



19 January 2010

**EGDON RESOURCES PLC**

("Egdon" or "the Company")

**Farm-out of licences PEDL118 and PEDL203**

The Directors of Egdon Resources plc (AIM:EDR) are pleased to announce that the Company has reached agreement to farm-out 10% interests in its Nottinghamshire licences PEDL118 and PEDL203 to subsidiaries of Angus Energy Limited ("Angus").

In PEDL118, Angus Energy Eakring Development Limited will earn a 10% interest in the licence in return for paying 20% of the costs of the currently drilling Dukes Wood-1 well. Following completion Egdon will hold a 65% operated interest in the licence. As part of the agreement Egdon has also granted Angus an option to acquire up to a further 10% interest in the licence on commencement of drilling of the second well on the licence. In consideration, Angus will carry Egdon on the same terms for this second well and will pay certain back costs for any additional acquired interest.

In PEDL203 Angus Energy Kirklington Development Limited will earn a 10% interest in return for paying 20% of the cost of the forthcoming sidetrack of the Kirklington-2 well. Following completion Egdon will hold a 65% operated interest in the licence.

The transaction is subject to regulatory approval by the Department of Energy and Climate Change.

Angus is a private Scottish registered company which is looking to develop a portfolio of onshore UK producing assets.

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

*"We are pleased to welcome Angus as a partner on these licences. With this farm-out and the recently completed sale to Terrain we have reached our objective of reducing our cost and risk exposure on the Eakring-Dukes Wood and the Kirklington projects whilst maintaining a material operated interest. We now look forward to the results of the current drilling at Dukes Wood-1, the first well to be drilled on this oil bearing structure since the 1940's."*

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## **Notes for Editors**

### **Egdon Resources plc**

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

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

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

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

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

### **The Eakring Dukes-Wood Oil Field**

The Eakring-Dukes Wood oil field was discovered in 1939 and produced from a number of shallow sandstone reservoirs of Carboniferous age from 1940 until 1966. The total production by 1966 was 6.5 million barrels out of mapped oil in place of 25.6 million barrels. The remaining wells on the field were plugged and abandoned by BP in the 1990s. Egdon believes there is potential to rejuvenate the field to take advantage of increased oil price, improved technology and the recognition of undrilled and un-drained parts of the field.

### **Kirklington Oil Field**

The Kirklington oil field is a single well development located immediately to the south of the Eakring-Dukes Wood oil field. The Kirklington-2 well was drilled by BP in 1985 and found oil in two sandstone reservoirs of Carboniferous age. The field was produced intermittently from 1986 until 2004 when the then operator Star Energy shut-in field production. Egdon was awarded PEDL203 licence in 2008 and subsequently acquired the Kirklington production site in 2009 from Star Energy. Production has been ongoing since mid-2009. Egdon has identified potential to recover additional oil volumes via a sidetrack of the existing Kirklington-2 well which is due to commence in early 2010.

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