Annual Report and Financial Statements
EUROPA OIL & GAS (HOLDINGS) plc

For the year ended 31 July 2021

Company registration number 05217946

Introduction / Highlights

Europa Oil & Gas (Holdings) plc, the AIM traded Ireland, Morocco and UK focused oil and gas exploration, development and production company, announces its final results for the 12 month period ended 31 July 2021.

Operational highlights

Building a balanced portfolio of exploration and production assets

Onshore UK – Wressle more than doubles net production to over 200bopd

- First oil at Wressle achieved
  - Production established in excess of target gross rate of 500bopd post period end
  - Europa's net share of Wressle production equates to over 150bopd
  - With an estimated break-even oil price (excluding Europa's corporate overheads) of US$17.6 per barrel, Wressle production is highly profitable at current oil prices
  - Well flow is continuing to clean-up and has not yet reached its full potential
- 93boepd was produced from Europa's UK onshore fields during the year with early Wressle test production covering the decline of three older fields and comparing favourably to 92boepd FY20
- Geothermal energy
  - MOU signed with Causeway Geothermal (NI) Ltd to carry out studies to assess the potential of Europa's West Firsby field as a test site for sustainable, clean geothermal energy systems
  - West Firsby regarded as an ideal geothermal energy test site due to comprehensive dataset, existing well bores and geothermal gradient
  - Potential to convert onshore legacy oilfields into sources of clean and reliable energy forms part of Europa's ESG strategy

Offshore Morocco - Farmout Launch of Inezgane Licence in the Agadir Basin, Morocco

- Follows completion of technical work which identified a significant volume of unrisked resource - in excess of 2 billion barrels (oil equivalent) in the top five ranked prospects alone
- Inezgane lies on the same geological trend which has led to major oil and gas discoveries along the west coast of Africa with reservoirs and source rocks in common with the prolific West African play
- Ongoing discussions with a number of potential co-venturers looking to farm-in
- One year extension to initial phase of the licence to November 2022 granted to allow for time lost as a result of Covid-19

Offshore Ireland - Lower risk / very high reward infrastructure-led exploration in proven gas play in the Slyne Basin

- Awaiting regulatory approval of acquisition of 100% interest in Frontier Exploration Licence ('FEL') 3/19, which includes the 1.2 tcf Edge prospect and lies close to the ~1tcf producing Corrib gas field

- FEL 3/19 lies close to Europa's FEL 4/19 which holds the 1.5 tcf Inishkea prospect
- Farmout of FELs 3/19 and 4/19 commenced conditional on regulatory approval of the acquisition of FEL 3/19

Covid-19

- Operational activity has continued at the four production sites
- London office has been exited generating cost saving
- All salaries and fees have been re-instated to levels pre Covid-19
- The Group has not taken any Covid government assistance since taking out the £50k Bounce back loan in the prior year

Financial performance

- Revenue £1.4 million (2020: £1.2 million)
- Pre-tax loss of £0.85 million (2020: pre-tax loss £5.4 million including write-offs taken following relinquishment of Irish licences)
- Net cash used in operating activities £0.5 million (2020: £0.8 million)
- Cash balance: at year end £0.6 million (2020: £0.8 million)

Board

- Appointment of Simon Oddie as CEO on a permanent basis in August 2020
- Appointment of Senior Independent non-executive Director Mr Brian O'Cathain as non-executive Chairman

Post reporting period events

- Inezgane licence farmout officially announced on 3rd August 2021
- Wressle achieved over 500 bopd after successful proppant squeeze operations in late August 2021 and this increased to 950 boepd in September which was over previous expectations
- Following the achievement of 500bopd oil flow rate as announced in August 2021, the Directors consider that Wressle has met the requirements under IFRS6 for transfer to producing assets as of that date

Simon Oddie, CEO of Europa, said:

"The milestones we achieved across our multistage portfolio of licences during the year under review have laid the foundations for an exciting new phase in our growth trajectory. Notably, with the Wressle Oil Field in North Lincolnshire delivering first oil and achieving its target of 500 barrels per day, Europa's UK onshore net production has doubled to over 200 bopd post period end. Wressle is showing capacity to produce at significantly higher rates than the previous target and further major development potential exists in other reservoirs. With oil prices above US$80/barrel, this achievement provides a massive boost to the Company's financial profile and in turn will give us a platform with which to pursue our strategy of developing significant value accretive opportunities while minimising risk.

"Elsewhere, we are also pleased with the response to the farmout launch for our highly prospective Inezgane Licence in Agadir Basin, Morocco and the strong interest, to date, from potential operators. I am excited about the future possibilities at Inezgane, which has the potential to hold over two billion barrels of unrisked prospective resources and complements the Company's goal to have a balanced portfolio of energy assets. The technical work completed in the last 12 months has focused on the top five ranked prospects - each of which have mean resources in excess of 200 mmboe at the Albian level.

"In Ireland, we are still awaiting regulatory approval for our acquisition of a 100% interest in Frontier Exploration Licence ('FEL') 3/19 located close to Corrib - Ireland's biggest producing gas field. Subject to approvals, we will be progressing the farmout of both the newly acquired FEL 3/9 and our existing 100%-owned FEL 4/19 – our two strategic offshore gas assets in the Slyne Basin.

"Europa is also advancing its ESG ambitions during the past year signing a MOU with Causeway Geothermal (NI) Ltd in late June to investigate the potential of our mature oilfield at West Firsby in the East Midlands, as a test site for the production of geothermal energy. This firmly aligns with our stated objective of playing a key role in the UK's transition to green energy. With much activity expected across our existing portfolio as well as our continued evaluation of a number of potential late-stage appraisal/development ventures, I look forward to updating the market on developments in the months ahead."

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

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR..

Contents

Chairman's statement

Despite the ongoing Covid-19 situation and economic volatility, the financial year 2020/21 marked a transformational period in Europa's history. Oil prices have rebounded and major milestones achieved in the year to 31 July 2021 include the Wressle Oil Field coming into production in early 2021, which has more than doubled the Company's net production to over 200bopd, and positive results from our technical work programme on the Inezgane Licence in offshore Morocco - identifying a significant volume of potential resource - in excess of 2 billion barrels.

In the period ahead, we look forward to well flow at Wressle achieving its full potential once the clean-up process has been completed, at which point attention can be turned towards the additional development opportunities on the licence. In the meantime, Wressle continues to produce at above 500bopd (over 150bopd net to the Company) generating significant cash flow for the Company. In Morocco, we continue to showcase the excellent results of our technical work programme to prospective partners and we look forward to updating the market on developments of the farm out of Inezgane. We continue to evaluate potential additional assets to improve the balance of our portfolio.

Elsewhere, the signing of an agreement with Causeway Geothermal (NI) Ltd in June to investigate West Firsby's potential as a geothermal production site in the UK was also another major milestone for the Company as it looks to play a role in a clean energy future. Geothermal energy may provide a future role for our mature oilfields. The news of the agreement with Causeway Geothermal inspired excitement among shareholders and the wider investment community and we look forward to updating the market as work progresses.

Onshore UK

The headline story of the past 12 months across Europa's portfolio has undoubtedly been the successful commencement of test production at Wressle in early 2021 – which as a result has become the Company's fourth producing onshore oil field in the West Midlands. By adding 150bopd in late August 2021 Wressle has more than doubled the Company's net oil production to over 200 bopd from 92bopd in 19/20 financial year. This excellent outcome followed the successful execution of the field development plan which included the successful and safe completion of operations to recomplete the Wressle-1 well, followed by the reperforation of the Ashover Grit reservoir interval and the proppant squeeze, which saw Wressle hit an initial gross production rate of over 500bopd exceeding the pre-operations target.

Bringing Wressle-1 on stream is only just the beginning of the growth story at Wressle, with considerable upside existing across other formations that were encountered by Wressle-1, such as the Penistone Flags, all of which represent low cost/low risk follow-up opportunities. Wressle therefore provides a strong platform for future growth. For now, with a break-even oil price of just US$17.6, and with oil prices currently above US$80/ barrel, Wressle is set to be a huge driver of profitability and cash flow for the Company. This is in line with our corporate goal of building a cash generative oil and gas company, one which provides shareholders with exposure to multiple value creating opportunities, while minimising capital risk.

Other onshore UK opportunities are in line with our shift to contributing to the clean energy transition with the signing of an MOU with Causeway Geothermal to investigate the potential of our West Firsby field as a geothermal production site in the UK. The asset is regarded as an ideal geothermal energy test site due to a comprehensive dataset, existing well bores and favourable geothermal gradient. The move highlights Europa's commitment to developing clean energy solutions and meeting our previously outlined ESG ambitions.

Offshore Morocco

In Morocco, we have made huge strides at our Inezgane licence in the Agadir Basin, which we acquired in 2019. During the period under review, the Company completed technical work at the licence, which generated an unrisked resource volume in excess of 2 billion barrels (oil equivalent) in the top five ranked prospects alone: Alpha, Charlie, Falcon, Turtle and Sandpiper. This excellent result allowed the Company to launch its farm out of this high-impact exploration opportunity in August 2021. Interest received to date from potential partners has been very encouraging. Located on the same geological trend as major oil and gas discoveries along the west coast of Africa, the farm out presents a substantial opportunity for potential partners and is in line with Europa's strategy of seeking to expose shareholders to impactful activity while minimising risk. Prominent energy players already operating in the area include ENI and Hunt.

Offshore Ireland

Offshore Ireland, the Company's focus remains on its gas interests in the Irish Sea located in close proximity to the already producing Corrib gas field.

We are still awaiting approval from the Irish regulators for our acquisition of a 100% interest in Frontier Exploration Licence ('FEL') 3/19 – building on our existing flagship project 1.5 tcf Inishkea gas prospect - Frontier Exploration Licence ('FEL') 4/19 – located in the Slyne Basin.

Subject to regulatory sign-off, we plan to farm out our newly enlarged strategic position in the Slyne Basin, which as per our Moroccan strategy, represents a massive opportunity for the Company, given the licences' strategic location beside the Corrib gas field, which although Ireland's largest producing gas field, is in decline. Given the proximity to existing infrastructure and location in a proven play, we regard our exploration licences in the Slyne Basin as low development cost, low risk and, with 2.7tcf of potential gas resources in play, high reward. As 100% owners of the two largest prospects located close to the producing Corrib gas field and existing processing facilities, Europa's strategic position in what is a key transition fuel is unparalleled in the Irish market.

Domestic gas plays a crucial role in Ireland's overall energy mix. With no new domestic sources of supply on the horizon, a pinch point is fast approaching - the energy regulator, the Commission for Regulation of Utilities and grid operator EirGrid, has warned there is a real danger of electricity blackouts in the future. Together with the forthcoming closure of power stations in Ireland and growing demand for energy from an increasing number of power-hungry data centres, domestic gas production can offer a solution to Ireland's energy needs during the energy transition. With gas playing a vital role in the country's future energy mix following the government's decision to phase out oil exploration in 2019, Europa's assets have the potential therefore to play a vital part in supplying Ireland's future energy needs.

Board Changes

This past year has also seen major changes at senior management and board level with the appointment of interim CEO and non-executive Chairman Simon Oddie as our permanent chief executive in August. In turn, I took on Simon's previous role as non-executive Chairman having formerly held the role of senior non-executive director. Simon was appointed interim CEO and non-executive Chairman in November 2019 following the departure of Hugh Mackay. In October, the Company's long-serving Finance Director, Mr Phil Greenhalgh, retired after over twelve years of service to the Company as Finance Director and Company Secretary. I would like to thank Phil for his years of excellent service, and his contribution to the success of the Company, on behalf of the board of directors and the shareholders.

Conclusion and Outlook

The Company is firmly on its way to achieving its previously stated goal of generating material production-based revenues and also creating significant value-creating opportunities. Thanks to resilient oil prices over the past year, which are currently above US$80/barrel, our investment in Wressle has paid off as a fully operational and cash generative asset which has served to more than double Europa's oil production and provide a major boost to the Company's profitability. This in turn will allow us to explore new opportunities both in the oil and gas space but also across the wider energy sphere. Our aim remains to engage in potentially high reward activity without putting the Company's balance sheet at risk.

Looking ahead after a transformational 12 months, our focus is now on advancing our strategy of growing our existing portfolio both organically and via acquisitions which may add to our existing assets to create a balanced portfolio.

As previously stated, we are looking to add a third leg to the business which may include late-stage appraisal and development ventures. To this end, we are currently evaluating a number of potential opportunities and I look forward to updating the market on developments.

Finally, on behalf of the Board, I would like to thank the management, employees and consultants for their hard work on behalf of our shareholders and stakeholders during the past year and who worked tirelessly despite the ongoing Covid-19 restrictions. The fact that the Company achieved so much in the past year despite the pandemic is a testament to the team's dedication and focus.

Mr Brian O'Cathain (Non-Executive Chairman)
20 October 2021

Our portfolio

Country	Area	Licence	Field/ProspectProsp	Operator	Equity	Status
Ireland	Slyne Basin	FEL 4/19	Inishkea, Corrib North	Europa	100%	Exploration
		FEL 3/19	Edge	Europa	100%[1]	Exploration
UK	East Midlands	DL 003	West Firsby	Europa	99%	Production
		DL 001	Crosby Warren	Europa	100%	Production
		PL 199/215	Whisby-4	BPEL	65%	Production
		PEDL180	Wressle	Egdon	30%	Development[2]
		PEDL181		Europa	50%	Exploration
		PEDL182	Broughton North	Egdon	30%	Exploration
		PEDL299	Hardstoft	Ineos	25%	Field rejuvenation
		PEDL343	Cloughton	Egdon[3]	40%[4]	Appraisal
Morocco	Agadir Basin	Inezgane	Falcon & Turtle	Europa	75%	Exploration

[1] Subject to regulatory approval
[2] Reported as an exploration asset pending the end of test production
[3] Subject to regulatory approval
[4] Subject to regulatory approval

Our strategy

Our strategy

Europa's objective is to create capital growth for its shareholders by building a balanced portfolio of assets. Successful drilling of its high impact exploration portfolio in combination with the appraisal, development and production parts of the business cycle will deliver significant value and our new ventures strategy is now focused exclusively on opportunities in this area.

Our area of interest is the Atlantic seaboard, north Africa and northwest Europe. We are prepared to evaluate and acquire quality assets wherever they become available provided that they are in countries that have low political, regulatory and security risks and have transparent licensing processes together with acceptable commercial terms.

Strategy committee

Following the creation of the committee by the Board in 2019 to ensure delivery of the strategy, meetings were held with SG Oddie as chair. SG Williams joined CW Ahlefeldt-Laurvig and BJ O'Cathain as a member.

Operations

Operational review

UK Production - East Midlands

Europa produces oil from four UK oilfields Wressle, West Firsby, Crosby Warren; and Whisby-4. Commencement of oil flow at Wressle was achieved in Q1 2021. In line with the field development plan, the field achieved the pre-operations gross production target of 500bopd post period end in August 2021. Europa holds a 30% working interest in licences PEDL180 and 182 which hold Wressle and Broughton, alongside Egdon Resources (operator, 30%), and Union Jack Oil (40%) and as a result, Europa's net production currently stands at over 200bopd – which marks a doubling of output versus a year ago. As Wressle achieved targeted gross production of 500bopd post period end, in the financial year to 31 July 2021 an average of 93 boepd net to Europa was recovered from its oil fields.

Wressle is now the Company's single biggest producing oil field. Our other three fields are in decline, however, investigations into ways to improve recovery rates at a number of wells on the fields are underway – including potential workovers at the West Firsby field.

UK Development – Wressle Oil Field

We have continued to actively progress our efforts at our UK onshore acreage with the focus on establishing the free flow of oil at Wressle on our PEDL 180 and 182 licences in North Lincolnshire. We hold a 30% working interest in the licences, alongside Egdon Resources UK Limited (30% and the operator) and Union Jack Oil (40%). Wressle was discovered in 2014 by the Wressle-1 conventional exploration well which intersected three productive reservoir horizons.

Earlier this year, we were advised by the operator that the proppant squeeze operation on the Ashover Grit reservoir interval in the Wressle-1 well had been completed safely and successfully. This involved the injection of a total of 146 cubic metres of gelled fluid and 17.3 tonnes of ceramic proppant into the Ashover Grit formation in line with the authorised programme.

Following the proppant squeeze, we announced that Wressle - 1 was producing at above the targeted initial gross rate of 500bopd. At this rate, Europa's 30% interest in the field translates into 150bopd net to the Company, which, when combined with the 83 bopd produced by our three existing fields in the East Midlands, increases overall production to over 200 bopd. This, together with oil prices trading at over US$80 per barrel, means that Wressle has resulted in a sustainable step-up in the Company's net production and revenues.

The commencement of oil flow at Wressle does not represent the sum of development ambitions for our existing onshore UK portfolio. Scope remains to increase production across our fields, specifically by improving recovery rates and targeting proven intervals. We intend to further evaluate the potential to undertake workovers on wells at the West Firsby field. Any development activity undertaken is likely to be relatively low cost and low risk.

The same can be said for future development work at Wressle where a number of follow-up opportunities have already been identified on PEDLs 180 and 182. In September 2016, a Competent Person's Report ('CPR') provided independent estimates of reserves and contingent and prospective oil and gas resources for Wressle of 2.15 million stock tank barrels classified as discovered (2P+2C). Further development of Wressle, including producing additional reserves existing in the Penistone Flags formation, is expected in the future. Our existing onshore UK assets therefore offer considerable run room to build on our success at Wressle and grow production and revenues further.

Exploration: Offshore Morocco

The Inezgane licence in Morocco remains a hugely valuable asset for the Company and we were delighted to have recently launched the official farmout of this licence – a move which we believe will be a significant event for our shareholders. We were awarded a 75% interest in the licence in September 2019 and since then have undertaken a great deal of technical work which has involved the reprocessing and interpreting of historic 3D seismic data. Using state of the art processes it has helped to focus our efforts on identifying the sizeable prospects in the Lower Cretaceous play, a prolific producer in West Africa.

We are now seeking a partner to work with us to take the licence forward to maximise its potential. With this in mind, we have been encouraged by the interest generated by the launch of the farmout among major players.

There have been a number of discoveries over recent years on the same trend line (and with similar geological horizons) both in oil and in gas. Morocco is an excellent place to do business and the country is certainly at the forefront of taking its ESG responsibilities very seriously. It is a country that generates a great deal of power from hydroelectric, wind and solar, however oil and gas still have a significant part to play as Morocco transitions towards a sustainable energy future.

Exploration: Offshore Ireland

As has been previously outlined, Europa's offshore Ireland portfolio has undergone a shift from early-stage oil exploration in unproven basins to infrastructure-led gas exploration in the proven Slyne Basin. For what was a nominal sum, we acquired a 100% interest in FEL 3/19 which holds the 1.2 tcf Edge prospect and is located close to the producing Corrib gas field as well as our own 1.5 tcf Inishkea prospect on FEL 4/19.

We are awaiting regulatory sign-off and subject to receiving this, Europa will control a 100% interest in the only two known 1 tcf plus gas prospects that lie close to Corrib and its production and processing facilities.

The focus is to attract a potential partner for these assets which would help accelerate high impact development activity.

Financials

Revenue was £1,372,000 (2020: £1,244,000). The average oil price achieved was US$56.6/bbl (2020: US$48.0/bbl) and the average Sterling exchange rate was US$1.37 (2020: US$1.27). An average of 93 boepd (2020: 92 boepd) was recovered from our four UK onshore fields. Production (bopd) was 23 at West Firsby, 27 at Crosby Warren, 33 net at Whisby and 10 net at Wressle.

Stringent cost controls continued to be implemented. Cost of sales was £1,249,000 (2020: £1,438,000).

Administrative expenses of £717,000 (2020: £823,000) included £171,000 on new licence evaluations (2020: £81,000).

Net cash spent on operating activities was £535,000 (2020: cash spent £884,000).

Purchase of intangible fixed assets of £985,000 (2020: £1,148,000) was spent advancing the portfolio.

The Group's cash balance at 31 July 2021 was £0.6 million (31 July 2020: £0.8 million).

Non-financial Key Performance Indicators ('KPIs')

There were no reportable accidents or incidents in the year (2020: zero).

Conclusion and Outlook

As a result of progress made, the Company is firmly on track to achieve its twin objectives of generating material production-based revenues and also creating significant value-creating opportunities. Thanks to resilient oil prices over the past year, which are currently above US$80/barrel, our investment in Wressle has paid off as a fully operational and cash generative asset which at a stroke has more than doubled Europa's oil production and scaled up the Company's profitability. This in turn will allow us to explore new opportunities as we look to expose our shareholders to potentially high reward activity while preserving the integrity of the Company's balance sheet.

In the year ahead, shareholders can expect the management team to continue to advance our strategy of growing our existing portfolio both organically and via acquisition as we look to add a third leg to the business, specifically a late-stage appraisal and development venture. We will also continue to evaluate further opportunities in the renewable space in addition to geothermal energy, as we increase efforts to play a key role in the UK's transition to green energy.

Qualified Person Review

This release has been reviewed by Alastair Stuart, engineering advisor to Europa, who is a petroleum engineer with over 35 years' experience and a member of the Society of Petroleum Engineers and has consented to the inclusion of the technical information in this release in the form and context in which it appears.

Simon Oddie (CEO)
20 October 2021

Risks and uncertainties

The various activities of Europa subject the Company to a range of financial risks including commodity prices, liquidity, exchange rates and loss of operational equipment or wells. These risks are managed with the oversight of the Board and the Audit Committee through ongoing review, considering the operational, business and economic circumstances at that time. The primary risk facing the business is that of liquidity.

Key risk	Description and impact	Mitigation
Covid-19	Employees and consultants' health. Safety of operations and compliance with permits. Safe travel to and from the workplace for London personnel.	Switched to home working for all office-based personnel. Terminated London office lease. Operations staff designated as keyworkers, kept to separate bubbles. Able to maintain key services and full compliance with permits through lockdowns.
Funding	Significant expenditure is required to establish the extent of oil and gas reserves through seismic surveys and drilling and there can be no certainty that oil and gas reserves will be found. Licences may be revoked by the relevant issuing authority if commitments under those licences are not met. Further details of current licence commitments are given in notes 11 and 25, also note comments on going concern in the note 1.	Detailed cash forecasts are prepared regularly and reviewed by management and the Board. The Group's production provides a monthly inflow of cash and is the main source of working capital and project finance. Additional cash is available through the placing of Europa shares in the market and potentially by the trading of assets.
Commodity price and foreign exchange	Each month's oil production is sold at a small discount to Brent price in US Dollars. These funds are matched where possible against expenditures within the business. As most capital and operating expenditures are Sterling denominated, US Dollars are periodically sold to purchase Sterling. A fall in oil price could make some projects economically unviable.	The Board has considered the use of financial instruments to hedge oil price and US Dollar exchange rate movements. To date, the Board has not hedged against price or exchange rate movements but intends to regularly review this policy.
Customer	All oil production is sold to one UK based refinery – if they were to stop buying Europa's crude, additional transportation costs would be incurred.	Other refineries are known to Europa
Exploration, drilling and operational	The business of exploration and production of oil and gas involves a high degree of risk. Few prospects that are explored are ultimately developed into producing oil and gas fields. There are numerous risks inherent in drilling and operating wells, many of which are beyond the Company's control. Operations may be curtailed, delayed or cancelled as a result of environmental hazards, industrial accidents, occupational and health hazards, technical failures, weather, reservoir pressures, shortage or delays in the delivery of rigs and other equipment, labour disputes and compliance with governmental requirements. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also to wells which, though yielding some oil or gas, are not sufficiently productive to justify commercial development. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.	Current production comes from six oil wells located at four different sites. This diversity of producing assets gives Europa resilience in the event of a problem with one well or site. Appropriate insurance is obtained annually which covers some of Europa's exploration, development and production activities.
Planning risk	Securing planning consent for onshore wells takes time and the outcome of planning applications is not certain.	The Group engages planning and legal specialists in the field.

On behalf of the Board

Simon Oddie, CEO

Director's statement under Section 172 (1) of the Companies Act 2006

Section 172 (1) of the Companies Act obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole.

This section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so, have regard (amongst other things) to:

a) the likely consequences of any decision in the long term;
b) the interests of the Company's employees;
c) the need to foster the Company's business relationship with suppliers, customers and others;
d) the impact of the Company's operations on the community and environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly as between members of the Company.

The Board of Directors is collectively responsible for formulating the Company's strategy, which is to develop significant value accretive opportunities across a balanced portfolio of energy assets while minimising risk to shareholders.

The Board of Directors confirm that during the last year under review it acted in accordance with section 172 (1) of the 2006 Companies Act, which requires the Board to promote the long-term success of the Company for the benefit of shareholders.
The strategies developed and executed by the Company has resulted in achieving value creation and de-risking of its development plans adopting the step-by-step approach under the leadership and guidance of the Board of Directors.

Some of the key decisions taken by the Directors during the year under review and the significant outcomes achieved by the Company aimed at delivering on its strategies included:

- The appointment of Simon Oddie as Chief Executive (CEO) on a permanent basis in August 2020 following his successful tenure as interim CEO held since November 2019. Simon brings a wealth of experience to the role and the decision to appoint him to the role on a permanent basis ensures continuity of strategy at senior management level and minimal disruption to both the company and its employees. The board concluded that Mr Oddie was the best candidate for the job and will help deliver on the long-term goals of the Company.

- The appointment of Mr Brian O'Cathain as non-executive Chairman of the Company - taking over from Mr Oddie who previously held the role. The decision to appoint him to the role was made on the basis of having already held the role of Senior Independent non-executive Director, plus his in-depth knowledge and experience of the energy sector.

- The achievement of first oil production at the Wressle field in North Lincolnshire at a target gross rate of 500bopd post period end in August 2021 (Europa's net share: 150bopd) following extensive work completed during the year to 31 July 2021 has served to double the Company's UK onshore net production and deliver a huge boost to our revenue profile, benefitting shareholders and employees alike. It also pays heed to our stated corporate aim of delivering significant value accretive opportunities while minimising risk.

- The signing of an MOU signed with Causeway Geothermal (NI) Ltd to assess the potential of our West Firsby oil field in the East Midlands as a test site for a sustainable, clean geothermal energy system (see page 1). The move is in line with the Company's ESG strategy and stated desire to participate in the national energy transition and holds the potential, in turn, to deliver long term benefits not only to the Company and its shareholders but also the UK's national energy grid and the local community in West Firsby.

- The raising of £1.44 million (net of fees) via a placement and broker option in February 2021 in order to fund work programmes necessary for future longevity of the Company including the evaluation of recovery improvement initiatives onshore UK and the pursuit of late-stage appraisal/development projects to rebalance the existing portfolio of production and exploration assets.

- Cost management strategies including the reduction of the salaries of Board members and fees by 50% in response to the Covid-19 pandemic in the first half of the year with all cuts reinstated in the second half.

- The Board also issued share options of 13,450,000 ordinary shares at 1 pence each to certain Directors and Company employees in response to the salary cuts that the Board and staff have taken in response to recent market volatility, while board members were issued with stock grants based on 50% of salary with an assumed exercise price. These measures served to incentivise both staff and the Board members alike following the recent pay cuts.

- The drawdown of a Director's Loan of £225,000 in January 2021 from CW Ahlefeldt-Laurvig in order to ensure the necessary liquidity was in place for the Company's ongoing operations following the decision in November 2020 to defer the workover operations and final commissioning at the Wressle oil field during the Christmas shutdown period until January 2021. The loan was later repaid in March 2021.

- The launch of the farmout of the high potential Inezgane Offshore Permit located in offshore Morocco in August (see page 11) which is in line with the Company's strategy of seeking to develop a balanced portfolio of assets.

- The Directors have also decided to launch the farmout of the Frontier Exploration Licence (FELs) 3/19 and 4/19 located in our offshore Ireland gas fields once regulatory approval of acquisition of FEL 3/19 is received from the Irish authorities (see page 11). This will allow the Company to maximise the revenue potential of the licences' – given their strategic location beside Ireland's largest producing gas field.

- The table below shows how the Group engages with Stakeholders

Stakeholder	**How the Group Engages with Stakeholder**
Shareholders	Websites - all announcements Email notices Company's Twitter account Online meetings
Government regulators	OGA - Letter, online portal, seminars and meetings PPRS – Monthly Submissions and Website Data Input Environment Agency Bi-annual reports, soliciting a CAR Report and Site Visits HSE Site visits, meetings, inspections ONHYM Letter and Email correspondence DECC (formerly PAD) Letter and Email correspondence
Joint Venture partners	Email, Letter Correspondence and Annual TCM/OCM formal meetings

Suppliers and advisors	Email, orders and payments, letter and KYC work
Local community	This is site specific but includes personal and group meetings

CAR Compliance Assessment Report
DECC Department of the Environment and Climate Change (Ireland)
HSE Health and Safety Executive
KYC Know Your Customer
OCM Operations Committee Meeting
OGA Oil & Gas Authority (UK)
ONHYM Office National des Hydrocarbures et des Mines (Morocco)
TCM Technical Committee Meeting

Chairman's introduction to governance

How we govern the Group

As Chairman of Europa Oil & Gas (Holdings) plc, it is my responsibility to ensure that the Board is performing its role effectively and has the capacity, ability, structure and support to enable it to continue to do so.

The information on Corporate Governance set out below and on the website www.europaoil.com is, in the opinion of the Board, fully in accordance with the revised requirements of AIM Rule 26.

The Board has determined that the Quoted Companies Alliance (QCA) Corporate Governance Code for small and mid-size quoted companies is the most appropriate for the Group to adhere to.

The QCA Code is constructed around 10 broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation of how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each. The Board considers that it does not depart from any of the principles of the QCA Code during the period under review.

The last 12 months have seen, amongst others, the following governance developments:

- SG Oddie, and BJ O'Cathain met with major shareholders
- Retirement of Finance Director (Phil Greenhalgh)
- A Board evaluation review in September 2021, the main action points arising being:
    - To strengthen the management team
    - To obtain more from meetings of the Board
    - To improve board diversity

For the purposes of clarity, the description of how the Group complies with the 10 principles of the QCA Code begins with a summary of those areas where the Group does not fully comply, followed by a review of each of the principles in turn.

Principle 6:	Action
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities The Board should understand and challenge its own diversity, including gender balance, as part of its composition.	The Board has resolved to look for a Chief Financial Officer (CFO) and Deputy CEO giving due consideration to all candidates but especially to female candidates. Any appointment made will be on merit.

Review of each of the QCA principles

Principle 1: Establish a strategy and business model which promote long-term value for shareholders	Our strategy is described here: http://www.europaoil.com/strategy.aspx Also note: • In January 2019 following a review of strategy led by BJ O'Cathain, the Board resolved to establish a Strategy Committee to provide support to the executive in implementing the strategy. • The Strategy Committee met once in 2020-21 • Strategy is actively assessed and adjusted by discussion between the Directors

	• Strategy is by necessity opportunity driven
Principle 2: Seek to understand and meet shareholder needs and expectations	The Company engages with shareholders by: • Conducting regular interviews with Proactive Investors and appearing on virtual forums • Issuing Regulatory News Service (RNS) announcements and emailing to its subscriber list • Maintaining an active Twitter account. • Replying directly to investor questions sent to mail@europaoil.com • Conducting at least twice-yearly meetings with major shareholders on its results roadshows to obtain a balanced understanding of their issues and concerns Shareholder liaison is the responsibility of the CEO and Chairman, with assistance from the SID. At the last (closed) AGM, voting did not indicate any specific shareholder concerns.
Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success	Key stakeholders are: • Regulators (OGA, DECC (Department of Environment, Climate and Communications (Ireland)), ONHYM (Office National des Hydrocarbures et des Mines), EA, HSE, Local Authorities) • Host Governments • Local communities • Partners and Co-venturers • Employees and consultants • Phillips 66, (who purchase our produced crude oil) The CEO provides a weekly report to the Board which includes a section on Stakeholder and Social Responsibility. This includes stakeholder feedback from multiple sources. Europa is a member of the Irish Offshore Operators' Association ('IOOA') which has been highly active in promoting the need for oil and gas exploration in Ireland and in particular the role of indigenous gas.
Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation	The finance department prepares a risk register for the Group that identifies key operational and financial risks. All members of the Board are provided with a copy of the register. The register is updated as and when necessary. The Audit Committee monitors the integrity of the financial statements and related announcements, reviews the Company's internal control processes and risk management systems, and reports its conclusions to the Board. The committee regularly reviews the effectiveness of the Company's systems and risk management. Within the scope of the annual audit, specific financial risks including foreign currency, interest rates, liquidity and credit are evaluated in detail. All members of staff and contractors are provided with a handbook which includes sections on share dealing, bribery and whistleblowing. The handbook is updated and reissued regularly.

	We do not currently have a risk management framework, a risk management improvement programme a risk training programme, workshops, risk appetite or monitoring dashboard but will review if any of these would be beneficial in the coming year.
Principle 5: Maintain the Board as a well-functioning, balanced team led by the chair	All of the three NEDs are considered by the Board to be independent. Biographies are available at: http://www.europaoil.com/Directors.aspx Two of the Board's Non-Executive Directors, SA Williams and BJ O'Cathain, hold share options. Whilst recognising that the granting of options to Non-Executive Directors can be deemed to compromise independence in accordance with the principles of the QCA Corporate Governance Code, the Board views this to be part of a balanced remuneration package to attract and retain high quality candidates and considers the numbers of options to have no effect upon the independence of these Directors as the sums are insignificant in the context of the individual's financial circumstances. One of the Board's Non-Executive Directors, CW Ahlefeldt-Laurvig, has been a member for more than the nine years recommended by the QCA Corporate Governance Code and holds 5.8% of the Group's shares. The Board believes him to be independent in character and free from any other relationship that could affect his independent judgement. This is demonstrated by his objective and active contribution in Board meetings and their voting record. The appointment of SA Williams in March 2020 compensated somewhat for his seniority and reduced the average tenure of the Board. Directors serving more than six years will continue to be proposed for re-election at each AGM. SG Oddie (CEO) is a full-time employee. BJ O'Cathain (Non-Executive Chairman), SA Williams and CW Ahlefeldt-Laurvig (all Non-Executive Directors) are all expected to devote such time as is necessary for the proper performance of their duties including attendance at Board meetings, the AGM, and Board committee meetings. The minimum numbers of meetings for committees are: Audit Committee – two; Remuneration Committee – one; and Nominations Committee - one. Meetings held and attendance records of all Directors for the period 1 August 2020 to 31 July 2021 are set out below. The Board is balanced in terms of experience, and the split between Executive and Non-Executive Directors. All Board and Board committee members received agenda and associated papers a few days in advance of meetings.
Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	Members of the Board of Directors are listed at http://www.europaoil.com/Directors.aspx including their relevant experience, skills and personal qualities. There is an appropriate breadth of experience covering the key aspects of the business including technical, operational, financial and international although there will be a requirement for a CFO/deputy CEO as the company grows. The gender balance also needs to be addressed and will be considered at the same time. It is the responsibility of each Director to keep skills up to date with the assistance of the Chairman who has a core responsibility in addressing the development needs of the Board as a whole with a view to enhancing its overall effectiveness. Board Committees call on external advisers where this is deemed necessary.

<table>
<tr><td></td><td>No significant matters of a corporate governance nature arose during the period covered by the 2021 Annual Report nor subsequently to the date of this statement on which it was considered necessary for the Board or any of its committees to seek specific external advice, although the Board consults with its Nominated Adviser and other professional advisers on routine matters arising in the ordinary course of its business.

The main internal advisory functions are those of Senior Independent Director and Company Secretary.

New Directors receive training from the Company Nominated Adviser and broker.</td></tr>
<tr><td><u>Principle 7:</u>

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement</td><td>The third effectiveness review used the Thinking Board Evaluator from the company Independent Audit was undertaken during the year. Each Director fed back to the Chairman and results were assimilated and considered at the following Board meeting. The main areas requiring attention were:

o Strengthening the management team. Since the retirement of the Finance Director/Company Secretary in November 2020 these functions have been provided by internal non-Board appointees. As the Company grows, Directors recognise the need to recruit a Chief Financial Officer on the Board who can also act as a deputy to the CEO.

o Obtaining more from meetings of the Board. The restricted nature of virtual meetings during the pandemic has limited the scope and benefit. The return to physical meetings (the first held 7th September 2021) resumption of site visits, physical technical presentations and informal exchanges of ideas around meetings are expected to improve this situation significantly.

o Board diversity. This will be addressed as the management team is strengthened.

The Board has concluded that the fourth review, in 2022 should include an external third-party component.</td></tr>
<tr><td><u>Principle 8:</u>

Promote a corporate culture that is based on ethical values and behaviours</td><td>Members of the Board are committed to observing and promoting the highest standards of ethical conduct in the performance of their responsibilities on the Board of Europa. The Board believes that a culture that is based on the highest ethical standards provides a competitive advantage and is consistent with fulfilment of the Group’s strategy.

Board meetings have been held virtually on Zoom with the resumption of physical meetings on 7th September 2021. The previous practice of holding a meeting once a year at one of the production sites will be resumed. Directors are encouraged to spend time with, listen to, and act upon any concerns of, staff members and contractors.

• The Board considers that cultural differences between UK and Ireland are not material.

• We do not have a culture policy, nor a specific culture related employee training / induction programme but resolve to review the need for such a programme annually.

• Culture and strategy are deeply aligned.

• The Board ensures that the Company has the means to determine that ethical values and behaviours are recognised and respected.</td></tr>
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<tr>
<td><u>Principle 9:</u>

Maintain governance structures and processes that are fit for purpose and support good decision making by the Board</td>
<td><u>Role of the Chairman – BJ O'Cathain (from 4 August 2020, previously SG Oddie)</u>

• Runs the Board and sets its agenda.
• Promotes the highest standards of corporate governance.
• Ensures that the members of the Board receive accurate, timely and clear information, to promote the success of the Group.
• Ensures effective communication with shareholders.
• Takes the lead in identifying and meeting the development needs of individual Directors, ensuring that the performance of individuals and of the Board as a whole and its committees is evaluated at least once a year.

<u>Role of the CEO – SG Oddie (from 4th August 2020, previously SG Oddie as Interim CEO)</u>

• Develops Group objectives and strategy
• Executes strategy following approval by, the Board.
• Identifies and executes licence acquisitions and disposals, joint venture opportunities, approves major work programmes.
• Leads geographic diversification initiatives.
• Identifies and executes new business opportunities outside the current core activities.
• Manages the Group's risk profile, including the health and safety performance of the business, in line with the extent and categories of risk identified as considered acceptable by the Board.

<u>Role of the SID – SA Williams (from 4 August 2020, previously BJ O'Cathain).</u>

• Works closely with the Chairman, acting as a sounding board and providing support.
• Acts as an intermediary for other Directors as and when necessary.
• Is available to shareholders and other non-Executives to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication.
• Meets at least annually with the non-Executives to review the Chairman's performance and carrying out succession planning for the Chairman's role.
• Attends sufficient meetings with major shareholders to obtain a balanced understanding of their issues and concerns.

<u>Role of the Company Secretary – Murray Johnson (from 14th October 2020, previously Phil Greenhalgh)</u>

• Distributes documents to the Board.
• Is available to the Audit, Remuneration, Nominations and Strategy Committees as required.
• Keeps minutes of meetings.
• Updates Companies House records for the Company and subsidiaries.

Committee Terms of Reference and Matters Reserved for the Board are available at: http://www.europaoil.com/corporatedocuments.aspx</td>
</tr>
</table>

	The Board intends to continuously review its governance framework in line with the Company's plans for growth.
Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Owing to Covid-19 restrictions it has not been possible for SG Oddie and BJ O'Cathain to meet major shareholders since March 2020, but such meetings will now resume The Audit Committee met to review the interim and preliminary accounts for the Group and held meetings with the external auditor without executives present. The Remuneration Committee met once during the year to review remuneration and incentives. During the year the Company has focused on advancing its portfolio and looked at new asset opportunities. Past Notice of AGMs are available at http://www.europaoil.com/reportsandpresentations.aspx

Board
The Board is responsible for the overall governance of the Company. Its responsibilities include setting the strategic direction of the Company, providing leadership to put the strategy into action and to supervise the management of the business.

The Board comprises three Non-Executive Directors ('NEDs') and the CEO. Biographies of the Directors are on pages 25-26. All NEDs are considered by the Board to be independent. The roles and responsibilities of the Chairman, CEO, Senior Independent Director ('SID') and Company Secretary are set out on the website and summarised below.

BJ O'Cathain is Non-Executive Chairman, SA Williams is the SID, CW Ahlefeldt-Laurvig is NED.

Terms of Reference
The Terms of Reference of all Board Committees are available on the website.

Record of meetings
Meetings held and attendance records of all Directors for the period 1 August 2020 to 31 July 2021 are set out below:

	Board	**Audit Committee**	**Remuneration Committee**	**Nominations Committee**	**Strategy Committee**
	Attended /Possible	**Attended /Possible**	**Attended /Possible**	**Attended /Possible**	**Attended /Possible**
SG Oddie	9 / 9	2 / 2	1 / 1	0 / 0	1 / 1
CW Ahlefeldt-Laurvig	9 / 9	2 / 2	1 / 1	0 / 0	1 / 1
BJ O'Cathain	9 / 9	2 / 2	1 / 1	0 / 0	1 / 1
SA Williams	9 / 9	2 / 2	1 / 1	0 / 0	1 / 1
P Greenhalgh	3 / 3				

BJ O'Cathain

Chairman

Audit Committee Report

The Audit Committee meets twice a year and is chaired by SA Williams. CW Ahlefeldt-Laurvig and BJ O'Cathain are members. During the year, the committee has reviewed:

- Internal financial controls systems and other internal control and risk management systems;
- The statements to be included in the annual report concerning internal control, risk management and the going concern statement;
- The carrying values of the producing and intangible assets;
- The adequacy and security of the Company's arrangements for its employees and contractors to raise concerns about possible wrongdoing in financial reporting or other matters;
- The procedures for detecting fraud;
- The systems and controls for the prevention of bribery;
- The need for an internal audit function.

The committee has overseen the relationship with the external auditor, including:

- Approved their remuneration for audit and non-audit services;
- Approved their terms of engagement and the scope of the audit;
- Satisfied itself that there are no relationships between the auditor and the Company which could adversely affect the auditor's independence and objectivity;
- Monitored the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;
- Assessed the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the external audit process;
- Evaluated the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the committee;
- Met with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit;
- Discussed with the external auditor the factors that could affect audit quality and reviewed and approved the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.

The committee reviewed the findings of the audit with the external auditor, including:

- A discussion of issues which arose during the audit, including any errors identified during the audit; and the auditor's explanation of how the risks to audit quality were addressed;
- Key accounting and audit judgements;
- The auditor's view of their interactions with senior management;
- A review of any representation letters requested by the external auditor before they were signed by management;
- A review of the management letter and management's response to the auditor's findings and recommendations;
- A review of the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the committee.

SA Williams

Audit Committee Chair

Remuneration Committee Report

The Remuneration Committee reviews the scale and structure of the Executive Directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the Non-Executive Directors are set by the Board.

BJ O'Cathain chairs the committee. CW Ahlefeldt-Laurvig and SA Williams are members. The Remuneration Committee met once in the year.

In setting the remuneration for the Executive Directors and key staff, the Committee compares published remuneration data for other AIM and Main LSE Board oil and gas companies of a similar market capitalisation and seeks to ensure that the remuneration of the Executive Directors is broadly comparable to their peers in other similarly sized organisations. In 2020-21:

- There were no changes to remuneration policy, pension rights and any compensation payments.
- Directors, London based staff and consultants agreed a temporary salary/rate cut of 20% since 1 April 2020 this was reinstated from 1st March 2021. Directors agreed a further salary/rate cut to 50% from 1st August 2020 which was also reinstated from 1st March 2021.
- Two employees took on more responsibility on the retirement of the Finance Director and received a corresponding salary increase
- There were no other changes to pay and employment conditions across the Company or Group.
- An executive bonus scheme for the calendar year 2020 was suspended when salaries were cut. A revised executive bonus scheme was implemented for the calendar year commencing 1st January 2021.

Brian O'Cathain

Remuneration Committee Chair

Nominations Committee Report

The Nominations Committee reviews the size, structure and composition of the Board and considers succession planning. The committee identifies and nominates candidates to fill Board vacancies for approval of the Board.

Brian O'Cathain chairs the committee. CW Ahlefeldt-Laurvig and SA Williams are members. The Nominations Committee sat last in 2019-20.

- It was re-iterated that the Company would look for a female Board member at the next opportunity.
- The committee reviewed succession planning and agreed who would step into senior roles in the event of an emergency.
- The time commitment required of the NEDs was considered to be appropriate.

Brian O'Cathain

Nominations Committee Chair

Board of Directors

Members of the Board of Directors are listed below, including their relevant experience, skills and personal qualities. There is an appropriate breadth of experience for current activities covering the key aspects of the business including technical, operational, financial and international. The gender balance will be considered for the next appointment. It is the responsibility of each Director to keep skills up to date with the assistance of the Chairman who has a core responsibility in addressing the development needs of the Board as a whole with a view to enhancing its overall effectiveness.

Board Committees call on external advisers where this is deemed necessary. During 2020-21 this has not been required.

The main internal advisory functions are that of Senior Independent Director (SA Williams) and Company Secretary (Murray Johnson).

SG Oddie, CEO

Simon joined the Board as non-executive Chairman in January 2018, was appointed Interim CEO in November 2019 and then permanent CEO on 4th August 2020 whilst stepping down as non-executive Chairman.

He has over 40 years of relevant experience as a petroleum engineer, technical consultant, manager and investment adviser in upstream oil and gas. He has previously worked with Schlumberger, ERC Energy Resource Consultants, Enterprise Oil and Gemini Oil and Gas Advisors LLP.

He was CEO of Enterprise Italy during its first operated exploration drilling both on and offshore. Simon more recently was the architect of the Gemini Oil and Gas royalty funds where he established a solid track record in fundraising, investor relations, and origination, evaluation and execution of oil and gas deals.

He has completed the Advanced Management Program (AMP 155) at Harvard Business School, holds an MSc. in Petroleum Engineering from Imperial College and a BSc (First Class) in Electronics from Manchester University. Simon keeps his skills up to date through participation in key professional societies, industry groups, and seminars.

Committees: S (chair of the Strategy Committee)

BJ O'Cathain, Non-Executive Chairman

Brian has worked as a geologist and petroleum engineer in the oil and gas sector since 1984. He began his career with Shell International and worked at Enterprise Oil and Tullow Oil in senior roles. He served as CEO of Afren plc to 2007, and as CEO of Petroceltic International plc, until 2016. He was a Non-Executive Director of Eland Oil and Gas, an AIM listed company producing over 20,000 bopd in Nigeria, until its successful sale to Seplat plc in December 2019. He is also a Non-Executive Director of Nephin Energy, a private gas producing company which is the largest equity holder in the Corrib Gas Field in Ireland. Nephin Energy is a 100% subsidiary of Canadian Pension Plan Investment Board, one of the world's largest Pension Funds with assets of US $419 billion under management. He is a founding director and chair of Causeway Geothermal Limited a geothermal company.

His skills include market understanding, fund-raising, and the technical, legal and financial aspects of running a publicly listed Oil and Gas company. He led and negotiated the agreed nil-premium merger of Petroceltic and Melrose Resources in 2012.

He holds a BSc (First Class) in Geology from the University of Bristol. Brian keeps his knowledge and awareness current by participation in industry conferences, IOD workshops, and by networking with other directors and executives in the Oil and Gas industry.

Committees: A R N S (chair of the Remuneration and Nomination Committees)

CW Ahlefeldt-Laurvig, Non-Executive Director

William helped take Europa onto AIM and remains one of its largest shareholder. He started his career at Maersk as a petroleum engineer in 1982, followed, in 1987, by IPEC, a London based consultancy, where he was responsible for field reserves estimations.

In 1990, he became an independent consultant, undertaking field and portfolio evaluations for acquisitions and field development work on a range of projects in the North Sea, former Soviet Union and Middle East. He was also, in 1991, a founder and Non-Executive Director of IFX Infoforex Ltd which was successfully sold in 2000.

William has continued to work as an independent consultant petroleum engineer, latest in 2013 – 2016 for a client in Norway.

Committees: A R N S

SA Williams, Non-Executive Director

Since October 2017, Mr Williams has held the position of Co-CEO of Reabold Resources, an AIM traded, upstream oil & gas company focused on investing in late-stage upstream opportunities. At Reabold, Mr Williams has played a leading role in raising capital, building a diversified portfolio of investments in the UK, Romania and the US and, since August 2018, the company's participation in nine wells, eight of which have resulted in discoveries. Prior to Reabold, Mr Williams held various positions within both the energy and financial sectors including as a fund manager at Guinness Asset Management and, between 2010 and 2016, as an investment analyst at M&G focused on energy and resources. Between 2005 and 2010, Mr Williams worked as an energy investment analyst for Simmons & Company International and from 2003 to 2005 as an analyst at ExxonMobil.

Committees: A R N S (chair of the Audit Committee)

Directors' report

Business review

A detailed review of the Group's business is set out in the Chairman's statement (page 5) and Our strategy (page 9).

Future developments

Details of expected future developments for the Group are set out in the Chairman's statement (page 5) and Our strategy (page 9).

Dividends

The Directors do not recommend the payment of a dividend (2020: £nil).

Directors and their interests

The Directors' interests in the share capital of the Company at 31 July were:

	Number of ordinary shares		Number of ordinary share options	
	2021	**2020**	**2021**	**2020**
CW Ahlefeldt-Laurvig [1]	34,906,288	33,752,442	-	-
BJ O'Cathain	634,615	250,000	2,950,000	1,200,000
SG Oddie	884,615	500,000	9,200,000	1,200,000
SA Williams	141,131	141,131	2,500,000	1,200,000

1. CW Ahlefeldt-Laurvig holds his shares with HSBC Global Custody Nominee (UK) Limited.

Details of the vesting conditions of the Directors' stock options are included in note 23.

Directors' interests in transactions

No Director had, during the year or at the end of the year, other than disclosed above, a material interest in any contract in relation to the Group's activities except in respect of service agreements.

Subject to the conditions set out in the Companies Act 2006, the Company has arranged appropriate Directors' and Officers' insurance to indemnify the Directors against liability in respect of proceedings brought by third parties. Such provisions remain in force at the date of this report.

Financial instruments

See note 1 and note 24 to the financial statements.

Related party transactions

See note 27 to the financial statements.

Post reporting date events

See note 28 to the financial statements.

Capital structure and going concern

Further details on the Group's capital structure are included in note 22. Comments on going concern are included in note 1

Accounting policies

A full list of accounting policies is set out in note 1 to the financial statements. No new accounting standards were adopted in the period.

Disclosure of information to the auditor

In the case of each person who was a director at the time this report was approved:

- So far as that Director was aware there was no relevant available information of which the Company's auditor was unaware; and
- That Director had taken all necessary steps to make themselves aware of any relevant audit information, and to establish that the Company's auditor was aware of that information.

Auditor

A resolution to re-appoint the auditor, BDO LLP, will be proposed at the next Annual General Meeting.

On behalf of the Board

Simon Oddie
CEO

Statement of Directors' responsibilities

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report to the members of the Europa Oil & Gas (Holdings) plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 July 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Europa Oil & Gas (Holdings) plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 July 2021 which comprise the consolidated statement of comprehensive income, the consolidated and Company statements of financial position, the consolidated and the Company statements of changes in equity, the consolidated and Company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The Directors have prepared cash flow forecasts to support their assessment of the going concern position of the Group and Company as disclosed in note 1 to the financial statements. Due to the judgements and estimates around future oil prices and production from the new Wressle well in order to generate sufficient cash during the period without a requirement to raise additional funds, we considered going concern to be a key audit matter.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- Reviewing the Directors cash flow forecasts for the period to 31 December 2022 and evaluating the level of cash headroom available and the assumptions including oil production, oil prices, operating expenditure and capital expenditure. In doing so we compared production forecasts to recent actual performance trends and considered the oil price assumptions against consensus market prices. We compared the reasonableness of forecast costs with historical expenditure.
- Considering whether previous forecasts were consistent with actuals, to ascertain whether the Directors had a history of accurate forecasting which is not subject to bias.
- Reviewing board minutes and RNS announcements for any indicators regarding operating costs and production that may have an impact on the Group's ability to continue as a going concern.
- Reviewing Director's sensitivity analysis performed in respect of key assumptions underpinning the forecasts including reviewing the oil price sensitivity by comparing the sensitivity to market data, production levels from the Wressle well to recent performance trends and limiting capital expenditure to committed levels.
- Reviewing licences for commitments to check these have been reflected in the cash flow forecasts.
- Reviewing the adequacy and consistency of the disclosure included within the financial statements in respect of going concern against the requirement of the accounting standards and the results of our audit testing and to ensure consistency with the detail of the directors' going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	*97% (2020: 91%) of Group loss before tax* *100% (2020: 100%) of Group revenue* *99% (2020: 98%) of Group total assets*		
Key audit matters		2021	2020
	Carrying value of producing assets	☒	☒
	Carrying value of exploration and evaluation assets	☒	☒
	Going concern	☒	☒
Materiality	*Group financial statements as a whole* £120,000 (2020: £100,000) based on 1.5% (2020: 1.5%) of total assets.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements.

We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Our Group audit scope focused on the Group's principal three operating subsidiaries, Europa Oil & Gas Limited, Europa Oil and Gas New Ventures Limited and Europa Oil & Gas (Inishkea) Limited, all being located in the UK, which were all subject to full scope audits. Together with the Parent Company which was also subject to a full scope audit, these represent the significant components of the Group. All of the significant components were audited by BDO UK LLP.

Four components of the Group were considered non-significant based on their relative size and risk. The financial information of these components were principally subject to analytical review procedures performed by Group audit team to confirm there were no significant risks of material misstatements within these components.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Conclusions related to going concern section of our report, we have determined the matters below to be the key audit matters to be communicated in our report."

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of producing assets	As detailed in notes 1 and 12, the assessment of any impairment to the carrying value of the three producing fields requires significant estimation and judgement by management. Based on the assumptions set out, no impairment was recognised in 2021. The key estimates and judgements include oil price, reserves, decline rate, and discount rate. Judgement is required by management in determining whether there is an impairment to be recognised or whether there has been an increase in value that should give rise to any impairment reversals. Management is required to prepare appropriate disclosure in accordance with applicable accounting standards.	We reviewed management's discounted cash flow forecasts for each of the three producing fields and critically challenged the appropriateness of the key estimates and assumptions used by management in the discounted cash flow models which included a comparison of oil price forecasts to market outlook reports, recalculation of discount rates by involving our internal valuations experts to assess the appropriateness of the discount rate applied, performing sensitivity analysis in respect of significant inputs and comparing the reasonableness of cost and production assumptions to historical data in the year. We reviewed the reserves and decline rates used in the models and compared them to the most recent independent competent persons reports and assessed the objectivity, competence and independence of those experts as well as the suitability of the work of those experts for our purposes We reviewed the licences to check whether or not they remain valid. We met with operational management to evaluate the basis for forecast increases in production associated with well stimulation activities, considered the historical impact of such activities and evaluated the extent to which appropriate costs were included in the forecasts. We challenged management's sensitivity assessments and performed our own sensitivity calculations in respect of oil prices, decline rates and discount rate. We considered the appropriateness of the related disclosures given in notes 1 and 12 in line with the requirements of the applicable accounting standards. **Key observations:** We consider the judgements made by management in respect of the carrying value of the producing assets to be reasonable. The disclosures in the notes, including the critical judgments are in line with accounting standards.

		The impairment review did not note any potential for material reversal of previously recognised impairment.
Carrying value of exploration and evaluation assets	The non-producing exploration assets of the Group are classified as intangible assets within non-current assets in the statement of financial position. As detailed in notes 1 and 11, there are inherent uncertainties around the recoverability of exploration and evaluation assets. One UK licence was impaired during the year and this involved management judgement considering factors such as the anticipated conversion to a production licence and the future plans. In addition, management assessed that the Wressle project was within the scope of IFRS 6 *Exploration for and Evaluation of Mineral Resources* as the project was still under evaluation at year end. This assessment required judgement based on the results of exploration in the year and the project is still in commissioning and testing phase. The impairment reviews require judgment and estimate in determining whether indicators of impairment exist in in accordance with the requirements of IFRS 6. Management is required to prepare appropriate disclosure in accordance with applicable accounting standards. As a result of these factors this represented a key focus area for our audit and a key audit matter.	We reviewed and challenged management's impairment assessment which was carried out in accordance with IFRS 6 in order to determine whether management's assessment that there were no indicators of additional impairment was appropriate. We confirmed there is an ongoing plan to continue to explore and evaluate the licence areas and verified that the licences remain valid for assets that have not been impaired. Our specific audit testing in this regard included: • The verification of licence status, in order to confirm legal title. • Reviewing exploration activity to assess whether there was any evidence from exploration results to date which would indicate a potential impairment. • Obtaining approved budgets, assessing the consistency of budget with going concern cash flow forecast and minutes of Board meetings to confirm whether or not the Group intended to continue to explore specific licences either through a potential transaction such as a farm out, or through exploration undertaken by the Group. We challenged management's assessment, through inquiry of operational management and review of board minutes, of whether or not the Wressle project is still under evaluation and within the scope of IFRS 6 as at year end. We assessed the appropriateness of the disclosures included in the financial statements given in notes 1 and 11, in line with the requirements of the applicable accounting standards. **Key observations:** Our work has identified no material instances of inappropriate impairment conclusions. The disclosures in the notes, including the critical judgments are in line with accounting standards.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent company financial statements**	
	2021 £	2020 £	2021 £	2020 £
Materiality	120,000	100,000	40,000	40,000
Basis for determining materiality	1.5% of total assets (rounded).		1.5% of total assets (rounded).	
Rationale for the benchmark applied	We consider total assets to be the financial metric of the most interest to shareholders and other users of the financial statements, given the Group's and Parent Company's principal activity in oil and gas exploration. We therefore consider this to be an appropriate basis for materiality.			
Performance materiality	90,000	75,000	30,000	30,000
Basis for determining performance materiality	75% of Group Materiality considering the nature of activities and the low level of expected misstatements.		75% of Parent company Materiality considering the nature of activities and the low level of expected misstatements.	

Component materiality

We set materiality for each component of the Group based on a percentage of between 14% and 95% Group materiality dependent on the size or results of an individual component and our assessment of the risk of material misstatement of that component. Component materiality ranged from £17,000 to £114,000 (2020: ranging from £11,000 to £90,000). In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £2,400 (2020: £2,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<table>
<tr><td>Strategic report and Directors' report</td><td>In our opinion, based on the work undertaken in the course of the audit:
the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.
In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</td></tr>
<tr><td>Matters on which we are required to report by exception</td><td>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
the Parent Company financial statements are not in agreement with the accounting records and returns; or
certain disclosures of Directors' remuneration specified by law are not made; or
we have not received all the information and explanations we require for our audit.</td></tr>
</table>

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Holding discussions with management and the audit committee to understand the laws and regulations relevant to the Group and the Parent company. These included the significant laws and regulations relating to the oil and gas industry in the UK, Ireland and Morocco, the financial reporting framework, QCA Code, tax legislation and environmental regulations. Our procedures included the following:

- We understood how the Group is complying with these laws and regulations by holding discussions with management, the audit committee, and those responsible for legal and compliance procedures to determine any known or suspected instances of non-compliance with laws and regulations or fraud identified by them. We corroborated our enquiries through our review of board minutes and other supporting documentation;
- Reviewing the licences to assess the extent to which the Group was in compliance with the conditions of the licence and considering management's assessment of the impact of instances of non-compliance where applicable;

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be manipulation of the financial result through journal entries and the assumptions and estimates used in the impairment assessment for producing assets. Our procedures included the following:

- Testing the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
- Performing a detailed review of the Group's year-end adjusting entries and investigating any that appear unusual as to nature or amount and agreeing to supporting documentation;
- For significant and unusual transactions, particularly those occurring at or near year-end, obtaining evidence for the rationale of these transactions;
- Assessing the judgements made by management when making key accounting estimates and judgements, and challenging management on the appropriateness of these judgements (refer to key audit matters above); and
- Communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jack Draycott (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London,
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

For the year ended 31 July	Note	**2021 £000**	2020 £000
Revenue	2	**1,372**	1,244
Cost of sales	2	***(1,249)***	*(1,438)*
Impairment of producing fields	12	**-**	*(160)*
Total cost of sales		**(1,249)**	(1,598)
Gross profit/(loss)		**123**	(354)
Exploration write-off	11	**(12)**	(4,004)
Administrative expenses		**(717)**	(823)
Finance income	6	**3**	7
Finance expense	7	**(242)**	(266)
Loss before taxation	3	**(845)**	(5,440)
Taxation credit	8	**127**	-
Loss for the year		**(718)**	(5,440)
Other comprehensive income			
Items which will not be reclassified to profit /(loss)			
Loss on investment revaluation	9	**(2)**	(197)
Total other comprehensive loss		**(2)**	(197)
Total comprehensive loss for the year attributable to the equity shareholders of the parent		**(720)**	(5,637)

Earnings per share (EPS) attributable to the equity shareholders of the parent	Note	**Pence per share**	Pence per share
Basic and diluted EPS	10	**(0.15)p**	(1.22)p

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

As at 31 July	Note	2021 £000	2020 £000
Assets			
Non-current assets			
Intangible assets	11	**6,438**	4,965
Property, plant and equipment	12	**369**	476
Total non-current assets		**6,807**	5,441
Current assets			
Investments	13	**42**	44
Inventories	14	**23**	12
Trade and other receivables	15	**522**	234
Restricted cash	16	**230**	245
Cash and cash equivalents		**641**	768
Total current assets		**1,458**	1,303
Total assets		**8,265**	6,744
Liabilities			
Current liabilities			
Loans	18	**(10)**	(2)
Trade and other payables	17	**(1,556)**	(1,013)
Total current liabilities		**(1,566)**	(1,015)
Non-current liabilities			
Loans	18	**(40)**	(48)
Trade and other payables	17	**(17)**	(31)
Long-term provisions	21	**(3,393)**	(3,163)
Total non-current liabilities		**(3,450)**	(3,242)
Total liabilities		**(5,016)**	(4,257)
Net assets		**3,249**	2,487
Capital and reserves attributable to equity holders			
Share capital	22	**5,665**	4,447
Share premium	22	**21,157**	21,010
Merger reserve	22	**2,868**	2,868
Retained deficit		**(26,441)**	(25,838)
Total equity		**3,249**	2,487

These financial statements were approved by the Board of Directors and authorised for issue on 20th October 2021 and signed on its behalf by:

Simon Oddie, CEO

Company registration number 05217946

The accompanying notes form part of these financial statements.

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 2019	**4,447**	**21,010**	**2,868**	**(20,204)**	**8,121**
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(5,440)	(5,440)
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(197)	(197)
Total comprehensive loss for the year	**-**	**-**	**-**	**(5,637)**	**(5,637)**
Contributions by and distributions to owners					
Share-based payments (note 23)	-	-	-	3	3
Total contributions by and distributions to owners	**-**	**-**	**-**	**3**	**3**
Balance at 31 July 2020	**4,447**	**21,010**	**2,868**	**(25,838)**	**2,487**

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2020	**4,447**	**21,010**	**2,868**	**(25,838)**	**2,487**
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(718)	(718)
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(2)	(2)
Total comprehensive loss for the year	**-**	**-**	**-**	**(720)**	**(720)**
Contributions by and distributions to owners					
Issue of share capital	1,218	225	-	-	1,443
Issue of share warrants(note 23)	-	(78)	-	78	-
Share-based payments (note 23)	-	-	-	39	39
Total contributions by and distributions to owners	**1,218**	**147**	**-**	**117**	**1,482**
Balance at 31 July 2021	**5,665**	**21,157**	**2,868**	**(26,441)**	**3,249**

The accompanying notes form part of these financial statements.

Company statement of financial position

As at 31 July	Note	2021 £000	2020 £000
Assets			
Non-current assets			
Property, plant and equipment	12	**23**	55
Investments	13	**2,343**	2,341
Amounts due from Group companies	24	**588**	430
Total non-current assets		**2,954**	2,826
Current assets			
Other receivables	15	**69**	53
Cash and cash equivalents		**272**	288
Total current assets		**341**	341
Total assets		**3,295**	3,167
Liabilities			
Current liabilities			
Loans	18	**(10)**	(2)
Trade and other payables	17	**(652)**	(515)
Total current liabilities		**(662)**	(517)
Loans	18	(40)	(48)
Trade and other payables	17	(11)	(17)
Total non-current liabilities		**(51)**	(65)
Total liabilities		**(713)**	(582)
Net assets		**2,582**	2,585
Capital and reserves attributable to equity holders of the parent			
Share capital	22	**5,665**	4,447
Share premium	22	**21,157**	21,010
Merger reserve	22	**2,868**	2,868
Retained deficit		**(27,108)**	(25,740)
Total equity		**2,582**	2,585

The Company has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to publish its individual statement of comprehensive income and related notes. The loss dealt with in the financial statements of the parent Company is £1,485,000 (2020: loss of £3,072,000).

These financial statements were approved by the Board of Directors and authorised for issue on 20th October 2021

and signed on its behalf by:

S Oddie
CEO
Company registration number 05217946

The accompanying notes form part of these financial statements.

Company statement of changes in equity

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2019 originally stated	**4,447**	**21,010**	**2,868**	**(22,671)**	**5,654**
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(3,072)	(3,072)
Total comprehensive loss for the year	**-**	**-**	**-**	**(3,072)**	**(3,072)**
Contributions by and distributions to owners					
Share-based payments (note 23)	-	-	-	3	3
Total contributions by and distributions to owners	**-**	**-**	**-**	**3**	**3**
Balance at 31 July 2020	**4,447**	**21,010**	**2,868**	**(25,740)**	**2,585**

	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 August 2020 originally stated	**4,447**	**21,010**	**2,868**	**(25,740)**	**2,585**
Comprehensive loss for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(1,485)	(1,485)
Total comprehensive loss for the year	**-**	**-**	**-**	**(1,485)**	**(1,485)**
Contributions by and distributions to owners					
Issue of share capital	1,218	225	-	-	1,443
Issue of share warrants(note 23)	-	(78)	-	78	-
Share-based payments (note 23)	-	-	-	39	39
Total contributions by and distributions to owners	**1,218**	**147**	**-**	**117**	**1,482**
Balance at 31 July 2021	**5,665**	**21,157**	**2,868**	**(27,108)**	**2,582**

The accompanying notes form part of these financial statements

Consolidated statement of cash flows

For the year ended 31 July	Note	2021 £000	2020 £000
Cash flows used in operating activities			
Loss after tax from continuing operations		**(718)**	(5,440)
Adjustments for:			
Share-based payments	23	**39**	3
Depreciation	12	**107**	186
Impairment of producing field	12	**-**	160
Exploration write off	11	**12**	4,004
Finance income	6	**(3)**	(7)
Finance expense	7	**242**	266
Taxation credit recognised in profit and loss	8	**(127)**	-
(Increase)/decrease in trade and other receivables		**(288)**	72
(Increase)/decrease in inventories		**(11)**	7
Increase/(decrease) in trade and other payables		**85**	(95)
Net cash used in operations		**(662)**	(844)
Income taxes repayment received		**127**	-
Net cash used in operating activities		**(535)**	(844)
Cash flows used in investing activities			
Purchase of property, plant and equipment		**-**	(100)
Purchase of intangible assets		**(985)**	(1,148)
Cash guarantee re Morocco		**(4)**	(1)
Sale of part interest in licence – associated costs		**-**	(12)
Interest received		**3**	7
Net cash used in investing activities		**(986)**	(1,254)
Cash flows from/ (used in) financing activities			
Gross proceeds from issue of share capital	22	**1,583**	-
Costs incurred on issue of share capital		**(140)**	-
Proceeds from borrowings		**225**	50
Repayment of borrowings		**(225)**	-
Lease liability payments		**(35)**	(73)
Lease liability interest payments		**(2)**	(3)
Finance costs		**(7)**	(1)
Net cash from/ (used in) financing activities		**1,399**	(27)
Net decrease in cash and cash equivalents		**(122)**	(2,125)
Exchange loss on cash and cash equivalents		**(5)**	(12)
Cash and cash equivalents at beginning of year		**768**	2,905
Cash and cash equivalents at end of year		**641**	768

The accompanying notes form part of these financial statements.

Company statement of cash flows

For the year ended 31 July	Note	2021 £000	2020 £000
Cash flows used in operating activities			
Loss after tax from continuing operations		**(1,485)**	(3,072)
Adjustments for:			
Share-based payments	23	**39**	3
Depreciation	12	**32**	66
Exploration write off	11	**-**	371
Movement in intercompany loan provision	24	**1,921**	3,075
Finance income		**(654)**	(680)
Finance expense		**5**	3
(Increase)/decrease in trade and other receivables		**(16)**	17
Increase in trade and other payables		**36**	11
Net cash used in operating activities		**(122)**	(206)
Cash flows used in investing activities			
Purchase of property, plant and equipment		**-**	(3)
Purchase of intangible assets		**-**	(69)
Movement on loans to Group companies		**(1,306)**	(1,981)
Interest received		**-**	2
Net cash used in investing activities		**(1,306)**	(2,051)
Cash flows from/(used in) financing activities			
Gross proceeds from issue of share capital	22	**1,583**	-
Costs incurred on issue of share capital		**(140)**	-
Proceeds from borrowings		**225**	50
Repayment of borrowings		**(225)**	-
Lease liability principal payment		**(26)**	(63)
Lease liability interest payment		**(1)**	(3)
Finance costs		**(4)**	-
Net cash from/ (used in) financing activities		**1,412**	(16)
Net decrease in cash and cash equivalents		**(16)**	(2,273)
Exchange gain on cash and cash equivalents		**-**	8
Cash and cash equivalents at beginning of year		**288**	2,553
Cash and cash equivalents at end of year		**272**	288

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 Accounting Policies

General information

Europa Oil & Gas (Holdings) plc is a Company incorporated and domiciled in England and Wales with registered number 05217946. The address of the registered office is 55 Baker Street, London, W1U 7EU.

The functional and presentational currency of the Company is Sterling (UK£).

Basis of accounting

The consolidated and individual Company financial statements have been prepared in accordance with applicable International Accounting Standards in conformity with the requirements of Companies Act 2006.

Exploration and evaluation assets are measured at historical cost and tested at least twice annually for indications of impairment. Internally generated intangibles are measured at historic cost.

The accounting policies that have been applied in the opening statement of financial position have also been applied throughout all periods presented in these financial statements. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 July 2021.

Going concern

The Directors have prepared a cash flow forecast for the period ending 31 December 2022, which considers the continuing and forecast cash inflow from the Group's producing assets, the cash held by the Group at September 2021, less administrative expenses and planned capital expenditure. The impact of Covid on the Group and Company has been limited to date but its future impact has also been considered in making this assessment.

The Directors performed sensitivities on the cashflow allowing for a 30% fall in the expected oil price from a base case price of $78 per barrel and, separately, a 58% fall in the expected Wressle production from a base case of 560 barrels per day. Oil price estimates are based upon industry analyst expectations, whilst production estimates are sourced from the Group's internal modelling for Wressle and recent actual production.

These sensitivities have been modelled as a reverse stress test, and the Directors consider the likelihood of such movements to be very low. The Directors have also run sensitivities allowing for reasonably possible simultaneous falls in oil price and in Wressle production, and the Group and Company had sufficient cash resources to meet their obligations.
The Directors have concluded, as at the date of approval of these financial statements, that there is a reasonable expectation that the Group and Company will still have sufficient cash resources to be able to continue as a going concern and meet its obligations as and when they fall due over the going concern period.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Intra Group balances are eliminated on consolidation. Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group is engaged in oil and gas exploration, development and production through unincorporated joint operations.

Joint arrangements

Joint arrangements are those arrangements in which the Group holds an interest on a long-term basis which are jointly controlled by the Group and one or more venturers under a contractual arrangement. When these arrangements do not constitute entities in their own right, the consolidated financial statements reflect the relevant proportion of costs, revenues, assets and liabilities applicable to the Group's interests in accordance with IFRS 11. The Group's exploration, development and production activities are presently conducted jointly with other companies in this way.

For the licences where the Group does not hold 100% equity (refer to the licence interests table on page 7) a joint arrangement exists. The equity and voting interest of the Group is disclosed in the table, activities are typical for activities in the oil and gas sector and are strategic to the Group's activities. The principal place of business for all the joint arrangements is the UK.

Revenue recognition

The Group follows IFRS 15. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue when control passes on the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Contracts with customers are presented in an entity's balance sheet as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. The Group's accounting policy under IFRS 15 is that revenue is recognised when the Group satisfies a performance obligation by transferring oil to a customer. The title to oil and gas typically transfers to a customer at the same time as the customer takes physical possession of the oil or gas. Typically, at this point in time, the performance obligations of the Group are fully satisfied.

Revenue is measured based on the consideration to which the Group expects to be entitled under the terms of a contract with a customer. The consideration is determined by the quantity and price of oil and gas delivered to the customer at the end of each month.

Non-current assets

Oil and gas interests

The financial statements with regard to oil and gas exploration and appraisal expenditure have been prepared under the full cost basis. This accords with IFRS 6 which permits the continued application of a previously adopted accounting policy. The unit of account for exploration and evaluation assets is the individual licence.

Pre-production assets

Pre-production assets are categorised as intangible assets on the statement of financial position. Pre-licence expenditure is expensed as directed by IFRS 6. Expenditure on licence acquisition costs, geological and geophysical costs, costs of drilling exploration, appraisal and development wells, and an appropriate share of overheads (including Directors' costs) are capitalised and accumulated on a licence-by-licence basis. These costs which relate to the exploration, appraisal and development of oil and gas interests are initially held as intangible non-current assets pending determination of technical feasibility and commercial viability. On commencement of production these costs are tested for impairment prior to transfer to production assets. If licences are relinquished, or assets are not deemed technically feasible or commercially viable, accumulated costs are written off to cost of sales.

Production assets

Production assets are categorised within property, plant and equipment on the statement of financial position. With the determination of commercial viability and approval of an oil and gas project the related pre-production assets are transferred from intangible non-current assets to tangible non-current assets and depreciated upon commencement of production within the appropriate cash generating unit.

Impairment tests

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) as disclosed in notes 11 and 12. As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

Impairment tests are performed when indicators as described in IAS 36 are identified. In addition, indicators such as a lack of funding or farmout options for a licence which is approaching termination or the implied value of a farmout transaction are considered as indicators of impairment.

An impairment loss is recognised and charged to cost of sales for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation

All expenditure within tangible non-current assets is depreciated from the commencement of production, on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of proven plus probable commercial reserves at the end of the period, plus the production in the period. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs within each licence. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Furniture and computers are depreciated on a 25% per annum straight line basis.

Reserves

Proven and probable oil and gas reserves are estimated quantities of commercially producible hydrocarbons which the existing geological, geophysical and engineering data shows to be recoverable in future years. The proven reserves included herein conform to the definition approved by the Society of Petroleum Engineers (SPE) and the World Petroleum Congress (WPC). The probable and possible reserves conform to definitions of probable and possible approved by the SPE/WPC using the deterministic methodology. Reserves used in accounting estimates for depreciation are updated periodically to reflect management's view of reserves in conjunction with third party formal reports. Reserves are reviewed at the time of formal updates or as a consequence of operational performance, plans and the business environment at that time.

Reserves are adjusted in the year that formal updates are undertaken or as a consequence of operational performance and plans, and the business environment at that time, with any resulting changes not applied retrospectively.

Future decommissioning costs

A provision for decommissioning is recognised in full at the point that the Group has an obligation to decommission an appraisal, development or producing well. A corresponding non-current asset (included within producing fields in note 12) of an amount equivalent to the provision is also created. The amount recognised is the estimated cost of decommissioning, discounted to its net present value and is reassessed each year in accordance with local conditions and requirements. For producing wells, the asset is subsequently depreciated as part of the capital costs of production facilities within tangible non-current assets, on a unit of production basis. Any decommissioning obligation in respect of a pre-production asset is carried forward as part of its cost and tested annually for impairment in accordance with the above policy.

Changes in the estimates of commercial reserves or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the decommissioning asset. The unwinding of the discount on the decommissioning provision is included within finance expense.

Acquisitions of exploration licences

Acquisitions of exploration licences through acquisition of non-operational corporate structures that do not represent a business, and therefore do not meet the definition of a business combination, are accounted for as the acquisition of an asset. Related future consideration that is contingent is not recognised as an asset or liability until the contingent event has occurred.

Taxation

Current tax is the tax payable based on taxable profit / (loss) for the year.

Deferred income taxes are calculated using the balance sheet liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary difference will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Foreign currency

The Group and Company prepare their financial statements in Sterling.

Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Any exchange differences arising on the settlement of items or on translating items at rates different from those at which they were initially recorded are recognised in the Statement of comprehensive income in the period in which they arise. Exchange differences on non-monetary items are recognised in the Statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item taken to the Statement of changes in equity, otherwise such gains and losses are recognised in the Statement of comprehensive income.

Europa Oil & Gas (Holdings) plc is domiciled in the UK, which is its primary economic environment and the Company's functional currency is Sterling. The Group's current operations are based in the UK and Ireland and the functional currencies of the Group's entities are the prevailing local currencies in each jurisdiction. Given that the functional currency of the Company is Sterling, management has elected to continue to present the consolidated financial statements of the Group and Company in Sterling.

Investments

Investments, which are only investments in subsidiaries, are carried at cost less any impairment. Additions include the net value of share options issued to employees of subsidiary companies less any lapsed, unvested options.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income ('FVTOCI') or at fair value through profit or loss ('FVPL') depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVPL, at the end of each reporting period. The Group applies a simplified approach to measure the credit loss allowance for trade receivables using the lifetime expected credit loss provision. The lifetime expected credit loss is evaluated for each trade receivable taking into account payment history, payments made subsequent to year end and prior to reporting, past default experience and the impact of any other relevant and current observable data. The group applies a general approach on all other receivables classified as financial assets. The general approach recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

Fair value through other comprehensive income

The Group has a number of strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investment's carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Amortised cost

This category is the most relevant to the Company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The losses arising from impairment are recognised in a separate line in the income statement. This category generally applies to trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents are carried at cost and include all highly liquid investments with a maturity of three months or less.

Restricted cash are those amounts held by third parties on behalf of the Group and are not available for the Group's use; these are accounted for separately from cash and cash equivalents.

Financial Liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values. The Group's financial liabilities consist of financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss.

Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently carried at amortised cost.

Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

Treatment of finance costs

All finance costs are expensed through the income statement. The Group does not incur any finance costs that qualify for capitalisation.

Defined contribution pension schemes

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Inventories

Inventories comprise oil in tanks stated at the lower of cost and net realisable value. Cost is determined by reference to the actual cost of production in the period.

Share-based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the statement of comprehensive income with a corresponding credit to reserves. Where options over the parent Company's shares are granted to employees of subsidiaries of the parent, the charge is recognised in the statement of comprehensive income of the subsidiary. In the parent Company accounts there is an increase in the cost of the investment in the subsidiary receiving the benefit.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if the number of share options ultimately exercised is different to that initially estimated.

Upon exercise of share options, the proceeds received, net of attributable transaction costs, are credited to share capital, and where appropriate share premium.

Critical accounting judgements and key sources of estimation uncertainty

Details of the Group's significant accounting judgements and critical accounting estimates are set out in these financial statements and include:

- Carrying value of intangible assets (note 11) – carrying values are justified with reference to indicators of impairment as set out in IFRS 6. Based on judgements at 31 July 2021 there was £12k write off of costs on the PEDL 299 licence (2020: impairment of 5 oil-prone Irish licences and costs written off).
- Carrying value of property, plant and equipment (note 12) – carrying values are justified by reference to future estimates of cash flows, discounted at appropriate rates.
- Deferred taxation (note 20) – assumptions regarding the future profitability of the Group and whether the deferred tax assets will be recovered.
- Decommissioning provision (note 21) – inflation and discount rate estimates (3% and 10% respectively) are used in calculating the provision, along with third party estimates of remediation costs.

2 Operating segment analysis

In the opinion of the Directors the Group has four reportable segments as reported to the Chief Executive Officer, being the UK, Ireland, Morocco and new ventures.

The reporting on these segments to management focuses on revenue, operating costs and capital expenditure. The impact of such criteria is discussed further in the Chairman's statement and strategic report of this annual report.

Income statement for the year ended 31 July 2021

	UK	Ireland	Morocco	New ventures	Total
	£000	£000	£'000	£000	£000
Revenue	1,372	-	-	-	1,372
Cost of sales	*(1,249)*	-	-	-	*(1,249)*
Impairment of producing fields	-	-	-	-	-
Cost of sales	(1,249)	-	-	-	(1,249)
Gross profit	**123**	**-**	**-**	**-**	**123**
Exploration write-off	(12)	-	-	-	(12)
Administrative expenses	(545)	(109)	(1)	(62)	(717)
Finance income	3	-	-	-	3
Finance costs	(242)	-	-	-	(242)
Loss before tax	**(673)**	**(109)**	**(1)**	**(62)**	**(845)**
Taxation	-	127	-	-	127
Loss for the year	**(673)**	**18**	**(1)**	**(62)**	**(718)**

Segmental assets and liabilities as at 31 July 2021

	UK	Ireland	Morocco	New Ventures	Total
	£000	**£000**	**£000**	**£'000**	**£000**
Non-current assets	4,489	1,661	657	-	6,807
Current assets	1,228	-	230	-	1,458
Total assets	**5,717**	**1,661**	**887**	**-**	**8,265**
Non-current liabilities	(3,450)	-	-	-	(3,450)
Current liabilities	(1,203)	(363)	-	-	(1,566)
Total liabilities	**(4,653)**	**(363)**	**-**	**-**	**(5,016)**
Other segment items					
Capital expenditure - cashflow	644	105	236	-	985
Depreciation	107	-	-	-	107
Share-based payments	117	-	-	-	117

Income statement for the year ended 31 July 2020

	UK	Ireland	Morocco	New ventures	Total
	£000	**£000**	**£'000**	**£000**	**£000**
Revenue	1,244	-	-	-	1,244
Cost of sales	*(1,438)*	-	-	-	*(1,438)*
Impairment of producing fields	*(160)*	-	-	-	*(160)*
Cost of sales	(1,598)	-	-	-	(1,598)
Gross profit	**(354)**	**-**	**-**	**-**	**(354)**
Exploration write-off	-	(4,004)	-	-	(4,004)
Administrative expenses	(750)	(8)	(49)	(16)	(823)
Finance income	7	-	-	-	7
Finance costs	(266)	-	-	-	(266)
Loss before tax	**(1,363)**	**(4,012)**	**(49)**	**(16)**	**(5,440)**
Taxation	-	-	-	-	-
Loss for the year	**(1,363)**	**(4,012)**	**(49)**	**(16)**	**(5,440)**

Segmental assets and liabilities as at 31 July 2020

	UK	Ireland	Morocco	New Ventures	Total
	£000	**£000**	**£000**	**£'000**	**£000**
Non-current assets	3,660	1,482	299	-	5,441
Current assets	1,058	-	245	-	1,303
Total assets	**4,718**	**1,482**	**544**		**6,744**
Non-current liabilities	(3,242)	-	-	-	(3,242)
Current liabilities	(259)	(733)	(23)	-	(1,015)
Total liabilities	**(3,501)**	**(733)**	**(23)**	**-**	**(4,257)**
Other segment items					
Capital expenditure	139	734	275	-	1,148
Depreciation	186	-	-	-	186
Share-based payments	3	-	-	-	3

100% of the total revenue (2020: 100%) relates to UK based customers. Of this figure, one customer (2020: one) commands more than 99% of the total. UK revenue by site was as follows: West Firsby £321,000 (2020: £394,000); Crosby Warren £390,000 (2020: £355,000); Whisby £487,000 (2020: £495,000); and Wressle £174,000 (2020: £nil).

3 Loss before taxation

Loss before taxation is stated after charging:

		2021	2020
		£000	**£000**
Depreciation and amortisation on property, plant & equipment	12	**107**	186
Staff costs including Directors	5	**652**	1,025
Diesel		**104**	95
Business rates		**52**	63
Site safety and security		**68**	72
Exploration write-off	11	**12**	4,004
Impairment	12	**-**	160
Fees payable to the auditor for the audit		**55**	53
Operating leases – land and buildings		**42**	42
Amount of inventory recognised as an expense		**-**	7
Foreign exchange loss		**3**	16

4 Directors' emoluments

Directors' salaries and fees – Company and Group	2021	2020
	£000	**£000**
CW Ahlefeldt-Laurvig	**18**	23
RJHM Corrie (to 12 March 2020)	**-**	22
P Greenhalgh (to 14 October 2020)	**32**	138
HGD Mackay (to 21 November 2019)	**-**	183
BJ O'Cathain	**28**	23
SG Oddie (CEO from 21 November 2019, previously Chairman)	**146**	130
S Williams (appointed 12 March 2020)	**21**	10
	245	529

Directors' pensions	2021 £000	2020 £000
P Greenhalgh (to 14 October 2020)	3	17
HGD Mackay	-	5
	3	22

The above charge represents premiums paid to money purchase pension plans during the year.

Directors' share-based payments	2021 £000	2020 £000
SG Oddie	20	-
BJ O'Cathain	4	-
S Williams	4	3

The above represents the accounting charge in respect of share options. No share options were exercised during the period (2020: none).

Directors' total emoluments	2021 £000	2020 £000
Salaries and fees	245	529
Social security costs	28	64
Pensions	3	22
Share-based payments	28	3
	304	618

5 Employee information

Average monthly number of employees including Directors - Group	2021 Number	2020 Number
Management and technical	7	9
Field exploration and production	4	4
	11	13

Staff costs - Group	2021 £000	2020 £000
Wages and salaries (including Directors' emoluments)	528	864
Social security	62	106
Pensions	27	52
Share-based payments (note 23)	35	3
	652	1,025

Average monthly number of employees including Directors - Company	2021 Number	2020 Number
Management and technical	7	9
	7	9

Staff costs - Company	2021 £000	2020 £000
Wages and salaries (including Directors' emoluments)	345	680
Social security	39	83
Pensions	12	37
Share-based payment	33	3
	429	803

6 Finance income

	2021	2020
	£000	£000
Bank interest received	**3**	7
	3	7

7 Finance expense

	2021	2020
	£000	£000
Unwinding of discount on decommissioning provision (note 21)	**230**	246
Other finance expense	**12**	20
	242	266

8 Taxation

	2021	2020
	£000	£000
Movement in deferred tax asset (note 20)	**(176)**	(16)
Movement in deferred tax liability (note 20)	**176**	16
R&D tax credits	**127**	-
Tax credit	**127**	-

UK corporation tax is calculated at 30% (2020: 30%) of the estimated assessable profit for the year being the applicable rate for a ring-fence trade excluding the Supplementary Charge of 10%.

	2021	2020
	£000	£000
Loss before tax	**(718)**	(5,440)
Tax reconciliation		
Loss multiplied by the standard rate of corporation tax in the UK including Supplementary Charge of 40% (2020: 40%)	**(287)**	(2,176)
Expenses not deductible for tax purposes	**94**	1,672
Deferred tax asset not recognised	**(99)**	505
R&D tax credit received re prior years	**127**	-
Other reconciling items	**292**	(1)
Total tax credit	**127**	-

9 Other comprehensive income

	2021	2020
	£000	£000
Loss on investment revaluation	**(2)**	(197)

On 8 May 2019, the Group sold its interest in PEDL143 to UK Oil & Gas Plc ('UKOG') for 25,951,557 UKOG shares. At the time of the sale the shares were worth 1.156p each, resulting in a total value of £300,000. The investment was revalued at the year end to £42,000 (0.163p per share (2020: £44,000 (0.17p per share)). An irrevocable election has been made to record gains and losses arising on the shares as Other Comprehensive Income.

10 Earnings per share

Basic earnings per share ('EPS') has been calculated on the loss after taxation divided by the weighted average number of shares in issue during the period. Diluted EPS uses an average number of shares adjusted to allow for the issue of shares on the assumed conversion of all in-the-money options.

As the Group made a loss from continuing operations in both the current and prior years, any potentially dilutive instruments are considered to be anti-dilutive. Therefore, the diluted EPS is equal to the basic EPS. As at 31 July 2021 there were 26,029,154 (2020: 24,203,458) potentially dilutive instruments in issue.

The calculation of the basic and diluted earnings per share is based on the following:

	2021	2020
	£000	£000
Loss for the year attributable to the equity shareholders of the parent	**(718)**	(5,440)
Weighted average number of shares		
For the purposes of basic and diluted EPS	**494,420,476**	444,691,599

11 Intangible assets

Intangible assets – Group	**2021**	2020
	£000	£000
At 1 August	**4,965**	7,818
Additions	**1,485**	1,151
Exploration write-off	**(12)**	(4,004)
At 31 July	**6,438**	4,965

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

	2021	2020
	£000	£000
Ireland FEL 4/19 (Inishkea)	**1,662**	1,482
UK PEDL180 (Wressle)	**3,893**	2,947
UK PEDL181	**113**	118
UK PEDL182 (Broughton North)	**34**	29
UK PEDL299 (Hardstoft)	**-**	12
UK PEDL343 (Cloughton)	**79**	78
Morocco (Inezgane)	**657**	299
Total	**6,438**	4,965
Disposal		
UK PEDL143 (Holmwood)	**-**	10
Exploration write-off		
UK PEDL299 (Hardstoft)	**12**	-
Ireland FEL 2/13 (Doyle A, B, C, Kilroy, Keane & Kiely)	**-**	1,445
Ireland FEL 3/13 (Beckett, Wilde, Shaw)	**-**	1,343
Ireland FEL 1/17	**-**	845
Ireland LO 16/19	**-**	94
Ireland LO 16/22	**-**	277
Total	**12**	4,004

If the Group 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. Details of commitments are included in note 25.

Intangible assets - Company

	2021 £000	2020 £000
At 1 August	-	302
Additions	-	69
Transfer to Group companies	-	-
Exploration write-off	-	(371)
At 31 July	-	-

Exploration write-off

	2021 £000	2020 £000
Ireland LO 16/19	-	94
Ireland LO 16/22	-	277
Total	-	371

LO 16/22 and LO 16/19 were relinquished in 2020 due to a lack of commercial prospects and the £371,000 spent to date was written off.

12 Property, plant & equipment

Property, plant & equipment - Group

	Furniture & computers £000	Producing fields £000	Right of use assets £000	Total £000
Cost				
At 31 July 2019	53	10,790	-	10,843
Additions	3	97	-	100
On transition	-	-	147	147
Disposals	(50)	-	-	(50)
At 31 July 2020	6	10,887	147	11,040
Additions	-	-	-	
Disposals	(1)	-	(80)	(81)
At 31 July 2021	**5**	**10,887**	**67**	**10,959**
Depreciation, depletion and impairment				
At 31 July 2019	52	10,216	-	10,268
Charge for year	1	112	73	186
Disposal	(50)	-	-	(50)
Impairment in year	-	160	-	160
At 31 July 2020	3	10,488	73	10,564
Charge for year	1	64	42	107
Disposal	(1)	-	(80)	(81)
Impairment in year	-	-	-	-
At 31 July 2021	**3**	**10,552**	**35**	**10,590**
Net Book Value				
At 31 July 2019	1	574	-	575
At 31 July 2020	3	399	74	476
At 31 July 2021	**2**	**335**	**32**	**369**

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.

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 10-15%, Brent crude prices ranging from US$68 per barrel in 2022 to US$63 per barrel in 2023. The post-tax discount rate of 10% is high because of the applicable rates of tax in the UK. Cash flows were projected over the expected life of the fields which is expected to be longer than five years.

Based on the assumptions set out above, no impairment was required (2020: West Firsby £160,000 impairment). The recoverable amount was calculated at a discount rate of 10% (2020: 10%).

Sensitivity to key assumption changes
Variations to the key assumptions used in the value-in-use calculation would cause impairment of the producing fields as follows:

	Impairment of producing fields £000
Production decline rate (current assumption 10-15%)	
12%	-
15%	89
Brent crude price per barrel (current assumption US$68/bbl in 2022 reducing to US$63/bbl in 2023)	
$50 flat	720
$63 flat	15
Pre-tax discount rate (current assumption 10%)	
20%	19
25%	300

Property, plant & equipment - Company

	Furniture & computers £000	Right of use assets £000	Total £000
Cost			
At 31 July 2019	53	-	53
At transition	-	117	117
Additions	3	-	3
Disposals	(50)	-	(50)
At 31 July 2020	6	117	123
Additions	-	-	-
Disposals	(1)	(80)	(81)
At 31 July 2021	**5**	**37**	**42**
Depreciation			
At 31 July 2019	52	-	52
Charge for year	1	65	66
Disposals	(50)	-	(50)
At 31 July 2020	3	65	68
Charge for year	1	31	32
Disposals	(1)	(80)	(81)
At 31 July 2021	**3**	**16**	**19**
Net Book Value			
At 31 July 2019	1	-	1
At 31 July 2020	3	52	55
At 31 July 2021	**2**	**21**	**23**

13 Investments - Group

Investment in shares	**2021 £000**	2020 £000
At 1 August	**44**	241
Current year additions	**-**	-
Write off on revaluation	**(2)**	(197)
At 31 July	**42**	44

On 8 May 2019, the Group sold its interest in PEDL143 to UK Oil & Gas Plc ('UKOG') for 25,951,557 UKOG shares. At the time of the sale the shares were worth 1.156p each, resulting in a total value of £300,000. The investment was revalued at the year end to the value of £42,000 (0.163p per share) (2020: £44,000 (0.17p per share) with the loss being recorded in Other Comprehensive Income (note 9).

Investments - Company

Investment in subsidiaries	**2021 £000**	2020 £000
At 1 August	**2,341**	2,341
Current year additions	**2**	-
At 31 July	**2,343**	2,341

The Company's investments at the reporting date include 100% of the share capital in the following unlisted companies:

- Europa Oil & Gas Limited, which undertakes oil and gas exploration, development and production in the UK.
- Europa Oil & Gas (West Firsby) Limited, which is non-trading.
- Europa Oil & Gas (Ireland West) Limited, which held the interest in the FEL 2/13 licence.
- Europa Oil & Gas (Ireland East) Limited, which held the interest in the FEL 3/13 and FEL 1/17 licences.
- Europa Oil & Gas (Inishkea) Limited, which holds the interest in the FEL 4/19 and FEL 3/19 licences.
- Europa Oil & Gas (New Ventures) Limited, which holds the interest in the Moroccan licence.

All six companies are registered in England and Wales, all having their registered office at 55 Baker Street, London W1U 7EU.

The results of the six companies have been included in the consolidated accounts.

Europa Oil & Gas Limited owns 100% of the ordinary share capital of Europa Oil & Gas (UK) Limited (registered in England and Wales and non-trading).

14 Inventories - Group

	2021	2020
	£000	£000
Oil in tanks	**23**	12

15 Trade and other receivables

	Group		**Company**	
	2021	2020	**2021**	2020
Current trade and other receivables	**£000**	£000	**£000**	£000
Trade receivables	**330**	111	**-**	-
Other receivables	**67**	25	**11**	2
Prepayments	**125**	98	**58**	51
	522	234	**69**	53
Non-current other receivables				
Owed by Group undertakings (note 24)	**-**	-	**588**	430

16 Restricted cash

	Group		**Company**	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Cash guarantee	**230**	245	**-**	-

A requirement of the petroleum agreement with the National Office of Hydrocarbons and Mines ('ONHYM'), was the setting up of a guarantee for $315,000 (£230,000) (2020: $315,000 (£245,000)). This is treated as restricted cash.

17 Trade and other payables

Current trade and other payables	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade payables	**963**	507	**503**	364
Other payables	**593**	506	**149**	151
	1,556	1,013	**652**	515
Non-current trade and other payables				
Lease liabilities	**17**	31	**11**	17

18 Borrowings

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Loans repayable in less than 1 year				
Bounce Back Loan	10	2	10	2
Total short-term borrowing	**10**	2	**10**	**2**
Loans repayable in 1 to 2 years				
Bounce Back Loan	10	10	10	10
Loans repayable in 2 to 5 years				
Bounce Back Loan	30	30	30	30
Loans repayable in over 5 years				
Bounce Back Loan	-	8	-	8
Total long-term borrowing	**40**	48	**40**	48

In June 2020 the Group received a Bounce Back loan for £50,000 under the Government's Covid 19 policies. The loan is to be repaid within 6 years of drawdown but with a 12-month holiday so repayments started in July 2021 and will be repaid over the following 5 years. The annual rate of interest is 2.5%.

On 19th January the Group entered into a related party loan agreement with CW Ahlefeldt-Laurvig (a Group Non-Executive director and shareholder). Under this agreement, Europa Oil & Gas drew funds of £225,000 on 20th January 2021 for a term of 4 months (with the option of early repayment). The loan was unsecured and interest accrued on a daily basis at an effective interest rate of 12.57% per annum. The loan and accrued interest was fully repaid in March 2021.

19 Leases

The balance sheet shows the following amounts relating to leases

Asset	1 August 2020 £000	Depreciation charge for the year £000	31 July 2021 £000	1 August 2019 £000	Depreciation charge for the year £000	31 July 2020 £000
Office lease	23	(23)	-	80	(57)	23
Company van	16	(4)	12	20	(4)	16
Company van	14	(3)	11	18	(4)	14
Company van	16	(5)	11	20	(4)	16
Company van	5	(4)	1	9	(4)	5
Total	74	(39)	35	147	(73)	74

Lease liability	Balance at 1 August 2020 £000	Payments made in year £000	Payment allocation from prior year prepayments £'000	Interest element of payments £000	Balance at 31 Jul 2021 £000
Office lease	19	(19)	-	-	-
Company van	15	(5)	-	1	11
Company van	13	(4)	-	1	10
Company van	14	(5)	-	-	9
Company van	5	(4)	-	-	1
	66	(37)	-	2	31

Lease liability	Balance at 1 August 2019 £000	Payments made in year £000	Payment allocation from prior year prepayments £'000	Interest element of payments £000	Balance at 31 Jul 2020 £000
Office lease	80	(55)	(8)	2	19
Company van	20	(6)	-	1	15
Company van	18	(5)	-	-	13
Company van	20	(6)	-	-	14
Company van	9	(4)	-	-	5
	147	(76)	(8)	3	66

Lease liability	2021 £000	2020 £000
Current	**14**	35
Non-current	**17**	31
Lease liability	**31**	66

The income statement shows the following amounts relating to leases:

	2021	2020
	£000	£000
Interest on lease liabilities (included in finance cost)	**2**	3
Expenses related to leases of land for extraction of oil & gas	**42**	42
	44	45

Amounts recognised in the statement of cashflows

	2021	2020
	£000	£000
Total cash outflow for leases	**37**	76

20 Deferred Tax – Group

	2021	2020
Recognised deferred tax asset:	**£000**	£000
As at 1 August	**-**	-
(Charged)/credited to statement of comprehensive income	**-**	-
At 31 July	**-**	-

The Group has a deferred tax liability of £1,290,000 (2020: £1,114,000) arising from accelerated capital allowances and a deferred tax asset of £1,290,000 (2020: £1,114,000) arising from trading losses which will be utilised against future taxable profits. These were offset against each other resulting in a £nil net asset/liability (2020: £nil net asset/liability). This offsetting was required because the Group settles current tax assets and liabilities on a net basis.

Non-recognised long-term deferred tax asset

The Group has a non-recognised deferred tax asset of £4,259,000 (2020: £4,359,000), which arises in relation to ring-fence UK trading losses of £4.8 million (2020: £4.6 million), non-ring-fence UK trading losses of £11.7 million (2020: £11.7 million) and subsidiary losses of £1.8 million (2020: subsidiary losses of £1.8 million) that have not been recognised in the accounts as the timing of the utilisation of the losses is considered uncertain.

No deferred tax assets or liabilities are recognised in the Company.

21 Provisions – Group

Decommissioning provisions are based on third party estimates of work which will be required and the judgement of Directors. By their nature, the detailed scope of work required and timing are uncertain.

Long-term provisions	2021	2020
	£000	£000
As at 1 August	**3,163**	2,917
Charged to statement of comprehensive income (note 7)	**230**	246
At 31 July	**3,393**	3,163

Sensitivity to key assumption changes

Variations to the key assumptions used in the decommissioning provision estimates would cause increases / (reductions) to the provision as follows:

	Further decommissioning provision £000
Inflation rate (current assumption 3%)	
2%	(192)
4%	203
Discount rate (current assumption 10%)	
5%	930
15%	(677)

No provisions have been recognised in the Company.

22 Called up share capital

	2021 £000	2020 £000
Allotted, called up and fully paid ordinary shares of 1p		
At 1 August 2020: 444,691,599 shares (1 August 2019: 444,691,599)	**4,447**	4,447
Issued in the year: 121,775,386 shares (2020: nil shares)	**1,218**	-
At 31 July: 566,466,985 shares (2020: 444,691,599)	**5,665**	4,447

Ordinary shares issued

Date	Type of Issue	Number of shares	Issue price	Raised gross £000	Raised net of costs £000	Nominal value £000
22 February 2021	Placing	38,461,538	0.013	500	445	385
10 March 2021	Placing/ Brokers offer	83,313,848	0.013	1,083	920	833
	Total	121,775,386		1,583	1,365	1,218

The costs of £218,000 incurred on the issue of share capital include £78,000 of non-cash expenses. All of the allotted shares are ordinary shares of the same class and rank pari passu. The following describes the purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Merger reserve	Reserve created on issue of shares on acquisition of subsidiaries in prior years
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

23 Share-based payments

The Group operates an approved Enterprise Management Incentive ('EMI') share option scheme for employees and an unapproved scheme for grants in excess of EMI limits and for non-employees. Both schemes are equity-settled share-based payments as defined in IFRS 2 Share-based payments. A recognised valuation methodology is employed to determine the fair value of options granted as set out in the standard. The charge incurred relating to these options is recognised within operating costs.

Combined information for the two schemes operated by the Group is set out below.

There are 26,029,154 ordinary 1p share options/warrants outstanding (2020: 24,203,458).

These are held as follows:

Holder	31 July 2021	31 July 2020
RJHM Corrie	**-**	450,000
P Greenhalgh	**-**	3,900,000
HGD Mackay	**-**	11,700,000
BJ O'Cathain	**2,950,000**	1,200,000
SG Oddie	**9,200,000**	1,200,000
SA Williams	**2,500,000**	1,200,000
Employees of the Group	**3,425,000**	2,330,000
Consultants and advisers	**7,954,154**	2,223,458
Total	**26,029,154**	24,203,458

The fair values of options were determined using a Black Scholes Merton model or, in the case of ones issued to advisors as part of the share issue, the fair value was deemed to be the share issue price. Volatility is based on the Company's share price volatility since flotation.

In the year 21,404,154 options/warrants were granted, 2,223,458 expired, 17,355,000 were forfeited, and none were exercised (2020: 1,200,000 granted, 1,235,000 expired, none forfeited, none exercised).

	2021 Number of options	**2021 Average exercise price**	2020 Number of options	2020 Average exercise price
Outstanding at the start of the year	24,203,458	8.15p	24,238,458	8.76p
Granted - employees/directors	13,450,000	1.23p	1,200,000	1.28p
Granted - consultants	2,000,000	1.23p	-	-
Granted - advisors	5,954,154	1.3p	-	-
Expired	(2,223,458)	2.8p	(1,235,000)	13.09p
Forfeited	(17,355,000)	12.85p	-	-
Outstanding at the end of the year	26,029,154	2.37p	24,203,458	8.16p
Exercisable at the end of the year	9,814,154	2.84p	12,583,458	9.48p

The 15,450,000 options granted in August 2020 vest 5,515,000 after each of 12, 24 and 36 months, are exercisable conditional upon the Europa Oil & Gas (Holdings) plc closing average mid-market share price being above 2.46p for 30 consecutive trading day and expire on the 6th or 2nd anniversary of the grant date. The inputs used to determine their values are detailed in the table:

Grant date	**4 August 2020**	**4 August 2020**
Number of options	13,450,000	2,000,000
Share price at grant	1.20p	1.20p
Exercise price	1.23p	1.23p
Volatility	60.0%	60.0%
Dividend yield	nil	nil
Risk free investment rate	0.133%	0.068%
Option life in years	6	2
Fair value per option	0.41p	0.21p

The 5,954,154 warrants issued in February and March 2021 were issued to an advisor as part of the share fund raise. The fair value to the options warrants was the 1.3p issue share price.

The 1,200,000 options granted in March 2020 vest 400,000 after each of 18, 30 and 42 months, are exercisable conditional upon the Europa Oil & Gas (Holdings) plc closing average mid-market share price being above 3p for 30 consecutive trading day and expire on the 10th anniversary of the grant date. The inputs used to determine their values are detailed in the table:

Grant date	**12 March 2020**
Number of options	1,200,000
Share price at grant	1.3p
Exercise price	1.28p
Volatility	57.5%
Dividend yield	nil
Risk free investment rate	0.009%
Option life in years	5
Fair value per option	0.32p

Based on the fair values above, the charge arising from employee share options was £35,000 (2020: £3,000). The charge relating to non-employee share options was £4,000 (2020: £nil). The charge allocated direct to equity, relating to the issue of options on the issue of share capital, was £78,000 (2020: £nil).

Share options/warrants outstanding at the end of the period have exercise prices ranging from 1.23p to 10.0p and the weighted average remaining contractual life at the end of the period was 3.8 years (2020: 2 years).

24 Financial instruments

The Group's and Company's financial instruments comprise cash and cash equivalents, bank borrowings, loans, and items such as trade and other receivables and trade and other payables which arise directly from its operations. Europa's activities are subject to a range of financial risks, the main ones being credit; liquidity; interest rates; commodity prices; foreign exchange; and capital. These risks are managed through ongoing review considering the operational, business and economic circumstances at that time.

Financial assets

	Amortised cost	Amortised cost	Fair value through other comprehensive income	Fair value through other comprehensive income
	2021	2021	**2021**	2020
	£'000	£'000	**£'000**	£'000
Investments	**-**	-	**42**	44
Trade and other receivables	**397**	136	**-**	-
Restricted cash	**230**	245	**-**	-
Cash and cash equivalents	**641**	768	**-**	-
Total financial assets	**1,268**	1,149	**42**	44

Financial liabilities

	Amortised cost	Amortised cost	**Fair value through other comprehensive income**	Fair value through other comprehensive income
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Trade and other payables	**(1,556)**	(1,044)	**-**	-
Loans	**(67)**	(50)	**-**	-
Total financial liabilities	**(1,623)**	(1,094)	**-**	-

Credit risk
The Group is exposed to credit risk as all crude oil production is sold to one multinational oil company. The customer is invoiced monthly for the oil delivered to the refinery in the previous month and invoices are settled in full on the 15th of the following month. At 31 July 2021 trade receivables were £297,000 representing one month of oil revenue, part of a second month of oil revenue and partner billings (2020: £96,000 representing one month of oil revenue). The fair value of trade receivables and payables approximates to their carrying value because of their short maturity. Any surplus cash is held on short-term deposit with Royal Bank of Scotland. The maximum credit exposure in the year was £175,000 being the highest month's oil revenue (2020: £137,000). The Company exposure to third party credit risk is negligible. The intercompany balances with its subsidiaries have been provided due to the questionability of their recovery.

Liquidity risk
The Company currently has no overdraft or overdraft facility with its bankers.

The Group and Company monitor their levels of working capital to ensure they can meet liabilities as they fall due. The following table shows the contractual maturities (representing the undiscounted cash flows) of the Group's and Company's financial liabilities.

	Group Trade and other payables		**Company Trade and other payables**	
At 31 July	**2021**	2020	**2021**	2020
	£000	£000	**£000**	£000
6 months or less	**1,556**	1,013	**652**	515
Total	**1,556**	1,013	**652**	515

	Group Loans		**Company Loans**	
At 31 July	**2021**	2020	**2021**	2020
	£000	£000	**£000**	£000
6 to 12 months	**5**	2	**5**	2
1 to 2 years	**5**	10	**5**	10
2 to 5 years	**10**	30	**10**	30
Over 5 years	**30**	8	**30**	8
Total	**50**	50	**50**	50

Cash and cash equivalents in both Group and Company are all available at short notice.

Trade and other payables do not normally incur interest charges. There is no difference between the fair value of the trade and other payables and their carrying amounts.

Interest rate risk
The Group has no interest-bearing liabilities.

Commodity price risk
The selling price of the Group's production of crude oil is set at a small discount to Brent prices. The table below shows the range of prices achieved in the year and the sensitivity of the Group's loss before taxation ('LBT') to such movements in oil price. There would be a corresponding increase or decrease to net assets. There is no commodity price risk in the Company.

		2021	**2021**	2020	2020
		Price	**LBT**	Price	LBT
Oil price	**Month**	**US$/bbl**	**£000**	US$/bbl	£000
Highest	July 21	**$73.60**	**(420)**	$65.80	(4,991)
Average		**$55.80**	**(845)**	$48.50	(5,440)
Lowest	October 2020	**$39.10**	**(1,262)**	$18.20	(6,216)

Foreign exchange risk

The Group's production of crude oil is invoiced in US$. Revenue is translated into Sterling using a monthly exchange rate set by reference to the market rate. The table below shows the range of average monthly US$ exchange rates used in the year and the sensitivity of the Group's LBT to similar movements in US$ exchange. There would be a corresponding increase or decrease in net assets.

		2021	**2021**	2020	2020
		Rate	**LBT**	Rate	LBT
US Dollar	**Month**	**US$/£**	**£000**	US$/£	£000
Highest	May 2021	**1.418**	**(902)**	1.321	(5,477)
Average		**1.271**	**(845)**	1.271	(5,440)
Lowest	Sep 2020	**1.292**	**(775)**	1.218	(5,376)

The table below shows the Group's currency exposures. Exposures comprise the net financial assets and liabilities of the Group that are not denominated in the functional currency.

		Group		**Company**	
		2021	2020	**2021**	2020
Currency	**Item**	**£000**	£000	**£000**	£000
Euro	Cash and cash equivalents	**2**	57	**2**	5
	Trade and other payables	**(458)**	(352)	**(397)**	(483)
US Dollar	Cash and cash equivalents	**339**	355	**6**	7
	Trade and other receivables	**290**	100	**-**	-
Total		**173**	160	**(389)**	(471)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital. The Group defines capital as being the consolidated shareholder equity (note 22) and bank borrowings (currently £50,000). The Board monitors the level of capital as compared to the Group's long-term debt commitments and adjusts the ratio of debt to capital as is determined to be necessary, by issuing new shares, reducing or increasing debt, paying dividends and returning capital to shareholders. The Group has a £50k loan subject to an annual 2.5% interest charge and repayable over 6 years with a 1-year holiday. Repayments commenced in July 2021.

Intercompany loans

The loans to the subsidiaries are not classified as repayable on demand. IFRS 9 requires consideration of the expected credit risk associated with the loan. As the subsidiary company does not have any liquid assets to sell to repay the loan, should it be recalled, the conclusion reached was that the loan should be categorised as stage 3.

As part of the assessment of expected credit losses of the intercompany loan receivable, the Directors have considered the published chance of success for Inishkea, and applying the same 33% general wildcat exploration success rate to Inezgane, the loans to Europa Oil & Gas Inishkea and Europa Oil & Gas New Ventures have thus been 67% provided.

The loan to Europa Oil & Gas (Ireland West) and Europa Oil & Gas (Ireland East) have been provided in full due to the relinquishment of the licence held by the subsidiaries.

The movement in the provision was as follows:

	Europa Oil & Gas Limited	Europa Oil & Gas (Ireland West) Limited	Europa Oil & Gas (Ireland East) Limited	Europa Oil & Gas (Inishkea) Limited	Europa Oil & Gas (New Ventures) Limited	**Total**
	£000	£000	£000	£000	£000	£000
Provision at 31 July 2019	16,517	505	961	424	216	18,623
Movement in the year	2,068	258	519	109	121	3,075

Provision at 31 July 2020	18,585	763	1,480	533	337	21,698
Movement in the year	1,593	-	-	154	174	1,921
Provision at 31 July 2021	**20,178**	**763**	**1,480**	**687**	**511**	**23,619**

Gross loan balances						
Loan balance at 31 July 2019	16,517	754	1,434	632	324	19,661
Movement in loan	2,068	9	46	164	180	2,467
Loan balance at 31 July 2020	18,585	763	1,480	796	504	22,128
Movement in loan	1,593	-	-	228	258	2,079
Loan balance at 31 July 2021	20,178	763	1,480	1,024	762	24,207
Provisions						
Provision at 31 July 2019	(16,517)	(505)	(961)	(424)	(216)	(18,623)
Movement in provision	(2,068)	(258)	(519)	(109)	(121)	(3,075)
Provision at 31 July 2020	(18,585)	(763)	(1,480)	(533)	(337)	(21,698)
Movement in provision	(1,593)	-	-	(154)	(174)	(1,921)
Provision at 31 July 2021	(20,178)	(763)	(1,480)	(687)	(511)	(23,619)
Net loan balance at 1 August 2019	-	249	473	208	108	1,038
Net loan balance at 31 July 2020	-	-	-	263	167	430
Net loan balance at 31 July 2021	**-**	**-**	**-**	**337**	**251**	**588**

25 Capital commitments and guarantees

The outstanding work commitment on Inezgane offshore licence for 2021 totals £400,000 and relates to finding the original seismic acquisition tapes, sorting through them for quality, nav-merging the location with the trace recordings, and reprocessing the seismic volume to get best quality visual based in time and then converting the volume to a pre stack depth migrated (PSDM) state reprocessed data pack. A payment is made to NAMR for training local personnel, usually technical individuals.

For PEDL181 there is a commitment to reprocess 2D seismic, integrate Grav.mag. data and interpret it by June 2022. The total price for this is estimated to be £80,000 (with the Group's share being 50%)

If the Group is not able to farm-down, extend licences or elects not to continue in an exploration licence, then the impact on the financial statements will be the impairment of the relevant intangible asset disclosed in note 11.

26 Operating lease commitments

Europa Oil & Gas Limited pays annual site rentals for the land upon which the West Firsby and Crosby Warren oil field facilities are located.

- The West Firsby lease runs until September 2022 and can be terminated on two months' notice. The annual cost is currently £22,000 (2020: £22,000) increasing annually in line with the retail price index.
- The Crosby Warren lease runs until December 2022 and can be terminated on three months' notice. The annual cost is currently £20,000 (2020: £20,000).

Future minimum lease payments are as follows:

	2021	2020
	£000	£000
Less than 1 year	**9**	9
2-5 years	**-**	-
Total	**9**	9

27 Related party transactions

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. In the opinion of the Board, the Group's and the Company's key management are the Directors of Europa Oil & Gas (Holdings) plc. Information regarding their compensation is given in note 4.

During the year, the Company provided services to subsidiary companies as follows:

	2021	2020
	£000	£000
Europa Oil & Gas Limited	**1,208**	1,496
Europa Oil & Gas (Ireland West) Limited	**-**	3
Europa Oil & Gas (Ireland East) Limited	**-**	6
Europa Oil & Gas (Inishkea) Limited	**38**	25
Europa Oil & Gas (New Ventures) Limited	**25**	57
Total	**1,271**	1,587

At the end of the year, after provisions, the Company was owed the following amounts by subsidiaries:

	2021	2020
	£000	£000
Europa Oil & Gas (Ireland West) Limited	**-**	-
Europa Oil & Gas (Ireland East) Limited	**-**	-
Europa Oil & Gas (Inishkea) Limited	**337**	263
Europa Oil & Gas (New Ventures) Limited	**251**	167
Total	**588**	430

On 19th January the Group entered into a related party loan agreement with CW Ahlefeldt-Laurvig (a Group Non-Executive director and shareholder). Under this agreement, Europa Oil & Gas drew funds of £225,000 on 20th January 2021 for a term of 4 months (with the option of early repayment). The loan was unsecured and interest accrued on a daily basis at an effective interest rate of 12.57% per annum. The loan and accrued interest was fully repaid in March 2021.

28 Post reporting date events

- Inezgane licence farmout officially announced on 3rd August 2021
- Wressle achieved over 500 bopd after successful proppant squeeze operations in late August 2021 and this increased to 950 boepd in September which was over previous expectations
- Following the achievement of 500bopd oil flow rate as announced in August 2021, the Directors consider that Wressle has met the requirements under IFRS6 for transfer to producing assets as of that date

Directors and advisers

Company registration number	5217946
Registered office	55 Baker Street London W1U 7EU
Directors	CW Ahlefeldt-Laurvig – Non-Executive Director BJ O'Cathain – Non-Executive Chairman (from 4 August 2020, previously Non-Executive Director) SG Oddie – Chief Executive Officer (from 4 August 2020, previously Non-Executive Chairman) SA Williams - Non-Executive Director (from 12 March 2020)
Secretary	M Johnson
Banker	Royal Bank of Scotland plc 1 Albyn Place Aberdeen AB10 1BR
Solicitor	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Nominated adviser and broker	finnCap Ltd One Bartholomew Close London EC1A 7BL
Broker	Turner Pope Investments (TPI) Limited 8 Frederick's Place London EC2R 8AB
Registrar	Computershare Investor Services plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH