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')

Final Results for the year to 31 July 2018

Europa Oil & Gas (Holdings) plc, the UK and Ireland focussed oil and gas exploration, development and production company, announces its final results for the 12 month period ended 31 July 2018.

The full Annual Report and Accounts will be available shortly on the Company's website at www.europaoil.com and will be mailed in November 2018 to those shareholders who have requested a paper copy.

Operational highlights
Offshore Ireland

- Six prospects with combined potential of 2.5 trillion cubic feet ('tcf') of Gas Initially In Place ('GIIP') mapped on LO 16/20 in the Slyne basin.
- Completed Pre-Stack Depth Migration ('PSDM') reprocessing of 1,548km2 3D seismic covering FEL 1/17 and FEL 3/13, in the South Porcupine. Prospect inventory upgraded to 3.5 billion boe gross mean unrisked prospective resources ('GMUPR') in six prospects.
- Completed PSDM reprocessing of 950 km2 3D seismic over FEL 2/13. Prospect inventory identified 817mmboe GMUPR in three top ranked prospects.
- Porcupine virtual data room ('VDR') and farmout process opened.
- Commenced PSDM reprocessing of 770 km2 3D seismic data over LO 16/20 and preliminary drilling planning for a possible 2019 exploration well on the Inishkea prospect.
- Completed 976 km2 3D seismic acquisition over Cairn Energy operated LO 16/19.

UK

- PEDL180 (Wressle) the Planning Inspectorate rejected an appeal against North Lincolnshire County Council Planning Committee's decision to reject a planning application for the Wressle oil development. A new planning application for the Wressle oil development has been submitted to North Lincolnshire County Council and is in the review process.
- The application to extend planning permission at the Wressle site was refused by the planning committee; an appeal against this decision has been submitted to the Planning Inspectorate.

Financial

- Group revenue of £1.6m (2017: £1.6m)
- Exploration write-off £1.3m (2017: nil)
- Pre-tax loss of £2.3m (2017: loss £0.7m)
- Post-tax loss for the year £2.6m (2017: loss £0.5m)
- Cash used in operating activities £0.48m (2017: cash used £0.26m)
- Net cash balance as at 31 July 2018 £1.8m (31 July 2017: £3.6m)

Post reporting date events

- PEDL143 (Holmwood) the Secretary of State for Environment, Food and Rural Affairs, decided not to renew the lease at Bury Hill Wood, Coldharbour Lane leading to a withdrawal of the planning application to drill from the site.

Europa's CEO, Hugh Mackay, said "Europa has made a large technical and financial investment across virtually its whole Atlantic Ireland portfolio. This has involved three substantial 3D PSDM seismic reprocessing projects that started in January 2017 and will complete in October 2018.

"Two South Porcupine reprocessing projects have been completed and have resulted in new prospect inventories for our three operated Porcupine licences, 4.3 billion barrels GMUPR and six drill ready prospects. Our farmout process commenced in July 2018 and the target market of supermajors, majors and large independents are in the virtual and physical datarooms (VDR and PDR). We are encouraged by the recent farm-in of ExxonMobil to Nexen in FEL 3/18 and note that their 2019 Iolar well has the potential to de-risk 1 billion boe in five Europa pre-rift prospects in the basin.

"Our Inishkea reprocessing project is nearing completion and the new prospect inventory will be issued in December, at which point the new VDR and PDR will be opened to potential farminees. We are looking to drill as early as 2019, subject to industry or financial partnering and we have been sufficiently encouraged by the positive results to commence both the well planning and site survey preparation necessary for a 2019 spud. With the Corrib gas field going into decline and Ireland's demand for both gas and electricity forecast to increase in response to its vibrant economy we believe there is a window of opportunity for gas that we must seize at Inishkea.

"Elsewhere, our existing UK onshore production continues to generate meaningful revenues which at current oil prices more than cover our operational expenses. We are hopeful these are set for a major boost in the year ahead should the planning application to develop the Wressle oil discovery in the East Midlands be approved. At an estimated gross rate of 500bopd, Wressle would more than double our net output to around 240 bopd which, at today's oil prices, would provide us with a highly cash generative platform with which to invest in other projects. This could include new ventures which we are actively pursuing. Together with ongoing discussions with potential partners for our Atlantic Ireland licences, there is much activity taking place focused on generating significant value for our shareholders."

Chairman's statement

For an explorer and producer such as Europa, drilling wells is a key value driving activity. While Europa did not participate in drilling activity during the review period, considerable technical work has been undertaken across our asset base to make our prospects drill ready. We have initiated the planning phase for drilling what could be a transformational well on our Inishkea prospect in the Slyne Basin, offshore Ireland as early as 2019. Our intention is to participate in not one, but a series of high impact wells offshore Ireland and we have therefore been focused on building a pipeline of drill-ready opportunities, each of which has game-changing potential. I am pleased to report that we are on target to exceed the six drill ready prospects by the end of 2018 foreseen in our last Annual Report and Accounts.

Offshore Ireland

With six licences covering an area of 4,985 km2 and containing over 30 prospects that potentially hold GMUPR of more than 6.4 billion barrels of oil equivalent and 2.5 tcf of GIIP, Europa has an industry-leading position in Atlantic Ireland. For an oil and gas company of Europa's size to be actively involved in opening up an emerging hydrocarbon region alongside supermajors, majors and large independents such as Exxon, Nexen, Equinor, TOTAL, Woodside and Cairn Energy, is a considerable achievement and one which we intend to build on.

During the year and post period end, technical work programmes have been undertaken across our offshore Ireland portfolio. The objective, specifically for our South Porcupine and Slyne licences, has been to de-risk existing prospects and leads and deliver drill-ready targets. Though work is ongoing, this programme has been highly successful and today Europa has six drill-ready targets, with more expected by the end of the year. We are now in a position to embark on the next phase of exploration in Atlantic Ireland, namely drilling.

In line with this, planning is underway to drill a potentially transformational well as early as 2019 on LO 16/20 in the Slyne Basin, the Group's flagship licence where multiple structures with potentially over 2.5 tcf GIIP have been mapped. The combination of a robust geological model that has undergone rigorous technical scrutiny, the targeting of a gas play that has been proven up by the nearby producing Corrib field and the Shell 18/20-7 gas discovery well drilled in 2010, the close proximity to infrastructure, and relatively low drilling costs due to shallow water depths, all make LO 16/20 a compelling investment. We are therefore focusing on securing industry or financial partners at the project level to enable operations to commence as soon as possible.

Elsewhere work on FELs 2/13, 3/13 and 1/17 in the South Porcupine has been centred on upgrading previously mapped prospects to drill-ready status so that once partners are in place, well planning and drilling can commence. The results have exceeded expectations. Not only has the multi-billion barrel prospectivity of the licences been confirmed and drill-ready targets been defined for each of the licences, but the definition of the structures and geology have been greatly enhanced. The very positive response by the industry to the formal launch of the farmout in July 2018 suggests we are not alone in being impressed by the results.

Subject to farmouts being secured and in line with our strategy, shareholders could soon be exposed to a series of high impact wells offshore Ireland. Furthermore, following a major seismic acquisition programme over the last few years, other operators are moving forward with their own drilling plans. Nexen, for example, is due to drill a well in FEL 3/18 during 2019. Our licences feature all the plays being targeted, including the Cretaceous Fan play (a prolific producer offshore West Africa), the Cretaceous Shelf (which has yielded large discoveries offshore Senegal), the pre-rift play (from which 15 billion barrels have already been produced from the UKCS Brent Province) and the Syn-Rift play (which has attracted considerable investment offshore Newfoundland). As a result, Europa stands to benefit from any and all successes in Atlantic Ireland.

Onshore UK

During the year under review, Europa's production averaged 94 boepd from three fields in the East Midlands petroleum province, confirming Europa's position as the third largest onshore UK oil producer. We constantly strive to increase our production, not just by making new discoveries, but also by evaluating and implementing initiatives to increase production and recovery rates at our existing oil fields. A number of operational initiatives are underway and we hope to be in a position to report the results later in 2018.

Bringing new discoveries online offers the potential to step up production rates. With this in mind, we had hoped the Wressle discovery would be brought onstream in the first half of 2018 at an estimated rate of 500 bopd gross. At this level, our 30% interest would have resulted in more than a doubling of our net production to over 240 boepd. Following two unsuccessful planning applications to develop the field in 2017, both of which had been recommended by North Lincolnshire Council's own planning officers, Wressle remains undeveloped. A new application has since been submitted by the operator, Egdon Resources, and a decision by the Council's Planning Committee is expected later in 2018. The partners are confident that this latest plan comprehensively deals with all outstanding issues and that this lucrative low risk development opportunity will soon gain the necessary approvals to enable it to be brought on stream without further delay.

There has been disappointment for our Holmwood prospect on PEDL143 which lies close to the Horse Hill discovery and Brockham field in the Weald Basin. Post period end the Secretary of State for Environment, Food and Rural Affairs declined to renew the lease for the drill site. As a consequence we have had to withdraw our application to extend planning permission to drill from the Bury Hill Wood site. The plan now is to evaluate PEDL143's remaining prospectivity and develop a forward plan for the licence in conjunction with our partners.

New licence areas

In the year we have evaluated a number of new opportunities outside our existing portfolio. These have been at various stages of development and I am pleased to report that following completion of a comprehensive new country screening study an application has been made for a high impact exploration licence that has technical synergy with our existing Atlantic margin portfolio. We shall continue to seek projects that will add value, diversity and strength to Europa's portfolio.

Board Changes
In January 2018, changes were made to the Board, including my appointment as Non-Executive Chairman following Colin Bousfield's decision to step down from this role. I am a petroleum engineer with a background in senior oil and gas management, deal evaluation and execution, fundraising and investor relations most recently with Gemini Oil and Gas and Enterprise Oil. Brian O'Cathain, a geologist and petroleum engineer, was also appointed as a Non-Executive Director. He has held senior technical and commercial roles in major E&P companies, including Shell International, Enterprise Oil and Tullow Oil and gained first-hand knowledge of Corrib and the Slyne Basin when he was Managing Director of Enterprise Oil Ireland with responsibility for advancing Corrib towards development. Together we look forward to continuing our contribution to the exciting future of Europa.

Outlook
A significant part of Europa's strategy is high impact exploration centred on gaining early entry into new plays, undertaking comprehensive technical work to identify and de-risk targets to the point of drilling and then securing partners to take licences forward. Having built up an industry leading licence position in the emerging hydrocarbon hotspot that is Atlantic Ireland and having subsequently established an inventory of high-grade prospects in various plays that is attracting the attention of industry heavyweights, Europa's management and technical teams have shown they can deliver. The Board is therefore keen to replicate this success elsewhere and as a result new ventures that complement Europa's existing skillset and portfolio offshore Ireland and onshore UK licences are being pursued.

Much work still remains to be done across our existing assets, notably securing partners with whom we can drill wells in the South Porcupine and also completing well planning in the proven Slyne Basin so that we are in a position to drill. A considerable amount of activity is taking place both inside and outside our existing portfolio and I look forward to providing further updates during the year ahead, as we focus on exposing our shareholders to multiple value additive opportunities in a cost and risk efficient manner.

I would like to thank the management, employees, consultants and operational personnel for their dedicated work and also the Board for their support and help with the changes during the year.

Finally, may I thank our shareholders for their steadfast support over the past year when we have seen the beginnings of a recovery in our industry which I believe will be to the ultimate benefit of Europa.

Simon Oddie

Chairman

Operations

Offshore Ireland: Exploration

Europa's portfolio of six licences in Atlantic Ireland covers an area of over 4,985 km2, includes six play types in three basins and contains over 30 prospects and leads that potentially hold over 6.4 billion barrels GMUPR of oil and 2.5 tcf of gas (GIIP).

The region has seen considerable activity and investment by supermajors, majors and leading independents in recent years. Specifically, ~30,000 km2 of 3D seismic has been acquired by blue chip operators such as Exxon, Woodside, Nexen, Cairn and Equinor as part of work programmes centred on de-risking a diverse range of plays that have proven to be prolific elsewhere in the North and South Atlantic margins. In the South Porcupine Basin, these include the Cretaceous Fan and Shelf plays which are considered to be analogous to the Jubilee and Mahogany oil fields in the equatorial Atlantic Margin province and Cairn's SNE discovery, offshore Senegal; the Pre-rift that is analogous to the North Sea Brent Province and Syn-rift plays that are analogous to the Flemish Pass play offshore Newfoundland. Meanwhile due to the producing Corrib gas field, Triassic gas is a proven play in the Slyne basin. Europa has a diversified prospect portfolio and is exposed to all these hydrocarbon plays. Any success in the region by other operators is therefore expected to have a positive read across for the Company.

The acquisition and interpretation of substantial volumes of 3D seismic data by the industry has taken place over the last five years and represents the first phase of exploration in the Irish Atlantic Margin. The next five-year stage is likely to involve a sustained period of drilling activity, starting in 2019 with Nexen testing the Iolar prospect on FEL 3/18. Europa intends to play an active role in this drilling phase, initially at its flagship Inishkea gas exploration project near the Corrib gas field in LO 16/20. Here the Company has identified 2.5 tcf of GIIP across six prospects on the licence. In parallel with ongoing work to upgrade the prospects on LO 16/20 to drill ready status, planning has commenced with a view to drilling a well in 2019.

Outside LO 16/20, during the period a substantial 2,498 km2 Pre-Stack Depth Migration ("PSDM") 3D seismic reprocessing project was completed over the Company's three operated licences in the South Porcupine, FELs 2/13, 3/13 and 1/17. Following this work, Europa now has six drill-ready targets in the basin: Kiely East and Kiely West in FEL 2/13, Beckett and Wilde in FEL 3/13 and Edgeworth and Ervine in FEL 1/17. Our top ranked prospects for site survey and drilling are Kiely East, Wilde and Edgeworth. A virtual data room for prospective farminees was opened in July 2018 with the objective to secure partners to drill wells on the Company's Porcupine licences. Target farminees are supermajors, majors and large independents and they are currently active in both the physical and virtual data rooms.

Slyne Basin: LO 16/20 (Inishkea)

LO 16/20 is located in the Slyne Basin adjacent to the producing Corrib gas field. Unlike licences in the South Porcupine Basin, LO 16/20 is very much exploration in a proven basin comprised of Triassic sandstone reservoirs in tilted fault block structures, with gas generated from Carboniferous source rocks. In 2010, Shell drilled the 18/20-7 exploration well into the Corrib North structure on LO 16/20, 7 km from the Corrib gas field. Recently released well data has revealed that the well encountered a 70m gas column in the same Triassic sandstone reservoir as the Corrib field. As drilling was terminated in the reservoir, Europa believes the full gas column could be up to 170m and the surface area of the structure could extend to 5.75 km2. The presence of a gas reservoir substantially de-risks not just Corrib North but other prospects on the licence.

Based on the interpretation of historic 3D and 2D seismic, Europa has to date identified 2.54 tcf GIIP in six prospects and leads in the Triassic Gas hydrocarbon play on LO 16/20 (see table):

Prospect	GIIP (tcf)
Corrib North discovery	0.04
Inishkea	1.10
Inishkea NW	1.09
Inishkea W	0.21
Corrib NW	0.03
Bofin lead	0.07
Total	2.54

The over 2 tcf of prospective GIIP on LO 16/20 is likely to result in significant prospective resources assuming the 80% recovery factor achieved at Corrib is appropriate. The Inishkea prospects are in relatively shallow water in a proven gas play some 18 km from the Corrib gas field and associated infrastructure connecting it to the 350 million cubic feet of gas per day Bellanaboy gas processing plant. The Corrib field production is currently in decline and spare capacity may become available in the Corrib gas infrastructure well before any LO 16/20 discovery would be developed. LO 16/20 offers low risk, high impact exploration prospects that can be potentially fast tracked to commercialisation. As a result, during the year under review the Inishkea prospects were upgraded by the Group to flagship status.

The objective is to be able to drill a well on LO 16/20 in 2019. To get to this point, various work streams are being run concurrently to upgrade the prospects to drill ready status, oversee well planning, find a rig and secure funding partners. PSDM reprocessing of the existing 3D seismic is being undertaken to upgrade the quality of the data, deliver a new prospect inventory and de-risk the prospects. Reprocessing started in March 2018 and remains on course to be completed on schedule and on budget in Q4 2018. At this point and subject to the results, a drill location for an Inishkea exploration well will be identified and we anticipate adding further drill ready prospects to the six already identified in the South Porcupine. OPC, a specialist subsurface and production engineering group, has been engaged for porosity and permeability modelling, development scenarios and costings.

Given these circumstances, the Company is confident its dual focused strategy to fund an Inishkea exploration well will be successful either by securing industry partners via a conventional farmout or financial partners investing directly into the Company’s wholly owned subsidiary Europa Oil & Gas (Inishkea) Limited.

South Porcupine Basin: FELs 1/17, 2/13 and 3/13

Europa holds four licences in the South Porcupine Basin. These include three operated licences, FELs 1/17, 2/13 and 3/13, which are estimated to hold gross mean un-risked prospective resources of 4.3 billion barrels of oil equivalent (boe) across our top nine prospects, including firm drilling targets Edgeworth in FEL 1/17, Wilde in 3/13 and Kiely East in 2/13. The above volumetrics are utilise prospect mapping based on the 2017 and 2018 reprocessed PSDM 3D seismic data originally acquired in 2013. This has resulted in a marked improvement in seismic quality and a substantial de-risking of the prospect inventory. The table below summarises the GMUPR across selected prospects in FELs 1/17, 2/13 and 3/13 in the South Porcupine Basin:

			Gross Un-risked Prospective Resources mmboe*			
Licence	Prospect	Play	Low	Best	High	Mean
FEL 1/17	Ervine	Pre-rift	63	159	363	192
FEL 1/17	Edgeworth	Pre-rift	49	156	476	225
FEL 1/17	Egerton	Syn-rift	59	148	301	167
FEL 3/13	Beckett	mid-Cretaceous Fan	111	758	4229	1719
FEL 3/13	Shaw+	mid-Cretaceous Fan	20	196	1726	747
FEL 3/13	Wilde	Early Cretaceous Fan	45	241	1082	462
FEL 2/13	Kiely East +	Pre-rift	52	187	612	280
FEL 2/13	Kiely West +	Pre-rift	23	123	534	225

FEL 2/13	Kilroy+	Cret. Slope Apron	37	177	734	312

Total	4,329

*million barrels of oil equivalent. The hydrocarbon system is considered an oil play and mmboe is used to take account of associated gas. However, due to the significant uncertainties in the available geological information, there is a possibility of gas charge.
+prospect extends outside licence, volumes are on-licence

The new PSDM datasets for FEL 3/13, FEL 1/17 and FEL 2/13 from reprocessing completed in October 2017 and May 2018 has not only resulted in changes to the respective prospect volumes but, by significantly improving the accuracy of the maps, have substantially increased the company's confidence in the numbers. For example, the reprocessed data provided new insights into the Cretaceous fan prospects including the best evidence yet of hydrocarbons including updip pinchout, a gas-oil contact and conformance to structure.

The completion of the PSDM programme and new prospect inventory acted as the trigger for the opening of a virtual data room for prospective farminees to our three South Porcupine licences. Despite only launching in July 2018, the company has been highly encouraged by the numbers of companies who have already entered or are seeking access to both the physical and virtual data rooms.

The 2019 Nexen well in FEL 3/18 will drill the Iolar prospect. We understand that this is a pre-rift play. Europa has five pre-rift prospects in FEL 2/13 and FEL 1/17 with combined GMUPR of just over 1 billion boe. If Iolar is successful there may be positive technical and commercial read across resulting in a de-risking of Europa's prospects.

South Porcupine Basin: LO 16/19
Europa holds a 30% interest in the Cairn-operated LO 16/19 on the west side of the South Porcupine. 3D seismic was acquired in mid-2017 and delivery of a final processed product is expected in Q4 2018 leading to a prospect inventory in 2019. Following the farm-out in April 2017, Europa is carried on this work programme by Cairn Energy up to a cap of US$6 million.

Padraig Basin: LO 16/22
LO16/22 is located in the Padraig Basin on the eastern margin of the Rockall Trough. The most relevant analogue for Padraig, which is a remnant Jurassic basin, is the conjugate margin play offshore Newfoundland in the Flemish Pass basin and which hosts the 300 million barrel Bay du Nord oil discovery made in 2013. While the South Porcupine Basin is also a possible analogue for the Flemish Pass basin, Europa's restoration of the conjugate margin prior to the spreading of the Atlantic seafloor suggests Padraig could be a better fit. Recent geochemical studies on light oil recovered from seabed cores show the presence of the bisnorhopane biomarker and indicates an affinity with Late Jurassic sourced oil similar to the Dooish discovery in Rockall and West of Shetland oil fields.

Structures of significant size have been mapped on 2D seismic acquired in 1998, along with multiple leads in both pre-rift and syn-rift hydrocarbon plays in water depths ranging from 800m to 2,000m. Gross mean un-risked indicative resources are estimated to be approximately 500 million boe. Work is underway to mature the leads to prospect status using historic 2D seismic and building on the high-quality technical work previously conducted by major oil companies.

Slyne Basin: LO 16/21
Following completion of the agreed work programme, including a full technical assessment, Europa concluded that the prospectivity of LO 16/21 was limited. Europa believes that the licence would compete poorly with other prospects in Atlantic Ireland and be unlikely to attract drilling funds in the short to medium term. On that basis, we decided to relinquish the licence. Relinquishment became effective 30 June 2018. Accumulated expenditure of £97,000 was written off in the period.

UK - Onshore Production

East Midlands: West Firsby; Crosby Warren; Whisby-4
Europa produces from three oilfields in the East Midlands: West Firsby (100% working interest); Crosby Warren (100% working interest); and the Whisby-4 well (65% non-operated interest). During the twelve months to 31 July 2018, 94 boepd were recovered from the three fields (2017: 113 boepd) with all the oil transported by road to the Immingham refinery. In terms of UK onshore oil production (excluding gas) Europa ranks third behind the Wytch Farm Group and IGas.

At current oil prices the company's existing production covers our operating overhead. Initiatives are underway to increase production at the existing operated oil fields at Crosby Warren and West Firsby. This work is expected to be completed in the fourth quarter of 2018.

UK - Development

East Midlands: PEDL180 (Wressle); PEDL182 (Broughton North)
The Wressle oil discovery is located on PEDL180 which lies on the same structural trend as, and 5km southeast of, Europa's producing Crosby Warren field. The Wressle-1 conventional exploration well was drilled in August 2014 and production testing in 2015 delivered a combined flowrate of 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. The Broughton North exploration prospect on PEDL182 lies adjacent and north of PEDL180. In 1984, a well drilled by BP discovered oil at Broughton.

A CPR undertaken in 2016 by ERCE assigned gross 2P reserves of 0.65 million boe to the Wressle structure in the Ashover and Wingfield Flags and gross 2C contingent resources of 1.86 million boe in the Penistone Flags. The CPR also assigned gross mean un-risked prospective resources of 0.6 million boe and a geological chance of success of 50% to Broughton North.

In January 2018 the Planning Inspectorate rejected an appeal by the partnership against North Lincolnshire Council Planning Committee's decision to refuse planning permission for the Wressle oil development. A new planning application for the Wressle oil field development was submitted in July 2018 by the operator Egdon Resources. This is currently being processed by North Lincolnshire Council's planning officers ahead of their recommendation being made to the Council's Planning Committee, expected later in 2018. A separate application to extend planning consent at the Wressle site to 1 August 2019 was also submitted but, despite being recommended for approval by the Council's planning officers, was refused by the Planning Committee in August 2018. The partners have submitted an appeal against this refusal to the Planning Inspectorate.

We have considered the possible impairment of the PEDL180 asset in the light of the planning decisions. The Council's professional planning officers have consistently recommended the development for approval and we continue to believe that the case for a development of the Wressle discovery is strong and the partnership is committed to bringing the field into production.

Europa holds a 30% working interest in PEDLs 180 and 182. On 24 November 2016, Europa agreed the sale of a 10% interest in the two licences to Upland Resources. Completion of the sale was subject to planning and Field Development Plan ("FDP") approvals. Following the decision by the Planning Inspector in January 2018 to reject the appeals by the operator Egdon against the two planning refusals by North Lincolnshire County Council's Planning Committee, Upland elected to withdraw from the sale agreement and Europa has repaid the £160,000 deposit to Upland in the period.

UK – Exploration

Weald Basin: PEDL143 (Holmwood)

Europa holds a 20% interest in and is the operator of PEDL143, which lies in the Weald Basin, Surrey, 8km to the East of the Horse Hill discovery. PEDL143 contains the Holmwood conventional oil prospect which was assigned gross mean prospective resources of 5.6 million boe.

In September 2015 planning permission was granted to drill a temporary exploratory borehole from the Bury Hill Wood site to a depth of 1,400m. In July 2018, the Environment Agency granted a permit to allow the drilling and testing of a single well for the purposes of oil and gas exploration. The initial term of PEDL143 was extended by the Oil and Gas Authority to 30 September 2020.

Post period end, the Secretary of State for the Environment, Food and Rural Affairs, refused an application to extend the site lease and acting on behalf of the partnership, Europa withdrew its application to extend planning permission to drill the Holmwood exploration well from the Bury Hill Wood site. The partnership has since re-instated the site. The remaining prospectivity of PEDL143 will now be considered which, in addition to the established Portland sandstone reservoirs, includes the Kimmeridge Limestone, an emerging play in the Weald Basin. As evidence of possible impairment existed prior to the reporting date, we have written down the value of the intangible asset being largely the investment to date in obtaining planning permission to drill from the Bury Hill Wood site, a charge to income of £1,145,000.

East Midlands: PEDL299 (Hardstoft)
PEDL299 contains the Hardstoft oil field which was discovered in 1919 by the UK's first ever exploration well. Hardstoft produced 26,000 barrels of oil from Carboniferous limestone reservoirs in the 1920s. We believe there is more oil in the Hardstoft structure and 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 joint venture partner Upland Resources. We believe that application of modern production testing and drilling methodologies could well lead to commercial oil flowrates being achieved. Europa's interest in PEDL299, which is restricted to the conventional prospectivity including Hardstoft, is 25%, alongside Upland 25% and INEOS, the operator, 50%.

Cleveland Basin: PEDL343 (Cloughton)
PEDL343 contains the Cloughton gas discovery, which was successfully drilled by Bow Valley in 1986 and flowed a small amount of gas to surface on production test from conventional 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. Europa holds a 35% interest in PEDL343 alongside Arenite 15%, Third Energy 20% (operator), Egdon Resources 17.5% and Petrichor Energy 12.5%.

Southern North Sea: Block 41/24
In December 2017, Europa announced the sale of its 50% interest in Promote Licence P2304 (UKCS Block 41/24) to Egdon along with joint venture partner Arenite Petroleum Limited ("Arenite") which also sold its 50% interest to Egdon as part of the same transaction. P2304 is located to the immediate south of Egdon's 100% owned licence P1929 (UKCS Blocks 41/18 and 41/19) offshore North Yorkshire. £46,000 spent on the licence was written off in the period.

East Midlands: PEDL181
PEDL181 provides exposure to the hydrocarbon potential of the Humber basin. The licence 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
In the period, Europa has considered potential new venture opportunities in seven countries outside of Ireland and the UK. These range from greenfield exploration to brownfield re-development projects in North Africa, Western Europe, and Central Europe. Only those opportunities which stand up to robust technical and commercial scrutiny and which meet the Company's strict investment criteria, particularly in terms of cost, strategic fit, political, security and regulatory risk,

and have clearly defined paths to value creation are being pursued. We continue to screen possible new ventures in areas which fit well with Europa's strategy and technical skillset.

Non-financial KPIs
There were no reportable accidents or incidents in the year (2017: zero). The Environment Agency completed the repermitting of the Crosby Warren and West Firsby sites in the year.

There were no new licence awards in the year (2017: zero).

Financials
Revenue was £1.6 million (2017: £1.6 million). An improving oil price offset the decline in production and unfavourable exchange rates during the period. The average oil price achieved was US$64.5/bbl (2017: US$48.9/bbl) and the average Sterling exchange rate was US$1.35 (2017: US$1.27). An average of 94 boepd (2017: 113 boepd) was recovered from our three UK onshore fields, down as a result of natural decline and the loss of around 10 boepd from the West Firsby 6 well. Work aimed at restoring production from West Firsby 6 is ongoing.

Stringent cost controls continue to be implemented. Cost of sales was £1,365,000 (2017: £1,459,000).

Administrative expenses of £967,000 (2017: £553,000) included £151,000 spent on projects and £229,000 on new licence evaluations. In January 2018 salaries of head office staff were restored to their 2016 levels.

Net cash spent on operating activities was £479,000 (2017: cash spent £255,000).

Purchase of intangible fixed assets of £1.3 million (2017: £1.5 million) was largely spent advancing the Irish portfolio and on Holmwood. The Holmwood intangible asset was subsequently largely written off. As a result of the delay in receipt of planning consent for the Wressle development, £160,000 was repaid to Upland Resources.

A deferred tax asset in respect of accumulated tax losses of the Group was de-recognised in the period, to the extent that it exceeded the deferred tax liability, as the timing of utilisation of those losses is uncertain. That resulted in a £0.7 million charge to the income statement.

The Group's cash balance at 31 July 2018 was £1.8 million (31 July 2017: £3.6 million).

Conclusion and Outlook
The team's confidence in the Company's Atlantic Ireland licences has never been stronger. The results of the technical work on our three operated licences in the South Porcupine are eye-catching and have already attracted the target blue-chip audience to the recently opened data rooms. Ongoing work in the proven Triassic gas play in the Slyne Basin meanwhile has encouraged us to commence well planning so that we are able to drill a well in 2019. With 2.5 tcf GIIP, a well on LO 16/20 would target substantial commercial volumes of gas. At a time when the decline of the nearby Corrib field is expected to gather pace, a discovery on LO 16/20 could become a major part of Ireland's energy supply. Together with access to existing infrastructure and a strong gas price outlook, the Inishkea project is worthy of flagship status.

Nexen's upcoming well in FEL 3/18 is anticipated to herald a new wave of drilling activity in Atlantic Ireland. We are working hard to ensure Europa does not merely watch from the sidelines in the knowledge that our industry leading licence position, which provides us with exposure to all the various plays being targeted, will benefit from any success in the region. Europa has played a pioneering role in Atlantic Ireland exploration and we intend to continue doing so by being directly involved in the next phase of activity, either by drilling wells as an operator or as a partner alongside major industry players.

HGD Mackay

Chief Executive Officer

The financial information set out below does not constitute the company's statutory accounts for 2018 or 2017. 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 2018. Statutory accounts for the years ended 31 July 2018 and 31 July 2017 have been reported on by the Independent Auditors.

The Independent Auditors' Report on the Annual Report and Financial Statements for 2018 and 2017 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 2017 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 July 2018 will be delivered to the Registrar in due course.

Consolidated statement of comprehensive income

For the year ended 31 July	note	2018	2017
		£000	£000
Revenue		1,634	1,569
Cost of sales		(1,365)	(1,459)
Impairment of producing fields	2	(142)	-
Exploration write-off	1	(1,289)	-
Total cost of sales		(2,796)	(1,459)
		---------	---------
Gross (loss)/profit		(1,162)	110
Administrative expenses		(967)	(553)
Finance income		10	2
Finance expense		(171)	(234)
		---------	---------
Loss before taxation		(2,290)	(675)
Taxation (charge)/credit		(341)	184
		---------	---------
Total comprehensive loss for the year attributable to the equity shareholders of the parent			
		(2,631)	(491)
Earnings per share (EPS) attributable to the equity shareholders of the parent			
		Pence per share	Pence per share
Basic and diluted EPS		(0.87)p	(0.19)p

Consolidated statement of financial position

As at 31 July	Note	2018	2017
		£000	£000
Assets			
Non-current assets			
Intangible assets	1	5,959	5,276
Property, plant and equipment	2	668	882
Deferred tax asset		-	341
Total non-current assets		6,627	6,499
Current assets			
Inventories		20	14
Trade and other receivables		471	886
Cash and cash equivalents		1,771	3,591
		2,262	4,491
Total assets		8,889	10,990
Liabilities			
Current liabilities			
Trade and other payables		(1,299)	(945)
Total current liabilities		(1,299)	(945)
Non-current liabilities			
Long-term provisions		(2,735)	(2,570)
Total non-current liabilities		(2,735)	(2,570)
		-----------	-----------
Total liabilities		(4,034)	(3,515)
		-----------	-----------
Net assets		4,855	7,475
Capital and reserves attributable to equity holders of the parent			
Share capital		3,014	3,014
Share premium		18,481	18,481
Merger reserve		2,868	2,868
Retained deficit		(19,508)	(16,888)
		-----------	-----------
Total equity		4,855	7,475

These financial statements were approved by the Board of Directors and authorised for issue on 16 October 2018 and signed on its behalf by:

P 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 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

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2017	3,014	18,481	2,868	(16,888)	7,475
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(2,631)	(2,631)
Total comprehensive loss for the year	-	-	-	(2,631)	(2,631)
Contributions by and distributions to owners					
Share based payment	-	-	-	11	11
Total contributions by and distributions to owners	-	-	-	11	11
Balance at 31 July 2018	3,014	18,481	2,868	(19,508)	4,855

Consolidated statement of cash flows

For the year ended 31 July	Note	2018 £000	2017 £000
Cash flows used in operating activities			
Loss after tax from continuing operations		(2,631)	(491)
Adjustments for:			
Share based payments		11	116
Depreciation	2	72	184
Impairment of producing field	2	142	-
Exploration write-off	1	1,289	-
Finance income		(10)	(2)
Finance expense		171	234
Taxation charge/(credit)		341	(184)
Decrease/(increase) in trade and other receivables		69	(108)
(Increase)/decrease in inventories		(6)	9
Increase/(decrease) in trade and other payables		73	(13)
Net cash used in operations		(479)	(255)
Income taxes paid		-	(144)
Net cash used in operating activities		(479)	(399)
Cash flows used in investing activities			
Purchase of property, plant and equipment		-	(6)
Purchase of intangible assets		(1,336)	(1,491)
Sale of part interest in licence		-	600
Interest received		10	2
Net cash used in investing activities		(1,326)	(895)
Cash flows (used in)/from financing activities			
Proceeds from issue of share capital (net of issue costs)		-	3,145
(Decrease)/increase in payables relating to share capital issue costs		(16)	16
Option based equity movement on share issue		-	23
Finance costs		(3)	(3)
Net cash (used in)/from financing activities		(19)	3,181
Net (decrease)/increase in cash and cash equivalents		(1,824)	1,887
Exchange gain/(loss) on cash and cash equivalents		4	(14)
Cash and cash equivalents at beginning of year		3,591	1,718
Cash and cash equivalents at end of year		1,771	3,591

Notes to the financial statements

1. Intangible assets

Intangible assets	2018	2017
	£000	£000
At 1 August	5,276	4,453
Additions	1,972	1,423
Sale of 3.34% interest in PEDL180 and PEDL182	-	(600)
Exploration write-off	(1,289)	-
At 31 July	5,959	5,276

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

	2018	2017
	£000	£000
Ireland FEL 2/13 (Doyle A, B, C, Kilroy, Keane & Kiely)	799	340
Ireland FEL 3/13 (Beckett, Wilde, Shaw)	1,093	725
Ireland FEL 1/17	453	224
Ireland LO 16/19	71	61
Ireland LO 16/20	454	206
Ireland LO 16/21	-	38
Ireland LO 16/22	125	48
UK PEDL143 (Holmwood)	10	901
UK PEDL180 (Wressle)	2,745	2,527
UK PEDL181	95	60
UK PEDL182 (Broughton North)	26	24
UK PEDL299 (Hardstoft)	12	12
UK PEDL343 (Cloughton)	76	69
UK Block 41/24	-	41
Total	5,959	5,276

Exploration write-off		
UK PEDL143 (Holmwood)	1,145	-
Ireland LO 16/21	97	-
UK Block 41/24	47	-
Total	1,289	-

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.

In 2018 the interest and accumulated expenditure in respect of FEL 1/17 was transferred to the subsidiary company Europa Oil & Gas (Ireland East) Limited and LO16/20 was transferred to Europa Oil & Gas (Inishkea) Limited.
LO 16/21 was relinquished due to a lack of commercial prospects and the £97,000 spent to date was written off.

2. Property, plant & equipment

	Furniture & computers £000	Producing fields £000	Total £000
Cost			
At 1 August 2016	51	10,785	10,836
Additions	1	5	6
At 31 July 2017	52	10,790	10,842
Additions	-	-	-
At 31 July 2018	52	10,790	10,842
Depreciation, depletion and impairment			
At 1 August 2016	47	9,729	9,776
Charge for year	2	182	184
At 31 July 2017	49	9,911	9,960
Charge for year	2	70	72
Impairment in year	-	142	142
At 31 July 2018	51	10,123	10,174
Net Book Value			
At 31 July 2016	4	1,056	1,060
At 31 July 2017	3	879	882
At 31 July 2018	1	667	668

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 the Group's three 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 7.5-11%, Brent crude prices rising from US$72 per barrel in 2019 to US$77 per barrel in 2022 and a pre-tax discount rate of 19%. The pre-tax discount rate is derived from a post-tax rate of 10% and is high because of the applicable rates 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 an impairment in the year of £142,000 relating to the West Firsby site (2017: no impairment

*** * ENDS * ***

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

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