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EGDON RESOURCES PLC

("Egdon" or "the Group" or "the Company")

Final Results for the Year Ended 31 July 2010

Egdon Resources plc (AIM:EDR) the UK-based exploration and production company primarily focused on the hydrocarbon-producing basins of the onshore UK and Europe, today announces its audited results for the year ended 31 July 2010.

Overview and Highlights

Operational Highlights

- Production during the period up 15% to 27,056 barrels of oil from Keddington, Avington and Kirklington (2009: 23,474 barrels).
- Drilled and completed the Dukes Wood-1, Kirklington-3z and Keddington-3z wells.
- Commercial agreements finalised and construction began for Kirkleatham gas field development with first gas expected before end of 2010.
- Acquired 10% interest in Ceres gas field which had first production in April 2010.
- Portfolio of 34 licences in UK and France as at 31 July 2010 (24 Licences at 31 January 2010).

Financial Highlights

- Profit for the year of £0.24 million (31 July 2009: loss of £0.08 million). Includes profit on disposal of £0.39 million.
- Revenues during the period up 42% to £1.25 million (31 July 2009: £0.88 million).
- Earnings per share of 0.29p (2009: loss per share of 0.12p).
- Equity as at 31 July 2010 of £16.03 million (31 July 2009: £8.92 million).
- Net current assets as at 31 July 2010 of £1.49 million (31 July 2009: £1.50 million).
- Completion of £2 million share placing on 7 April 2010 at a price of 12.5p per share.

Corporate Highlights

- 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.
- Completion of acquisition of UK assets from EnCore Oil plc for a consideration of 39,200,000 Egdon Ordinary Shares.
- Agreement on acquisition of EnCore (E&P) Limited for consideration of £100,000 in cash on completion expected in November 2010.
- Completion of farm-out of PEDL139 and PEDL140 to achieve a carry through the drilling of a shale-gas test well completed in August 2010 after year end.
- Sale of Egdon Resources (New Ventures) Limited to eCORP for cash consideration of £4.5 million completed in October 2010 after year end.

Commenting on the results, Philip Stephens, Chairman of Egdon said

"We have had an active year with the completion of a major acquisition and a number of profitable disposals. Our cash position is strong and we have the resources to pursue a number of drilling opportunities in 2011 to enhance the value of our assets. Our total production is expected to exceed 500 barrels of oil equivalent per day when Ceres recommences production and Kirkleatham starts producing, both of which are expected in the next two months. We look forward to a successful year."

For further information please contact:

Egdon Resources plc
Mark Abbott 01256 702292

Buchanan Communications
Richard Darby, James Strong, Gabriella Clinkard 020 7466 5000

Nominated Adviser and Broker – Seymour Pierce
Jonathan Wright, Richard Redmayne 020 7107 8000

Chairman's Statement

I am pleased on behalf of the Board to be able to report good progress in the year ended 31 July 2010. This has been achieved as a result of a combination of drilling and corporate activity involving both acquisition and disposal. Production in the year grew by 15 per cent over the previous year and is set to grow significantly in the coming year as a number of our fields come on stream. Our current cash position is strong, mainly as a result of the receipt post the reporting period in October 2010 of £4.5 million from the disposal of two of our French exploration licences. In a change to our existing strategy we are therefore looking to finance a more aggressive exploration programme in the coming period, targeting the higher potential prospects within our portfolio.

Financial

Revenue for the year ended 31July 2010 was £1,251,676 (2009 - £880,127) and profit after tax was £235,000 (2009 – loss of £83,000), which includes a profit of £389,000 from the sale of a number of licence interests. Net current assets as at 31 July 2010 were £1.49 million (2009 - £1.50 million) and Equity as at 31 July 2010 was £16.03 million (2009 - £8.92 million). In line with last year the Directors do not currently recommend the payment of a dividend.

Corporate Activity

We have had an active year on the corporate front.

In December 2009, we sold a proportion of our interests in four licences in the East Midlands to Terrain Energy for £687,500. In the same month we also farmed out further interests in two of these licences. We have retained a majority interest in all these licences, all of which are operated by us.

On 28 July 2010 we finally completed the acquisition of a package of UK assets from Encore Oil plc ("Encore"), having gained shareholder approval in April 2010. The assets acquired are a good strategic fit with our own portfolio and importantly include a 10 percent interest in the Ceres gas field located in the Southern North Sea which, when production recommences, will produce around 200 barrels of oil equivalent per day ("boepd") net to Egdon. The consideration for this acquisition was satisfied by the issue of 39.2 million new ordinary shares of Egdon giving Encore a holding in our shares of just under 30 per cent.

Since the year end, we have completed the sale of some of our French interests for £4.5 million in cash to eCORP Oil and Gas UK Limited ("eCORP"). The interests involved are early-stage exploration projects and the sale of them significantly enhances our balance sheet. Importantly we have the opportunity of participating in any drilling success which eCORP may have with these licences by way of back-in options.

Production

In spite of disruptions caused by the severe winter weather and various unavoidable production shutdowns due to drilling and development operations, we achieved a 42 per cent increase in revenue with total oil production in the year up 15 per cent to 27,056 barrels, mainly from Keddington and Avington.

The drilling and completion of a new horizontal well at Keddington has proved to be a great success with production from June through August 2010 averaging nearly 200 barrels of oil per day ("bopd") (gross). Significant gas flow has also occurred and plans are being developed to use this gas to generate electricity for export to the grid during 2011, thus providing a further income stream. Considering we originally purchased Keddington for only £250,000 it has proved to be a highly profitable asset and plans are under consideration to drill a further well to increase production as a priority early in 2011.

Avington has continued to produce in line with expectations during the period averaging around 70 bopd (gross). We plan to restore the Avington-2z horizontal well to production prior to the end of 2010, which should result in increased overall production.

Construction operations are well advanced to connect our first operated gas field at Kirkleatham to the Wilton petrochemical plant with production start up expected to be achieved by the end of 2010. Production of over 300 boepd net to Egdon is expected.

As already mentioned, we acquired during the year a 10 per cent interest in the Ceres gas field from EnCore. The field initially came on stream in April and we derived our proportion of the income at that time. Unfortunately, the field has largely been shut-in since May owing to issues with the BP operated infrastructure down-stream of the field. This has been very frustrating for us, but we are confident that production will recommence by the end of 2010 on completion of the maintenance work and our share of the production should amount to 200 boepd.

With Kirkleatham and Ceres on production we hope to exceed our long held oil and gas production target of 500 boepd net to Egdon by around the end of 2010.

Exploration

Our best estimate of our prospective resources as at 31 July 2010 in UK and France is over 295 million barrels of oil equivalent. This represents significant upside potential for a company of Egdon's size and we have an active exploration and appraisal drilling programme planned for the coming year. In the UK, wells are planned in Hampshire, Dorset, Surrey and Lincolnshire. Further details of our drilling plans are set out in the Operational Review which follows this statement.

In France, which remains a key focus for Egdon, we plan to acquire seismic information on our very large Audignon gas prospect and in our Pontenx Permit with a view to drilling on both in 2012. Alongside the UK assets acquired from EnCore, we are also in the process of acquiring interests in the Eastern Paris Basin and the South East Basin and drilling is planned during 2011 in the Paris Basin.

Outlook

Our fundamental strategy is to build a strong revenue stream from the production of oil and gas in order to finance the drilling of exploration, appraisal and production wells and thereby enhance the value of our assets. We feel that we have achieved much in the year under review and production should exceed the equivalent of 500 barrels per day once Kirkleatham and Ceres are on production around the turn of the year. Our cash position is strong and forecast cash flow is positive. Our shareholders have been patient in the light of the delays which have occurred in our production forecasts and we thank them for their forbearance.

Keddington has been a success and we have the opportunity in 2011 to maximise the potential of this site through further drilling. We are looking to participate in at least four wells in the period to July 2011.

We also aim to continue to build further shareholder value by strengthening the breadth and quality of our asset holdings through ongoing technical screening and acquisition of new licences, either directly via licence applications or through targeted acquisitions.

We are pleased to welcome Alan Booth to our Board as a non-executive director. Alan is chief executive of EnCore Oil plc and is a highly experienced and respected member of the UK oil and gas industry and we look forward to his valuable input to the development of our business.

On behalf of the Board I would like to thank our hard working and dedicated staff for their endeavour during the year and with their help we expect to be able to report continued progress in the coming year.

Philip Stephens
Chairman

Managing Director's Operational Review

Egdon has a focus on onshore operations in Europe, currently having two geographical operating segments; the UK and France. In a change to our previous strategy we now plan to target more of the Company's resources on exploration and we will look to focus on a fewer number of higher-potential projects – those with the biggest potential impact on shareholder value.

UK

At the end of the period Egdon held interests in twenty nine licences UK onshore and one licence offshore in the Southern North Sea. During the year the acquisition of assets from EnCore added nine additional licences to our UK portfolio. A further onshore UK licence round is expected early in 2011 and Egdon intends to participate in the round in a focused manner.

Producing Assets

Keddington (PEDL005(Remainder) – 75% operated interest)

The Keddington oil field in Lincolnshire produces oil and associated gas from two sandstone intervals of Carboniferous age at a depth of around 2,200 metres. The Keddington-3 and subsequent 3z sidetracks, which were drilled during April 2010, encountered a combined total of 235 metres of sandstones in the productive Unit 1 and Unit 2 reservoir intervals. The well was placed on production on 7 June 2010 and has been free-flowing oil and significant quantities of gas since this time. Production to end August 2010 averaged 193 bopd and 0.7 million cubic feet of gas per day ("mmcfg/d"). Total Production net to Egdon during the period was 15,146 barrels of oil.

We are developing plans for on-site electricity generation with a view to adding an additional revenue stream during 2011. A revised field model is being developed to update recoverable oil and gas reserves and define sustainable flow rates to enable the sizing of generation and export infrastructure. It is anticipated that a further horizontal sidetrack will be drilled early in 2011 utilising the Keddington-1z well as a donor well. The currently estimated proven and probable reserves of 0.30 million barrels of oil ("mmbo") are expected to be upgraded on completion of the current work.

The potential utilisation of the gas discovered in the underlying Namurian sandstones and the early drilling of the contiguous Louth Prospect (1.25 mmbo Net Egdon best estimate prospective resources) will be considered to maximise the value of the greater Keddington area.

Avington (PEDL070 – 36.67% non-operated interest)

The Avington oil field in Hampshire produces oil from the Great Oolite limestone reservoir of Middle Jurassic age. Permanent production facilities were installed at Avington during September and October 2009 and the field has produced a total of 9,069 barrels (net Egdon) from the Avington-3z well during the period. The Avington-2z horizontal well is expected to be returned to production prior to year end which should result in increased production. A decision on drilling the Avington northern fault block is to be made in 2011. Net Egdon proven and probable reserves are estimated at 0.12 mmbo.

Kirkleatham (PEDL068 – 40% operated interest)

The Kirkleatham gas field, near Redcar, is a stratigraphically trapped gas accumulation in a Permian age limestone reservoir, discovered in 2006 by the Kirkleatham-4 exploration well. Gas was discovered at a depth of around 800 metres and tested at rates of up to 5 mmcfg/d. Significant progress has been made during the year with all planning, commercial and regulatory approvals now in place. Construction operations are well advanced and it is expected to begin production at total rates of 5 to 6 mmcfg/d (830 to 1000 boepd) by the end of 2010. Net Egdon best estimate contingent resources are estimated at 2.03 billion cubic feet of gas ("bcf"). Further drilling will be considered in 2011 if the production data indicates the presence of more extensive gas reserves. The option exists to convert the Kirkleatham field into a gas storage facility once the gas reserves are depleted.

Ceres (P.1241 - 10% non-operated interest)

The Ceres Gas Field in Southern North Sea block 47/93 initially came on stream in April 2010, with horizontal well 47/9c-11X producing at the predicted rates of around 20 million cubic feet of gas per day from the Lower Permian Leman Sandstone reservoir interval. However, recurring infrastructure issues resulted in limited production during the period and as reported the field is currently shut-in awaiting completion of extended maintenance and repairs to the Cleeton Platform by the operator BP. It is currently anticipated that these works will be completed and production will re-commence around year-end with expected production of around 1.2 mmcfg/d (200 barrels of oil equivalent per day ("boepd")) net to Egdon. Net Egdon proven and probable gas reserves are estimated at 3.7 bcf.

Eakring-Dukes Wood-Kirklington (PEDL's 118, 203 – 65% operated interest)

The Kirklington oil field, located in Nottinghamshire, has two Carboniferous age oil bearing units at around 650 metres depth. Production from the Chatsworth Grit re-commenced on 28 July 2009. The Kirklington-3 sidetrack was drilled in

February 2010 but encountered the reservoir below the oil water contact and was abandoned. The subsequent Kirklington-3z sidetrack encountered a thinned Chatsworth Grit interval and was completed for production. Total production during the period was 1,878 barrels net to Egdon.

The Eakring-Dukes Wood abandoned oil field, located in Nottinghamshire, was discovered in 1939 and produced from a number of shallow sandstone reservoirs of Carboniferous age from 1940 until 1966. Egdon have identified potential to rejuvenate the field. The Dukes Wood-1 appraisal well was drilled in January 2010 and tested over a six month period from three separate zones producing a total of 963 barrels of oil net to Egdon. The Ashover Grit Unit 5 ("AG5") had the best results with potential to produce at rates of around 20 bopd along with significant water production.

Egdon are considering the dual completion of the Dukes Wood-1 well for oil production from the AG5 and water disposal into the Sub Alton Crawshaw interval. It is planned to operate the well as part of a combined Eakring-Dukes Wood-Kirklington production unit to maximise value.

Appraisal

Egdon has a number of appraisal and development projects within its UK portfolio capable of adding further production and revenues. Whilst progressing all assets the key focus for the coming year will be on the following projects.

<u>Westerdale/Ralph Cross (PEDL068 – 40% operated interest)</u>

The Westerdale/Ralph Cross gas accumulation, in North Yorkshire, has been tested by two wells; Ralph Cross-1 (1996) and Westerdale-1 (2006), which demonstrated the presence of gas in a fractured Permian limestone reservoir. Egdon's recently completed evaluation of the structure has defined a significant potential gas volume which is capable of being commercially developed via off-site electricity generation. A planning application will be developed for a further appraisal well on the structure over the coming year. Net Egdon best estimate prospective resources are 6.2 bcf.

<u>Markwells Wood (PEDL125 – 10% non-operated interest)</u>

The Markwells Wood-1 appraisal well in Hampshire, will target a possible eastern extension of the Horndean oil field which produces from the Middle Jurassic Great Oolite reservoir. The operator, Northern Petroleum (GB) Limited, has now advised that drilling operations are expected to commence prior to the end of 2010. Net Egdon best estimate prospective resources are estimated at 0.32 mmbo.

<u>Waddock Cross (PL090 – 45% operated interest)</u>

The Waddock Cross oil field, located in Dorset, has two wells which are completed for production from the Jurassic Bridport Sandstone formation at a depth of 660 metres. Testing operations at the Waddock Cross oil field, in Dorset, were deferred during 2010 and are now planned to commence in the first quarter of 2011. A successful outcome of the testing could lead to full field development in 2012. Net Egdon most-likely reserves are 0.6 mmbo.

Exploration

Egdon has a significant portfolio of exploration prospects in the UK and will progress evaluation of all of these. However, the following three UK exploration projects have been high-graded for the coming year due to their potential impact.

<u>Holmwood (PEDL143 – 38.4% non-operated)</u>

A well is planned for 2011, conditional upon planning approval, on the Holmwood Prospect, located in Surrey, which has net Egdon best estimate prospective resources of 16.6 bcf and is located between known gas and oil accumulations. The licence has been extended to October 2012 in light of delays in the planning process.

<u>Sherwood Sandstone Oil Play (PL090 & PEDL237 – 45% operated interest)</u>

Significant exploration potential has been identified in the Sherwood Sandstone play within Egdon's Dorset licences. A planning application is ready for submission for the Winfrith Prospect which has net Egdon best estimate prospective resource potential of 1.64 million barrels of oil and would de-risk larger prospects to the west with mapped net Egdon best estimate prospective resource potential of 31.5 mmbo. We will make a decision on further 3D seismic acquisition over the Winfrith prospect during 2011 prior to submission of a planning application for a Sherwood Sandstone exploration well.

<u>Biscathorpe (PEDL253 – 60% operated interest)</u>

Oil was discovered but not tested in a thin Carboniferous sand in a 1987 well on the Biscathorpe Prospect, in Lincolnshire. It is expected that the sands will thicken off the crest of the structure as observed elsewhere in the basin. This large prospect is defined by 3D seismic data and could contain net Egdon high estimate prospective resources of up to 25 mmbo if the sands are stratigraphically trapped. A suitable drilling site is currently being sought and a planning application should be submitted early in 2011.

Drilling is also expected during the coming year on the Havant Prospect (PEDL256 – Egdon 7.5% non-operated interest) and at Nooks Farm (PEDL141 – 46% farmed-out interest). We also intend to acquire seismic data in a number of our East Midlands licences to further define prospects prior to decisions on drilling.

France

France remains a key focus for Egdon and the past year has seen significant developments with the Company's French assets. At the end of the period Egdon held interests in four French permits. Completion of the sale of the Company's interests in Gex and Navacelles to eCORP occurred during October. We are currently awaiting government approval for the acquisition of EnCore (E&P) Ltd. which holds interests in two further licences (Mairy and Nimes) and also for the award of the Donzacq Permit.

Activity in France during the coming period will concentrate on evaluating the high potential Audignon Prospect and developing drillable prospects in the Pontenx Permit through the acquisition of new seismic data.

Audignon Prospect (St Laurent – 33.423% operated)

The St. Laurent Permit has been granted an extension to August 2013. St Laurent contains the high impact Audignon Prospect (Net Egdon best estimate prospective resources of 896 bcf), on which seismic acquisition is planned for 2011 with a view to drilling in 2012. A farm-in partner will continue to be sought for the drilling phase for this "company making" size prospect. We also anticipate award of the adjacent Donzacq Permit later in 2010 which contains a possible western extension of Audignon and also the adjacent Bastennes-Gaujaq Prospect.

Further work will also be undertaken during the coming year on the Grenade and Mimizan Nord heavy oil fields to determine our future strategy for these assets.

Completion of the acquisition of EnCore (E&P) Limited is expected shortly and will add the Mairy Permit in the Eastern Paris Basin and the Nimes Permit in the South East Basin to our assets. A well is planned in 2011 in the Mairy Permit.

Non-Conventional Resources

There has been growing interest in non-conventional oil and gas resources, particularly shale-gas and oil-shale. Egdon has looked to add value in this area by leveraging its extensive onshore acreage position. In the UK we have concluded a farm-out of two East Midlands licences (PEDL139 & 140) to achieve a 13.5% carried interest through the drilling and testing of a deep shale-gas exploration well in the Gainsborough Trough where trillions of cubic feet of gas ("TCF") resources may be present.

In France, the sale to eCORP was largely driven by the non-conventional potential of the Gex and Navacelles permits and in addition to the cash payment Egdon retains access to up-side through back-in options. Egdon holds a 9% back-in option on the Navacelles Permit where eCORP are hoping to drill the first well by the end of 2011.

The Mairy Permit has also been identified by the Toreador/Hess group as having oil-shale potential similar to the highly productive Bakken Shale of the US Williston Basin. This may be evaluated through drilling during 2011.

We will continue to review our strategy for non-conventional resources and look for the best way to maximise shareholder value from these developing plays which could include farm-outs, sales or spin-offs of these assets.

2010-2011 Work Programme

We will continue to progress the evaluation of all our projects during the coming year although financial and manpower resources will be focused on those assets that best fit our strategic objectives. Egdon is entering a more active operational period and we expect to commence drilling at Markwells Wood-1 during the current quarter with further drilling in 2011 anticipated at some or all of Keddington-4, Havant-1, Holmwood-1, Westerdale/Ralph Cross, Biscathorpe-1, Winfrith-1 and Nooks Farm with final timing dependent upon planning and rig availability. In France drilling in the Mairy Permit is expected during 2011 as is a well on the Navacelles Permit where we have a 9% back-in option.

The increased level of drilling activity combined with the expected growth in UK production means that the coming year could be transformational for Egdon.

Mark Abbott
Managing Director

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2010

	Notes	2010 £	2009 £
Continuing operations			
Revenue		**1,251,676**	880,127
Cost of sales - exploration costs written off and pre-licence costs		**(64,786)**	(151,620)
Cost of sales - other		**(819,133)**	(678,895)
Total cost of sales		**(883,919)**	(830,515)
Gross profit		**367,757**	49,612
Other administrative expenses		**(668,347)**	(480,927)
Negative goodwill arising on acquisition of subsidiary		**-**	62,828
Total administrative expenses		**(668,347)**	(418,099)
Other operating income		**174,797**	54,236
Exceptional item - profit on disposal of property, plant and equipment		**388,881**	221,300
		263,088	(92,951)
Finance income		**1,156**	30,226
Finance costs		**(28,714)**	(20,798)
Profit/(loss) before taxation		**235,530**	(83,523)
Taxation	2	**(113)**	-
Profit/(loss) for the period		**235,417**	(83,523)
Other comprehensive income for the period		**-**	-
Total comprehensive income for the period attributable to equity holders of the parent		**235,417**	(83,523)
Basic and diluted earnings per share	3	**0.29p**	(0.12)p

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2010

	2010	2009
	£	£
Non-current assets		
Intangible assets	**7,032,533**	5,697,408
Property, plant and equipment	**8,422,363**	2,480,488
Total non-current assets	**15,454,896**	8,177,896
Current assets		
Inventory	**-**	12,127
Trade and other receivables	**1,038,896**	437,502
Available for sale financial assets	**50,000**	50,000
Cash and cash equivalents	**2,029,835**	1,307,143
	3,118,731	1,806,772
Assets held for sale	**21,600**	-
Total current assets	**3,140,331**	1,806,772
Current liabilities		
Trade and other payables	**(1,639,667)**	(311,078)
Liabilities directly associated with assets classified as held for sale	**(8,645)**	-
	(1,648,312)	(311,078)
Net current assets	**1,492,019**	1,495,694
Total assets less current liabilities	**16,946,915**	9,673,590
Non-current liabilities		
Provisions	**(915,910)**	(750,333)
Net assets	**16,031,005**	8,923,257
Equity		
Share capital	**13,067,577**	7,547,577
Share premium	**1,362,500**	65,000
Share based payment reserve	**84,907**	30,076
Retained earnings	**1,516,021**	1,280,604
	16,031,005	8,923,257

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2010

	2010	2009
	£	£
Cash flows from operating activities		
Profit / (loss) before tax	**235,530**	(83,523)
Adjustments for:		
Depreciation and impairment of fixed assets	**265,346**	339,499
Deduct negative goodwill	**-**	(62,828)
Profit on disposal of property, plant and equipment	**(388,881)**	(221,300)
Increase in trade and other receivables	**(399,622)**	(44,443)
Decrease/(Increase) in inventory	**12,127**	(12,127)
Increase/(Decrease) in trade payables and other payables	**358,177**	(20,261)
Movement in provisions	**(3,612)**	(6,342)
Gross profit on oil well testing	**32,767**	8,153
Finance costs	**27,905**	20,798
Finance income	**(1,156)**	(30,226)
Share based remuneration charge	**54,831**	30,076
Taxation paid	**(113)**	-
Net cash flow generated from /(used in) operating activities	**193,299**	(82,524)
Investing activities		
Acquisition of subsidiary (net of cash acquired) (note 18)	**-**	(22,311)
Finance income	**1,156**	30,226
Payments for exploration and evaluation assets	**(1,132,998)**	(823,505)
Purchase of property, plant and equipment	**(898,055)**	(223,439)
Sale of property, plant and equipment	**502,950**	261,638
Sale of intangible fixed assets	**146,635**	-
Net cash used in capital expenditure and financial investment	**(1,380,312)**	(777,391)
Financing activities		
Issue of shares	**2,000,000**	-
Costs associated with issue of shares	**(82,500)**	-
Net cash flow from financing	**1,917,500**	-
Net Increase/(Decrease) in cash and cash equivalents	**730,487**	(859,915)
Cash and cash equivalents as at 31 July 2009	**1,307,143**	2,167,058
Cash and cash equivalents as at 31 July 2010	**2,037,630**	1,307,143

Significant non-cash transactions comprised the issue of equity share capital as consideration for the acquisition of tangible and intangible fixed assets from Encore Oil Plc (note 3), and for decommissioning and reinstatement provisions (note 4).

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2010

Group	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 August 2008	6,861,434	65,000	-	1,364,127	8,290,561
Loss for the period	-	-	-	(83,523)	(83,523)
Total comprehensive income for the period	-	-	-	(83,523)	(83,523)
Issue of ordinary shares	686,143	-	-	-	686,143
Share option charge	-	-	30,076	-	30,076
Balance at 31 July 2009	7,547,577	65,000	30,076	1,280,604	8,923,257
Profit for the period	**-**	**-**	**-**	**235,417**	**235,417**
Total comprehensive income for the period				**235,417**	**235,417**
Issue of ordinary shares (April 2010)	**1,600,000**	**317,500**	**-**	**-**	**1,917,500**
Issue of ordinary shares (July 2010)	**3,920,000**	**980,000**	**-**	**-**	**4,900,000**
Share option charge	**-**	**-**	**54,831**	**-**	**54,831**
Balance at 31 July 2010	**13,067,577**	**1,362,500**	**84,907**	**1,516,021**	**16,031, 005**

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 2010 or 31 July 2009. The financial information has been extracted from the statutory accounts of the Group for the years ended 31 July 2010 and 31 July 2009. The auditors, Nexia Smith & Williamson, have reported on these accounts; their reports were unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The statutory accounts for the year ended 31 July 2009 have been delivered to the Registrar of Companies; those for the year ended 31 July 2010 were approved by the board on 2 November 2010 and will be delivered to the Registrar of Companies following the Annual General Meeting.

The Annual Report for the year ended 31 July 2010, including the auditors' report, will be posted to shareholders during the week commencing 15 November 2010 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 International Financial Reporting Standard 8 'Operating Segments' and International Accounting Standard 1 'Presentation of Financial Statements' (revised 2007). The adoption of these standards 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 2010 as compared to those published in the statutory accounts for the year ended 31 July 2009.

This preliminary announcement was approved by the Board on 2 November 2010.

2. Income tax

The major components of income tax expense for the years ended 31 July 2010 and 2009 are:

	2010	2009
	£	£
a) Consolidated income statement		
Current income tax charge	**113**	-
b) A reconciliation between tax expense and the product of accounting result for the years ended 31 July 2010 and 2009 is as follows:		
Accounting profit/(loss) before tax from continuing operations	**235,417**	(83,523)
Profit/(Loss) on ordinary activities multiplied by the standard rate of tax of 28% (2009: 28%)	**65,917**	(23,386)
Expenses not permitted for tax purposes	**25,052**	15,053
Utilisation/carry forward of tax losses	**(90,856)**	8,333
Income tax expense reported in the income statement	**113**	-

c) Factors that may affect the future tax charge:
The Group has trading losses of £20,888,574 (2009: £15,926,283) 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 £1,752,319 (2009: £2,369,520) at year end. This is represented by accumulated tax losses of £5,848,802 (2009: £4,459,359) offset by accelerated capital allowances of £4,096,481 (2009: £2,089,839).

3. Profit/(Loss) per share

	2010	2009
	£	£

Net profit/(loss) for the financial year	**235,417**	(83,523)
Basic weighted average ordinary shares in issue during the year	**80,882,893**	71,283,718

	Pence	Pence
Basic profit/(loss) per share	**0.29**	(0.12)

Diluted Profit/(Loss) per share

	2010 £
Net profit/(loss) for the financial year	**235,417**
Diluted weighted average ordinary shares in issue during the year	**80,887,969**

	Pence
Diluted profit per share	**0.29**

The 13 May 2008 share options have been excluded as these would be anti-dilutive.

4. Share capital and redeemable preference shares

	Allotted, called up and fully paid	
Ordinary share capital	Number	£
At 31 July 2008		
- Ordinary shares of £0.10 each	68,614,340	6,861,434
- Issue of new £0.10 ordinary shares	6,861,434	686,143
At 31 July 2009		
- Ordinary shares of £0.10 each	75,475,774	7,547,577
- Issue of new £0.10 ordinary shares	**55,200,000**	**5,520,000**
At 31 July 2010		
- Ordinary shares of £0.10 each	**130,675,774**	**13,067,577**
At 31 July 2009		
- Redeemable preference shares of £1 each	50,000	12,500
At 31 July 2010		
- Redeemable preference shares of £1 each	**50,000**	**12,500**

On 6 April 2010 a placing of 16,000,000 10p ordinary shares with a market value of 12.5p was made. Following the placing 91,475,774 ordinary shares were in issue.

On 28 July 2010 a placing of 39,200,000 10p ordinary shares with a market value of 12.5p was made with EnCore Oil Plc in part consideration for the acquisition of interests in nine exploration and appraisal licences and a 10% interest in the Ceres gas field. Following the placing 130,675,774 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 2008	-	249,545	-	249,545
Provision made during the year	100,649	(36,837)	422,520	486,332
Paid during the year	(6,342)	-	-	(6,342)
Unwinding of discount	-	20,798	-	20,798
At 1 August 2009	94,307	233,506	422,520	750,333
Provision made during the year	**-**	**208,808**	**37,965**	**246,773**
Paid during the year	**(3,612)**	**-**	**-**	**(3,612)**
Disposals in the year	**-**	**(69,962)**	**(35,527)**	**(105,489)**
Transfer of provision on reclassification to D&P assets	**-**	**116,412**	**(116,412)**	**-**
Unwinding of discount	**-**	**13,762**	**14,143**	**27,905**
At 31 July 2010	**90,695**	**502,526**	**322,689**	**915,910**

At 31 July 2010 provision has been made for decommissioning costs on the productive fields at Keddington, Avington 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. Decommissioning and reinstatement costs will arise between 2011 and 2021, 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.

Other provisions represents the amount expected to be payable to the former shareholder of Egdon Resources Avington Limited under the Net Profit Interest agreement entered into at the time of acquisition. Of the total provision, £21,269 is estimated to be payable within one year.

6. Post balance sheet events

Completion of Sale of Egdon Resources (New Ventures) Limited

On 5 October 2010 the sale of Egdon Resources (New Ventures) Ltd ("ERNV"), the holder of certain of Egdon's permit interests in France, to eCORP Oil and Gas UK Ltd ("eCORP") was completed.

The consideration was £4.5 million in cash and the grant of options in relation to the permits sold. The assets of ERNV at completion were a 60% interest in the Navacelles Permit, a 40% interest in the Gex Permit and a 40% interest in the Gex Sud Permit Application. The Options are in relation to a 6% interest in the Gex Permit and the Gex Sud Permit Application and a 9% interest in the Navacelles Permit. These Options are exercisable up to the later of two years from the 23 June 2010 (or in the case of the Gex Sud Permit Application two years from any licence award) or 60 days following plugging and abandonment or the completion of initial testing of the first well on each permit, subject to an end-stop date of 23 June 2015. On exercise of any Back-In Option Egdon will pay to ERNV its pro-rata share of all costs incurred by ERNV on that permit and pay to eCORP the appropriate proportion of the original acquisition price.

Prior to completion, the beneficial interests in the St. Laurent and Pontenx Permits previously held by ERNV were transferred to two newly-incorporated Egdon subsidiaries, Egdon Resources France Limited and Aquitaine Exploration Limited.

Completion of this transaction results in a profit on disposal of ERNV in the region of £4.2 million, significantly increasing Group net assets. This will be recognised in the 2010/11 Group financial statements.

Farm-out of PEDL139 and PEDL140

On 4 August 2010 Egdon announced a series of farm-out agreements in relation to East Midlands licences PEDL139 and PEDL140 which resulted in the preservation of the licences for a further five years to enable a full evaluation of both the Coal Bed Methane ("Upper Horizon") and shale gas potential ("Lower Horizon").

Egdon now holds a 10% interest in the Upper Horizon in PEDL139 and PEDL140 and a 13.5% in the Lower Horizon. eCORP will carry Egdon's interest in the drilling an testing of a well to test the Lower Horizon to be drilled before 30 September 2013.

Drawdown on Loan Facility

On 17 August 2010 Egdon issued a Notice of Drawdown for the sum of £1 million in relation to the Facility Agreement made available by EnCore Oil plc ("EnCore") as part of the transaction whereby Egdon acquired certain of EnCore's UK and French assets and which completed on 28 July 2010. The funds were made available to Egdon on 17 September 2010. The Facility Agreement provides a term loan facility for a period of two years from 28 July 2010 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.

7. Annual General Meeting

The Annual General Meeting will be held at the offices of Buchanan Communications Limited, 45 Moorfields, London, EC2Y 9AE on 7 December at 11.00 am.

8. Annual Report

The Annual Report will be posted to shareholders shortly and will be available on the Company's website, www.egdon-resources.com.

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 Europe.

Egdon currently holds interests in twenty nine 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 Kirkleatham and Ceres in 2010 and Waddock Cross in 2011.

On completion of the acquisition of Encore (E&P) Limited, Egdon will acquire a further two permits onshore France.

Egdon Resources plc listed on AIM in January 2008, following the demerger of its gas storage business, Portland Gas plc (now renamed Infrastrata plc). The pre-demerged business 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 23 years' experience.