

Europa Oil & Gas (Holdings) plc ('Europa' or 'the Company')
Relinquishment of Irish Licensing Option 16/19

Europa Oil & Gas (Holdings) plc, the UK, Ireland and Morocco focused exploration, development and production company, announces that it has elected to relinquish its interest in Licensing Option ('LO') 16/19 in the South Porcupine Basin, offshore Ireland. This follows the completion of the agreed work programme, including a full technical assessment, which concluded that the prospectivity of LO 16/19 is limited. Delivery of all reporting requirements and relinquishment of LO 16/19 was confirmed by the Petroleum Affairs Division of the Department of Communications, Climate Action & Environment ('PAD') on 3 February 2020. The relinquishment has negligible impact on the value of Europa's portfolio.

After farming out a 70% interest in LO 16/19 to a subsidiary of Cairn Energy plc ('Cairn') in March 2017, Europa retained a 30% interest in the Licensing Option. As part of the terms of the farm-out, Cairn funded a seismic acquisition programme which was completed in 2018. As a result, Europa's accounting carrying cost for LO 16/19 was limited to £94,000, which will be written off in the current period. The Company estimates that relinquishment will result in the avoidance of full year costs of £105,000, based on Europa assuming 100% ownership and converting the LO into a Frontier Exploration Licence ('FEL').

Following the relinquishment of LO 16/19, Europa's licence position offshore Ireland comprises five 100%-owned licences. Multiple targets have been identified on seismic data across the licences. Combined, these have the potential to host gross mean un-risked prospective resources of 5.7 billion barrels oil equivalent in addition to the 1.5 tcf gas assigned to Europa's flagship Inishkea prospect on FEL 4/19 in the Slyne Basin. Inishkea, which lies close to the 1tcf producing Corrib gas field and associated infrastructure, has an estimated geological chance of success of one in three and is viewed as "infrastructure-led" exploration.

Simon Oddie, Interim Chief Executive Officer and Executive Chairman of Europa, said: "Today's relinquishment of LO 16/19 provides a worked example of how our low cost/low risk exploration model works in practice: acquire acreage at an early stage; identify and work up the technical case of leads; attract partners to fund further de-risking of prospectivity; and, based on the results, elect to drill or drop. In LO 16/19's case, the decision has been taken by both partners to relinquish the acreage. As this demonstrates, our exploration model is centred on potentially exposing Europa to high reward wells while at the same time minimising cost and risk. This is what we are looking to achieve at our flagship 1.5 tcf Inishkea prospect in the Slyne Basin.

“Farming out Inishkea and our other FELs 1/17 and 3/13 is just one workstream being advanced not just in Ireland but across our asset base in onshore UK and offshore Morocco. In the UK, we are working with our partners to bring the Wressle field into production later this year at an initial gross rate of 500 bopd and in the process more than double Europa’s net production to over 200 bopd, while offshore Morocco a programme is underway to de-risk targets already identified on our recently acquired acreage. We are also seeking to add a third area to our portfolio in the appraisal/development part of the business. With all this activity in mind, I look forward to providing further updates on our progress.”

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

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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. In 2019 Europa produced 88 bopd. Its highly prospective exploration projects include the Wressle development in the UK (targeting production start-up in 2020 at 500 bopd gross) and five licences offshore Ireland with the potential to host gross mean un-risked prospective resources of 5.7 billion barrels oil equivalent and 1.5 tcf gas.