

1 June 2023

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

**Audited Results for the 12 month period ended 31 December 2022**

Borders & Southern (AIM: BOR), the London based independent oil and gas exploration company with assets offshore the Falkland Islands, announces its audited results for the year ended 31 December 2022. Full copies of the Company's Annual Report and Accounts, including the Company Overview, Chairman's Statement, Remuneration Committee Report, Directors' Report, Auditor's Report and full Financial Statements, will be available on the Company's website and posted to Shareholders along with the notice of the AGM shortly.

**Summary**

- Raised a total of \$4 million (£3.2 million) before expenses through two capital raises
- Cash balance on 31 December 2022: \$2.7 million (2021: \$0.71 million)
- Administrative expense for the year: \$1.2 million (2021: \$1.1 million)
- Operating loss of \$1.3 million (2021: \$1.0 million)
- Extended Production Licences and Discovery Area through to 31 December 2024
- Independent study confirms lower cost Darwin development is economically and technically robust
- Post year-end events:
  - raised further \$0.78 million (£0.65 million) (before expenses) through the issue of 37,142,857 new Ordinary shares
  - the total number of Ordinary shares in issue is now 730,814,456

For further information please visit [www.bordersandsouthern.com](http://www.bordersandsouthern.com) or contact:

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*The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 (as amended) as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended). Upon the publication of this announcement, this inside information is now considered to be in the public domain.*

**Notes to Editors:**

Borders & Southern Petroleum plc is an oil & gas exploration company listed on the London Stock Exchange AIM (BOR). The Company operates and has a 100% interest in three Production Licences in the South Falkland Basin covering an area of nearly 10,000 square kilometres. The Company has acquired 2,517 square kilometres of 3D seismic and drilled two exploration wells, making a significant gas condensate discovery with its first well.

**Competent Person Disclosure:**

The technical aspects of this announcement have been reviewed, verified and approved by Dr Howard Obee in accordance with the Guidance

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

## Chairman's and CEO's review

During the reporting period, the Company successfully completed two fund raisings, renewed its Production Licences and Discovery Area in the Falkland Islands, and commissioned an independent engineering study which validated a phased development concept for the Group's Darwin gas condensate discovery.

At the end of the first quarter 2022 the Company raised \$600,000 through a Subscription Agreement and a further \$1,200,000 through an oversubscribed Open Offer. The latter was approved by shareholders at a General Meeting in April. A total of 103,858,914 new Ordinary shares were issued. In the last quarter of 2022, the Company raised £2,500,000 through a firm and conditional Placing and Subscription Agreement, issuing 142,857,138 new Ordinary shares. The conditional placing and subscription agreement was approved by shareholders at a General Meeting in January 2023. These funds will meet the Company's overheads until end 2024. The total number of Ordinary shares now in issue is 730,814,456.

As a result of the successful fund raisings, the Company finished the year with a cash balance of \$2.7 million (31 December 2021: \$0.714 million) and continues to be debt-free. The Company reports an operating loss for 2022 of \$1.35 million (2021: \$1.0 million). Administrative expense for the year was \$1.2 million (2021: \$1.1 million). There were no major capital expenditures during the year. We continue to keep a strong control on costs but anticipate a small increase in expenditure during 2023 due to wider inflationary pressures. Significant salary reductions were implemented in 2019 and have been kept at the same level ever since.

In January 2022, the Company applied for, and was awarded, an extension to its Falkland Islands Production Licences and Discovery Area. In line with other operators in the region, the extension went out to 31 December 2022. A further extension request was submitted in December and a two-year extension was granted. The revised expiry date for the Production Licences and Discovery Area is 31 December 2024. The Company is grateful to the Falkland Islands Government for these awards.

As reported earlier in the year, our recent technical and commercial work has focused on defining and validating new development concepts for the Company's large gas condensate discovery, Darwin. The overall aim was to reduce project risk to help attract capital. The viability of a three well (two producers, one gas injector), conventional deep water FPSO development concept was confirmed by an independent engineering study. This study provided up-to-date capital and operating expenditure estimates which have been incorporated into the Company's economic models. Based on a \$60/barrel oil price and initial production of 26,000 bpd, project payback could be achieved within two years and project expansion could occur from free cash flow.

The positive conclusions from this work are currently being shared with potential industry collaborators. This includes some of the companies that have previously engaged with us, along with those who are considering the project for the first time. This phase of farm-out activity will continue over the coming months. It is supported by a relatively favourable industry environment. Global oil and gas prices have remained resilient throughout the reporting period and there are no obvious indications of a significant weakening in the immediate future. Whilst competition for capital for greenfield oil developments is strong, we believe that Darwin's appraisal and phased development represents an attractive proposition and with its relatively small environmental footprint can play a role in the delicate balance between energy security and the transition to renewable energy sources.

As we move forward, we will continue to run the business with commercial discipline and with the application of good science. Our focus is on the monetisation of Darwin for the benefit of all our stakeholders.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	\$'000	\$'000
Administrative expenses	(1,229)	(1,096)
Loss from operations	(1,229)	(1,096)
Finance income	-	74
Finance expense	(172)	(1)
Loss before tax	42	-
Tax expense	-	-
Loss for the year and total comprehensive loss for the year attributable to equity owners of the parent	(1,359)	(1,023)
Basic and diluted loss per share (see note 3)	(0.26) cents	(0.21) cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Assets				
Non-current assets				
Property, plant and equipment		-		22
Intangible assets		293,244		292,746
Total non-current assets		293,244		292,768
Current assets				
Other receivables	576		183	
Cash and cash equivalents	2,707		714	
Total current assets		3,283		897
Total assets		296,527		293,665
Liabilities				
Current liabilities				
Trade and other payables		(565)		(126)
Total net assets		295,962		293,539
Equity attributable to the equity owners of the parent company				
Share capital		10,718		8,530
Share premium		310,195		308,602
Other reserves		1,778		1,778
Retained deficit		(26,713)		(25,355)
Foreign currency reserve		(16)		(16)
Total equity		295,962		293,539

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital \$'000	Share premium \$'000	Other reserves \$'000	Retained deficit \$'000	Foreign currency reserve \$'000	Total \$'000
Balance at 1 January 2021	8,530	308,602	1,778	(24,332)	(16)	294,562
Loss and total comprehensive loss for the year	-	-	-	(1,023)	-	(1,023)
Recognition of share-based payments	-	-	-	1	-	1
Balance at 31 December 2021	8,530	308,602	1,778	(25,354)	(16)	293,540
Loss and total comprehensive loss for the year	-	-	-	(1,359)	-	(1,359)
Shares issue	2,188	1,593	-	-	-	3,781
<b>Balance at 31 December 2022</b>	<b>10,718</b>	<b>310,195</b>	<b>1,778</b>	<b>(26,713)</b>	<b>(16)</b>	<b>295,962</b>

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share capital	This represents the nominal value of shares issued.
Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserves	Fair value of options issued less transfers to retained deficit on expiry.
Retained deficit	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income.
Foreign currency reserves	Differences arising on the translation of foreign operation to US dollars

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	2022		2021	
	\$'000	\$'000	\$'000	\$'000

<b>Cash flow from operating activities</b>		
Loss before tax	(1,359)	(1,023)
Adjustments for: Depreciation	22	129
Share-based payment	-	1
Finance costs	172	1
Finance income	-	(74)
<b>Cash flows used in operating activities before changes in working capital</b>		
	(1,165)	(966)
(Decrease)/increase in other receivables	(393)	42
Increase/(decrease) in trade and other payables	452	10
<b>Net cash outflow from operating activities</b>	<b>(1,106)</b>	<b>(914)</b>
<b>Cash flows used in investing activities</b>		
Purchase of intangible assets	(498)	(505)
<b>Net cash used in investing activities</b>	<b>(498)</b>	<b>(505)</b>
<b>Cash flows used in financing activities</b>		
Lease interest	-	(1)
Lease payments	(13)	(124)
Shares issue	3,781	-
<b>Net cash from/(used in) financing activities</b>	<b>3,768</b>	<b>(125)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,164</b>	<b>(1,544)</b>
Cash and cash equivalents at the beginning of the year	714	2,184
Exchange (loss)/gain on cash and cash equivalents	(172)	74
<b>Cash and cash equivalents at the end of the year</b>	<b>2,707</b>	<b>714</b>

## Notes

### 1. Accounting policies

#### Basis of preparation

The financial information for the year ended 31 December 2022 set out in this announcement does not constitute the Company's statutory accounts. These financial statements included in the announcement have been extracted from the Group annual financial statements for the year ended 31 December 2022. The financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards adopted for use in the European Union. However, this announcement does not itself contain sufficient information to comply with IFRS.

The auditor has issued its opinion on the Group's financial statements for the year ended 31 December 2022 which is unmodified and is available for inspection at the Company's registered address and will be posted to the Group's website.

#### 2. Going concern

The consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

At 31 December 2022, the Group had a net cash position of \$2.706m (31 December 2021: \$0.714m). Subsequent to balance date, as part of the December 2022 capital raise, an additional 37,142,857 shares were issued in January 2023 to raise £650,000 (\$780,000).

The Group's board of directors have reviewed the Group's forecasts for a period of no less than twelve months from the date of approval of these financial statements, the period to May 2024. Based on the future cashflow forecasts the Directors consider this recent funding provides the Group and Parent Company with sufficient funding until May 2024,

#### 3. Basic and dilutive loss per share

The calculation of the basic and dilutive loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The loss for the financial year for the Group was \$1,023,000 (2020 - loss \$1,002,000) and the weighted average number of shares in issue for the year was 484,098,484 (2020 - 484,098,484). During the year the potential ordinary shares are anti-dilutive and therefore diluted loss per share has not been calculated. At the Statement of Financial Position date, there were 6,200,000 (2020: 6,100,000) potentially dilutive ordinary shares being the share options.

#### 4. Subsequent events

Subsequent to the balance sheet date, as part of the December 2022 capital raise, an additional 37,142,857 shares were issued in January 2023 to raise £650,000 (\$780,000).

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