Europa Oil & Gas (Holdings) plc / Index: AIM / Epic: EOG / Sector: Oil & Gas

6 October 2014

Europa Oil & Gas (Holdings) plc ('Europa' or 'the Company')

Final Results for the year to 31 July 2014

Europa Oil & Gas (Holdings) plc, the AIM listed oil and gas exploration, development and production company focused on Europe, announces its final results for the 12 month period ended 31 July 2014.

The full Annual Report and Accounts will be available today on the Company's website at www.europaoil.com and will be mailed to those shareholders who have requested a paper copy in October 2014.

Operational highlights

- Produced 165 boepd from three UK onshore fields
- Completed 3-D seismic acquisition programme offshore Ireland, completed seismic processing and commenced prospect mapping
- Received a favourable judgment at the Court of Appeal for Holmwood planning
- Spudded the Wressle well on 19 July 2014
- Extended PEDL181 licence to 30 June 2015, obtained drill site and submitted planning application for Kiln Lane well
- Renewed Béarn des Gaves permit to 22 March 2017
- Renewed Tarbes val d'Adour permit to 18 January 2015
- Raised £3.7 million net proceeds via a placing and oversubscribed open offer
- Disposed of Romanian subsidiary for a nominal sum

Financial performance

- Group revenue of £3.9 million (2013: £4.5 million)
- Pre-tax profit from continuing operations excluding exploration write-off and impairment of £0.5 million (2013: £0.7 million)
- Pre-tax loss from continuing operations of £0.7 million (2013: profit £0.5 million), after a £1.2 million impairment against the West Firsby field
- Post-tax profit for the year £0.6 million (2013: loss £0.1 million)
- Cash generated from continuing operations £1.4 million (2013: £1.7 million)
- Net cash balance as at 31 July 2014 £4.5 million (31 July 2013: £0.7 million)

Post reporting date events

- Kiln Lane well submitted for EA permitting, main well contracts being awarded
- Announced that the Wressle well found 30 metres of potential hydrocarbon pay, production testing to commence later in 2014
- Application submitted to extend the Tarbes val d'Adour permit to at least 2018

Europa's CEO, Hugh Mackay said, "The next six months are going to be very exciting for Europa. We will be production testing the Wressle well, drilling the Kiln Lane exploration well and hopefully finding 2.9 mmbo of oil, and perhaps most importantly getting the prospect inventory for our Irish licences and issuing a CPR. In parallel we are working to add new prospects and projects to the portfolio through corporate activity and participation in licensing rounds including the 14th UK onshore, the Irish Atlantic and others around Europe. In due course we will get greater clarity on Irish drilling plans. We are focused on generating significant value for our shareholders and I look forward to providing updates on our progress in the year ahead"

Chairman's statement

Europa is an exploration and production company with a portfolio of multi-stage projects in three core areas: onshore UK; offshore Ireland; and onshore France. The year under review saw Europa commence a multi-well programme focused on proving up our prospect inventory via the drill bit. We have embarked on an exciting phase in the development of our Company, one which, subject to the results, could see us deliver on our objective to build a top quartile AIM company in terms of market capitalisation.

Our drilling campaign got off to a good start in July with the Wressle-1 exploration well in East Lincolnshire, which was targeting a 2.1 mmbo conventional oil prospect, finding hydrocarbons. The stratigraphy encountered during drilling were in line with our pre-drill geological forecast and formation evaluation from log data indicated the presence of reservoirs that may contain hydrocarbons with sufficient porosity and permeability to flow at commercial rates. In all, over 30 metres of potential hydrocarbon pay have been identified in three main intervals. Testing is now required to determine if we have made a commercial discovery and this is scheduled to commence later this year.

Wressle will be followed by the drilling of the 2.9 mmbo Kiln Lane prospect on the neighbouring PEDL181 licence. Kiln Lane is a larger prospect than Wressle and a discovery on this previously undrilled licence would open up a new conventional oil and gas play and significantly de-risk additional leads identified on the licence. These additional leads would then become strong candidates for follow-up drilling. Furthermore, despite being a conventional oil exploration well, Kiln Lane may also provide information with which to assess any unconventional hydrocarbon prospectivity elsewhere in this large 540 km^2 licence.

Needless to say, we are keen to drill more wells onshore UK and, subject to the results of Wressle and Kiln Lane, 2015 could see us undertake further drilling on already identified prospects on these licences. In addition, we will be participating in the upcoming 14th Onshore (Landward) Oil and Gas Licensing Round. Still in the UK, following favourable rulings by both the Court of Appeal and the High Court in relation to drilling a temporary exploratory well at the Holmwood prospect on the PEDL143 licence, we remain hopeful that we may be in a position to drill within the next 12 months, subject to a favourable determination by the Planning Inspectorate at a planning inquiry and available funding. PEDL143 is located in the Weald Basin, Surrey and with mean gross un-risked prospective resources of 5.6 mmbo, as estimated in a CPR published in June 2012, and with a one in three chance of success we rate Holmwood as being one of the best undrilled conventional prospects onshore in the UK.

While a discovery in the UK would result in a significant increase in our production generated revenues, our offshore Ireland and onshore France licences are the potential company-makers in our portfolio due to the size of the prospectivity identified. Here too considerable progress has been and continues to be made with regards to drilling these large prospects. In the South Porcupine Basin Offshore Ireland, where we previously mapped billion barrel prospects using historic 2D data, a 1,500 km^2 3D seismic acquisition programme over our two licences was completed by the operator, Kosmos Energy, in October 2013. Kosmos are due to deliver a new prospect inventory based on this new data in Q4 2014. Upon receipt, Europa will commission an independent Competent Person's Report covering our Irish licences. Whilst Kosmos have made no commitment to drill yet they have begun preparatory work to enable them to use the Atwood Achiever drillship in Ireland and subject to the quality of the prospect inventory could elect to drill a first well offshore Ireland in 2016. Under the terms of our farm-out agreement, Europa's share of drilling costs for a first exploration well on each licence would be funded by Kosmos subject to a cap of either US$90 million in FEL 2/13 and or US$110 million in FEL 3/13. In our view an election to drill on our licences offshore Ireland is a value-trigger event. We estimate the minimum economic prospect size to be 100±20 mmbbls so if Kosmos do elect to drill, Europa will have a carried 15% interest targeting company-making volumetrics.

In France, both our onshore licences were successfully renewed during the year under review. Europa holds 100% interests in the Béarn des Gaves ('Béarn') and Tarbes val d'Adour ('Tarbes') permits, located in the proven Aquitaine Basin. Of the two, Béarn is the potential company-maker thanks to the 107 bcf Berenx Shallow gas prospect and the 500+ bcf Berenx Deep gas appraisal project. Since the permit was renewed in October 2013 we have continued to obtain and reprocess seismic and enhance our geological model which has further refined the shallow and deep prospectivity. Whilst the mean unrisked resources of the shallow prospect are now 107 bcf, the resultant prospect is more robust and has enhanced technical credibility. Having augmented our model and upgraded the prospectivity, we have re-engaged with interested parties. In tandem with this process, we continue to advance well planning and permitting to drill the shallow prospect so that drilling operations can commence at the earliest opportunity. We have submitted an application to extend the Tarbes permit and discussions with a potential partner are on-going.

During the period we exited the UK PEDL150 licence, and disposed of our Romanian subsidiary for a nominal sum.

For the third consecutive year, our three UK onshore fields hit their twelve month production target, this year producing an average of 165 boepd and generating £3.9 million in revenues (2013: 182 boepd and £4.5 million). As these are mature fields, production is in long-term decline but thanks to our active field management programme we have improved operational performance, resulting in lower costs. Cash generated from continuing operations for the year was £1.4 million (2013: £1.7 million).

In January, we completed a placing of shares and an oversubscribed open offer to existing shareholders which together raised £3.7 million after expenses. We also collected a £0.3 million cash payment from Kosmos in connection with their farm-in to our Ireland licences. In total our cash balances at the period end stood at £4.5 million (2013: £0.7 million).

We have recorded a £1.2 million (2013: nil) impairment of the West Firsby field which arises from the lower assumed production rates used in the cash flow model.

The sale of our Romanian subsidiary allowed the write-back of a £0.6 million VAT creditor.

We have one well in the UK about to undergo production testing, another well on course to commence in Q4 2014, and anticipate a new prospect inventory and CPR for offshore Ireland, which we expect will confirm the company-making potential of our licences. In addition, we are working to secure a farm-out for our 100% owned French permits. We will be participating in the upcoming UK and Irish licensing rounds, and we will continue to evaluate new projects and ventures that match our investment criteria. With all this activity in mind, shareholders can look forward to an exciting year ahead; one which we are confident will result in significant value creation, as we focus on monetising and growing our high quality asset base.

I was delighted to announce the appointment of Colin Bousfield to the Board in February. His extensive track record in securing debt and equity finance for oil and gas operating companies of all sizes, as well as his successful tenure as CFO for Composite Energy, makes Colin a valuable addition to our team.

Finally, I would like to thank the management, operational teams, the Board and advisers for their hard work and also our shareholders for their continued support over the year.

WH Adamson, Chairman

Operational review

Ireland - Porcupine Basin Frontier Exploration Licences (‘FELs’) 2/13 and 3/13 - Europa (15%); Kosmos (85% and operator)

The exploration model for these licences is the Cretaceous stratigraphic play: comprising Early Cretaceous turbidite sandstone reservoirs; charged by mature Late Jurassic and Early Cretaceous source rocks and contained in stratigraphic traps with elements of structural closure. The Cretaceous play in Ireland is essentially undrilled and is considered to be analogous to the same play in the equatorial Atlantic Margin province that has delivered the Jubilee and Mahogany oil fields.

Europa’s interpretation of pre-existing 2D seismic identified two previously unknown prospects in the Lower Cretaceous stratigraphic play: Mullen in FEL 2/13 and Kiernan in FEL 3/13. The Company estimates these to have gross mean un-risked indicative resources of 482 million barrels of oil and 1.6 billion barrels of oil equivalent respectively (see press releases dated 6 November 2012 and 16 January 2013 for further information).

Under the terms of the farm-in, Kosmos fully funded the costs of a 3D seismic programme over both FELs and for which acquisition was completed in October 2013 and final processed data delivered in April 2014. Kosmos has advised that a new prospect inventory based on the interpretation and mapping of the 3D data will be completed and delivered to Europa in Q4 2014. Upon receipt of this, Europa will commission a CPR to provide a third party assessment of the prospectivity of the two licence blocks. The 3D seismic is a highly significant first step towards realising the hydrocarbon potential of the basin and has the potential to substantially de-risk the prospects, particularly if features like conformance, flat events and AVO anomalies are observed on the data.

It is anticipated that the indicative resources previously provided to the market will change according to the vastly improved prospect mapping arising from the state of the art 3D data now available over the licences. We nevertheless expect that the prospect sizes will remain large to very large and the quantum of resources is likely to be hundreds of millions of barrels. We also anticipate that the geological risk will be significantly reduced from the 1 in 10 previously assigned based on the historic 2D seismic as we mature prospects to drillable status with the new 3D data.

Subject to the results of the prospect inventory, Kosmos may elect to drill a well as early as 2016 and in which Europa will have a 15% carried interest. Under the terms of the farm-out, Kosmos will incur 100% of the costs of the first exploration well on each licence. The first exploration wells on FEL 2/13 and FEL 3/13 have investment caps of US$90 million and US$110 million respectively. Costs in excess of the investment cap would be shared between Kosmos (85%) and Europa (15%).

The technical insights that Europa continues to gain from its work in the South Porcupine Basin provides a competitive edge that the directors will seek to exploit through participation in the 2015 Atlantic Margin Licensing Round that opened in June 2014.

France - Béarn des Gaves 100%

Europa holds a 100% interest in the onshore Béarn des Gaves permit in the Aquitaine basin, the heartland of the French oil industry. The permit contains two prospects: Berenx Deep and Berenx Shallow. Berenx Deep is an appraisal project having previously been explored and drilled by EssoRep with two wells, Berenx-1 (1969) and Berenx-2 (1972), both encountering strong gas shows over a 500 metre thick gas bearing zone. In 1975 Berenx-2 was re-entered, drill stem tested and flowed gas to surface from the same carbonate reservoir that delivered 9 tcf and 2 tcf from nearby fields at Lacq and Meillon.

Europa’s in-house technical work indicates that the Berenx deep appraisal prospect could hold in excess of 500 bcf of recoverable gas resources. In a CPR dated 31 May 2012, ERC Equipoise estimated gross mean un-risked resources of 277 bcf for the Berenx deep gas play. The difference between Europa’s and ERC's assessment of resources reflects the confidence of each party in mapping in a geologically complex terrain. Europa was able to map a larger area of closure and as a consequence larger resources.

Thorough re-evaluation and interpretation of existing seismic and well data on the permit has resulted in the definition of a new shallow gas prospect, Berenx Shallow. Previous exploration on the concession had focused only on the deep gas prospectivity. A comprehensive review of historic well results, the recent discovery of previously missing seismic data by the French authorities, together with a substantial seismic reprocessing project has delivered a re-interpretation of structure and better understanding of proven hydrocarbon bearing reservoir distribution in the shallow Cretaceous and Late Jurassic carbonate sediments. This has resulted in a stronger technical interpretation and the resultant prospect is more robust and has enhanced technical credibility Europa has confirmed the Berenx Shallow gas prospectivity and suggests potential gross mean un-risked resources of 107 bcf.

The Company's strategy for Béarn des Gaves is to first target the shallow gas play, drill a well with the aim of delivering a commercial flow rate and, on the back of commercial success, to further appraise the shallow prospectivity and undertake work to de-risk the Berenx Deep appraisal prospect. The shallow prospect can be tested with a comparatively simple exploration well with an anticipated total depth of 2,500 metres.

On 3 October 2013, the permit was successfully renewed for a period of five years from 22 March 2012 and carries an expenditure commitment of approximately €2.5 million. A farm-out process for the permit is currently underway in tandem with well planning and permitting for a well location on Berenx Shallow ahead of drilling in the next 18 months. A wellsite has been identified and a lease has been prepared. Scoping economics suggests a value of US$11.5 boe and NPV10 of US$170 million therefore the Directors believe that exploration success at Berenx Shallow would be a company maker for Europa.

France - Tarbes val d'Adour 100%

Europa holds a 100% interest in the Tarbes val d'Adour permit ('Tarbes'), in the proven Aquitaine Basin, onshore France. We received notification during the reporting period that the permit was extended for three years from 18 January 2012 until 18 January 2015. Tarbes contains several oil accumulations that were previously licensed by Elf but were abandoned in 1985 due to a combination of technical issues and low oil prices. Two fields, Jacque and Osmets, were drilled using vertical wells which generated modest production levels and as a result Tarbes is classified as an appraisal project. A farm-out process has been launched, discussions with a potential partner are ongoing and an application to extend the permit to at least 2018 has been submitted to the French authorities.

UK - NE Lincolnshire - PEDL180 33.3% (Wressle)

PEDL180 covers an area of 100 km^2 of the East Midlands Petroleum Province 5 km southeast of the Europa operated Crosby Warren field which has been producing oil for 28 years. Europa has a 33.3% working interest in the block with its partners Egdon Resources (operator, 25%), Celtique Energie Petroleum Ltd (33.3%) and Union Jack Oil (8.3%).

The Wressle-1 conventional exploration well spudded on 19 July 2014 targeting a conventional prospect estimated by the operator to hold mean gross un-risked recoverable resources of 2.1

mmbo. The well reached a total depth of 2,240 metres (1,814 metres TVDSS) on 23 August 2014.

Both the stratigraphy and reservoir horizons encountered by the well were in accordance with the pre-drill geological forecast which was based on 49 km^2 of 3D seismic acquisition acquired in 2012. Preliminary petro-physical evaluation of MWD (measurement whilst drilling) log data has indicated that hydrocarbons with sufficient porosity and permeability to flow at commercial rates are present. In all, over 30 metres measured thickness of potential hydrocarbon pay has been identified in three main intervals: Penistone Flags with up to 19.8 metres measured thickness (15.9 metres vertical thickness) of potential hydrocarbon pay; Wingfield Flags with up to 5.6 metres measured thickness (5.1 metres vertical thickness) of potential hydrocarbon pay; and Ashover Grit with up to 6.1 metres measured thickness (5.8 metres vertical thickness) of potential hydrocarbon pay. Elevated mud gas readings were observed over large parts of the interval from the top of the Penistone Flags reservoir target (1,831 metres MD) to TD.

The three reservoirs will be further evaluated by well testing to define fluid type(s), reservoir properties, production rates and commerciality. The well has been completed with a 4 ½" liner to enable selective and sequential testing of the intervals as part of an extended well test, for which planning consent is already in place. Test operations using a work-over rig are expected to commence later this year.

UK - NE Lincolnshire - PEDL182 33.3% (Broughton)

PEDL182 covers an area of 40 km^2. The Broughton prospect was previously drilled by BP and flowed oil. The May 2012 Competent Person's Report ('CPR') estimated the Broughton prospect to hold mean gross un-risked recoverable resources of 1.85 mmbo. Broughton is located on trend with the producing Crosby Warren oil field and the Wressle prospect on PEDL180. Subject to the results of the planned production test of the Wressle–1 exploration well, the partners may elect to drill the Broughton prospect.

UK - NE Lincolnshire - PEDL181 50% (Kiln Lane)

Europa has a 50% interest in and is the operator of the PEDL181 licence, with Egdon Resources UK Limited and Celtique Energie Petroleum Ltd, each holding a 25% interest. PEDL181 is located in the Carboniferous petroleum play and covers an area of over 540 km^2 in the Humber Basin.

The licence has good potential for conventional oil and gas and unusually for the East Midlands Petroleum Province has never been previously drilled. The licence is located in a working hydrocarbon system where a number of discoveries have been made along the Brigg-Broughton anticline, including Europa's existing oil production at the Crosby Warren field at the westernmost end of the anticline.

Technical evaluation has confirmed several conventional prospects and leads in PEDL181. Four of these in the southern part of the licence were the focus of a 78 km 2D seismic acquisition programme that was completed in April 2013. Reprocessing of 150 km^2 of existing 3D seismic data together with processing of the new data resulted in the maturing of a drill ready prospect, Kiln Lane, with gross un-risked prospective resources of 2.9 mmboe. In January 2014 a one year extension to the licence to June 2015 was secured and that will enable an exploration well to be drilled at Kiln Lane later this year. A drillsite has been leased and both the planning and EA Mining Waste Permit applications have been submitted and are being processed by the relevant authorities.

In addition to the conventional prospectivity the Humber basin may also have unconventional hydrocarbon potential. Interpretation of the new seismic data suggests that this basin may contain a much thicker sequence of Namurian age sediments than was previously thought. The content of this sedimentary package in the Humber basin is not known. The Namurian section in the Gainsborough Trough, located some 25 km to the west of PEDL181 has been drilled and is known to host the Bowland Shale which has well-documented potential for shale gas. It is possible that the Namurian section in the Humber basin may contain a Bowland Shale equivalent with similar potential to be both the source rock for the conventional hydrocarbons in the licence area, and perhaps also have some potential for unconventional hydrocarbons.

UK - Dorking area - PEDL143 40% (Holmwood)

The PEDL143 licence covers an area of 92 km^2 of the Weald Basin, Surrey. Europa is the operator and has a 40% working interest in the licence with partners Egdon Resources (38.4%), Altwood Petroleum (1.6%), and Warwick Energy (20%). The Holmwood prospect is a conventional Jurassic sandstone reservoir with a low geological risk. The May 2012 CPR estimated Holmwood to hold gross mean recoverable resources of 5.64 mmbo. Europa considers Holmwood to be one of the best undrilled conventional exploration prospects in the UK.

The prospect lies south of Dorking within the Surrey Hills Area of Outstanding Natural Beauty. An application to construct a temporary exploration well on the site was originally made in 2008. This application was refused in 2011 by Surrey County Council contrary to their planning officer's recommendation to approve. An appeal to overturn the decision was heard at a public inquiry in July 2012. The appeal was dismissed on 26 September 2012.

Europa, along with its partners, applied for an order to quash the decision of the Secretary of State for Communities and Local Government's appointed Inspector to dismiss the appeal. On 25 July 2013, the Royal Courts of Justice gave judgment in favour of Europa and quashed the Inspector's decision. An appeal was submitted to the Court of Appeal which was subsequently dismissed by the Court on 19 June 2014. As a result, Europa's appeal against Surrey County Council's refusal to grant planning permission to drill one exploratory borehole and undertake a short-term test for conventional hydrocarbons at the Holmwood prospect has been remitted to the Planning Inspectorate for redetermination. This will involve a further planning inquiry in the first half of 2015.

UK - Lincolnshire area - PEDL150 100% (Hykeham)

During the year the Group completed the abandonment of the Hykeham well and relinquished the licence.

UK - Production (West Firsby 100%; Crosby Warren 100%; Whisby W4 well 65%)
The three UK fields produced an average of 165 boepd (2013: 182 boepd) during the year under review, the third consecutive year the full year production target was met. We recorded a £1.2 million impairment of the West Firsby field arising from lower production rates used in the cash flow projections and in accordance with the predicted decline forecast for the field.

UK - Unconventional resources - Shale Gas
As previously noted PEDL181 may have some potential for shale gas.

Romania
In July 2014, the Company announced the completion of the sale of its entire holding in the issued share capital of the Romanian subsidiary Europa Oil & Gas SRL for a nominal sum. The subsidiary held interests in onshore concessions in Romania which had been relinquished, or were in the process of receiving government approval for such relinquishment. The assets were written down to nil value in the Group's financial statements for the year to 31 July 2012. The sale marks the termination of the Company's involvement in Romania.

Results for the year
The Group loss for the year after taxation from continuing activities was £368,000 (2013 loss: £54,000). The profit on discontinued activities was £933,000 (2013: loss £47,000).

Conclusion
Having commenced our drilling programme in July with the Wressle well, we are working hard to build and maintain a pipeline of drilling activity across our asset base. We are already funded to drill the Kiln Lane prospect in Q4 2014 and, subject to an election to drill by Kosmos, we have a free carry for two high impact wells, one on each of our licences offshore Ireland, the first of which could be drilled as early as 2016. On-going farm-out discussions for our two 100% owned French licences could lead to further drilling and in anticipation of this we are already progressing with well permitting and planning for the 107 bcf Shallow gas prospect on Béarn des Gaves and are extending the Tarbes val d'Adour permit. A number of potential follow-up prospects have been identified across our licences and success with the drill bit could lead to several of these being fast tracked for drilling. In the meantime we continue to look to acquire new licences and projects either through ground floor licensing rounds or corporate activity. I look forward to providing updates on our progress.
Hugh Mackay, CEO

The financial information set out below does not constitute the company's statutory accounts for 2014 or 2013. The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union on a basis that is consistent with the accounting policies applied by the group in its audited consolidated financial statements for the year ended 31 July 2014. Statutory accounts for the years ended 31 July 2014 and 31 July 2013 have been reported on by the Independent Auditors.

The Independent Auditors' Report on the Annual Report and Financial Statements for 2014 and 2013 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 July 2013 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 July 2014 will be delivered to the Registrar in due course.

Consolidated statement of comprehensive income

For the year ended 31 July	Note	**2014 £000**	2013 £000
Revenue		**3,878**	4,503
Other cost of sales		***(2,301)***	*(2,954)*
Exploration write-off	1	**-**	*(231)*
Impairment of producing fields	2	***(1,203)***	-
Total cost of sales		**(3,504)**	(3,185)
Gross profit		**374**	1,318
Administrative expenses		**(832)**	(671)
Finance income		**20**	15
Finance expense		**(244)**	(208)
(Loss)/profit before taxation		**(682)**	454
Taxation credit /(charge)		**314**	(508)
Loss for the year from continuing operations		**(368)**	(54)
Discontinued operations			
Profit/(loss) for the year from discontinued operations		**933**	(47)
Profit/(loss) for the year attributable to the equity shareholders of the parent		**565**	(101)
Other comprehensive (loss)/income			
Those that may be reclassified to profit and loss:			
Recycling of foreign currency translation reserve on disposal of operations		**(417)**	-
Exchange gain arising on translation of foreign operations		**-**	37
Total comprehensive income/(loss) for the year attributable to the equity shareholders of the parent		**148**	(64)

Earnings/(Loss) per share (EPS/LPS) attributable to the equity shareholders of the parent	**Pence per share**	Pence per share
Basic and diluted LPS from continuing operations	**(0.21)p**	(0.04)p
Basic and diluted EPS/ (LPS) from discontinued operations	**0.53p**	(0.03)p
Basic and diluted EPS/(LPS) from continuing and discontinued operations	**0.32p**	(0.07)p

Consolidated statement of financial position

As at 31 July	Note	**2014**	2013
		£000	£000
Assets			
Non-current assets			
Intangible assets	1	**3,553**	2,446
Property, plant and equipment	2	**3,046**	4,383
Total non-current assets		**6,599**	6,829
Current assets			
Inventories		**32**	33
Trade and other receivables		**456**	928
Cash and cash equivalents		**4,501**	672
		4,989	1,633
Other current assets			
Assets classified as held for sale		**-**	338
Total assets		**11,588**	8,800
Liabilities			
Current liabilities			
Trade and other payables		**(970)**	(1,227)
Current tax liabilities		**(220)**	(541)
Derivative		**(35)**	(48)
Short-term borrowings		**(22)**	(208)
Short-term provisions		**(4)**	(290)
Total current liabilities		**(1,251)**	(2,314)
Non-current liabilities			
Long-term borrowings		**(164)**	-
Deferred tax liabilities		**(2,371)**	(2,902)
Long-term provisions		**(1,959)**	(1,681)
Total non-current liabilities		**(4,494)**	(4,583)
Total liabilities		**(5,745)**	(6,897)
Net assets		**5,843**	1,903
Capital and reserves attributable to equity holders of the parent			
Share capital		**2,049**	1,379
Share premium		**14,080**	13,160
Merger reserve		**2,868**	2,868
Foreign exchange reserve		**-**	417
Retained deficit		**(13,154)**	(15,921)
Total equity		**5,843**	1,903

Consolidated statement of changes in equity

Attributable to the equity holders of the parent

	Share capital	**Share premium**	**Merger reserve**	**Foreign exchange reserve**	**Retained deficit**	**Total equity**

	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 August 2012	1,379	13,160	2,868	380	(15,972)	1,815
Loss for the year attributable to the equity shareholders of the parent	-	-	-	-	(101)	(101)
Other comprehensive income for the year	-	-	-	37	-	37
Share based payment	-	-	-	-	152	152
Balance at 31 July 2013	**1,379**	**13,160**	**2,868**	**417**	**(15,921)**	**1,903**

	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 August 2013	1,379	13,160	2,868	417	(15,921)	1,903
Issue of share capital	670	920	-	-	2,120	3,710
Profit for the year attributable to the equity shareholders of the parent	-	-	-	-	565	565
Other comprehensive loss for the year	-	-	-	(417)	-	(417)
Share based payment	-	-	-	-	82	82
Balance at 31 July 2014	**2,049**	**14,080**	**2,868**	**-**	**(13,154)**	**5,843**

Consolidated statement of cash flows

For the year ended 31 July	**2014**	2013
	£000	£000
Cash flows from operating activities		
Loss after tax from continuing operations	**(368)**	(54)
Adjustments for:		
Share based payments	**82**	152
Depreciation	**475**	578
Exploration write-off	**-**	231
Impairment of property, plant & equipment	**1,203**	-
Finance income	**(20)**	(15)
Finance expense	**244**	208
Taxation (credit)/charge	**(314)**	508
Decrease in trade and other receivables	**184**	621
Decrease in inventories	**1**	23
Decrease in trade and other payables	**(60)**	(535)
Cash generated from continuing operations	**1,427**	1,717
Profit /(loss) after taxation from discontinued operations	**933**	(47)
Adjustments for:		
Profit on disposal	**(1,034)**	-

Cash used in discontinued operations	**(101)**	(47)
Income tax payment	**(537)**	(84)
Net cash from operating activities	**789**	1,586
Cash flows from investing activities		
Purchase of property, plant and equipment	**(3)**	(5)
Purchase of intangible assets	**(514)**	(1,020)
Receipt of back costs in connection with farm-in	**300**	-
Expenditure on well decommissioning	**(363)**	(51)
Interest received	**6**	-
Net cash used in investing activities	**(574)**	(1,076)
Cash flows from financing activities		
Proceeds from issue of share capital (net of issue costs)	**3,710**	-
Repayment of borrowings	**(22)**	(22)
Finance costs	**(25)**	(34)
Net cash from/(used in) financing activities	**3,663**	(56)
Net increase in cash and cash equivalents	**3,878**	454
Exchange loss on cash and cash equivalents	**(49)**	(12)
Cash and cash equivalents at beginning of year	**672**	230
Cash and cash equivalents at end of year	**4,501**	672

Note 1 - Intangible assets

	2014	2013
	£000	£000
At 1 August	**2,446**	2,127
Additions	**1,107**	550
Exploration write-off	**-**	(231)
At 31 July	**3,553**	2,446

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

	2014	2013
	£000	£000
France (Béarn des Gaves permit)	**1,083**	950
Ireland	**165**	78
UK PEDL143	**519**	463
UK PEDL180	**842**	315
UK PEDL181	**729**	429
UK PEDL182	**215**	211
Total	**3,553**	2,446
Exploration write-off		
France (Tarbes val d’Adour permit)	**-**	231
Total	**-**	231

Certain of the UK exploration licences carry well commitments in 2015. If the Group elects to continue with these licences, it will need to fund the drilling of wells by raising funds or by farming down. If the Group is not able to raise funds or farm down, or elects not to continue in the licences, then the impact on the financial statements will be the impairment of some or all of the intangible assets disclosed above.

Note 2 - Property, plant and equipment

	Furniture & computers £000	Leasehold building £000	Producing fields £000	Total £000
Cost				
At 1 August 2012	43	-	10,785	10,828
Additions	2	-	-	2
At 31 July 2013	45	-	10,785	10,830
Additions	3	-	-	3
Transfer from assets held for resale	-	437	-	437
At 31 July 2014	**48**	**437**	**10,785**	**11,270**
Depreciation, depletion and impairment				
At 1 August 2012	21	-	5,848	5,869
Charge for year	10	-	568	578
At 31 July 2013	31	-	6,416	6,447
Charge for year	9	-	466	475
Impairment in year	-	-	1,203	1,203
Transfer from assets held for resale	-	99	-	99
At 31 July 2014	**40**	**99**	**8,085**	**8,224**
Net Book Value				
At 31 July 2012	22	-	4,937	4,959
At 31 July 2013	14	-	4,369	4,383
At 31 July 2014	**8**	**338**	**2,700**	**3,046**

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 three of the Group's 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 using a production decline rate of 7%, Brent crude price of US$110 per barrel, an assumption of no future tax losses being available and a discount rate of 10%. Cash flows were projected over the expected life of the fields which is expected to be longer than 5 years.

There was an impairment of £1,203,000 relating to the West Firsby site but no impairment at the Crosby Warren site or in respect of the Whisby W4 well (2013: no impairments). The main reason for the impairment of the West Firsby site was a lower assumed oil production rate.

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Notes

Europa Oil & Gas (Holdings) plc has a diversified portfolio of multi-stage hydrocarbon assets that includes production, exploration and development interests, in countries that are politically stable, have transparent licensing processes, and offer attractive terms. The Company produced 165 boepd in the UK during the 2013/2014 financial year, generating sufficient revenues to cover corporate overheads and some exploration expenditure. Its highly prospective exploration projects include the Wressle (recently drilled and scheduled for testing) and Kiln Lane prospects (due to be drilled this year) in the UK; 100% owned gas exploration prospect (107 bcf) and appraisal project (CPR 277 bcf) in onshore France; and a joint venture with leading independent Kosmos to explore two licences in offshore Ireland in which Europa had previously identified two prospects with estimated gross mean un-risked indicative resources of 482 million barrels oil and 1.6 billion barrels oil respectively.

Qualified Person Review

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