

27 September 2017



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

Unaudited Results for the six month period ended 30 June 2017

Borders & Southern (AIM: BOR), the London based independent oil and gas exploration company with assets offshore the Falkland Islands, announces unaudited results for the half year ending 30 June 2017.

Summary

- Continued focus on the farm-out of the Company's condensate discovery and progressing the sub-surface technical evaluation
- Cash balance at 30 June 2017: \$8.6 million (2016: \$12.2 million at 30 June, \$9.65 million at 31 December); no debt

Chief Executive's Statement

Borders & Southern has continued to concentrate its efforts on attracting partners and funding to its Falklands project. The Company's balance sheet remains strong, we have no debt and we hold an extremely attractive asset.

The Company incurred a loss from operations of \$871,000 for the six month period ending 30 June 2017, compared to \$934,000 for the corresponding period last year. The Administrative expense for the first half of the year was \$811,000, compared to \$934,000 in 2016. The cash balance at 30 June 2017 was \$8.6 million. The Company has maintained its disciplined approach to capital allocation, focusing on its strategic objectives of securing partners and progressing the technical work (and thereby reducing project risk).

During the first half of the year we identified and engaged with new potential partners and updated others, who had previously shown interest in the project, on the developments in our technical work. Progress has been slow in securing the partners we need for the next phase of operations. This is largely due to the universal challenges faced by the sector, caused by the lower oil price. Relatively few deep-water exploration and appraisal wells are being planned as companies continue to face budget constraints. When presenting our project, the technical aspects are commonly well received, but there has been little appetite to commit to large offshore capital projects in the current environment.

Our sub-surface work has included more reservoir modelling, researching full field development options (Darwin East and West combined) and examining further the individual fault blocks. Other areas of activity have incorporated regional geological analysis and prospect specific studies.

Whilst the external environment may continue to be challenging in the short term, the Company is well positioned for a recovery in the oil price. We have an excellent discovery with a low break-even oil price, attractive near-field prospectivity and additional block-wide potential from different play types. Our balance sheet remains strong, our overhead low and we have a clear strategic focus on monetising our discovery.

Howard Obee, Chief Executive
26 September 2017

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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.

Borders & Southern Petroleum Plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		6 months ended 30 June 2017 (unaudited) \$000	6 months ended 30 June 2016 (unaudited) \$000	12 months ended 31 December 2016 (audited) \$000
Administrative expenses		(811)	(934)	(1,744)
LOSS FROM OPERATIONS		(811)	(934)	(1,744)
Finance income	3	-	20	30
Finance expense		(60)	(193)	(1,890)
LOSS BEFORE TAX		(871)	(1,107)	(3,604)
Tax expense		-	-	-
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		(871)	(1,107)	(3,604)
Loss per share – basic and diluted	2	(0.2) cents	(0.2) cents	(0.74) cents

Borders & Southern Petroleum Plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	At 30 June 2017 (unaudited) \$000	At 30 June 2016 (unaudited) \$000	At 31 December 2016 (audited) \$000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	-	12
Intangible assets	290,516	289,840	290,381
Total non-current assets	290,527	289,840	290,393
CURRENT ASSETS			
Other receivables	544	524	1,167
Cash and cash equivalents	8,608	12,222	9,645
TOTAL CURRENT ASSETS	9,152	12,746	10,812
TOTAL ASSETS	299,679	302,586	301,205
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(481)	(159)	(1,136)
Current tax liability	-	-	-
TOTAL LIABILITIES	(481)	(159)	(1,136)
TOTAL NET ASSETS	299,198	302,427	300,609
EQUITY			
Share capital	8,530	8,530	8,530
Share premium account	308,602	308,602	308,602
Other reserve	2,418	2,418	2,418
Retained deficit	(20,336)	(16,968)	(19,465)
Foreign currency reserve	(16)	(19)	(16)
TOTAL EQUITY	299,198	302,427	300,609

Borders & Southern Petroleum Plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital	Share premium account	Other reserve	Retained Deficit	Foreign currency reserve	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Unaudited						
Balance at 1 January 2017	8,530	308,602	2,418	(19,465)	(16)	300,069
Total comprehensive loss for the period	-	-	-	(871)	-	(871)
Recognition of share based payments	-	-	-	-	-	-
Balance at 30 June 2017	8,530	308,602	2,418	(20,336)	(16)	299,198
Unaudited						
Balance at 1 January 2016	8,530	308,602	2,370	(15,861)	(16)	303,625
Total comprehensive income for the period	-	-	(88)	(1,107)	(3)	(1,198)
Recognition of share based payments	-	-	-	-	-	-
Balance at 30 June 2016	8,530	308,602	2,282	(16,968)	(19)	302,427
Audited						
Balance at 1 January 2016	8,530	308,602	2,370	(15,861)	(16)	303,625
Total comprehensive loss for the year	-	-	-	(3,604)	-	(3,604)
Recognition of share based payments	-	-	48	-	-	48
Balance at 31 December 2016	8,530	308,602	2,418	(19,465)	(16)	300,069

Borders & Southern Petroleum Plc

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)	12 months ended 31 December 2016 (audited)
Cash flow from operating activities	\$000	\$000	\$000
LOSS BEFORE TAX	(871)	(1,107)	(3,604)
Adjustments for:			
Depreciation	1	-	1
Share-based payment	-	-	48
Net finance costs	60	173	1,860
Realised foreign exchange (losses)/gains	5	10	25
	(805)	(924)	(1,670)
Decrease/(increase) in trade and other receivables	623	(303)	(476)
Decrease/(increase) in trade and other payables	(655)	21	29
Tax paid	-	-	-
Net cash outflow from operating activities	(837)	(1,206)	(2,117)
Cash flows used in investing activities			
Interest received	-	19	30
Purchase of intangible fixed assets	(135)	(411)	(849)
Proceeds from disposal of intangible assets	-	-	430
Net cash used in investing activities	(135)	(392)	(389)
Cash flows from financing activities			
Proceeds from issue of shares	-	-	-
Net decrease in cash and cash equivalents	(972)	(1,598)	(2,506)
Cash, cash equivalents and restricted use cash at the beginning of the period	9,645	14,011	14,011
Exchange losses on cash and cash equivalents	(65)	(191)	(1,860)
Cash, cash equivalents and restricted use cash at the end of the period	8,608	12,222	9,645

Borders & Southern Petroleum Plc

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 2016 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 2017 and 30 June 2016 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 2016 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 year the potential ordinary shares are anti-dilutive and therefore diluted loss per share has not been calculated. At 30 June 2017, there were 7,050,000 (30 June 2016: 6,050,000) potentially dilutive ordinary shares being the share options.

	Profit/(loss) after tax for the period \$000	Weighted Average number of shares	Earnings/ (Loss) per share cent
BASIC AND DILUTED			
Six months ended 30 June 2017 (unaudited)	(871)	484,098,484	(0.2)
Six months ended 30 June 2016 (unaudited)	(1,107)	484,098,484	(0.2)
Twelve months ended 31 December 2016 (audited)	(3,604)	484,098,484	(0.74)

3. FINANCE INCOME AND EXPENSE

Finance income	6 months ended 30 June 2017 \$000	6 months ended 30 June 2016 \$000	12 months ended 31 December 2016 \$000
Bank interest receivable		20	30
Foreign exchange gain / (loss)	(60)	(193)	(1,890)
	(60)	(173)	(1,860)

4. RESTRICTED USE CASH

The Company placed funds with a bank as security for a letter of credit issued in favour of a company providing services. As payment for these services is made, these funds were released to the Company. As at 30 June 2017, \$nil was restricted cash (30 June 2016: \$30,700).

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