

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

CEO Hugh Mackay has today sent the following newsletter to subscribers:

Dear Investor

I am writing to map out what has the potential to be a transformational year for Europa, thanks to a high impact exploration programme across our European focused portfolio of multi-stage projects. Importantly, after successfully raising £4 million via the recent institutional Placing and the oversubscribed Open Offer to shareholders, this programme is fully funded.

2014 will see Europa drill two conventional wells onshore UK with combined gross prospective resources of 5 mmbo, each with a one in three chance of success. Success with the drillbit at either Wressle in PEDL 180 in H1 2014 or Kiln Lane in PEDL 181 in H2 2014 would have a substantial impact on our production and revenue profile in the near term, resulting in materially higher revenues that would be recycled into our existing portfolio and new ventures.

Being in a large and undrilled licence, the Kiln Lane well has the potential to open up an exciting new conventional oil and gas play and would de-risk the multiple leads we have already identified elsewhere in the licence area. With this in mind, I was delighted to recently announce that we had secured a twelve month extension for PEDL 181. This will enable us to drill the Kiln Lane well during Phase 1 of the licence. The permitting and planning process for the Kiln Lane well has commenced and we will make further announcements on progress in due course. In PEDL 180 we already have planning permission for the Wressle wellsite and the operator, Egdon Resources, is completing the permitting process for the well itself. Critically this has included compliance with new EA regulations and obtaining Mining Waste permits. The relevant EA documentation has been completed and is now in the public consultation phase. Egdon will update the markets when further information becomes available regarding spud date.

In July 2013 the High Court delivered a judgment quashing the Planning Inspectorate's September 2012 decision to dismiss our planning appeal for the Holmwood exploration well in PEDL 143. The Leith Hill Action Group submitted an appeal to the Court of Appeal against the High Court judgement and this appeal will take place on 30 April or 1 May 2014. We believe we have a strong case. In the event the High Court judgment is upheld then the appeal will be remitted to the Planning Inspectorate for redetermination, which may involve a further planning inquiry, probably in H2 2014. A favourable outcome at the planning inquiry would result in an exploration well testing the 5.6 mmbo Holmwood prospect in 2015.

As a holder of several onshore licences, we have been closely following developments surrounding shale gas in the UK. Recent Government initiatives together with recent farm-ins by Total and Centrica promise to kick-start the industry in the UK. There has been much speculation in the press that our 50% owned PEDL 181 licence is prospective for shale gas and I will take this opportunity to explain the situation. Kiln Lane is a conventional oil exploration well targeting a conventional oil prospect typical of the East Midlands Petroleum Province with oil trapped in Carboniferous age sandstone reservoirs; an example of which can be found 25 km to the west at our Crosby Warren field. Kiln Lane is not a shale gas well and therefore is not being permitted or planned as a shale gas well.

Despite the long history of drilling in the East Midlands, PEDL 181 has never been drilled and the presence of source rocks is not proven. As a result, in addition to evaluating a conventional oil and gas prospect, the Kiln Lane well will also serve as an important stratigraphic test, providing new information on all aspects of the petroleum system in the South Humber basin, including trap, reservoir and source rocks. Should the Kiln Lane well prove the existence of what would be a new and previously undrilled source rock sequence, then this will provide a valuable insight into both the conventional and unconventional hydrocarbon potential of the licence. The presence of source rocks does not automatically equate to a shale gas play, but it is a good start. In the event the shale gas prospectivity is real then we have a strong acreage position and we would evaluate the potential using a drillsite and well that have been specifically planned, constructed and permitted for shale gas. As stated previously we may seek to do so alongside an appropriate partner.

Our UK production continues to deliver according to forecast. In 2013 we completed a detailed reservoir engineering study of the West Firsby field and this is providing the technical basis for ongoing field management decisions and delivering ongoing operating efficiencies. We believe that the best way for us to increase production is through the exploration drillbit with Wressle and Kiln Lane providing us with two such opportunities.

2014 will potentially see significant value trigger events at both our Irish and French projects. Following the farm-out agreement we secured with leading independent Kosmos Energy in April 2013, we own a 15% interest in two licences in the South Porcupine Basin, offshore Ireland. Kosmos has already funded and completed the acquisition of a 3D seismic survey over both licences. We received fast-track 3D data at the end of December 2013 and are due to receive the processed data towards the end of Q1 2014, at which point we will immediately commence interpreting and mapping the data with a view to clarifying and de-risking the prospectivity of the two blocks. Europa previously mapped prospects with billion barrel potential on the historic 2D data. These prospects will change according to the results of analysis of the new 3D seismic data, however, the prospect sizes are very large and there is the potential for resources of hundreds of millions of barrels. We expect to complete a new prospect inventory during summer 2014 and to issue a CPR during 2H 2014. Delivery of the prospect inventory will also provide the operator, Kosmos, with the information they need to

determine their next steps. Kosmos may elect to drill a well, in which Europa will have a carried 15% interest (up to a [\$] cap), as early as 2015. We estimate the minimum economic prospect size offshore Ireland to be 100 ±20 mmbbls. If Kosmos therefore do elect to drill, we would view this as being a major value trigger for Europa, and with a decision expected in the summer, shareholders will not have to wait very long.

Still with Ireland, it was encouraging to note Providence Resources' recent announcement regarding its licences in the Porcupine Basin, specifically the reference to the main 'Lower Cretaceous Drombeg prospect ... considered to be of a similar age and depositional setting to prospects being targeted by Kosmos Energy further to the north and east in the basin. Notably, the recently completed ExxonMobil-operated Dunquin North exploration well, which encountered a residual oil column in an over-pressured carbonate reservoir, has confirmed that both oil migration and entrapment has occurred within the Lower Cretaceous in this part of the basin.'

2014 will see significant activity in the Porcupine Basin as other operators acquire 3D seismic and one well being drilled at Spanish Point in the north of the basin by Cairn Energy. This well is appraising an existing gas condensate discovery in Jurassic sandstone reservoir. Whilst not testing our Cretaceous play, any success in the basin will nonetheless be welcomed. The next Irish Atlantic licence round is expected to open in April 2014 and we are excited by the possibility of building our Porcupine portfolio.

Onshore France, Europa holds a 100% interest in the Bearn des Gaves Permit in the proven Aquitaine Basin where the 416 bcf Berenx shallow gas prospect and the 500bcf Berenx deep gas appraisal project are located. Having successfully renewed the permit, we recently opened a data room to secure a farm-in partner with whom we would first drill the shallow prospect. We are talking to a number of interested parties and, as and when it is appropriate to do so, we will update the market accordingly. In parallel with the farmout work, we are progressing with well planning and permitting. Subject to securing a partner, we are targeting being in a position to drill by the end of 2014.

In summary, Europa has multiple near term opportunities to generate value for shareholders, starting with the drilling of the 2.1mmbo Wressle prospect in H1 2014, followed by a well targeting the 2.9mmbo Kiln Lane in H2 2014. Positive results at these wells would de-risk other prospects identified on the licences and may lead to follow-up drilling activity. Meanwhile, later in 2014, our partner Kosmos Energy could commit to a well targeting the billion barrel prospectivity offshore Ireland as early as 2015. We are actively engaged in farming out the 416 Bcf Berenx shallow and will make further announcements in due course. We are entering an exciting phase in the development of your Company, one in which we will be using the drillbit to prove up and monetise the substantial volumetrics our technical work has identified across our asset base to date. In parallel with this we are actively pursuing business development and new venture opportunities. We will be participating in licence rounds in the UK, Ireland and elsewhere and we are in the deal flow for new business and

consolidation opportunities. I look forward to providing further updates on our progress as soon as any developments arise.

Finally I would like to thank our employees and advisors for their support over the last two years. This includes the operations team at our fields in the East Midlands who are consistently hitting their production targets, our technical and finance team at our head office in London who (amongst other things) have delivered a transformational farmout in Ireland and all the advisory and service companies across Europe that support our business.

Yours sincerely

Hugh Mackay  
CEO

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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 182 boepd in the UK during the 2012/2013 financial year, generating sufficient revenues to cover corporate overheads. Its highly prospective exploration projects include the Wressle prospect in the UK where a well is due to be drilled later in the near term; 100% owned gas exploration prospect (416 bcf) and appraisal project (CPR 277 bcf) in onshore France; and a joint venture with leading independent Kosmos to explore two licences in offshore Ireland in which Europa has identified two prospects with estimated gross mean un-risked indicative resources of 482 million barrels oil and 1.6 billion barrels oil respectively.