

Europa Oil & Gas (Holdings) plc / Index: AIM / Epic: EOG / Sector: Oil & Gas
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Europa Oil & Gas (Holdings) plc ('Europa' or 'the Company')
Annual General Meeting Statement

Europa Oil & Gas (Holdings) plc, the AIM quoted oil and gas exploration and development company with a combination of producing and exploration assets in Europe, is holding its Annual General Meeting ('AGM') later today. At the meeting, CEO Hugh Mackay will make the following statement:

“Europa has a portfolio of multi-stage projects in three areas of interest: onshore UK; offshore Ireland; and onshore France. Our stated objective is to become an upper quartile oil and gas company on AIM by proving up the 45 million boe net mean risked & diluted resources we have identified on our licences, and in the process generate substantial value for our shareholders. 2015 saw significant progress made across our asset base and as a result the year ahead should see a step up in both our existing UK onshore production and our asset backing in terms of proven reserves, while at the same time we will continue to build our portfolio of exploration opportunities.

“The most advanced of our exploration and development assets is the Wressle discovery on Licence PEDL 180 in East Lincolnshire where first oil is targeted for H2 2016, subject to receipt of all required consents. Reservoir engineering analysis indicates up to 500 bopd gross could be recovered from the Ashover Grit, one of four productive payzones at Wressle. With a 33% interest, this has the potential to more than double our existing production, which for the year ended 31 July 2015 averaged 141 boepd and generated revenues of £2.2 million.. Wressle therefore has the potential to provide us with a cash generative platform from which to grow and prove up our prospect inventory.

“We have no shortage of exciting prospects in our existing portfolio. In the UK, further exploration potential exists on the trend which runs between Wressle and our producing Crosby Warren field. Reprocessing of existing seismic data has been completed and may lead to new drill candidates emerging. In the Weald Basin, following receipt of planning approval, we will discharge the planning conditions and obtain EA permits to drill an exploration well on the Holmwood prospect next winter (subject to farmdown / funding). With gross mean un-risked prospective resources of 5.6 million barrels of oil, as estimated in a CPR published in June 2012, Holmwood would be the UK's fifth largest onshore field were the mean resources case to be proved by drilling success. In tandem with advancing our existing licences up the development curve, we are also actively looking to significantly grow our portfolio through our participation in the latest UK onshore licencing round, the results of which are expected in the near term.

“Success onshore UK is transformational in terms of cash flow. Success offshore Ireland would be a company maker. We currently hold two licences, FEL 2/13 and FEL 3/13, in the South Porcupine Basin, an emerging exploration hotspot. Based on 2,565 km² of state of the art 3-D seismic, a CPR on FEL 3/13 undertaken by ERC Equipoise estimated audited resources of 1.5 billion barrels of oil equivalent across three prospects with an audited value of US\$7 billion for a 100% non-carried interest. This is more than 600 times our market cap or US\$1.1 billion on a risked basis, 100 times our market cap. With numbers like these, Ireland represents our home run. In addition Europa has estimated unaudited gross mean unrisked prospective resources of 595 million boepd across four prospects in FEL 2/13.

“Following the withdrawal of our partner Kosmos from Ireland, we are in the process of transferring 100% equity and operatorship of the licences back to Europa. We intend to secure a new partner for our Irish licences to fund what could be a playmaking well at the earliest possible date and to take advantage of dramatically lower rig rates, which have halved over the past year. Our data room opens on 11 January 2016, and already both January and February are almost fully booked. The response we are getting from major and mid-cap companies is highly encouraging. Combined with the record number of applications in the latest Irish Atlantic Margin Licensing Round in which Europa lodged multiple applications, we clearly are not alone in recognising the enormous potential of the South Porcupine Basin.

“Onshore France, we successfully farmed out an 80% interest in and operatorship of the Tarbes permit to Vermilion, leaving Europa with 20% equity in the licence and a carry on a €4.65 million work programme, which may include drilling a new well and/or workover. Being the largest producer onshore France, Vermilion is the perfect partner for us. With two previously drilled wells on the permit, both of which produced oil, Tarbes is potentially a low risk project and we look forward to receiving a prospect inventory from Vermilion in 2016 in advance of confirmation of a forward work programme. Additionally we are continuing to farm out our Bearn des Gaves permit, also in France.

“While forecasting the future direction of oil prices is a thankless task, we have taken swift action to rebase the Company to the lower oil price environment. Already we have reduced our cost base by 20% over the course of the year. Thanks to the combination of lower costs and Wressle potentially coming on stream at up to 500 bopd gross in H2 2016, the Board is highly confident that Europa’s move up the AIM oil and gas sector rankings remains on track.”

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Notes

Europa Oil & Gas (Holdings) plc has a diversified portfolio of multi-stage hydrocarbon assets that includes production, exploration and development interests, in countries that are politically stable, have transparent licensing processes, and offer attractive terms. In 2015 Europa produced 141 boepd. Its highly prospective exploration projects include the Wressle development (targeting production startup in H2 2016 at up to 500 bopd gross) in the UK; 100% owned gas exploration prospect (107 bcf) and appraisal project (CPR 277 bcf) in onshore France a joint venture with Vermillion Energy also in onshore France; and two licences in offshore Ireland with the potential to host gross mean un-risked Prospective Resources of approximately 2 billion barrels across both licences.

Qualified Person Review

This release has been reviewed by Hugh Mackay, Chief Executive of Europa, who is a petroleum geologist with 30 years' experience in petroleum exploration and a member of the Petroleum Exploration Society of Great Britain, American Association of Petroleum Geologists and Fellow of the Geological Society. Mr Mackay has consented to the inclusion of the technical information in this release in the form and context in which it appears.