

Europa Oil & Gas (Holdings) plc ('Europa' or 'the Company')
Sale of Interest in Wressle Discovery to Upland Resources

Europa Oil & Gas (Holdings) plc, the UK & Ireland focussed oil and gas exploration, development and production company, is pleased to announce that its wholly owned subsidiary has signed a Sale and Purchase Agreement ("SPA") in relation to a 10% interest in Europa's PEDL180 and PEDL182 ('the Licences') in North Lincolnshire with Upland Resources (UK Onshore) Limited ("Upland"). The Licences cover the Wressle discovery (PEDL180) and the Broughton North prospect (PEDL182).

- Upland to acquire a 10% working interest in the Licences from Europa for a consideration of £1.85 million comprising an initial consideration of £1.6 million and a contingent consideration of £0.25 million.
- The initial consideration will be met via a payment of £1.3 million in cash and the issue to Europa of 23,076,923 new ordinary Upland Resources Limited shares ("Upland Shares") to the value of £0.3m (at the issue price of 1.3p per share).
- The contingent consideration is subject to certain production milestones being met by June 2025 and will be met by the issue of 19,230,769 new ordinary Upland Shares to the value of £0.25m (at the issue price of 1.3p per share).
- Completion of the SPA is conditional upon *inter alia* approval from the Oil & Gas Authority and approval of the Wressle Field Development Plan
- Wressle is anticipated to commence production at a gross rate of 500 bopd in early 2017
- Post completion of the transaction, Europa's anticipated net 100 bopd from Wressle combined with existing UK onshore production is expected to increase the Company's overall production to around 220 bopd
- At 220 bopd it is expected that Europa will have a positive cash flow from operating activities at oil prices above US\$30 per barrel.

Europa CEO Hugh Mackay said, "Europa is delivering on its strategy to actively manage its portfolio and realise value for shareholders. So far this year we have farmed out part of our interest in PEDL143 (Holmwood) to Union Jack Oil; consolidated our position at PEDL299 (Hardstoft) through deals with Shale Petroleum and Upland; acquired an increased interest in PEDL346 (Cloughton) from Shale Petroleum; and sold portions of our interest in PEDL180/182 (Wressle) to Union Jack Oil and now Upland. The £1.3 million cash consideration from this transaction together with the £0.6 million cash consideration received from the previous sale of Wressle to Union Jack will be used to fund ongoing exploration in the UK and Ireland including drilling the Holmwood well during 2017, which we rate as one

of the best undrilled conventional prospects onshore UK. Following this transaction we value our remaining 20% interest in Wressle at £3.7 million.

“Europa holds a portfolio of high quality exploration licences in both onshore UK and offshore Ireland. We continue to advance and monetise our multistage portfolio of licences, and in the process generate value for our shareholders. It is public knowledge that we are in the process of farming out in Ireland where any one of our seven licences and licensing options has the potential to be a company maker for Europa. Whilst we do not provide running commentaries on farmout activity the market should feel assured that we are talking to the right parties and seeing strong interest. The recent series of transactions in the UK demonstrates that we are both active in the market and capable of closing deals on attractive terms.”

Terms of the SPA

Under the term of the SPA, Upland will acquire a 10% working interest in the Licences from Europa Oil & Gas Limited, a wholly owned subsidiary of Europa, for a total initial consideration of £1.6 million and a contingent consideration of £0.25 million. The initial consideration will be satisfied through the immediate payment of £160,000 in cash, a further £1.14 million cash and £0.3 million in new Upland Shares (at a price of 1.3p per new Upland Share) is to be received on completion. Completion of the SPA is conditional *inter alia* upon approval from the Oil & Gas Authority and approval of the Wressle Field Development Plan.

Contingent on certain production milestones being met by June 2025, Europa will be issued a further £0.25 million in new Upland Shares, giving total consideration of £1.85 million.

Europa can elect to dispose of the Upland Shares following the later of six months from completion of the transaction and the date of first export of oil from the Wressle site (subject to a long-stop date of 1 September 2017).

Europa will retain a 20% interest in the Licences alongside Egdon Resources UK Limited (25%), Celtique Energie Petroleum Limited (33.33%), Union Jack Oil plc (11.67%) and Upland Resources (UK Onshore) Limited (10%).

Europa’s Net Interests

Europa’s post completion share of the Licences’ 2P proved reserves is 0.13 mmboe, 2C contingent resources is 0.37 mmboe and net mean un-risked prospective resources is 0.2 mmboe (based on a Competent Persons Report compiled by ERC Equipoise Limited (‘ERCE’) on 26 September 2016).

Europa's net interests following this transaction are tabulated below:

Table summarising gross volumes at Wressle and Broughton North along with net volumes attributed to Europa's interests before and after transaction

	Gross Volumes			Net Volumes attributable to Europa before transaction		
	Oil MMstb	Gas Bscf	Oil and Gas* MMboe	Oil MMstb	Gas Bscf	Oil and Gas* MMboe
Wressle						
2P Ashover Grit and Wingfield Flags	0.62	0.20	0.65	0.21	0.07	0.22
2C Penistone Flags	1.53	2.00	1.86	0.51	0.67	0.62
Broughton North						
Mean Unrisked Prospective Resources	0.51	0.51	0.60	0.17	0.17	0.20

	Gross Volumes			Net Volumes attributable to Europa after transaction		
	Oil MMstb	Gas Bscf	Oil and Gas* MMboe	Oil MMstb	Gas Bscf	Oil and Gas* MMboe
Wressle						
2P Ashover Grit and Wingfield Flags	0.62	0.20	0.65	0.124	0.04	0.13
2C Penistone Flags		2.00				

	1.53		1.86	0.301	0.40	0.37
Broughton North						
Mean Unrisked Prospective						
Resources	0.51	0.51	0.60	0.10	0.10	0.12

*Gas converted to oil equivalent using 6 Bscf/MMboe conversion and added to oil volume

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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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. In 2016 Europa produced 123 boepd. Its highly prospective exploration projects include the Wressle development (targeting production start-up in early 2017 at up to 500 bopd gross) in the UK and seven licences offshore Ireland with the potential to host gross mean un-risked prospective and indicative resources of more than 4 billion barrels oil equivalent and 1.5 tcf gas across all seven licences.

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.

Glossary:

Some of the terms used in this announcement are defined below. A more exhaustive glossary is contained in ERCE's letter to Europa's Board of Directors summarising the findings of their CPR has been published on the Company's website (www.europaoil.com).

Proved Reserves

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes:

- the area delineated by drilling and defined by fluid contacts, if any, and
- adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data

In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the lowest known hydrocarbon (LKH) as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved Reserves (see "2001 Supplemental Guidelines," Chapter 8). Reserves in undeveloped locations may be classified as Proved provided that the locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially productive and interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogues and sound engineering judgment considering the characteristics of the Proved area and the applied development programme.

2P

Proved + Probable, a best estimate category of Reserves.

Contingent Resources

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development

projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.

Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

2C

A best estimate category of Contingent Resources.

Prospective Resources

Prospective Resources are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.