

Europa Oil & Gas plc / Index: AIM / Epic: EOG / Sector: Oil & Gas
18 September 2017

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

Europa Oil & Gas (Holdings) PLC is pleased to provide its investors with the following update on its portfolio of multistage licences offshore Ireland and onshore UK:

Dear Investor,

The last investor newsletter was issued on 1 August 2017, <http://bit.ly/2w14kV2>. Amongst other things included in the newsletter was the potential read across from Providence's 53/6-1 exploration well in FEL 2/14 in the South Porcupine Basin to Europa's four licences in the basin.

Following Providence's RNS of 11 September 2017 <http://bit.ly/2fczPVb> reporting the results of drilling Drombeg we have responded to several inquiries from investors regarding what these results mean for Europa. In these circumstances, we feel it beneficial that our interpretation is shared more widely amongst the Europa shareholder base.

Providence's 53/6-1 well was drilled through two prospects: a Paleocene prospect - Druid - and a mid-Cretaceous aged fan prospect - Drombeg. We discussed Druid in our previous newsletter and we shall therefore concentrate on Drombeg. Europa has no licence interest in FEL 2/14 and any thoughts Europa has are based on public domain information about Drombeg, together with the Company's in-house knowledge of the basin and hydrocarbon plays, and the detailed knowledge we have about our own licences and prospects.

First of all it should be noted that 53/6-1 is the very first exploration well to be drilled into a Cretaceous fan in the South Porcupine basin. Prior to drilling there was considerable uncertainty regarding both the presence of reservoir and the effectiveness of the reservoir. The prediction was based on interpretation of seismic data, geological modelling and correlation of offset well data. The nearest well 43/13-1 is 90km to the north and does not contain a Cretaceous fan. Pre-drill it was therefore possible that the forecast Drombeg fan might contain no reservoir or that even if reservoir were present that the porosity and permeability were so poor as not to provide an effective reservoir.

What we now know is that 53/6-1 proved the presence of sandstone reservoir in the Drombeg Cretaceous fan. Europa's opinion is that this has potentially de-risked the reservoir presence component of other mid-Cretaceous-aged fans in the South Porcupine. Europa has two mid-Cretaceous aged fans, Beckett and Shaw, in FEL 3/13. In due course Drombeg may also de-risk any mid-Cretaceous aged fans in LO 16/19 were we to identify any on the 3D seismic

acquired this summer. Europa's FEL 3/13 licence also contains an older perhaps Valanginian-aged Cretaceous fan called Wilde, deposited some 15 million years earlier than the Drombeg, Beckett and Shaw fans. We understand that 53/6-1 does not penetrate the deeper sequences so there is no direct read across; however, our confidence in inferring sandstone presence at Wilde from seismic evidence has increased. The reservoir is reported as porous, however, in the absence of any further information we cannot make any comment on the effectiveness of the reservoir.

Providence's 11 September 2017 RNS also contained reference to information relevant to source rock: "The possible presence of bitumen was reported in drill cuttings within the Drombeg reservoir interval which may indicate that it received an oil charge which was not retained at this location. However, further studies will be required in order to confirm this interpretation and its implications for the wider prospectivity within FEL 2/14."

We are unaware if the well penetrated a source rock interval. However, if the reported possible presence of bitumen is confirmed as being real then this would have the effect of de-risking the presence and effectiveness of source rock. We can infer that if oil is present then a source rock is present and effective somewhere in the vicinity. Europa considers that Late Jurassic mudstones (and possibly Earliest Cretaceous mudstones) provide the source rock for all the hydrocarbon plays in the South Porcupine basin: Pre-rift, Syn-rift, Cretaceous Slope, Cretaceous Fan and Paleocene. If the Drombeg bitumen is verified as oil then we would interpret this to de-risk some of the source rock presence and effectiveness component across all four of Europa's licences in the basin.

The final risk components are trap presence and effectiveness. We are not in a position to comment on this at Drombeg. We are aware that these are key risks at our own Cretaceous fan prospects in FEL 3/13. We are close to completing a 3D seismic reprocessing project on our 2013 proprietary data across FEL 3/13 and FEL 1/17. One key output might be gaining better insights into trapping geometry and seal prediction at the Beckett, Shaw and Wilde fan in FEL 3/13; particularly if we can identify any element of fault seal.

The prospects in FEL 1/17 and FEL 2/13 are mostly in the Pre-rift and Syn-rift hydrocarbon play. The result of Drombeg has no relevance to the reservoir and trap elements of these plays but might de-risk some of the source elements.

The Drombeg result is irrelevant for the Company's Triassic gas prospects 425 km to the north in the Slyne basin in LO 16/20 and LO 16/21 and near the Corrib gas field. The result is also irrelevant for the Company's Syn-rift prospects and leads 350 km to the northwest in the Padraig basin in LO 16/22 where we have emerging evidence of a different source rock, perhaps similar to source rocks in West of Shetland and the Northern North Sea.

We hope that investors find this update helpful. Further information regarding our prospective resources in Atlantic Ireland can be found on our website <http://bit.ly/2ws8KTL>

The South Porcupine basin remains underexplored with significant potential in multiple plays. There are more exploration wells in the pipeline from other operators. Our belief in the technical and commercial potential of all the Atlantic Ireland basins; South Porcupine, Slyne and Padraig remains undiminished. We look forward to providing further updates as the story evolves.

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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 2016 Europa produced 123 boepd. Its highly prospective exploration projects include the Wressle development (targeting production start-up in 2018 at up to 500 bopd gross) in the UK and seven licences offshore Ireland with the potential to host gross mean un-risked prospective and indicative resources of more than 4 billion barrels oil equivalent and 1.5 tcf gas across all seven 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.