Annual Report and Financial Statements
EUROPA OIL & GAS (HOLDINGS) plc

For the year ended 31 July 2020

Company registration number 5217946

Introduction / Highlights

Europa Oil & Gas (Holdings) plc, the AIM traded Ireland, Morocco and UK focused oil and gas exploration, development and production company, announces its final results for the 12 month period ended 31 July 2020.

Operational highlights

Onshore UK – production on course to more than double to over 200bopd

- Wressle Development granted planning consent on appeal
- First oil at Wressle set to commence at an estimated gross rate of 500bopd late 2020
- Estimated break-even oil price (excluding Europa's corporate overheads) of US$17.6 per barrel for Wressle, well below current oil prices
- 92boepd produced from Europa's three existing UK onshore fields during the year – matches FY 2019 performance

Offshore Ireland - portfolio refocused on proven gas play in the Slyne Basin

- Acquisition of a 100% interest in Frontier Exploration Licence ('FEL') 3/19, offshore Ireland, from DNO (pending regulatory approval)
  - Located close to the ~1tcf producing Corrib gas field in the Slyne basin and the 1.5 tcf Inishkea prospect on Europa's 100%-owned FEL 4/19
  - Includes the 1.2 tcf Edge prospect
- Applications submitted for the relinquishment of four licences offshore Ireland where primary prospectivity is oil - LO16/19, LO16/22, FEL2/13 and FEL3/13
- Total non-cash write-off of £4.0 million
- Forward plan to include FEL 3/19 in a relaunch of the farmout of its strategic position in the Slyne Basin

Offshore Morocco - awarded 11,228 square km Inezgane licence in the Agadir Basin

- Area equivalent to about 50 UKCS North Sea blocks
- 14 prospects and 16 leads with the potential to hold in aggregate close to 10 billion barrels of unrisked oil resources mapped in the Lower Cretaceous fan sand play, a prolific producer in West Africa
- The 14 prospects each have mean resources in excess of 150 mmboe which add up to total resources in excess of 5 billion barrels of oil equivalent
- The 827 mmboe Falcon and 204 mmboe Turtle prospects have been assigned a geological chance of success of 20-35% by Europa
- Licence attracting interest from a number of operators looking to farm-in
- Shell, ENI, Repsol, Hunt, Chariot, SDX, Sound, Schlumberger and Genel are currently active in the area

COVID-19

- At the reporting date of 31 July 2020 there was minimal impact from Covid-19 on operations
- Operations have continued at the three production sites
- Brent crude price fell dramatically (with Russia and Saudi Arabia increasing production as the scale of the pandemic became apparent) but recovered somewhat by period-end
- Directors, London based staff and consultants have been working from home since March 2020, and agreed a temporary salary/rate cut of 20% since 1 April 2020
- Given the success of home working, the Company has have given notice to terminate the London office lease from December 2020, which will further cut costs

Financial performance

- Revenue £1.2 million (2019: £1.7 million)
- Pre-tax loss before exploration write-off / write-back £1.2 million (2019: £0.9 million)
- Pre-tax loss of £5.4 million including write-offs taken following relinquishment of Irish licences (see post period reporting events below) (2019: pre-tax loss £0.7 million)
- Net cash used in operating activities £0.8 million (2019: £0.7 million)

- Cash balance: £0.8 million (31 July 2019: £2.9 million)

Board

- Hugh Mackay stepped down as CEO, Simon Oddie was appointed as Interim CEO and Executive Chairman
- Appointment of Stephen Williams as independent Non-Executive director, replacing Roderick Corrie

Post reporting period events

- Commencement of site works at Wressle Oil Field
- Appointment of Simon Oddie as CEO on a permanent basis
- Senior Independent Non-Executive Director Mr Brian O'Cathain appointed Non-Executive Chairman
- Since 1 August 2020 the Board increased the reduction in their salary and fees to 50%

Simon Oddie, CEO of Europa, said: "The award of the Inezgane permit offshore Morocco, the granting of planning consent for the Wressle Oil Field, the refocus of the Offshore Ireland portfolio onto the proven gas play of the Slyne Basin following the acquisition of FEL3/19 and the 1.2 tcf Edge prospect – much progress has been made during the year under review. While the ongoing pandemic and volatility in oil and gas prices may impact exact timings of planned activity, we are confident that the momentum behind our various projects will continue to build in the year ahead.

"In Morocco, work carried out to date has seen our team map up to 30 prospects and leads which we believe, in aggregate, have the potential to hold close to 10 billion barrels of unrisked oil resources. The size of 50 blocks in the UK North Sea, our Inezgane licence had already attracted the attention of existing operators in the area and, while there is more work to be done to de-risk the prospectivity further, we are growing more and more confident that this attention is set to increase as we build a prospect inventory ahead of the launch of a farm-out. Onshore UK, the Wressle Oil Field remains on track to be brought online at an initial gross rate estimated at 500bopd in late 2020 following the commencement of site works in the summer. At this rate and with a c.$18 per barrel breakeven oil price, Wressle will more than double Europa's production to over 200bopd and in the process transform the Company's financial profile. Offshore Ireland, once the acquisition of FEL 3/19 has been completed, Europa will own 100% of the most material gas prospects that lie in the same play as Corrib, Ireland's biggest producing gas field. We will soon look to launch the farmout of what we view as an unrivalled strategic position in offshore Ireland's only gas producing basin.

"Our objective is to expose our shareholders to significant value creating opportunities while minimising risk. Our UK production, which is set to dramatically increase once Wressle comes online, provides us with a low risk cash flow generative platform. Our offshore Ireland and offshore Morocco assets, which hold company-making volumetrics, provide us with multiple opportunities to generate significant value. We also intend to resume our efforts to add a third leg to our business by securing a late stage appraisal project, once market conditions improve. Our confidence in Europa's assets and team remains as high as ever and with this in mind, I look forward to providing further updates on our progress in the year ahead."

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

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The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

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Chairman's statement

COVID-19, lockdowns, volatile energy markets - the world is a different place to what it was 12 months ago. Award of the large Inezgane permit offshore Morocco, the pivot to gas offshore Ireland, the granting of planning permission for the development of the Wressle oil field in North Lincolnshire – Europa is a different junior oil and gas company to what it was 12 months ago. Today, Europa's portfolio of multistage licences is exposed to three jurisdictions: onshore UK, offshore Ireland, and offshore Morocco. Our strategic position offshore Ireland is now centred around the proven gas play of the Slyne basin and includes 100% interests in two prospects with the potential to hold 2.7tcf of gas, the most material prospects that lie in the same play as the nearby producing Corrib field.

The above is in line with our objective to expose shareholders to potentially value creating events while minimising risk. We intend to achieve this by building a production-based, cash flow generative platform in the UK which covers both our low cost base as well as exploration activity focused on de-risking prospects to the point at which partners can be secured to drill high impact wells. While the ongoing pandemic and measures taken to combat it may affect timings, work streams in line with our corporate objective are underway in all three of our licence areas. As a result, I am confident that in 12 months' time, Europa will once again be a different junior oil and gas company to the one it is today, one which has a financial profile that has been transformed by the commencement of production at Wressle and one that has a prospect inventory comprised of multiple company-making targets located in not just one but two jurisdictions.

Onshore UK

Europa produces oil from three fields in the East Midlands. Due to the natural decline of the fields, net production has been on a downward trajectory for a number of years. Thanks to our active management programme, production during the 12 months to 31 July 2020 averaged 92boepd, a rate slightly up on the previous year's. This is a highly creditable outcome and one which is testament to our excellent operations and technical teams.

Active management of old fields can only go so far. To achieve a step-change in production, new fields need to be brought online. Following the granting of planning consent in January 2020, the Wressle Development Project on licences PEDL180 & 182 in North Lincolnshire, is one such new field which is expected to lead to a step-change in Europa's net production. Work is currently underway at the site to bring Wressle into production at an initial gross rate estimated at 500bopd in late 2020. At this rate, Wressle will more than double Europa's existing UK onshore production to over 200bopd. Moreover, production at Wressle is expected to be highly geared to oil price recovery: a stress testing exercise of the economic model demonstrated that, with an estimated break-even oil price of US$17.6 per barrel excluding Europa's corporate overheads, the development plan for the field is economically robust at today's oil prices.

While the focus is very much on bringing Wressle online, there are a number of low cost/low risk follow-up opportunities on PEDLs 180 & 182. During testing at Wressle, a total of 710 barrels of oil equivalent per day were recovered from three separate reservoirs: the Ashover Grit; the Wingfield Flags; and the Penistone Flags. Producing reserves in the Penistone Flags at Wressle is one area of development which we, along with our partners, expect to pursue in the future. PEDL 180 also holds Broughton North, a prospect adjacent to an historic discovery which was assigned gross mean un-risked prospective resources of 0.6 million boe and a geological chance of success of ~50% in a CPR. Wressle therefore does not just represent a one-off scaling up of our production profile, but opens up a series of potential step-ups going forward.

However, in the absence of incremental production from Wressle in 2020, additional funding for the Company would be required, either via the issuance of new shares, the addition of a layer of debt funding or the sale of assets. If additional funding were not able to be secured on satisfactory terms, there is a risk that commitments could not be fulfilled, or that assets may be relinquished.

Offshore Ireland

Even before the Irish Government took the decision in September 2019 to phase out oil but not gas exploration, our flagship project offshore Ireland was the 1.5 tcf Inishkea gas prospect in Frontier Exploration Licence ('FEL') 4/19. Located in the proven gas play of the Slyne Basin and close to the producing Corrib field and associated processing facilities, we have long viewed Inishkea as lower risk infrastructure-led exploration compared to the higher risk unproven plays being targeted elsewhere in the Irish Atlantic Margin. When the opportunity arose to effectively double up our position in the Slyne for a nominal sum by acquiring a 100% interest in FEL 3/19, which holds the 1.2 tcf Edge prospect, we acted swiftly.

Following the acquisition, which is subject to regulatory sign-off, Europa will hold 100% interests in the only two tcf+ prospects which lie in the same gas play that has yielded the Corrib field. Corrib plays an important role in satisfying Ireland's energy needs, but the field is in decline. This represents a major opportunity for Europa. With the Corrib gas field already in decline, nearby existing processing facilities are likely to have spare capacity in the future, which would potentially have positive implications for development costs. With gas being viewed by the Irish Government as a key transition fuel as the economy moves towards net zero emissions, the acquisition will give Europa an unrivalled strategic position, one which has the potential to hold gross unrisked prospective resources of 2.7 tcf. With the above in mind, our intention is to relaunch the farm-out of our revamped position in the Slyne Basin once the acquisition of FEL 3/19 has received regulatory sign-off.

The flip side of the rebalance of our Irish portfolio towards gas is the streamlining of the Company's exposure to oil plays in the Irish Atlantic Margin. In line with this we have elected to relinquish all exploration licences offshore Ireland which were targeted on oil rather than gas.

Offshore Morocco

The Inezgane block, which lies offshore Morocco, is at an earlier stage of development when compared to Europa's UK and Irish positions having only been awarded the licence in September 2019. This has not however prevented significant progress being made during the period in terms of building a prospect inventory. In July 2020, we announced that technical work centred around reprocessing and interpreting historic 3D seismic data had resulted in the mapping of 14 prospects and 16 leads in the Lower Cretaceous play, a prolific producer elsewhere in West Africa. In aggregate these 30 targets have the potential to hold close to 10 billion barrels of unrisked oil resources. Two of the targets, the 827 mmboe Falcon and 204 mmboe Turtle prospects, have been assigned a geological chance of success of 20-35% by Europa.

Work is underway to further de-risk the targets ahead of launching a farm-out to secure partner(s) to drill wells. Europa continues to maintain dialogue with potential partners, a number of whom expressed an interest in Inezgane at the time of the award.

Board Changes

Europa's asset base is not the only area of the business to undergo major change since last year's Annual Report. The Board too has seen a change in personnel culminating in my appointment in August 2020 as Non-Executive Chairman of the Company, replacing Simon Oddie who took on the role of Chief Executive Officer on a permanent basis. Simon had temporarily assumed this role in November 2019 following the departure of long-serving CEO Hugh Mackay. These were not the only changes to the Board during the year. In March 2020, we announced that Roderick Corrie had decided to step down from his position as Non-Executive Director after 12 years, and in July 2020 Finance Director Phil Greenhalgh informed the Board of his intention to retire having held this role since January 2008. Stephen Williams, Co-CEO of Reabold Resources plc (AIM: RBD), has been appointed to the Board as an independent Non-Executive Director. Stephen has also agreed to take on the role of Chairman of the Audit committee, and Senior Independent Director. Following Phil's departure, the responsibilities of the Finance Director will for now be divided and assigned to existing members of the Europa team.

Conclusions

This is my first Chairman's Statement for Europa. Having previously held the position of senior Non-Executive Director of the Company, I was of course already very familiar with Europa: with its focus on exposing shareholders to value creating events while minimising risk; with its asset base which combines stable production and high impact exploration; with its team, which has done much to increase the industry's understanding of Ireland's various basins and plays.

With Wressle on course to commence production by the end of the year, the rebalancing of our Irish portfolio towards gas, and the excellent results of ongoing technical work offshore Morocco, I believe I have stepped up to the role of Chairman at an exciting time in Europa's development, albeit one that is set against a backdrop dominated by COVID-19, an unprecedented decline in global demand for oil and gas, and consequently low commodity prices. However, we know that this business is cyclical, and remain confident that demand and pricing will recover. The wellbeing of all those involved with Europa is of paramount importance to the Board and as we advance our various workstreams we will at all times adhere to the prevailing government advice and guidance.

Finally, on behalf of the Board I would like to thank the management, employees and consultants for their hard work during what has been and continues to be an unprecedented period for everyone. I look forward to continuing working with the team in the year ahead as we look to advance all our assets and at the same time seek to add a late stage appraisal venture to our portfolio so that Europa has exposure to all stages of the oil and gas cycle.

Mr Brian O'Cathain

Non-Executive Chairman

12 October 2020

Our portfolio

Country	Area	Licence	Field/ Prospect	Operator	Equity	Status
Ireland	Porcupine Basin	FEL 1/17	Ervine, Edgeworth, Egerton	Europa	100%	Exploration
	Slyne Basin	FEL 4/19	Inishkea, Corrib North	Europa	100%	Exploration
		FEL 3/19	Edge	Europa	100%[1]	Exploration
UK	East Midlands	DL 003	West Firsby	Europa	99%	Production
		DL 001	Crosby Warren	Europa	100%	Production
		PL 199/215	Whisby-4	BPEL	65%	Production
		PEDL180	Wressle	Egdon	30%	Development[2]
		PEDL181		Europa	50%	Exploration
		PEDL182	Broughton North	Egdon	30%	Exploration
		PEDL299	Hardstoft	Ineos	25%	Field
		PEDL343	Cloughton	Third Energy	35%	Appraisal
Morocco	Agadir Basin	Inezgane	Falcon & Turtle	Europa	75%	Exploration

[1] Subject to approval

[2] Reported as an exploration asset pending approval of the development by the OGA

Our strategy

Our strategy

Europa's objective is to create a significant liquidity event for its shareholders through successful drilling of its high impact exploration portfolio, and discovery of oil and gas. In parallel with this, we need appropriate balance in the portfolio from the appraisal, development and production parts of the business cycle and our new ventures strategy is now focused exclusively on opportunities in this area.

Our area of interest is the Atlantic seaboard, north Africa and north west Europe. We are prepared to evaluate and acquire quality assets wherever they become available provided that they are in countries that have low political, regulatory and security risks and have transparent licensing processes together with acceptable commercial terms.

Strategy committee

Following a review by the Board in late 2018 a dedicated Board Strategy Committee was formed to ensure delivery of the strategy.

SG Oddie took over as chair of the committee following HG Mackay's stepping down at the end of 2019. CW Ahlefeldt-Laurvig and BJ O'Cathain are members. The committee met every month until February 2020 reviewing opportunities, recommendations and deal flow. Meetings were then temporarily suspended as a result of the pandemic and need to conserve cash.

Operations

Operational review

UK Production - East Midlands

Europa produces oil from three UK onshore fields: West Firsby; Crosby Warren; Whisby-4. During the financial year ended 31 July 2020, an average of 92boepd were recovered from the three fields. This is a similar performance to the previous 12 month period and is testament to the Company's ongoing active management of the three fields which is focused on maximising production.

A 1% interest in the West Firsby licence was assigned to FourTrees Energy Limited following the successful workover of the WF6 well.

UK Development – Wressle Oil Field

Planning consent for the development of Wressle in North Lincolnshire, which lies on licences PEDL180 & 182 ('the Licences'), was granted on 17 January 2020. Under the development plan, Wressle is expected to commence production at an initial gross rate of 500bopd from the Ashover Grit formation. As well as more than doubling Europa's existing UK onshore production to over 200bopd, oil recovered from Wressle is expected to be highly profitable. In March 2020, the Company announced the results of a stress testing exercise of the economic model undertaken by the operator Egdon Resources in light of the current low oil price environment. The results demonstrate that, with an estimated break-even oil price of US$17.6 per barrel (excluding Europa's corporate overheads), the development plan for the field is economically robust at today's oil price levels.

Wressle is expected to be brought online late 2020. Work at the site is underway in line with the development plan which is comprised of a number of key stages. These along with work carried out to date are listed below:

- Key planning conditions have been discharged, detailed design tendering is underway and all HSE documentation and procedures are progressing in line with expectations
- Four groundwater boreholes have been installed and two rounds of sampling and analysis undertaken to date
- Reconfiguration of the site - Site works are underway
- Installation and commissioning of surface facilities
- Sub-surface operations
- Commencement of production

The civil works contractor has commenced works to reconfigure the Wressle production area. Works being undertaken include the installation of a new High Density Polyethylene impermeable membrane; a French drain system; an approved surface water interceptor; the construction of a purpose-built bund area for storage tanks; a tanker loading plinth; and an internal roadway system.

Europa holds a 30% working interest in the Licences alongside Egdon Resources (operator, 30%), and Union Jack Oil (40%). The Wressle Oil Field was discovered by the Wressle-1 well in 2014. During testing, a total of 710 barrels of oil equivalent per day were recovered from three separate reservoirs: the Ashover Grit; the Wingfield Flags; and the Penistone Flags. In September 2016, a Competent Person's Report provided independent estimates of reserves and contingent and prospective oil and gas resources for the Wressle discovery of 2.15 million stock tank barrels classified as discovered (2P+2C). There is additional development potential on the Licences including Broughton North, a low risk exploration prospect lying on the footwall side of a fault, adjacent to the historic Broughton-B1 discovery made by BP in 1984 which the CPR assigned gross mean un-risked prospective resources of 0.6 million boe and a geological chance of success of 49% for the Penistone Flags and 40% for the Ashover Grit. Further development of the Wressle field, including producing additional reserves existing in the Penistone Flags formation, is expected in the future.

During the period, £403,000 was received from North Lincolnshire Council ('NLC') in settlement of gross costs incurred by the partners in relation to the appeal process. This followed a favourable ruling by the Planning Inspector regarding Egdon's application for costs against NLC when planning consent for Wressle was granted on appeal on 17 January 2020. The gross sum has been divided between the partners in Wressle proportionate with their interests. As a result, Europa received £120,900.

Exploration: Offshore Ireland

During the period, the Company took the decision to rebalance its portfolio of offshore Ireland licences in favour of gas, specifically the proven gas play in the Slyne Basin which is home to the producing Corrib gas field.

The Company regards this as lower risk infrastructure exploration due to the close proximity of Corrib and associated processing facilities. Furthermore, Europa's flagship project is the nearby 1.5tcf Inishkea gas prospect.

In line with the above, in June 2020 the Company announced the acquisition of a 100% interest in Frontier Exploration Licence ('FEL') 3/19 from DNO. FEL 3/19, which holds the 1.2 tcf Edge prospect, lies close to Corrib and Europa's 100% owned FEL 4/19 which holds the 1.5 tcf Inishkea prospect. The directors believe the acquisition, which is subject to regulatory sign-off, will provide Europa with a key strategic position in the proven gas play of the Slyne Basin. FEL3/19 was formerly the LO16/23 block which DNO acquired following the acquisition of Faroe Petroleum. In 2016, CNOOC farmed into the block, acquiring an 80% interest and operatorship. CNOOC has since exited and having assumed CNOOC's 80% interest, DNO is now selling 100% of the licence to Europa for a nominal upfront fee.

In tandem with the acquisition of FEL 3/19, the Company has elected to reduce its position in more early stage and prospective areas of the Irish Atlantic Margin where the primary target is oil. This decision was taken following the Irish Government's announcement in September 2019 of its intention to phase out oil but not gas exploration. In line with this and in addition to the acquisition of FEL 3/19, during the period the Company announced the relinquishment of four licences in the South Porcupine Basin where the primary target was oil. FEL 1/17 has not yet been relinquished pending a possible evaluation of gas potential. Following these changes, Europa's Irish portfolio consists of three FELs with combined gross prospective resources of 2.7tcf of gas and gross mean un-risked prospective resources of 3.9 billion barrels oil equivalent.

Subject to the approval of the acquisition of FEL 3/19 by the Irish authorities, the forward plan for Ireland is to launch a farm-out process for both licences which combined have company-making gross unrisked prospective resources of 2.7 tcf. In tandem with ongoing farm-out discussions, the site survey process for a drilling location at Inishkea continues to be advanced.

Further to the application to relinquish of licences LO16/19, LO16/22, FEL2/13 and FEL 3/13, and the pending situation on FEL 1/17 the decision has been taken to write off the value of these intangible assets, resulting in a non-cash charge to income of £4,004,000.

Exploration: Offshore Morocco

In September 2019, Europa was awarded a 75% interest in and operatorship of the Inezgane Offshore licence with the remaining 25% interest held by the Moroccan regulator, ONHYM (Office National des Hydrocarbures et des Mines). Covering an area of 11,228 sq km, Inezgane is the equivalent of approximately 50 UKCS North Sea blocks, or over half the size of Wales. Europa's focus is on the Lower Cretaceous fan sand play, which is a prolific play in West Africa but is highly under-explored offshore Morocco. Out of just 10 wells that have been drilled in deepwater Morocco to date, only three have penetrated a complete Lower Cretaceous section. Despite this Europa has identified all the key elements of source (including the world class Cenomanian-Turonian source rock), reservoir and seal within the Inezgane licence.

The licence period commenced in November 2019 and since then work has been focused on reprocessing and interpreting historic seismic data to de-risk large prospects in the Lower Cretaceous play. Initial results have been highly encouraging. To date, 14 prospects and 16 leads have been mapped, which the Company estimates have the potential to hold in aggregate close to 10 billion barrels of unrisked oil resources. All the identified prospects have mean resources in excess of 150 mmboe which taken together add up to total resources in excess of 5 billion barrels of oil equivalent. The prospects have stacked reservoir potential and include a wide range of structural styles including for example 4-way dip closure in the case of the 827 mmboe Falcon and 204 mmboe Turtle prospects. Europa has assigned a geological chance of success to these prospects of 20-35%. In addition, examples of shallow gas anomalies have been seen on seismic data which is a positive indication of a working petroleum system operating in the basin.

Ongoing work is focused on further de-risking these prospects and leads while the forward plan is to build a robust prospect inventory and, subject to the results, secure partner(s) to drill wells. A farm-out process will be formally launched shortly, however the Company has maintained dialogue with three companies, all of whom have expressed interest in Inezgane.

A number of other oil and gas companies are currently active in this area of Morocco, notably Shell, ENI, Repsol, Hunt, Chariot, SDX, Sound, Schlumberger and Genel.

The Inezgane Permit is of 8-years duration comprising three phases of which the Initial Phase of the licence comprises 2-years. The Initial Phase includes 3D seismic reprocessing as well as other technical studies. At the end of the Initial Phase, Europa has the option to commit to drilling an exploration well in the Second Phase of the licence or to relinquish the licence.

Financials

Revenue was £1.2 million (2019: £1.7 million). The average oil price achieved was US$48.0/bbl (2019: US$66.7/bbl) and the average Sterling exchange rate was US$1.27 (2019: US$1.29). An average of 92 boepd (2019: 91 boepd) was recovered from our three UK onshore fields. Production was down at West Firsby, relatively flat at Crosby Warren, but increased at Whisby.

Stringent cost controls continue to be implemented. Cost of sales was £1,438,000 (2019: £1,682,000).

Administrative expenses of £823,000 (2019: £811,000) included £81,000 on new licence evaluations (2019: £102,000).

Net cash spent on operating activities was £844,000 (2019: cash spent £661,000).

Purchase of intangible fixed assets of £1,148,000 (2019: £1,973,000) was spent advancing the portfolio.

The Group's cash balance at 31 July 2020 was £0.8 million (31 July 2019: £2.9 million), sufficient to fund Europa's share of the Wressle development.

Non-financial Key Performance Indicators ('KPIs')

There were no reportable accidents or incidents in the year (2019: zero).

One new licence, the Morocco Inezgane Offshore exploration permit, was signed in the year. (2019: zero).

Conclusion and Outlook

Despite the disruption caused by the ongoing pandemic, much has been achieved across Europa's asset base during the year. As a result, the foundations are in place for further progress to be made in the year ahead starting with first production at Wressle. As well as doubling Europa's net production to over 200boepd, bringing the field on stream will open up a number of low risk opportunities on the licence to build production further. By scaling up Europa's internally generated revenues and cash flows, Wressle will put the Company in a strong position to pursue these follow-up opportunities. In the absence of incremental production from Wressle in 2020 additional funding for the Company would be required, either via the issuance of new shares, the addition of a layer of debt funding or the sale of assets. If additional funding were not able to be secured on satisfactory terms, there is a risk that commitments could not be fulfilled, or that assets may be relinquished.

Outside the UK, farm-out will be the focus. Offshore Ireland, a farm-out of Europa's strategic position in the Slyne Basin will be launched once the acquisition of FEL3/19 has been approved. With combined gross prospective resources of 2.7 tcf and located close to the producing Corrib gas field, the Board believes FELs 3/19 and 4/19 represent a compelling investment opportunity and remains confident that one or more partners will be secured to take these licences forward. Offshore Morocco, once technical work has been completed to de-risk what is a sizeable prospect inventory, a farm-out will be launched, although discussions have been taking place with interested parties on an informal basis ever since Inezgane was awarded to Europa.

Outside our existing portfolio, the Board remains keen to add a third leg to the business, specifically a late stage appraisal project to complete Europa's exposure to the full oil and gas cycle. While COVID-19 has delayed this process, together with volatile oil and gas markets, it may yet generate opportunities as assets are divested that may have not warranted Europa's serious attention prior to the onset of the pandemic. Importantly, once Wressle is in production, Europa will have a much-improved financial profile with which to secure a new venture and further build the Company.

Qualified Person Review

This release has been reviewed by Rowland Thomas, geophysical advisor to Europa, who is a geophysicist with over 39 years' experience in petroleum exploration and a member of the Society of Exploration Geophysicists, European Association of Geoscientists and Engineers and the Petroleum Exploration Society of Great Britain, and has consented to the inclusion of the technical information in this release in the form and context in which it appears.

Simon Oddie

CEO

12 October 2020

Risks and uncertainties

Europa's activities are subject to a range of financial risks including commodity prices, liquidity, exchange rates and loss of operational equipment or wells. These risks are managed with the oversight of the Board and the Audit Committee through ongoing review, considering the operational, business and economic circumstances at that time. The primary risk facing the business is that of liquidity.

Key risk	Description and impact	Mitigation
COVID-19	Employees and consultants health. Safety of operations and compliance with permits.	Switched to home working wherever possible. Operations staff designated as key-workers, kept to separate bubbles. Able to maintain key services and full compliance with permits through lockdown.
Funding	Significant expenditure is required to establish the extent of oil and gas reserves through seismic surveys and drilling and there can be no certainty that oil and gas reserves will be found. Licences may be revoked by the relevant issuing authority if commitments under those licences are not met. Further details of current licence commitments are given in notes 11 and 23, also note comments on going concern in the Operations Review and note 1.	Detailed cash forecasts are prepared frequently and reviewed by management and the Board. The Group's production provides a monthly inflow of cash and is the main source of working capital and project finance. Additional cash is available through the placing of Europa shares in the market and the trading of assets.
Commodity price and foreign exchange	Each month's oil production is sold at a small discount to Brent price in US Dollars. These funds are matched where possible against expenditures within the business. As most capital and operating expenditures are Sterling denominated, US Dollars are periodically sold to purchase Sterling. A fall in oil price could make some projects economically unviable.	The Board has considered the use of financial instruments to hedge oil price and US Dollar exchange rate movements. To date, the Board has not hedged against price or exchange rate movements but intends to regularly review this policy.
Customer	All oil production is sold to one UK based refinery – if they were to stop buying Europa's crude, additional transportation costs would be incurred.	Other refineries are know to Europa
Exploration, drilling and operational	The business of exploration and production of oil and gas involves a high degree of risk. Few prospects that are explored are ultimately developed into producing oil and gas fields. There are numerous risks inherent in drilling and operating wells, many of which are beyond the Company's control. Operations may be curtailed, delayed or cancelled as a result of environmental hazards, industrial accidents, occupational and health hazards, technical failures, weather, reservoir pressures, shortage or delays in the delivery of rigs and other equipment, labour disputes and compliance with governmental requirements. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also to wells which, though yielding some oil or gas, are not sufficiently productive to justify commercial development. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.	Current production comes from five oil wells located at three different sites. This diversity of producing assets gives Europa resilience in the event of a problem with one well or site. Appropriate insurance is obtained annually which covers some of Europa's exploration, development and production activities.

Planning risk	Securing planning consent for onshore wells takes time and the outcome of planning applications is not certain.	The Group engages planning and legal specialists in the field.

On behalf of the Board

P Greenhalgh, Finance Director

Chairman's introduction to governance

How we govern the Group

As Chairman of Europa Oil & Gas (Holdings) plc, it is my responsibility to ensure that the Board is performing its role effectively and has the capacity, ability, structure and support to enable it to continue to do so.

The information on Corporate Governance set out below and on the website www.europaoil.com is, in the opinion of the Board, fully in accordance with the revised requirements of AIM Rule 26.

The Board has determined that the Quoted Companies Alliance (QCA) Corporate Governance Code for small and mid-size quoted companies is the most appropriate for the Group to adhere to.

The QCA Code is constructed around 10 broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation of how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each. The Board considers that it does not depart from any of the principles of the QCA Code during the period under review.

The last 12 months have seen, amongst others, the following governance developments:

- SG Oddie, and BJ O'Cathain met with major shareholders
- A Board evaluation review in September 2019, the main action points arising being:
    - To address gender diversity
    - To improve perceptions of director independence

For the purposes of clarity, the description of how the Group complies with the 10 principles of the QCA Code begins with a summary of those areas where the Group does not fully comply, followed by a review of each of the principles in turn.

Principle 6:	Action
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities The Board should understand and challenge its own diversity, including gender balance, as part of its composition.	The Board has resolved to look for a female member at the next opportunity to add or replace a Director. Appointment will be on merit.

Review of each of the QCA principles

Principle 1: Establish a strategy and business model which promote long-term value for shareholders	Our strategy is described here: http://www.europaoil.com/strategy.aspx Also note: • In January 2019 following a review of strategy led by BJ O'Cathain, the Board resolved to establish a Strategy Committee to provide support to the executive in implementing the strategy. • The Strategy Committee met five times in 2019-20 • Strategy is assessed by discussion between the Directors • An external strategy session is not considered useful.

<u>Principle 2:</u> Seek to understand and meet shareholder needs and expectations	The Company engages with shareholders by: • Publishing periodic newsletters • Emailing Regulatory News Service (RNS) announcements to its subscriber list • Replying to investor questions sent to mail@europaoil.com either directly or through St Brides Partners Limited • Proactive Investor presentations and interviews (made available on the website by links to Youtube recordings) • Conducting at least twice-yearly meetings with major shareholders on its results roadshows to obtain a balanced understanding of their issues and concerns Shareholder liaison is the responsibility of the CEO and Chairman, with assistance from the Finance Director and the SID. At the last AGM, voting did not indicate any specific shareholder concerns.
<u>Principle 3:</u> Take into account wider stakeholder and social responsibilities and their implications for long-term success	Key stakeholders are: • Regulators (OGA, DCCAE (Department of Communications, Climate Action and Environment (Ireland)), ONHYM (Office National des Hydrocarbures et des Mines), EA, HSE, Local Authorities) • Host Governments • Local communities • Partners and Co-venturers • Employees and consultants • Phillips 66, (who purchase our produced crude oil) The CEO provides a weekly report to the Board which includes a section on Stakeholder and Social Responsibility. This includes stakeholder feedback from multiple sources. Europa is a member of the UK Onshore Operator Group ('UKOOG') and through this forum has regular meetings with the EA and HSE. Engagement with UKOOG has helped improve our submissions to various regulatory authorities. Europa is a member of the Irish Offshore Operators' Association ('IOOA') which has been highly active in promoting the need for oil and gas exploration in Ireland.
<u>Principle 4:</u> Embed effective risk management, considering both opportunities and threats, throughout the organisation	The finance department prepares a risk register for the Group that identifies key operational and financial risks. All members of the Board are provided with a copy of the register. The register is reviewed at least annually and is updated as and when necessary. The Audit Committee monitors the integrity of the financial statements and related announcements, reviews the Company's internal control processes and risk management systems, and reports its conclusions to the Board. The committee regularly reviews the effectiveness of the Company's systems and risk management. Within the scope of the annual audit, specific financial risks including foreign currency, interest rates, liquidity and credit are evaluated in detail.

	All members of staff and contractors are provided with a handbook which includes sections on share dealing, bribery and whistleblowing. The handbook is updated and reissued regularly. We do not currently have a risk management framework, a risk management improvement programme a risk training programme, workshops, risk appetite or monitoring dashboard but will review if any of these would be beneficial in the coming year.
Principle 5: Maintain the Board as a well-functioning, balanced team led by the chair	All of the three NEDs are considered by the Board to be independent. Biographies are available at: http://www.europaoil.com/Directors.aspx Two of the Board's Non-Executive Directors, SA Williams and BJ O'Cathain, hold share options. Whilst recognising that the granting of options to Non-Executive Directors can be deemed to compromise independence in accordance with the principles of the QCA Corporate Governance Code, the Board views this to be part of a balanced remuneration package to attract and retain high quality candidates and considers the numbers of options to have no effect upon the independence of these Directors as the sums are insignificant in the context of the individual's financial circumstances. One of the Board's Non-Executive Directors, CW Ahlefeldt-Laurvig, has been a member for more than the nine years recommended by the QCA Corporate Governance Code and holds 7.6% of the Group's shares. The Board believes him to be independent in character and free from any other relationship that could affect his independent judgement. This is demonstrated by his objective and active contribution in Board meetings and their voting record. The appointment of SA Williams in March 2020 compensated somewhat for his seniority and reduced the average tenure of the Board. Directors serving more than six years will continue to be proposed for re-election at each AGM. SG Oddie (CEO) and P Greenhalgh (FD and Company Secretary) are full time employees. BJ O'Cathain (Non-Executive Chairman), SA Williams and CW Ahlefeldt-Laurvig (all Non-Executive Directors) are all expected to devote such time as is necessary for the proper performance of their duties including attendance at seven Board meetings per year, the AGM, and Board committee meetings. The minimum numbers of meetings for committees are: Audit Committee – two; Remuneration Committee – one; and Nominations Committee - one. Meetings held and attendance records of all Directors for the period 1 August 2019 to 31 July 2020 are set out below. The Board is balanced in terms of experience, and the split between Executive and Non-Executive Directors. All Board and Board committee members received agenda and associated papers a few days in advance of meetings.
Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	Members of the Board of Directors are listed at http://www.europaoil.com/Directors.aspx including their relevant experience, skills and personal qualities. There is an appropriate breadth of experience covering the key aspects of the business including technical, operational, financial and international. The gender balance needs to be addressed and is under consideration. It is the responsibility of each Director to keep skills up to date with the assistance

	of the Chairman who has a core responsibility in addressing the development needs of the Board as a whole with a view to enhancing its overall effectiveness. Board Committees call on external advisers where this is deemed necessary. No significant matters of a corporate governance nature arose during the period covered by the 2020 Annual Report nor subsequently to the date of this statement on which it was considered necessary for the Board or any of its committees to seek specific external advice, although the Board consults with its Nominated Adviser and other professional advisers on routine matters arising in the ordinary course of its business. The main internal advisory functions are those of Senior Independent Director and Company Secretary (shared with the Finance Director function). New Directors receive training from the Company Nominated Adviser and broker.
Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The second effectiveness review utilising a PwC developed assessment tool was undertaken during the year. Each Director fed back to the Chairman and results were assimilated and considered at the following Board meeting. The main areas requiring attention were: • Gender diversity • Board member independence (given the tenure of two long-serving NEDs, one of whom has since been replaced) It had been planned that the third review (to be undertaken later in 2020) would involve third party facilitation of the process – but due to the pandemic, this has been postponed and an internal review will be conducted.
Principle 8: Promote a corporate culture that is based on ethical values and behaviours	Members of the Board are committed to observing and promoting the highest standards of ethical conduct in the performance of their responsibilities on the Board of Europa. The Board believes that a culture that is based on the highest ethical standards provides a competitive advantage and is consistent with fulfilment of the Group's strategy. Board meetings are held usually at the head office and once a year at one of the production sites. Directors are encouraged to spend time with, listen to, and act upon any concerns of, staff members and contractors. • The Board considers that cultural differences between UK and Ireland are not material. • We do not have a culture policy, nor a specific culture related employee training / induction programme but resolve to review the need for such a programme annually. • Culture and strategy are deeply aligned. • The Board ensures that the Company has the means to determine that ethical values and behaviours are recognised and respected.
Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board	Role of the Chairman – BJ O'Cathain (from 4 August 2020, previously SG Oddie) • Runs the Board and sets its agenda. • Promotes the highest standards of corporate governance. • Ensures that the members of the Board receive accurate, timely and clear information, to promote the success of the Group. • Ensures effective communication with shareholders.

	• Takes the lead in identifying and meeting the development needs of individual Directors, ensuring that the performance of individuals and of the Board as a whole and its committees is evaluated at least once a year. Role of the CEO – SG Oddie (from 21 November 2019, previously HGD Mackay) • Develops Group objectives and strategy • Executes strategy following approval by, the Board. • Identifies and executes licence acquisitions and disposals, joint venture opportunities, approves major work programmes. • Leads geographic diversification initiatives. • Identifies and executes new business opportunities outside the current core activities. • Manages the Group's risk profile, including the health and safety performance of the business, in line with the extent and categories of risk identified as considered acceptable by the Board. Role of the SID – SA Williams (from 4 August 2020, previously BJ O'Cathain from 12 March 2020, previously RJHM Corrie). • Works closely with the Chairman, acting as a sounding board and providing support. • Acts as an intermediary for other Directors as and when necessary. • Is available to shareholders and other Non-Executives to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication. • Meets at least annually with the Non-Executives to review the Chairman's performance and carrying out succession planning for the Chairman's role. • Attends sufficient meetings with major shareholders to obtain a balanced understanding of their issues and concerns. Role of the Company Secretary – Phil Greenhalgh Given Europa's size and desire to manage its resources effectively, the role of Company Secretary is performed by the Finance Director. The Board reviews this structure at least annually. • Distributes documents to the Board. • Is available to the Audit, Remuneration, Nominations and Strategy Committees as required. • Keeps minutes of meetings. • Updates Companies House records for the Company and subsidiaries. Committee Terms of Reference and Matters Reserved for the Board are available at: http://www.europaoil.com/corporatedocuments.aspx The Board intends to continuously review its governance framework in line with the Company's plans for growth.
Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with	SG Oddie and BJ O'Cathain met major shareholders (note SG Oddie was Interim CEO and Executive Chairman) The Audit Committee met to review the interim and preliminary accounts for the Group and held meetings with the external auditor without executives present.

shareholders and other relevant stakeholders	The Remuneration Committee met four times during the year to review remuneration and incentives. During the year the Company has focused on advancing its portfolio towards drilling and looked at new asset opportunities. Past Notice of AGMs are available at http://www.europaoil.com/reportsandpresentations.aspx

Board

The Board is responsible for the overall governance of the Company. Its responsibilities include setting the strategic direction of the Company, providing leadership to put the strategy into action and to supervise the management of the business.

The Board comprises three Non-Executive Directors ('NEDs'), the CEO and Finance Director. Biographies of the Directors are on pages 24-25. All NEDs are considered by the Board to be independent. The roles and responsibilities of the Chairman, CEO, Senior Independent Director ('SID') and Company Secretary are set out on the website and summarised below.

BJ O'Cathain is Non-Executive Chairman, SA Williams is the SID, CW Ahlefeldt-Laurvig is NED.

Terms of Reference

The Terms of Reference of all Board Committees are available on the website.

Record of meetings

Meetings held and attendance records of all Directors for the period 1 August 2019 to 31 July 2020 are set out below:

	Board	**Audit Committee**	**Remuneration Committee**	**Nominations Committee**	**Strategy Committee**
	Attended /Possible	**Attended /Possible**	**Attended /Possible**	**Attended /Possible**	**Attended /Possible**
SG Oddie	6 / 6	2 / 2	4 / 4	1 / 1	5 / 5
CW Ahlefeldt-Laurvig	6 / 6	2 / 2	4 / 4	1 / 1	5 / 5
RJHM Corrie	4 / 4	1 / 1	3 / 3	1 / 1	
BJ O'Cathain	6 / 6	2 / 2	4 / 4	1 / 1	5 / 5
HGD Mackay	2 / 2				4 / 4
SA Williams	2 / 2	1 / 1	1 / 1		
P Greenhalgh	6 / 6		3 / 3	1 / 1	

BJ O'Cathain

Chairman

Audit Committee Report

The Audit Committee meets twice a year and is chaired by SA Williams (since 12 March 2020, previously RJHM Corrie). CW Ahlefeldt-Laurvig and BJ O'Cathain are members. During the year, the committee has reviewed:

- Internal financial controls systems and other internal control and risk management systems;
- The statements to be included in the annual report concerning internal control, risk management and the going concern statement;
- The carrying values of the producing and intangible assets;
- The adequacy and security of the Company's arrangements for its employees and contractors to raise concerns about possible wrongdoing in financial reporting or other matters;
- The procedures for detecting fraud;
- The systems and controls for the prevention of bribery;
- The need for an internal audit function.

The committee has overseen the relationship with the external auditor, including:

- Approved their remuneration for audit and non-audit services;
- Approved their terms of engagement and the scope of the audit;
- Satisfied itself that there are no relationships between the auditor and the Company which could adversely affect the auditor's independence and objectivity;
- Monitored the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;
- Assessed the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the external audit process;
- Evaluated the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the committee;
- Met with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;
- Discussed with the external auditor the factors that could affect audit quality and reviewed and approved the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.

The committee reviewed the findings of the audit with the external auditor, including:

- A discussion of issues which arose during the audit, including any errors identified during the audit; and the auditor's explanation of how the risks to audit quality were addressed;
- Key accounting and audit judgements;
- The auditor's view of their interactions with senior management;
- A review of any representation letters requested by the external auditor before they were signed by management;
- A review of the management letter and management's response to the auditor's findings and recommendations;
- A review of the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the committee.

SA Williams

Audit Committee Chair

Remuneration Committee Report

The Remuneration Committee reviews the scale and structure of the Executive Directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the Non-Executive Directors are set by the Board.

BJ O'Cathain chairs the committee. CW Ahlefeldt-Laurvig and SA Williams are members. The Remuneration Committee met four times in the year.

In setting the remuneration for the Executive Directors and key staff, the Committee compares published remuneration data for other AIM and Main LSE Board oil and gas companies of a similar market capitalisation and seeks to ensure that the remuneration of the Executive Directors is broadly comparable to their peers in other similarly sized organisations. In 2019-20:

- There were no changes to remuneration policy, pension rights and any compensation payments.
- Directors, London based staff and consultants agreed to work from home since March 2020, and agreed a temporary salary/rate cut of 20% since 1 April 2020.
- There were no other changes to pay and employment conditions across the Company or Group, and no salary increases.
- An executive bonus scheme was agreed and implemented, but this was suspended when salaries were cut.

Brian O'Cathain

Remuneration Committee Chair

Nominations Committee Report

The Nominations Committee reviews the size, structure and composition of the Board and considers succession planning. The committee identifies and nominates candidates to fill Board vacancies for approval of the Board.

SG Oddie chairs the committee. CW Ahlefeldt-Laurvig and BJ O'Cathain are members. The Nominations Committee met once in 2019-20.

- It was re-iterated that we would look for a female Board member at the next opportunity.
- The splitting of the FD and Company Secretary roles was not considered necessary given the current workload.
- The committee reviewed succession planning and agreed who would step into senior roles in the event of an emergency.
- The time commitment required of the NEDs was considered to be appropriate.

Brian O'Cathain

Nominations Committee Chair

Board of Directors

Members of the Board of Directors are listed below, including their relevant experience, skills and personal qualities. There is an appropriate breadth of experience covering the key aspects of the business including technical, operational, financial and international. The gender balance needs to be addressed and is under consideration. It is the responsibility of each Director to keep skills up to date with the assistance of the Chairman who has a core responsibility in addressing the development needs of the Board as a whole with a view to enhancing its overall effectiveness.

Board Committees call on external advisers where this is deemed necessary. During 2019-20 this has not been required.

The main internal advisory functions are that of Senior Independent Director (SA Williams) and Company Secretary (P Greenhalgh, also Finance Director), whose backgrounds are described below.

SG Oddie, CEO

Simon has over 40 years of relevant experience as a petroleum engineer, technical consultant, manager and investment adviser in upstream oil and gas. He has worked with Schlumberger, ERC Energy Resource Consultants, Enterprise Oil and Gemini Oil and Gas Advisors LLP.

He was CEO of Enterprise Italy during its first operated exploration drilling both on and offshore. Simon more recently was the architect of the Gemini Oil and Gas royalty funds where he established a solid track record in fundraising, investor relations, and origination, evaluation and execution of oil and gas deals.

He has completed the Advanced Management Program (AMP 155) at Harvard Business School, holds an MSc. in Petroleum Engineering from Imperial College and a BSc (First Class) in Electronics from Manchester University. Simon keeps his skills up-to-date through consultancy and participation in key professional societies, industry groups, and seminars.

Committees: R N S (chair of the Strategy Committee)

BJ O'Cathain, Non-Executive Chairman

Brian has worked as a geologist and petroleum engineer in the oil and gas sector since 1984. He began his career with Shell International and worked at Enterprise Oil and Tullow Oil in senior roles. He served as CEO of Afren plc to 2007, and as CEO of Petroceltic International plc, until 2016. He was a Non-Executive Director of Eland Oil and Gas, an AIM listed company producing over 20,000 bopd in Nigeria, until its successful sale to Seplat plc in December 2019. He is also a Non-Executive Director of Nephin Energy, a private gas producing company which is the largest equity holder in the Corrib Gas Field in Ireland. Nephin Energy is a 100% subsidiary of Canadian Pension Plan Investment Board, one of the world's largest Pension Funds with assets of $434 billion under management.

His skills include market understanding, fund-raising, and the technical, legal and financial aspects of running a publicly listed Oil and Gas company. He led and negotiated the agreed nil-premium merger of Petroceltic and Melrose Resources in 2012.

He holds a BSc (First Class) in Geology from the University of Bristol. Brian keeps his knowledge and awareness current by participation in industry conferences, IOD workshops, and by networking with other directors and executives in the Oil and Gas industry.

Committees: A R N S (chair of the Remuneration and Nomination Committee)

P Greenhalgh, Finance Director & Company Secretary

Phil graduated from Imperial College with a BEng in chemical engineering and subsequently became a member of the Chartered Institute of Management Accountants.

He began his financial career as Financial Controller with Kelco International, a subsidiary of Merck & Co. He moved to Monsanto plc before becoming Finance Director of Pharmacia Ltd through the acquisition by Pfizer. He moved to Whatman plc, a FTSE 250 company, where he led the financing of a €50m company acquisition, oversaw a substantial share price recovery and was a key player in the Whatman turnaround.

Phil joined Europa in 2008 and has used his engineering background in his role as adviser to the Board on HSE matters. He has been extensively involved in farmin / farmout negotiations, asset disposals and improving the

Group's financial reporting and forecasting and regularly attends meetings of the UK Onshore Operating Group (UKOOG).

CW Ahlefeldt-Laurvig, Non-Executive Director

William helped take Europa onto AIM and remains its largest shareholder. He started his career at Maersk as a petroleum engineer in 1982, followed, in 1987, by IPEC, a London based consultancy, where he was responsible for field reserves estimations.

In 1990, he became an independent consultant, undertaking field and portfolio evaluations for acquisitions and field development work on a range of projects in the North Sea, former Soviet Union and Middle East. He was also, in 1991, a founder and Non-Executive Director of IFX Infoforex Ltd which was successfully sold in 2000.

William has continued to work as an independent consultant petroleum engineer, latest in 2013 – 2016 for a client in Norway.

Committees: A R N S

SA Williams, Non-Executive Director

Since October 2017, Mr Williams has held the position of Co-CEO of Reabold Resources, an AIM traded, upstream oil & gas company focused on investing in late stage upstream opportunities. At Reabold, Mr Williams has played a leading role in raising capital, building a diversified portfolio of investments in the UK, Romania and the US and, since August 2018, the company's participation in nine wells, eight of which have resulted in discoveries. Prior to Reabold, Mr Williams held various positions within both the energy and financial sectors including as a fund manager at Guinness Asset Management and, between 2010 and 2016, as an investment analyst at M&G focused on energy and resources. Between 2005 and 2010, Mr Williams worked as an energy investment analyst for Simmons & Company International and from 2003 to 2005 as an analyst at ExxonMobil.

Committees: A R N (chair of the Audit Committee)

Directors' report

Business review
A detailed review of the Group's business is set out in the Chairman's statement (page 4) and Our strategy (page 7).

Future developments
Details of expected future developments for the Group are set out in the Chairman's statement (page 4) and Our strategy (page 7).

Dividends
The Directors do not recommend the payment of a dividend (2019: £nil).

Directors and their interests
The Directors' interests in the share capital of the Company at 31 July were:

	Number of ordinary shares		Number of ordinary share options	
	2020	**2019**	**2020**	**2019**
CW Ahlefeldt-Laurvig [1]	33,752,442	33,752,442	-	-
P Greenhalgh	605,973	605,973	3,900,000	4,525,000
BJ O'Cathain	250,000	250,000	1,200,000	1,200,000
SG Oddie	500,000	500,000	1,200,000	1,200,000
SA Williams	141,131	-	1,200,000	-

1. CW Ahlefeldt-Laurvig holds his shares with HSBC Global Custody Nominee (UK) Limited.

Details of the vesting conditions of the Directors' stock options are included in note 23.

Directors' interests in transactions
No Director had, during the year or at the end of the year, other than disclosed above, a material interest in any contract in relation to the Group's activities except in respect of service agreements.

Subject to the conditions set out in the Companies Act 2006, the Company has arranged appropriate Directors' and Officers' insurance to indemnify the Directors against liability in respect of proceedings brought by third parties. Such provisions remain in force at the date of this report.

Financial instruments
See note 1 and note 24 to the financial statements.

Related party transactions
See note 27 to the financial statements.

Post reporting date events
See note 28 to the financial statements.

Capital structure and going concern
Further details on the Group's capital structure are included in note 22. Comments on going concern are included in the Operations report and note 1. The critical assumption in the going concern determination is that Wressle production commences at the forecasted rate in 2020. In the absence of incremental production from Wressle in 2020 then additional funding by the issuance of shares or sale of assets would be required. If additional funding was not available there is a risk that commitments could not be fulfilled, and assets would be relinquished.

Accounting policies
A full list of accounting policies is set out in note 1 to the financial statements. IFRS 16 has come into effect in the period. It has resulted in the recognition of right of use assets in the balance sheet (detailed in notes 12 and 19).

Disclosure of information to the auditor

In the case of each person who was a Director at the time this report was approved:

- So far as that Director was aware there was no relevant available information of which the Company's auditor was unaware; and
- That Director had taken all necessary steps to make themselves aware of any relevant audit information, and to establish that the Company's auditors was aware of that information.

Auditor

A resolution to re-appoint the auditor, BDO LLP, will be proposed at the next Annual General Meeting.

On behalf of the Board

Phil Greenhalgh
Finance Director

Statement of Directors' responsibilities

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Report of the independent auditor

Independent auditor's report to the members of Europa Oil & Gas (Holdings) plc

Opinion

We have audited the financial statements of Europa Oil & Gas (Holdings) Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 July 2020 which comprise the consolidated statement of comprehensive income, the consolidated and Company statements of financial position, the consolidated and the Company statements of changes in equity, the consolidated and Company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 July 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union ;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements concerning the Group and Parent Company's ability to continue as a going concern which indicates that the Group and Parent Company is reliant on commencement of production from Wressle at the forecasted production rate in late 2020. In the absence of this, additional fundraising would be required to enable the Group and Parent Company to continue as a going concern. This funding may not be available.

As stated in note 1 these conditions along with other matters set out in the note indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

The calculations supporting the going concern assessment require the Directors to make highly subjective judgements. We have therefore spent significant audit effort in assessing the appropriateness of the assumptions involved, and as such this has been identified as a Key Audit Matter.

We performed the following procedures as part of audit;

We obtained Director's cash flow forecasts for the period to December 2021. We assessed the key underlying assumptions, including oil prices, reserves, production and expenditure. In doing so, we considered factors such as actual performance against budget and external market data.

We have considered whether previous forecasts were consistent with actuals, to ascertain whether Management had a history of accurate forecasting which is not subject to bias.

We reviewed board minutes and RNS announcements for any indicators regarding operating costs and production that may have an impact on the Group's ability to continue as a going concern.

We reviewed Director's sensitivity analysis performed in respect of key assumptions underpinning the forecasts and we performed our own sensitivity analysis in respect of key assumptions including reducing the oil price, removing the cash inflows from Wressle and limiting capital expenditure to committed levels.

We assessed the appropriateness of the disclosures included in the financial statements given in note 1.

Key audit matters

In addition to the matter described in the material uncertainty related to going concern section, key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How we addressed the matter in our audit	KEY OBSERVATIONS
Carrying value of producing assets		
As detailed in notes 1 and 12, the assessment of any impairment to the carrying value of the three producing fields requires significant estimation by management. The key estimates and judgements include oil price, reserves, decline rate, and discount rate. An impairment was recognised in the year on West Firsby. The rest of the producing projects were not impaired. Judgement is required as to whether there should be any further impairment recognised or whether an assessment that there has been an increase in value should give rise to any impairment reversals.	We reviewed management's discounted cash flow forecasts for each of the three producing fields and critically challenged the appropriateness of the key estimates and assumptions used by management in the discounted cash flow models which included a comparison of oil price forecasts to market outlook reports, recalculation of discount rates and comparing cost and production assumptions to historical data in the year. We reviewed the reserves and decline rates used in the models and compared them to the most recent independent competent persons reports and assessed the objectivity, competence and independence of those experts as well as the suitability of the work of those experts for our purposes We reviewed the licences to check whether or not they remain valid. We recalculated the impairment amount on West Firsby in respect of the completeness and accuracy of amount recognised. We challenged management's sensitivity assessments and performed our own sensitivity calculations in respect of oil prices, decline rates and discount rate, along with considering the appropriateness	Our work has identified no material instances of inappropriate impairment conclusions.

	of the related disclosures given in notes 1 and 12 and management's assessment not to reverse prior period impairments.	
Carrying value of exploration assets		
The non-producing exploration assets of the Group are classified as intangible assets within non-current assets in the statement of financial position. As detailed in notes 1 and 11, there are inherent uncertainties around the recoverability of exploration and evaluation assets. Some Irish licenses were impaired during the year and this involved the use of management judgement. In addition, management assessed that the Wressle project was under the scope of IFRS 6 as the Group had not yet obtained approval of the Field Development Plan at year end. This assessment requires judgement.	. We reviewed and challenged management's impairment assessment which was carried out in accordance with IFRS 6 in order to determine whether management's assessment that there were no indicators of impairment was appropriate. We reviewed management's decision to relinquish some of the Irish licences based on a change in strategy to focus on gas prospects in the region and confirmed this results in impairment of these assets. We confirmed there is an ongoing plan to develop the licence areas and verified that the licences remain valid for assets that have not been impaired. Our specific audit testing in this regard included: • The verification of licence status, in order to confirm legal title. • Reviewing exploration activity to assess whether there was any evidence from exploration results to date which would indicate a potential impairment. • Obtaining approved budgets and minutes of Board meetings to confirm whether or not the Group intended to continue to explore specific licences either through a potential transaction such as a farm out, or through exploration undertaken by the Group. We challenged management's assessment, through inquiry and review of board minutes, of whether or not the Wressle project is still under evaluation and within the scope of IFRS 6 as at year end. We assessed the appropriateness of the disclosures included in the financial statements given in notes 1 and 11.	Our work has identified no material instances of inappropriate impairment conclusions.

Our application of materiality

Group materiality	Parent company materiality	Basis for materiality
£100,000 (2019: £182,000)	£40,000 (2019: £51,000)	Materiality has been based on 1.5% of total assets. We consider total assets to be the most appropriate basis for materiality given the Group is focused on exploration and development.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at £75, 000 (2019: £136,500) for the Group and at £30,000 (2019: £38,250) for the Parent Company which represents 75% (2019: 75%) of the above materiality levels based on the low level of misstatement in the past.

Whilst materiality for the financial statements as a whole was £100,000, each significant component of the Group was audited to a lower level of materiality ranging from £11,000 to £90,000. We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of £2,000 (2019: £3,880). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our Group audit scope focused on the Group's principal five operating subsidiaries, Europa Oil & Gas Limited, Europa Oil & Gas (Ireland West) Limited, Europa Oil & Gas (Ireland East) Limited, Europa Oil and Gas New Ventures Limited and Europa Oil & Gas (Inishkea) Limited, all being located in the UK, which were all subject to full scope audits. Together with the Parent Company which was also subject to a full scope audit, these represent the significant components of the Group. All of the Principal components were audited by BDO UK LLP and 100% of the Group's revenue, 98% of total assets and 91% of loss before tax were subject to audit.

Three components of the Group were considered non-significant based on their relative size and risk. These components were principally subject to analytical review procedures to confirm there are no significant risks of material misstatements within these components.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 28, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jack Draycott (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

For the year ended 31 July	Note	2020 £000	2019 £000
Revenue	2	**1,244**	1,713
Cost of sales	2	***(1,438)***	*(1,682)*
Impairment of producing fields	12	***(160)***	-
Total cost of sales		**(1,598)**	(1,682)
Gross (loss)/profit		**(354)**	31
Exploration (write-off)/ write back	11	**(4,004)**	270
Administrative expenses		**(823)**	(811)
Finance income	6	**7**	43
Finance expense	7	**(266)**	(187)
Loss before taxation	3	**(5,440)**	(654)
Taxation charge	8	**-**	-
Loss for the year		**(5,440)**	(654)
Other comprehensive income			
Items which will not be reclassified to profit /(loss)			
Loss on investment revaluation	9	**(197)**	(59)
Total other comprehensive loss		**(197)**	(59)
Total comprehensive loss for the year attributable to the equity shareholders of the parent		**(5,637)**	(713)

Earnings per share (EPS) attributable to the equity shareholders of the parent	Note	**Pence per share**	Pence per share
Basic and diluted EPS	10	**(1.22)p**	(0.17)p

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

As at 31 July	Note	2020 £000	2019 £000
Assets			
Non-current assets			
Intangible assets	11	**4,965**	7,818
Property, plant and equipment	12	**476**	575
Total non-current assets		**5,441**	8,393
Current assets			
Investments	13	**44**	241
Inventories	14	**12**	19
Trade and other receivables	15	**234**	315
Restricted cash	16	**245**	251
Cash and cash equivalents		**768**	2,905
Total current assets		**1,303**	3,731
Total assets		**6,744**	12,124
Liabilities			
Current liabilities			
Loans	18	**(2)**	-
Trade and other payables	17	**(1,013)**	(1,086)
Total current liabilities		**(1,015)**	(1,086)
Non-current liabilities			
Loans	18	**(48)**	-
Trade and other payables	17	**(31)**	-
Long-term provisions	21	**(3,163)**	(2,917)
Total non-current liabilities		**(3,242)**	(2,917)
Total liabilities		**(4,257)**	(4,003)
Net assets		**2,487**	8,121
Capital and reserves attributable to equity holders			
Share capital	22	**4,447**	4,447
Share premium	22	**21,010**	21,010
Merger reserve	22	**2,868**	2,868
Retained deficit		**(25,838)**	(20,204)
Total equity		**2,487**	8,121

These financial statements were approved by the Board of Directors and authorised for issue on 12 October 2020 and signed on its behalf by:

P Greenhalgh, Finance Director
Company registration number 5217946
The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

Attributable to the equity holders of the parent

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2018	3,014	18,481	2,868	(19,508)	4,855
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(654)	(654)
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(59)	(59)
Total comprehensive loss for the year	**-**	**-**	**-**	**(713)**	**(713)**
Contributions by and distributions to owners					
Issue of share capital	1,433	2,546	-	-	3,979
Issue of share options(note 22)	-	(17)	-	17	-
Share-based payments (note 23)	-	-	-	-	-
Total contributions by and distributions to owners	**1,433**	**2,529**	**-**	**17**	**3,979**
Balance at 31 July 2019	**4,447**	**21,010**	**2,868**	**(20,204)**	**8,121**

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2019	**4,447**	**21,010**	**2,868**	**(20,204)**	**8,121**
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(5,440)	(5,440)
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(197)	(197)
Total comprehensive loss for the year	**-**	**-**	**-**	**(5,637)**	**(5,637)**
Contributions by and distributions to owners					
Share-based payments (note 23)	-	-	-	3	3
Total contributions by and distributions to owners	**-**	**-**	**-**	**3**	**3**
Balance at 31 July 2020	**4,447**	**21,010**	**2,868**	**(25,838)**	**2,487**

The accompanying notes form part of these financial statements.

Company statement of financial position

As at 31 July	Note	2020 £000	2019 £000
Assets			
Non-current assets			
Intangible assets	11	**-**	302
Property, plant and equipment	12	**55**	1
Investments	13	**2,341**	2,341
Amounts due from Group companies	24	**430**	1,038
Total non-current assets		**2,826**	3,682
Current assets			
Other receivables	15	**53**	79
Cash and cash equivalents		**288**	2,553
Total current assets		**341**	2,632
Total assets		**3,167**	6,314
Liabilities			
Current liabilities			
Loans	18	**(2)**	-
Trade and other payables	17	**(515)**	(660)
Total current liabilities		**(517)**	(660)
Loans	18	(48)	-
Trade and other payables	17	(17)	-
Total non-current liabilities		**(65)**	-
Total liabilities		**(582)**	(660)
Net assets		**2,585**	5,654
Capital and reserves attributable to equity holders of the parent			
Share capital	22	**4,447**	4,447
Share premium	22	**21,010**	21,010
Merger reserve	22	**2,868**	2,868
Retained deficit		**(25,740)**	(22,671)
Total equity		**2,585**	5,654

The Company has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to publish its individual statement of comprehensive income and related notes. The loss dealt with in the financial statements of the parent Company is £3,072,000 (2019: loss of £1,772,000).

These financial statements were approved by the Board of Directors and authorised for issue on 12 October 2020 and signed on its behalf by:

P Greenhalgh
Finance Director
Company registration number 5217946

The accompanying notes form part of these financial statements.

Company statement of changes in equity

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2018 originally stated	3,014	18,481	2,868	(19,483)	4,880
Change in accounting policy IFRS 9	-	-	-	(1,433)	(1,433)
Balance at 1 August restated	3,014	18,481	2,868	(20,916)	3,447
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(1,772)	(1,772)
Total comprehensive loss for the year	**-**	**-**	**-**	**(1,772)**	**(1,772)**
Contributions by and distributions to owners					
Issue of share capital	1,433	2,546	-	-	3,979
Issue of share options (note 22)	-	(17)	-	17	-
Share-based payments (note 23)	-	-	-	-	-
Total contributions by and distributions to owners	**1,433**	**2,529**	**-**	**17**	**3,979**
Balance at 31 July 2019	**4,447**	**21,010**	**2,868**	**(22,671)**	**5,654**

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2019 originally stated	**4,447**	**21,010**	**2,868**	**(22,671)**	**5,654**
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(3,072)	(3,072)
Total comprehensive loss for the year	**-**	**-**	**-**	**(3,072)**	**(3,072)**
Contributions by and distributions to owners					
Share-based payments (note 23)	-	-	-	3	3
Total contributions by and distributions to owners	**-**	**-**	**-**	**3**	**3**
Balance at 31 July 2020	**4,447**	**21,010**	**2,868**	**(25,740)**	**2,585**

Consolidated statement of cash flows

For the year ended 31 July	Note	2020 £000	2019 £000
Cash flows used in operating activities			
Loss after tax from continuing operations		**(5,440)**	(654)
Adjustments for:			
Share-based payments	23	**3**	-
Depreciation	12	**186**	94
Impairment of producing field	12	**160**	-
Exploration write off/ (write back)	11	**4,004**	(270)
Finance income	6	**(7)**	(43)
Finance expense	7	**266**	187
Decrease in trade and other receivables		**72**	7
Decrease in inventories		**7**	1
(Decrease)/increase in trade and other payables		**(95)**	17
Net cash used in operations		**(844)**	(661)
Income taxes paid		**-**	-
Net cash used in operating activities		**(844)**	(661)
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(100)**	(1)
Purchase of intangible assets		**(1,148)**	(1,973)
Cash guarantee re Morocco		**(1)**	(251)
Sale of part interest in licence – associated costs		**(12)**	(8)
Interest received		**7**	16
Net cash used in investing activities		**(1,254)**	(2,217)
Cash flows (used in)/ from financing activities			
Gross proceeds from issue of share capital	22	**-**	4,299
Costs incurred on issue of share capital		**-**	(320)
Proceeds from borrowings		**50**	-
Lease liability payments		**(73)**	-
Lease liability interest payments		**(3)**	
Finance costs		**(1)**	(5)
Net cash (used in)/from financing activities		**(27)**	3,974
Net (decrease)/ increase in cash and cash equivalents		**(2,125)**	1,096
Exchange (loss)/gain on cash and cash equivalents		**(12)**	38
Cash and cash equivalents at beginning of year		**2,905**	1,771
Cash and cash equivalents at end of year		**768**	2,905

Company statement of cash flows

For the year ended 31 July	Note	2020 £000	2019 £000
Cash flows used in operating activities			
Loss after tax from continuing operations		**(3,072)**	(1,772)
Adjustments for:			
Share-based payments	23	**3**	-
Depreciation	12	**66**	1
Exploration write off	11	**371**	-
Movement in intercompany loan provision	24	**3,075**	2,164
Finance income		**(680)**	(638)
Finance expense		**3**	2
Decrease in trade and other receivables		**17**	4
Increase in trade and other payables		**11**	33
Net cash used in operating activities		**(206)**	(206)
Cash flows used in investing activities			
Purchase of property, plant and equipment		**(3)**	(1)
Purchase of intangible assets		**(69)**	(200)
Movement on loans to Group companies		**(1,981)**	(1,845)
Interest received		**2**	8
Net cash used in investing activities		**(2,051)**	(2,038)
Cash flows (used in)/from financing activities			
Gross proceeds from issue of share capital	22	**-**	4,299
Costs incurred on issue of share capital	22	**-**	(320)
Proceeds from borrowings		**50**	
Lease liability principal payment		**(63)**	-
Lease liability interest payment		**(3)**	
Finance costs		**-**	(2)
Net cash (used in)/from financing activities		**(16)**	3,977
Net (decrease)/ increase in cash and cash equivalents		**(2,273)**	1,733
Exchange gain on cash and cash equivalents		**8**	14
Cash and cash equivalents at beginning of year		**2,553**	806
Cash and cash equivalents at end of year		**288**	2,553

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Accounting Policies

General information

Europa Oil & Gas (Holdings) plc is a Company incorporated and domiciled in England and Wales with registered number 5217946. The address of the registered office is 6 Porter Street, London, W1U 6DD. The Company's administrative office is at the same address.

The functional and presentational currency of the Company is Sterling (UK£).

Basis of accounting

The consolidated and individual Company financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the EU. The policies have not changed from the previous year.

Exploration and evaluation assets are measured at historical cost and tested at least twice annually for impairment. Internally generated intangibles are measured at historic cost.

The accounting policies that have been applied in the opening statement of financial position have also been applied throughout all periods presented in these financial statements. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 July 2020.

Going concern

The Directors have prepared a cash flow forecast for the period ending 31 December 2021, which considers the continuing and forecast cash inflow from the Group's producing assets, the cash held by the Group at the year end, less administrative expenses and planned capital expenditure. The Directors have concluded, at the time of approving the financial statements, that there is a reasonable expectation, based on the Group's cash flow forecasts, that the forecasts are achievable and accordingly the Group will be able to continue as a going concern and meet its obligations as and when they fall due. The critical assumption in reaching that conclusion are that Wressle production commences at the forecasted rate in 2020, oil prices do not fall for a sustained period, and Covid-19 does not cause our production to be suspended. In the absence of incremental production from Wressle in 2020, oil prices falling for sustained periods, or loss of production then additional funding by the issuance of shares or sale of assets would be required. If additional funding was not available there is a risk that commitments could not be fulfilled, and assets would be relinquished.

These conditions indicate a material uncertainty which may cast significant doubt as to the Group and Parent Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include the adjustments that would result if the Group and Parent Company are unable to continue as a going concern.

Accounting standards adopted in the period

The Group adopted IFRS16 Leases with effect form 1 August 2019. IFRS 16 was issued in January 2016 to replace IAS17 Leases.

IFRS 16 sets out the principles for the recognition, measurement., presentation and disclosure of leases and requires lessees to account for all leases, with limited exceptions, under a single on-balance sheet model similar to accounting for finance leases under IAS 17. Under IFRS 16, at the commencement date of a lease, a lessee is required to recognise a liability to make lease payments ("lease liability") and an asset representing the right to use the underlying asset during the lease term ("right of use asset"). Lease liabilities are measured at the present value of future lease payments over the reasonably certain lease term. Variable lease payments that do not depend on an index or a rate are not included in the lease liability. Such payments are expensed as incurred throughout the lease term.

In applying IFRS 16 for the first time, the Group has adopted the modified retrospective approach to adoption on 1 August 2019, measuring right of use assets at an amount based on their respective lease liability on adoption, with the cumulative effect of adopting the standard recognised at the date of initial application without restatement of comparative information.

Lessees are required to separately recognise the interest expense associated with the unwinding of the lease liability and the depreciation expense on the right of use asset. These costs replace amounts previously recognised as operating expenditure in respect of operating leases in accordance with IAS 17.

Accounting standards to be adopted in future periods

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Intra Group balances are eliminated on consolidation. Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group is engaged in oil and gas exploration, development and production through unincorporated joint operations.

Joint arrangements

Joint arrangements are those arrangements in which the Group holds an interest on a long-term basis which are jointly controlled by the Group and one or more venturers under a contractual arrangement. When these arrangements do not constitute entities in their own right, the consolidated financial statements reflect the relevant proportion of costs, revenues, assets and liabilities applicable to the Group's interests in accordance with IFRS 11. The Group's exploration, development and production activities are presently conducted jointly with other companies in this way.

For the licences where the Group does not hold 100% equity (refer to the licence interests table on page 6) a joint arrangement exists. The equity and voting interest of the Group is disclosed in the table, activities are typical for activities in the oil and gas sector and are strategic to the Group's activities. The principal place of business for all the joint arrangements is the UK.

Revenue recognition

The Group has adopted IFRS 15 from 1 August 2018. The standard provides a single comprehensive model for revenue recognition. The Group has elected to apply the modified retrospective method. The core principle of the standard is that an entity shall recognise revenue when control passes on the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Contracts with customers are

presented in an entity's balance sheet as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. The Group's accounting policy under IFRS 15 is that revenue is recognised when the Group satisfies a performance obligation by transferring oil to a customer. The title to oil and gas typically transfers to a customer at the same time as the customer takes physical possession of the oil or gas. Typically, at this point in time, the performance obligations of the Group are fully satisfied. The accounting for revenue under IFRS 15 does not, therefore, represent a substantive change from the Group's previous accounting.

Revenue is measured based on the consideration to which the Group expects to be entitled under the terms of a contract with a customer. The consideration is determined by the quantity and price of oil and gas delivered to the customer at the end of each month.

Non-current assets

<u>Oil and gas interests</u>

The financial statements with regard to oil and gas exploration and appraisal expenditure have been prepared under the full cost basis. This accords with IFRS 6 which permits the continued application of a previously adopted accounting policy. The unit of account for exploration and evaluation assets is the individual licence.

<u>Pre-production assets</u>

Pre-production assets are categorised as intangible assets on the statement of financial position. Pre-licence expenditure is expensed as directed by IFRS 6. Expenditure on licence acquisition costs, geological and geophysical costs, costs of drilling exploration, appraisal and development wells, and an appropriate share of overheads (including Directors' costs) are capitalised and accumulated on a licence by licence basis. These costs which relate to the exploration, appraisal and development of oil and gas interests are initially held as intangible non-current assets pending determination of technical feasibility and commercial viability. On commencement of production these costs are tested for impairment prior to transfer to production assets. If licences are relinquished, or assets are not deemed technically feasible or commercially viable, accumulated costs are written off to cost of sales.

Production assets
Production assets are categorised within property, plant and equipment on the statement of financial position. With the determination of commercial viability and approval of an oil and gas project the related pre-production assets are transferred from intangible non-current assets to tangible non-current assets and depreciated upon commencement of production within the appropriate cash generating unit.

Impairment tests
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) as disclosed in notes 11 and 12. As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

Impairment tests are performed when indicators as described in IAS 36 are identified. In addition, indicators such as a lack of funding or farmout options for a licence which is approaching termination or the implied value of a farmout transaction are considered as indicators of impairment.

An impairment loss is recognised and charged to cost of sales for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Property, plant and equipment
Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation
All expenditure within tangible non-current assets is depreciated from the commencement of production, on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of proven plus probable commercial reserves at the end of the period, plus the production in the period. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs within each licence. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Furniture and computers are depreciated on a 25% per annum straight line basis.

Reserves
Proven and probable oil and gas reserves are estimated quantities of commercially producible hydrocarbons which the existing geological, geophysical and engineering data shows to be recoverable in future years. The proven reserves included herein conform to the definition approved by the Society of Petroleum Engineers (SPE) and the World Petroleum Congress (WPC). The probable and possible reserves conform to definitions of probable and possible approved by the SPE/WPC using the deterministic methodology. Reserves used in accounting estimates for depreciation are updated periodically to reflect management's view of reserves in conjunction with third party formal reports. Reserves are reviewed at the time of formal updates or as a consequence of operational performance, plans and the business environment at that time.

Reserves are adjusted in the year that formal updates are undertaken or as a consequence of operational performance and plans, and the business environment at that time, with any resulting changes not applied retrospectively.

Future decommissioning costs
A provision for decommissioning is recognised in full at the point that the Group has an obligation to decommission an appraisal, development or producing well. A corresponding non-current asset (included within producing fields in note 12) of an amount equivalent to the provision is also created. The amount recognised is the estimated cost of decommissioning, discounted to its net present value and is reassessed each year in accordance with local conditions and requirements. For producing wells, the asset is subsequently depreciated as part of the capital costs of production facilities within tangible non-current assets, on a unit of production basis. Any decommissioning obligation in respect of a pre-production asset is carried forward as part of its cost and tested annually for impairment in accordance with the above policy.

Changes in the estimates of commercial reserves or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the decommissioning asset. The unwinding of the discount on the decommissioning provision is included within finance expense.

Acquisitions of exploration licences
Acquisitions of exploration licences through acquisition of non-operational corporate structures that do not represent a business, and therefore do not meet the definition of a business combination, are accounted for as the acquisition of an asset. Related future consideration that is contingent is not recognised as an asset or liability until the contingent event has occurred.

Taxation
Current tax is the tax payable based on taxable profit / (loss) for the year.

Deferred income taxes are calculated using the balance sheet liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary difference will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Foreign currency
The Group and Company prepare their financial statements in Sterling.

Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Any exchange differences arising on the settlement of items or on translating items at rates different from those at which they were initially recorded are recognised in the Statement of comprehensive income in the period in which they arise. Exchange differences on non-monetary items are recognised in the Statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item taken to the Statement of changes in equity, otherwise such gains and losses are recognised in the Statement of comprehensive income.

Europa Oil & Gas (Holdings) plc is domiciled in the UK, which is its primary economic environment and the Company's functional currency is Sterling. The Group's current operations are based in the UK and Ireland and the functional currencies of the Group's entities are the prevailing local currencies in each jurisdiction. Given that the functional currency of the Company is Sterling, management has elected to continue to present the consolidated financial statements of the Group and Company in Sterling.

Investments
Investments, which are only investments in subsidiaries, are carried at cost less any impairment. Additions include the net value of share options issued to employees of subsidiary companies less any lapsed, unvested options.

Financial instruments
Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income ('FVTOCI') or at fair value through profit or loss ('FVPL') depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVPL, at the end of each reporting period. The Group applies a simplified approach to measure the credit loss allowance for trade receivables using the lifetime expected credit loss provision. The lifetime expected credit loss is evaluated for each trade receivable taking into account payment history, payments made subsequent to year end and prior to reporting, past default experience and the impact of any other relevant and current observable data. The group applies a general approach on all other receivables classified as financial assets. The general approach recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

Fair value through other comprehensive income

The Group has a number of strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investment's carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Amortised cost

This category is the most relevant to the Company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The losses arising from impairment are recognised in a separate line in the income statement.

This category generally applies to trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents are carried at cost and include all highly liquid investments with a maturity of three months or less.

Restricted cash are those amounts held by third parties on behalf of the Group and are not available for the Group's use; these are accounted for separately from cash and cash equivalents.

Financial Liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values. The Group's financial liabilities consist of financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss.

Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently carried at amortised cost.

Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

Treatment of finance costs

All finance costs are expensed through the income statement. The Group does not incur any finance costs that qualify for capitalisation.

Defined contribution pension schemes

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Inventories

Inventories comprise oil in tanks stated at the lower of cost and net realisable value. Cost is determined by reference to the actual cost of production in the period.

Share-based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the statement of comprehensive income with a corresponding credit to reserves. Where options over the parent Company's shares are granted to employees of subsidiaries of the parent, the charge is recognised in the statement of comprehensive income of the subsidiary. In the parent Company accounts there is an increase in the cost of the investment in the subsidiary receiving the benefit.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if the number of share options ultimately exercised is different to that initially estimated.

Upon exercise of share options, the proceeds received, net of attributable transaction costs, are credited to share capital, and where appropriate share premium.

Critical accounting judgements and key sources of estimation uncertainty

Details of the Group's significant accounting judgements and critical accounting estimates are set out in these financial statements and include:

- Going concern - the critical assumptions are that Wressle production commences at the forecasted rate in 2020, oil prices do not fall to the lows seen in 2020 and Covid-19 does not force the suspension of production. See note 1 Going concern disclosures for further information.
- Carrying value of intangible assets (note 11) – carrying values are justified with reference to indicators of impairment as set out in IFRS 6. Based on judgements at 31 July 2020, the carrying value of the 5 oil-prone licences in Ireland were written off (2019: no impairment). (Please see pages 8 and 9 respectively for the conclusions reached as to why no impairment was recognised regarding the renewal date of the FEL 3/13 licence, government announcements of the future of Irish offshore oil exploration and PEDL180 & 182 (Wressle)).
- Carrying value of property, plant and equipment (note 12) – carrying values are justified by reference to future estimates of cash flows, discounted at appropriate rates.
- Deferred taxation (note 20) – assumptions regarding the future profitability of the Group and whether the deferred tax assets will be recovered.
- Decommissioning provision (note 21) – inflation and discount rate estimates (3% and 10% respectively) are used in calculating the provision, along with third party estimates of remediation costs.

2 Operating segment analysis

In the opinion of the Directors the Group has four reportable segments as reported to the Chief Executive Officer, being the UK, Ireland, Morocco and new ventures.

The reporting on these segments to management focuses on revenue, operating costs and capital expenditure. The impact of such criteria is discussed further in the Chairman's statement and strategic report of this annual report.

Income statement for the year ended 31 July 2020

	UK	Ireland	Morocco	New ventures	Total
	£000	£000	£'000	£000	£000
Revenue	1,244	-	-	-	1,244
Cost of sales	*(1,438)*	-	-	-	*(1,438)*
Impairment of producing fields	*(160)*	-	-	-	*(160)*
Cost of sales	(1,598)	-	-	-	(1,598)
Gross profit	**(354)**	**-**	**-**	**-**	**(354)**
Exploration write-off	-	(4,004)	-	-	(4,004)
Administrative expenses	(750)	(8)	(49)	(16)	(823)
Finance income	7	-	-	-	7
Finance costs	(266)	-	-	-	(266)
Loss before tax	**(1,363)**	**(4,012)**	**(49)**	**(16)**	**(5,440)**
Taxation	-	-	-	-	-
Loss for the year	**(1,363)**	**(4,012)**	**(49)**	**(16)**	**(5,440)**

Segmental assets and liabilities as at 31 July 2020

	UK	Ireland	Morocco	New Ventures	Total
	£000	£000	£000	£'000	£000
Non-current assets	3,660	1,482	299	-	5,441
Current assets	1,058	-	245	-	1,303
Total assets	**4,718**	**1,482**	**544**		**6,744**
Non-current liabilities	(3,242)	-	-	-	(3,242)
Current liabilities	(259)	(733)	(23)	-	(1,015)
Total liabilities	**(3,501)**	**(733)**	**(23)**	**-**	**(4,257)**
Other segment items					
Capital expenditure	139	734	275	-	1,148
Depreciation	186	-	-	-	186
Share-based payments	3	-	-	-	3

Income statement for the year ended 31 July 2019

	UK	Ireland	New ventures	Total
	£000	£000	£000	£000
Revenue	1,713	-	-	1,713
Cost of sales	*(1,682)*	-	-	*(1,682)*
Impairment of producing fields	-	-	-	-
Cost of sales	(1,682)	-	-	(1,682)
Gross profit	**31**	**-**	**-**	**31**
Exploration write-back	270	-	-	270
Administration expenses	(653)	-	(158)	(811)
Finance income	43	-	-	43
Finance costs	(187)	-	-	(187)
Loss before tax	**(496)**	**-**	**(158)**	**(654)**
Taxation	-	-	-	-
Loss for the year	**(496)**	**-**	**(158)**	**(654)**

Segmental assets and liabilities as at 31 July 2019

	UK	Ireland	New Ventures	Total
	£000	£000	£'000	£000
Non-current assets	3,661	4,732	-	8,393
Current assets	3,718	13	-	3,731
Total assets	**7,379**	**4,745**	**-**	**12,124**
Non-current liabilities	(2,917)	-	-	(2,917)
Current liabilities	(373)	(709)	(4)	(1,086)
Total liabilities	**(3,290)**	**(709)**	**(4)**	**(4,003)**
Other segment items				
Capital expenditure	164	1,809	-	1,973
Depreciation	94	-	-	94

100% of the total revenue (2019: 100%) relates to UK based customers. Of this figure, one single customer (2019: one) commands more than 99% of the total. UK revenue by site was as follows: West Firsby £394,000 (2019: £617,000); Crosby Warren £355,000 (2019: £489,000); and Whisby £495,000 (2019: £607,000).

3 Loss before taxation

Loss before taxation is stated after charging:

		2020 £000	2019 £000
Depreciation and amortisation on property, plant & equipment	12	**186**	94
Staff costs including Directors	5	**1,025**	991
Diesel		**95**	123
Business rates		**63**	60
Site safety and security		**72**	132
Exploration write-off/(write-back)	11	**4,004**	(270)
Impairment	12	**160**	-
Fees payable to the auditor for the audit		**53**	47
Operating leases – land and buildings		**42**	96
Amount of inventory recognised as an expense		**7**	2
Foreign exchange loss		**16**	-

4 Directors' emoluments

Directors' salaries and fees – Company and Group	2020 £000	2019 £000
CW Ahlefeldt-Laurvig	**23**	25
RJHM Corrie (to 12 March 2020)	**22**	25
P Greenhalgh	**138**	139
HGD Mackay (to 21 November 2019)	**183**	185
BJ O'Cathain	**23**	25
SG Oddie (CEO from 21 November 2019, previously Chairman)	**130**	40
S Williams (appointed 12 March 2020)	**10**	-
	529	439

Directors' pensions		
P Greenhalgh	**17**	20
HGD Mackay (to 21 November 2019)	**5**	19
	22	39

The above charge represents premiums paid to money purchase pension plans during the year.

Directors' share-based payments	2020 £000	2019 £000
S Williams (appointed 12 March 2020)	**3**	-

The above represents the accounting charge in respect of share options. No share options were exercised during the period (2019: none).

Directors' total emoluments	2020 £000	2019 £000
Salaries and fees	**529**	439
Social security costs	**64**	54
Pensions	**22**	39
Share-based payments	**3**	-
	618	532

5 Employee information

Average monthly number of employees including Directors - Group	2020 Number	2019 Number
Management and technical	**9**	9
Field exploration and production	**4**	4
	13	13

Staff costs - Group	2020 £000	2019 £000
Wages and salaries (including Directors' emoluments)	**864**	821
Social security	**106**	99
Pensions	**52**	71
Share-based payments (note 23)	**3**	-
	1,025	991

Average monthly number of employees including Directors - Company	2020 Number	2019 Number
Management and technical	**9**	9
	9	9

Staff costs - Company	2020 £000	2019 £000
Wages and salaries (including Directors' emoluments)	**680**	612
Social security	**83**	72
Pensions	**37**	56
Share-based payment (note 23)	**3**	-
	803	740

6 Finance income

	2020 £000	2019 £000
Bank interest received	**7**	16
Other finance income	**-**	27
	7	43

7 Finance expense

	2020 £000	2019 £000
Unwinding of discount on decommissioning provision (note 21)	**246**	182
Other finance expense	**20**	5
	266	187

8 Taxation

	2020 £000	2019 £000
Movement in deferred tax asset (note 20)	**(16)**	(117)
Movement in deferred tax liability (note 20)	**16**	117
Tax charge	**-**	-

UK corporation tax is calculated at 30% (2019: 30%) of the estimated assessable profit for the year being the applicable rate for a ring-fence trade excluding the Supplementary Charge of 10%.

	2020	2019
	£000	£000
Loss before tax	**(5,440)**	(654)
Tax reconciliation		
Loss multiplied by the standard rate of corporation tax in the UK including Supplementary Charge of 40% (2019: 40%)	**(2,176)**	(261)
Expenses not deductible for tax purposes	**1,672**	35
Deferred tax asset not recognised	**505**	76
Other reconciling items	**(1)**	150
Total tax credit	**-**	-

9 Other comprehensive income

	2020	2019
	£000	£000
Loss on investment revaluation	**(197)**	(59)

On 8 May 2019, the Group sold its interest in PEDL143 to UK Oil & Gas Plc ('UKOG') for 25,951,557 UKOG shares. At the time of the sale the shares were worth 1.156p each, resulting in a total value of £300,000. The investment was revalued at the year end to £44,000 (0.017p per share (2019:£241,000 (0.93p per share)). An irrevocable election has been made to record gains and losses arising on the shares as Other Comprehensive Income.

10 Earnings per share

Basic earnings per share ('EPS') has been calculated on the loss after taxation divided by the weighted average number of shares in issue during the period. Diluted EPS uses an average number of shares adjusted to allow for the issue of shares on the assumed conversion of all in-the-money options.

As the Group made a loss from continuing operations in both the current and prior years, any potentially dilutive instruments are considered to be anti-dilutive. Therefore, the diluted EPS is equal to the basic EPS. As at 31 July 2020 there were 24,203,458 (2019: 24,238,458) potentially dilutive instruments in issue.

The calculation of the basic and diluted earnings per share is based on the following:

	2020	2019
	£000	£000
Loss for the year attributable to the equity shareholders of the parent	**(5,440)**	(654)
Weighted average number of shares		
For the purposes of basic and diluted EPS	**444,691,599**	**393,259,484**

11 Intangible assets

Intangible assets – Group	2020	2019
	£000	£000
At 1 August	**7,818**	5,959
Additions	**1,151**	1,869
Disposal	**-**	(10)
Exploration write-off	**(4,004)**	-
At 31 July	**4,965**	7,818

Intangible assets comprise the Group's pre-production expenditure on licence interests as follows:

	2020 £000	2019 £000
Ireland FEL 2/13 (Doyle A, B, C, Kilroy, Keane & Kiely)	-	1,280
Ireland FEL 3/13 (Beckett, Wilde, Shaw)	-	1,255
Ireland FEL 1/17	-	636
Ireland LO 16/19	-	89
Ireland FEL 4/19 (Inishkea)	1,482	1,259
Ireland LO 16/22	-	213
UK PEDL180 (Wressle)	2,947	2,867
UK PEDL181	118	101
UK PEDL182 (Broughton North)	29	29
UK PEDL299 (Hardstoft)	12	12
UK PEDL343 (Cloughton)	78	77
Morocco (Inezgane)	299	-
Total	4,965	7,818
Disposal		
UK PEDL143 (Holmwood)	-	10
Exploration write-off		
Ireland FEL 2/13 (Doyle A, B, C, Kilroy, Keane & Kiely)	1,445	-
Ireland FEL 3/13 (Beckett, Wilde, Shaw)	1,343	-
Ireland FEL 1/17	845	-
Ireland LO 16/19	94	-
Ireland LO 16/22	277	-
Total	4,004	-

Exploration write-back

On 8 May 2019 the Group sold its interest in PEDL143 (Holmwood) to UK Oil & Gas Plc ('UKOG') for 25,951,557 shares in UKOG at 1.156p per share.

	2020 £000	2019 £000
Consideration for the PEDL143 interest	-	300
Disposal costs	-	(20)
Book value of remaining interest	-	(10)
Exploration write-back	-	270

If the Group is not able to or elects not to continue in any other licence, then the impact on the financial statements will be the impairment of some or all of the intangible assets disclosed above. Further details of commitments are included in note 25.

Intangible assets - Company

	2020 £000	2019 £000
At 1 August	302	198
Additions	69	106
Transfer to Group companies	-	(2)
Exploration write-off	(371)	-
At 31 July	-	302

Intangible assets comprise the Company's pre-production expenditure on licence interests as follows:

	2020 £000	2019 £000
Ireland LO 16/19	-	89
Ireland LO 16/22	-	213
Total	-	302

Exploration write-off

	2020 £000	2019 £000
Ireland LO 16/19	**94**	-
Ireland LO 16/22	**277**	-
Total	**371**	-

LO 16/22 and LO 16/19 were relinquished due to a lack of commercial prospects and the £371,000 spent to date was written off.

12 Property, plant & equipment

Property, plant & equipment - Group

	Furniture & computers £000	Producing fields £000	Right of use assets £000	Total £000
Cost				
At 1 August 2018	52	10,790	-	10,842
Additions	1	-	-	1
At 31 July 2019	53	10,790	-	10,843
Additions	3	97	-	100
On transition	-	-	147	147
Disposals	(50)	-	-	(50)
At 31 July 2020	**6**	**10,887**	**147**	**11,040**
Depreciation, depletion and impairment				
At 1 August 2018	51	10,123	-	10,174
Charge for year	1	93	-	94
At 31 July 2019	52	10,216	-	10,268
Charge for year	1	112	73	186
Disposal	(50)	-	-	(50)
Impairment in year	-	160	-	160
At 31 July 2020	**3**	**10,488**	**73**	**10,564**
Net Book Value				
At 31 July 2018	1	667	-	668
At 31 July 2019	1	574	-	575
At 31 July 2020	**3**	**399**	**74**	**476**

The producing fields referred to in the table above are the production assets of the Group, namely the oilfields at Crosby Warren and West Firsby, and the Group's interest in the Whisby W4 well, representing the Group's three cash generating units.

The carrying value of each producing field was tested for impairment by comparing the carrying value with the value-in-use. The value-in-use was calculated using a discounted cash flow model with production decline rates of 5-12%, Brent crude prices rising from US$48 per barrel in 2021 to US$61 per barrel in 2023 and a pre-tax discount rate of 13.4%. The pre-tax discount rate is derived from a post-tax rate of 10% and is high because of the applicable rates of tax in the UK. Cash flows were projected over the expected life of the fields which is expected to be longer than five years.

Based on the assumptions set out above West Firsby oilfield recoverable amount of £250,000 is less than its carrying amount by £160,000 and therefore an impairment has been recognised in the year (2019: No impairment). The recoverable amount was calculated at a discount rate of 10% (2019: 10%).

Sensitivity to key assumption changes
Variations to the key assumptions used in the value-in-use calculation would cause impairment of the producing fields as follows:

	Further impairment of producing fields £000
Production decline rate (current assumption 5-12%)	
12%	55
15%	279
Brent crude price per barrel (current assumption US$42/bbl in 2021 rising to US$61/bbl in 2023)	
$42 flat	531
$50 flat	111
Pre-tax discount rate (current assumption 13.4%)	
20%	310
25%	725

Property, plant & equipment - Company

	Furniture & computers £000	Right of use assets £000	Total £000
Cost			
At 1 August 2018	52	-	52
Additions	1	-	1
At 31 July 2019	53	-	53
At transition	-	117	117
Additions	3	-	3
Disposals	(50)	-	(50)
At 31 July 2020	**6**	**117**	**123**
Depreciation			
At 1 August 2018	51	-	51
Charge for the year	1	-	1
At 31 July 2019	52	-	52
Charge for year	1	65	66
Disposals	(50)	-	(50)
At 31 July 2020	**3**	**65**	**68**
Net Book Value			
At 31 July 2018	1	-	1
At 31 July 2019	1	-	1
At 31 July 2020	**3**	**52**	**55**

13 Investments - Group

Investment in shares	2020	2019
	£000	£000
At 1 August	**241**	-
Current year additions	**-**	241
Write off on revaluation	**(197)**	-
At 31 July	**44**	241

On 8 May 2019, the Group sold its interest in PEDL143 to UK Oil & Gas Plc ('UKOG') for 25,951,557 UKOG shares. At the time of the sale the shares were worth 1.156p each, resulting in a total value of £300,000. The investment was revalued at the year end to the value of £44,000 (0.17p per share) (2019: £241,000 (0.93p per share) with the loss being recorded in Other Comprehensive Income (note 9).

Investments - Company

Investment in subsidiaries	2020	2019
	£000	£000
At 1 August	**2,341**	2,341
Current year additions	**-**	-
At 31 July	**2,341**	2,341

The Company's investments at the reporting date include 100% of the share capital in the following unlisted companies:

- Europa Oil & Gas Limited, which undertakes oil and gas exploration, development and production in the UK.
- Europa Oil & Gas (West Firsby) Limited, which is non-trading.
- Europa Oil & Gas (Ireland West) Limited, which held the interest in the FEL 2/13 licence.
- Europa Oil & Gas (Ireland East) Limited, which held the interest in the FEL 3/13 and FEL 1/17 licences.
- Europa Oil & Gas (Inishkea) Limited, which holds the interest in the FEL 4/19 and FEL 3/19 licences.
- Europa Oil & Gas (New Ventures) Limited, which holds the interest in the Moroccan licence.

All six companies are registered in England and Wales, all having their registered office at 6 Porter Street, London W1U 6DD.

The results of the six companies have been included in the consolidated accounts.

Europa Oil & Gas Limited owns 100% of the ordinary share capital of Europa Oil & Gas (UK) Limited (registered in England and Wales and non-trading).

14 Inventories - Group

	2020	2019
	£000	£000
Oil in tanks	**12**	19

15 Trade and other receivables

	Group		Company	
	2020	2019	**2020**	2019
Current trade and other receivables	**£000**	£000	**£000**	£000
Trade receivables	**111**	173	**-**	-
Other receivables	**25**	33	**2**	9
Prepayments	**98**	109	**51**	70
	234	315	**53**	79
Non-current other receivables				
Owed by Group undertakings (note 24)	**-**	-	**430**	1,038

16 Restricted cash

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Cash guarantee	**245**	251	**-**	-

A requirement of the petroleum agreement with the National Office of Hydrocarbons and Mines ('ONHYM'), was the setting up of a guarantee for $315,000 (£245,000) (2019: $315,000 (£251,000)). This is treated as restricted cash.

17 Trade and other payables

	Group		Company	
Current trade and other payables	**2020**	2019	**2020**	2019
	£000	£000	**£000**	£000
Trade payables	**507**	823	**364**	575
Other payables	**506**	263	**151**	85
	1,013	1,086	**515**	660
Non-current trade and other payables				
Lease liabilities	**31**	-	**17**	-

18 Borrowings

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Loans repayable in less than 1 year				
Bounce Back Loan	2	-	2	-
Total short term borrowing	**2**	-	**2**	-
Loans repayable in 1 to 2 years				
Bounce Back Loan	10	-	10	-
Loans repayable in 2 to 5 years				
Bounce Back Loan	30	-	30	-
Loans repayable in over 5 years				
Bounce Back Loan	8	-	8	-
Total long term borrowing	**48**	-	**48**	-

In June 2020 the Group received a Bounce Back loan for £50,000 under the Government's Covid 19 policies. The loan is to be repaid within 6 years of drawdown but with a 12 month holiday so repayments will start in June 2021 and will be repaid over the following 5 years. The annual rate of interest is 2.5%.

19 Leases

There were no retrospective adjustments as a result of adopting IFRS 16 'Leases'. The Group amended accounting policies applied from 1 August 2019 are disclosed in Note 1 under 'Significant accounting policies'.

IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise right-of-use assets and lease liabilities for all material leases. It results in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases was removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group adopted IFRS 16 from 1 August 2019 using the modified retrospective approach and accordingly the information presented for 2018 is not restated. It remains as previously reported under IAS 17 and related interpretations. On initial application, the Group elected to record right-of-use assets based on the corresponding lease liability. A right-of-use asset and lease obligations of £147,000 were recorded as of 1 August 2019, with no net impact on retained earnings. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 August 2019. The weighted-average rate applied is 5%.

The balance sheet shows the following amounts relating to leases

	1 August 2019	**Depreciation charge for the year**	**31 July 2020**
Asset	**£000**	**£000**	**£000**
Office lease	80	(57)	23
Company van	20	(4)	16
Company van	18	(4)	14
Company van	20	(4)	16
Company van	9	(4)	5
Total	147	(73)	74

Lease liability	**Balance at 1 August 2019**	**Payments made in year**	**Payment allocation from prior year prepayments**	**Interest element of payments**	**Balance at 31 Jul 2020**
	£000	**£000**	**£'000**	**£000**	**£000**
Office lease	80	(55)	(8)	2	19
Company van	20	(6)	-	1	15
Company van	18	(5)	-	-	13
Company van	20	(6)	-	-	14
Company van	9	(4)	-	-	5
	147	(76)	(8)	3	66

Lease liability	
Current	35
Non-current	31
At 31 July 2020	66

The income statement shows the following amounts relating to leases:

	31 July 2020 £000
Interest on lease liabilities (included in finance cost)	3
Expenses related to leases of land for extraction of oil & gas	42
Total	45

Amounts recognised in the statement of cashflows

	31 July 2020 £000
Total cash outflow for leases	76

The following table reconciles the Group's operating lease obligations at 31 July 2019, as disclosed in the Group's consolidated financial statements, to lease obligations recognised on initial application of IFRS 16 at 1 August 2019.

	31 July 2020 £000
Operating lease commitment at 31 July 2019	138
Discounted using the incremental borrowing rate	133
Leases that are exempt – land lease for oil & gas	(5)
Company van leases	68
Early redemption of office lease	(49)
Total	147

20 Deferred Tax – Group

	2020 £000	2019 £000
Recognised deferred tax asset:		
As at 1 August	-	-
(Charged)/credited to statement of comprehensive income	-	-
At 31 July	-	-

The Group has a deferred tax liability of £1,114,000 (2019: £1,098,000) arising from accelerated capital allowances and a deferred tax asset of £1,114,000 (2019: £1,098,000) arising from trading losses which will be utilised against future taxable profits. These were offset against each other resulting in a £nil net asset/liability (2019: £nil net asset/liability). This offsetting was required because the Group settles current tax assets and liabilities on a net basis.

Non-recognised long-term deferred tax asset

The Group has a non-recognised deferred tax asset of £4,359,000 (2019: £4,116,000), which arises in relation to ring-fence UK trading losses of £4.6 million (2019: £6.3 million), non-ring-fence UK trading losses of £11.7 million (2019: £11.7 million) and subsidiary losses of £1.8 million (2019: subsidiary losses of £4.7 million) that have not been recognised in the accounts as the timing of the utilisation of the losses is considered uncertain.

No deferred tax assets or liabilities are recognised in the Company.

21 Provisions – Group

Decommissioning provisions are based on third party estimates of work which will be required and the judgement of Directors. By their nature, the detailed scope of work required and timing are uncertain.

Long-term provisions	2020	2019
	£000	£000
As at 1 August	2,917	2,735
Charged to statement of comprehensive income (note 7)	246	182
At 31 July	3,163	2,917

Sensitivity to key assumption changes
Variations to the key assumptions used in the decommissioning provision estimates would cause increases / (reductions) to the provision as follows:

	Further decommissioning provision £000
Inflation rate (current assumption 3%)	
2%	(187)
4%	200
Discount rate (current assumption 10%)	
5%	1,121
15%	(746)

No provisions have been recognised in the Company.

22 Called up share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid ordinary shares of 1p		
At 1 August 2019: 444,691,599 shares (1 August 2018: 301,388,379)	4,447	3,014
Issued in the year: nil (2019: 143,303,220 shares)	-	1,433
At 31 July: 444,691,599 shares (2019: 444,691,599)	4,447	4,447

Ordinary shares issued

Date	Type of Issue	Number of shares	Issue price	Raised gross £000	Raised net of costs £000	Nominal value £000
10 December 2018	Placing	133,333,338	3p	4,000	3,692	1,333
10 December 2018	Open offer	9,969,882	3p	299	270	100
	Total	143,303,220		4,299	3,962	1,433

The costs of £337,000 incurred on the issue of share capital include £17,000 of non-cash expenses.All of the allotted shares are ordinary shares of the same class and rank pari passu. The following describes the purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Merger reserve	Reserve created on issue of shares on acquisition of subsidiaries in prior years
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

23 Share-based payments

The Group operates an approved Enterprise Management Incentive ('EMI') share option scheme for employees and an unapproved scheme for grants in excess of EMI limits and for non-employees. Both schemes are equity-settled share-based payments as defined in IFRS 2 Share-based payments. A recognised valuation methodology is employed to determine the fair value of options granted as set out in the standard. The charge incurred relating to these options is recognised within operating costs.

Combined information for the two schemes operated by the Group is set out below.

There are 24,203,458 ordinary 1p share options outstanding (2019: 24,238,458).

These are held as follows:

Holder	31 July 2020	31 July 2019
RJHM Corrie	**450,000**	450,000
P Greenhalgh	**3,900,000**	4,525,000
HGD Mackay	**11,700,000**	11,700,000
BJ O'Cathain	**1,200,000**	1,200,000
SG Oddie	**1,200,000**	1,200,000
SA Williams	**1,200,000**	-
Employees of the Group	**2,330,000**	2,490,000
Consultants and advisers	**2,223,458**	2,673,458
Total	**24,203,458**	24,238,458

The fair values of all options were determined using a Black Scholes Merton model. Volatility is based on the Company's share price volatility since flotation.

In the year 1,200,000 options were granted, 1,235,000 expired, none were forfeited, and none were exercised (2019: 2,223,458 granted, 1,399,440 expired, none forfeited, none exercised).

	2020 Number of options	**2020 Average exercise price**	2019 Number of options	2019 Average exercise price
Outstanding at the start of the year	24,238,458	8.76p	23,414,440	9.14p
Granted	1,200,000	1.28p	2,223,458	3p
Expired	(1,235,000)	13.09p	(1,399,440)	6p
Forfeited	-	-	-	-
Outstanding at the end of the year	24,203,458	8.16p	24,238,458	8.76p
Exercisable at the end of the year	12,583,458	9.48p	13,368,458	9.86p

The 1,200,000 options granted in 2020 vest 400,000 after each of 18, 30 and 42 months, are exercisable conditional upon the Europa Oil & Gas (Holdings) plc closing average mid-market share price being above 3p for 30 consecutive trading day and expire on the 10th anniversary of the grant date. The inputs used to determine their values are detailed in the table:

Grant date	**12 March 2020**
Number of options	1,200,000
Share price at grant	1.3p
Exercise price	1.28p
Volatility	57.5%
Dividend yield	nil
Risk free investment rate	0.0089%
Option life in years	5
Fair value per option	0.32p

The 2,223,458 options granted in 2019 are subject to no further vesting conditions and expire on the second anniversary of the grant date. The inputs used to determine their values are detailed in the table:

Grant date	**10 December 2018**
Number of options	2,223,458
Share price at grant	2.8p
Exercise price	3.0p
Volatility	70%
Dividend yield	nil
Risk free investment rate	0.66%
Option life in years	1.5
Fair value per option	0.79p

Based on the fair values above, the charge arising from employee share options was £3,000 (2019: £nil). The charge relating to non-employee share options was £nil (2019: £nil). The charge allocated direct to equity, relating to the issue of options on the issue of share capital, was £nil (2019: £nil).

Share options outstanding at the end of the period have exercise prices ranging from 1.28p to 16p and the weighted average remaining contractual life at the end of the period was 2 years (2019: 5 years).

24 Financial instruments

The Group's and Company's financial instruments comprise cash and cash equivalents, bank borrowings, loans, and items such as trade and other receivables and trade and other payables which arise directly from its operations. Europa's activities are subject to a range of financial risks, the main ones being credit; liquidity; interest rates; commodity prices; foreign exchange; and capital. These risks are managed through ongoing review considering the operational, business and economic circumstances at that time.

Financial assets

	Amortised cost	Amortised cost	Fair value through other comprehensive income	Fair value through other comprehensive income
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Investments	**-**	-	**44**	241
Trade and other receivables	**136**	206	**-**	-
Restricted cash	**245**	251	**-**	-
Cash and cash equivalents	**768**	2,905	**-**	-
Total financial assets	**1,149**	3,362	**44**	241

Financial liabilities

	Amortised cost	Amortised cost	**Fair value through other comprehensive income**	Fair value through other comprehensive income
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade and other payables	**(1,044)**	(1,086)	**-**	-
Loans	**(50)**	-	**-**	-
Total financial liabilities	**(1,094)**	(1,086)	**-**	-

Credit risk

The Group is exposed to credit risk as all crude oil production is sold to one multinational oil company. The customer is invoiced monthly for the oil delivered to the refinery in the previous month and invoices are settled in full on the 15th of the following month. At 31 July 2020 trade receivables were £96,000 representing one month of oil revenue (2019 £173,000 representing one month of oil revenue and receivables due from project partners). The fair value of trade receivables and payables approximates to their carrying value because of their short maturity. Any surplus cash is held on short-term deposit with Royal Bank of Scotland. The maximum credit exposure in the year was £137,000 being the highest month's oil revenue (2019: £169,000). The Company exposure to third party credit risk is negligible. The intercompany balances with its subsidiaries have been provided due to the questionability of their recovery.

Liquidity risk

The Company currently has no overdraft or overdraft facility with its bankers.

The Group and Company monitor their levels of working capital to ensure they can meet liabilities as they fall due. The following table shows the contractual maturities (representing the undiscounted cash flows) of the Group's and Company's financial liabilities.

	Group		**Company**	
	Trade and other payables		**Trade and other payables**	
At 31 July	**2020**	2019	**2020**	2019
	£000	£000	**£000**	£000
6 months or less	**1,013**	1,086	**515**	660
Total	**1,013**	1,086	**506**	660

	Group		**Company**	
	Loans		**Loans**	
At 31 July	**2020**	2019	**2020**	2019
	£000	£000	**£000**	£000
6 to 12 months	**2**	-	**2**	-
1 to 2 years	**10**	-	**10**	-
2 to 5 years	**30**	-	**30**	-
Over 5 years	**8**	-	**8**	-
Total	**50**	-	**50**	-

Cash and cash equivalents in both Group and Company are all available at short notice.

Trade and other payables do not normally incur interest charges. There is no difference between the fair value of the trade and other payables and their carrying amounts.

Interest rate risk
The Group has no interest bearing liabilities.

Commodity price risk
The selling price of the Group's production of crude oil is set at a small discount to Brent prices. The table below shows the range of prices achieved in the year and the sensitivity of the Group's loss before taxation ('LBT') to such movements in oil price. There would be a corresponding increase or decrease to net assets. There is no commodity price risk in the Company.

		2020	**2020**	2019	2019
		Price	**LBT**	Price	LBT
Oil price	**Month**	**US$/bbl**	**£000**	US$/bbl	£000
Highest	December 2019	**$65.80**	**(4,991)**	79.7	(319)
Average		**$48.50**	**(5,440)**	66.7	(654)
Lowest	April 2020	**$18.20**	**(6,216)**	56.4	(917)

Foreign exchange risk
The Group's production of crude oil is invoiced in US$. Revenue is translated into Sterling using a monthly exchange rate set by reference to the market rate. The table below shows the range of average monthly US$ exchange rates used in the year and the sensitivity of the Group's LBT to similar movements in US$ exchange. There would be a corresponding increase or decrease in net assets.

		2020	**2020**	2019	2019
		Rate	**LBT**	Rate	LBT
US Dollar	**Month**	**US$/£**	**£000**	US$/£	£000
Highest	December 2019	**1.321**	**(5,477)**	1.330	(710)
Average		**1.271**	**(5,440)**	1.287	(654)
Lowest	August 2019	**1.218**	**(5,376)**	1.225	(568)

The table below shows the Group's currency exposures. Exposures comprise the net financial assets and liabilities of the Group that are not denominated in the functional currency.

		Group		Company	
		2020	2019	**2020**	2019
Currency	**Item**	**£000**	£000	**£000**	£000
Euro	Cash and cash equivalents	**57**	5	**5**	5
	Trade and other payables	**(352)**	(500)	**(483)**	(483)
US Dollar	Cash and cash equivalents	**355**	229	**7**	7
	Trade and other receivables	**100**	158	**-**	-
Total		**160**	(108)	**(471)**	(471)

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital. The Group defines capital as being the consolidated shareholder equity (note 22) and bank borrowings (currently £50,000). The Board monitors the level of capital as compared to the Group's long-term debt commitments and adjusts the ratio of debt to capital as is determined to be necessary, by issuing new shares, reducing or increasing debt, paying dividends and returning capital to shareholders. The Group has a £50k loan subject to an annual 2.5% interest charge and repayable over 6 years with a 1 year holiday.

Intercompany loans
The loans to the subsidiaries are classified as repayable on demand. IFRS 9 requires consideration of the expected credit risk associated with the loan. As the subsidiary company does not have any liquid assets to sell to repay the loan, should it be recalled, the conclusion reached was that the loan should be categorised as stage 3.

As part of the assessment of expected credit losses of the intercompany loan receivable, the Directors have considered the published chance of success for Inishkea, and applying the same 33% general wildcat exploration success rate to Inezgane, the loans to Europa Oil & Gas Inishkea and Europa Oil & Gas New Ventures have thus been 67% provided.

The loan to Europa Oil & Gas (Ireland West) and Europa Oil & Gas (Ireland East) have been provided in full due to the relinquishment of the licence held by the subsidiaries.

The movement in the provision was as follows:

	Europa Oil & Gas Limited	Europa Oil & Gas (Ireland West) Limited	Europa Oil & Gas (Ireland East) Limited	Europa Oil & Gas (Inishkea) Limited	Europa Oil & Gas (New Ventures) Limited	**Total**
	£000	£000	£000	£000	£000	£000
Provision at 1 August 2018	14,988	-	-	-	38	15,026
Opening adjustments under IFRS 9	-	392	765	276	-	1,433
Increase in the year	1,529	113	196	148	178	2,164
Provision at 31 July 2019	16,517	505	961	424	216	18,623
Movement in the year	2,068	258	519	109	121	3,075
Provision at 31 July 2020	**18,585**	**763**	**1,480**	**533**	**337**	**21,698**
Gross loan balances						
At 31 July 2018	14,988	585	1,142	412	38	17,165
Movement in loan	1,529	169	292	220	286	2,496
Loan balance at 31 July 2019	16,517	754	1,434	632	324	19,661
Movement in loan	2,068	9	46	164	180	2,467
Loan balance at 31 July 2020	**18,585**	**763**	**1,480**	**796**	**504**	**22,128**
Provisions						
Provision at 31 July 2018	(14,988	(392)	(765)	(276)	(38)	(16,459)
Movement in loan provision	(1,529)	(113)	(196)	(148)	(178)	(2,164)
Provision at 31 July 2019	(16,517	(505)	(961)	(424)	(216)	(18,623)
Movement in provision	(2,068)	(258)	(519)	(109)	(121)	(3,075)

Provision at 31 July 2020	**(18,585**	**(763)**	**(1,480)**	**(533)**	**(337)**	**(21,698)**
Net loan balance at 1 August 2018	-	193	377	136	-	706
Net loan balance at 31 July 2019	-	249	473	208	108	1,038
Net loan balance at 31 July 2020	**-**	**-**	**-**	**263**	**167**	**430**

25 Capital commitments and guarantees

The outstanding work commitments on the Irish licences total £0.7 million and are detailed below:

- FEL 1/17: prepare an updated play and prospect assessment for PAD – total £minimal.
- FEL 4/19: undertake a site survey at the Inishkea location, complete well design and engineering, investigate commerciality of the 18/20-7 discovery – total £0.7 million.
- FEL 3/19: no outstanding commitments.

On the UK licences PEDL299 (Hardstoft) and PEDL343 (Cloughton) there is a commitment to acquire seismic and Europa's share of combined cost is expected to be £1.25 million.

The Inezgane Offshore licence awarded post the reporting date carries a commitment to reprocess 1,300km² of existing 3D seismic with an estimated cost of £0.5 million. 50% of the cost of the work has been guaranteed as referenced in note 16. If the Group was not to complete the work commitment the licence would be relinquished, and the guarantee not released.

If the Group is not able to raise funds, farm-down, or extend licences; or elects not to continue in an exploration licence, then the impact on the financial statements will be the impairment of the relevant intangible asset disclosed in note 11.

26 Operating lease commitments

Europa Oil & Gas Limited pays annual site rentals for the land upon which the West Firsby and Crosby Warren oil field facilities are located.

- The West Firsby lease runs until September 2022 and can be terminated on two months' notice. The annual cost is currently £22,000 (2019: £21,000) increasing annually in line with the retail price index.
- The Crosby Warren lease runs until December 2022 and can be terminated on three months' notice. The annual cost is currently £20,000 (2019: £20,000).

Future minimum lease payments are as follows:

	2020 £000	2019 £000
Less than 1 year	**9**	60
2-5 years	**-**	78
Total	**9**	138

27 Related party transactions

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's and the Company's key management are the Directors of Europa Oil & Gas (Holdings) plc. Information regarding their compensation is given in note 4.

During the year, the Company provided services to subsidiary companies as follows:

	2020 £000	2019 £000
Europa Oil & Gas Limited	**1,496**	1,456
Europa Oil & Gas (Ireland West) Limited	**3**	6
Europa Oil & Gas (Ireland East) Limited	**6**	10
Europa Oil & Gas (Inishkea) Limited	**25**	18
Europa Oil & Gas (New Ventures) Limited	**57**	2
Total	**1,587**	1,492

At the end of the year, after provisions, the Company was owed the following amounts by subsidiaries:

	2020	2019
	£000	£000
Europa Oil & Gas (Ireland West) Limited	**-**	249
Europa Oil & Gas (Ireland East) Limited	**-**	473
Europa Oil & Gas (Inishkea) Limited	**263**	209
Europa Oil & Gas (New Ventures) Limited	**167**	107
Total	**430**	1,038

28 Post reporting date events

In August 2020, site works commenced at the Wressle oil field.

Also in August, Simon Oddie was appointed as CEO on a permanent basis, Senior Independent Non-Executive Director Mr Brian O'Cathain was appointed Non-Executive Chairman and the Board increased the reduction in their salary and fees to 50%

Directors and advisers

Company registration number	5217946
Registered office	6 Porter Street London W1U 6DD
Directors	CW Ahlefeldt-Laurvig – Non-Executive Director P Greenhalgh – Finance Director BJ O'Cathain – Non-Executive Chairman (from 4 August 2020, previously Non-Executive Director) SG Oddie – Chief Executive Officer (from 4 August 2020, Interim CEO and Executive Chairman from 21 November 2019, previously Non-Executive Chairman) SA Williams - Non-Executive Director (from 12 March 2020) RJHM Corrie - Non-Executive Director (to 12 March 2020) HGD Mackay - Chief Executive Officer (to 21 November 2019)
Secretary	P Greenhalgh
Banker	Royal Bank of Scotland plc 1 Albyn Place Aberdeen AB10 1BR
Solicitor	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Nominated adviser and broker	finnCap Ltd 60 New Broad Street London EC2M 1JJ
Registrar	Computershare Investor Services plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH