Bahamas Petroleum Company plc

Interim Financial Statements for the six months to 30 June 2020

Chief Executive Officer's Review

The dominant theme of the first half of 2020 was undoubtedly the dramatic impact that the Covid-19 epidemic had on the global economy, the oil price and, as a consequence, the outlook and sentiment towards the global oil and gas sector, and exploration in particular.

Notwithstanding this unprecedented adverse backdrop, in the period under review your Company has been successful in effecting a dramatic corporate transformation. Specifically, as a result of activities announced during the half-year under review (and completed post period close) BPC has (a) taken steps to assure preparedness for the drilling of its first exploration well in The Bahamas, and (b) emerged as a full cycle exploration and production company following its merger with Columbus Energy Resources plc (CERP). This combination has resulted in the Company having assets across the full maturity spectrum focused on the Caribbean and Atlantic margin (in The Bahamas, Trinidad and Tobago, Suriname and Uruguay). More specifically, the Company now has infrastructure-led exploration prospects, appraisal and near-term development options, as well as production, and therefore cash flow, along with high-impact exploration prospects.

<u>Outlook for the remainder of 2020 and into 2021</u>

Across this expanded asset base, the Company is seeking to pursue a portfolio-wide growth agenda over the coming 18 months, based on core strategic imperatives: (a) exploration execution, (b) profitable production growth driven by an active programme of 'self-help' initiatives and enhanced oil recovery projects, and (c) a range of incremental appraisal/development projects. We believe that this portfolio approach will appropriately balance risk and reward, ensure access to capital on competitive terms, whilst effectively leverage our Company's core expertise. Taken in aggregate, we believe that this makes BPC more financeable, and thus more valuable for all shareholders.

In terms of exploration execution, the Company's unshakeable commitment is to the delivery of the Perseverance #1 well, consistent with licence obligations and environmental approvals. Our dedicated drilling team is now back together and remains single-minded in its focus on this core activity. Logistics plans have been reactivated; previously delivered critical path/long-lead items have been inspected pending mobilisation; Covid-19 impact mitigation plans developed and being implemented; and, any final revisions to cost estimates are being assessed. The last quarter of 2020 will see a range of operational activities in the build-up to drilling, culminating in a mobilisation of the rig to the field, expected in late 2020. As announced on 25 September 2020, in accordance with the contract with BPC, Stena Drilling has nominated the Stena IceMax as the intended drilling rig for the Perseverance #1 well. The Stena IceMax is one of the most technically advanced drillships in the world, being dynamically positioned, dual masted and with an integrated managed pressure drilling system. The Company anticipates arrival of the vessel into the field in December 2020.

In terms of profitable production growth, producing assets in Trinidad and Tobago (as at when they were incorporated into the Company consequent on the merger with CERP being completed in August) were averaging production of between 400 to 450 barrels of oil per day ("bopd"). The Company is targeting achieving a stable and sustainable production level of approximately 500 bopd (net) by the end of 2020, and programs to deliver this outcome have already commenced. This objective is, in our view, readily achievable, based upon further leveraging of the existing well stock by increasing the number of wells online. This in turn is a function of the number of workovers undertaken, and our plan is to return the annualised rate of workovers completed to that last seen in 2018. For example, in 2018 there were 180 workovers completed on the Goudron field, compared to 51 in 2019 and a similar amount completed to date in 2020. With such a heightened level of activity we will ensure that wells will remain offline for a shorter period and combined with increased operational oversight, enhanced data collection and improved pump and completion designs, equipment, materials and technology, the period between the need for workovers will be extended.

In order to extend production beyond this base target a range of other incremental production projects exist, and similarly the Company is already in action. These activities are designed to enhance reservoir pressure and hence oil recovery (through water and CO_2 injection), and raise the oil recovery factor by improving reservoir access and connectivity (targeting bypassed pay, undrained reservoir compartments and reducing water cuts / sand infiltration) whilst completing well stimulations, acid washes and deviating existing well bores. All of these projects are targeting known reservoirs in already producing fields. It is the depth and range of these ‘self-help’ initiatives that gives us the assurance our initial targets can be met.

Beyond this, our production target builds to 2,500 bopd (net) by the end of 2021, to be realised through further evaluating and pursuing production from already known discoveries in both Trinidad and Tobago and Suriname. To this end preparatory work has already commenced on the plans for the drilling of the appraisal/development Saffron #2 well in the South West Peninsula (SWP) of Trinidad and Tobago, and an extended well test in the Weg Naar Zee licence of Suriname.

To then further increase our access to prospective resources and to pave the way for potential developments in the near future, we are moving forward with a program to reprocess the existing 3D seismic database over the core SWP acreage in Trinidad and Tobago, that will underpin a refreshed assessment of the optimal exploration targets in the region.

Given there is no consistent estimation of reserves and resources across the Company’s expanded portfolio, we have also commissioned an independent third-party Competent Person’s Report (CPR) for the Company’s various assets and licences in The Bahamas, Trinidad and Tobago, Suriname, and Uruguay. Ongoing maturation of resource and reserves across the portfolio is a core busines objective, and the outcome of this report will allow the Company to set a benchmark such that it can then objectively measure growth over time.

The coming 18 months will continue to be a busy period for your Company, notwithstanding the continuing impact of the Covid-19 pandemic.

H1 2020 Review

BPC entered 2020 with a single high-impact project in The Bahamas, with a drill plan and near-term schedule focused entirely on execution of an initial exploration well consistent with licence obligations. In support of this drill plan BPC had established a drilling team operating from a field office in Houston, had set up supply contracts with Halliburton and BakerHughes, had put a clear funding strategy in place, had entered into a conditional rig contract, and had commenced work over the New Year period to collect the offshore marine data that constituted an environmental baseline survey, being the final requirement in the Company’s application for Environmental Authorisation necessary to proceed with drilling.

Work was focused on a schedule that was targeting a spud date for the well in March/April 2020, with a 45 – 60 day anticipated well duration and a budgeted cost for the well in the range $30 – 35 million, including contingencies for realised rate of penetration, additional casing strings and logging surveys. Long lead items and critical path materials were ordered, logistics contracts let for helicopters and supply boats. In early 2020 the drill plan was peer reviewed by an independent expert such that insurance could be finalised, financial capacity was enhanced through an additional financial facility provided by a Bahamian family office investment house and finally, after months of diligent work with various departments of The Government of The Bahamas and third party environmental specialists, the Ministry of the Environment granted the requisite Environmental Authorisation.

Following this, the Company announced the well to be drilled would be named Perseverance #1, would be drilled on the B North segment of the 75 km long B structure and would be targeting a P_{50} resource of 0.7 billion barrels (with an upside of 1.4 billion barrels). In the event of success, the well would substantially de-risk the remainder of the B structure, which in aggregate has a most likely resource level in excess of 2 billion barrels. All was set for commencement of drilling consistent with the planned schedule.

However, in late February and early March, as the full scale of the Covid-19 pandemic began to unfold across the world, BPC began to assess the potential impact the emerging pandemic might have on continuity of operations. The key issues were to assess whether conditions would (a) allow for uninterrupted operations for the entire anticipated 60 days of the drilling programme, (b) introduce risk that the potential start date of the drilling campaign would be delayed, and therefore (c) the extent to which drilling could be completed prior to the onset of the 2020 hurricane season in The Bahamas.

After detailed consideration it was decided that it was not possible to assure that these conditions could be met. As a result, and as announced in late March 2020, the decision was taken to delay the

Perseverance #1 drilling programme until after the 2020 hurricane season (i.e. until after November 2020, being a time at which these operational parameters could be more readily assured).

Whilst this decision – to delay the drilling of Perseverance #1 - was a difficult one to make at the time (and frustrating, after all the efforts and material progress made toward drilling) in hindsight it is clear that it was the correct one. Indeed, BPC was amongst the first oil companies anywhere in the world to suspend operations in view of the emerging pandemic, and to focus on formulating an appropriate response plan.

Having taken the difficult decision to delay drilling activities, the first and most pressing objective established by the Company in March / April 2020, as the crisis worsened across the world, was to protect our operating capacity. Accordingly, the drilling team was placed on temporary furlough, all delivered materials were suitably and carefully warehoused, all documentation, procedures and protocols filed, and a notice of *force majeure* was lodged with the Government of The Bahamas. All staff where given leave to return to the safest appropriate location to ride out the impending quarantine and lockdown period, which inevitably meant a considerable geographic separation of all employees. The Company successfully reached agreement with its various funding providers to reschedule drawdowns of funding to a timeframe more consistent with that of the anticipated revised drilling schedule. At the same time, the Company took all steps reasonably available to reduce cash outgoings, and conserve capital.

Management then set about assuring that Perseverance #1 activity could resume at the earliest opportunity in late 2020, or as conditions might allow. In particular, with oil prices falling and global rig rates collapsing, the Company saw a clear market opportunity to seek to negotiate a new and improved contract for the required drilling rig. Ultimately, this resulted in BPC entering into an unconditional contract with Stena Drilling (as announced in late May) for the supply and delivery of a 6th generation, technologically advanced, drill ship, inclusive of the provision of a managed pressure drilling (MPD) system. The rig contract included a very specific time window in which the rig would be delivered into the field, being between the 15th of December and the 1st of February - this time window being realistically the first opportunity to commence drilling after the abatement of the 2020 hurricane season.

Establishing this rig contract was seen by management as an important declaratory step in assuring staff, shareholders, suppliers, and Government alike that the well would be commenced within as reasonable a timeframe as practicable, whilst remaining entirely consistent with licence obligations. At the same time, industry conditions meant that BPC was able to secure a reduced rig rate such that the anticipated cost of the well program was reduced by approximately 15% compared to the original well cost estimate – a material overall cost reduction.

In aggregate, therefore, by the end of May 2020 BPC was effectively in a state of “hiatus”, but in which we had secured considerable confidence in our ability to ride out the Covid-19 “storm”: a rig contract for later in 2020 was in place, service contracts deferred, equipment warehoused, undrawn funding facilities preserved and rescheduled, the timing of the licence commitment rescheduled owing to *force majeure*, cash being conserved, and so on.

In parallel, as we witnessed the operating and economic fallout of the spread of Covid-19 and response measures across the world, we concluded that the resulting structural changes to our industry were going to be both profound and long-term. Most significantly, we came to the view that smaller companies with a focus on a single (albeit potentially high-impact) exploration project, and without cashflow to support those activities or a wider asset base to balance risk, were going to find it increasingly more difficult to secure ongoing access to the competitive finance needed to survive and grow. Accordingly, management began working in earnest on a number of projects designed to address these issues, with a view to better assuring the future value, growth and viability of the Company.

It was in this context that BPC successfully sought to qualify as an international operator in order to participate in the then ongoing open licencing round in Uruguay. At a time when most others in the industry had frozen all outward-looking activity, management saw a (relatively uncontested) opportunity for a low-cost acquisition of highly prospective acreage, that demonstrated exploration potential similar in style, if not industry maturity, to the recent extensive discoveries in offshore Guyana and Suriname. We submitted a bid to the Uruguayan authorities that included a modest work programme and licence terms over a 4 year period, without a commitment to drilling in this period, and were the successful applicant for the near-offshore OFF-1 licence block (as announced in June 2020) - approximately 15,000 km^2 with potential to contain in excess of 1 billion barrels of resource.

Shortly thereafter, BPC announced a proposal to merge with Columbus Energy Resources plc ("CERP"), with a view to combining BPC's large exploration assets in The Bahamas and now Uruguay with CERP's portfolio of assets in Trinidad and Tobago and Suriname. These assets importantly included existing production from multiple fields, and, through the course of negotiations and due diligence, BPC identified a number of near-term opportunities to stabilise and then profitably grow that production, multiple near-term opportunities to rapidly appraise and bring into development already existing discoveries as well as a range of established exploration prospects. The merger with CERP was ultimately approved by both BPC and CERP shareholders, and took effect in August 2020.

Consequently, as at the date of these Interim Results, BPC is a company very different than at the start of 2020, with an asset portfolio representing interests across the full range of the industry life cycle: exploration, appraisal, development and production.

Financials Review

As the merger with CERP did not complete until after the reporting date, these interim financial statements do not reflect the expanded operations and asset base of the now enlarged Group, and therefore are not reflective of our broader vision going forward. A fully consolidated financial report for the enlarged Group will be provided in the next Annual Report, which will be prepared to 31 December 2020 and released in the first half of 2021.

The Group finished the reporting period with a robust cash position of over \$12m, almost \$1m more that it started with in January - ongoing expenditure against well preparations and corporate costs were more than offset by additional capital secured through the unconditional convertible loan note facility entered into with a Bahamian family office in February 2020, coupled with a strict approach to cash management implemented in the face of the unfolding Covid-19 pandemic.

Employee benefit expense for the period totalling approximately \$0.7m is comparable with those incurred in both the comparative 6 month period and the full year to December 2019 on an annualised basis, notwithstanding the significant increase in the level of activity over the period.

Other expenses for the 6 months to June 2020 totalled \$1.3m, which represents both a 93% increase on the same 6 months period in 2019 and an approximate 8% decrease on the full year 2019 when considered on an annualised basis. This seemingly paradoxical trend should be understood in the context of how activity has grown within the Group over the last 18 months, with a heavily constrained cost footprint at the start of 2019 growing steadily throughout the course of 2019 as preparations for the execution of Perseverance #1 in April 2020 ramped up. In this context then, the first half of 2020 has been a period of much greater activity than the same period in 2019, and whilst the cash preservation actions taken post the pandemic outbreak has acted to constrain this upward trend since March, the accrual of substantial merger transaction costs at the reporting date has offset this effect, albeit with H1 2020 still being below the annualised 2019 level for other expenses.

Overall then, the total loss for the period of \$2.2m represents a commensurate increase on H1 2019 given the increase in activity, whilst still representing an approximate 5% reduction on the annualised figures for the full year to December 2019, due to the measures taken post the outbreak of the Covid-19 pandemic.

Looking forward for the now enlarged Group, as production increases through 2021 we would expect to see cashflows increasing accordingly, with the Company seeking to be in a position, by end of 2021, to be generating sufficient cash flows to cover all overhead and operating expenses for the entire business, and potentially making a considerable contribution to ongoing capital and exploration expenditures.

Summary

Thus far, 2020 has thus far been a year of unprecedented change, which has presented both enormous operational challenges as well as opportunities for positive corporate transformation.

On behalf of the Board and staff of BPC, I would like to thank all our shareholders for their continued support of the Company. I also take this opportunity to welcome new shareholders to BPC introduced as a result of merger with CERP.

The coming period has the potential to be a company-making time for BPC – not merely as a result of a drilling outcome on our project in The Bahamas, but also as a result of the progress we are able to make across the broad portfolio of assets that now represents a full-cycle E&P business.

I therefore look forward to providing further updates as we continue on our journey toward the drilling of Perseverance #1, and as we seek to expand profitable production activities and generate positive free cashflow from across the broader portfolio.

Yours sincerely,

Simon Potter

Chief Executive Officer

28 September 2020

Consolidated statement of comprehensive income for the six months ended 30 June 2020

	Note	Six months ended 30 June 2020 (Unaudited)	Six months ended 30 June 2019 (Unaudited)	Year ended 31 December 2019 (Audited)
		$	**$**	**$**
Continuing operations:				
Employee benefit expense		(689,806)	(674,234)	(1,432,256)
Depreciation expense		(125,990)	(119,203)	(238,326)
Other expenses		(1,337,045)	(692,801)	(2,932,830)
Operating loss		(2,152,841)	(1,486,238)	(4,603,412)
Other income		147	-	1,268
Finance income		44,429	13,701	39,411
Finance costs	*2*	(86,466)	(13,376)	(68,941)
Total comprehensive loss for the period, net of tax		(2,194,731)	(1,485,913)	(4,631,674)
Basic and diluted loss per share (cents per share)		(0.10)	(0.09)	(0.27)

Consolidated statement of changes in equity
for the six months ended 30 June 2020

	Share capital $	Share premium reserve $	Merger reserve $	Reverse acquisition reserve $	Share based payment reserve $	Retained earnings $	Total equity $
At 1 January 2020	60,638	96,157,034	77,130,684	(53,846,526)	4,867,967	(63,691,770)	60,678,027
Comprehensive income							
Loss for the period	-	-	-	-	-	(2,194,731)	(2,194,731)
Total comprehensive income for the period	-	-	-	-	-	(2,194,731)	(2,194,731)
Transactions with owners							
Issue of ordinary shares	8,716	5,593,579	-	-	-	-	5,602,295
Share options – value of services	-	-	-	-	66,422	-	66,422
Total transactions with owners	8,716	5,593,579	-	-	66,422	-	5,668,717
Balance at 30 June 2020	**69,354**	**101,750,613**	**77,130,684**	**(53,846,526)**	**4,934,389**	**(65,886,501)**	**64,152,013**

Consolidated statement of changes in equity
for the six months ended 30 June 2019

	Share capital $	Share premium reserve $	Merger reserve $	Reverse acquisition reserve $	Share based payment reserve $	Retained earnings $	Total equity $
At 1 January 2019	46,138	83,068,307	77,130,684	(53,846,526)	3,819,843	(59,060,096)	51,158,350
Comprehensive income							
Loss for the period	-	-	-	-	-	(1,485,913)	(1,485,913)
Total comprehensive income for the period	-	-	-	-	-	(1,485,913)	(1,485,913)
Transactions with owners							
Issue of ordinary shares	3,156	2,355,989	-	-	-	-	2,359,145
Share options – value of services	-	-	-	-	76,441	-	76,441
Total transactions with owners	3,156	2,355,989	-	-	76,441	-	2,435,586
Balance at 30 June 2019	**49,294**	**85,424,296**	**77,130,684**	**(53,846,526)**	**3,896,284**	**(60,546,009)**	**52,108,023**

Consolidated statement of changes in equity for the year ended 31 December 2019

	Share capital $	Share premium reserve $	Merger reserve $	Reverse acquisition reserve $	Share based payment reserve $	Retained earnings $	Total equity $
At 1 January 2019	46,138	83,068,307	77,130,684	(53,846,526)	3,819,843	(59,060,096)	51,158,350
Comprehensive income							
Loss for the year	-	-	-	-	-	(4,631,674)	(4,631,674)
Total comprehensive income for the year	-	-	-	-	-	(4,631,674)	(4,631,674)
Transactions with owners							
Issue of ordinary shares	14,500	13,088,727	-	-	-	-	13,103,227
Share options – value of services	-	-	-	-	1,048,124	-	1,048,124
Total transactions with owners	14,500	13,088,727	-	-	1,048,124	-	14,151,351
Balance at 31 December 2019	60,638	96,157,034	77,130,684	(53,846,526)	4,867,967	(63,691,770)	60,678,027

Consolidated balance sheet
at 30 June 2020

Assets	Note	30 June 2020 (Unaudited) $	30 June 2019 (Unaudited) $	31 December 2019 (Audited) $
Non-current assets				
Intangible exploration and evaluation assets	1	54,462,600	48,603,562	50,569,263
Property, plant and equipment		61,997	35,571	30,977
Right of use asset		83,480	276,210	198,335
		54,608,077	48,915,343	50,798,575
Current assets				
Other receivables		817,549	723,029	858,344
Cash and cash equivalents		12,065,104	3,177,600	11,151,614
Restricted cash		54,793	25,533	26,363
		12,937,446	3,926,162	12,036,321
Total assets		67,545,523	52,841,505	62,834,896
Liabilities				
Non-current liabilities				
Lease liabilities		24,607	63,719	44,143
Total non-current liabilities		24,607	63,719	44,143
Current liabilities				
Trade and other payables		3,304,218	451,943	1,951,465
Lease liability		64,685	217,820	161,261
Total current liabilities		3,368,903	669,763	2,112,726
Total liabilities		3,393,510	733,482	2,156,869
Equity				
Ordinary shares		69,354	49,294	60,638
Share premium reserve		101,750,613	85,424,296	96,157,034
Merger reserve		77,130,684	77,130,684	77,130,684
Reverse acquisition reserve		(53,846,526)	(53,846,526)	(53,846,526)
Share-based payments reserve		4,934,389	3,896,283	4,867,967
Retained earnings		(65,886,501)	(60,546,008)	(63,691,770)
Total equity		64,152,013	52,108,023	60,678,027
Total equity and liabilities		67,545,523	52,841,505	62,834,896

These unaudited interim financial statements were approved by the Directors and authorised for issue on 28 September 2020.

Simon Potter, Chief Executive Officer

Bill Schrader, Director

Consolidated cash flow statement
for the six months ended 30 June 2020

	Note	30 June 2020 (Unaudited) $	30 June 2019 (Unaudited) $	31 December 2019 (Audited) $
Cash flows from operating activities				
Payments to suppliers and employees		(1,394,889)	(1,232,688)	(3,017,195)
Net cash used in operating activities		(1,394,889)	(1,232,688)	(3,017,195)
Cash flows from investing activities				
Purchase of property, plant and equipment		(41,164)	(2,975)	(7,438)
Proceeds from disposal of property, plant and equipment		-	1,000	999
Payments for exploration and evaluation assets		(3,078,979)	(88,362)	(985,427)
Increase in restricted cash		(30,000)	-	(52)
Other income		147	-	1,268
Interest received		44,429	13,701	39,411
Net cash generated by/(used in) investing activities		(3,105,567)	(76,636)	(951,239)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares		5,602,294	2,359,144	13,103,227
Principal elements of lease payments		(116,111)	(103,258)	(211,582)
Interest payable on lease liabilities		(8,936)	(13,376)	(23,537)
Net cash flows from financing activities		5,477,247	2,242,510	12,868,108
Net decrease in cash and cash equivalents		976,791	933,186	8,899,674
Cash and cash equivalents at the beginning of the period		11,151,614	2,220,765	2,220,765
Effects of exchange rate changes on cash and cash equivalents		(63,301)	23,649	31,175
Cash and cash equivalents at the end of the period		12,065,104	3,177,600	11,151,614

1. Basis of preparation

The unaudited consolidated interim financial information has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively "EU IFRSs"). The principal accounting policies used in preparing the interim results are unchanged from those disclosed in the Company's financial statements for the year ended 31 December 2019. It is not expected that there will be any changes or additions to these in the annual financial statements for the year ended 31 December 2020.

While the financial information included in this interim consolidated financial information has been prepared in accordance with the recognition and measurement criteria of EU IFRSs, this consolidated interim financial information does not itself contain sufficient information to comply fully with EU IFRSs.

The interim financial information for the six months ended 30 June 2020 and 30 June 2019 is unaudited and does not constitute the Company's statutory financial statements for those periods. The comparative financial information for the full year ended 31 December 2019 has, however, been derived from the Company's statutory financial statements for that period. The auditor's report on those statutory financial statements was unqualified.

In the opinion of the directors, the accompanying interim financial information includes all adjustments considered necessary for fair and consistent presentation of the interim financial statements. The interim financial statements have been prepared on the going concern basis, assuming that the Group will realise its assets and extinguish its liabilities in the normal course of business at the amounts recognised within the interim financial statements.

<u>Carrying Value of Intangible Exploration and Evaluation Assets</u>

Expenditure of $54,462,600 relating to the cost of exploration licences, geological and geophysical consultancy and seismic data acquisition and interpretation has been capitalised as at 30 June 2020 (30 June 2019: $48,603,562) (31 December 2019: $50,569,263).

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.

On 21 February 2019, the Group received notification from the Bahamian Government of the extension of the term of its four southern licences to 31 December 2020, with the requirement that the Company commence an exploration well before the end of the extended term.

On 27 February 2020, the Government of The Bahamas granted the Company its Environmental Authorisation (EA) for the Perseverance #1 well. The granting of the EA represents the final regulatory prerequisite now in place for the Company to proceed with commencement of drilling activity and follows a considerable body of work that had taken place over several years and involving a number of external consultants and advisors to both the Company and the Government.

On 23 March 2020 the Group notified the Government of The Bahamas that, due to the impacts of the global response to the Covid-19 pandemic, it is claiming force majeure under the terms of its exploration licences, such that the term of the licences shall be extended beyond 31 December 2020 commensurate with the as yet unknown duration of the force majeure event.

On 13 August the Company announced that it had received formal notification from the Government of The Bahamas that on an interim basis, a 3.5 months *force majeure* extension to the second exploration period of the Company's southern licences in The Bahamas had been granted, such that the current term of those licences will now extend to at least mid-April 2021, and by which time BPC must have commenced well activities. Given that the relevant *force majeure* event is presently continuing (namely, the impact of the Covid-19 pandemic currently ongoing in both The Bahamas and in relevant international jurisdictions), BPC remains in constructive dialogue with The Government as to the ultimate full extent of the *force majeure* extension. However, the interim extension to mid-April 2021, as now confirmed, is sufficient to provide certainty for the purposes of the drilling of Perseverance #1, which is scheduled to commence in the window of 15 December 2020 to 1 February 2021.

In performing an assessment of the carrying value of the exploration and evaluation assets at the reporting date, the Directors concluded that it was not appropriate to book an impairment given the remaining term of the licences, geological probability of success of the structures and the continued plans to explore and develop the block.

Renewal of the Miami licence remains under review as at the balance sheet date.

2. Finance costs

Included in Finance costs is non-cash amounts totalling $77,530 (period to 30 June 2019: nil) (year to 31 December 2019: nil) charged to Comprehensive Income arising from the imputed interest over the period on the recognition of convertible loan notes drawn and fully converted into ordinary shares prior to the reporting date, as required under the provisions of IAS 32, Financial Instruments: Presentation and IFRS 9, Financial Instruments.

Other Finance costs arise from imputed interest charges on lease liabilities under the provisions of IFRS 16, Leases.

3. Events after the balance sheet date

On 7 August 2020, the Company completed a merger with Columbus Energy Resources Plc ("**CERP**"), effected by means of a Court sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006 (the "**Scheme**").

Pursuant to the Scheme, a total of 757,261,511 new BPC ordinary shares were issued and allotted to holders of CERP shares, 5,160,305 new BPC ordinary shares were issued to CERP's management pursuant to their respective settlement and termination arrangements and 106,466,976 new BPC shares were issued and allotted to Trafalgar Capital Management (HK) Limited pursuant to a replacement funding agreement, the proceeds of which were for use in settling the Lind Convertible Loan Agreement entered into prior to the merger with CERP. Consequently, a total of 868,888,792 new BPC ordinary shares were issued and allotted pursuant to the Scheme.

On 17 August 2020, the Company issued additional new ordinary shares and options over ordinary shares ("options") as follows:

- 21,325,966 Ordinary Shares to the former executives of CERP,
- 34,216,815 Ordinary Shares to various Company advisors for their services in in connection with the merger with CERP,
- 17,029,394 Options to the former executives of Columbus with an exercise price of 0.002 pence per share and exercise period ranging from 4 to 7 years,
- 8,700,000 Options to new employees of the enlarged BPC group out of the Series C pool of options approved by the Company shareholders at the 2019 Annual General Meeting ("**AGM**"), with an exercise price of 2.8 pence per share, exercise period of 5 years and becoming exercisable once the Company's drilling of initial exploration well commences (defined as once a rig is mobilised, that being when the contracted drilling rig, following inspection by BPC and any necessary customs authorisations, leaves the port of origination by a distance of 1 nautical mile).

On 24 August, the Company appointed Mr Leo Koot to the Board of directors as a non-executive director and as a sitting member of the Board's HSE Committee and Audit Committee.

On 17 September 2020, 6,170,982 options granted to a former executive of CERP with an exercise price of 0.002 pence per share were exercised, resulting in the issuance of 6,170,982 new ordinary shares in the Company.

On 25 September 2020 the Company announced that, in accordance with the rig contract entered into in May 2020, Stena Drilling had nominated the Stena IceMax as the intended drilling rig for the Perseverance #1 well, one of the most advanced drillships in the world with dynamic positioning, managed pressure drilling and dual masted. The Company anticipates arrival of the rig in December 2020.