



15 October 2009

**EGDON RESOURCES PLC**

("Egdon" or "the Company")

**Sale of Licence Interests to Terrain Energy Limited**

*Egdon farms down selected UK onshore interests for a consideration of £687,500*

Egdon Resources plc (AIM:EDR) is pleased to announce that the Company has reached agreement to sell a package of interests in four onshore UK licences to Terrain Energy Limited ("Terrain"). The interests to be acquired are all located in the East Midlands and comprise of a 15% interest in PEDL005 (Remainder), and 25% interests in PEDL203, PEDL118 and PEDL206 respectively. Following completion Egdon will hold a 75% operated interest in all of these licences.

The total value of the transaction to Egdon will be £687,500, with £450,000 payable in cash on completion and a further £237,500 payable on a staged basis on commencement of specific drilling activity on licences PEDL005(Remainder), PEDL118 and PEDL203. From completion, Terrain will also be paying its share of all expenses and receiving its share of all revenues from the licences.

PEDL005 (Remainder) contains the producing Keddington oil field and the North Somercotes gas prospect. It is intended to drill a sidetrack of the Keddington 2y well later in 2009 and a planning application is currently being prepared for an exploration well at North Somercotes. PEDL203 contains the producing Kirklington oil field where a sidetrack well is planned to access additional oil reserves and boost daily production rates from the field. PEDL118 contains the Eakring-Dukes Wood oil field which is the subject of a staged rejuvenation project where the Dukes Wood-1 well will complete drilling later in 2009. PEDL206 is a 13<sup>th</sup> Round exploration licence containing the abandoned Kelham and Caunton oil fields and is under technical evaluation. A drill or drop decision will be made on this licence by 30 June 2011.

The transaction is subject to regulatory approval by the Department of Energy and Climate Change and in the case of PEDL005(Remainder) approval by licence partners.

Terrain Energy Limited is an exploration and production company set up to develop a portfolio of interests in the oil and gas producing basins of the onshore UK. The investors in Terrain are EIS funds and a Venture Capital Trust under the management or advice of Calculus Capital and the board of Terrain comprises individuals with considerable financial, operational and legal experience in the oil and gas sector.

Commenting on the transaction, Mark Abbott, Managing Director of Egdon said;

*"We are pleased to welcome Terrain Energy as a partner on these licences. As previously reported Egdon had been looking to farm-out interests in the Eakring-Dukes Wood and Kirklington projects where we held a 100% interest and in the North Somercotes gas prospect where we held a 90% interest. This transaction introduces a partner capable of joining Egdon in developing these projects further and provides Egdon with additional cash resources to undertake its near-term work programme. "*

Commenting on the proposed investment, John Glencross, Managing Director of Calculus Capital said;

*"We are delighted that Terrain's first investment brings us into partnership with Egdon Resources. Egdon is an experienced and respected operator in the UK energy market and we look forward to working with them to further develop these fields."*

For further information please contact:

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**Notes for Editors**

**Egdon Resources plc**

Egdon Resources plc is an established UK-based exploration and production company primarily focused on onshore exploration and production in the hydrocarbon-producing basins of the UK and Europe.

Egdon holds interests in twenty four licences in the UK and France and has an active programme of exploration, appraisal and development within its balanced portfolio of oil and gas assets. Egdon is an approved operator in both the UK and France.

Egdon has production from the Keddington and Kirklington oil fields in the East Midlands and the Avington oil field in Hampshire. Further oil and gas production is anticipated from Eakring-Dukes Wood and Waddock Cross during 2009 with Kirkleatham to follow in 2010.

Egdon Resources plc listed on AIM in January 2008, following the demerger of its gas storage business, Portland Gas plc. The pre-demerged business was formed in 1997 and listed on AIM in December 2004.

[www.egdon-resources.com](http://www.egdon-resources.com)

In accordance with AIM rules - guidance for mining, oil and gas companies, the information contained in this announcement has been reviewed and signed off by the Managing Director of Egdon Resources plc Mark Abbott, a Geoscientist with over 23 years experience.