Interim Report

EUROPA OIL & GAS (HOLDINGS) plc

For the six months ended 31 January 2011

Chairman's Statement

Your Company has had an active first 6 months of the year, participating in new wells in Romania and the UK. Seismic acquisition took place in three Romanian licences, providing the platform for exploration activity beyond 2011. Production was, however, adversely affected by harsh winter conditions and averaged over the period some 12% down on the same period last year.

The Government decision to increase the Supplementary Charge poses a challenge for the UK oil industry. The effect of this change shifts the commercial balance towards exploration rather than existing field development in the UK. In your Company's case, the UK portfolio is well-placed to respond, allowing for the exploration of new reserves in drillable prospects where the Field Allowance would offset the Supplementary Charge. Consequently, the 2012 UK programme will be geared more to exploration than development.

The exceptionally cold winter weather shut down our UK facilities for two weeks. Production was also affected during drilling operations for the new WF-9 well at West Firsby and as a result average daily production over the period was 151bopd. The Company target of 500bopd remains in place but is unlikely to be met by financial year-end.

Turning to Romania, the Barchiz-1 well in the Brates concession area recovered oil from a shallow reservoir interval. The primary target of the well was not reached for technical reasons and still remains a viable prospect. Europa hopes to be able to deepen the well as soon as practicable.

Also in Romania, plans to appraise the Voitinel gas discovery have progressed following incorporation of the 2010 seismic data into the interpretation model. The group is now planning an appraisal well for later in 2011, designed to prove commerciality of the base case reserves, followed by an exploration well in 2012 in the southern part of the play.

In France, the Berenx prospect continues to receive a great deal of attention. Recent improved processing and interpretation of existing seismic has confirmed the Company's view that this is a very important asset for future value growth. Acquisition of 3D seismic on the Berenx project is planned for later in 2011 in order to more accurately quantify the upside in this potentially company-making project.

We look forward to progress on all our projects over the coming 12 months.

Bill Adamson
Chairman, 19 April 2011

Operations Report

Europa operates exploration, production and appraisal assets across three core EU jurisdictions – UK, France and Romania.

During the 6 months to 31 January 2011, two key activities took place: the drilling of the Barchiz-1 exploration well and the drilling of the West Firsby WF-9 development well. Both of these are covered in some detail below.

In Romania, the Barchiz-1 exploration well, targeting an Oligocene thrust-belt oil prospect, was drilled. The well did not reach its planned target horizon due to two factors: a thicker than anticipated Eocene section and a poor formation integrity test in the 9 5/8" casing limiting the depth of drilling. In effect the drilling was terminated before reaching the main exploration objective.

In the shallow part of the well, in the order of 500m depth, two intervals were calculated as being oil-bearing in low permeability sand units in the upper part of the Oligocene sandstone reservoir. Two drill stem tests were performed over these intervals, recovering small amounts of 20API oil on test. The pour point of the oil is close to the reservoir temperature, resulting in a viscous reservoir fluid. The sidetrack, as discussed below, will test the main Oligocene sand, of better quality but water-wet in the original wellbore, in an updip location possibly bringing it into the oil leg.

Analysis of the seismic and well data indicates the probability of a repeat section of Oligocene reservoir sands beneath the current well depth. This is suggested by correlating with a down-dip offset well to the south. As a consequence, the prospect has not been fully tested and Europa proposed deepening the well by drilling a sidetrack from the original wellbore. The JV partner has elected not to participate in this drilling, meaning they will be required to pay a significant penalty if they elect to participate in a subsequent development.

Also in Romania, plans to appraise the Voitinel gas discovery have progressed following incorporation of the 2010 seismic data into the interpretation model. The joint venture is now planning an appraisal well for later in 2011, located some 3km south of the discovery well and designed to prove commerciality of the base case reserves. Success in this well will pave the way for early development. A further well is planned on the southern part of the play, to test the upside reserves potential, in early 2012.

In the UK, a series of well workovers on the West Firsby Field brought WF-6 back into production. In December, drilling commenced on the WF-9 development well, targeting a structurally high part of the northern part of the field. The well was successfully placed at high angle in the two main reservoir zones, resulting in over 100m of drilled thickness of net sand in each zone.

WF-9 tested on beam pump at 80bopd from the lower zone and 40bopd from the upper zone. The near term objective is to test both zones on jet pump and decide on a long term production strategy. In the meantime, WF-7 has been re-completed following pressure losses due to downhole equipment problems.

Progress was made on a number of other projects, notably the Berenx appraisal project in France. Berenx is a proven gas-bearing HPHT structure which requires testing of the reservoir fracture system to quantify reserve size, which could be in excess of 1.5TCF. Here, the 3D seismic volume supplied by Total was first reprocessed by GES in Hungary, followed by state of the art depth beam migration by CGG Veritas. The resulting improvement in data quality has led to greater confidence in the technical rationale for extending the 3D coverage to the west of the Berenx wells. Consequently the Company is in discussions with seismic contractor Tesla-IMC to acquire a survey of up to 100km^2 later in 2011.

On the exploration front elsewhere in the portfolio, there are plans to acquire a 3D survey over the Wressle Prospect in the Easy Midlands, where Europa holds a 50% operated interest, as a pre-cursor to drilling an exploration well in 2012. In the Weald, Europa continues to work towards securing permission to drill the Holmwood exploration well (40% operated interest), also in 2012. The Romanian exploration effort continues with the acquisition in 2010 of further seismic in the Carpathian thrust belt oil play in the Cuejdiu and Bacau licences. This will be followed by similar seismic in the Brodina licence in 2011.

Going forward, Europa anticipates further production enhancement on existing wells in the UK, along with appraisal and exploration activity across the three core areas.

Licence Interests Table

Country	Project	Equity	Operator	Status
UK	Crosby Warren Oilfield	100%	Europa	Production
UK	West Firsby Oilfield	100%	Europa	Production
UK	Whisby Oilfield (W4 well only)	65%	BPEL	Production
UK	PEDL143 (Weald)	40%	Europa	Exploration, Holmwood-1 well planned 2012
UK	PEDL150 (SW Lincoln)	75%	Europa	Exploration West Whisby
UK	PEDL180 (NE Lincs)	50%	Europa	Exploration, 3D seismic & Wressle prospect 2012
UK	PEDL181 (NE Lincs)	50%	Europa	Exploration
UK	PEDL222 (Torksey Area)	50%	Europa (*)	Inactive
Romania	EIII-1 Brodina Block	28.75%	Aurelian	Exploration, Seismic, Voitinel-2 & Solca-1
Romania	EPI-3 Brates Block	20%	MND	Exploration, Barchiz-1 sidetrack & Tazaul Mare prospect
Romania	EIII-3 Cuejdiu Block	17.5%	Aurelian	Exploration
Romania	EIII-4 Bacau Block	19%	Raffles (*)	Exploration
France	Béarn des Gaves	100%	Europa	Exploration, 3D seismic, Berenx
France	Tarbes val d'Adour	100%	Europa	Field development, exploration
Western Sahara	Bir Lehlou Block	100%	Europa	Inactive – force majeure
Western Sahara	Hagounia Block	100%	Europa	Inactive – force majeure

* Subject to approval

Unaudited consolidated statement of comprehensive income

	6 months to 31 January 2011	6 months to 31 January 2010	Year to 31 July 2010 (audited)
	£000	£000	£000
Revenue	**1,468**	1,405	3,091
Other cost of sales	***(889)***	*(841)*	*(1,836)*
Exploration write off	**-**	*(738)*	*(1,008)*
Impairment of producing fields	**-**	-	*(1,012)*
Total cost of sales	**(889)**	(1,579)	(3,856)
Gross profit /(loss)	**579**	(174)	(765)
Administrative expenses	**(248)**	(229)	(709)
Finance income	**60**	7	37
Finance costs	**(83)**	(176)	(262)
Profit / (loss) before tax	**308**	(572)	(1,699)
Taxation	**(681)**	(205)	(263)
Loss for the period	**(373)**	(777)	(1,962)
Other comprehensive income			
Exchange(losses)/gains arising on translation of foreign operations	**(88)**	72	56
Total comprehensive loss for the period attributable to the equity shareholders of the parent	**(461)**	(705)	(1,906)
	Pence per share	Pence per share	Pence per share
Loss per share (eps)			
Basic eps	(0.40)p	(1.07)p	(2.60)p
Diluted eps	(0.40)p	(1.07)p	(2.60)p

Unaudited consolidated statement of financial position

	31 January 2011 £000	31 January 2010 £000	31 July 2010 (audited) £000
Assets			
Non-current assets			
Intangible assets	**10,730**	8,966	9,751
Property, plant and equipment	**5,672**	5,409	4,504
Total non-current assets	**16,402**	14,375	14,255
Current assets			
Inventories	**58**	34	38
Trade and other receivables	**674**	727	587
Current tax asset	**-**	-	335
Cash and cash equivalents	**1,751**	3	4
Total current assets	**2,483**	764	964
Total assets	**18,885**	15,139	15,219
Liabilities			
Current liabilities			
Trade and other payables	**(2,011)**	(1,924)	(1,797)
Current tax liabilities	**-**	(398)	(2)
Derivative	**(48)**	(44)	(55)
Short-term borrowings	**(114)**	(292)	(900)
Total current liabilities	**(2,173)**	(2,658)	(2,754)
Non-current liabilities			
Long-term borrowings	**(240)**	(762)	(352)
Deferred tax liabilities	**(3,917)**	(2,855)	(3,240)
Long-term provisions	**(1,441)**	(1,180)	(1,395)
Total non-current liabilities	**(5,598)**	(4,797)	(4,987)
Total liabilities	**(7,771)**	(7,455)	(7,741)
Net assets	**11,114**	7,684	7,478
Capital and reserves attributable to equity holders of the parent			
Share capital	**1,139**	751	822
Share premium	**10,881**	6,260	7,132
Merger reserve	**2,868**	2,868	2,868
Forex reserve	**320**	424	408
Retained earnings	**(4,094)**	(2,619)	(3,752)
Total equity	**11,114**	7,684	7,478

Unaudited consolidated statement of changes in equity

	Share capital £000	Share premium £000	Merger reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total equity £000
Unaudited						
Balance at 1 August 2009	**626**	**4,692**	**2,868**	**352**	**(1,878)**	**6,660**
Total comprehensive income / (loss) for the period	-	-	-	72	(777)	(705)
Share based payments	-	-	-	-	36	36
Issue of share capital (net of issue costs)	125	1,568	-	-	-	1,693
Balance at 31 January 2010	**751**	**6,260**	**2,868**	**424**	**(2,619)**	**7,684**
Audited						
Balance at 1 August 2009	**626**	**4,692**	**2,868**	**352**	**(1,878)**	**6,660**
Total comprehensive income / (loss) for the year	-	-	-	56	(1,962)	(1,906)
Share based payments	-	-	-	-	88	88
Issue of share capital (net of issue costs)	196	2,440	-	-	-	2,636
Balance at 31 July 2010	**822**	**7,132**	**2,868**	**408**	**(3,752)**	**7,478**
Unaudited						
Balance at 1 August 2010	**822**	**7,132**	**2,868**	**408**	**(3,752)**	**7,478**
Total comprehensive loss for the period	-	-	-	(88)	(373)	(461)
Share based payments	-	-	-	-	31	31
Issue of share capital (net of issue costs)	317	3,749	-	-	-	4,066
Balance at 31 January 2011	**1,139**	**10,881**	**2,868**	**320**	**(4,094)**	**11,114**

Unaudited consolidated statement of cash flows

	6 months to 31 January 2011	6 months to 31 January 2010	Year to 31 July 2010 (audited)
	£000	£000	£000
Cash flows from operating activities			
Loss after tax	**(373)**	(777)	(1,962)
Adjustments for:			
Share based payments	**31**	36	73
Depreciation	**134**	233	498
Exploration write-off	**-**	738	1,008
Impairment of property, plant and equipment	**-**	-	1,012
Finance income	**(60)**	(7)	(37)
Finance expense	**83**	176	262
Taxation expense	**681**	205	263
(Increase) /decrease in trade and other receivables	**(150)**	(233)	(66)
(Increase) /decrease in inventories	**(20)**	(19)	(23)
(Decrease)/increase in trade and other payables	**(277)**	55	592
Cash generated from operations	**49**	407	1,620
Income tax refund/(paid)	**329**	(190)	(597)
Net cash from operating activities	**378**	217	1,023
Cash flows used in investing activities			
Purchase of property, plant & equipment	**(333)**	(67)	(222)
Purchase of intangible assets	**(1,416)**	(1,307)	(3,075)
Net cash used in investing activities	**(1,749)**	(1,374)	(3,297)
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)	**4,066**	1,693	2,653
Proceeds from shareholder loan	**90**	-	-
Repayment of borrowings	**(512)**	(260)	(469)
Finance costs	**(33)**	(62)	(101)
Net cash from financing activities	**3,611**	1,371	2,083
Net increase / (decrease) in cash and cash equivalents	**2,240**	214	(191)
Exchange (loss)/gain on cash and cash equivalents	**(14)**	9	8
Cash and cash equivalents at beginning of period	**(475)**	(292)	(292)
Cash and cash equivalents at end of period	**1,751**	(69)	(475)
Cash and cash equivalents comprises:			
Cash	**1,751**	3	4
Multi-currency facility	**-**	(72)	(479)
Net cash and cash equivalents	**1,751**	(69)	(475)

Notes to the consolidated interim statement

1 Nature of operations and general information

Europa Oil & Gas (Holdings) plc ("Europa Oil & Gas") and subsidiaries' ("the Group") principal activities consist of investment in oil and gas exploration, development and production.

Europa Oil & Gas is the Group's ultimate parent Company. It is incorporated and domiciled in England and Wales. The address of Europa Oil & Gas's registered office head office is 11 The Chambers, Vineyard, Abingdon, Oxfordshire OX14 3PX. Europa Oil & Gas's shares are listed on the London Stock Exchange AIM market.

The Group's consolidated interim financial information is presented in Pounds Sterling (£), which is also the functional currency of the parent Company.

The consolidated interim financial information has been approved for issue by the Board of Directors on 19 April 2011.

The condensed interim financial information for the period 1 August 2010 to 31 January 2011 is unaudited. In the opinion of the Directors the condensed interim financial information for the period presents fairly the financial position, and results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied. The condensed interim financial information incorporates unaudited comparative figures for the interim period 1 August 2009 to 31 January 2010 and the audited financial year to 31 July 2010.

The financial information contained in this interim report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. The report should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 July 2010.

The comparatives for the full year ended 31 July 2010 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) – (3) of the Companies Act 2006.

The information has been prepared on the going concern basis.

2 Summary of significant accounting policies

The condensed interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. The condensed interim financial information has been prepared using the accounting policies which will be applied in the Group's statutory financial information for the year ended 31 July 2011.

This results in the adoption of the following standards:

- IFRS 1 - Additional exemptions for first-time adopters
- IFRS 2 - Amendment – Group cash-settled share based payment transactions
- Improvements to IFRSs
- IAS 32 - Amendment – Classification of rights issues,
- IFRIC19 - Extinguishing financial liabilities with equity instruments,
- IFRS 1 - Amendment – first-time adopters of IFRS,
- IAS24 - Revised – Related party disclosures,
- IFRIC 14 -Amendment to IFRIC 14 – IAS 19 Limit on a defined benefit asset minimum funding requirements and their interaction

The revision to IAS 1, includes the requirement to present a Statement of Changes in Equity as a primary statement and introduces the possibility of either a single Statement of Comprehensive Income (combining the Income Statement and a Statement of Comprehensive Income) or to retain the Income Statement with a supplementary Statement of Comprehensive Income. The first option has been adopted by Europa Oil and Gas. As this standard is concerned with presentation only it does not have any impact on the results or net assets of the Group. In addition IFRS 8 "Segmental reporting" will affect the disclosure notes of the financial statements for the full year.

3 Share capital

At each period end reported, the Company's authorised share capital amounted to £1,500,000 represented by 150,000,000 ordinary shares of 1p each.

On 10 September 2009 the Company issued 12,500,000 shares at 14p, raising (net of broker commission) £1,693,000. At 31 January 2010 the Company's issued share capital was £750,637 being 75,063,730 ordinary shares of 1p.

On 26 April 2010 and 4 May 2010 the Company issued a further 3,892,857 and 3,250,000 shares respectively at 14p, raising in total £943,000 net of broker commission. At 31 July 2010 the Company's issued share capital was £822,066 being 82,206,587 ordinary shares of 1p.

On 15 October 2010 and 7 January 2011 the Company issued a further 13,360,810 shares at 11.5p and 18,339,333 shares at 15p respectively. This raised in total £4,066,000 net of broker commission of £221,000. At 31 January 2011, allotted, called up and fully paid share capital was £1,139,067 being 113,906,730 ordinary shares of 1p each. All the authorised and allotted shares are of the same class and rank pari passu.

4 Earnings per share (eps)

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

As the inclusion of the potential ordinary shares would result in a decrease in the loss per share in the current period they are considered not to be dilutive and, as such, the diluted loss per share calculation is the same as the basic loss per share in the period to 31 January 2011.

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

	6 months to 31 January 2011	6 months to 31 January 2010	Year to 31 July 2010 (audited)
	£000	£000	£000
Losses			
Loss after taxation	**(373)**	(777)	(1,962)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic eps	**92,613,172**	72,346,339	75,520,873
Weighted average number of ordinary shares for the purposes of diluted eps	**92,697,737**	72,346,339	75,546,893

5 Taxation

Consistent with the year end treatment, current and deferred tax assets and liabilities have been calculated at tax rates that are expected to apply to their respective period of realisation. The increase in the rate of Supplementary Charge from 20% to 32% applied to UKCS profits from 24 March 2011, as announced in the recent Budget, caused an increase of £825,000 in deferred tax liability.

6 Related party transactions

The £90,000 shareholder loan which was provided on 14 September 2010 was repaid on 15 February 2011.