

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

14 December 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. This update is consistent with the content of today's AGM slidepack and available on Europa's website [www.europaoil.com](http://www.europaoil.com) :

Dear Investor,

In 2016 Europa had one of its most successful years ever for new ventures. This included being the most successful company in Ireland's Atlantic Margin licensing round landing five new licences and against stiff competition from the majors including Exxon, Statoil, Nexen, Woodside and Cairn. Work doesn't end with licence award. This is when the substantive technical work begins. Europa has a strong technical team and substantial progress has been made across all our Irish licences. Work is focussed on building the prospect portfolio and investing technical work to de-risk the prospects with the intent of generating six drillable prospects by the end of 2018.

Yesterday we advised investors that new work on Licensing Option (LO) 16/20 in the Slyne basin next to the Corrib gas field has identified the proven presence of gas. There is a perception amongst some commentators that every basin and prospect in Atlantic Ireland is deep water, high risk frontier exploration. Whilst this is true of some prospects most of our prospects in the Slyne basin are in relatively shallow water (400-600m) and represent lower risk exploration and appraisal close to a producing gas field. In 2010 Shell drilled the 18/20-7 exploration well onto the Corrib North structure in what is now LO 16/20. This well data was recently released into the public domain and having studied the data in detail we believe that the well results are considerably better than the well status of plugged and abandoned with gas shows might suggest. The well penetrated a 70m gas column in the same Triassic sandstone reservoir as the Corrib field and in a separate structure called Corrib North some 7 km from Corrib. The well was terminated in the reservoir meaning the gas column is a gas down to and based on our mapping we believe that the full gas column may be some 170m and the surface area of the structure is some 5.75km<sup>2</sup>. The presence of gas reservoir substantially de-risks the Corrib North prospect as well as de-risking other prospects in the licence. We updated investors with estimates of gas in place on 13 December. We are currently working with a subsurface and production engineering consultancy and in H1 2018 we intend to update investors with prospective resources across the entire prospect inventory and may even have contingent resources for Corrib North. We have confirmed the presence of the previously identified Foyle prospect. It comprises three segments Foyle, Foyle North and Foyle West some 16 km

northwest of Corrib and we believe that it may contain over 2TCF of gas in place. Its burial history suggests the reservoir porosities may be as good as if not better than the Corrib field. Once the prospect inventory is completed the next step will be to reprocess the legacy 3D that Europa has obtained over the licence and mature prospects to drillable prospect status and farmout.

During the year we mapped three new prospects in LO 16/2 in the South Porcupine basin: Edgeworth, Ervine and PR3. These are pre-rift prospects comprising Middle Jurassic sandstone reservoir in tilted fault block structures adjacent to Late Jurassic source rocks in the oil window. A CPR by ERC equipoise in May 2017 identified a combined 553 million barrels of oil equivalent of gross mean unrisked prospective resources (GMUPR) in Edgeworth and Ervine. When combined with the Beckett, Wilde and Shaw prospects in the adjacent FEL 3/13 we have an audited GMUPR of 2 billion boe across two licences. A third prospect in LO 16/2, PR3 was not included in the CPR due to issues with 3D seismic data quality. Europa's inhouse estimate of GMUPR for the PR3 prospect is 345 mboe. We were sufficiently encouraged to apply to convert LO 16/2 into FEL 1/17 and this became approved from July 2017. The 3D seismic survey shot in 2013 by Kosmos on behalf of the joint venture was not optimised for the pre-rift prospectivity. In an effort to further de-risk and mature the three prospects in what is now FEL 1/17 to drillable prospect status we have reprocessed the entire 1548km<sup>2</sup> 2013 3D seismic survey that covers both FEL 1/17 and FEL 3/13. The reprocessing was completed in October 2017 and the results have dramatically improved the character, continuity and position of pre-rift fault blocks. The reprocessing has also provided new insights for the Cretaceous fan prospects in FEL 3/13 including the best evidence yet of hydrocarbons including updip pinchout, a gas oil contact and conformance to structure. Interpretation is in progress over both licences and we will update the investors in 2018 with a revised prospect inventory.

In March 2017 Europa announced the farmout of a 70% interest in LO 16/19 in the South Porcupine basin to Cairn Energy leaving Europa with a carried 30% interest in a \$6 million work programme. This enabled us to participate in TGS's CREAN multiclient 3D survey acquired during July to October 2017 and including 942 km<sup>2</sup> over LO 16/19. Fast track data will become available in Q1 2018 and final processed data will become available Q3 2018 at which point we will undertake detailed prospect mapping and build a prospect inventory. We are pleased to have secured a partner of the calibre of Cairn and to have moved so quickly to acquire 3D. We believe there are Cretaceous fan prospects developed in LO 16/19 and 3D seismic is the vital first step necessary to develop a meaningful prospect inventory.

FEL 2/13 is adjacent to LO 16/19 and we released an updated prospect inventory in April 2017 comprising some 10 prospects with a combined GMUPR of 1.1 billion boe. Three new prospects in particular: Kiely, Keane and Kilroy in the pre-rift, syn-rift and Cretaceous slope apron plays respectively each have the potential to exceed the GMUPR of 200 mboe which we regard as a minimum economic field size. The proprietary 948 km<sup>2</sup> 3D survey acquired by

Kosmos on behalf of the JV was again not optimised for the pre-rift and syn-rift and we have therefore commenced a reprocessing project with the intent of de-risking the prospects and maturing to drillable prospect status. This work will be completed in H1 2018. We have also entered a commercial arrangement with TGS to include FEL 2/13 in the CREAN multi-client survey which is available for purchase by 3rd Parties. The data room for the FEL 2/13 farmout will open in Q2 2018.

Regarding our farmout activity more generally in Atlantic Ireland while there are good grounds for encouragement that more farmouts will be delivered we regard it as imprudent to provide any further commentary at this stage.

And finally, in Ireland Europa has conducted new geochemical evaluations of oil extracted from drop cores in LO 16/22 in the Padraig basin and has identified bisnorhopane biomarkers that indicate the presence of oil mature Jurassic (Kimmeridgian) source rocks. Aside from indicating the presence of a working source rock this new information is significant for two reasons 1) it provides evidence that Jurassic syn-rift stratigraphy is present on the licence and endorsing the potential for a Flemish Pass style syn-rift play and 2) it suggests that the Padraig petroleum system shares the same source rocks as the Dooish oil discovery in the Rockall basin and the West of Shetland oil fields (e.g. Schiehalion, Clare and Lancaster) rather than the Porcupine basin source rock.

We had two major activities planned for onshore UK in 2017: bringing the Wressle oil discovery onto production and drilling the Holmwood oil exploration well. Both have taken more time than anticipated to progress through the planning regime.

The Wressle oil development planning application was recommended for approval on two occasions by North Lincolnshire planning officers and on each occasion, was refused by the planning committee. The decision was appealed, and a Planning Inquiry was held in November 2017. The planning inspector's judgment is anticipated to be issued on or before 10 January 2018. A successful outcome will not only allow the joint venture to proceed and put the field into production at a forecast 500 bopd gross (100 bopd net to Europa). It will also enable us to complete the £1.85 million sale of a 10% interest to Upland Resources (initial and deferred consideration).

Europa produces from its 100% operated fields at West Firsby and Crosby Warren and receives production from the Whisby-4 well. In FY 2017 Europa produced 113 boepd resulting in revenue of £1.6 million. Our guidance for production in FY 2018 is 100 boepd. Production is temporarily reduced to 94 boepd as we programme a workover on the WF6 production well, better than expected oil prices means that revenue forecasts remain unchanged. Wressle production can potentially provide an additional 100 bopd production net to Europa during 2018.

The Holmwood exploration well in PEDL 143 has planning permission and 22 of 23 planning conditions have been discharged. A decision for the remaining Condition 19 (Construction Transport Management Plan) was recommended for approval by Surrey County Council planning officers and the decision has been deferred twice by the planning committee. We have therefore submitted an appeal to the Planning Inspectorate as well as resubmitting the CTMP to Surrey County Council. Subject to satisfactory discharge of the remaining condition the well will be drilled in 2018.

In March 2017 we announced the farmout of a 12.5% interest in PEDL 143 to Angus leaving Europa with a 20% interest. This farmout together with a 2016 farmout to Union Jack means we are carried on the well cost up to a cap of £3.2 million.

We anticipate that 3D seismic acquisition over the Cloughton gas discovery may commence later in 2018 and that 2D seismic acquisition over the Hardstoft oil field will commence in 2019. In both cases a successful outcome to subsequent interpretation would result in drilling a low risk appraisal well on a known gas discovery and oil field respectively.

Looking to the year ahead we anticipate receipt of the Wressle planning inquiry judgment on or before 10 January. During H1 2018 we anticipate discharge of the remaining Holmwood planning condition and operations startup. In Ireland there will be substantial technical work on the prospect generation on new 3D seismic in LO 16/19 and newly reprocessed 3D seismic over FEL 1/17, FEL 2/13 and FEL 3/13 together with completion of the prospect inventory over LO 16/20 with legacy 3D. In parallel with this activity we will be working farmouts hard and are confident we can add to the two farmouts landed in 2017.

We are evaluating several new venture opportunities and will continue to do so on an ongoing basis throughout the upcoming year. These opportunities are at various stages in the asset lifecycle. Three of the opportunities are in what would be new jurisdictions for Europa were they to be landed, but remain within the Atlantic seaboard, Northwest Europe, Mediterranean and North Africa area of interest.

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For further information please visit [www.europaoil.com](http://www.europaoil.com) or contact:

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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 2017 Europa produced 113 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 4.7 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.