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EGDON RESOURCES PLC

("Egdon" or "the Company")

Preliminary Results for the year ended 31 July 2009

Egdon Resources plc, the UK-based exploration and production company primarily focused on the hydrocarbon-producing basins of the onshore UK and Europe, today announces its Preliminary Results for the year ended 31 July 2009. The Company is listed on AIM under the code EDR.

Overview and Highlights

Operational Highlights

- Production during the period of 23,474 barrels from the Keddington and Avington oil fields (2008: 23,430 barrels)
- Kirklington oil field acquired and restored to production at end of period
- Successful award of Pontenx and Gex Permits in France to broaden European portfolio
- Spudded Dukes Wood-1 well in November 2008 – well to be drilled to target horizon in Q4 2009
- Planning approval for the Kirkleatham gas development received in August 2009 leading to a revised target of Q4 2010 gas sales

Financial and Corporate Highlights

- Oil Revenues during the year of £880,127 (2008: £1,121,624)
- Loss for period of £83,523 (2008: loss of £2,376,262 from continuing operations (which exclude gas storage activities))
- Loss per share of 0.12p (2008: loss per share of 3.52p from continuing operations)
- Net current assets as at 31 July 2009 of £1.5 million (2008: £2.29 million)
- No borrowings
- Completion of the sale of a 10% minority interest in PEDL005(Remainder) containing the Keddington oil field to Alba Resources Limited for £260,000
- Acquisition of YCI Resources completed during March 2009 increasing interest in Avington oil field from 20% to 36.667%

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

"The last 12 months has been a period of significant change. Management has made definitive progress in re-shaping Egdon's portfolio through the development of its current asset base in parallel with acquisitions and disposals as highlighted by our post year-end announcements regarding the proposed EnCore and Terrain transactions.

"In what has been a challenging year of reduced oil prices and regulatory delays which have affected production, we are pleased to report that our target of 500 barrels per day production should be reached by the end of 2009 or in early 2010. We also expect to complete both the EnCore acquisition and the farm-down to Terrain Energy around the end of the year."

"The clear strategy adopted over the past year has positioned the Company for growth".

For further information please contact:

Egdon Resources plc
Mark Abbott Managing Director 01256 702292

Buchanan Communications
Ben Willey, Miranda Higham 020 7466 5000

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

Chairman's Statement

The current year has been a challenging year for all exploration and production businesses and Egdon has not been an exception. We have had to manage reduced and fluctuating oil and energy prices and an uncertain economic outlook. Our strategy to develop the business in this trading environment has been clear. We have focused our efforts on near-term production and revenue generating projects, reduced our near-term exploration expenditure, and carefully managed our cash resources. Whilst doing this we have always had an eye to the future and looked to position ourselves for growth.

Financial

The Group recorded a loss for the period of £83,523 (2008: loss of £2,376,262 from continuing operations). This equates to a loss per share of 0.12p (2008: loss per share of 3.52p from continuing operations).

The Group had sustained oil production throughout the year with oil sales of £880,127 (2008: £1,121,624) on volumes of 23,474 barrels (2008: 23,430 barrels).

The Group has no borrowings and has adopted a strategy designed to provide a clear focus on managing costs. The Group had net current assets as at 31 July 2009 of £1.50 million (2008: £2.29 million).

The Directors do not recommend the payment of a dividend (2008: £nil).

Near term focus on Production

We have continued to focus the Company's resources on production and development projects designed to increase production and revenues. Production during the period was 23,474 barrels slightly up from 2008 (23,430 barrels). At 31 July 2009 the Keddington and Avington oil fields were on production.

Production from the Keddington oilfield in Lincolnshire continued throughout the period, with net Egdon oil volumes for the year of 13,476 barrels an increase of 24% over 2008 levels (10,866 barrels). We remain encouraged by the upside at Keddington and are planning to drill a sidetrack of the Keddington-2y well based on recently reprocessed 3D seismic data to increase production and revenues from the field by early 2010.

The Avington oil field was placed on production on 23 January 2009 and continued to produce until the end of the year. During March 2009 Egdon increased its interest in Avington from 20% to 36.667% through the acquisition of YCI Resources Ltd (later renamed Egdon Resources Avington Limited) from Heyco Energy Group for a consideration of 6,861,434 Egdon ordinary shares and a Net Profit Interest on production from the field. Net production from Avington for the period was 9,998 barrels (2008: 12,564 barrels). In early August 2009 the field was shut-in for a period of around 2 months whilst the permanent production facilities were upgraded.

During the year Egdon acquired the Kirklington-2 well site in Nottinghamshire (PEDL203) from Star Energy. The Kirklington oil field, which had been shut-in since 2004, is located immediately to the south of the Eakring-Dukes Wood oil field. The production facilities on the site have been reinstated and improved; test-production was initiated on 28 July 2009 and by 7 August 2009 had achieved a rate of around 30 bopd. This production whilst welcome is not the primary interest for the Company. Egdon has identified the potential to recover additional oil volumes via a sidetrack of the existing Kirklington-2 well. Planning approval is already in place for this well which will be drilled in the near future.

Drilling activity was limited during the period as we consolidated activity around existing projects. However the Dukes Wood-1 well was spudded on 18 November 2008 with the drilling of the top-hole section of the well to a depth of 47 metres. This enabled the licence to be extended into its second term. Dukes Wood-1, which is due to complete drilling in November 2009, will test the highest part of the Dukes Wood anticline in an area where Egdon has identified potential for un-drained and re-migrated oil. This is the first well in the evaluation of the rejuvenation potential of the Eakring-Dukes Wood oil field where we see low risk opportunities to add production and reserves to our near term asset base.

The Kirkleatham gas field development (PEDL068) continued, albeit with slower than hoped for progress. A milestone was achieved in August 2009 with the award of planning consent for the development. However, this project has not been immune from the recession with significant changes on the Wilton site leading to delays in finalising the design and agreements. As a result the joint venture partners have agreed to move the target completion of the project from late winter 2009/10 to the start of the 2010 winter gas season where it is anticipated that gas prices will be higher compared to a summer start-up.

Acquisitions and asset transactions

In addition to the acquisition of YCI Resources Limited detailed above, Egdon also sold a minority interest of 10% in PEDL005 (remainder) to Alba Resources Limited for a cash consideration of £260,000 in January 2009.

On 23 September 2009 the Company announced it was in advanced negotiations to acquire a portfolio of UK and French assets from EnCore Oil plc ("EnCore"). The assets to be acquired would consist of EnCore's entire interests in ten onshore UK licences, two onshore French licences and an interest in the Ceres gas field located in the Southern North Sea. The Ceres field is due to commence production prior to year end and on the basis of our expectation that the acquisition will complete around the end of 2009 this would therefore contribute to the Company's production target.

On 15 October 2009 the Company announced that it had farmed-down its interest in four East Midlands licences to Terrain Energy Limited for a consideration of £687,500, with £450,000 payable in cash on completion and a further £237,500 payable on a staged basis on commencement of specific drilling activity on licences PEDL005(Remainder), PEDL118 and PEDL203.

Exploration – the engine for growth

Egdon's strategy is to develop a high-potential exploration portfolio as a platform for future growth. Egdon has an objective of drilling 3 to 4 exploration and appraisal wells per year from 2010 onwards to achieve this goal.

As part of the exploration process we continue to add value to our existing licences in the UK and France through detailed ongoing technical work, where we high-grade areas and prospects and look to secure the necessary landowner and planning consents for future drilling. We are currently awaiting the outcome of a planning application for the Holmwood prospect in Surrey and are preparing or considering planning applications for wells at Nooks Farm, Winfrith, North Somercotes and Westerdale. As part of the normal cycle of exploration we also relinquish those licences which do not meet our exacting technical standards. During the period PEDL's 048, 094, 128 and 132 have been relinquished and the past costs written off.

France has been a key focus for the Company's exploration strategy and it is pleasing to report the addition of two further high potential permits during the year which add significantly to the Company's opportunity base.

The first of these, the Pontenx Permit is located on the southern margins of the Parentis Basin, an oil productive region on the Atlantic coast of France. The Pontenx Permit contains a mix of opportunities including the abandoned Mimizan Nord heavy oil field and a number of high potential prospects.

The second of these is the Gex Permit which is located in the Jura/Molasse Basin adjacent to the Swiss Border. We are encouraged by its potential for significant gas reserves close to Geneva, an area of major energy demand.

We are also currently awaiting the award of a further French licence; Navacelle.

Egdon has reported best estimate prospective resources as at 31 July 2009 of 280 million barrels of oil equivalent in over 50 prospects. With this high number of prospects we have decided to market a number of farm-out opportunities with the aim of managing risk and accelerating drilling activity on some key projects. The farm-out market is currently very competitive but we hope to be able to report progress in this area during the coming year.

The Company will continue to review new exploration opportunities and apply for new projects where they strengthen our portfolio.

Outlook

The Company has previously reported a production target of 500 boepd by the end of 2009. The delay in first production from Kirkleatham will impact this target but planned activity at Dukes Wood, Keddington and Kirklington will add to overall production and combined with the proposed acquisition of Ceres from EnCore we expect to reach the target either by the end of 2009 or in early 2010

Looking further ahead the next 12 months will see further progress towards increasing production and revenues with continued production expected from Keddington, Avington and Kirklington and further production volumes anticipated from activity at Dukes Wood, Keddington, Waddock Cross and Kirkleatham.

A return to exploration activity is expected in the next year with potential wells at Winfrith, North Somercotes, Goudhurst and Holmwood dependent upon the outcome of planning applications.

The challenges of the current trading environment can produce interesting acquisition opportunities and Egdon continues to review options to grow the business. As mentioned above, we anticipate completion of the EnCore acquisition and integration of this portfolio into Egdon's asset base around the end of 2009. This would result in additional drilling activity in Southern England and France in 2010.

Meanwhile we thank our shareholders for their continued patience and support, and I would like also to pay tribute to the hard work and endeavours of our staff during the year.

Philip Stephens
Chairman

EGDON RESOURCES PLC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2009

	Note	**2009**	2008
		£	£
CONTINUING OPERATIONS			
Revenue		**880,127**	1,121,624
Cost of sales – exploration costs written off and pre-licence costs		**(151,620)**	(1,441,260)
Cost of sales – other		**(678,895)**	(1,103,236)
Total cost of sales		**(830,515)**	(2,544,496)
Gross profit / (loss)		**49,612**	(1,422,872)
Other administrative expenses		**(480,927)**	(1,189,836)
Negative goodwill arising on acquisition of subsidiary		**62,828**	-
Total administrative expenses		**(418,099)**	(1,189,836)
Other operating income		**54,236**	91,295
Exceptional item – profit on disposal of property, plant and equipment		**221,300**	-
		(92,951)	(2,521,413)
Financial revenue		**30,226**	161,476
Finance costs		**(20,798)**	(16,325)
Loss on ordinary activities before taxation		**(83,523)**	(2,376,262)
Taxation on loss on ordinary activities		**-**	-
Loss for the period from continuing operations after taxation		**(83,523)**	(2,376,262)
Loss from discontinued operations		**-**	(798,000)
Loss for the period		**(85,523)**	(3,174,262)
Loss per ordinary share			
Basic and diluted loss per share	3	**(0.12)p**	(4.70)p
Basic and diluted loss per share (continuing operations)	3	**(0.12)p**	(3.52)p
Basic and diluted loss per share (discontinued operations)	3	**-**	(1.18)p

EGDON RESOURCES PLC
CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2009

	2009	2008
	£	£
Non-current Assets		
Intangible assets	**5,697,408**	5,471,666
Property, plant and equipment	**2,480,488**	775,616
Total non-current assets	**8,177,896**	6,247,282
Current assets		
Inventory	**12,127**	-
Trade and other receivables	**437,502**	394,312
Available for sale financial assets	**50,000**	50,000
Cash and cash equivalents	**1,307,143**	2,167,058
Total current assets	**1,806,772**	2,611,370
Current liabilities		
Trade and other payables	**(311,078)**	(318,546)
Net current assets	**1,495,694**	2,292,824
Total assets less current liabilities	**9,673,590**	8,540,106
Non-current liabilities		
Provisions	**(750,333)**	(249,545)
Net assets	**8,923,257**	8,290,561
Shareholders' funds		
Share capital	**7,547,577**	6,861,434
Share premium	**65,000**	65,000
Merger reserve	**-**	-
Share based payment reserve	**30,076**	-
Retained earnings	**1,280,604**	1,364,127
	8,923,257	8,290,561

EGDON RESOURCES PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2009

	2009 £	2008 £
Cash flows from operating activities		
Loss from operations excluding exceptional items	**(304,823)**	(3,174,262)
Adjustments for:		
Depreciation and impairment of fixed assets	**339,499**	1,537,531
Deduct negative goodwill	**(62,828)**	-
(Increase) in trade and other receivables	**(44,443)**	(109,437)
(Increase)/decrease in inventory	**(12,127)**	24,169
(Decrease) in trade payables	**(20,261)**	(660,258)
Movement in provisions	**(6,342)**	2,954
Gross profit on oil well testing	**8,153**	-
Finance costs	**20,798**	-
Financial revenue	**(30,226)**	(290,476)
Share based remuneration charge	**30,076**	
Bonus paid by way of issue of shares	**-**	146,250
Net cash flow used in operating activities	**(82,524)**	(2,523,529)
Investing activities		
Acquisition of subsidiary (net of cash acquired)	**(22,311)**	-
Interest received	**30,226**	290,476
Payments for exploration and evaluation assets	**(823,505)**	(2,055,487)
Payments for other intangible fixed assets	**-**	(2,556,248)
Purchase of property, plant and equipment	**(223,439)**	(62,351)
Sale of tangible fixed assets	**261,638**	-
Cash held by subsidiary on demerger	**-**	(3,650,735)
Net cash flow from capital expenditure and financial investment	**(777,391)**	(8,034,345)
Financing activities		
Issue of shares	**-**	5,000,000
Costs associated with issue of shares	**-**	(174,744)
Net cash flow from financing	**-**	4,825,256
Net (decrease) in cash and cash equivalents	**(859,915)**	(5,732,618)
Cash and cash equivalents as at 1 August 2008	**2,167,058**	7,899,676
Cash and cash equivalents as at 31 July 2009	**1,307,143**	2,167,058

Significant non-cash transactions comprised the issue of equity share capital as consideration for the acquisition of subsidiary companies, provision for liabilities in connection with acquisition of a subsidiary and for decommissioning and reinstatement and (in 2008 only) the disposal of Portland Gas plc, effected by way of a scheme of arrangement.

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE YEAR ENDED 31 JULY 2009

	Share capital	Merger reserve	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£	£
Balance at 1 August 2007	654,657	20,387,373	-	-	31,287	21,073,317
Loss for the period and total recognised income and expense for the period	-	-	-	-	(3,174,262)	(3,174,262)
Issue of ordinary shares September 2007	23,256	4,802,000	-	-	-	4,825,256
Effect of share cancellation	(677,913)	677,913	-	-	-	-
Issue of shares following scheme of arrangement	6,780,184	(6,780,184)	-	-	-	-
Transfer of reserve resulting from Court Order	-	(19,087,102)	-	-	19,087,102	-
Distribution of Portland Group	-	-	-	-	(14,580,000)	(14,580,000)
Issue of ordinary shares (May 2008)	81,250	-	65,000	-	-	146,250
Balance at 31 July 2008	6,861,434	-	65,000	-	1,364,127	8,290,561
Loss for the period and total recognised income and expense 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

EGDON RESOURCES PLC
NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009

1. Basis of preparation

The financial information set out in this announcement does not constitute the statutory accounts of the Group for the years ended 31 July 2009 or 31 July 2008.

The financial information has been extracted from the statutory accounts of the Group for the years ended 31 July 2009 and 31 July 2008. The auditors 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 or section 237(2) or section 237(3) of the Companies Act 1985 respectively 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 2008 have been delivered to the Registrar of Companies; those for the year ended 31 July 2009 were approved by the board on 3 November 2009 and will be delivered to the Registrar of Companies following the Annual General Meeting.

There was no change to the group's accounting policies for the year ended 31 July 2009 as compared to those published in the statutory accounts for the year ended 31 July 2008.

2. Segmental information

The primary segment reporting format is determined to be geographical segments as the Group's risks and rates of return are affected predominantly by the economic and market conditions present in each of the geographical areas in which the Group operates. The Group's geographical segments are based on the location of the Group's assets. The Group's head office is in the United Kingdom with operations located in the United Kingdom and France, and licence applications made elsewhere in Europe. During the period the operations of the Group comprise one class of business, being oil and gas exploration, development and production so consequently there are no secondary segments. During 2008, prior to the demerger of Portland Gas plc, the Group was also involved in the development of gas storage facilities.

The turnover of the Group for the period has been derived from the sale of oil which has been extracted from wells in the UK during production and production testing operations.

2009

	UK	**France**	**Rest of Europe**	**Total**
Turnover by segment:	£	£	£	£
Oil sales	880,127	-	-	880,127
Cost of sales by segment:				
Exploration costs written off and pre-licence costs	116,190	158	35,272	151,620
Depreciation	233,472	-	-	233,472
Other	445,423	-	-	445,423
	795,085	**158**	**35,272**	**830,515**
Loss on ordinary activities by segment:				
(Loss)/profit from oil & gas exploration	(54,429)	1,592	(40,114)	(92,951)
Financial revenue	29,337	886	3	30,226
Financial costs	(20,798)	-	-	(20,798)
(Loss) for the year after interest and tax	**(45,890)**	**2,478**	**(40,111)**	**(83,523)**

	UK	France	Rest of Europe	Total
Assets by segment:				
UK oil and gas exploration	7,472,049	1,155,249	227	8,627,525
Liabilities by segment:				
UK oil and gas exploration	**(990,127)**	**(69,241)**	**(2,043)**	**(1,061,411)**
Net assets excluding interest bearing assets and liabilities	6,481,922	1,086,008	(1,816)	7,566,114
Interest bearing assets UK oil and gas exploration	1,338,137	14,975	1,923	1,355,035
Interest bearing assets - unallocated corporate assets	2,108	-	-	2,108
Net assets including interest bearing assets and liabilities	**7,822,167**	**1,100,983**	**107**	**8,923,257**
Capital expenditure on segmental assets:				
Oil and gas exploration	1,011,172	35,772	-	1,046,944

2008

	UK	France	Rest of Europe	Total
Turnover by segment:	£	£	£	£
Oil sales	1,121,624	-	-	1,121,624

Cost of sales by segment:				
Exploration costs written off and pre-licence costs	1,388,594	52,666	-	1,441,260
Depreciation	158,621	-	-	158,621
Other	944,615	-	-	944,615
	2,491,830	**52,666**	**-**	**2,544,496**

Loss on ordinary activities by segment:				
Loss from oil & gas exploration (continuing activities)	(2,399,639)	(120,733)	(1,041)	(2,521,413)
UK - Gas storage (discontinued operations)	(927,000)	-	-	(927,000)
(Loss) for the year	(3,326,639)	(120,733)	(1,041)	(3,448,413)
Financial revenue	280,405	10,058	13	290,476
Financial costs	(16,325)	-	-	(16,325)
(Loss) for the year after interest and tax	**(3,062,559)**	**(110,675)**	**(1,028)**	**(3,174,262)**

	UK	France	Rest of Europe	Total
Assets by segment:				
UK oil and gas exploration	5,506,238	1,131,826	3,530	6,641,594
Liabilities by segment:				
UK oil and gas exploration	(493,310)	(74,774)	(7)	(568,091)
Net assets excluding interest bearing assets and liabilities	5,012,928	1,057,052	3,523	6,073,503
Interest bearing assets UK oil and gas exploration	2,202,507	11,403	417	2,214,327
Interest bearing assets - unallocated corporate assets	2,731	-	-	2,731
Net assets including interest bearing assets and liabilities	**7,218,166**	**1,068,455**	**3,940**	**8,290,561**
Capital expenditure on segmental assets:				
Oil and gas exploration	1,713,465	864,583	3,430	2,581,478
Gas storage	2,234,384	-	-	2,234,384

3. Loss per share

	2009	2008
	£	£
Net loss for the financial year	(83,523)	(3,174,262)
Net loss for the financial year (continuing operations)	(83,523)	(2,376,262)
Net loss for the financial year (discontinued operations)	-	(798,000)
Basic weighted average ordinary shares in issue during the year	71,283,718	67,582,585
	Pence	Pence
Basic and diluted loss per share	(0.12)	(4.70)
Basic and diluted loss per share (continuing operations)	(0.12)	(3.52)
Basic and diluted loss per share (discontinued operations)	-	(1.18)

The basic loss per share has been calculated on the loss on ordinary activities after taxation of £83,523 (2008: £3,174,262) divided by the weighted average number of ordinary shares in issue of 71,283,718 (2008: 67,582,585) during the period. The loss per share for continuing operations excludes the financial results for Portland Gas plc.

In accordance with IAS 33, the diluted loss per share calculation is the same as the basic loss per share as assumed conversion of outstanding share options would be anti-dilutive.

4. Income Tax

The major components of income tax expense for the years ended 31 July 2009 and 2008 are:

	2009	2008
	£	£
a) Consolidated income statement		
Current income tax charge	-	-
Adjustments in respect of current income tax of previous years	-	-
b) A reconciliation between tax expense and the product of accounting loss for the years ended 31 July 2009 and 2008 is as follows:		
Accounting loss before tax from continuing operations	(83,523)	(2,376,262)
Loss on ordinary activities multiplied by the standard rate of tax of 28% (2008: 28%)	(23,386)	(665,306)
Expenses not permitted for tax purposes	15,053	126,400
Deductions for tax not included in income statement	-	-
Movements in unrecognised deferred tax assets	8,333	532,998
Group relief	-	5,908
Income tax expense reported in the income statement	-	-

c) Factors that may affect the future tax charge:

The Group has trading losses of £16,027,863 (2008: £13,673,772) which may reduce future tax charges. Future tax charges may also be reduced by capital allowances on cumulative capital expenditure, supplementary allowance 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 £2,197,991 (2008: £3,540,748) at year end.

5. Post balance sheet events

On 23 September 2009 the Company announced it was in advanced negotiations to acquire a portfolio of UK and French assets from EnCore Oil plc ("EnCore"). The assets to be acquired would comprise of EnCore's entire interest in 10 onshore UK licences, 2 onshore French licences and an interest in the Ceres gas field on the UKCS as listed below.

Licence	Basin	Equity (%)	Operator
Onshore UK			
PEDL068	Cleveland Basin	20.0	Egdon Resources
PEDL256	Weald Basin	7.5	Northern Petroleum
PEDL125	Weald Basin	10.0	Northern Petroleum
PEDL126	Weald Basin	10.0	Northern Petroleum
PEDL154	Weald Basin	10.0	Northern Petroleum
PEDL155	Weald Basin	10.0	NP Weald Limited
PEDL098	Wessex Basin	7.5	Northern Petroleum
PEDL240	Wessex Basin	7.5	Northern Petroleum
PEDL253	Humber	60.0	EnCore
Onshore France			
Mairy	Paris Basin	30.0	Lundin
Nimes	Rhone Graben Basin	100.0	EnCore
UKCS - Ceres			
P.1241	47/9c, Southern North Sea	10.0	Centrica

The consideration, which will be satisfied in Egdon Ordinary Shares, will be finalised as part of the contract negotiations and the transaction will be structured so that on completion EnCore's ownership will not exceed 29.9% of the enlarged share capital. The transaction is subject to final agreement of terms, completion of detailed due diligence, and shareholder and regulatory approval. The companies will make further announcements as the process progresses.

On 15 October 2009 the Company announced it had reached agreement to sell a package of interests in four onshore UK licences to Terrain Energy Limited ("Terrain"). The interests to be acquired are all located in the East Midlands and comprise of a 15% interest in PEDL005 (Remainder), and 25% interests in PEDL203, PEDL118 and PEDL206 respectively. Following completion Egdon will hold a 75% operated interest in all of these licences.

The transaction is subject to regulatory approval by the Department of Energy and Climate Change and in the case of PEDL005 (Remainder) approval by licence partners. The consideration to be received by Egdon for the transaction will be £687,500, with £450,000 payable in cash on completion and a further £237,500 payable on a staged basis on commencement of specific drilling activity on licences PEDL005(Remainder), PEDL118 and PEDL203. From completion Terrain would also be paying its share of all expenses and receiving its share of all revenues from the licences.

6. Approval by the board

This preliminary announcement was approved by the Board on 3 November 2009.