



# EGDON RESOURCES PLC

Interim Results for the six  
months to 31 January 2008

30 April 2008



- **De-merged Oil and Gas Exploration and Production business of “Egdon Resources Plc”**
- **AIM listed under the code EDR**
- **67,801,840 Ordinary 10p Shares in issue**
- **Market Cap at close on 29 April 2008 was c. £12.0 million**
- **Management Team**
  - ⇒ **Mark Abbott** – Managing Director
  - ⇒ **Philip Stephens** – Non-Exec Chairman
  - ⇒ **Walter Roberts** – Company Secretary and Non-Executive Director
  - ⇒ **Andrew Hindle** – Non-Executive Director
  - ⇒ **Ken Ratcliff** - Non-Executive Director
  - ⇒ **John Rix** – Non-executive Director



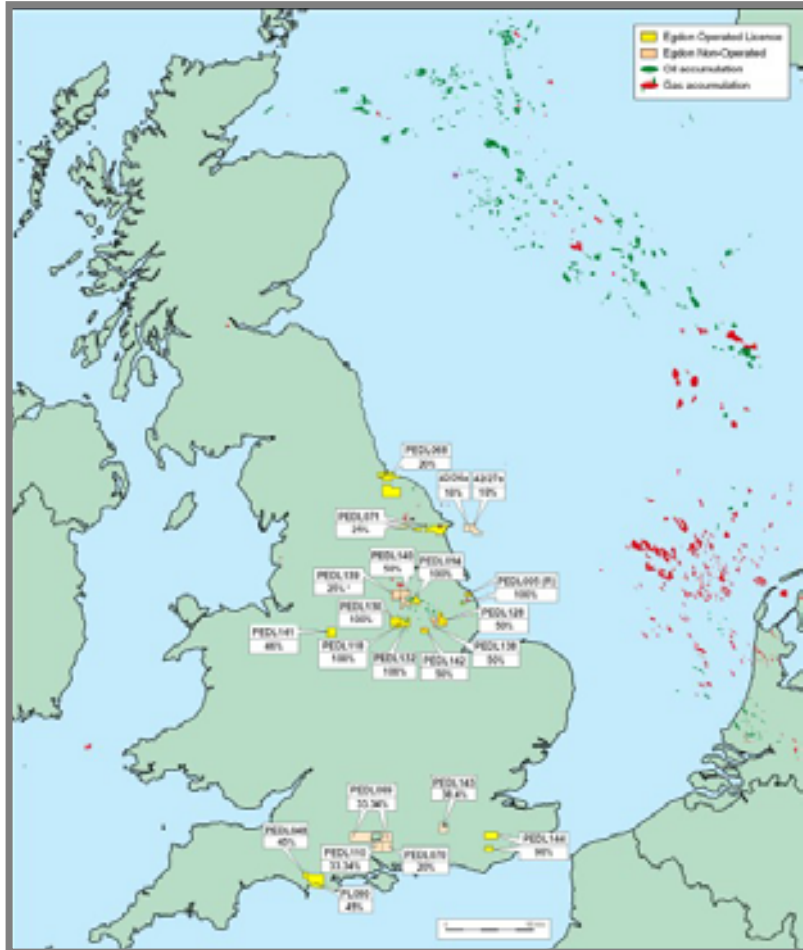
**Financial and Corporate Highlights**

- **Successful admission of “new” Egdon Resources plc to AIM on 17 January 2008, following demerger of gas storage business, Portland Gas plc**
- **First revenues from oil production received in the period totalling £758,000 (2007 - Nil)**
- **Loss for period for continuing operations of £1,494,000 (2007: £247,000) (after demerger expense of £420,000 and dry-well write-offs of £1,000,000)**
- **Loss per share for period for continuing operations of 2.23p (2007: 0.40p)**
- **Completion of an institutional placing during September 2007 to raise £4.8 million net of expenses with £4.0 million for Portland Gas**
- **Net funds as at 31 January 2008 £3.3 million (31 January 2007: £11.8 million)**



**Operational Highlights**

- **First sustained production from the Keddington oil field – totalling 6,147 barrels during period**
- **Extended well test completed on Avington-3z well – further test-production and appraisal planned for summer 2008**
- **Acquisition of four licences from Stag Energy Limited - includes the Eakring-Dukes Wood rejuvenation project**
- **Portfolio of 21 licences in UK and France**
- **New licence applications pending in UK onshore and France**
- **Wells drilled at Burton Agnes-1, Grenade-3 and Tees Prospect during the period**



- **21 Licences in the UK and France**
- **1 Producing Field, Keddington (c. 50 bopd)**
- **1 due for test- production 2008** Avington
- **4 Fields in Appraisal/Pre-Development Stage**  
Kirkleatham, Waddock Cross, Grenade, Nooks Farm
- **1 MMBOE of Proved and Probable Reserves\***
- **7 MMBOE Best Estimate Contingent Resources\***
- **c. 104 MMBOE of Prospective Resources (Unrisked) in 40 Prospects**

\*Figures as per RPS Troy-Ikoda Independent Review dated 16 December 2004  
\*Prospective resources are Company estimates





“To date Egdon has been mainly an Exploration Company – it is now developing into a rounded upstream company. This will require a short term re-balancing of priorities with focus being given to development and production. Revenues will be used to drill a balance of appraisal and exploration wells (including high risk/reward company making prospects) generated through an active new ventures and exploration programme to add shareholder value.”

- **De-merger provides clear focus on developing E&P business**
- **Maintain Geographical focus : UK Onshore, Onshore France longer term onshore Europe**
- **Production and revenue growth**
  - ⇒ Optimise Keddington Production
  - ⇒ Development/Appraisal of existing discoveries – Avington, Kirkleatham, Waddock Cross, Grenade, Nooks Farm
  - ⇒ Target of 250 bopd by end 2008
- **Reserve growth**
  - ⇒ Drill the best of a portfolio of 40 oil and gas prospects
  - ⇒ New licence additions through UK 13<sup>th</sup> Landward Licensing Round and applications in France
- **Pro-active management of exploration portfolio**
  - ⇒ Farm-out, farm-in, asset acquisitions and sales – production acquisition

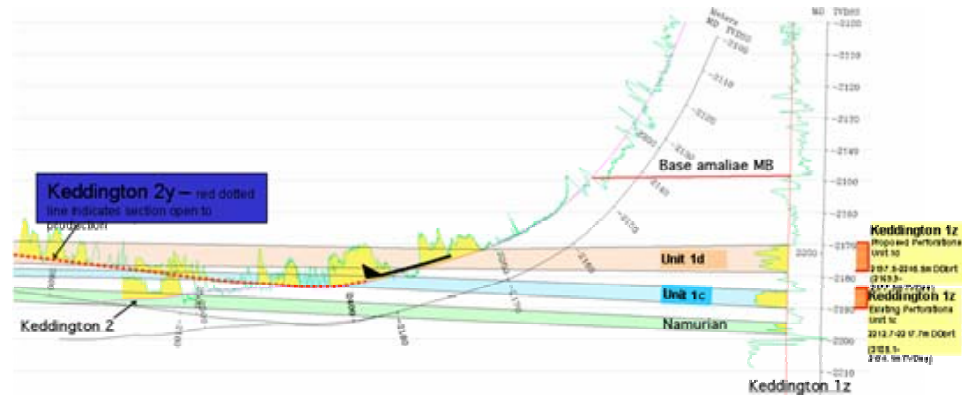
## 2008 Drilling and Development Programme

“ The Company has an active 2008 work programme designed to increase production, revenue and asset value of the company resulting in a strong 2008 news flow.”

- Optimise production from Keddington Oil field
  - Avington oil field test-production and appraisal
  - Kirkleatham gas field development and gas storage appraisal
  - Waddock Cross testing and field development
  - Eakring-Dukes Wood oil field rejuvenation
  - ?Grenade Heavy Oil field appraisal
  - Holmwood Exploration Well
  - Winfrith Exploraiton Well
  - ?Burton Agnes 1z sidetrack
- 
- Organic growth of Prospect inventory through technical work
    - ⇒e.g. Goudhurst, Audignon Ridge, North Somercotes & Westerdale-2 prospects
  - New Project Development – Licence applications in UK 13<sup>th</sup> Round and onshore France
  - Rationalisation of existing licence holdings to retain highest potential areas
  - Asset & Company acquisitions



## Optimise Keddington Oil Production



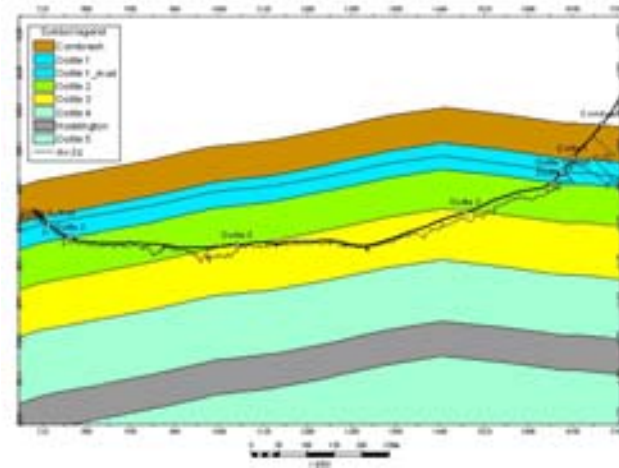
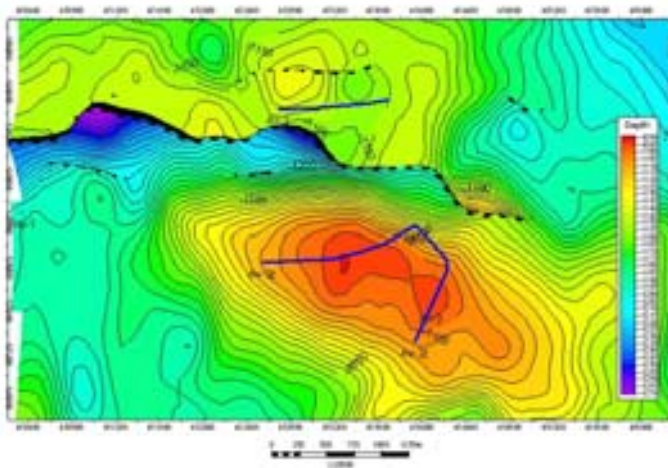
### Keddington Oil Field (PEDL005 (Remainder) – 100% Operated Interest)

- Purchased from Roc Oil (GB) Ltd for £250,000 during April 2007
- Two wells with production from Carboniferous sandstones at 2180 metres
- Workover of the Keddington-1z completed June 2007 resulted in sustained pumped production of 40 bopd
- Test of free-flowing production from Keddington-2y January 2008 = average 40 bbls every 3-5 days
- Optimise revenue by installation of gas engine during 2008 to utilise currently flared gas (reduce OPEX)
- 2008 production is expected to average 50 bopd (6,147 bbls produced to 31 January 2008)
- Total field production of 178,000 barrels represents small percentage (4%) of mapped oil in place (STOIIP of c. 4.4 MMstb) = Potential for additional well (sidetrack of 2y well) being investigated

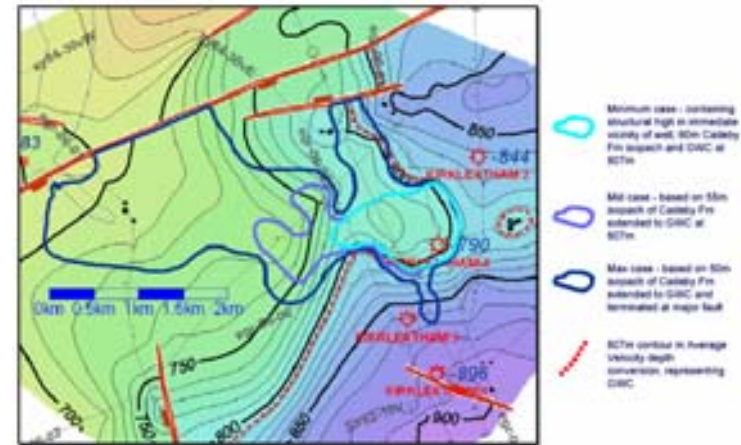
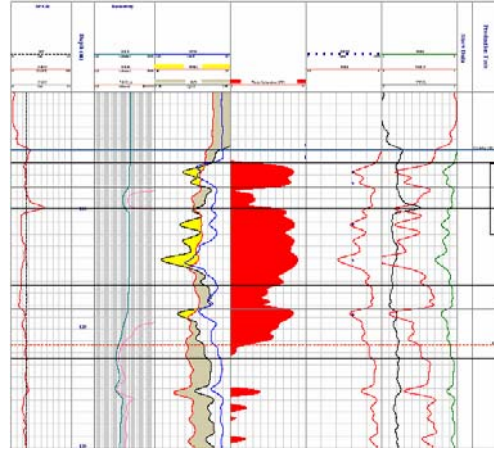


### Avington Oil Discovery (PEDL070 – Egdon 20% interest)

- Extended Well Test of Avington-3z horizontal well completed currently shut-in on pressure build-up
- Production of 12,240 bbls net to Egdon during EWT
- Operator Star Energy plc has submitted applications for further test production from Avington-2z and Avington-3z and 2 additional appraisal wells
- We currently estimate average production of 40-50 bopd net Egdon in 2008, increasing in 2009
- Plans for drilling of a well into the northern fault block are being considered for 2009 to prove further reserves and add to production volumes



Kirkleatham Gas Field Development and Gas Storage Appraisal



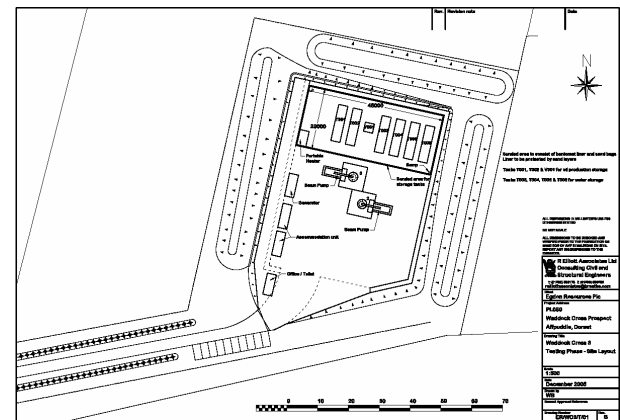
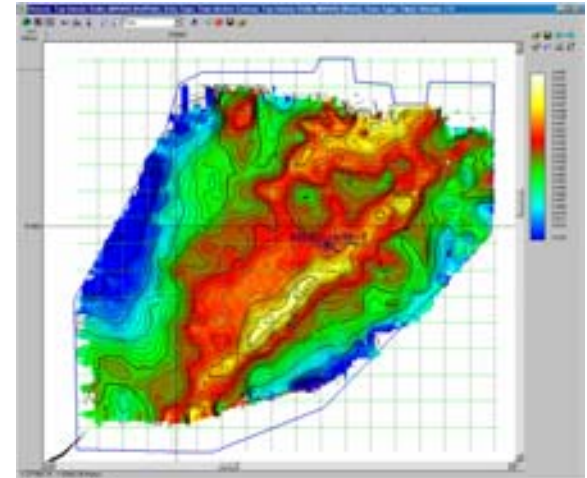
**Kirkleatham Gas Discovery (PEDL068 – 20% Operated Interest)**

- Gas discovery in Cadeby Formation limestones made in Kirkleatham-4 exploration well (January 2006), flowed at 5 MMscf/d from a 6m perforated interval at top of reservoir
- Gross gas column of 19 m
- GIIP in the range of 2-15 Bcf in stratigraphic trap
- Gas Storage feasibility undertaken
- 2008 = gas sales agreement, development approvals and construction of infrastructure
- Winter 2008 production and cash flow

## Waddock Cross Testing and Field Development

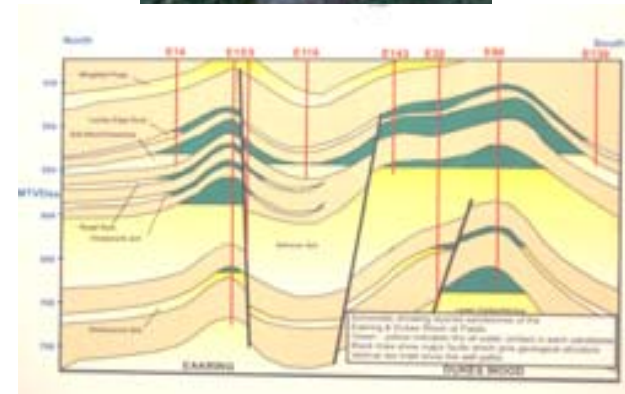
### Waddock Cross Oil Discovery (PL090 – 45% Operated Interest)

- Bridport Sandstone oil discovery in large low-relief 4 way dip-closed structure
- Large mapped STOIP of up to 40 MMstb
- Proved and Probable reserves (net Egdon) of 0.7 MMstb
- Egdon have drilled two wells on the field:
  - Waddock Cross-2 vertical well which was completed as a dual producer and water injector. Max flow rate of 31 bopd at high water cut.
  - Waddock Cross-3 horizontal well with 695 m section in cycle 3 of the Bridport sandstone flowed at rates of 270 to 400 bbls per day with oil at 12% (32-48 bopd)
- A six month Extended Well Test is planned for 2008
- Anticipated net Egdon production of c. 35 bopd



### Eakring-Dukes Wood Abandoned Oil Field (PEDL118 – 100% Operated Interest)

- Purchased from Stag Energy Limited during October 2007 for £55,000 plus 5% royalty
- Eakring-Dukes Wood was produced 6.5 MMstb from 1940 to 1966. STOIP of 25.6 MMstb (25% recovery). Peak production 1600 bopd
- By-pass pay, un-drilled highs and un-produced reservoirs identified
- Planning in place for the Eakring North prospect, un-drilled high STOIP in the range 1.0 to 2.1 MMstb.
- Drill site identified and planning to be submitted in June 2008 for Dukes Wood field where oil recharge and attic oil are anticipated
- Un-produced Wingfield Flags reservoir with potential oil in place of 9 to 12 MMstb. EOR techniques will be required to produce this reservoir in the longer term
- Drilling to be undertaken during Q4 2008
- Production during 2009

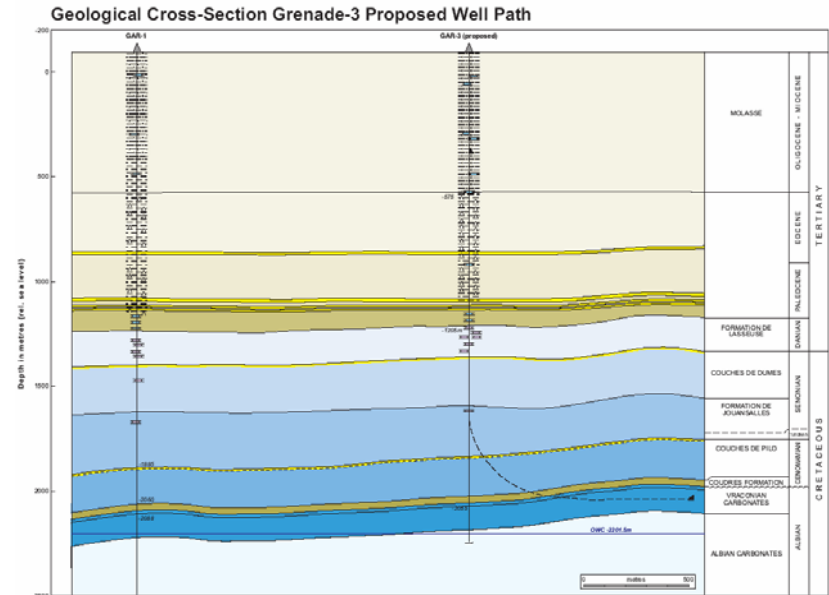




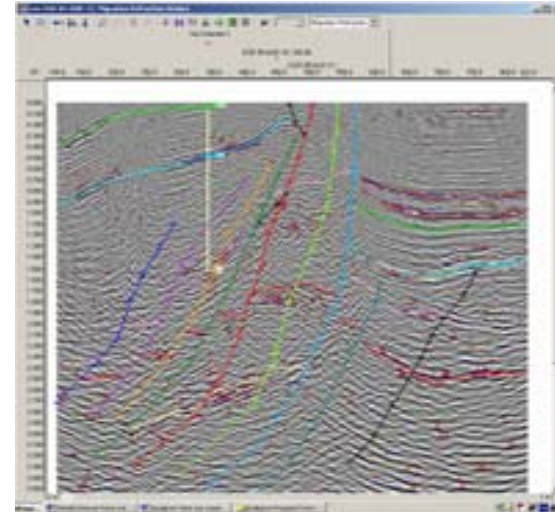
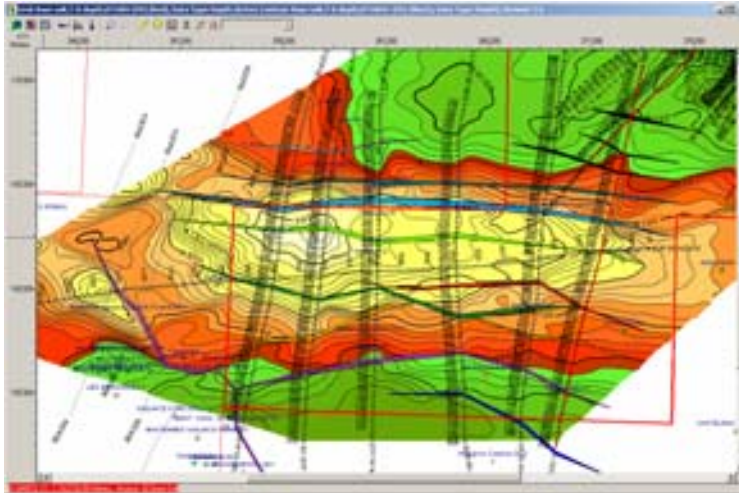
## Grenade Heavy Oil Field Appraisal

### Grenade Heavy oil accumulation - (St Laurent Permit - SW France - 33.423% Operated Interest)

- Appraisal of 1975 heavy oil discovery, Grenade-sur-Adour-1 = 97 metre column of 10° API oil
- Grenade-3 (GAR3) well defined the eastern limit of the field
- Large three-way up-dip pinch-out of the reservoir to form a stratigraphic trap
- Oil in place currently being reviewed in light of GAR3 but anticipated at c. 100 MMstb
- Base recovery is expected to be between 2 and 5%
- Field Development plan = Quadrise fuels MSAR technology = light crude + fuel = electricity + CO<sub>2</sub> = EOR
- GAR3 well is suspended for potential sidetrack pending outcome of technical and commercial review of Grenade heavy oil field
- St Laurent Permit renewal submitted for a five year period



“The Audignon Prospect is an example of the higher risk – higher reward opportunities within Egdon’s portfolio – a potential ‘Company Maker’ ”



### **Audignon ridge Play (St Laurent – 33.34% Operated Interest)**

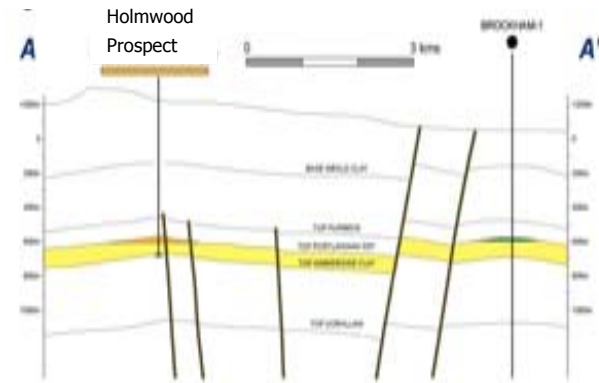
- Multi-TCF (up to 3.9 TCF gross) GIIP sub-salt gas lead on margins of major gas producing basin containing the Giant Lacq gas field
- Additional seismic reprocessing and pre-stack depth migration during 2008
- Farm-out of well



## 2008 Exploration Drilling – Holmwood and Winfrith

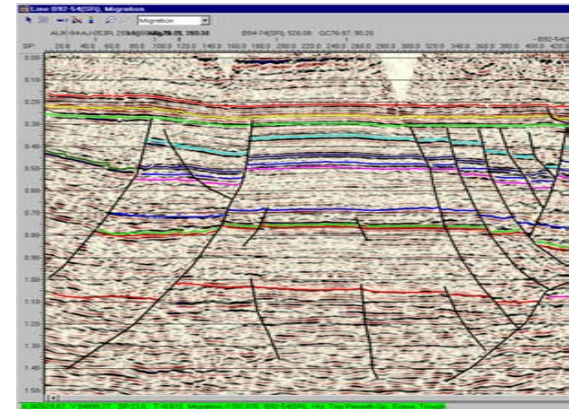
### Holmwood-1 (PEDL143 - 38.4% Interest)

- Holmwood is a robust anticline located between known gas and oil accumulations
- Egdon Best Estimate Prospective Resources of 16.6 Bcf
- A planning application for the well supported by an Environmental Impact Assessment and Environmental Statement been submitted and are being considered by Surrey County Council
- Subject to a successful outcome to planning it is hoped that the Holmwood-1 well will be drilled during Q4 2008



### Winfrith-1 (PL090 - 45% Operated Interest)

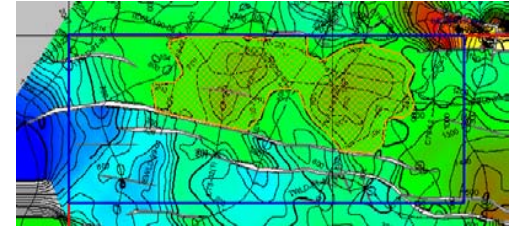
- Winfrith is a fault-bound anticlinal structure targeting the Sherwood Sandstone in the Wessex Basin
- The prospect is located approximately 10km to the west of the Wytch Farm giant oil field in Dorset
- Egdon Best Estimate Prospective Resources of 1.64 MMstb have been independently reported
- A site is being sought and a planning application for the well is currently being prepared, it is hoped to drill the well in Q4 2008 or Q1 2009.



## Example of New UK Prospects and Projects

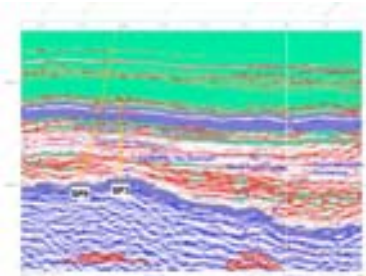
### **Goudhurst Prospect (PEDL144 – 96% Operated Interest)**

- Large low-relief anticlinal structure in the Weald Basin (Egdon best estimate of prospective resources of 7 MMstb)
- Reprocessing seismic to reduce risk and define drilling location



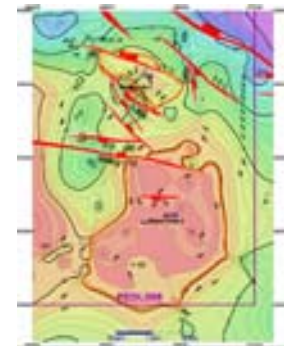
### **North Somercotes Prospect (PEDL005(R) - 100% operated interest)**

- Gas prospect down-dip of Saltfleetby gas field with Egdon Prospective resources of up to 12 Bcf GIIP
- Planning application for site lapsed, prospect being reviewed



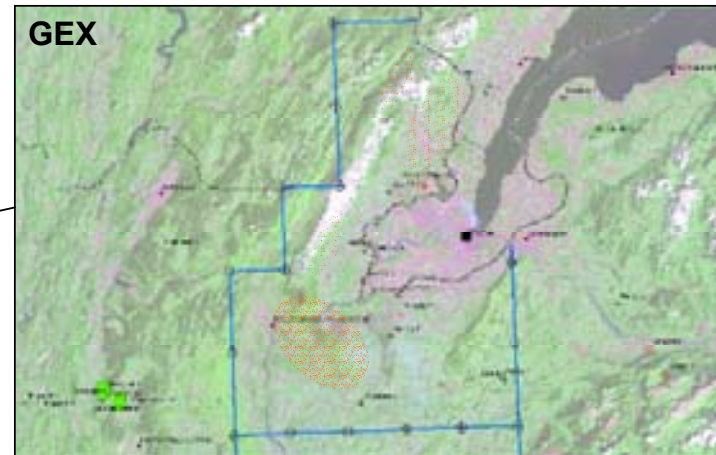
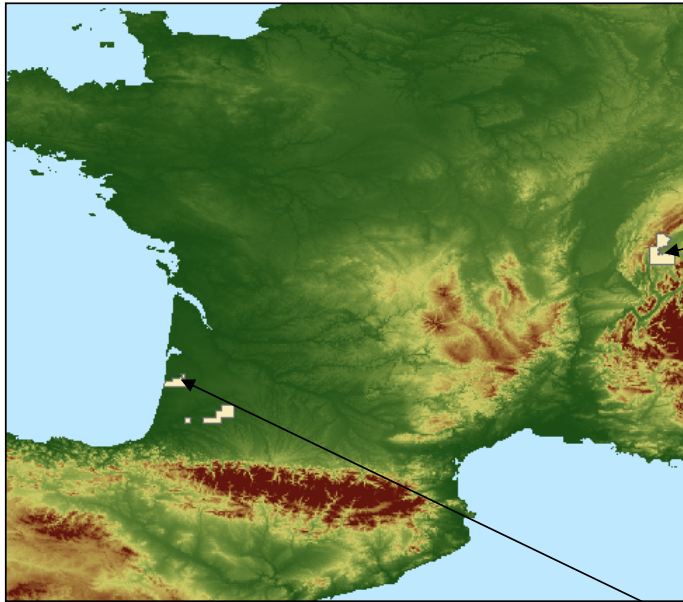
### **Westerdale /Ralph Cross Prospect (PEDL068 – 20% operated interest)**

- Structural High tested by Ralph Cross-1 well, 12 Bcf Best Estimate Prospective Resources
- Currently developing planning application and reviewing development options





## France New Licence Applications



- New applications are pending in France
- Mix of prospectivity – rejuvenation, exploitation and exploration
- “Pontenx” has counter application from Vermilion likely “award” within next two months
- Gex is likely to be “awarded” in late summer



- **De-merger provides clear focus on developing E&P business**
- **Maintain Geographical focus : UK Onshore and Onshore France**
- **Production and revenue growth**
  - ⇒ Active 2008 work programme identified
  - ⇒ Optimise Keddington Production (increase production, reduce costs and identify additional drilling locations)
  - ⇒ Appraisal and development activity at Avington, Kirkleatham, Eakring-Dukes Wood, Waddock Cross, Grenade, Nooks Farm
  - ⇒ Target of 250 bopd by end 2008
- **Reserve growth**
  - ⇒ Active exploration drilling programme planned (Holmwood, Winfrith, etc.)
  - ⇒ Ongoing technical evaluation = additional prospective resource identification (e.g. Audignon)
  - ⇒ Move to farm-out higher risk prospects to accelerate activity and reduce portfolio risk
- **Pro-active management of exploration portfolio**
  - ⇒ 13<sup>th</sup> Onshore Licensing Round, French Applications pending, possible M&A activity
  - ⇒ Rationalise existing licences to retain only the most prospective areas
- **Strong 2008 news flow**



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m = 1,000; mm = 1,000,000; b = 1,000,000,000

“Bbls” or “bbls” – barrels of oil

“mmcf” – million cubic feet of gas

“BScf” or “Bcf” – billion cubic feet of gas

“mmcm” – million cubic metres of gas

“MMstb” or “mmbo” – million barrels of oil

“mboe” – million barrels of oil equivalent

“STOIIP” – Stock Tank Oil Initially in Place

“GIIP” – Gas initially in place

“Contingent Resources” are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable

“Possible reserves” are those unproved reserves which analysis of geological and Reserves engineering data suggests are less likely to be recoverable than probable reserves. In this context, when probabilistic methods are used, there should be at least a 10 per cent probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable plus possible reserves

“Probable reserves” are those unproved reserves which analysis of geological and Reserves engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50 per cent probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves

“Prospect” a specific un-drilled hydrocarbon trap which has been identified and sufficiently defined for potential hydrocarbon volumes and geological risks to be estimated

“Prospective Resources” are those quantities of petroleum which are estimated, on a given Resources date, to be potentially recoverable from undiscovered accumulations

“Proved reserves” are those quantities of petroleum which, by analysis of geological and Reserves engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 per cent probability that the quantities actually recovered will equal or exceed the estimate

“Reserves” are those quantities of petroleum which are anticipated to be commercially recovered from known accumulations from a given date forward

“Unrisked” When referring to undiscovered hydrocarbon in place or Prospective Resources associated with a Prospect, volumes which have not been reduced to account for the geologic probability of encountering hydrocarbon in the that Prospect. When referring to Contingent Resources, volumes which have not been reduced to account for the probability of commercial development.