

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

1 August 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,

As you will know, Europa has built a strong portfolio of exploration licences offshore Ireland in an area which has recently seen keen interest from industry majors including Statoil, ExxonMobil, Eni, BP, Nexen, TOTAL and Woodside.

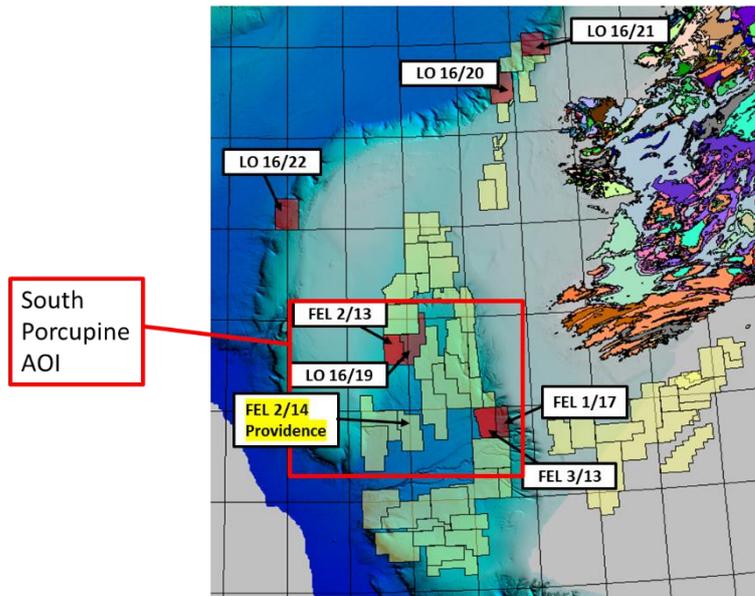
We also have licences onshore UK, including the Holmwood exploration prospect in the Weald Basin, near to the highly publicised Horse Hill, Broadford Bridge and Brockham wells.

To be involved in two key exploration areas which are seeing current drilling activity is very exciting and offers the prospect of Europa benefitting from the maturing of these highly prospective basins.

The aim of this newsletter is to provide investors with information regarding these activities and explain the implications or potential “read across” for Europa.

Ireland

On the western side of the South Porcupine Basin in FEL 2/14, Providence are drilling the 53/6-A exploration well. The well was spudded on 12 July 2017 and will target two prospects: a Paleocene prospect “Druid” and a Cretaceous fan prospect “Drombeg” <http://bit.ly/2u2khbj>.



When Providence were awarded the licence in 2011 they held 80% interest with their partner Sosina 20%. Since then, a subsidiary of Cairn Energy has farmed in to take a 30% working interest <http://bit.ly/2uVUdCU> and a subsidiary of TOTAL S.A. has an option to farm-in and take a 35% interest <http://bit.ly/2qVKt6L>. As well as their financial contribution, these companies provide a significant technical endorsement of the project.

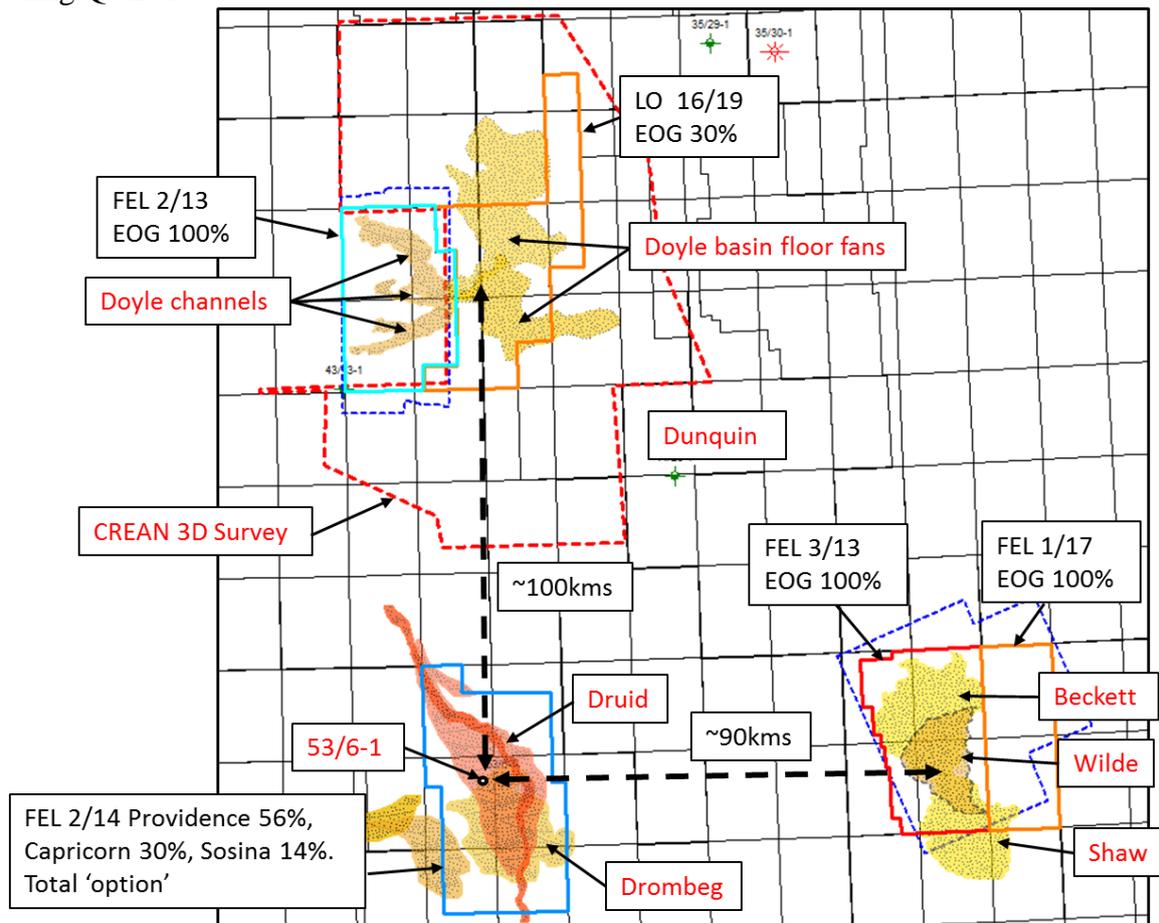
This is an important well for all players in the basin. It will be the first exploration well to evaluate both the Paleocene play and the Cretaceous fan play in the South Porcupine basin and with the benefit of modern 3D seismic data and using a state of the art sixth generation drillship. The oil industry and the investor community will be paying close attention to the results of the well as and when they are announced.

Europa has interest in four licences in the South Porcupine: In the East FEL 3/13 and FEL 1/17 both 100%; and in the West FEL 2/13 (100%) and LO 16/19 (30% following the Cairn farm-in <http://bit.ly/2m19mLI>). A successful outcome to the Druid/Drombeg well has the potential to increase the geological chance of success on the combined 4.2 billion boe gross mean un-risked prospective resources (GMUPR) across the four Europa licences.

Drombeg is a Cretaceous Fan prospect at the same stratigraphic level (Albian) as the Beckett and Shaw fans 90 km to the east in Europa's FEL 3/13. Success at Drombeg will directly de-risk a combined 1 billion boe GMUPR in Beckett and Shaw and it may substantially de-risk the 428 million boe GMUPR Valanginian age Wilde fan also in FEL 3/13 <http://bit.ly/2ucExH4>.

Adjacent to FEL 3/13 is FEL 1/17. Europa has identified three pre-rift prospects with combined 898 million boe GMUPR <http://bit.ly/2hgIvgH> . The pre-rift play comprises Jurassic reservoirs in tilted fault block structures, the analogue is the Brent Province in the North Sea.

Whilst success at Druid and Drombeg will not de-risk the reservoir and trap of the pre-rift play it will de-risk the source rock element of the play in FEL 1/17. Europa is conducting a 3D reprocessing project on its propriety data over both FEL 3/13 and FEL 1/17 with the objective of de-risking the pre-rift prospects in both licences. The reprocessing project will be completed during Q4 2017.



Europa's two licences ~100kms north of Druid/Drombeg includes a 100% interest in FEL 2/13 where 9 prospects in the pre-rift, syn-rift Cretaceous apron and Cretaceous slope plays have been identified <http://bit.ly/2f1q8f7> . Whilst success at Druid and/or Drombeg will not directly de-risk these prospects they may de-risk the source rock element and provide additional clues as to reservoir provenance. Europa is conducting a 3D reprocessing project over FEL 2/13 with the intent of improving prospect definition and maturing prospects to drill ready status. This work will be completed during H1 2018.

LO 16/19 is adjacent to FEL 2/13 and we are confident that Cretaceous channel systems identified in FEL 2/13 are feeding Cretaceous submarine fans in LO 16/19. In March Europa

announced that it had farmed out a 70% interest and operatorship to Cairn Energy <http://bit.ly/2m19mLI> . The Crean 3D multiclient survey is currently being acquired and in due course this will provide a detailed prospect inventory over LO 16/19 <http://bit.ly/2uQns7L>.

Success in the Drombeg Cretaceous fan prospect will likely de-risk any Cretaceous fan prospects identified in LO 16/19.

Europa has a number of Paleocene leads in its South Porcupine licences and any success at the Druid Paleocene prospect will accelerate technical work on these leads with the intention of maturing them to prospect status.

In conclusion Providence’s Druid/Drombeg well has the potential to de-risk 4.2 billion boe GMUPR across Europa’s four licences in the South Porcupine. The results are most relevant to the Cretaceous fan prospects and Paleocene leads respectively in FEL 3/13 and LO 16/19 but they may also de-risk the source rock element of the pre-rift, syn-rift, Cretaceous slope and Cretaceous shelf plays in FEL 2/13 and FEL 1/17.

We understand that Providence are likely to provide an update “once the Paleocene Druid prospect has been penetrated or as appropriate”. Like the rest of the industry we will be paying close attention to any announcements.

		Basin						
		South Porcupine				Corrib (Slyne)		Padraig
		FEL 2/13	FEL 3/13	FEL 1/17	LO 16/19	LO 16/20	LO 16/21	LO 16/22
P l a y	Paleocene							
	Cretaceous Fan							
	Cretaceous Shelf							
	Synrift							
	Pre-Rift							
	Triassic gas							

 play type possible

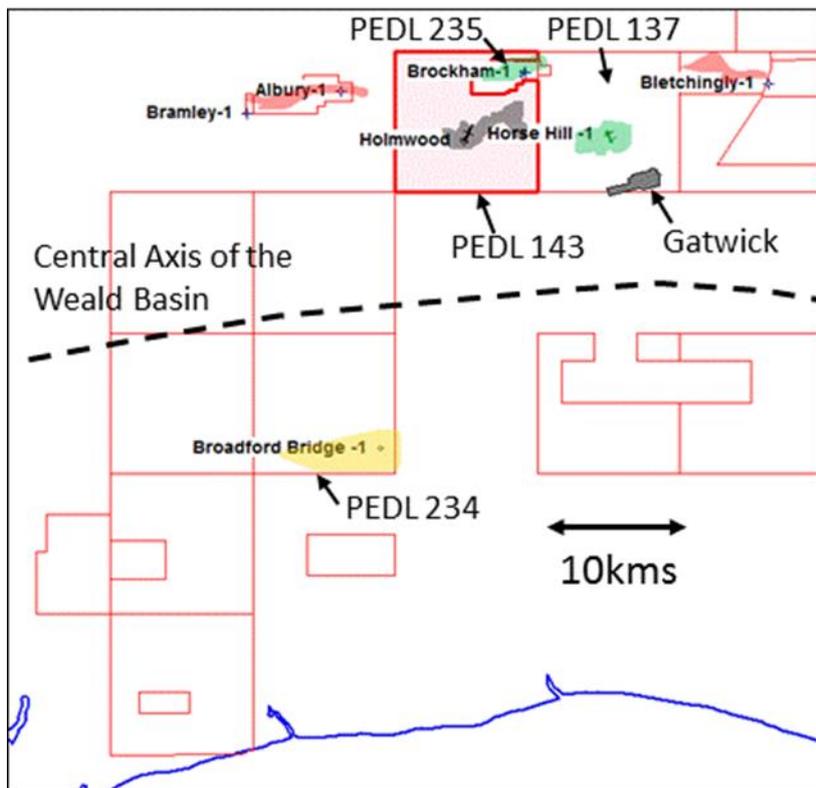
The outcome of the Drombeg/Druid well will have no bearing on our 100% owned LO 16/20 and LO 16/21 400 km to the north in the Slyne Basin adjacent to the producing Corrib gas field. The field has a gross plant capacity of approximately 350 million cubic feet of natural gas per day, provides approximately 60% of Ireland's natural gas consumption and constitutes approximately 95% of Ireland's gas production. These two licences are targeting a low risk infrastructure led play in the Greater Corrib area. Here too there has been considerable corporate activity in recent months, specifically Nexen farming into an 80% interest in Faroe Petroleum’s LO 16/23. More recently Vermilion and the Canada Pension Plan Investment

Board, the investment arm of Canada Pension Plan, acquired a 45% interest in the Corrib gas field itself for US\$1.23bn <http://bit.ly/2sPWhII> .

Onshore UK

There is ongoing exploration and development activity in the Weald Basin that is relevant to our licence PEDL 143 and the Holmwood prospect.

The Horse Hill-1 well in PEDL 137 was reported to produce 323 bopd from Portland sandstone reservoir (over an 8.5 hour period) and a combined 1,365 bopd from two Kimmeridge limestone units (over up to 7.5 hours) <http://bit.ly/2uSSjmO>. The Portland sandstone is a well-known producing reservoir in the Weald basin and the Portland flow rate at Horse Hill is regarded as very good for an exploration well. The Kimmeridge limestone at Horse Hill represents a new play in the Weald Basin and the reported flowrate is outstanding for an onshore exploration well. Europa's Holmwood prospect in PEDL 143 is 8 km to the west of Horse Hill in an identical structural position. The Horse Hill well has increased the geological chance of success on the Portland sandstone reservoir at Holmwood and we believe that the Kimmeridge limestone that flowed at Horse Hill is also present at Holmwood.



5 km to the north of Holmwood is the Brockham field and earlier this year the operator Angus Energy announced that electric logs have identified the presence of Kimmeridge limestone <http://bit.ly/2m28uJr>.

More recently UKOG drilled the Broadford Bridge well in PEDL 234 and found a thick sequence of Kimmeridge with five limestone intervals. The limestones were cored and were found to have live light oil seeping at surface <http://bit.ly/2tWu4PU>.

Key unknowns are: what is the connected volume that a well penetration of the Kimmeridge limestone is accessing; and is this volume capable of commercial production? These unknowns will be addressed this summer when UKOG conduct an extended well test (EWT) of Kimmeridge limestone at the Broadford Bridge well. A positive result from the Broadford Bridge EWT is important since it will provide an indication of what might be possible from the Kimmeridge limestone at Holmwood and PEDL 143. Closer to home, UKOG are seeking regulatory approval for an EWT and appraisal drilling at Horse Hill <http://bit.ly/2vWEznL>. Again, a positive outcome to the EWT at Horse Hill will be encouraging for PEDL 143 and Holmwood. And finally, Angus intend to bring the Kimmeridge limestone reservoir into production from Brockham-X4Z following OGA consent of the Field Development Plan Addendum <http://bit.ly/2tzdt5E>.

Whilst there will be much focus on the Kimmeridge limestone EWTs at Broadford Bridge and Horse Hill and the read across for Holmwood, we should not forget that the Portland sandstone at Holmwood alone may justify commercial development.

Europa activity

The TGS Crean multi-client 3D survey is in progress and will provide complete 3D coverage over LO 16/19. Acquisition will be completed during Q3 2017, we anticipate delivery of the processed dataset in summer 2018 followed by geological and geophysical interpretation leading to a prospect inventory towards the end of 2018. Following the farm-out to Cairn announced in March 2017 <http://bit.ly/2m19mLI> we are carried on this 3D programme.

Seismic reprocessing projects are in progress on 2013 proprietary 3D over FEL 3/13, FEL 1/17 and FEL 2/13. FEL 3/13 and FEL 1/17 reprocessing will be completed during Q4 2017 and will lead to a revised prospect inventory over both licences. We anticipate that the biggest impact will be to improve and de-risk the pre-rift prospects. Reprocessing over FEL 2/13 will be completed in H1 2018 and will lead to a revised prospect inventory with emphasis on the pre-rift, syn-rift and Cretaceous shelf prospects.

A reprocessing project of 3D seismic over LO 16/20 in Slyne basin next to the Corrib gas field is in preparation.

Our objective is to deliver at least six drill ready prospects from our portfolio by the end of 2018. Currently we have two prospects that we regard as drill ready; Wilde and Beckett in FEL 3/13. The other key activity is farm out activity. We have got one farm-out away so far this

year to Cairn in LO 16/19 <http://bit.ly/2m19mLI> and we are working hard to make further progress across the portfolio and with particular emphasis on the South Porcupine licences.

In the UK we are working to discharge remaining conditions to enable drilling of the Holmwood well in PEDL 143 towards the end of 2017. The joint venture partnership is looking forward to a positive outcome from the Wressle planning inquiry in November.

I look forward to providing further updates in due course.

**** ENDS ****

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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.