

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser if you are resident in a territory outside the United Kingdom.**

If you have sold or otherwise transferred all of your shares in Bowleven plc, you should pass this document and the accompanying form of proxy without delay to the purchaser or transferee, or to the stockbroker, bank or other person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



# **Bowleven plc**

*(Incorporated and registered in Scotland under the Companies Act 1985 with registered number SC225242)*

## **PROPOSED TRANSFER OF UP TO 50 PER CENT. OF THE GROUP'S INTEREST IN THE ETINDE PERMIT TO VITOL E&P LIMITED AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

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RBS Hoare Govett Limited, which is authorised and regulated in the UK by the Financial Services Authority, is the Company's nominated adviser and broker. RBS Hoare Govett's responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person. RBS Hoare Govett is acting exclusively for the Company and no one else in connection with the Proposed Transaction and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Proposed Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Proposed Transaction or any matters referred to in this document.

**Notice of an extraordinary general meeting of the Company to be held at the offices of Shepherd and Wedderburn LLP, 1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL at 10.00 a.m. (London time) on Friday, 28 August 2009 (the "EGM") is set out at the end of this document. A form of proxy for use at the EGM is enclosed with this document. Whether or not you intend to attend the EGM in person, you are requested to complete and sign the form of proxy in accordance with the instructions printed on it and to return it so as to be received by the Company's registrar, Computershare Investor Services, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, no later than 10.00 a.m. on Wednesday, 26 August 2009, being 48 hours before the time appointed for the holding of the EGM.**

## **FORWARD-LOOKING STATEMENTS**

This document contains (or may contain) certain forward-looking statements with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. Examples of forward-looking statements include statements regarding or which make assumptions in respect of future appraisal or development of the Group's assets. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in the price of oil or changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards ("IFRS") applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future explorations, acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's actual future results may differ materially from the plans, goals and expectations set forth in the Company's forward-looking statements. Any forward-looking statements made in this document by or on behalf of the Company speak only as of the date they are made. Except as required by the Financial Services Authority, the London Stock Exchange or applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

## CONTENTS

	<b>Page</b>
Expected timetable of principal events	3
Letter from the Chairman	4
Definitions	7
Notice of EGM	9

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of forms of proxy	10.00 a.m. on Wednesday, 26 August 2009
EGM	10.00 a.m. on Friday, 28 August 2009

**Note:**

References to time in this document are to London time unless otherwise stated.

## LETTER FROM THE CHAIRMAN



# Bowleven plc

*(Incorporated and registered in Scotland under the Companies Act 1985 with registered number SC225242)*

*Directors:*

Ronnie Hanna (Non-Executive Chairman)  
Kevin Hart (Chief Executive)  
Chief Tabetando (Executive Director of Bowleven and Chairman of EurOil Limited)  
John Brown (Finance Director)  
John Morrow (Chief Operating Officer)  
Ed Willett (Exploration Director)  
Peter Wilson (Director, General Counsel)  
Caroline Cook (Non-Executive Director)  
Tim Sullivan (Non-Executive Director)

*Registered Office:*

1 North St Andrew Lane  
Edinburgh  
EH2 1HX

12 August 2009

*To the holders of Ordinary Shares and, for information only, to the holders of options over Ordinary Shares*

Dear Shareholder

### **Proposed Transaction and Notice of Extraordinary General Meeting**

#### **1. Introduction**

The Company announced today that its wholly owned subsidiary, EurOil Limited, had reached agreement with Vitol E&P Limited (VEP) for (i) the sale of a 25 per cent. interest in the Etinde Permit (Etinde) in exchange for VEP undertaking to fund an initial US\$100 million work programme on the Etinde Permit and (ii) the grant of an option to VEP to acquire a further 25 per cent. interest in the Etinde Permit in return for funding an additional US\$100 million gross work programme on the Etinde Permit and making a cash payment to the Bowleven group of US\$25 million, to progress Etinde activities.

The Proposed Transaction is conditional upon Cameroon Government approval, and approval by Bowleven's shareholders in general meeting.

The purpose of this letter is (i) to provide you with details of, background to and reasons for the Proposed Transaction, (ii) to explain why the Board believes that the Proposed Transaction is in the best interests of the Company and (iii) to provide you with information in respect of the Resolution.

The actions that you should take to vote on the Resolution, and the recommendation of the Board, are set out in paragraphs 5 and 6 respectively of this letter.

#### **2. Background to and reasons for the Proposed Transaction**

On 1 June 2009 the Company announced the results of an independent assessment completed by TRACS International Consultancy Limited (TRACS) of the contingent resources of the IF oil discovery in Block MLHP-7 on Etinde. A copy of the TRACS CPR is available on the Company's website [www.bowleven.com](http://www.bowleven.com).

On 9 June 2009 the Company raised approximately US\$114 million (gross) via a share placing. The Board also indicated its intention to continue to consider any farm-out proposals that would facilitate progression of the Bowleven group's business and the development of its portfolio of assets. In the Board's view, the Proposed Transaction supports this objective, enabling the rapid appraisal and potential development of the existing IF and IE discoveries whilst also facilitating near term exploration activity across the Group's assets.

The terms of the Proposed Transaction also provide significant downside protection to the Bowleven group on the appraisal and development risks of the discoveries on the IF Field and the IE Field whilst at the same time retaining exposure to at least 50 per cent. of any upside.

The Etinde Permit area comprises three shallow water blocks (MLHP-5, MLHP-6 and MLHP-7) in offshore Cameroon, West Africa. The Etinde PSC was signed on 22 December 2008 and includes a three year exploration period from the date of signing. Both exploration and appraisal activity has been undertaken by Bowleven on the acreage. The Bowleven group has drilled four wells on Etinde since 2007, all of which have been successful. Bowleven's current estimated Contingent Discovered Resources (Mean Volumes Initially In Place) for the Etinde Permit are 225 MMbbls of oil, 129 MMbbls of NGLs and approximately 1 tcf of gas. Pending development activity there is currently no production on the acreage.

The most recent published financial statements for the Bowleven group are contained within the Interim Report for the six months ended 31 December 2008. The carrying value of the Etinde Permit asset contained within the balance sheet as at that date was \$205 million.

#### *Drilling Update*

The immediate priority for the Etinde Permit is to drill at least one appraisal well on the IF field (the IF-2 appraisal well). Bowleven is in the process of securing a suitable drilling rig for this activity. Seismic activity (3D seismic data reprocessing and a new 100 km<sup>2</sup> 3D OBC seismic survey over the IE/IF discoveries) is also planned in the near term. The IF-2 well and seismic activities form part of the initial work programme agreed with VEP and will be covered by the initial carry outlined below.

#### *Vitol*

VEP is part of the Vitol Group, a major independent energy trading company, headquartered in Geneva, with a breadth of experience in the oil and gas industry. This includes development, marketing and project finance expertise. Bowleven consider that this expertise should be of real benefit to the resulting joint venture as it moves from exploration to development in Cameroon.

#### **Details of the Proposed Transaction**

Subject to obtaining Cameroon Government approval, it is proposed that VEP will acquire an initial 25 per cent. interest in the Etinde Permit ("the Initial Participating Interest") in return for funding a US\$100 million (gross) work programme on the Etinde Permit.

The Bowleven group's interest in the Etinde Permit will be reduced to 75 per cent. following the farm-out of the Initial Participating interest and Bowleven will retain operatorship of all activities during this period.

Under the terms of the sale and purchase agreement in respect of the Proposed Transaction, VEP also has an option ("the Option") to acquire a further 25 per cent. interest in the Etinde Permit that, if exercised, will result in (i) the commitment to fund a further US\$100m (gross) work programme on exploration, appraisal and development activities on the Etinde Permit to be agreed between the parties and (ii) the payment of a further US\$25 million to the Group to be invested on the Etinde Permit.

The Option will expire on 30 September 2010, if not exercised before then.

In the event that the Option is exercised it is intended that, subject to Cameroon Government approval, operatorship of the Etinde Permit would transfer to VEP with the Bowleven group continuing to provide technical and logistical support to the work programme and activities through a technical services agreement.

Assuming exercise of the Option, the Bowleven group's interest in the Etinde Permit, before any Cameroon Government back in, would be reduced to 50 per cent.

The above interests are stated prior to the exercise of any back-in rights by Societe Nationale des Hydrocarbures ("SNH"), the Cameroon state oil company. Under the terms of the Etinde Permit, SNH has the right to elect to take a 20 per cent. participating interest in any commercial development on the Etinde Permit.

The Proposed Transaction is conditional upon normal regulatory approval by the Cameroon Government.

In addition, having regard to the aggregate value of the Proposed Transaction relative to the Company's market capitalisation, the Proposed Transaction represents "a fundamental change of business", for the purposes of Rule 15 of the AIM Rules. Accordingly, the Proposed Transaction is also conditional upon the Resolution being passed.

#### **4. Extraordinary General Meeting**

A notice convening the EGM is set out at the end of this document. As noted above, given the significance of the Proposed Transaction to the Bowleven group, the Resolution seeks shareholder approval in respect of the transaction. The Proposed Transaction is conditional upon the Resolution being passed and, if the Resolution is not passed, the Proposed Transaction will not take place.

The Resolution is an ordinary resolution. Accordingly, for the Resolution to be passed, a simple majority of votes cast must be in favour.

#### **5. Action to be taken**

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are requested to complete and sign the form of proxy in accordance with the instructions printed on it and then to return it to the Company's Registrars, Computershare Investor Services, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Completed forms of proxy should be returned to the Company's registrars so as to be received no later than 10.00 a.m. on Wednesday, 26 August 2009, being 48 hours before the time appointed for the holding of the EGM. The completion and return of a form of proxy will not preclude you from attending the EGM and voting in person should you so wish.

#### **6. Recommendation**

The Directors consider that the Proposed Transaction is in the best interests of the Company. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolution, as they intend to do in respect of their entire beneficial holdings of Ordinary Shares (representing approximately 1.9 per cent. of the current issued share capital of the Company).

Yours sincerely



Ronnie Hanna  
Chairman

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

The following definitions and technical terms apply throughout this document, unless the context otherwise requires:

“3D seismic data”	three dimensional seismic data;
“AIM”	the market of that name operated by London Stock Exchange;
“AIM Rules”	the rules published by London Stock Exchange entitled “AIM Rules for Companies”;
“Board” or “Directors”	the directors of the Company;
“Cameroon”	the Republic of Cameroon;
“the Company” or “Bowleven”	Bowleven plc;
“CPR”	competent persons report;
“Etinde Permit”	the production sharing contract between the Republic of Cameroon and EurOil, dated 22 December 2008, in respect of the area of approximately 2,316km <sup>2</sup> , comprising the former blocks MLHP-5, MLHP-6 and MLHP-7, offshore Cameroon or, as the context may require, the contract area to which this production sharing contract relates;
“EurOil”	EurOil Limited, a wholly-owned subsidiary of the Company;
“EGM”	the extraordinary general meeting of the Company to be held at the offices of Shepherd and Wedderburn LLP, 1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL at 10.00 a.m. on Friday, 28 August 2009;
“Bowleven group”	the Company and its subsidiaries and subsidiary undertakings;
“IE Field”	the Isongo E field within Block MLHP-7 of the Etinde Permit;
“IF Field”	the Isongo F field within Block MLHP-7 of the Etinde Permit;
“MMbbls”	million barrels;
“NGL”	natural gas liquids;
“OBC”	ocean bottom cable;
“Ordinary Shares”	ordinary shares of 10p each in the capital of the Company;
“Proposed Transaction”	the proposed sale of up to 50 per cent. of Bowleven group’s interest in the Etinde Permit, as more particularly described in this document;
“PSC”	production sharing contract;
“RBS Hoare Govett”	RBS Hoare Govett Limited;
“Resolution”	the resolution to be proposed at the EGM;
“Shareholder”	a holder of Ordinary Shares;

“tcf”	trillion cubic feet;
“TRACS CPR”	the Competent Persons Report dated May 2009 produced by TRACS International Consultancy Limited in respect of the IF discovery on Block MLHP-7 of the Etinde Permit;
“US\$”	United States Dollars;
“VEP”	Vitol E & P Limited and/or an affiliated company as appropriate

The resource and future revenue estimates presented in the TRACS CPR were prepared in accordance with definitions presented in the Society of Petroleum Engineers’ Petroleum Resources Management System and the risking of contingent resources has been undertaken in accordance with the AIM Guidance note for Mining, Oil and Gas Companies.



## Bowleven plc

*(Incorporated and registered in Scotland under the Companies Act 1985 with registered number SC225242)*

### Notice of Extraordinary General Meeting

Notice is hereby given that an extraordinary general meeting of Bowleven plc will be held at the offices of Shepherd and Wedderburn LLP, 1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL at 10.00 a.m. (London time) on Friday, 28 August 2009 to consider and, if thought fit, pass the following resolution, which will be proposed as an ordinary resolution:

THAT:

- (a) the proposed sale by EurOil Limited (a wholly-owned subsidiary of the Company) of up to 50 per cent. of its interest in the Etinde Permit to VEP, as more particularly described in the circular to shareholders in the Company dated 12 August 2009 (of which this notice forms part), (the "**Proposed Transaction**") be and is hereby approved; and
- (b) the board of the Company (the "**Board**") or any duly authorised committee thereof be and they are hereby authorised to: (i) make or agree any amendment, variation, waiver or extension to the terms of the Proposed Transaction, which is not material; and (ii) do all such other things as the Board or such committee may consider necessary or desirable in connection with the Proposed Transaction (provided that such other things have no material impact on the terms of the Proposed Transaction), in either case which the Board or such committee considers reasonable and in the best interests of shareholders in the Company as a whole.

Dated: 12 August 2009

For and on behalf of the Board

*Registered Office:*  
1 North St Andrew Lane  
Edinburgh  
EH2 1HX

A handwritten signature in black ink, appearing to read "P G Wilson".

Peter G Wilson  
*Company Secretary*

## Notes

1. A member of the Company who is entitled to attend and vote at the meeting called by the foregoing notice may appoint a proxy to attend the meeting and speak and vote on his or her behalf. A member may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company. A form of proxy for use in connection with the meeting is enclosed and, if used, should be completed and signed and sent or delivered in accordance with the instructions contained therein so as to be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours before the time of the holding of the extraordinary general meeting (or, as the case may be, adjourned extraordinary general meeting). To appoint more than one proxy, additional proxy forms can be obtained by contacting the Company's registrars' helpline on 0870 707 1284 or you may photocopy the enclosed form of proxy. All forms should be signed and returned in the same envelope. Appointment of a proxy will not preclude a member from attending and/or voting in person at the meeting.
2. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered on the register of members of the Company as at 6.00 p.m. (London time) on Wednesday, 26 August 2009 or, in the event that the meeting is adjourned, on the register of members at 6.00 p.m. (London time) on the day falling two days before the date of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the shares registered in their name at that time. Changes to the entries on the register of members after 6.00 p.m. (London time) on Wednesday, 26 August 2009 or, in the event that the meeting is adjourned, on the register of members at 6.00 p.m. (London time) on the day falling two days before the date of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in any enactment, the articles of association of the Company or other instrument to the contrary.
3. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting instructions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.
4. A member may not use any electronic address provided either in this notice of general meeting 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.



