

26 September 2019



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

Unaudited Results for the six month period ended 30 June 2019

Borders & Southern Petroleum Plc (AIM: BOR) is pleased to announce its unaudited interim financial statements for the six months to 30 June 2019. 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 an operating loss for the six-month period ending 30 June 2019 of \$820,000 (compared to a loss for the corresponding period last year of \$961,000). The cash balance at 30 June 2019 was \$4.4 million (30 June 2018: \$6.8 million), with the majority of the Company's funds continuing to be held in Sterling. The Company does not hold any debt.

With the help of our advisors we are actively pursuing a farm-in partner for our Darwin project. Industry reach has been extensive and we continue to present our robust technical and commercial proposition to new companies. The external environment remains challenging despite the relative recovery in oil price. Global conventional exploration drilling is recovering slowly but is still significantly below the level seen in 2012. However, discoveries in 2019 have increased, including a significant amount in deep water, which is helping to provide a more positive sentiment. The Board remains confident that the Company will secure funding for the next phase of drilling and further updates will be made as and when appropriate.

In order to support our farm-out activities we continue to improve our sub-surface technical case. During the past six months we have refined our channel / fan prospects and leads, enhancing our palaeogeographical reconstructions of the Lower Cretaceous. Moving forward we aim to concentrate on detailed structural and stratigraphic analysis of the Darwin reservoir. One of the key objectives of this work will be to evaluate potential additional hydrocarbon pools (some of which have seismic amplitude support) that have been identified adjacent to the Darwin East and West fault blocks. The current un-risked best estimate of 462 million barrels for total recoverable liquids (condensate and LPGs) for Darwin East and West (as previously announced) does not include these pools. The work will determine whether they could be economically exploited, thereby increasing the prospective resource and enhancing the value of the discovery.

The financial statements will shortly be on the Company's website.

Howard Obee

Chief Executive

25 September 2019

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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.

Competent Person Disclosure:

The technical aspects of this announcement have been reviewed, verified and approved by Dr Howard Obee in accordance with the Guidance Note for Mining, Oil and Gas Companies, issued by the London Stock Exchange in respect of AIM companies. Dr Obee is a petroleum geologist with more than 30 years relevant experience. He is a Fellow of the Geological Society and member of the American Association of Petroleum Geologists and the Petroleum Exploration Society of Great Britain.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		6 months ended 30 June 2019 (unaudited) \$000	6 months ended 30 June 2018 (unaudited) \$000	12 months ended 31 December 2018 (audited) \$000
Administrative expenses		(820)	(783)	(1,802)
LOSS FROM OPERATIONS		(820)	(783)	(1,802)
Finance income	3	17	15	29
Finance expense	3	(17)	(193)	(193)
LOSS BEFORE TAX		(820)	(961)	(1,966)
Tax expense		-	-	-
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		(820)	(961)	(1,966)
(Loss) per share – basic and diluted	2	(0.2) cents	(0.2) cents	(0.41) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	At 30 June 2019 (unaudited) \$000	At 30 June 2018 (unaudited) \$000	At 31 December 2018 (audited) \$000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	102	4	15
Intangible assets	291,675	291,639	291,367
Total non-current assets	291,777	291,643	291,382
CURRENT ASSETS			
Other receivables	416	34	260
Cash and cash equivalents	4,407	6,784	5,626
TOTAL CURRENT ASSETS	4,823	6,818	5,886
TOTAL ASSETS	296,600	298,461	297,268
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(489)	(527)	(337)
TOTAL LIABILITIES	(489)	(527)	(337)
TOTAL NET ASSETS	296,111	297,934	296,931
EQUITY			
Share capital	8,530	8,530	8,530
Share premium	308,602	308,602	308,602
Other reserve	1,775	1,773	1,775
Retained deficit	(22,780)	(20,955)	(21,960)
Foreign currency reserve	(16)	(16)	(16)
TOTAL EQUITY	296,111	297,934	296,931

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share capital \$000	Share premium \$000	Other reserve \$000	Retained deficit \$000	Foreign currency reserve \$000	Total \$000
Unaudited						
Balance at 1 January 2019	8,530	308,602	1,775	(21,960)	(16)	296,931
Total comprehensive loss for the period	-	-	-	(820)	-	(820)
Balance at 30 June 2019	8,530	308,602	1,775	(22,780)	(16)	296,111
Unaudited						
Balance at 1 January 2018	8,530	308,602	1,773	(19,994)	(16)	298,895
Total comprehensive loss for the period	-	-	-	(961)	-	(961)
Balance at 30 June 2018	8,530	308,602	1,773	(20,955)	(16)	297,934
Audited						
Balance at 1 January 2018	8,530	308,602	1,773	(19,994)	(16)	298,895
Total comprehensive loss for the year	-	-	-	(1,966)	-	(1,966)
Recognition of share based payments	-	-	2	-	-	2
Balance at 31 December 2018	8,530	308,602	1,775	(21,960)	(16)	296,931

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	6 months ended 30 June 2019 (unaudited) \$000	6 months ended 30 June 2018 (unaudited) \$000	12 months ended 31 December 2018 (audited) \$000
Cash flow from operating activities			
(LOSS) BEFORE TAX	(820)	(961)	(1,966)
Adjustments for:			
Depreciation	97	7	1
Share-based payment	-	-	2
Net finance (income) / costs	-	178	164
Realised foreign exchange gains / (losses)	-	(20)	21
	(723)	(796)	(1,778)
(Increase)/decrease in trade and other receivables	(156)	406	180
Increase/ (decrease) in trade and other payables	72	(106)	(296)
Tax paid	-	-	-
Net cash outflow from operating activities	(807)	(496)	(1,894)
Cash flows used in investing activities			
Interest received	17	15	29
Purchase of intangible fixed assets	(308)	(814)	(541)
Lease interest	(10)		
Lease repayments	(104)		
Proceeds from disposal of tangible fixed assets			(5)
Net cash used in investing activities	(405)	(799)	(517)
Net decrease in cash and cash equivalents	(1,212)	(1,295)	(2,411)
Cash and cash equivalents at the beginning of the period	5,626	8,251	8,251
Exchange losses on cash and cash equivalents	(7)	(172)	(214)
Cash and cash equivalents at the end of the period	4,407	6,784	5,626

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 2018 and are expected to be consistent with those policies that will be in effect at the year end.

The condensed consolidated financial statements for the six months ended 30 June 2019 and 30 June 2018 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 2018 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.

Adoption of IFRS 16 'Leases'

The new IFRS standard on leases came into effect on 1 January 2019. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group adopted IFRS 16 from 1 January 2019 using the modified retrospective approach and accordingly the information presented for 2018 is not restated. It remains as previously reported under IAS 17 and related interpretations. On initial application, the Group elected to record right-of-use assets based on the corresponding lease liability. A right-of-use asset and lease obligations of \$0.3m were recorded as of 1 January 2019, with no net impact on retained earnings. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments.

Straight-line operating lease expense recognition in cost of sales is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities (included in finance charges). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss.

For classification within the cash flow statement, previously operating lease payments were presented as operating cash flows. These lease payments are now disclosed in financing activities with the interest portion included within in operating cash flows.

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 period the potential ordinary shares are anti-dilutive and therefore diluted loss per share has not been calculated. At 30 June 2019, there were 7,050,000 (30 June 2018: 7,050,000, 31 December 2018:7,050,000) potentially dilutive ordinary shares being the share options.

	(Loss) after tax for the period/year \$000	Weighted average number of shares	(Loss) per share cent
BASIC AND DILUTED			
Six months ended 30 June 2019 (unaudited)	(820)	484,098.484	(0.2)
Six months ended 30 June 2018 (unaudited)	(961)	484,098,484	(0.2)
Twelve months ended 31 December 2018 (audited)	(1,966)	484,098,484	(0.41)

3. FINANCE INCOME AND EXPENSE

Finance income	6 months ended 30 June 2019 \$000	6 months ended 30 June 2018 \$000	12 months ended 31 December 2018 \$000
Bank interest receivable	17	15	29
Foreign exchange gain / (loss)	(7)	(193)	-
Interest on leased assets	(10)		
	-	(178)	29

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