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

30 October 2017

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

Final Results for the year to 31 July 2017

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 2017.

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

Financial highlights

- Group revenue of £1.6m (2016: £1.3m)
- Pre-tax loss of £0.7m (2016: loss £1.9m after £1.2m exploration write-off in Béarn des Gaves)
- Post-tax loss for the year £0.5m (2016: loss £1.6m)
- Cash used in operating activities £0.26m (2016: cash used £0.32m)
- Net cash balance as at 31 July 2017 £3.6m (31 July 2016: £1.7m)

Operational highlights

Offshore Ireland

- Farm-out of 70% interest in Licensing Option ("LO") LO16/19 in the South Porcupine Basin to a subsidiary of Cairn Energy plc which will fully fund a US$6 million work programme including the acquisition of 3D seismic over the licence which started in July 2017.
- Discussions ongoing with a number of large operators with regards to farming-out Europa's leading offshore Ireland licence position, which includes seven licences exposed to six different play types in three basins.
- Extension of phase 1 of Irish South Porcupine Basin Frontier Exploration Licence ("FEL") FEL 2/13 and FEL 3/13 to July 2019 to enable completion of 3D seismic reprocessing and subsequent detailed mapping and maturation of prospects to drillable status.
- Issued the results of an independent Competent Person's Report ('CPR') prepared by ERC Equipoise Ltd ('ERCE'), estimating gross mean un-risked Prospective Resources of 553 mmboe across two new pre-rift prospects, Ervine and Edgeworth, in LO 16/2.
- Issued updated prospect inventory for FEL 2/13 based on in-house work identifying 9 oil prospects with 1.1 billion boe including 3 new prospects Kiely, Keane and Kilroy.
- Converted LO 16/2 into a 15 year Frontier Exploration Licence FEL 1/17 effective from 1 July 2017
- Commenced Pre-Stack Depth Migration ("PSDM") reprocessing project over FEL 2/13 and FEL 1/17 with intent of improving mapping and interpretation of pre-rift prospects.

Onshore UK

- Sale of 3.34% interest in PEDL180 & 182 (which includes the Wressle discovery) to Union Jack Oil plc (‘Union Jack’) for £0.6 million in cash
- Agreed sale, conditional on planning approval, of 10% interest in PEDL180 & 182 to Upland Resources (UK Onshore) Limited (‘Upland’) for up to £1.85 million: £1.3 million in cash, £0.3 million in Upland shares and a contingent consideration of £0.25 million in Upland shares
- Commencement of production at Wressle delayed pending appeal of planning decision – Planning Inspectorate appeal due in November 2017
- Increase in Europa’s interest in PEDL299 (Hardstoft oil field) and PEDL343 (Cloughton gas discovery) to 25% and 35% respectively following acquisition of Shale Petroleum (UK) Limited (‘Shale Petroleum’)
- Farm-out of 12.5% interest in PEDL143 (‘Holmwood’) to Angus Energy – Europa retains 20% interest and is carried on upcoming well costs up to a cap of £3.2 million

Post reporting date events

- In September 2017 we announced an extension to the date by which the conditions of the Upland agreed sale of 10% interest in Wressle are to be satisfied to 28 February 2018.
- In October 2017 Surrey County Council approved a security fence at the Holmwood site but deferred a decision on traffic conditions.

Europa’s CEO, Hugh Mackay said, “2016/17 was a record year for Europa in terms of the level of corporate activity seen across our licence base: the successful farm-out to Cairn of a 70% interest in one our South Porcupine licences; two separate sales of our interest in the Wressle oil field in the East Midlands; the acquisition of Shale Petroleum, which increased our equity in the Hardstoft oil field and Cloughton gas discovery in the UK; and the farm-out of a 12.5% stake in the upcoming Holmwood well in the Weald basin. In our view, this activity is testament to the quality of the technical work we have carried out on our licences, the excellent location of our assets both offshore Ireland and onshore UK, and the major uptick in industry interest and activity in new plays across our areas of focus.

“The year ahead should see more of the same. We remain focused on securing farm-outs for the remainder of our Irish licences with partners with whom we can advance our assets towards drilling. At the same time, we are looking forward to commencing drilling activity at the conventional Holmwood prospect in the Weald, an area that is generating considerable excitement following the opening up of the Kimmeridge limestone play. In addition, we remain confident that the green light will finally be given to bring the Wressle discovery on line. By adding around 100bopd to our exisitng production, Wressle promises to bring our operational breakeven down to US$35 a barrel, a major milestone for the Company. With so much activity on so many fronts in the months ahead, I look forward to providing further updates, as we continue with our strategy to monetise our asset base and generate value for our shareholders.”

****ENDS****

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

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

Hugh Mackay	Europa	+ 44 (0) 20 7224 3770
Phil Greenhalgh	Europa	+ 44 (0) 20 7224 3770
Matt Goode	finnCap Ltd	+ 44 (0) 20 7220 0500
Simon Hicks	finnCap Ltd	+ 44 (0) 20 7220 0500
Frank Buhagiar	St Brides Partners Ltd	+ 44 (0) 20 7236 1177
Susie Geliher	St Brides Partners Ltd	+ 44 (0) 20 7236 1177

Chairman's statement

Offshore Ireland

The arrival of blue chip operators of the calibre of Statoil, ExxonMobil, Total, Nexen and Woodside in recent years has led to the major uptick in exploration activity that we expected. Initially this centred on the acquisition of 3D seismic over awarded acreage but has since moved on to drilling activity. The diversity of play types in the region has acted as a draw for the majors. The prolific Cretaceous Fan play as seen offshore West Africa, the Cretaceous shelf discoveries similar to those offshore Senegal and the Syn-rift play as seen offshore Newfoundland are analogues for three of six plays being pursued in Ireland.

Having gained a presence in Atlantic Ireland in 2011, Europa has been able to capitalise on its first mover advantage to build and advance a leading portfolio of seven licences exposed to all six plays currently being targeted. To date, we have identified more than four billion barrels of oil equivalent and 1.5 tcf gas of gross mean un-risked prospective and indicative resources across our licences, half of which have been audited by a Competent Person. As a result, we have been actively involved in the spate of deals that have taken place across the region during the year, starting in March 2017 with our own farm-out of a 70% interest in LO 16/19 to Cairn Energy in return for a carry on a US$6 million work programme. This included the shooting of 3D seismic during summer 2017 and we look forward to receiving the processed data in summer 2018 and delivering a prospect inventory by next calendar year end.

At the same time, Cairn farmed into the recently drilled Providence Resources well, which was targeting the Paleocene and Cretaceous Fan prospects. They were subsequently joined by Total. Deals were also struck in the Greater Corrib area with the acquisition by a Canadian pension fund of an interest in the producing Corrib gas field, as well as Nexen farming into Faroe Petroleum's neighbouring licence.

History shows that new plays are rarely opened up by the first well drilled, and, following the result of the Providence Druid/Drombeg well, that is the case with the Cretaceous Fan and Paleocene plays in the South Porcupine Basin. As far as Europa's portfolio is concerned, the result is only relevant to two of the six plays we are exposed to, but even here the Druid/Drombeg well offers encouragement by proving the presence of sandstone reservoir in the Drombeg Cretaceous fan. In our opinion, this has the potential to de-risk the reservoir presence component of other mid-Cretaceous aged fans in the South Porcupine including our three mid-Cretaceous aged fans: Wilde; Beckett and Shaw, in FEL 3/13. In addition, the presence of bitumen could also imply the presence of source rock. We expect to learn more about what the well encountered as and when news is released to the market.

Europa is not sitting idly waiting on the results of other operators' activity. Work continues to be carried out across all seven of our licences, as we focus on delivering on our target to deliver six drill ready prospects by the end of 2018, each of which will have the potential to be a company-maker. We currently have two prospects at drill ready status. Shareholders can therefore expect more news flow as we home in on our target in the months ahead.

Onshore UK

As with offshore Ireland, onshore UK Europa has a diversified portfolio of licences including production, development and appraisal projects in the East Midlands and high impact exploration in the Weald Basin. We were expecting to see net production double to over 200bopd during the year as the Wressle discovery was brought on stream. However, two applications for planning consent were refused by North Lincolnshire County Council during the year, despite being recommended by its own planning officers. The case for Wressle is strong and we look forward to the forthcoming appeal with the Planning Inspectorate in November 2017. Subject to a successful outcome, Wressle could be producing 500 bopd gross in 2018.

While a near-doubling in our production to over 200 bopd will be a milestone event for Europa onshore UK, it could be overshadowed by developments in the Weald Basin. With planning permission in place, we are moving forward to drill a well to test the 5.6 million barrel Holmwood prospect. Thanks to the deals we struck during the last 18 months, our share of the well costs is carried up to a cap of £3.2 million. In addition to the proven producing Portland sandstone reservoir, Holmwood is expected to encounter the Kimmeridge limestone, which has been the cause of much excitement at the nearby Horse Hill discovery. Having produced at Horse Hill, albeit for a limited period, at over 1,300 bopd, the Kimmeridge represents a new play in the basin which is now due to be tested at Horse Hill and the nearby Brockham field shortly. Together with the drilling of Holmwood, the months ahead promise to be an exciting period for UK onshore exploration, and once again Europa will be at the heart of it.

At the reporting date, we have £3.6 million cash and subject to a successful appeal at Wressle we will receive a further £1.1 million cash and £0.3 million in paper with completion of the Upland transaction that will see our interest in Wressle move to 20%. Thanks to the deals we have secured during the year and the support we have received from shareholders, the various work streams that are underway across our asset base are fully funded. Rather than piggy-backing on the success of other operators in two hydrocarbon hotspots where we have a strong presence, Europa is well placed to generate value for shareholders from its own high impact activity across its own licences in the year ahead and we look forward to providing updates on progress made.

Financial performance

We have seen a reduction in administrative expenses from non-recurring 2016 items and other savings, which has reduced our pre-tax loss to £675,000 (2016: loss £1,904,000 after £1,162,000 exploration write-off in Béarn des Gaves). The post-tax loss for the year also fell to £491,000 (2016: loss £1,638,000).

All of this has been against a backdrop of modest growth in oil prices which has seen the price achieved for sales during the 12 months to end July 2017 average US$48.9 per barrel (2016: US$41.5).

The slight rise in sterling equivalent oil price achieved has helped to increase our revenues and the average of 113 boepd recovered from our UK onshore fields generated £1.6 million in revenues (2016: 123 boepd and £1.3 million). Net cash spent on operations was £0.25 million (2016: cash spent £0.32 million). Our cash balance at the end of July 2017 was £3.6 million (31 July 2016: £1.7 million).

Europa's board continues its policy of seeking to maximise efficiencies and manage our cost and asset base to ensure we remain fully funded for future operations. We avoid incurring debt for our activities, preferring instead to farmout exploration obligations and/or monetise assets wherever possible and, although the market for farmouts is challenging, we believe we have an excellent portfolio of assets and that we will continue to be successful in this strategy during 2017/18.

In June we raised £3.4 million (£3.1 million after expenses) by a placing of shares to new and existing shareholders and an open offer to existing shareholders. I would like to thank shareholders for their support in this equity offering.

The specific geological work on our Irish acreage that is expected to be funded is as follows:

- PSDM processing of 3D seismic over FEL 3/13 and FEL 1/17 with interpretation work to take the identified prospects to drillable status.
- PSDM processing of 3D seismic over FEL 2/13 with interpretation work to take the identified prospects to drillable status and complete a CPR.
- Acquiring existing 3D seismic volumes and well data for LO 16/20 and LO 16/21, reprocess and remap leading to completion of a CPR.
- Reprocessing existing 2D seismic for LO 16/22 with interpretation work to mature identified prospects to drillable status.

The Directors believe this near-term work programme will aid Europa in its aim of attracting farm-in partners.

In the UK, proceeds will be used as follows:

- Funding equity share of a 3D seismic survey over the Cloughton gas discovery in PEDL343 in order to optimise drilling location.

- Funding equity share of a 2D seismic survey over the Hardstoft oil field in PEDL299 so as to detail the structure and locate a well.

I would like to thank the management, operational teams, my fellow Board members and our advisers for their hard work over the year.

Finally I would like to reiterate my thanks to our shareholders for their continued support during what has been another challenging year for the oil and gas sector as a whole, but particularly for small exploration and production companies.

Colin Bousfield,
Non executive Chairman

Operations review
Exploration
Europa is a leading operator in offshore Ireland exploration. The Company holds seven licences covering 5,818 sq km, six play types, three basins, and over 30 prospects and leads which potentially hold gross mean un-risked prospective resources ('GMUPR') of more than four billion barrels of oil equivalent and 1.5 TCF of gas (Europa estimates).

The diversity of play types as well as the potential volumes of hydrocarbons being targeted has attracted majors such as ExxonMobil, Statoil, ENI, BP, Nexen, and Woodside to the basin, initially via the Atlantic Ireland Licensing round but lately via farm-ins including Europa's own LO 16/19 where the Company has partnered with Cairn Energy. As the number and quality of companies operating in the region has increased, so too has the number of work programmes that are underway, predominantly involving the acquisition and processing of 3D seismic.

Europa expects this activity will lead to up to a dozen wells being drilled across the region over the next five or six years. Already, the first of these, the 53/6-A exploration well on the western side of the South Porcupine Basin in FEL 2/14, was drilled post period end between July and September by Providence Resources in partnership with Cairn Energy, Sosina and Total S.A. This exploration well was the first to evaluate both the Paleocene and the Cretaceous fan plays in the South Porcupine basin, and targeted two prospects: the Paleocene prospect "Druid" and the Cretaceous fan prospect "Drombeg".

While live hydrocarbons were not encountered by the well at either of the two prospects, the presence of sandstone reservoir at Drombeg, together with the possible presence of bitumen in drill cuttings may provide some encouragement for the reservoir and source elements of the Cretaceous Fan hydrocarbon play (see Providence's announcement on 11 September 2017). The Cretaceous Fan play comprises Early Cretaceous turbidite sandstone reservoirs charged by mature Late Jurassic and possibly Early Cretaceous source rocks and contained in stratigraphic traps with elements of structural closure. Europa has mapped a number of Cretaceous fan prospects on 3D seismic in FEL 3/13 and LO 16/19 and the Board will be considering the implications of the Drombeg result on Europa's prospectivity. Europa has no licence interest in FEL 2/14 and any thoughts Europa form will be based on public domain information about Drombeg, together with the Company's in-house knowledge of the South Porcupine basin and hydrocarbon plays.

Out of the seven licences Europa holds offshore Ireland, four are located in the South Porcupine basin targeting prospectivity on multiple levels. As well as the Cretaceous Fan play, Europa is targeting the Cretaceous Shelf, pre-rift and syn-rift plays in the east on FEL 3/13 and FEL 1/17 (both 100% held) and in the west on FEL 2/13 (100%) and LO 16/19 (30% following the Cairn farm-in).

In addition, LO 16/20 and LO 16/21 are located in the Greater Corrib area of the Slyne basin in the vicinity of the producing Corrib gas field and are targeting the Triassic gas play. Europa's seventh licence lies in the Padraig basin, a remnant Jurassic basin on the eastern margin of the Rockall Trough, which provides the Company with exposure to the conjugate margin syn-rift and pre-rift plays analogous to the Flemish Pass play offshore Newfoundland.

Work programmes are underway across all of Europa's offshore Ireland licences to increase the number of drill ready prospects within the Company's portfolio to six from the current two (Wilde and Beckett in FEL 3/13) by the end of 2018. In parallel with this work, Europa continues to interact with prospective partners with whom it can progress its licences, particularly those in the South Porcupine Basin.

South Porcupine Basin: FEL 3/13 (Wilde, Beckett & Shaw)
A Competent Persons Report ('CPR') by ERC Equipoise confirmed gross mean un-risked prospective resources of 1,492 million boe and un-risked NPV10 of US$7 billion across three Cretaceous fan prospects on FEL 3/13: prospects Wilde (gross mean un-risked prospective resources 428 million boe), Beckett (749 million boe) and Shaw (315 million boe). Prospect Wilde is considered drill ready with a geological chance of success of 1 in 5. Drill costs are estimated to be US$37 million excluding mobilisation and demobilisation.

During the period, the Irish Government granted its consent for the extension of Phase 1 of Frontier Exploration Licence 3/13 by two years to 4 July 2019 to carry out further technical work on the licence to mature existing prospects and leads, particularly in the pre-rift and syn-rift plays, to drill ready status. The work, which includes PSDM of 3D seismic data previously acquired in 2013, may also de-risk existing drill-ready prospects in the Cretaceous fan play.

South Porcupine Basin: FEL 1/17 (Ervine, Edgeworth, PR3)
In June 2017, the Irish Government approved an application to convert LO 16/2 to FEL 1/17. FEL 1/17 covers approximately 522 sq km of ground and adjoins the eastern boundary of FEL 3/13. Europa has identified three new pre-rift prospects in the licence with combined 898 million boe based on its proprietary 3D seismic which covers both FEL 1/13 and FEL 3/13. The pre-rift play comprises Jurassic reservoirs in tilted fault block structures, the analogue is the Brent Province in the North Sea. Europa is conducting a 3D reprocessing project on its propriety data over both FEL 3/13 and FEL 1/17 to de-risk the pre-rift prospects in both licences. This was completed during Q4 2017.

South Porcupine Basin: FEL 2/13 (Doyle A,B,C Kilroy, Keane & Kiely)
To date, nine prospects in the pre-rift, syn-rift Cretaceous apron and Cretaceous slope plays have been identified on Europa's 100% owned FEL 2/13. Combined gross mean un-risked prospective resources are 1.1 billion boe. Europa is conducting a 3D reprocessing project over FEL 2/13 with the intent of improving prospect definition and maturing prospects to drill ready status. This work is expected to be completed during H1 2018 and will lead to a revised prospect inventory with emphasis on the pre-rift, syn-rift and Cretaceous shelf prospects. Europa has identified a number of Cretaceous submarine channels on FEL 2/13, which cross the licence from west to east on its proprietary 948 sq km 3D seismic survey.

During the period, the Irish Government granted its consent for the extension of Phase 1 of Frontier Exploration Licence 2/13 by two years to 4 July 2019 to enable the Company to complete the above work programme.

South Porcupine Basin: LO 16/19
The channels identified in FEL 2/13 feed submarine fans developed in LO 16/19. The seismic architecture of the channels in FEL 2/13 contain features consistent with sandstone deposition and Europa believes that these sandstones are also deposited in the fans identified on LO 16/19. There is potential for several Cretaceous submarine fans with gross mean un-risked prospective resources of 700 million boe. In addition, evidence of gas escape features on seismic and sea bed pock marks suggest the presence of an active source rock. Well 43/13-1, which was drilled by BP in 1998 approximately 20km from LO 16/19, saw oil shows and encountered source rocks.

On 8 March 2017, Europa announced the farm-out of a 70% interest in LO 16/19 to leading independent Cairn Energy plc. Under the terms of the farm-out, Cairn agreed to fully fund a US$6 million work programme including a 3D seismic survey over LO 16/19 to further mature the prospect inventory towards drillable status. The TGS Crean multi-client 3D survey is currently being acquired and is on course to be completed in the near term. Delivery of the processed dataset is expected in summer 2018 after which geological and geophysical interpretation is expected to lead to a detailed prospect inventory over LO 16/19 towards the end of 2018.

Below is a table summarising the GMUPR in million boe across Europa's four licences in the South Porcupine Basin:

Licence	GMUPR	Source
FEL 3/13	1,492	ERCE CPR
FEL 1/17	898	ERCE CPR and Europa in-house
FEL 2/13	1,124	Europa in-house
LO 16/19	700	Europa in-house
Total	4,214	

Slyne Basin: LO 16/20 and LO 16/21
LO 16/20 and 16/21 are located in the Greater Corrib area of the Slyne basin adjacent to the producing Corrib gas field where substantial gas infrastructure is already in place. The field has a

gross plant capacity of approximately 350 million cubic feet of natural gas per day, provides approximately 60% of Ireland's natural gas consumption and constitutes approximately 95% of Ireland's gas production. As a result, unlike licences in the Porcupine Basin, LO 16/20 and 16/21 are targeting a low risk infrastructure led play in the Greater Corrib area and represent exploration in a proven basin comprised of Triassic sandstone reservoirs in tilted fault block structures with gas generated from Carboniferous source rocks.

The licences are partially covered by 3D seismic and extensively covered by historic 2D seismic. Based on the data, Europa has identified a number of prospects and leads on both licences with estimated gross mean un-risked prospective and indicative resources of 1.0 tcf gas on LO 16/20 and 0.5 tcf gas on LO 16/21. Historic 3D seismic over the licences has been obtained and work has commenced with the intent of maturing these leads to drillable prospect status. A farm-in partner will be sought for both licences to drill a low-risk exploration well. Water depths range from 300 to 2,000 metres. The Corrib area has been the subject of considerable corporate activity during the period: Nexen farmed into an 80% interest in Faroe Petroleum's LO 16/23; while Vermilion and the Canada Pension Plan Investment Board, the investment arm of Canada Pension Plan, acquired a 45% interest in the Corrib gas field for US$1.23 billion.

Padraig Basin: LO 16/22

The Padraig Basin is a remnant Jurassic basin on the eastern margin of the Rockall Trough. The most relevant analogue for the Padraig is the conjugate margin play offshore Newfoundland in the Flemish Pass basin, which was opened up by Statoil's Bay du Nord oil discovery. Most industry efforts are concentrated on exploring for this play in the South Porcupine basin, but Europa's restoration of the conjugate margin prior to Atlantic seafloor spreading suggests the possibility that the Padraig could be a better fit with the Flemish Pass basin.

Structures of significant size have been identified on 2D seismic acquired in 1998. In addition, multiple leads in both pre-rift and syn-rift hydrocarbon plays have been mapped in water depths ranging from 800 to 2,000 metres. Gross mean un-risked indicative resources are estimated to be in the range of 300 to 600 million boe. Work is underway to mature the leads to drillable prospect status using historic data including 2D seismic and high quality technical work previously conducted by major oil companies.

UK - Onshore Production

East Midlands: West Firsby; Crosby Warren; Whisby-4

The Company produces from three oilfields in the East Midlands: a 100% working interest in both the West Firsby and Crosby Warren fields and a 65% non-operated interest in the Whisby-4 well. As these are mature oil fields, total production declined in line with expectations. During the year to 31 July 2017, 113 boepd were recovered (2016: 123 boepd). All the oil is transported by road to the Immingham refinery.

UK - Development

East Midlands: PEDL180 (Wressle); PEDL182 (Broughton North)

PEDL180 holds the Wressle oil discovery which lies 5km southeast of, and along the same structural trend as, Europa's producing Crosby Warren field. Wressle was discovered by the Wressle-1 conventional exploration in August 2014. Production testing during 2015 delivered a combined flowrate over 700 boepd from three reservoir intervals: Ashover Grit; Wingfield Flags; and Penistone Flags. Reservoir engineering analyses indicate an initial production flow rate of 500 bopd gross from the Ashover Grit interval at Wressle.

A CPR issued on 26 September 2016 identified gross 2P reserves on the structure of 0.65 million boe in the Ashover and Wingfield Flags and gross 2C contingent resources of 1.86 million boe in the Penistone Flags. The CPR was undertaken by ERCE Equipoise, which at the same time assigned gross mean un-risked prospective resources of 0.6 million boe and a geological chance of success of 50% to the Broughton North exploration prospect on PEDL182 which lies adjacent and north of PEDL180. In 1984, a well was drilled by BP and discovered oil at Broughton.

During the period, Europa sold a 3.34% working interest in PEDLs180 & 182 to Union Jack Oil & Gas ('UJO') for a cash consideration of £600,000. On 24 November 2016, Europa agreed the sale of a further 10% interest in the two licences to Upland for a total consideration of up to £1.85 million. The transaction implies a value of up to £3.7 million for Europa's remaining 20% interest in the licences. Completion of the sale to Upland is subject to planning, and Field Development Plan ('FDP') approvals. The FDP was submitted to the OGA on 8 September 2016. In January 2017, Lincolnshire County Council refused to grant planning consent. The partners announced their intention to appeal and at the same time file a new application which included more detailed information to address the specific concerns outlined by the Council. In July 2017, this second application was refused by the County Council's Planning Committee. As with the first refusal, the decision of the Committee went against the positive recommendation of the County Council's Planning Officer, which was determined after an extensive and thorough review of an augmented planning application.

The partners are moving forward with the appeal against the January and July 2017 determinations, which is due to be heard by the Planning Inspectorate in November 2017. The partners remain confident that planning consent will be granted and that Wressle will be brought into production.

UK – Exploration

Weald Basin: PEDL143 (Holmwood)

PEDL143 is located in the Weald Basin, Surrey and contains the Holmwood conventional oil prospect, which is predicted to have the same conventional Jurassic sandstone and limestone reservoirs that have been proven to be productive at the nearby Brockham oil field and at the Horse Hill oil discovery. In a CPR dated June 2012, ERCE Equipoise assigned Holmwood gross mean prospective resources of 5.6 million boe with a range of 1 to 11 million boe. At 5.6 million boe, Holmwood would become the fifth largest onshore oil field in the UK. Planning permission has been granted to drill a temporary exploratory borehole to a depth of 1,400 metres. Europa is working to discharge the remaining conditions before commencing drilling operations at

Holmwood in the first half of 2018. Following the exploration success at Horse Hill 8km to the East, Europa rates the geological chance of success at Holmwood as 1 in 2.

During the period, Europa agreed to farm-out a 12.5% interest in PEDL143 to Angus Energy. Thanks to earlier farm out activity, Europa's remaining 20% share of the exploration well costs at Holmwood will be fully carried up to a cap of £3.2 million. Europa is partnered in the licence with UK Oil & Gas Investments plc 30%, Egdon Resources 18.4%, Angus Energy 12.5%, Warwick Energy 10%, UJO 7.5% and Altwood Petroleum 1.6%.

Aside from Holmwood, there is ongoing exploration and development activity in the Weald Basin, the results of which will be relevant to Holmwood. The Horse Hill discovery in PEDL137 lies 8km to the east of and along-strike in a very similar geological structure to Holmwood. Correlation of seismic data indicates that the Holmwood well will penetrate a similar stratigraphic section to Horse Hill which produced at a rate of 323 bopd over an 8.5-hour period from Portland sandstone reservoirs, a well-known producing reservoir in the Weald basin. In addition to the Portland, Horse Hill produced a combined 1,365 bopd from two micritic limestone formations in the Kimmeridge section over a period of up to 7.5 hours. As well as increasing the geological chance of success on the Portland sandstone reservoir at Holmwood, Horse Hill has opened up the Kimmeridge limestone as an exciting new play in the Weald Basin, one which we believe is also present at Holmwood.

The Kimmeridge has also been identified in the Brockham field, which lies 5km to the north of Holmwood. Following OGA consent of the Field Development Plan, the operator, Angus Energy, intends to bring the Kimmeridge limestone reservoir into production from the Brockham-X4Z well. In addition, the Kimmeridge is due to be tested at the Broadford Bridge well in PEDL 234, which encountered a thick sequence of Kimmeridge with five limestone intervals. The limestones were cored and found to have live light oil seeping at surface. The operator, UKOG, intends to conduct an extended well test ('EWT') of Kimmeridge limestone, which will go some way to determining the amount of connected volume of the Kimmeridge that can be accessed by a well, and, importantly, if this is sufficient to enable commercial production.

East Midlands: PEDL299 (Hardstoft)

The Hardstoft oil field was discovered in 1919 by the UK's first ever exploration well and produced 26,000 barrels of oil from Carboniferous limestone reservoirs. A CPR issued by joint venture partner Upland, identified gross 2C contingent resources of 3.1 million boe and gross 3C contingent resources of 18.5 million boe at Hardstoft. Production testing methodologies for carbonate reservoirs have evolved since 1919, which it is hoped will lead to commercial oil flowrates being achieved.

During the period, Europa acquired Shale Petroleum, which resulted in the Company's interest in the licence increasing from 16.66% to 33.33%. This has subsequently been reduced following the reassignment of an 8.33% interest in the licence to existing partner Upland. As a result, Europa's interest in PEDL299, which is restricted to the conventional prospectivity, now stands at 25%, alongside Upland 25% and INEOS, the operator, 50%.

Cleveland Basin: PEDL343 (Cloughton)

PEDL343 is operated by Third Energy and contains the Cloughton gas discovery made by Bow Valley. An exploration well was drilled in 1986 and flowed a small amount of gas to surface on production test from Carboniferous sandstone reservoirs. Europa regards Cloughton as a gas appraisal opportunity with the critical challenge being to obtain commercial flowrates from future production testing operations.

The acquisition of Shale Petroleum increased the Company's equity in PEDL343 to 45% from 22.5%. This has subsequently been reduced to 35% following the assignment of a 10% interest to existing partner Arenite Petroleum Limited ('Arenite'). Europa holds a 35% interest in PEDL343 alongside Arenite 15%, Third Energy 20%, Egdon Resources 17.5% and Petrichor Energy 12.5%.

Southern North Sea: Block 41/24

This is a promote licence over Block 41/24 in the Southern North Sea to a joint venture comprising Europa and Arenite. The licence was awarded as part of the 28th Seaward Licensing Round. Block 41/24 adjoins the Yorkshire coast and contains the Maxwell gas field which was discovered in Permian Zechstein carbonates by Total with the drilling of offshore well 41/24a-1 in 1969. Two follow-up appraisal wells: 41/24a-2 drilled by Total (1981) and 41/24-3 by Conoco (1992) targeted this fractured Zechstein carbonate reservoir and flowed gas and condensate. The exploration emphasis of the licence is to address the Carboniferous prospectivity in the Namurian and Dinantian sequences. The adjoining onshore extension of the Cleveland basin contains a number of gas fields and discoveries including Kirby Misperton, Ebberstone Moor and Cloughton.

The licence expires in December 2017 and requires financial, technical and environmental capacity to be in place and a firm drilling (or agreed equivalent substantive activities) commitment to have been made by the end of the year.

East Midlands: PEDL181

The licence provides exposure to the hydrocarbon potential of the Humber basin. It has technical synergy with the adjacent PEDL334 which was awarded to an Egdon Resources led group in the 14th Round for the purpose of conventional and unconventional exploration.

New Ventures

We are actively evaluating high impact new venture opportunities outside of our core areas in Ireland and the UK.

Non-financial KPI's

There were no reportable accidents or incidents in the year (2016: zero). The Environment Agency has undertaken an exercise of repermitting all onshore production sites and we have completed re-applications for activities at both Crosby Warren and West Firsby in the year.

There were no new licence awards in the year (2016: five licences in Ireland and three in UK).

Financials

An average of 113 boepd were recovered from the Company's three UK onshore fields in the period, which generated £1.6 million in revenue (2016: 123 boepd and £1.3 million).
An improving oil price, together with favourable exchange rates, offset the natural decline in our production in the period. The average oil price achieved was US$48.9/bbl (2016: US$41.5/bbl) and the average Sterling exchange rate was $1.27 (2016: $1.45).

Stringent cost controls continue to be implemented. Cost of sales were £1,459,000 (2016: £1,282,000) despite spending £62,000 on renewal of EA permits for the operated production sites and 2016 benefitting from £106,000 of rates refunds.

Administrative expenses of £553,000 (2016: £593,000) as a result of the full year effect of the continuing temporary salary reduction agreed with head office staff £70,000 and non-recurrence of expenditure on Irish licence applications £80,000. Administrative expenses also include £98,000 of non-cash cost associated with the granting of stock options in the period.

Net cash spent on operating activities was £255,000 (2016: cash spent £322,000).

Purchase of intangible fixed assets of £1.4 million (2016: £0.8 million) was largely spent advancing the Irish portfolio and on Holmwood. As a result of the delay in receipt of planning consent for the Wressle development, £1.14 million cash is still expected to be received from Upland.

The Company's cash balance at 31 July 2017 was £3.6 million (31 July 2016: £1.7 million).

Hugh Mackay

Chief Executive Officer

The financial information set out below does not constitute the company's statutory accounts for 2017 or 2016. 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 2017. Statutory accounts for the years ended 31 July 2017 and 31 July 2016 have been reported on by the Independent Auditors.

The Independent Auditors' Report on the Annual Report and Financial Statements for 2017 and 2016 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 2016 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 July 2017 will be delivered to the Registrar in due course.

For the year ended 31 July	Note	2017 £000	2016 £000
Revenue		**1,569**	1,269
Cost of sales		***(1,459)***	*(1,282)*
Exploration write-off	1	**-**	*(1,162)*
Total cost of sales		**(1,459)**	(2,444)
Gross profit/(loss)		**110**	(1,175)
Administrative expenses		**(553)**	(593)
Profit on fixed asset disposal		**-**	28
Finance income		**2**	64
Finance expense		**(234)**	(228)
Loss before taxation		**(675)**	(1,904)
Taxation credit		**184**	266
Total comprehensive loss for the year attributable to the equity shareholders of the parent		**(491)**	(1,638)

Consolidated statement of comprehensive income

Earnings per share (EPS) attributable to the equity shareholders of the parent	Note	**Pence per share**	Pence per share
Basic and diluted EPS		**(0.19)p**	(0.67)p

Consolidated statement of financial position

As at 31 July	Note	**2017 £000**	2016 £000
Assets			
Non-current assets			
Intangible assets	1	**5,276**	4,453
Property, plant and equipment	2	**882**	1,060
Deferred tax asset		**341**	157
Total non-current assets		**6,499**	5,670
Current assets			
Inventories		**14**	23
Trade and other receivables		**886**	210
Cash and cash equivalents		**3,591**	1,718
		4,491	1,951
Total assets		**10,990**	7,621
Liabilities			
Current liabilities			
Trade and other payables		**(945)**	(444)
Current tax liabilities		**-**	(148)
Total current liabilities		**(945)**	(592)
Non-current liabilities			
Long-term provisions		**(2,570)**	(2,347)
Total non-current liabilities		**(2,570)**	(2,347)
Total liabilities		**(3,515)**	(2,939)
Net assets		**7,475**	4,682
Capital and reserves attributable to equity holders of the parent			
Share capital		**3,014**	2,449
Share premium		**18,481**	15,901
Merger reserve		**2,868**	2,868
Retained deficit		**(16,888)**	(16,536)
Total equity		**7,475**	4,682

These financial statements were approved by the Board of Directors and authorised for issue on 27 October 2017 and signed on its behalf by:

Phil Greenhalgh, Finance Director
Company registration number 5217946

Consolidated statement of changes in equity

Attributable to the equity holders of the parent

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2015	2,449	15,901	2,868	(14,911)	6,307
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(1,638)	(1,638)
Total comprehensive loss for the year	**-**	**-**	**-**	**(1,638)**	**(1,638)**
Contributions by and distributions to owners					
Share based payment	-	-	-	13	13
Total contributions by and distributions to owners	**-**	**-**	**-**	**13**	**13**
Balance at 31 July 2016	**2,449**	**15,901**	**2,868**	**(16,536)**	**4,682**

	£000	£000	£000	£000	£000
Balance at 1 August 2016	2,449	15,901	2,868	(16,536)	4,682
Comprehensive loss for the year					
Total comprehensive loss for the year	-	-	-	(491)	(491)
Total comprehensive loss for the year	**-**	**-**	**-**	**(491)**	**(491)**
Contributions by and distributions to owners					
Issue of share capital	565	2,603	-	-	3,168
Issue of share options	-	(23)	-	23	-
Share based payment	-	-	-	116	116
Total contributions by and distributions to owners	**565**	**2,580**	**-**	**139**	**3,284**
Balance at 31 July 2017	**3,014**	**18,481**	**2,868**	**(16,888)**	**7,475**

Consolidated statement of cash flows

For the year ended 31 July	**2017**	2016
	£000	£000
Cash flows used in operating activities		
Loss after tax from continuing operations	**(491)**	(1,638)
Adjustments for:		
Share based payments	**116**	13
Depreciation	**184**	195
Exploration write-off	**-**	1,162
Disposal of fixed asset	**-**	(28)
Finance income	**(2)**	(64)
Finance expense	**234**	228
Taxation credit	**(184)**	(266)
(Increase)/decrease in trade and other receivables	**(108)**	170
Decrease/(increase) in inventories	**9**	(10)
Decrease in trade and other payables	**(13)**	(84)
Net cash used in operations	**(255)**	(322)
Income taxes paid	**(144)**	-
Net cash used in operating activities	**(399)**	(322)
Cash flows used in investing activities		
Purchase of property, plant and equipment	**(6)**	(1)
Sale of property	**-**	338
Purchase of intangible assets	**(1,491)**	(1,224)
Sale of part interest in licence	**600**	-
Repayment of derivative	**-**	(30)
Interest received	**2**	4
Net cash used in investing activities	**(895)**	(913)
Cash flows from/(used in) financing activities		
Proceeds from issue of share capital (net of issue costs)	**3,145**	-
Increase/(decrease) in payables relating to share capital issue costs	**16**	(71)
Option based equity movement on share issue	**23**	-
Repayment of borrowings	**-**	(164)
Finance costs	**(3)**	(17)
Net cash from/(used in) financing activities	**3,181**	(252)
Net increase/(decrease) in cash and cash equivalents	**1,887**	(1,487)
Exchange (loss)/gain on cash and cash equivalents	**(14)**	54
Cash and cash equivalents at beginning of year	**1,718**	3,151
Cash and cash equivalents at end of year	**3,591**	1,718

Notes to the financial statements

1 Intangible assets

Intangible assets - Group	**2017**	2016
	£000	£000
At 1 August	**4,453**	4,839
Additions	**1,423**	776
Sale of 3.34% interest in PEDL180 and PEDL182	**(600)**	-
Exploration write-off	**-**	(1,162)
At 31 July	**5,276**	4,453

During the year the Group sold 3.34% of its interest in both PEDL180 and PEDL182 to Union Jack Oil for £600k. The sale of a further 10% interest in PEDL180 and PEDL182 to Upland was not completed in the period and as the £160,000 received is potentially repayable, it is reported in "Other Payables". Intangible assets comprise the Group's pre-production expenditure on licence interests as follows:

	2017	2016
	£000	£000
Ireland FEL 2/13 (Doyle A, B, C, Kilroy, Keane & Kiely	**340**	224
Ireland FEL 3/13 (Beckett, Wilde, Shaw)	**725**	487
Ireland FEL 1/17 (LO 16/2)	**224**	35
Ireland LO 16/19	**61**	8
Ireland LO 16/20	**206**	-
Ireland LO 16/21	**38**	-
Ireland LO 16/22	**48**	-
UK PEDL143 (Holmwood)	**901**	721
UK PEDL180 (Wressle)	**2,527**	2,672
UK PEDL181	**60**	47
UK PEDL182 (Broughton North)	**24**	223
UK PEDL299 (Hardstoft)	**12**	5
UK PEDL343 (Cloughton)	**69**	-
UK Block 41/24 (Maxwell)	**41**	31
Total	**5,276**	4,453
Exploration write-off		
France (Béarn des Gaves)	**-**	1,162
Total	**-**	1,162

The drilling of an exploration well at Holmwood and developing the discovery at Wressle are subject to the securing of certain planning permissions. If these are not secured then the PEDL143 and PEDL180 intangible assets disclosed above will be impaired. If the Group is not able to or elects not to continue in any other licence, then the impact on the financial statements will be the impairment of some or all of the intangible assets disclosed above.

2 Property, plant & equipment

Property, plant & equipment - Group

	Furniture & computers £000	Leasehold building £000	Producing fields £000	Total £000
Cost				
At 1 August 2015	50	437	10,785	11,272
Additions	1	-	-	1
Disposal	-	(437)	-	(437)
At 31 July 2016	51	-	10,785	10,836
Additions	1	-	5	6
At 31 July 2017	**52**	**-**	**10,790**	**10,842**
Depreciation, depletion and impairment				
At 1 August 2015	44	122	9,544	9,710
Charge for year	3	7	185	195
Disposal	-	(129)	-	(129)
At 31 July 2016	47	-	9,729	9,776
Charge for year	2	-	182	184
At 31 July 2017	**49**	**-**	**9,911**	**9,960**
Net Book Value				
At 31 July 2015	6	315	1,241	1,562
At 31 July 2016	4	-	1,056	1,060
At 31 July 2017	**3**	**-**	**879**	**882**

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 with production decline rates of 7-8%, Brent crude prices rising from US$56 per barrel in 2018 to US$71 in 2021 and a pre-tax discount rate of 21%. The pre-tax discount rate is derived from a post-tax rate of 10%, and is high because of the applicable rate of tax in the UK. Cash flows were projected over the expected life of the fields which is expected to be longer than 5 years. There was no impairment in the year (2016: no impairment).