RNS Number : 1145J
Borders & Southern Petroleum plc
19 May 2025

19 May 2025

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

Audited Results for the 12 month period ended 31 December 2024

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 2024. 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 further 4.7 million (£3.7 million) before expenses through capital raises in 2024 and early 2025
- Cash balance on 31 December 2024: 2.1 million (2023: 1.9 million)
- Administrative expense for the year: 1.2 million (2023: 1.1 million)
- Operating loss of 1.2 million (2023: 1.1 million)

For further information please visit www.bordersandsouthern.com or contact:

Borders & Southern Petroleum plc Harry Baker, Chief Executive	Tel: 020 7071 6984
Zeus (Nominated Adviser and Joint Broker) Nick Searle / Simon Johnson / Antonio Bossi / Andrew de Andrade	Tel: 0203 829 5000
Hannam & Partners (Joint Broker) Neil Passmore / Leif Powis	Tel: 0207 907 8500
Tavistock (Financial PR) Simon Hudson / Nick Elwes	Tel: 020 7920 3150

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.

Chairman's and CEO's review

After my first full year as Borders and Southern CEO, it is my pleasure to address shareholders and bring everyone up to date with what has happened in the past twelve months and what we hope to achieve in the months and years to come.

I was lucky enough to inherit a very robust project with highly commercial economics, a great board and a top technical team. Together we have executed three strategic moves that leave us in what we believe is a much stronger position going forward.

Firstly, we have further refined our phased early production offering which we believe will better appeal to potential international partners as it requires relatively low capex and offers accelerated payback.

Secondly, we took the key step to appoint an International Investment Bank with worldwide networks to assist the Company in a farm-out to finance the next phase of the development of the Darwin discovery. We believe that this appointment, together with significant changes in industry appetite for projects, will greatly assist us in achieving our goal of bringing in a partner (or partners) on favourable terms. It is worth noting that the new advisor has sufficient confidence in the strength of the investment case that they have agreed to work on a success case basis as opposed to the more usual retainer fees.

And thirdly, we have made the vital move to put the Company onto a firmer financial footing. During 2024 the company also took several steps to further reduce overhead costs, which included moving offices. The Company has always benchmarked its overhead costs against its peers we remain in the lowest cost quartile. These reductions further reinforce this. We also completed two capital raises to strengthen the balance sheet (one post year end) and concomitantly, our negotiating position for the farm-out. In total we have raised about £3.7m (pre costs) which, together with our existing resources, gives us well over two years runway. Cash in the bank gives us the time and firepower to make the right deal or deals for shareholders, rather than be forced to accept the first one.

These three initiatives have put us in a much stronger position. We are already seeing the benefits with renewed interest from multiple parties in the data room. It is worth pointing out that Darwin is an appraisal project. Hundreds of millions of dollars have already been spent in the high risk exploration phase. Whilst the appraisal and development phases require significant capital, the exploration risk has been much reduced and will be eliminated once we have tested a well as part of the appraisal program. We know we have a world class project which is attracting interest from tier one industry potential partners. We are really excited by Darwin and the prospects nearby as well as the size and scale of the remainder of the portfolio which can be seen in detail in our latest presentation on the website. We look forward to reporting progress to the market in due course.

In June 2024 we welcomed Dr. Sean Guest to the board as a non-executive director. Sean is currently the President and Chief Executive of Valeura Energy and has a long and successful track record in the oil and gas industry. His experience and expertise will be of great help, particularly as we go through this farm-out and development phase.

I would like to thank all existing and new shareholders for your support. I very much look forward to the year ahead and providing further updates on our progress.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

Continuing Operations	**2024 '000**	2023 '000
Administrative expenses	**(1,159)**	(1,141)
Loss from operations	**(1,159)**	(1,141)
Finance income	**15**	81
Finance expense	**(73)**	-
Loss before tax	**(1,217)**	(1,060)
Tax expense	**-**	-
Loss for the year and total comprehensive loss for the year attributable to equity owners of the parent	**(1,217)**	(1,060)

equity owners of the parent

Basic and diluted loss per share	**(0.16) cents**	(0.14) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	2024		2023	
	'000	**'000**	'000	'000
Assets				
Non-current assets				
Property, plant and equipment		**10**		8
Intangible assets		**294,269**		293,741
Total non-current assets		**294,279**		293,749
Current assets				
Other receivables	**1,090**		164	
Cash and cash equivalents	**2,090**		1,928	
Total current assets		**3,180**		2,092
Total assets		**297,459**		295,841
Liabilities				
Current liabilities				
Trade and other payables		**(1,181)**		(156)
Total net assets		**296,278**		295,685
Equity attributable to the equity owners of the parent company				
Share capital		**12,456**		11,155
Share premium		**310,977**		310,541
Other reserves		**1,851**		1,778
Retained deficit		**(28,990)**		(27,773)
Foreign currency reserve		**(16)**		(16)
Total equity		**296,278**		295,685

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital '000	Share premium '000	Other reserves '000	Retained deficit '000	Foreign currency reserve '000	Total '000
Balance at 1 January 2023	10,718	310,195	1,778	(26,713)	(16)	295,962
Loss and total comprehensive loss for the year	-	-	-	(1,060)	-	(1,060)
Shares issue	437	346	-			783
Balance at 31 December 2023	11,155	310,541	1,778	(27,773)	(16)	295,685
Loss and total comprehensive loss for the year	-	-	-	(1,217)	-	(1,217)
Shares issue	1,301	436	73			1,810
Balance at 31 December 2024	**12,456**	**310,977**	**1,851**	**(28,990)**	**(16)**	**296,278**

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 2024

	2024		2023	
	'000	**'000**	'000	'000
Cash flow from operating activities				
Loss before tax		**(1,217)**		(1,060)
Adjustments for: Depreciation		**6**		-
Share-based payment		**73**		-
Finance costs		**73**		-
Finance income		**(15)**		(81)
Cash flows used in operating activities before changes in working capital		**(1,080)**		(1,141)
(Increase)/decrease in other receivables		**(926)**		412
Increase/(decrease) in trade and other payables		**1,025**		(408)
Net cash outflow from operating activities		**(981)**		(1,137)
Cash flows used in investing activities				
Purchase of tangible assets	**(8)**		(8)	
Purchase of intangible assets	**(528)**		(497)	
Interest received	**15**		-	
Net cash used in investing activities		**(521)**		(505)
Cash flows used in financing activities				
Shares issue	**1,737**		783	
Net cash from financing activities		**1,737**		783
Net increase/(decrease) in cash and cash equivalents		**235**		(859)
Cash and cash equivalents at the beginning of the year		**1,928**		2,707
Exchange (loss)/gain on cash and cash equivalents		**(73)**		81
Cash and cash equivalents at the end of the year		**2,090**		1,928

Notes

1. Accounting policies

Basis of preparation

The financial information for the year ended 31 December 2024 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 2024. 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 2024 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 31 December 2024 financial statements has been prepared based on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. The going concern assessment of the Parent Company has been performed as part of the Group's going concern assessment.

At 31 December 2024, the Group had a net cash position of 2.09m (31 December 2023: 1.9m). The Group does not have any external borrowings or debts. The Group and the Parent Company have a commitment to drill a well before the expiry of their production and discovery area licences on 31 December 2026 (see note 19). The Group plans to fund the well developments through a farm-out or by raising additional capital if the farm-out is not successful. If the Group does not successfully raise the capital needed or identify a suitable farm-out partner, the Group will seek to gain an extension to the licences and the associated commitment to drill the well. This is in line with previous extensions and the Directors are confident that further extensions will be granted. Historically, the Falkland Islands Government has required the Group to show evidence of its ability to pay the licence fees before an extension. The Directors discussed the extension of the production and discovery area licences with the Falkland Islands Government in April and May 2024, including the conditions and commitments attached to the licences.

As part of its plan to raise funds, the Group made a corporate presentation to the market in the first quarter of 2025, which included its plan for drilling the well. As a result of this, the Parent Company raised £2.2 million (2.8 million) through a share issue. In addition to this, as at the date of approval of the financial statements, the Group's financial advisor is currently seeking potential farm-out partners. Discussions are ongoing but not yet at an advanced stage.

In performing their assessment of the Group and the Parent Company's ability to continue as going concerns, the Directors have prepared a cashflow forecast for the period ending 30 May 2026, which indicates that in current conditions, the Group and the Parent Company will have sufficient cash to cover its costs. At present the cost base of the business principally consists of administrative costs, listing costs and costs to maintain the licences in good-standing. Therefore, no additional funding will be required, before June 2026 to meet the day-to-day operational cashflow requirements of the Group and the Parent Company.

As noted above, the Group and the Parent Company have a commitment to drill a well before the expiry of their production and discovery area licences on 31 December 2026. To meet this commitment, they need to secure further funding, either through a farm-out or by raising capital if the farm-out is not successful. However, neither option is guaranteed. If the Group does not successfully raise the capital needed or identify a suitable farm-out partner, the Group will seek to gain an extension to the licences and the associated commitment to drill the well, which is also not guaranteed. This indicates the existence of a material uncertainty which may cast significant doubt on the Group and the Parent Company's ability to continue as going concerns and therefore, the Group and the Parent Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business.

The Directors consider that the required funding will be forthcoming and therefore the going concern basis of preparation is deemed appropriate. The financial statements do not include any adjustments that would be necessary if the Group and the Parent Company were unable to continue as going concerns.

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 1,217,000 (2023 - loss 1,060,000) and the weighted average number of shares in issue for the year was 753,828,155 (2023 - 730,814,456). 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 48,926,666 (2023: 2,700,000) potentially dilutive ordinary shares being the share options.

-ends-

END

FR UBONRVBUVAAR