

30 September 2022



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

Unaudited Results for the six-month period ended 30 June 2022

Borders & Southern Petroleum plc (AIM: BOR) announces its unaudited half year financial statements for the six months to 30 June 2022. The accounts contained within this report represent the consolidation of Borders & Southern Petroleum plc and its subsidiary, Borders & Southern Falkland Islands Limited.

Highlights

- Operating loss for the period was \$857,000 (2021: \$446,000)
- Cash balance on 30 June 2022 was \$1.207 million (30 June 2021: \$1.352)
- An independent facilities study has been commissioned to provide preliminary cost estimates for a phased development of Darwin East

Chief Executive's Statement

The Company incurred a loss from operations for the six-month period up to 30 June 2022 of \$857,000. The increase on the previous year's equivalent reporting period is partly due to the higher administrative costs associated with advisory support for the successful Open Offer, that was completed in the first half of this year, as well as the adverse foreign exchange conditions (the majority of the Company's expenditures are currently in Sterling, but our reporting is in US dollars). As of the 30 June 2022, the Company's Cash Balance was \$1.2 million, compared to \$1.3 for the same point last year.

The surging oil and gas prices during the first half of the year have had a positive impact on industry sentiment, with energy security becoming an important consideration. In this context, we have experienced an increase in interest in our project and continue to talk with potential partners. As previously reported, one of our objectives for the year was to commission an independent facilities study to further evaluate our development concepts and to provide current CAPEX and OPEX estimates. We are focusing on a phased development, consistent with the industry and economic environment, whereby we could minimize initial capital expenditure and deliver fast project payback. This study is now underway.

The study is assessing a development that commences on Darwin East, with initial production of 25,000 to 30,000 barrels per day of condensate, based on two subsea production wells and one subsea gas injection well, tied back to an FPSO. Production could be increased by additional wells on Darwin East and the

subsequent full development of Darwin West. All equipment required for such a subsea development would be industry standard.

The Company's Production Licences and Discovery Area have an expiry date of 31 December 2022. In line with other Operators active in the Falkland Islands, we intend to request an extension to our Licences and Discovery Area. As part of the approval process, we recognise that we will need to demonstrate the Company's financial capability during the extension period. It is therefore likely additional funds will be sought before the end of the year.

With positive industry sentiment, and a global need to bring additional resources into production to help manage the energy transition, we remain convinced that the appraisal and development of the Darwin discovery is a commercially viable proposition.

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 (AIM: BOR) is an oil & gas exploration company listed on the AIM Market of the London Stock Exchange. 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 2022

		6 months ended 30 June 2022 (unaudited) \$000	6 months ended 30 June 2021 (unaudited) \$000	12 months ended 31 Dec 2021 (audited) \$000
Administrative expenses		(747)	(546)	(1,096)
LOSS FROM OPERATIONS		(747)	(546)	(1,096)
Finance income	3	-	101	74
Finance costs	3	(110)	(1)	(1)
LOSS BEFORE TAX		(857)	(446)	(1,023)
Tax expense		-	-	-
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		(857)	(446)	(1,023)
Loss per share – basic and diluted	2	(0.02) cents	(0.09) cents	(0.21) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	At 30 June 2022 (unaudited) \$000	At 30 June 2021 (unaudited) \$000	At 31 December 2021 (audited) \$000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	88	22
Intangible assets	293,064	292,494	292,746
Total non-current assets	293,073	292,582	292,768
CURRENT ASSETS			
Other receivables	383	361	183
Cash and cash equivalents	1,207	1,352	714
TOTAL CURRENT ASSETS	1,590	1,713	897
TOTAL ASSETS	294,663	294,295	293,665
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(287)	(180)	(126)
TOTAL LIABILITIES	(287)	(180)	(126)
TOTAL NET ASSETS	294,376	294,115	293,539
EQUITY			
Share capital	9,833	8,530	8,530
Share premium	308,993	308,602	308,602
Other reserve	1,778	1,777	1,778
Retained deficit	(26,212)	(24,778)	(25,355)
Foreign currency reserve	(16)	(16)	(16)
TOTAL EQUITY	294,376	294,115	293,539

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital	Share premium	Other reserve	Retained Deficit	Foreign currency reserve	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Unaudited						
Balance at 1 January 2022	8,530	308,602	1,778	(25,355)	(16)	293,539
Total comprehensive loss for the period	-	-	-	(857)	-	(857)
Share placement	1,303	391	-	-	-	1,693
Balance at 30 June 2022	<u>9,832</u>	<u>308,993</u>	<u>1,778</u>	<u>(26,212)</u>	<u>(16)</u>	<u>294,376</u>
Unaudited						
Balance at 1 January 2021	8,530	308,602	1,777	(24,332)	(16)	294,561
Total comprehensive loss for the period	-	-	-	(446)	-	(446)
Balance at 30 June 2021	<u>8,530</u>	<u>308,602</u>	<u>1,777</u>	<u>(24,778)</u>	<u>(16)</u>	<u>294,115</u>
Audited						
Balance at 1 January 2021	8,530	308,602	1,777	(24,332)	(16)	294,561
Total comprehensive loss for the year	-	-	-	(1,023)	-	(1,023)
Recognition of share-based payments	-	-	1	-	-	1
Balance at 31 December 2021	<u>8,530</u>	<u>308,602</u>	<u>1,778</u>	<u>(25,355)</u>	<u>(16)</u>	<u>293,539</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	6 months ended 30 June 2022 (unaudited) \$	6 months ended 30 June 2021 (unaudited) \$	12 months ended 31 December 2021 (audited) \$
Cash flow from operating activities			
(Loss) before tax	(857)	(446)	(1,023)
Adjustments for:			
Depreciation	13	63	129
Share-based payment	-	-	1
Net finance (income) / costs	110	(100)	(73)
Realised foreign exchange gains	-	-	-
	(734)	(483)	(966)
Cash flows used in operating activities			
(Increase)/decrease in trade and other receivables	(200)	(136)	42
Increase/(decrease) in trade and other payables	161	5	10
Net cash outflow from operating activities	(773)	(614)	(914)
Cash flows used in investing activities			
Interest received	-	-	-
Purchase of intangible fixed assets	(318)	(253)	(505)
Net cash used in investing activities	(318)	(253)	(505)
Cash flows from financing activities			
Lease interest	-	(1)	(1)
Lease payments	(110)	(65)	(124)
Share placement	1,693	-	-
Net cash used in financing activities	1,583	(66)	(125)
Net increase/(decrease) in cash and cash equivalents	492	(933)	(1,544)
Cash, cash equivalents and restricted use cash at the beginning of the period	714	2,184	2,184
Exchange gains on cash and cash equivalents	1	101	74
Cash, cash equivalents and restricted use cash at the end of the period	1,207	1,352	714

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 as applied in accordance with the provisions of the Companies Act 2006. 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 2021 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 2022 and 30 June 2021 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 2021 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 and did include references to any matters to which the auditors drew attention by way of emphasis relating to going concern without qualifying their report and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

For the six-month reporting period up until 30 June 2022, Borders & Southern had a loss from operations of \$857,000 (a loss for the same period in 2021 was \$446,000). Administrative expenses were \$747,000 (2021: \$546,000). The cash balance at the 30 June 2022 was \$1.20 million compared with a balance of \$1.35 million at 30 June 2021. The Company has no debt.

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 is not stated as the result would be ant-dilutive given the loss in the period.

	Loss after tax for the period \$000	Weighted average number of shares	Loss per share (cents)
Basic and diluted			
Six months ended 30 June 2022 (unaudited)	(857)	553,337,760	(0.02)
Six months ended 30 June 2021 (unaudited)	(446)	484,098,484	(0.09)
Twelve months ended 31 December 2021 (audited)	(1,023)	484,098,484	(0.21)

3. FINANCE INCOME AND COSTS

	6 months ended 30 June 2022 \$000	6 months ended 30 June 2021 \$000	12 months ended 31 December 2021 \$000
Finance Income			
Bank interest receivable	-	-	-
Foreign exchange gain	-	101	74
	-	101	74
Finance costs			
Foreign exchange loss	(110)	-	-
Interest on leased assets	-	(1)	(1)
	(110)	(1)	(1)

4. GOING CONCERN

The Company regularly assesses its liquidity and available funds to ensure that it has sufficient funds available to cover costs for at least the following 12 months. This remained the case at 30 June 2022 however, as noted above, the Company intends to secure additional funds by the end of 2022 in order to continue operations as normal.

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