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

14 April 2021

Europa Oil & Gas (Holdings) plc ("Europa" or "the Company") Interim Results

Europa Oil & Gas (Holdings) plc, the AIM traded Ireland, Morocco and UK focused oil and gas exploration, development and production company, announces its interim results for the six month period ended 31 January 2021.

Operational highlights

Building a balanced portfolio of exploration and production assets

Onshore UK – commencement of oil flow at Wressle set to transform Europa's financial profile

- Successful and safe completion of operations to recomplete the Wressle-1 well and reperforate the Ashover Grit reservoir interval
  - Well currently on continuous 24-hour test production
  - Wressle projected to more than double Europa's net production to over 200boepd
  - Production at Wressle expected to be highly profitable at today's US$60 plus per barrel oil prices – compares favourably to estimated break-even oil price of US$17.6 per barrel
- 86boepd was produced from Europa's three existing UK onshore fields during the period – compared to 90boepd for H1 2020

Offshore Ireland – lower risk / very high reward infrastructure-led exploration in proven gas play

- Awaiting regulatory approval of acquisition of 100% interest in Frontier Exploration Licence ('FEL') 3/19, which includes the 1.2 tcf Edge prospect and lies close to the ~1tcf producing Corrib gas field
- FEL 3/19 complements Europa's nearby FEL 4/19 which holds the 1.5 tcf Inishkea prospect
- Preparing to launch farmout of FELs 3/19 and 4/19, Europa's strategic position in the Slyne Basin

Offshore Morocco - large Inezgane licence in the Agadir Basin equivalent to c. 50 UKCS North Sea blocks

- Mapped over 20 prospects and leads which combined have the potential to hold over one billion barrels of unrisked oil resources - follows reprocessing and interpreting of historic 3D seismic data
- Prospects mapped in the Lower Cretaceous fan sand play, a prolific producer in West Africa
- Work ongoing to de-risk prospects ahead of farm-out launch to secure partner(s) to drill wells
- One year extension to initial phase of the licence to November 2022 granted to allow for time lost as a result of COVID-19 and to enable technical work programme to be completed

Financial performance

- Revenue £0.5 million (H1 2020: £0.8 million)
- Pre-tax loss of £0.6 million (H1 2020: pre-tax loss £3.5 million including write-offs taken following relinquishment of Irish licences)
- Net cash used in operating activities £0.2 million (H1 2020: £0.5 million)
- Cash balance at 31 January 2021: £0.3 million (31 July 2020: £0.8million)
- Appointment of Simon Oddie as CEO on a permanent basis
- Senior Independent non-executive Director Mr Brian O'Cathain appointed non-executive Chairman
- Board salaries and fees reduced by 50% in response to COVID-19 pandemic
- Director's Loan of £225,000 drawn down in January

Post reporting period events

- £1.44 million was raised (net of fees) via Placing and Broker Option to fund work programmes:
    - evaluating late-stage appraisal/development projects to rebalance existing portfolio of production and exploration assets
    - maximising recovery from existing onshore UK fields including potential workovers on WF2 and WF9 wells at the West Firsby field
    - continuing technical analysis / seismic reprocessing on Inezgane Licence ahead of securing a farm-out partner
- The Director's loan taken out in January 2021 from CW Ahlefeldt-Laurvig and accrued interest was fully repaid in March 2021
- All salaries and fees re-instated to levels prior to cuts

Simon Oddie, CEO of Europa, said: "The first half saw activity across all three jurisdictions in which Europa operates in and shareholders can expect more of the same in the second half of the year: onshore UK, test production on the Wressle field commenced at the end of January; offshore Ireland, further preparations for the relaunch of the farm-out of the Company's Slyne Basin licence position, although receipt of regulatory approval for the acquisition of FEL 3/19 is still awaited; offshore Morocco, continuation of the technical work programme that is underway to de-risk the new prospect inventory.

"As a result of the post period end fundraise and in addition to the activity above, the second half will also see new work streams advanced. These include the evaluation of cost-effective low risk opportunities to increase UK onshore production at Europa's existing fields as well as the identification and pursuit of new ventures, specifically in the late stage, appraisal/development category. With oil prices trading above US$60 per barrel and Wressle projected to scale up net production to over 200boepd, management is focused on maintaining the momentum behind the Company in the months ahead, as we look to build a cash generative oil and gas company, one that offers shareholders exposure to multiple value creating opportunities, while minimising capital risk."

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

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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.

Chairman's Statement

Being the last day of the six-month period covered by the half year report, 31 January is a key date in Europa's corporate calendar. This year, the date assumed added importance as 31 January 2021 marked the commencement of oil flow at the Wressle Oil Field ('Wressle') in North Lincolnshire. Expected to more than double Europa's existing production to over 200boepd, and with oil prices now trading at over US$60 per barrel, a significant premium to the c. US$18 per barrel required for the field to breakeven, Wressle represents an important step towards transforming the Company's production and financial profile.

Increasing UK onshore production to build up a low risk, production-based platform with which to grow the Company further is just one part of Europa's dual-focused strategy. The other is to expose shareholders to significant value creating opportunities. Here too progress has been made. Offshore Ireland, where our focus is on the proven gas play in the Slyne Basin that is home to the producing Corrib field, work has continued to prepare for a relaunch of the farmout of our licence position whilst awaiting regulatory approval for the acquisition of FEL 3/19. Offshore Morocco, where Europa holds a 75% interest in the Inezgane licence in the Agadir Basin, technical work continues to de-risk the 1 billion plus barrels of unrisked resources we have identified to date. Outside our existing portfolio, we continue to evaluate potential new ventures in line with our strategy to add appraisal/development projects that would complement our existing production and exploration assets.

Together with the post period end £1.44 million fundraise (net of fees), Europa is well placed to maintain the momentum established by the commencement of oil flow at Wressle and in the process make further progress towards achieving its corporate objectives despite the ongoing global pandemic and lockdown.

Onshore UK

The standout onshore UK activity during the period was centered around the establishment of the free-flow of oil at Wressle on licences PEDL180 & 182. This was achieved following the completion of operations to reperforate the Wressle #1 well and the subsequent successful communication with the Ashover Grit reservoir interval. The Well is currently undergoing test production and clean-up. Once on full production, Wressle # 1 is projected to produce at an initial gross rate of 500bopd. At this rate, Europa's 30% interest in the field will translate into 150bopd net to the Company, which, when combined with the 86bopd produced by our three existing fields in the East Midlands, will increase overall production to well above 200boepd. Together with oil prices trading at over US$60 per barrel, Wressle is anticipated to result in a sustainable step-up in the Company's net production and revenues.

The commencement of oil flow at Wressle does not represent the sum of development ambitions for our existing onshore UK portfolio. Scope remains to increase production across our fields, specifically by improving recovery rates and targeting proven intervals. With this in mind, a portion of the funds raised in the recent placing will be deployed to further evaluate the potential to undertake workovers on wells at the West Firsby field. Any development activity undertaken is likely to be relatively low cost and low risk.

The same can be said for future development work at Wressle where a number of follow-up opportunities have already been identified on PEDLs 180 & 182, including producing reserves in the Penistone Flags interval and potentially drilling at Broughton North, a prospect which has been assigned gross mean un-risked prospective resources of 0.6 million boe and a geological chance of success of ~50%. Our existing onshore UK assets therefore offer considerable run room to build on our success at Wressle and grow production and revenues further.

Offshore Ireland

Last year Europa's offshore Ireland portfolio underwent a decisive pivot away from early-stage oil exploration in unproven basins to infrastructure-led gas exploration in the proven Slyne Basin. In line with this, we announced the acquisition, for a nominal sum, of a 100% interest in FEL 3/19. This holds the 1.2 tcf Edge prospect and is located close to both the producing Corrib gas field and our own 1.5 tcf Inishkea prospect on FEL 4/19. The acquisition of FEL 3/19 is awaiting regulatory sign-off and subject to receipt of this, Europa will have 100% interests in the only two known 1 tcf plus gas prospects that lie close to Corrib and its production and processing facilities. We regard the profile for gas exploration on our Slyne basin licences as being lower risk as the play is proven, potentially lower cost in terms of development as a result of its proximity to existing infrastructure and very high reward thanks to 2.7tcf of gas resources to go for. We hope and expect that this attractive gas potential, in close proximity to the existing Corrib production facilities, will appeal to potential partners when the farm-out is relaunched on receipt of regulatory approval of the FEL 3/19 acquisition.

Securing a potential partner for our offshore Ireland licences would promise to kickstart high impact development activity which in turn would provide exposure to a potentially significant value creating event for shareholders in the event of drilling success.

Offshore Morocco

Our Inezgane licence offshore Morocco also has significant value creating potential. Since a 75% interest in the licence was awarded to Europa in September 2019, technical work, involving the reprocessing and interpreting of historic 3D seismic data, has been undertaken. This has been focused on identifying and evaluating sizeable prospects in the Lower Cretaceous play, a prolific producer in West Africa. To date, we have mapped over 20 prospects and leads, which, in aggregate, have the potential to hold in excess of one billion barrels of unrisked oil resources. The forward plan for the licence is to continue to de-risk the prospect inventory before launching a farm-out to secure one or more partners to drill wells. As with offshore Ireland, success with the drillbit in Morocco would be a major event for shareholders.

Board

In August 2020, Simon Oddie was appointed Chief Executive Officer of the Company on a permanent basis. In line with best corporate governance practice, I took on Simon's role as non-executive Chairman having previously held the position of senior non-executive director.

Conclusions

Thanks to the commencement of oil flow at Wressle, the first step has been taken on the roadmap to transform Europa into an oil and gas company that generates both material production-based revenues and also multiple and significant value-creating opportunities. Together with higher oil prices and the proceeds of the recent fundraise, we are in a strong position to focus on the next steps on the roadmap. These include the evaluation of the potential to increase production from our UK onshore assets, the completion of the ongoing technical work programme offshore Morocco, and the pursuit of appraisal/development new ventures to complement the existing production and exploration assets. Our aim is to ensure that Europa holds a balanced portfolio of projects covering the full oil and gas cycle.

With a growing production base and an exploration model centred around first proving up the technical case before bringing in partners, our focus is to participate in potentially high reward activity without putting the Company's balance sheet at risk. This is the Board's vision for Europa, and I look forward to providing further updates on progress made in the second half.

Finally, on behalf of the Board I would like to thank the management, employees and consultants for their hard work over the course of the reporting period and beyond, which has been set against the backdrop of the ongoing pandemic. That so much has been achieved during such a challenging period for society as a whole, is testament to the calibre and professionalism of the team we have in place and I commend all for their efforts.

Mr Brian O'Cathain (non-executive Chairman)
14 April 2021

Operational review

UK Production - East Midlands

Europa produces oil from three UK onshore fields: West Firsby; Crosby Warren; and Whisby-4. During the six months ended 31 January 2021, an average of 86boepd net to Europa were recovered from the three fields. This compares to 90boepd produced in H1 2020. All three fields are in decline, however, as part of the Company's active management of its production base, an evaluation of the potential to improve recovery rates at a number of wells on the fields is underway. This includes potential workovers on wells WF2 and WF9 at the West Firsby field.

UK Development – Wressle Oil Field

During the week commencing 4 January 2021, the workover rig and associated services and equipment were successfully mobilised to the Wressle site in North Lincolnshire and operations to recomplete the Wressle#1 well and reperforate the Ashover Grit reservoir interval commenced.

Following the completion of the above operations and successful communication with the Ashover Grit reservoir interval, on 1 February 2021 the Company announced that commencement of free-flow of oil had been achieved at Wressle. The well has since been placed on continuous 24-hour test production as it undergoes the normal clean-up phase and as it is carefully brought on-stream. In line with the field development plan, the well is projected to achieve a gross rate of 500bopd, which would more than double Europa's existing UK onshore production to over 200bopd. Requiring a breakeven oil price of US$17.6 per barrel, production at Wressle is expected to be highly profitable at today's US$60 plus per barrel oil prices.

Oil produced from Wressle is being transported by road tanker to the Phillips 66 Humber refinery and sold under the operator's existing oil sales contract.

Wressle was discovered by the Wressle#1 well in 2014. During testing at that time, 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 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%. In addition, further development of the Wressle field, including producing additional reserves existing in the Penistone Flags formation, is expected in the future.

Europa holds a 30% working interest in licences PEDL180 and 182 which hold Wressle and Broughton, alongside Egdon Resources (operator, 30%), and Union Jack Oil (40%).

Exploration: Offshore Ireland

The Company's focus offshore Ireland is on the proven gas play in the Slyne Basin which is home to the producing Corrib field, a key supplier of gas to Ireland's domestic market. Europa has a 100% interest in FEL 4/19 which holds the 1.5 tcf Inishkea gas prospect that lies close to Corrib and the associated production and processing facilities. In June 2020, the Company announced the acquisition of a 100% interest in FEL 3/19 from DNO. FEL 3/19 holds the 1.2 tcf Edge prospect and lies close to Corrib and Europa's FEL 4/19.

The acquisition of FEL 3/19 is subject to regulatory sign-off and, subject to receipt of this, the addition of the licence to its portfolio will result in Europa holding the only known 1tcf plus gas prospects in the Slyne Basin. With existing production and processing facilities at Corrib, Europa views exploration in the proven Slyne Basin as infrastructure-led, lower risk, and potentially lower cost in terms of development when compared to the unproven basins elsewhere offshore Ireland.

The forward plan for Europa's licences in the Slyne is to launch a farm-out to secure a partner or partners with a view to advancing the licences towards drilling activity. The Company intends to launch the farm-out whilst regulatory approval is awaited for the acquisition of FEL 3/19.

Europa also holds one licence in the South Porcupine Basin, having applied to relinquish two other licences.

Exploration: Offshore Morocco

Europa holds a 75% interest in and operatorship of the Inezgane Offshore licence in the Agadir Basin. The remaining 25% interest in Inezgane is held by the Moroccan regulator, ONHYM (Office National des Hydrocarbures et des Mines). Inezgane covers an area of 11,228 sq km, equivalent to approximately 50 UKCS North Sea blocks. A number of oil and gas companies are currently active in this area of Morocco, notably Shell, ENI, Repsol, Hunt, Chariot, SDX, Sound, Schlumberger and Genel.

The primary target for Europa is the Lower Cretaceous fan sand play, a prolific play in West Africa that is highly under-explored offshore Morocco with only three out of the 10 wells drilled in deep water Morocco to date having penetrated a complete Lower Cretaceous section. Europa has identified all the key elements of source (including the world class Cenomanian-Turonian source rock), reservoir and seal within the Inezgane licence.

Technical work on the licence has been centred on reprocessing and interpreting historic 3D seismic data. To date the Company has mapped over 20 prospects and leads, which, in aggregate, have the potential to hold in excess of one billion barrels of unrisked oil resources. The prospects have stacked reservoir potential and include a wide range of structural styles including for example 4-way dip closure. 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. Technical work is being carried out to de-risk the new prospect inventory further after which a farm-out will be launched to secure one or more partners to drill wells.

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. In October 2020, ONHYM granted the Company a one-year extension to the initial phase of the Inezgane Exploration Permit to November 2022. The one-year extension was granted for the time lost as a result of the COVID-19 global pandemic and will enable Europa to complete its ongoing technical work programme.

Financials

Average daily H1 2021 production was 86 boepd compared to 90 boepd in H1 2020.
There was a 25% decrease in average realised oil price to US$44.5 per barrel (H1 2020: US$61.4). Foreign exchange movements also had a negative impact on revenues as US Dollar sales converted to Sterling at US$1.33 (H1 2020: US$1.28).

- Revenue was £0.5 million (H1 2020: £0.8 million).
- Cost of sales was £0.7 million (H1 2020: £0.7 million).
- The Company continues to keep a tight rein on costs with administrative expenses of £0.4 million during the first half (H1 2020: £0.5 million). During the period, members of the Board and employees of the Company agreed to take salary cuts of up to 50% in response to the COVID-19 pandemic and market volatility.
- Net cash spent on operating activities was £0.2 million (H1 2020: cash spent £0.5 million).
- The Group's cash balance as at 31 January 2021 was £0.3 million.

Based upon the Group cashflow forecasts, the Directors have concluded that there is a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future, which is deemed to be at least 12 months from the date of signing the consolidated financial information. Further comments on going concern are included in note 1.

Conclusion and Outlook

The commencement of oil flow at Wressle, the extension to the Initial Phase of the Inezgane permit and the £1.44 million fundraise (net of fees) post period end, provide a strong foundation upon which to build on in the second half of the year. While testing operations are ongoing, Wressle is still expected to make a positive contribution to Europa's full year net production. The licence extension is expected to enable technical work to de-risk the prospect inventory offshore Morocco to be completed and a farm-out to be launched. The £1.44 million raised (net of fees) will fund the evaluation of recovery improvement initiatives onshore UK and the pursuit of late-stage appraisal/development projects that would complement Europa's existing production and exploration projects. The goal is to build Europa into a full cycle oil and gas company with a balanced and diversified portfolio which generates both material revenues from production in stable jurisdictions as well as a pipeline of value-creating opportunities via high impact exploration activity.

Simon Oddie

CEO

14 April 2021

Qualified Person Review

This release has been reviewed by Rowland Thomas, geophysical advisor to Europa, who is a geophysicist with over 40 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.

Licence Interests Table

Country	Area	Licence	Field/ Prospect	Operator	Equity	Status
Ireland	South Porcupine	FEL 1/17	Ervine, Edgeworth, Egerton	Europa	100%	Exploration
	Slyne Basin	FEL 4/19	Inishkea, Corrib North	Europa	100%	Exploration
		FEL 3/19	Edge	Europa	100%	Exploration
UK	East Midlands	DL 003	West Firsby	Europa	100%	Production
		DL 001	Crosby Warren	Europa	100%	Production
		PL 199/215	Whisby-4	BPEL	65%	Production
		PEDL180	Wressle	Egdon	30%	Development
		PEDL181		Europa	50%	Exploration
		PEDL182	Broughton North	Egdon	30%	Exploration
		PEDL299	Hardstoft	Ineos	25%	Field
		PEDL343	Cloughton	Third Energy	35%	Appraisal
Morocco	Agadir Basin	Inezgane	Falcon & Turtle	Europa	75%	Exploration

Financials

Unaudited consolidated statement of comprehensive income

	6 months to 31 January 2021 £000	6 months to 31 January 2020 (restated) £000	Year to 31 July 2020 (audited) £000
Revenue	**516**	778	1,244
Cost of sales	**(607)**	(703)	(1,438)
Impairment of producing fields	**(51)**	-	(160)
Total cost of sales	**(658)**	(703)	(1,598)
Gross(loss)/profit	**(142)**	75	(354)
Exploration write off	**-**	(3,005)	(4,004)
Administrative expenses	**(417)**	(456)	(823)
Finance income	**3**	5	7
Finance expense	**(131)**	(130)	(266)
Loss before taxation	**(687)**	(3,511)	(5,440)
Taxation (note 5)	**127**	-	-
Loss for the period	**(560)**	(3,511)	(5,440)
Other comprehensive income			
Items that will not be reclassified to profit/(loss)			
Loss on investment revaluation	**(10)**	(66)	(197)
Total comprehensive loss for the period attributed to the equity shareholders of the parent	**(570)**	(3,577)	(5,637)

	Pence per share	Pence per share	Pence per share
Earnings per share (EPS) attributable to the equity shareholders of the parent			
Basic and diluted EPS (note 4)	(0.13)p	(0.79)p	(1.22)p

Unaudited consolidated statement of financial position

	31 January 2021	31 January 2020 (restated)	31 July 2020 (audited)
	£000	£000	£000
Assets			
Non-current assets			
Intangible assets (note 6)	**5,391**	5,439	4,965
Property, plant and equipment	**358**	789	476
Restricted cash	**233**	-	-
Total non-current assets	**5,982**	6,228	5,441
Current assets			
Investments	**35**	175	44
Inventories	**29**	27	12
Trade and other receivables	**480**	357	234
Restricted cash	**-**	251	245
Cash and cash equivalents	**269**	1,489	768
	813	2,299	1,303
Total assets	**6,795**	8,527	6,744
Liabilities			
Current liabilities			
Loans (note 7)	**(231)**	-	(2)
Trade and other payables	**(1,218)**	(862)	(1,013)
Total current liabilities	**(1,449)**	(862)	(1,015)
Non-current liabilities			
Loans (note 7)	**(44)**	-	(48)
Trade and other payables	**(23)**	(81)	(31)
Long-term provisions	**(3,278)**	(3,040)	(3,163)
Total non-current liabilities	**(3,345)**	(3,121)	(3,242)
Total liabilities	**(4,794)**	(3,983)	(4,257)
Net assets	**2,001**	4,544	2,487
Capital and reserves attributable to equity holders of the parent			
Share capital	**4,447**	4,447	4,447
Share premium	**21,010**	21,010	21,010
Merger reserve	**2,868**	2,868	2,868
Retained deficit	**(26,324)**	(23,781)	(25,838)
Total equity	**2,001**	4,544	2,487

Unaudited consolidated statement of changes in equity

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Unaudited					
Balance at 1 August 2020	**4,447**	**21,010**	**2,868**	**(25,838)**	**2,487**
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(560)	(560)
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(10)	(10)
Total comprehensive loss for the period	-	-	-	(570)	(570)
Contributions by and distributions to owners					
Share-based payments	-	-	-	84	84
Total contributions by and distributions to owners	-	-	-	84	84
Balance at 31 January 2021	**4,447**	**21,010**	**2,868**	**(26,324)**	**2,001**
Audited					
Balance at 1 August 2019	**4,447**	**21,010**	**2,868**	**(20,204)**	**8,121**
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	-	-	-	3	3
Total contributions by and distributions to owners	-	-	-	3	3
Balance at 31 July 2020	**4,447**	**21,010**	**2,868**	**(25,838)**	**2,487**
Unaudited					
Balance at 1 August 2019	**4,447**	**21,010**	**2,868**	**(20,204)**	**8,121**
Total comprehensive loss for the period	-	-	-	(3,511)	(3,511)
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(66)	(66)
Restated balance at 31 January 2020	**4,447**	**21,010**	**2,868**	**(23,781)**	**4,544**

Unaudited consolidated statement of cash flows

	6 months to 31 January 2021	6 months to 31 January 2020 (restated)	Year to 31 July 2020 (audited)
	£000	£000	£000
Cash flows used in operating activities			
Loss after taxation	**(560)**	(3,511)	(5,440)
Adjustments for:			
Share-based payments	**84**	-	3
Depreciation	**67**	83	186
Taxation credit	**(127)**	-	-
Impairment of producing fields	**51**	-	160
Exploration write off	**-**	3,005	4,004
Finance income	**(3)**	(5)	(7)
Finance expense	**131**	130	266
Decrease/(increase) in trade and other receivables	**24**	(58)	72
(Increase)/decrease in inventories	**(17)**	(8)	7
Decrease in trade and other payables	**(5)**	(105)	(95)
Net cash used in operations	**(355)**	(469)	(844)
Income taxes repayment received	**127**	-	-
Net cash used in operating activities	**(228)**	**(469)**	**(844)**
Cash flows used in investing activities			
Purchase of property, plant & equipment	**-**	(99)	(100)
Purchase of intangibles	**(470)**	(790)	(1,148)
Cash guarantee re Morocco	**(3)**	-	(1)
Sale of part interest in licence – associated costs	**-**	-	(12)
Interest received	**3**	5	7
Net cash used in investing activities	**(470)**	(884)	(1,254)
Cash flows from/(used in) financing activities			
Proceeds from borrowings	**225**	-	50
Lease liability payments	**(25)**	(28)	(73)
Lease liability interest payments	**(2)**	(4)	(3)
Finance costs	**(3)**	(4)	(1)
Net cash from/(used in) financing activities	**195**	(36)	(27)
Net decrease in cash and cash equivalents	**(503)**	**(1,389)**	(2,125)
Exchange gain/(loss) on cash and cash equivalents	**4**	**(27)**	(12)
Cash and cash equivalents at beginning of period	**768**	**2,905**	2,905
Cash and cash equivalents at end of period	**269**	**1,489**	768

Notes to the consolidated interim statement

1 Nature of operations and general information

Europa Oil & Gas (Holdings) plc ("Europa Oil & Gas") and subsidiaries' ("the Group") principal activities consist of investment in oil and gas exploration, development and production.

Europa Oil & Gas is the Group's ultimate parent Company. It is incorporated and domiciled in England and Wales. The address of Europa Oil & Gas's registered office head office is 55 Baker Street, London W1U 7EU. Europa Oil & Gas's shares are listed on the London Stock Exchange AIM market.

The Group's consolidated interim financial information is presented in Pounds Sterling (£), which is also the functional currency of the parent Company.

The consolidated interim financial information has been approved for issue by the Board of Directors on 14 April 2021.

The consolidated interim financial information for the period 1 August 2020 to 31 January 2021 is unaudited. In the opinion of the Directors the condensed interim financial information for the period presents fairly the financial position, and results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied. The condensed interim financial information incorporates unaudited comparative figures for the interim period 1 August 2019 to 31 January 2020 and the audited financial year to 31 July 2020.

The financial information contained in this interim report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. The report should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 July 2020.

The comparatives for the full year ended 31 July 2020 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 498 (2) – (3) of the Companies Act 2006.

The Directors have prepared a cash flow forecast for the period ending 31 December 2021, which considers the continuing and forecast cash inflow from the Group's producing assets, the cash held by the Group at the half year end, less administrative expenses and planned capital expenditure. The Directors have concluded, at the time of approving the financial statements, that there is a reasonable expectation, based on the Group's cash flow forecasts, that the forecasts are achievable and accordingly the Group will be able to continue as a going concern and meet its obligations as and when they fall due. Accordingly they continue to adopt the going concern basis in preparing the consolidated interim financial information. The critical assumptions in reaching that conclusion are Wressle production reaches the projected gross production rate of 500 boepd and a farmout of the Inezgane licence is achieved.

2 Summary of significant accounting policies

The condensed interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. The condensed interim financial information has been prepared using the accounting policies which will be applied in the Group's statutory financial information for the year ended 31 July 2021.

3 Restatement of January 2020 figures

In adopting IFRS16 Leases at August 2019 and for the January 2020 interim financial information, the Group recognised assets and liabilities for 2 leases that were subsequently deemed to be exempt from the accounting standard requirements and hence were treated as exempt in the annual accounts at 31 July 2020 and subsequently. The 31 January 2020 comparatives have been restated so the leases have been treated in the manner they were at 31 July 2020 and 31 January 2021. The effect of the change of treatment is:

	31 Jan 2020 Originally stated £000	31 Jan 2020 Adjustments £000	31 January 2020 restated £000
Loss for the period	(3,509)	(2)	(3,511)
Non-current assets	6,335	(107)	6,228
Current assets	2,282	17	2,299
Current liabilities	(901)	39	(862)
Non-current liabilities	(3,170)	49	(3,121)
Net assets	4,546	(2)	4,544

4 Earnings per share (EPS)

Basic EPS has been calculated on the loss after taxation divided by the weighted average number of shares in issue during the period. Diluted EPS uses an average number of shares adjusted to allow for the issue of shares, on the assumed conversion of all in-the-money options.

The Company's average share price for the period was 1.15p which was below the exercise price of all 25,730,000 outstanding share options (H1 2020: 2.30p which was below the exercise price of all 23,453,458 outstanding share options).

The calculation of the basic and diluted earnings per share is based on the following:

	6 months to 31 January 2021 £000	6 months to 31 January 2020 £000	Year to 31 July 2020 (audited) £000
Losses			
Loss for the period attributable to the equity shareholders of the parent	**(560)**	(3,511)	(5,440)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic and diluted EPS	**444,691,599**	444,691,599	444,691,599

5 Taxation

Consistent with the year-end treatment, current and deferred tax assets and liabilities have been calculated at tax rates which were expected to apply to their respective period of realisation at the period end.

During the 6 month period to January 2021, the Group received a cash refund arising from R&D tax credits worth £127k (Jan 20: £nil).

6 Intangible assets

	31 Jan 2021 £000	31 Jan 2020 £000	31 July 2020 £000
At 1 August	**4,965**	7,818	7,818
Additions	**426**	626	1,151
Exploration write-off	**-**	(3,005)	(4,004)
At 31 July	**5,391**	5,439	4,965

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

	31 Jan 2021 £000	31 Jan 2020 £000	31 July 2020 £000
Ireland FEL 1/17	**-**	796	-
Ireland FEL 4/19 (Inishkea)	**1,606**	1,363	1,482
Morocco Inezgane	**314**	104	299
UK PEDL180 (Wressle)	**3,234**	2,954	2,947
UK PEDL181	**118**	103	118
UK PEDL182 (Broughton North)	**29**	29	29
UK PEDL299 (Hardstoft)	**12**	12	12
UK PEDL343 (Cloughton)	**78**	78	78
Total	**5,391**	5,439	4,965

	31 Jan 2021	31 Jan 2020	31 July 2020
	£000	£000	£000
Exploration write-off			
Ireland FEL 2/13	**-**	1,387	1,445
Ireland FEL 3/13	**-**	1,284	1,343
Ireland FEL 1/17	**-**	-	845
Ireland LO 16/19	**-**	94	94
Ireland LO 16/22	**-**	240	277
Total	**-**	3,005	4,004

7 Borrowings

	31 Jan 2021	31 Jan 2020	31 July 2020
	£000	£000	£000
Loans repayable in less than 1 year			
Director's loan	**225**	-	-
Bounce back loan	**6**	-	2
Total short term borrowings	**231**	-	2
Loans repayable in 1 to 2 years			
Bounce back loan	**10**	-	10
Loans repayable in 2 to 5 years			
Bounce back loan	**30**	-	30
Loans repayable in over 5 years			
Bounce back loan	**4**	-	8
Total long term borrowings	**44**	-	48

On 19th January Europa entered into a related party loan agreement with CW Ahlefeldt-Laurvig (a Group Non-Executive director and shareholder). Under this agreement, Europa Oil & Gas drew funds of £225,000 on 20th January 2021 for a term of 4 months (with the option of early repayment). The loan was unsecured and interest accrued on a daily basis at an effective interest rate of 12.57% per annum.

In June 2020 the Group received a Bounce Back loan for £50,000 under the Government's Covid 19 policies. The loan is to be repaid within 6 years of drawdown but with a 12 month holiday so repayments will start in June 2021 and will be repaid over the following 5 years. The annual rate of interest is 2.5%.

8 Post reporting date

- £1.44 million (net of fees) was raised via Placing and Broker Options to fund future work programmes. 121,775,384 shares were placed at 1.3 pence.
- The Director's loan from CW Ahlefeldt-Laurvig and accrued interest was fully repaid in March 2021
- All salaries and fees re-instated to levels prior to cuts.