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

3 October 2016

Europa Oil & Gas (Holdings) plc ('Europa' or 'the Company')
Final Results for the year to 31 July 2016

Europa Oil & Gas (Holdings) plc, the AIM listed oil and gas exploration, development and production company focused on Europe, announces its final results for the 12 month period ended 31 July 2016.

The full Annual Report and Accounts will be available today on the Company's website at www.europaoil.com and will be mailed to those shareholders who have requested a paper copy later this month.

Operational highlights

- Proceeding with development of Wressle discovery in North Lincolnshire with production expected to commence early 2017
- Three new UK onshore awards in 14th Round (one subsequently declined)
- Five new Licensing Options ('LOs') awarded offshore Ireland
- Europa estimates 2.1 billion barrels of oil equivalent ('boe') and 1.5 tcf gas gross mean unrisked prospective and indicative resources on new Irish LOs
- 100% interest and operatorship secured for FEL 2/13 and FEL 3/13 offshore Ireland following transfer from Kosmos
- Mean unrisked NPV10 of US$7 billion for 100% interest in three prospects with 1.5 billion boe in FEL 3/13 provided by ERC Equipoise
- Positive Holmwood planning decision, preparatory work for drilling in 2017 underway
- Farmout of 7.5% of PEDL143; Europa has 32.5% interest, paying 25% of the cost of the Holmwood exploration well up to a gross cost of £3.2m
- 123 boepd produced from UK onshore (2015: 141 boepd)

Financial performance

- Group revenue of £1.3m (2015: £2.2m)
- 33% reduction in cost of sales from lower operating costs
- 39% reduction in administrative expenses from non-recurring 2015 items and other savings
- Pre-tax loss excluding exploration write-off and impairment of £0.7m (2015: loss £0.8m)
- Pre-tax loss of £1.9m after £1.2m exploration write-off in Béarn des Gaves (2015: loss £4.1m after £2.2m exploration write-off in PEDL181 and £1.1m impairment against the West Firsby field)
- Post-tax loss for the year £1.6m (2015: loss £1.8m)
- Cash used in operating activities £0.3m (2015: cash used £0.3m)
- Net cash balance as at 31 July 2016 £1.7m (31 July 2015: £3.2m)

Post reporting date events

- Extension of phase 1 of FEL 2/13 and FEL 3/13 licences to 4 July 2017
- Acquisition of Shale Petroleum (UK) Limited (renamed as "Europa Oil & Gas (UK) Limited") increasing Europa's interest in PEDL299 (including the Hardstoft oil field) to 33.32% and in PEDL343 (containing the Cloughton gas discovery) to 45%
- Elected not to accept the award of PEDL286 in the southern Cleveland basin
- Wressle and Broughton North CPR published
- Sold 3.34% interest in PEDL180 (Wressle) and PEDL182 (Broughton North) to Union Jack Oil plc for £0.6m cash

Europa's CEO, Hugh Mackay said, "In the face of difficult market conditions for the oil and gas sector we have delivered strong performance. We have reduced costs by one third, our UK production is set to double, we are preparing to drill a high impact well onshore UK at Holmwood, we have delivered three deals, landed seven new licences in the UK and Ireland and perhaps most importantly built a leading position in Atlantic Ireland. The tide is turning in Atlantic Ireland: the 2015 Licensing Round was the most successful licensing round ever in Ireland. Major oil companies are back and have already begun substantive work programmes. This is a remarkable outcome given sub $50 oil prices and in due course we expect that this activity will likely result in exploration drilling. We will continue to mature our Irish portfolio with the intention of delivering half a dozen drill-ready prospects – any one of which has the potential to be a company maker for Europa."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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

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Chairman's statement

With the low oil price environment seen in the 12 months to 31 July 2016, we have been concentrating on reducing our cost base through a number of operational efficiencies and voluntary temporary salary reductions amongst head office staff. These changes have resulted in a year on year 33% reduction in our cost of sales and a 39% reduction in our administrative expenses. Despite this reduction in costs, Hugh and the team have continued with our programme of selectively expanding Europa's portfolio and maturing its assets.

Highlights during this period have included:

- The addition of two new licences onshore UK, which contain hydrocarbon discoveries and where gas and oil appraisal opportunities have been identified.
- The addition of five new Licensing Options offshore Ireland, including the strategically important exploration block LO 16/2 adjacent to our FEL 3/13 licence in the Porcupine basin. This acreage was awarded in the first phase of the recent Atlantic Margin Licensing Round, which was a highly competitive process, with awards being granted to a number of major international oil companies, including Eni, ExxonMobil, Nexen, Statoil, Woodside and BP. The other LOs awarded in the second phase cover acreage near the Corrib gasfield; near our existing FEL 2/13 licence in the South Porcupine basin; and in the Padraig basin.
- Europa has already identified significant potential resources across the new licences totalling 2.1 billion boe and 1.5 tcf gas (gross mean unrisked prospective and indicative resources). Work continues on the farmout process for our Irish acreage where we have seen considerable interest from major oil companies.
- The transfer of interest from Kosmos such that Europa now holds 100% and is operator of FEL 2/13 and FEL 3/13 offshore Ireland with a further 2.1 billion boe gross mean unrisked prospective and indicative resources.
- Work continues on the development of Wressle with first production expected early in 2017.
- Successful planning approval was obtained for an exploration well at Holmwood, which is a conventional prospect with gross mean unrisked prospective resources of 5.6 million boe. Located in the Weald basin, near the recent drilling success at Horse Hill, Holmwood is a very exciting prospect for Europa and its partners. Following the farmout Europa retains a 32.5% interest in the PEDL143 licence and will pay 25% of the Holmwood well up to a gross cost of £3.2 million. Work continues on well planning and we anticipate drilling in 2017.

These activities are part of our ongoing programme to mature and grow our portfolio of prospects and leads and most importantly prove these up via the drill bit. We also continue to evaluate potential corporate transactions to follow on from the farmout of Holmwood, the post year end acquisition of Shale Petroleum (UK) Limited and sale of interest in PEDL180 and PEDL182.

All of this has been against a backdrop of continued low oil prices which has seen the price achieved for sales during the 12 months to end July 2016 average US$41.5 per barrel (2015: US$68.2). Europa's board continues to work hard to maximise efficiencies and to avoid incurring debt for its activities, preferring to farmout exploration obligations and/or monetise assets wherever possible. Our focus in the last year has been on managing our cost and asset base to ensure we remain fully funded for future operations and this strategy will continue in 2017.

Financials

The fall in oil price has a direct effect on our revenues and the average of 123 boepd recovered from our UK onshore fields generated £1.3 million in revenues (2015: 141 boepd and £2.2 million). Net cash spent on operations was £0.3 million (2015: cash spent £0.3 million). Our cash balance at the end of July 2016 was £1.7 million (31 July 2015: £3.2 million).

If Wressle were to produce at the expected initial flowrate of 500 bopd gross, even at today's sub US$50 per barrel oil price, Europa will return to a positive operating cashflow. It should be noted that following the March 2016 UK Budget which halved the Supplementary Charge with effect from 1 January 2016, Europa's future profits would be taxed at 40% (previously 50%).

Oil and gas exploration onshore France is frustrated by the French Government's lack of support for the industry. This is demonstrated by the continuing delay, since February 2015, in approving Europa's farmout of the Tarbes val d'Adour permit interest to Vermillion. In fact no onshore France permits have been issued or renewed in the past 12 months. Europa will continue to progress its operations in France, but has taken the decision to write down the carrying value of the Béarn des Gaves permit to nil – resulting in an exploration write-off in the current period of £1.2 million (2015: Exploration write-off £2.2 million for the Kiln Lane well and impairment of the producing West Firsby field £1.1 million).

Outlook

The continuing low oil price presents challenges for all E&P companies, but I am confident that through a combination of cost efficiencies and sound asset management Europa is now well poised to deliver growth by maturing its diverse portfolio of assets. Through the recent awards in Ireland and the UK, Hugh and the team have developed a pipeline of licence interests at various stages of maturity, which will provide cashflow to cover corporate overheads and, in some cases, have the exploration potential to be company makers. I am very excited by the Irish acreage position we have put in place and the arrival of the majors and supermajors in the last licensing round indicates that the basin is seen as having strong potential. This bodes well for our ongoing farmout discussions.

We have seen the results of the initial technical work on our Porcupine basin interests translated into prospective resources confirmed by a Competent Persons Report ('CPR') on FEL 3/13 with Europa exposed to 1.5 billion boe of gross mean unrisked prospective resources with a mean risked NPV10 of US$7 billion. This excludes the recently awarded LO 16/2 with a further 895 million boe and FEL 2/13 with 595 million boe of gross mean unrisked prospective resources.

In the UK, with Wressle moving from discovery to producer, we are poised to see an increase in production, revenue and cashflow, which should coincide with work preparing for the exploration well at Holmwood.

I would like to thank the management, operational teams, my fellow Board members and our advisers for their hard work over the year.

Finally I would like to reiterate my thanks to our shareholders for their continued support during what has been a challenging year for all of the oil and gas sector, but particularly small exploration and production companies like Europa.

Colin Bousfield
Non executive Chairman
30 September 2016

Our portfolio

Country	Area	Licence	Field/ Prospect	Operator	Equity	Status
Ireland	South Porcupine	FEL 2/13	Doyle A/B/C, Heaney	Europa	100%	Exploration
		FEL 3/13	Beckett, Wilde, Shaw	Europa	100%	Exploration
		LO 16/2	3 prospects	Europa	100%	Exploration
		LO 16/19	2 leads	Europa	100%	Exploration
	Slyne basin	LO 16/20	2 leads	Europa	100%	Exploration
		LO 16/21	4 leads	Europa	100%	Exploration
	Padraig basin	LO 16/22	6 leads	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%[1]	Development
		PEDL181		Europa	50%	Exploration
		PEDL182	Broughton North	Egdon	30%[1]	Exploration
		PEDL299	Hardstoft	Ineos	33.3%	Field rejuvenation
		PEDL343	Cloughton	Third Energy	45%	Appraisal
	Weald	PEDL143	Holmwood	Europa	32.5%	Exploration
	SNS	Block 41/24	Maxwell	Europa	50%	Promote
France	Aquitaine	Béarn des Gaves	Berenx	Europa	100%	Exploration
		Tarbes val d'Adour		Vermilion	20%	Exploration

[1] Following the post year end sale to Union Jack Oil plc and assuming OGA approval

Strategic report – Operations

Exploration - Ireland

Europa is now a leading operator in Irish exploration. We are ranked top for net operated area under licence (5,818 km^2), equal top for number of operated licences (seven) and we were awarded more licences in the 2015 Atlantic Margin Licensing Round than any other operator (five).

South Porcupine / FEL 2/13; FEL 3/13; LO 16/2; LO 16/19

In June 2016 we announced the receipt of consent from Ireland's Minister for Communications, Climate Action and the Environmentfor the transfer of interest in FEL 2/13 and FEL 3/13 from Kosmos Energy Ireland. Following the transfer, Europa has 100% interest in, and operatorship of both licences.

In February and May 2016 two additional LOs in the South Porcupine were awarded to Europa: LO 16/2 and LO 16/19.

In August 2016, we announced that phase 1 of FEL 2/13 and FEL 3/13 had been extended by one year to 4 July 2017. This extension allows us to mature existing prospects and perform detailed mapping of all potential prospective levels on both licences, including the pre-rift, syn-rift and post-rift plays, whilst continuing to seek a farmout partner for drilling.

Europa now has four licences in the South Porcupine basin, these can be considered as two licence pairs:

<u>FEL 3/13 and LO 16/2 on the east flank of the basin</u>
Europa identified three new pre-rift prospects in LO 16/2 which have combined gross mean unrisked prospective resources of 895 million boe. The pre-rift play has proved very successful in the Flemish Pass basin offshore Newfoundland and it is believed that this play may also be developed in the South Porcupine basin in addition to the Cretaceous fan play.

The three new prospects were mapped on Europa's proprietary 3D seismic which was acquired in 2013 and covers both FEL 3/13 and LO 16/2.

The Cretaceous fan play is developed in FEL 3/13. A CPR by ERC Equipoise confirmed gross mean unrisked prospective resources of 1.5 billion boe and unrisked NPV10 of US$7 billion across three Cretaceous fan prospects on the licence: prospects Wilde, Beckett and Shaw. Prospect Wilde is considered drill ready. Wilde has a geological chance of success of 1 in 5, gross mean unrisked prospective resources are 428 million boe and the drill costs are estimated to be US$37 million excluding mobilisation and demobilisation.

There is clear technical and commercial synergy between the two licences. The one year extension for FEL 3/13 phase 1 will enable completion of technical work and integration with LO 16/2. The combined audited and unaudited gross mean unrisked prospective resource of the two licences is almost 2.4 billion boe.

<u>FEL 2/13 and LO 16/19 on the west flank of the basin</u>
Europa has a 100% interest in FEL 2/13 and LO 16/19. FEL 2/13 contains a number of Cretaceous submarine channels mapped on Europa's proprietary 948 km^2 3D seismic survey which cross the licence from west to east feeding submarine fans developed in LO 16/19. The seismic architecture of the channels in FEL 2/13 contain features consistent with sandstone deposition and Europa believes that these sandstones are also deposited in the fans in LO 16/19. In addition, there is evidence of gas escape features on seismic and sea bed pock marks suggesting the presence of an active source rock. BP well 43/13-1 drilled in 1998 approximately 20 km from LO 16/19 saw oil shows and encountered source rocks.

Four prospects (Doyle A, B, C and Heaney) were mapped on 3D seismic in FEL 2/13 with gross mean unrisked prospective resources of 595 million boe. There is potential for several Cretaceous submarine fans with a range of 300 million to 1 billion boe gross mean unrisked prospective resources in LO 16/19.

During the period of the LO Europa will further mature the prospect inventory and will seek a farmin partner with which to convert to an FEL, acquire a 3D seismic survey and in due course drill an exploration well (subject to a positive technical and commercial outcome from the 3D seismic programme). The one year extension for FEL 2/13 phase 1 will enable completion of technical work and integration with LO 16/19.

Europa's experience in the basin leads the directors to believe that 3D seismic over LO 16/19 will profoundly change the prospect inventory and a positive outcome may not only provide greater clarity on prospect mapping and volumetrics, but may also substantially de-risk the prospects. Other operators are exploring for Cretaceous fans in the basin and any exploration drilling success in the Cretaceous fan play has the potential to further de-risk the prospects in all of Europa's South Porcupine licences.

Slyne basin / LO 16/20; LO 16/21

Not everything offshore west Ireland is high risk, deepwater, frontier exploration. LO 16/20 and 16/21 in the Greater Corrib area of the Slyne basin represent exploration in a proven play, in the vicinity of the Corrib gas field that is newly on production and with substantial gas infrastructure already in place. The Greater Corrib play comprises Triassic sandstone reservoirs in tilted fault block structures with hydrocarbons generated from Carboniferous source rocks. Water depths range from 300 to 2,000 metres and the licences are partially covered by historic 3D seismic data as well as extensive 2D seismic.

Our strategy is to expedite exploration by reprocessing historic 3D seismic over LO 16/20 and LO 16/21, maturing leads to drillable prospect status and securing a farmin partner with which to drill a low-cost, low-risk exploration well.

Gross mean unrisked prospective and indicative resources:

- LO 16/20 1.0 tcf gas
- LO 16/21 0.5 tcf gas

Clearly we are at a very early stage in the exploration cycle, however, equally clearly we have a well-defined work programme to de-risk the play. In particular it is hoped that successful reprocessing of historic 3D seismic might allow us to mature existing leads to drillable prospect status without the need to acquire new seismic data.

Prospect TR1 in LO 16/20 lies 16 km to the northwest of Corrib in water depths of 500 metres. Were the prospect to achieve drillable status it is expected that the geological chance of success will be high, drill costs will be low (reflecting the comparatively shallow water depth) and the proximity to gas infrastructure is potentially a very favourable factor.

Padraig basin / LO 16/22

The Padraig basin is a remnant Jurassic basin on the eastern margin of the Rockall Trough. The most relevant analogue is the conjugate margin play offshore Newfoundland in the Flemish Pass basin. Good quality 1998 2D seismic suggest structures of significant size and multiple leads have been mapped in water depths ranging from 800 to 2,000 metres in both pre-rift and syn-rift hydrocarbon plays.

Gross mean unrisked indicative resources are estimated to be in the range of 300 to 600 million boe.

Our strategy is to expedite exploration by utilising the historic 2D seismic and wealth of high quality technical work previously performed by major oil companies to mature leads to drillable prospect status and secure a farmin partner with which to drill an exploration well.

Following Statoil's exploration success at the play-opening Bay du Nord oil discovery in the Flemish Pass basin offshore Newfoundland, there is considerable industry interest in analogues offshore west Ireland. Whilst most of the industry is currently focused on exploring for this play in the South Porcupine basin our restoration of the conjugate margin prior to Atlantic seafloor spreading suggests the possibility that the Padraig basin may be a better fit with the Flemish Pass basin.

Exploration - UK

East Midlands / PEDL181

In July 2016, Europa announced entry into the second phase of the licence – having fulfilled phase 1 work obligations by the drilling of the Kiln Lane well in 2015. Following analysis of seismic and geological data, together with the results of the Kiln Lane well, Europa elected to relinquish 380 km^2 of the licence. An area of 160 km^2 in the southeast of the licence was retained. The retained area provides exposure to the conventional and unconventional hydrocarbon potential of the Humber basin. It has technical synergy with the adjacent licence PEDL334 which was awarded to an Egdon led group in the 14^{th} Round for the purpose of conventional and unconventional exploration.

East Midlands / PEDL299 (Hardstoft)

PEDL299 contains the Hardstoft oil field. This was discovered in 1919 by the UK's first ever exploration well and produced 26,000 barrels of oil from Carboniferous limestone reservoir. A CPR on Hardstoft, issued by joint venture partner Upland Resources, identified gross 2C contingent resources of 3.1 million boe and gross 3C contingent resources of 18.5 million boe in PEDL299. Production testing methodologies for carbonate reservoirs have evolved since 1919 and our hope is that commercial oil flowrates can be obtained.

As a consequence of our acquisition of Shale Petroleum (UK) Limited post year end we have increased our equity from 16.66% to 33.32%. Europa's interest in PEDL299 is restricted to the conventional prospectivity, and Ineos are operator.

East Midlands / PEDL343 (Cloughton)
PEDL343 (initially granted as PEDL348) was our top ranked block out of our three 14th Onshore Licensing Round applications. PEDL343 is operated by Third Energy and contains the Cloughton gas discovery made by Bow Valley. The 1986 exploration well flowed a small amount of gas to surface on production test from Carboniferous sandstone reservoirs. We regard Cloughton as a gas appraisal opportunity with the critical challenge being to obtain commercial flowrates from future production testing operations. The acquisition of Shale Petroleum (UK) Limited post year end increased our equity in the licence from 22.5% to 45%.

Weald / PEDL143 (Holmwood)
PEDL143 contains the Holmwood conventional oil prospect. Europa regards this as one of the best undrilled prospects in onshore UK. Following the farmout to Union Jack Oil plc, we remain as operator with a 32.5% interest in the licence and have a partial carry on our share of the exploration well costs up to a cap of £3.2 million. The well is currently being planned for drilling in 2017.

The results of the Horse Hill well 12 km to the east of the Holmwood prospect in PEDL137 are relevant. Horse Hill is along-strike from Holmwood in a very similar geological structure. Correlation of seismic data indicates that the Holmwood well will penetrate a similar stratigraphic section to that at Horse Hill. Whilst we cannot guarantee that Holmwood will encounter similar hydrocarbons to Horse Hill the results are encouraging.

In addition to producing oil from Portland sandstone reservoirs Horse Hill also produced oil from micritic limestone formations in the Kimmeridge section. This is an interesting development. One of the peculiarities of limestone reservoir rocks (compared with sandstones) is that typically there are no, or very weak, direct hydrocarbon shows whilst drilling and often only inconclusive indications of hydrocarbons on electric logs. It is therefore encouraging that perseverance at Horse Hill yielded 1,365 bopd aggregate flowrate from two limestone intervals. It is possible that the micritic limestone may be a "missed pay" in the Weald basin.

Whilst the results of Horse Hill are encouraging our estimate of geological chance of success is unchanged at 1 in 3 and our guidance for gross mean prospective resources remains at 5.6 million boe with a range of 1 to 11 million barrels. At 5.6 million boe Holmwood would be the fifth largest onshore field in UK history.

Southern North Sea / Block 41/24
This is a promote licence awarded in July 2015 over Block 41/24 in the Southern North Sea to a joint venture comprising Europa and Arenite Petroleum Limited. The licence was

awarded as part of the 28th Seaward Licensing Round. Block 41/24 adjoins the Yorkshire coast and contains the Maxwell gasfield which was discovered in Permian Zechstein carbonates by Total with the drilling of offshore well 41/24a-1 in 1969. Two follow-up appraisal wells: 41/24a-2 drilled by Total (1981) and 41/24-3 by Conoco (1992) targeted this fractured Zechstein carbonate reservoir and flowed gas and condensate. The exploration emphasis of the licence is to address the Carboniferous prospectivity in the Namurian and Dinantian sequences. The adjoining onshore extension of the Cleveland basin contains a number of gas fields and discoveries including Kirby Misperton, Ebberstone Moor and Cloughton.

The promote licence is for two years duration and requires financial, technical and environmental capacity to be in place and a firm drilling (or agreed equivalent substantive activities) commitment to have been made by the end of the second year.

Development - UK

East Midlands / PEDL180 (Wressle); PEDL182 (Broughton North)

The operator Egdon continues to bring the Wressle oil discovery forward to development. Reservoir engineering analyses indicate an initial production flow rate of 500 bopd gross from the Ashover Grit interval, which even at sub US$50 per barrel oil prices, will return Europa to a positive operating cashflow. An application for planning permission and applications for Environment Agency permits were submitted in June 2016. The Field Development Plan (‘FDP’) was submitted on 8 September 2016 and a CPR issued on 26 September. On 27 September Europa announced the sale of 3.34% interest in PEDL180 and PEDL182 to Union Jack Oil plc for a cash consideration of £600,000. The transaction implies a mark to market value of £5.4 million for Europa’s remaining 30% interest in the licences. The CPR identifies gross 2P reserves of 0.65 mmboe in the Ashover and Wingfield Flags and gross 2C contingent resources of 1.86 million boe in the Penistone Flags on the Wressle structure; and gross mean unrisked prospective resources of 0.6 million boe at the Broughton North exploration prospect.

Production – UK

East Midlands / West Firsby; Crosby Warren; Whisby-4

Production from the three fields declined in line with expectations. In the year 123 boepd were recovered, down from 141 boepd in 2015. The change to beam pumps (nodding donkeys) away from jet pumps at West Firsby and successful rateable value appeals were the main drivers of the 33% reduction in cost of sales which was achieved. The pump change enabled savings in utility costs, chemicals and the need for interventions in order to keep the field producing.

Exploration – France

Aquitaine / Tarbes val d’Adour

Europa announced a farmout to Vermilion Energy on 16 February 2015. The farmout agreement being subject to the relevant approvals from the French authorities:- for the transfer of equity and operatorship to Vermilion and the granting of an extension to the permit. The approvals processes started in 2014.

We continue to try to progress the necessary approvals, but we believe that it is prudent at this stage to assume that the relevant approvals will not be forthcoming.

Aquitaine / Béarn des Gaves / Berenx

The current phase of the permit expires in March 2017. Although we successfully obtained a farmin partner for Tarbes Val d'Adour we have been unable to find a partner for Béarn des Gaves. It is unlikely that we will be able to conclude a farmin in the time remaining, and even if we did, it is unlikely that we could obtain the necessary approvals and extension from the French authorities. We have therefore decided to write-off the carrying value of the permit in the current year.

Financials

With a small contribution from the Wressle testing our production this year averaged 123 boepd and generated £1.3 million in revenues (2015: 141 boepd and £2.2 million). The average oil price achieved in the year was US$41.5 per barrel (2015: US$68.2).

As announced last year, while most of the costs associated with our production are fixed in nature we implemented various cost saving measures to help mitigate the effect of the falling oil price and as a result we have reduced cost of sales to £1.3 million (2015: £1.9 million). The cost of sales savings arise partly from lower production rates, successful appeals against property rateable values, and from the switch to nodding donkeys, as opposed to jet pumps, at West Firsby.

Administrative expenses also showed a significant reduction at £0.6 million (2015: £1.0 million). Some of the saving occurred as a result of the non-recurrence of 2015 costs associated with licence applications and the Tarbes farmout. Material savings arose from a voluntary, temporary, salary reduction agreed with head office staff. There were further savings generated from the sublet, and eventual sale, of the Abingdon property.

Our cash balance at 31 July 2016 stood at £1.7 million (31 July 2015: £3.2 million).

Result for the year

The Group loss for the year after taxation from continuing activities was £1,638,000 (2015: £1,784,000).

The financial information set out below does not constitute the company's statutory accounts for 2016 or 2015. The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union on a basis that is consistent with the accounting policies applied by the group in its audited consolidated financial statements for the year ended 31 July 2016. Statutory accounts for the years ended 31 July 2016 and 31 July 2015 have been reported on by the Independent Auditors.

The Independent Auditors' Report on the Annual Report and Financial Statements for 2016 and 2015 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.
Statutory accounts for the year ended 31 July 2015 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 July 2016 will be delivered to the Registrar in due course.

****ENDS****

Consolidated statement of comprehensive income

For the year ended 31 July	Note	2016 £000	2015 £000
Revenue		**1,269**	2,205
Cost of sales		***(1,282)***	*(1,900)*
Exploration write-off	1	***(1,162)***	*(2,205)*
Impairment of producing fields	2	**-**	*(1,100)*
Total cost of sales		**(2,444)**	(5,205)
Gross loss		**(1,175)**	(3,000)
Administrative expenses		**(593)**	(975)
Profit/(loss) on fixed asset disposal		**28**	(2)
Finance income		**64**	55
Finance expense		**(228)**	(208)
Loss before taxation		**(1,904)**	(4,130)
Taxation credit		**266**	2,346
Total comprehensive loss for the year attributable to the equity shareholders of the parent		**(1,638)**	(1,784)

Earnings per share (EPS) attributable to the equity shareholders of the parent	Pence per share	Pence per share
Basic and diluted EPS	**(0.67)p**	(0.86)p

Consolidated statement of financial position

As at 31 July

	Note	2016 £000	2015 £000
Assets			
Non-current assets			
Intangible assets	1	**4,453**	4,839
Property, plant and equipment	2	**1,060**	1,562
Deferred tax asset		**157**	-
Total non-current assets		**5,670**	6,401
Current assets			
Inventories		**23**	13
Trade and other receivables		**210**	374
Cash and cash equivalents		**1,718**	3,151
		1,951	3,538
Total assets		**7,621**	9,939
Liabilities			
Current liabilities			
Trade and other payables		**(444)**	(1,043)
Current tax liabilities		**(148)**	(141)
Derivative		**-**	(32)
Short-term borrowings		**-**	(23)
Total current liabilities		**(592)**	(1,239)
Non-current liabilities			
Long-term borrowings		**-**	(141)
Deferred tax liabilities		**-**	(109)
Long-term provisions		**(2,347)**	(2,143)
Total non-current liabilities		**(2,347)**	(2,393)
Total liabilities		**(2,939)**	(3,632)
Net assets		**4,682**	6,307
Capital and reserves attributable to equity holders of the parent			
Share capital		**2,449**	2,449
Share premium		**15,901**	15,901
Merger reserve		**2,868**	2,868
Retained deficit		**(16,536)**	(14,911)
Total equity		**4,682**	6,307

These financial statements were approved by the Board of Directors and authorised for issue on 30 September 2016 and signed on its behalf by:

Phil Greenhalgh, Finance Director

Company registration number 5217946

Consolidated statement of changes in equity

Attributable to the equity holders of the parent

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2014	2,049	14,080	2,868	(13,154)	5,843
Issue of share capital (net of costs)	400	1,821	-	-	2,221
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(1,784)	(1,784)
Share based payment	-	-	-	27	27
Balance at 31 July 2015	**2,449**	**15,901**	**2,868**	**(14,911)**	**6,307**

	£000	£000	£000	£000	£000
Balance at 1 August 2015	2,449	15,901	2,868	(14,911)	6,307
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(1,638)	(1,638)
Share based payment	-	-	-	13	13
Balance at 31 July 2016	**2,449**	**15,901**	**2,868**	**(16,536)**	**4,682**

Consolidated statement of cash flows

For the year ended 31 July	**2016 £000**	2015 **£000**
Cash flows used in operating activities		
Loss after tax from continuing operations	**(1,638)**	(1,784)
Adjustments for:		
Share based payments	**13**	27
Depreciation	**195**	386
Exploration write-off	**1,162**	2,205
Impairment of property, plant & equipment	**-**	1,100
Disposal of fixed asset	**(28)**	2
Finance income	**(64)**	(55)
Finance expense	**228**	208
Taxation credit	**(266)**	(2,346)
Decrease in trade and other receivables	**170**	79
(Increase)/decrease in inventories	**(10)**	19
Decrease in trade and other payables	**(84)**	(102)
Net cash used in operating activities	**(322)**	(261)
Cash flows used in investing activities		
Purchase of property, plant and equipment	**(1)**	(4)
Sale of property	**338**	-
Purchase of intangible assets	**(1,224)**	(3,394)
Repayment of derivative	**(30)**	-
Expenditure on well decommissioning	**-**	(4)
Interest received	**4**	7
Net cash used in investing activities	**(913)**	(3,395)
Cash flows (used in)/from financing activities		
Proceeds from issue of share capital (net of issue costs)	**-**	2,221
(Decrease)/increase in payables relating to share capital issue costs	**(71)**	71
Repayment of borrowings	**(164)**	(22)
Finance costs	**(17)**	(18)
Net cash (used in)/from financing activities	**(252)**	2,252
Net decrease in cash and cash equivalents	**(1,487)**	(1,404)
Exchange gain on cash and cash equivalents	**54**	54
Cash and cash equivalents at beginning of year	**3,151**	4,501
Cash and cash equivalents at end of year	**1,718**	3,151

Notes to the financial statements

1 Intangible assets

Intangible assets - Group	**2016**	2015
	£000	£000
At 1 August	**4,839**	3,553
Additions	**776**	3,491
Exploration write-off	**(1,162)**	(2,205)
At 31 July	**4,453**	4,839

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

	2016	2015
	£000	£000
France Béarn des Gaves	**-**	**1,160**
Ireland FEL 2/13 (Doyle A/b/c, Heaney)	**224**	**149**
Ireland FEL 3/13 (Beckett, Wilde, Shaw)	**487**	**318**
Ireland LO 16/2	**35**	**-**
Ireland LO 16/19-22	**8**	**-**
UK PEDL143 (Holmwood)	**721**	**681**
UK PEDL180 (Wressle)	**2,672**	**2,270**
UK PEDL181	**47**	**43**
UK PEDL182 (Broughton North)	**223**	**218**
UK PEDL299 (Hardstoft)	**5**	**-**
UK Block 41/24 (Maxwell)	**31**	**-**
Total	**4,453**	**4,839**

Exploration write-off		
France (Béarn des Gaves)	**1,162**	**-**
PEDL181 (Kiln Lane)	**-**	**2,205**
Total	**1,162**	**2,205**

The UK PEDL143 exploration licence carries a well commitment by September 2018. If the Group elects to continue with this licence, it will need to fund the drilling of a well by raising funds or by farming down. If the Group is not able to raise funds, farmdown, or extend the PEDL143 licence; or elects not to continue in any other licence, then the impact on the financial statements will be the impairment of some or all of the intangible assets disclosed above.

2 Property, plant and equipment

	Furniture & computers £000	Leasehold building £000	Producing fields £000	Total £000
Cost				
At 1 August 2014	48	437	10,785	11,270
Additions	4	-	-	4
Disposal	(2)	-	-	(2)
At 31 July 2015	50	437	10,785	11,272
Additions	1	-	-	1
Disposal	-	(437)	-	(437)
At 31 July 2016	**51**	**-**	**10,785**	**10,836**
Depreciation, depletion and impairment				
At 1 August 2014	40	99	8,085	8,224
Charge for year	4	23	359	386
Impairment in year	-	-	1,100	1,100
At 31 July 2015	44	122	9,544	9,710
Charge for year	3	7	185	195
Disposal	-	(129)	-	(129)
At 31 July 2016	**47**	**-**	**9,729**	**9,776**
Net Book Value				
At 31 July 2014	8	338	2,700	3,046
At 31 July 2015	6	315	1,241	1,562
At 31 July 2016	**4**	**-**	**1,056**	**1,060**

The producing fields referred to in the table above are the production assets of the Group, namely the oilfields at Crosby Warren and West Firsby, and the Group's interest in the Whisby W4 well, representing three of the Group's cash generating units.

The carrying value of each producing field was tested for impairment by comparing the carrying value with the value in use. The value in use was calculated using a discounted cash flow model with production decline rates of 7-8%, Brent crude prices rising from US$54 per barrel in 2017 to US$74 in 2020 and a pre-tax discount rate of 18%. The pre-tax discount rate is derived from a post-tax rate of 10%, and is high because of the applicable rate of tax in the UK. Cash flows were projected over the expected life of the fields which is expected to be longer than 5 years.

There was no impairment in the year (2015: £1,100,000 relating to the West Firsby site).

The leasehold building at Abingdon was sold in the period.