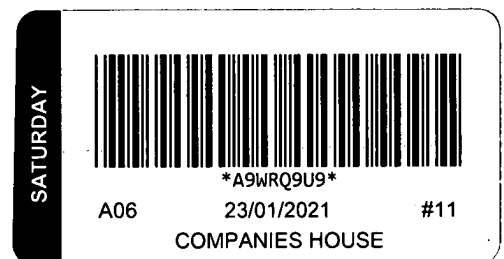


Annual Report and Financial Statements
**EUROPA OIL & GAS (NEW VENTURES)
LIMITED**

For the Year Ended 31 July 2020
Company registration number 7259142



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Directors and advisers

Directors

H Mackay (resigned 21 November 2019)
P Greenhalgh (resigned 14 October 2020)
S Oddie (appointed 21 November 2019)
B O'Cathain (appointed 22 October 2020)

Secretary

P Greenhalgh (resigned 14 October 2020)
M Johnson (appointed 15 October 2020)

Registered office

55 Baker Street
London
W1U 7EU

Bankers

Royal Bank of Scotland plc
1 Albyn Place
Aberdeen
AB10 1BR

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Solicitors

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Company's registered number

7259142

Directors' report

The directors present their report and the unaudited financial statements for the year to 31 July 2020.

Principal activities

The principal activity of the company is to hold the Moroccan Inezgane licence and to explore potential further exploration licences.

Results for the year and dividends

The loss for the year after taxation was £70,629 (2019: £56,982). The directors do not recommend the payment of a dividend (2019: £nil).

Directors and their interests

The directors who served during the period were H Mackay (resigned 21 November 2019), P Greenhalgh (resigned 22 October 2020) and S Oddie (appointed 21 November 2019).

None of the directors had an interest in the share capital of the Company during the period. The interest of each of the directors in the share capital of Europa Oil & Gas (Holdings) plc, the ultimate parent undertaking, is disclosed in the accounts of that company.

Going concern

Comments on going concern are included in the note 1. The Group's critical assumption in the going concern determination is that Wressle production commences at the forecasted rate in 2021. In the absence of incremental production from Wressle in 2021 then additional funding by the issuance of shares or sale of assets would be required. If additional funding was not available there is a risk that commitments could not be fulfilled, and assets would be relinquished.

Disclosure of information to the auditors

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

- so far as that director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

Auditors

In accordance with the Companies Act 2006, a resolution for the re-appointment of BDO LLP as auditors of the Company will be proposed at the next Annual General Meeting.

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

The Company, due to its size, has taken advantage of the exemption not to present a Strategic Report in accordance with section 414B of the Companies Act 2006.

Approved by the Board of directors and signed on behalf of the Board on 14th January 2021



S Oddie
Director

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have chosen to prepare the Company financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Report of the independent auditors

Independent Auditor's Report to members of Europa Oil & Gas (New Ventures) Limited **Opinion**

We have audited the financial statements of Europa Oil & Gas (Ireland East) Limited ('the Company') for the year ended 31 July 2020 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which indicates that the ability of the Company to continue as a going concern is dependent on the continued financial support of the Parent Company. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

Europa Oil & Gas (New Ventures) Limited

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions to prepare a Strategic report.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

BDO LLP

Jack Draycott (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
UK

14/1/

2021

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

Europa Oil & Gas (New Ventures) Limited

Statement of comprehensive income

For the year ended 31 July

		2020	2019
	Note	£	£
Administrative expense		(63,153)	(56,421)
Finance expense	4	(7,476)	(561)
Loss before taxation	3	(70,629)	(56,982)
Taxation	5	-	-
Total comprehensive loss for the year		(70,629)	(56,982)

The accompanying accounting policies and notes form part of these financial statements.

Europa Oil & Gas (New Ventures) Limited

Statement of financial position

As at 31 July

	Note	2020 £	2019 £
Assets			
Non-current assets			
Intangible assets	6	302,183	-
Total non-current assets		<u>302,183</u>	<u>-</u>
Current assets			
Restricted cash	7	245,259	250,770
Trade and other receivables	8	-	115
Total current assets		<u>245,259</u>	<u>250,885</u>
Total assets		<u>547,442</u>	<u>250,885</u>
Liabilities			
Current liabilities			
Trade and other payables	9	-	(3,642)
Total current liabilities		<u>-</u>	<u>(3,642)</u>
Non-current liabilities			
Long term borrowing	10	(720,382)	(349,554)
Total non-current liabilities		<u>(720,382)</u>	<u>(349,554)</u>
Total liabilities		<u>(720,382)</u>	<u>(353,196)</u>
Net liabilities		<u>(172,940)</u>	<u>(102,311)</u>
Capital and reserves attributable to equity holders of the company			
Share capital	11	100	100
Retained deficit		(173,040)	(102,411)
Total equity		<u>(172,940)</u>	<u>(102,311)</u>

These financial statements were approved by the Board of directors on and signed on its behalf by:



S Oddie
Director

Company registration number 7259142

14th January 2021

The accompanying accounting policies and notes form part of these financial statements.

Europa Oil & Gas (New Ventures) Limited

Statement of changes in equity

	Share capital £	Retained deficit £	Total equity £
Balance at 1 August 2018	100	(45,429)	(45,329)
Total comprehensive loss for the year	-	(56,982)	(56,982)
Balance at 31 July 2019	100	(102,411)	(102,311)

	Share capital £	Retained deficit £	Total equity £
Balance at 1 August 2019	100	(102,411)	(102,311)
Total comprehensive loss for the year	-	(70,629)	(70,629)
Balance at 31 July 2020	100	(173,040)	(172,940)

The accompanying accounting policies and notes form part of these financial statements.

Statement of cash flows

For the year ended 31 July

	2020 £	2019 £
Cash flows from operating activities		
Loss from operations	(70,629)	(56,982)
Adjustments for:		
Finance expense	7,476	
Decrease/(increase) in trade and other receivables	115	(115)
(Decrease)/increase in trade and other payables	(3,642)	3,642
Increase in loan from Group companies	66,680	53,455
Net cash used in operating activities	<u>-</u>	<u>-</u>
Cash flows from investing activities		
Purchase of intangible assets	(302,183)	-
Net cash from financing activities	<u>(302,183)</u>	<u>-</u>
Cash flows from financing activities		
Increase in loan from Group companies	302,183	250,770
Increase in restricted cash	-	(250,770)
Net cash from financing activities	<u>302,183</u>	<u>-</u>
Net increase in cash	-	-
Cash at beginning of year	-	-
Cash at end of year	<u>-</u>	<u>-</u>

There were no cash flows during the prior year.

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Accounting Policies

General information

Europa Oil & Gas (New Ventures) Limited is a company incorporated and domiciled in England and Wales with registered number 7259142. The address of the registered office is 55 Baker Street, London, W1U 7EU.

The nature of the Company's operations and its principal activities are set out in the Directors' report.

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

Basis of accounting

The financial statements have been prepared in accordance with applicable international accounting standards in conformity with the requirements of the Companies Act 2006.

The accounting policies that have been applied in the opening balance sheet 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 2020.

Going Concern

Forecasts have been prepared for the Company which show that the Company is dependent on the Parent Company providing further financial support and in not calling in the intercompany loan. Although the Parent Company has provided a letter of support it may not be able to provide such support. As stated in the financial statements of the Parent Company, the going concern status of the Group and the Parent Company depends on the critical assumptions that Wressle production commences at the forecasted rate in 2021, oil prices do not fall for a sustained period, and Covid-19 does not cause our production to be suspended. In the absence of incremental production from Wressle in 2021, oil prices falling for sustained periods, or loss of production then additional funding by the issuance of shares or sale of assets would be required. If additional funding was not available there is a risk that commitments could not be fulfilled, and assets would be relinquished.

The Directors, who are also the Directors of the Parent Company, have concluded, at the time of approving these financial statements, that there is a reasonable expectation, based on the Group's cash flow forecasts, that the forecasts are achievable and accordingly that the Parent Company will be able to provide further financial support and in not calling in the intercompany loan. Thus these financial statements have been prepared on a going concern basis. These conditions indicate the existence of a material uncertainty which may cast significant doubt as to the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Accounting standards adopted in the period

IFRS 16 has come into effect in the period. It had no effect on the Company.

Basis of preparation

The Company results have been included in the consolidated group accounts of its ultimate parent company, Europa Oil & Gas (Holdings) plc, which are publicly available.

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.

Pre-production assets

Pre-production assets are classified 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 in cost pools on a geographical 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 commercial viability. On commencement of production these costs are tested for impairment prior to transfer to production assets.

Taxation

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

Foreign currency

The Company prepares its 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 monetary items or on translating monetary 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 and Gas (New Ventures) Limited is domiciled in the UK, which is its primary economic environment and the Company's functional currency is Sterling.

The Company has taken advantage of the exemption in IFRS 1 and has deemed cumulative translation differences for all foreign operations to be nil at the date of transition to IFRS. The gain or loss on disposal of these operations excludes translation differences that arose before the date of transition to IFRS and includes later translation differences.

Financial instruments

The Company classifies its financial assets and liabilities into categories based on the purpose for which the asset or liability was acquired. The accounting policy for each category is as follows:

Cash and cash equivalents

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

Other financial liabilities

Includes amounts owed to Group companies, trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Critical accounting judgements and key sources of estimation uncertainty

There were no significant accounting judgements and critical accounting estimates in the year.

2 Operating segment analysis

In the opinion of the directors the Company has one class of business, being oil and gas exploration appraisal and production, and one reportable segment being Morocco.

3 Loss from operations

Auditor remuneration is borne by a fellow Group undertaking. The only employees of the company during the period were H Mackay, P Greenhalgh and S Oddie, all directors, who received no remuneration from the Company. The directors were remunerated through another Group company, and it is not possible to apportion the cost of this remuneration relevant to services rendered to Europa Oil & Gas (New Ventures) Limited.

4 Finance expense

	2020	2019
	£	£
Foreign exchange loss	7,476	561
	<u>7,476</u>	<u>561</u>

Europa Oil & Gas (New Ventures) Limited

5 Taxation

	2020	2019
	£	£
Current tax credit	-	-
	-	-

UK corporation tax for small companies is calculated at 19% of the estimated (loss)/profit for the year.

	2020	2019
	£	£
Loss before tax	70,629	56,982
Tax reconciliation		
Loss multiplied by the standard rate of corporation tax in the UK 19% (2019: 19%)	13,420	10,827
Expenses not deductible	(11,999)	-
Deferred tax asset not recognised	(1,421)	(10,827)
Tax credit	-	-

The Company has an unprovided deferred tax asset of £20,878, (2019: £19,458) which arises in relation to trading losses of £109,886 (2019: £102,411), that has not been recognised in the accounts as the timing of the utilisation of the losses is considered uncertain.

6 Intangible assets

	2020	2019
	£	£
At 1 August	-	-
Additions	302,183	-
Total intangible assets	302,183	-

Intangible assets all comprise the company's pre-production expenditure on the Moroccan Inezgane licence.

7 Restricted cash

	2020	2019
	£	£
Cash guarantee	245,259	250,770
	245,259	250,770

As part of the final phase of discussions with the National Office of Hydrocarbons and Mines ('ONHYM'), in respect of securing a petroleum agreement in Morocco, a guarantee was set up for US\$315,000. This is treated as restricted cash.

8 Trade and other receivables

	2020	2019
	£	£
VAT receivable	-	115
Total trade and other receivables	-	115

9 Trade and other payables

	2020	2019
	£	£
Trade payables	-	3,012
Accruals	-	630
	<u>-</u>	<u>3,642</u>

10 Long-term borrowing

	2020	2019
	£	£
Amounts due to Group companies	720,382	349,554
Total long term borrowing	<u>720,382</u>	<u>349,554</u>

Loans from Group companies are interest free and are repayable on demand but currently have no planned repayment date.

11 Share capital

	2020	2019
	£	£
Allotted, called up and fully paid	100	100
10,000 ordinary shares of 1p each	<u>100</u>	<u>100</u>

All the authorised and allotted shares are of the same class and rank pari passu.

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

Reserve	Description and purpose
Retained deficit	Cumulative net losses recognised in the income statement.

12 Financial instruments

The Company's financial instruments comprise amounts owed to Group companies and trade payables which arise directly from its operations. The Company's activities are subject to a range of financial risks the main ones being liquidity, and capital management. These risks are managed through ongoing review taking into account the operational, business and economic circumstances at that time.

Liquidity risk

The Company monitors its levels of working capital to ensure it can meet liabilities as they fall due. The following tables show the contractual maturities of the Company's financial liabilities, all of which are measured at amortised cost.

	2020	2019
	£	£
Trade and other payables		
6 months or less	<u>-</u>	<u>3,642</u>
Long term borrowing		
2-5 years	<u>720,382</u>	<u>349,554</u>
Total	<u>720,382</u>	<u>349,554</u>

Trade and other payables do not normally incur interest charges.

Capital risk management

The Company's capital is closely monitored by the directors in the light of the capital needs of the Europa Oil & Gas (Holdings) plc Group as a whole. Further details are disclosed in the Group Annual Report and Accounts which are publicly available.

13 Commitments

The Inezgane Offshore licence carries a commitment to reprocess 1,300km² of existing 3D seismic with an estimated cost of £0.5 million. 50% of the cost of the work has been guaranteed as referenced in note 6. If the Company was not to complete the work commitment the licence would be relinquished, and the guarantee not released.

Europa Oil & Gas (New Ventures) Limited

14 Related party transactions

The Company received services to the value of £57,225 from its ultimate parent Europa Oil & Gas (Holdings) plc (2019: £2,201). In 2020 Europa Oil & Gas (Holdings) plc provided no funding (2019: nil).

At the end of the period the Company owed the following unsecured amounts to related parties:

At 31 July	2020	2019
	£	£
Europa Oil & Gas (Holdings) plc	504,914	324,252
Europa Oil & Gas Ltd	215,468	25,302
Total owed to Group companies	<u>720,382</u>	<u>349,554</u>

15 Post reporting date events

None.

16 Ultimate parent undertaking

The parent company and ultimate controlling company is Europa Oil & Gas (Holdings) plc, a company registered in England and Wales, the accounts of which are available from 55 Baker Street, London, W1U 7EU.