals	–	–	(7)	(47)	(54)
At 30 June 2014	**1,011**	**594**	**2,078**	**518**	**4,201**
Depreciation					
At 1 July 2012	294	355	1,316	509	2,474
Foreign currency adjustment	(4)	(5)	(28)	–	(37)
Charge for year	131	65	283	17	496
At 30 June 2013	**421**	**415**	**1,571**	**526**	**2,933**
Foreign currency adjustment	25	28	146	–	199
Charge for year	141	60	218	2	421
Disposals	–	–	(6)	(47)	(53)
At 30 June 2014	**587**	**503**	**1,929**	**481**	**3,500**
Net book value					
At 30 June 2014	**424**	**91**	**149**	**37**	**701**
At 30 June 2013	**512**	**126**	**292**	**–**	**930**
At 1 July 2012	**654**	**155**	**425**	**17**	**1,251**

Company	Leasehold improvements $'000	Plant and machinery $'000	Computer equipment $'000	Total $'000
Cost				
At 1 July 2012	683	289	1,306	2,278
Foreign currency adjustment	(15)	(7)	(30)	(52)
Additions	–	19	75	94
At 30 June 2013	**668**	**301**	**1,351**	**2,320**
Foreign currency adjustment	78	35	161	274
Additions	–	–	43	43
At 30 June 2014	**746**	**336**	**1,555**	**2,637**
Depreciation				
At 1 July 2012	22	190	1,053	1,265
Foreign currency adjustment	(4)	(5)	(28)	(37)
Charge for year	131	35	181	347
At 30 June 2013	**149**	**220**	**1,206**	**1,575**
Foreign currency adjustment	25	28	146	199
Charge for year	141	32	115	288
At 30 June 2014	**315**	**280**	**1,467**	**2,062**
Net book value				
At 30 June 2014	**431**	**56**	**88**	**575**
At 30 June 2013	**519**	**81**	**145**	**745**
At 1 July 2012	**661**	**99**	**253**	**1,013**

11 INVESTMENTS

Company	Shares in Group companies $'000
Cost	
At 1 July 2012	504,239
Foreign currency adjustment	(11,963)
Additions	106,910
At 30 June 2013	**599,186**
Foreign currency adjustment	62,018
Additions	17,117
At 30 June 2014	**678,321**
Impairment	
At 30 June 2013 and 30 June 2014	**74,219**
Net book value	
At 30 June 2014	**604,102**
At 30 June 2013	**524,967**
At 1 July 2012	**430,020**

11 INVESTMENTS CONTINUED

Ongoing funding advanced from the Company to its subsidiaries is capitalised on a regular basis. During the year $16.7 million (2013: $106.6 million) has been capitalised.

During the year $405,000 (2013: $332,000) 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).

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 (Epaemeno) Limited(ii)	British Virgin Islands	100%	Ordinary $1
EurOil Bomono Limited(iii)	British Virgin Islands	100%*	Ordinary $1
Bowleven New Ventures Limited(iv)	Scotland	100%*	Ordinary £1
Bowleven (Zambia) Limited(iv)	Scotland	100%	Ordinary £0.10
Bowleven (Kenya) Limited(iv)(vii)	Scotland	70%	Ordinary £1
Bowleven Etinde Limited(v)	British Virgin Islands	100%*	Ordinary $1
Bowleven Holdings Limited(vi)	British Virgin Islands	100%*	Ordinary $1

* Bowleven Resources Limited, FirstAfrica Oil Limited, EurOil Bomono Limited, Bowleven New Ventures Limited, Bowleven Etinde Limited and Bowleven Holdings Limited are directly held by Bowleven plc. All other subsidiaries are indirectly held.

(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 (Epaemeno) Limited. The principal activity of FirstAfrica Oil Limited is as an intermediate holding company for the subsidiary in Gabon.

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

(iv) Bowleven New Ventures Limited owns 70% of Bowleven (Kenya) Limited and 100% of Bowleven (Zambia) Limited. The principal activity of Bowleven New Ventures Limited is as an intermediate holding company for the operating subsidiaries in Kenya and Zambia. The principal activities of Bowleven (Kenya) Limited and Bowleven (Zambia) Limited is to procure and analyse scientific and technical data in order to assess exploration and development potential for oil and gas production in Kenya and Zambia respectively.

(v) Bowleven Etinde Limited is a dormant company owned 100% by Bowleven plc.

(vi) Bowleven Holdings Limited is a dormant company owned 100% by Bowleven plc.

(vii) On 3 July 2013 First Oil acquired a 30% holding in Bowleven (Kenya) Limited in return for funding exploration activities.

All subsidiaries are included in the Group consolidation.

12 INVENTORY

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Inventory	**10,404**	**11,023**	**–**	**–**

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

13 TRADE AND OTHER RECEIVABLES

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Other receivables	2,605	1,740	1,203	757
Amounts owed by Group undertakings	–	–	384	3,077
Joint venture debtors and prepayments	2,849	13,645	–	–
Accrued interest	8	31	8	31
	5,462	**15,416**	**1,595**	**3,865**
Other taxation and social security	170	213	170	213
Prepayments	861	756	650	554
	6,493	**16,385**	**2,415**	**4,632**

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

	Total $'000	Current $'000	<30 days $'000	30-60 days $'000	60-90 days $'000	90-120 days $'000	>120 days $'000
2014:							
Neither past due nor impaired	5,237	5,237	–	–	–	–	–
Past due but not impaired	225	–	–	–	–	–	225
As at 30 June 2014	**5,462**	**5,237**	**–**	**–**	**–**	**–**	**225**
2013:							
Neither past due nor impaired	15,191	15,191	–	–	–	–	–
Past due but not impaired	225	–	–	–	–	–	225
As at 30 June 2013	**15,416**	**15,191**	**–**	**–**	**–**	**–**	**225**

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 and taxation and social security, is as set out below:

	Total $'000	Current $'000	<30 days $'000	30-60 days $'000	60-90 days $'000	90-120 days $'000	>120 days $'000
2014:							
Neither past due nor impaired	1,595	1,595	–	–	–	–	–
As at 30 June 2014	**1,595**	**1,595**	**–**	**–**	**–**	**–**	**–**
2013:							
Neither past due nor impaired	3,865	3,865	–	–	–	–	–
As at 30 June 2013	**3,865**	**3,865**	**–**	**–**	**–**	**–**	**–**

14 BANK DEPOSITS, CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Bank deposits	**5,000**	**5,000**	**5,000**	**5,000**
Cash at bank and in hand	9,307	8,161	9,130	7,991
Short-term deposits	11,147	11,581	11,147	11,581
	20,454	**19,742**	**20,277**	**19,572**

The Group and Company balances as at 30 June 2014 include $5.5 million (2013: $5.5 million) of restricted cash to cover bank guarantees (of which $5.0 million was released in September 2014). The cash is held in bank deposits, plus $500,000 of short-term deposits. The bank guarantees are a requirement of current operating activities.

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade payables	883	764	727	688
Joint venture creditors and accruals	3,609	13,674	–	–
	4,492	**14,438**	**727**	**688**
Other taxation and social security	292	206	184	182
Accruals	1,490	924	1,381	802
	6,274	**15,568**	**2,292**	**1,672**

15 TRADE AND OTHER PAYABLES CONTINUED

GROUP:

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

	2014			2013		
	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	883	–	883	764	–	764
Joint venture creditors and accruals	3,609	–	3,609	13,674	–	13,674
	4,492	**–**	**4,492**	**14,438**	**–**	**14,438**

COMPANY:

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

	2014			2013		
	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	**727**	**–**	**727**	**688**	**–**	**688**

16 ISSUED SHARE CAPITAL

	2014 Number	2013 Number	2014 $'000	2013 $'000
Allotted, called-up and fully paid:				
Ordinary shares of £0.10 each at 1 July	294,751,343	294,630,343	50,293	50,274
Issued during the year	29,470,000	–	4,745	–
Issued on exercise of share options	–	121,000	–	19
At 30 June	**324,221,343**	**294,751,343**	**55,038**	**50,293**

On 13 November 2013, the Company issued 29,470,000 ordinary shares at a price of £0.45 per share with a nominal value of $4,745,194. The total aggregate increase in the share premium reserve regarding this issue was $16,179,384 after deducting $428,795 in expenses.

17 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	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2012	**50,274**	**730,241**	**(57,716)**	**7,939**	**(489)**	**5,237**	**(156,055)**	**–**	**579,431**
Proceeds from issue of share capital	19	57	–	–	–	–	–	–	76
Exchange differences arising on translation	–	–	(405)	–	–	–	–	–	(405)
Retained loss for the year	–	–	–	–	–	–	(11,081)	–	(11,081)
Transfer between reserves	–	–	–	(1,242)	–	–	1,242	–	–
Share based payments	–	–	–	1,998	–	–	–	–	1,998
Balance at 30 June 2013	**50,293**	**730,298**	**(58,121)**	**8,695**	**(489)**	**5,237**	**(165,894)**	**–**	**570,019**
Proceeds from issue of share capital	4,745	16,608	–	–	–	–	–	–	21,353
Costs of issue of share capital	–	(429)	–	–	–	–	–	–	(429)
Exchange differences arising on translation	–	–	3,401	–	–	–	–	–	3,401
Retained loss for the year	–	–	–	–	–	–	(13,500)	(102)	(13,602)
Funding from non-controlling interests	–	–	–	–	–	–	3,077	1,405	4,482
Transfer between reserves	–	–	–	(1,587)	–	–	1,587	–	–
Share based payments	–	–	–	2,299	–	–	–	–	2,299
Balance at 30 June 2014	**55,038**	**746,477**	**(54,720)**	**9,407**	**(489)**	**5,237**	**(174,730)**	**1,303**	**587,523**

EQUITY SHARE CAPITAL AND SHARE PREMIUM

The balance classified as equity share capital and share premium includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising ordinary shares of £0.10 each, as disclosed in note 16.

FOREIGN EXCHANGE RESERVE
Unrealised foreign exchange gains and losses arise on translation of the Company's GB Pounds functional results into US Dollars presentation currency in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

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

SHARES HELD IN TRUST
The balance in the shares held in trust reserve (354,414 shares) relates to Bowleven plc shares held by the EBT for the settlement of share based payment obligations. No further shares were issued or purchased during the year by the EBT.

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

NON-CONTROLLING INTEREST
Bowleven (Kenya) Limited is included in the Group accounts as a subsidiary with the 30% First Oil shareholding recognised as a non-controlling interest. Refer to note 9.

FUNDING FROM NON-CONTROLLING INTEREST
During the year funding from the non-controlling interest was received. This relates to interest free funding to Bowleven (Kenya) Limited from First Oil, repayable at such time as the Board of Bowleven (Kenya) Limited resolve Bowleven (Kenya) Limited has proceeds available to make a repayment.

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 2012	**50,274**	**730,241**	**(79,750)**	**7,755**	**(135,330)**	**573,190**
Proceeds from issue of share capital	19	57	–	–	–	76
Costs of issue of share capital	–	–	–	–	–	–
Exchange differences arising on translation	–	–	(12,367)	–	–	(12,367)
Retained loss for the year	–	–	–	–	(9,653)	(9,653)
Transfer between reserves	–	–	–	(1,242)	1,242	–
Share based payments	–	–	–	1,998	–	1,998
Balance at 30 June 2013	**50,293**	**730,298**	**(92,117)**	**8,511**	**(143,741)**	**553,244**
Proceeds from issue of share capital	4,745	16,608	–	–	–	21,353
Costs of issue of share capital	–	(429)	–	–	–	(429)
Exchange differences arising on translation	–	–	65,419	–	–	65,419
Retained loss for the year	–	–	–	–	(11,809)	(11,809)
Transfer between reserves	–	–	–	(1,587)	1,587	–
Share based payments	–	–	–	2,299	–	2,299
Balance at 30 June 2014	**55,038**	**746,477**	**(26,698)**	**9,223**	**(153,963)**	**630,077**

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

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

18 CAPITAL COMMITMENTS

OIL AND GAS EXPENDITURE:

Group	2014 $'000	2013 $'000
Intangible exploration assets	–	829
Contracted for	**–**	**829**

The Group has no current capital commitments, the prior year represents Bowleven's share of obligations in relation to the Bomono asset in 2013.

The Company's capital commitments were nil as at 30 June 2014 (2013: nil).

19 SHARE BASED PAYMENTS

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

APPROVED AND UNAPPROVED CSOP SCHEME

Options granted under the approved Company share option plan (CSOP) are exercisable three to ten years following the date of grant. 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; and
(2) the percentage increase in Bowleven plc's share price over the same period being at least equal to or greater than the percentage movement in the FTSE AIM Oil & Gas Index.

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.

Both schemes were adopted by the Directors on 10 December 2004 and the approved scheme was approved by the Inland Revenue with effect from 15 December 2004. Under the approved scheme, certain employees were granted options which are exercisable between 2008 and 2023 at prices between £0.38 and £3.80. At 30 June 2014, there were 536,176 options (2013: 515,816) outstanding with a weighted average contractual life of 7.15 years (2013: 7.50 years).

Under the unapproved scheme, certain employees were granted options which are exercisable between 2007 and 2023 at prices between £0.33 and £3.80. At 30 June 2014, there were 10,852,141 options (2013: 10,217,937) outstanding with a weighted average contractual life of 7.56 years (2013: 8.29 years).

The following table details the number, weighted average exercise price (WAEP) and weighted average fair value (WAFV) of share options for the approved and unapproved schemes as at the Balance Sheet date:

	Approved			Unapproved		
	Number	WAEP £	WAFV £	Number	WAEP £	WAFV £
Outstanding at 1 July 2012	**423,145**	**1.61**	**0.81**	**6,214,310**	**1.13**	**0.49**
Granted during the year	163,829	0.73	0.29	4,646,270	0.65	0.24
Exercised during the year	–	–	–	(121,000)	0.40	0.15
Lapsed during the year	(71,158)	1.26	0.63	(521,643)	1.31	0.58
Outstanding at 1 July 2013	**515,816**	**1.38**	**0.70**	**10,217,937**	**0.91**	**0.37**
Granted during the year	123,947	0.38	0.13	1,885,423	0.38	0.13
Lapsed during the year	(103,587)	1.16	0.58	(1,251,219)	0.72	0.28
Outstanding at 30 June 2014	**536,176**	**1.18**	**0.60**	**10,852,141**	**0.84**	**0.34**
Exercisable at 30 June 2014	**184,227**			**2,960,940**		
Exercisable at 30 June 2013	196,007			2,702,324		

The awards during the year were valued using a Monte-Carlo model. The above were valued at grant date utilising the following inputs:

	2013 and 2014	2012 and 2013
Risk-free rate	1.01%-1.97%	1.5%-1.97%
Expected volatility	61%-88%	58%-88%
Dividend yield	0%	0%
Vesting period	2–3 years	2–3 years
Expected life	7 years	7 years
Expected departures during vesting period	5.0%	5.0%

Prior to 1 July 2012 awards were valued using a binomial model.

The weighted average fair value of approved options granted during the year was £0.13 (2013: £0.29). The weighted average fair value of unapproved options granted during the year was £0.13 (2013: £0.24). Settlement is in shares and the exercise price is the share price at date of grant. Expected volatility has been set as an estimate of the rate which the Company share price is expected to fluctuate during the life of the option. Estimation included consideration of movements in the historic volatility of the Company share price. 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.

No Bowleven plc share options were exercised throughout the year. The weighted average share price during the year was £0.45 (2013: £0.74).

LONG-TERM INCENTIVE PLAN (LTIP)

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

	2014	2013
Risk-free rate	1.01%	0.77%-1.5%
Expected volatility	61%	58%-88%
Dividend yield	0%	0%
Expected life	3 years	3 years

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

Performance Conditions

A proportion of the LTIP awards will vest if the total shareholder return in the Company ranks median or above when compared with the total shareholder return of a pre-defined list of its fourteen (2013: fourteen) main competitors ('the comparators') over the vesting period.

The awards under the existing LTIP are shown below:

	Number	WAGP* £
Outstanding at 1 July 2012	**4,452,463**	**1.01**
Granted during the year	2,962,900	0.68
Lapsed during the year	(1,845,275)	0.32
Outstanding at 1 July 2013	**5,570,088**	**1.06**
Granted during the year**	3,467,998	0.38
Expired during the year	(296,053)	3.80
Forfeited during the year	(1,061,208)	0.77
Outstanding at 30 June 2014	**7,680,825**	**0.69**

* Weighted average grant price.

** Although the actual share price of the Company on the date of grant was 37.5 pence, the Remuneration Committee resolved to set a higher deemed share price of 50 pence for the Company and this will be used to determine the Company's performance against the comparator group over the Performance Period.

As at 30 June 2014, there were 7,680,825 awards (2013: 5,570,088) outstanding with a WAGP of £0.69 (2013: £1.06) and a weighted average remaining contractual life of 1.58 years (2013: 1.82 years).

The weighted average fair value of LTIP awards granted during the year was £0.13 (2013: £0.29).

As discussed in note 4, 20% of the 2009 LTIP awards should have vested on 9 December 2012 but instead were deferred, conditional upon additional performance conditions.

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, together with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. Share option awards are valued using a Monte-Carlo model and LTIP awards are valued using a trinomial pricing model. Awards prior to 1 July 2012 were valued using a binomial model.

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. No expense is recognised for awards that do not ultimately vest except for equity-settled transactions for which vesting is conditional upon a condition. These are treated as vesting irrespective of whether or not the market condition is met providing that all other performance/service conditions are met.

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 and new shares are issued.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
CONTINUED

20 CONTINGENT LIABILITIES
The Group has the following contingent liability:

	2014 $'000	2013 $'000
Unfulfilled PSC commitments payment	16,000	16,000
	16,000	**16,000**

Under the second exploration phase of the Bomono PSC there is a two well commitment for which a $16 million non-completion payment may become callable by the Cameroon Authorities if not fulfilled. As at 30 June 2014 the Group has disclosed a contingent liability for this potential non-completion payment.

Since this date however, as described in the post balance sheet events note on page 67, a rig contract has been signed with Africa Onshore Drilling LDC. The rig is in the process of being mobilised. We have commenced drilling operations on the Bomono Permit and expect to spud the first well around the end of the year. Whilst the drilling activity will extend beyond the expiry of the licence on 12 December 2014, our rights include a six to twelve month extension to enable completion of operations. In line with the Petroleum Regulations, on 31 October 2014, a request to extend the exploration period by twelve months was submitted to the Cameroon Minister of Mines.

Given the current progress, plans to commence drilling around the end of the year and an extension application submitted we fully expect the work programme to be fulfilled thus releasing the $16 million contingent liability previously disclosed for this commitment.

21 CONTINGENT ASSETS
There are no contingent assets in existence for the Group at 30 June 2014 (2013: nil).

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

	Land and buildings	
Group	2014 $'000	2013 $'000
No later than one year	488	657
More than one year but not more than five years	632	955
	1,120	**1,612**

	Land and buildings	
Company	2014 $'000	2013 $'000
No later than one year	368	329
More than one year but not more than five years	614	877
	982	**1,206**

In 2014 and 2013, total rent paid was $436,468 and $353,707 respectively. Leasing terms range mainly between one and five years, with an average term of approximately two years. All leases have been entered into on conventional commercial terms. Certain contracts include renewal options.

23 FINANCIAL INSTRUMENTS
The Group'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.

In addition, Bowleven Kenya Limited receives interest free funding from the Group's non-controlling interest.

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 reports in US Dollars which, with the majority of assets US Dollar denominated, minimises the impact of foreign exchange movements on the Group's Balance Sheet.

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

Group Deposits and cash at bank:	In currency 2014 '000	In US Dollars 2014 '000	In currency 2013 '000	In US Dollars 2013 '000
GB Pound	9,735	16,589	10,928	16,676
US Dollar	8,739	8,739	7,938	7,938
Central African Franc	58,922	123	63,330	126

Company Deposits and cash at bank:	In currency 2014 '000	In US Dollars 2014 '000	In currency 2013 '000	In US Dollars 2013 '000
GB Pound	9,723	16,569	10,916	16,658
US Dollar	8,705	8,705	7,912	7,912
Central African Franc	355	1	535	2

Surplus funds are placed on short-term deposits and money market funds 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 before tax	
Change in US Dollar:GB Pound rate	2014 $m	2013 $m
+10%	(1)	(1)
-10%	1	1

(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 invests 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 investing 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 2014, the largest balance held with one institution was $8.6 million (2013: $7.8 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. Neither the Group or Company have any offset arrangements.

As the Group and Company are not yet trading, they are not yet exposed to the credit risks associated with trade receivables. The Group has joint venture receivables balances which are monitored on an ongoing basis with appropriate follow-up action taken if necessary.

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

(c) Liquidity Risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due. The Group and Company prepare cash flow information on a regular basis, which is reviewed by Directors and senior management. 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 finance their operations from cash reserves funded from share issues. As the Group moves towards development, alternative sources of funding are likely to be used.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
CONTINUED

23 FINANCIAL INSTRUMENTS CONTINUED

Cash and cash equivalents include restricted cash of $5.5 million as detailed in note 14. The Kenya guarantee of $5 million expired on 28 August 2014 and was released on 19 September 2014.

The Group and Company have no borrowing facilities (with the exception of the interest free funding from First Oil) that require repayment and therefore have no interest rate risk exposure.

The maturity profile of the Company's liabilities is shown in note 15.

CAPITAL RISK MANAGEMENT

The Group's and Company's objectives when managing capital, maintained on an ongoing basis, are to maintain a strong capital base so as to preserve investor, creditor and market confidence, sustain the future development of the business and achieve an optimal capital structure to reduce the cost of capital to the Group and Company. The Group currently considers equity to be the capital of the Group. As the Group moves towards development, alternative sources of funding are likely to be used.

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

Other funding sources in the year include funding from the non-controlling interest. This relates to interest free funding to Bowleven (Kenya) Limited from First Oil, repayable at such time as the Board of Bowleven (Kenya) Limited resolve Bowleven (Kenya) Limited has proceeds available to make a repayment.

No changes were made in the objectives, policies or processes during the year ended 30 June 2014.

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Trade and other payables	(6,274)	(15,568)	(2,292)	(1,672)
Bank deposits, cash and cash equivalents	25,454	24,742	25,277	24,572
Net funds	19,180	9,174	22,985	22,900
Equity	587,523	570,019	630,077	553,244
Equity Less Net Funds	**568,343**	**560,845**	**607,092**	**530,344**

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. Based on the measurement techniques set out in the financial instruments accounting policy on pages 50 and 51, given that the asset is in early stage exploration, the fair value of the interest free funding to Bowleven (Kenya) Limited by the non-controlling interest is recorded at nil.

Financial Instruments by Category:

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
As at 30 June:				
Loans and Receivables:				
Trade and other receivables*	5,462	15,416	1,595	3,865
Bank deposits, cash and cash equivalents	25,454	24,742	25,277	24,572
	30,916	**40,158**	**26,872**	**28,437**
Financial Liabilities:				
Trade and other payables*	(4,492)	(14,438)	(727)	(688)
	26,424	**25,720**	**26,145**	**27,749**

* Excluding tax, prepayments and accruals.

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

24 RELATED PARTY TRANSACTIONS

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

	2014 $'000	2013 $'000
Amounts owed from subsidiary undertakings	385	3,094
Amounts owed to subsidiary undertakings	–	(17)
Amounts Owed from Subsidiary Undertakings	**385**	**3,077**

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

No purchase or sales transactions were entered into between the Company and subsidiary undertakings. Re-charges from the Company to subsidiaries in the year were $4.0 million (2013: $4.6 million).

REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

25 POST BALANCE SHEET EVENTS

ETINDE EXPLOITATION AUTHORISATION (EA)

On 29 July 2014, the formal decree awarding the Etinde EA was signed by the President of Cameroon. The EA gives Bowleven and its joint venture partners, development and exploitation rights over block MLHP-7 for an initial period of 20 years with the option to renew for up to a further 10 years.

CAMEROON STATE BACK-IN TO ETINDE BLOCK MLHP-7

Following approval of the EA, the Cameroon state oil company, SNH, exercised its right to take a 20% participating interest in the Etinde EA. As a result, the Group's participating interest in block MLHP-7, the area covered by the EA, reduced from 75% to 60%. SNH are liable for their share of development costs from the date of back-in (29 July 2014). There is no impact to the financial statements as a result of the State back-in.

ETINDE BLOCKS MLHP-5&6 PSC APPLICATION

Blocks MLHP-5 and MLHP-6 of the Etinde Permit are not covered by the EA and remain under the framework of the exploration term of the Etinde PSC. The Etinde PSC is due to expire on 22 December 2014. The special Operating Committee meeting that considered the EA also indicated its support for a new PSC covering these blocks to the existing partners. A new PSC application was submitted to the Cameroon authorities in September 2014. The Cameroon authorities have acknowledged receipt and discussions on the application are anticipated in the near future.

ETINDE FARM-OUT TRANSACTION

On 24 June 2014, Bowleven announced the farm-out of two-thirds of its interest in Etinde to LUKOIL and NewAge subject to the satisfaction of a number of conditions. Bowleven's interest will reduce from 60% (post State back-in) to 20% on completion. The following conditions to completion have been met:

- On 15 July 2014, the Group announced it had reached a mutually acceptable agreement to terminate the Petrofac Strategic Alliance Agreement (SAA) on completion of the farm-out. In such event, $9 million will be payable to Petrofac as full and final settlement and the SAA will terminate.
- At the General Meeting on 21 July 2014, Bowleven shareholders passed the resolution to approve the farm-out transaction.
- On 29 July 2014, as described above, the formal decree awarding the Etinde EA was signed by the President of Cameroon.

On 28 October 2014, Bowleven announced that all parties to the farm-out transaction agreed to extend the longstop date to 31 December 2014. Following notification in October 2014 of the Cameroon Government's approval of the assignment of the Etinde equity interests to the nominated affiliates of LUKOIL/NewAge, and the associated transfer of operatorship to CAMOP (NewAge) the only remaining condition to completion under the farm-out agreement is the gazetting of the signed Presidential decree.

MACQUARIE BRIDGE FACILITY

On 24 October 2014, the Group entered into a $30 million bridge facility agreement with Macquarie bank to provide financing flexibility, in the event required, for the period until completion of the Etinde farm-out transaction. Whilst it is not expected to be required the bridge facility may be used for capital investment and ongoing working capital requirements of the Group.

The facility is structured as a corporate loan facility with an arrangement fee, a commitment fee on any undrawn amounts and interest payable on any funds drawn at LIBOR plus 4% to 6%. If the facility is drawn, or remains in place beyond 31 December 2014, Macquarie will be entitled to up to 11 million warrants priced at 50 pence per share, issuable at certain fixed dates across 2015. The facility matures on 31 December 2015, but will be cancelled on completion of the Etinde farm-out and any amounts drawn (if any) repaid from the proceeds of the farm-out.

BOMONO RIG CONTRACT AND LICENCE EXTENSION

A rig contract with Africa Onshore Drilling LDC has been signed and the rig is in the process of being mobilised from Senegal to Cameroon. We have commenced drilling operations on the Bomono Permit and expect to spud the first well around the end of the year. Whilst the drilling activity will extend beyond the expiry of the licence on 12 December 2014, our rights include a six to twelve month extension (period of extension determined by Cameroon Minister of Mines) for operations to complete. In line with the Petroleum Regulations, on 31 October 2014, a request to extend the exploration period by twelve months was submitted to the Cameroon authorities to enable drilling operations to be completed and in the event of success enable preparation of an Exploitation Authorisation Application.

FARM-OUT OF BOMONO TO FORTESA

On 27 June 2014, the Group announced it had agreed to farm-out a 20% interest in the Bomono Permit to Fortesa in return for the provision of a suitable rig at low cost. Completion of the farm-out is subject, inter alia, to approval of the assignment of interests by the Cameroon Government.

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 18 December 2014 (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 2014 together with the reports of the Directors and auditor thereon.
2. To re-elect Kerry Crawford, who was appointed as a Director since the last AGM, as a Director of the Company.
3. To re-elect Chief Tabetando, who retires at the AGM by rotation, as a Director of the Company.
4. To re-elect Ed Willett, who retires at the AGM by rotation, as a Director of the Company.
5. To re-elect Philip O J Tracy, 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 £10,811,620 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 £10,811,620 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 31 December 2015 or, if earlier, at the end of the next AGM of the Company to be held in 2015 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 special resolutions:

8. That:
   (A) subject to the passing of resolution 7 set out in the notice of annual general meeting dated 11 November 2014 ('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 £3,243,486, representing approximately 10%. of the issued share capital of the Company as at 11 November 2014; 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 after such expiry.
9. That, the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (as amended) (**'the Act'**) to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 10 pence each (**'ordinary shares'**) on such terms and in such manner as the Directors may decide provided that:
   (A) the maximum number of ordinary shares that may be purchased by the Company pursuant to this authority is 48,619,857;
   (B) the minimum price that may be paid for any such ordinary share shall be the nominal value of that share (exclusive of expenses payable by the Company in connection with the purchase);
   (C) the maximum price that may be paid for any ordinary share purchased pursuant to this authority is an amount equal to the higher of (a) 105% of the average of the middle market prices shown in the quotations for the Company's ordinary shares in the London Stock Exchange daily official list for the five (5) business days immediately preceding the day on which that ordinary share is contracted to be purchased and (b) an amount equal to the higher of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from all London Stock Exchange trading systems exclusive of expenses payable by the Company in connection with the purchase; and
   (D) this authority shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, on 31 December 2015, but the Company may make a contract to purchase ordinary shares under this authority before its expiry which will or may be completed wholly or partly after the expiry of this authority, and may complete such a purchase as if this authority had not expired.
10. That, subject to the confirmation of the court, the share premium account of the Company be cancelled.

11 November 2014

By Order of the Board

Registered office:
45 Leith Street, Edinburgh EH1 3AT

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. Resolutions 8 to 10 are proposed as special resolutions. This means that for each of those resolutions 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 Director's report and the Auditor's report before the shareholders in a general meeting. A copy of those accounts and reports are available on the Company's website at www.bowleven.com.

RESOLUTION 2 – RE-APPOINTMENT OF DIRECTOR
The Company's articles of association require that any Director newly appointed by the Directors of the Company will retire at the first annual general meeting following his appointment. Accordingly, Kerry Crawford, who was appointed by the Board as Finance Director on 6 January 2014, retires and, being eligible, offers herself 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. Chief Tabetando, Ed Willett and Philip O J Tracy will accordingly retire this year. Being eligible, they each offer themselves for re-election.

A biography in respect of each Director is included on pages 26 and 27 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 £21,614,756, 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 £10,811,620 representing approximately one third of the Company's issued ordinary share capital as at 11 November 2014, being the latest practicable 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 £10,811,620 representing approximately a further one third of the Company's issued ordinary share capital as at 11 November 2014, 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 31 December 2015, unless previously renewed, revoked or varied by the Company in a general meeting. It is the intention of the Directors to renew this authority annually at each AGM.

As at 11 November 2014, 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 £3,243,486 representing approximately 10% of the Company's issued ordinary share capital as at 11 November 2014, being the latest practicable date prior to publication of this document. As regards this latter power, 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 £3,242,213 (which represented approximately 10% of the Company's issued ordinary share capital when that power was granted). 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 a general meeting. It is the intention of the Directors to renew this power annually at each AGM.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING
CONTINUED

RESOLUTION 9 – MARKET PURCHASE OF OWN SHARES BY THE COMPANY

The Directors consider that there may be occasions when it will be desirable to reduce the issued share capital of the Company by purchases in the market.

The Directors do not intend at present to use this power but wish to retain the flexibility to do so in the future. Any shares repurchased may either be cancelled or held by the Company as treasury shares.

The maximum number of ordinary shares which may be purchased under the proposed authority will be 48,619,857, representing approximately 14.99% of the issued share capital of the Company as at 11 November 2014, being the latest practicable date prior to publication of this document. The price paid for ordinary shares will not be less than the nominal value of the shares nor more than 5% above the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange daily official list for the five (5) business days preceding the day on which the ordinary shares are purchased.

As at 11 November 2014, being the latest practicable date prior to publication of this document, the total number of outstanding options to subscribe for shares was 10,431,801, representing 3.22% of the total issued ordinary share capital of the Company (excluding treasury shares) at that date. That percentage will increase to 3.78% if the authority being sought is exercised in full.

The authority will expire at the end of the next AGM or, if earlier, on 31 December 2015, unless previously cancelled or varied by the Company in a general meeting. It is the intention of the Directors to renew this authority annually at each AGM.

RESOLUTION 10 – CANCELLATION OF THE COMPANY'S SHARE PREMIUM ACCOUNT

The Companies Act 2006 restricts the circumstances in which a company may pay dividends or return funds to its shareholders (including through a purchase of its own shares). It provides that a public company may only pay a dividend on its shares out of its accumulated distributable reserves and may only purchase its own shares out of distributable reserves or out of the proceeds of a fresh issue of shares. The Companies Act 2006 also provides limitations on the use of a company's capital reserves, including its share premium account.

Resolution 10 is proposed in order to allow the Company to undertake a capital reduction (the 'capital reduction') by way of a cancellation of the Company's share premium account, in order to give the Company flexibility to create distributable reserves.

If approved, resolution 10 will authorise the cancellation of the Company's share premium account in its entirety as it stands on the date of the AGM.

The capital reduction requires the sanction of the shareholders passing the resolution and the subsequent confirmation of the Court of Session in Edinburgh (the 'Court'). Should the Directors decide it would be desirable for the Company to undertake the capital reduction, following the passing of resolution 10 at the AGM, an application will be made to the Court to confirm the capital reduction.

Before it will confirm the capital reduction, the Court will be concerned that the interests of the Company's creditors will be sufficiently protected. The terms upon which the Court is prepared to sanction the capital reduction will be subject to consideration in due course by the Court and discussion between the Company and its advisers.

The Company's ability to make a distribution out of any reserve arising from the capital reduction will be dependent on any directions of the Court for the protection of creditors at the time the capital reduction takes place. The Directors reserve the right to discontinue any application to the Court if they consider it appropriate and in the interests of the Company.

RECOMMENDATION

The Directors consider that the resolutions to be proposed at the AGM are in the best interests of the Company and shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the resolutions to be proposed at the AGM, as the Directors intend to do in respect of their own beneficial shareholdings, which amount in aggregate to 6,008,694 ordinary shares, being 1.85% of the ordinary share capital in issue at the date of this document.

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 16 December 2014.

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. (UK time) on 16 December 2014 (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 2014;
- copies of the service contracts of David Clarkson, Kerry Crawford, 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 11 November 2014 (being the latest practicable date prior to publication of this notice) the Company's issued share capital consisted of 324,348,616 ordinary shares which each carry one vote. Therefore, total voting rights in the Company as at 11 November 2014 are 324,348,616.

NOTES

NOTES

GLOSSARY

Adamantine	Adamantine Energy (Kenya) Limited, the current operator of, and holder of a 50% participating interest in block 11B
AGM	annual general meeting
AGR TRACS International Ltd	a wholly-owned subsidiary of AGR Group (Holdings) Ltd.
AIM	the market of that name operated by the London Stock Exchange
AODL	Africa Onshore Drilling LDC, a wholly-owned subsidiary of Africa Fortesa Corp Ltd, and the entity which has entered into the rig contract with Bowleven with respect to the Bomono Permit
Articles of Association	the internal rules by which a company is governed
bcf or bscf	billion standard cubic feet of gas
block 11B	the production sharing contract between the Republic of Kenya, Adamantine Energy (Kenya) Limited and Bowleven (Kenya) Limited, dated 30 May 2012, in respect of the area of approximately 14,287 km² onshore Kenya and designated as block 11B; or, as the context may require, the contract area to which this production sharing contract relates
Board of Directors	the Directors of the Company
boe	barrels of oil equivalent
Bomono Permit	the production sharing contract between the Republic of Cameroon and EurOil, dated 12 December 2007, in respect of the area of approximately 2,328km² comprising former blocks OLHP-1 and OLHP-2 onshore Cameroon; or, as the context may require, the contract area to which that production sharing contract relates
Bowleven	Bowleven plc (LSE: BLVN) and/or its subsidiaries as appropriate
Bowleven (Kenya) Ltd	Bowleven (Kenya) Limited, an affiliate of the Company, incorporated in Scotland
CAMOD	Cameroon Offshore Development S.A.R.L., the proposed holder of a 10% non-operated participating interest (post State back-in) in the Etinde Permit and an affiliate of NewAge
CAMOP	Cameroon Offshore Petroleum S.A.R.L., the holder of a 20% non-operated participating interest (post State back-in) in the Etinde Permit and an affiliate of NewAge
CFA	Central African CFA Francs
CLNG	Cameroon LNG, the GDF Suez S.A and SNH strategic partnership to advance the monetisation of the substantial undeveloped gas resource within Cameroon, via an in-country gas aggregations scheme to supply a LNG facility
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
contingent resources	those quantities of hydrocarbons that are estimated to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable
CSOP	company share option plan
CSR	corporate social responsibility
EA	Exploitation Authorisation
EBT	Employee Benefit Trust
EEAA	Etinde Exploitation Authorisation Application
ERP	emergency response plan(s)
ESIA	environmental and social impact assessment
Etinde Permit	the production sharing contract between the Republic of Cameroon and EurOil, dated 22 December 2008, in respect of the area of approximately 2,316km², comprising former blocks MLHP-5, MLHP-6 and MLHP-7, offshore Cameroon; or, as the context may require, the contract area to which that production sharing contract relates
EurOil	EurOil Limited, an indirectly wholly owned subsidiary of Bowleven plc, incorporated in Cameroon
FEED	front end engineering and design
Ferrostaal	Ferrostaal GmbH, a global provider of industrial services in plant construction and engineering services, headquartered in Essen, Germany
FID	final investment decision
First Oil	First Oil plc, a private UK independent exploration and production company based in Aberdeen
Fortesa	Africa Fortesa Corp Ltd, the entity which, with its wholly-owned subsidiary Africa Onshore Drilling LDC, entered into a conditional drill-to-earn arrangement with Bowleven with respect to the Bomono Permit
FTG	full tensor gravity gradiometry
GDF	GDF Suez S.A.
General Meeting	the General Meeting of the Company
GGPC	GGPC Gabon (EOV) Limited, a former 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
GSA	gas sales agreement
HSSE	health, safety, security and environment
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IF	the Isongo F Field area, block MLHP-7, Etinde Permit
IFRS	International Financial Reporting Standards
IM	the Isongo Marine Field area, block MLHP-7, Etinde Permit

km	kilometres
km^2	square kilometres
LNG	liquefied natural gas
LPG	liquefied petroleum gas
LTIP	long-term incentive plan
LUKOIL	LUKOIL Overseas West Project Ltd, a subsidiary undertaking of OAO LUKOIL
m	million
Macquarie Bank	Macquarie Bank Limited
mmbbls	million barrels
mmboe	million barrels of oil equivalent
mmscfd	million standard cubic feet of gas per day
mscf	thousand standard cubic feet of gas
Netherland Sewell	Netherland, Sewell & Associates Inc., a company providing services, including reserve reports, to the worldwide petroleum industry
NewAge	New Age (African Global Energy) Limited, the parent undertaking of CAMOP
OBC	Ocean Bottom Cable
ordinary shares	ordinary shares of 10p each in the capital of the Company
Petrofac	Petrofac Energy Developments West Africa Limited, an indirect subsidiary of Petrofac Limited (LSE: PFC)
PSC	production sharing contract
P10	10% probability that volumes will be equal to or greater than stated volumes
P50	50% probability that volumes will be equal to or greater than stated volumes
P90	90% probability that volumes will be equal to or greater than stated volumes
Q1, Q2 etc..	first quarter, second quarter etc..
scf	standard cubic feet
SNH	Société Nationale des Hydrocarbures, the national oil and gas company of Cameroon
strategic alliance	the proposed strategic alliance between Bowleven and Petrofac in respect of the Etinde development on the terms set out in the Strategic Alliance Agreement
Strategic Alliance Agreement	the agreement of that name dated 6 November 2012 between Bowleven and Petrofac
TSR	total shareholder return
Vibroseis™	an onshore seismic acquisition technique whereby a truck-mounted vibrator sends a varying frequency wave train into the ground and the recorded data is processed to produce a conventional-looking seismic section
WAEP	weighted average exercise price
WAFV	weighted average fair value
WAGP	weighted average grant price
2D	two dimensional
£	Great Britain Pounds Sterling
$	United States of America Dollars

Notes:
Prospective resources, contingent resources and reserves shall have the meanings given to them by the guidance on petroleum resources classification contained in the 2007 SPE Petroleum Management System published jointly by the Society of Petroleum Engineers, The American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers.

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

ADVISERS AND REGISTERED OFFICE

NOMAD & Joint Broker
Bank of America Merrill Lynch
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Registered in Scotland
Number SC225242

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