

Europa Oil & Gas (Holdings) Limited

Chairman's Governance Statement

As Chairman of Europa Oil & Gas (Holdings) plc, it is my responsibility to ensure that the Board is performing its role effectively and has the capacity, ability, structure and support to enable it to continue to do so.

The information on Corporate Governance set out below and on the website www.europaoil.com is, in the opinion of the Board, fully in accordance with the revised requirements of AIM Rule 26.

The Board has determined that the Quoted Companies Alliance (QCA) Corporate Governance Code for small and mid-size quoted companies is the most appropriate for the Group to adhere to.

The QCA Code is constructed around 10 broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation of how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each. The Board considers that it does not depart from any of the principles of the QCA Code during the period under review.

The last 12 months have seen, amongst others, the following governance developments:

- SG Oddie, and BJ O'Cathain met with major shareholders
- Retirement of Finance Director (Phil Greenhalgh)
- A Board evaluation review in September 2021, the main action points arising being:
 - To strengthen the management team
 - To obtain more from meetings of the Board
 - To improve board diversity

For the purposes of clarity, the description of how the Group complies with the 10 principles of the QCA Code begins with a summary of those areas where the Group does not fully comply, followed by a review of each of the principles in turn.

<p><u>Principle 6:</u></p> <p>Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities</p> <p>The Board should understand and challenge its own diversity, including gender balance, as part of its composition.</p>	<p><u>Action</u></p> <p>The Board has resolved to look for a Chief Financial Officer (CFO) and Deputy CEO giving due consideration to all candidates but especially to female candidates. Any appointment made will be on merit.</p>
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Review of each of the QCA principles

<p><u>Principle 1:</u></p> <p>Establish a strategy and business model which promote long-term value for shareholders</p>	<p>Our strategy is described here:</p> <p>http://www.europaoil.com/strategy.aspx</p> <p>Also note:</p> <ul style="list-style-type: none"> • In January 2019 following a review of strategy led by BJ O’Cathain, the Board resolved to establish a Strategy Committee to provide support to the executive in implementing the strategy. • The Strategy Committee met once in 2020-21 • Strategy is actively assessed and adjusted by discussion between the Directors • Strategy is by necessity opportunity driven
<p><u>Principle 2:</u></p> <p>Seek to understand and meet shareholder needs and expectations</p>	<p>The Company engages with shareholders by:</p> <ul style="list-style-type: none"> • Conducting regular interviews with Proactive Investors and appearing on virtual forums • Issuing Regulatory News Service (RNS) announcements and emailing to its subscriber list • Maintaining an active Twitter account. • Replying directly to investor questions sent to mail@europaoil.com • Conducting at least twice-yearly meetings with major shareholders on its results roadshows to obtain a balanced understanding of their issues and concerns <p>Shareholder liaison is the responsibility of the CEO and Chairman, with assistance from the SID.</p> <p>At the last (closed) AGM, voting did not indicate any specific shareholder concerns.</p>
<p><u>Principle 3:</u></p> <p>Take into account wider stakeholder and social responsibilities and their implications for long-term success</p>	<p>Key stakeholders are:</p> <ul style="list-style-type: none"> • Regulators (OGA, DECC (Department of Environment, Climate and Communications (Ireland)), ONHYM (Office National des Hydrocarbures et des Mines), EA, HSE, Local Authorities)

	<ul style="list-style-type: none"> • Host Governments • Local communities • Partners and Co-venturers • Employees and consultants • Phillips 66, (who purchase our produced crude oil) <p>The CEO provides a weekly report to the Board which includes a section on Stakeholder and Social Responsibility. This includes stakeholder feedback from multiple sources.</p> <p>Europa is a member of the Irish Offshore Operators' Association ('IOOA') which has been highly active in promoting the need for oil and gas exploration in Ireland and in particular the role of indigenous gas.</p>
<p><u>Principle 4:</u> Embed effective risk management, considering both opportunities and threats, throughout the organisation</p>	<p>The finance department prepares a risk register for the Group that identifies key operational and financial risks. All members of the Board are provided with a copy of the register. The register is updated as and when necessary.</p> <p>The Audit Committee monitors the integrity of the financial statements and related announcements, reviews the Company's internal control processes and risk management systems, and reports its conclusions to the Board. The committee regularly reviews the effectiveness of the Company's systems and risk management.</p> <p>Within the scope of the annual audit, specific financial risks including foreign currency, interest rates, liquidity and credit are evaluated in detail.</p> <p>All members of staff and contractors are provided with a handbook which includes sections on share dealing, bribery and whistleblowing. The handbook is updated and reissued regularly.</p> <p>We do not currently have a risk management framework, a risk management improvement programme a risk training programme, workshops, risk appetite or monitoring dashboard but will review if any of these would be beneficial in the coming year.</p>
<p><u>Principle 5:</u> Maintain the Board as a well-functioning, balanced team led by the chair</p>	<p>All of the three NEDs are considered by the Board to be independent.</p> <p>Biographies are available at: http://www.europaoil.com/Directors.aspx</p> <p>Two of the Board's Non-Executive Directors, SA Williams and BJ O'Cathain, hold share options. Whilst recognising that the granting of options to Non-Executive Directors can be deemed to compromise independence in accordance with the principles of the QCA Corporate Governance Code, the Board views this to be part of a balanced remuneration package to attract and retain high quality candidates and considers the numbers of options to have no effect upon the independence of these Directors as the sums are insignificant in the context of the individual's financial circumstances.</p> <p>One of the Board's Non-Executive Directors, CW Ahlefeldt-Laurvig, has been a member for more than the nine years recommended by the QCA Corporate Governance Code and holds 5.8% of the Group's shares. The Board believes him to be independent in character and free from any other relationship that could affect his independent judgement. This is</p>

	<p>demonstrated by his objective and active contribution in Board meetings and their voting record.</p> <p>The appointment of SA Williams in March 2020 compensated somewhat for his seniority and reduced the average tenure of the Board. Directors serving more than six years will continue to be proposed for re-election at each AGM.</p> <p>SG Oddie (CEO) is a full-time employee.</p> <p>BJ O’Cathain (Non-Executive Chairman), SA Williams and CW Ahlefeldt-Laurvig (all Non-Executive Directors) are all expected to devote such time as is necessary for the proper performance of their duties including attendance at Board meetings, the AGM, and Board committee meetings.</p> <p>The minimum numbers of meetings for committees are: Audit Committee – two; Remuneration Committee – one; and Nominations Committee - one. Meetings held and attendance records of all Directors for the period 1 August 2020 to 31 July 2021 are set out below.</p> <p>The Board is balanced in terms of experience, and the split between Executive and Non-Executive Directors.</p> <p>All Board and Board committee members received agenda and associated papers a few days in advance of meetings.</p>
<p><u>Principle 6:</u></p> <p>Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities</p>	<p>Members of the Board of Directors are listed at http://www.europaoil.com/Directors.aspx including their relevant experience, skills and personal qualities. There is an appropriate breadth of experience covering the key aspects of the business including technical, operational, financial and international although there will be a requirement for a CFO/deputy CEO as the company grows. The gender balance also needs to be addressed and will be considered at the same time. It is the responsibility of each Director to keep skills up to date with the assistance of the Chairman who has a core responsibility in addressing the development needs of the Board as a whole with a view to enhancing its overall effectiveness.</p> <p>Board Committees call on external advisers where this is deemed necessary.</p> <p>No significant matters of a corporate governance nature arose during the period covered by the 2021 Annual Report nor subsequently to the date of this statement on which it was considered necessary for the Board or any of its committees to seek specific external advice, although the Board consults with its Nominated Adviser and other professional advisers on routine matters arising in the ordinary course of its business.</p> <p>The main internal advisory functions are those of Senior Independent Director and Company Secretary.</p> <p>New Directors receive training from the Company Nominated Adviser and broker.</p>
<p><u>Principle 7:</u></p> <p>Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The third effectiveness review used the Thinking Board Evaluator from the company Independent Audit was undertaken during the year. Each Director fed back to the Chairman and results were assimilated and considered at the following Board meeting. The main areas requiring attention were:</p> <ul style="list-style-type: none"> ○ Strengthening the management team. Since the retirement of the Finance Director/Company Secretary in November 2020 these functions have been provided by internal non-

	<p>Board appointees. As the Company grows, Directors recognise the need to recruit a Chief Financial Officer on the Board who can also act as a deputy to the CEO.</p> <ul style="list-style-type: none"> ○ Obtaining more from meetings of the Board. The restricted nature of virtual meetings during the pandemic has limited the scope and benefit. The return to physical meetings (the first held 7th September 2021) resumption of site visits, physical technical presentations and informal exchanges of ideas around meetings are expected to improve this situation significantly. ○ Board diversity. This will be addressed as the management team is strengthened. <p>The Board has concluded that the fourth review, in 2022 should include an external third-party component.</p>
<p><u>Principle 8:</u> Promote a corporate culture that is based on ethical values and behaviours</p>	<p>Members of the Board are committed to observing and promoting the highest standards of ethical conduct in the performance of their responsibilities on the Board of Europa. The Board believes that a culture that is based on the highest ethical standards provides a competitive advantage and is consistent with fulfilment of the Group’s strategy.</p> <p>Board meetings have been held virtually on Zoom with the resumption of physical meetings on 7th September 2021. The previous practice of holding a meeting once a year at one of the production sites will be resumed. Directors are encouraged to spend time with, listen to, and act upon any concerns of, staff members and contractors.</p> <ul style="list-style-type: none"> • The Board considers that cultural differences between UK and Ireland are not material. • We do not have a culture policy, nor a specific culture related employee training / induction programme but resolve to review the need for such a programme annually. • Culture and strategy are deeply aligned. • The Board ensures that the Company has the means to determine that ethical values and behaviours are recognised and respected.
<p><u>Principle 9:</u> Maintain governance structures and processes that are fit for purpose and support good decision making by the Board</p>	<p><u>Role of the Chairman – BJ O’Cathain (from 4 August 2020, previously SG Oddie)</u></p> <ul style="list-style-type: none"> • Runs the Board and sets its agenda. • Promotes the highest standards of corporate governance. • Ensures that the members of the Board receive accurate, timely and clear information, to promote the success of the Group. • Ensures effective communication with shareholders. • Takes the lead in identifying and meeting the development needs of individual Directors, ensuring that the performance of individuals and of the Board as a whole and its committees is evaluated at least once a year. <p><u>Role of the CEO – SG Oddie (from 4th August 2020, previously SG Oddie as Interim CEO)</u></p> <ul style="list-style-type: none"> • Develops Group objectives and strategy

	<ul style="list-style-type: none"> • Executes strategy following approval by, the Board. • Identifies and executes licence acquisitions and disposals, joint venture opportunities, approves major work programmes. • Leads geographic diversification initiatives. • Identifies and executes new business opportunities outside the current core activities. • Manages the Group’s risk profile, including the health and safety performance of the business, in line with the extent and categories of risk identified as considered acceptable by the Board. <p><u>Role of the SID – SA Williams (from 4 August 2020, previously BJ O’Cathain).</u></p> <ul style="list-style-type: none"> • Works closely with the Chairman, acting as a sounding board and providing support. • Acts as an intermediary for other Directors as and when necessary. • Is available to shareholders and other non-Executives to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication. • Meets at least annually with the non-Executives to review the Chairman’s performance and carrying out succession planning for the Chairman’s role. • Attends sufficient meetings with major shareholders to obtain a balanced understanding of their issues and concerns. <p><u>Role of the Company Secretary – Murray Johnson (from 14th October 2020, previously Phil Greenhalgh)</u></p> <ul style="list-style-type: none"> • Distributes documents to the Board. • Is available to the Audit, Remuneration, Nominations and Strategy Committees as required. • Keeps minutes of meetings. • Updates Companies House records for the Company and subsidiaries. <p>Committee Terms of Reference and Matters Reserved for the Board are available at: http://www.europaoil.com/corporatedocuments.aspx</p> <p>The Board intends to continuously review its governance framework in line with the Company’s plans for growth.</p>
<p><u>Principle 10:</u> Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p>	<p>Owing to Covid-19 restrictions it has not been possible for SG Oddie and BJ O’Cathain to meet major shareholders since March 2020, but such meetings will now resume</p> <p>The Audit Committee met to review the interim and preliminary accounts for the Group and held meetings with the external auditor without executives present.</p> <p>The Remuneration Committee met once during the year to review remuneration and incentives.</p> <p>During the year the Company has focused on advancing its portfolio and looked at new asset opportunities.</p> <p>Past Notice of AGMs are available at http://www.europaoil.com/reportsandpresentations.aspx</p>

21st Oct 2021

Board

The Board is responsible for the overall governance of the Company. Its responsibilities include setting the strategic direction of the Company, providing leadership to put the strategy into action and to supervise the management of the business.

The Board comprises three Non-Executive Directors ('NEDs') and the CEO. Biographies of the Directors are on pages 25-26. All NEDs are considered by the Board to be independent. The roles and responsibilities of the Chairman, CEO, Senior Independent Director ('SID') and Company Secretary are set out on the website and summarised below.

BJ O'Cathain is Non-Executive Chairman, SA Williams is the SID, CW Ahlefeldt-Laurvig is NED.

Terms of Reference

The Terms of Reference of all Board Committees are available on the website.

Record of meetings

Meetings held and attendance records of all Directors for the period 1 August 2020 to 31 July 2021 are set out below:

	Board	Audit Committee	Remuneration Committee	Nominations Committee	Strategy Committee
	Attended /Possible	Attended /Possible	Attended /Possible	Attended /Possible	Attended /Possible
SG Oddie	9 / 9	2 / 2	1 / 1	0 / 0	1 / 1
CW Ahlefeldt-Laurvig	9 / 9	2 / 2	1 / 1	0 / 0	1 / 1
BJ O'Cathain	9 / 9	2 / 2	1 / 1	0 / 0	1 / 1
SA Williams	9 / 9	2 / 2	1 / 1	0 / 0	1 / 1
P Greenhalgh	3 / 3				

BJ O'Cathain

Chairman