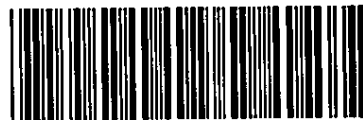


FirstAfrica Oil Limited
REPORT AND FINANCIAL STATEMENTS
for the year ended
30 June 2011

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COMPANIES HOUSE

FirstAfrica Oil Limited

DIRECTORS' REPORT (CONTINUED)

Company Number 04006418

DIRECTORS

John D Brown

Kevin Hart (Chairman)

John A C Morrow (resigned 22 July 2011)

Peter G Wilson

Edward A F Willet

SECRETARY

Peter G Wilson

COMPANY NUMBER

04006418

REGISTERED OFFICE

Condor House

St Paul's Churchyard

London

EC4M 8AL

BUSINESS ADDRESS

1 North St Andrew Lane

Edinburgh

Midlothian

EH2 1HX

AUDITOR

Ernst & Young LLP

Fountainhall Road

Aberdeen

AB15 4DT

SOLICITOR

Shepherd & Wedderburn LLP

1 Exchange Crescent

Edinburgh

EH3 8UL

PRINCIPAL BANKER

The Royal Bank of Scotland

36 St Andrew Square

Edinburgh

EH2 2YB

FirstAfrica Oil Limited

DIRECTORS' REPORT

Company Number 04006418

The directors present their report and financial statements of FirstAfrica Oil Limited ("the Company") for the year ended 30 June 2011

RESULTS AND DIVIDENDS

The results of the Company for the year are set out on page 7 and show a loss for the year of \$98,044,000 (2010 profit for the year of \$3,567,000)

The directors do not recommend the payment of a dividend (2010 nil)

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company in the period under review was as an intermediate holding company for the operating subsidiaries in Gabon - GGPC Gabon (EOV) Ltd and GGPC Gabon (Epaemeno) Ltd

GGPC Gabon (EOV) Ltd

At 30 June 2011, Bowleven plc was in the process of disposing of GGPC Gabon (EOV) Ltd. Agreement in principle has been reached with a third party and our recent focus has been on engaging with the various authorities in Gabon to formalise the disposal. The completion of the disposal is currently anticipated by the end of 2011.

Proceeds expected include a cash consideration of \$35 million plus a working capital adjustment from 1 July 2009. As a result of the expected disposal of GGPC Gabon (EOV) Ltd and the anticipated proceeds, \$84,296,000 has been provided against amounts owed by GGPC Gabon (EOV) Ltd.

GGPC Gabon (Epaemeno) Ltd

On 29 July 2011, the Epaemeno permit held by GGPC Gabon (Epaemeno) Ltd was relinquished. The investment in GGPC Gabon (Epaemeno) Ltd amounting to \$288,000 has been impaired and amounts owed by GGPC Gabon (Epaemeno) Ltd for \$11,296,000 have been provided in these financial statements.

Other

The administrative expenses in the year were \$15,000. The Company incurred foreign exchange losses of \$2,149,000 (2010 gain of \$3,580,000) on retranslation of intercompany loan balances.

RISK AND UNCERTAINTIES

As FirstAfrica Oil Limited's principal role is as an intermediary holding company for the operating subsidiary, there is minimal risk and uncertainty directly faced by the company. Risk and uncertainty, along with key focus areas, are evaluated on a group basis and considered in the consolidated accounts of the Company's parent undertaking, Bowleven plc.

DIRECTORS

The directors who served the Company during the year are shown on page 1.

GOING CONCERN

Although the Company holds net liabilities as at 30 June 2011, the Company's parent company, Bowleven plc, has confirmed it will make available sufficient funds to allow Company to meet its liabilities as they fall due for the next twelve months. Hence these accounts have been prepared on a going concern basis.

FirstAfrica Oil Limited

DIRECTORS' REPORT (CONTINUED)

Company Number 04006418

AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Ernst & Young LLP has indicated its willingness to continue in office and will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006

Registered office
Condor House
St Paul's Churchyard
London
EC4M 8AL

On behalf of the board



Peter G Wilson
Director
25 November 2011

FirstAfrica Oil Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Company and of the profit or loss of the Company for that period. In preparing those 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 to enable them to ensure that the financial statements comply with 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRSTAFRICA OIL LIMITED

We have audited the financial statements of FirstAfrica Oil Ltd for the year ended 30 June 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRSTAFRICA OIL
LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Ernst & Young LLP

Moir Lawrance (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
29 November 2011

FirstAfrica Oil Limited

PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2011

	<i>Notes</i>	2011 \$'000	2010 \$'000
Administrative expenses		15	13
Impairment loss on investment		288	-
Provision for amounts owed by subsidiary undertakings		95,592	-
OPERATING LOSS	2	95,895	13
Finance income	3	-	(3,580)
Finance costs	3	2,149	-
LOSS / (PROFIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		98,044	(3,567)
Taxation on loss / (profit) from ordinary activities	4	-	-
LOSS / (PROFIT) FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO MEMBERS OF THE COMPANY	11	98,044	(3,567)

All operations are continuing

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 30 June 2011

There are no recognised gains or losses other than the loss attributable to members of the Company of \$98,044,000 in the year ended 30 June 2011 (2010 profit of \$3,567,000)

The notes on pages 9 to 14 form part of these financial statements

FirstAfrica Oil Limited

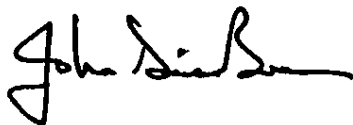
BALANCE SHEET

As at 30 June 2011

Company Number 04006418

	Notes	2011 \$'000	2010 \$'000
FIXED ASSETS			
Tangible fixed assets	5	-	-
Investments	6	2,586	2,874
		<u>2,586</u>	<u>2,874</u>
CURRENT ASSETS			
Debtors	7	38,414	130,052
Cash at bank and in hand	5	5	7
		<u>38,419</u>	<u>130,059</u>
CREDITORS amounts falling due within one year	8	(65,771)	(59,655)
NET CURRENT (LIABILITIES) / ASSETS		<u>(27,352)</u>	<u>70,404</u>
NET (LIABILITIES) / ASSETS		<u>(24,766)</u>	<u>73,278</u>
CAPITAL AND RESERVES			
Called up share capital	9	5,252	5,252
Share premium account	10	106,693	106,693
Profit and loss account	10	(136,711)	(38,667)
SHAREHOLDERS' FUNDS	11	<u>(24,766)</u>	<u>73,278</u>

The financial statements on pages 7 to 14 were approved by the board of directors and authorised for issue on 25 November 2011 and are signed on their behalf by



John D Brown
Director

FirstAfrica Oil Limited

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards. Although the Company holds net liabilities as at 30 June 2011, the Company's parent company, Bowleven plc, has confirmed it will make available sufficient funds to allow Company to meet its liabilities as they fall due for the next twelve months. Hence these accounts have been prepared on a going concern basis.

FUNCTIONAL CURRENCY

The functional currency of the Company is the United States Dollar. The financial statements are therefore presented in US dollars.

CONSOLIDATION

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EU and, in accordance with section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. The financial statements contain information about the Company as an individual undertaking.

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is a small wholly owned subsidiary and its parent publishes a consolidated cash flow.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into US dollars at the rate of exchange ruling at the date of the transaction. The exchange rate used for the retranslation of the closing Balance Sheet at 30 June 2011 is \$1 6014/£1 (2010 \$1 5152/£1).

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable, and therefore only recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

INVESTMENTS

Investments, held as non-current assets, are stated at cost less any provision for permanent impairment.

DEPRECIATION

Depreciation on other tangible assets is provided to write off the cost of the assets, less estimated residual value over their expected lives. It is calculated at the following rates:

Fixtures, fittings and office equipment - 25% per annum

FirstAfrica Oil Limited

NOTES TO THE ACCOUNTS (*continued*)

2 OPERATING LOSS

Operating loss is stated after charging

	2011 \$'000	2010 \$'000
Auditor's remuneration	11	10
Impairment loss on investment	288	-
Provision for amounts owed by subsidiary undertaking	95,592	-
	<u>95,891</u>	<u>10</u>

FirstAfrica Oil Limited has taken advantage of the exemption permitted by SI 2008 No 489 not to disclose fees in relation to non-audit services as such disclosure is contained within the consolidated accounts of its parent undertaking, Bowleven plc

3 FINANCE INCOME/COSTS

	2011 \$'000	2010 \$'000
Foreign exchange loss / (gain)	2,149	(3,580)
	<u>2,149</u>	<u>(3,580)</u>

4 TAX ON LOSS / (PROFIT) ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 \$'000	2010 \$'000
<i>Current tax</i>		
UK corporation tax at 27.5% (2010: 28%)	<u>-</u>	<u>-</u>

FirstAfrica Oil Limited

NOTES TO THE ACCOUNTS (*continued*)

4 TAX ON LOSS / (PROFIT) ON ORDINARY ACTIVITIES (*continued*)

b) Factors affecting tax charge for the year

The tax assessed for the loss (2010 profit) on ordinary activities in the year is different than the standard rate of corporation tax in the UK of 27.5% (2010 28%). The differences are explained below

	2011 \$'000	2010 \$'000
(Loss) / profit on ordinary activities before taxation	(98,044)	3,567
(Loss) / profit on ordinary activities at the standard rate of corporation tax in the UK of 27.5% (2010 28%)	(26,962)	999
<i>Effects of</i>		
Tax losses not utilised	595	-
Tax losses utilised	-	(1,598)
Expenses not deductible for tax purposes	26,367	-
Tax losses claimed from group companies	-	599
<i>Current tax charge for the year</i>	-	-

No provision for corporation tax is required due to the availability of tax losses. At 30 June 2011, corporation tax losses were approximately \$7.9m (2010 \$5.8m). Tax losses will be carried forward and are potentially available for utilisation against taxable profits for future years.

The Company has not recognised a deferred tax asset in respect of these tax losses and timing differences as it does not currently meet the recognition criteria of FRS 19. The asset will be recognised in future periods when its recovery (against taxable profits) is considered more likely than not.

5 TANGIBLE FIXED ASSETS

	Office equipment, fixtures and fittings \$'000
<i>Cost</i>	
At 1 July 2010 and 30 June 2011	15
<i>Depreciation</i>	
At 1 July 2010 and 30 June 2011	(15)
<i>Net book value</i>	
At 1 July 2010 and 30 June 2011	-

FirstAfrica Oil Limited

NOTES TO THE ACCOUNTS (*continued*)

6 INVESTMENTS

	Subsidiary Undertakings \$'000
<i>Cost</i>	
At 1 July 2010 and 30 June 2011	24,849
<i>Amounts provided</i>	
At 1 July 2010	(21,975)
Impairment	(288)
At 30 June 2011	22,263
<i>Net book value</i>	
At 30 June 2011	2,586
At 30 June 2010	2,874

Following a joint technical review by Bowleven and the operator, Addax, the decision was taken to relinquish the onshore Gabon Epaemeno Permit resulting in an impairment charge of \$288,000

Investments comprise

Name of company	Country of incorporation	Voting rights and ordinary share capital held	Nature of business
GGPC Gabon (EOV) Ltd	British Virgin Islands	100%	Oil & Gas Exploration
GGPC Gabon (Epaemeno) Ltd	British Virgin Islands	100%	Oil & Gas Exploration

7 DEBTORS

	2011 \$'000	2010 \$'000
Amounts owed by subsidiary undertakings	134,006	130,050
Provision for amounts owed by subsidiary undertakings	(95,592)	-
Other debtors	-	2
	38,414	130,052

As at 30 June 2011, amounts owed by subsidiary undertakings of \$95,592,000 (2010 Nil) were impaired and fully provided for. The movement in the provision for impairment of debtors is analysed as follows

FirstAfrica Oil Limited

NOTES TO THE ACCOUNTS *(continued)*

7 DEBTORS *(continued)*

	\$'000
At 1 July 2010	-
Charged for the year	95,592
At 30 June 2011	<u>95,592</u>

8 CREDITORS: amounts falling due within one year

	2011 \$'000	2010 \$'000
Amounts owed to parent undertaking	65,755	59,639
Sundry Creditors	5	5
Accruals	11	11
	<u>65,771</u>	<u>59,655</u>

9 SHARE CAPITAL

The Companies Act 2006 abolished the requirement for a Company to have authorised share capital. The Company's new Articles of Association, as adopted on its Annual General Meeting on 13 December 2010, reflects this change.

	2011 \$'000	2010 \$'000
Allotted, called up and fully paid 2,675,694,000 ordinary shares of £0.001 each	<u>5,252</u>	<u>5,252</u>

10 RESERVES

	Share premium account \$'000	Profit and loss account \$'000
At 1 July 2010	106,693	(38,667)
Retained loss for the year	-	(98,044)
At 30 June 2011	<u>106,693</u>	<u>(136,711)</u>

FirstAfrica Oil Limited

NOTES TO THE ACCOUNTS *(continued)*

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 \$'000	2010 \$'000
(Loss) / profit for the period	(98,044)	3,567
Net movement in shareholders' funds	(98,044)	3,567
Opening shareholders' funds	73,278	69,711
Closing shareholders' funds	(24,766)	73,278

12 RELATED PARTY TRANSACTIONS

As a subsidiary of Bowleven plc, advantage has been taken of the exemption granted by Financial Reporting Standard 8, Related Party Disclosures, not to report details of the transactions with other 100% owned entities

13 ULTIMATE PARENT COMPANY

The Company's ultimate parent undertaking at the balance sheet date was Bowleven plc, a company incorporated in Scotland, United Kingdom. Bowleven plc's shares were admitted to the AIM market on 7 December 2004.

Copies of the group's accounts, which include the Company, can be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

14 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Company had no contingent liabilities or capital commitments at the year end (2010 nil)

15 DIRECTORS EMOLUMENTS

The directors of the Company are also directors of the ultimate parent company, Bowleven plc. The directors received remuneration for the year of \$4.1m (2010 \$4.7m), all of which was paid by the ultimate parent company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of Bowleven plc and fellow subsidiaries.

16 POST BALANCE SHEET EVENTS

On 1 July 2011, Bowleven plc implemented a revised corporate lending structure to capitalise intercompany loans due from FirstAfrica Oil Limited.

Of the intercompany loan balance of \$65.8m, \$25.8m was converted into equity by issuing two ordinary shares of the Company at a nominal value of £0.001 and the share premium reserve increased by \$25.8m.