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

15 April 2014

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

**Interim Results**

Europa Oil & Gas (Holdings) plc, the AIM listed oil and gas exploration and production company with a combination of producing, appraisal and exploration assets in Europe, announces its interim results for the six month period ended 31 January 2014.

**Highlights**

- Béarn des Gaves permit onshore France renewed
- Acquired 3-D seismic offshore Ireland
- Produced 170 barrels of oil equivalent per day ("boepd") (H1 2013: 177 boepd)
- Secured a 12 month extension on PEDL181, onshore UK
- Raised £4m in new equity via a placing and oversubscribed open offer
- Fully funded for 2014 drilling and exploration programme

**Financial performance**

- Revenue £2.1m (H1 2013: £2.2m)
- Pre-tax profit £0.45m (H1 2013: pretax profit £0.20 m)
- Net cash generated from operations £0.6m (H1 2013: £1.0m)
- Cash balance at 31 January 2014 £4.8m (31 Jan 2013: £0.8m)

**Post reporting date events**

- Appointed Colin Bousfield to the Board as non-executive director
- Issued 940,000 share options at 8.9 pence
- RBS overdraft facility renewed
- Tarbes Val d'Adour permit onshore France renewed
- Started well permitting and planning for the Kiln Lane well

Europa's CEO Hugh Mackay said, "Europa is fully funded for four exploration wells. Onshore UK we expect two exploration wells, Wressle and Kiln Lane, will be spudded in 2014, and we have further drilling candidates to follow. This summer we expect a drilling decision for our offshore Ireland licences which if positive may lead to two exploration wells, one in FEL 2/13 and one in FEL 3/13. Europa's costs for both these potential wells are already funded by farm-in and the first one could be as early as 2015. Finally in France we have commenced well planning and permitting for a Berenx Shallow exploration well in parallel with farmout activity. Exploration success in the UK will boost cash flow and will enable portfolio growth; we believe exploration success in France or Ireland would be a company maker."

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

| | | |
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**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.

**Chairman's Statement**

In last year's Interim Statement I began with our corporate objective: to build a top quartile oil and gas company on AIM, capitalised at over £100 million by December 2017. To achieve this we need to continue to mature and grow our portfolio of prospects and leads and most importantly prove these up via the drill bit. One year on, considerable progress has been made in terms of adding to our prospect inventory, specifically the Berenx Shallow prospect onshore France and the Kiln Lane prospect onshore UK. As a result, our licences in France, the UK and Ireland now have net mean risked resources of 43 million barrels of oil equivalent ("mmboe"). The rest of 2014 is highly active and will see us drill two conventional wells targeting an aggregate 5 million barrels of gross prospective resources and with the potential to substantially increase our daily production. Equally importantly I expect that our future work programme in Ireland will be defined during summer 2014 and this could include drilling as early as 2015.

The first well in which we will participate is the 2.1mmboe Wressle prospect operated by Egdon Resources and is expected to spud in the next couple of months. We intend to follow this later in 2014 with a Europa-operated well targeting the 2.9mmboe Kiln Lane prospect also in the East Midlands Petroleum Province. Having secured a twelve month extension for the licence, well permitting and planning for Kiln Lane is underway and we have appointed Zenith Energy to provide well management services for the project.

We are particularly excited about Kiln Lane which has the potential to be a playmaker well, opening up a new conventional oil and gas play and de-risking multiple leads already identified in the licence. This 540km$^2$ licence has never been drilled and while the well will evaluate a conventional oil and gas prospect it will also be an important stratigraphic test providing data on the petroleum system operating in the basin. The area's prospectivity for unconventional hydrocarbons has been the subject of speculation in recent months, particularly following the entry of Centrica, GDF Suez and Total into the UK unconventional sector. Kiln Lane is a conventional oil exploration well and is not targeting shale gas, but may provide information with which to assess the unconventional hydrocarbon potential in the licence. In order to fund the Kiln Lane well, in January, we announced the completion of a placing of shares with institutional investors which raised £2.86 million before expenses. In addition we launched an open offer to all shareholders to raise up to a further £1.16 million before expenses. The open offer closed on 17 January and was over-subscribed.

In October 2013 we announced the completion of a 1,500km$^2$ 3-D seismic acquisition over our two licences in the South Porcupine Basin, offshore Ireland. Kosmos Energy Ireland Limited ("Kosmos") is operator and holder of an 85% interest in both licences with Europa holding the remaining 15%. In the next few weeks we expect to receive the processed data set for the seismic. Alongside Kosmos, we will immediately set about interpreting and mapping the data with a view to clarifying the prospectivity of the two blocks on which Europa previously mapped billion barrel prospects using historic 2-D data. This state of the art 3-D seismic is likely to change the volumetrics of our prospects and also markedly de-risk the assets. A decision to drill on one or both of the licences is expected in the summer of 2014 and we understand that Kosmos may elect to drill a well as early as 2015.

In France, Europa holds 100% interest in the Béarn des Gaves ("Béarn") and Tarbes Val d'Adour ("Tarbes") permits, located in the proven Aquitaine Basin. Béarn holds two potential company-makers: the Berenx Shallow gas prospect and the Berenx Deep gas appraisal prospect. The permit was renewed in October 2013 and we have since opened a data room to secure a farm-in partner with an intention to drill the Shallow prospect. Talks are on-going with interested parties. To ensure we are in a position to drill a well at the earliest opportunity we are already advancing well planning and permitting. Post period end the Tarbes permit was extended until January 2015. We have started talking to potential partners with whom we can take the permit forward.

**Financials**

During the first half of 2014 an average of 170 boepd were recovered from our three UK onshore fields which generated £2.1 million in revenues (H1 2013: 177 boepd and £2.2 million). Our production is on course to hit its full year target for the third consecutive year, a testament to the success of our on-going field management programme. Net cash generated from operations was £0.6 million (H1 2013: £1.0 million) and we collected £0.3 million from Kosmos in connection with their farm-in to Ireland. Combined with the proceeds of the placing and open offer this gave us a cash balance at the period end of £4.8 million (31 July 2013: £0.7 million).

**Board**

I am delighted to welcome Colin Bousfield to the Board. His extensive track record as investment banker with Barclays, RBS, Bank of Scotland and Commonwealth Bank of Australia 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 during what is shaping up to be an exciting period for Europa.

**Outlook**

We are set to enter the next phase in Europa's development as we start to prove-up our resources via the drill bit. The Board is confident that we can deliver on our objective and build a top quartile exploration and production company.

Finally, I would like to thank the management and operational teams, directors and advisers for their hard work and also our shareholders for their continued support over this six month period.

WH Adamson
Chairman, 14 April 2014

## Operational review

Europa operates exploration, production and appraisal assets across three core EU countries: the UK, France and Ireland.

### Ireland – Porcupine Basin Frontier Exploration Licences ('FELs') 2/13 and 3/13 15% (Mullen and Kiernan)

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 Cretaceous play in the equatorial Atlantic Margin province that has delivered the Jubilee and Mahogany oil fields.

Europa's interpretation of pre-existing 2-D 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 1.612 billion barrels of oil equivalent respectively. Information about the Mullen and Kiernan prospects were provided to the markets in press releases dated 6 November 2012 and 16 January 2013.

Under the terms of the farm-in Kosmos fully funded the costs of the 3-D seismic programme on each FEL. Contingent upon an election of the companies to enter into the second phase of the FEL, which carries a drilling commitment, 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 3-D seismic acquired over the licences is a very significant first step towards realising the hydrocarbon potential of the basin. Based on the historic 2-D seismic, Europa estimates geological risk to be around 1 in 10 for both the Kiernan and Mullen prospects. 3-D seismic has the potential to substantially de-risk these 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 recently acquired state of the art 3-D data. The prospect sizes will likely remain large and the quantum of resources is likely to be hundreds of millions of barrels. Europa estimates the minimum economic prospect size offshore Ireland to be 100±20mmbbls. We believe that exploration success would be a company maker for Europa.

Fast-track 3-D data was delivered at the end of December 2013. Processed data is expected in the next few weeks, at which point interpreting and mapping the data with a view to clarifying and de-risking the prospectivity of the two blocks will commence. This work will deliver a new prospect inventory during summer 2014 followed by a CPR later in 2014. Subject to the results, Kosmos may elect to drill a well, in which Europa will have a carried 15% interest (up to a cap highlighted above), as early as 2015.

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 next licensing round in Ireland which is due to open in June 2014.

**France - Béarn des Gaves 100% (Berenx)**

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 500m 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, re-interpretation of structure and better understanding of proven hydrocarbon bearing reservoir distribution in the shallow Cretaceous and Late Jurassic carbonate sediments by Europa has upgraded the Berenx Shallow gas prospectivity and suggests potential gross mean un-risked resources of 416 bcf.

The Company's strategy for Béarn des Gaves is to first target the shallow gas play, drill a well to deliver 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 anticipated total depth of the Berenx Shallow well is approximately 2,500m.

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. We believe that exploration success at Berenx Shallow would be a company maker for Europa.

The permit benefits from being located only 20km from the Lacq Field, which potentially provides a straightforward export route, allowing gas to be processed in an existing facility with spare capacity.

**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 which post period end was extended 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 an appraisal project. A farm-out process was recently launched to secure a partner with whom to advance the permit.

**UK - NE Lincolnshire - PEDL180 33.3% (Wressle)**

PEDL180 covers an area of 100km$^2$ of the East Midlands Petroleum Province south of the Crosby Warren field. 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%). 49km$^2$ of 3-D seismic acquisition covering PEDL180 and PEDL182 was acquired in 2012 and has been processed and interpreted. The operator estimates the Wressle prospect to hold mean gross un-risked recoverable resources of 2.1mmbo. Drilling at Wressle is planned to take place in the next quarter.

**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 540km$^2$ 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/leads on PEDL181. Four of these in the southern part of the licence, all with reservoirs of Carboniferous age, were the focus of a 78km 2-D seismic acquisition programme that was completed in April 2013. Reprocessing of 150km$^2$ of existing 3-D seismic data has been performed together with processing of the new data resulting in the maturing of a drill ready prospect, Kiln Lane, with gross un-risked prospective resources of 2.9mmboe.

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. To date this sedimentary package has not been drilled in the Humber basin. The Namurian section in the Gainsborough Trough basin, located some 25km 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 for unconventional hydrocarbons.

**UK - Lincolnshire area - PEDL150 100% (West Whisby)**

In the period we completed the abandonment of the Hykeham well. On completion, our partner Valhalla, who previously held a 25% interest, elected to withdraw from the licence. We are conducting a review to determine if there is further prospectivity in the licence area.

**UK - Dorking area - PEDL143 40% (Holmwood)**

We consider Holmwood to be one of the most exciting undrilled exploration prospects in the UK. As set out in the Company's final results and report for the year ended 31 July 2013, we continue to work with our legal advisers in preparation for a hearing in the Court of Appeal at the end of April, or early May, 2014 in respect of our application for planning permission for a temporary exploration well on this site.

**UK – Production (West Firsby 100%; Crosby Warren 100%; Whisby W4 well 65%)**

The three UK fields produced an average of 170 boepd during the six month period under review and full year production is on course to meet expectations of 165 boepd. The full year production target was met in each of the previous two years.

**UK - Unconventional resources - Shale Gas**

As previously noted PEDL181 may have potential for shale gas.

**Conclusion**

With two fully funded UK onshore wells to be drilled in the next nine months, and a prospect inventory and CPR for the Irish licences also due, the second half promises to be a highly active period for the Company, one that could see a number of value trigger events including a decision by Kosmos to drill offshore Ireland. At the same time farm-out discussions for our two onshore France permits and well planning / permitting to drill the Berenx shallow gas prospect are being advanced. In tandem with advancing our existing projects, we continue to look to add new ventures to our portfolio that match our criteria. With all this activity in mind I look forward to providing updates on our progress.

Hugh Mackay
CEO

## Licence Interests Table

| Country | Area | Licence | Field/ Prospect | Operator | Equity | Status |
|---|---|---|---|---|---|---|
| UK | East Midlands | DL003 | West Firsby | Europa | 100% | Production |
| | | DL001 | Crosby Warren | Europa | 100% | Production |
| | | PL199/215 | Whisby-4 | BPEL | 65% | Production |
| | | PEDL150 | West Whisby | Europa | 100% | Exploration |
| | | PEDL180 | Wressle | Egdon | 33% | Exploration |
| | | PEDL181 | Kiln Lane | Europa | 50% | Exploration |
| | | PEDL182 | Broughton | Egdon | 33% | Exploration |
| | Weald | PEDL143 | Holmwood | Europa | 40% | Exploration |
| Ireland | Porcupine | FEL 2/13 | Mullen | Kosmos | 15% | Exploration |
| | | FEL 3/13 | Kiernan | Kosmos | 15% | Exploration |
| France | Aquitaine | Béarn des Gaves | Berenx Deep | Europa | 100% | Exploration/Appraisal |
| | | Béarn des Gaves | Berenx Shallow | Europa | 100% | Exploration/Appraisal |
| | | Tarbes val d'Adour | Osmets/Jacque | Europa | 100% | Exploration/Appraisal |
| Romania | Carpathians | EPI-3 Brates | | Europa | 100% | Being relinquished |

## Financials

## Unaudited consolidated statement of comprehensive income

| | **6 months to 31 January 2014** | 6 months to 31 January 2013 | Year to 31 July 2013 (audited) |
|---|---|---|---|
| | **£000** | £000 | £000 |
| **Revenue** | **2,060** | 2,202 | 4,503 |
| *Other cost of sales* | ***(1,100)*** | *(1,452)* | *(2,954)* |
| *Exploration write-off* | **-** | - | *(231)* |
| Total cost of sales | **(1,100)** | (1,452) | (3,185) |
| **Gross profit/ (loss)** | **960** | 750 | 1,318 |
| Administrative expenses | **(396)** | (413) | (718) |
| Finance income | **7** | - | 15 |
| Finance expense | **(120)** | (147) | (208) |
| **Profit before taxation** | **451** | 190 | 407 |
| Taxation | **(231)** | (137) | (508) |
| **Profit/ (loss) for the period attributed to the equity holders of the parent** | **220** | 53 | (101) |
| **Other comprehensive income** | | | |
| Exchange (losses)/ gains arising on translation of foreign operations | (6) | 73 | 37 |
| **Total comprehensive profit/(loss) for the period** | **214** | 126 | (64) |
| | **Pence per share** | Pence per share | Pence per share |
| **Earnings/ (loss) per share (EPS/LPS)** | | | |
| Basic and diluted EPS/LPS (note 4) | 0.15p | 0.04p | (0.07)p |

## Unaudited consolidated statement of financial position

| | **31 January 2014** | 31 January 2013 | 31 July 2013 (audited) |
|---|---|---|---|
| | **£000** | £000 | £000 |
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | **2,594** | 2,408 | 2,446 |
| Property, plant and equipment | **4,134** | 4,712 | 4,383 |
| Total non-current assets | **6,728** | 7,120 | 6,829 |
| **Current assets** | | | |
| Inventories | **43** | 53 | 33 |
| Trade and other receivables | **665** | 550 | 928 |
| Cash and cash equivalents | **4,816** | 761 | 672 |
| | **5,524** | 1,364 | 1,633 |
| **Other current assets** | | | |
| Assets classified as held for sale | **338** | 334 | 338 |
| **Total assets** | **12,590** | 8,818 | 8,800 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | **(1,003)** | (1,357) | (1,227) |
| Current tax liability | **(871)** | (309) | (541) |
| Derivative | **(41)** | (57) | (48) |
| Short-term borrowings | **(197)** | (217) | (208) |
| Short-term provisions | **(21)** | - | (290) |
| Total current liabilities | **(2,133)** | (1,940) | (2,314) |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | **(2,799)** | (2,847) | (2,902) |
| Long-term provisions | **(1,764)** | (2,027) | (1,681) |
| **Total non-current liabilities** | **(4,563)** | (4,874) | (4,583) |
| **Total liabilities** | **(6,696)** | (6,814) | (6,897) |
| **Net assets** | **5,894** | 2,004 | 1,903 |
| **Capital and reserves attributable to equity holders of the parent** | | | |
| Share capital | **2,049** | 1,379 | 1,379 |
| Share premium | **14,080** | 13,160 | 13,160 |
| Merger reserve | **2,868** | 2,868 | 2,868 |
| Foreign exchange reserve | **411** | 453 | 417 |
| Retained deficit | **(13,514)** | (15,856) | (15,921) |
| **Total equity** | **5,894** | 2,004 | 1,903 |

## Unaudited consolidated statement of changes in equity

| | Share capital £000 | Share premium £000 | Merger reserve £000 | Foreign exchange reserve £000 | Retained deficit £000 | Total equity £000 |
|---|---|---|---|---|---|---|
| Unaudited | | | | | | |
| **Balance at 1 August 2012** | **1,379** | **13,160** | **2,868** | **380** | **(15,972)** | **1,815** |
| Total comprehensive income for the period | - | - | - | 73 | 53 | 126 |
| Share based payments | - | - | - | - | 63 | 63 |
| **Balance at 31 January 2013** | **1,379** | **13,160** | **2,868** | **453** | **(15,856)** | **2,004** |
| Audited | | | | | | |
| **Balance at 1 August 2012** | **1,379** | **13,160** | **2,868** | **380** | **(15,972)** | **1,815** |
| Total comprehensive loss for the year | - | - | - | 37 | (101) | (64) |
| Share based payments | - | - | - | - | 152 | 152 |
| **Balance at 31 July 2013** | **1,379** | **13,160** | **2,868** | **417** | **(15,921)** | **1,903** |
| Unaudited | | | | | | |
| **Balance at 1 August 2013** | **1,379** | **13,160** | **2,868** | **417** | **(15,921)** | **1,903** |
| Total comprehensive income/(loss) for the period | - | - | - | (6) | 220 | 214 |
| Share based payments | - | - | - | - | 67 | 67 |
| Issue of share capital net of issue costs | 670 | 920 | - | - | 2,120 | 3,710 |
| **Balance at 31 January 2014** | **2,049** | **14,080** | **2,868** | **411** | **(13,514)** | **5,894** |

## Unaudited consolidated statement of cash flows

| | **6 months to 31 January 2014** | 6 months to 31 January 2013 | Year to 31 July 2013 (audited) |
|---|---|---|---|
| | **£000** | £000 | £000 |
| **Cash flows from operating activities** | | | |
| Profit / (loss) after taxation | **220** | 53 | (101) |
| Adjustments for: | | | |
| Share based payments | **67** | 63 | 152 |
| Depreciation | **251** | 247 | 578 |
| Exploration write-off | **-** | - | 231 |
| Finance income | **(7)** | - | (15) |
| Finance expense | **120** | 147 | 208 |
| Taxation expense | **231** | 137 | 508 |
| (Increase)/decrease in trade and other receivables | **(43)** | 700 | 621 |
| (Increase) / decrease in inventories | **(10)** | 3 | 23 |
| (Decrease)/increase in trade and other payables | **(249)** | (336) | (535) |
| Cash generated from operations | **580** | 1,014 | 1,670 |
| Income tax payment | **-** | - | (84) |
| Net cash from operating activities | **580** | 1,014 | 1,586 |
| **Cash flows used in investing activities** | | | |
| Purchase of property, plant & equipment | **(2)** | - | (5) |
| Purchase of intangibles | **(170)** | (433) | (1,020) |
| Receipt for licence back costs in connection with farm-in | **300** | - | - |
| Expenditure on well decommissioning | **(344)** | - | (51) |
| **Net cash used in investing activities** | **(216)** | (433) | (1,076) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital (net of issue costs) | **3,710** | - | - |
| Decrease in payables related to share issue costs | **120** | - | - |
| Repayment of borrowings | **(11)** | (13) | (22) |
| Finance costs | **(8)** | (14) | (34) |
| **Net cash from/(used in) financing activities** | **3,811** | (27) | (56) |
| **Net increase in cash and cash equivalents** | **4,175** | 554 | 454 |
| Exchange loss on cash and cash equivalents | **(31)** | (23) | (12) |
| **Cash and cash equivalents at beginning of period** | **672** | 230 | 230 |
| **Cash and cash equivalents at end of period** | **4,816** | 761 | 672 |

**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 6 Porter Street, London W1U 6DD. 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 14 April 2014.

The consolidated interim financial information for the period 1 August 2013 to 31 January 2014 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 2012 to 31 January 2013 and the audited financial year to 31 July 2013.

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 2013.

The comparatives for the full year ended 31 July 2013 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 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 2014.

This results in the adoption of various standards and interpretations, none of which have had a material impact on the interim report or are expected to have a material impact on the financial statements for the full year.

## 3 Share capital

The table below shows all shares issued since 31 July 2012.

| Date | Shares issued | Price | £000 raised net of commission and costs | Total shares in issue |
|---|---|---|---|---|
| 31 July 2012 | | | | 137,855,504 |
| 10 January 2014 - Placing | 47,694,665 | 6p | 2,597 | 185,550,169 |
| 21 January 2014 - Open Offer | 19,332,855 | 6p | 1,113 | 204,883,024 |
| 31 January 2014 | | | | 204,883,024 |

All the authorised and allotted shares are of the same class and rank pari passu.

Merger relief is available on the Placing shares under section 612(1) of the Companies Act 2006, and premium has therefore been recognised within retained deficit rather than share premium.

## 4 Earnings / loss per share (EPS/LPS)

Basic EPS has been calculated on the profit 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.

The Company's average share price for the period was 8.51p (H1 2013: 8.51p) which was above the exercise price of 1,391,626 of the 13,076,626 outstanding share options (H1 2013: the exercise price of all 11,685,000 outstanding options were below the average share price).

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

| | **6 months to 31 January 2014** | 6 months to 31 January 2013 | Year to 31 July 2013 (audited) |
|---|---|---|---|
| | **£000** | £000 | £000 |
| **Profits / losses** | | | |
| Profit/(loss) after taxation | **220** | 53 | (101) |
| **Number of shares** | | | |
| Weighted average number of ordinary shares for the purposes of basic EPS/LPS | **144,713,895** | 137,855,504 | 137,855,504 |
| Weighted average number of ordinary shares for the purposes of diluted EPS/LPS | **145,296,059** | 137,855,504 | 137,855,504 |

## 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.

## 6 Post Reporting date

On 11 February 2014, the Company issued 940,000 share options at 8.9 pence, which included 500,000 options to Colin Bousfield who was appointed on 10 February.

The Royal Bank of Scotland (RBS) multi-currency facility was renewed on 18 February 2014. Terms were unchanged, the facility provides an overdraft of up to £700,000 interest is charged at 3% over base rate. The next renewal of the facility is due to be 31 January 2015.

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