



BOWLEVEN PLC
ANNUAL REPORT AND ACCOUNTS 2021

CONTINUING OUR FOCUS ON AFRICA

WHO WE ARE

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

OUR PURPOSE

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

OUR VISION

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

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Find out more on our website
www.bowleven.com

CORPORATE HIGHLIGHTS

\$4.1m

Cash and bank deposits held at end of June 2021; no debt. No outstanding work programme commitments (2020: \$9.1m)

\$25m

Payment of \$25m is due from joint venture (JV) partners once FID is reached on the development of the Etinde field (2020: \$25m)

\$2.5m

Invested in publicly traded debt instruments and equity in the form of limited partnership structures (2020: \$2m)

\$6.6m

Total value of funds, which comprises cash and financial investment (2020: \$11.1m)

Reasons to invest in Bowleven

EXPOSURE TO THE STRONG FUNDAMENTALS OF THE OIL AND GAS SECTOR

Bowleven finds itself in an enviable position with its meaningful exposure to a sector showing significant strength in commodity prices, thus, making developments more attractive. The trend for both liquids and gas markets has clearly been bullish over the past year and further to this, the fundamentals supporting current prices are underpinned by long-term drivers that will continue to support both oil and gas developments in years to come. As the recent energy crisis in Europe has shown, alternative fuels sources cannot yet fully replace fossil fuels, and in particular, the role of natural gas as a genuine transition fuel to coal is arguably more relevant than ever.

EXPOSURE TO A SIGNIFICANTLY UNDERVALUED AND DE-RISKED GAS PLAY IN AFRICA

We believe the Etinde asset is significantly undervalued and expect the share price to increase to reflect its true value as we continue our work to de-risk the asset and bring it closer to development. Management believes that with the current oil and gas price scenario, the asset is further de-risked as a sustained tight supply of oil and gas through years of underinvestment has increased the sector's profile to capital providers and will continue to do so. Furthermore, we believe Africa will become a focal point for investment in the oil and gas sector as both a final frontier of both discovered and undiscovered resource, and as a continent with huge domestic demand as well as export potential.

SIGNIFICANT CATALYST UPCOMING IN THE FORM OF FID

A lot of progress has been made on the Etinde development project in the last two years. We are close to reaching one of the most integral stages to the delivery of Final Investment Decision (FID) which enables Bowleven, as part of the JV group decision makers, to move forward with the execution of the development option of Etinde. The commitment of funds to the project safeguards the requirements for regularity, propriety and value for money while generating the largest possible benefit to shareholders.

BOWLEVEN AT A GLANCE

AN AFRICA-FOCUSED OIL AND GAS COMPANY

Bowleven plc has a strategic interest in a key hydrocarbon licence in Cameroon. We currently hold a 25% interest in the shallow water offshore Etinde Permit. Our vision is to deliver shareholder value by monetising our discovered hydrocarbons. Creating value from this asset and managing risk are core deliverables to our shareholders. The Company together with its partners, seek to adopt best-in-class Environmental, Social and Governance principles in corporate strategy and decision making to ensure long-term business value.

WHERE WE OPERATE

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

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

OUR PORTFOLIO

ETINDE

The Etinde Permit (formerly MLHP-7 block) which lies in shallow water in the prolific Rio del Rey Basin was awarded an Exploitation Authorisation (EA) in January 2015. The Production Sharing Contract (PSC) based permit has a term of 20 years with an option to extend for a further ten years. The IM-5 well drilled in 2013, encountered liquid-rich hydrocarbons at sufficient volumes to underpin a development scheme within the EA framework. Following the 2018 appraisal campaign, the Etinde project has moved to a development planning phase.

OUR FOCUSED STRATEGY

- Continued delivery of value from our asset.
- Commitment to implementing sustainable long-term business procedures.
- Agreeing development concept and progressing the Etinde field.
- A strong focus on achieving FID.

“Bowleven is dedicated to maintaining capital discipline while selectively seeking other value-enhancing opportunities.”

27.3m

Population of Cameroon

2.6%

Population growth rate (2020 est.)

\$1,490

Gross domestic product (GDP) per capita

Rio del Rey Basin

CAMEROON

ETINDE PERMIT

MLHP-7

Douala Basin

ETINDE PERMIT MLHP-7



■ Bowleven
■ LUKOIL
■ New Age

37.5%
37.5%
25%

A STRATEGIC FOCUS ON ETINDE FID

We continue to focus on maximising the economic return to our shareholders. With global gas prices returning to high levels in 2021 and trending towards higher long-term pricing, and with the expected timing of our first gas condensate production, we uphold a strong economic case for our asset with capital returns for Etinde anticipated to be exceptionally favourable.

DEAR SHAREHOLDERS,

Last year, we considered 2020 to have been a milestone year, both for society and for our industry. Following the onset of COVID-19 we saw a growing intensity around the need for the global economy to increasingly focus on the Green Transition to a lower carbon future. In many ways, 2021 has surpassed 2020, as the global economy has returned to something more akin to the 2018 and 2019 environment. Natural gas prices have reached extraordinary highs in Southeast Asia during the summer and early autumn, with liquefied natural gas (LNG) loads selling at more than \$17 per MMBtu. Indeed, natural global gas prices outside the USA domestic market, have also seen similar large price increases this year. Whilst there are significant current year factors at play, there appears to be a trend towards higher price developments. Oil prices have also recovered and recently we have seen Brent reaching highs of \$80 or more per barrel.

At the petroleum industry level, the short-term environment remains as uncertain and turbulent as in 2020, but with increased volatility as the global market returns to a new market equilibrium. Both demand and supply are rapidly returning to 2019 levels, even though the impact of new variants of the COVID-19 virus has maintained a negative economic and social impact.

In our view, many different difficult-to-judge demand and supply catalysts remain poised to contribute to continued market volatility in the near term. In the medium term, we expect there to be a complex interaction between the effect of several years' cumulative delays in new project investment decisions, especially to higher-cost projects, and the return to previous 'business as usual' demand. This, in combination with further global economic growth, expected short-term inflation and the increasing impact of decarbonisation measures, will impact global demand in uncertain ways.



There is no current consensus on how this dynamic equilibrium will evolve, although we remain confident that shareholders' patience will be rewarded. It appears likely that petroleum prices will continue to rise in the medium term and we continue to see a strong investment case for developing the Etinde asset at the current time.

At an operational level, the COVID-19 protective remote working practices commenced in 2020 have continued to be applied. Whilst these have been very successful at protecting the welfare of our employees, as we noted in our interim results, travel bans have seen a growing impact on commercial negotiations. The absence of face-to-face negotiations was always going to give rise to delays of the sort we have seen in 2021.

OPERATIONS

On the Operations front, we have seen two major developments in the year.

The first and most important was the completion of the Technip FEED project in December 2020 and our own ancillary processes largely by March 2021, although elements of the project continued at a lower level throughout the year. At a practical level, we now have a very detailed technical and financial understanding of the proposed Limbe-based gas processing facility and the wider surface and sub-surface development project focused on the IM fields and their reserves. Practically, we identified the major suppliers we would like to tender as part of an actual development project and were actually ready to move to a pre-tender competitive proposal process in early 2021, before we agreed to pause this aspect of the programme.

Based on the combination of FEED cost projections and the 2020 economic environment, the JV partners agreed to temporarily pause matters to allow a re-evaluation of the existing development concepts with a view to seeking to further de-risk the economic and financial aspects of the development. The estimated facility cost from FEED was materially higher than that identified during the Concept Select phase and pre-FEED technical studies undertaken in 2019 and 2020. We examined this combined with the proposed IM-only development 'base case' limited to one train processing facility at Limbe with a production cap of 90mmscf/d,

extensive gas reinjection and recycling with a 20mmscf/d domestic gas demand. Financial projections based on 2020 economic parameters concluded that this development scenario had a sub-optimal project NPV and too low a rate of return on investment for the given level of risk. During this temporary pause, the JV partners undertook an individual and collective reassessment of the development plan.

For Bowleven, FEED output confirmed what we have long considered to be necessary for a successful development, namely that obtaining a full economic return requires maximising initial production rates and generating a monetary value for all output, including all dry gas production.

Following FEED, the JV partners concluded that a Limbe facility-based development would require much better clarity on the availability of both the domestic and export gas markets and would likely require a combined IM and IE development basis under the current economic environment.

Throughout this reassessment process, the JV partners considered what had previously been seen to be a politically time consuming option, namely processing Etinde wet gas directly at the existing Marathon-operated gas condensate processing facilities on Bioko Island, Equatorial Guinea. This option would remove the need for the majority of processing facilities at Limbe and enable a development with materially lower initial investment cost and probably a shorter timetable. Whilst this option would most likely generate a higher tax income for the Government of Cameroon, it would mean less development phase employment opportunities in Cameroon.

This leads us to the second major development in 2021.

An initial desktop technical and commercial study based on the above alternative development strategy was prepared and presented to the JV partners in spring 2021 which clearly demonstrated favourable development economics. This concept was informally presented to the Government of Cameroon and SNH by a senior delegation of LUKOIL executives with the desktop study being formally presented with a JV partner endorsement to SNH.

After much discussion, SNH accepted the inclusion of this option as part of the JV 2021 work plan and budget and gave the JV partners formal permission to discuss this proposal with Marathon Oil with a view to presenting a more formal paper to SNH detailing the benefits to the people of Cameroon in Q4 2021. We believe this to be a very welcome development as it signals a wider recognition that other options may be possible in practice.

The Operator is currently working up a series of technical, economic and risk-based scenarios around the Limbe facility and Equatorial Guinea development options for presentation to the JV partners later this year. The JV partners have agreed to choose a preferred development scenario based on these options and formally present this to SNH in due course.

At the current time, we cannot anticipate the outcome of this ongoing process. Whilst we agree with the concept of choosing a preference, given the significant commercial and political decisions that will be involved, we are inclined to keep all options on the table for the foreseeable future. We believe that the JV partners will need to remain flexible in our response to future considerations until the JV partners and all our stakeholders are able to reach a mutually acceptable development solution. This will then be put forward for FID approval, most likely in 2022.

Throughout 2021, the Operator's geotechnical team has led an ongoing process to completely re-evaluate the potential reserves in the IM and especially the IE area following the completion of the seismic reprocessing project at the end of 2020.

Following FEED, the re-evaluation of IE discoveries has taken on a high priority and technical work is progressing quickly on a collaborative basis. The Operator's in-house reserves assessment is close to completion and should be presented for JV evaluation shortly. This will be followed by the completion of reservoir engineering models and the Operator's proposal for the optimal sub-surface IE development concept shortly afterwards, if possible. The full re-evaluation of the IE area and the reassessment of reserves and development plan should be completed before the end of 2021.

CEO & CHAIRMAN STATEMENT CONTINUED

This will likely be subject to a formal external reserves assessment, alongside the earlier completed IM update during 2022.

FINANCIAL AND OTHER MATTERS

The Group continues to benefit from a robust balance sheet, with a cash balance of \$4.1 million as of 30 June 2021 and a liquid financial investment valued at \$2.5 million giving available funds of \$6.6 million. Cash balances at 30 October 2021 were \$3.0 million.

Whilst the Company continues to operate in a lean fashion, with a very low G&A spend compared with its peers in the space, liquid funds continue to decline. At the current time, the Board considers that existing funds should be sufficient to take the business to FID in 2022, so long as the JV partners are not required to make further material investments in development planning prior to FID. At FID, we will receive a payment of \$25 million from the JV partners. However, there are considerable commercial and regulatory issues which have yet to be resolved in conjunction with the uncertainty regarding the optimum development concept. Resolving these issues to permit FID to be reached in 2022 will be a challenge for the JV partners and any delays in reaching final resolutions will create a high financial risk for Bowleven. The Company may need to raise additional short-term finance to bridge the gap to attaining FID and the receipt of the \$25 million payment.

In mid-2020, a Paris-based financial advisory firm, Cofarco, was appointed by Bowleven and New Age to support the process of obtaining financing for the project. Work in this area was put on hold in early 2021, whilst the development concept evaluation took place. Discussions with a range of potential senior debt providers will likely advance alongside completion of the post-FEED work, in early 2022.

Engagement continues with the Government of Cameroon on a range of environmental, fiscal and regulatory matters with a view to obtaining the consents and agreements necessary to be in a position to reach a final investment decision in 2022 at the latest. Delays have been on account of several factors, most notably ensuring the economic plan achieves stakeholder consensus, and the impact of the COVID-19 pandemic on the various workstreams (both in and outside

Cameroon and the Etinde JV). Our efforts have been continuing to accelerate what is feasible in practice with a view to ensuring the selected field development plan delivers the best value return for all stakeholders.

ESG FOCUS

Alongside our corporate social responsibilities (CSR), Environmental, Social and Health Impact Assessment (ESHIA) remains critical to the JV and particularly for a project of this size for the country of Cameroon. The JV partners have continued to provide support to the local community with the focus being on public health facilities and equipment in consideration of the COVID-19 crisis during the past year. We made a donation to two approved COVID-19 centres that enabled medical equipment to be purchased and distributed to be used in an effort to mitigate the impact of the virus amongst the people.

Ongoing stakeholder engagement remains encouraging and formed an important part of our and our JV partners' activities throughout 2021. The integration of these factors into project decision making remains a critical aspect of the key success factors to the delivery of long-term project value.

In December 2020, Matt McDonald, Chairman, stepped down from the Board and was replaced by Jack Arnoff as a Non-Executive member and now Chairman of the Board. Given our continued focus on corporate costs in the context of our activities, we are content with the size of the reduced Board, since, at this juncture, we do not feel further Board expansion is needed to secure FID.

OUTLOOK

The vast majority of the technical engineering phases of the wider Etinde development activity should largely be completed by the end of 2021. Some technical evaluation activity will no doubt continue, and we may need to refresh the capital investment cost elements of FEED for the preferred development option prior to FID. However, we do not expect a materially significant additional financial investment this side of FID.

With current spot prices for Brent crude hovering around \$80 per barrel in summer/autumn 2021, and correspondingly high global natural gas prices, the economics

of Etinde are such that the capital returns appear to have improved during 2021. These should remain suitably robust to be sanctioned in the current environment, assuming the required capital investment can be secured.

The medium to long-term hydrocarbon pricing forecasts indicate that the market will remain volatile and uncertain for some months yet. The stabilised position remains uncertain, but the current trends suggest that COVID-19-based economic uncertainty is likely to have a temporary effect. Long-term hydrocarbon pricing looks very likely to return to 2019 levels or higher. We continue to believe the likely timing of Etinde first gas and condensate production in 2024/25 offers a favourable point in the investment cycle. The economic investment case for Etinde remains strong in our view, with the Company's interest in the Etinde project continuing to demonstrate a value in excess of \$150 million based on management's modelling. This is well above the Group's current market capitalisation and remains the key investment opportunity in the Company.

The Board and executive team are focused on the development of Etinde and maximising the economic return to our shareholders. We are in continual discussion with all stakeholders to determine the optimal development concept, mitigate the funding challenges and secure the earliest extraction of molecules in the most capital efficient way to enable project sanction.

The Board continues to believe that the future production and cash flow from the Etinde project, when combined with our existing unleveraged balance sheet, will deliver significant long-term value for our investors whilst securing the long-term sustainability of the Company.

Eli Chahin

Chief Executive Officer
9 November 2021

Jack Arnoff

Chairman
9 November 2021

Q&A

WITH

ELI CHAHIN

CEO

Q. WHAT ARE THE CORE ELEMENTS OF THE BUSINESS AND HOW DOES IT CREATE AND CAPTURE VALUE FOR ALL ITS STAKEHOLDER GROUPS?

A. Bowleven is funded through public equity and is listed on the AIM segment of the London Stock Exchange. We hold an interest in the Etinde Permit which has a significant hydrocarbon accumulation, approximately 244mmboe of contingent resource. Our strategy is aligned with shareholders to ensure value monetisation with the view to being cash generative and ultimately monetising the proven significant reserves in Etinde. The potential inherent in the development of Etinde underpins the Company's value proposition and market capitalisation. The business is focused on driving value for our stakeholders through the proposition of the EEEA licence, appraisal and development activity, and reaching FID. A lean organisational structure that allows for more direct channels of communication with leadership creates value for our team. We continually seek ways in assisting the development of the local communities and a developed Etinde would be of significant benefit to them as both Cameroon and surrounding nations have significant demand for power and gas.

Q. WHAT ARE CONSIDERED TO BE THE KEY STRENGTHS OF THE BUSINESS?

A. Our key strengths include:

- A world-class asset in Etinde.
- Huge value proposition with undervalued asset base.
- Resources enabling a development project in Etinde.
- No debt or outstanding work commitments, a strong balance sheet and vigilant cash management.
- A focus on capital deployment and instruments to ensure best return risk.

Q. WHAT BUSINESS OPPORTUNITIES DOES THE COMPANY CURRENTLY HAVE?

A. Our current business opportunities include:

- Commercialisation of 244mmboe 2C Etinde field unlocks significant value.
- Deeply discounted share price (growth potential).
- Continuing to develop long-term sustainability procedures.
- Options for capitalising (development) in a low-cost environment.
- To be part of Africa's post-COVID-19 recovery for businesses and the community.

Q. WHAT MEASURES ARE IN PLACE TO SUPPORT WHAT THE COMPANY IS AIMING TO ACHIEVE?

A. Together with our JV partners Bowleven has a clear strategic direction focused on ascertaining the best way forward in driving value for our investors, host government and related bodies, and our people. The JV Group's focus is on ensuring there is synergy with company strategy and competencies. Certain measures are in place to ensure FID including alignment of the corporate and operating strategy, project governance and assurance protocols. Accurately assessing our options and selecting the best way forward is crucial to commercialising our asset. Achieving FID will demonstrate our capabilities to instil certainty that the project design is feasible, and targets will be met.

Q. WHAT IMPACT HAS COVID-19 HAD ON THE BUSINESS?

A. Fortunately, the impact that COVID-19 has had on the commercial part of the business is less significant as we are not yet in the Exploitation phase. As a priority, we had to safeguard our employees by implementing changes to our usual working practices to ensure their safety and wellbeing. We adopted a working from home policy as a safety measure to protect them from the spread of the virus in our working environments. Additionally, because of the ban on international travel, we were no longer able to conduct face to face meetings with our JV partners and other stakeholders. Although other means were adopted to some extent to deal with the challenges this created, it has inevitably impacted the timings of commercial negotiations. We look forward to reinstating face to face negotiations in the immediate future.

STRIVING TOWARDS FID

The Etinde project continues to advance towards achieving FID and in 2021 we have made strong progress against our strategy.

The following table sets out a clear explanation of the Company's strategic objectives, how we have progressed them and an outline of future priorities we will engage in to secure the fundamental objectives of our business in the coming year.

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

STRATEGIC OBJECTIVE PROGRESS DURING THE YEAR

PRIORITIES FOR 2022

ACHIEVING FID

Remaining focused with our JV partners on achieving FID.

Front End Engineering Design (FEED) project completed in December 2020 with follow-up evaluation completed during Q1 2021.

Continued discussion with SNH and various other commercial parties in respect of the domestic sale of gas, liquefied petroleum gas (LPG) and condensate.

Approval given by SNH for the JV partners to fully investigate alternative development option.

Initial discussions with Marathon Oil regarding using the Bioko Island facilities in Equatorial Guinea (EG) for processing Etinde wet gas production.

To work with JV partners on FEED, Commercial and Finance matters in respect of the Etinde development options with the aim of Etinde project FID.

VALUE MONETISATION

Maintaining alignment within the JV partners to achieve monetisation.

Identification made from FEED studies that IM field only development option would not deliver sufficient return on investment.

SNH approval to agree to renew the Etinde Exploitation Agreement Authorisation.

To renew the Etinde Exclusive Exploitation Agreement (EEEE) licence term as part of the regulatory process associated with FID.

ENHANCING THE ASSET

Progressing our options with the aim of agreeing development concept.

Assessment of geological data and FEED findings and realignment of process in progressing towards FID.

Recognition of Etinde potential for future prospectivity.

To re-evaluate the IE reservoirs with the aim of adding this option to the field development plan.

To obtain agreement of Etinde sub-surface and field development plan by SNH.

To gain approval of the development concept by SNH and the Government of Cameroon.

STAKEHOLDER AGREEMENT

Fulfilling our aim to obtaining host government participation agreement.

Open, frequent communication within the JV and with our external stakeholders and commercial partners.

To continue discussions with SNH and other key stakeholders in respect of the domestic sale of gas, LPG and condensate.

To renew the EEEA licence term.

To gain approval of the field development plan and FID submission.

LOW-COST OPERATING MODEL

Maintaining a lean operating business.

No change from prior years.

To maintain disciplined capital management to secure progress towards FID and thereafter explore funding options regarding development capital.

PROJECT FUNDING

Position for funding of Etinde project.

Cofarco appointed as joint lead financial advisor by New Age and Bowleven.

Initial preparatory work commenced; suspended in Q1 2021 pending resolution of the JV partner preferred development concept.

Potential requirement for additional low-level short term financing if there is an extended period prior to FID approval.

To progress the securing and structuring of commercial agreements.

DETERMINING OUR PREFERRED DEVELOPMENT OPTION

Operationally, we continue to focus on our strategy to finalise our preferred development solution, alongside our JV partners. We are working towards the elimination of remaining commercial and regulatory issues as we continue to strive towards achieving a final investment decision on developing the Etinde block.

On the operational/technical front, FY2020/21 has seen the tempo of activity return to near 'normal' conditions following the COVID-19 impact we suffered in the prior year. Whilst the tempo of technical and operational activity has been high, progress in some areas has remained quite slow. In part, this is due to the ongoing disruption of international travel, which severely limited our ability to meet important stakeholders, such as SNH and ministerial level contacts within the Government of Cameroon, in person. Likewise, progress on resolving commercial activities and potential developments, which involve other commercial or governmental parties, where we are not directly represented, has also been slow.

The most significant operational developments during financial year 2020/21 are described as follows.

A) SUB-SURFACE STUDIES: GEOLOGICAL, GEOPHYSICAL AND RESERVOIR ENGINEERING WORK PROGRAMMES

The main focus for sub-surface activity during 2021 has been the IE area following the completion of seismic data reprocessing project in late 2020. Receipt of the final reprocessed seismic dataset has allowed the Operator's sub-surface geotechnical team to update the structural map for the IM area and undertake a completely new re-evaluation of the existing IE area discoveries.

For the IM reservoirs, the new data showed the structure to be steeper, slightly narrower, but to have more vertical depth than previously thought. Whilst there were minor changes to the estimated in-place resources in all three reservoirs, the overall net effect was muted with gains largely offsetting losses. Otherwise, there was virtually no impact on the sub-surface field development concept developed through 2019 and 2020.

The new seismic data has significantly improved the overall resolution of the various IE discoveries, although the data resolution remains relatively poor in some areas. This is the case in localised areas or where the underlying structure is complex, such as around the IE-3 well which makes it difficult to resolve adequately.

The new data has assisted our understanding of the commercially enticing gas condensate discovery at the IE-1 and IE-2 wells. It has allowed a more accurate determination of the reservoir boundaries, as well as demonstrating that this gas condensate reservoir is comprised of at least two separate compartments. The revised structural map provides some expectation that there may be one or two further compartments to the west of the IE-2 well within this multiple faults bounded structure. If confirmed, these are likely to be classified as P10 or prospective resources and excluded from any initial IE development plan. The current focus is to determine the resource base and classification type within the larger of the two identified compartments.

A significant proportion of this area is undrilled, and well connectivity is a major risk given that the nature of the structural trap and the heterogeneous nature reserve channel deposits.

At the current time of writing this report, the Operator's technical team are determining their in-house estimate of resources and undertaking reservoir modelling to determine production models on both a standard well depletion basis and with reinjection of dry gas and gas recycling.

Whilst assessing potential resources for the IE-1 and IE-2 well field, the IE-3 and IE-4 discoveries continue to be a high priority, the wider IE area remains of significant technical interest beyond these discoveries. The 'thin bed' petrophysical study completed in late 2020 on the six ID, IE and IF wells highlight significantly higher pay thickness than previously estimated for both primary and secondary discoveries. The study also recognised the potential for previously unidentified hydrocarbon bearing horizons. The discovery of a tight black oil horizon in the top c.6 metres of the 400 series reservoir in the 'Crowbar' block gives rise to a further potential oil reservoir at a deeper level than that currently being assessed in the initial IE field development plan.

B) FINALISATION OF FEED

Technip (Malaysia) undertook the FEED study, working in conjunction with an operator-led joint operational

team comprising the existing New Age and LUKOIL staff along with additional contractors hired by the JV partners. Whilst the main contract ended in November 2020, completion of certain variation orders and additional post-FEED studies continued until January 2021. This was followed by further study undertaken jointly by New Age and LUKOIL staff. Indeed, the Operator has continued with follow up studies with the aim of providing further enhancements to the FEED output during the remainder of 2021.

The JV partners were pleased with the standard of technical work undertaken during FEED, which itself was a wide-ranging, thorough assessment of the Limbe-based gas processing facility development option. However, the expected capital cost of the Limbe facilities was higher than what the JV partners preferred. The JV partners agreed that the initial base case development scenario, based on IM only and one processing train, was too expensive for the given level of production, resulting in a sub-optimal project NPV and too low a rate of return on investment given the combination of project risk and current economic environment.

In response, the JV partners have undertaken further economic and technical analysis during the first half of 2021 with the following aims:

- (i) To reassess the development parameters, equipment/facility choices as well as our general approach to the development project with the purpose of materially reducing the initial development cost, especially of the proposed Limbe facilities;
- (ii) To reassess the initial development option on an IM and IE reservoir combined basis with a view to maximising initial production rates to optimise development NPV and IRR; and
- (iii) To take a fresh look at alternative development options.

The combined IM and IE development option remains work in progress at the current time, pending the finalisation of the IE reserves and well production forecasts on both a well depletion and gas reinjection basis.

The programme of looking at the initial FEED parameters has largely been completed, although the Operator remains

open minded to other potential alternates as they might arise. The primary aim here is to optimise the facilities as much as possible whilst simultaneously seeking to reduce both initial investment and ongoing operating costs.

Potential reductions have been identified by looking at the opportunities (and challenges) that arise from sharing existing SONARA refinery facilities rather than opting for Etinde-only facilities. For example, removal of the propane production line from the development concept under certain scenarios (based on an economic comparison of expected propane revenue with ongoing operating and upfront capex cost for the propane line), can also create a significant economic benefit overall. In addition, major changes in the proposed well head platform design, in line with newer technology choices may also, if feasible, successfully reduce upfront investment cost.

Whilst several alternate development options have been studied, the one that is considered by Bowleven to have the most potential is the proposal to utilise the existing gas processing facility on Bioko Island to process Etinde wet gas production via a direct pipeline feed.

Under this proposal, the need for the Limbe processing facilities would be eliminated and replaced by a wet gas specification pipeline from the Etinde well head platform(s) directly to a (new) Equatorial Guinea beachhead wet gas receiving facility. From here, Etinde production would be processed using the existing Marathon-operated facilities outputting stabilised condensate, LPG, propane and dry gas as well potentially LNG and methanol for export.

An initial desktop technical and financial study of this development option has been discussed within the JV partnership and made available to SNH for their review. On the back of this, SNH had given the JV partners permission to undertake further analysis and technical studies.

We have held an initial technical meeting with Marathon's development project lead and their technical team at Bioko facility to mutually explore this proposal and how it would fit into their expansion plans. Whilst we have not spoken directly to the Government of Equatorial Guinea to date, we note the recent meeting between the President of Cameroon and the

Minister of Mines and Hydrocarbons of Equatorial Guinea.

Assuming current Cameroon domestic dry gas demand requirements, it is likely that the JV partners (alone or in conjunction with Cameroon authorities) would need to build a dry gas pipeline from Punta Europa to either Limbe or Douala port, which could supply both Etinde and non-Etinde produced gas directly to Cameroon. Consideration would also have to be given to LPG export facility capacity given it is likely that SNH may require Etinde LPG production to be retained for Cameroon use.

This question potentially highlights the largest commercial issue arising from this development option, namely, who retains ownership of the condensate and sales gas products after processing in the EG facilities. Our current preference is for the Etinde JV partners to retain ownership of the end marketable products with wet gas processing essentially being a tolling fee-based service contract. It is also our preference that the pricing be based on volume produced at Etinde as this is likely to maximise JV revenue generation in both the short and longer term.

However, we understand that the Punta Europa facilities are owned and operated by several different Marathon Oil-led joint ventures, which separates the Alba wet gas (and from February 2021, Alen field sourced dry or rich gas) production. This includes both a LNG and separate methanol facilities for export, as well as producing condensate, propane and LPG most likely with a pre-agreed gas split and inter-facility opex charging regime. In addition, there are also contracts in place to sell the existing sales products from the Bioko Island facilities. It is currently unclear whether Etinde would be required to participate in the existing contracts or negotiate separate agreements of our own. Given the existing complexity within and between the various Bioko Island facilities, it may prove to be simpler and much more expedient (at least initially) to sell the wet gas feed directly to Marathon Oil.

The Operator is currently undertaking a further high level desktop study which is intended to be presented to the JV partners alongside the Limbe IM/IE combined option for discussion and analysis in Quarter 4. The results of both studies, especially the EG option will be presented to SNH subsequently, probably

OPERATIONS REVIEW CONTINUED

with an initial JV partner recommendation. The uncertainties described previously and other important technical and commercial aspects relating to this option need to be resolved before FID.

Ultimately, the go ahead for any EG development option for Etinde would be subject to Government approval as well as commercial negotiations between a variety of different businesses and other parties and would most probably need to consider a number of different development concerns for Cameroon, EG and the Punta Europa facilities themselves. One or several intergovernmental agreements will be necessary along with the potential conclusion of other matters of governmental interest. Such discussions are likely to be complex, wide ranging and take considerable time to agree.

C) NEXT STEPS AND OTHER MATTERS

The JV partners currently envisage reaching a joint agreement on a preferred development option during Q4 2021 with the aim of presenting JV partner recommendation to SNH during the same period. This preference will be taken after significant discussion around the developmental, political and commercial risks of what is currently thought to be two options as discussed previously. The IM and IE Limbe option is very well understood from a technical and risk perspective but would require adoption of a higher risk gas reinjection and recycling and further commercial clarity over the domestic demand and pricing for both gas and LPGs. This option is likely to generate, at least initially, lower revenue and require a higher initial capital investment and may well turn out to be a low NPV and IRR development solution.

The EG option is less understood commercially and has a higher political risk profile than the Limbe option at the current time. However, it is likely to be less dependent on domestic Cameroon gas demand and not require higher risk gas reinjection-based production, except to the extent that the JV partners opt to do so to gain enhanced condensate recovery rates. The EG option is likely to be capable of sustaining higher production levels overall as well as generating higher revenue and lower initial capital investment resulting in

higher NPV and project IRR. However, this option is likely to take significantly longer to get approval and will be subject to multi-governmental approval and an extensive commercial negotiation process.

Although it remains too early to judge any outcome of JV partner and SNH regulatory discussions, we consider that the EG option is likely to require materially less, initial upfront investment and will provide better long-term project return for Bowleven's shareholders. The technical development risk and overall development timetable is likely to be similar for both options. The key issue will be resolving the political concerns in Cameroon.

LEGAL AND REGULATORY CONSIDERATIONS

There are several legal and regulatory considerations that are being resolved prior to FID. These include:

- SNH joining the development project

Under the terms of the Etinde PSC, SNH has the right to back-in to 20% of the Etinde development project as a participating partner. The PSC requires this to have been completed within six months of the EEEA approval by way of the signature of a Participation Agreement.

The JV partners are cognisant that the existing Joint Operations Agreement, which governs the management and operational relationship between the JV partners, will have to be amended to affect SNH joining the consortium.

- Regulatory approval

The existing EEEA is set out in a Presidential Decree which came into legal force in January 2015. The EEEA and its associated field development plan assume that the development will primarily supply gas to a Cameroon fertiliser development project with any excess production being available for a Cameroon based LNG development.

Regulatory approval will be required for the renewed field development plan. The requirements will be drafted alongside the FEED process, with the aim of submittal in 2022. The submission timetable is dependent on agreeing a series of commercial issues as discussed previously.

In the JV partner's view, the change in the nature of the development focus, from a fertiliser/LNG development to one that is likely to retain a domestic power generation and LPG focus is likely to require a revised Presidential Decree to be issued, alongside approval of the amended field development plan.

- Project financing considerations

New Age and Bowleven jointly appointed an independent European lead financial advisor (Cofarco), supported by a specialist finance consultant based in China, to lead New Age's and Bowleven's proposed project debt funding during 2020.

Given the change in the operational focus during 2021, Cofarco's various activities have been suspended pending further clarification of JV partner plans.

When completed, the Etinde financing plan is likely to comprise various elements including senior project finance debt (likely involving a combination of export credit guarantees and loans alongside commercial debt), vendor or contractor financing, offtaker financing, as well as equity.

D) COMMERCIAL CONSIDERATIONS

The domestic market for gas in Cameroon is well below that of Etinde's potential maximum production rate on an IM-only production case. Under the Limbe development option, dry gas would be subject to gas reinjection and recycling until domestic (or export) demand was sufficient to develop a commercial market for all of the gas.

DOMESTIC GAS DEMAND

The Government of Cameroon proposes to increase domestic electricity generation by a combination of hydroelectric and gas-powered generation schemes going forward, where gas power ultimately contributes 25% to 30% of domestic electricity supply.

For FEED purposes, the Government of Cameroon has requested that we consider two gas powered electricity generation projects, which it intends to develop simultaneously.

BEKOKO PROJECT

The Government of Cameroon entered an Memorandum of Understanding (MOU) with Aksa Enerji Uretim A.S. (Aksa) in relation to the development of a 150MW gas powered electricity generation facility at Bekoko on the outskirts of Douala in July 2019. Victoria Oil and Gas plc (VOG) entered a further MOU with Aksa to supply up to 25mmscf/d of gas to this facility. The VOG gas supply LOI with New Age has now lapsed and has not been renewed.

We understand that discussions, are progressing positively with all stakeholders (Aksa, SNH, ENEO and the Ministry of Energy). However, at the current time there has been no formal

commercial contract negotiations with the Etinde JV partners regarding gas demand, pricing or logistic issues from the power station project team or SNH as an intermediary. The development project timetable remains unclear.

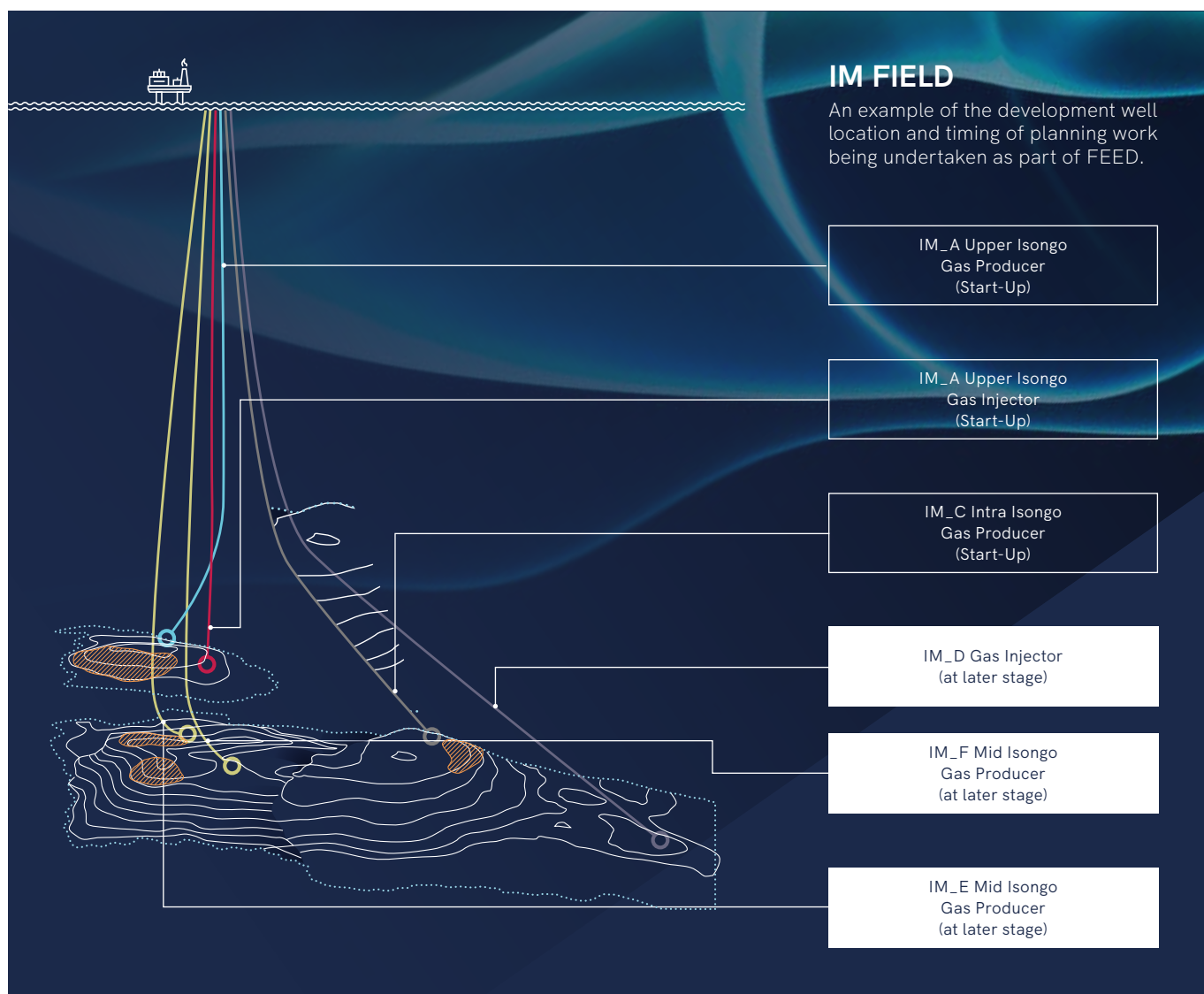
LIMBE PROJECT

In May 2020, the Government of Cameroon launched an Expression of Interest (EOI) for international partners to develop and operate a proposed new 350MW gas powered electricity generation facility in Limbe. The EOI process ended in mid-August 2020. Whilst we understand several parties expressed their interest, the 350MW development would require around 50mmscf/d of gas.

In September 2021, the Government issued notification of a tender process under which the five selected EOI winners would be able to submit a development tender for this power station project.

OTHER POTENTIAL DOMESTIC OPPORTUNITIES

In addition, further potential opportunities may arise from converting existing oil fired generation capacity to gas powered. Two such projects include the existing oil power generation 85MW Limbe facility and the 88MW Dibamba facility (on the outskirts of Douala). These are dependent on the development of new domestic gas pipeline capacity.



OPERATIONS REVIEW CONTINUED

GAS EXPORTS

With SE Asian LNG prices at record levels currently, there has been some informal approaches regarding the availability of Etinde gas for third-party LNG development projects. In addition, it remains feasible to transport surplus Etinde dry gas production from Limbe for processing into LNG/methanol at the Bioko Island facility.

LIQUEFIED PETROLEUM GAS (LPG)

SNH has previously informed us that they are interested in becoming the sole offtaker for Etinde LPG. Their intention is to act as an intermediary between Etinde and the domestic market, with a primary aim of increasing local market volumes and replacing imported LPG with domestic supply.

Under this proposal, SNH would build and operate an LPG storage and loading facility in Limbe to supply the domestic market with LPG cylinders. The infrastructure requirements for this sales option are being considered as part of the ongoing onshore post-FEED facilities project.

PROPANE

Etinde wet gas condensate has a significant proportion of propane and the propane/butane gas ratio is higher than what is typical for LPG alone. Following discussions with potential hydrocarbon traders, we have been informed that there is a viable global market for propane.

FEED studies suggest that both the operating and initial investment cost of a propane separator facility at Limbe would not be commercial at 2020 price levels at low propane production levels. In this case, propane would not be separated and left in the dry gas feed, generating a higher BTU and higher gas price accordingly. These assumptions will be revisited based on the combined IM and IE case and current 2021 pricing in due course.

CONDENSATE

Field development plan output assumptions will determine the condensate export offtake packet size, set storage capacity levels at the Limbe or EG facility, which will drive storage cost, tanker size and offtake frequency. These key variables will determine net condensate revenues and cash flow frequency.

E) FID

Although progress towards FID has remained slow at times, the JV partners will no longer need to undertake significant technical work (either from a facilities or geological and geophysical perspective) in respect of the FID decision by the end of the current year. Whilst technical work will continue, it will no longer be a significant part of the FID decision; however, there is still the need to document the final field development plan and prepare the necessary documentation for reserves, raising of finance and regulatory approval. These plans will include consideration of local social and environmental questions, governance and other wider environmental issues relating to the green energy transition.

We are now left with what are essentially commercial and large scale governmental approval issues to resolve. These will control the nature of the development plan and determine whether the Etinde development can succeed both financially as an investment project as well as satisfy various governmental objectives, which may have both political and commercial foundations.

The most significant change in 2021 has been the acceptance that, in the current development and wider commercial investment environment, the JV partners needed to examine options which had previously been considered politically impossible. This led to examining the concept of processing all Etinde

production using the existing Bioko Island facilities rather than just processing and exporting dry gas as LNG.

The JV partners currently intend to make a development preference decision in Q4 2021 and report to SNH on our conclusion, with the aim of making this choice the preferred approved development option. Whilst Bowleven management consider this a reasonable and achievable process, we also believe that it is very difficult to totally rule out an alternative solution at the moment. We also recognise that each JV partners' internal timetable, view of development and financing risk, and especially acceptable risk differ. Accordingly, we acknowledge that it may not be initially possible to reach a final agreement on the preferred development option at the current time. Furthermore, it remains possible that the JV partner preferred development plan may not be accepted by the Government of Cameroon and further negotiations will be required.

At the current time, we remain satisfied that the JV partners will be able to reach final investment decision during 2022. However, we also recognise that the various outstanding commercial issues may require a further amount of time to negotiate, especially given the various potentially conflicting positions.

CONTINGENT RESOURCES

RESOURCE AND VOLUME ESTIMATES

Degoyler & McNaughton (D&M) presented their independent assessment of contingent resources to the JV partners in October 2019. Bowleven have adopted this report as the basis of the Group's assessment of the resources for the Etinde licence. D&M's assessment is as follows:

GAS CONDENSATE

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

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

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

	1C (P90)	2C (P50)	3C (P10)
Recoverable volume			
Dry gas (bcf)	115	203	273
Condensate (mmbbls)	13	21	26
LPG (mmbbls)	2	4	5
Total boe (mmbbls)	34	59	77

OIL

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

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

Attributable to Bowleven's 25% share:

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

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

The JV partners envisage that an updated external report will be commissioned in 2022 as part of the FID process. Here, the aim would be to move from a contingent resource based report to a IASB Reserves report on the basis of the fully costed development plan and the various commercial arrangements under which Etinde hydrocarbons will be sold.

“With the completion of the significant technical work and the added option to examine the concept of processing all Etinde production using the existing Bioko Island facilities, these are substantial steps towards the finalisation and bedding down the preferred approved development option and moving closer to achieving FID.”

Notes:

- For the IM and IE fields, the range of contingent resources are reported based on the current proposed development plan for the field as detailed earlier in this section. The EEEA-based production model previously used is no longer considered appropriate. For the IM/IE fields, the contingent resources estimates are now reported as sales gas, primary and secondary condensate recovery and LPG recovery resources respectively.
- For all Etinde discoveries, except the IM and IE fields, wet gas contingent resources are estimated based on a consideration of the range of recovery factors that may be typically anticipated from a gas field, for a range of development scenarios and resulting outcomes, ranging from reservoir depletion to gas recycling. Gas recovery factor ranges of 50% to 80% of GIIP can be considered typical for a gas field. Tabulated gas resource figures are based on an appropriate range of recovery factor estimates for the range of current conceptual development cases, allowing for gas shrinkage due to liquids drop-out. The reported sales gas resource includes CO₂ content. This will either be removed prior to sale or adjusted for in the gas selling price depending on the actual gas sales agreement.
- For the purpose of calculating barrels of oil equivalent, 1boe = 6,000scf gas.
- Other than as stated in these notes, this statement of the Group's resources has been prepared using the classification system set out in the 2007 Petroleum Resources Management System published jointly by the Society of Petroleum Engineers (SPE), the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE).
- In this report, Bowleven's resource and volume reporting is based on a 25% equity interest in Etinde. Bowleven's equity would be reduced from 25% to 20% once agreement is reached between the JV partners and SNH, for SNH to take its full 20% equity share. To date, SNH has not signed the Participation Agreement to take up their equity interest.

CASE STUDY

THE ETINDE STORY SO FAR

Our aim to optimise value for our shareholders is at the forefront of our decision to revise the development plan options and conclude on the best way forward to achieve the best economic return for Etinde.

2021



CURRENT CHAPTER OF THE ETINDE STORY

Commercial analysis post-FEED showed that the IM reservoir development project using gas processing facilities at Limbe did not generate sufficient economic return under the current economic environment. The combination of low domestic gas demand combined with gas reinjection and recycling was considered insufficient on its own. During the remainder of 2021, a re-evaluation of the development concept itself was done which included the sub-surface team using the new seismic data to reassess the development potential of the IE discoveries.

The JV partners have undertaken an initial desktop study looking at the potential for processing Etinde wet gas using the Marathon Oil-operated facilities as Bioko Island, Equatorial Guinea. Authorisation has been given to undertake a more detailed commercial study with the aim of reaching a conclusion on the preferred development option by the end of 2021.

We expect a revised field development plan will be presented for regulatory approval and subsequent FID approval by the JV partners and all stakeholders during 2022.

2020



ETINDE COMPLETES FEED

The Etinde partners commenced FEED with a world-class contractor, Technip, in July 2020. This process proceeded satisfactorily with minor scope changes being made during the project. Throughout 2020, the Operator's sub-surface technical team worked on the IM reservoir field development concept focusing on sub-surface well location and development optimisation studies. The FEED was completed in December 2020, with Technip supporting post-FEED evaluation work alongside LUKOIL and New Age staff.



2019



2018



2015



2014
2013



2014
2012



2014
1967

“Much progress has been made on our world-class asset so far and we continue to refine our plans with a strong focus on achieving FID.”



2019

ETINDE ENTERS FEED

In July 2020, the Etinde project commenced FEED with a world-class contractor, Technip. The front end engineering design study is based on the information prepared for the development screening concept studies undertaken in 2018/19. The FEED study, complemented by sub-surface well location and development optimisation studies led by New Age, will allow the JV partners to finalise the facilities and infrastructure required to develop Etinde based on the current IM field reserves. The Company, having due regard for commercial and finance issues, will use this to prepare a revised field development plan for regulatory approval and subsequent FID approval by the JV partners and all stakeholders during 2021.



2018

APPRAISAL DRILLING PROGRAMME

In 2018, a two-well appraisal drilling campaign was undertaken. The first well (IM-6) focused on proving up wet gas resource in the Intra Isongo reservoir. Whilst successful in this respect, significant increase in resources wasn't achieved. The second well (IE-4) made a new light black oil discovery in a new unexpected reservoir in the complex IE area. The success of this well has led to a reappraisal of the prospectivity of the Etinde licence as a whole as well as opening up new avenues for both incremental development of existing discoveries and exploration on new prospects and leads.

Since the appraisal drilling programme has completed, the JV partners have completely reassessed the basis upon which Etinde can be developed, focusing

on making the existing discoveries commercially viable to develop. We invested considerable funds on an extensive pre-FEED project to help us determine the best available development option. Subsequently, we agreed that the JV should progress to a development planning phase. Bowleven will receive \$25 million cash contingent upon development project final investment decision.



2015

FARM-OUT

In March 2015, Bowleven announced it had entered into a farm-out agreement with New Age and LUKOIL for 37.5% each, whereby New Age acquired a 37.5% operated interest in the Etinde Permit for a total initial consideration of c.\$185 million and a \$40 million (net) carry for further appraisal drilling.

Following a change in Operator, discussions continued with SNH regarding the commercial arrangements agreed under the EEEA. By 2016, it became obvious that the proposed Limbe fertiliser project could not be made commercially viable and would not be developed in its planned form.



2013-2014

EXPLOITATION AUTHORISATION AGREEMENT

In 2013/14, Bowleven drew up an application to the Government of Cameroon to move from exploration to exploitation stage under the terms of the PSC. The Government awarded the EEEA by Presidential Decree in January 2015. Under the terms of the EEEA, the development was meant to supply gas to an SNH-nominated fertiliser development based in Limbe. This project formed part of SNH's sector development plans



2012-2014

ETINDE EXPLORATION

Bowleven commenced the modern era of exploration through a combination of acquiring new 3D seismic data, reprocessing older data and drilling several new exploration wells. We focused on the existing IM discoveries in the Upper and Middle Isongo and drilled the IE-3 well to explore the complex series of fault blocks (IB, ID and IE areas).

The final IM-5 exploration well drilled in early 2013 discovered gas condensate in the Intra Isongo formation, which opened up a significant new potential reservoir formation. Test flow rates in the Intra and Middle Isongo reservoirs determined that the IM-5 well had delivered a substantial increase in estimated hydrocarbon volumes, potentially making Etinde licence commercially viable.



1967-2014

ETINDE DISCOVERY

The Etinde Permit has been moderately explored. Eighteen exploration and appraisal wells have been drilled since 1967, of which 14 discovered hydrocarbons. Several separate gas condensate discoveries were made in the Upper and Middle Isongo (IM and IC fields) alongside the IF oil field.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Bowleven has sought to further evolve its disclosure practise on environmental, social and governance performance in line with good practice standards and guidelines promoted by the oil and gas industry and the investors community. Together with our JV partners we have been investing and responding to the priorities of our stakeholders – our employees, communities, shareholders and business partners – to build a sustainable business, being attentive to the risks and volatility that exist within its nature.

ENVIRONMENTAL

The area close to the Etinde Block has the greatest biodiversity in the country of Cameroon. Several ecosystems are observed in this area including lagoons, sandy beaches, rocky shores and mangrove and estuarine ecosystems. Rain fall in this area is the highest in the country and this can be translated to the rich marine and coastal biodiversity observed. Many cetacean species inhabit the waters in their respective habitats in the pelagic and neritic waters of Cameroon, within the vicinity of the Etinde Exploitation Block.

The protection of this environment and upholding environmental consideration of the surrounding areas are at the forefront of our plans of the Etinde development project. The containment of disruption to the environment is held in high regard and achieved by adhering to stringent processes as part of the Environmental and Social Impact Assessment (ESIA) certification. Robust health and safety management systems aligned to industries best practices are embedded in all work policies of the JV partners' employees, contractors and services providers and are implemented to institute a safety-first culture and the promotion of health and wellbeing.

The sustainability of the Etinde development site is a priority, securing it to be non-polluting and an acceptable risk standard. Addressing the issues emanating from the future Etinde development project infrastructure and activities requires strict observance of the Environmental and Social Management plan and potential impact will be controlled through monitoring regimes and statutory reporting.

Observation of the regular monitoring of project activity findings ensures that additional measures are taken with any emergence of new project impacts.

Currently, heavy fuel oil is one of the most used energy sources in Sub-Sahara Africa. The Company together with its JV partners are mindful of the adverse impact using this oil for energy has on the environment. Natural gas on the other hand is less harmful to the environment as it releases 45% less carbon dioxide than heavy fuel oil and 30% less than oil. Given that the burning process of natural gas combustion has a low level of other by-products dispersed in the environment is minimal. This makes natural gas a desirable choice ahead of other fossil fuels when it comes to clean burning energy sources. In addition, natural gas alleviates any need for an underground storage tank, eliminating potential soil contamination and unanticipated oil spills which may harm the surrounding environment. The use of natural gas is a step towards the reduction of greenhouse gases, zero carbon emissions and a sustainable energy future for Africa.

SOCIAL

At Bowleven we are continually developing our sustainable business development goals having significant regard to the people and associated stakeholders. We believe that building an organic and resilient future is directly linked to alignment with global social priorities. We have derived a social action plan that provides the framework for our community activities in Cameroon with our focus being on socio-economic development, education, health and employment within the community.

The surrounding area of Etinde comprises a diverse range of cosmopolitan communities with a combination of many cultural heritages originating from the Central African subregion, Cameroon and a host of West African countries. The employed, self-employed, and unemployed skilled and unskilled workers in the communities are reliant on the promotion of investments in the local community. Through the CSR activities which are driven by the JV Operator to stimulate employment, improve welfare and support local businesses, we contribute to the social investment of Cameroon and its people.

Over the past year, the JV Group has contributed to the maintenance of public health in the community and combating disease and the COVID-19 virus in Africa. In the next 10 to 15 years we aim to focus on ways to support Africa's growing energy demand and reduce the country's reliance on expensive, carbon intensive fuels and heavy oil consumption. We believe that this can be achieved through the production of natural gas and condensates which the Etinde project provides.

In response to the human impact of COVID-19 during the last year, an immense focus was placed on the welfare of our employees. The health and wellbeing of our staff remain a priority and due to circumstances brought about by the pandemic, we have adapted our working practices to ensure business continuity. Bowleven and its partners remain committed to supporting human rights and is opposed to all forms of slavery and human trafficking and related activities through its adherence to its Slavery and Human Trafficking Statement.

GOVERNANCE

The Board recognises that governance is fundamental to promoting and supporting a healthy corporate culture parallel to mitigating risks and potential threats to the business. The Company has implemented policies and procedures to ensure it is operating to the highest ethical standards whilst carrying out its business activities, including a zero-tolerance policy towards unethical behaviour.

Bowleven is committed to proactive, open and responsive communication and recognises that regular communication with all stakeholder groups is a crucial element in maintaining stakeholder support. Bowleven Directors maintain open communication channels with members of the Government and SNH for affirmation that its project meets their expectations and that of the host country, Cameroon. They periodically engage with major shareholders and other key stakeholders, enabling the opportunity to efficiently address any concerns.

Management and staff take part in education programmes to keep abreast of good governance practices and procedures. Our Operator's employees continually undergo training to support them in keeping up to date with industry standards and practices. As part of its training obligation, Bowleven and its JV partners has committed to investing at least \$1 to \$2 million for the training of Cameroonians within a 10-to-20-year period.

Our service providers are key players in achieving our overall project objectives, and it is necessary that they share our core business values, particularly in relation to compliance with all host country regulations. All JV partners promote a strict adherence to HSSE, CSR, oil and gas industry national and international standards, and good industry practice. We foster a culture of developing the skills of the local people through the primary use of local labour. These efforts are supported by our Euroil Limited workforce, Bowleven's subsidiary company which largely comprises of Cameroonians.

Q&A

WITH

THOMPSON NAMANGA MOLONGE

(REPRESENTATIVE FOR CAMEROON)

Q. CAN YOU TELL US HOW YOUR ESG PROGRAMME HAS CONTRIBUTED TO THE WELFARE OF CAMEROON IN THE PAST YEAR?

A. In addition to supporting the economy of Cameroon through awarding contracts to local workers, we have made multi-year contributions to improve community health through programmes that address COVID-19, malaria and related diseases. These projects align with Goal 3 of the United Nations Sustainable Development policy; ensure healthy lives and promote well-being of all ages. In our effort to assist Africa in their fight against COVID-19, we contributed to the purchase and distribution of approximately CFA 60 million (\$105,000) worth of hospital equipment. The medical equipment which was approved by the Ministère de la Santé Publique (Public Health Ministry) was donated to two accredited COVID-19 centres, the Laquintinie Hospital in Douala and the Limbe Regional Hospital in Limbe.

Q. WHAT ARE YOU HOPING TO ACHIEVE IN 2022 TO PROMOTE THE SOCIO-ECONOMIC PROSPERITY OF CAMEROON?

A. Although Bowleven is a non-operator, we are invested in Cameroon and are working towards our important goal of contributing to alleviate poverty through economic growth. Our aim is to maintain the ability to contribute to the industrialisation of the country via supplying indigenous energy and feeding into the power grid.

Natural gas is extremely important to growing the economy of Cameroon, especially at this time when the price for gas is escalating exponentially. The availability of Etinde's dry gas onshore will enable industries and communities in the West, Littoral and South West regions of Africa to have access to a cleaner, less polluting and affordable energy compared to the more traditional energy sources. With its JV partners, Bowleven is committed to spending at least \$1 to \$2 million over the next ten to twenty years for the CSR programme overall.

Q. HOW DOES YOUR ESG PROGRAMME EXTEND FROM CAMEROON AND AFRICA?

A. The Board and management team are dedicated to being an ethical and socially engaged company. Our core values together with the dedication of our global teams, are pivotal to our demonstration of resilience in challenging times. This was experienced recently when the Company placed employee welfare above all other business factors during the COVID-19 period and adopting several measures to achieve this, including travel restrictions and the option to work from home. The Company supports the rights and opportunities of all people that seek employment, regardless of ethnicity, gender, sexual orientation or religious belief. Through safeguarding, it strives to maintain an environment free from bullying, harassment, intimidation and discrimination. It further invests in its people by providing ongoing training and maintaining constant communication at all times.

FINANCIAL REVIEW

KEEPING THINGS IN BALANCE

FINANCIAL SUMMARY

Group	Year ended 30 June	
	2021 \$000	2020 \$000
Loss for the year after impairment and similar charges	1,983	2,625
Net cash used in operating activities	3,718	3,073
Bank deposits, cash and cash equivalents	4,094	9,102
Financial investments	2,499	2,010
Shareholders' funds	163,744	165,618

Loss per share (basic and diluted) was \$0.01 (2020: loss per share \$0.01).

FINANCIAL REVIEW

2021 continues to be affected by the impact of new variants of the COVID-19 virus even though mass vaccination has diminished the potential impact very significantly. The global economic environment is bouncing back towards 2019 levels of economic activity, although the damage done by COVID-19 remains, which is giving rise to price inflation and shortages of labour, food and goods in some areas. Oil and gas prices have surpassed 2018/19 levels during the last few months. Whilst a significant proportion of this is due to current period causes, it also appears likely that higher prices and perhaps commodity price inflation will be a feature in the immediate future. Market volatility is currently very high, giving rise to short-term macroeconomic uncertainty. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition in future periods.

Following the completion of FEED, the Etinde project partners have re-evaluated our development options and intend to narrow down and focus on one primary option during the final months of 2021. We expect the JV partners to formally approve the FID during 2022, although reaching final commercial agreements and raising new investment finance to proceed with the implementation of the development project itself may take some months longer.

OUTLOOK/GOING CONCERN CONSIDERATIONS

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future based on our cash flow forecast for the period up to 31 December 2023. The Directors are of the opinion that the Group has sufficient funds to meet ongoing working capital and committed capital expenditure requirements given the likelihood of reaching FID in 2022. The Group is due to receive a \$25 million cash payment from its JV partners at FID.

As current cash and liquid investment resources continue to dwindle through the combination of normal operating costs and continued low level development planning-related capital investment, our safety margin is reducing quickly. There remains a considerable number of regulatory and commercial uncertainties regarding aspects of the Etinde development together with reaching multi-stakeholder approval of the JV partners' preferred development option when this is selected. For FID to occur in 2022, many of these considerations will have to be resolved by mid-2022. Not adequately resolving these may cause FID to slip to 2023, or higher investment spending on Etinde than currently considered. Under these circumstances, it is likely that Bowleven will need to seek additional short-term financing to allow the Group's cash expenditure to bridge any gap to attaining FID and the receipt of the \$25 million FID payment. Additional funding requirements will depend on the circumstances at the time and any

"Our financial resources enable us to continue our development strategy into the coming year as we maintain a controlled balance sheet."

expected delay to FID; however, at this time we estimate it to be between \$3 and \$5 million.

The Directors are also satisfied that the Group will be able to secure additional debt and equity funding in order to finance its share of the Etinde development. We consider that the Government of Cameroon is unlikely to remove the PSC contract from the Etinde JV partners in 2022, as discussed in the Operations review previously.

FINANCIAL PERFORMANCE

The Group's loss for the year to 30 June 2021 was \$2.0 million (2020: \$2.6 million), reflecting the business' underlying basic operating activity at the current time. Bowleven's non-Etinde opex costs (defined as total administrative expenses less Etinde JV opex costs per Note 3) in the period were \$1.9 million compared to \$2.2 million in 2020. Bowleven cash operating costs of c.\$2.0 million represents our view of the long-term average cost of operating the Group in its current form. Most of these costs are incurred in GBP.

On top of this, the Group also bears a share of the administrative operating cost of the Etinde joint venture. The 2021 share of \$0.9 million was broadly consistent with that in 2020 (\$1.4 million) although the amount fluctuates depending on a combination of both JV opex and non-capitalisable project team costs. Current and prior year Etinde opex spending remains lower than typical in part due to the reduction in spending

levels, especially on expat travel costs and travel costs for meeting with SNH and the Government of Cameroon as a result of ongoing COVID-19 travel restrictions.

The Group's investment income is generated by interest income on its cash balances and from its financial investment. Net investment income and market price gains in FY2021 of \$0.7 million is also similar to 2020 (\$0.6 million), although cash income declined by c.\$0.1 million. The Group made a \$0.1 million forex gain in 2021 compared to a similar loss in 2020.

In 2021, the Group invested \$2.6 million in Etinde-related capital investment (2020: \$2.1 million) of which a non-cash component of net \$1.3 million was due to reclassification of prior year expenditure from Inventory to Capital costs and a further \$(1.2) million due to the unwinding of the difference between amounts actually spent at Etinde and amounts cash called in advance.

Non-Etinde capital expenditure of \$0.05 million was incurred on upgrading IT hardware and software during 2021. In addition, the UK company's property lease terminated just after the end of the financial year.

CASH FLOW

The Group's net cash position reduced to \$4.1 million from \$9.1 million at the end of the prior year. The cash value of the Group's operating loss for the financial year was \$2.6 million compared to \$3.0 million in 2020.

Cash-based capital expenditure on the Etinde project decreased to \$1.5 million from \$1.6 million mainly due to the investment in FEED activities, the seismic reprocessing project and the reanalysis of IE field technical data. During 2020, the Group also realised \$2.5 million from the disposal of its financial investments.

FINANCIAL POSITION AT 30 JUNE 2021

The Group continues to have a robust unleveraged balance sheet with cash of \$4.1 million (2020: \$9.1 million) and reasonably liquid investments of \$2.5 million (2020: \$2.0 million) giving overall funds of \$6.6 million (2020: \$11.1 million). The \$5.0 million reduction in the Group's funds is primarily due to current year operations and further capital investment in the Etinde project.

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

INTANGIBLE ASSET

The Group's investment in the Etinde licence increased by \$3 million (2020: \$2 million) to \$155 million (2020: \$152 million). This is due to Bowleven recognising its share of the Etinde project capex in the year. During FY2020/21, the majority of expenditure incurred relates to FEED, seismic reprocessing and IE field technical reassessment work streams.

ACCOUNTING FOR BOWLEVEN'S SHARE OF ETINDE

The Etinde PSC is accounted for under IFRS 11 (Joint Arrangements) as an unincorporated joint operation, where Bowleven recognised its 25% interest in the individual assets and liabilities of the joint arrangement. New Age as Operator prepares a 'cash call' statement based on their estimate of short-term future expenditure, which is paid in advance. Subsequently, New Age circulates a monthly statement of actual expenditure prepared on an accruals basis.

Finalisation of the cost of 2018 appraisal drilling programme was completed in spring 2019. Subsequently, New Age undertook a further review of physical inventory of raw materials and spares to identify all materials capable of being utilised in any future drilling programme. Following this review, a further \$4.0 million (gross) of Inventory was identified during our current financial year. We have reclassified our share of the decreased Inventory valuation to Intangible assets from Inventory during the current financial year.

VALUATION OF THE ETINDE ASSET

We undertook the last formal valuation of Etinde asset during FY2019. This extensive review determined the reasonable value of the Etinde project to be \$150 million with both an upside and downside range depending on the circumstances. We have continued to monitor the valuation of Bowleven's share of Etinde based on our ongoing processes to either refresh the 2019 valuation model in light of current

date or to using Operator supplied economic models.

During the current financial year, we have assessed whether any of the impairment review triggering events set out in IFRS 6 have been met. We are satisfied that there has been no impairment triggering event in the current financial year. In the longer term, the current volatility surrounding hydrocarbon pricing following from the major price fall in early 2020 due to the COVID-19 pandemic and the growing interest in transitioning to a green energy sector, may all have an important impact of the development of the Etinde asset.

As discussed in the Operating Review, we expect FID to occur during 2022. This will require the preparation, submission and approval of a new field development plan, based on FEED and commercial arrangements that are agreed prior to FID approval. In accounting terms, the development will move from following the accounting policies based on IFRS 6 'Exploration for and Evaluation of Mineral Resources' to that of IAS 16 'Property, Plant and Equipment' and IAS 36 'Impairment of Assets', which will constitute a triggering event to reassess the valuation of the Etinde project on the different accounting basis.

INVESTMENTS

Whilst the Group intends to continue seeking opportunities to maximise its investment income where possible, given the short-term expectation of relatively high Etinde project expenditure alongside the continued high level of international financial market volatility, the Board has chosen to hold cash investments at the moment.

At the beginning of the financial year, the Group had and continues to hold a single investment in one company, in the form of limited partnership shares for a total amount of \$2.5 million (2020: \$2.0 million).

SHAREHOLDERS' FUNDS

Shareholders' funds are \$164 million (2020: \$166 million) at 30 June 2021. The reduction is due to operating loss in the current financial year as discussed above.

MONITORING AND MANAGING BUSINESS RISKS

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

The Board has the responsibility for establishing and maintaining the system of internal controls, as well as ensuring its risk management protects shareholders effectively.

Our system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives and therefore provides reasonable, not an absolute, assurance against material misstatement or loss. We remain of the view that on account of the significantly reduced levels of business activity the need to establish an independent internal audit function is not evident. The executive team is well qualified and suitably professional for managing daily risks across the business.

There is an authority matrix in place to mitigate or otherwise bring risks to the Board's attention regularly. Risk mitigation decisions are made at the right level and within the Company's defined risk appetite.

The Group's principal risks and uncertainties are listed in the following table. The process of monitoring and updating internal controls and procedures will continue throughout the year and a risk management process is in place as and when the project mobilisation of Etinde accelerates.

"Immediate identification, evaluation and mitigation of risks ensures they are kept to a minimum level."

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

RISK	MITIGATION	RISK RATING
STRATEGIC RISKS		
Delay in Final Investment Decision due to political and regulatory factors and/or inadequate financial investment return (from factors such as low oil price, increase in project costs, partner funding difficulties) or potential loss of licence interest.	<p>The Group is due to receive a \$25 million cash payment from its JV partners at FID. FID is now anticipated during 2022. The Directors remain satisfied that the Group would be able to secure additional debt and equity funding in order to finance its share of the Etinde development.</p> <p>The Directors are satisfied that the Group has sufficient existing financial resources in place to meet its operating costs for at least 12 months from the date of approval of these accounts. If an extended time period of slow activity occurs which falls outside our current going concern review window in the lead-up to FID, Bowleven may need to raise a small amount of additional short term finance to 'bridge' the gap to FID which the Directors are satisfied the Group would be able to do.</p> <p>Depending on the choice of development scheme, the Group will have to raise additional finance prior to FID. A lead financial advisor has been appointed to assist two of the three JV partners looking for funding. Preliminary engagement with capital providers (JV partners, banks, shareholders, potential partners) commenced in 2020 to assess the range of options that are available for when additional funding will be required to meet our upstream infrastructure capex requirements. This process was suspended in Q1 2021 pending further resolution of the JV partners' preferred development option.</p> <p>Discussions with the host government regarding any need to extend the licence have been undertaken in parallel the collaborative efforts to formalise the field development plan for Etinde.</p>	Medium to high
Political instability risk.	The Group has obtained insurance against political risk in order to protect investors and the Company in case of events promoting financial loss, such as acts of expropriation, domestic or international political unrest and violence (including war and terrorism).	High
Environmental impact. Adverse investor and lender sentiment towards the oil and gas sector and longer-term reduction in demand for oil and gas, resulting in lower oil and gas prices.	<p>Best-in-class International Finance Corporation (IFC) Environmental Standards are built into the FEED process.</p> <p>Environmental base case assessment being undertaken to identify current level of environmental degradation at the proposed Limbe processing facility site.</p> <p>Inherently safe and low pollution design facility and infrastructure design was built into the FEED process.</p>	Medium
Reliance on JV operators for asset performance.	<p>The Group is actively engaged with its JV partners in building and maintaining effective and transparent working relationships as a means of understanding their positions and influencing decision-making for the benefit of the JV as a whole.</p> <p>Due diligence is used to review development plans tabled alongside regular engagement to ensure partner interest are aligned.</p> <p>Cost and schedule overruns are continually monitored and managed where possible.</p>	Medium
FINANCIAL RISKS		
Insufficient domestic gas demand.	<p>SNH supported the Etinde appraisal drilling programme, and the Government of Cameroon sanctioned a Gas Convention Agreement for exporting the Etinde gas on the basis that the JV assigns 500bcf of resource to Cameroon domestic offtakes.</p> <p>SNH and the Government remain interested in developing power generation capacity.</p>	Medium to high

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISK	MITIGATION	RISK RATING
FINANCIAL RISKS CONTINUED		
Volatility in hydrocarbon prices. The Group operates in challenging market conditions with lower commodity prices than previously experienced that could adversely affect the carrying value of assets. There remains uncertainty on how long current market conditions will adversely impact Etinde investment economics.	The Group monitors its macroeconomic environment, maintains a disciplined approach to capital allocation and costs, and evaluates its business strategies appropriately. The Group works closely with its JV partners and maintains awareness of industry trends and costs to understand how the Group's assets might be valued. <ul style="list-style-type: none"> - A contingency will be built into the development budgeting process to allow for downside movements in commodity prices. - Sustained low oil prices typically lead to a reduction in activity levels with a resultant reduction in industry development and exploration costs. - Gas prices, especially domestic gas and LPG prices, are less likely to be indexed to global commodity prices. - The Company is likely to hedge a proportion of its production, particularly if the Company is reliant on such production to service debt. 	Medium
The Group's JV partners may fail to fund their share of joint operations.	Risk of default is mitigated by provisions in the joint operating agreement (JOA) model used in the business. The JOA allows the non-defaulting JV partners to acquire the defaulting partner's equity share in the asset concerned.	Low
COVID-19 pandemic.	The COVID-19 pandemic has had a significant impact delaying the commencement of the FEED project by several months and resulting in office closures and home working by all JV partners. Whilst the pandemic isn't finished, we expect the level of further disruption to be significantly less as we go forward into 2022 due to the combination of global vaccination roll-out and the JV partners having developed processes to reduce the impact of the virus. If the pandemic continues past 2022, it may cause issues with the construction of the Etinde infrastructure, either in the form of delays, increased costs or overruns.	Low
OPERATIONAL RISKS		
Development plan delivery.	The Company is investing significant time and resources to validate the various development options under consideration. The Company uses a range of third-party experts to validate, coordinate and support, where necessary, the development risks and plans tabled.	Medium
Geological/reservoir risk: leading to sub-optimum development options being made.	The appraisal programme was undertaken to de-risk the Etinde asset and the JV partners are obtaining a better understanding of the reservoir geology. The Group utilises its experience and that of the JV partners to determine and correlate the resource and development assumptions to ensure that its management and Board maintain a realistic view of resources. The Etinde JV will require an independent consultant's report to verify the results of the appraisal drilling and before an FID is made.	Medium

RISK	MITIGATION	RISK RATING
Regulatory uncertainty.	<p>The Group uses its influence in the JV Management Committee(s) to support the JV Operator in ensuring that there are open communication channels with Cameroon Government agencies. Also, the Group ensures that it is represented at the in-country meetings to discuss JV business with SNH and Government officials.</p> <p>Under the terms of the Etinde exploitation authorisation, there was an initial six-year period, ending in January 2021, linked to the sanctioning of a third-party fertiliser project which did not secure any investor or Government sanction. With the abandonment of the proposal some time ago, the JV has been collaboratively deliberating with the Government of Cameroon with a view to agreeing a new development plan.</p> <p>The issue of the January 2021 date has not been raised as a formal concern by SNH and it has approved all annual work programmes and budgets up to and including the year ending 31 December 2021.</p> <p>We consider the risk of licence removal to be low at the moment. We will request the Government eliminate this uncertainty as part of the FID regulatory approval process.</p> <p>However, should FID not happen in the near term, then the risk of licence removal may increase.</p>	Low
HSSE risks, including security risk.	<p>The Group regularly reviews its HSSE policies and procedures within the context of its operational profile to ensure that effective HSSE measures are in place to ensure compliance with the Company HSSE policy and industry standards. Currently, the Group does not undertake oilfield operations on its own behalf and therefore, has a low staffing level.</p> <p>The Group monitors the application and effectiveness of the HSSE policies and procedures performed by the Operator of the Etinde JV.</p> <p>The Company is aware of EU and UK legislation regarding the growing threat from cybercrime. The Company continuously reviews its IT systems and implements measures to ensure that the Group systems are secure and able to adequately protect its intellectual property.</p>	Low to medium
Bribery and corruption risks.	<p>The Group has a zero-tolerance attitude towards bribery and corruption.</p> <p>The Group has an anti-bribery and corruption policy, consistent with the Group's obligations arising under the UK Bribery Act 2010, and has established procedures for monitoring compliance, including regular training for all Group staff. The Group includes anti-bribery and corruption compliance provisions in all contracts entered with third parties.</p> <p>As part of the regular training, staff are also reminded of the Group's whistleblowing policy and encouraged to confidentially raise any concerns that they may have about dangerous, illegal activity or any wrongdoing within the organisation.</p>	Low

ORGANISATIONAL RISKS

Staff recruitment, development and retention.	<p>The Group has retained a small executive team and some key technical expertise on ad hoc contracts to be called upon to deliver specialist support at JV meetings. Notwithstanding, the Company has been able to meet its management and reporting obligations to shareholders as a listed company.</p> <p>The Group has access to several consultants, accounting and legal firms who have knowledge of the business and support the formal reporting protocol. Additionally, the Group has retained technical expertise in geology, sub-surface engineering and analysis and facilities engineering.</p>	Medium
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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.

DIRECTORS' STATEMENT

Under Section 172(1) of the Companies Act 2006, a director is obliged to promote the success of the Company for the benefit of the Company's overall members by having regard to the following matters of the Act:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

The Directors confirm that the deliberations of the Board, that underpin its decisions, incorporated appropriate consideration with due regard to the matters detailed above and the way in which the decisions have been implemented throughout the business is detailed in this Strategic Report.

The Board and each Director acknowledge that the success of the Company's strategy is dependent on the support and commitment of all of the Company's stakeholders. The decision-making process has been structured to enable Directors to evaluate the merit of proposed business activities and the likely consequences of its decisions over the short, medium and long term, with the aim of safeguarding the Company so that it can continue in existence, fulfilling its purpose and creating value for stakeholders. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term.

COMPANY'S STAKEHOLDERS AND RELEVANT ISSUES AND FACTORS

The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community and the environment, as well as the Company's reputation for good business conduct, when making their decisions.

EMPLOYEES

The Board recognises the important role our employees play in enabling the delivery of the Company's vision and objectives. The Directors continue to have regard to the interests of the Company's employees by ensuring that:

- Employees are compensated accordingly and in line with market rates.
- Health, Safety and the Environment practices are considered with the utmost importance and that all related policies and guidelines are followed.
- The culture of the Company is one that promotes inclusion.
- Company policies and procedures are regularly reviewed and updated to reflect organisational and legislative changes.
- Ongoing training is provided in various forms for the continuous development of staff.
- Employees are encouraged to be engaged in relevant company activities.
- All employees are kept abreast of important business decisions and company results.

Due to COVID-19 and the challenges it presented, the Directors concern for employee welfare resulted in significant and essential decisions to be made to ensure that employees felt safe and healthy on a physiological and mental level. Assurance was given in relation to job security and company processes were immediately adopted to account for staff working remotely during the year.

SHAREHOLDERS

As an AIM listed company the Directors are mindful that the Company is governed by regulatory requirements pertaining to how it communicates with its shareholders. They acknowledge the need to provide fair and balanced information in a way that is understandable to all stakeholders, particularly our shareholders at all times.

Formal means of communication with our shareholders include the Company's website, the Regulatory News Service (RNS), the Annual Report and Accounts, Investor Conference Calls, the AGM, Interim Report and presentations. All of these provide shareholders with updated details of the business, the Board, presentations and reports, information in association to AIM Rule 26, QCA Code disclosure updates and a host of other details pertaining to the Company.

The Directors encourage non-formal two-way communication with our shareholders to gain mutual understanding and make themselves available for one-to-one dialogue either by email, telephone, or online sessions via Zoom or Microsoft Teams. These have become the typical forms of communication during the past year due to the restrictions of the COVID-19 pandemic.

Albeit communications between the Directors and our shareholders have primarily been carried out in a remote way the past year, the Company believes that in providing a variety of ways to communicate with investors, engagement with its shareholders has been carried out efficiently during these challenging times.

JV PARTNERS AND KEY STAKEHOLDERS

The Directors foster the Company's business relationships with suppliers, customers and others by continually working responsibly with stakeholders which includes the JV partners, the Government of Cameroon and their regulatory agent (SNH), other regulatory bodies and all of our suppliers. The relationship and engagement with the JV partners (and Operator) are significant in the context of maximising long-term value in the business. Regular meetings are held with the JV partners and discussions are ongoing with other key stakeholders. The Directors value the feedback that is received from our stakeholders and, where applicable, endeavour to take this into consideration.

COMMUNITY AND ENVIRONMENT

The Company fully recognises the importance of striving towards reducing the factors which have a negative impact on the environment and climate change. They appreciate how pertinent the current drive to net-zero carbon emissions is, particularly in the oil and gas industry. Together with the JV Operator, they strive to maintain this at the forefront of their priorities during the decision-making process.

The protection of the environment and upholding environmental consideration of the surrounding areas in which we operate is also held in great consideration by the Directors. The containment of disruption to the environment is held in high regard and decisions are made in line with regulations and other standards, such as Environmental and Social Impact Assessment (ESIA) certification. Further details regarding how the Company is mindful of these factors and will be reflected in the decisions that are made by the Directors can be found in the Environmental, Social and Governance section of this Annual Report.

METHODS OF STAKEHOLDER ENGAGEMENT AND FEEDBACK TO THE BOARD

The Board reviews how the Company engages with its principal stakeholders through discussions and reports based on the effects the Company's activities has on each of them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.

CONSIDERATIONS OF BOARD DECISION-MAKING PROCESS

The Board believes that information obtained in discussions with some of the Company's key stakeholders help keep them informed of the considerations to be incorporated with its decision-making processes.

The Company adopted the Quoted Companies Alliance Corporate Governance Code 2018 ('the Code') in August 2018 and the Directors acknowledge the importance and their responsibility of maintaining a good level of corporate governance. This, together with the requirements to comply with the AIM Rules, ensures that the interests of the Company's stakeholders are protected.

The Board has directed that ethical behaviour and business practices should be implemented across the business. The Company provides mandatory anti-corruption and anti-bribery training for all staff and contractors and there is a zero-tolerance policy for bribery and unethical behaviour by any employee, contractor, company representative or associate.

The Directors have high regard to fair, honest and professional behaviour and acknowledge their responsibility to act fairly as between members of the Company. A high level of importance is placed on the need to create and maintain an environment that promotes inclusion, safety and confidentiality. Staff are able to seek to address any issues with management and feel confident that these will be dealt with by management in a non-judgemental or biased manner.

EXAMPLE OF HOW A STAKEHOLDER'S VIEW HAS BEEN CONSIDERED BY THE BOARD

During the year, the Company engaged in dialogue with certain key stakeholders on certain key strategic matters, and below is an example of how the feedback the Directors received was considered in the decisions that they made for the business.

DECISION

To investigate the option of domestic gas sales to Equatorial Guinea via a gas export pipeline from the Marathon Oil-operated gas processing facility at Bioko Island, enabling Etinde production at this facility.

THE IMPACT ON THE LONG-TERM SUSTAINABILITY OF THE COMPANY:

Creating infrastructure would permit the JV partners to support the Government of Cameroon's preference to utilise part of Etinde's gas production capacity to generate electricity. Domestic gas-powered electricity generation supports local economic development and enhances energy stability when operating alongside current and future hydroelectric generation schemes. Utilising natural gas is less expensive and environmentally more sustainable than current fuel oil-based generation, which is beneficial to the environment, Government and people of Cameroon.

STAKEHOLDER CONSIDERATIONS:

The Cameroon Government (SNH) had stated its preference for developing gas-powered energy generation as part of its long-term economic plans.

OUTCOME:

Bowleven has expressed its support for this concept as part of the JV development plan.

APPROVAL OF STRATEGIC REPORT

The Strategic Report on pages 1 to 27 of the Annual Report and Accounts has been approved by the Board of Directors.

On behalf of the Board

Eli Chahin
Chief Executive Officer
9 November 2021

MAINTAINING QCA CODE COMPLIANCE IN OUR BUSINESS

The Directors purposefully comply with the QCA Code having regard to Company fundamentals. Set out below is our Statement of Compliance with the key principles of the QCA Code.

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

The Company seeks to continually develop a governance framework in respect to our business. The Directors purposefully

comply with the underlying principles of the QCA Code, to the extent they consider it appropriate and having regard to the size, current stage of development and resources of the Company. Details of how Bowleven addresses the key governance principles of the QCA Code are contained in this section and on our Company website.

GOVERNANCE PRINCIPLE	COMPLIANT	EXPLANATION	FURTHER READING
Deliver Growth			
Establish a strategy and business model which promote long-term value for shareholders.	✓	Our strategy model is underpinned by the following sets of values: <ul style="list-style-type: none"> - Maintain a sustainable E&P company with a production base and infrastructure-led exploration focus. - Convert current portfolio resources to reserves. - Create and realise value through material exploration success and development. - Seek value adding partnerships and niche acquisitions that offer a strategic fit. - Foster strong external partnerships and in-country relationships. 	See pages 7 & 9 https://www.bowleven.com/about-us/strategy
Seek to understand and meet shareholder needs and expectations.	✓	We encourage informal and formal regular communication with shareholders at all times. The CEO, Chairman and staff are all contactable via email or through the 'Contact Us' section on our website. We hold formal meetings such as investor conference calls and the AGM to give the opportunity for any questions or concerns to be addressed. Management regularly visits group chat sites to gauge investor sentiment, interests and concerns. A PR agency is mandated to solicit stakeholder views to Board consideration.	See pages 27 & 32 https://www.bowleven.com/investor-relations/corporate-governance
Take into account wider stakeholder and social responsibilities and their implications for long-term success.	✓	The Company solicits information from our stakeholder groups via public relations activities, written communication, meetings, conference calls, management committee meetings with our JV Partners, meetings with the Government and forums. The Board seeks to address issues identified from wider stakeholder groups, as well as the Company's social responsibilities, in their ESG action plan.	See pages 26-27 https://www.bowleven.com/investor-relations/corporate-governance

BOARD OF DIRECTORS

Eli Chahin

Chief Executive Officer

APPOINTED TO THE BOARD

March 2017

EXPERIENCE

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

Jack Arnoff



Non-Executive Director & Chairman

APPOINTED TO THE BOARD

November 2020

EXPERIENCE

Jack Arnoff has a wealth of knowledge and experience in investment and asset management. He has played a key role in product development and marketing of emerging markets products. Jack currently holds the position of co-founder and Partner at Elbrus Capital Partners LLP and Portfolio Manager for ECP Emerging Europe Value Fund.

GOVERNANCE PRINCIPLE	COMPLIANT	EXPLANATION	FURTHER READING
Deliver Growth continued		The risk management framework and processes adopted by the Board involve the identification, assessment, mitigation, monitoring and reporting of all key risks on a regular basis to minimise the impact of such risks. The Group risk register and matrix detailing key risks and uncertainties facing the business is regularly reviewed and updated by the Board.	See pages 23-25 https://www.bowleven.com/investor-relations/corporate-governance
Maintain a Dynamic Management Framework		The Board comprises of one Executive Director and one Non-Executive Director who is also Chairman. Both Board members are collectively responsible and committed to promoting the interests of the Company and meeting high standards of corporate governance. The Board members together provide a blend of broad commercial, management consulting, financial services experience, financial restructuring, legal and investment skills and expertise.	See pages 29-31 https://www.bowleven.com/investor-relations/corporate-governance
		Each Board member goes through a rigorous selection process to ensure that they possess the necessary skills and knowledge to fulfil the expectation of discharging their duties and responsibilities effectively. Further education is encouraged, and they keep abreast of the industry's current activities by attending conferences and events globally to keep their knowledge, skills and contacts current. They are supported by other professional bodies, including a qualified Company Secretary.	See pages 29-30 https://www.bowleven.com/investor-relations/corporate-governance

GOVERNANCE CODE CONTINUED

GOVERNANCE PRINCIPLE	COMPLIANT	EXPLANATION	FURTHER READING
Maintain a Dynamic Management Framework continued	✓	A formal review takes place annually for each Board member to review individual performance which reflect details of the Financial Reporting Council's Guidelines on Board effectiveness. The Board is collectively assessed against criteria based on relevant objectives and the results are collated and reviewed. Recommendations are made, an action plan is devised and is reviewed throughout the year.	See page 31 https://www.bowleven.com/investor-relations/corporate-governance
	✓	The Company is committed to conducting business in an open, honest, fair and ethical way. The Directors lead by example, demonstrating professionalism and integrity, always promoting communication and team spirit. The Company's policies and procedures ensure transparency in decision-making at all levels and details pertaining to the corporate culture of the Company are outlined in the Company's documentation such as the Annual Report, corporate website, etc.	See pages 18-19, 27 & 32 https://www.bowleven.com/investor-relations/corporate-governance
	✓	With the absence of formal committees, the Board members take full responsibility of ensuring corporate governance standards are met, particularly in relation to executive remuneration, accountability and audit. The Directors have established financial controls and reporting procedures which are considered appropriate for the size of and structure of the Group. These controls are reviewed regularly and will be further reviewed and adjusted accordingly following any significant acquisitions by the Group.	See pages 27 & 31 https://www.bowleven.com/investor-relations/corporate-governance
Build Trust	✓	As an AIM listed company, fair and balanced information must be communicated to all stakeholders for which the Directors take responsibility. The Company communicates with shareholders, potential investors and relevant stakeholder through a variety of channels, formal and informal, including the Annual Report, Interim Report, RNS announcements, PR, media, corporate website, videos, investor presentations, analyst meetings, social media (Twitter, LinkedIn), emails and one-to-one and group meetings.	https://www.bowleven.com/investor-relations/corporate-governance https://www.bowleven.com/investor-relations/

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is an important matter for the Board and the Directors are committed to ensuring that good practice flows throughout the Company. The Board recognises that the execution of the Company's strategy and delivering shareholder value is reliant on good governance and remain dedicated to maintaining appropriate standards of corporate governance, as it considers practicable for the size, stage of development and operations of the Group.

BOARD STRUCTURE

The Board currently comprises of Eli Chahin as Executive Director and Jack Arnoff as Non-Executive Director and Chairman.

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

Biographies of the current Directors and details of their respective skills are set out on page 29.

BOARD SKILLS

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

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

Given the current business model, the relevant skill set are deemed to be in place and appropriately split between both an Executive and Non-Executive position. As a non-operator of Etinde and having communicated to the market a desire to divest Bomono, the requisite technical competencies are represented at the Board level to ensure all eventualities can be competently managed. Together, the Directors present a balanced and understandable assessment of the Company's position and prospects.

COMMITMENT TO THE ROLE

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

BOARD MEETINGS

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

During 2020, the scheduled meetings as well as informal meetings were held by telephone due to the COVID-19 pandemic. During the meetings, the matters reserved for the Board that are tabled are discussed and the CEO provides an update on key current activities and issues together with a report on operational and financial matters. Any relevant papers or specific matters requiring consideration or approval are discussed. The Risk Register is discussed on a quarterly basis; the Board considers

any changes to the principal risks facing the Group and updates it accordingly.

The total number of scheduled Board meetings held for the period 1 July 2020 to 30 June 2021 was six, which were attended by Eli Chahin and Jack Arnoff.

MATTERS RESERVED FOR THE BOARD

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

RISK MANAGEMENT

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

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

Details of the Risk Register can be found on pages 23 to 25.

BOARD PERFORMANCE EFFECTIVENESS

The Board evaluation occurs annually, whereby the Chairman conducts a one-to-one meeting with the CEO. The aim of the Board evaluation is to review the

effectiveness of the Board's performance and assess its strengths as well as areas for development.

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

This year, the Chairman and the CEO completed a questionnaire containing criteria aligned to the objectives of their roles, following which a formal consultation was held to discuss the outcomes. The results of the evaluation process were reviewed, and recommendations were made based on the results. An action plan has been devised, and the progress is to be monitored throughout the coming year.

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

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

COMPANY SECRETARY

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

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

GOVERNANCE CODE CONTINUED

AUDITOR

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

RE-ELECTION OF DIRECTORS

There are transparent procedures in place for the appointment of new Directors to the Board. In accordance with the Company's Articles of Association, all Directors are required to retire by rotation every three years, when they can offer themselves for re-election, if eligible. In addition, the Company's Articles of Association provide that any Director appointed by the Directors shall retire at the AGM of the Company immediately following their appointment and be eligible for re-election. None of the Board members are up for re-election this year.

BOARD COMMITTEES

In view of the current size of the Board, no delegation of specific responsibilities has been made to committees at this stage. The Board does not consider it appropriate to also adopt terms of reference to establish audit, remuneration and nominations committees in the short term. This will be reviewed along with the appointment of an additional non-executive director and the implementation of committees will be considered at the appropriate time in line with changes to the structure, size and composition of the Board.

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

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

AUDIT RESPONSIBILITIES

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

NOMINATION RESPONSIBILITIES

The nomination responsibilities involve reviewing and recommending the appointment of new Directors to the Board.

REMUNERATION RESPONSIBILITIES

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

PROMOTING A HEALTHY CORPORATE CULTURE

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

The Directors understand the importance of leading by example, demonstrating professionalism and integrity, and encourage communication and team spirit through meetings, team events and regular contact. The Company promotes team development and team alignment via its optimal operating process, which encourages a consultative approach in the decision-making process. The office is an open-plan space that continually provides the opportunities for staff interaction. Due to the COVID-19 pandemic, staff were working from home during the past year.

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

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

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

for bribery and unethical behaviour by anyone relating to the business.

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

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

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

ENGAGING WITH SHAREHOLDERS

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

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

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

DIRECTORS' REPORT

The Directors of Bowleven plc (a company incorporated in Scotland with registered number SC225242) submit the Annual Report and Accounts for the year ended 30 June 2021. These will be available on the Company's website for shareholders prior to the AGM to be held on Wednesday, 8 December 2021.

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The CEO & Chairman Statement (pages 4 to 6) and the Operating Review (pages 10 to 15), which form part of the Strategic Review, describe the activities of the Group during the financial year and its future developments.

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

RESULTS AND DIVIDENDS

The trading results for the year, and the Group's financial position at the end of the year, are shown in the financial statements. The Group reported a loss for the year of \$2.0 million (2020: \$2.6 million loss). The Directors did not recommend the payment of a dividend for the year ended 30 June 2021 (2020: None).

THE DIRECTORS AND THEIR INTERESTS

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

	Appointment date	Resignation date
Executives		
E Chahin	14 March 2017	
Non-Executives		
M McDonald	17 August 2017	9 December 2020
J Arnoff	1 November 2020	

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

	Ordinary shares at £0.10 each	
	At 30 June 2021	At 30 June 2020
Executive		
E Chahin	1,141,579	1,141,579

DIRECTORS' LIABILITIES

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

MAJOR SHAREHOLDERS

As at 29 October 2021, the Company had been notified of the following interests of 3% or more in the Company's ordinary share capital:

	Shares	% held
Crown Ocean Capital P1 Limited		29.96
HSBC James Capel as principal		8.68
OVMK Vermogensbeheer		5.00

The details in the table are calculated using 323,359,324 as the denominator (being the total issued share capital of the Company excluding treasury shares as at 31 October 2021).

DIRECTORS' REPORT CONTINUED

RELATIONS WITH SHAREHOLDERS

The Chief Executive maintains regular dialogue with shareholders and potential shareholders by way of direct communication, presentations and analyst meetings. An analyst update and investor conference may be held after the Group's announcement of year end results and interim results.

Presentations prepared for investor meetings and conferences are made available on the Company's website. At the AGM, a business presentation is normally provided for the benefit of shareholders. The AGM also provides an opportunity for private shareholders and institutional investors to meet and to speak to members of the Board. Due to the current circumstances, in person meetings will not be possible this year.

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

ANNUAL GENERAL MEETING 2021

The AGM of the Company will be held at 10 a.m. (UK time) on Wednesday, 8 December 2021 at The News Building, 3 London Bridge Street, London SE1 9SG.

The resolutions to be proposed at the AGM are set out and fully explained on pages 76 to 78 in the Notice of Meeting and are also available on the Company's website at: www.bowleven.com/investor-relations/shareholder-services/general-meeting-information.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objectives and policies of the Company are detailed in Note 21 forming part of the financial statements on pages 71 to 74.

EMPLOYEE INVOLVEMENT

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

DISABLED EMPLOYEES

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

CORPORATE GOVERNANCE

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

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

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

Strong financial controls are in place and are well documented. A Delegation of Authority which details the authorisation process is in place and is part of the Policy & Procedures manual.

AUDITOR AND DISCLOSURE OF INFORMATION TO THE AUDITOR

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

By order of the Board

Eli Chahin

Chief Executive Officer
9 November 2021

DIRECTORS' REMUNERATION REPORT

REMUNERATION POLICY

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

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

- basic salary;
- limited benefits in kind; and
- Bowleven Transformation Incentive Plan (BTIP)

As set out in the Corporate Governance section previously, the committee's responsibilities are subsumed by the Board.

COMPONENTS OF THE EXECUTIVE DIRECTORS' REMUNERATION

BASIC SALARY AND BENEFITS

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

BOWLEVEN TRANSFORMATION INCENTIVE PLAN

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

The Chief Executive Officer was granted a right to acquire up to 10,000,000 ordinary shares in the Company at a nil cost under the BTIP. The option shall be exercisable subject to and in accordance with the rules of the BTIP, including the extent to which certain performance conditions are satisfied over the performance period commencing on the date of grant and ending on 31 March 2022.

The option's performance conditions relate to the attainment of certain share price points between £0.45 and £0.80 per share for a continuous period of at least three months and meeting the annual cost underpin criteria, whereby the annual cash costs incurred must be below the amount set out in the cash expenses target set by the Board. Malus and claw-back provisions apply. Options under the BTIP which vest may be exercised within ten years from the date of grant. No options have vested in the current or prior year.

DIRECTORS' CONTRACTS

It is the Company's policy that Executive Directors should have service contracts with a notice period of 12 months. Details of notice periods for the Executive and Non-Executive Directors who were in office as at 30 June 2021 are summarised below:

	Date of contract	Notice period
E Chahin	30 March 2017	12 months
J Arnoff	1 November 2020	1 month

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

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors have written terms of engagement setting out their roles and responsibilities. Fees for the Non-Executive Directors are determined by the Board. Matt McDonald received an annual fee of £45,000 (\$60,750). Jack Arnoff receives an annual fee of £100,000 (\$135,000). Mr Arnoff has contractual bonus payments of up to £200,000 on achievement of Etinde FID.

Directors' remuneration is paid in GBP and converted at an average rate of \$1.35/£1.00 (2020: \$1.26/£1.00). Non-Executive Directors do not participate in the BTIP scheme or benefit from pension contributions.

DIRECTORS' REMUNERATION REPORT CONTINUED

DIRECTORS' REMUNERATION

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

	Salary and fees \$000	Pension benefits \$000	Other benefits \$000	Total 2021 \$000	Total 2020 \$000
Executives					
E Chahin ⁽ⁱ⁾	539	-	40	579	548
Non-Executives					
M McDonald - resigned on 9 December 2020	26	-	-	26	57
J Arnoff - appointed on 1 November 2020	92	-	-	92	-
	657	-	40	697	605

(i) Highest paid Director.

FURTHER NOTES TO DIRECTORS' REMUNERATION TABLE

Benefits in kind principally comprised of medical and a travel allowance for the Executive Director. Additionally, the remuneration package incorporates a percentage amount based on applicable statutory limits for the Executive Director to contribute to a chosen personal pension plan. No further pension contribution is made by the Company on behalf of the Executive Director.

DILUTION - COMPLIANCE WITH INVESTMENT ASSOCIATION PRINCIPLES OF REMUNERATION

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

By order of the Board

Jack Arnoff

Chairman

9 November 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE GROUP AND COMPANY FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOWLEVEN PLC

OPINION ON THE 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 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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.

We have audited the financial statements of Bowleven plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2021 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheets, the Group and Company Cash Flow Statements, the Group and Company Statements of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining, challenging and assessing the Group and Parent Company's cash flow forecast and the underlying assumptions such as the level of operational spend and the level of anticipated capital spend against the Etinde Work Programme and Budget (WPB) and prior and post year end actual spend.
- Understanding and corroborating the key assumptions and challenging the Directors on their business development strategy within the going concern period reviewed. A number of key assumptions included the Final Investment Decision (FID) options, operating and capital expenditure, oil price, cash positions. This has been corroborated against the board minutes, WPB's, oil price forecasts (Trading Economics), prior year actual spend and post year-end bank statements.
- Making an assessment of the probability of a number of scenarios pertaining to when the Final Investment Decision (FID), which affects the predicted cash flow movements, may be achieved.
- Undertaking sensitivity analysis on risk areas within the forecast period in order to determine the range of potential outcomes.
- Performing retrospective analysis on the prior year budgeted figure versus the actual costs incurred in order to assess the ability of the Directors to forecast accurately.
- Analysing future forecasted expenditure against work plans and correspondence from the Joint Operating Agreement (JOA) partners.
- Reviewing and considering the adequacy and consistency of the disclosure within the financial statements with the Directors going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

COVERAGE

100% (2020: 100%) of Group loss before tax

100% (2020: 100%) of Group total assets

KEY AUDIT MATTER

	2021	2020
Carrying Value of Exploration and Evaluation Assets	Yes	Yes

MATERIALITY

GROUP FINANCIAL STATEMENTS AS A WHOLE

\$2.6 million (2020: \$2.3 million) based on 1.6% (2020: 1.4%) of total group assets.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias from the Directors that may have represented a risk of material misstatement.

Our Group audit scope focused on the Group's significant components being Bowleven plc, Bowleven Resources Limited and EurOil Limited for which full scope audits were performed. All procedures were performed by the Group engagement team.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOWLEVEN PLC CONTINUED

KEY AUDIT MATTER

Carrying Value of Exploration and Evaluation Assets

The carrying value of the Etinde project is disclosed in Note 8 to the financial statements and the associated accounting policy is disclosed in Note 1

The Etinde project is currently in its pre-development stage and is therefore classed as an exploration and evaluation asset.

Management performed an impairment indicator review in accordance with accounting standards to assess whether there were any indicators of impairment of the exploration asset, and in order to determine whether an impairment test in accordance with IAS 36 Impairment of Assets is required.

Following this assessment, Management concluded that no impairment indicators were identified and therefore concluded that no IAS 36 impairment test was required.

Given the inherent judgement involved in the identification of impairment indicators including the assessment of the carrying value of the exploration and evaluation assets performed as part of the review, we considered the carrying value of exploration and evaluation assets to be a significant risk for our audit.

HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

- We considered Management's assessment of the indicators of impairment as required by the accounting standards and performed our own independent assessment of the triggers included within the relevant accounting standard.
- We verified the additions made to the Etinde intangible asset to supporting documentation.
- We confirmed with Management that there is an ongoing expectation that exploration in the license areas will continue and in so doing have reviewed the Etinde Exclusive Exploration Authorisation Application (EEAA) and in particular focussed on terms relating to the period of the licence and the milestone requirements. We have considered and assessed Management's contention that the licence is unlikely to be revoked for the reasons as set out in note 8 against our understanding of the Cameroonian regime, the terms of the EEAA and ongoing correspondence with the licensing authorities.
- We have assessed Management's position relating to the Group's intention to develop the asset and whether in their view the asset remains commercial. In doing so we reviewed and assessed the draft Etinde 2021 Work Programme budget to confirm the Group's intention to continue to fund exploration activities for the asset. We also considered the consistency of this information with managements' going concern forecasts.
- We challenged Management on their assessment of a number of potential scenarios for the development of the asset and their view of the level of return considered acceptable to the Group. As part of our challenge we requested Management to consider further scenarios. We reviewed these scenarios and considered the reasonableness of the assumptions, such as pricing, timing, level of return and the viability of the options presented. This has been corroborated against the board minutes, WPB's, prior year actual spend and post year-end bank statements.
- We reviewed the minutes of the joint operating committee to assess whether there were any potential indicators of impairment identifiable.
- We performed a review of the models used by Management internally in discussions relating to the asset in order to determine that there were no indicators of impairment due to assumptions being applied which were outside a reasonable range to our expectation. We have reviewed key inputs, including the discount rate used, FID options and dates, operating and capital expenditure and oil price. This has been corroborated against the board minutes, oil price forecasts (Trading Economics), WPB's and prior year actual spend. For the discount rate, we performed sensitivity analysis and agreed to that of peer companies.
- We have considered whether there is any circumstance which would indicate that there is a requirement for a reversal or part reversal of the historic impairment provision against the exploration and evaluation asset.

Key observations:

Based on the procedures performed, we found the inputs and judgements made by Management in their assessment that there were no indicators of impairment at the reporting date to be reasonable and the related disclosures in the financial statements to be appropriate.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

GROUP FINANCIAL STATEMENTS

Materiality

- 2021 \$2.6 million
- 2020 \$2.3 million

Basis for determining materiality

- 2021 1.6% of total group assets
- 2020 1.4% of total group assets

Rationale for the benchmark applied

- 2021 We consider total assets to be the financial metric of the most interest to shareholders and other users of the financial statements, given the Group's current focus on the exploration of its assets.
- 2020 We consider total assets to be the financial metric of the most interest to shareholders and other users of the financial statements, given the Group's current focus on the exploration of its assets. A lower percentage was applied as 2020 was the first year as Group auditor.

Performance materiality

- 2021 \$1.9 million
- 2020 \$1.6 million

Basis for determining performance materiality

- 2021 75% of materiality taking into consideration areas of the financial statements subject to judgement the complexity of balances, the history of errors identified and the control environment in the Group.
- 2020 70% of materiality taking into consideration areas of the financial statements subject to judgement the complexity of balances, the control environment in the Group and 2020 being the first year as auditors.

PARENT COMPANY FINANCIAL STATEMENTS

Materiality

- 2021 \$1.7 million
- 2020 \$1.5 million

Basis for determining materiality

- 2021 Capped at 65% of group materiality
- 2020 Capped at 70% of group materiality Rationale for the benchmark applied
- 2021 Capped at 65% of group materiality given the assessment of the components aggregation risk
- 2020 Capped at 70% of group materiality given the assessment of the components aggregation risk

Performance materiality

- 2021 \$1.3 million
- 2020 \$1.0 million

Basis for determining performance materiality

- 2021 75% of materiality taking into consideration areas of the financial statements subject to judgement the complexity of balances, the history of errors identified and the control environment in the Parent Company.
- 2020 70% of materiality taking into consideration areas of the financial statements subject to judgement the complexity of balances, the control environment in the Parent Company and 2020 being the first year as auditors.

COMPONENT MATERIALITY

We set materiality for each component of the Group based on a percentage of 65% of Group materiality. Component materiality was set at \$1,700,000 for each significant component. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

REPORTING THRESHOLD

We agreed with the Board that we would report to them all individual audit differences in excess of \$52,000 (2020: \$46,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BOWLEVEN PLC CONTINUED

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

STRATEGIC REPORT AND DIRECTORS' REPORT

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

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

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Gained an understanding of the legal and regulatory framework applicable to the Group by considering which legal and regulatory frameworks applied to the Group based on the jurisdictions in which they operate and report into. These laws and regulations included the applicable financial reporting framework, AIM Listing Rules, General Data Protection Act, local Cameroonian laws and regulations and the UK Bribery Act.
- Assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and estimates and the carrying value of the intangible assets.
- Communicated the relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to these risks throughout the course of the audit.
- Tested the disclosures in the financial statements to supporting documentation.
- Obtained an understanding of the control environment in monitoring compliance with laws and regulations.
- Enquired of Management as to whether there was any correspondence with third parties in so far as the correspondence impacted the financial statements.
- Enquired of Management and those charged with governance regarding any known instances of non-compliance with laws and regulations and corroborated our enquiries through review of board meeting minutes.
- Performed targeted journal entry testing based on identified characteristics which may be indicative of fraud.
- Reviewed material estimates and judgements where fraud could be evidenced through deliberate manipulation of amounts. Refer to the Key Audit Matters section above for procedures performed over the most significant estimate being the impairment assessment of the Exploration & Evaluations asset.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Sayers (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK
9 November 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$000	2020 \$000
Revenue		-	-
Administrative expenses	3	(2,803)	(3,260)
Impairment charges	3, 8	-	-
Operating loss	3	(2,803)	(3,260)
Finance and other income	5	820	635
Loss from before taxation		(1,983)	(2,625)
Taxation	6	-	-
Loss for the year		(1,983)	(2,625)
Basic and diluted loss per share (\$/share) from continuing operations	7	(0.01)	(0.01)

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$000	2020 \$000
Loss for the year		(1,983)	(2,625)
IFRS 16 adoption		-	(5)
Other comprehensive income:			
Items that will be reclassified to profit and loss:			
Currency translation differences	19	-	-
Total comprehensive loss for the year		(1,983)	(2,630)

GROUP BALANCE SHEET

30 JUNE 2021

	Notes	2021 \$000	2020 \$000
Non-current assets			
Intangible exploration assets	8	154,885	152,104
Property, plant and equipment	9	31	67
		154,916	152,171
Current assets			
Financial investments	11	2,499	2,010
Inventory	12	1,180	2,577
Trade and other receivables	13	1,838	1,272
Cash and cash equivalents	14	4,094	9,102
		9,611	14,961
Total assets		164,527	167,132
Current liabilities			
Trade and other payables	15	(781)	(1,478)
Lease liability	16	(2)	(34)
		(783)	(1,512)
Non-current liabilities			
Lease liability	16	-	(2)
Total liabilities		(783)	(1,514)
Net assets		163,744	165,618
Equity			
Share capital	17, 18	56,517	56,517
Share premium	18	1,599	1,599
Foreign exchange reserve	18	(69,857)	(69,857)
Other reserves	18	2,687	2,927
Retained earnings		172,798	174,432
Total equity		163,744	165,618

The financial statements on pages 44 to 75 were approved by the Board of Directors and authorised for issue on 9 November 2021 and are signed on their behalf by:

Eli Chahin
Director

COMPANY BALANCE SHEET

30 JUNE 2021

	Notes	2021 \$000	2020 \$000
Non-current assets			
Property, plant and equipment	9	30	67
Investments in Group undertakings	10	145,099	145,099
		145,129	145,166
Current assets			
Financial investments	11	2,499	2,010
Trade and other receivables	13	11,730	8,090
Cash and cash equivalents	14	4,086	9,088
		18,315	19,188
Total assets		163,444	164,354
Current liabilities			
Trade and other payables	15	(244)	(230)
Lease liability	16	(2)	(34)
		(246)	(264)
Non-current liabilities			
Lease liability	16	-	(2)
Total liabilities		(246)	(266)
Net assets		163,198	164,088
Equity			
Share capital	17, 18	56,517	56,517
Share premium	18	1,599	1,599
Foreign exchange reserve	18	(147,715)	(147,715)
Other reserves	18	(2,550)	(2,310)
Retained earnings		255,347	255,997
Total equity		163,198	164,088

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the individual parent undertaking income statement. The result for the Company for the year was a loss of \$999,000 (2020: loss of \$1,184,000). The financial statements on pages 44 to 75 were approved by the Board of Directors and authorised for issue on 9 November 2021 and are signed on their behalf by:

Eli Chahin
Director

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$000	2020 \$000
Cash flows from operating activities			
Loss before tax		(1,983)	(2,625)
Adjustments to reconcile Group loss before tax to net cash used in operating activities:			
Depreciation of property, plant and equipment	3	57	50
Finance (income)	5	(820)	(635)
Equity-settled share based payment transactions	19	109	112
Loss on disposal of financial investments		-	(7)
Loss on sale of property, plant and equipment		31	(3)
Adjusted loss before tax prior to changes in working capital		(2,606)	(3,108)
(Increase)/decrease in trade and other receivables		(491)	58
Decrease in trade and other payables		(624)	(23)
Net cash used in operating activities		(3,721)	(3,073)
Cash flows (used in)/from investing activities			
Purchase of property, plant and equipment	9	(21)	(11)
Purchase of intangible exploration assets	8	(1,446)	(1,602)
Receipts from sale of financial investments	11	-	2,500
Transfer from bank deposits		-	500
Dividends received		220	259
Interest received		-	87
Net cash from investing activities		(1,247)	1,733
Cash flows used in financing activities			
Lease repayments		(40)	(40)
Net cash flows used in financing activities		(40)	(40)
Net decrease in cash and cash equivalents		(5,008)	(1,380)
Cash and cash equivalents at the beginning of the year	14	9,102	10,482
Net decrease in cash and cash equivalents		(5,008)	(1,380)
Cash and cash equivalents at the year end	14	4,094	9,102

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$000	2020 \$000
Cash flows from operating activities			
Loss before tax		(999)	(1,184)
Adjustments to reconcile Company loss before tax to net cash used in operating activities:			
Depreciation of property, plant and equipment	9	56	49
Finance (income)	5	(813)	(645)
Equity-settled share based payment transactions	19	109	112
Loss on disposal of fixed assets		31	(7)
Adjusted loss before tax prior to changes in working capital		(1,616)	(1,675)
(Increase)/decrease in trade and other receivables		(25)	15
Increase in trade and other payables		16	10
Net cash used in operating activities		(1,625)	(1,650)
Cash flows (used in)/from investing activities			
Receipt from sale of financial investments	11	-	2,500
Purchase of property, plant and equipment	9	(20)	(11)
Increase in inter-company funding		(3,537)	(3,033)
Transfer from bank deposits		-	500
Dividends received from financial investments	11	220	259
Interest received		-	87
Net cash (used in)/from investing activities		(3,337)	302
Cash flows used in financing activities			
Lease payments		(40)	(40)
Net cash flows used-in financing activities		(40)	(40)
Net decrease in cash and cash equivalents		(5,002)	(1,388)
Cash and cash equivalents at the beginning of the year	14	9,088	10,476
Net decrease in cash and cash equivalents		(5,002)	(1,388)
Cash and cash equivalents at the year end	14	4,086	9,088

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Share capital \$000	Share premium \$000	Foreign exchange reserve \$000	Other reserves \$000	Retained earnings \$000	Total equity \$000
At 1 July 2019	56,517	1,599	(69,857)	2,354	177,523	168,136
Loss for the year	-	-	-	-	(2,625)	(2,625)
IFRS 16 adoption	-	-	-	-	(5)	(5)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(2,630)	(2,630)
Share based payments	-	-	-	112	-	112
Transfer between reserves	-	-	-	461	(461)	-
At 30 June 2020	56,517	1,599	(69,857)	2,927	174,432	165,618
Loss for the year	-	-	-	-	(1,983)	(1,983)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(1,983)	(1,983)
Share based payments	-	-	-	109	-	109
Revaluation of EBT shares	-	-	-	(315)	315	-
Transfer between reserves	-	-	-	(34)	34	-
At 30 June 2021	56,517	1,599	(69,857)	2,687	172,798	163,744

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

Attributable to owners of Parent Company	Share capital \$000	Share premium \$000	Foreign exchange reserve \$000	Other reserves \$000	Retained earnings \$000	Total equity \$000
At 1 July 2019	56,517	1,599	(147,715)	(2,883)	257,647	165,165
Loss for the year	-	-	-	-	(1,184)	(1,184)
IFRS 16 adoption	-	-	-	-	(5)	(5)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(1,189)	(1,189)
Share based payments: transfer from subsidiary undertaking	-	-	-	112	-	112
Share based payments	-	-	-	461	(461)	-
	-	-	-	-	-	-
At 30 June 2020	56,517	1,599	(147,715)	(2,310)	255,997	164,088
Loss for the year	-	-	-	-	(999)	(999)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(999)	(999)
Share based payments	-	-	-	109	-	109
Revaluation of EBT shares	-	-	-	(315)	315	-
Transfer between reserves	-	-	-	(34)	34	-
At 30 June 2021	56,517	1,599	(147,715)	(2,550)	255,347	163,198

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 ACCOUNTING POLICIES

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

BASIS OF PREPARATION

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

GOING CONCERN

Global market conditions combined with the ongoing COVID-19 (coronavirus) pandemic have caused significant additional macroeconomic uncertainty during the 2021 calendar year that have impacted the prices and global demand for oil, gas and products. The scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition in future periods.

Progress towards FID has been slower than we expected and there remain considerable commercial and regulatory issues which require resolution before FID can be attained. We cannot accurately predict the timing of resolution of these concerns at the current time. Many of these concerns lie outside the Etinde JO partners direct control. The timing of resolving these issues impacts the Directors considerations relating to the potential scenarios considered in their assessment of the going concern status of the group.

It was therefore considered appropriate that a number of scenarios were considered by the Directors. These ranged from no FID being achieved in the going concern window through to a number of different development scenarios. In each scenario, in the going concern period, the Group continues to retain positive cash balances. In addition to these scenarios, a number of sensitivities were modelled which considered the impact of increases in opex and capex. As noted previously these scenarios also demonstrated positive cash balances twelve months from the date of approval of these financial statements.

As the timing of progress towards FID is not within the control of the Group should the commercial and regulatory issues not be resolved as anticipated in our modelling it is likely that Bowleven would be required to raise additional short term funding to bridge expenditure to FID.

At FID, Bowleven is due to receive \$25 million from our Joint Venture partners under the terms of the 2015 farm-in agreement.

The Directors do not anticipate timing issue relating to receipt of these funds when they fall due but note that any failure to receive these funds promptly may also cause funding issues for the Bowleven Group.

The Directors consider that the risk of the Government of Cameroon removing the Etinde PSC contract from the Etinde JO partners is low to medium at the current time, for the following reasons:

- the issue of the January 2021 date has not been raised as a formal concern by SNH and SNH has approved all annual work programmes and budgets up to and including the year ending 31 December 2021; and
- we will request the Government eliminate this uncertainty as part of the FID regulatory approval process.

However, should FID not happen in the near term, then the risk of licence removal may increase.

Looking to the future, the Directors are satisfied that the Group would be able to secure additional debt and equity funding in order to finance its share of the Etinde development.

Having taken the preceding funding risks into due account and after making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of signing this report. Accordingly, the financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group has sufficient funds to meet ongoing working capital and committed capital expenditure requirements.

Accounting Standards	Effective date
During the year ending 30 June 2021, there were no new accounting standards, amendments/improvements which became effective, which have had no significant impact on the Group.	
Other amendments and changes	
<ul style="list-style-type: none"> - Amendments to References to the Conceptual Framework in IFRS Standards - Amendments to IFRS 3 <i>'Business Combinations: Definition of a Business'</i> - Amendments to IAS 1 and IAS 8: <i>'Definition of Material'</i> - Amendments to IFRS 9, IAS 39 and IFRS 7: <i>'Interest Rate Benchmark Reform'</i> 	Periods beginning on or after 1 January 2020
None of these changes in accounting practice or guidance had any material effect on the Bowleven Group during the current accounting year.	
Standards and interpretations issued but not yet effective	
At the date that the financial statements were authorised for issue, the standards, interpretations and amendments that were in issue but not yet effective are set out below. The Group is in the process of assessing the potential for each of these standards, interpretations and amendments having a significant impact on the Group's existing accounting policies and procedures or how the Group's results, cash flows and financial position are determined and reported. The Directors do not anticipate that the adoption of these standards will have a material impact on the Group's financial statements in the period of initial application. There is no intention to adopt any of these standards early.	
Annual improvements to IFRSs (2018-2020 Cycle): IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16 and IAS 41	Periods beginning on or after 1 January 2022
Amendments to: IFRS 3 <i>Business Combinations</i> ; IAS 16 <i>'Property, Plant and Equipment'</i> ; and IAS 37 <i>'Provisions, Contingent Liabilities and Contingent Assets'</i>	Periods beginning on or after 1 January 2022
<ul style="list-style-type: none"> - IFRS 17 <i>'Insurance Contracts'</i> including Amendments to IFRS 17 (issued on 25 June 2020) - Amendments to IAS 1: <i>'Classification of Liabilities as Current or Non-current'</i> 	Periods beginning on or after 1 January 2023

FUNCTIONAL CURRENCY

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

OIL AND GAS: INTANGIBLE EXPLORATION ASSETS – CARRYING VALUE AND IMPAIRMENT

Note 8 sets out the key estimates and judgements relating to the assessment of the carrying value of intangible exploration assets including impairment considerations in the current and prior years. The most significant estimates and judgements relate to future pricing of oil and gas, operating and capital investment costs, discount rates, the timing of FID and the commencement of development.

DISCOUNT RATES – IFRS 16 'LEASES'

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at inception of the lease. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor on the basis of external figures derived from the market.

BASIS OF CONSOLIDATION

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

1 ACCOUNTING POLICIES CONTINUED

JOINT ARRANGEMENTS

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

OIL AND GAS: INTANGIBLE EXPLORATION ASSETS

The Group applies 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 asset type, well, field or exploration area as appropriate.

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

Once commercial reserves are established, technical feasibility for extraction determined and FID given, then the field/cash-generating unit is treated as a tangible asset. The carrying cost, after adjusting for any impairment that may be required, of the relevant exploration and appraisal asset, previously included within intangible assets, are then reclassified to tangible assets. Here they are treated as a single field cost centre and classified as development and production assets and/or by the nature of the assets held.

In the event that no commercial reserves have been found, the results of the exploration activity no longer contribute to ongoing exploration work, or, if the Group decides not to continue exploration and appraisal activity in the area, then the costs of such unsuccessful exploration and appraisal are written off to the income statement in the period in which the determination is made. The carrying value of the Group's intangible exploration assets are set out in Note 8.

DISPOSALS

Where appropriate, net proceeds, including directly attributable costs of the transaction, from any disposal of an exploration/appraisal or development assets are either credited initially against previously capitalised costs in the balance sheet or used to determine the profit or loss on disposal. Any surplus or shortfall in proceeds is taken to the income statement.

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

IMPAIRMENT

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

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

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

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

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

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

OIL AND GAS: EVALUATED OIL AND GAS PROPERTIES (DEVELOPMENT/PRODUCTION ASSETS)

There are currently no development and production assets during the reported periods, although the Etinde is defined as such under Cameroon legislation.

The development and production costs also include:

- i. costs of assets acquired/purchased;
- ii. directly attributable overheads; and
- iii. 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, reflecting the economic life of the underlying asset type, where shorter. 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

IMPAIRMENT

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

LEASES

In accordance with IFRS 16, at the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

INVESTMENTS IN GROUP UNDERTAKINGS

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

INVENTORY

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

FINANCIAL INSTRUMENTS

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

TRADE AND OTHER RECEIVABLES

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

1 ACCOUNTING POLICIES CONTINUED

CASH AND CASH EQUIVALENTS

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

TRADE PAYABLES AND OTHER CREDITORS

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

INVESTMENTS IN EQUITY INVESTMENTS

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

The Group currently operates an equity-settled, share based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

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

SHARE BASED TRANSACTIONS: EMPLOYEE BENEFITS

The Group currently operates one equity-settled, share based compensation plan (the BTIP). The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

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

Shares acquired to meet awards under the share based compensation plan are currently held by the employee benefit trust (EBT). The accounts of the EBT are consolidated in the Group financial statements. The EBT set up to support the LTIP scheme was terminated during 2020 (see Note 23).

CURRENT AND DEFERRED TAX

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

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

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

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

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

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

FOREIGN CURRENCIES

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

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

The exchange rate used for the retranslation of the closing balance sheet at 30 June 2021 is \$1.38/£1 (2020: \$1.23/£1).

2 SEGMENTAL INFORMATION

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

	2021			2020		
	Africa \$000	Head office \$000	Group \$000	Africa \$000	Head office \$000	Group \$000
Administrative expenses	(990)	(1,756)	(2,746)	(1,425)	(1,785)	(3,210)
Depreciation	(1)	(56)	(57)	(1)	(49)	(50)
Impairment	-	-	-	-	-	-
Foreign exchange gains/(losses)	7	107	114	(10)	(65)	(75)
Finance income	-	706	706	-	710	710
Loss for the year	(984)	(999)	(1,983)	(1,436)	(1,189)	(2,625)
Capital expenditure	1	52	53	-	11	11
Non-current assets	154,886	30	154,916	152,104	67	152,171
Segment assets	146,212	18,315	164,527	147,944	19,188	167,132
Segment liabilities	(537)	(246)	(783)	(1,248)	(266)	(1,514)

Note: The non-current assets within the Africa segment relate to Cameroon.

The reporting segments are defined as follows:

'Africa' operations focus on exploration and appraisal activities in Cameroon. All assets that are aggregated in this segment are in the exploration phase and operate under a similar regulatory environment. 'Head office' includes amounts of a corporate nature which are not specifically attributable to the Africa segment such as head office costs, property, plant and equipment and cash balances. These amounts are net of inter-company transactions. The segment assets include cash and investment balances.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

3 OPERATING LOSS

Operating loss is stated after charging:

	Notes	2021 \$000	2020 \$000
Depreciation of property, plant and equipment	9	17	10
Depreciation of leased property	9	40	40
Etinde project share of JO G&A costs		920	1,363
Impairment of Etinde JO inventory	12	-	-
Impairment charges – Etinde	8	-	-

Audit and non-audit fees are analysed as follows:

In respect of BDO LLP and its associates:

	2021 \$000	2020 \$000
Audit fees in respect of the Group	95	90

Other fees to auditor and its associates:

	Notes	2021 \$000	2020 \$000
Auditing accounts of subsidiaries of the Company (E&Y)		-	5
Additional fees in respect of prior year Group audit (E&Y)		-	32
Non-audit fees in respect of the Group and Company		-	37

4 STAFF COSTS AND DIRECTORS' EMOLUMENTS

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

	Group		Company	
	2021 Number	2020 Number	2021 Number	2020 Number
Management	2	2	2	2
Administration and operations	4	4	3	3
	6	6	5	5

The aggregate payroll costs for the above persons comprised:

	Group		Company	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Wages and salaries	861	766	835	744
Social security costs	110	96	109	95
Pension benefit costs	18	16	18	16
Share based payments	109	112	109	112
	1,098	990	1,071	967

Company payroll is paid in GBP and converted at an average rate of \$1.35/£1.00 (2020: \$1.26/£1.00).

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

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

REMUNERATION OF KEY MANAGEMENT PERSONNEL

CHANGES IN DIRECTORS DURING THE YEAR

The Directors were as follows during the year:

	Appointment date	Resignation date
Executive		
E Chahin	14 March 2017	-
Non-Executive		
M McDonald	17 August 2017	9 December 2020
J Arnoff	1 November 2020	-

REMUNERATION OF DIRECTORS

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

	2021 \$000	2020 \$000
Short-term employee benefits	696	605
Directors' remuneration	696	605
Social security costs	87	76
Share based payments	109	112
Total	892	793

DIRECTORS' BONUSES

No bonuses were paid in 2021 (2020: none). Mr Arnoff has contractual bonus payments of up to £200,000 on achievement of Etinde FID.

BOWLEVEN TRANSFORMATION INCENTIVE PLAN

No Director received an award under the BTIP that was set up in 2017. No amounts vested in either 2020 or 2021.

REMUNERATION OF INDIVIDUAL DIRECTORS

	Salary and fees \$000	Pension benefits \$000	Other benefits \$000	Total 2021 \$000	Total 2020 \$000
Executives					
E Chahin ⁽ⁱ⁾	539	-	40	579	548
Non-Executives					
M McDonald - resigned on 9 December 2020	26	-	-	26	57
J Arnoff - appointed on 1 November 2020	92	-	-	92	-
	657	-	40	697	605

(i) Highest paid Director in the current year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

5 FINANCE AND OTHER INCOME

	2021 \$000	2020 \$000
Income from investments measured at amortised cost		
Bank interest	-	86
Income from investments measured at fair value through the profit and loss		
Dividend income from equity investments	-	39
Preference share dividend and interest income from debt instrument investments	220	220
Change in the fair value of equity and debt instrument investments	489	368
Property lease interest	(3)	(3)
Exchange rate gain/(loss)	114	(75)
	820	635

EXCHANGE RATE GAINS AND LOSSES

In the current and prior year, the GBP and CFA (Central African CFA Franc) cash and working capital balances held by the Company and main subsidiary (EurOil Limited) are translated into USD at the appropriate USD exchange rate at the date of transaction(s). As a result, no FX gain or loss arises on consolidation.

6 TAXATION

RECOGNISED IN THE INCOME STATEMENT

	2021 \$000	2020 \$000
Corporation tax based on the results for the year at 31.5% (2020: 34.3%)	-	-

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:

	2021 \$000	2020 \$000
Loss before tax	(1,983)	(2,625)
Corporation tax at the Group weighted average income tax rate of 31.5%	(625)	(900)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	33	43
Tax losses not utilised	582	856
Depreciation in excess of capital allowances	10	1
Total tax	-	-

Applicable UK tax rate is computed at 25% (2020: 19%). The standard corporate tax rate applicable in Cameroon is 40%.

DEFERRED TAX

At 30 June 2021, tax losses were \$78 million (2020: \$76 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.

7 BASIC AND DILUTED LOSS PER SHARE

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

	2021 \$000	2020 \$000
Net loss attributable to owners of the parent undertaking	(1,983)	(2,625)
	2021 Number	2020 Number
Basic weighted average number of ordinary shares	327,465,652	327,465,652
	2021 \$	2020 \$
Basic and diluted loss per share – ordinary shares	(0.01)	(0.01)

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

8 INTANGIBLE EXPLORATION ASSETS

Group	Exploration and appraisal expenditure \$000	Total \$000
Cost		
At 1 July 2019	455,198	455,198
Additions	2,104	2,104
At 30 June 2020	457,302	457,302
Additions	2,781	2,781
Disposals on licence termination	(107,664)	(107,664)
At 30 June 2021	352,419	352,419
Impairment		
At 1 July 2019	(305,198)	(305,198)
Impairment loss	-	-
At 30 June 2020	(305,198)	(305,198)
Impairment loss	-	-
Disposals on licence termination	(107,664)	(107,664)
At 30 June 2021	(197,534)	(197,534)
Net book value		
At 30 June 2021	154,885	154,885
At 30 June 2020	152,104	152,104
At 1 July 2019	150,000	150,000

Refer to the table below and Note 10 for further information regarding the Company's interests and joint arrangements as required under IFRS 12.

Intangible asset	Equity interest
Etinde Permit – Exploitation, Cameroon ⁽ⁱ⁾	Bowleven 25%, New Age Group ⁽ⁱⁱ⁾ 37.5%, LUKOIL 37.5%, SNH ⁽ⁱⁱⁱ⁾ 0%

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

(ii) New Age/New Age Group or subsidiaries thereof as appropriate.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

8 INTANGIBLE EXPLORATION ASSETS CONTINUED

NON-CASH INTANGIBLE ASSET ADDITION

Etinde operations are funded by a cash call process where the Operator requests funding in advance of expenditure being incurred. Adjustments and corrections may be made by the Operator to previously submitted monthly expenditure analysis reports, resulting in expenditure that occurred during the second half of our financial reporting period not being finalised until 1 year later. The combination of both short and long term timing differences gives rise to a difference between accounting and cash intangible asset additions. Changes in the amount due to or from CAMOP relating to the balance on our net cash call control account, can cause differences between cash and accounting additions. In 2021, the Operator made a significant change in the basis for accounting for Etinde inventory, resulting in a one-off transfer of value from inventory to intangible asset. The non-cash fixed asset addition in 2021 was \$1.3 million.

BOMONO LICENCE

The licence terminated at 18 December 2018, but is not yet completely finalised as the close-out meeting with SNH has not yet occurred, due to COVID-19 related matters. However, SNH has made the Bomono licence area available to third parties should they wish to apply for the licence area. All associated costs that were previously capitalised as intangible assets were fully impaired in prior periods. In the current financial year, the amount of \$107,235,000 has been removed from the cost and impairment totals in the Intangible fixed asset note, to reflect the current status of the licence.

ETINDE FARM-OUT IN 2015

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

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

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

The \$40 million (max) net carry for the two Etinde appraisal wells was fully utilised in FY2018 and the deferred consideration balance recognised at that date was fully utilised.

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

ETINDE VALUATION

Global events in 2020/21 have had a significant impact on global supply and demand creating significant market uncertainty as well as delaying and slowing down progress on the Etinde project.

During the year, we have made an assessment of whether the IFRS 6 impairment criteria (as set out in the accounting policy above) have been met during the year, which would give rise to the need to complete a formal impairment assessment. Two major uncertainties related to:

- Global hydrocarbon prices which are currently at or higher than 2020 price levels. However, the Directors consider that at the current time, there is no definitive evidence that prices will remain at current levels in 2024/25 when first production is expected; and
- Regulatory uncertainty. In our assessment, management remain confident that the JO partners have undertaken all reasonable steps possible to ensure that the JO is meeting all its obligations to ensure that FID is given as soon as possible. Accordingly, although the possibility of a licence revocation exists, management considers that the risk of this occurring is low in the short term.

Having considered these and other developments on the Etinde project, the Directors have concluded that there has been no triggering event for impairment during the current financial year. Accordingly, no further impairment is considered necessary at the current point.

ETINDE IMPAIRMENT REVIEW IN 2019

The discounted cash flow model used in 2019 was based on our best estimate of the expected development of the Etinde asset taking consideration of the following factors and assumptions:

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

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

- reaching commercial agreement with potential offtakers and receiving governmental approval to export gas;
- agreeing the development solution with joint venture partners and other stakeholders;
- raising finance to fund development post-FID; and
- any impact arising from FID date and the subsequent governmental approval of the revised field development plan. The current PSC terminates 2045. However, failure to complete the initial work programme set out in the Presidential decree and EEA documentation within the first six years after approval in January 2015, allows the Government of Cameroon to terminate the licence early at their option, following the process set out in the Cameroon Petroleum Code. The Directors consider that a long delay to FID, may increase the likelihood that the Government of Cameroon may terminate the licence.

In order to account for the significant uncertainties described above, we have taken an approach of risk-adjusting the discount rate in our valuation model. Using a risk adjustment discount rate of 15% to 23% our model gave a valuation estimate of \$130 million to \$190 million.

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

We determined what we concluded to be a reasonable mid-point in the range of valuations there were derived from both valuation approaches. Our current year assessment of the recoverable amount of the Etinde cash-generating unit calculated on the basis set out is \$150 million (2018: \$208 million). This gave rise to an impairment adjustment of \$62 million in 2019. Impairment charges were previously recognised in both 2015 and 2016 totalling \$136.7 million (2016: \$60.7 million; 2015: \$76 million).

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

COMPANY

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

9 PROPERTY, PLANT AND EQUIPMENT

Group	Property leases \$000	Plant and machinery \$000	Computer equipment \$000	Total \$000
Cost				
At 1 July 2019	157	6	513	676
Additions	-	-	11	11
Disposals	-	-	-	-
At 30 June 2020	157	6	524	687
Additions	-	-	52	52
Disposals	-	-	(31)	(31)
At 30 June 2021	157	6	545	708
Depreciation and impairment				
At 1 July 2019	74	3	493	570
Charge for year	40	2	8	50
At 30 June 2020	114	5	501	620
Charge for year	40	1	16	57
At 30 June 2021	154	6	517	677
Net book value				
At 30 June 2021	3	0	28	31
At 30 June 2020	43	1	23	67
At 1 July 2019	84	3	20	107

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

9 PROPERTY, PLANT AND EQUIPMENT CONTINUED

Company	Property leases \$000	Plant and machinery \$000	Computer equipment \$000	Total \$000
Cost				
At 1 July 2019	157	5	599	761
Additions	-	-	11	11
At 30 June 2020	157	5	610	772
Additions	-	-	51	51
Disposals	-	-	(31)	(31)
At 30 June 2021	157	5	630	792
Depreciation				
At 1 July 2019	74	2	580	656
Charge for year	40	1	8	49
At 30 June 2020	114	3	588	705
Charge for year	40	1	16	57
At 30 June 2021	154	4	604	762
Net book value				
At 30 June 2021	3	1	26	30
At 30 June 2020	43	2	22	67
At 1 July 2019	84	3	19	106

10 INVESTMENTS IN GROUP UNDERTAKINGS

Company	Investment in subsidiaries \$000
Cost	
At 1 July 2019	664,272
Additions	-
At 30 June 2020	664,272
Additions	-
At 30 June 2021	664,272
Impairment	
At 1 July 2019	519,173
Impairment loss	-
At 30 June 2020	519,173
Impairment loss	-
At 30 June 2021	519,173
Net book value	
At 30 June 2021	145,099
At 30 June 2020	145,099
At 1 July 2019	145,099

The recoverable amount of the investments is directly linked to the value of the Etinde development as Bowleven is a single asset business. The value of Etinde is determined using discounted future cash flows as set out in Note 8. The valuation attained is compared to the net book values of the investments in Bowleven Resources Limited in the financial statements, which are themselves based on the carrying value of EurOil Limited's sole asset, the Etinde JO along with the inter-company receivable (Note 13) in the Company's balance sheet. All other investments have a carrying value and recoverable amount of zero as at both 30 June 2021 and 2020.

During the previous year, a number of subsidiary undertakings within the Group have been liquidated and struck-off. The remaining Investments in Group undertakings, all of which are included in the Group consolidation, comprise:

Company	Country of incorporation/registration	Holding	Class of share
Bowleven Resources Limited ⁽ⁱ⁾	Scotland	100%	Ordinary £0.10
EurOil Limited ⁽ⁱ⁾	Cameroon	100%	Ordinary 500,000 CFA

(i) Bowleven Resources Limited owns 100% of EurOil Limited. The principal activity of Bowleven Resources Limited is as an intermediate holding company for the operating subsidiary in Cameroon. The principal activity of EurOil Limited is to procure and analyse scientific and technical data in order to assess exploration and development potential for oil and gas production in the Republic of Cameroon and manage day-to-day operations in Cameroon.

All subsidiary undertakings are directly owned by Bowleven plc except as noted above. The registered office of all Scotland registered Companies is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ. EurOil Limited's registered address is PO Box 93, Number 46 Rue Foucauld, next to Institut Universitaire de la Côte, Akwa, Douala, Republic of Cameroon.

11 FINANCIAL INVESTMENTS

Financial investments comprise:

Group and Company	2021 \$000	2020 \$000
Investments in listed preference shares	2,499	2,010
Total	2,499	2,010

The investments in preference or partnership shares were held in an actively traded market and are subject to fair value using quoted market prices (Level 1 valuation basis in accordance with IFRS 13 'Fair Value Measurement' criteria). The investments are fair valued monthly using quoted market prices (Level 1) valuation bases in accordance with the criteria set out in IFRS 13 'Fair Value Measurement'.

12 INVENTORY

	Group		Company	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Inventory	1,180	2,577	-	-
Inventory	1,180	2,577	-	-

The inventories relate to Bowleven's 25% share of casing, tubular goods and other equipment which were purchased for Etinde drilling programmes. The JO partners fully impaired any pre-2018 inventory which could not be used in the 2018 or subsequent drilling programme. Most of the inventory now held was acquired in 2018 as part of the appraisal drilling programme. These residual materials are considered usable in future drilling programmes. Bomono-related inventory is fully impaired. The reduction in the current financial year is discussed in Note 8.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Trade receivables	55	52	-	-
Other receivables	780	774	-	-
Amounts owed by Group undertakings	-	-	11,472	7,935
JO held cash balance	101	284	-	-
Amount due from JO	640	-	-	-
Accrued interest	55	55	55	55
	1,631	1,165	11,527	7,990
Other taxation and social security	7	12	7	7
Prepayments	200	95	196	93
	1,838	1,272	11,730	8,090

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
2021							
Not past due	1,433	1,433	-	-	-	-	-
Past due	198	-	-	-	-	-	198
As at 30 June 2021	1,631	1,433	-	-	-	-	198
2020							
Not past due	967	967	-	-	-	-	-
Past due	198	-	-	-	-	-	198
As at 30 June 2020	1,165	967	-	-	-	-	198

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

EXPECTED CREDIT LOSSES (ECL)

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

COMPANY

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

	Total \$000	Current \$000	<30 days \$000	30-60 days \$000	60-90 days \$000	90-120 days \$000	>120 days \$000
2021							
Not past due	11,527	11,527	-	-	-	-	-
As at 30 June 2021	11,527	11,527	-	-	-	-	-
2020							
Not past due	7,990	7,990	-	-	-	-	-
As at 30 June 2020	7,990	7,990	-	-	-	-	-

EXPECTED CREDIT LOSSES

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

14 BANK DEPOSITS, CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Cash at bank and in hand	47	151	39	139
Short-term deposits	4,047	8,951	4,047	8,949
	4,094	9,102	4,086	9,088

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Trade payables	112	121	47	57
Amounts due to Group undertakings	-	-	-	-
JO creditors and accruals	401	322	-	-
Amounts due to JO	-	783	-	-
	513	1,226	47	57
Other taxation and social security	23	18	23	17
Accruals	245	234	174	156
	781	1,478	244	230

GROUP

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

	2021			2020		
	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	112	-	112	121	-	121
JO creditors and accruals	401	-	401	322	-	322
Amounts due to JO	-	-	-	783	-	783
Accruals	245	-	245	234	-	234
	758	-	758	1,460	-	1,460

COMPANY

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

	2021			2020		
	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	47	-	47	57	-	57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

16 LEASES

On adoption of IFRS 16, the Company recognised lease liabilities in relation to the head office. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 8%.

Lease liabilities are presented in the statement of financial position as follows:

	2021 \$000	2020 \$000
Current	2	34
Non-current	-	2

17 ISSUED SHARE CAPITAL

	2021 Number	2020 Number	2021 \$000	2020 \$000
Authorised and allotted, called-up and fully paid:				
Ordinary shares of £0.10 each at 1 July	335,272,933	335,272,933	56,517	56,517
At 30 June	335,272,933	335,272,933	56,517	56,517

During the year the Company issued nil (2020: nil) ordinary shares in respect of share options. The issue amounted to an aggregated nominal value of \$nil (2020: \$nil) and an increase in the share premium reserve of \$nil (2020: \$nil).

18 EQUITY AND RESERVES

EQUITY SHARE CAPITAL AND SHARE PREMIUM

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

FOREIGN EXCHANGE RESERVE

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

OTHER RESERVES

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

	Treasury shares \$000	Share based payment reserve \$000	Shares held in trust \$000	Merger reserve \$000	Total other reserves \$000
Group					
Balance at 1 July 2019	(2,566)	327	(644)	5,237	2,354
Transfer between reserves	-	-	461	-	461
Share based payments	-	112	-	-	112
Balance at 30 June 2020	(2,566)	439	(183)	5,237	2,927
Transfer between reserves	(532)	-	532	-	-
Revaluation of shares held in trust	-	-	(349)	-	(349)
Share based payments	-	109	-	-	109
Balance at 30 June 2021	(3,098)	548	-	5,237	2,687

SHARE BASED PAYMENT RESERVE

The balance held in the share based payment reserve relates to the fair value of the BTIPs that have been expensed through the Group income statement. The transfer between reserves relates to BTIP amortisation charge in the period and represent the amount expensed through the Group income statement.

SHARES HELD IN TRUST

The Director and senior employee benefit trust (EBT) held 4,106,328 shares (2020: 4,106,328 shares) in Bowleven plc for the settlement of the LTIP share based payment scheme until 22 September 2020. On that date, Bowleven plc acquitted the entire holding from the EBT under a shareholder approved acquisition at a price of £0.10 per share. This price was deemed to be the fair value of the 4.1 million shares held by the trust at the date of sale. The EBT shares acquired were transferred to the Company's treasury shares where they will be held for future use in accordance with UK Company law and the London Stock Exchange rules.

During the year, the EBT purchased nil shares (2020: nil shares) and issued nil shares (2020: nil). The shares are valued at £0.10 per share, the price authorised by the shareholders at the December 2019 AGM in accordance with the appropriate legal and stock exchange rules. Previously, the shares held in trust were valued at the closing market value of Bowleven plc shares at the year-end.

The LTIP scheme had no beneficiaries during either 2020 or 2019. The Directors had undertaken steps during 2020, following shareholder approval to wind up the EBT given at the December 2019 AGM. The EBT formally ceased activity on 22 September 2020.

MERGER RESERVE

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

TREASURY SHARES

The Company initiated a share buyback programme on 19 August 2016 for a maximum aggregate consideration of up to \$10 million, the purpose being to reduce the outstanding issued share capital of the Company. The Board considered that the share buyback programme would be in the shareholders' interests, being accretive to NAV per share whilst retaining sufficient financial flexibility to evaluate growth options. The Company entered into an agreement with its then broker, Macquarie Capital (Europe) Limited to repurchase shares on its behalf, with such shares being held by the Company in treasury. The share buyback programme was executed in accordance with the Company's general authority to make market purchases which was approved by shareholders at the AGM on 16 December 2015 and the Company retained discretion in respect of the volume, timing and price of shares to be repurchased. The share buyback arrangements were terminated at the AGM on 14 December 2016. At that date, the Company repurchased 7,807,281 shares into treasury, having a nominal value of £780,728. The aggregate amount of consideration paid by the Company for those shares was \$2,566,000.

On 22 September 2020, the Company acquired the 4,106,328 shares held by the EBT at £0.10 per share following shareholder approval given at the 2019 AGM.

OTHER RESERVES - COMPANY BALANCE SHEET

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

Company	Treasury shares \$000	Share based payment reserve \$000	Shares held in trust \$000	Total other reserves \$000
Balance at 1 July 2019	(2,566)	327	(644)	(2,883)
Transfer between reserves	-	-	461	461
Share based payments	-	112	-	112
Balance at 30 June 2020	(2,566)	439	(183)	(2,310)
Transfer between reserves	(532)	-	532	-
Revaluation of shares held in trust	-	-	(349)	(349)
Share based payments	-	109	-	109
Balance at 30 June 2021	(3,098)	548	-	(2,550)

Company reserves are as defined above under Group reserves.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

19 SHARE BASED PAYMENTS

LONG-TERM INCENTIVE PLAN (LTIP)

The Group operated an LTIP scheme for Executive Directors and senior managers based in the UK and Cameroon. The arrangements terminated in April 2018 with the resignation of the last Director who had any interests under this scheme. Since that date, no new beneficiaries have been created and the LTIP arrangement has ceased. No options were granted, vested or expired during the current or prior year. The EBT was terminated on 22 September 2020.

BOWLEVEN TRANSFORMATION INCENTIVE PLAN (BTIP)

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

No awards under the BTIP were made in FY2020 and FY2021:

	Number
Outstanding at 1 July 2020	10,000,000
Granted during the year	-
Expired during the year	-
Vested during the year	-
Outstanding at 30 June 2021	10,000,000

The fair value of the BTIP scheme awards has been calculated using an appropriate suite of models. The main inputs to the model are as per the share option schemes below using a trinomial pricing model applying a Monte Carlo simulation. In addition, the following assumptions were used in calculating the fair value of BTIP awards:

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

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

20 CONTINGENT ASSETS AND LIABILITIES

The Group has the following contingent asset:

	2021 \$000	2020 \$000
Etinde farm-out contingent consideration	25,000	25,000
	25,000	25,000

As at 30 June 2021 and 30 June 2020, the Group has a contingent asset of \$25 million arising from the Etinde farm-out (see Note 8 for further detail). The amount is contingent on FID being reached on the development of the Etinde field by all parties. A financial asset will be recognised in the balance sheet and this final consideration for the Etinde farm-out transaction once sufficient certainty on FID project sanction is achieved.

Over several years, various potential issues have arisen as a result of a local tax audits in Cameroon, where the Group disagrees with the basis of the claims and is vigorously defending against assessments made. Due to the judicial process in country, at present it is not possible to determine the outcome of the legal process.

21 FINANCIAL INSTRUMENTS

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

FINANCIAL 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.

MARKET RISKS

FOREIGN EXCHANGE RISK

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

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

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

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

	In currency 2021 000	In USD 2021 000	In currency 2020 000	In USD 2020 000
Group				
GBP	828	1,145	1,119	1,379
USD	2,941	2,941	7,709	7,709
CFA	7,935	8	7,935	14
	In currency 2021 000	In USD 2021 000	In currency 2020 000	In USD 2020 000
Company				
GBP	828	1,145	1,119	1,379
USD	2,941	2,941	7,709	7,709

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

	In currency 2021 000	In USD 2021 000	In currency 2020 000	In USD 2020 000
Group and Company				
USD	2,499	2,499	2,010	2,010

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

Change in USD:GBP rate	Effect on loss before tax	
	2021 \$m	2020 \$m
+10%	(0.2)	(0.2)
-10%	0.2	0.2

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

21 FINANCIAL INSTRUMENTS CONTINUED

MARKET PRICE RISK

The investments in listed debt and equity instruments are subject to changes in market price in accordance with the perception of the market as a whole in the individual investments and in the sector, they operate in. As a result, the Group is exposed to market price risk. The table below shows the impact that a 10% change in the market price of the investment would have had on loss before tax, all other variables being held constant.

CHANGE IN MARKET PRICE

	Effect on loss before tax	
	2021 \$m	2020 \$m
+10%	(0.2)	(0.2)
-10%	0.2	0.2

CREDIT RISK

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

CASH

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

Counterparty risk is monitored on a regular basis and the Group and Company aim to minimise its exposure by investing funds with a number of counterparties at any one time, with a maximum of \$25 million (or 25% if total cash balance greater than \$100 million) held with any one bank. As at 30 June 2021, the largest balance held with one institution was \$3.4 million (2020: \$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 nor Company have any offset arrangements.

FINANCIAL INVESTMENTS - LISTED DEBT INSTRUMENTS

During 2018, the Group acquired a number of investments of separately listed debt instruments issued by publicly or privately owned companies. The table sets out the value of investment held at 30 June, analysed by credit rating. The final debt instrument held was repaid by the borrower during the current financial year. All other investments were sold in the prior year.

The Group now holds one investment in preference shares issued by publicly listed equity bodies, which are treated as debt instruments for accounting purposes.

Rating	2021 \$000	2020 \$000
BB to B3	2,499	2,010
Total	2,499	2,010

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

LIQUIDITY RISK

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

CASH

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

The Group and Company currently finance their operations from existing cash reserves which, in the past, have been funded from share issues and farm-out activity. During 2015, the Group completed the Etinde farm-out and received cash proceeds of \$165 million on completion with a further \$15 million received on 30 September 2016. There is further contingent consideration relating to the Etinde farm-out totalling \$25 million receivable as soon as the FID has been taken by the JO consortium (refer to Notes 8 and 20). 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.

LISTED DEBT INSTRUMENT INVESTMENTS

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

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

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

BORROWING

The Group and Company have no borrowing facilities that require repayment and therefore have no interest rate risk exposure. The maturity profile of the Company's liabilities is shown in Note 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 principal capital source of the Group alongside farm-out opportunities. As the Group moves towards development, alternative sources of funding are likely to be used. In order to maintain or adjust the capital structure, the Group and Company may issue fresh equity, return capital to shareholders, farm-out part of its asset or source debt funding.

No changes were made in the objectives and policies during the year ended 30 June 2020.

	Group 2021 \$000	Group 2020 \$000	Company 2021 \$000	Company 2020 \$000
Trade and other payables	(513)	(1,226)	(47)	(57)
Lease liabilities	(2)	(36)	(2)	(36)
Bank deposits, cash and cash equivalents	4,094	9,102	4,086	9,088
Financial investments	2,499	2,010	2,499	2,010
Net funds	6,078	9,850	6,536	11,005
Equity	163,744	165,618	163,198	164,088
Equity less net funds	157,666	155,768	156,662	153,083

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED

21 FINANCIAL INSTRUMENTS CONTINUED

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the above financial instruments has been valued using Level 1 hierarchy. The Directors consider that the fair value of the Group's financial assets and liabilities are not considered to be materially different from their book values.

FINANCIAL INSTRUMENTS BY CATEGORY

	Group 2021 \$000	Group 2020 \$000	Company 2021 \$000	Company 2020 \$000
As at 30 June:				
Measured at fair value through the profit and loss				
<i>Financial investments</i>				
Debt instruments	2,499	2,010	2,499	2,010
Measured at amortised cost				
<i>Loans and receivables</i>				
Trade and other receivables ⁽ⁱ⁾	991	1,165	11,527	7,990
Bank deposits, cash and cash equivalents	4,094	9,102	4,086	9,088
	7,584	12,277	18,112	19,088
<i>Financial liabilities:</i>				
Trade and other payables ⁽ⁱ⁾	(513)	(1,226)	(47)	(57)
Lease liabilities	(2)	(36)	(2)	(73)
Total	7,069	11,015	18,063	18,958

(i) Excluding tax, prepayments and accruals.

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

LEASE LIABILITIES

The maturity date of the Group and Company's lease liabilities is as follows:

	2021 \$000	2020 \$000
Company and Group		
Within 12 months	2	34
12 to 24 months	-	2
	2	36

Total rent paid was \$39,000 in both financial periods. 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. A new office lease was entered into in August 2021.

22 RELATED PARTY TRANSACTIONS

COMPANY BALANCE SHEET

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

	2021 \$000	2020 \$000
Amounts owed from subsidiary undertakings	11,472	7,935
Amounts owed from subsidiary undertakings	11,472	7,935

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

No purchase or sales transactions were entered between the Company and subsidiary undertakings. Recharges from the Company to subsidiaries in both years were \$nil. Ongoing funding is advanced from the Company to its subsidiaries and capitalised on a regular basis. Such funding is detailed in Note 13.

REMUNERATION OF KEY MANAGEMENT

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting (the AGM) of Bowleven plc (the Company) will be held at 10 a.m. (UK time) on Wednesday, 8 December 2021 at The News Building, 3 London Bridge Street, London SE1 9SG.

The AGM will be held for the following purposes:

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

1. To receive the Company's Annual Report and Accounts for the financial year ended 30 June 2021 and the reports of the Directors and the independent auditors thereon.
2. To reappoint BDO LLP as independent auditor of the Company, from the conclusion of the AGM until the conclusion of the next general meeting of the Company at which accounts are laid.
3. To authorise the Directors to determine the auditor's remuneration.

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

4. To approve and adopt amended Articles of Association of the Company (the '**New Articles**') to allow the Company additional flexibility in conducting its general meetings in the future. A copy of the New Articles showing the proposed changes to the Company's existing Articles of Association, is available on the Company's website at <https://www.bowleven.com/investor-relations/corporate-documents>.

By Order of the Board

Burness Paull LLP

Company Secretary
50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

9 November 2021

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

COVID-19 GUIDELINES

Current Government instructions and guidance regarding COVID-19 and public gatherings and events stipulates the need for safer actions and behaviours to reduce social contact, particularly in enclosed indoor spaces. We need to consider the safety and wellbeing of our shareholders, employees and all others involved in this event. In light of this, we recommend that shareholders do not attend the AGM in person and that shareholders exercise their votes by submitting their proxy in advance of the meeting, and to appoint the Chair of the meeting as their proxy with their voting instructions.

GENERAL

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

Each of the resolutions to be considered at the AGM will be voted on by way of a poll. This ensures that shareholders who are unable to attend the AGM but who have appointed proxies have their votes taken into account. The results of the polls will be announced to AIM and published on the Company's website as soon as possible after the conclusion of the AGM.

RESOLUTION 1 – ANNUAL REPORT AND ACCOUNTS

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

RESOLUTIONS 2 AND 3 – REAPPOINTMENT AND REMUNERATION OF THE AUDITOR

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

RESOLUTION 4 – ARTICLES OF ASSOCIATION

Resolution 4 is proposed as a special resolution and seeks authority for the Company to make amendments to its existing Articles of Association (the 'Current Articles') to permit the Company to hold 'hybrid' general meetings (including annual general meetings) in such a way that enables shareholders to attend and participate in the business of the meeting by attending a physical location or by attending electronically.

The Current Articles were adopted in 2010. In light of recent advances in technology, in the context of lessons learned during the COVID-19 pandemic, in line with the views expressed by various shareholder bodies and to align with developing best practice, the Board considers that it is appropriate that the Company should have additional flexibility in conducting its general meetings in future. The Board believes that 'hybrid' meetings have the potential to make it easier for shareholders (including those unable to attend a physical meeting in person) to attend and participate in general meetings, and therefore to facilitate greater shareholder and stakeholder engagement over the coming years in a way that is more convenient for all parties.

The proposed amendments to the Current Articles will not permit the Company to hold entirely 'virtual' or 'electronic-only' meetings and shareholders will still be entitled to attend in person if they wish to do so.

A copy of the Current Articles and a copy of the New Articles, showing the proposed changes to the Current Articles, will be available on the Company's website at <https://www.bowleven.com/investor-relations/corporate-documents> from the date of this document until the close of the AGM.

RECOMMENDATION

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

SHAREHOLDER NOTES

APPOINTMENT OF PROXY

Any shareholder who is entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who need not be shareholders) to attend the AGM and speak and vote instead of the shareholder. As indicated above, we are recommending that members do not attend the AGM's physical venue and as such we urge shareholders appoint the Chair as their proxy to ensure their vote is cast.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING CONTINUED

A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to different shares held by that shareholder. A shareholder may not appoint more than one proxy to exercise rights attached to any one share.

In order for a proxy form to be valid, it must be lodged with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 10 a.m. (UK time) on 6 December 2021.

CORPORATE REPRESENTATIVES

Any corporation that is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all its powers as a shareholder provided that they do not do so in relation to the same shares. A corporate representative must obtain prior approval by our registrars, Computershare no later than 10 a.m. (UK time) on 6 December 2021.

RECORD DATE

Pursuant to Regulation 41 of the Uncertificated Securities Regulation 2001, to be entitled to vote at the AGM (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 6 December 2021 (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 will be made available online on the Company's website up to and including the day of the AGM:

- the Current Articles;
- the New Articles, showing the proposed changes to the Current Articles;
- the Company's Annual Report and Accounts for the year ended 30 June 2021;
- copy of the service contract of Eli Chahin (being the Executive Director of the Company); and
- copy of the letter of appointment of Jack Arnoff (being the Non-Executive Director and Chairman of the Company).

SHAREHOLDER HELPLINE

Shareholders who have general queries about the AGM or need additional information in relation to the voting process should call our Shareholder Helpline on 0370 707 1284 (no other methods of communication will be accepted).

STATEMENT OF CAPITAL AND VOTING RIGHTS

As of 8 November 2021 (being the latest practicable date prior to publication of this notice), the Company's issued share capital consisted of 335,272,933 shares (one vote per ordinary share). 11,913,609 shares were held in treasury. Therefore, the total number of voting rights in the share capital of the Company as of 8 November 2021 is 323,359,324.

GLOSSARY

AGM	annual general meeting
AIM	the market of that name operated by the London Stock Exchange
Articles of Association	the internal rules by which a company is governed
BBL or bbl	barrel of oil
bcf or bscf	billion standard cubic feet of gas
Board of Directors	the Directors of the Company
boe	barrels of oil equivalent
Bomono Permit/Licence	the production sharing contract between the Republic of Cameroon and EurOil, dated 12 December 2007, in respect of the area of approximately 2,328 km ² comprising former blocks OLHP-1 and OLHP-2 onshore Cameroon; or, as the context may require, the contract area to which that production sharing contract relates
Bowleven or Bowleven plc	Bowleven plc (LSE: BLVN) and/or its subsidiaries as appropriate
CFA	Central African Francs
Companies Act 2006 ('the Act')	the United Kingdom Companies Act 2006 (as amended)
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
EA	Exploitation Authorisation
EBT	employee benefit trust
EEEE or EEAA	Etinde Exclusive Exploitation Agreement
EG	Equatorial Guinea
EOI	Expression of interest
E&P	exploration and production
Etinde Permit	the Etinde Exploitation Authorisation (EA) area. The Etinde EA, granted on 29 July 2014, covers an area of approximately 461 km ² (formerly block MLHP-7) and is valid for an initial period of 20 years with an initial six-year period ending January 2021, by which time development must commence. SNH have informed the JV of their intention to exercise their right to back into this licence, but have not signed the Participation Agreement and funded their share of cash calls in accordance with the requirements set out in the PSC
EurOil	EurOil Limited, an indirectly wholly owned subsidiary of Bowleven plc, incorporated in Cameroon
FEED	Front End Engineering Design
FID	final investment decision
G&A	general and administration
GIIP	gas initially in place
Group	the Company and its direct and indirect subsidiaries
Host Government	Government of Cameroon
HSSE	health, safety, security and environment
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Intra Isongo	nomenclature used to describe a sequence of sedimentary rocks in the Etinde licence area
JO, JV or JV partners	an unincorporated joint operation. Joint Venture partners are the financial investors who jointly own and operate the unincorporated joint operations
km	kilometres
km ²	square kilometres
LNG	liquefied natural gas
LPG	liquefied petroleum gas
LTIP	long-term incentive plan

GLOSSARY CONTINUED

LUKOIL	LUKOIL Overseas West Project Limited, a subsidiary undertaking of OAO LUKOIL
Macquarie	Macquarie Capital (Europe) Limited
mmbbls	million barrels
mmboe	million barrels of oil equivalent
MMBtu	Metric Million British Thermal Unit
mmscf	million standard cubic feet of gas
mscf	thousand standard cubic feet of gas
New Age	New Age (African Global Energy) Limited, a privately held oil and gas company
New Age Group	New Age and its subsidiaries
NOMAD	nominated advisor
ordinary shares	ordinary shares of 10 pence each in the capital of the Company
P10 (3C)	10% probability that volumes will be equal to or greater than stated volumes
P50 (2C)	50% probability that volumes will be equal to or greater than stated volumes
P90 (1C)	90% probability that volumes will be equal to or greater than stated volumes
PSC	production sharing contract
Q1, Q2, etc.	first quarter, second quarter, etc.
scf	standard cubic feet
shareholders	means holders of ordinary shares and 'shareholder' means any one of them
SNH	Société Nationale des Hydrocarbures, the national oil and gas company of Cameroon
tcf	trillion cubic feet
US	United States of America
\$, US Dollars, USD	United States of America Dollars
£, GB Pounds, GBP	Great Britain Pounds Sterling

Notes:

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

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

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REGISTERED OFFICE

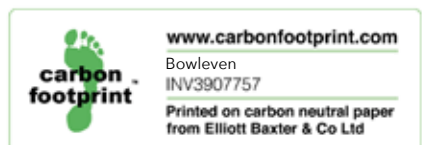
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