6 November 2013 **Embargoed for 7.00am**

EGDON RESOURCES PLC

(“Egdon” or “the Group” or “the Company”)

Final Results for the Year Ended 31 July 2013

Egdon Resources plc (AIM:EDR), the UK-based exploration and production company primarily focused on the hydrocarbon-producing basins of onshore UK and France, today announces its audited results for the year ended 31 July 2013.

Overview and Highlights

Operational Highlights

- Attributable production of 79,947 barrels of oil equivalent (2012: 45,656 barrels of oil equivalent)
- Drilled and completed wells at Huiron-1 and Nooks Farm
- Award of offshore licence (blocks 41/18 and 41/19), near-shore North Yorkshire containing significant gas discovery
- Material prospective shale-gas resources identified in PEDL139/140 where Egdon is carried for an exploration well
- Planning Consents received for; Burton on the Wolds (PEDL201), Wressle (PEDL180), Laughton (PEDL209) and Waddock Cross development (PL090)
- Acquired 77 km of 2D seismic data and identified four new conventional hydrocarbon leads in North East Lincolnshire (PEDL181)
- Favourable judgment at High Court for the Holmwood planning appeal (PEDL143)

Financial Highlights

- Oil and gas revenues during the period up 27.8% to £3.34 million (2012: £2.61 million)
- Loss for the period of £0.72 million (2012: £2.89 million loss)
- Impairment charge recognised of £0.56 million (31 July 2012: £3.15 million)
- Basic loss per share of 0.54p (31 July 2012: basic loss per share of 2.21p)
- Equity as at 31 July 2013 of £16.80 million (31 July 2012: £17.42 million)
- Cash at bank £2.01 million as at 31 July 2013 (31 July 2012: £3.33 million)
- Net current assets as at 31 July 2013 of £2.10 million (31 July 2012: £2.17 million)

Corporate/Transaction Highlights

- Farm-out and royalty reorganisation concluded for the Mairy Permit, France
- Farm-out arrangements concluded with Union Jack Oil plc for PEDL201 (5%), PEDL180 (8.33%), PEDL253 (6%) and PEDL241 (10%)
- Sale of 12.5% interest in PL090 and PEDL237 to Corfe Energy Limited for £500,000 and earn-in arrangements to re-acquire 6.25% interest
- Farm-in concluded to PEDL209 (60%) which contains the Laughton Prospect and potential for shale-gas resources elsewhere in the Licence

Commenting on the results and outlook, Philip Stephens, Chairman of Egdon said:

“This has been a period of considerable activity for Egdon. We have not only been able to report a significant increase in production but we have continued our strategy to manage our cash flow requirements through farm-outs and monetisation of non-core assets.

With initial production guidance over the coming year of 200 boepd, significant potential for our unconventional assets and multiple conventional exploration wells, the Board remain confident in the quality of our assets and their ability to deliver shareholder value.”

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Chairman's Review

I am pleased to say that the year to 31 July 2013 has seen progress in relation to a number of our key strategic objectives. We have pursued opportunities in both our conventional and unconventional portfolio where there is often synergy and overlap. We have continued to manage our financial and technical risk through our stated objective of farm-outs and monetisation of non-core assets in order to give us the ability to fund our core projects.

After many months of technical problems, the Ceres gas field was returned to stable production in November 2012 and along with continued production from our onshore oil fields (Keddington, Avington and Dukes Wood/Kirklington) the Company witnessed a 75% increase in attributable production.

During the year, Egdon has participated in the drilling of two wells; the Huiron-1 well in the Paris Basin and Nooks Farm-2 in Staffordshire, UK. At the time of reporting we are waiting to test at Nooks Farm-2 and the Huiron-1 well is suspended due to the full evaluation of the core and log data from the Jurassic and Triassic intervals.

We have delivered on our strategy to farm-out and reduce our technical and financial exposure on planned drilling and seismic activity during the period, with completed farm-out's or sales for the Mairy Permit in France and PEDL201, PEDL180, PEDL241, PEDL253, PEDL237 and PL090 in the UK. We are actively marketing further assets via farm-out and continue to engage in discussions in relation to monetising non-core assets and will update shareholders as matters develop.

Our patience was rewarded in April 2013 with the award of a new offshore North Yorkshire licence (P.1929) which contains a potentially substantial near-shore gas discovery (Best Estimate Prospective Resources of 150 billion cubic feet of gas "bcf"), which we plan to appraise, and if successful, develop using onshore to offshore drilling techniques. Our plan is to farm-out this key well during 2014 with a view to drilling late in 2014 or early in 2015.

The planning and regulatory regime in the UK continues to be challenging. The introduction of new Environment Agency ("EA") permitting requirements in 2013 under the EU Mines Waste Directive has resulted in an additional step being required prior to drilling and we have just submitted our first applications under this regime. However, against this backdrop we have made good progress in relation to planning matters, with the award of consents for three conventional exploration wells (Burton on the Wolds, Wressle and Laughton) and for the field development at Waddock Cross which commenced in September 2013. We are finalising plans to commence operations at Burton on the Wolds and Wressle around the end of the year, subject to the grant of the new EA permits and final rig timing.

During the year we were able to provide independent confirmation of the significant shale-gas potential in our Gainsborough Trough licences and we have increased our exposure to this play through a farm-in to PEDL209, where in parts of the licence we map an extension of the Upper Bowland-Hodder play. The Northern England shale-gas report by the British Geological Survey ("BGS") confirmed the significant potential for gas in place in this play and the underlying Lower Bowland-Hodder sequence in the area.

The past year has seen significant developments in relation to UK shale-gas. Encouragingly, we have seen positive signals from central Government in relation to shale-gas with approval for the resumption of hydraulic fracturing operations, consultation on tax incentives for shale-gas exploration, new guidance on the planning regime and the formation of the Office for Unconventional Gas and Oil. In addition, notwithstanding the introduction of the Mines Waste Permits, the EA made a commitment to streamline and simplify environmental regulation of onshore oil and gas activities.

Financial

Attributable revenue from oil and gas production during the year was up 27.8% to £3.34 million (2012: £2.61 million) on production of 79,947 barrels of oil equivalent (2012: 45,656 barrels). The Group recorded a loss after tax of £0.72 million for the period (2012: £2.89 million) after impairment charges of £0.56 million in respect of Dukes Wood/Kirklington. The 2012 figures included impairments of £3.15 million. Loss per share for the period was 0.54p (2012: loss of 2.21p).

As at 31 July 2013, the Group had net assets of £16.8 million (2012: £17.42 million). The Group ended the year with £2.01 million of cash and cash equivalents (2012: £3.33 million) and net current assets of £2.1 million (2012: £2.17 million).

In line with last year, the Directors do not recommend the payment of a dividend.

I draw your attention to Note 1 which refers to the assumptions which Directors have made in order to prepare the accounts on a going concern basis.

Corporate Activity and Portfolio Management

As at 31 July 2013 Egdon held interests in 30 licences in the UK and France (31 July 2012: 29) and were awaiting the award of one further licence, Donzacq in France. During the period we relinquished the Nimes Permit in France and were awarded P.1929 covering UK Offshore Blocks 41/18 and 41/19.

We have concluded a number of farm-outs during the period. In January 2013 we completed a farm-out to Hess Oil France and the restructuring of a royalty interest with Geoex Eastern Limited in the Mairy Permit in France which reduced our financial and risk exposure to the Huiron-1 well where we retained a 15% interest. We completed farm-outs to Union Jack Oil plc for a 5% interest in PEDL201, a 6% interest in PEDL253, a 10% interest in PEDL241, and an 8.33% interest in PEDL180. In each case Union Jack will pay a "two for one" promoted interest on the first exploration well.

Egdon sold a 12.5% interest in PL090 (excluding the Waddock Cross Field) and PEDL237 to Corfe Energy Limited for a cash consideration of £500,000. Under the agreement Egdon is able to earn back a 6.25% interest by paying for future work programme with the net financial effect being as if Egdon had benefitted from a "two for one" promote on the planned work programme on the licences.

During May 2013 Egdon agreed a farm-in to PEDL209 which adjoins PEDL140. Egdon will pay for the drilling of the Laughton-1 exploration well to earn a 60% interest in the licence. Laughton is a conventional prospect with gross Best Estimate Prospective Resources in the primary reservoir target of around 1 million barrels of oil close to existing production. The farm-in also increased Egdon's exposure to shale-gas potential in an area containing an extension of the "sweet spot" of the Gainsborough Trough shale-gas play.

Production

Egdon's production of 219 barrels of oil equivalent per day ("boepd") (2012: 125 boepd) during the period came from the Keddington, Avington, Dukes Wood/Kirklington and Ceres fields.

We are pleased to report that the Ceres gas field had largely uninterrupted production from November 2012 until the planned maintenance shut-down of July 2013. Eris remained offline during the period meaning that Ceres alone has been repaying the accumulated deficit of "back-out" gas which built up during the period of no production at Ceres/Eris. New arrangements to deal with this imbalance will mean that going forward Ceres will no longer be subject to "back-out" repayments with all gas being sales gas.

The Keddington oil field continued to produce oil and associated gas from two horizontal wells which are subject to natural decline in production rates. The planned gas to electricity project, although all consents were received, has been put on hold due to a reduction in gas production rates to levels below economic thresholds for the project. We anticipate the drilling of a further side-track well on the field next year to increase production.

The Avington oil field has continued on production during the period at levels above expectation and the licence holders continue to review options for additional side-track or new wells on the field to increase overall production.

The Dukes Wood/Kirklington fields were produced as a joint development during the period. The Dukes Wood-1 well has experienced problems with frequent pump failures and lower than expected overall oil rates and was shut-in during early 2013. Additional drilling locations are being evaluated to increase production from the combined field. However, an impairment of £0.56 million has been recognised in the period to reflect the reduced value of the combined fields.

Production operations at the Waddock Cross oil field in Dorset licence PL090 commenced post year-end.

Exploration and Appraisal

The best estimate of our contingent and prospective resources in the UK and France is c. 400 million barrels of oil equivalent ("mmboe") (2012: 350 mmboe) which highlights the significant potential for growth from our existing exploration portfolio.

Northern England comprises our main focus area and spans the East Midlands Petroleum Province and the gas prospective areas of the Cleveland Basin and Southern North Sea Gas Basin.

Abandonment and drilling operations have been completed at Nooks Farm. Egdon was carried for these works and we now await flow testing of the new well which was drilled on a 1982 gas discovery.

Planned exploration drilling activity will be focused in Northern England during 2013-14 with exploration wells at Wressle-1 and Burton on the Wolds-1 forming the first phase of our planned drilling programme. These exploration wells will target Net Egdon Best Estimate Prospective Resources of 1.77 million barrels of oil ("mmbls") and are expected to commence around the turn of the year. Further drilling at Laughton, Biscathorpe and North Kelsey would be part of a second phase of drilling, partly contingent upon planning and also funding via farm-out and available cash resources. These wells will target a further 10.6 mmbls of Net Egdon Best Estimate Prospective Resources.

A key focus for the Company during the coming year will be licence P.1929 (100%) located adjacent to the North Yorkshire coast which contains one of the earliest undeveloped hydrocarbon discoveries in the North Sea made by Total in 1966. Egdon will be upgrading the preliminary evaluation of the structure and looking to farm-out a well on this gas discovery during 2014 with a view to drilling late in 2014 or early in 2015.

Northern England contains Egdon's main identified unconventional potential and during the period we were able to report on the Gainsborough Trough licences PEDL139 and PEDL140 where the company holds a 13.5% carried interest. RPS Energy ("RPS") estimated mean net Egdon total gas in place ("GIIP") to be 1.76 trillion cubic feet ("tcf") within the Upper Bowland-Hodder unit in the licences. A report on potential shale-gas resources of Northern England by the BGS also highlighted the significant additional potential for the Lower Bowland-Hodder unit in these licences and PEDL209. We anticipate an exploration well will be drilled during late 2014 to evaluate the full sequence in the licences. Egdon are carried for this programme. The BGS report also highlights additional shale-gas potential in parts of Egdon's other licences. We are highly encouraged by the content of the report and continue to undertake our own detailed evaluation with the expectation of upgrading our resource estimates in due course.

In Southern England our near-term focus is on the Wessex Basin where Egdon has mapped a number of leads and prospects at various reservoir levels including the Sherwood Sandstone, the primary reservoir at the nearby Wytch Farm oilfield. A 3D seismic survey was acquired in September-October 2013 over the main prospective area with a view to finalising a potential drilling location.

In France, in the Mairy Permit, the Huiron–1 well was drilled during the period and is currently suspended. We continue with the farm-out of the Audignon Prospect, a high potential Triassic play in the St Laurent Permit in Southern France where a request for a three year licence extension was submitted during the period. The St Laurent licence group also continue to market a potential sale of the Grenade heavy oil accumulation and await the award of the Donzacq Permit.

Outlook

We have identified three key near-term objectives to drive shareholder value;

- a continued focus on maximising production rates and revenues from existing producing assets through targeted investment,
- adding additional reserves/production through an active exploration programme whilst managing risk and financial exposure through an active farm-out and divestment process,
- growing the Company's exposure to shale-gas and shale-oil exploration opportunities in the UK.

We expect attributable production for the coming year to be around 200 boepd with Ceres representing around 70% of this and the rest from Keddington, Avington and Waddock Cross.

Given the high level of interest and recent transactions in UK shale-gas, we expect our UK unconventional assets to be an increasing near-term value driver for the business. We will continue to upgrade our knowledge and resource estimates for our existing licences, expect to participate in the 14th UK Onshore Licensing Round during 2014 and will continue to review new opportunities for growth. The carried drilling on our Gainsborough Trough licences is now anticipated late in 2014, subject of course to receipt of the necessary consents.

Exploration remains a key growth driver for the business and we are planning to commence the drilling of conventional exploration wells at Wressle and Burton on the Wolds around the turn of the year targeting 1.77 mmbls net to Egdon. We are also developing drilling plans for 2014 with potential conventional exploration wells at Laughton, North Kelsey, Biscathorpe and elsewhere in 2014 and beyond.

We also continue to review opportunities for acquisition and consolidation within our sector as a route to developing materiality for the business.

We continue to manage our cash and look to match our activity with available resources, bolstered where possible through farm-outs and disposals of non-core assets as we look to focus on fewer higher potential projects. Given that our shares have continued to trade around or below the par value of 10p and to ensure we retain the flexibility to access the equity markets if required, we propose to restructure our shares to a 1p par value via a Special Resolution at the forthcoming AGM. Further details are set out in our AGM notice.

As always I would like to pay tribute to our small and hardworking team. Their endeavours have often meant long working hours and a commitment well beyond that normally expected. On behalf of the Board I thank them all for their continuing efforts.

We remain confident in the quality of our assets and their ability to deliver shareholder value in the short to medium term. Shareholders have continued to be patient and we hope that their patience will be rewarded in the coming year.

Philip Stephens
Chairman

Managing Director's Operational Review

I am pleased to provide shareholders with a review of operational developments during the period, an update on our assets, and a summary of our planned work programme for the coming period, with the key priorities and growth drivers highlighted.

The Company is focused on three core areas: "Northern England", which includes the East Midlands and our Cleveland Basin and offshore gas assets; "Southern England", with Avington production and exploration in the Wessex Basin; and "France", which will see a concentration on our high-impact Aquitaine Basin exploration opportunities.

As highlighted in the Chairman's Review we have made good progress with concluding farm-outs during the period and will continue with active marketing of our assets to manage risk and financial exposure on our planned drilling programme.

The past year has seen significant developments in relation to our UK unconventional strategy. Within our own portfolio we have reported a material shale-gas resource in our Gainsborough Trough acreage which has been independently assessed by RPS. Although initially focused on conventional drilling we have also added additional unconventional potential through our farm-in to PEDL209. The BGS report on the shale-gas potential of Northern England also highlighted potential in additional stratigraphic levels and in other licences within Egdon's portfolio. Of equal importance we have seen positive support from central Government in relation to exploration for shale-gas. In 2014 we hope to drill an exploration well in the Gainsborough Trough to obtain technical data in relation to this key potential growth area for the Company and we continue to evaluate other opportunities to increase our exposure to UK unconventional plays.

Egdon is an active member of the UK Onshore Operators Group ("UKOOG") which promotes best practice in relation to onshore oil and gas operations and engages with all stakeholders in relation to conventional and unconventional hydrocarbon issues.

As at 31 July 2013 Egdon's reported Proven and Probable oil reserves are estimated as 0.33 mmbls (2012: 0.42 mmbls). Our Proven and Probable gas reserves have reduced to 1.1 bcf (2012: 2.9 bcf) due to production and Kirkleatham and Nooks farm moving to Contingent Resources until drilling results are known.

The best estimate of our contingent and prospective resources in the UK and France is c.400 million barrels of oil equivalent ("mmboe") (2012: 350 mmboe) which highlights the significant potential for growth from our existing exploration portfolio.

UK

The UK is Egdon's primary business segment with 27 licences, 24 of which are onshore and 15 of which are operated. We have two broadly defined focus areas: Northern England and Southern England.

Northern England

Northern England comprises our main focus area (18 licences) and spans the East Midlands Petroleum Province and the gas prospective areas of the Cleveland Basin and Southern Gas Basin.

In the **East Midlands Petroleum Province** we have producing assets at Keddington and Dukes Wood/Kirklington, numerous identified drill-ready prospects and a developing high potential shale-gas exploration play in the Gainsborough Trough and elsewhere.

The **Keddington Oil Field** (PEDL005R – Egdon 75%) currently produces oil and associated gas from two wells (Keddington-4 and Keddington-3Z) at rates of 40–45 barrels of oil per day ("bopd") with the wells showing natural decline. The associated gas rates have reduced significantly during the last year to the point where we have delayed investment in the proposed gas to electricity project pending any further drilling. We continue to evaluate opportunities for additional drilling on the field during 2014 and beyond to increase production and total field recovery and will revisit the gas to electricity project once new wells are drilled.

The low risk **Louth Prospect**, located immediately adjacent to Keddington and defined on 3D seismic data, is mapped as containing 1.00 mmbls Net Egdon Best Estimate Prospective Resources. Negotiations for a suitable new drilling site are ongoing with a view to submission of a planning application and potential drilling possibly in 2014.

The **Dukes Wood**/**Kirklington** oil field (PEDL118 and PEDL203 – Egdon 50%) were produced as a joint development during the period. The Dukes Wood-1 well experienced problems with frequent pump failures and lower than predicted overall oil rates and has remained shut-in since early 2013. An impairment of £0.56 million has been recognised for the asset. Potential new drilling locations in areas of the Dukes Wood/Eakring field not previously produced (e.g. Eakring North Lead) and locations where producible oil remains are under evaluation with a view to agreeing a long-term growth plan for the field. In the meantime it is planned to produce Kirklington-3Z well on a stand-alone basis as economics allow.

The next exploration wells to be drilled by Egdon will be on the Burton on the Wolds and Wressle prospects. Planning Consent has been obtained during the period for both wells and we are in the process of fulfilling the various planning conditions and obtaining newly introduced Environment Agency permits for the sites with operations planned to commence around the turn of the year.

The **Burton on the Wolds** Prospect (PEDL201 – Egdon 32.5%) is located on the southern margin of the Widmerpool Gulf in Leicestershire. Egdon has farmed-out a 17.5% interest in the well on a promoted basis. The well, which will be drilled vertically to a depth of around 1,000 metres, will target Net Egdon Best Estimate Prospective Resources of 1.24 mmbls in two distinct Carboniferous stratigraphic levels. The shallower target, the Rempstone Sandstone, is productive at the nearby Rempstone oil field. A seismic anomaly, possibly indicative of a carbonate reef and untested in the basin, underlies the Rempstone Sandstone and provides a higher risk secondary target.

The **Wressle Prospect** (PEDL180 – Egdon 25%) is defined on proprietary 3D seismic data, which was acquired by Egdon in February 2012. The Prospect is located on trend with the producing Crosby Warren oil field and the Broughton-B1 oil discovery, both to the immediate North-West, and the Brigg-1 oil discovery to the immediate South-East. These contain oil in multiple Upper Carboniferous sandstone reservoirs. The Net Egdon Best Estimate Prospective Resources at Wressle, as calculated by Egdon, are estimated to be 0.53 mmbl. The planned well will be drilled as a deviated well to a total depth of about 2,300 metres with a maximum offset of approximately 1,250 metres. It has been designed to intersect all of the prospective sandstone reservoirs in a structurally favourable position near the crest of the Wressle structure.

The **Broughton Prospect** (PEDL182 - Egdon 33.33%) is located to the west of the 1984 Broughton-B1 well, which tested oil at rates of up to 40 bopd. The prospect is mapped as having Net Egdon Best Estimate Prospective Resources of 0.36 mmbls. Drilling will be dependent upon the results of the Wressle-1 well.

The **Biscathorpe** Prospect (PEDL253 – Egdon 54%) is located approximately 15 kilometres to the west of the Keddington oil field. Oil was discovered but not tested in a thin sand unit in the Biscathorpe-1 well drilled by BP in 1987. The sand unit is predicted to thicken off the crest of the structure and there is also potential for stratigraphic trapping which could increase the expected prospective reserves from the Net Egdon Best Estimate case of 7.62 mmbls. Egdon farmed out a 6% interest in the licence to Union Jack Oil plc on a two for one basis. A planning application for a new well was submitted in the summer of 2013 and is currently being considered. It is intended to further farm-out the Biscathorpe Prospect prior to drilling in 2014, subject to planning.

The **North Kelsey Prospect** (PEDL241 – Egdon 40%) is a structural trap mapped on 3D seismic and has potential for up to four stacked reservoir intervals, namely the Chatsworth, Beacon Hill, Ravensthorpe and Santon sandstones. Net Egdon Best Estimate Prospective Resources are 2.4 mmbls. Egdon have farmed-out a 10% interest to Union Jack Oil plc who will pay 20% of the cost of the North Kelsey well. Subject to planning it is hoped that a vertical well to test multiple reservoir targets could be drilled in 2014.

Egdon has farmed-in to PEDL209 (Egdon 60%) which contains the **Laughton Prospect**. Egdon will earn a 60% interest in the licence in return for paying 100% of the cost of the Laughton-1 exploration well. The Laughton Prospect is a structural trap defined on 2D seismic data with the primary objective being the Silkstone Rock, an approximately 15 metres thick sandstone interval which is productive in the Corringham oil field five kilometres to the South-East. Egdon currently estimate net Egdon Best Estimate Prospective Resources of 0.6 mmbl. Egdon expects to drill the well during 2014.

Northern England contains Egdon's main identified **unconventional potential** and although not present in the area of the planned Laughton-1 well, Egdon recognises that there is potential for significant shale-gas resources to be present within the western parts of PEDL209 in the Gainsborough Trough geological basin. During the year we were able to provide independent confirmation of the shale-gas potential in our Gainsborough Trough licences PEDL139 and PEDL140 (Egdon - 13.5%). RPS estimated mean net Egdon total gas in place ("GIIP") to be 1.76 trillion cubic feet ("tcf") within the Upper Bowland-Hodder unit in the licences. Taking into account accessibility issues and likely recovery factors net Egdon mean Prospective Resources were estimated to be 190 bcf. The BGS report in July 2013 also highlighted the significant additional potential for the Lower Bowland-Hodder unit in these licences and PEDL209. Egdon have long recognised that the Lower Bowland-Hodder sequence in the Gainsborough Trough could be in excess of 1,500 metres in thickness and the BGS report shows most of Egdon's licences, PEDL139, PEDL140 and PEDL209, as being located within the area of gas mature Llower Bowland-Hodder. This highlights the possibility of further significant gas in place in the licences in addition to that already evaluated by RPS for the approximately 125 metre thick Upper Bowland-Hodder sequence. The BGS report also highlights additional shale-gas potential in certain parts of Egdon's PEDL201 and PEDL130 licences. We are highly encouraged by the content of the report and continue to undertake our own detailed evaluation of the shale-gas potential of these and other licences and of the potential for shale-oil elsewhere in our existing portfolio with the expectation of upgrading our resource estimates in due course. We anticipate an exploration well **"Gainsborough Deep"** will be drilled during late 2014 to evaluate the full sequence in the Gainsborough Trough. Egdon's costs are carried for this well.

In offshore block P.1241 (Egdon - 10%) the **Ceres gas field** was on largely uninterrupted production from November 2012 until the planned maintenance shut-down of July 2013. Production recommenced in late September 2013. The remaining proven and probable Net Egdon reserves for the field are estimated at 1.1 bcf. New arrangements to deal with the imbalance of back-out gas paid by Ceres will mean that going forward Ceres will no longer be subject to "back-out” with all production being sales gas. We expect attributable Egdon production to be between 1 and 1.2 million cubic feet per day (“mmcfg/d”) (165-200 boepd) for the coming period.

In April 2013 Egdon were awarded offshore licence P.1929 (Egdon – 100%) covering blocks 41/18 and 41/19 located adjacent to the North Yorkshire coast. The licence contains one of the earliest undeveloped hydrocarbon discoveries in the North Sea made by Total in 1966. The 41/18-1 (A339/1-2) well tested gas at rates of up to 2.5 mmcfg/d from the fractured Upper Permian “Hauptdolomit” carbonates. We have provisionally named this the “A” Prospect and Egdon’s initial evaluation indicates the potential for the structure to contain substantial Prospective Resources in the range of 40 to 272 billion cubic feet of gas (“bcf”), with a Best Estimate of 150 bcf. During the coming six months we will re-evaluate this gas discovery through the interpretation of reprocessed 2D seismic data over the blocks together with detailed analysis of the previous well results. Our plan is to seek consent to drill an exploration/appraisal well from an onshore location to appraise the discovery. We plan to farm-out this well during 2014 with a view to drilling late in 2014 or early in 2015.

In **Cleveland Basin** licence PEDL068 (Egdon 40%) the **Kirkleatham Gas Field** has been shut-in since February 2012 and the joint venture have concluded that the only way to resume production is to drill a side-track well to an identified up-dip area of the accumulation. A well is anticipated during 2014. The Net Egdon Best Estimate Contingent Resources to be accessed by a side-track well are evaluated at 0.16 bcf.

In July 2012 we were granted planning consent for the drilling and testing of a well to appraise the **Ralph Cross/Westerdale** gas discovery (PEDL068 – Egdon 40%) where we map revised Net Egdon Best Estimate Contingent Resources of 3.36 bcf. The well is designed to evaluate the same reservoir from which gas was tested at commercial rates in 1966. The earliest opportunity now for the well to be drilled is late 2014.

Operations to abandon the existing wells and to re-enter and drill a production well have been completed at **Nooks Farm** (PEDL141 – Egdon 46%). We now await the results of testing on this 1982 gas discovery where Net Egdon Best Estimate Contingent Resources of 1 bcf are identified and are planned to be developed via electricity generation.

The **North Somercotes** Prospect (PEDL005R – Egdon 75%), located to the north of the Saltfleetby Gas Field, is mapped from 3D seismic data as containing Net Egdon Best Estimate Prospective Resources of 7.26 bcf. A planning application is under consideration and will be submitted once this prospect is prioritised possibly during 2014.

Egdon has identified **Coal Bed Methane** (“CBM”) potential (Estimated Mean Contingent and Prospective Resources of 42 bcf) within its East Midlands licences and will continue to look at ways of leveraging value from these non-core assets.

Southern England

In our Southern England core area (9 licences), the **Avington oil field** (PEDL070 – Egdon 26.67%) has continued on production during the period at levels above expectation. The potential for additional development wells to increase oil production and reserves from the field remains under review. With a single additional side-track well the Net Egdon Proven, Probable and Possible reserves for the field are estimated at 70,000 bbls.

In addition to production at Avington our primary focus for the coming period in Southern England is the Wessex Basin. All required consents were achieved and production commenced, post year-end, in September 2013 at the **Waddock Cross** oil field (Egdon 55%). The initial phase of development involves production from one well and subsequent restoration of production from another well, followed by additional drilling in 2014/2015 and will access estimated Net Egdon Proven and Probable reserves of 170,000 bbls out of mapped oil-in-place of over 30 mmbls.

In PEDL237 and PL090 (Egdon 48.75%), Egdon has mapped a number of **Sherwood Sandstone** leads and prospects, which is the primary reservoir at the nearby Wytch Farm oil field, the largest onshore field in Western Europe. In April 2013 Egdon sold a 12.5% interest in PL090 (excluding the Waddock Cross Field) and PEDL237 to Corfe Energy Limited for a cash consideration of £500,000 with Egdon able to earn back 6.25%. A 3D seismic survey covering an area of 68.5 square kilometres was completed in October 2013. The survey was focussed on the Casterbridge and Broadmayne structures where, based on previous 2D seismic data, Egdon have estimated Net Egdon Best Estimate Prospective Resources for the Sherwood Sandstone Prospects of 27 mmbls. The processed 3D data will be available early in 2014 and will enable the licence group to identify locations for possible future exploration drilling. We have also identified and delineated a potential shallow oil play at the Langton Herring Prospect which was encountered in the 1959 Langton Herring North-1 well but may not have been adequately tested (Net Egdon Best Estimate Prospective Resources 0.4 mmbls).

The **Holmwood Prospect** (PEDL143 – Egdon 38.4%) is one of the largest undrilled prospects in the Weald Basin and is mapped by Egdon as containing net Egdon Best Estimate Prospective Resources of 16.6 bcf. During the period we received a favourable judgement at the High Court quashing the inspector’s decision in respect of the unsuccessful Holmwood-1 planning appeal. However, the Leith Hill Action Group has subsequently advised that it intends to appeal this decision and we expect this to be heard in the first half of 2014.

France

Egdon holds interests in three French licences, is awaiting the award of a fourth (Donzacq), and has back-in options on two further permits plus a pending application (Gex Sud). During the period we relinquished the Nimes Permit. Although the regulatory regime in France is currently challenging, and we have no plans to grow our position in the country, we do see potential to add significant shareholder value, particularly from our conventional oil and gas prospects within the Aquitaine Basin.

In January 2013 Egdon completed a farm-out to Hess Oil France Limited and the restructuring of a royalty interest to Geoex Eastern Limited in the **Mairy Permit**, located in the Paris Basin. This resulted in Egdon having a 15% interest in the Huiron–1 well which was drilled to a total depth of 2,325 metres and remains suspended whilst core and log data from the Jurassic and Triassic intervals are fully evaluated. Future testing activity will be dependent on the evaluation of these results and regulatory matters.

Our focus for 2014 remains on high impact exploration within the St Laurent Permit (Egdon 33.423%) where we continue to seek a farm-in partner for the drilling of the **Audignon Prospect**, a large Triassic sub-salt gas prospect analogous to the Sherwood Sandstone play of Southern England, with Net Egdon Best Estimate Prospective Resources of 896 bcf. A request to extend the permit for a further three years was submitted during the period. We continue to market our interest in the **Grenade Heavy Oil** discovery where we have Net Egdon Contingent Resources of 2.0 mmbls and await the award of the adjacent Donzacq Permit (Egdon 33.423%) which contains a possible western extension of Audignon and also the **Bastennes-Gaujacq Prospect** (Net Egdon Best Estimate Prospective Resources of *c*.220 bcf).

In the northern part of the Aquitaine Basin we have submitted an application to renew the Pontenx Permit (Egdon 50%) into its second term and we are developing plans to acquire a 3D seismic programme in early 2015 over the **Pontenx Prospect** where oil was discovered and tested in the Pontenx-3 well in 1966.

Outlook

We expect production during the coming year to be around 200 boepd, with Ceres being a key contributor to this. Additional development drilling activity at our onshore oil and gas producing assets (Keddington, Avington, Kirkleatham, Waddock Cross and Dukes Wood/Kirklington) could lead to further production and revenues. We will continue with an active marketing programme to farm-out certain prospects and to monetise some projects to manage technical risk and fund our activities as we look to focus on fewer higher potential assets.

Exploration remains a key growth driver for the business and, whilst delayed, we continue to work towards a material drilling programme over the coming period. Our revised prioritised programme over the next 18 months will see Egdon commencing a two well operated programme around the turn of the year targeting Net Egdon reserves potential of 1.77 mmbls with additional drilling later in 2014 contingent upon planning, farm-out and cash flow from production targeting a further 10.6 mmbls. A key focus during the next 18 months will be the evaluation, farm-out and subsequent drilling of the "A Prospect" in P.1929. The development from the onshore of this 150 bcf gas discovery could be transformational for the business.

UK shale-gas is expected to be an increasing near-term value driver for the business. We expect to upgrade the unconventional resource estimates for our existing licences and will look to participate in the 14th UK Onshore Licensing Round during 2014 where we have identified a number of opportunities. A key step in our strategy for UK unconventional resources will be the drilling of a carried exploration well in the Gainsborough Trough which is now anticipated late in 2014, subject of course to receipt of the necessary consents. We will also benefit from the knowledge gained by others drilling in these developing plays elsewhere in the UK. We will look at deals such as that concluded in respect of PEDL209 to develop our position in these emerging high value plays.

I would like to take this opportunity to thank my small team of hard-working professionals at Egdon and our trusted contractors and advisors who assist in the management of our portfolio of assets.

The current period has continued to be challenging, but we have made good progress and I look forward to delivering further on our revised strategy for the benefit of shareholders during the coming year.

Mark A W Abbott
Managing Director

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2013

	Notes	2013 £	2012 £
Continuing operations			
Revenue		**3,341,419**	2,614,332
Cost of sales – exploration costs written off, impairments and pre-licence costs	6	**(607,477)**	(3,240,838)
Cost of sales – depreciation and other		**(2,949,696)**	(1,907,772)
Total cost of sales		**(3,557,173)**	(5,148,610)
Gross loss		**(215,754)**	(2,534,278)
Administrative expenses		**(848,848)**	(763,352)
Other operating income		**80,588**	126,943
Exceptional item – negative goodwill arising on acquisition	7	**-**	405,652
Exceptional item – profit on disposal of asset	8	**392,509**	-
		(591,505)	(2,765,035)
Finance income		**3,789**	8,134
Finance costs		**(129,876)**	(134,245)
Loss before taxation		**(717,592)**	(2,891,146)
Taxation	2	**-**	-
Loss for the period		**(717,592)**	(2,891,146)
Other comprehensive income for the period		**-**	-
Total comprehensive income for the period attributable to equity holders of the parent		**(717,592)**	(2,891,146)
Basic loss per share	3	**(0.54)p**	(2.21)p
Diluted loss per share		**(0.54)p**	(2.21)p

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2013

	Notes	2013 £	2012 £
Non-current assets			
Intangible assets		**8,485,316**	8,281,379
Property, plant and equipment		**7,326,592**	7,920,105
Total non-current assets		**15,811,908**	16,201,484
Current assets			
Inventory		**-**	32,627
Trade and other receivables		**2,611,208**	860,406
Available for sale financial assets		**50,000**	50,000
Cash and cash equivalents		**2,006,369**	3,331,312
Total current assets		**4,667,577**	4,274,345
Current liabilities			
Trade and other payables		**(2,568,099)**	(2,109,295)
Net current assets		**2,099,478**	2,165,050
Total assets less current liabilities		**17,911,386**	18,366,534
Non-current liabilities			
Provisions	5	**(1,111,656)**	(945,601)
Net assets		**16,799,730**	17,420,933

Equity			
Share capital	4	**13,278,754**	13,219,233
Share premium		**1,378,701**	1,375,428
Share based payment reserve		**134,732**	113,101
Retained earnings		**2,007,543**	2,713,171
		16,799,730	17,420,933

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2013

	2013	2012
	£	£
Cash flows from operating activities		
Loss before tax	**(717,592)**	(2,891,146)
Adjustments for:		
Depreciation and impairment of fixed assets	**1,795,021**	3,616,321
Exploration costs written off	**23,298**	33,668
Foreign exchange gains	**(31,850)**	(30,341)
Profit on disposal of property, plant and equipment	**-**	(21,472)
Negative goodwill arising on acquisition	**-**	(405,652)
Profit on disposal of licence interest	**(392,509)**	-
(Increase)/decrease in trade and other receivables	**(1,734,501)**	1,147,870
Decrease/(increase) in inventory	**32,627**	(22,831)
Increase/(decrease) in trade payables and other payables	**413,768**	(671,517)
Movement in provisions	**69,779**	(50,179)
Finance costs	**129,876**	134,245
Finance income	**(3,789)**	(8,134)
Share based remuneration charge	**33,595**	9,529
Cash (used in)/generated from operations	**(382,277)**	840,361
Interest paid	**(150,377)**	(103,836)
Taxation paid	**-**	-
Net cash flow (used in)/generated from operating activities	**(532,654)**	736,525
Investing activities		
Finance income	**3,789**	8,134
Payments for exploration and evaluation assets	**(1,095,332)**	(1,755,789)
Purchase of property, plant and equipment	**(221,421)**	(98,653)
Revenues from oil well testing	**-**	123,289
Sale of property, plant and equipment	**-**	512,110
Sale of intangible fixed assets	**500,000**	100,000
Net cash used in capital expenditure and investing activities	**(812,964)**	(1,110,909)
Financing activities		
Issue of shares	**-**	11,000
Repayments of short term borrowings	**(11,175)**	(26,820)
Net cash flow used in financing	**(11,175)**	(15,820)
Net decrease in cash and cash equivalents	**(1,356,793)**	(390,204)
Cash and cash equivalents as at 31 July 2012	**3,331,312**	3,691,175
Effects of exchange rate changes on the balance of cash held in foreign currencies	**31,850**	30,341
Cash and cash equivalents as at 31 July 2013	**2,006,369**	3,331,312

In 2013 significant non-cash transactions comprised the issue of equity share capital as consideration for the renegotiation of the Mairy permit royalty arrangement.

In 2012 significant non-cash transactions comprised the issue of equity share capital as consideration for the acquisition of Dorset Exploration Limited.

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2013

Group	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 August 2011	13,086,909	1,374,428	107,332	5,600,557	20,169,226
Loss for the year	-	-	-	(2,891,146)	(2,891,146)
Total comprehensive income for the year	-	-	-	(2,891,146)	(2,891,146)
Transfer of share option charge on lapse	-	-	(3,760)	3,760	-
Issue of ordinary shares (September 2011)	10,000	1,000	-	-	11,000
Issue of ordinary shares on Dorset Exploration Limited acquisition	122,324	-	-	-	122,324
Share option charge	-	-	9,529	-	9,529
Balance at 31 July 2012	**13,219,233**	**1,375,428**	**113,101**	**2,713,171**	**17,420,933**
Loss for the year	-	-	-	(717,592)	(717,592)
Total comprehensive income for the year	-	-	-	(717,592)	(717,592)
Transfer of share option charge on lapse	-	-	(11,964)	11,964	-
Issue of ordinary shares (January 2013)	59,521	3,273	-	-	62,794
Share option charge	-	-	33,595	-	33,595
Balance at 31 July 2013	**13,278,754**	**1,378,701**	**134,732**	**2,007,543**	**16,799,730**

EGDON RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013

1. Basis of Accounting and Presentation of Financial Information

The financial information set out in this announcement does not constitute the statutory accounts of the Group for the years ended 31 July 2013 or 31 July 2012. The financial information has been extracted from the statutory accounts of the Group for the years ended 31 July 2013 and 31 July 2012.

The Directors prepared the accounts on the going concern basis which assumes that the Group will continue in operational existence without significant curtailment of its activities for the foreseeable future. Delays in receipt of production revenues from the Ceres field have resulted in a requirement for additional financial support to ensure that the Group is able to meet its liabilities as they fall due.

Forward cash flow forecasts assume sustained revenue flow from the Ceres field. Receipt of revenue from the Ceres field is currently dependent on production from the associated Eris field due to the back-out arrangements. Whilst there is currently no evidence that sustained production from both fields over the period of the forecast is not realistic, the Directors acknowledge that, given historic production issues, some level of uncertainty exists in respect of the timing of future cash flows.

The Directors are progressing a number of asset transactions that if successfully concluded will realise cash. Negotiations in respect of these transactions are at an advanced stage but have not yet been concluded and cannot therefore be regarded as certain.

The Directors anticipate that additional funding could be generated through an equity fundraising if required. It is proposed that the Company's share capital be restructured to a par value of 1p at the forthcoming AGM to facilitate access to the equity markets given that the Company's shares are currently trading at around or below par value. However the success of any equity fundraising cannot be guaranteed.

After preparing cash flow forecasts, making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. However, the Directors have concluded that the combination of the circumstances outlined above represents a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and that, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Were the Group no longer a going concern, adjustments may be required to the carrying value of assets, provision would be required for the future liabilities arising as a consequence of the Group ceasing business and assets and liabilities currently classified as non-current would be reclassified as current.

The auditor, Nexia Smith & Williamson, has reported on the statutory accounts for the years ended 31 July 2013 and 2012; the audit reports were unqualified and did not contain statements under either section 498(2) or 498(3) of the Companies Act 2006. However, in their report on the statutory accounts for the year ended 31 July 2013, the auditor drew attention to the material uncertainty regarding the Group's ability to continue as a going concern by way of an emphasis of matter paragraph.

The statutory accounts for the year ended 31 July 2012 have been delivered to the Registrar of Companies; those for the year ended 31 July 2013 were approved by the Board on 5 November 2013 and will be delivered to the Registrar of Companies following the Annual General Meeting.

The Annual Report for the year ended 31 July 2013, including the auditor's report, will be posted to shareholders during the week commencing 11 November 2013 and will be available from the same date both to be downloaded from the Company's website at www.egdon-resources.com and in hard copy from Egdon Resources plc, The Wheat House, 98 High Street, Odiham, Hampshire, RG29 1LP.

In the current financial year, the Group has adopted the amendments to International Accounting Standard 1 'Presentation of Financial Statements' revising the presentation of items of Other Comprehensive Income. The adoption of this standard did not have any effect on the financial position or performance of the Group.

There was no other change to the Group's accounting policies for the year ended 31 July 2013 as compared to those published in the statutory accounts for the year ended 31 July 2012.

This preliminary announcement was approved by the Board on 5 November 2013.

2. Income tax

The major components of income tax expense for the years ended 31 July 2013 and 2012 are:

	2013	2012
	£	£
a) Consolidated statement of comprehensive income		
Current income tax charge	**-**	-
b) A reconciliation between tax expense and the product of the accounting result and the standard rate of tax in the UK for the years ended 31 July 2013 and 2012 is as follows:		
Accounting loss before tax from continuing operations	**(717,592)**	(2,891,146)
Loss on ordinary activities multiplied by the standard rate of tax of 23.67% (2012: 25.33%)	**(169,854)**	(732,327)
Expenses not permitted for tax purposes	**16,249**	55,467
Credit not subject to tax – negative goodwill arising on acquisition	**-**	(102,752)
Movement in unrecognised deferred tax assets	**153,605**	779,612
Income tax expense recognised in the current year relating to continuing operations	**-**	-

c) Factors that may affect the future tax charge
The Group has trading losses of £28,792,162 (2012: £27,241,855) which may reduce future tax charges. Future tax charges may also be reduced by capital allowances on cumulative capital expenditure, supplementary allowances on ring-fenced exploration expenditure and the extent to which any profits are generated by any ring-fenced activities, which attract a higher rate of tax.

d) Deferred taxation
The Group has an unrecognised deferred taxation asset of £3,002,410 (2012: £3,435,686) at the year end, calculated at a rate of 20% which is the applicable rate at the time the net tax losses are expected to reverse (2012: 25.33%). This is represented by accumulated tax losses of £28,792,162 (2012: £27,241,855) offset by accelerated capital allowances of £13,780,110 (2012: £13,678,152).

3. Loss per share

	2013	2012
	£	£
Loss for the financial year	**(717,592)**	(2,891,146)
Basic weighted average ordinary shares in issue during the year	**132,498,908**	130,965,660
	Pence	Pence
Basic loss per share	**(0.54)**	(2.21)

Diluted loss per share

	2013	2012
	£	£
Loss for the financial year	**(717,592)**	(2,891,146)
Diluted weighted average ordinary shares in issue during the year	**132,498,908**	130,965,660
	Pence	Pence
Diluted loss per share	**(0.54)**	(2.21)

For 2013 and 2012, the share options are not dilutive as a loss was incurred.

4. Share capital and redeemable preference shares

Ordinary share capital	Allotted, called up and fully paid Number	£
At 31 July 2011		
- Ordinary shares of £0.10 each	130,869,094	13,086,909
- Issue of new £0.10 ordinary shares	1,323,242	132,324
At 31 July 2012		
- Ordinary shares of £0.10 each	**132,192,336**	**13,219,233**
- Issue of new £0.10 ordinary shares	**595,207**	**59,521**
At 31 July 2013	**132,787,543**	**13,278,754**

	Allotted, called up and partly paid Number	£
At 31 July 2012		
- Redeemable preference shares of £1 each (classified as a liability)	50,000	12,500
At 31 July 2013		
- Redeemable preference shares of £1 each (classified as a liability)	**50,000**	**12,500**

On 7 September 2011, 100,000 10p ordinary shares were issued to staff under the company's enterprise management incentive scheme for a cash consideration of £11,000. Following this 130,969,094 ordinary shares were in issue.

On 30 July 2012, 1,223,242 10p ordinary shares were issued at their nominal value as consideration for the acquisition of Dorset Exploration Limited. Following this 132,192,336 ordinary shares were in issue.

On 21 January 2013, 595,207 10p ordinary shares were issued at a premium of 0.55p as consideration for the variation of the royalty agreement in respect of the Mairy permit. Following this 132,787,543 ordinary shares were in issue.

On 6 November 2007 50,000 redeemable preference shares of £1 each were issued and are now held by InfraStrata plc. One quarter of the nominal value of these shares is paid up and the shares are entitled to an annual dividend out of distributable profits of 0.00001% per annum on the amount for the time being paid up on each such share and do not carry any voting rights. The Company may redeem the shares at any time by giving preference shareholders one week's notice. Preference shareholders may require the Company to redeem their shares at any time by giving six months' notice. In each case, any redemption is at par and is subject to the provisions of the Companies Act. The preference shares are treated as short term liabilities and included within trade payables.

5. Provision for liabilities

Group	Other provisions £	Decommissioning provision £	Reinstatement provision £	Total £
At 1 August 2011	56,947	570,533	312,836	940,316
Provision created/(released) during the year	-	29,260	(5,209)	24,051
Paid during the year	(11,995)	-	-	(11,995)
Disposals in the year	-	(21,266)	(19,750)	(41,016)
Unwinding of discount	-	28,634	5,611	34,245
At 1 August 2012	**44,952**	**607,161**	**293,488**	**945,601**
Provision created during the year	**-**	**56,895**	**86,045**	**142,940**
Paid during the year	**(6,384)**	**-**	**-**	**(6,384)**
Transfer of provision on reclassification to D&P assets	**-**	**71,253**	**(71,253)**	**-**
Unwinding of discount	**-**	**28,605**	**894**	**29,499**
At 31 July 2012	**38,568**	**763,914**	**309,174**	**1,111,656**

At 31 July 2013 provision has been made for decommissioning costs on the productive fields at Keddington, Kirkleatham, Ceres, Avington, Dukes Wood and Kirklington. Provision has also been made for reinstatement costs relating to exploration and evaluation assets where work performed to date gives rise to an obligation, principally for site restoration. Assumptions, based on the current economic environment, have been made which management believe are a reasonable basis upon which to estimate the future liability. This estimate will be reviewed regularly to

take into account any material change to assumptions. Actual costs will depend on future market prices, any variation in the extent of decommissioning and reinstatement to be performed, whether the works can be performed as part of a multi-well programme or in isolation and progress in the relevant technologies. Decommissioning and reinstatement costs are expected to arise between 2015 and 2021.

Other provisions represent the amount expected to be payable to the former shareholder of Egdon Resources Avington Ltd under the Net Profit Interest agreement entered into at the time of acquisition. Of the total provision, £6,784 (2012: £7,701) is estimated to be payable within one year.

6. Exploration costs written off, impairments and pre-licence costs

Exploration costs written off, impairments and pre-licence costs includes an impairment charge of £555,000 relating to the Dukes Wood/Kirklington oil field. The impairment charge has arisen as a consequence of production issues that have impacted on production and revenue expectations. The recoverable amounts are based on value in use assessed from forecast production, oil prices per barrel of US$100.36 to US$104.08 and a discount rate of 8%.

Exploration costs written off, impairments and pre-licence costs for 2012 included impairment charges in respect of the Kirkleatham (£1,600,000), Ceres (£750,000) and Markwells Wood (£800,000) fields. The Kirkleatham and Ceres impairment charges have arisen as a consequence of production issues that have impacted on production and revenue expectations. The recoverable amounts are based on value in use assessed from forecast production, gas price per therm of 55p-60p and a discount rate of 8%.

The Markwells Wood (PEDL126) impairment charge was recognised as the outcome of the extended well test cast doubt on the commercial viability of the asset.

7. Negative goodwill arising on acquisition

In the prior year, negative goodwill arising on acquisition of subsidiary represented the excess of the fair values of the assets less the liabilities acquired over the consideration following the acquisition of the 100% interest in Dorset Exploration Limited. The negative goodwill arises following the purchase of Dorset Exploration Limited in an off-market transaction offered to the Group for reasons personal to the vendor.

8. Profit on disposal of licence interest

During the course of the year the Group sold a 12.5% interest in licences PEDL237 and PL090, excluding the Waddock Cross field development area, to Corfe Energy Limited ("Corfe") for cash consideration of £500,000.

Under the terms of an Earn-In Agreement, Egdon will be able to earn back a 6.25% interest in both licences through paying12.5% of costs which equates to the Earn-In costs and Corfe's costs. Egdon is entitled to opt out of the Earn-In obligation following completion of a 3D seismic programme over certain prospects on the above licences.

9. Annual General Meeting

The Annual General Meeting will be held at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN on 5 December at 11.30 am.

Notes to Editors:

Egdon Resources plc

Egdon Resources plc (LSE: EDR) 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 France.

Egdon currently holds interests in 30 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 was formed in 1997 and listed on AIM in December 2004.

www.egdon-resources.com

In accordance with the AIM Rules - Note for Mining and 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 25 years' experience.