Bahamas Petroleum Company plc.

Annual Report & Accounts
Year Ended 31 December 2014

www.bpcplc.com

At a Glance

Bahamas Petroleum is an oil and gas exploration company with 100% owned offshore licences exclusively in The Commonwealth of The Bahamas.

The Company has a substantial prospect inventory de-risked by extensive work to-date, with 'drill-ready' well locations potentially accessing a world-scale, multi-billion barrel resource.

Bahamas Petroleum is singularly focused on commencing drilling activity for its first exploration well by April 2017, and is committed to maintaining safe and environmentally responsible operations.

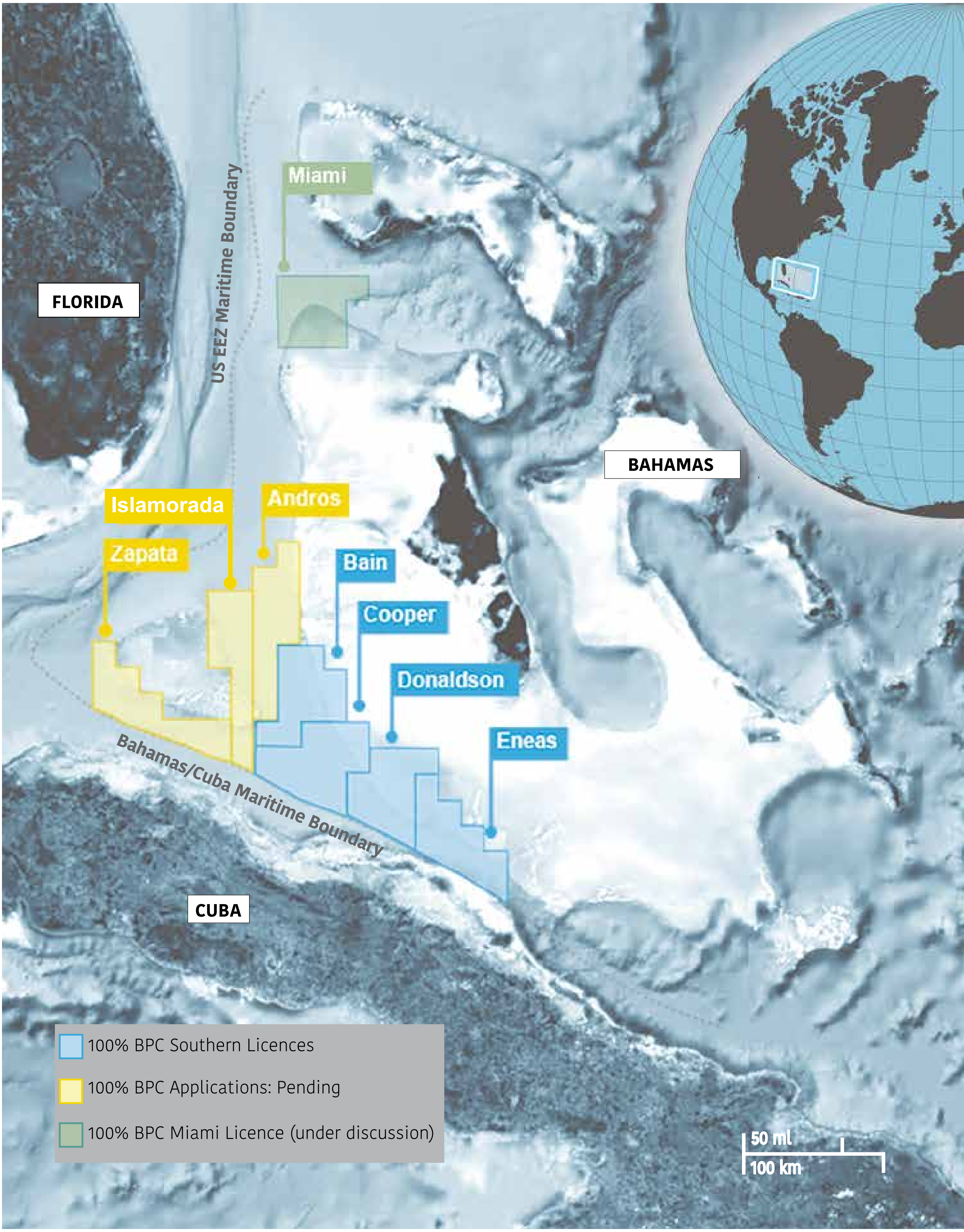
Attractive Fundamentals

- 5 offshore licences (four co-joined in south – Bain, Cooper, Donaldson and Eneas; one in north – Miami)
- All licences 100% Bahamas Petroleum owned and operated, total licenced area approximately 15,516 sq km (3.8 million acres)
- 3 licence applications in process (Zapata, Islamorada and Andros), 100% Bahamas Petroleum, on-trend from existing southern licences; 9,385 sq km (2.3 million acres)
- Middle-East scale structures mapped – over 70 km long, vertical relief up to 1,000m and areal extent between 300 and 400 km^2
- In excess of US$95 million spent to-date (US$ 46.8 million capitalised exploration) on technical de-risking activities, including analogue data, offset wells, >8,000 km of 2D seismic (1,100 line km modern day 2D seismic acquired 2011) and >3,000 km^2 of 3D seismic (processed 2012)
- Modest water depth, with numerous play systems and multi-billion barrel potential
- Proximate to US markets, infrastructure, contractors and suppliers
- Attractive royalty-based fiscal regime and stable regulatory framework
- CPR in place; EIA, well feasibility studies already completed

2014 Highlights

- **Technical de-risking:** Completed work to further de-risk the technical prospects, including fluid inclusion analysis, detailed seismic interpretation and prospect mapping.
- **Well planning:** Re-engineering design and updated cost evaluation resulting in substantially reduced first well cost estimate.
- **Farm-out process:** On-going discussions with a number of selected potential partners.
- **Financial:** Strong focus on cost base resulting in 54% reduction in running costs over past three years; >$10 million cash on hand at end of 2014.
- **Licences:** Successful extension of statutory term of four southern licences to mid-2018, including confirmation of licence areas and work programme timing and obligations, with first exploration well on southern licences to commence by April 2017.
- **Regulatory:** Strengthened and modernised petroleum legislation and associated regulations in public domain and now before the Bahamian House of Assembly.
- **Environmental:** On-going activities to comply with existing licence obligations and in preparation for drilling at a number of potential locations.

Location Map



Chairman's Report

Bill Schrader

Non-Executive Chairman

The past year, during which I assumed the Chairmanship of Bahamas Petroleum, has been a turbulent and difficult one for the international oil and gas industry. The dramatic and, some would say, surprising fall in oil price, has been a shock for the industry.

Over the last five years or so the world had become accepting of an oil price at or around US$100 per barrel. The impact on the industry of this paradigm cannot be underestimated. A higher oil price meant that the reward for successful oil and gas exploration was that much larger. It has also meant that smaller or more marginal prospects, even with a relatively high cost of production, have been economically worthwhile to pursue. This resulted in generally increased industry activity levels, with the knock-on effect being a relative scarcity and rising cost of inputs such as personnel, equipment and rigs, as well as substantially longer lead times for critical items. A greater pool of potentially economic opportunities also meant significant competition for exploration capital across the globe.

From a high of over US$100 per barrel in mid-2014, the oil price began its dramatic decline. The reasons for this decline are many and complex, including shifting demand patterns in the previously booming markets of Asia, increased production from countries where for much of the past decade conflict has restricted production, a huge increase in unconventional oil production in the USA, and the decision by OPEC to not restrict supply (and thus reduce its market share) in the face of falling prices.

Still, regardless of the reasons, the stark reality is that in less than eight months oil prices fell by more than 50%, with on-going volatility predicted for the immediate future. This has markedly changed the landscape for all industry participants, both big and small. For Bahamas Petroleum, these "big picture" industry developments have directly affected us in significant ways, some paradoxically to the positive.

The first impact is that the fall in oil price has resulted in meaningful cost de-escalation across the industry. Globally, industry activity is slowing, projects are being mothballed, and marginal projects are being abandoned in an attempt to maximise the efficiency of deployed capital. A direct consequence of this is that the price of inputs, like drill bits, wellheads, drilling steel and casing, has reduced. Just as importantly, access to and availability of heavy capital equipment, such as rigs, is greater than it has been for many years, and at generally lower prices.

This has had a very real impact for your Company. During the second half of 2014 we reviewed all of our plans in light of reducing input costs. The result is that we believe we can now deliver the first exploration well at a targeted price of US$50-60 million. This is a material reduction against previous estimates, and achieved without compromising technical, environmental or safety integrity. In turn we believe this will make the task of securing the required funding more achievable.

The second impact is that in a lower oil price environment, industry focus has shifted towards two key considerations. First, how material is a potential project, and second, what is the "breakeven cost" of the project (the expected cost of production on a per barrel basis). The lower the breakeven cost, the more attractive a project is in any oil price scenario – but this is especially so in a falling oil price environment. For example, many of the North American shale or oil sand plays have an estimated break-even cost of around US$60–80 per barrel. When the oil price was around US$100 per barrel, these projects were economically viable. However, if oil prices remain at current levels, many of these projects will no longer be pursued and drilling and associated activity will decline, with production eventually falling.

A number of factors go towards assessing the breakeven cost of a project. This includes a capital element reflected in many of the technical characteristics of the project, like the scale of the resource, the rate at which the oil will flow (and thus the number of wells required), and environmental factors such as the depth of the water or constraints on the production system. The breakeven cost of a project is also a reflection of on-going operational factors – for example, it is more costly to operate in remote locations or in places without local infrastructure. Regulatory and fiscal considerations also impact how much "rent" is paid in duties, royalties and other costs; how reliable or "risky" is the regulatory system (and hence the return required for that risk), and so on.

Again, in the specific case of Bahamas Petroleum, during the second half of 2014 we reviewed our positioning in the global industry in light of these changing industry dynamics, and in my view, shareholders should be encouraged by the outcome.

So whilst we already knew that our prospects are material in scale (with a Competent Persons Report (CPR) indicating resource potential measured in the multi-billion barrels), we are now reaffirmed in our view that the breakeven cost of our project provides competitive advantage in the current oil price environment. As a combined result of favourable technical characteristics, an advantaged operating location (being proximate to US markets, infrastructure, contractors and suppliers) and within a mature and attractive regulatory environment, we are confident that our project would offer robust profitability, even at current oil prices.

This is directly relevant to the third impact the fall in oil prices has had for Bahamas Petroleum. There has been a noticeable change in focus amongst potential industry partners, and especially established oil producing companies. For these companies long-term viability depends on the ability to continue to find and develop new petroleum reserves. This is both to replace those currently being produced, and to ultimately expand production to offset the comparatively lower revenues being received. Exploration projects of scale, with low breakeven costs and advantaged operating and regulatory environments, have become more sought after than ever.

In this context, we have been especially encouraged by the package of new oil and gas legislation which has been tabled by the Government of The Bahamas, and which we expect will be passed into law in the near future. The adoption of an up-to-date, modernised and strengthened regulatory framework demonstrates the Government's continuing commitment to petroleum exploration in The Bahamas as an on-going part of their National Energy Policy 2030. We believe this will provide the necessary clarity and certainty that potential industry participants typically require.

To summarise in straightforward terms, at Bahamas Petroleum we have a petroleum prospect inventory that we believe is substantial, both in terms of its scale and its economics. Somewhat paradoxically, we therefore consider that the current market environment makes our Company's projects more attractive than ever to major oil producers. That is, the risk/reward proposition of financing an exploration well with a comparatively low breakeven cost and exposure to so much upside is, we believe, unparalleled.

Furthermore, we consider that the creation of a successful petroleum industry will be transformative for the nation of The Bahamas. Exploration activity will create immediate opportunities, and subsequent commercial success will generate long-term national wealth, providing the ability to reduce sovereign debt, boost domestic investment, and diversify the economy. Our industry has the potential to be a "game changer" for The Bahamas, and we are extremely proud to be at the forefront of seeking to realise that potential.

We are thus more excited than ever about the future for our Company. The key task before us is to secure the funding needed to pursue this enormous opportunity, in a manner that is value enhancing for our shareholders. It is against successful achievement of this objective that you, the shareholders and owners of the Company, should measure your Board and Executive in the coming year. I look forward to reporting to you on our success in this regard.

Yours sincerely,

Bill Schrader
Chairman
5 June 2015

Board of Directors

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1. Bill Schrader

Non-Executive Chairman

Bill Schrader has over 30 years' experience in the oil and gas industry, having served as Chief Executive Officer of several country operations at BP plc, as the President of the Azerbajan International Operating Company and as Chief Operating Officer of TNK-BP. Bill is a Non-Executive director of Hess Corporation, Ophir Energy and CHC Group and has an extensive industry network and proven ability to manage complex operating environments and liaise with governments around the world.

2. James Smith

Non-Executive Deputy Chairman

James Smith is a former Minister of State in the Ministry of Finance, member of The Bahamas' Senate, a leading expert on monetary policy and a respected member of the greater Bahamas community. He has served as the Country's ambassador for Trade in the Office of the Prime Minister, as the Governor of the Central Bank of The Bahamas for a decade, as well as Chairman of The Bahamas Maritime Authority, The Paradise Island Bridge Company and The Bahamas Development Bank. He has also held a number of board positions at both private and public companies including The Bahamas Stock Exchange.

3. Simon Potter

Chief Executive Officer

Simon Potter qualified as a geologist with an M.Sc. in Management Science, has over 30 years oil and gas industry and mining sector experience. From the Zambian Copperbelt to a 20-year career with BP he has held executive roles in companies managing oil and gas exploration, development and production; gas processing, sales and transport; LNG manufacture, marketing and contracting in Europe, Russia, America, Africa and Australasia. On leaving BP, having helped create TNK-BP, he took up the role of CEO at Hardman Resources where he oversaw growth of the AIM and ASX listed Company into an oil producer and considerable exploration success ahead of executing a corporate sale to Tullow Oil.

4. Ross McDonald

Non-Executive Director

Ross McDonald served 35 years with Royal Bank of Canada ('RBC'), where he led RBC's commercial and retail banking operations throughout the Caribbean and was instrumental in the acquisition of Royal Bank of Trinidad and Tobago, which expanded RBC's operations to 19 countries and territories across the region and established it as the second largest commercial bank in the Caribbean. He is currently a director of RBC Royal Bank (Bahamas) Limited, RBC FINCO, RBC Royal Bank (Cayman) Limited and Royal Fidelity Merchant Bank & Trust, which provides investment and corporate advisory services in The Bahamas and Barbados. He also serves as a director of Cable Bahamas Limited.

5. Edward Shallcross

Non-Executive Director

Eddie Shallcross is a Fellow of the Chartered Institute of Bankers and has had over 40 years of experience in the financial sector predominantly at Barclays PLC where he retired in 1998 as Isle of Man Director and also a Senior Executive Director of the bank. Since then he has held non-executive directorships in a number of major international companies.

6. Adrian Collins

Non-Executive Director

Adrian Collins has worked in the fund management business for over 35 years, a large part of which was at Gartmore Investment Management plc where, latterly, he was managing director. He is chairman of Liontrust Asset Management plc and is also on the boards of City Natural Resources High Yield Trust plc, New City High Yield Fund plc and a number of other companies.

Chief Executive Officer’s Report

Simon Potter

Chief Executive Officer

At Bahamas Petroleum, we believe we have access to what is potentially a multi-billion barrel petroleum resource, that is world-class in terms of its scale, economic potential, advantaged location, and operating environment.

The first step towards realising that potential will be to drill responsibly and safely an off-shore exploration well, and this remains our singular focus as a company: to commence drilling. During 2014 we continued to work towards this goal, and I am pleased to update shareholders on our progress during this period.

Regulatory

Seven years ago, when licences were initially issued to Bahamas Petroleum, the regulatory framework pertaining to oil and gas exploration in The Bahamas was already 30 years old. Subsequent technology advances, knowledge from incidents elsewhere in the globe, and the changing attitudes of societies meant there was a clear need to bring this framework up-to-date.

At the same time, there were indications that following the 2012 Bahamian general election the winning party would potentially be seeking a popular view on certain industry matters. Subsequent to the election the new Government of The Bahamas declared that it would seek to update and clarify its strategy towards future energy supply. At that time the Company’s licences also needed to be renewed, and dates and obligations in those licences needed to be clarified.

Thus in 2012 our ability to undertake any operations or secure funding for those operations was entirely dependent on achieving a resolution of this myriad of outstanding matters.

During 2013, as previously reported, we began this process and made great strides towards resolving these matters. Most notably, the Government of The Bahamas announced there would be no referendum on exploration drilling, the Company received notification that the statutory term for its five licences would be renewed, and the Government of The Bahamas indicated it would be moving to implement a modern legislative framework to manage and govern industry activities.

Pleasingly, during 2014 and the first part of 2015, these processes have continued and largely been successfully concluded. Specifically:

New Petroleum Legislation in place

- In late 2014 a new Petroleum Act and suite of associated regulations to guide and govern oil exploration in The Bahamas was placed before the Parliament of The Bahamas. This included updated regulations to cover Operations, Health and Safety and Environmental matters.
- In addition, a Sovereign Wealth Act was also proposed to provide the legislative framework to ensure that the accrued wealth from any successful exploration outcome would be optimally invested, managed and conserved for the benefit of this and future generations of Bahamians.
- The draft legislation is now at the Second Reading and debate phase, and is expected to be voted on and forwarded on to the Senate for consent and subsequent passage into law in the near future.
- The new legislative package contains regulations that endorse the use of appropriate and up-to-date risk management techniques, safety case methodologies, obligations for environmental management and pollution control systems, emergency procedures and effective safety management. Fiscal terms in The Bahamas are specified in each of the individual licence agreements and thus are therefore not altered by the new legislation.
- Notwithstanding the above, our existing licences are clarified as being grandfathered under the existing Petroleum Legislation, based upon the Savings Provisions in the new Bill, such that the Company therefore has no statutory impediment to the commencement of an exploration well.

Licence Renewals finalised

- In May 2015, the statutory term for four of the five licences 100% held by the Company (being the four conjoined licences in the southern territorial waters of The Bahamas, and which contain the Company’s key prospect inventory) were extended by way of a Licence Renewal Addendum which was executed by both the Minister and the Company and has passed to the Governor General for final assent.
- The renewed licences provide for an extension of the current exploration period for three years to mid-2018, with an obligation to commence an exploration well by April 2017.
- As a part of this renewal the southern boundaries of the four southern licences have been adjusted to conform to the maritime boundary between The Bahamas

and Cuba, thus providing clear tenure over the full extent of the existing mapped structures.
- Also as part of this renewal, the Company was acknowledged as having satisfied all obligations in respect of the first exploration period, via its extensive programme of technical work including acquisition and processing of modern 2D and 3D seismic data, and as noted it has been confirmed that these southern licences will be grandfathered under the existing Petroleum Legislation, thus providing clarity as to the operating legal regime.

Other Licences
At the same time, the Company has sought to reorganise its other licence holdings and interests. Specifically:

- In relation to the Company's single licence in the Northern territorial waters of The Bahamas (the "Miami Licence"), the Board has decided that entry into the second exploration period is not justified without a deferral of obligations. The Company is currently engaged in discussion with the Government in this regard.
- Bahamas Petroleum had previously submitted applications for five new licences in The Bahamas. Following discussion with the Government, these new licence applications have been amended such that the total number of new licences now applied for has been high-graded to three, in respect of an adjusted area that seeks to exclude the area of the proposed Cay Sal National Marine Reserve and at the same time retain a strategic and practical focus, being on trend from plays identified in the existing southern licences, thus seeking to fully capture technically accessible upside potential.

The successful achievement of these milestones now provides a very clear mandate for the Company going forward.

The Government of The Bahamas has acted decisively to reinforce responsible and safe hydrocarbon exploration as an integral part of the National Energy Policy of The Bahamas, and the Company has clarity on the extended tenure, timings as well as terms and extent of its licences. We believe this now provides the level of regulatory certainty that industry participants typically require before commencing new country operations.

Operational

In anticipation of the new Petroleum Act becoming law, during 2014 the Company initiated discussions with the Government of The Bahamas on what constitutes an operationally realistic, safe and responsible planning period for its first exploration well and subsequent commencement of operations. In support of this objective, the Company completed various work items focussed on further technical de-risking of the project and preparation for the intended drilling campaign. Highlights were as follows:

Geochemistry analysis
- In the second half of 2014 the Company commissioned a series of fluid inclusion analyses from Fluid Inclusion Technologies Inc., on retained core and cuttings in the Company's possession from three historical wells drilled in The Bahamas that offset the Company's acreage.
- All three wells demonstrated the presence of oil migration with a signature suggestive of light oil across multiple horizons. The results indicate an active, local oil generative source rock capable of generating large hydrocarbon volumes. The data further suggests the likely presence of multiple source rocks based upon API gravity variations within the inclusions.
- This work provides further technical support for the presence of active and sizeable petroleum charge systems across the region, and more specifically, in the locality of the Company's intended drilling activity.

Anticipated well cost
- The Company has completed a programme of work to substantially re-engineer its planned first exploration well, based on 3D seismic data, comparison of historic drilling performance in The Bahamas and for similar wells elsewhere establishing 'technical limits', and work conducted jointly with third party companies to embed modern technologies in the well equipment design so as to maximise rate of penetration (ROP).
- Further, during 2014 the Company also engaged a leading Rig Broker to reconsider rig options, in view of globally falling rig rates and increased availability.
- As a combined result of these initiatives, third party reviews and market information, it is anticipated that the cost of the initial exploration well (inclusive of appropriate contingencies and ensuring appropriate safety and environmental procedures) is now in the order of US$50 million – US$60 million (a substantial reduction on previous estimates).

Economic analysis
- The Company also updated its economic models, to reflect revised current global oil prices, reduced well costing estimates as noted above, all up-to-date technical data, and other relevant factors to an eventual field development, such as the project's proximity to existing infrastructure, contractors and service suppliers etc.
- Based on this work, the Company believes that the minimum field size for an economic development is less than 200 million barrels (versus current resource estimates measured in billions of barrels) with an estimate break even oil price of $30 – $40 per barrel, and that the project would thus offer robust profitability even in a lower oil price environment.

Chief Executive Officer's Report (continued)

Environmental planning

- The Company's Environmental Impact Assessment (EIA) had been prepared and accepted in 2012. During 2014 the Company continued its detailed preparation of the required Environmental Management Plan (EMP), which includes preparation of the Oil Spill Contingency Plan (OSCP), the Emergency Response Plan (both based upon a simulated worst-case discharge calculation) and a series of environmental sensitivity index maps identifying areas of high potential impact. These maps are used to effectively prioritise response plans in the event of an incident.

Community engagement

- Throughout the year the Company continued to engage with communities with an interest in the project whether supportive or not – primarily environmental and academic groups, political parties, churches, colleges, schools, community groups, administrators and councillors.
- Preparation of the environmental sensitivity index maps required extensive and wide public consultation including numerous visits to various constituencies across The Bahamas to consult with fishing, environmental and community groups.

The work done during 2014 adds to the huge body of technical work completed by Bahamas Petroleum since the inception of the Company. In totality, we believe this has substantially de-risked technical aspects of the project, and has further reinforced the ingredients of successful commercial oil exploration. In particular, we have established that the source, faulted migration pathways, reservoir and seal in the (deeper) targeted sections of the early Cretaceous are in close juxtaposition. We have also previously obtained a CPR that indicates the scale of the structures and a multi-billion barrel resource, and we have reinforced that view through the 3D seismic work completed in 2013 and the further technical work completed in 2014.

Financial

The Company has continued to maintain a solid focus on cost effective operations, so as to maintain cash reserves whilst ensuring value accretive work continues to be undertaken.

2014 saw continued success in the Company's effort to sustainably reduce corporate overheads. Over the past 3 years we have achieved total operating cost savings of 54% in aggregate, an average annual reduction of 22% on a year on year basis.

Our overall loss for the year to end 2014 was $4.7 million, down 10% on the comparative year to December 2013. However, this comparison does not entirely reflect the effect of most recent cost reduction actions undertaken during 2014 and through into 2015. Examples are the Board's decision to defer 20% of fees, an across the board rationalisation of Company advisor costs and further reduction of fixed expenses including the termination of all housing contracts. Looking forward then, the overall "cash burn" rate has been substantially reduced from the level implied by the full year 2014 figures. With a closing cash position of over $10 million and no debt, the effect of 2014 actions flowing to the bottom line and the implementation of further cost reductions throughout 2015 whilst maintaining a strict focus on expenditures incurred, the Company considers that on-going costs can be met from existing cash reserves for several years.

In conclusion, we continue to face many challenges for our Company, not least of which is the prevailing market sentiment towards oil exploration, and progress as ever is slower than we would desire. Nonetheless, as CEO I can report to shareholders that during 2014 we continued to make progress, and achieved a number of significant milestones. Technically we have de-risked the project substantially, and all indications are of a multi-billion barrel economically robust project. In a commercial and regulatory sense, we now have clarity on the extended tenure, timings as well as terms and area of our licences. When combined with the recently demonstrated commitment of the Bahamian Government to our industry, along with the legislative clarity provided by the savings provisions of the new Petroleum Act with regards to our existing licences, we believe this now provides the level of certainty needed to attract high quality industry partners.

Our employees have continued to work diligently towards achieving these milestones and preparing for the future, and I thank them all for their efforts.

Going forward into 2015 and beyond our primary task is to secure the funding for the cost of the exploration drilling, and to commence drilling. Our preference remains to secure a farm-in partner for the project. With the regulatory clarity, licence extensions, and further technical de-risking achieved during 2014 and early 2015, we are now in a position to progress this all-important task. This process may take many months to complete, and by its very nature is required to remain confidential, although shareholders will be apprised of developments as soon as is possible and appropriate. Our objective however is clear: to secure a farm-in partner so as to enable exploration drilling to commence in accordance with licence requirements.

Yours sincerely,

Simon Potter
Chief Executive Officer
5 June 2015

Exploration Licences and Terms

Chapter 219 Petroleum Act 1971, as refined by 1978 Petroleum Regulations, and as further refined by 2014 Petroleum (Health and Safety) Regulations and The Petroleum (Environmental Protection and Pollution Control) Regulations[1]

Production Level	Royalty Rate[2]
Oil production, up to 75,000 bopd	12.5%
Oil production, up to 75,000 to 150,000 bopd	15.0%
Oil production, up to 150,000 to 250,000 bopd	17.5%
Oil production, up to 250,000 to 350,000 bopd	20.0%
Oil production, in excess of 350,000 bopd	25.0%
Gas production	12.5%

Rentals: In the event the Company is granted a production lease (entitlement is to 30 years on application), rentals will be at a rate of US$0.92 per acre, per annum for the area subject to the lease, deductible from royalty payments.

Income taxes: Nil in The Bahamas.

Corporation taxes: Nil in The Bahamas.

Capital Gains tax: Nil in The Bahamas.

Exploration Licences and Applications

Asset	Licence Holder	Operator	BPC Interest	Area Acres	Area Km²
Bain [3]	BPC	BPC	100%	775,735	3,139
Cooper [3]	BPC	BPC	100%	770,497	3,118
Donaldson[3]	BPC	BPC	100%	792,848	3,208
Eneas[3]	BPC	BPC	100%	734,385	2,971
Miami[4]	BPC	BPC	100%	760,973	3,080

Asset	Licence Applicant	Operator	BPC Interest	Area Acres	Area Km²
Zapata	BPC	BPC	100%	778,554	3,151
Islamorada	BPC	BPC	100%	764,606	3,094
Andros	BPC	BPC	100%	775,893	3,140

Notes:

(1) Subject to successful passage of new Petroleum Act and associated regulations through Parliament, anticipated in 2015.

(2) Applies to existing licences.

(3) In second exploration term as extended, expiring 2018, co-joined with other southern licences, obligation to commence one exploration well in southern licence area by April 2017, and second exploration well by April 2019 (subject to further licence renewals); thereafter ability to extend into a third exploration period; all licences entitled to 30 year production lease on application areas reflect adjusted licence areas to conform to Bahamas-Cuba maritime boundary.

(4) In second exploration term, on-going discussion with Government of The Bahamas as to obligations associated with extension of second exploration term, failing agreement the licence will be relinquished.

Annual rentals – $250,000 per licence.

Operational Overview

Bahamas Petroleum has a substantial prospect inventory de-risked by extensive modern 2D and 3D seismic acquisition and processing, with "drill-ready" well locations potentially accessing multiple billions of barrels.

Highlights

- **Technical de-risking:** Fluid inclusion analysis completed on three prior wells drilled in The Bahamas and offsetting the Company's acreage demonstrates the presence of an active petroleum system, significantly mitigating source and charge risk as applies to sizeable 3D defined structures extending across the Company's southern acreage (figure 1). Further detailed seismic interpretation and mapping to refine prospect definition by individual stratigraphic sequence, thus confirming primary well locations for accessing stacked plays whilst ensuring technical risk and drilling execution risk are minimised.

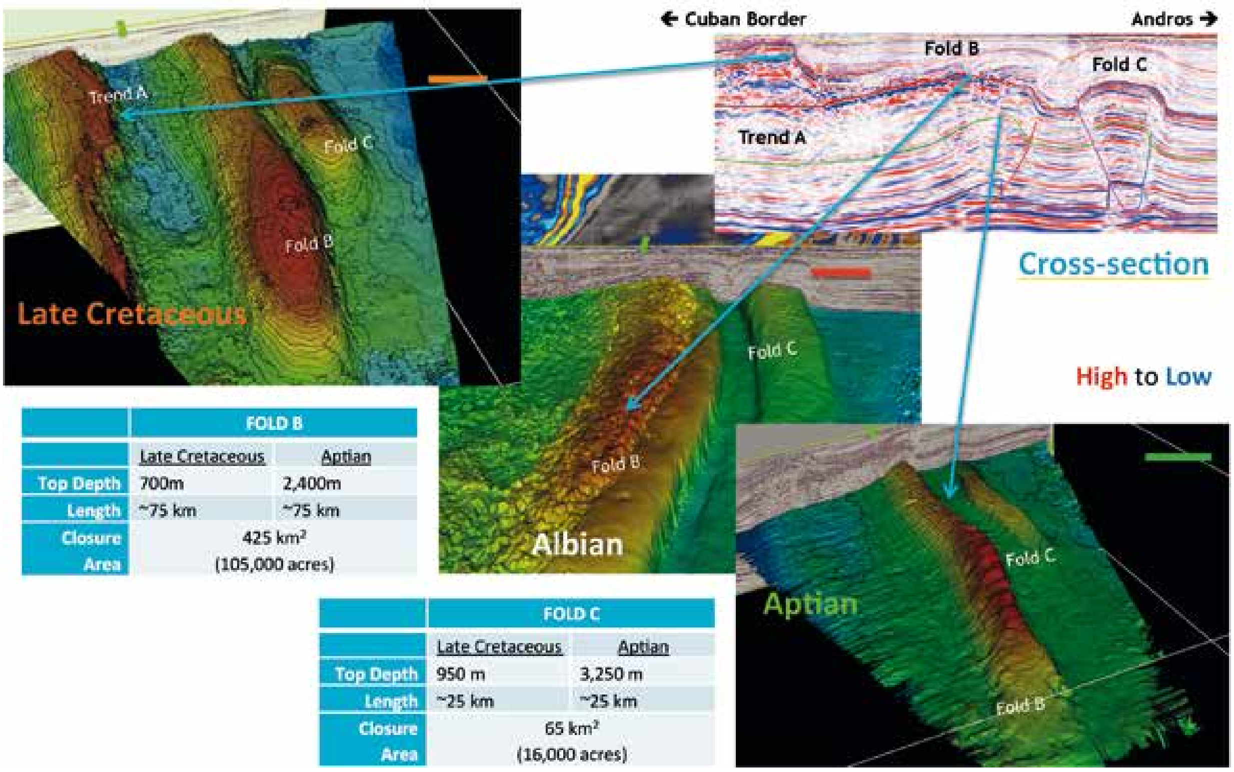
- **Well planning:** Planned first exploration well re-engineered which, when coupled with design changes and greatly reduced rig rates, has resulted in the anticipated cost of the Company's first exploration well being reduced to in the range of US$50 million – US$60 million.

- **Licences:** Conclusion of a Licence Renewal Addendum relating to all of the Company's southern licences, including confirmation of work programme, timing and obligations, and an adjustment of the southern boundaries to align with the maritime boundary between The Bahamas and Cuba, thus ensuring title to the full extent of mapped structures.

- **Regulatory:** A package of strengthened and modernised legislation and associated regulations to govern petroleum exploration and production activities now before the Bahamian House of Assembly. Once promulgated into law, these will provide an up-to-date framework to manage and govern industry activities consistent with current attitudes, recent experiences and technologies, and international best practice.

- **Farm-out process:** Signing of the Licence Renewal Addendum and progress of regulatory package now provides clarity on tenure, timing, work obligations and regulatory regime, which potential industry participants typically require prior to commencement of new country operations. Discussions remain on-going with a number of selected potential partners.

- **Environmental:** On-going programmes undertaken to comply with all obligations under existing licences and as precursors to drilling of commitment wells compliant with global standards, international best practices and the expected newly modernised and strengthened regulations governing petroleum operations, including exploration drilling.



FOLD B		
	Late Cretaceous	Aptian
Top Depth	700m	2,400m
Length	~75 km	~75 km
Closure Area	425 km² (105,000 acres)	

FOLD C		
	Late Cretaceous	Aptian
Top Depth	950 m	3,250 m
Length	~25 km	~25 km
Closure Area	65 km² (16,000 acres)	

Figure 1 3D structure maps displayed at different stratigraphic horizons and related directly to the 3D section.

Subsurface and Engineering

The Company's singular objective is to commence drilling activities for its first exploration well by April 2017. In support of this objective, in 2014 the Company completed work focused on specific technical de-risking of the prospects and re-engineering of the intended well plan.

Geochemistry analysis: In the second half of 2014 the Company commissioned a series of fluid inclusion analyses, on retained core and cuttings in the Company's possession from three prior wells already drilled in The Bahamas in the vicinity of the Company's acreage. All three wells demonstrated the presence of oil migration with a signature suggestive of light oil across multiple horizons. The results indicate an active, local oil generative source rock capable of generating large hydrocarbon volumes. The data further suggests the likely presence of multiple source rocks based upon API gravity variations within the inclusions. This work provides further technical support for the presence of active and sizeable petroleum charge systems across the region, and more specifically, in the locality of the Company's intended drilling activity.

Prospect Definition: All stratigraphic information has been integrated with the latest geophysical interpretation to derive a series of prospect maps defined by stratigraphic horizon. Utilising a specialist software package, various reservoir parameters and rock properties were input including analysis by Ryder-Scott of the Doubloon Saxon well and analogue data from similar dolomitic reservoirs and global platform carbonates to derive deterministic volumetric scenarios. The key determining variables in cases run are the degree of fill – the extent to which the individually identified structures are full of oil (as a percentage), the gross rock volume (GRV) and the net to gross – the proportion of the GRV that comprises reservoir. The conclusion remains that billion-barrel reserve potential is present at chosen well locations. Large upside cases exist in the Megabank where Fold B North and South can combine into a single, large structure and Folds B and C can converge into a giant closure (figure 2). There is potential in each of these scenarios for a multiple billion-barrel resource. In most cases, for individual reservoirs, a 30% fill scenario is potentially commercial.

Anticipated well costs: The Company has completed a programme of work to substantially re-engineer its planned first exploration well, based on 3D seismic data, comparison of historic drilling performance to established "technical limits", and work conducted jointly with third party companies to embed modern technologies in the well equipment design so as to maximise rate of penetration (ROP). Previously the Company had fixed the well location at the southern end of the B structure but during the year various alternative well locations were also examined in order to determine the best risk – reward trade-off. Further, during 2014 the Company also engaged a leading Rig Broker to reconsider rig options, in view of globally falling rig rates and increased availability. As a combined result of these initiatives, third party reviews and market information the Company announced that the anticipated cost of its initial exploration well (inclusive of contingencies and ensuring appropriate safety and environmental procedures) is now in the order of US$50 million – US$60 million (a substantial reduction on previous estimates).

Additional Studies: The Company has completed a number of additional studies focused at reducing detailed risk elements. This included seismic stratigraphy analysis, to better correlate the mixed reservoir and seal sequence stratigraphy derived from local and regional seismic; structural reconstruction, to examine relative formation timing, fault development and source access.

2015 Programme: Technical studies and projects currently underway or that the Company expects to detail in the next annual report are:

1. Detailed drilling plans for first well.
2. Procurement plans for drilling execution and contracting strategies.
3. Emergency Management Plans (EMP) for possible drill sites.
4. Health, safety, environmental and security programmes for safe, responsible drilling compliant with new regulations to include both Environmental and Safety Management Systems.
5. Lay-down, support and logistics plans.

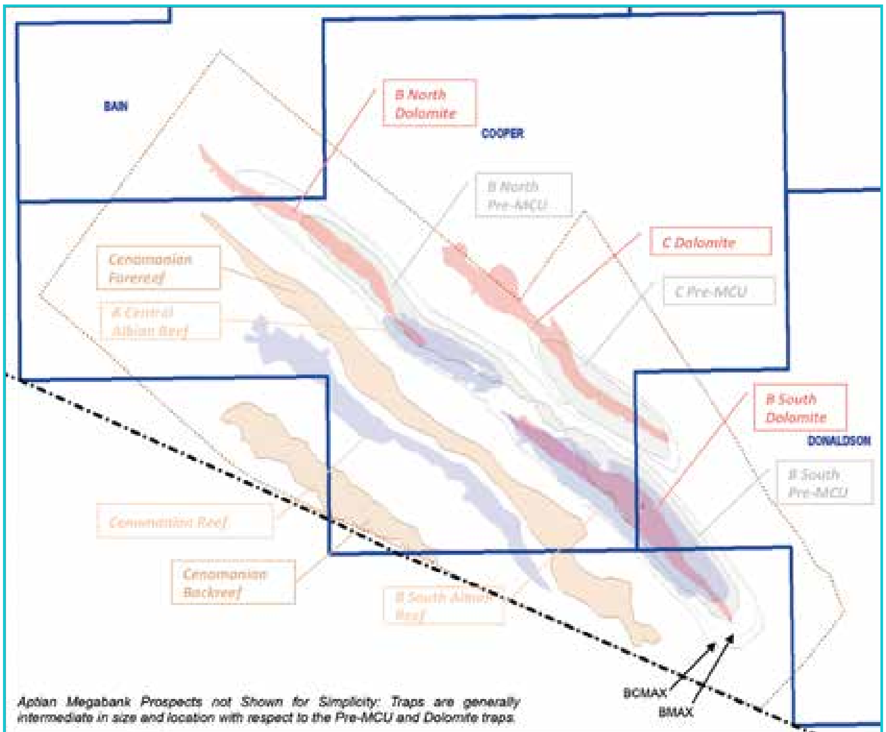


Figure 2 Prospect description map by stratigraphy and structure.

Licences

The Company has successfully renewed the statutory term for its key southern licences, providing clarity on tenure, licence areas and drilling obligation timing, as a precursor to commencement of drilling activities by April 2017.

Licence Renewal Addendum: The Company's licences were initially awarded in April 2007, and the statutory first term subsequently extended to 2012. In March 2013, the Government of The Bahamas announced a cancellation of any need for a referendum on exploration drilling. Subsequently, in July 2013, the Company received notification that the statutory term for its five licences was further renewed. During 2014, the Company engaged in discussion with the Government in relation to the detail of this further renewal, culminating in May 2015 with an agreed Licence Renewal Addendum relating to the Company's four licences in the southern territorial waters of The Bahamas.

- The Company is acknowledged as having satisfied all obligations in respect of the first exploration period;
- The second exploration period of the southern licences has been extended, such that it shall now not require further renewal until 2Q 2018;
- The southern licences remain commercially co-joined;
- The Company's second exploration period work obligation requires an exploration well in the southern licences to commence by April 2017;
- The boundaries of the southern licences have been adjusted, such that they now include all contiguous territorial waters in The Bahamas up to the Cuban maritime border; and
- All other commercial terms, relative timings and obligations unchanged.

This now provides a very clear mandate for the Company to proceed with drilling preparations and funding plans.

New Licence Applications: The Company had previously applied for a total of five new licences in the Santaren Channel and over Cay Sal. Following discussion with the Government, the Company has amended these applications such that the total number of new licences now applied for has been hi-graded to three (figure 3). These applications pertain to an adjusted area, such that they seek to exclude the area of the proposed Cay Sal National Marine Reserve. At the same time the new licence applications are strategically and practically focussed, being on trend from plays identified in the Company's existing southern licences, thus seeking to fully capture technically accessible upside potential. A decision on the Company's new licence applications is expected in the near future.

Miami Licence: Given the Company's focus on the potential associated with the play-types and the drill-ready prospects of its southern licences, all efforts and resources are being directed into that area as a priority. As a consequence the Company has decided that entry into the Miami Licence second exploration period is not justified without a deferral of obligations. The Company is in ongoing discussion with the Government in relation to the future status of this licence.

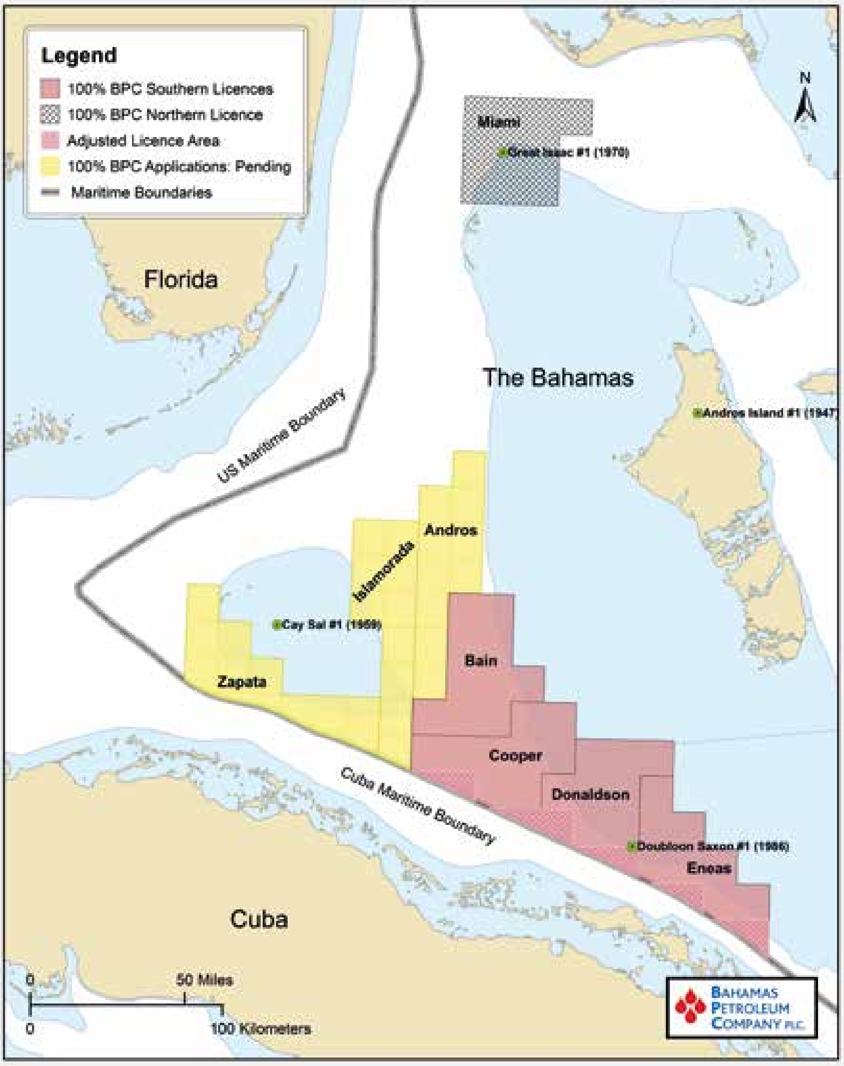


Figure 3 Bahamas Petroleum Licences, Licence Applications and locations of previous exploration drilling.

Petroleum Regulations

During 2014, a package of strengthened and modernised legislation and associated regulations, to govern petroleum exploration and production activities, was placed before the Bahamian House of Assembly. Once promulgated into law, these will provide a revised framework for industry activities consistent with current attitudes, recent experiences and technologies, and international best practice.

Existing Petroleum Legislation: To-date petroleum exploration drilling activities in The Bahamas are governed by the Petroleum Act 1971 and the Petroleum Regulations 1978, both of which were amended in 1987, with the regulations further amended in 1994. The Company's existing exploration licences were granted under and are governed by this legislative regime, and the Licence Renewal Addendum has provided the necessary clarity that this will continue to be so in respect of existing licences. However, future licences associated with exploration and (in the event of success) production and development activities will be required to comply with the proposed new Petroleum Act, and the various associated regulations: the Petroleum Regulations 2014, Petroleum (Health & Safety) Regulations 2014 and Petroleum (Environmental Protection and Pollution) Regulations 2014.

Proposed New Petroleum Legislation: In the twenty years since the last amendments to the legislative regime in The Bahamas, there have been significant changes in exploration and drilling technology, environmental standards and health & safety best practices, and attitudes and tolerances of society. In view of this, in 2012 the Government indicated that it would seek to introduce a modernised and strengthened legislative framework to govern future petroleum activities in The Bahamas, and that drilling would not be permitted pending passage of such legislation. During 2013 and 2014 the Company made extensive submissions to the Government in relation to the nature and content of such legislation, and in December 2014 the Government tabled, via a First Reading in the House of Assembly, a package of new legislation and regulations. This suite of legislation will administer future petroleum operations in The Bahamas, combining best practices identified in a variety of leading international jurisdictions – including new procedures adopted post the Gulf of Mexico incident – to reflect the most up-to date risk management practices. Bahamas Petroleum expects the legislative package to be passed into law during 2015 and considers that once promulgated it will reinforce responsible and safe hydrocarbon exploration as an integral part of the National Energy Policy of The Bahamas, whilst providing the assurance and framework required to attract the considerable investment necessary to develop the potentially significant economic resources present in Bahamian waters. The key components of the legislative package are:

- **The Petroleum Bill 2014:** Modernises the legislation that provides for petroleum exploration, drilling, production and related matters, conforming to international best practices.
- **The Petroleum Regulations 2014:** Provisions for how the Petroleum Bill 2014 would be implemented, including implementation of industrial and technical education and training programmes to equip Bahamian nationals with the knowledge to work in the industry.
- **The Petroleum (Health & Safety) Regulations 2014:** Modelled on best practice health and safety regulations of other countries. Amongst various requirements, operations must be managed under an approved Safety Management System, the requirement for detailed inspection of wells, an obligation to have a valid Certificate of Fitness, Verification Schemes for any installation and Emergency Response plans. All of the responsibilities, duties and obligations of this regulation will be adopted by the Company in its operations, and will be administered throughout the life of any project.
- **The Petroleum (Environmental Protection and Pollution Control) Regulations 2014:** Setting out the requirements to ensure activities are carried out in an environmentally sound and safe manner for the protection of environment of The Bahamas and neighbouring countries via mandated management systems and practices that seek to prevent and minimise harmful impacts on the environment, through accident prevention, industrial pollution management, regular follow-up and assessments. This includes the need for approved Environmental Impact Assessments (EIA) and Environmental Management Plans (EMP) prior to exploration activities. Such a requirement is already embedded in all five existing Bahamas Petroleum licences and an EIA has already been completed for the Company's first well. The regulations include the requirement to provide appropriate reports to the Government.

Sovereign Wealth Fund: In tandem with the proposed new industry regulation, the Government has introduced the Sovereign Wealth Fund Bill 2014 to provide the legislative framework to ensure that accrued wealth from any successful exploration outcome can be optimally invested, managed and conserved for the benefit of this and future generations of Bahamians. This Bill is expected to pass into law at the same time as the new petroleum legislation and associated regulations.

Process: The normal legislative process will see the draft legislation go through three readings in the House of Assembly, to be submitted, debated and voted upon, where a simple majority would see it forwarded on to the Senate for consent and subsequent passage into law.

Fiscal terms in The Bahamas are specified in each of the individual licence agreements and are therefore not altered by the new legislation.

A copy of the proposed Acts and associated Regulations can be viewed on the Company's website: www.bpcplc.com and for further information visit The Government's website: www.government.bahamas.bs.

Heath, Safety & Environment (HS&E)

Bahamas Petroleum is committed to operations that comply with HS&E international standards, and that create zero harm for employees, stakeholders and the environment.

HS&E Performance: During 2014, there were no statutory or Company reportable HS&E incidents. An extensive fire at a building adjacent to the Company's premises in Nassau prompted a comprehensive test of the Company data recovery, business continuity and disaster recovery processes that highlighted key actions to ensure procedures remain current and up-to-date.

Environmental Planning: In 2012 the Company prepared and submitted, and The Bahamas Environmental, Science and Technology (BEST) Commission accepted, an Environmental Impact Assessment (EIA). During 2014 the Company has continued to refine these environmental studies, required ahead of the drilling of any well, most specifically it developed additional content for the associated Environmental Management Plan and Oil Spill Response Plan. Furthermore, the Company has examined the additional studies necessary to ensure up to three potential well locations are appropriately prepared.

Studies/work completed:

- An evaluation of the sea bottom over a large portion of the Company's southern licence area based on multibeam data.
- A more detailed evaluation of sea bottom and shallow subsea drilling hazards in the vicinity of possible drill sites using multibeam and 3D seismic data.
- Calculation of Worst Case Discharge (WCD) to be used in oil spill simulation studies.
- Updated drill plan incorporating more comprehensively the previous drilling data in the area along with the 3D and multibeam data collected previously in order to determine the technical limits for well execution.
- Data collection aggregated into Environmental Sensitivity Maps to delineate critical and natural wildlife communities, their activities and habitats throughout focus areas.
- More detailed classification of coastlines on a 5 km by 5 km grid to provide an index of priorities for the marshaling of resources and prioritisation of response in the event of any threat or incident.
- Assessment of support and equipment available from Oil Spill Response Limited – a joint industry group established to provide emergency response and equipment in the unlikely event of an accident – how and where this volume of equipment could be most effectively deployed and integrated into Company plans.

Studies/work underway or being revisited:

- The Environmental Management Plan (EMP) has been commenced but now awaits location and rig specific elements to be included.
- The content and specifics of the new governing regulations need to be integrated into all plans and tested for compliance.
- Revised drilling location/plans (changed well bores) need to be revisited to determine changes to the Worst Case Discharge (WCD) analysis.
- An assessment as to whether further evaluation of sea bottom and shallow subsea drilling hazards is required in the vicinity of revised drill sites.
- Industry studies to further optimise initial well planning. This updated plan incorporates previous drilling in the area along with the 3D and multibeam data collected previously to establish well 'technical limits'.
- Expand the collection of data to extend the Environmental Sensitivity Maps to delineate critical and natural wildlife communities, their activities and habitats throughout focus areas across wider areas of The Bahamas as an example of best practices.
- Correspondingly expanding the detailed classification of coastlines on a fine grid to provide an index of priorities for the marshaling of resources and prioritisation of response in the event of any threat or incident whether manifest from Company operations or from a separate, unrelated source.

All environmental planning should be viewed in the context of the extensive oil activity and infrastructure already in the region (figure 4).

Safe and Responsible Exploration Operations

The industry and Government response to assuring safe exploratory drilling is focused on three main areas; regulations, equipment and spill response. These have remained the priority areas of work for Bahamas Petroleum during 2014. Current compliance remains focused on an EIA and EMP which would carry over under the new regulations made public at the end of the year.

Figure 4 Major oil and gas related activities in the region.

Environmental Impact Assessment (EIA): The EIA was reviewed and accepted by The Bahamas Environment Science & Technology Commission in March 2012 and posted for public viewing on their website in October 2012 (www.best.bs). To ensure the well is drilled safely while safeguarding the environment and protecting workers the Company has committed to using best practices and standards from jurisdictions such as Norway, the United States, Australia, the United Kingdom and from international organisations such as International Oil and Gas Producers Forum (OGP – www.ogp.org.uk), International Association of Drilling Contractors (IADC – www.iadc.org), and the International Petroleum Industry Environmental Conservation Association (IPIECA – www.ipieca.org). The areas of direct and indirect impact incorporated in the study are shown in figure 5.

The significant findings from the EIA were as follows:

- The results of the high resolution sea bottom survey showed that there are no sensitive environments in the immediate vicinity of the first proposed drill site – archaeological, fauna, flora or existing infrastructure or usage;
- The drilling environment is one of low/normal pressure reservoirs, thereby reducing the probability of an incident as fluids will not be sufficiently pressured to free flow to the surface without the aid of pumps; and
- The impacts identified were deemed normal or acceptable with proper controls as part of the standard operating practices.

Environmental Management Plan (EMP): To complement the EIA, and in fulfilment of further licence requirements an Environmental Management Plan (EMP) is currently being produced and will be completed and approved prior to drilling operations going ahead. The EMP is a site-specific plan outlining agreed performance criteria and all measures that are necessary to minimise and mitigate potential impacts to the environment while complying with all aspects of new environmental legislation. The EMP will provide information on the design, construction and operation of the drill rig and its associated facilities and services and highlight the means by which identified potential risks and impacts will be mitigated. The EMP is already designed to include an Oil Spill Contingency Plan and a Waste Management Plan but will be expanded in compliance with any new standards or requirements the new regulations impose.

Under the new regulations a number of globally familiar procedures will be introduced to The Bahamas process.

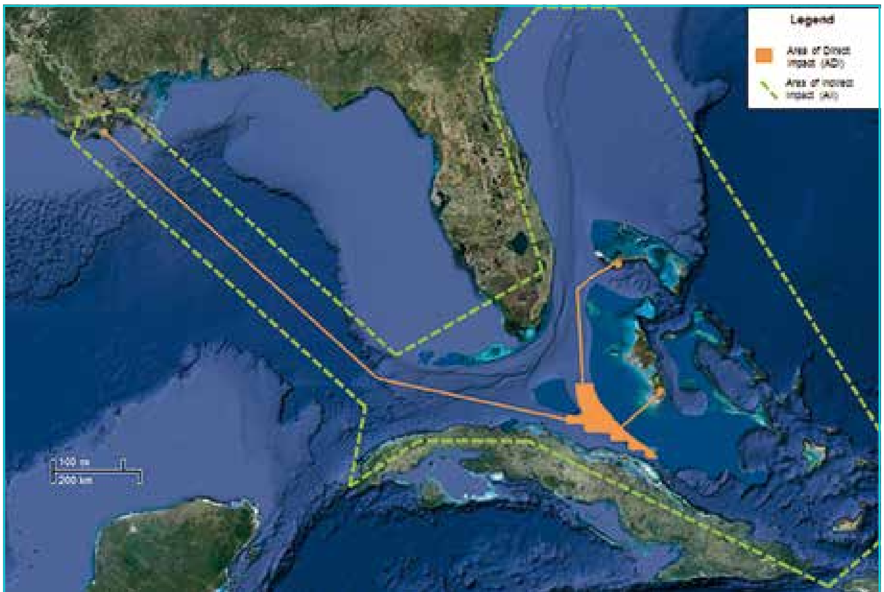


Figure 5 Areas of direct and indirect impact studied for the EIA.

Amongst these that will need to be completed ahead of operations are the "Safety Case" methodology for an operation or installation which is defined as a structured argument, supported by a body of evidence, that provides a compelling, comprehensible and valid case that a system is safe for a given application in a given operating environment. Further, a detailed Emergency Response Plan will be required which will seek to identify and address potential emergency scenarios inclusive of well control problems, evacuations, security, spills, natural disasters, property loss, fire and/or explosions, hazardous releases, public relations, personnel, transportation and any public impacts. Regular training exercises are mandated to ensure the adequacy and relevance of the plan and the proficiency of staff in compliance with its regular implementation. Such exercises are often coordinated regionally to engage responders, the authorities and support services.

Plans to comply with these new obligations are underway and will be substantially progressed during 2015.

Spill Prevention and Response: An Oil Spill Response Plan (OSRP) is the last link in the chain for exploring safely and in an environmentally responsible manner. The OSRP will provide procedures and protocols on how to deal with an emergency situation involving an oil spill and will identify priorities and methods of protection. Ultimately it is a tool to condition any organisation to an effective response; defining the key actions to be implemented, by who and when. A key component (already completed) that educates the main direction and potential extent of the required response is the oil spill simulation under the worst case discharge (WCD) conditions. This comprehensive study concludes categorically that, taking into account conceivable ambient conditions, virtually no spilled oil would reach Bahamas beaches and the main focus of preparedness would need to be biased towards intervention between well site, the Cuban mainland and the Cuban barrier islands.

Commercial

The Company's prospects are economically attractive. Technical de-risking, licence renewal and progress of the new legislative package has placed Bahamas Petroleum in a strong position to attract the necessary partner and financing to enable commencement of drilling operations.

Economic Assessment: During 2014, the Company updated its economic assessment of its prospects, to reflect revised current (lower) global oil prices, reduced well costing estimates, all up-to-date technical data, and other relevant factors to an eventual field development, such as the project's proximity to existing infrastructure, contractors and service suppliers etc. Based on this work, the Company believes that the minimum field size for an economic development is less than 200 million barrels (versus current resource estimates measured in billions of barrels) with an estimate breakeven oil price of $30 – $40 per barrel, and that the project would thus offer robust profitability even in the current (comparatively lower) oil price environment.

Farm-Out Process: The Company is seeking an industry partner to participate in the drilling programme, both operationally and financially. The Company considers that signing of the Licence Renewal Addendum now provides clarity on tenure, timing and work obligations that potential industry participants typically require prior to commencement of new country operations. Discussions remain on-going with a number of selected potential industry partners.

Cost Management: Over the past 3 years the Company has taken a number of actions to reduce corporate overheads. During 2014 this has included the Board's agreement to forgo 20% of remuneration to only be repaid, in shares, in the event of a successful farm-out or other arrangement sufficient to finance the first exploration well. These actions have resulted in a total operating cost savings of 54% in aggregate over the past 3 years (an average annual reduction of 22% on a year on year basis). Underpinned by these early initiatives to ensure an appropriate and reducing cost structure consistent with the needs of the Company and the prevailing commercial environment, at the end of 2014 the Company retained in excess of $10 million cash. Consequently, the Company considers that ongoing costs can be met from existing cash reserves for several years. Management continues to maintain a strict focus on costs with a view to further reductions where possible.

Competitor Activity: No further drilling activity was undertaken in the region during 2014. In 2015 the Mexican government will undertake a series of licensing rounds open for the first time to international companies. These bidding rounds will include acreage including the Jurassic / Cretaceous carbonate petroleum system and Aptian-Albian reservoirs analogous to those of the Southern Bahamas.

Community and People

The Company continues to work closely with the people of The Bahamas to give a clear understanding of the integrity of the Company's operations and the potential benefits a commercial oil discovery could bring the country and its people.

The economic case for petroleum exploration can be compelling but Bahamas Petroleum is committed to environmentally responsible and safe exploration activities ensuring full consultation with the broader communities and stakeholders throughout The Bahamas. If commercial quantities of oil are discovered in offshore waters, the construction and production activities to bring the oil to market as well as the royalties earned by the Government will bring significant potential benefits to the economy of The Bahamas at no financial risk or cost to the Government (figure 6).

Benefits to the Economy

Royalty payments: a long term source of Government revenue	• Increase with oil price and production levels. • Availability to secure wealth for future generations (Sovereign Wealth Fund).
Diversification of the economy	• Less susceptible to slumps/seasonal effects in other sectors. • Less exposed to fluctuations in other North American economies.
New employment opportunities associated with offshore oil production	• Direct employment in the industry. • Indirect employment with contractors, suppliers and service companies.
Workforce development	• Before oil production begins there will be opportunities for Bahamians to receive vocational & technical training. • Upgraded education facilities to supply industry.
Greater energy security	• Broader options on the choice of energy supply. • Options to reduce prices of fuel and electricity.
A chance for Bahamian shareholders to share in the profits if discovered	• Bahamas Petroleum is working to make shares of the Company available through a listing on BISX.

Figure 6 If commercial quantities of oil are discovered, production activities to bring oil to market will bring significant benefits to the economy of The Bahamas.

Corporate Governance

The UK Corporate Governance Code

Bahamas Petroleum Company plc's shares are traded on the Alternative Investment Market of the London Stock Exchange and as such the Company is not subject to the requirements of the UK Corporate Governance Code, nor is it required to disclose its specific policies in relation to corporate governance. The Quoted Companies' Alliance has issued a guidance booklet setting out a code of best practice and via the framework described below, the Board of Directors of Bahamas Petroleum Company plc seeks to apply the principles within that code and within the UK Corporate Governance Code in so far as it is practicable for a company of its size and complexity.

The workings of the Board and its Committees

The Board of Directors

The Board meets regularly to discuss and consider all aspects of the Company's activities. A Charter of the Board has been approved and adopted which sets out the membership, roles and responsibilities of the Board. The Board is primarily responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions.

The Board currently consists of the Chairman, the Chief Executive Officer, and four Non-executive Directors. All Directors have access to the Company Secretary and the Company's professional advisors.

Record of Board Meetings

There were five board meetings of the parent entity of the Group during the financial year.

Director	Number of board meetings attended	Number of board meetings eligible to attend
Simon Potter	5	5
William Schrader (appointed during the year)	4	4
James Smith (appointed during the year)	4	4
Adrian Collins	5	5
Edward Shallcross	5	5
Ross McDonald	5	5
Steven Weyel (resigned during the year)	1	3

Audit Committee

The Audit Committee comprises Edward Shallcross (Chairman), James Smith and Ross McDonald. The Audit Committee is primarily responsible for ensuring that the financial performance of the Company is properly reported on and monitored, for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor. The Audit Committee has oversight responsibility for public reporting and the internal controls of the Company. A Charter of the Audit Committee has been approved and adopted which formally sets out the membership, roles and responsibilities of the Audit Committee.

Remuneration Committee

The Remuneration Committee comprises Adrian Collins (Chairman), William Schrader and Edward Shallcross. The Remuneration Committee is responsible for making recommendations to the Board of Directors regarding executive remuneration packages, including bonus awards and share options.

Nomination Committee

The Nomination Committee comprises Adrian Collins, William Schrader, Simon Potter and Edward Shallcross, and is chaired by Adrian Collins. The role of the Nomination Committee is to assist the Board in fulfilling its responsibilities in the search for and evaluation of potential new Directors and ensuring that the size, composition and performance of the Board is appropriate for the scope of the Company's activities. It is recognised that shareholders of the Company have the ultimate responsibility for determining who should represent them on the Board.

Health, Safety, Environmental and Security Committee

The Company has a Health, Safety, Environmental and Security Committee which comprised during the year William Schrader, Simon Potter and the Group Environmental Scientist (Non-Board). The committee purpose is to assist the Directors in reviewing, reporting and managing the Company's performance, to assess compliance with applicable regulations, internal policies and goals and to contribute to the Company risk management processes.

Internal Control

The Directors acknowledge their responsibility for the Company's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage the risk of failure to achieve the Company's strategic objectives. It cannot totally eliminate the risk of failure but will provide reasonable, although not absolute, assurance against material misstatement or loss.

Going Concern

The Directors consider that the Company has adequate financial resources to enable it to meet its financial obligations through to the end of 2016 from existing liquid cash resources. For this reason they continue to adopt the going concern basis of preparing the Financial Statements. Further information regarding the appropriateness of the use of the going concern assumption in the basis of preparation can be found in note 4 to the Financial Statements.

Directors' Report

Your Directors present their report and audited Financial Statements of the Company and the consolidated Group (referred to hereafter as the Group) consisting of Bahamas Petroleum Company plc (the "Company") and the entities it controlled at the end of, or during, the year ended 31 December 2014.

Directors

The following persons were Directors of the Company during the financial year:

Simon Potter	
William Schrader	(appointed 24 April 2014)
James Smith	(appointed 24 April 2014)
Adrian Collins	
Edward Shallcross	
Ross McDonald	
Steven Weyel	(resigned 4 August 2014)

Further details of the above Directors can be found on the Company's website: www.bpcplc.com.

Principal activity

The principal activity of the Group and the Company consists of oil & gas exploration in The Commonwealth of The Bahamas.

Results and dividends

The results of the Group for the year are set out on page 22 and show a loss for the year ended 31 December 2014 of $4,668,179 (2013: loss of $5,193,412). The total comprehensive loss for the year of $4,668,179 (2013: loss of $5,193,412) has been transferred to reserves.

The Directors do not recommend payment of a dividend (2013: $nil).

Review of operations

During the year, the Company continued to review and refine the technical aspects of its exploration portfolio seeking to further mitigate risk where considered to have significant effect. This work focused on further demonstrating viable source and charge and dramatically re-estimating anticipated well costs.

Accordingly a series of geochemical analyses were commissioned on retained core and cuttings from prior wells drilled in The Bahamas, the results of which showed light oil migration through the region, indicating the presence of active, local oil generating source rock capable of generating large hydrocarbon volumes. In the last quarter of the year the Company completed a work programme to re-engineer the planned first exploration well based on 3D seismic data, comparison of historic drilling performance in The Bahamas and similar wells drilled elsewhere in the world. This design work, combined with reduced rates for drilling rigs in the Gulf of Mexico, has resulted in a reduction of the estimated well cost to $50m – $60m, down from previous estimates in excess of $100m.

Updated economic analysis undertaken during the year has allowed the Company to estimate its minimum economic field size as less than 200 million barrels and a break even oil price of around $30 – $40 per barrel, providing robust profitability given current multi-billion barrel prospectivity and despite recent pressure on global oil prices.

Further work was undertaken during the year towards the Company Environmental Management Plan (EMP) required before commencement of drilling, including the preparation of an Oil Spill Contingency Plan, Emergency Response Plan and a series of environmental sensitivity index maps for the broader region.

During the year the Government of The Bahamas introduced before Parliament a suite of legislation aimed at modernising and strengthening the regulations guiding future hydrocarbon operations. In parallel the Company held discussions with the Government of The Bahamas regarding the terms of the renewal of the Company's exploration licences, culminating in their renewal on 15 May 2015. The renewal is for a further three-year period to 2018 and requires the commencement of an exploration well by 30 April 2017.

The Company has continued to engage local communities and stakeholder groups in The Bahamas to provide a clear understanding of the Company, its operations and the potential impact of a commercial discovery in The Bahamas.

Substantial shareholdings

The following table represents shareholdings of 3% or more notified to the Company as at 31 December 2014:

Name	Number of shares	% of shareholding
Hargreaves Landsdown	121,986,284	9.91%
TD Waterhouse	119,035,934	9.67%
HSDL Stockbrokers	106,860,831	8.68%
Barclays Stockbrokers	79,840,074	6.49%
Interactive Investor	50,684,886	4.12%
HSBC Private Bank	43,751,261	3.56%

Directors' interests

The interests in the Company at the balance sheet date of all Directors who held office on the Board of the Company at the year-end are stated below.

Shareholding and options

Name	Number of Shares 31 December 2014	Number of Share Options 31 December 2014	Number of Shares 31 December 2013	Number of Share Options 31 December 2013
Simon Potter	**2,000,000**	**39,000,000**	1,000,000	39,000,000
William Schrader	**250,000**	**2,000,000**	–	–
James Smith	**–**	**1,000,000**	–	–
Edward Shallcross	**320,000**	**1,500,000**	120,000	1,500,000
Ross McDonald	**250,000**	**1,000,000**	250,000	1,000,000
Adrian Collins	**200,000**	**1,000,000**	200,000	1,000,000

No options were exercised during the year. See note 18 to the consolidated Financial Statements for further details.

Independent auditor

PricewaterhouseCoopers LLC, being eligible, has indicated its willingness to continue in office and will be reappointed without resolution in accordance with section 12(2) of the Companies Act 1982.

By order of the Board

Benjamin Proffitt
Company Secretary
5 June 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable Isle of Man law.

Company law requires the Directors to prepare Financial Statements for each financial year. The Directors have elected to prepare the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The Financial Statements are required by law to give a true and fair view of the financial position of the Group and Parent Company and the financial performance of the Group and Parent Company for that period.

In preparing these Financial Statements the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and to enable them to ensure that the Financial Statements comply with the Isle of Man Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the Isle of Man governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

By order of the Board

Simon Potter
Director
5 June 2015

Independent Auditor's Report

To the Members of Bahamas Petroleum Company plc

Report on the Financial Statements

We have audited the consolidated Financial Statements of Bahamas Petroleum Company plc and its subsidiaries (the "Group") which comprise the consolidated balance sheet as at 31 December 2014 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated Financial Statements in accordance with applicable Isle of Man law and International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated Financial Statements based on our audit. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- the consolidated Financial Statements give a true and fair view of the financial position of the Group as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the consolidated Financial Statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004.

Emphasis of matter

We draw attention to note 4(b) to the consolidated Financial Statements which describes the uncertainty related to the future recoverability of the Group's intangible assets. Our opinion is not qualified in respect of this matter.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Isle of Man Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- we have not received all the information and explanations necessary for the purposes of our audit; and
- certain disclosures of Directors' loans and remuneration specified by law have not been complied with.

Other matters

We have reported separately on the parent company Financial Statements of Bahamas Petroleum Company plc for the year ended 31 December 2014 on page 40. That report includes an emphasis of matter.

PricewaterhouseCoopers LLC
Chartered Accountants
Douglas, Isle of Man
5 June 2015

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014 Group $	2013 Group $
Continuing operations			
Employee benefit expense	7	**(2,118,136)**	(2,041,607)
Depreciation expense	12	**(73,494)**	(86,641)
Other expenses	8	**(2,587,249)**	(3,140,068)
Operating loss		**(4,778,879)**	(5,268,316)
Other income		**96,000**	51,208
Finance income	6	**14,700**	23,696
Loss before tax		**(4,688,179)**	(5,193,412)
Taxation	9	**–**	–
Total comprehensive loss for the year		**(4,688,179)**	(5,193,412)
Loss per share for loss attributable to owners of the Company:			
Basic and diluted loss per share (expressed in cents per share)	10	**(0.38)**	(0.42)

The notes on pages 26 to 39 form part of these consolidated Financial Statements.

Consolidated Balance Sheet

As at 31 December 2014

	Note	2014 Group $	2013 Group $
ASSETS			
Non-current assets			
Intangible exploration and evaluation assets	13	**46,778,928**	46,369,976
Property, plant and equipment	12	**112,605**	109,135
Restricted cash	11	**46,635**	165,040
Total non-current assets		**46,938,168**	46,644,151
Current assets			
Other receivables	15	**879,715**	888,451
Cash and cash equivalents	14	**10,032,127**	14,863,287
Total assets		**57,850,010**	**62,395,889**
LIABILITIES			
Current liabilities			
Trade and other payables	16	**431,244**	378,319
Total liabilities		**431,244**	378,319
EQUITY			
Share capital	17	**37,253**	37,253
Share premium reserve	17	**78,185,102**	78,185,102
Merger reserve	17	**77,130,684**	77,130,684
Reverse acquisition reserve		**(53,846,526)**	(53,846,526)
Share based payment reserve	18	**1,850,473**	1,781,098
Retained earnings		**(45,938,220)**	(41,270,041)
Total equity		**57,418,766**	62,017,570
Total equity and liabilities		**57,850,010**	**62,395,889**

The Financial Statements on pages 22 to 39 were approved and authorised for issue by the Board of Directors on 5 June 2015 and signed on its behalf by:

Edward Shallcross
Director

Simon Potter
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Note	Share capital $	Share premium reserve $	Merger reserve $	Reverse acquisition reserve $	Share based payment reserve $	Retained earnings $	Total equity $
Balance at 1 January 2013		37,253	78,185,102	77,130,684	(53,846,526)	1,705,753	(36,076,629)	67,135,637
Comprehensive income								
Total comprehensive loss for the year		–	–	–	–	–	(5,193,412)	(5,193,412)
Total comprehensive income		–	–	–	–	–	(5,193,412)	(5,193,412)
Transactions with owners								
Share options – value of services	18	–	–	–	–	75,345	–	75,345
Total transactions with owners		–	–	–	–	75,345	–	75,345
Balance at 31 December 2013		**37,253**	**78,185,102**	**77,130,684**	**(53,846,526)**	**1,781,098**	**(41,270,041)**	**62,017,570**
Balance at 1 January 2014		37,253	78,185,102	77,130,684	(53,846,526)	1,781,098	(41,270,041)	62,017,570
Comprehensive income								
Total comprehensive loss for the year		–	–	–	–	–	(4,668,179)	(4,668,179)
Total comprehensive income		–	–	–	–	–	(4,668,179)	(4,668,179)
Transactions with owners								
Share options – value of services	18	–	–	–	–	69,375	–	69,375
Total transactions with owners		–	–	–	–	69,375	–	69,375
Balance at 31 December 2014		**37,253**	**78,185,102**	**77,130,684**	**(53,846,526)**	**1,850,473**	**(45,938,220)**	**57,418,766**

The notes on pages 26 to 39 form part of these consolidated Financial Statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 Group $	2013 Group $
Cash flows from operating activities			
Cash used in operations	19	**(4,560,392)**	(5,849,231)
Net cash used in operating activities		**(4,560,392)**	(5,849,231)
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(76,964)**	(15,782)
Proceeds from disposal of property, plant and equipment		**–**	42,357
Payments for exploration and evaluation assets	13	**(408,952)**	(653,474)
Decrease in restricted cash	11	**112,173**	–
Other income		**96,000**	51,208
Interest received	6	**14,700**	23,696
Net cash used in investing activities		**(263,043)**	(551,995)
Net decrease in cash and cash equivalents		**(4,823,435)**	(6,401,226)
Cash and cash equivalents at the beginning of the year	14	**14,863,287**	21,311,937
Effects of exchange rate changes on cash and cash equivalents		**(7,725)**	(47,424)
Cash and cash equivalents at the end of the year	**14**	**10,032,127**	**14,863,287**

The notes on pages 26 to 39 form part of these consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1 General information

Bahamas Petroleum Company plc ("the Company") and its subsidiaries (together "the Group") is the holder of several oil & gas exploration licences issued by the Government of the Commonwealth of The Bahamas.

The Company is a limited liability company incorporated in the Isle of Man. The address of its registered office is IOMA House, Hope Street, Douglas, Isle of Man. The Company's review of operations and principal activities is set out in the Directors' Report.

Following simplification of the Group structure during the prior year to remove legacy holding companies in the Falklands and Jersey, the Company has four directly and eleven indirectly 100% owned subsidiaries as follows:

Name	Country of Incorporation	Holding
BPC (A) Limited	Isle of Man	100% Direct
BPC (B) Limited	Isle of Man	100% Direct
BPC (C) Limited	Isle of Man	100% Direct
BPC (D) Limited	Isle of Man	100% Direct
BPC Limited	Bahamas	100% Indirect
BPC (A) Limited	Bahamas	100% Indirect
BPC (B) Limited	Bahamas	100% Indirect
BPC (C) Limited	Bahamas	100% Indirect
BPC (D) Limited	Bahamas	100% Indirect
Bahamas Offshore Petroleum Ltd	Bahamas	100% Indirect
Island Offshore Petroleum Ltd	Bahamas	100% Indirect
Sargasso Petroleum Ltd	Bahamas	100% Indirect
Privateer Petroleum Ltd	Bahamas	100% Indirect
Columbus Oil & Gas Limited	Bahamas	100% Indirect
Island Petroleum Limited	Bahamas	100% Indirect

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated Financial Statements of Bahamas Petroleum Company plc (the "Financial Statements") reflect the results and financial position of the Group for the year ended 31 December 2014, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and IFRIC (International Financial Reporting Interpretations Committee) interpretations. These Financial Statements have been prepared under the historical cost convention and the requirements of the Isle of Man Companies Acts 1931 to 2004.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 4.

Going concern

The Directors have, at the time of approving these Financial Statements, determined that the Group has more than adequate financial reserves and therefore these Financial Statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as and when they fall due. See note 4 for further information.

Adoption of new and revised Standards

a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014.

IFRS 10, Consolidated Financial Statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated Financial Statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group has adopted the new IFRS and it has no material impact on the Group.

IFRS 11, 'Joint arrangements', is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venturer has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group has adopted the new IFRS and it has no material impact on the Group.

2 Summary of significant accounting policies (continued)

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has adopted the new IFRS and it has no material impact on the Group.

IAS 27 (revised 2011), 'Separate Financial Statements', effective 1 January 2013, includes the requirements relating to separate Financial Statements, following the issue of IFRS 10. The Group has adopted the new IFRS and it has no material impact on the Group.

IAS 28 (revised 2011), 'Associates and joint ventures' effective 1 January 2013, includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. The Group has adopted the new IFRS and it has no material impact on the Group.

b) Standards, amendments and interpretations to existing standards that are in issue and relevant to the Group but not yet effective or adopted by the EU and have not been early adopted

At the date of authorisation of these Financial Statements the following standards and interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective, or in some cases not yet adopted by the EU.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018, subject to endorsement by the EU. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the International Accounting Standards Board.

IAS 1, 'Presentation of Financial Statements' (issued December 2014), effective 1 January 2016, addresses a number of disclosure changes in the financial statements. The Group is yet to fully assess the impact of these changes and intends to adopt these no later than the accounting period beginning on or after 1 January 2016, subject to endorsement by the EU.

IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' (issued July 2014) on depreciation and amortisation, effective 1 January 2016. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefit embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Group is yet to fully assess the impact of the changes and intends to adopt these no later than the accounting period beginning on or after 1 January 2016, subject to endorsement by the EU.

IFRS 15, 'Revenue from contracts with customers' (issued May 2014), effective 1 January 2017, is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. The Group is yet to fully assess the impact of the changes and intends to adopt these no later than the accounting period beginning on or after 1 January 2017, subject to endorsement by the EU.

2.2 Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses (including unrealised gains and losses on transactions between group companies) are eliminated on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

2 Summary of significant accounting policies (continued)

The Financial Statements consolidate the results, cash flows and assets and liabilities of the Company and its wholly owned subsidiary undertakings.

2.3 Operating segments

All of the Group's business activities relate to oil & gas exploration activities in the Commonwealth of The Bahamas. The business is managed as one business segment by the chief operating decision maker ("the CODM"), who has been identified as the Chief Executive Officer ("the CEO"). The CODM receives reports at a consolidated level and uses those reports to assess business performance. It is not possible to assess performance properly using the financial information collected at the subsidiary level.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated Financial Statements are presented in United States Dollars, which is the functional currency of the Company and all of the Group's entities, and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denoted in foreign currency are translated into the functional currency at exchange rates ruling at the year end. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful economic lives, as follows:

– Computer equipment	3 years
– Furniture, fittings and equipment	4 years
– Motor vehicles	5 years
– Leasehold improvements	Over the life of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount with any impairment charge being taken to the consolidated statement of comprehensive income.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the consolidated statement of comprehensive income.

2.6 Intangible assets – exploration and evaluation assets

Exploration and evaluation expenditure incurred which relates to more than one area of interest is allocated across the various areas of interest to which it relates on a proportionate basis. Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. The area of interest adopted by the Group is defined as a petroleum title.

Expenditure in the area of interest comprises direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not linked to a particular area of interest.

As permitted under IFRS 6, exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another entity, is carried forward as an asset at cost provided that one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

2 Summary of significant accounting policies (continued)

Exploration and evaluation expenditure which fails to meet at least one of the conditions outlined above is taken to the consolidated statement of comprehensive income.

Expenditure is not capitalised in respect of any area of interest unless the Group's right of tenure to that area of interest is current.

Intangible exploration and evaluation assets in relation to each area of interest are not amortised until the existence (or otherwise) of commercial reserves in the area of interest has been determined.

2.7 Impairment

In accordance with IFRS 6, exploration and evaluation assets are regularly reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

2.8 Financial instruments

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The classification of financial assets is determined at initial recognition.

At 31 December 2014 and 2013 the Group did not have any financial assets held at fair value through profit or loss or classified as available for sale. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in any active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are stated initially at their fair value and subsequently at amortised cost using the effective interest rate method. The Group's loans and receivables consist of 'cash and cash equivalents' at variable interest rates, 'restricted cash' and 'other receivables' excluding 'prepayments'.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event or events has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group classifies its financial liabilities in the following categories: at fair value through profit or loss and other liabilities. As at 31 December 2014 and 2013 the Group did not have any financial liabilities at fair value through profit or loss. Other liabilities are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. Other liabilities consist of 'trade and other payables'. These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions with original maturities of three months or less. For the purposes of the cash flow statement, restricted cash is not included within cash and cash equivalents.

2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are deducted, net of tax, from the proceeds. Net proceeds are disclosed in the statement of changes in equity.

2.11 Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share based payments

Where equity settled share options are awarded to employees or Directors, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Notes to the Consolidated Financial Statements
(continued)

2 Summary of significant accounting policies (continued)
Where equity instruments are granted to persons other than employees or Directors, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

(iii) Bonuses
The Group recognises a liability and an expense for bonuses. Bonuses are approved by the Board and a number of factors are taken into consideration when determining the amount of any bonus payable, including the recipient's existing salary, length of service and merit. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Pension obligations
For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

(v) Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination and when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.12 Interest Income
Interest income is recognised on a time proportion basis using the effective interest method.

2.13 Leases
Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

3 Financial risk management in respect of financial instruments
3.1 Financial risk factors
The Group's activities expose it to a variety of financial risks: liquidity, market and credit risk. The Group's overall risk management programme focuses on minimising potential adverse effects on the financial performance of the Group.

Risk management is carried out by the CEO under policies approved by the Board of Directors. The CEO identifies, evaluates and addresses financial risks in close cooperation with the Group's management. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

(i) Liquidity risk
The Group monitors its rolling cashflow forecasts and liquidity requirements to ensure it has sufficient cash to meet its operational needs. Surplus cash is invested in interest bearing current accounts and money market deposits.

No profit to date
The Group has incurred losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. Since the Group intends to continue investing in the exploration licences it currently holds an interest in, the Directors anticipate making further losses. There can be no certainty that the Group will achieve or sustain profitability or achieve or sustain positive cash flows from its activities.

Future funding requirements
The Group intends to raise funding through the placing of ordinary shares and farm-outs of its licences. There is no certainty that the Company will be able to raise funding on the equity markets or that the raising of sufficient funds through future farm outs will be possible at all or achievable on acceptable terms. This could substantially dilute the Group's interest in the licences, however, given the size of the Group's existing holding it would be expected, although there is no guarantee, that the Group will retain a significant equity interest in the licences.

Financial liabilities
The Group's financial liabilities comprise entirely its trade and other payables which all fall due within 1 year. The Group's payment policy is to settle amounts in accordance with agreed terms which is typically 30 days.

3 Financial risk management in respect of financial instruments (continued)

(ii) Market risk

Foreign exchange risk

The Group operates internationally and therefore is exposed to foreign exchange risk arising from currency exposures, primarily with regard to UK Sterling. The exposure to foreign exchange risk is managed by ensuring that the majority of the Group's assets, liabilities and expenditures are held or incurred in US Dollars, the functional currency of all entities in the Group. At 31 December 2014 the Group held $276,827 of cash in UK Sterling (December 2013: $1,784,266) and had an immaterial amount of trade and other payables denominated in UK Sterling.

At 31 December 2014, if the US Dollar currency had weakened/strengthened by 10% against UK Sterling with all other variables held constant, post-tax losses for the year would have been reduced/increased by approximately $28,000 (31 December 2013: reduced/increased by $178,000), mainly as a result of foreign exchange gains/losses on translation of UK Sterling denominated bank balances.

The Group also has operations denominated in the Bahamian dollar. As the Bahamian dollar is pegged to the US dollar on a one for one basis these operations do not give rise to any currency exchange exposures.

Interest rate risk

The Group's exposure to interest rate risk relates to the Group's cash deposits which are linked to short-term deposit rates and therefore affected by changes in bank base rates. At 31 December 2014 and 2013 short-term deposit rates were in the range of 0% to 1% and therefore the interest rate risk is not considered significant to the Group. An increase in interest rate of 0.25% in the year would have had an immaterial effect of the Group's loss for the year.

(iii) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. In order to mitigate credit risk arising from cash balances the Group holds cash reserves with more than one counterparty.

3.2 Capital risk management

Capital is defined by the Group as all equity reserves, including share capital and share premium. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to support the Group's business operations and maximise shareholder value. The Group is not subject to any externally imposed capital requirements.

4 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Going concern

These Financial Statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as and when they fall due.

The Directors are of the opinion that the Group has more than adequate financial resources to meet its working capital needs through to the end of 2016 based on cash flow forecasts and the Group's existing liquid cash resources.

The Group's ability to meet its obligations beyond 2016 is dependent on the level of exploration and appraisal activities undertaken. The next step in the Group's asset development programme requires the drilling of an exploration well on its prospects. The ability of the Group to discharge this obligation is contingent on the successful completion of a farm in arrangement or equity raise.

(b) Carrying value of exploration expenditure

Expenditure of $46,778,928 relating to the cost of exploration licences, geological and geophysical consultancy and seismic data acquisition and interpretation has been capitalised as at 31 December 2014 (2013: $46,369,976).

Ultimate recoupment of exploration and evaluation assets capitalised is dependent on successful development and commercial exploitation, or alternatively, sale of the respective licence areas. The carrying value of the Group's exploration and evaluation expenditure is reviewed at each balance sheet date and, if there is any indication that it is impaired, its recoverable amount is estimated. Estimates of impairment are limited to an assessment by the Directors of any events or changes in circumstances that would indicate that the carrying value of the asset may not be fully recoverable. Any impairment loss arising is charged to the statement of comprehensive income.

Notes to the Consolidated Financial Statements
(continued)

4 Critical accounting estimates and assumptions (continued)

On 10 March 2013, the Government of The Bahamas announced its intentions to proceed with oil and gas exploration drilling in Bahamian waters. Additionally, the Government clarified its intentions for a public consultation on the creation of an oil and gas extraction and production industry, noting that any such consultation process would only take place in the event that commercial reserves of hydrocarbons are discovered in Bahamian waters. Following this decision, the future recoverability of the Group's intangible assets are contingent upon the discovery of commercial reserves and the presentation of all relevant data before the Government and thus the people of The Bahamas.

On 15 May 2015 the Government of The Bahamas renewed and extended the Group's four southern exploration licences in Bahamian waters for at least a further three years to 2018. As part of this renewal, the southern boundaries of the four southern licences were adjusted to conform to the maritime boundary between The Bahamas and Cuba, providing tenure over the full extent of the existing mapped structures. Under the terms of the renewed licences, the Group is obliged to commence drilling activities by 30 April 2017.

Renewal of the Miami licence remains under review, see note 22 for further details.

5 Segment information

The Company is incorporated in the Isle of Man. The total of non-current assets other than financial instruments located in the Isle of Man as at 31 December 2014 is $2,431 (31 December 2013: $8,575), and the total of such non-current assets located in The Bahamas is $46,889,101 (31 December 2013: $46,470,536).

6 Finance income

	2014 Group $	2013 Group $
Finance income – interest income on short-term bank deposits	**14,700**	23,696

7 Employee benefit expense

	2014 Group $	2013 Group $
Directors and employees salaries and fees	**1,702,822**	1,704,240
Social security costs	**71,743**	64,298
Pension costs – defined contribution	**120,974**	114,487
Share based payments (see note 18)	**69,375**	75,345
Other staff costs	**153,222**	83,237
	2,118,136	**2,041,607**

Effective 1 October 2014, the Directors agreed to forgo 20% of their remuneration which becomes repayable in shares only once the Company's first exploration well has been successfully financed. See note 18 for further details.

8 Other expenses

	2014 Group $	2013 Group $
Travel and accommodation	**311,553**	224,367
Operating lease payments	**469,073**	479,054
Legal and professional	**1,234,627**	1,704,724
Net foreign exchange (gain)/loss	**(23,886)**	61,656
Loss on disposal of fixed assets	**–**	1,357
Other	**505,650**	553,451
Fees payable to the Company's auditor for the audit of the parent company and consolidated Financial Statements	**71,673**	94,319
Fees payable to the Company's auditors for other services:		
– Audit related assurance services	**12,465**	13,533
– Tax advisory services	**6,095**	7,607
Total auditor's remuneration	**90,233**	115,459
Total other expenses	**2,587,249**	**3,140,068**

9 Taxation

The Company is incorporated and resident in the Isle of Man and subject to Isle of Man income tax at a rate of zero per cent.

All other group companies are within the tax free jurisdiction of the Commonwealth of The Bahamas. Under current Bahamian law, the Bahamian group companies are not required to pay taxes in The Bahamas on income or capital gains.

10 Basic and diluted loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2014 Group	2013 Group
Loss attributable to equity holders of the Company (US$)	**(4,668,179)**	(5,193,412)
Weighted average number of ordinary shares in issue (number)	**1,230,479,096**	1,230,479,096
Basic loss per share (US Cents per share)	**(0.38)**	(0.42)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had one category of dilutive potential ordinary shares: share options. For these share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Share options outstanding at the reporting date were as follows:

	2014 Group	2013 Group
Total share options in issue (number) (see note 18)	**64,500,000**	**61,500,000**

The effect of the above share options at 31 December 2014 and 2013 is anti-dilutive; as a result they have been omitted from the calculation of diluted loss per share.

11 Restricted cash

	2014 Group $	2013 Group $
Non-current assets		
Bank deposits	**46,635**	165,040

Non-current bank deposits consist of funds held as security for Company credit card facilities.

Notes to the Consolidated Financial Statements
(continued)

12 Property, plant & equipment

Group	Leasehold improvements $	Furniture, fittings and equipment $	Motor vehicles $	Total $
At 1 January 2013				
Cost	85,427	319,309	183,035	587,771
Accumulated depreciation	(68,517)	(220,624)	(74,922)	(364,063)
Net book amount	**16,910**	**98,685**	**108,113**	**223,708**
Year ended 31 December 2013				
Opening net book amount	16,910	98,685	108,113	223,708
Additions	–	15,782	–	15,782
Disposals – cost	(29,010)	(104,530)	(96,095)	(229,635)
Depreciation charge	(4,058)	(52,382)	(30,201)	(86,641)
Disposals – accumulated depreciation	29,010	104,530	52,381	185,921
Closing net book amount	**12,852**	**62,085**	**34,198**	**109,135**
At 31 December 2013				
Cost	56,417	230,561	86,940	373,918
Accumulated depreciation	(43,565)	(168,476)	(52,742)	(264,783)
Net book amount	**12,852**	**62,085**	**34,198**	**109,135**
Year ended 31 December 2014				
Opening net book amount	12,852	62,085	34,198	109,135
Additions	–	7,719	69,245	76,964
Depreciation charge	(4,058)	(41,924)	(27,512)	(73,494)
Closing net book amount	**8,794**	**27,880**	**75,931**	**112,605**
At 31 December 2014				
Cost	56,417	238,280	156,185	450,882
Accumulated depreciation	(47,623)	(210,400)	(80,254)	(338,277)
Net book amount	**8,794**	**27,880**	**75,931**	**112,605**

13 Intangible exploration and evaluation assets

Group	Licence costs $	Geological, Geophysical and Technical Analysis $	Total $
Year ended 31 December 2013			
Opening cost/net book amount	2,081,250	43,635,252	45,716,502
Additions	–	653,474	653,474
Closing cost/net book amount	**2,081,250**	**44,288,726**	**46,369,976**
Year ended 31 December 2014			
Opening cost/net book amount	2,081,250	44,288,726	46,369,976
Additions	–	408,952	408,952
Closing cost/net book amount	**2,081,250**	**44,697,678**	**46,778,928**

Ultimate recoupment of intangible exploration and evaluation assets capitalised is dependent on successful development and commercial exploitation, or alternatively, sale of the respective licence areas (note 4(b)).

These assets are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At present the Directors do not believe any such impairment indicators are present (note 4(b)).

14 Cash and cash equivalents

	2014 Group $	2013 Group $
Cash at bank	**10,032,127**	14,863,287

The 2014 balance includes interest bearing accounts at rates between 0% and 1% (2013: 0% to 1%).

15 Other receivables

	2014 Group $	2013 Group $
Other receivables (note (a))	**141,272**	90,620
Prepayments (note (b))	**738,443**	797,831
	879,715	**888,451**

(a) Other receivables

As at 31 December 2014 and 2013, these amounts predominantly consist of VAT recoverable.

(b) Prepayments

As at 31 December 2014 prepayments include $500,000 (2013: $500,000) in application fees paid to the Government of the Commonwealth of The Bahamas for additional exploration licences, pending award. In the event that the Group's applications are unsuccessful, 50% of this amount is refundable to the Group. No provision has been made in the consolidated Financial Statements to write down the carrying value of these prepayments in the event that the applications are unsuccessful.

16 Trade and other payables

	2014 Group $	2013 Group $
Accruals	**210,265**	216,069
Trade payables	**208,979**	154,250
Other payables	**12,000**	8,000
	431,244	**378,319**

17 Share capital, share premium and merger reserve

Group	Number of shares issued	Issue price $	Ordinary shares $	Share premium reserve $	Merger reserve $
At 1 January 2013	1,230,479,096	–	37,253	78,185,102	77,130,684
At 31 December 2013 and 31 December 2014	**1,230,479,096**	**–**	**37,253**	**78,185,102**	**77,130,684**

The total authorised number of ordinary shares at 31 December 2014 and 2013 was 5,000,000,000 shares with a par value of 0.002p per share.

All issued shares of 0.002 pence are fully paid.

18 Share based payments

Share options have been granted to Directors, selected employees and consultants to the Company.

The Group had no legal or constructive obligation to repurchase or settle any options in cash. Movements in the number of share options outstanding during the year are as follows:

	2014 Group		2013 Group	
	Average exercise price per share	Number Options	Average exercise price per share	Number Options
At beginning of year	**17.64p**	**61,500,000**	17.77p	69,500,000
Granted	**7.40p**	**3,000,000**	–	–
Relinquished	**–**	**–**	18.75p	(8,000,000)
At end of year	**17.32p**	**64,500,000**	17.64p	61,500,000
Exercisable at end of year	**21.25p**	**6,750,000**	**21.25p**	**6,750,000**

On 3 July 2013, 8 million options granted on 2 April 2012 were forfeited as follows:

- 4 million share options becoming exercisable on (a) the conclusion of a suitable farm in agreement to allow the drilling of a well or (b) the securing of independent finance for the drilling of a well (tranche 2).
- 4 million share options becoming exercisable in the event of a corporate sale of the Company at a price per share equal to or exceeding 37.5 pence each (tranche 4).

18 Share based payments (continued)

No adjustment was made to the share based payments reserve or charge for the year following the above forfeitures.

On 25 September 2014 2 million options were granted and on 17 December 2014 1 million options were granted, all of which carrying the following terms:

- The options have an exercise price of 7.4 pence
- The options become exercisable only once the Company share price reaches 18.75 pence
- The options expire after 5 years
- The options require the option holder to remain in office, with the provision of this service requirement to be waived at the discretion of the Company.

The fair value of the options granted in the year is estimated using the Black Scholes model or, where there are market based vesting conditions, the Black Scholes Barrier model. The inputs and assumptions used in calculating the fair value of options granted in the year are as follows:

	Date of grant	
	25 Sept 2014	17 Dec 2014
Number of options granted	2,000,000	1,000,000
Share price at date of grant	2.65p	1.98p
Exercise price	7.4p	7.4p
Expected volatility	29%	29%
Expected life	1.25 years	1.00 years
Risk free return	0.35%	0.35%
Dividend yield	Nil	Nil
Hurdle rate	18.75p	18.75p
Fair value per option	Nil	Nil

On 17 December 2014, the Directors entered into an agreement for the deferral of 20% of their salary and fees on the following terms:

- 20% of all directors' fees and the CEO's salary are to be forgone until a farmout or other arrangement sufficient to finance the first exploration well is completed;
- The value of fees/salary forgone shall accrue at the end of each month as an entitlement to ordinary shares in the Company;
- The number of ordinary shares accruing shall be calculated as the value of fees/salary forgone divided by the volume weighted average closing price of the Company shares over each month;
- The 'accrued shares' shall only be issued to the directors on completion of a farmout or other arrangement sufficient to finance the first exploration well; and
- The agreement is effective for all parties from 1 October 2014.

Under IFRS 2, the above agreement constitutes the issuance of equity settled share based payment instruments with the following terms:

- All instruments granted on 1 October 2014 with individual tranches vesting at the end of each month based on the monthly volume weighted average share price;
- Total number of instruments granted estimated based on forecast fee deferral quantum and average Company share price over the preceding 15 months;
- Instruments shall only be issued on conclusion of financing for the Group's first exploration well;
- Estimated issue date of 31 December 2015 and consequent 15 month life of instruments; and
- Estimated fair value of instruments being the share price on the date of grant.

The value of the instruments has been estimated and shall be charged to the Statement of Total Comprehensive Income in monthly tranches over the estimated life of the instruments.

Expense arising from share based payment transactions

Total expense arising from equity-settled share based payment transactions:

	2014 Group $	2013 Group $
Expense in relation to share based payment transactions	**69,375**	75,345

19 Cash used in operations

	2014 Group $	2013 Group $
Loss after income tax	**(4,668,179)**	(5,193,412)
Adjustments for:		
– Depreciation (note 12)	**73,494**	86,641
– Share based payment (note 18)	**69,375**	75,345
– Finance income (note 6)	**(14,700)**	(23,696)
– Other income	**(96,000)**	(51,208)
– Loss on disposal of fixed assets	**–**	1,357
– Foreign exchange (gain)/loss on operating activities (note 8)	**(23,886)**	61,656
Changes in working capital:		
– Other receivables	**(20,881)**	115,676
– Trade and other payables	**120,385**	(921,590)
Cash used in operations	**(4,560,392)**	**(5,849,231)**

20 Contingencies and commitments

(i) Contingencies

As at 31 December 2014, the Group had no contingent liabilities that require disclosure in theses financial statements.

(ii) Expenditure commitments

As at 31 December 2014 the Group had discharged all of its work obligations under the terms of the existing exploration licence period.

The terms of the Groups licence renewal, effected on 15 May 2015 require the commencement of an exploration well in the licenced area by 30 April 2017.

(iii) Annual rental commitments

The Group is required under the exploration licences to remit annual rentals in advance to the Government of the Commonwealth of The Bahamas in respect of the licenced areas.

On 15 May 2015, the Group's four southern exploration licences were renewed for a further three years to 2018. However, as at 31 December 2014 the formal execution of the renewed licences had not yet taken place and, as a consequence, no licence rental fees have been paid or accrued during the calendar year or prior year. Under the renewed terms, the licences attract a rental fee of $250,000 per licence per annum, totalling $1,000,000 annually for all four licences held by the Group. Prepaid rentals submitted to the Bahamian Government in 2012 totalling $287,500 have been agreed as offsetable against the above rental obligation, giving rise to a net cash payable of $712,500.

Renewal of the Group's Miami licence remains under review pending negotiations with the Bahamian Government regarding the terms of renewal. See note 22 for further details.

The Group leases various premises under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2014 Group $	2013 Group $
No later than 1 year	**343,300**	291,300
Later than 1 year and no later than 5 years	**302,250**	544,050
	645,550	**835,350**

During the prior year the Group entered into a two year lease to sublet a portion of the Nassau office building, which had been unutilised, for $48,000 per annum. On 1 January 2014 the Group entered into a four year lease to sublet the remainder of the unutilised office space for $48,000 per annum. The above minimum lease payment obligations are shown gross of this income source which is recognised as Other Income in the Consolidated Statement of Comprehensive Income for the year.

Notes to the Consolidated Financial Statements
(continued)

21 Related party transactions

Key Management Personnel

Details of key management personnel during the current and prior year are as follows:

William Schrader	Non-Executive Chairman – appointed during the year
James Smith	Non-Executive Deputy Chairman – appointed during the year
Simon Potter	Director and Chief Executive Officer
Ross McDonald	Non-Executive Director
Steven Weyel	Non-Executive Director – Resigned during the year
Edward Shallcross	Non-Executive Director
Adrian Collins	Non-Executive Director

Key Management Compensation

	2014 Group $	2013 Group $
Short-term employee benefits	**1,419,826**	1,396,709
Share based payments (see note 18)	**69,375**	75,345
	1,489,201	**1,472,054**

Simon Potter's key remunerative terms as Chief Executive Officer of the Company are as follows:

- Annual salary of $1,000,000 with minimum CPI indexation.
- Mr Potter is entitled to receive pension contributions from the Company equal to 10% of his annual salary.
- The term of the contract expires on 16 October 2017. Benefits arising from termination during the term range from nil to payment of salary over the full term, depending on the circumstances surrounding termination.
- Effective 1 October 2014, Mr Potter agreed to defer 20% of his salary, equating to $200,000 annually, to be received in Company shares contingent on the successful conclusion of a farm out or other arrangement sufficient to finance the Company's first exploration well.

During the year, Simon Potter was provided with housing in Nassau, The Bahamas for his exclusive use at a cost to the Company of $194,133 (2013: $144,000). These amounts have been recognised in the Financial Statements as premises expenses under the categorisation "other costs". Following the balance sheet date, notice of termination was served on all housing contracts entered into by the Company.

Directors' remuneration

	2014 Group $	2013 Group $
Simon Potter;		
– Salary	**950,000**	1,000,000
– Pension benefits	**98,792**	96,122
Total	**1,048,792**	1,096,122
William Schrader	**62,574**	–
James Smith	**48,210**	–
Adrian Collins	**85,729**	101,940
Ross McDonald	**66,549**	66,038
Edward Shallcross	**78,532**	78,225
Steven Weyel	**29,440**	54,384
Total	**1,419,826**	**1,396,709**

Effective 1 October 2014, the Directors agreed to forgo 20% of their remuneration which becomes repayable in shares only once the Company's first exploration well has been successfully financed. See note 18 for further details.

Share options granted to Directors during the year are as follows:

	Number of options granted	Exercise price per Ordinary Share	Date of grant
William Schrader	2,000,000	7.40p	25 September 2014
James Smith	1,000,000	7.40p	17 December 2014

Details of share options granted are disclosed in note 18 to these Financial Statements.

21 Related party transactions (continued)

Other related party transactions

During the prior year, disbursements totalling $1,000 were reimbursed to Royal Fidelity Merchant Bank & Trust. Ross McDonald, a director of the Company, is also a director of Royal Fidelity Merchant Bank & Trust.

During the year the Company operated banking facilities with RBC Royal Bank (Bahamas) Limited in Nassau, The Bahamas. Ross McDonald, a director of the Company, is also a director of RBC Royal Bank (Bahamas) Limited. As at 31 December 2014, $68,230 was held on deposit with RBC Royal Bank (Bahamas) Limited (31 December 2013: $50,300).

22 Events after the balance sheet date

On 18 May 2015, the Group announced the renewal and extension of its four southern licences with the following terms:

- The licences are renewed for a further three year period to 2Q 2018
- The licence boundaries have been amended to conform to the recently ratified Bahamas – Cuba maritime border
- The Group is obliged to commence its first exploration well by 30 April 2017
- The licences are confirmed as being grandfathered under the old Petroleum Act

On 18 May 2015 the Group announced that renewal of the Miami licence was under review, pending negotiations with the Government of The Bahamas regarding the work commitment and annual rentals associated with entering into a further three year licence period. Should the results of these negotiations be unsatisfactory, the Group may elect not to renew this licence. Intangibles exploration and evaluation assets include $416,250 of expenditure relating to annual rentals for the Miami licence which will, should the licence not be renewed, be subject to impairment.

Parent Company Independent Auditor's Report

Independent auditor's report to the members of Bahamas Petroleum Company plc

Report on the Financial Statements

We have audited the parent company Financial Statements of Bahamas Petroleum Company plc which comprise the balance sheet as at 31 December 2014 and the parent company statement of changes in equity and parent company cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these Financial Statements in accordance with applicable Isle of Man law and International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- the parent company Financial Statements give a true and fair view of the financial position of the Company as at 31 December 2014, and of its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as applied in accordance with the provisions of the Isle of Man Companies Act 1982; and
- the parent company Financial Statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004.

Emphasis of matter

We draw attention to note 3 to the parent company Financial Statements which describes the uncertainty related to the future recoverability of the parent company's investment in subsidiaries and loans to Group undertakings. Our opinion is not qualified in respect of this matter.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Isle of Man Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept by the parent company or, proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's balance sheet is not in agreement with the books of account and returns; or
- we have not received all the information and explanations necessary for the purposes of our audit; and
- certain disclosures of Directors' loans and remuneration specified by law have not been complied with.

Other matters

We have reported separately on the consolidated Financial Statements of Bahamas Petroleum Company plc for the year ended 31 December 2014 on page 21. That report includes an emphasis of matter.

PricewaterhouseCoopers LLC
Chartered Accountants
Douglas, Isle of Man
5 June 2015

Parent Company Balance Sheet
As at 31 December 2014

	Note	2014 Company $	2013 Company $
ASSETS			
Non-current assets			
Investment in subsidiary	7	**29,560,465**	29,560,465
Other receivables	8	**54,954,924**	52,058,973
Property, plant and equipment	6	**2,427**	8,575
Restricted cash	5	**46,635**	165,040
		84,564,451	81,793,053
Current assets			
Other receivables	8	**251,882**	235,473
Cash and cash equivalents	9	**9,963,308**	14,812,600
		10,215,190	15,048,073
Total assets		**94,779,641**	**96,841,126**
LIABILITIES			
Current liabilities			
Trade and other payables	10	**367,273**	322,556
Total liabilities		**367,273**	322,556
EQUITY			
Share capital	11	**37,253**	37,253
Share premium reserve	11	**78,185,102**	78,185,102
Other reserve	11	**29,535,159**	29,535,159
Share based payments reserve	12	**1,480,429**	1,411,054
Retained earnings		**(14,825,575)**	(12,649,998)
Total equity		**94,412,368**	96,518,570
Total equity and liabilities		**94,779,641**	**96,841,126**

The Financial Statements on pages 41 to 47 were approved and authorised for issue by the Board of Directors on 5 June 2015 and signed on its behalf by:

Edward Shallcross
Director

Simon Potter
Director

Parent Company Statement of Changes in Equity

For the year ended 31 December 2014

	Note	Share capital $	Share premium $	Other Reserve $	Share based payment reserve $	Retained earnings $	Total equity $
Balance at 1 January 2013		**37,253**	**78,185,102**	**29,535,159**	**1,335,709**	**(10,932,767)**	**98,160,456**
Comprehensive income:							
Total comprehensive loss for the year	4	–	–	–	–	(1,717,231)	(1,717,231)
Total comprehensive income		–	–	–	–	(1,717,231)	(1,717,231)
Transactions with owners							
Share options – value of service	12	–	–	–	75,345	–	75,345
Total transactions with owners		–	–	–	75,345	–	75,345
Balance at 31 December 2013		**37,253**	**78,185,102**	**29,535,159**	**1,411,054**	**(12,649,998)**	**96,518,570**
Balance at 1 January 2014		**37,253**	**78,185,102**	**29,535,159**	**1,411,054**	**(12,649,998)**	**96,518,570**
Comprehensive income:							
Total comprehensive loss for the year	4	–	–	–	–	(2,175,577)	(2,175,577)
Total comprehensive income		–	–	–	–	(2,175,577)	(2,175,577)
Transactions with owners							
Share options – value of service	12	–	–	–	69,375	–	69,375
Total transactions with owners		–	–	–	69,375	–	69,375
Balance at 31 December 2014		**37,253**	**78,185,102**	**29,535,159**	**1,480,429**	**(14,825,575)**	**94,412,368**

The accompanying notes on pages 44 to 47 form part of these Financial Statements.

Parent Company Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 Company $	2013 Company $
Cash flows from operating activities			
Cash used in operations	13	**(2,070,690)**	(2,277,547)
Net cash used in operating activities		**(2,070,690)**	(2,277,547)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,802)**	(5,684)
Interest received		**14,700**	23,696
Decrease in restricted cash		**112,173**	–
Advances to and payments on behalf of group companies		**(2,895,951)**	(3,868,713)
Net cash used in investing activities		**(2,770,880)**	(3,850,701)
Net decrease in cash and cash equivalents		**(4,841,570)**	(6,128,248)
Cash and cash equivalents at the beginning of the year		**14,812,600**	20,988,272
Effects of exchange rate changes on cash and cash equivalents		**(7,722)**	(47,424)
Cash and cash equivalents at the end of the year		**9,963,308**	**14,812,600**

The accompanying notes on pages 44 to 47 form part of these Financial Statements.

Notes to the Parent Company Financial Statements

1 General information

Bahamas Petroleum Company plc ("the Company") and its subsidiaries (together "the Group") are the holders of several oil & gas exploration licences issued by the Government of the Commonwealth of The Bahamas.

The Company is a limited liability company incorporated and domiciled in the Isle of Man. The address of its registered office is IOMA House, Hope Street, Douglas, Isle of Man. The Company's review of operations and principal activities is set out in the Directors' Report.

The accounting reference date of the Company is 31 December.

2 Accounting policies

2.1 Basis of preparation

The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and IFRIC (International Financial Reporting Interpretations Committee) interpretations. The Financial Statements have been prepared under the historical cost convention and the requirements of the Isle of Man Companies Acts 1931 to 2004.

The Company's accounting policies and information regarding changes in accounting policies and disclosures are in line with those of the Group, as detailed in note 2 of the consolidated Financial Statements, in addition to those set out below.

Going concern

The Directors have, at the time of approving the Financial Statements, determined that the Company has more than adequate financial resources and therefore these Financial Statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its liabilities as and when they fall due. See note 4 in the consolidated Financial Statements for further details.

2.2 Investment in subsidiaries

Investments in subsidiaries are included in the Company balance sheet at cost less any provision for impairment.

3 Critical accounting estimates and assumptions

Investment in subsidiary and loans to Group undertakings

The investment in the Company's direct subsidiaries and loans to Group undertakings at 31 December 2014 stood at $29,560,465 (2013: $29,560,456) and $54,954,924 (2013: $52,058,973) respectively.

Ultimate recoverability of investments in subsidiaries and loans to Group undertakings is dependent on successful development and commercial exploitation, or alternatively, sale of the respective licence areas. The carrying values of the Company's investments in subsidiaries and loans to Group undertakings are reviewed at each balance sheet date and, if there is any indication that they are impaired, their recoverable amount is estimated. Estimates of impairments are limited to an assessment by the Directors of any events or changes in circumstances that would indicate that the carrying values of the assets may not be fully recoverable. Any impairment losses arising are charged to the statement of comprehensive income.

On 10 March 2013, the Government of The Bahamas announced its intentions to proceed with oil and gas exploration drilling in Bahamian waters. Additionally, the Government clarified its intentions for a public consultation on the creation of an oil and gas extraction and production industry, noting that any such consultation process would only take place in the event that commercial reserves of hydrocarbons are discovered in Bahamian waters. Following this decision, the future recoverability of the Group's intangible assets are contingent upon the discovery of commercial reserves and the presentation of all relevant data before the Government and thus the people of The Bahamas.

On 15 May 2015 the Government of The Bahamas renewed and extended the Group's four southern exploration licences in Bahamian waters for at least a further three years to 2018. As part of this renewal, the southern boundaries of the four southern licences were adjusted to conform to the maritime boundary between The Bahamas and Cuba, providing tenure over the full extent of the existing mapped structures. Under the terms of the renewed licences, the Group is obliged to commence drilling activities by 30 April 2017.

Renewal of the Miami licence remains under review, see note 22 to the consolidated financial statements for further details.

4 Loss attributable to members of the parent company

The loss dealt with in the Financial Statements of the Company for the year to 31 December 2014 is $2,175,577 (2013: $1,717,231). As permitted by part 1 section 3(5) of the Isle of Man Companies Act 1982, the Company has elected not to present its own statement of comprehensive income for the year.

5 Restricted cash

Restricted cash balances for the Company are the same as those for the Group. Please see note 11 to the consolidated Financial Statements for more details.

6 Property, plant and equipment

Company	Leasehold improvements $	Furniture, fittings and equipment $	Total $
Year ended 31 December 2013			
Opening net book amount	–	14,081	14,081
Additions	–	5,684	5,684
Disposals – cost	(29,010)	–	(29,010)
Depreciation charge	–	(11,190)	(11,190)
Disposals – accumulated depreciation	29,010	–	29,010
Closing net book amount	**–**	**8,575**	**8,575**
As at 31 December 2013			
Cost	–	55,343	55,343
Accumulated depreciation	–	(46,768)	(46,768)
Net book amount	**–**	**8,575**	**8,575**
Year ended 31 December 2014			
Opening net book amount	–	8,575	8,575
Additions	–	1,802	1,802
Depreciation charge	–	(7,950)	(7,950)
Closing net book amount	**–**	**2,427**	**2,427**
As at 31 December 2014			
Cost	–	57,145	57,145
Accumulated depreciation	–	(54,718)	(54,718)
Net book amount	**–**	**2,427**	**2,427**

7 Investment in subsidiary

	2014 Company $	2013 Company $
BPC (A) Limited – Formerly BPC (Cooper) Limited	**29,560,456**	29,560,456
BPC (B) Limited – Formerly BPC (Bain) Limited	**3**	3
BPC (C) Limited – Formerly BPC (Donaldson) Limited	**3**	3
BPC (D) Limited – Formerly BPC (Eneas) Limited	**3**	3
	29,560,465	**29,560,465**

On 19 October 2013 BPC Jersey Limited assigned its Group undertakings to BPC (A) Limited, BPC (B) Limited, BPC (C) Limited and BPC (D) Limited ("the Isle of Man subsidiaries") and underwent members voluntary winding up, with no distribution being made to the Company. As a consequence, the investment in BPC Jersey Limited was transferred in the year to BPC (A) Limited.

8 Other receivables

	2014 Company $	2013 Company $
Non-current assets		
Amount owing by group undertakings	**54,954,924**	52,058,973
Current assets		
Prepayments	**112,110**	146,403
Trade and other receivables	**139,772**	89,070
	251,882	**235,473**

Amounts owed by subsidiary undertakings are unsecured, interest free and repayable on demand. The Directors have agreed that repayment of these amounts will not be called on within 12 months of the reporting date.

Notes to the Parent Company Financial Statements
(continued)

9 Cash and cash equivalents

	2014 Company $	2013 Company $
Cash at bank	**9,963,308**	14,812,600

The 2014 and 2013 balances include interest bearing accounts at rates between 0% and 1%.

10 Trade and other payables

	2014 Company $	2013 Company $
Accruals	**150,713**	168,297
Trade payables	**208,979**	139,642
Other payables	**7,581**	14,617
	367,273	**322,556**

11 Share capital, share premium and other reserve

Company	Number of shares issued	Ordinary shares $	Share premium reserve $	Other reserve $	Total $
At 1 January 2013	1,230,479,096	37,253	78,185,102	29,535,159	107,757,514
At 31 December 2013 and 2014	**1,230,479,096**	**37,253**	**78,185,102**	**29,535,159**	**107,757,514**

All issued shares are fully paid.

The authorised share capital of the Company is 5,000,000,000 ordinary shares of 0.002 pence each.

The Other reserve balance arises from the issue of shares in the Company as part of the Scheme of Arrangement undertaken in 2010, which saw the shares in the then Parent Company BPC Limited replaced with shares in Bahamas Petroleum Company plc (then BPC plc), which became the new Parent Company of the Group.

12 Share based payments

Share based payments for the Company are the same as those for the Group. For further details please see note 18 to the consolidated Financial Statements.

13 Cash used in operations

	2014 Company $	2013 Company $
Loss before income tax	**(2,175,577)**	(1,717,231)
Adjustments for:		
– Depreciation (note 6)	**7,950**	11,190
– Finance income	**(14,700)**	(23,696)
– Foreign exchange (gain)/loss on operating activities	**(23,886)**	61,656
– Share based payment (consolidated Financial Statements note 18)	**69,375**	75,345
Changes in working capital:		
– Other receivables	**(46,026)**	39,857
– Trade and other payables	**112,174**	(724,668)
Cash used in operations	**(2,070,690)**	**(2,277,547)**

14 Related party transactions

During the year, goods and services totalling $2,895,951 (2013: $3,868,713) were charged by the Company to BPC Limited in The Bahamas, the 100% indirectly owned subsidiary of the Company.

During the prior year, goods and services totalling $6,620 were charged by the Company to BPC Jersey Limited, the then 100% directly owned subsidiary of the Company. During the prior year an intercompany loan payable to BPC Jersey Limited totalling $352,760 was forgiven ahead of this subsidiary being dissolved.

All other related party transactions of the Company are the same as those for the Group. For further details see note 21 to the consolidated Financial Statements.

Glossary of Terms

Albian A geologic period, the uppermost sub-division of the early or lower Cretaceous period, that extends from about c.112 Mya (million years ago) to 100 Mya
Aptian A geologic period, a sub-division of the early or lower Cretaceous period, that extends from about c.125 Mya (million years ago) to 112 Mya
Appraisal well An appraisal well is drilled to assess the characteristics (e.g. flow rate, areal extent) of a discovered oil or gas accumulation
Basement The rocks below a sedimentary platform or cover, or more generally any rock below sedimentary rocks or sedimentary basins that are metamorphic or igneous in origin. In the same way the sediments and/or sedimentary rocks on top of the basement can be called a "cover" or "sedimentary cover"
bbl Barrel of oil; equivalent to 42 US gallons
bcf Billion cubic feet of gas
boe Barrels of oil equivalent where the gas component is converted into an equivalent amount of oil using a conversion rate of approximately 6mcf to one barrel of oil
boepd Barrels of oil equivalent per day
bopd Barrels of oil per day
Carbonate Rocks Rocks made of particles (composed >50% carbonate minerals – limestones ($CaCO_3$) and dolomites ($CaMg(CO_3)_2$)) embedded in a cement. They make up 10 – 15% of sedimentary rocks and dissolve in dilute acidic groundwater. Most carbonate rocks result from the accumulation of bioclasts created by calcareous organisms and therefore originate in areas favouring biological activity i.e. in shallow and warm seas in areas with little to no clastic input. In present day Earth conditions these would be primarily areas limited to ±40 latitude
Cretaceous A geologic period that extends from about c.145 Mya (million years ago) to 65 Mya
CSR Corporate Social Responsibility
Development well A development well is drilled within the proved area of an oil or gas reservoir for the purpose of producing hydrocarbons
E&P Exploration and production
Exploration well An exploration well is drilled to find and test potential oil or gas accumulations in an unproved area
Estimated Ultimate Recovery Abbreviated to EUR, are those Prospective Resources recoverable from an accumulation, plus those quantities already produced therefrom and can be applied to an individual accumulation of any status/maturity (discovered or undiscovered)
Fetch An area of the sea surface over which seas are generated by a wind having a constant speed and direction. The length of the fetch area, measured in the direction of the wind in which the seas are generated. Also known as generating area.
Formation Used to describe a particular sequence of rocks of similar character recognisable over distance. Also an oil industry term used to describe a particular layer being tested for oil and gas Fracture A break in the rock that can serve as both a migration pathway and a reservoir for gas, oil and water
G&G Geological and geophysical work, data or studies
Graben A fault bounded structural feature in the sub-surface resulting from extension. It may serve as a site for thick accumulation of hydrocarbon prospective rocks
HSE Health, Safety and Environment
Hydrocarbon Any liquid or gas made up of an appreciable volume of combustible organic compounds of hydrogen and carbon, such as any of those that are the chief components of petroleum and natural gas
Jurassic A geologic period that extends from about c.200 Mya (million years ago) to 145 Mya
Karst The topography that describes the erosion surfaces and caves that typically develop due to the solubility of carbonate rocks in dilute acidic groundwater
km² Square kilometres
mcf Thousand cubic feet of gas
mcf/d Thousand cubic feet of gas per day
mmbbl Millions of barrels of oil
mmboe Millions of barrels of oil equivalent mmcf/d Millions of cubic feet of gas per day mmstb Millions of stock tank barrels
NGLs Natural Gas Liquids
NGO Non-governmental organisation
OCS Outer Continental Shelf
Operator Runs the day to day hydrocarbon exploration and production programme on behalf of the working interest holders in the project
Permeable A rock that allows fluid to pass through it easily is said to be permeable
Petroleum A flammable mixture of gaseous, liquid, and solid hydrocarbons that occurs naturally beneath the Earth's surface capable of being separated into various fractions
Platform A continental area covered by relatively flat or gently tilted, sedimentary strata
Prospective Resources An estimate of the potential oil and gas volumes thought to be present in an undrilled area
PSC Production Sharing Contract
psi Pounds per square inch (pressure)
Reef A build up of carbonate rocks in tropical waters developed through biotic processes dominated by corals and calcareous algae
Reservoir A rock formation with sufficient holes (porosity) to hold and store oil until it is discovered and sufficient permeability to allow the oil to be produced economically. A reservoir rock hosts the hydrocarbon accumulation in the subsurface and may consist of any number of rock types (although it is often sandstone). Also includes permeable and porous fractured rock and coal seams
Section A stratigraphic sequence encountered in a well
Seismic The seismic process records the time taken for a sound wave to travel from the surface of the earth to a sub-surface rock layer and then back again. The data collected can be processed to provide a pictorial representation of the sub-surface rock layers and is used extensively in hydrocarbon exploration and production. In a 2D seismic survey, several seismic lines are recorded to yield individual cross-sections. In a 3D seismic survey, multiple closely spaced seismic lines are recorded and the high density of cross sections are interpolated to yield detailed subsurface maps on which exploration prospects can be delineated
Stock tank barrel A barrel of oil measured at standard temperature (60° F) and pressure (14.7 psi)
STOIIP Stock tank oil initially-in-place
Tertiary A geologic period that extends from about c.65 Mya (million years ago) to beginning of the last ice age
WI Working interest

Corporate Directory

Company Number

Registered in the Isle of Man with registered number 123863C

Directors

William Schrader
Non-Executive Chairman
James Smith
Non-Executive Deputy Chairman
Simon Potter
Chief Executive Officer
Adrian Collins
Non-Executive
Edward Shallcross
Non-Executive
Ross McDonald
Non-Executive

Secretary

Benjamin Proffitt

Registered Office and Corporate Headquarters

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Isle of Man IM1 1AP

Bahamas Headquarters

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Nassau, Bahamas
PO Box SP-64135

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Solicitors

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United Kingdom

Broker

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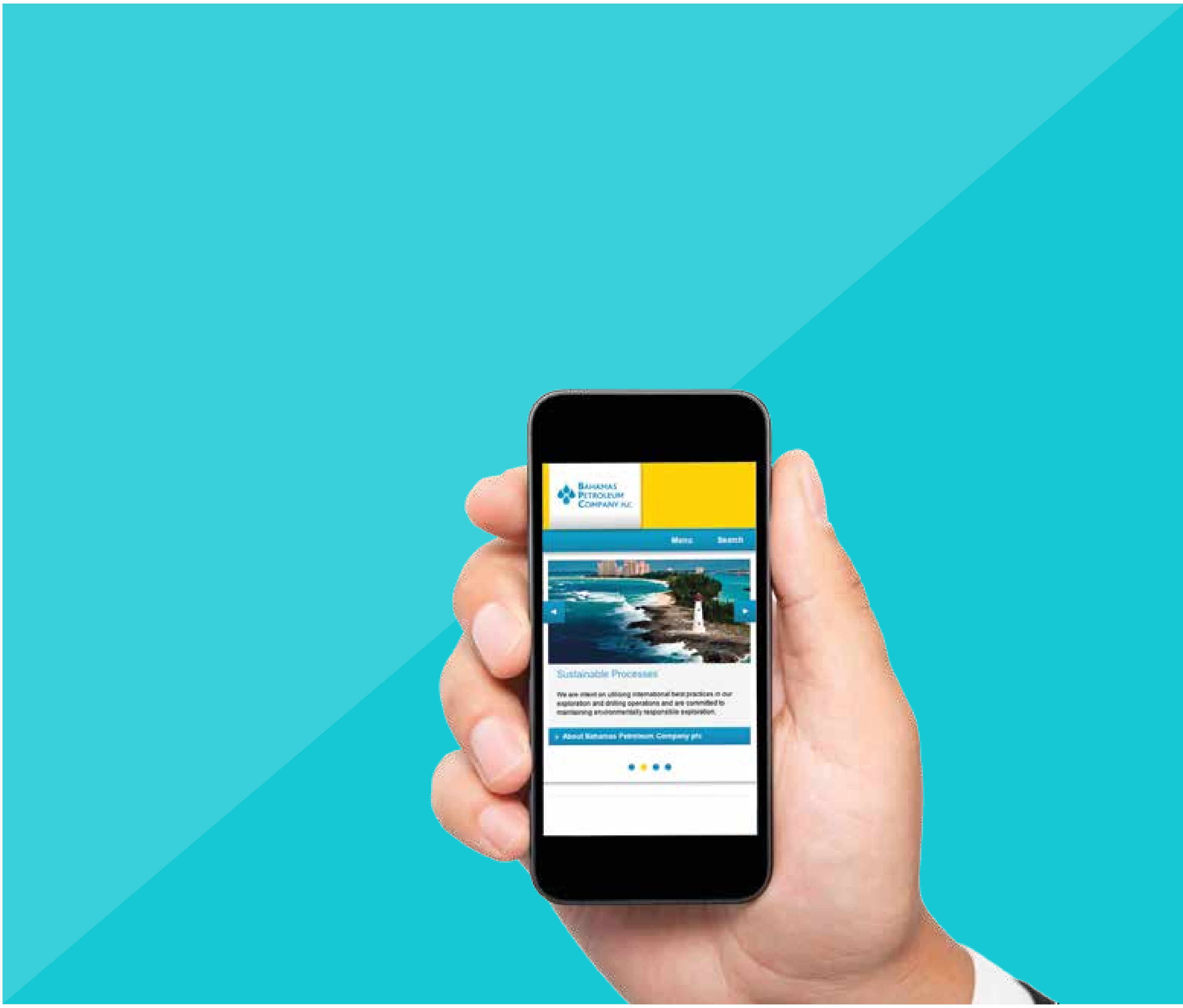
BAHAMAS PETROLEUM COMPANY PLC.



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