

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

28 October 2024

Europa Oil & Gas (Holdings) plc
("Europa" or the "Company")

Final results for the year to 31 July 2024

Europa Oil & Gas (Holdings) plc, the AIM traded West Africa, UK and Ireland focused oil and gas exploration, development and production company, announces its final audited results for the 12-month period ended 31 July 2024.

The full Annual Report and Accounts will be available shortly on the Company's website at www.europaoil.com and will be mailed to those shareholders who have requested a paper copy.

Financial performance

- Revenue declined 46% to £3.6 million, reflecting lower oil production (which included a three-month shut in period at Wressle) and lower realised oil prices (2023: £6.7 million)
- Gross profit of £0.3 million (2023: £3.4 million)
- Pre-tax loss of £6.8 million after non-cash exploration impairment loss of £5.0 million (2023: pre-tax loss of £0.9 million after non-cash impairment loss of £1.7 million)
- Net cash used in operating activities £0.6 million (2023: £2.8 million net cash generated by operations)
- Cash balance at 31 July 2024: £1.5 million (2023: £5.2 million)

Operational highlights - Building a balanced portfolio of exploration and production assets

Equatorial Guinea

- Europa announced a ground-breaking deal in December 2023 with the acquisition of a 42.9% stake in Antler Global Limited ("Antler"), which has an 80% working interest in licence EG-08 offshore Equatorial Guinea. This gives rise to a joint venture arrangement
- Europa agreed a US 3 million cash subscription for new ordinary shares in Antler, with the payments being made in four instalments and which has now completed
- EG-08 is a highly prospective licence which has three drill-ready prospects, with internally estimated Mean Prospective Resource of 1.4 TCF of gas equivalent
- Antler and our technical team has further evaluated the seismic data across the block and has identified additional prospectivity, resulting in a Mean Prospective Resource of 2.1 TCF of gas equivalent
- Antler commenced a farm-down process in Q3 this year with a view to bringing in a partner for drilling, potentially in 2025
- A discovery from only one of the three main prospects could be quickly tied back to existing gas infrastructure located 9km to the south

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

- Licence FEL 4/19 contains the Inishkea West gas exploration prospect, which has been mapped as a large four-way closure with a prospective resource Mean of 1.5 TCF of recoverable gas
- The FEL 4/19 licence extension was granted by the Irish Government, extending the licence term to 31 January 2026
- Following the licence extension, a farm-out process has begun again with the aim of bringing in a partner to assist with the drilling of the prospect
- Inishkea West is within easy tie-back range of the Corrib gas field situated some 18 kilometres to the southeast. This proximity to the Corrib infrastructure, the mapped four-way closure, the large prospective resource, and the reduced seal risk means that the Inishkea West prospect has become the primary exploration target on the FEL 4/19 licence

Onshore UK - net production declined 48% to 137 barrels of oil per day ("bopd") (2023: 265 bopd) following planned

downtime and increased water cut on the Wressle oilfield

- We continue to progress our Cloughton asset to determine if commercial rates can be obtained using modern completion techniques so that the 192 BCF (Pmean) GIIP potential can be monetised. Terms have been agreed for the site and work has now commenced to secure the necessary permits required to drill an appraisal well, expected to be in 2026. Given the proximity to the UK gas network and quality of the natural gas contained within the reservoir, a successful appraisal well could be quickly brought online, displacing LNG imports and reducing global emissions
- Wressle production declined throughout the period
 - Gross production averaged 357 bopd throughout the period (2023: 710 bopd), with Europa's net share equating to 107 bopd (2023: 213 bopd)
 - A jet pump was installed on the Wressle-1 well that took three months to complete and resulted in interrupted production between mid-August through to early November 2023
- A new seismic interpretation and mapping exercise across the Wressle field has highlighted a potentially significant increase in resources from the Ashover Grit and the results of the analysis are now being incorporated into the field development plan. The intention is that two back-to-back development wells will be drilled from the existing Wressle site. Planning consent was received for the project in September, however the North Lincolnshire Council's decision to grant planning permission has subsequently been challenged in light of the Finch Supreme Court judgement which ruled that scope three emissions must be considered in planning applications for oil and gas developments. This is expected to result in the planning approval being rescinded. The Wressle Joint Venture is now going to submit further information that covers potential scope three emissions such that a future planning process could be approved. The wells will be drilled at the earliest opportunity, once the necessary consents and regulatory approvals have been received
- In addition to the two development wells, work is ongoing to monetise the associated gas being produced from Wressle by connecting to a local gas distribution network. This work is expected to be completed around the same time as the development wells and is subject to the same regulatory approvals
- The revised CPR on Wressle was completed in H2 2023 by ECRE which incorporated the new field interpretation, historical production performance data and the field development plan. The key highlights of the CPR included: 263% increase in 2P Reserves compared to 2016 CPR, reclassification of 1,883 mboe in Penistone Flags Contingent Resources to 2P Reserves, 59% upgrade to the Ashover Grit and Wingfield Flags Estimated Ultimate Recoverable and 23% upgrade to Broughton North Prospective Resources
- Total net production of 137 bopd was produced from Europa's UK onshore fields during the year with Wressle contributing roughly 78% of this and the remainder coming from the three older fields

Offshore UK - Serenity discovery in the North Sea

- The recent change in government in the UK and the continued uncertainty of the domestic regulatory and fiscal environment has sharply increased the possibility of future fiscal changes for the oil and gas industry, which we believe could negatively impact the economics of the Serenity project
- Given that the Serenity licence was due to expire at the end of September 2024, we have therefore taken the decision to allow the licence to lapse, which has resulted in a £4.9 million impairment of the capitalised costs associated with the project

UK offshore licensing round

- In 2022, Europa participated in the UK Government's 33rd offshore oil and gas licensing round and in May 2024 the Company was contacted by the North Sea Transition Authority (the "NSTA") who proposed a licence-sharing arrangement between Europa and another party for a new licence. After careful consideration, the Company has decided not to accept the proposed shared licence given the recent new country entry into the highly prospective EG-08 licence and the limited resources of the Company. The Board believes that the risk/reward proposition for new assets in the UK is currently challenging

Board

- Simon Oddie resigned in November 2023
- Stephen Williams resigned in November 2023
- Simon Ashby-Rudd was appointed in December 2023
- Eleanor Rowley was appointed in April 2024

Post reporting period events

- In September 2024, we were delighted that planning approval was awarded for two new development wells on the Wressle field which we expect to drill back-to-back next year. As a result of the Finch Supreme Court ruling and a proposed legal challenge to the granting of planning permission for the next phase of the Wressle development, it is expected that the planning consent will be rescinded once the court process has concluded. The Wressle Joint Venture plan to submit further information that covers potential scope three emissions such that a future planning process could be approved

- We have decided against applying to extend the Serenity licence in the North Sea following its expiry at the end of September 2024 and given the ongoing uncertainties around the oil and gas fiscal regime in the UK

Investor presentation and Q&A

CEO William Holland, COO Alastair Stuart and Chief Geologist Jamie White will be hosting an online presentation and Q&A for investors on Monday, 2 December 2024.

To register for the event, please visit:

<https://www.engageinvestor.com/company/europa-oil-gas-holdings-plc?tab=events&company=follow>

Change of accounting reference date

The Company is changing its accounting reference date from 31 July to 31 December, with immediate effect. Accordingly, its current accounting period, which commenced on 1 August 2024, will now end on 31 December 2025.

As a result of this change, the Company's forthcoming financial reporting calendar will be as follows:

- Announcement of unaudited interims for the five-month period from 1 August 2024 to 31 December 2024, to be announced within 3 months of the period end, being by no later than 31 March 2025;
- Announcement of unaudited interims for the eleven-month period from 1 August 2024 to 30 June 2025, to be announced within 3 months of the period end, being by no later than by 30 September 2025; and
- Publication of audited report and accounts for the seventeen-month period from 1 August 2024 to 31 December 2025, to be announced within 6 months of the period end, being by no later than by 30 June 2026.

William Holland, CEO of Europa, said:

"Europa announced a highly material new country entrance during the 2023/24 financial year, with the acquisition of a 42.9% stake in Antler Global, providing us with significant near-term exposure to exploration in Equatorial Guinea through the EG-08 licence. I cannot overstate how exciting an opportunity this is for Europa and its stakeholders, given the sheer scale of the prize on offer in this highly prospective hydrocarbon province. With over 2 TCF of nearfield, infrastructure-led, low-risk, Amplitude versus Offset ("AVO") supported prospects identified which can be quickly brought online, EG-08 is a world-class asset. We have a data room up and running and have already seen considerable interest from industry. We are targeting completion of a farm-out within the coming months and have concurrently started planning for a well to be drilled, which could spud as early as next year.

We continue to progress our Irish business throughout the year and are hoping to farm-out a portion of our 100% owned licence FEL 4/19, which contains the 1.5 TCF Inishkea West near-field exploration prospect. I am pleased to report that a licence extension was granted by the Irish Government, extending the licence term from January 2024 to 31 January 2026. Last October, we announced the results of our internally generated seismic reprocessing which has materially improved the subsurface imaging of the prospect. We now have much greater confidence in the quality of the seal and trap at Inishkea West. A prospect of this size and quality simply has to be drilled in my opinion, not least because of the significant impact a successful discovery would have on Ireland's security of energy supply for a number of years.

Since assuming operatorship of Cloughton in July 2023 we have made steady progress with the appraisal work on PEDL343, which is an onshore UK licence. We have agreed terms for a site on which to establish a drilling pad and have initiated the planning approval process in order to drill an appraisal well on the field to test if the estimated 192 BCF (Pmean) GIIP can be produced at commercial rates. We believe that whilst the UK continues to consume gas, which is forecast to continue beyond 2050, that the most responsible source is, both commercially and environmentally, domestic gas. For that reason, a development of the Cloughton gas field is fully aligned with the UK Government's British Energy Security Strategy and Net Zero 2050 goals.

We continued to develop and produce from our core assets onshore UK, where we continue to invest in our flagship Wressle oilfield. Planning is ongoing to develop the gassy Penistone Flags reservoir with two back-to-back wells as soon as the necessary approvals have been received. We believe that these wells will boost oil production and enable the export of gas into the local network grid, thus eliminating the need for flaring.

In the year, we delivered revenues of £3.6 million, and whilst this was roughly half of the previous year's, we invested significantly in the Wressle field with the successful installation of a jet pump. The extensive works on the jet pump and associated production facilities meant that Wressle was offline for three months which materially impacted the volume

of oil that we produced. This was further exacerbated by lower oil prices during the period, resulting in the reduced revenue for the year. Nevertheless, we ended the year with a cash balance of £1.5 million in Europa accounts, £0.7 million in Antler accounts (gross) and we continue to generate cashflow from Wressle and our other onshore UK assets.

Throughout the year, we worked on various development options for the Serenity oil discovery in the Central North Sea. However, we became increasingly concerned about the political and fiscal backdrop in the UK as time progressed. We have evaluated the options for commercialisation of the asset and do not believe in the current environment it is attractive for Europa shareholders. Consequently, in September 2024 we chose not to extend the Serenity licence, which we believe is in the best interest of Europa and its shareholders.

Following the expected activity from our new-country entry into Equatorial Guinea, progress with our onshore UK projects at Cloughton and Wressle along with our Irish acreage, I believe we are well positioned to continue to grow the Company, and I look forward to updating shareholders over the coming twelve months."

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

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Chairman's Statement

Introduction

The 2023/2024 financial year was a busy, and at times challenging, period for Europa as we focused on progressing workstreams surrounding our new Equatorial Guinea (EG) licence whilst ensuring the Company maintains a healthy balance of producing, exploration and appraisal assets. Against a backdrop of well-documented macroeconomic pressures and political tensions impacting UK-focused hydrocarbon businesses, we have still managed to identify a suitable location for an appraisal well at Cloughton and, alongside our partners, have ensured Wressle remains cash generative. Through our decision to turn our new ventures focus on Africa and not apply for an extension to the Serenity licence, we have further diversified our asset mix whilst reducing our exposure to some of the negative political rhetoric surrounding the UK upstream sector. We continue to focus on finding good farm-in partners for our EG and Irish assets as an important near-term priority.

Equatorial Guinea

In the final month of 2023, we were delighted to complete the acquisition of a 42.9% stake in Antler, which has an 80% working interest in licence EG-08 offshore Equatorial Guinea in West Africa. This entry into West Africa was a prudent decision underpinned by the wealth of exploration and development project experience the Europa team and board has across the region. We consider EG-08 to be a highly prospective, low risk opportunity for the Company and have been encouraged by the Equatorial Guinean Government's robust support and regular communication since we acquired a stake in the licence.

We estimate that EG-08 has total prospective resources of 2.1 TCFE and, given it contains what we consider to be drill-ready prospects consisting of three independent targets totalling 1.4 TCFE (Pmean) with a 70% geological chance of success ("GCOS"), we regard EG-08 as a relatively low risk, high impact opportunity which is close to infrastructure so can be brought quickly into production, if successfully appraised.

We have now initiated the farm-in process to secure a partner capable of providing us with the financial support necessary to advance this exciting project, whilst we will continue to evaluate other opportunities that arise in this prolific hydrocarbon region which is well regulated and supportive of the upstream hydrocarbon industry.

Offshore Ireland

Following the Irish Government's decision to extend the FEL 4/19 exploration licence until 2026, we have continued with our extensive search for a suitable farm-in partner during the period. Located off the west coast of Ireland, FEL 4/19 is ideally positioned adjacent to the Corrib gas field, which has been producing gas for domestic consumption for a number of years and has sufficient ullage to monetise a discovery on our licence. FEL 4/19 contains the large 1.5 TCF low-risk Inishkea West gas prospect where a discovery could be brought online quickly providing domestic gas with significantly lower emissions intensity than imported gas from the UK, Norway or other jurisdictions.

During the period, we also published an updated emissions report for FEL 4/19. The third-party study, which calculated the expected emissions associated with the development of a future 1 TCF indigenous gas discovery on the licence, demonstrated that our gas resource at the Inishkea West prospect has the potential to eradicate the need for higher emissions intensity gas imports from the UK for up to three years whilst helping Ireland meet its carbon emission reduction targets.

Russia's invasion of Ukraine and the geopolitical turmoil that has ensued have highlighted to governments worldwide, but particularly those in Europe, the importance of energy security. We will continue to ensure Irish politicians, councillors and all key stakeholders are well informed on our licence and the role it could play in mitigating Ireland's dependence on expensive, carbon intensive overseas imports.

Onshore UK

At our principal producing asset Wressle, development work to enhance production rates included the installation of a jet pump during the period. This involved a three-month shutdown of the well and, as a result, Wressle's average gross production rate during the year was 357 bopd. The well continues to perform at rates above the independent Competent Person's P10 production profile, which was updated and announced in January 2024. Wressle continues to generate cashflow and, post-period end, we were pleased to announce receipt of planning consent from North Lincolnshire Council for the further development of the Wressle well site. We are disappointed that the planning permission is likely to be rescinded following a legal challenge in light of the recent Finch Supreme Court judgement which ruled that scope three emissions must be considered in planning applications for oil and gas developments. The Wressle Joint Venture is now going to submit further information that covers potential scope three emissions such that a future planning process could be approved. The works will include extending the existing site to accommodate the drilling of two new wells and construction of gas processing facilities and a 600m underground gas pipeline to connect Wressle to the local gas distribution network. This will result in zero routine flaring as the gas sales further increase revenues.

In February 2024, we announced that the NSTA had granted us a two-year extension to our PEDL 343 (Cloughton) licence. The extension has enabled us to continue our ongoing work on the licence, where we estimate Cloughton to have gross gas initially in place (GIIP) volumes of 192 BCF (Pmean). The Cloughton discovery well, drilled in 1986, was looking for oil and demonstrated good quality sweet gas that flowed naturally at rates of up to 28,000 scf/day. We believe that a well could flow at rates of 6 mm scf/day using the modern completion techniques.

We have selected Burniston Mill as our location for an appraisal well at Cloughton and continue to engage with stakeholders to obtain the necessary permits and consents needed to drill the well in order to demonstrate the productivity of the field, which remains a key target for 2025.

Offshore UK

Post-period end, we announced that we do not intend to apply to the North Sea Transition Authority for an extension to the Serenity licence, which consequently expired on 30 September 2024. As a result, the incurred costs associated with Serenity that the Company has capitalised on its balance sheet will be written off.

Board Changes

In November 2023, Simon Oddie and Stephen Williams decided to withdraw their candidacy for re-election from the resolutions at the Annual General Meeting ("AGM"). Consequently, they ceased to serve as directors of the Company after the AGM. Simon and Stephen both made a significant contribution to the development of Europa, and on behalf of the board and the Company, I would like to put on record our sincere thanks to them, and best wishes for their future endeavours.

In December 2023, the board was strengthened with the addition of Mr Simon Ashby-Rudd as independent non-executive director. Simon has extensive experience in the upstream energy sector which includes 30 years in investment banking roles at large financial institutions, including Dresdner Kleinwort Benson, Citigroup, and Standard Bank where he was Global Head of Oil & Gas. He was the founding European partner at Tristone Capital, which was a leading UK boutique M&A and equity advisory firm before it was acquired by Macquarie Bank. Simon has significant global experience in advising energy companies on corporate strategy and capital

structuring and has spent much of his career focused on Europe and Africa.

In April 2024, we further strengthened the board with the appointment of Dr Eleanor Rowley as independent non-executive director. Eleanor is an exploration geologist and a successful hydrocarbon finder who has extensive experience in the upstream energy sector, with a particular focus on African projects. Eleanor's extensive knowledge of exploration and appraisal asset evaluation has already contributed significant value to Europa, with her skillset highly complementary to the board's existing strengths.

Importantly, appointing a third independent non-executive director has enhanced the independent governance at Europa, returning the board to a majority of independent directors.

Conclusion and Outlook

By developing a well-balanced portfolio of assets across trusted oil and gas jurisdictions, we remain in a stable position to deliver solid operational progress in the coming months.

2025 will be an exciting period for Europa with activity across many of our assets that has the potential to materially drive shareholder value. Wressle remains one of the UK's leading onshore oilfields and a key cash generator for Europa, and the proposed two well development would generate important revenues for the Company. At Cloughton, appraisal drilling to test the reservoir productivity could result in the UK's largest onshore gas field, which, given its proximity to gas infrastructure, could be brought online quickly.

In addition, we have exciting near-term gas exploration opportunities at our Equatorial Guinea licence, as well as our Ireland licence, and continue to search for ideal farm-ines for both assets. Both assets are close to gas infrastructure so, like Cloughton, both can be brought online quickly following a successful well.

On behalf of the board, I would like to thank all Europa employees who have helped us mitigate the impact of macroeconomic and domestic headwinds prevalent across the period. We look forward to what should be a highly productive next 12 months for Europa with a number of key projects progressing as planned.

Brian O'Cathain (Non-Executive Chairman)

25 October 2024

The financial information set out below does not constitute the company's statutory accounts for 2024 or 2023. The financial information has been prepared in accordance with UK adopted international accounting standards on a basis that is consistent with the accounting policies applied by the group in its audited consolidated financial statements for the year ended 31 July 2024. Statutory accounts for the years ended 31 July 2024 and 31 July 2023 have been reported on by the Independent Auditors.

The Independent Auditors' Report on the Annual Report and Financial Statements for 2024 and 2023 were unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. Statutory accounts for the year ended 31 July 2023 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 July 2024 will be delivered to the Registrar in due course.

Qualified Person Review

This release has been reviewed by Alastair Stuart, Europa's Chief Operating Officer, 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.

Consolidated statement of comprehensive income

For the year ended 31 July

	Note	2024 £'000	2023 £'000
Continuing operations			
Revenue	2	3,566	6,653
<i>Cost of sales</i>	2	(3,117)	(3,448)
<i>Impairment of producing fields</i>	12	(189)	177
Total cost of sales		(3,306)	(3,271)

Gross profit		260	3,382
Exploration impairment	11	(4,968)	(1,686)
Administrative expenses		(1,855)	(1,872)
Share of loss from associate		(2)	-
Finance income	6	223	9
Finance expense	7	(439)	(717)
Loss before taxation	3	(6,781)	(884)
Taxation expense	8	-	32
Loss for the year		(6,781)	(852)
Other comprehensive (loss) / profit			
Items which will not be reclassified to profit / (loss)			
Profit on investment revaluation	9	-	5
Items which may be reclassified to profit / (loss)			
Exchange differences on translation of foreign operations		(17)	-
Total other comprehensive (loss) / profit		(17)	5
Total comprehensive loss for the year attributable to the equity shareholders of the parent		(6,798)	(847)

Earnings per share (EPS) attributable to the equity shareholders of the parent from continuing operations	Note	Pence per share	Pence per share
Basic EPS	10	(0.71)p	(0.09)p
Diluted EPS		(0.71)p	(0.09)p

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

As at 31 July		2024	2023
	Note	£'000	£'000
Assets			
Non-current assets			
Intangible assets	11	2,664	7,146
Property, plant and equipment	12	1,928	2,417
Investments in joint ventures	13a	2,406	-
Total non-current assets		6,998	9,563
Current assets			
Inventories	14	9	19
Trade and other receivables	15	1,309	893
Cash and cash equivalents		1,463	5,165
Total current assets		2,781	6,077
Total assets		9,779	15,640
Liabilities			
Current liabilities			
Trade and other payables	16	(1,387)	(781)
Total current liabilities		(1,387)	(781)
Non-current liabilities			
Trade and other payables	16	(6)	(12)
Long-term provisions	19	(4,607)	(4,368)
Total non-current liabilities		(4,613)	(4,380)
Total liabilities		(6,000)	(5,161)
Net assets		3,779	10,479

Capital and reserves attributable to equity holders of the parent						
Share capital	20	9,592	9,592			
Share premium	20	23,682	23,682			
Merger reserve	20	2,868	2,868			
Foreign currency translation reserve	20	(17)	-			
Retained deficit		(32,346)	(25,663)			
Total equity		3,779	10,479			

These financial statements were approved by the board of directors and authorised for issue on 25 October 2024 and signed on its behalf by:

William Holland, 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	FCTR £'000	Retained deficit £'000	Total equity £'000
Balance at 1 August 2022	9,565	23,660	2,868	-	(24,864)	11,229
Comprehensive loss for the year						
Loss for the year attributable to the equity shareholders of the parent	-	-	-	-	(852)	(852)
Other comprehensive profit attributable to the equity shareholders of the parent	-	-	-	-	5	5
Total comprehensive loss for the year	-	-	-	-	(847)	(847)
Contributions by and distributions to owners						
Issue of share capital (net of issue costs)	27	22	-	-	-	49
Share-based payments (note 21)	-	-	-	-	48	48
Total contributions by and distributions to owners	27	22	-	-	48	97
Balance at 31 July 2023	<u>9,592</u>	<u>23,682</u>	<u>2,868</u>	<u>-</u>	<u>(25,663)</u>	<u>10,479</u>

	Share capital £'000	Share premium £'000	Merger reserve £'000	FCTR £'000	Retained deficit £'000	Total equity £'000
Balance at 1 August 2023	9,592	23,682	2,868	-	(25,663)	10,479
Comprehensive loss for the year						
Loss for the year attributable to the equity shareholders of the parent	-	-	-	-	(6,781)	(6,781)
Other comprehensive loss attributable to the equity shareholders of the parent	-	-	-	(17)	-	(17)
Total comprehensive loss for the year	-	-	-	(17)	(6,781)	(6,798)
Contributions by and distributions to owners						
Share-based payments (note 21)	-	-	-	-	98	98
Total contributions by and distributions to owners	-	-	-	-	98	98
Balance at 31 July 2024	<u>9,592</u>	<u>23,682</u>	<u>2,868</u>	<u>(17)</u>	<u>(32,346)</u>	<u>3,779</u>

The accompanying notes form part of these financial statements.

Company statement of financial position

As at 31 July

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	37	49
Investments	13b	2,343	2,343
Investments in joint ventures	13a	2,425	-
Amounts due from Group companies	15,22	5,502	22,143
Total non-current assets		10,307	24,535
Current assets			
Other receivables	15	236	129
Cash and cash equivalents		164	121
Total current assets		400	250
Total assets		10,707	24,785
Liabilities			
Current liabilities			
Trade and other payables	16	(436)	(250)
Total current liabilities		(436)	(250)
Trade and other payables	16	(6)	(12)
Total non-current liabilities		(6)	(12)
Total liabilities		(442)	(262)
Net assets		10,265	24,523
<i>Capital and reserves attributable to equity holders of the parent</i>			
Share capital	20	9,592	9,592
Share premium	20	23,682	23,682
Merger reserve	20	2,868	2,868
Retained deficit		(25,877)	(11,619)
Total equity		10,265	24,523

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 £14,356,000 (2023: £8,964,000 profit).

These financial statements were approved by the board of directors and authorised for issue on 25 October 2024, and signed on its behalf by:

William Holland

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 2022 originally stated	9,565	23,660	2,868	(20,631)	15,462
Comprehensive profit for the year	-	-	-	8,964	8,964
Profit for the year attributable to the equity shareholders of the parent	-	-	-	8,964	8,964
Total comprehensive profit for the year	-	-	-	8,964	8,964
Contributions by and distributions to owners					
Issue of share capital (net of issue costs)	27	22	-	-	49
Share-based payments (note 21)	-	-	-	48	48

Total contributions by and distributions to owners	27	22	-	48	97
Balance at 31 July 2023	<u>9,592</u>	<u>23,682</u>	<u>2,868</u>	<u>(11,619)</u>	<u>24,523</u>

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained deficit £'000	Total equity £'000
Balance at 1 August 2023 originally stated	9,592	23,682	2,868	(11,619)	24,523
Comprehensive profit for the year					
Loss for the year attributable to the equity shareholders of the parent	-	-	-	(14,356)	(14,356)
Total comprehensive profit for the year	-	-	-	(14,356)	(14,356)
Contributions by and distributions to owners					
Issue of share capital (net of issue costs)	-	-	-	-	-
Share-based payments (note 21)	-	-	-	98	98
Total contributions by and distributions to owners	-	-	-	98	98
Balance at 31 July 2024	<u>9,592</u>	<u>23,682</u>	<u>2,868</u>	<u>(25,877)</u>	<u>10,265</u>

The accompanying notes form part of these financial statements

Consolidated statement of cash flows

For the year ended 31 July	Note	2024 £'000	2023 £'000
Cash flows from / (used in) operating activities			
Loss after tax from continuing operations		(6,781)	(852)
Adjustments for:			
Share-based payments	21	98	48
Depreciation	12	781	1,133
Impairment / (reversal) of producing field	12	189	(177)
Exploration impairment	11	4,968	1,686
Share of loss from joint venture	2	-	-
Finance income		(223)	-
Finance expense	7	439	717
Taxation expense recognised in profit and loss	8	-	(32)
(Increase) / decrease in trade and other receivables		(416)	973
Decrease in inventories		10	17
Increase / (decrease) in trade and other payables		320	(765)
Net cash (used in) / generated by operations		(613)	2,748
Income taxes paid		-	32
Net cash (used in) / generated by operating activities		(613)	2,780
Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment		(679)	(564)
Purchase of intangible assets		(486)	(5,047)
Investment in joint venture	13	(2,138)	-
Cash guarantee re Morocco		-	263
Cash escrow deposit re Serenity		-	6,622
Net cash (used in) / generated from investing activities		(3,303)	1,274
Cash flows (used in) / from financing activities			
Gross proceeds from issue of share capital	20	-	49
Proceeds from borrowings		-	1,000
Repayment of borrowings		-	(1,040)
Lease liability payments		(7)	(20)
Lease liability interest payments		(1)	(2)
Finance costs		(1)	(35)
Disposal of listed shares		-	29

Net cash used in financing activities	(9)	(19)
Net (decrease) / increase in cash and cash equivalents	(3,925)	4,035
Exchange gain / (loss) on cash and cash equivalents	223	(264)
Cash and cash equivalents at beginning of year	5,165	1,394
Cash and cash equivalents at end of year	1,463	5,165

The accompanying notes form part of these financial statements.

Company statement of cash flows

For the year ended 31 July

	Note	2024 £'000	2023 £'000
Cash flows used in operating activities			
(Loss) / profit after tax from continuing operations		(14,356)	8,964
Adjustments for:			
Share-based payments	21	98	48
Depreciation	12	26	38
Movement in intercompany loan provision	22	15,567	(7,997)
Finance income		(2,333)	(1,928)
Finance expense		1	13
(Increase) / decrease in trade and other receivables		(105)	36
Decrease in trade and other payables		(101)	(273)
Net cash used in operating activities		(1,203)	(1,099)
Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment		(14)	(61)
Investment in joint venture		(2,138)	-
Movement on loans to Group companies		3,407	1,052
Net cash flows generated from investing activities		1,255	991
Cash flows used in financing activities			
Gross proceeds from issue of share capital	20	-	49
Proceeds from borrowings		-	1,000
Repayment of borrowings		-	(1,040)
Lease liability principal payment		(7)	(15)
Lease liability interest payment		(1)	(1)
Finance costs		(1)	(13)
Net cash used in financing activities		(9)	(20)
Net increase / (decrease) in cash and cash equivalents		43	(128)
Cash and cash equivalents at beginning of year		121	249
Cash and cash equivalents at end of year		164	121

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 public company incorporated and domiciled in England and Wales, limited by shares, with registered number 05217946. The address of the registered office is 30 Newman Street, London, W1T 1PT. The principal activity of the company is oil and gas exploration, appraisal, development and production.

The functional and presentational currency of the Company is Sterling (UK£), which is also the presentational currency of the Group.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated and individual Company financial statements have been prepared in accordance with applicable UK adopted International Accounting Standards.

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 2024.

Going concern

The directors have prepared a cash flow forecast for the period ending 31 October 2025 (the "going concern period"), which considers the continuing and forecast cash inflow from the Group's producing assets, the cash held by the Group at October 2024, less administrative expenses and planned capital expenditure.

As at 31 July 2024 the Group had cash of £1.5 million and net current assets of £1.4 million and no borrowings.

Oil price estimates for the base case cash flow forecast are based on the Quarter 3 ERCE forward price curve, which assumes an average oil price in 2025 of 81.70 per barrel, whilst production estimates are sourced from the January 2024 Competent Person's Report for Wressle and augmented by the Group's internal modelling taking into account recent actual production. The Group has planned, but as yet not-committed, capital expenditures related to its projects for which the timing of the expenditure is uncertain and depends on factors outside the control of the Group, such as being granted planning consents and permits to conduct operations. The directors have considered multiple scenarios in relation to the timing of expenditures, including capital expenditure. The directors have also stress tested various cash flow scenarios with extreme downside assumptions such as a 65 per barrel oil price and a 50% reduction in Wressle volumes.

For the going concern period the Group has forecast expenditure, including potential capital expenditure, in excess of its currently available cash resources and cash inflows from its producing assets. For the Group to pursue all of its capital projects in a timely and efficient manner it is likely to require additional funding during the going concern period to enable it to meet its obligations as they fall due. In addition, should either or both of the extreme downside scenarios materialise, the need for further funding could be accelerated.

Having considered the prepared cashflow forecasts, likely availability of investor support and asset-backed debt, the directors consider that they will have access to adequate resources during the going concern period. As a result, they consider it appropriate to continue adopting the going concern basis in the preparation of the financial statements.

There can be no assurance that the cash received from fund raises and debt issuance will match the directors' expectations, and this may affect the Group's ability to carry out its work programmes as expected.

Should the Group and Company be unable to continue trading as a going concern, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify non-current assets as current. The financial statements have been prepared on the going concern basis and do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

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 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.

Investments in joint ventures

Investments in joint ventures shall be recognised when the Group has joint control and rights to the net assets of the arrangement. The equity method of accounting will be applied to investments in joint ventures. Under this method, the Group's investment is initially recognised at cost, including direct incremental transaction costs, and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the joint venture. The Group's share of joint ventures' profit or loss is recognised in the Group's statement of comprehensive income. Where necessary, adjustments are made to the financial statements of joint ventures to bring the accounting policies used into line with those of the Group. Distributions received from joint ventures will reduce the carrying amount of the investments. Unrealised gains or losses on other transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in them. At each reporting date, the Group will assess whether there is any indication that investments in joint ventures may be impaired. An impairment loss will be recognised when the recoverable amount of the investment is less than its carrying amount. The Company will recognise its investment in the joint venture at cost less impairment losses.

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 farm-out 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 or have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's or cash generating unit's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset or cash generating unit does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation/amortisation, had no impairment loss been recognised for the asset or cash generating unit in prior years. Such a reversal is credited to cost of sales.

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. 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. The discount rate used is the risk-free rate, adjusted for risks that are not already included in the forecast cash flows. 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 recognised separately from cash and cash equivalents on the balance sheet.

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 the 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:

Critical accounting judgements

- 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 2024 there was £4,968k write off (2023: £1,686k). On 13 September 2024 the Company announced that it does not intend to apply to the North Sea Transition Authority for an extension to the Serenity licence, which expired on 30 September 2024. The directors considered this an adjusting event in relation to the year ended 31 July 2024 and as a result, the incurred costs associated with Serenity that the Company has capitalised on its balance sheet were written off.

The Phase 1 period of the FEL 4/19 licence was extended on 29 January 2024 for a further period until 31 January 2026. The impairment indicator in relation to the near-term expiry date of the licence that existed as at 31 July 2023 no longer existed as at 31 January 2024.

- Carrying value of investment in joint venture (note 13a) - the investment in Antler Global Limited was assessed to establish whether the investment may be impaired with consideration of the principles in IAS28 and IAS36. In making this assessment management applies judgement to evaluate both external and internal sources of information, including the financial performance of the joint venture, market conditions, changes in the operating environment in which the joint venture operates and other relevant factors. Based on the current review, the directors have not identified any indicators of impairment in relation to this investment in the joint venture as at 31 July 2024.

Critical accounting estimates

- 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. The directors estimates variables like reserves volumes, future oil prices, future capital and operating expenditure and discount rates. The directors rely on third party formal reports and historical reservoir performance to establish the appropriate reserves volumes and production profiles to use in estimating future cash flows. Future costs are based on internal or joint venture budgets, and discount rates are estimated with reference to applicable external and internal data sources. The directors utilise management's view on external analyst datasets in relation to oil and gas price forecasts. At 31 July 2024 there was an net impairment of £189k of producing assets, comprising mainly of the impairment of workover costs incurred in relation to the Crosby Warren field (2023: £177k impairment reversal).
- 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.
- Share-based payments (note 23) - measurement of the fair value of options granted uses valuation techniques where active market quotes are not available. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.
- Reserves and resources (note 12) - reserves and resources are estimated based on management's view and third-party formal reports and these estimates directly impact the recoverability of asset carrying values that are reported in the financial statements.

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 and West Africa.

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 2024

	UK £'000	Ireland £'000	West Africa £'000	Total £'000
Revenue	3,566	-	-	3,566
<i>Cost of sales</i>	(3,117)	-	-	(3,117)
<i>Impairment of producing fields</i>	(189)	-	-	(189)
Cost of sales	(3,306)	-	-	(3,306)
Gross profit	260	-	-	260
Exploration impairment	(4,968)	-	-	(4,968)
Administrative expenses	(1,855)	-	-	(1,855)
Share of loss from joint venture	-	-	(2)	(2)
Finance income	222	1	-	223
Finance costs	(439)	-	-	(439)
Loss before tax	(6,780)	1	(2)	(6,781)
Taxation	-	-	-	-
Loss for the year	(6,780)	1	(2)	(6,781)

Segmental assets and liabilities as at 31 July 2024

	UK £'000	Ireland £'000	West Africa £'000	Total £'000
Non-current assets	2,127	2,465	2,406	6,998
Current assets	2,781	-	-	2,781
Total assets	4,908	2,465	2,406	9,779
Non-current liabilities	(4,613)	-	-	(4,613)
Current liabilities	(1,081)	(19)	(287)	(1,387)
Total liabilities	(5,694)	(19)	(287)	(6,000)

Other segment items

Capital expenditure - cash flow	882	283	2,138	3,303
Depreciation	781	-	-	781
Share-based payments	98	-	-	98

	UK £'000	Ireland £'000	Morocco £'000	New ventures £'000	Total £'000
Revenue	6,653	-	-	-	6,653
<i>Cost of sales</i>	(3,448)	-	-	-	(3,448)
<i>Impairment of producing fields</i>	177	-	-	-	177
Cost of sales	(3,271)	-	-	-	(3,271)
Gross profit	3,382	-	-	-	3,382
Exploration impairment	-	-	(1,686)	-	(1,686)
Administrative expenses	(2,078)	227	-	(21)	(1,872)
Finance income	(4)	4	9	-	9
Finance costs	(717)	-	-	-	(717)
Loss before tax	582	232	(1,677)	(21)	(884)
Taxation	32	-	-	-	32
Loss for the year	615	231	(1,677)	(21)	(852)

Segmental assets and liabilities as at 31 July 2023

	UK £'000	Ireland £'000	Morocco £'000	New Ventures £'000	Total £'000
Non-current assets	7,380	2,183	-	-	9,563
Current assets	6,077	-	-	-	6,077
Total assets	13,457	2,183	-	-	15,640
Non-current liabilities	(4,380)	-	-	-	(4,380)
Current liabilities	(762)	(19)	-	-	(781)
Total liabilities	(5,142)	(19)	-	-	(5,161)

Other segment items

Capital expenditure - cash flow	4,925	387	299	-	5,611
Depreciation	1,133	-	-	-	1,133
Share-based payments	48	-	-	-	48

100% of the total revenue (2023: 100%) relates to UK-based customers. Of this figure, one end customer (2023: one) commands more than 95% of the total, including sales made through operators to the end customer. UK revenue by site was as follows: West Firsby £445,000 (2023: £489,000); Crosby Warren £264,000 (2023: £447,000); Whisby £202,000 (2023: £387,000); and Wressle £2,559,000 (2023: £5,330,000). Recharges of costs to Antler Global Limited of £96,000 (2023: Nil) is included within revenue and is not eliminated.

The positive value for administrative expenditure in the Ireland segment in 2023 relates to the reversal of certain accrued licence expenditure which had previously been impaired.

Profit / loss before taxation is stated after charging/ (crediting):

	2024 £'000	2023 £'000
Depreciation and amortisation on property, plant & equipment	12	781
Staff costs including directors	5	1,468
Diesel		131
Business rates		41
Site safety and security		97
Exploration impairment	11	4,968
Impairment / impairment reversal	12	189
Fees payable to the auditor for the audit		(177)
	80	78

Operating leases - land and buildings	77	44
Foreign exchange (gain) / loss	(208)	264

4 Directors' emoluments

Directors' total emoluments for the Group and the Company are set out in the tables below for the current and comparative years.

	Salaries and fees £000	BIK £000	Pensions £000	Share-based payments £000	Total 2024 £000
BJ O'Cathain	48	-	-	-	48
SG Oddie (resigned 23 November 2023)	11	1	-	-	12
S Williams (resigned 23 November 2023)	11	-	-	-	11
W Holland	263	3	20	49	335
A Stuart	198	6	16	22	242
S Ashby-Rudd (appointed 20 December 2023)	27	-	-	-	27
E Rowley (appointed 8 April 2024)	13	-	-	-	13
	571	10	36	71	688
	=====	=====	=====	=====	=====

	Salaries and fees £000	BIK £000	Pensions £000	Share-based payments £000	Total 2023 £000
CW Ahlefeldt-Laurvig (resigned 27 April 2023)	18	2	-	-	20
BJ O'Cathain	44	5	-	1	50
SG Oddie	344	47	-	4	395
S Williams	33	3	-	1	37
W Holland	230	32	18	38	318
A Stuart (appointed 3 April 2023)	53	7	5	-	65
	722	96	23	44	885
	=====	=====	=====	=====	=====

Pension charges represent premiums paid to money purchase pension plans during the year. Share-based payments charges represent the accounting charge in respect of share options. No share options were exercised during the period (2023: none).

5 Employee information

Average monthly number of employees including directors - Group	2024 Number	2023 Number
Management and technical	8	7
Field exploration and production	4	5
	12	12
	=====	=====

Staff costs - Group	2024 £000	2023 £000
Wages and salaries (including directors' emoluments)	1,155	1,133
Social security	136	137
Pensions	79	53
Share-based payments (note 21)	98	48
	1,468	1,371
	=====	=====

Average monthly number of employees including directors - Company	2024 Number	2023 Number
Management and technical	8	7
	8	7
	=====	=====

Staff costs - Company	2024 £000	2023 £000
Wages and salaries (including directors' emoluments)	885	881
Social security	103	113
Pensions	63	37
Share-based payments	98	48
	1,149	1,079
	=====	=====

6 Finance income

	2024 £'000	2023 £'000
Bank interest received	15	9
Foreign exchange gains	208	-
	<u>223</u>	<u>9</u>

7 Finance expense

	2024 £'000	2023 £'000
Unwinding of discount on decommissioning provision (note 19)	437	416
Foreign exchange loss	-	264
Other finance expense	2	37
	<u>439</u>	<u>717</u>

8 Taxation

	2024 £'000	2023 £'000
Movement in deferred tax asset (note 18)	(2,102)	1,503
Movement in deferred tax liability (note 18)	2,102	(1,503)
Current tax - UK	-	32
Tax credit/(expense)	<u>-</u>	<u>32</u>

UK corporation tax is calculated at 40% (2023: 40%) of the estimated assessable profit for the year being the applicable rate for a ring-fence trade including the Supplementary Charge of 10%. From 24 May 2022 a new UK tax, the Excess Profits Levy ("EPL") applies to the Group, and it is levied at 25% of assessable EPL profits for the period from 26 May 2022 to 31 December 2022, and at 35% from 1 January 2023 onwards. The proposed increase to the rate of EPL to 38% had not yet been substantially enacted as at the reporting date.

	2024 £'000	2023 £'000
Loss before tax	<u>(6,781)</u>	<u>(884)</u>
Tax reconciliation		
Loss multiplied by the standard rate of corporation tax in the UK including Supplementary Charge of 40% (2023: 40%)	(2,712)	(354)
Expenses not deductible for tax purposes	2,581	1,003
Deferred tax asset not recognised	113	192
Accelerated capital allowances	(169)	(1,802)
Taxed at a different rate	(121)	(3,995)
Losses carried forward	949	5,172
Previously unrecognised tax losses utilised	(641)	(266)
Prior year adjustment	-	18
Total tax (credit)/expense	<u>-</u>	<u>(32)</u>

9 Other comprehensive income

	2024 £'000	2023 £'000
Profit on sale of investment	<u>-</u>	<u>5</u>

On 8 May 2019, the Group disposed of its interest in PEDL143 to UK Oil & Gas Plc ('UKOG') for consideration of 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. An irrevocable election was made to record gains and losses arising on the shares as Other Comprehensive Income. The investment was revalued at the year-end 2022 to £24,000 (0.09p per share) and was sold during 2023 for £29,000 (0.11p per share).

10 Earnings per share

Basic earnings per share ('EPS') has been calculated on the (loss)/profit 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 the year, any potentially dilutive instruments were considered to be anti-dilutive. Therefore, the diluted EPS is equal to the basic EPS for the year. As at 31 July 2024 there was Nil (2023: 19,724,154) potentially dilutive instruments in issue related to "in the money" options.

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

	2024 £'000	2023 £'000
Loss for the year attributable to the equity shareholders of the parent	(6,781)	(852)
Weighted average number of shares		
For the purposes of basic EPS	959,184,178	958,804,515
For the purpose of diluted EPS	959,184,178	958,804,515

11 **Intangible assets**

	2024 £'000	2023 £'000
At 1 August	7,146	3,785
Additions	486	5,047
Exploration impairment	(4,968)	(1,686)
At 31 July	<u>2,664</u>	<u>7,146</u>

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

	2024 £'000	2023 £'000
Ireland FEL 4/19 (Inishkea)	2,444	2,166
UK PEDL181	-	112
UK PEDL182 (Broughton North)	35	34
UK PEDL343 (Cloughton)	185	108
Serenity	-	4,726
Total	<u>2,664</u>	<u>7,146</u>
Exploration impairment		
Morocco (Inezgane)	-	(1,686)
Serenity	(4,871)	-
PEDL 181	(97)	-

On 13 September 2024 the Company announced that it does not intend to apply to the North Sea Transition Authority for an extension to the Serenity licence, which expired on 30 September 2024. The directors considered this an adjusting event in relation to the year ended 31 July 2024 and as a result, the incurred costs associated with Serenity that the Company has capitalised on its balance sheet was written off. Details of commitments are included in note 23.

12 **Property, plant & equipment**

	Furniture & computers £'000	Producing fields £'000	Right of use assets £'000	Total £'000
Cost				
At 31 July 2022	18	15,714	67	15,799
Additions	38	290	24	352
At 31 July 2023	56	16,004	91	16,151
Additions	21	460	-	481
At 31 July 2024	<u>77</u>	<u>16,464</u>	<u>91</u>	<u>16,632</u>
Depreciation, depletion and impairment				
At 31 July 2022	4	12,723	51	12,778
Charge for year	24	1,090	19	1,133
Impairment reversal in year	-	(177)	-	(177)
At 31 July 2023	28	13,636	70	13,734
Charge for year	20	753	8	781
Impairment in year	-	189	-	189
At 31 July 2024	<u>48</u>	<u>14,578</u>	<u>78</u>	<u>14,704</u>
Net book value				
At 31 July 2022	14	2,991	16	3,021
At 31 July 2023	28	2,368	21	2,417
At 31 July 2024	<u>29</u>	<u>1,886</u>	<u>13</u>	<u>1,928</u>

The producing fields referred to in the table above are the production assets of the Group, namely the oilfields at Wressle, 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 based on engineering estimates and recent production experience. Brent crude price was based on the Quarter 3 ERCE forward curve, which assumes an average oil price per barrel in the table below. For years after 2033 a 2% inflation factor was applied.

Year	Price	Year	Price	Year	Price
2024	83.80	2028	82.00	2032	89.00
2025	81.70	2029	83.00	2033	90.00
2026	79.00	2030	85.00		
2027	80.00	2031	87.00		

The post-tax discount rate of 10% (pre-tax 16.67%) 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, an impairment of £189k of producing assets, comprising mainly of the impairment of workover costs incurred in relation to the Crosby Warren field (2023: impairment reversal of £177,000) was required. The recoverable amount was calculated at a discount rate of 10% (2023: 10%).

Sensitivity to key assumption changes

Variations to the key assumptions used in the value-in-use calculation, as outlined above, would cause impairment of the producing fields as follows:

	Impairment of producing fields £'000
Production decline rate	
+10%	-
-10%	-
Brent crude price per barrel	
65 flat	-
55 flat	-
Pre-tax discount rate	
20%	-
25%	-

None of the variations result in an impairment individually.

Property, plant & equipment - Company

	Furniture & computers £'000	Right of use assets £'000	Total £'000
Cost			
At 31 July 2022	18	37	55
Additions	37	24	61
At 31 July 2023	55	61	116
Additions	14	-	14
At 31 July 2024	<u>69</u>	<u>61</u>	<u>130</u>
Depreciation			
At 31 July 2022	4	25	29
Charge for year	24	14	38
At 31 July 2023	28	39	67
Charge for year	18	8	26
At 31 July 2024	<u>46</u>	<u>47</u>	<u>93</u>
Net book value			
At 31 July 2022	14	12	26
At 31 July 2023	27	22	49
At 31 July 2024	<u>23</u>	<u>14</u>	<u>37</u>

13a) Investment in joint ventures

	Group 2024 £000	2023 £000	Company 2024 £000	2023 £000
Investment in Antler Global Limited	2,406	-	2,425	-

On 20 December 2023, the Company completed the acquisition of an interest of 42.9% in Antler Global Limited ("Antler") by way of a subscription for 750,000 new ordinary shares for a total cash consideration of US 3,000,000 (£2,353,000). The consideration is payable in four instalments over a period between the completion date and 1 October 2024 according to the following schedule:

	000	£000
Five business days post completion	1,927	1,511
1 April 2024	387	304
1 July 2024	317	249
1 October 2024	369	289

Total	3,000	2,353
=====		

Antler is a special purpose entity which on the date of the subscription for shares by the Company held no identifiable assets, apart from the interest in licence EG-08 offshore Equatorial Guinea, and no identifiable liabilities. The investment has been initially recognised at the value of the purchase price and direct incremental transaction costs of £72,000 for a total investment value of £2,425,000. During the period after the investment by the Company Antler has been engaged in exploration activities, the costs of which have been capitalised as intangible assets resulting in an immaterial charge to its statement of comprehensive income. Summarised financial information for Antler at 31 July 2024 is included below:

	31 July 2024
	£000
Summarised balance sheet	
Current assets	981
Non-current assets	4,623
Current liabilities	(158)
Net assets	5,446
Company % interest in Antler	42.857%

Company share of net assets in	2,334
=====	
Summarised statement of comprehensive income	
Revenue	-
Loss from continuing operations	(2)
Total comprehensive loss	(2)
=====	

13b) Investments in subsidiaries - Company

	2024 £000	2023 £000
At 1 August	2,343	2,343
Current year additions	-	-
At 31 July	2,343	2,343
=====		

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 previously held the interest in the FEL 2/13 licence.

- Europa Oil & Gas (Ireland East) Limited, which previously 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 previously held the interest in FEL 3/19 licences.
- Europa Oil & Gas (New Ventures) Limited, which previously held the interest in the Moroccan licence.

All six companies are registered in England and Wales, all having their registered office at 30 Newman Street, London W1T 1PT.

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 with registered office at 30 Newman Street, London W1T 1PT and is non-trading).

14 Inventories - Group

	2024 £'000	2023 £'000
Oil in tanks	9	19

15 Trade and other receivables

	Group 2024 £'000	2023 £'000	Company 2024 £'000	2023 £'000
Current trade and other receivables				
Trade receivables	1,002	556	133	-
Other receivables	33	103	12	30
Corporation tax receivable	50	50	-	-
Prepayments	224	184	91	99
	<u>1,309</u>	<u>893</u>	<u>236</u>	<u>129</u>
Non-current other receivables				
Owed by Group undertakings (note 22)	<u>-</u>	<u>-</u>	<u>5,502</u>	<u>22,143</u>

16 Trade and other payables

	Group 2024 £'000	2023 £'000	Company 2024 £'000	2023 £'000
Current trade and other payables				
Trade payables	140	454	61	175
Lease liabilities	6	10	6	8
Other payables	1,241	317	369	67
	<u>1,387</u>	<u>781</u>	<u>436</u>	<u>250</u>
Non-current trade and other payables				
Lease liabilities	<u>6</u>	<u>12</u>	<u>6</u>	<u>12</u>

17 Leases

	Group 2024 £'000	2023 £'000	Company 2024 £'000	2023 £'000
Amounts recognised in the statement of comprehensive income:				
Interest on right of use liabilities	(1)	(1)	(1)	(1)
Amounts recognised in the statement of cash flows:				
Repayment of lease liabilities - principal	(7)	(20)	(7)	(15)
Repayment of lease liabilities - interest	(1)	(2)	(1)	(1)
Maturity analysis (undiscounted):				
Amounts due within 1 year	(6)	(9)	(6)	(8)
Amounts due after more than 1 year & less than 5 years	(6)	(12)	(6)	(12)
Amounts due after more than 5 years	-	-	-	-

The Group's right of use asset comprises the lease of one vehicle (note 12). The corresponding lease liability for the right to use leased asset is included within trade and other payables in the statement of financial position (note 17).

	2024 £'000	2023 £'000
Recognised deferred tax asset:		
As at 1 August	-	-
Charged to statement of comprehensive income	-	-
At 31 July	-	-

The Group has a deferred tax liability of £833,000 (2023: £2,935,000) arising from accelerated capital allowances and a deferred tax asset of £833,000 (2023: £2,935,000) 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 (2023: £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 £11.8 million (2023: £7.3 million), which arises in relation to ring-fenced UK trading losses of £14.4 million (2023: £13.1 million), STC losses (including investment allowances) of £14.3 million (2023: £13.1 million), non-ring-fenced UK trading losses of £11.7 million (2023: £11.7 million), EPL losses of £5.8 million (2023: £4.1) and subsidiary losses and carried forward capital expenditure of £7.9 million (2023: £7.3 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.

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

Long-term provisions	2024 £'000	2023 £'000
As at 1 August	4,368	4,164
Charged to statement of comprehensive income (note 7)	437	416
Change in estimated phasing of cash flows	(198)	(212)
At 31 July	<u>4,607</u>	<u>4,368</u>

The change in the estimated decommissioning provision resulted mainly from a reassessment of the estimated timings of when such decommissioning activities are undertaken at the end of their economic lives.

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%	(716)
5%	836
Discount rate (current assumption 10%)	
5%	1,549
15%	(1,102)

No provisions have been recognised in the Company.

	2024 £'000	2023 £'000
Allotted, called up and fully paid ordinary shares of 1p		
At 1 August 2023: 959,184,193 shares (1 August 2022: 956,466,985)	9,592	9,565
Issued in the year: nil shares (2023: 2,717,193 shares)	-	27
At 31 July 2024: 959,184,178 shares (2023: 959,184,178)	<u>9,592</u>	<u>9,592</u>

The following describes the purpose of each reserve within owners' equity:

Reserve

Share premium
Merger reserve

Description and purpose

Amount subscribed for share capital in excess of nominal value
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
Foreign currency translation reserve ('FCTR')	Component of equity that arises from the translation of foreign operations' financial statements into the reporting currency of the parent entity

21 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 60,265,474 ordinary 1p share options/warrants outstanding (2023: 41,550,628).

These are held as follows:

Holder	31 July 2024	31 July 2023
BJ O'Cathain	-	2,950,000
SG Oddie	-	9,200,000
SA Williams	-	2,500,000
W Holland	20,000,000	7,721,000
A Stuart	15,000,000	-
Employees of the Group	15,840,000	3,800,000
Consultants and advisers	9,425,474	15,379,628
Total	60,265,474	41,550,628

The fair values of options were determined using a Black Scholes Merton model or, in the case of those issued to advisers 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.

During the year Company cancelled 13,191,000 existing EMI options ("Historical EMI Options") and replaced them with 50,000,000 new EMI options. As the new EMI options were in part to replace the Historical EMI Options, this grant constitutes a "modification" and as such there is no acceleration of the costs related to the cancelled options, but instead the incremental fair value of the new EMI options is estimated and recognised over the period of the new options, with the expense relating to the original (cancelled) options continuing to be recognised over the remainder of the original vesting period.

In total 14,114,154 options expired and 17,171,000 were cancelled, inclusive of the Historical EMI Options (2023: 6,520,000 granted, 2,280,000 expired, 1,180,000 forfeited, and 2,717,193 exercised).

	2024 Number of options	2024 Average exercise price	2023 Number of options	2023 Average exercise price
Outstanding at the start of the year	41,550,628	2.04p	41,207,821	2.23p
Granted - employees/directors	50,000,000	1.08p	6,520,000	1.14p
Exercised	-		(2,717,193)	1.80p
Expired	(14,114,154)	1.35p	(2,280,000)	2.31p
Forfeited	-		(1,180,000)	3.66p
Cancelled	(17,171,000)	2.70p		
Outstanding at the end of the year	60,265,474	1.21p	41,550,628	2.04p
Exercisable at the end of the year	10,145,474	1.82p	23,599,628	1.56p

The 50,000,000 new EMI options granted in January 2024 vest in three years, and are exercisable conditional upon the Europa Oil & Gas (Holdings) plc volume weighted average share price over the last 20 trading days prior to the Vesting Date to be greater than or equal to 1.25 times the volume weighted average share price over the last 20 trading days prior to the Grant Date, and expire on the tenth anniversary of the grant date. The inputs used to determine their values are detailed in the table:

Grant date	17 January 2024
Number of options	50,000,000
Share price at grant	1.025p
Exercise price	1.075p
Volatility	70.81%
Dividend yield	Nil
Risk free investment rate	4.02%
Option life in years	10
Fair value per option	0.8p

Based on the fair values above, the charge arising from employee share options was £98,000 (2023: £48,000). The charge relating to non-employee share options was £Nil (2023: £Nil). The charge allocated directly to equity relating to the issue of options on the

non-employee share options was £Nil (2023: £Nil). The charge allocated directly to equity, relating to the issue of options on the issue of share capital, was £Nil (2023: £Nil).

Share options/warrants outstanding at the end of the period have exercise prices ranging from 1.075p to 8p and the weighted average remaining contractual life at the end of the period was 8 years (2023: 2.7 years).

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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 - Group

	Amortised cost 2024 £000	Amortised cost 2023 £000	Fair value through other comprehensive income 2024 £000	Fair value through other comprehensive income 2023 £000
Trade and other receivables	1,085	709	-	-
Cash and cash equivalents	1,463	5,165	-	-
Total financial assets	2,548	5,874	-	-

Financial assets - Company

	Amortised cost 2024 £000	Amortised cost 2023 £000	Fair value through other comprehensive income 2024 £000	Fair value through other comprehensive income 2023 £000
Investments	2,343	2,343	-	-
Amounts due from Group companies	5,502	22,143	-	-
Trade and other receivables	145	30	-	-
Cash and cash equivalents	164	121	-	-
Total financial assets	8,154	24,637	-	-

Financial liabilities - Group

	Amortised cost 2023 £000	Amortised cost 2023 £000	Fair value through other comprehensive income 2024 £000	Fair value through other comprehensive income 2023 £000
Trade and other payables	(1,381)	(771)	-	-
Lease liabilities	(12)	(22)	-	-
Total financial liabilities	(1,393)	(793)	-	-

Financial liabilities - Company

	Amortised cost		Fair value through other comprehensive income		Fair value through other comprehensive income	
	2024		2024		2023	
	£000	£000	£000	£000	£000	£000
Trade and other payables	(430)	(242)	-	-	-	-
Lease liabilities	(12)	(20)	-	-	-	-
Total financial liabilities	(442)	(262)	-	-	-	-

Credit risk

The Group is exposed to credit risk as all crude oil production is effectively 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 generally settled in full within the same month that invoices are issued. At 31 July 2024 trade receivables were £1,002,000 (2023: £556,000). 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 £1,002,000 comprising July 2024 oil sales and recharges to joint ventures (2023 maximum exposure: £1,574,000). The Company exposure to third party credit risk is negligible. The intercompany balances with its subsidiaries have been appropriately provided for to account for potential impairments.

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.

At 31 July	Group		Company	
	Trade and other payables	2024	Trade and other payables	2023
	£000	£000	£000	£000
6 months or less	1,387	781	436	250
Total	1,387	781	436	250

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 (note 18) and immaterial leases (note 19). All loans and leases are at fixed rates of interest and the Group and Company are not exposed to changes in interest rates.

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') or profit before tax ('PBT') 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.

Oil price	Month	2024	2024	2023	2023
		Price	PBT	Price	PBT
		US /bbl	£000	US /bbl	£000
Highest	April 2024	88.90	250	98.70	1,227
Average		82.40	(9)	83.30	(2)
Lowest	December 2023	76.60	(239)	73.40	(791)

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 PBT / LBT to similar movements in US exchange. There would be a corresponding increase or decrease in net assets.

2024	2024	2023	2023
Rate	PBT	Rate	PBT

US Dollar	Month	US / £	£000	US / £	£000
Highest	July 2024	1,284	(187)	1,286	(410)
Average		1,260	(127)	1,212	(30)
Lowest	October 2023	1,218	(17)	1,117	535

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.

Currency	Item	Group		Company	
		2024 £000	2023 £000	2024 £000	2023 £000
Euro	Cash and cash equivalents	2	18	2	-
	Trade and other payables	(5)	(9)	(5)	(9)
	US Dollar	1,219	5,102	68	75
US Dollar	Cash and cash equivalents	-	556	-	-
	Trade and other receivables	869	(47)	133	(47)
	Trade and other payables				
Total		<u>2,085</u>	<u>5,620</u>	<u>198</u>	<u>(19)</u>

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 third-party borrowings (£Nil at 31 July 2024). 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.

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 33% general wildcat exploration success rate, the loans to Europa Oil & Gas Inishkea have thus been deemed 67% provided.

The loans to Europa Oil & Gas New Ventures, Europa Oil & Gas (Ireland West) and Europa Oil & Gas (Ireland East) have been provided in full due to the relinquishment of the licences held by the subsidiaries.

During the year to 31 July 2024 there has been a decrease in the expected recoverable value of the Group's Crosby Warren producing asset, mainly as a result of a significant reduction in the anticipated water handling revenues connected to the Wressle producing field. The cause of this is that updated production simulations from the CPR indicates much reduced water production as the reservoir becomes supported by gas break-out. Additionally, the estimated recoverable value of the Wressle producing field was adversely impacted by the reduction in forecast UK gas prices during the year. These factors led to an increase in the provisions for impairment that had been made in relation to loans to Europa Oil & Gas Ltd.

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 & (Inishkea) Gas Limited	Europa Oil & (New Ventures) Gas Limited	Total
£000	£000	£000	£000	£000	£000

Gross loan balances

Loan balance at 31 July 2022	26,535	781	1,495	1,168	1,190	31,169
Movement in loan	1,027	(76)	(153)	223	(145)	876
Loan balance at 31 July 2023	27,562	705	1,342	1,391	1,045	32,045
Movement in loan	(1,255)	-	-	181	-	(1,074)
Loan balance at 31 July 2024	26,307	705	1,342	1,572	1,045	30,971

Provisions

Provision at 31 July 2022	(14,043)	(781)	(1,495)	(783)	(797)	(17,899)
Movement in provision	8,165	76	153	(149)	(248)	7,997
Provision at 31 July 2023	(5,878)	(705)	(1,342)	(932)	(1,045)	(9,902)
Movement in provision	(15,446)	-	-	(121)	-	(15,567)
Provision at 31 July 2024	(21,324)	(705)	(1,342)	(1,053)	(1,045)	(25,469)

Net loan balance at 31 July 2022 12,492 - - 385 393 13,270

Net loan balance at 31 July 2023	21,684	-	-	459	-	22,143
Net loan balance at 31 July 2024	4,983	-	-	519	-	5,502

23 **Capital commitments and guarantees**

For PEDL181 the partners have agreed to drill two development wells and to construct a gas export line. These activities remain contingent upon planning permission being granted, the budget being approved by the JV partnership and the availability of a suitable rig. The total net cost to Europa for the work programme is estimated to be £1.3 million in 2025 and £2.5 million in 2026.

The final instalment of the Antler consideration was due on 1 October 2024 for 369,000 (£289,000). This was paid on time after the reporting date

24 **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.

Future minimum lease payments are as follows:

	2024 £'000	2023 £'000
Less than 1 year	63	-
2-5 years	90	-
Total	153	-

25 **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:

	2024 £'000	2023 £'000
Europa Oil & Gas Limited	319	336
Europa Oil & Gas (Inishkea) Limited	64	102
Europa Oil & Gas (New Ventures) Limited	-	26
Total	383	464

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

	2024 £'000	2023 £'000
Europa Oil & Gas Limited	4,983	21,684
Europa Oil & Gas (Inishkea) Limited	518	459
Total	5,501	22,143

26 **Post reporting date events**

On 13 September 2024 the Company announced that it does not intend to apply to the North Sea Transition Authority for an extension to the Serenity licence, which expired on 30 September 2024. As a result, the incurred costs associated with Serenity that the Company has capitalised were written off during the year.

On 16 September 2024 the Company announced that planning consent has been received from North Lincolnshire Council for the further development of the Wressle well site. As a result of the Finch Supreme Court ruling and a proposed legal challenge to the granting of planning permission for the next phase of the Wressle development, it is expected that the planning consent will be rescinded once the court process has concluded. The

Wressle Joint Venture plans to submit further information that covers potential scope three emissions such that a future planning process could be approved. The works will include extending the existing site to accommodate the drilling of two new wells and construction of gas processing facilities and an underground gas pipeline to connect Wressle to the local gas distribution network.

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