



EGDON RESOURCES PLC

Interim Report and Accounts for the 6 months ended 31 January 2010

Overview and Highlights

Operational Highlights

- Production during the period up 40% to 11,283 barrels of oil from Keddington, Avington and Kirklington (2009: 8,037 barrels).
- Planning consent for Kirkleatham gas field development awarded in August 2009 with commercial agreements signed in February 2010.
- Drilled and completed Dukes Wood-1 during January 2010 which has been placed on extended well test.
- Drilled and completed Kirklington-3 and 3z during February 2010 which has been placed on production.
- Drilled and completed Keddington-3 and 3z during April 2010 which will be completed for production.
- Extension granted to St Laurent Permit until August 2013.
- Portfolio of 24 licences in UK and France as at 31 January 2010.
- After new awards, and on completion of the EnCore transaction, portfolio of 38 licences in the UK and France.

Financial and Corporate Highlights

- Profit for the period up 12% to £0.15 million (six months to 31 January 2009: £0.13m).
- Revenues during the period up 63% to £0.5 million (six months to 31 January 2009: £0.3m).
- Earnings per share for the period of 0.20p (six months to 31 January 2009: 0.19p).
- Net current assets as at 31 January 2010 of £1.286 million (31 January 2009: £2.046 million).
- Cash at bank of £1.458m as at 31 January 2010 (31 January 2009: 1.8 million).
- Completion of £2 million share placing on 7 April 2010 at a price of 12.5p.
- Completion of sale of East Midland licence interests (15% in PEDL005(Remainder), 25% in PEDL118 and 25% in PEDL203 and PEDL206) to Terrain Energy Limited for a consideration of £687,500.
- Farmout of 10% interests in East Midlands licences PEDL118 and PEDL203 to subsidiaries of Angus Energy Limited in return for Angus paying 20% of well costs on these licences.
- Agreement to acquire UK and French assets from EnCore Oil plc for a consideration of 39,200,000 Egdon Ordinary Shares and £100,000 in cash on completion.

Chairman's Statement

I am pleased to announce our results for the six months ended 31 January 2010 and to give an update on developments within our business from August 2009 to date.

Egdon's strategy remains the same. We have focused our resources on near-term production and revenue generating projects, reduced our near-term exploration expenditure through partial sales and farmouts, and carefully managed our cash resources. Whilst doing this we have always had an eye to future growth and looked to broaden and strengthen our portfolio of oil and gas prospects. In short we are looking to set a strong foundation for future growth.

The period has seen significant corporate activity with the sale of a package of UK onshore assets to Terrain Energy Limited and a farmout to Angus Energy and more recently the EnCore asset acquisition.

On the operational front, in January we commenced a three well operated drilling programme the results of which are described below.

Financial Results

The Company recorded a profit of £149,000 for the six months ended 31 January 2010 (2009: £133,000). This equates to earnings per share for the period of 0.20p (2009: 0.19p). No dividend is being recommended. Revenues from oil production during the period were £498,000 (2009: £305,000) reflecting production from Keddington, Avington and Kirklington oil fields.

Net Egdon production volumes for the period were 11,283 barrels of oil (2009: 8,037 barrels). An extended production shut-down at Avington for upgrading production facilities during August and September 2009 and production interruptions at all sites due to severe winter weather at times during December and January affected production volumes during the period.

Income for the period includes net gains of £382,000 from the sale of licence interests to Terrain Energy Limited.

The Company had net current assets as at 31 January 2010 of £1.286 million (31 January 2009: £2.046 million) including cash of £1.458 million. Shareholder funds as at 31 January 2010 were £ 9.1 million (31 January 2009: £ 8.4 million).

On the 6 April 2010 the Company completed the placing of 16,000,000 Ordinary Shares at a price of 12.5 pence per Ordinary Share with institutional and other investors to raise £2 million before costs.

The Company currently has no debt. However, on completion of the transaction with EnCore, the Company will have access to a loan facility of £1.5million from Encore for a period of two years to assist with business development if required.

Portfolio Management

At 31 January 2010 Egdon held interests in 24 licences in the UK and France.

On 8 December 2009 Egdon completed the sale of interests in four onshore UK licences to Terrain Energy Limited ("Terrain"). The interests acquired by Terrain were all located in the East Midlands and comprised a 15% interest in PEDL005 (Remainder), and 25% interests in PEDL203, PEDL118 and PEDL206 respectively. The Consideration was £687,500, £450,000 of which was received on completion with a further £237,500 paid on a staged basis on commencement of specific drilling activity on the licences.

Also in December 2009 we announced the farm-out of 10% interests in our licences PEDL118 and PEDL203 to subsidiaries of Angus Energy Limited ("Angus"). In PEDL118, Angus Energy Eakring Development Limited earned a 10% interest in the licence in return for paying 20% of the costs of the Dukes Wood-1 well. Angus has an option to acquire up to a further 10% interest in the licence on commencement of drilling of the second well. In consideration, Angus will carry Egdon on the same terms for this second well and will pay certain back costs for any additional acquired interest. In PEDL203 Angus Energy Kirklington Development Limited earned a 10% interest in return for paying 20% of the cost of the sidetrack of the Kirklington-2 well.

Following these transactions Egdon retains material interests of 65% in PEDL118 and PEDL203 and 75% in PEDL005(Remainder) and PEDL206.

The EnCore Transaction

Egdon announced in September 2009 that discussions were being held to acquire a package of UK and French assets from EnCore Oil plc ("EnCore"). Following detailed due diligence a series of agreements were signed on 22 March 2010 and shareholder approval for the acquisition was gained at the general meeting held on 6 April 2010.

As consideration for the acquisition, Egdon have agreed to issue 39,200,000 Ordinary Shares to EnCore, which, following the Placing of 16,000,000, will represent 29.998 per cent. of the enlarged share capital of the Company following completion. In addition Egdon will pay £100,000 in cash on completion of the acquisition of Encore E&P Limited which holds the French licences. The total consideration values the assets acquired at £5 million.

The key asset is a 10% interest in the Ceres gas field in block 47/9c in the Southern North Sea. EnCore have advised Egdon that production commenced on the field during April and is in line with the operator's expectations. Other key assets are a further 20% interest in PEDL068 which contains the Kirkleatham gas field and the Westerdale gas discovery; PEDL253 containing the Biscathorpe prospect to the west of Egdon's Keddington oil field; interests in certain Northern Petroleum operated Weald/Wessex Basin licences which include interests in the Markwells Wood, Havant and Hedge End prospects and the Mairy Permit in the Paris Basin of France containing a prospect up-dip of an oil discovery. Final completion of the acquisition is subject to regulatory approval from the UK and French authorities.

Operations

UK

Production from the Keddington oilfield continued throughout the period, with total oil production for the six months to 31 January 2010 of 7,470 barrels (2009: 7,588 barrels).

The drilling of Keddington-3 sidetrack was undertaken in April 2010. Keddington-3 kicked off from a depth of 2250 metres and was drilled directionally to a total measured depth of 2728 metres. The well encountered around 126 metres of sandstone in the upper part of the well. Gas bearing Namurian Sandstone was encountered at a depth of 2715 metres and it was decided to plug back the well to isolate this gas sand. A further sidetrack, Keddington-3z, was kicked off from 2563 metres and drilled to a total depth of 2854 metres. This section encountered an additional 109 metres of sandstone. An open hole completion has been run and the well completed for pumped production using the existing surface production facilities. Production from Keddington-3z and the adjacent Keddington-1z well, which was suspended during the drilling, will commence once all surface facilities are reinstated.

The Avington oilfield in which Egdon hold a 36.67% interest produced a total of 12,200 barrels of oil during the period (2009: 2,244 barrels). The field was shut-in during September and October whilst production facilities on the site were improved and there were further interruptions to production during December and January caused by the extreme winter weather.

Avington continues to produce broadly in line with expectations and it is anticipated that production will be restarted from the Avington-2z well later in 2010. Decisions regarding further drilling on the field will be considered by the partnership in due course.

Production from the Kirklington oil field commenced on 28 July 2009 and total production during the period was 1264 barrels. The Kirklington-3 sidetrack was drilled in February 2010 to a total depth of 821 metres. The well encountered the reservoir below the oil water contact and was abandoned. The Kirklington-3z sidetrack was drilled to a total depth of 698 metres and encountered a thinned Chatsworth Grit interval. Kirklington-3z was completed for production and since restoring the well to production has produced at an average rate of 24 barrels of oil per day ("bopd"). It is intended to continue to produce the well and to optimise production operations over the coming months.

Good progress has been made with the planned Kirkleatham gas field development where Egdon is operator and will hold a 40% interest on completion of the EnCore deal. On 22 February 2010 Egdon signed key commercial agreements with Sembcorp Utilities (UK) Limited ("Sembcorp") relating to the commercial terms of gas sales, the lease of a process site, the granting of wayleave rights for pipelines and for the operation and maintenance of the facilities on the Wilton site. All Kirkleatham gas will be sold to Sembcorp who have also been granted certain rights to participate in any future gas storage project that may be developed at Kirkleatham. The target for first gas is the start of the winter 2010 gas season and good progress is being made to achieve this.

The Dukes Wood-1 well was drilled to a measured depth of 793 metres during January 2010. Analysis indicates a total of 26 metres of potential oil pay within five separate formations. The well has been cased and perforated over a 5 metre interval in the Ashover Grit unit 5, and completed for test production. A six month extended well test began on 12 March 2010. Up until 9 April the well had produced a total of 537 barrels of oil at an average daily rate of 20 bopd. It is intended to perforate and test additional intervals over the coming months to determine the commerciality of Dukes Wood-1 and to assist with planning further wells on the field.

The long-planned testing operations at Egdon's Waddock Cross oil discovery where the Company has a 45% interest are now expected to commence during the early summer.

A planning application has been submitted during the period for appraisal drilling operations at the Nooks Farm gas field where Egdon has a carried interest. It is proposed to re-enter the Nooks Farm-1A well and produce gas for on-site electricity generation later in 2010.

Delays in production start-up at Kirkleatham, testing at Waddock Cross and drilling at Dukes Wood, Kirklington and Keddington resulted in lower than anticipated production during the period and as highlighted at our AGM in December our stated target of 500 barrels of oil equivalent per day ("boepd") was not reached during the period. With the acquisition of the Ceres field interest from EnCore and recent operational activity in our East Midlands licences it is hoped that attributable production will soon be at around 400 boepd with further activity during 2010 at Kirkleatham, Waddock Cross and elsewhere in our portfolio expected to result in the 500 boepd target being exceeded by the 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 as successful exploration provides a step change in the asset value of the Company. As at 31 January 2010 Egdon had reported best estimate prospective resources of 280 million barrels of oil equivalent in over 50 prospects and the EnCore assets will further add to this potential.

UK

The Company has an objective of drilling at least three to four exploration and appraisal wells per year from this year onwards and 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 amongst others.

Two key UK appraisal projects have been identified at Westerdale/Ralph Cross and Broughton. The Westerdale/Ralph Cross gas accumulation, in PEDL068, has been tested by two wells which have demonstrated the presence of a significant gas volume. Egdon have been evaluating options for commercial development via off-site electricity generation in this environmentally sensitive area.

The Broughton-1 oil discovery, in PEDL182, was drilled by BP in 1984 and tested 40 bopd from Carboniferous sandstone. Egdon have identified potential up-dip of the original well and plan to acquire 2D or 3D seismic data over the discovery around the turn of the year.

Amongst Egdon's extensive exploration portfolio our initial focus will be on the Winfrith, Holmwood, North Somercotes, Wymeswold and North Kelsey prospects. It is intended to progress technical review, seismic acquisition and planning on these prospects with a view to drilling from 2011 onwards.

As described above, the EnCore deal also broadens and strengthens our opportunity base in the UK onshore and as operator we will look to progress planning for drilling of the Biscathorpe Prospect during the year.

A further onshore UK licence round is expected during 2010 and Egdon expects to participate in the round with a number of focused applications in our core areas.

France

France is a focus area for exploration for Egdon and further progress has been made in developing our assets in the country. The Company now holds interests in four French licences which contain a mix of oil and gas prospects with a range of risks from appraisal projects such as Grenade and Mimizan Nord to higher risk-reward exploration prospects like Audignon and Grand Cret.

A five year extension to the St. Laurent Permit in SW France was formally granted by the French authorities during April 2010. The licence will now expire in August 2013. Egdon is the operator and holds a 33.434% interest in the Permit. St Laurent contains the Grenade heavy oil discovery and the Audignon Prospect, a multi-TCF potential Triassic sandstone sub-salt gas prospect.

The Company has also applied for the Donzacq Permit adjacent to St. Laurent which contains the westerly extension of the Audignon Prospect as well as the Bastennes Gaujaq Prospect which also has TCF potential in the same play as Audignon. The competition period for this permit is over and Egdon now awaits formal award. As previously stated, Egdon will look for a specialist partner to carry the risk on these deep gas prospects.

Egdon have also been advised of the pending award of the Navacelles Permit located in the South East Basin of France where we have identified a series of large anticlines where previously drilled wells have demonstrated the presence of a significant gas column. Shale-gas potential has also been identified within the licence.

On completion of the EnCore transaction Egdon will also have rights in two further French permits - the Mairy Permit in the Eastern Paris Basin and the Nimes Permit in the South East Basin.

Outlook

With the assimilation of the acquired EnCore assets following completion during the next few months, Egdon will look to rationalise its enlarged portfolio to concentrate on those projects with the highest potential, lowest risk and those that best achieve our strategic objectives.

We look forward to achieving and hopefully exceeding our long-stated production objective of 500 boepd during 2010 with production expected from Ceres, Kedington, Avington, Kirklington, Waddock Cross, Kirkleatham and Dukes Wood during the year. This increasing production and resultant revenue stream along with the recent placing and access to a loan facility provides the Company with the cash resources to undertake further planned developments.

We will also look to advance our exploration plans through detailed technical and commercial analysis of our prospect portfolio and anticipate participating in the drilling of a total of at least 5 wells during 2010, the results of which will impact our longer term production and revenues.

Egdon will also look to leverage its extensive onshore acreage position to take advantage of the recent strong interest in

non-conventional plays such as shale-gas, oil-shales and Coal Bed Methane.

On behalf of the Board I would like to pay tribute to the hard work and endeavour of our Staff during the period under review.

Philip Stephens
Chairman
28 April 2010

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 January 2010

	Unaudited Six months ended 31-Jan-10	Unaudited Six months ended 31-Jan-09	Audited Year ended 31-Jul-09
	£'000	£'000	£'000
Continuing operations			
Revenue	498	305	880
Cost of sales - exploration costs written off and pre-licence costs	-	-	(151)
Cost of sales - other	(387)	(276)	(679)
Total cost of sales	(387)	(276)	(830)
Gross profit	111	29	50
Administrative expenses - negative goodwill arising on acquisition of subsidiary	-	-	63
Administrative expenses - other	(400)	(176)	(481)
Total administrative expense	(400)	(176)	(418)
Other operating income	69	43	54
Profit on disposal of property, plant and equipment	382	220	221
	162	116	(93)
Financial revenue	1	26	30
Finance costs	(14)	(9)	(21)
Profit/(Loss) before taxation	149	133	(84)
Taxation	-	-	-
Profit/(Loss) for the period	149	133	(84)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	149	133	(84)
Earnings per share – note 2			
Basic and diluted profit / (loss) per share	0.20p	0.19p	(0.12)p

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF FINANCIAL
POSITION

At 31 January 2010

	Notes	Unaudited 31-Jan-10 £'000	Unaudited 31-Jan-09 £'000	Audited 31-Jul-09 £'000
Non-current assets				
Intangible assets		5,859	4,918	5,697
Property, plant and equipment		2,613	1,693	2,481
Total non-current assets		8,472	6,611	8,178
Current assets				
Inventory		-	-	12
Trade and other receivables		933	429	438
Available for sale financial assets		50	50	50
Cash and cash equivalents	3	1,458	1,793	1,307
Total current assets		2,441	2,272	1,807
Current liabilities				
Trade and other payables		(1,155)	(226)	(311)
Net current assets		1,286	2,046	1,496
Total assets less current liabilities		9,758	8,657	9,674
Non-current liabilities				
Provision		(657)	(233)	(750)
Net assets		9,101	8,424	8,924
Shareholders' funds				
Share capital		7,548	6,861	7,548
Share premium		65	65	65
Share based payment reserve		58	-	30
Retained earnings		1,430	1,498	1,281
		9,101	8,424	8,924

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2010

	Unaudited Six months ended 31-Jan-10 £'000	Unaudited Six months ended 31-Jan-09 £'000	Audited Year ended 31-Jul-09 £'000
Cash flows from operating activities			
Profit/(loss) before tax	149	133	(84)
Adjustments for:			
Depreciation and impairment of fixed assets	117	81	339
Profit on disposal of property, plant and equipment	(382)	(220)	(221)
Negative goodwill	-	-	(63)
Decrease/(increase) in trade and other receivables	38	(35)	(45)
Decrease/(increase) in inventory	12	-	(12)
Increase/(decrease) in trade and other payables	70	(93)	(20)
Decrease in provisions	(1)	(16)	(6)
Gross profit on oil well testing	-	-	8
Finance costs	14	-	21
Financial revenue	(1)	(26)	(30)
Share based remuneration charge	28	-	30
Net cash flow from/(used in) operating activities	44	(176)	(83)
Investing activities			
Acquisition of subsidiary (net of cash acquired)	-	-	(22)
Interest received	1	26	30
Purchase of exploration and evaluation assets	(119)	(431)	(824)
Purchase of property, plant and equipment	(227)	(53)	(223)
Sale of intangible fixed assets	147	-	-
Sale of tangible fixed assets	305	260	262
Net cash flow from capital expenditure and financial investment	107	(198)	(777)
Financing activities			
Issue of shares	-	-	-
Costs associated with issue of shares	-	-	-
Net cash flow from financing	-	-	-
Net increase/(decrease) in cash and cash equivalents	151	(374)	(860)
Cash and cash equivalents at the start of the period	1,307	2,167	2,167
Cash and cash equivalents at the end of the period	1,458	1,793	1,307
Significant non-cash transactions comprised:			
Issue of equity share capital as consideration for the acquisition of subsidiary companies	-	-	687
Provision for liabilities in connection with acquisition of a subsidiary	(1)	-	101
Movement in decommissioning and reinstatement provisions	(106)	(25)	386
Unwinding of discounts on provisions	14	9	21

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2010

	Share capital	Merger reserve	Share premium	Share based payment reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2008	6,861	-	65	-	1,365	8,291
Total comprehensive income for the period	-	-	-	-	133	133
Balance at 31 January 2009	6,861	-	65	-	1,498	8,424
Total comprehensive income for the period	-	-	-	-	(217)	(217)
Issue of ordinary shares	687	-	-	-	-	687
Share option charge	-	-	-	30	-	30
Balance as at 31 July 2009	7,548	-	65	30	1,281	8,924
Total comprehensive income for the period	-	-	-	-	149	149
Share option charge	-	-	-	28	-	28
Balance as at 31 January 2010	7,548	-	65	58	1,430	9,101

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 The Wheat House, 98 High Street, Odiham, Hampshire, RG29 1LP.

This interim report was authorised for issue by the directors on the 28 April 2010.

Basis of preparation

The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards as adopted for use in the European Union.

Non-statutory accounts

The comparative figures for the year ended 31 July 2009 in this document do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The comparative figures for the year ended 31 July 2009 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. Those accounts received an unqualified audit report which did not contain statements under sections 498(2) or (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

Accounting policies

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

Except as described below, 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 2009.

The presentation of the financial statements has been modified in order to comply with IAS 1 (revised). However the revised standard has no impact on the reported results or financial position of the Group.

The Directors have reviewed the budget, projected cash flows, considered committed expenditure and based on this review are confident that the Group will have adequate financial resources to continue in existence for the foreseeable future. Consequently the Directors consider it appropriate to prepare the financial statements on the going concern basis.

2. Earnings per share

	Unaudited Six months ended 31-Jan-10	Unaudited Six months ended 31-Jan-09	Audited Year ended 31-Jul-09
	p	p	p
Basic	0.20	0.19	(0.12)

The basic earnings per share has been calculated on the profit on ordinary activities after taxation of £0.149m (January 2009: profit on ordinary activities after taxation of £0.133m; July 2009: loss on ordinary activities after taxation of £0.084m) divided by the weighted average number of ordinary shares in issue of 75,475,770 (January 2009: 68,614,340, July 2009: 71,283,718).

In accordance with IAS 33, diluted earnings per share calculations are not presented as assumed conversion of outstanding share options would be anti-dilutive.

3. Cash and cash equivalents

	Unaudited 31-Jan-10	Unaudited 31-Jan-09	Audited 31-Jul-09
	£'000	£'000	£'000
Cash at bank at floating interest rates	970	1,097	989
Restricted cash at bank	295	294	295
Other cash at bank	193	402	23
	1,458	1,793	1,307

Cash at bank at floating interest rates consisted of money market deposits which earn interest at rates set in advance for

periods up to three months by reference to Sterling LIBOR. Restricted cash at bank represents amounts lodged in support of guarantee commitments, earning interest at short term rates based on Sterling LIBOR.

4. Post balance sheet events

Drilling and Testing of the Kirklington-3 and 3z wells

On the 5 February the Company announced that Drilling operations at the Kirklington site commenced on 31 January 2010 and were completed on 10 February 2010. The Kirklington-3 well was drilled directionally using the BDF28 rig to a total depth of 821 metres and encountered the target Chatsworth Grit sandstone deeper than predicted and below the interpreted field oil water contact. As such the decision was made to curtail the drilling of the planned horizontal section and to cement back the well to allow the drilling of a sub-vertical sidetrack (Kirklington-3z) close to the original Kirklington-2 producer to gain additional data and enable restoration of field production.

The Kirklington-3z well was drilled to a total depth of 698 metres and encountered the Chatsworth Grit interval some 3.5 metres deeper than in the Kirklington-2 well which is located only 25 metres to the north-east. The reservoir was also thinner at 5.2 metres thick compared to 9.2 metres at Kirklington-2. Drill cuttings through the interval had oil staining and good oil shows. An open-hole completion was run in Kirklington-3z and the well was completed for pumped production of the Chatsworth Grit.

On 28 April the Company announced that since restoring the well to production on 13 March 2010 it has produced a total of 681 barrels of oil at an average daily rate of 24 bopd. Water cut during this period from the field was around 85%. This is nearly double the rate that was being achieved from the Kirklington-2 well just prior to drilling of the sidetrack. It was announced that it is intended to continue to produce the well and to look to optimise production operations over the coming months.

Signature of Kirkleatham Agreements

On 22 February 2010 the Company announced the execution of key commercial agreements in relation to the Kirkleatham gas field development in licence PEDL068.

The PEDL068 Joint Venture partners and Sembcorp Utilities (UK) Limited ("Sembcorp"), signed a series of agreements relating to the commercial terms of gas sales, the lease of a process site, the granting of wayleave rights for pipelines and for the operation and maintenance of the facilities on the Wilton site.

Under the terms of the Gas Sales Agreement all Kirkleatham gas will be sold to Sembcorp. Sembcorp has also been granted certain rights to participate in any future gas storage project that may be developed at Kirkleatham.

The Company also announced the appointment of Stockton-on-Tees based K Home International Limited ("KHI") as the Engineering, Procurement Services and Construction Management contractor for the Kirkleatham development project. KHI will manage the detailed design, procurement and construction phase of the development under the oversight of Egdon's engineering consultants and project managers Vision Oil & Gas of Guildford.

The Company also announced target for first gas as the start of the winter 2010 gas season.

Encore Transaction

On 22 March 2010 Egdon and EnCore Oil plc ("EnCore") executed a series of agreements in relation to the acquisition of certain of EnCore's UK and French assets by Egdon ("the Acquisition").

The package of assets to be acquired comprise EnCore's entire interest in nine onshore UK licences, two onshore French licences and an interest in the Ceres gas field in the Southern North Sea ("the Assets").

Licence	Location	Operator	Encore %	Encore entity holding the asset
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ONSHORE UK

PEDL068	Cleveland	Egdon	20%	EnCore Petroleum Limited
PEDL098	Wessex	Northern Petroleum	7.50%	EnCore plc
PEDL125	Weald	Northern Petroleum	10%	EnCore plc
PEDL126	Weald	Northern Petroleum	10%	EnCore plc
PEDL154	Weald	Northern Petroleum	10%	EnCore plc
PEDL155	Weald	Northern Petroleum	10%	EnCore plc
PEDL256	Weald	Northern Petroleum	7.50%	EnCore plc
PEDL240	Wessex	Northern Petroleum	7.50%	EnCore plc
PEDL253	Humber	Encore	60%	Encore Petroleum Limited

SOUTHERN NORTH SEA ("SNS")				
47/9c	SNS	Venture	5%	EnCore (NNS) Limited
47/9c	SNS	Venture	5%	EnCore Petroleum Limited
ONSHORE FRANCE				
Mairy	Paris Basin	Lundin	30%	EnCore (E&P) Limited
Nimes	SE Basin	Encore	100%	EnCore (E&P) Limited

As consideration for the Acquisition, Egdon agreed to issue 39,200,000 Ordinary Shares to EnCore (the "Consideration Shares"), which will represent 29.998 per cent. of the enlarged share capital of the Company following completion and in addition to pay £100,000 in cash. The total consideration values the Assets at £5 million.

Other terms of the transaction include:

Non-Compete Arrangements — under which, other than by agreement, Egdon will restrict its offshore activities in the UK to operations in the immediate area of Ceres and EnCore will restrict its onshore operations in the UK and France to the area adjoining its Merrow prospect on the eastern margin of the Irish Sea.

Lock-in Arrangements — whereby EnCore and certain of its subsidiaries have undertaken not to dispose of any Consideration Shares for a period of 12 months from the date of their admission to trading on AIM (the "Lock-in Period"). EnCore has also agreed to orderly market provisions for a further period of 12 months following the Lock-in Period.

Technical Services Agreement — whereby EnCore and Egdon have agreed to provide each other with certain services in connection with each of their businesses and the development of the Assets following the Acquisition.

Facility Agreement — under which EnCore has agreed to provide Egdon with access to an unsecured loan facility for the purpose of exploration and development activities of Egdon and its affiliates. The Facility Agreement provides a term loan facility for a period of two years in an aggregate amount equal to £1,500,000 which can be drawn down at the request of Egdon in tranches of £250,000 at an interest rate of 10% or LIBOR plus 5% if greater.

Board Representation — whereby EnCore will have a right to appoint a non-executive director to the Egdon Board on completion of the Acquisition, and for a period of five years thereafter, provided that either it holds 15 per cent. or more of the share capital of Egdon or it is the largest shareholder of the Company. It is currently anticipated that the nominee will be Alan Booth, EnCore's Chief Executive Officer.

Shareholder approval for the transaction was gained at the EGM on 6 April 2010. However, the transfer to Egdon of EnCore's UK onshore licences and interest in Ceres is subject to regulatory approvals from the Department of Energy and Climate Change (DECC), and approval from the joint venture partners on each licence.

In addition French regulatory consent will be required for the sale of the subsidiary holding EnCore's French licences.

The Ceres interests will be held in two Egdon subsidiaries 5% in Egdon Resources U.K. Limited and 5% in Egdon Resources Ceres Limited.

Placing

On the 22 March 2010 the Company announced the conditional placing of 16,000,000 Ordinary Shares at a price of 12.5 pence per Ordinary Share with institutional and other investors to raise £2 million before costs. Following approval by shareholders at the EGM on 6 April 2010 the shares were admitted to the London Stock Exchange at 8.00 a.m. on 7 April 2010. Following admission the total number of Egdon Ordinary Shares in issue is 91,475,774

Drilling of the Keddington-3 and 3Z wells

On 28 April Egdon provided an update on the drilling operations at Keddington as follows. On 1 April 2010, operations began on the Keddington-3 sidetrack at the Keddington Oil Field site in licence PEDL005(Remainder). The Keddington-3 well was planned as a re-entry and horizontal sidetrack from the Keddington-2y "donor" well which was drilled by former licensee Roc Oil in 2000. Following plugging-back of the existing well, drilling of the sidetrack commenced at 20.00 hours on 6 April from a kick-off depth of 2250 metres. The well was drilled directionally and reached a total depth of 2728 metres on 15 April 2010. Approximately 126 metres of sandstone was encountered in the upper part of the well including 117 metres of Unit 1 sandstone which had elevated mud gas readings indicating the presence of oil. Elevated gas readings of 26% were encountered in sandstone at 2715 metres measured depth which are interpreted as the gas bearing Namurian sequence which is developed below the oil productive zones at the Keddington Field. To isolate this gas sand and to penetrate further oil productive sandstone it was decided to set a cement plug below the penetrated Unit 1 sandstone interval and to drill a further sidetrack, Keddington-3z, from a depth of 2563 metres. The Keddington-3z sidetrack was drilled to a total depth of 2854 metres and encountered a further 109 metres of Unit 1 sandstone with elevated mud gas levels.

A slotted liner was run in the well which has now been completed for pumped production and will be placed on production using the existing surface facilities as soon as the site is reinstated. Production from the adjacent Keddington-1z well

was suspended for safety reasons during the drilling and will also be restarted. It is anticipated that production from both wells will commence in approximately 3 weeks.

The commencement of drilling operations at Keddington triggered the payment of £50,000 from Terrain as the final part of the consideration for the acquisition of its interest in the licence.

Award of St Laurent Permit Extension

On 28 April 2010 the Company announced that it had been advised that its request for a five year extension to the St Laurent Permit in SW France had been formally granted by the French authorities. The licence will now expire on 21st August 2013. Egdon's wholly owned subsidiary Egdon Resources (New Ventures) Limited is the operator and holds a 33.434% interest in the permit.

Dukes Wood Production Test

On 28 April 2010 the Company announced the results of the production testing operations at the Dukes Wood-1 well site. The Dukes Wood-1 well, drilled in licence PEDL118 during January 2010, was completed for production from a 5 metre perforated interval in the Ashover Grit Unit 5 interval. Production operations began at the Dukes Wood-1 well on 12 March 2010. Up until 9 April the well had produced a total of 537 barrels of oil at an average daily rate of approximately 20 bopd. As expected the water production was high with the associated water cut representing 85% of the average daily production of 130 barrels of fluid indicating good reservoir properties.

The test of the Ashover Grit Unit 5 will be completed during May once sufficient production data has been gathered for future planning. Four other intervals of interest were identified in the well, the Sub-Alton Crawshaw, Loxley Edge Rock, Ashover Grit Unit 4 and Wingfield Flags. The total potential net oil pay across all formations is over 26 metres.

Egdon has consent for an Extended Well Test of up to six months duration and it is intended to perforate and test additional intervals over the coming months to determine the commerciality of the well and to assist with planning further wells on the field.

5. Dividend

The Directors do not recommend payment of a dividend.

6. Publication of the Interim Report

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