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

16 June 2015

Europa Oil & Gas (Holdings) plc ('Europa' or 'the Company')
US$1.6 billion Net Mean Un-risked NPV10 for FEL3/13 Prospects, Irish Atlantic Margin

Europa Oil & Gas (Holdings) plc, the AIM quoted oil and gas company with both producing and exploration assets in Europe, recently commissioned ERC Equipoise Ltd ('ERCE') to complete an independent assessment of its interests in the Frontier Exploration Licence ('FEL') 3/13 in the Porcupine Basin, offshore West Ireland. The results of this study estimate a mean Un-risked Net Present Value ('NPV') of approximately US$1.6 billion to Europa's 15% Net interest in three prospects; Wilde, Beckett and Shaw. On a risked basis the results of this study estimate a mean Risked NPV of US$251 million to Europa's 15% Net interest in the three prospects. This independent assessment is in addition to the Competent Persons Report ('CPR') by ERCE which detailed total Gross mean Un-risked Prospective Resources of 1.49 billion barrels of oil equivalent ('bboe') across the three prospects in FEL 3/13 (see RNS announcement on 12 May 2015). These prospects are at the pre-drill stage and realisation of this potential value will require the drilling of exploration wells.

Overview

- ERCE's independent assessment of NPV follows their CPR on the Prospective Resources associated with the Wilde, Beckett and Shaw prospects on FEL 3/13 based on 3-D seismic data acquired in 2013 by the operator, Kosmos Energy ('Kosmos')
- ERCE estimates Europa's 15% (Net) Un-risked and Risked NPV at a 10% discount rate (NPV10) as at 1 January 2015 for the Low, Best and High estimates of Prospective Resources as tabulated below:

Prospect	**Gross Oil & Gas Un-Risked Prospective Resources mmboe***			**Net Un-risked NPV10 (US$ Million)**				**Chance of Success (%)**	**Net Risked NPV10 (US$ Million)**
	Low	Best	High	Low	Best	High	Mean		**Mean**
Wilde	61	239	952	-10	109	1,227	408	19	78
Beckett	109	424	1,661	-10	400	2,366	867	15	130
Shaw	57	198	681	-10	110	970	332	13	43

Notes:

1. The discounted cash flow analysis has been carried out assuming exploration drilling results in discovery of oil. However, due to the significant uncertainties in the

available geological information, there is a possibility that exploration drilling will result in the discovery of gas.

2. MMboe means millions of barrels of oil plus gas converted to oil using a conversion rate of six thousand cubic feet of gas for each barrel of oil.
3. "Gross Oil and Gas Un-risked Prospective Resources" are 100% of the volumes estimated to be recoverable from an undrilled prospect before applying the geological chance of success (COS).
4. The COS is an estimate of the probability that drilling the prospect would result in a discovery.
5. Prospective Resources are "Un-risked" in that the volumes have not been multiplied by the COS.
6. Net Un-risked NPV10 means the NPV10 at 10% discount rate as at 1 January 2015 attributable to Europa's working interest in the Prospect before multiplying by the COS.
7. Net Risked NPV10 means the NPV10 at 10% discount rate as at 1 January 2015 attributable to Europa's working interest in the Prospect after multiplying by the COS; as Europa does not incur the cost of the exploration well, the Net Risked NPV10 is equal to the Expected Monetary Value (EMV).
8. The analysis for the Best and High cases assumes the successful drilling of an exploration well on each prospect in 2017 followed in each case by appraisal drilling and then development.
9. The Low estimates of NPV10 for each prospect comprise the Net cost to Europa of an exploration and appraisal well, after allowing for Europa's carry; this is because discounted cash flow modelling of each of the Low cases resulted in a more negative NPV10.
10. The Mean estimate of the NPV10 for each prospect has been calculated by adding the Low, Best and High estimates of NPV10 weighted by 0.3, 0.4 and 0.3 respectively (the Swanson's Mean).
11. The NPV10 estimates form an integral part of fair market value estimations; without consideration for the exploration risk factor (COS) and other economic criteria, including market perception of risk, they are not to be construed as opinions of fair market value.
12. Assumes an oil price of US$60 bbl in 2015 rising to $92 bbl by 2018 and inflated at 2% thereafter.

Europa's CEO, Hugh Mackay said, "We have now published summary information on the Prospective Resources, risk and value for the prospects in FEL 3/13 from the CPR and this independent evaluation. The CPR summary issued on 18 May identified significant potential volumes of hydrocarbons: Gross mean Un-risked Prospective Resources of approximately 1.49 billion barrels of oil equivalent across three prospects in FEL 3/13 of which Europa's Net share based on its 15% interest is approximately 224 million barrels of oil equivalent. Europa's 15% interest has a potential Net mean Un-risked NPV10 across the three prospects in FEL 3/13 of approximately US$1.6 billion and a Net mean Risked NPV10 of US$251 million. Europa therefore has exposure to a very significant potential upside in the event of exploration success. Our downside risk is mitigated under the terms of the farm-out agreement announced on 18 April 2013 whereby Kosmos will incur 100% of the costs of the first exploration well on FEL 3/13 subject to an investment cap of US$110 million. With the imminent start-up of extended well test operations at the Wressle oil discovery onshore UK, these are exciting times for Europa."

Further Information

Following the RNS issued on 12 May 2015 summarising the CPR on Prospective Resources in FEL 3/13, Europa commissioned ERCE to prepare an independent report on NPV for the FEL 3/13 prospects. Although it is comparatively unusual for junior oil companies to commission such third party valuation work at this early stage in the exploration cycle, the Company feels it is important that investors are provided with an independent and credible valuation. As with the Prospective Resources CPR, the valuation has been subjected to rigorous technical challenge and scrutiny by ERCE.

The Beckett, Wilde and Shaw prospects are located SW of Ireland, approximately 125 km from shore. ERCE has previously calculated a Low, Best and High resource volume for these prospects. Due to water depths in excess of 1,000m each prospect would be developed by a Floating, Production, Storage and Offloading unit ('FPSO') in the event of successful exploration drilling. The prospects are located in challenging environmental conditions, where high wave heights must be accounted for in FPSO design. This in turn limits throughput rates. Discovery size will also alter facility design, particularly with respect to produced gas handling. ERCE has accounted for these aspects in its forecasting work. ERCE conducted an independent review of the production, operating expenditure, capital and abandonment expenditure and associated discounted cash flow analysis of two Prospects; Beckett and Wilde and used that analysis to derive value for the Shaw Prospect.

Europa notes that costs used in the NPV calculation reflect the US$100/bbl oil price prevailing over much of the last five years. The Company hopes that a continued period of lower oil prices might be reflected in lower costs. Sensitivity analysis suggests that a 20% decrease in capital expenditure might increase the Net NPV10 by approximately 10-15%.

As with the Prospective Resources CPR, ERCE's independent evaluation of NPV will not be released into the public at this stage for reasons of confidentiality arising from the ongoing Atlantic Margin Licensing Round that closes in September 2015 and for which awards are anticipated in H1 2016.

Kosmos has suggested drilling on a prospect in either FEL 2/13 or FEL 3/13 may take place as early as 2017, and has also confirmed that it will seek to farm down some of its interest in the licences.

During the course of its independent mapping of FEL 2/13, Europa has identified new prospects and leads at additional stratigraphic levels. These are in addition to the Doyle A and Doyle B prospects previously identified on the licence in the RNS of 8 December 2014. Europa is consulting with the operator Kosmos regarding technical work to advance these new prospects to a point where they can be included in a complete CPR for FEL 2/13. Further announcements will be made in due course.

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

Hugh Mackay	Europa	+ 44 (0) 20 7224 3770
Phil Greenhalgh	Europa	+ 44 (0) 20 7224 3770
Matt Goode	finnCap Ltd	+ 44 (0) 20 7220 0500
Simon Hicks	finnCap Ltd	+ 44 (0) 20 7220 0500
Frank Buhagiar	St Brides Partners Ltd	+ 44 (0) 20 7236 1177
Lottie Brocklehurst	St Brides Partners Ltd	+ 44 (0) 20 7236 1177

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. In H1/2015 Europa produced 144 boepd generating sufficient revenues to cover corporate overheads and some exploration expenditure. Its highly prospective exploration projects include the Wressle discovery (recently drilled and tested at an aggregate of 710 boepd from 4 zones) in the UK; 100% owned gas exploration prospect (107 bcf) and appraisal project (CPR 277 bcf) in onshore France a joint venture with Vermillion Energy also in onshore France; and a joint venture with leading independent Kosmos to explore two licences in offshore Ireland with the potential to host gross mean un-risked Prospective Resources approximately 1.7 billion barrels across both licences.

Qualified Person Review

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