

02 March 2015

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

Dear Investor

The first two months of 2015 have already brought several items of high impact newsflow across our three areas of focus: onshore UK; onshore France; and offshore Ireland.

Wressle

Onshore UK, testing operations at the Wressle exploration discovery well in PEDL180 in the established East Midlands Petroleum Province commenced in January 2015 and remain ongoing. The well was spudded in August 2014 and in September we announced that we had discovered hydrocarbons in three levels. The testing operation is allowing us to evaluate hydrocarbon type through the recovery of oil, pressure data and other information that will enable us to better understand hydrocarbon phase, reservoir quality and reservoir performance.

The result of test 1 in the Ashover Grit was announced on 9 February and reported free flowing oil production rates equivalent to 80 barrels of oil per day ('bopd'), along with 47 thousand cubic feet ('mcf') of gas per day. The results of test 2 in the Wingfield Flags were announced on 19 February and reported free flowing oil production rates equivalent to up to 182 bopd, along with 456 mcf of gas per day. Test 3 in the Penistone Flags is ongoing. Clearly this is a very promising start to operations and the data recovered is being analysed to enable an extended well test ('EWT').

EWT operations typically involve production of hydrocarbons for a period of weeks or months with the purpose of obtaining more detailed and insightful information about reservoir performance. This information will be used to design the optimum Field Development Plan ('FDP'). Europa and its partners will apply to the Department of Energy and Climate Change ('DECC') for approval of the EWT. When approving the EWT, DECC will specify the volume of hydrocarbons that we are allowed to produce. Any oil produced by the EWT will be sold.

DECC approval of the FDP is also required before long term production operations can take place. It is currently anticipated that EWT operations, compilation of the FDP together with obtaining all relevant permissions and permits for a development will take place during 2015. Exact timing of the EWT will depend on the outcome of a reservoir engineering review which will define the completion strategy and the surface package of equipment required.

Europa has a very strong reservoir engineering capability and we will put these abilities to full use in evaluating the Wressle test results.

Kiln Lane

Operations for the Kiln Lane exploration well in the adjacent PEDL181 have proceeded according to plan and the well was spudded on 23 February 2015. Kiln Lane is a conventional oil prospect with gross mean un-risked prospective resources of 2.9 mmbo. In the event that we discover oil then operations will follow a similar schedule to that at Wressle: after wireline logging operations, the well will be suspended and the drilling rig demobilised, we will return with a dedicated test rig to undertake production testing operations. Assuming exploration success, the timing of testing will depend on the nature of hydrocarbons found which will inform detailed test design and specification of equipment. Should production testing have a successful outcome then we will follow up with an EWT and in parallel with this begin compilation of a FDP and other permitting requirements for a development.

It is currently expected that these activities would take place during 2015 and that any oil produced by the Kiln Lane EWT would be sold. Exploration success at Kiln Lane would be a playmaker and there are a number of conventional oil exploration leads elsewhere on the licence area that would be derisked and will be further evaluated.

Holmwood

The planning inquiry for the Holmwood well in PEDL143 will be conducted in two parts with the first for the original application site taking place in April 2015. As a consequence of changes to the regulatory regime we have had to apply for planning permission for the underground deviated well path. In the event that planning permission for the deviated well path is refused the planning inspector will hear the evidence in the second part of the planning enquiry and make one decision for both the surface site and deviated underground well path. We are preparing very thoroughly for the inquiry. Following the inquiry it is expected that the planning inspector's decision should be announced in H2 2015. A successful outcome would result in drilling the Holmwood exploration well, with 2016/17 being the most realistic timing for this activity. The Infrastructure Act 2015 has recently become law and will facilitate subsurface access issues.

14th Onshore UK Licensing Round

Europa has bid in the 14th onshore UK licensing round and we anticipate that the results will become known in H1 2015. We understand that the round has been competitive with some 95 applications submitted and we hope that this high level of interest will result in a step up in exploration activity onshore UK over the next few years.

Current Production

Our onshore production remains an important source of revenue for the Company. As we have previously communicated, our existing fields are in long term decline and the best way for us to increase production is through the exploration drill bit. We have got off to a good start with the Wressle discovery and the Kiln Lane well offers another opportunity to find oil. We continue to undertake initiatives to reduce operating costs at our fields and to minimise downtime. Obviously it is disappointing that the WF9 producing well has had to be shut in, however, at only 8 bopd, its contribution to our total production was small. Rest assured that converting Wressle and Kiln Lane into revenue generating production will be a priority should the EWT results be positive.

France

In France we announced on 16 February that we have farmed out the Tarbes Val d'Adour permit to Vermilion Energy. As should be expected, Europa does not provide the market with a running commentary on progress of any of our farm-out activity and will only make announcements once a farm-out document has been signed. In this instance the Heads of Terms were signed in July 2014 and the intervening period was spent completing the detail of the farm-out. Under the terms of the farm-out, Vermilion will be assigned operatorship and an 80% interest in the Tarbes permit and will carry Europa for a €4.65 million work programme. Once the carry is fulfilled Europa will pay its 20% equity share of any subsequent expenditure. Vermilion is the leading operator in onshore France and is the ideal partner for our operations. The farm-out is subject to obtaining government approval for the assignment of equity and operatorship and for an extension to the term of the permit. The process for both of these required approvals began in H2 2014 and will take a number of months to complete. We hope to obtain the approvals at some point during 2015. The Berenx farm-out process is on-going and announcements will be made when there is something substantive to report.

Ireland

The jewel in our crown is our Irish Atlantic offshore portfolio. Considerable progress was made in 2014 and it is expected that a drilling decision will be made during H1 2015. Following farm-out to Kosmos in April 2013 we converted to Frontier Exploration Licences ('FEL') in July 2013 and between July and October Kosmos acquired a 5,028 km² 3D seismic survey, the biggest ever in Ireland. Processed data became available in April 2014 and in early December 2014 Kosmos delivered the prospect inventory. Across our two licences FEL 2/13 and FEL 3/13 our new prospect inventory shows combined gross mean un-risked prospective resources of 1.5 billion barrels of oil (resources by definition are recoverable). Prospects Beckett and Wilde in FEL 3/13 have gross mean prospective resources of 760 mmbo and 493 mmbo respectively and in FEL 2/13 the Doyle A and Doyle B prospects have gross mean prospective resources of 123 mmbo and 69 mmbo.

The new prospect inventory is based on state of the art 3D seismic which made full use of all the latest technical developments in acquiring, imaging and interpreting data in deepwater environments. The old prospect inventory was based on a sparse grid of historic 2D seismic of various vintages and data quality. In these circumstances it is not unheard of for prospects to disappear completely once infill seismic is acquired. This is clearly not the case with our licences in Ireland: the new seismic has confirmed the presence of prospects, with much greater confidence than before and the prospective resources are very large. This is a significant and positive development. Technical work is currently being conducted on prospect risking and ranking, in particular using special seismic analysis to identify direct hydrocarbon indicators, flat spots, conformance and AVO anomalies. These are desktop studies and do not require more seismic acquisition. It is currently expected that this work will be completed in H1 2015 and will enable a drill decision to be made. If a decision is made to drill in summer 2016, then substantial work will be conducted during 2015 to make the operation drill-ready. The Irish Atlantic Margin licensing round closes in September 2015 and we will be participating in it.

Competent Persons Report

Europa will complete and issue a Competent Persons Report during H1 2015. This will be issued in two parts. Part 1 on the Irish portfolio will be issued first and part 2 updating our UK and French portfolios will follow and will include results of Wressle testing and Kiln Lane drilling.

Outlook

Oil is a cyclical industry and after three years of stable prices in excess of US\$100 a barrel we are currently in a downturn. Three years ago the combined value of the 100+ oil and gas companies on AIM was almost £20 billion, today it is just over £4 billion. Clearly these are difficult times for all oil companies, however, these circumstances do help crystallise action and create opportunities. As well as prudently managing our revenue and our cash we continue to evaluate consolidation opportunities and will not hesitate to act where we can identify value for Europa shareholders.

Finally I would like to bid farewell to our outgoing Chairman Bill Adamson and welcome Colin Bousfield as our new Chairman. Bill was responsible for recruiting me into Europa and he has provided sound advice to the Board over a number of challenging issues. We wish him well in his future endeavours. Colin is a proven deal maker and we hope to make full use of these talents.

2015 has started well, with positive results from Wressle testing, commencement of drilling at Kiln Lane and the farm out of Tarbes to Vermillion. The management and board at Europa are committed to maximising value for shareholders and we will continue to execute our

plans to progress our licences and expand our portfolio during the remainder of 2015. I am sure that when I write to you again I will be reporting further success.

Yours sincerely

Hugh Mackay

CEO

**** ENDS ****

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Notes

Europa Oil & Gas (Holdings) plc has a diversified portfolio of multi-stage hydrocarbon assets that includes production, exploration and development interests, in countries that are politically stable, have transparent licensing processes, and offer attractive terms. The Company produced 165 boepd in the UK during the 2013/2014 financial year, generating sufficient revenues to cover corporate overheads and some exploration expenditure. Its highly prospective exploration projects include the Wressle (recently drilled and undergoing testing) and Kiln Lane prospects in the UK; 100% owned gas exploration prospect (107 bcf) and appraisal project (CPR 277 bcf) in onshore France a joint venture with Vermillion Energy also in onshore France; and a joint venture with leading independent Kosmos to explore two licences in offshore Ireland with the potential to host gross mean unrisks prospective resources of 1.5 billion barrels.

Qualified Person Review

This release has been reviewed by Hugh Mackay, Chief Executive of Europa, who is a petroleum geologist with 30 years' experience in petroleum exploration and a member of the Petroleum Exploration Society of Great Britain, American Association of Petroleum Geologists and Fellow of the Geological Society. Mr Mackay has consented to the inclusion of the technical information in this release in the form and context in which it appears.

