Interim Report

EUROPA OIL & GAS (HOLDINGS) plc

For the six months ended 31 January 2010

Chairman's Statement

The six month period from 31 July 2009 saw a combination of exploration success and portfolio consolidation. The Company now holds production, appraisal and exploration assets in three core EU countries: UK, Romania and France. Exploration successes came in the UK and Romania, where oil was encountered in the Hykeham-1 exploration well and gas tested from the Voitinel-1 well. Portfolio consolidation came primarily with the relinquishment of the Egyptian West Darag concession and the development of a more focused strategy for the Company's European core assets in the near to medium term.

Production revenues from the UK fields led to a profit before exploration write-offs and tax of £0.2 million. In September 2009 the Company issued 12,500,000 shares at 14p and raised £1.7 million. The shares were placed with new and existing investors and represented 16.6% of the Company's enlarged share capital. Europa participated in the drilling of the Voitinel-1 exploration well during the later part of 2009. This Romanian well encountered gas-bearing Miocene sands in a large structural closure. In February 2010, the operator, Aurelian, announced the potential for up to 400 billion cubic feet (bcf) of gas in place in the Voitinel trend, this being 115 bcf net to Europa.

At the other geographical extremity of the EU, Europa drilled the Hykeham-1 exploration well in November 2009. Situated near the city of Lincoln in the UK, the well encountered a 4m oil-bearing sand and the well was cased ready for perforating and an extended well test. To date only small volumes have been produced, incompatible with the geological data and so the well is being shut-in until a decision has been made on the type of remedial action required.

The Company relinquished its interest in the West Darag concession, onshore Egypt. The decision, driven by the lack of identified drill-ready prospects needed to commit to phase 2 of the concession, resulted in a write-off of the £0.7 million investment in Egypt. The Directors recognised this was an opportunity to concentrate on maturing the Company's core European assets.

As a consequence, the Company has a very active programme of work on its European licences in 2010. Production enhancement work at West Firsby and workover of the Crosby Warren-2 well will be undertaken in April with a view to significantly increasing well productivity. Immediately following on from this work will be the re-test and frac of Voitinel, which has been delayed by the persistent winter conditions on-site.

Further out into 2010, a re-mapping of the Berenx gas discovery, using a 3D seismic volume recently made available, will commence. In-house estimates of potential gas-in-place at Berenx, which is 20km along trend from the 8.7 trillion cubic feet (tcf) Lacq gasfield, are up to 1.7 tcf.

The coming six months will see significant progress on the UK production projects with a target production stream of 500 bopd from the East Midlands by late 2010. In Romania and France, as described below, the Company holds large gas resource potential which it is hoped can be booked into the pre-development contingent category during the year. The booking of a substantial Contingent Resource asset and creating stronger production revenues are the two key value-enhancing drivers for the shareholders in 2010.

Michael Oliver
Chairman, 6 April 2010

Operations Report

Europa's business strategy is based on developing a Eurocentric portfolio of onshore exploration and production assets. These assets are designed to form a balanced Company, with revenue-generating production, value-generating development and exploration projects with the potential to transform the Company's reserve base.

Production (reserves)

Europa's revenue is generated from three oilfields in the UK East Midlands. These fields – West Firsby, Whisby and Crosby Warren, provided production volumes in the period net to Europa of 172 bopd. This was down from the 228 bopd achieved in the first half of 2009 as a result of the June 09 fire at West Firsby. In recent weeks, with much of the facility back on stream, production has averaged 215 bopd. All of the Company's East Midlands oil is trucked by road to the ConocoPhillips Immingham refinery and sold at a modest discount to Brent.

Several near-term production enhancements are planned across the East Midlands portfolio:

1. At West Firsby, facilities upgrade work is expected to be completed by May 2010.
2. At Crosby Warren, a workover on the Crosby Warren-2 well, shut-in since 2008.
3. At West Firsby, a further production well location is being planned.

The Company's target production rate for the end of 2010 is net 500 bopd.

Appraisal/Development (contingent resources)

Europa has a varied appraisal development asset base in Romania, France and the UK. At Voitinel, in northern Romania, (28.75%) a well drilled in late 2009 encountered gas-bearing Miocene sands which flowed at a rate of 3mmscfpd (million standard cubic feet per day) on test. The sands are encased in gas-prone shales and a second, untested, interpreted gas-bearing zone exists in the well. The forward plan is to both fracture stimulate the tested zone and flow-test the untested zone. This will provide further information on development well design and gas-in-place estimates, currently estimated at up to 400bcf by the Operator.

In the Aquitaine region of France, Europa's Béarn des Gaves (100%) licence contains the 1969 Berenx gas discovery, with two wells that both encountered significant gas-bearing intervals at similar stratigraphic levels to the nearby Lacq Gasfield. The Lacq Gasfield has produced 8.7tcf to date and has created a large gas gathering and processing infrastructure very local to Berenx. Current estimates of potential gas-in-place at Berenx are 1.7tcf and the Company plans to utilise a recently re-processed 3D seismic volume from Total to more accurately quantify the gas resources.

A second Aquitaine licence, Tarbes val d'Adour (100%), contains three productive oil accumulations, all abandoned in 1985 in a period of very low oil prices. Osmets is the first candidate, there being excellent potential for re-development of the field with horizontal wells.

The Hykeham prospect (Europa interest 75%) is situated less than 2km from Europa's existing Whisby production in the UK. Independent log analysis indicated with high confidence that there is a 4m interval of pay in a sandstone section similar in character and quality to the productive Basal Sandstone in the Whisby Oilfield and the well was completed as a future producer. Shows while drilling and cuttings descriptions bear a strong resemblance to the Whisby oil reservoir drilling records. Live oil was indicated in the mud returns. In summary, all the geological information points to the existence of a producible Whisby-type reservoir with live oil.

The results from the flow test are clear that such a reservoir has not been reached by the perforations. This could be a result of several factors under investigation, but the most likely appears to be permeability damage from drilling, cementing or perforating operations. Any remedial action would take time to plan and execute and the well will be shut-in until the analysis is complete and a decision is made on the forward programme.

Exploration (prospective resources)

The Company holds interests in a number of pure exploration interests in the UK, Romania, France and Western Sahara along with exploration potential associated with its appraisal stage project areas.

In the UK, Europa holds significant exploration interests primarily in the East Midlands and also in the Weald Basin, both well-established oil and gas provinces. In these licences, there are four mature prospective areas:

1. Wressle Prospect (50%) – close to Crosby Warren and the undeveloped Broughton oil discovery, this is a well-defined structural prospect and is likely to be drilled in 2011.
2. Caistor Horst (50%) – this striking structural feature in the Humber Basin is equidistant between Crosby Warren and the Saltfleetby Gasfield (90bcf) and newly reprocessed 3D seismic will be utilised for defining a 2011 drilling location.
3. Holmwood Prospect (40%) – this well-defined prospect is in the latter stages of the planning system and it is hoped permission can be obtained for drilling in late 2010/early 2011.
4. West Whisby (75%) – this prospect rolls into the Whisby Field bounding fault and is underlain by a large, potentially gas-prone secondary target.

The UK onshore exploration portfolio contains identified prospects with a potential for 13mmbo of reserves net to Europa and represents a relatively low-risk opportunity to build the Company's producing reserves base.

In Romania, Europa holds equity in four exploration licences:

1. Brodina (28.75%) – exploration will focus on the Voitinel-Solca trend (see above) for the foreseeable future, though strong oil potential remains in the thrustbelt play to the west.
2. Cuejdiu (17.5%) – exploration will concentrate on the western thrustbelt oil play with seismic acquisition later in 2010 or early 2011.
3. Bacau (19%) – Europa elected to opt out of the Lilieci well. The decision proved well founded as the results were a disappointment. Work will now concentrate on the western part of the licence, close to the Moinesti oilfield fairway.
4. Brates (20%) – a shallow well is planned to be drilled in 2010 to test the Barchiz Prospect, a thrust structure on trend from the 50mmbo Geamana Oilfield. Longer term the Tazlaul Mare Prospect will be investigated.

Whilst as described above, much of the effort in the French licences (100%) is on developing Berenx and Osmets, there is significant undrilled exploration potential in both licences, which will be assessed in due course. There has been almost no exploration activity in this part of the Aquitaine Basin since 1985, despite the quality of the petroleum system which has generated discovered reserves of over 2 billion barrels of oil equivalent to date[1].

Outside the European core area, Europa holds two concessions in Western Sahara issued by the Saharawi Arab Democratic Republic covering two highly prospective areas (Tindouf and Aaiun Basins). Until and unless there is a political solution to the dispute with Morocco over the sovereignty of Western Sahara, these licences will remain in force majeure. However, the Directors have noted that the putative Moroccan authorities have provocatively licensed this area in parallel to San Leon Energy, whose Competent Persons Report booked considerable prospective resources in the licences.

Reserves and resources

Current reserves and resource estimates are a combination of numbers verified by Energy Resource Consultants Limited in September 2008, adjusted for subsequent production and in-house estimates.

[1] *BRGM/IFP Aquitaine Basin Study, 2006*

Reserves	**1P**	**2P**	**3P**	**Projects**
Oil mmbo	0.6	0.7	1.2	W. Firsby, C. Warren, Whisby
Gas bcf	-	-	-	-
Total mmboe	0.6	0.7	1.2	

Contingent resources	**1C**	**2C**	**3C**	**Projects**
Oil mmbo	1.1	2.1	3.0	Osmets, Hykeham
Gas bcf	7	11	131	Voitinel Base, Boistea
Total mmboe	2	4	25	

Prospective resources	**Low**	**Medium**	**High**	**Projects**
Oil mmbo	10	16	28	Barchiz, Wressle, Holmwood
Gas bcf	-	-	-	-
Total mmboe	10	16	28	

As of the date of this report, the Company has not booked the significant Contingent Resources that are likely to exist in the portfolio: Berenx and upside at Voitinel. It is clear that Europa holds significant Contingent Resource potential and the work described above is anticipated to boost the current numbers by up to 1,800 bcf (300 mmboe) net to Europa.

The key Contingent Resource projects of Berenx and Voitinel will be independently verified once the 2010 technical work is completed.

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 2010
UK	PEDL150 (SW Lincoln)	75%	Europa	Appraisal,, Hykeham-1 well testing 2010 & Exploration West Whisby
UK	PEDL180 (NE Lincs)	50%	Europa	Exploration, Wressle prospect
UK	PEDL181 (NE Lincs)	50%	Europa	Exploration, Caistor Horst prospect
UK	PEDL222 (Torksey Area)	50%	Valhalla	Exploration
Romania	EIII-1 Brodina Block	28.75%	Aurelian	Exploration, Voitinel-1 well testing 2010
Romania	EPI-3 Brates Block	20%	MND	Exploration, Barchiz-1 well and Tazaul Mare prospect
Romania	EIII-3 Cuejdiu Block	17.5%	Aurelian	Boistea-1 commercial feasibility study
Romania	EIII-4 Bacau Block	19%	Aurelian	Exploration, 4 year extension secured
Poland	Blocks 434, 435, 454 and 455	2.5% *	RWE-Dea	Watching brief on Ropa/Pola development
France	Béarn des Gaves	100%	Europa	Exploration, possible field development
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

* Overriding royalty interest

Unaudited consolidated statement of comprehensive income

	6 months to 31 January 2010	6 months to 31 January 2009	Year to 31 July 2009 (audited)
	£000	£000	£000
Revenue	**1,405**	1,700	2,936
Other cost of sales	***(841)***	*(828)*	*(1,694)*
Exploration write off	***(738)***	*(297)*	*(297)*
Total cost of sales	**(1,579)**	(1,125)	(1,991)
Gross (loss) / profit	**(174)**	575	945
Administrative expenses	**(229)**	(334)	(545)
Finance income	**7**	436	224
Finance costs	**(176)**	(113)	(248)
(Loss) / profit before tax	**(572)**	564	376
Taxation	**(205)**	(248)	(356)
(Loss) / profit for the period	**(777)**	316	20
Other comprehensive income			
Exchange gains arising on translation of foreign operations	**72**	58	373
Total comprehensive (loss) / income for the period attributable to the equity shareholders of the parent	**(705)**	374	393
	Pence per share	Pence per share	Pence per share
(Loss) / earnings per share (eps)			
Basic eps	(1.07)p	0.51p	0.03p
Diluted eps	(1.07)p	0.51p	0.03p

Unaudited consolidated statement of financial position

	31 January 2010	31 January 2009	31 July 2009 (audited)
	£000	£000	£000
Assets			
Non-current assets			
Intangible assets	**8,966**	6,908	7,473
Property, plant and equipment	**5,409**	5,807	5,554
Total non-current assets	**14,375**	12,715	13,027
Current assets			
Inventories	**34**	19	15
Trade and other receivables	**727**	758	469
Cash and cash equivalents	**3**	1	4
Total current assets	**764**	778	488
Total assets	**15,139**	13,493	13,515
Liabilities			
Current liabilities			
Trade and other payables	**(1,924)**	(1,413)	(900)
Current tax liabilities	**(398)**	(671)	(588)
Fair value through profit or loss	**(44)**	-	(40)
Short-term borrowings	**(292)**	(767)	(767)
Total current liabilities	**(2,658)**	(2,851)	(2,295)
Non-current liabilities			
Long-term borrowings	**(762)**	(293)	(772)
Deferred tax liabilities	**(2,855)**	(2,658)	(2,651)
Long-term provisions	**(1,180)**	(1,098)	(1,137)
Total non-current liabilities	**(4,797)**	(4,049)	(4,560)
Total liabilities	**(7,455)**	(6,900)	(6,855)
Net assets	**7,684**	6,593	6,660
Capital and reserves attributable to equity holders of the parent			
Share capital	**751**	626	626
Share premium	**6,260**	4,692	4,692
Merger reserve	**2,868**	2,868	2,868
Forex reserve	**424**	37	352
Retained earnings	**(2,619)**	(1,630)	(1,878)
Total equity	**7,684**	6,593	6,660

Unaudited consolidated statement of changes in equity

	Share capital £000	Share premium £000	Merger reserve £000	Forex reserve £000	Retained earnings £000	Total equity £000
Unaudited						
Balance at 1 August 2008	**626**	**4,692**	**2,868**	**(21)**	**(1,994)**	**6,171**
Total comprehensive income for the period	-	-	-	58	316	374
Share based payments	-	-	-	-	48	48
Balance at 31 January 2009	**626**	**4,692**	**2,868**	**37**	**(1,630)**	**6,593**
Audited						
Balance at 1 August 2008	**626**	**4,692**	**2,868**	**(21)**	**(1,994)**	**6,171**
Total comprehensive income for the year	-	-	-	373	20	393
Share based payments	-	-	-	-	96	96
Balance at 31 July 2009	**626**	**4,692**	**2,868**	**352**	**(1,878)**	**6,660**
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**

Unaudited consolidated statement of cash flows

	6 months to 31 January 2010	6 months to 31 January 2009	Year to 31 July 2009 (audited)
	£000	£000	£000
Cash flows from operating activities			
(Loss)/ profit after tax	**(777)**	316	20
Adjustments for:			
Share based payments	**36**	48	96
Depreciation	**233**	291	576
Exploration write-off	**738**	297	297
Finance income	**(7)**	(436)	(224)
Finance expense	**176**	113	248
Taxation expense	**205**	248	356
(Increase) /decrease in trade and other receivables	**(233)**	(43)	187
(Increase) /decrease in inventories	**(19)**	(3)	1
Increase in trade and other payables	**55**	166	34
Cash generated from operations	**407**	997	1,591
Income taxes paid	**(190)**	-	(180)
Net cash from operating activities	**217**	997	1,411
Cash flows from investing activities			
Purchase of property, plant & equipment	**(67)**	(178)	(191)
Purchase of intangible assets	**(1,307)**	(235)	(930)
Net cash used in investing activities	**(1,374)**	(413)	(1,121)
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)	**1,693**	-	-
Proceeds from long-term borrowings	**-**	-	1,000
Repayment of borrowings	**(260)**	(520)	(585)
Interest paid	**(62)**	(98)	(138)
Net cash from / (used in) financing activities	**1,371**	(618)	277
Net increase / (decrease) in cash and cash equivalents	**214**	(34)	567
Exchange gain on cash and cash equivalents	**9**	303	160
Cash and cash equivalents at beginning of period	**(292)**	(1,019)	(1,019)
Cash and cash equivalents at end of period	**(69)**	(750)	(292)

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 Alternative Investment Market of the London Stock Exchange.

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 6 April 2010.

The condensed interim financial information for the period 1 August 2009 to 31 January 2010 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 2008 to 31 January 2009 and the audited financial year to 31 July 2009.

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 2009.

The comparatives for the full year ended 31 July 2009 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 2010. This results in the adoption of the revision to IAS 1, which 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 reporting period end, the Company's authorised share capital amounted to £1,500,000 represented by 150,000,000 ordinary shares of 1p each.

At 31 January 2009 and 31 July 2009 the Company's issued share capital was £625,637 being 62,563,730 ordinary shares of 1p. No new shares were issued in the 6 months to 31 January 2009 or in the 12 months to 31 July 2009. 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, allotted, called up and fully paid share capital was £750,637 being 75,063,730 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) / profit 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 2010. The Company's average share price for the six months to 31 January 2009, and for the twelve months to 31 July 2009 was lower than the exercise price of the share options in issue. Therefore the share options in issue have no dilutive effect and there is no difference between the basic and diluted earnings per share.

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	6 months to 31 January 2010	6 months to 31 January 2009	Year to 31 July 2009 (audited)
	£000	£000	£000
(Losses) / earnings			
(Loss) / profit after taxation	**(777)**	316	20
Number of shares			
Weighted average number of ordinary shares for the purposes of basic eps	**72,346,339**	62,563,730	62,563,730
Weighted average number of ordinary shares for the purposes of diluted eps	**72,346,339**	62,563,730	62,563,730

5 Discontinued Operations

The anticipated sale of the remaining Ukraine asset has not completed. As it is not material to the Group, the cost of maintaining the asset has been included in Administrative Expenses and the comparative periods have been re-presented for consistency.