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

24 April 2023

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

Interim Results

Europa Oil & Gas (Holdings) plc, the AIM quoted UK and Ireland focused oil and gas exploration, development and production company, announces its unaudited interim results for the six-month period ended 31 January 2023.

Financial Performance

- Highest interim revenues recorded in Company's history as a result of continued excellent operational performance and a strong oil price
- Revenue £3.7 million (H1 2022: £2.2 million)
- Gross profit £1.5 million (H1 2022: £0.9 million)
- Pre-tax loss of £1.3 million (H1 2022: pre-tax profit £0.7 million) after exploration impairment charge of £1.7 million (H1 2022: impairment reversal £0.4 million)
- Net cash from operating activities £1.7 million (H1 2022: £0.9 million)
- Unrestricted cash balance at 31 January 2023: £5.1 million (31 July 2022: £1.4 million)

Operational Highlights

Onshore UK - Wressle oilfield continues to exceed expectations, generating strong levels of revenues and production

- Total production net to Europa averaged 268 bopd during the H1 period, a 29% increase on H1 last year
- Wressle net production to Europa increased 55% from 134 bopd to 207 bopd as the field performed better than expected
- Wressle now the second most productive onshore UK oilfield
- The well continues to produce under natural flow with zero water cut and remains highly cash generative
- A new seismic interpretation and mapping exercise across the Wressle field has highlighted a potentially significant increase in resources from the Ashover Grit and the results of the analysis are now being incorporated into the field development plan. The intention is that the next development well will be drilled from the existing Wressle site and planning and permitting work for the well is ongoing. The well will be drilled at the earliest opportunity, subject to receipt of regulatory approval
- Ongoing work to utilise the associated gas being produced from Wressle which is expected to lead to further increases in oil production during H2 2023
- An independent technical report has been commissioned which will incorporate the new field interpretation, historical production performance data and the field development plan. The report is expected to be completed during June 2023

Offshore Ireland – Low risk / high reward infrastructure-led exploration in the proven Slyne Basin gas play

- The FEL 4/19 licence extension was granted by the Irish Government, extending the initial phase to January 2024
- Licence FEL 4/19 contains the Inishkea gas exploration prospect, estimated by ERCE, a third-party reserves auditor to hold 1.5 tcf of recoverable gas
- A farm-out process has begun which is expected to conclude by year end 2023, with the aim of bringing in a partner to assist with the drilling of the prospect
- Given the security of supply issues that Ireland faces, the Board believes that it is in the interest of Ireland that this prospect is drilled as soon as reasonably possible, especially as local existing infrastructure would make any development a low carbon intensity project

Offshore UK

- Progress continues with the development of the Serenity oil discovery in the Central North Sea alongside our partner i3 Energy
- Despite drilling an appraisal well in October 2022 that failed to encounter hydrocarbons, the partners believe that Serenity offers a commercially viable development opportunity with a number of potential development scenarios available given local infrastructure
- A future development could result in approximately 1,000 bopd net to Europa's 25% interest

Morocco

- The extension to the Initial Period of the Inezgane Licence offshore Morocco announced on 21 October 2020 came to an end in November 2022, and Europa decided not to progress to the First Extension Period

ESG

- Initiated ESG review focused on integrating the ESG principles adopted by Europa into the Company's planning and wider strategy
- Europa contributes to the Wressle Community Fund, which has been operating since early 2022 and provides funds to meet the needs of local charities and community groups. The Company and its Wressle JV partners make an annual contribution of £100,000 to the fund

Post Period

- In March 2023, the Company announced that Simon Oddie was stepping down as CEO, with Will Holland moving from his role as CFO to replace him with immediate effect
- The operator of Wressle announced that gross revenues from the field since August 2021 had reached US$35.0 million by late March 2023, representing approximately US$10.5 million net to Europa
- On 3 April 2023 Alastair Stuart, a petroleum engineer with over 30 years of experience, was appointed Chief Operating Officer and an Executive Director of the Company. Mr Stuart has been a consultant at Europa since 2012 and more recently has been intimately involved in the development of the Wressle Field
- In order to ensure that the finance function within Europa is suitably resourced, the Company has increased its existing mandate with Clifton Financial Solutions Limited ("Clifton"). Clifton already provides accounting services to Europa and from April 2023 will also provide administrative services that would typically fall under the remit of a CFO

Will Holland, CEO of Europa, said:

"*I am pleased to report my first set of interim results as CEO showing record operational numbers which resulted in Europa continuing to be in a strong financial position. These numbers were all* *generated whilst Simon Oddie was CEO and are a testament to the excellent job that he has done at Europa since 2018.*

The Wressle oilfield's continued excellent performance has underpinned our significant growth in revenues during the period, and a number of projects are underway to enable increased oil production and gas monetisation from the field. The first phase of the gas utilisation project was completed in January 2023, whereby three microturbines were connected to provide site power which have resulted in a c. 10% increase in oil production. The second stage is the installation of a gas engine to generate 1.4 MW of electricity into a local private power network.

In addition to building on our corporate ESG framework, the cornerstone of our long-term commitment to the global energy transition, we initiated a farm-out process for our Irish offshore licence FEL 4/19. Within the licence is the extensive Inishkea gas prospect containing an estimated 1.5 tcf of gas, and we recognise the significant potential of FEL 4/19 to help alleviate Ireland's energy security concerns by providing the nation with a dependable source of gas produced with low carbon emissions.

Europa remains a highly cash generative business, and our robust financial foundations will enable us to continue to work towards optimising our existing assets in the second half of the year, whilst we also pursue potential UK offshore and onshore opportunities to add to our well-balanced portfolio and deliver further value for shareholders."

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

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Notes to Editors
Europa Oil & Gas (Holdings) plc has a diversified portfolio of multi-stage hydrocarbon assets which includes production, development and exploration interests, in countries that are politically stable, have transparent licensing processes, and offer attractive terms. Average production for the 6-month period ending 31 January 2023 was 268 bopd. In April 2022, Europa farmed into P.2358, Block 13/23c ("Serenity") in the Outer Moray Firth area of the North Sea. The licence contains the 2019 Serenity oil discovery, in which Europa now has a 25% interest. The Company holds one exploration licence offshore Ireland, which has the potential to host gross mean un-risked prospective resources of 1.5 trillion cubic feet ("tcf") gas. Inishkea is a near field gas prospect in the Slyne Basin which the Company classifies as lower risk due to its close proximity to the producing Corrib gas field and associated gas processing infrastructure.

Chairman's Statement

The first half of the financial year was a significant period for Europa, and the outstanding performance of Wressle, our flagship producing asset, has enabled us to strengthen our financial foundations by continuing to deliver material cashflow, facilitating further investment in our existing assets. Europa welcomed the UK Government's 33rd offshore oil and gas licensing round, and we remain in a favourable position to pursue opportunities in the North Sea, as well as onshore UK, to add domestic projects with minimal emissions to our already diverse asset portfolio.

In the period, we delivered revenue growth of 68% to £3.7 million (H1 2022: £2.2 million), driven by Wressle's impressive daily production rate of 689 bopd during the period. Compared to H1 2022, net cash increased substantially to £5.1 million in the first half of the financial year (H1 2022: £0.6 million), whilst the average realised oil price increased by 13% to US$88 per barrel. Planned gas monetisation solutions for Wressle, coupled with the planned drilling of a development well scheduled for H2 2023, demonstrates our continued commitment to upgrading this key asset to augment production and generate additional revenues, whilst also eliminating gas flaring from the field.

We are actively focused on finding a partner to farm-in to our FEL 4/19 licence located off the west coast of Ireland. The licence contains the extensive, low-risk Inishkea prospect and could potentially play an integral role in the energy transition by providing Ireland with a dependable source of indigenous energy that is projected to have a much lower carbon footprint than gas imported from Europe. Inihskea could provide over 60% of the forecast Irish gas demand for up to 10 years and the development of a discovery would form an essential element of Ireland's energy security. As well as providing for c.180 high quality secure jobs for another c.15 years, Inishkea gas also has an extremely low emissions intensity. It is estimated that Inishkea gas production would be one twelfth of the emissions intensity of UK imported gas, and less than one fiftieth of the emissions intensity of LNG imported from the USA. In H1 2023, the Irish Government granted an extension to the first phase of our licence, which now runs until January 2024, and we look forward to working constructively with the Department of the Environment, Climate and Communications as we seek to progress FEL 4/19 to drilling.

Although our appraisal well at Serenity did not encounter oil-bearing sands, Europa continues to explore options for the development of the oilfield in the Central North Sea. We are currently evaluating with our partners the possibility of developing the discovered reserve via the Repsol Sinopec's Tain field, which could be as a unified development and potentially highly material to Europa.

On behalf of the Board, I would like to express my sincere thanks to Simon Oddie for his hard work and leadership as CEO of Europa and wish him well as he begins his well-earned retirement. I am glad that he has agreed to continue as a non-executive director at Europa and look forward to continuing to work with him in a non-executive capacity. I would also like to thank our management team, employees, and consultants for their hard work and dedication over the course of the reporting period and beyond. We also thank our shareholders for their continued support and look forward to updating the market on our operational and business activities during this exciting period for the Company.

Mr Brian O'Cathain (Non-Executive Chairman)
24 April 2023

Operational Review

Financials
Average daily H1 2023 production was 268 boepd compared to 208 boepd in H1 2022. There was a 13% increase in average realised oil price to US$88 per barrel (H1 2022: US$77.84). Foreign exchange movements had a slight positive impact on revenues as US dollar sales converted to pound sterling at US$1.18 (H1 2022: US$1.35).

- Revenue was £3.7 million (H1 2022: £2.2 million)
- Net cash received from operating activities was £1.7 million (H1 2022: £0.9 million)
- The Group's unrestricted cash balance as at 31 January 2023 was £5.1 million (31 July 2022: £1.4 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 to the financial statements below.

Conclusion and Outlook

We delivered a strong H1 2023 financial performance, underpinned by the high levels of revenue generated from our UK onshore producing assets, particularly the Wressle oilfield. In addition to substantially increasing our revenues to £3.7 million (H1 2022: £2.2 million) and achieving a gross profit of £1.5 million (H1 2022: £0.9 million), we also considerably strengthened our balance sheet, resulting in net cash of £5.1 million at the end of the period. Wressle, currently the second most productive onshore UK oilfield, continues to surpass all expectations, and we remain committed to further enhancing the field's efficiency and increasing production through gas monetisation solutions, alongside advancing the development drilling to enable further production.

During H1 2023, the first phase of our 100%-owned offshore Ireland licence FEL 4/19, which contains two prospects that have the potential to deliver over 2 tcf of gas, was extended by the Irish authorities. With the Inishkea prospect located only 11km from the producing Corrib gas field, we believe FEL 4/19 has the potential to provide Ireland with a reliable fast track gas development to supply low carbon emission energy, helping satisfy the nation's energy security demands alongside accommodating the transition to net zero. Following the extension, we are well positioned to continue conducting technical studies of the licence as we focus on securing a partner to farm-in to the project.

Bolstered by the UK Government's continued commitment to investing in the exploration of North Sea hydrocarbons, we continue to assess development options for the offshore UK Serenity oilfield alongside partner i3 Energy. With Serenity strategically located nearby existing infrastructure, one cost-effective solution we are exploring is to develop the discovered reserve via Repsol Sinopec's Tain Field. A potential unitised development could deliver significant benefits to Europa and our shareholders, with net production to Europa anticipated to be c.1,000 bopd.

During the period, we continued to work on our ESG strategy to ensure that the ESG principles adopted by Europa Board are integrated into our planning and wider strategy. We have pledged to go beyond the necessary ESG-related requirements of an AIM-quoted company and look forward to building on the significant ESG progress generated in H1 2023 to help contribute to the 2050 Net Zero target.

With a balanced portfolio of producing, appraisal, and exploration assets, Europa is ideally placed to explore further opportunities to develop and acquire high potential assets which could facilitate the energy transition and generate additional value for our shareholders. Management looks ahead to the second half of the financial year with confidence and remains fully focused on delivering our strategic priorities.

Will Holland
CEO
22 April 2023

Qualified Person Review

This release has been reviewed by Alastair Stuart, Chief Operating Officer, who is a petroleum engineer with over 35 years' experience and a member of the Society of Petroleum Engineers 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	Slyne Basin	FEL 4/19	Inishkea, Inishkea West	Europa	100%	Exploration
UK	East Midlands	DL 003	West Firsby	Europa	100%	Production
		DL 001	Crosby Warren	Europa	100%	Production
		PL199/215	Whisby-4	BPEL	65%	Production
		PEDL180	Wressle	Egdon	30%	Development
		PEDL181		Europa	50%	Exploration
		PEDL182	Broughton North	Egdon	30%	Exploration
		PEDL299	Hardstoft	Ineos	25%	Appraisal
		PEDL343	Cloughton	Egdon	40%	Appraisal
	Central North Sea	P.2358, BLOCK 13/23C	Serenity	i3	25%	Exploration

Financials
Unaudited condensed consolidated statement of comprehensive income

	6 months to 31 January 2023 £000	6 months to 31 January 2022 £000	Year to 31 July 2022 (audited) £000
Continuing operations			
Revenue	**3,695**	2,191	6,584
Cost of sales	**(2,135)**	(1,246)	(3,806)
Impairment of producing fields	**(18)**	-	(570)
Total cost of sales	**(2,153)**	(1,246)	(4,376)
Gross profit	**1,542**	945	2,208
Exploration (write off)/write back (note 3)	**(1,685)**	360	-
Administrative expenses	**(846)**	(463)	(821)
Finance income	**1**	20	239
Finance expense	**(299)**	(119)	(238)
(Loss)/profit before taxation	**(1,287)**	743	1,388
Taxation (note 5)	**-**	-	(32)
(Loss)/profit for the period	**(1,287)**	743	1,356
Other comprehensive income			
Items that will not be reclassified to loss, net of tax			
Loss on investment revaluation	**(8)**	(17)	(18)
Total comprehensive (loss)/income for the period attributed to the equity shareholders of the parent	**(1,295)**	726	1,338

	Pence per share	Pence per share	Pence per share
Earnings/(loss) per share (EPS) attributable to the equity shareholders of the parent			
Basic EPS (note 4)	(0.13)p	0.13p	0.19p
Diluted EPS (note 4)	(0.13)p	0.13p	0.18p

Unaudited condensed consolidated statement of financial position

	31 January 2023	31 January 2022	31 July 2022 (audited)
	£000	£000	£000
Assets			
Non-current assets			
Intangible assets (note 6)	**6,769**	2,960	3,785
Property, plant and equipment (note 7)	**2,526**	4,006	3,021
Total non-current assets	**9,295**	6,966	6,806
Current assets			
Investments	**16**	25	24
Inventories	**26**	50	36
Trade and other receivables	**1,509**	822	1,866
Restricted cash	**-**	238	6,884
Cash and cash equivalents	**5,146**	624	1,394
Total current assets	**6,697**	1,759	10,204
Total assets	**15,992**	8,725	17,010
Liabilities			
Current liabilities			
Borrowing (note 8)	**-**	(10)	(40)
Trade and other payables	**(1,602)**	(1,177)	(1,573)
Total current liabilities	**(1,602)**	(1,187)	(1,613)
Non-current liabilities			
Borrowings (note 8)	**-**	(35)	-
Trade and other payables	**(15)**	(11)	(4)
Long-term provisions (note 9)	**(4,372)**	(3,510)	(4,164)
Total non-current liabilities	**(4,387)**	(3,556)	(4,168)
Total liabilities	**(5,989)**	(4,743)	(5,781)
Net assets	**10,003**	3,982	11,229
Capital and reserves attributable to equity holders of the parent			
Share capital	**9,592**	5,665	9,565
Share premium	**23,682**	21,157	23,660
Merger reserve	**2,868**	2,868	2,868
Retained deficit	**(26,139)**	(25,708)	(24,864)
Total equity	**10,003**	3,982	11,229

Unaudited condensed 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 2022	**9,565**	**23,660**	**2,868**	**(24,864)**	**11,229**
Comprehensive income for the period					
Loss for the period attributable to the equity shareholders of the parent	-	-	-	(1,287)	(1,287)
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(8)	(8)
Total comprehensive income for the period	-	-	-	(1,295)	(1,295)
Contributions by and distributions to owners					
Issue of share capital	27	22	-	-	49
Share-based payments	-	-	-	20	20
Total transactions with owners	27	22	-	20	69
Balance at 31 January 2023	**9,592**	**23,682**	**2,868**	**(26,139)**	**10,003**
Unaudited					
Balance at 1 August 2021	**5,665**	**21,157**	**2,868**	**(26,441)**	**3,249**
Profit for the period attributable to the equity shareholders of the parent	-	-	-	743	743
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(17)	(17)
Total comprehensive loss for the period	-	-	-	726	726
Contributions by and distributions to owners					
Share-based payments	-	-	-	7	7
Total transactions with owners	-	-	-	7	7
Balance at 31 January 2022	**5,665**	**21,157**	**2,868**	**(25,708)**	**3,982**
Audited					
Balance at 1 August 2021	**5,665**	**21,157**	**2,868**	**(26,441)**	**3,249**
Profit for the year attributable				1,356	1,356

to the equity shareholders of the parent	-	-	-		
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(18)	(18)
Total comprehensive loss for the year	**-**	**-**	**-**	**1,338**	**1,338**
Contributions by and distributions to owners					
Issue of share capital	3,900	2,722	-	-	6,622
Issue of share warrants	-	(219)	-	219	-
Share-based payments	-	-	-	20	20
Total transactions with owners	3,900	2,503	-	239	6,642
Balance at 31 July 2022	**9,565**	**23,660**	**2,868**	**(24,864)**	**11,229**

Unaudited condensed consolidated statement of cash flows

	6 months to 31 January 2023	6 months to 31 January 2022	Year to 31 July 2022 (audited)
	£000	£000	£000
Cash flows generated from operating activities			
(Loss)/profit after taxation	**(1,287)**	743	1,356
Adjustments for:			
Share-based payments	**20**	7	20
Depreciation	**551**	627	1,618
Taxation charge recognised in profit and loss	**-**	-	32
Impairment of producing fields	**18**	-	570
Exploration write-off	**1,685**	-	-
Reversal of cost accrual on relinquishment of licences	**-**	(360)	-
Finance income	**-**	(20)	-
Finance expense	**299**	119	238
Decrease/(increase) in trade and other receivables	**356**	(300)	(1,344)
(Increase)/decrease in inventories	**10**	(27)	(13)
Decrease in trade and other payables	**54**	90	18
Net cash generated from operations	**1,706**	879	2,495
Income taxes paid	**-**	-	(32)
Net cash generated from operating activities	**1,706**	879	2,463
Cash flows from/(used in) investing activities			
Purchase of property, plant & equipment	**(74)**	(406)	(403)
Purchase of intangibles	**(4,669)**	(487)	(1,246)
Cash guarantee re Morocco	**260**	-	-
Cash escrow deposit re Serenity	**6,622**	-	(6,621)
Interest received	**-**	-	-
Net cash from/(used in) investing activities	**2,139**	(893)	(8,270)
Cash flows (used in)/from financing activities			
Gross proceeds from issue of share capital	**49**	-	7,020
Costs incurred on issue of share capital	**-**	-	(398)
New borrowings	**1,000**	-	-
Repayment of borrowings	**(1,040)**	(5)	(10)
Lease liability payments	**(14)**	(7)	(14)
Lease liability interest payments	**(2)**	(1)	(2)
Finance costs	**(89)**	(2)	(3)
Net cash (used in)/from financing activities	**(96)**	(15)	6,593
Net increase/(decrease) in cash and cash equivalents	**3,749**	(29)	786
Exchange gain/(loss) on cash and cash equivalents	**3**	12	(33)
Cash and cash equivalents at beginning of period	**1,394**	641	641
Cash and cash equivalents at end of period	**5,146**	624	1,394

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 30 Newman Street, London, W1T 1PT. Europa Oil & Gas's shares are admitted to trading on the AIM market of the London Stock Exchange.

Basis of preparation

The Group's condensed consolidated interim financial information is presented in Pounds Sterling (£), which is also the functional currency of the Europa Oil & Gas.

The condensed consolidated interim financial information has been approved for issue by the Board of Directors on [22] April 2023.

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information.

The condensed consolidated interim financial information for the period 1 August 2022 to 31 January 2023 is unaudited. In the opinion of the Directors, the condensed consolidated 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 consolidated interim financial information incorporates unaudited comparative figures for the interim period 1 August 2021 to 31 January 2022 and the audited financial year to 31 July 2022.

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 2022.

The comparatives for the full year ended 31 July 2022 are not the Group'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.

Going concern

The Directors have prepared a cash flow forecast, 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 for a period of at least 12 months from the date of signing the consolidated financial information. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial information.

Critical accounting estimates

The preparation of condensed consolidated interim financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in Note 1 of the Group's 2022 Annual Report and Financial Statements. During the interim period significant additional expenditure was incurred on the drilling of the Serenity farm-in appraisal well (note 6). Although the appraisal well was not successful the original discovery is still deemed to be commercial and significant work on evaluating the development potential of the discovered hydrocarbon accumulations at Serenity was ongoing as at 31 January 2023. As such the carrying value of the Serenity evaluation asset is justified by reference to indicators of impairment as set out in IFRS 6 and the Group's accounting policy for exploration and evaluation assets. Based on judgements at 31 January 2023 there was no write-off capitalised exploration and evaluation costs. The nature and amounts of other estimates have not changed significantly during the interim period.

2 Summary of significant accounting policies

The condensed consolidated financial information has been prepared using policies based on UK adopted International Accounting Standards. Except as described below, the condensed consolidated financial information has been prepared using the accounting policies which were applied in the Group's statutory financial information for the year ended 31 July 2022.

(a) Accounting developments during 2022

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 31 January 2023 but did not result in any material changes to the financial statements of the Group.

(b) New standards, amendments and interpretations in issue but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The Group is evaluating the impact of the new and amended standards which are not expected to have a material impact on the Group's results or shareholders' funds.

3 Exploration write back/(write off)

	31 Jan 2023	31 Jan 2022	31 July 2022
	£000	£000	£000
Release of cost accrual on relinquishment of licences	**-**	360	-
Exploration write-off – Morocco	**(1,685)**	-	-
	(1,685)	360	-

The Initial Period of the Inezgane licence in Morocco expired in November 2022 and Group decided not to progress to the First Extension Period. All previously capitalised costs in relation to this licence was written-off during the period.

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.

As the Group made a loss from continuing operations during the interim period ending 31 January 2023, any potentially dilutive instruments were considered to be anti-dilutive. Therefore, the diluted EPS is equal to the basic EPS.

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

	6 months to 31 January 2023 £000	6 months to 31 January 2022 £000	Year to 31 July 2022 (audited) £000
(Loss)/profit			
(Loss)/profit for the period attributable to the equity shareholders of the parent	**(1,287)**	743	1,356
Number of shares			
Weighted average number of ordinary shares for the purposes of basic EPS	**957,457,085**	566,466,985	700,028,629
Number of shares			
Weighted average number of ordinary shares for the purposes of diluted EPS	**957,457,085**	569,753,951	737,636,450

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. Due to incurring qualifying expenditure on drilling the Serenity well, the Group did not generate profits subject to the Energy Profits Levy during the interim period.

6 Intangible assets

	31 Jan 2023 £000	31 Jan 2022 £000	31 July 2022 £000
At 1 August	**3,785**	6,438	6,438
Additions	**4,669**	416	1,246
Transfer to property, plant & equipment	**-**	(3,894)	(3,899)
Exploration write-off	**(1,685)**	-	-
At period end	**6,769**	2,960	3,785

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

	31 Jan 2023 £000	31 Jan 2022 £000	31 July 2021 £000
Serenity	**4,647**	-	410
Ireland FEL 4/19 (Inishkea)	**1,890**	1,698	1,789
Morocco Inezgane	**-**	1,037	1,379
UK PEDL180 (Wressle)	**-**	-	-
UK PEDL181	**106**	105	81
UK PEDL182 (Broughton North)	**34**	34	34
UK PEDL343 (Cloughton)	**92**	86	92

Total	**6,769**	2,960	3,785

	31 Jan 2023 **£000**	31 Jan 2022 £000	31 July 2022 £000
Transfer to Property, plant & equipment			
UK PEDL180 (Wressle)	**-**	3,894	3,899
Total	**-**	3,894	3,899

7 Tangible assets

Property, plant & equipment

	Furniture & computers £000	**Producing fields £000**	**Right of use assets £000**	**Total £000**
Cost				
At 1 August 2021	5	10,887	67	10,959
Additions	13	928	-	941
Transferred from intangible assets	-	3,899	-	3,899
At 31 July 2022	18	15,714	67	15,799
Additions	35	15	24	74
At 31 January 2023	**53**	**15,729**	**91**	**15,873**
Depreciation, depletion and impairment				
At 1 August 2021	3	10,552	35	10,590
Charge for year	1	1,601	16	1,618
Impairment	-	570	-	570
At 31 July 2022	4	12,723	51	12,778
Charge for period	10	532	9	551
Impairment	-	18	-	18
At 31 January 2023	**14**	**13,273**	**60**	**13,347**
Net Book Value				
At 31 January 2023	**39**	**2,456**	**31**	**2,526**
At 31 July 2022	**14**	**2,991**	**16**	**3,021**
Cost				
At 1 August 2021	5	10,887	67	10,959
Transferred from intangible assets	-	3,894	-	3,894
Additions	-	370	-	370
At 31 January 2022	5	15,151	67	15,223

Depreciation, depletion and impairment				
At 1 August 2021	3	10,552	35	10,590
Charge for period	1	617	9	627
At 31 January 2022	4	11,169	44	11,217
Net Book Value				
At 31 January 2022	**1**	**3,982**	**23**	**4,006**

8 Borrowings

	31 Jan 2023	31 Jan 2022	31 July 2022
	£000	£000	£000
Loans repayable in less than 1 year			
Bounce back loan	**-**	10	40
Total short term borrowings	**-**	10	40
Loans repayable in 1 to 2 years			
Bounce back loan	**-**	10	-
Loans repayable in 2 to 5 years			
Bounce back loan	**-**	25	-
Total long term borrowings	**-**	35	-

In June 2020, the Group received a Bounce Back loan for £50,000 under the Government's Covid-19 policies. The annual rate of interest is 2.5%. The loan was repaid in full in August 2022.

In September 2022, the Group entered into a loan agreement with Union Jack Oil, a joint venture partner in the Group's Wressle oil field to borrow a total of £1,000,000 at an annual rate of interest of 11%. The purpose of the loan was to provide the Group with additional contingent liquidity for Serenity well operations conducted in 2022. The additional liquidity was not required and therefore the loan was repaid in full, with interest, in October 2022.

9 Long term provisions

	31 Jan 2023	31 Jan 2022	31 July 2022
	£000	£000	£000
At 1 August	**4,164**	3,393	3,393
Change in estimated phasing of cash flows	**-**	-	538
Charged to the statement of comprehensive income	**208**	117	233
At period end	**4,372**	3,510	4,164

10 Post reporting date

On 15 March 2023, the Company announced the retirement, with immediate effect, of Simon Oddie and the appointment of William Holland as Chief Executive Officer of the Company. William Holland previously held the office of Chief Financial Officer. Simon Oddie remains on the Board of the Company as a non-executive director.

On 3 April 2023, the Company appointed Alastair Stuart as Chief Operating Officer and Executive Director of the Company.