

13 October 2020

Europa Oil & Gas (Holdings) plc ('Europa' or 'the Company')
Final Results for the year to 31 July 2020

Europa Oil & Gas (Holdings) plc, the AIM traded Ireland, Morocco and UK focused oil and gas exploration, development and production company, announces its final results for the 12 month period ended 31 July 2020.

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 2020 to those shareholders who have requested a paper copy.

Operational highlights

Onshore UK – production on course to more than double to over 200bopd

- Wressle Development granted planning consent on appeal
- First oil at Wressle set to commence at an estimated gross rate of 500bopd late 2020
- Estimated break-even oil price (excluding Europa's corporate overheads) of US\$17.6 per barrel for Wressle, well below current oil prices
- 92boepd produced from Europa's three existing UK onshore fields during the year – matches FY 2019 performance

Offshore Ireland - portfolio refocused on proven gas play in the Slyne Basin

- Acquisition of a 100% interest in Frontier Exploration Licence ('FEL') 3/19, offshore Ireland, from DNO (pending regulatory approval)
 - Located close to the ~1tcf producing Corrib gas field in the Slyne basin and the 1.5 tcf Inishkea prospect on Europa's 100%-owned FEL 4/19
 - Includes the 1.2 tcf Edge prospect
- Applications submitted for the relinquishment of four licences offshore Ireland where primary prospectivity is oil - LO16/19, LO16/22, FEL2/13 and FEL3/13
- Total non-cash write-off of £4.0 million
- Forward plan to include FEL 3/19 in a relaunch of the farmout of its strategic position in the Slyne Basin

Offshore Morocco - awarded 11,228 square km Inezgane licence in the Agadir Basin

- Area equivalent to about 50 UKCS North Sea blocks
- 14 prospects and 16 leads with the potential to hold in aggregate close to 10 billion barrels of unrisked oil resources mapped in the Lower Cretaceous fan sand play, a prolific producer in West Africa
- The 14 prospects each have mean resources in excess of 150 mmboe which add up to total resources in excess of 5 billion barrels of oil equivalent
- The 827 mmboe Falcon and 204 mmboe Turtle prospects have been assigned a geological chance of success of 20-35% by Europa
- Licence attracting interest from a number of operators looking to farm-in
- Shell, ENI, Repsol, Hunt, Chariot, SDX, Sound, Schlumberger and Genel are currently active in the area

COVID-19

- At the reporting date of 31 July 2020 there was minimal impact from Covid-19 on operations
- Operations have continued at the three production sites
- Brent crude price fell dramatically (with Russia and Saudi Arabia increasing production as the scale of the pandemic became apparent) but recovered somewhat by period-end
- Directors, London based staff and consultants have been working from home since March 2020, and agreed a temporary salary/rate cut of 20% since 1 April 2020
- Given the success of home working, the Company has given notice to terminate the London office lease from December 2020, which will further cut costs

Financial performance

- Revenue £1.2 million (2019: £1.7 million)
- Pre-tax loss before exploration write-off / write-back £1.2 million (2019: £0.9 million)
- Pre-tax loss of £5.4 million including write-offs taken following relinquishment of Irish licences (see post period reporting events below) (2019: pre-tax loss £0.7 million)
- Net cash used in operating activities £0.8 million (2019: £0.7 million)

- Cash balance: £0.8 million (31 July 2019: £2.9 million)

Board

- Hugh Mackay stepped down as CEO, Simon Oddie was appointed as Interim CEO and Executive Chairman
- Appointment of Stephen Williams as independent Non-Executive director, replacing Roderick Corrie

Post reporting period events

- Commencement of site works at Wressle Oil Field
- Appointment of Simon Oddie as CEO on a permanent basis
- Senior Independent non-executive Director Mr Brian O'Cathain appointed non-executive Chairman
- Since 1 August 2020 the Board increased the reduction in their salary and fees to 50%

Simon Oddie, CEO of Europa, said: “The award of the Inezgane permit offshore Morocco, the granting of planning consent for the Wressle Oil Field, the refocus of the Offshore Ireland portfolio onto the proven gas play of the Slyne Basin following the acquisition of FEL3/19 and the 1.2 tcf Edge prospect – much progress has been made during the year under review. While the ongoing pandemic and volatility in oil and gas prices may impact exact timings of planned activity, we are confident that the momentum behind our various projects will continue to build in the year ahead.

“In Morocco, work carried out to date has seen our team map up to 30 prospects and leads which we believe, in aggregate, have the potential to hold close to 10 billion barrels of unrisked oil resources. The size of 50 blocks in the UK North Sea, our Inezgane licence had already attracted the attention of existing operators in the area and, while there is more work to be done to de-risk the prospectivity further, we are growing more and more confident that this attention is set to increase as we build a prospect inventory ahead of the launch of a farm-out. Onshore UK, the Wressle Oil Field remains on track to be brought online at an initial gross rate estimated at 500bopd in late 2020 following the commencement of site works in the summer. At this rate and with a c.\$18 per barrel breakeven oil price, Wressle will more than double Europa’s production to over 200bopd and in the process transform the Company’s financial profile. Offshore Ireland, once the acquisition of FEL 3/19 has been completed, Europa will own 100% of the most material gas prospects that lie in the same play as Corrib, Ireland’s biggest producing gas field. We will soon look to launch the farmout of what we view as an unrivalled strategic position in offshore Ireland’s only gas producing basin.

“Our objective is to expose our shareholders to significant value creating opportunities while minimising risk. Our UK production, which is set to dramatically increase once Wressle comes online, provides us with a low risk cash flow generative platform. Our offshore Ireland and offshore Morocco assets, which hold company-making volumetrics, provide us with multiple opportunities to generate significant value. We also intend to resume our efforts to add a third leg to our business by securing a late stage appraisal project, once market conditions improve. Our confidence in Europa’s assets and team remains as high as ever and with this in mind, I look forward to providing further updates on our progress in the year ahead.”

Chairman's statement

COVID-19, lockdowns, volatile energy markets - the world is a different place to what it was 12 months ago. Award of the large Inezgane permit offshore Morocco, the pivot to gas offshore Ireland, the granting of planning permission for the development of the Wressle oil field in North Lincolnshire – Europa is a different junior oil and gas company to what it was 12 months ago. Today, Europa’s portfolio of multistage licences is exposed to three jurisdictions: onshore UK, offshore Ireland, and offshore Morocco. Our strategic position offshore Ireland is now centred around the proven gas play of the Slyne basin and includes 100% interests in two prospects with the potential to hold 2.7tcf of gas, the most material prospects that lie in the same play as the nearby producing Corrib field.

The above is in line with our objective to expose shareholders to potentially value creating events while minimising risk. We intend to achieve this by building a production-based, cash flow generative platform in the UK which covers both our low cost base as well as exploration activity focused on de-risking prospects to the point at which partners can be secured to drill high impact wells. While the ongoing pandemic and measures taken to combat it may affect timings, work streams in line with our corporate objective are underway in all three of our licence areas. As a result, I am confident that in 12 months’ time, Europa will once again be a different junior oil and gas company to the one it is today, one which has a financial profile that has been transformed by the commencement of production at Wressle and one that has a prospect inventory comprised of multiple company-making targets located in not just one but two jurisdictions.

Onshore UK

Europa produces oil from three fields in the East Midlands. Due to the natural decline of the fields, net production has been on a downward trajectory for a number of years. Thanks to our active management programme, production during the 12 months to 31 July 2020 averaged 92boepd, a rate slightly up on the previous year's. This is a highly creditable outcome and one which is testament to our excellent operations and technical teams.

Active management of old fields can only go so far. To achieve a step-change in production, new fields need to be brought online. Following the granting of planning consent in January 2020, the Wressle Development Project on licences PEDL180 & 182 in North Lincolnshire, is one such new field which is expected to lead to a step-change in Europa's net production. Work is currently underway at the site to bring Wressle into production at an initial gross rate estimated at 500bopd in late 2020. At this rate, Wressle will more than double Europa's existing UK onshore production to over 200bopd. Moreover, production at Wressle is expected to be highly geared to oil price recovery: a stress testing exercise of the economic model demonstrated that, with an estimated break-even oil price of US\$17.6 per barrel excluding Europa's corporate overheads, the development plan for the field is economically robust at today's oil prices.

While the focus is very much on bringing Wressle online, there are a number of low cost/low risk follow-up opportunities on PEDLs 180 & 182. During testing at Wressle, a total of 710 barrels of oil equivalent per day were recovered from three separate reservoirs: the Ashover Grit; the Wingfield Flags; and the Penistone Flags. Producing reserves in the Penistone Flags at Wressle is one area of development which we, along with our partners, expect to pursue in the future. PEDL 180 also holds Broughton North, a prospect adjacent to an historic discovery which was assigned gross mean un-risked prospective resources of 0.6 million boe and a geological chance of success of ~50% in a CPR. Wressle therefore does not just represent a one-off scaling up of our production profile, but opens up a series of potential step-ups going forward.

However, in the absence of incremental production from Wressle in 2020, additional funding for the Company would be required, either via the issuance of new shares, the addition of a layer of debt funding or the sale of assets. If additional funding were not able to be secured on satisfactory terms, there is a risk that commitments could not be fulfilled, or that assets may be relinquished.

Offshore Ireland

Even before the Irish Government took the decision in September 2019 to phase out oil but not gas exploration, our flagship project offshore Ireland was the 1.5 tcf Inishkea gas prospect in Frontier Exploration Licence ('FEL') 4/19. Located in the proven gas play of the Slyne Basin and close to the producing Corrib field and associated processing facilities, we have long viewed Inishkea as lower risk infrastructure-led exploration compared to the higher risk unproven plays being targeted elsewhere in the Irish Atlantic Margin. When the opportunity arose to effectively double up our position in the Slyne for a nominal sum by acquiring a 100% interest in FEL 3/19, which holds the 1.2 tcf Edge prospect, we acted swiftly.

Following the acquisition, which is subject to regulatory sign-off, Europa will hold 100% interests in the only two tcf+ prospects which lie in the same gas play that has yielded the Corrib field. Corrib plays an important role in satisfying Ireland's energy needs, but the field is in decline. This represents a major opportunity for Europa. With the Corrib gas field already in decline, nearby existing processing facilities are likely to have spare capacity in the future, which would potentially have positive implications for development costs. With gas being viewed by the Irish Government as a key transition fuel as the economy moves towards net zero emissions, the acquisition will give Europa an unrivalled strategic position, one which has the potential to hold gross unrisked prospective resources of 2.7 tcf. With the above in mind, our intention is to relaunch the farm-out of our revamped position in the Slyne Basin once the acquisition of FEL 3/19 has received regulatory sign-off.

The flip side of the rebalance of our Irish portfolio towards gas is the streamlining of the Company's exposure to oil plays in the Irish Atlantic Margin. In line with this we have elected to relinquish all exploration licences offshore Ireland which were targeted on oil rather than gas.

Offshore Morocco

The Inezgane block, which lies offshore Morocco, is at an earlier stage of development when compared to Europa's UK and Irish positions having only been awarded the licence in September 2019. This has not however prevented significant progress being made during the period in terms of building a prospect inventory. In July 2020, we announced that technical work centred around reprocessing and interpreting historic 3D seismic data had resulted in the mapping of 14 prospects and 16 leads in the Lower Cretaceous play, a prolific producer elsewhere in West Africa. In aggregate these 30 targets have the potential to hold close to 10 billion barrels of unrisked oil resources. Two of the targets, the 827 mmboe Falcon and 204 mmboe Turtle prospects, have been assigned a geological chance of success of 20-35% by Europa.

Work is underway to further de-risk the targets ahead of launching a farm-out to secure partner(s) to drill wells. Europa continues to maintain dialogue with potential partners, a number of whom expressed an interest in Inezgane at the time of the award.

Board Changes

Europa's asset base is not the only area of the business to undergo major change since last year's Annual Report. The Board too has seen a change in personnel culminating in my appointment in August 2020 as non-executive Chairman of the Company, replacing Simon Oddie who took on the role of Chief Executive Officer on a permanent basis. Simon had temporarily assumed this role in November 2019 following the departure of long-serving CEO Hugh Mackay. These were not the only changes to the Board during the year. In March 2020, we announced that Roderick Corrie had decided to step down from his position as non-executive Director after 12 years, and in July 2020 Finance Director Phil Greenhalgh informed the Board of his intention to retire having held this role since January 2008. Stephen Williams, Co-CEO of Reabold Resources plc (AIM: RBD), has been appointed to the Board as an independent non-executive Director. Stephen has also agreed to take on the role of Chairman of the Audit committee, and Senior Independent Director. Following Phil's departure, the responsibilities of the Finance Director will for now be divided and assigned to existing members of the Europa team.

Conclusions

This is my first Chairman's Statement for Europa. Having previously held the position of senior non-executive Director of the Company, I was of course already very familiar with Europa: with its focus on exposing shareholders to value creating events while minimising risk; with its asset base which combines stable production and high impact exploration; with its team, which has done much to increase the industry's understanding of Ireland's various basins and plays.

With Wressle on course to commence production by the end of the year, the rebalancing of our Irish portfolio to gas, and the excellent results of ongoing technical work offshore Morocco, I believe I have stepped up to the role of Chairman at an exciting time in Europa's development, albeit one that is set against a backdrop dominated by COVID-19, an unprecedented decline in global demand for oil and gas, and consequently low commodity prices. However, we know that this business is cyclical, and remain confident that demand and pricing will recover. The wellbeing of all those involved with Europa is of paramount importance to the Board and as we advance our various workstreams we will at all times adhere to the prevailing government advice and guidance.

Finally, on behalf of the Board I would like to thank the management, employees and consultants for their hard work during what has been and continues to be an unprecedented period for everyone. I look forward to continuing working with the team in the year ahead as we look to advance all our assets and at the same time seek to add a late stage appraisal venture to our portfolio so that Europa has exposure to all stages of the oil and gas cycle.

Mr Brian O'Cathain (non-executive Chairman)

Operations

Operational review

UK Production - East Midlands

Europa produces oil from three UK onshore fields: West Firsby; Crosby Warren; Whisby-4. During the financial year ended 31 July 2020, an average of 92boepd were recovered from the three fields. This is a similar performance to the previous 12 month period and is testament to the Company's ongoing active management of the three fields which is focused on maximising production.

A 1% interest in the West Firsby licence was assigned to FourTrees Energy Limited following the successful workover of the WF6 well.

UK Development – Wressle Oil Field

Planning consent for the development of Wressle in North Lincolnshire, which lies on licences PEDL180 & 182 ("the Licences"), was granted on 17 January 2020. Under the development plan, Wressle is expected to commence production at an initial gross rate of 500bopd from the Ashover Grit formation. As well as more than doubling Europa's existing UK onshore production to over 200bopd, oil recovered from Wressle is expected to be highly profitable. In March 2020, the Company announced the results of a stress testing exercise of the economic model undertaken by the operator Egdon Resources in light of the current low oil price environment. The results demonstrate that, with an estimated break-even oil price of US\$17.6 per barrel (excluding Europa's corporate overheads), the development plan for the field is economically robust at today's oil price levels.

Wressle is expected to be brought online late 2020. Work at the site is underway in line with the development plan which is comprised of a number of key stages. These along with work carried out to date are listed below:

- Key planning conditions have been discharged, detailed design tendering is underway and all HSE documentation and procedures are progressing in line with expectations

- Four groundwater boreholes have been installed and two rounds of sampling and analysis undertaken to date
- Reconfiguration of the site - Site works are underway
- Installation and commissioning of surface facilities
- Sub-surface operations
- Commencement of production

The civil works contractor has commenced works to reconfigure the Wressle production area. Works being undertaken include the installation of a new High Density Polyethylene impermeable membrane; a French drain system; an approved surface water interceptor; the construction of a purpose-built bund area for storage tanks; a tanker loading plinth; and an internal roadway system.

Europa holds a 30% working interest in the Licences alongside Egdon Resources (operator, 30%), and Union Jack Oil (40%). The Wressle Oil Field was discovered by the Wressle-1 well in 2014. During testing, a total of 710 barrels of oil equivalent per day were recovered from three separate reservoirs: the Ashover Grit; the Wingfield Flags; and the Penistone Flags. In September 2016, a Competent Person's Report provided independent estimates of reserves and contingent and prospective oil and gas resources for the Wressle discovery of 2.15 million stock tank barrels classified as discovered (2P+2C). There is additional development potential on the Licences including Broughton North, a low risk exploration prospect lying on the footwall side of a fault, adjacent to the historic Broughton-B1 discovery made by BP in 1984 which the CPR assigned gross mean un-risked prospective resources of 0.6 million boe and a geological chance of success of 49% for the Penistone Flags and 40% for the Ashover Grit. Further development of the Wressle field, including producing additional reserves existing in the Penistone Flags formation, is expected in the future.

During the period, £403,000 was received from North Lincolnshire Council ('NLC') in settlement of gross costs incurred by the partners in relation to the appeal process. This followed a favourable ruling by the Planning Inspector regarding Egdon's application for costs against NLC when planning consent for Wressle was granted on appeal on 17 January 2020. The gross sum has been divided between the partners in Wressle proportionate with their interests. As a result, Europa received £120,900.

Exploration: Offshore Ireland

During the period, the Company took the decision to rebalance its portfolio of offshore Ireland licences in favour of gas, specifically the proven gas play in the Slyne Basin which is home to the producing Corrib gas field. The Company regards this as lower risk infrastructure exploration due to the close proximity of Corrib and associated processing facilities. Furthermore, Europa's flagship project is the nearby 1.5tcf Inishkea gas prospect.

In line with the above, in June 2020 the Company announced the acquisition of a 100% interest in Frontier Exploration Licence ('FEL') 3/19 from DNO. FEL 3/19, which holds the 1.2 tcf Edge prospect, lies close to Corrib and Europa's 100% owned FEL 4/19 which holds the 1.5 tcf Inishkea prospect. The directors believe the acquisition, which is subject to regulatory sign-off, will provide Europa with a key strategic position in the proven gas play of the Slyne Basin. FEL3/19 was formerly the LO16/23 block which DNO acquired following the acquisition of Faroe Petroleum. In 2016, CNOOC farmed into the block, acquiring an 80% interest and operatorship. CNOOC has since exited and having assumed CNOOC's 80% interest, DNO is now selling 100% of the licence to Europa for a nominal upfront fee.

In tandem with the acquisition of FEL 3/19, the Company has elected to reduce its position in more early stage and prospective areas of the Irish Atlantic Margin where the primary target is oil. This decision was taken following the Irish Government's announcement in September 2019 of its intention to phase out oil but not gas exploration. In line with this and in addition to the acquisition of FEL 3/19, during the period the Company announced the relinquishment of four licences in the South Porcupine Basin where the primary target was oil. FEL 1/17 has not yet been relinquished pending a possible evaluation of gas potential. Following these changes, Europa's Irish portfolio consists of three FELs with combined gross prospective resources of 2.7tcf of gas and gross mean un-risked prospective resources of 3.9 billion barrels oil equivalent.

Subject to the approval of the acquisition of FEL 3/19 by the Irish authorities, the forward plan for Ireland is to launch a farm-out process for both licences which combined have company-making gross unrisked prospective resources of 2.7 tcf. In tandem with ongoing farm-out discussions, the site survey process for a drilling location at Inishkea continues to be advanced.

Further to the application to relinquish of licences LO16/19, LO16/22, FEL2/13 and FEL 3/13, and the pending situation on FEL 1/17 the decision has been taken to write off the value of these intangible assets, resulting in a non-cash charge to income of £4,004,000.

Exploration: Offshore Morocco

In September 2019, Europa was awarded a 75% interest in and operatorship of the Inezgane Offshore licence with the remaining 25% interest held by the Moroccan regulator, ONHYM (Office National des Hydrocarbures et des Mines). Covering an area of 11,228 sq km, Inezgane is the equivalent of approximately 50 UKCS North Sea blocks, or over half the size of Wales. Europa's focus is on the Lower Cretaceous fan sand play, which is a prolific play in West Africa but is highly under-explored offshore Morocco. Out of just 10 wells that have been drilled in deepwater Morocco to date, only three have penetrated a complete Lower Cretaceous section. Despite this Europa has identified all the key elements of source (including the world class Cenomanian-Turonian source rock), reservoir and seal within the Inezgane licence.

The licence period commenced in November 2019 and since then work has been focused on reprocessing and interpreting historic seismic data to de-risk large prospects in the Lower Cretaceous play. Initial results have been highly encouraging. To date, 14 prospects and 16 leads have been mapped, which the Company estimates have the potential to hold in aggregate close to 10 billion barrels of unrisked oil resources. All the identified prospects have mean resources in excess of 150 mmboe which taken together add up to total resources in excess of 5 billion barrels of oil equivalent. The prospects have stacked reservoir potential and include a wide range of structural styles including for example 4-way dip closure in the case of the 827 mmboe Falcon and 204 mmboe Turtle prospects. Europa has assigned a geological chance of success to these prospects of 20-35%. In addition, examples of shallow gas anomalies have been seen on seismic data which is a positive indication of a working petroleum system operating in the basin.

Ongoing work is focused on further de-risking these prospects and leads while the forward plan is to build a robust prospect inventory and, subject to the results, secure partner(s) to drill wells. A farm-out process will be formally launched shortly, however the Company has maintained dialogue with three companies, all of whom have expressed interest in Inezgane.

A number of other oil and gas companies are currently active in this area of Morocco, notably Shell, ENI, Repsol, Hunt, Chariot, SDX, Sound, Schlumberger and Genel.

The Inezgane Permit is of 8-years duration comprising three phases of which the Initial Phase of the licence comprises 2-years. The Initial Phase includes 3D seismic reprocessing as well as other technical studies. At the end of the Initial Phase, Europa has the option to commit to drilling an exploration well in the Second Phase of the licence or to relinquish the licence.

Financials

Revenue was £1.2 million (2019: £1.7 million). The average oil price achieved was US\$48.0/bbl (2019: US\$66.7/bbl) and the average Sterling exchange rate was US\$1.27 (2019: US\$1.29). An average of 92 boepd (2019: 91 boepd) was recovered from our three UK onshore fields. Production was down at West Firsby, relatively flat at Crosby Warren, but increased at Whisby.

Stringent cost controls continue to be implemented. Cost of sales was £1,438,000 (2019: £1,682,000).

Administrative expenses of £823,000 (2019: £811,000) included £81,000 on new licence evaluations (2019: £102,000).

Net cash spent on operating activities was £844,000 (2019: cash spent £661,000).

Purchase of intangible fixed assets of £1,148,000 (2019: £1,973,000) was spent advancing the portfolio.

The Group's cash balance at 31 July 2020 was £0.8 million (31 July 2019: £2.9 million), sufficient to fund Europa's share of the Wressle development.

Non-financial Key Performance Indicators ('KPIs')

There were no reportable accidents or incidents in the year (2019: zero).

One new licence, the Morocco Inezgane Offshore exploration permit, was signed in the year. (2019: zero).

Conclusion and Outlook

Despite the disruption caused by the ongoing pandemic, much has been achieved across Europa's asset base during the year. As a result, the foundations are in place for further progress to be made in the year ahead starting with first production at Wressle. As well as doubling Europa's net production to over 200boepd, bringing the field on stream will open up a number of low risk opportunities on the licence to build production further. By scaling up Europa's internally generated revenues and cash flows, Wressle will put the Company in a strong position to pursue these follow-up opportunities. In the absence of incremental production from Wressle in 2020 additional funding for the Company would be required, either via the issuance of new shares, the addition of a layer of debt funding or the sale of assets. If additional funding were not able to be secured on satisfactory terms, there is a risk that commitments could not be fulfilled, or that assets may be relinquished.

Outside the UK, farm-out will be the focus. Offshore Ireland, a farm-out of Europa's strategic position in the Slyne Basin will be launched once the acquisition of FEL3/19 has been approved. With combined gross prospective

resources of 2.7 tcf and located close to the producing Corrib gas field, the Board believes FELs 3/19 and 4/19 represent a compelling investment opportunity and remains confident that one or more partners will be secured to take these licences forward. Offshore Morocco, once technical work has been completed to de-risk what is a sizeable prospect inventory, a farm-out will be launched, although discussions have been taking place with interested parties on an informal basis ever since Inezgane was awarded to Europa.

Outside our existing portfolio, the Board remains keen to add a third leg to the business, specifically a late stage appraisal project to complete Europa's exposure to the full oil and gas cycle. While COVID-19 has delayed this process, together with volatile oil and gas markets, it may yet generate opportunities as assets are divested that may have not warranted Europa's serious attention prior to the onset of the pandemic. Importantly, once Wressle is in production, Europa will have a much-improved financial profile with which to secure a new venture and further build the Company.

Qualified Person Review

This release has been reviewed by Rowland Thomas, geophysical advisor to Europa, who is a geophysicist with over 39 years' experience in petroleum exploration and a member of the Society of Exploration Geophysicists, European Association of Geoscientists and Engineers and the Petroleum Exploration Society of Great Britain, and has consented to the inclusion of the technical information in this release in the form and context in which it appears.

Simon Oddie (CEO)

The financial information set out below does not constitute the company's statutory accounts for 2020 or 2019. 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 2020. Statutory accounts for the years ended 31 July 2019 and 31 July 2018 have been reported on by the Independent Auditors.

The Independent Auditors' Report on the Annual Report and Financial Statements for 2020 and 2019 were unqualified, but included a material uncertainty in relation to going concern, 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 2019 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 July 2020 will be delivered to the Registrar in due course.

Consolidated statement of comprehensive income

For the year ended 31 July	Note	2020 £'000	2019 £'000
Revenue		1,244	1,713
<i>Cost of sales</i>		(1,438)	(1,682)
<i>Impairment of producing fields</i>	2	(160)	-
Total cost of sales		(1,598)	(1,682)
Gross (loss)/profit		(354)	31
Exploration (write-off)/ write back	1	(4,004)	270
Administrative expenses		(823)	(811)
Finance income		7	43
Finance expense		(266)	(187)
Loss before taxation		(5,440)	(654)
Taxation charge		-	-
Loss for the year		(5,440)	(654)
Other comprehensive income			
Items which will not be reclassified to profit / (loss)			
Loss on investment revaluation		(197)	(59)
Total other comprehensive loss		(197)	(59)
Total comprehensive loss for the year attributable to the equity shareholders of the parent		(5,637)	(713)

Earnings per share (EPS) attributable to the equity shareholders of the parent	Pence per share	Pence per share	
Basic and diluted EPS	(1.22)p	(0.17)p	
Consolidated statement of financial position			
As at 31 July			
	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Intangible assets	1	4,965	7,818
Property, plant and equipment	2	476	575
Total non-current assets		5,441	8,393
Current assets			
Investments		44	241
Inventories		12	19
Trade and other receivables		234	315
Restricted cash		245	251
Cash and cash equivalents		768	2,905
Total current assets		1,303	3,731
Total assets		6,744	12,124
Liabilities			
Current liabilities			
Loans		(2)	-
Trade and other payables		(1,013)	(1,086)
Total current liabilities		(1,015)	(1,086)
Non-current liabilities			
Loans		(48)	-
Trade and other payables		(31)	-
Long-term provisions		(3,163)	(2,917)
Total non-current liabilities		(3,242)	(2,917)
Total liabilities		(4,257)	(4,003)
Net assets		2,487	8,121
Capital and reserves attributable to equity holders			
Share capital		4,447	4,447
Share premium		21,010	21,010
Merger reserve		2,868	2,868
Retained deficit		(25,838)	(20,204)
Total equity		2,487	8,121

These financial statements were approved by the Board of Directors and authorised for issue on 12 October 2020 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 2018	3,014	18,481	2,868	(19,508)	4,855
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(654)	(654)
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(59)	(59)
Total comprehensive loss for the year	-	-	-	(713)	(713)
Contributions by and distributions to owners					
Issue of share capital	1,433	2,546	-	-	3,979
Issue of share options (note 22)	-	(17)	-	17	-
Share-based payments (note 23)	-	-	-	-	-
Total contributions by and distributions to owners	<u>1,433</u>	<u>2,529</u>	<u>-</u>	<u>17</u>	<u>3,979</u>
Balance at 31 July 2019	<u>4,447</u>	<u>21,010</u>	<u>2,868</u>	<u>(20,204)</u>	<u>8,121</u>
	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained deficit £'000	Total equity £'000
Balance at 1 August 2019	4,447	21,010	2,868	(20,204)	8,121
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(5,440)	(5,440)
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(197)	(197)
Total comprehensive loss for the year	-	-	-	(5,637)	(5,637)
Contributions by and distributions to owners					
Share-based payments (note 23)	-	-	-	3	3
Total contributions by and distributions to owners	-	-	-	3	3
Balance at 31 July 2020	<u>4,447</u>	<u>21,010</u>	<u>2,868</u>	<u>(25,838)</u>	<u>2,487</u>

Consolidated statement of cash flows

For the year ended 31 July

Cash flows used in operating activities	Note	2020 £'000	2019 £'000
Loss after tax from continuing operations		(5,440)	(654)
Adjustments for:			

Share-based payments	3	-
Depreciation	2	186
Impairment of producing field	2	160
Exploration write off/ (write back)	1	4,004
Finance income	(7)	(43)
Finance expense	266	187
Decrease in trade and other receivables	72	7
Decrease in inventories	7	1
(Decrease)/increase in trade and other payables	(95)	17
Net cash used in operations	(844)	(661)
Income taxes paid	-	-
Net cash used in operating activities	(844)	(661)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(100)	(1)
Purchase of intangible assets	(1,148)	(1,973)
Cash guarantee re Morocco	(1)	(251)
Sale of part interest in licence – associated costs	(12)	(8)
Interest received	7	16
Net cash used in investing activities	(1,254)	(2,217)
Cash flows (used in)/ from financing activities		
Gross proceeds from issue of share capital	-	4,299
Costs incurred on issue of share capital	-	(320)
Proceeds from borrowings	50	-
Lease liability payments	(73)	-
Lease liability interest payments	(3)	-
Finance costs	(1)	(5)
Net cash (used in)/from financing activities	(27)	3,974
Net (decrease)/ increase in cash and cash equivalents	(2,125)	1,096
Exchange (loss)/gain on cash and cash equivalents	(12)	38
Cash and cash equivalents at beginning of year	2,905	1,771
Cash and cash equivalents at end of year	768	2,905

Notes to the financial statements

1 Intangible assets

Intangible assets – Group	2020 £000	2019 £000
At 1 August	7,818	5,959
Additions	1,151	1,869
Disposal	-	(10)
Exploration write-off	(4,004)	-
At 31 July	4,965	7,818

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

	2020 £000	2019 £000
Ireland FEL 2/13 (Doyle A, B, C, Kilroy, Keane & Kiely)	-	1,280
Ireland FEL 3/13 (Beckett, Wilde, Shaw)	-	1,255
Ireland FEL 1/17	-	636
Ireland LO 16/19	-	89

Ireland FEL 4/19 (Inishkea)	1,482	1,259
Ireland LO 16/22	-	213
UK PEDL180 (Wressle)	2,947	2,867
UK PEDL181	118	101
UK PEDL182 (Broughton North)	29	29
UK PEDL299 (Hardstoft)	12	12
UK PEDL343 (Cloughton)	78	77
Morocco (Inezgane)	299	-
Total	4,965	7,818

Disposal

UK PEDL143 (Holmwood)	-	10
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Exploration write-off

Ireland FEL 2/13 (Doyle A, B, C, Kilroy, Keane & Kiely)	1,445	-
Ireland FEL 3/13 (Beckett, Wilde, Shaw)	1,343	-
Ireland FEL 1/17	845	-
Ireland LO 16/19	94	-
Ireland LO 16/22	277	-
Total	4,004	-

Exploration write-back

On 8 May 2019 the Group sold its interest in PEDL143 (Holmwood) to UK Oil & Gas Plc ('UKOG') for 25,951,557 shares in UKOG at 1.156p per share.

	2020 £000	2019 £000
Consideration for the PEDL143 interest	-	300
Disposal costs	-	(20)
Book value of remaining interest	-	(10)
 Exploration write-back	 -	 270

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. Further details of commitments are included in note 25.

Intangible assets - Company

	2020 £000	2019 £000
At 1 August	302	198
Additions	69	106
Transfer to Group companies	-	(2)
Exploration write-off	(371)	-
 At 31 July	 -	 302

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

	2020 £000	2019 £000
Ireland LO 16/19	-	89
Ireland LO 16/22	-	213
Total	-	302

Exploration write-off

	2020 £000	2019 £000
Ireland LO 16/19	94	-
Ireland LO 16/22	277	-

16/22 and LO 16/19 were relinquished due to a lack of commercial prospects and the £371,000 spent to date was written off.

2 Property, plant & equipment

Property, plant & equipment - Group

	Furniture & computers £'000	Producing fields £'000	Right of use assets £'000	Total £'000
Cost				
At 1 August 2018	52	10,790	-	10,842
Additions	1	-	-	1
At 31 July 2019	53	10,790	-	10,843
Additions	3	97	-	100
On transition	-	-	147	147
Disposals	(50)	-	-	(50)
At 31 July 2020	<u>6</u>	<u>10,887</u>	<u>147</u>	<u>11,040</u>
Depreciation, depletion and impairment				
At 1 August 2018	51	10,123	-	10,174
Charge for year	1	93	-	94
At 31 July 2019	52	10,216	-	10,268
Charge for year	1	112	73	186
Disposal	(50)	-	-	(50)
Impairment in year	-	160	-	160
At 31 July 2020	<u>3</u>	<u>10,488</u>	<u>73</u>	<u>10,564</u>
Net Book Value				
At 31 July 2018	1	667	-	668
At 31 July 2019	1	574	-	575
At 31 July 2020	3	399	74	476

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 5-12%, Brent crude prices rising from US\$48 per barrel in 2021 to US\$61 per barrel in 2023 and a pre-tax discount rate of 13.4%. 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 five years. There was an impairment of £160,000 for the West Firsby oilfield in the year (2019: No impairment).

Sensitivity to key assumption changes

Variations to the key assumptions used in the value-in-use calculation would cause impairment of the producing fields as follows:

	Further impairment of producing fields £'000
Production decline rate (current assumption 5-12%)	
12%	55
15%	279
Brent crude price per barrel (current assumption US\$42/bbl in 2021 rising to US\$61/bbl in 2023)	
\$42 flat	531
\$50 flat	111
Pre-tax discount rate (current assumption 13.4%)	
20%	310

Property, plant & equipment - Company

	Furniture & computers	Right of use assets	Total
	£'000	£'000	£'000
Cost			
At 1 August 2018	52	-	52
Additions	1	-	1
At 31 July 2019	53	-	53
At transition	-	117	117
Additions	3	-	3
Disposals	(50)	-	(50)
At 31 July 2020	6	117	123
Depreciation			
At 1 August 2018	51	-	51
Charge for the year	1	-	1
At 31 July 2019	52	-	52
Charge for year	1	65	66
Disposals	(50)	-	(50)
At 31 July 2020	3	65	68
Net Book Value			
At 31 July 2018	1	-	1
At 31 July 2019	1	-	1
At 31 July 2020	3	52	55

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The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.