

25 September 2018



**Borders & Southern Petroleum plc**  
("Borders & Southern" or "the Company")

**Unaudited Results for the six month period ended 30 June 2018**

Borders & Southern (AIM: BOR), the London based independent oil and gas exploration company with assets offshore the Falkland Islands, announces its unaudited results for the half-year ending 30 June 2018.

**Summary**

- Farm-out process is actively on-going
- Cash balance at 30 June 2018: \$6.8 million (30 June 2017 - \$8.6 million); no debt.
- Substantial increase in estimated resource from independent evaluation announced in February with un-risked Best Estimate total recoverable liquids (condensate and LPG) for Darwin East and West of 462 MMbbl. The geological chance of success of finding hydrocarbons in a well located on Darwin West was assessed to be 0.81.
- Subsequent Company economic modelling of a combined Darwin East and West straightforward FPSO development indicated a breakeven oil price in the mid-thirties dollars per barrel.

For further information please visit [www.bordersandsouthern.com](http://www.bordersandsouthern.com) or contact:

**Borders & Southern Petroleum plc**

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*The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.*

**Notes:**

Borders & Southern Petroleum plc is an oil & gas exploration company listed on the London Stock Exchange AIM (BOR). The Company operates and has a 100% interest in three Production Licences in the South Falkland Basin covering an area of nearly 10,000 square kilometres. The Company has acquired 2,517 square kilometres of 3D seismic and drilled two exploration wells, making a significant gas condensate discovery with its first well.

*The technical aspects of this announcement have been reviewed, verified and approved by Dr Howard Obee in accordance with the Guidance Note for Mining, Oil and Gas Companies, issued by the London Stock Exchange in respect of AIM companies. Dr Obee is a petroleum geologist with more than 30 year's relevant experience. He is a Fellow of the Geological Society and member of the American Association of Petroleum Geologists and the Petroleum Exploration Society of Great Britain.*

## **Chief Executive's Statement**

From the start of the year our priority has been to focus activity on attracting partners into our Production Licences, to help fund the appraisal drilling of Darwin, whilst maintaining strict capital discipline.

The Company incurred a loss from operations of \$961,000 for the six-month period ending 30 June 2018 (\$871,000 for the corresponding period in 2017). The administrative expense was slightly lower at \$783,000 (\$811,000 in 2017). The cash balance at 30 June 2018 was \$6.8 million. Our cash balance and the loss from operations has been negatively impacted by foreign exchange rate movements. The Company retains the majority of its funds in Sterling which has weakened against the US dollar. The Company has no debt.

Early in the year we reported on an independent evaluation of Darwin. This evaluation resulted in revised resource estimates for Darwin. The un-risked best estimate total contingent resource (condensate and LPG) for Darwin East was assessed to be 170 million barrels. The prospective resource for the, as yet, undrilled Darwin West fault block was 292 million barrels. The geological chance of success of finding hydrocarbons on Darwin West was independently assessed to be 0.81. Subsequent Company economic modelling of a straightforward FPSO development indicated a breakeven oil price in the mid-thirties dollars per barrel.

With an independently evaluated large, liquids-rich, gas condensate discovery, a completed screening development study, positive internal project economics and a clear appraisal strategy, we re-engaged with the industry to secure partners. We believe that we have a strong proposition to offer and have been pleased by the level of interest. Brent crude has stayed consistently over \$65 per barrel for a large part of the year and this has had a positive impact. The rebound in oil price and a more stable industry environment has resulted in more companies prepared to consider a conventional offshore opportunity to help rebuild their portfolios. The farm-out process is active. Our data room is open and will continue to be open for a while yet. At the start of the year our outlook was optimistic and this continues to be the case.

**Howard Obee**

Chief Executive

25 September 2018

**Borders & Southern Petroleum Plc**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the six months ended 30 June 2018

		<b>6 months ended 30 June 2018 (unaudited) \$000</b>	6 months ended 30 June 2017 (unaudited) \$000	12 months ended 31 December 2017 (audited) \$000
Administrative expenses		<b>(783)</b>	(811)	(1,734)
<b>LOSS FROM OPERATIONS</b>		<b>(783)</b>	(811)	(1,734)
Finance income	3	<b>15</b>	-	542
Finance expense	3	<b>(193)</b>	(60)	-
<b>LOSS BEFORE TAX</b>		<b>(961)</b>	(871)	(1,192)
Tax expense		-	-	-
<b>LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT</b>		<b>(961)</b>	(871)	(1,192)
Loss per share – basic and diluted	2	<b>(0.2) cents</b>	(0.2) cents	(0.25) cents

**Borders & Southern Petroleum Plc**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
At 30 June 2018

	At 30 June 2018 (unaudited) \$000	At 30 June 2017 (unaudited) \$000	At 31 December 2017 (audited) \$000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	11	11
Intangible assets	291,639	289,516	290,826
<b>Total non-current assets</b>	<b>291,643</b>	<b>289,840</b>	<b>290,837</b>
<b>CURRENT ASSETS</b>			
Other receivables	34	544	440
Cash and cash equivalents	6,784	8,608	8,251
<b>TOTAL CURRENT ASSETS</b>	<b>6,818</b>	<b>9,152</b>	<b>8,691</b>
<b>TOTAL ASSETS</b>	<b>298,461</b>	<b>299,679</b>	<b>299,528</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	(527)	(481)	(633)
Current tax liability	-	-	-
<b>TOTAL LIABILITIES</b>	<b>(527)</b>	<b>(481)</b>	<b>(633)</b>
<b>TOTAL NET ASSETS</b>	<b>297,934</b>	<b>299,198</b>	<b>298,895</b>
<b>EQUITY</b>			
Share capital	8,530	8,530	8,530
Share premium account	308,602	308,602	308,602
Other reserve	1,773	2,418	1,773
Retained deficit	(20,955)	(20,336)	(19,994)
Foreign currency reserve	(16)	(16)	(16)
<b>TOTAL EQUITY</b>	<b>297,934</b>	<b>299,198</b>	<b>298,895</b>

**Borders & Southern Petroleum Plc**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 June 2018

	Share capital \$000	Share premium account \$000	Other reserve \$000	Retained Deficit \$000	Foreign currency reserve \$000	Total \$000
<b>Unaudited</b>						
Balance at 1 January 2018	8,530	308,602	1,773	(19,994)	(16)	298,895
Total comprehensive loss for the period	-	-	-	(961)	-	(961)
Balance at 30 June 2018	<u>8,530</u>	<u>308,602</u>	<u>1,773</u>	<u>(20,955)</u>	<u>(16)</u>	<u>297,934</u>
<b>Unaudited</b>						
Balance at 1 January 2017	8,530	308,602	2,418	(19,465)	(16)	300,069
Total comprehensive income for the period	-	-	-	(871)	-	(871)
Balance at 30 June 2017	<u>8,530</u>	<u>308,602</u>	<u>2,418</u>	<u>(20,336)</u>	<u>(19)</u>	<u>299,198</u>
<b>Audited</b>						
Balance at 1 January 2017	8,530	308,602	2,418	(19,465)	(16)	300,069
Total comprehensive loss for the year	-	-	-	(1,192)	-	(3,604)
Expiry of share options			(663)	663		
Recognition of share based payments	-	-	48	-	-	48
Balance at 31 December 2017	<u>8,530</u>	<u>308,602</u>	<u>1,773</u>	<u>(19,994)</u>	<u>(16)</u>	<u>298,895</u>

**Borders & Southern Petroleum Plc**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2018

	<b>6 months ended 30 June 2018 (unaudited) \$000</b>	6 months ended 30 June 2017 (unaudited) \$000	12 months ended 31 December 2017 (audited) \$000
<b>Cash flow from operating activities</b>			
LOSS BEFORE TAX	(961)	(871)	(1,192)
Adjustments for:			
Depreciation	7	1	1
Share-based payment	-	-	18
Net finance costs/(income)	178	60	(542)
Realised foreign exchange (losses)/gains	(20)	5	(17)
	<b>(796)</b>	<b>(805)</b>	<b>(1,732)</b>
Decrease in trade and other receivables	406	623	728
Decrease in trade and other payables	(106)	(655)	(503)
Tax paid	-	-	-
<b>Net cash outflow from operating activities</b>	<b>(496)</b>	<b>(837)</b>	<b>(1,507)</b>
<b>Cash flows used in investing activities</b>			
Interest received	15	-	11
Purchase of intangible fixed assets	(814)	(135)	(445)
<b>Net cash used in investing activities</b>	<b>(799)</b>	<b>(135)</b>	<b>(434)</b>
<b>Cash flows from financing activities</b>	<b>-</b>	<b>--</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,295)</b>	<b>(972)</b>	<b>(1,941)</b>
Cash and cash equivalents at the beginning of the period	8,251	9,645	9,645
Exchange (losses)/gains on cash and cash equivalents	(172)	(65)	547
Cash and cash equivalents at the end of the period	<b>6,784</b>	<b>8,608</b>	<b>8,251</b>

## Borders & Southern Petroleum Plc

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2018

#### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared using the recognition and measurement principles of International Accounting Standards, International Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRSs). The Group has not elected to comply with IAS 34 "Interim Financial Reporting" as permitted. The principal accounting policies used in preparing the interim financial statements are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2017 and are expected to be consistent with those policies that will be in effect at the year end.

The condensed consolidated financial statements for the six months ended 30 June 2018 and 30 June 2017 are unreviewed and unaudited. The comparative financial information does not constitute statutory financial statements as defined by Section 435 of the Companies Act 2006. The comparative financial information for the year ended 31 December 2017 is not the company's full statutory accounts for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

#### 2. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. During the period the potential ordinary shares are anti-dilutive and therefore diluted loss per share has not been calculated. At 30 June 2018, there were 7,050,000 (30 June 2017: 6,050,000, 31 December 2017:7,050,000) potentially dilutive ordinary shares being the share options.

	Loss after tax for the period \$000	Weighted average number of shares	Loss per share cent
<b>BASIC AND DILUTED</b>			
<b>Six months ended 30 June 2018 (unaudited)</b>	<b>(961)</b>	<b>484,098,484</b>	<b>(0.2)</b>
Six months ended 30 June 2017 (unaudited)	(871)	484,098,484	(0.2)
Twelve months ended 31 December 2017 (audited)	(1,192)	484,098,484	(0.25)

#### 3. FINANCE INCOME AND EXPENSE

Finance income	6 months ended 30 June 2018 \$000	6 months ended 30 June 2017 \$000	12 months ended 31 December 2017 \$000
Bank interest receivable	15	-	12
Foreign exchange (loss)/gain	(193)	(60)	530
	<b>(178)</b>	<b>(60)</b>	<b>542</b>

#### 4. CORPORATE GOVERNANCE

The Company has decided to adopt the Quoted Companies Alliance Corporate Governance Code and statement on compliance with the code will be on the website shortly.

## Geological glossary

The resource estimates have been estimated in accordance with the Petroleum Resource Management System guidelines endorsed by the Society of Petroleum Engineers.

Best estimate or P50	With respect to resource categorization, this is considered to be the best estimate of the quantity that will actually be recovered from the accumulation by the project. It is the most realistic assessment of recoverable quantities if only a single result were reported. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate
Condensate	a mixture of hydrocarbons that exist in the gaseous phase at original temperature and pressure of the reservoir, but when produced, are in the liquid phase at surface pressure and temperature conditions
Low/Best/High Estimates	The range of uncertainty reflects a reasonable range of estimated potentially recoverable volumes at varying degrees of uncertainty (using the cumulative scenario approach) for an individual accumulation or a project
Recoverable resources	those quantities of hydrocarbons that are estimated to be producible from discovered or undiscovered accumulations

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