

Europa Oil & Gas (Holdings) plc / Index: AIM / Epic: EOG / Sector: Oil & Gas
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Europa Oil & Gas (Holdings) plc ('Europa' or 'the Company')
Annual General Meeting Statement

Europa Oil & Gas (Holdings) plc, the AIM quoted UK and Ireland-focussed oil and gas exploration and production company, is holding its Annual General Meeting ('AGM') later today. At the meeting, CEO Hugh Mackay will make the following statement:

“Against a backdrop of low oil prices, 2016 saw excellent progress made in delivering on Europa’s twin strategies: growing its licence base in our chosen markets of offshore Ireland and onshore UK; while at the same time actively managing our existing projects to maximise value for our shareholders. Most notably, Europa has become a leading explorer in Atlantic Ireland with one of the largest licence positions and a strong and diversified portfolio. Atlantic Ireland is a rapidly emerging exploration hotspot which this year saw the arrival of majors including ExxonMobil, Nexen and Statoil in the latest Irish licence round. Meanwhile in the UK, we secured two sales and a farmout which will enable us to fund our share of the costs associated with bringing the Wressle discovery into production and drilling the Holmwood well in the Weald basin in 2017.

“Following the best licensing round ever in offshore Ireland, earlier this year the Irish Government awarded 28 licences to 14 groups/companies, five of which went to Europa. Today, our Irish portfolio of seven operated licences covers an area of 5,818 sq km, six play types, three basins and twenty prospects and leads. The portfolio potentially holds gross mean unrisked resources of 4 billion barrels of oil equivalent (Europa estimates) and 1.5 TCF of gas (Europa estimates). We already have two prospects which are drill ready and our objective is to generate six drill ready prospects, any one of which could deliver a company maker for Europa. For a company with a £12 million market capitalisation, Europa, in our view, punches well above its weight in terms of our potential exposure to high impact exploration success, an impressive achievement considering the blue-chip names which have recently entered the region.

“Our new licences provide Europa with exposure to all the various play types which have attracted the majors to the region: Paleocene, Cretaceous Shelf, Cretaceous Fan, Syn-rift, Pre-rift and Triassic gas. In particular the Syn-rift play, which yielded Statoil’s Bay du Nord discovery in the Flemish Pass, offshore Newfoundland in 2013 and recently attracted exploration investment of over C\$2 billion, is hoped to be developed in Atlantic Ireland. Europa has a range of prospects from deepwater high risk frontier exploration to shallow water, lower risk infrastructure led exploration next to the Corrib gas field. We are currently focused on securing farm-out partners for our South Porcupine licences and at the same time

conducting technical work across all the licences to mature leads to prospects and prospects to drill ready. By being exposed to all the major plays and basins currently being targeted in the region, Europa stands to benefit from the success of other operators and not just our own. With Providence Resources looking to drill in 2017, Woodside Petroleum the following year, and with newly arrived majors having already acquired seismic on their licences, we predict an increase in exploration drilling in Atlantic Ireland over the next five or six years. Europa is therefore well placed to benefit from any exploration success.

“Activity is also picking up onshore UK. Following two separate sales totalling a combined 13.34% interest in PEDLs 180 and 182, our share of the costs associated with bringing the Wressle discovery into production in 2017 is fully funded, and we will therefore not need to seek external funding to fund our share of these costs. Once brought on stream we expect our existing UK production to increase by 100 boepd to 220 boepd. At this level, we expect Europa will have a positive cash flow from operating activities at oil prices above US\$30 per barrel. Aside from generating funds for reinvestment, the two farm-outs highlight the value attributed by the industry to UK onshore production or near production assets compared to the value ascribed by the market. Following the sales we value our remaining 20% interest in the two licences at £3.7 million. Combined with the consideration for the sale of a 13.3% interest in both licences, we believe more than half our current market capitalisation is accounted for by PEDLs 180 and 182 alone.

“The read across is that the other half of Europa’s market capitalisation comprises the above-mentioned industry leading position in Atlantic Ireland, as well as our other UK onshore licences. These include three fields which produced 123 boepd in the year ended 31 July 2016; a 32.5% interest in the Holmwood prospect, which we rank as one of the best undrilled conventional prospects onshore UK and that we intend to drill in 2017; a 25% interest in the Hardstoft oil field PEDL299 on which gross 2C contingent resources of 3.1 million boe and gross 3C contingent resources of 18.5 million boe were identified in a CPR issued by our joint venture partner Upland Resources; and a 45% interest in PEDL343, which contains the Cloughton gas discovery. As we continue with our strategy to monetise our asset base through the drillbit, farm-outs and other corporate activity, we are confident the inherent value of our portfolio of multistage licences will be realised.”

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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.