# Egdon Resources plc

Interim Report 2009



**Overview and Highlights**

Operational Highlights

- Production during the period of 8,037 barrels largely from Keddington as Avington production restarted only on 23 January 2009 (2008: 18,387 barrels)
- Award of Pontenx Permit in France
- Spudded Dukes Wood-1 well during November 2008 – well to be drilled to target horizon in Q3 2009
- Kirkleatham term sheet signed for gas sales – target of Q4 2009 gas sales
- Kirklington oil field acquired and in the process of being upgraded to restore production
- Portfolio of 26 licences in UK and France at 31 January 2009

Financial and Corporate Highlights

- Maiden Profit for period from continuing operations of £133,000 (2008: loss £1,494,000)
- Revenues during the period of £305,000 (2008: £ 758,000)
- Earnings per share from continuing activities for period of 0.19p (2008: loss of 2.23p)
- Net current assets as at 31 January 2009 £2.046 million (31 January 2008: £3.3 million)
- Net cash of £1.8 million
- No borrowings
- Completion of the sale of a 10% minority interest in PEDL005(Remainder) to Alba Resources Limited containing the Keddington oil field for £260,000
- Acquisition of YCI Resources completed during March 2009 increasing interest in Avington oil field from 20% to 36.667%

## Chairman's Statement

I am pleased to be able to report positively on the period for the six months ended 31 January 2009, a period which has seen the collapse of the oil price from its peak of $147 per barrel. In this highly challenging business environment we have achieved a profit in the period for the first time in the history of the Company. As I report below this achievement was sustained in spite of lower than expected oil production due to delays in some projects including Avington. Avington was restored to production in late January 2009 and as a result production levels for the Company have significantly increased.

### Our Strategy

The aim of the Company is to add shareholder value by becoming a profitable full cycle exploration and production business with a focus on onshore UK and mainland European operations. Following the de-merger of Portland Gas plc in January 2008 the Company set out the following strategy;

- The Company will remain geographically focused, with activity restricted to proven oil and gas producing areas in the UK and mainland Europe.
- The Company has a near-term focus on production and revenue growth through the development and enhancement of its existing portfolio of oil and gas discoveries.
- The Company has a strategic objective to add value via the drill-bit through an active exploration programme.
- The Company will look to maintain material interests and be a licence operator where appropriate and to joint venture with respected and complementary partners.
- The Company will continue to pursue new projects and play types to expand the breadth and quality of its opportunity base and will identify and exploit new technologies and opportunities to add shareholder value

### Financial Results

The Company recorded a maiden profit from continuing operations of £133,000 for the six months ended 31 January 2009 (2008: loss £1,494,000). This equates to earnings per share for the period of 0.19 p (2008: 2.23p loss). Revenues from oil production during the period were £305,000 (2008: £758,000). Production volumes for the period were 8,037 barrels (2008: 18,387 barrels). Delays in the restart of production from Avington resulted in lower than anticipated production levels for the period. Exceptional items for the period included a net gain of £220,000 from the sale of a 10% interest in Keddington oil field and currency gains of £120,109. No dividend is being recommended.

The Company had net current assets as at 31 January 2009 of £2.046 million (31 January 2008: £3.3 million) including cash of £1.8 million. The Company has no debt.

### Operations

**Near term focus on Production Growth**

As defined in our strategy, the Company continues to focus resources on production and development projects designed to increase near-term revenue and cash flow. At 31 January 2009 the Keddington and Avington oil fields were both in production.

Production from the Keddington oilfield in Lincolnshire continued throughout the period, with total production for the six months to 31 January 2009 of 7,588 barrels (2008: 6,147 barrels) an increase of 24%. During early February 2009 the Keddington-2y well was converted for pumped production for the first time. Early indications are that the well is producing around 20-25 barrels of oil per day ("bopd"), double that produced prior to pumping. The well will continue to be monitored and the pumping regime fine tuned to optimise production. Keddington site operations were transferred to a new contractor Onshore Oilfield Services Limited during the period resulting in significant improvements in operational reliability. We remain encouraged by the upside at Keddington and are planning to drill a sidetrack of the Keddington-2y well to increase production and revenues. Reprocessing of the existing 3D seismic data has been instigated to determine the final bottom hole location. It is hoped that a successful sidetrack well could boost production to around 150 bopd. Egdon is also in discussions to utilise the associated gas production for electricity generation for both site use and for sale and will be progressing discussions in this area during 2009.

On 23 January 2009 the Avington oil field in Hampshire restarted production. The net Egdon contribution for the period from Avington was only 449 barrels (2008: 12,240 barrels). The delay in restart of production is disappointing and was due to the regulatory approval process and this has impacted Egdon's anticipated production rates and consequently revenues for the period. During March 2009 Egdon increased its interest in Avington from 20% to 36.67% through the acquisition of YCI Resources Ltd as reported under Corporate matters below. Production rates have been broadly in line with expectations since production resumed.

During the period Egdon reached agreement with Star Energy to acquire the Kirklington-2 well site in 13th Round licence PEDL203. The Kirklington oil field is located in Nottinghamshire immediately to the south of the Eakring-Dukes Wood field and has been shut-in since 2004. Egdon has identified the potential to recover additional oil volumes via a sidetrack of the existing Kirklington-2 well and seismic data is currently being reprocessed to confirm a bottom hole target location. Planning approval is already in place for this well. The site is currently being upgraded and environmental permits being put in place to allow production from the existing well to recommence.

In October 2008 Nottinghamshire County Council granted planning permission for the drilling of an exploratory well to progress our evaluation of the rejuvenation potential of the Eakring-Dukes Wood oil field where we see low risk opportunities to add production and reserves to our near term asset base. The Dukes Wood-1 well was spudded on 18 November 2008 with the top-hole section of the well drilled and cased to a depth of 47 metres before suspending the well until a larger rig becomes available to complete drilling operations which is anticipated for late summer 2009. The Dukes Wood-1 well will test the crestal part of the Dukes Wood anticline in an area where Egdon has identified potential for un-drained and re-migrated oil. The PEDL118 licence, which contains Eakring-Dukes Wood, has been extended into its second licence period expiring on 31 January 2013.

Good progress has also been made during the period at the Kirkleatham gas discovery in licence PEDL068, with the outline agreement in January 2009 of terms for gas sales to the Wilton works. A planning application is due to be submitted shortly and we are targeting first gas sales by the end of 2009.

A planning application is in preparation for production of the Nooks Farm gas field in North Staffordshire licence PEDL141 where Egdon has a carried interest through the next phase of activity. It is proposed to re-enter the Nooks Farm-1A well and produce gas for on-site electricity generation with export via an underground cable to the National Grid.

As intimated at the AGM in 2008, Egdon did not reach its year end target of 250 barrels of oil per day ("bopd") due to delays in the start-up of Avington, rig availability at Dukes Wood and delays in production testing at Waddock Cross. The Company does expect to meet its target of 500 barrels of oil equivalent per day by the end of calendar year 2009, achieved with new production, production enhancement and long term production testing planned at Kirklington, Dukes Wood, Waddock Cross, Keddington and Kirkleatham prior to year-end.

**Exploration - Positioning the company for future growth**

Egdon's strategy is to develop its high-potential exploration portfolio as a platform for future growth whilst restricting 2009 exploration expenditure, as we concentrate our near-term resources on further developing our production and revenue streams.

As part of this process we continue to evaluate our existing licences in the UK and France through ongoing technical work and putting in place the necessary landowner and planning consents to enable future drilling. Egdon has an objective of drilling 3 to 4 exploration and appraisal wells per year from 2010 onwards. The Company is currently working towards the submission of planning applications for exploratory drilling at Winfrith-1 in Dorset, North Somercotes-1 in Lincolnshire and Westerdale-2 in North Yorkshire during 2009. An application is also currently being considered for the Holmwood-1 well in Surrey operated by Europa Oil & Gas.

As reported last year Egdon has identified France as a focus area and I am pleased to report that we have made good progress in further growing our business in France during the period with the award of the Pontenx Permit, the pending award of the Gex Permit and a further application for the Navacelle Permit which is awaiting determination.

The Pontenx Permit was ratified on 16 December 2008 and published in the Official Journal on 20 January 2009. Egdon will operate the permit with a 40% interest through its wholly owned subsidiary Egdon Resources (New Ventures) Ltd. The Pontenx Permit is located on the southern margins of the Parentis Basin, an oil productive region on the Atlantic coast of France, to the south of Bordeaux where France's largest onshore oil field, Parentis, is located. The Pontenx Permit contains the abandoned Mimizan Nord heavy oil field and a number of high potential leads and prospects adjacent to or up-dip of wells with good oil shows and tests. The permit covers an area of 313 square kilometres and has a four year initial term. The phased work programme will comprise an initial two years of geological and seismic studies including a review of the rejuvenation potential of the Mimizan Nord abandoned oil field. A second contingent phase will involve the acquisition of new seismic data and the drilling of a well.

The Gex Permit is currently awaiting ratification having successfully been through the competition period. Once awarded Egdon will hold a 40% interest in this large permit (932 square kilometres) which is located in the Jura/Molasse Basin adjacent to the Swiss Border. The exploration targets are oil prospects in shallow Molasse sandstones and large (up to one trillion cubic feet) potential Triassic gas prospects. We anticipate formal award of the permit during summer 2009. The work programme will comprise an initial two year phase of geological mapping and gravity data acquisition followed by a contingent three years which would include seismic acquisition and drilling.

The Navacelle application is located in the South East Basin of France close to the town of Ales. Egdon has identified a series of large anticlines where previously drilled wells have demonstrated the presence of gas in tight carbonate reservoirs and which are candidates for fracture stimulation to produce commercial gas flows. Egdon has a 60% interest in the application which has had a number of competing applications. The French Ministry will determine the final award during the next few months.

**Portfolio Management**

We continue to manage our portfolio of oil and gas assets to maximise shareholder value. During the period we sold a 10% interest in PEDL005 (Remainder) containing the Keddington oil field to Alba Resources Limited for a cash consideration of £260,000. This sale of a minority interest in Keddington provided a valuable addition to our near-term cash resources whilst setting a marker for the value of our remaining interest in the field.

Egdon has reported best estimate prospective resources of 170 million barrels of oil equivalent in over 50 prospects. With this high number of prospects we have decided to market a number of farm-out opportunities with the aim of managing risk and accelerating drilling activity on a number of key projects.

**Corporate**

During February 2009 the Company reached agreement to acquire the entire issued share capital of YCI Resources Limited ("YCIR") from the Heyco Energy Group ("Heyco"). YCIR is a UK registered private company whose principal asset is a 16.667% interest in PEDL070, which contains the Avington oil field and is located in the Weald Basin of Southern England. YCIR also has a 33.334% interest in adjacent licence PEDL069 which Egdon maps as containing a possible northerly extension to the Avington field. This transaction increased Egdon's interests to 36.667% in PEDL070 and to 66.667% in PEDL069. The consideration for the transaction was the issue to Heyco of 6,861,434 Ordinary shares in Egdon and the grant to Heyco of a Net Profit Interest ("NPI") on current and future production from the licences. The NPI, which is related to oil price, ranges between 5% and 10% of Egdon's net revenues realised from the licences after subtracting allowable costs.

As the acquisition post-dates the current interim period end the impact of the acquisition of YCIR will not be seen until the full year results.

**Outlook – Meeting the Current Market Challenges**

The current lower commodity prices in a period of reduced global demand combined with a lack of ready access to debt and equity markets have resulted in significant challenges to the exploration and production sector worldwide. Egdon has adopted a strategy designed to provide a clear focus on managing costs and increasing revenues in this environment.

Egdon has no borrowings and through careful management of its cash the Company has sufficient resources for the currently planned 2009 programme of work. The remainder of 2009 will see further progress in increasing production and revenues with continued production from Keddington and Avington and further production anticipated from Kirklington, Dukes Wood, Keddington, Kirkleatham and Waddock Cross.

The challenges of the current trading environment can produce interesting acquisition opportunities and Egdon continues to review options to grow our business.

We look forward to the future with confidence and, subject to unforeseen circumstances, we expect to be able to report satisfactory results for the year to 31 July 2009. Meanwhile we thank our shareholders for their continued support.

Philip Stephens
Chairman
24 April 2009

**EGDON RESOURCES PLC**
**CONSOLIDATED INCOME STATEMENT**
*For the six months ended 31 January 2009*

| | Unaudited Six months ended 31-Jan-09 | Unaudited Six months ended 31-Jan-08 | Audited Year ended 31-Jul-08 |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **Continuing operations** | | | |
| Revenue | 305 | 758 | 1,121 |
| Cost of sales: Write-down of exploration costs | - | (1,000) | (1,441) |
| Cost of sales: other | (276) | (736) | (1,103) |
| Total cost of sales | (276) | (1,736) | (2,544) |
| Gross Profit/(loss) | 29 | (978) | (1,423) |
| Administrative expenses | (176) | (780) | (1,189) |
| Other operating income | 43 | 146 | 91 |
| Profit on disposal of fixed assets | 220 | - | - |
| **Operating Profit/(Loss)** | **116** | **(1,612)** | **(2,521)** |
| Financial income | **26** | **118** | **161** |
| Finance cost | **(9)** | **-** | **(16)** |
| **Profit/(Loss) before taxation** | **133** | **(1,494)** | **(2,376)** |
| Taxation | **-** | **-** | **-** |
| **Profit/(Loss) on ordinary activities after taxation** | **133** | **(1,494)** | **(2,376)** |
| **(Loss) from discontinued operations** | **-** | **(798)** | **(798)** |
| **Profit/(Loss) for the period retained** | **133** | **(2,292)** | **(3,174)** |
| **Earnings per share – note 3** | | | |
| Basic and diluted profit / (loss) per share | | | |
| Total | **0.19p** | **(3.41)p** | **(4.70)p** |
| Continuing | **0.19p** | **(2.23)p** | **(3.52)p** |
| Discontinued | **-p** | **(1.18)p** | **(1.18)p** |

**EGDON RESOURCES PLC**
**CONSOLIDATED BALANCE SHEET**
*As at 31 January 2009*

| | Notes | Unaudited 31-Jan-09 £'000 | Unaudited 31-Jan-08 £'000 | Audited 31-Jul-08 £'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible assets | | 4,918 | 5,441 | 5,472 |
| Plant and equipment | | 1,693 | 526 | 775 |
| **Total non-current assets** | | **6,611** | **5,967** | **6,247** |
| **Current assets** | | | | |
| Inventory | | - | 26 | - |
| Trade and other receivables | | 429 | 2,069 | 394 |
| Available for sale financial assets | | 50 | 50 | 50 |
| Cash and cash equivalents | *5* | 1,793 | 3,341 | 2,167 |
| **Total current assets** | | **2,272** | **5,486** | **2,611** |
| **Current liabilities** | | | | |
| Trade and other payables | | (226) | (2,180) | (318) |
| **Net current assets** | | **2,046** | **3,306** | **2,293** |
| **Total assets less current liabilities** | | **8,657** | **9,273** | **8,540** |
| **Non-current liabilities** | | | | |
| Decommissioning provision | | (233) | (247) | (249) |
| | | **8,424** | **9,026** | **8,291** |
| **Shareholders' funds** | | | | |
| Share capital | | 6,861 | 6,780 | 6,861 |
| Share premium | | 65 | - | 65 |
| Retained earnings | | 1,498 | 2,246 | 1,365 |
| | | **8,424** | **9,026** | **8,291** |

**EGDON RESOURCES PLC**
**CONSOLIDATED CASHFLOW STATEMENT**
*for the six months ended 31 January 2009*

| | Notes | Unaudited Six months ended 31-Jan-09 £'000 | Unaudited Six months ended 31-Jan-08 £'000 | Audited Year ended 31-Jul-08 £'000 |
|---|---|---|---|---|
| **Profit/(loss) from Operations** | | **133** | **(2,292)** | **(3,174)** |
| Adjustments for: | | | | |
| Depreciation and impairment of property plant and equipment | | 81 | 1,108 | 1,537 |
| Profit on disposal of fixed assets | | (220) | - | - |
| (Increase) in trade and other receivables | | (35) | (1,859) | (109) |
| Decrease/(increase) in inventory | | - | (2) | 24 |
| (Decrease)/increase in trade payables | | (93) | 1,376 | (660) |
| (Decrease)/increase in provisions | | (16) | 1 | 3 |
| Interest Income | | (26) | (247) | (290) |
| Bonus paid by way of issue of shares | | - | - | 146 |
| **Net cash flow from Operating Activities** | | **(176)** | **(1,915)** | **(2,523)** |
| | | | | |
| **Investing Activities** | | | | |
| Interest received | *4* | 26 | 247 | 290 |
| Payments for exploration and evaluation assets | | - | - | (2,055) |
| Payments for intangible fixed assets | *4* | (431) | (3,882) | (2,556) |
| Purchase of plant and equipment | | (53) | (59) | (62) |
| Proceeds from disposal of fixed assets | | 260 | - | - |
| Purchase of financial assets | | - | (100) | - |
| Cash held by subsidiary on demerger | | - | - | (3,651) |
| Demerger of subsidiary | | - | (3,650) | - |
| **Net cash flow from investing activities** | | **(198)** | **(7,444)** | **(8,034)** |
| | | | | |
| **Financing Activities** | | | | |
| Issue of shares | | - | 5,000 | 5,000 |
| Costs associated with issue of shares | | - | (200) | (175) |
| **Net cash flow from financing** | | **-** | **4,800** | **4,825** |
| | | | | |
| Net decrease in cash and cash equivalents | | (374) | (4,559) | (5,733) |
| | | | | |
| Cash and cash equivalents at the beginning of the period | | 2,167 | 7,900 | 7,900 |
| **Cash and cash equivalents at the end of the period** | | **1,793** | **3,341** | **2,167** |

**EGDON RESOURCES PLC**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
*for the six months ended 31 January 2009*

| | Share capital | Merger reserve | Share premium | Retained earnings | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Balance at 31 July 2007** | **655** | **20,387** | **-** | **31** | **21,073** |
| Issue of ordinary shares | 23 | 4,802 | - | - | 4,825 |
| Effect of share cancellation | (678) | 678 | - | - | - |
| Issue of shares following scheme of arrangement | 6,780 | (6,780) | - | - | - |
| Cancellation of share premium | - | (19,087) | - | 19,087 | - |
| Distribution of Portland group by means of dividend in specie | - | - | - | (14,580) | (14,580) |
| Loss for the period | - | - | - | (2,292) | (2,292) |
| **Balance at 31 January 2008** | **6,780** | **-** | **-** | **2,246** | **9,026** |
| Loss for the period and total recognised income and expense for the period | - | - | - | (881) | (881) |
| Issue of ordinary shares | 81 | - | 65 | - | 146 |
| **Balance as at 31 July 2008** | **6,861** | **-** | **65** | **1,365** | **8,291** |
| Profit for the period and total recognised income and expense for the period | - | - | - | 133 | 133 |
| **Balance as at 31 January 2009** | **6,861** | **-** | **65** | **1,498** | **8,424** |

1. **General information**

   Egdon Resources plc ('the Company' and ultimate parent of the Group) is a public limited company listed on the AIM market of the London Stock Exchange plc (AIM) and incorporated in England. The registered office is Suite 2, 90-96 High Street, Odiham, Hampshire, RG29 1 LP.

   This interim report was authorised for issue by the directors on the 24 April 2009.

   **Basis of preparation**

   The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting.

   **Non-statutory accounts**

   The unaudited results contained in this document do not constitute statutory accounts as defined in Section 399 of the Companies Act 2006. A copy of the statutory accounts of the Company for the year ended 31 July 2008 has been delivered to the Registrar of Companies. The audit report on these accounts is unqualified, did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain a statement under Sections 237(2)-237(3) of the Companies Act 1985.

   **Accounting policies**

   The condensed financial statements have been prepared under the historical cost convention, except for the inclusion of financial instruments at fair value.

   The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in preparation of the Group's financial statements for the year ended 31 July 2008.

2. **Segment information**

   The Group's activities were exploration for and development of oil and gas reserves.

   The Group's primary operations are located in the United Kingdom and France with its head office in the United Kingdom.

   The turnover of the Group for the period has been derived from the sale of oil which has been extracted from wells during production.

| | | Unaudited Six months ended 31-Jan-09 £'000 | Unaudited Six months ended 31-Jan-08 £'000 | Audited Year ended 31-Jul-08 £'000 |
|---|---|---|---|---|
| **Turnover by segment:** | | | | |
| UK oil sales | | 305 | 758 | 1,122 |
| France oil sales | | - | - | - |
| Total oil sales | | 305 | 758 | 1,122 |
| Gas storage (discontinued operations) | | - | - | - |
| | | **305** | **758** | **1,122** |
| **Profit / (loss) on ordinary activities by segment:** | | | | |
| UK oil and gas exploration | | 93 | (1,723) | (2,468) |
| France oil and gas exploration | | 23 | 111 | (53) |
| Loss from oil and gas exploration/continuing activities | | 116 | (1,612) | (2,521) |
| UK - Gas storage (discontinued operations) | | - | (927) | (927) |
| **Profit / (loss) for the year** | | **116** | **(2,539)** | **(3,448)** |
| Financial revenue | - continuing operations | 26 | 118 | 161 |
| | - discontinued operations | - | 129 | 129 |
| Financial costs | | (9) | - | (16) |
| **Profit / (loss) for the year after interest and tax** | | **133** | **(2,292)** | **(3,174)** |

## 3. Profit/(Loss) per share

| | Six months ended 31-Jan-2009 | Six months ended 31-Jan-2008 | Year ended 31-Jul-2008 |
|---|---|---|---|
| | p | p | p |
| Basic (total) | 0.19 | (3.41) | (4.70) |
| Continuing operations | 0.19 | (2.23) | (3.52) |
| Discontinued | - | (1.18) | (1.18) |

The calculation of basic profit/(loss) per share is based upon a profit of £0.133m (January 2008: loss from continuing operations of £1.494m and from discontinued operations of £798,000; July 2008: loss from continuing operations of £2.376m and from discontinued operations of £798,000) divided by the weighted average number of ordinary shares in issue of 68,614,340 (January 2008: 67,089,549, July 2008: 67,582,585).

For the 6 months ended 31 January 2009, there is no difference between the basic and diluted earnings per share as the exercise price of the options exceeds the average market value of the Company's shares. For the comparative periods, in accordance with IAS 33, the diluted earnings per share calculations are not presented as assumed conversion of outstanding share options would be anti-dilutive.

## 4. Discontinued Operations

Included within the cash flow are the following amounts in relation to discontinued operations which comprise the gas storage business transferred to Portland Gas plc on demerger January 2008:

| | Unaudited Six months ended 31-Jan-09 £'000 | Unaudited Six months ended 31-Jan-08 £'000 | Audited Year ended 31-Jul-08 £'000 |
|---|---|---|---|
| **Investing Activities** | | | |
| Interest received | - | 129 | 129 |
| Payments to acquire intangible assets | - | (2,176) | (2,176) |
| Purchase of equipment | - | (59) | (59) |
| | - | (2,106) | (2,106) |

The results of discontinued operations can be analysed as follows:

| | Unaudited Six months ended 31-Jan-09 £'000 | Unaudited Six months ended 31-Jan-08 £'000 | Audited Year ended 31-Jul-08 £'000 |
|---|---|---|---|
| Administrative expenses | - | (927) | (927) |
| Investment revenues | - | 129 | 129 |
| | - | (798) | (798) |

## 5. Cash and cash equivalents

| | Unaudited<br>31-Jan-09<br>£'000 | Unaudited<br>31-Jan-08<br>£'000 | Audited<br>31-Jul-08<br>£'000 |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 586 | 572 | 46 |
| Short term bank deposits | 1,207 | 2,769 | 2,121 |
| | **1,793** | **3,341** | **2,167** |

## 6. Post balance sheet events

On 11 February 2009 Egdon announced that the company had reached agreement to acquire the entire issued share capital of YCI Resources Limited ("YCIR") from the Heyco Energy Group ("Heyco"). The transaction was completed on 12 March 2009. YCIR is a UK registered private company whose principal asset is a 16.667% interest in PEDL070, which contains the Avington oil field and is located in the Weald Basin of Southern England. YCIR also has a 33.334% interest in adjacent licence PEDL069. The consideration for the transaction was the issue to Heyco of 6,861,434 Ordinary shares ("the Consideration shares") in Egdon and the grant to Heyco of a Net Profit Interest ("NPI") on current and future production from the licences. The NPI, which is related to oil price, will range between 5% and 10% of Egdon's net revenues realised from the licences after subtracting allowable costs. Following the listing of the consideration shares Egdon Resources plc has 75,475,774 Ordinary Shares in issue.

## 7. Publication of the Interim Report

This interim report is available on the Company's website www.egdon-resources.com