

24 September 2020



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

Unaudited Results for the six-month period ended 30 June 2020

Borders & Southern Petroleum plc (AIM: BOR) is pleased to announce its unaudited interim financial statements for the six months to 30 June 2020. The accounts contained within this report represent the consolidation of Borders & Southern Petroleum plc and its subsidiary, Borders & Southern Falkland Islands Limited.

Chief Executive's Statement

The Company reports a loss from operations of \$579,000 for the six-month period ending 30 June 2020. This compares to \$820,000 for the corresponding period last year. The cash balance at 30 June 2020 was \$2,560,000 (30 June 2019: \$4,407,000), with no debt.

Tough economic conditions have prevailed throughout the first part of the year and in response to this we have made additional cutbacks to the 2020 budget. The Company has always maintained a low overhead, outsourcing many of its non-core disciplines. But further savings have been made, including staff salaries. Executive directors have taken a 50% reduction in salary since 2019. Our objective has been to preserve cash during this industry downturn.

The low oil price, currently around \$40 per barrel, has resulted in a dramatic fall in exploration and appraisal activity within the industry, along with a decrease in capital expenditure on new developments. In this setting we have continued our farm-out pursuit. Our endeavors have been far reaching, not only having discussions with other oil companies, but also exploring potential collaborations with service and engineering companies. We continue to investigate all options.

Undoubtedly, within the current climate we face a significant challenge, like so many companies our size. This year, our industry has faced an oil supply surplus coupled with a decrease in demand due to the Covid-19 global pandemic, at a time when the world is starting to transition towards renewable energy. Many commentators believe that hydrocarbons will continue to play a very important role during the transition, but we will potentially see a high-grading of new developments, based on quality of reservoir, break-even oil price and environmental footprint. We believe that Darwin stands out on this basis, with its break-even oil price of less than \$35 per barrel, quick payback, excellent reservoir and a relatively small environmental footprint. We therefore remain optimistic that progress towards appraisal and development will be achieved.

For further information, please visit www.bordersandsouthern.com or contact:

Borders & Southern Petroleum plc

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Notes to Editors:

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		6 months ended 30 June 2020 (unaudited) \$000	6 months ended 30 June 2019 (unaudited) \$000	12 months ended 31 December 2019 (audited) \$000
Administrative expenses		(579)	(820)	(1,447)
LOSS FROM OPERATIONS		(579)	(820)	(1,447)
Finance income	3	2	17	88
Finance expense	3	(144)	(17)	(11)
LOSS BEFORE TAX		(721)	(820)	(1,370)
Tax expense		-	-	-
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		(721)	(820)	(1,370)
Loss per share – basic and diluted	2	(0.15) cents	(0.17) cents	(0.28) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	At 30 June 2020 (unaudited) \$000	At 30 June 2019 (unaudited) \$000	At 31 December 2019 (audited) \$000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	71	102	118
Intangible assets	292,019	291,675	291,765
Total non-current assets	292,090	291,777	291,883
CURRENT ASSETS			
Other receivables	363	416	233
Cash and cash equivalents	2,560	4,407	3,682
TOTAL CURRENT ASSETS	2,923	4,823	3,915
TOTAL ASSETS	295,013	296,600	295,798
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(171)	(489)	(235)
Current tax liability	-	-	-
TOTAL LIABILITIES	(171)	(489)	(235)
TOTAL NET ASSETS	294,842	296,111	295,563
EQUITY			
Share capital	8,530	8,530	8,530
Share premium	308,602	308,602	308,602
Other reserve	1,777	1,775	1,777
Retained deficit	(24,051)	(22,780)	(23,330)
Foreign currency reserve	(16)	(16)	(16)
TOTAL EQUITY	294,842	296,111	295,563

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital	Share premium	Other reserve	Retained Deficit	Foreign currency reserve	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Unaudited						
Balance at 1 January 2020	8,530	308,602	1,777	(23,330)	(16)	295,563
Total comprehensive loss for the period	-	-	-	(721)	-	(721)
Balance at 30 June 2020	<u>8,530</u>	<u>308,602</u>	<u>1,777</u>	<u>(24,051)</u>	<u>(16)</u>	<u>294,842</u>
Unaudited						
Balance at 1 January 2019	8,530	308,602	1,775	(21,960)	(16)	296,931
Total comprehensive income for the period	-	-	-	(820)	-	(820)
Balance at 30 June 2019	<u>8,530</u>	<u>308,602</u>	<u>1,775</u>	<u>(22,780)</u>	<u>(16)</u>	<u>296,111</u>
Audited						
Balance at 1 January 2019	8,530	308,602	1,775	(21,960)	(16)	296,931
Total comprehensive loss for the year	-	-	-	(1,370)	-	(1,370)
Recognition of share based payments	-	-	2	-	-	2
Balance at 31 December 2019	<u>8,530</u>	<u>308,602</u>	<u>1,777</u>	<u>(23,330)</u>	<u>(16)</u>	<u>295,563</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	6 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)	12 months ended 31 December 2019 (audited)
Cash flow from operating activities	\$	\$	\$
(Loss) before tax	(721)	(820)	(1,370)
Adjustments for:			
Depreciation	47	97	92
Share-based payment	-	-	2
Net finance costs/(income)	(142)	-	(77)
Realised foreign exchange gains	-	-	27
	<u>(532)</u>	<u>(723)</u>	<u>(1,326)</u>
Cash flows used in operating activities			
(Increase)/decrease in trade and other receivables	(130)	(156)	29
(Decrease)/increase in trade and other payables	(8)	72	(176)
Net cash outflow from operating activities	<u>(138)</u>	<u>(807)</u>	<u>(1,473)</u>
Cash flows used in investing activities			
Interest received	2	17	27
Purchase of intangible fixed assets	(254)	(308)	(398)
Purchase of tangible fixed assets	-	-	(11)
Net cash used in investing activities	<u>(252)</u>	<u>(301)</u>	<u>(382)</u>
Cash flows from financing activities			
Lease interest	(5)	(104)	(11)
Lease payments	(56)	(10)	(112)
	<u>(61)</u>	<u>(114)</u>	<u>(123)</u>
Net decrease in cash and cash equivalents	(983)	(1,212)	(1,978)
Cash, cash equivalents and restricted use cash at the beginning of the period	3,682	5,626	5,626
Exchange losses on cash and cash equivalents	(139)	(7)	34
Cash, cash equivalents and restricted use cash at the end of the period	2,560	4,407	3,682

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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 2019 and are expected to be consistent with those policies that will be in effect at the year end.

The condensed financial statements for the six months ended 30 June 2020 and 30 June 2019 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 2019 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. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. Diluted loss per share are not stated as the dilution would relate only to share options and would be considered anti-dilutive.

	Loss after tax for the period \$000	Weighted average number of shares	Loss per share (cents)
Basic and diluted			
Six months ended 30 June 2020 (unaudited)	(721)	484,098,484	(0.15)
Six months ended 30 June 2019 (unaudited)	(820)	484,098,484	(0.17)
Twelve months ended 31 December 2019 (audited)	(1,370)	484,098,484	(0.28)

3. **FINANCE INCOME AND EXPENSE**

Finance income

	6 months ended 30 June 2020 \$000	6 months ended 30 June 2019 \$000	12 months ended 31 December 2019 \$000
Bank interest receivable	2	17	27
Foreign exchange (loss)/gain	(139)	(7)	61
Interest on leased assets	(5)	(10)	(11)
	<u>(142)</u>	<u>-</u>	<u>77</u>

4. **GOING CONCERN**

The Company regularly assesses its liquidity and available funds to ensure that it has sufficient funds available to cover its costs for at least the following 12 months. As mentioned in the Chief Executive's statement, costs have been recently cut to ensure this remains the case.

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