

11 March 2013

Bahamas Petroleum Company plc
("Bahamas Petroleum" or the "Company")

Operational Update

Government of The Bahamas to permit exploration drilling ahead of any referendum process providing clarity on the timing and process of exploration

Highlights

- Exploration drilling to establish commercial viability ahead of referendum process on the future of oil development, allowing the people of The Bahamas the data from which to make an informed decision
- Initial drill location containing significant prospectivity at multiple stratigraphic horizons further derisked based upon 3D seismic data interpretation
- Front end engineering design (FEED) and initial well plan for the drilling of a deep exploration well has been completed
- Active farm-out discussions given further impetus by political clarity on referendum

Bahamas Petroleum Company notes and welcomes the announcement made on 10 March by the Minister for Environment & Housing which sets out the decision of the Government of The Bahamas ("Government") to defer any referendum on the future of oil development in The Bahamas until after the exploration drilling phase, allowing the Bahamian people the data from which to make an informed decision on the framework for energy industry activities. With its decision to proceed with exploratory drilling, the Government has demonstrated a responsible approach both to the industry and to potential future investors. Any subsequent referendum will only be conducted once the presence and scale of petroleum reserves is established.

Future activities will take place in full compliance with all the environmental and safety regulations of The Bahamas. The Company supports the Government process to provide a modern framework to govern industry activities with revised and upgraded regulations consistent with international best practices.

The company's initial drilling location has been identified using interpretation of the full pre-stack depth migration (PSDM) data set delivered in August 2012 following full processing. The data is of high quality and using these data the regional control on the stratigraphic framework has been established, a comprehensive seismic facies analysis has been completed, key horizons from the intra Jurassic to the intra Tertiary have been remapped and the Doubloon Saxon well petrophysics and lithologies have been tied into the overall interpretation. This work has considerably advanced understanding of the geologic history and hydrocarbon potential across the full geological section, specifically, the seal risk has been considerably reduced and the hydrocarbon potential increased in both folds B and C.

In addition to the intervals assessed in the competent persons report (CPR) by Ryder Scott, released in 2011, the unevaluated deeper section below the first anhydrite, close to base Aptian, was indicated by the company as having significant potential. This has been confirmed on the new data and the Company has included evaluation of this significant deeper section potential in its well objectives as having source, faulted migration pathways, reservoir and seal in close juxtaposition - all the ingredients of successful commercial oil exploration. It is anticipated that a compliant, executable plan for drilling operations,

procurement, logistics and support will take at least a year to complete based on the existing FEED study.

Farm-out discussions remain on-going with a number of interested parties and this clarification of the consultation process provides significant impetus and clarity for potential farm-in partners. The Company will keep shareholders apprised of the situation as and when appropriate.

Simon Potter, CEO, commented:

"We welcome the Government's clarification of the way forward for the industry as responsible exploratory drilling will provide the people of The Bahamas with the data needed to help inform future decision making."

"Over the past year, the waters of The Bahamas have been exposed to petroleum activity through an active exploration program in nearby Cuban waters. Yesterday's announcement paves the way for an assessment of the potential of oil resources on the Bahamian side of the border."

"Interpretation of the full PSDM 3D seismic data set has significantly reinforced and enhanced the Company view of prospectivity, considerably reduced risk, particularly in the deeper section and highlights all the technical ingredients for successful oil exploration. We are in discussions with a number of potential partners to join the planning and execution of the future drilling program and see the increased clarity from the Government as a supportive move in this process."

"The work currently being conducted by the Government to provide revised regulations will be an important step to ensuring an appropriate framework and international standards govern any future activities and is welcomed by the Company."

- Ends -

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