



Embargoed for 7.00am

11 February 2009

**EGDON RESOURCES PLC**

("Egdon" or "the Company")

**Acquisition of YCI Resources Limited**

The Directors of Egdon Resources plc are pleased to announce that the company has reached agreement to acquire the entire issued share capital of YCI Resources Limited ("YCIR") from the Heyco Energy Group ("Heyco").

YCIR is a UK registered private company whose principal asset is a 16.667% interest in PEDL070, which contains the Avington oil field and is located in the Weald Basin of Southern England. YCIR also has a 33.334% interest in adjacent licence PEDL069 which Egdon maps as containing a possible northerly extension to the Avington field. This transaction will increase Egdon's interests to 36.667% in PEDL070 and to 66.667% in PEDL069.

The consideration for the transaction will be the issue to Heyco of 6,861,434 Ordinary shares in Egdon. In addition Egdon will grant Heyco a Net Profit Interest ("NPI") on current and future production from the licences. The NPI, which is related to oil price, will range between 5% and 10% of Egdon's net revenues realised from the licences after subtracting allowable costs.

The acquisition is subject to review by the Secretary of State for Business Enterprise and Regulatory Reform following which the transaction will be completed and application will be made for the consideration shares to be admitted to AIM.

The Avington oil field was discovered in 2003 with the drilling of the Avington-2 well which tested light oil from the Jurassic age Great Oolite reservoir. During 2007 the drilling and extended production testing of the Avington-3z well established the commerciality of the field with production of 63,000 barrels of oil during the six months test. During 2008 the operator, Star Energy, obtained the required planning and other consents to improve the surface facilities and restart production from the Avington-3z and Avington-2z wells. In addition consent was granted to drill two further appraisal wells on the accumulation. As previously reported by the Company, production commenced at Avington on 23 January 2009 at an initial free-flowing rate of around 300 barrels per day.

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

*"The acquisition of YCIR increases our interest in the Avington oil field to a more material level of 36.667% and will provide an important additional source of revenue and enable us to make further progress towards our near term production targets. We have worked closely with the management of Heyco over a number of years and look forward to their involvement as shareholders in the Company."*

George Yates, President of Heyco Energy Group commented;

*"This transaction allows Heyco to gain exposure to the wide range of quality projects within Egdon's portfolio while retaining a financial interest in the Avington Field"*

For further information please contact:

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## **Company Background**

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 mainland Europe.

Egdon holds interests in twenty-six 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 currently has production from the Keddington and Avington oil fields. Further oil and gas production is anticipated from Kirklington, Kirkleatham, Waddock Cross, Eakring-Dukes Wood during the next twelve months.

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.

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 22 years experience.