



17 April 2018

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EGDON RESOURCES PLC

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

Interim Results for the Six Months Ended 31 January 2018

Egdon Resources plc (AIM:EDR), the UK-based exploration and production company with a primary focus on the onshore UK, announces its unaudited interim results for the six months ended 31 January 2018 ('the period').

Overview and Highlights

Operational and Corporate

- Conclusion of legal agreements and commencement of site construction at Springs Road where the operator IGas has advised it expects to commence drilling around mid-2018
- Following rejection by the Planning Inspectorate of Egdon's appeals against the two planning refusals in respect of the development of the Wressle oil discovery, Egdon announced its intention to submit a new planning application to address in detail all matters highlighted by the Inspector in his Decision Notice and to also make an application to extend the existing planning for the wellsite
- Acquisition of 100% interest in Promote Licence P2304 from Arenite Petroleum Limited and Europa Oil & Gas Limited resulting in an expanded core area to the south of the Resolution offshore gas discovery
- Completion of the acquisition of the producing Fiskerton Airfield oil field in Lincolnshire licence EXL294 and subsequent sale of 20% interest to Union Jack Oil plc to balance financial exposure
- Production of 17,962 barrels of oil equivalent ("boe") (98 barrels of oil equivalent per day "boepd") (H1 2017: 16,882 boe; 94 boepd)

Financial Performance

- Oil and gas revenues during the period £0.51 million (H1 2017: £0.51 million)
- Loss for the period of £0.85 million (H1 2017: loss of £0.73 million)
- Cash at bank of £4.10 million (H1 2017: £6.80 million)
- Net current assets as at 31 January 2018 of £5.08 million (H1 2017: £8.00 million)
- The Company has no debt (H1 2017: Nil)

Post-Period Events

- Farm-out of interests in PEDL253 (Biscathorpe) to Union Jack Oil plc and Humber Oil & Gas Limited

- Workovers completed of two wells at Fiskerton Airfield with production increased to approaching 30 barrels of oil per day (“bopd”), ahead of further optimisation, an increase of 14 bopd from pre workover levels
- Planning application submitted on 13 April 2018 to extend existing planning consent at the Wressle wellsite for a period of 12 months from the decision date
- Additional site investigation boreholes and two deeper cored boreholes completed to support a new planning application for Wressle field development due for submission within the next month
- Submission of planning applications to extend existing consents for a further 3 years at both North Kelsey and Biscathorpe
- Encouraging Results from third party activity includes the drilling of UK’s first horizontal shale gas well at Preston New Road in Lancashire by Cuadrilla

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

“ After a busy and productive six months, we are confident that we will make further progress in the second half of the year, especially on two important fronts. Firstly, after many setbacks, we hope to be successful in gaining planning permission in order to allow us to develop our conventional oil discovery at Wressle. Secondly, we await the drilling of the first well at Springs Road where we have a carried interest in this significant unconventional prospect in the Gainsborough Trough. Success in these prospects will significantly enhance our future.

Whilst challenges no doubt remain, the UK shale business is gaining considerable traction with the completion recently of the first horizontal shale gas well in Lancashire. With an increased level of industry activity due to take place over the coming months, we believe the spotlight will shine more brightly on this exciting space, and Egdon’s sizeable acreage position ensures we represent a compelling vehicle for investors to benefit from the eventual uptick in much needed onshore activity.”

An audiocast of the Results Presentation is available to view via the following link with immediate effect:
<http://vm.buchanan.uk.com/2018/egdon170418/registration.htm>

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Egdon Resources plc (LSE: EDR) is an established UK-based exploration and production company focused on onshore exploration and production in the hydrocarbon-producing basins of the UK.

Egdon holds interests in 43 licences in the UK and has an active programme of exploration, appraisal and development within its portfolio of oil and gas assets. Egdon is an approved operator in the UK. Egdon was formed in 1997 and listed on AIM in December 2004.

Qualified Person Review

In accordance with the AIM Rules - Note for Mining and Oil and Gas Companies, this release has been reviewed by Mark Abbott, Managing Director of Egdon, who is a geoscientist with over 30 years' experience and is a member of the Petroleum Exploration Society of Great Britain and a Fellow of the Geological Society. Mr Abbott has consented to the inclusion of the technical information in this release in the form and context in which it appears.

Evaluation of hydrocarbon volumes has been assessed in accordance with 2007 Petroleum Resources Management System prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE).

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

Chairman's Statement

In the six months ended 31st January 2018, we have made important progress in some areas which have been somewhat tempered by unexpected planning setbacks, which have delayed the development of our conventional oil production. Our share price has been adversely impacted by these uncertainties, but we are confident that we will make good progress in the next six months as outlined below.

On a more general note we have recently experienced unusually adverse weather conditions in the UK and this has highlighted the potential vulnerability of energy supply to this country. In this context, the development of indigenous onshore UK oil and gas production seems to us to have an ever more vital role to play alongside development of renewable sources of energy.

Developments during the period have included:

Springs Road (Egdon 14.5%)

Licence operator IGas has concluded all legal agreements with Nottinghamshire County Council and commenced civil works at the Springs Road site in Nottinghamshire, where planning consent has been granted for the drilling of two wells. Site construction is now largely completed and IGas has advised that drilling operations in the East Midlands will begin around mid-2018. In the coming months, Egdon looks forward to participating in Springs Road-1, a potentially play-opening well in our core area for unconventional resources exploration, the Gainsborough Trough. Egdon's costs are carried in Springs Road.

Fiskerton Airfield (Egdon 80%)

In October, Egdon completed the acquisition of the producing Fiskerton Airfield oil field in Lincolnshire licence EXL294 and in November a 20% interest was sold to Union Jack Oil plc ("UJO") to balance Egdon's financial and risk exposure to the asset. Despite challenging weather conditions, workovers of the two producing wells were successfully completed in the period January to March 2018. Production operations have resumed at Fiskerton with field production approaching 30 barrels of oil per day ("bopd"), a significant increase on the pre-workover rates of 16 bopd, prior to further optimisation including increasing pumping rates.

Wressle Oil Field Development (Egdon 25%):

In early January 2018, The Planning Inspectorate rejected Egdon's appeals against the planning refusals by North Lincolnshire County Council's Planning Committee in respect of the development of the Wressle oil discovery in licences PEDL180 and PEDL182. In mid-January, Egdon announced its intention to submit a new planning application for the development of the Wressle oil discovery. Since then, Egdon has drilled a number of site investigation boreholes and two deeper cored boreholes. The data from these operations will be used to support a new planning application containing a revised site design and hydrogeological risk assessment for the Wressle Field Development. Once Egdon has received and integrated the results of the hydraulic conductivity tests carried out on the core samples, the new planning application for the Wressle Field Development will be submitted. This is expected to occur in four to five weeks' time. An application to extend the existing consent for the Wressle wellsite for a further year was submitted on 13 April 2018.

Endeavour Gas Discovery (P2304) (Egdon 100%)

In December 2017, Egdon announced the acquisition of a 100% interest in offshore Promote Licence P2304, adjacent to our Resolution gas discovery (Licence P1929, Egdon 100%), from Arenite Petroleum Limited and Europa Oil & Gas Limited for a nominal cash consideration, plus further contingent payments related to future activity. The licence contains a mapped extension of Resolution and an additional proven gas discovery made by well 41/24a-1, named

Endeavour by Egdon, and has flow tested at rates of up to 34 million cubic feet of gas per day from well 41/24a-3. Egdon has independently mapped the Endeavour structure and attributes a mean prospective resource volume of 27 billion cubic feet of gas ("bcf") to the discovery.

Financial and Statutory Information

Net production for the period ending 31 January 2018 was 17,962 boe (H1 2017: 16,882 boe). Revenue from oil and gas production during the period was £0.51 million (H1 2017: £0.51 million). Cost of sales from production operations (including shut-in assets) for the period was £0.56 million (H1 2017: £0.41 million). Depreciation for the period was £0.20 million (H1 2017: £0.23 million).

The Group recorded a loss of £0.85 million for the six months ended 31 January 2018 (H1 2017: loss of £0.73 million).

The loss per share for the period was 0.33p (H1 2017: loss of 0.31p).

Net current assets as at 31 January 2018 of £5.08 million (H1 2017: £8.00 million) including cash at bank of £4.10 million (H1 2017: £6.80 million).

The Group remains debt free (H1 2017: Nil).

Strategy

Our strategy focuses on three key near-term objectives to deliver shareholder value:

- UK Unconventional Resources - growing the value of exploration opportunities in Northern England
- Conventional Resources Exploration and Appraisal - adding additional reserves and revenues through an active drilling programme whilst managing risk and financial exposure through farm-out transactions
- Production - a continued focus on maximising production rates, revenues and profitability from existing producing assets through targeted investment

Operations

Our website (www.egdon-resources.com) provides further details of all our assets and operations.

UK Unconventional Resources

Egdon has delivered against its strategic objective by building a significant unconventional resources acreage position in Northern England (c. 205,800 acres net (833km² net)) through a series of targeted acquisitions, farm-ins and licence round applications. Egdon now holds a material interest in a number of key prospective geological basins and has reported an independently assessed mean volume of undiscovered Gas Initially in Place ("GIIP") of 50.9 TCF. Springs Road will be a key test of our Gainsborough Trough core area for shale exploration during the coming months.

In addition to the carried Springs Road well, 2018 should see a number of important wells and tests by other operators. IGas is planning to drill at Tinker Lane on the southern margin of the Gainsborough Trough and has also announced that its mid-term focus will be to move to pilot development in the Gainsborough Trough. Cuadrilla has reported encouraging results from the Upper and Lower Bowland Shale in two vertical wells at its Preston New Road site in

Lancashire and has recently announced the completion of the first horizontal well. Hydraulic fracturing and flow testing by Cuadrilla of two horizontal wells at Preston New Road in Lancashire is planned to start later in 2018. Third Energy is planning to hydraulically fracture and test at Kirby Misperton in North Yorkshire once it has concluded financial resilience tests. Elsewhere INEOS Shale has completed its large 3D acquisition programme in the East Midlands adjacent to and over some of Egdon's licences and expects planning inquiries for several proposed shale exploration wells starting from mid-2018.

In November 2017, INEOS Shale acquired the majority of Total's interests in the Gainsborough Trough, becoming the funding partner for the forthcoming Springs Road wells (EDR14.5% carried) and acquiring the option to farm-in to Egdon's PEDL209 licence.

Conventional Resources Exploration and Appraisal

Post period-end we announced the farm-out of interests in PEDL253 to UJO and Humber Oil & Gas Limited. The funded Biscathorpe well targets a prospect that has the potential to be one of the larger UK onshore oil fields (Egdon 35.8% interest: Gross Mean Prospective Resources of 14 million barrels of oil ("mmbo")). We continue to look to introduce further partners at North Kelsey (Egdon 80% interest: Gross Mean Prospective Resources of 6.5 mmbo). Egdon has submitted applications to extend existing planning for a further three years at both the Biscathorpe and North Kelsey exploration sites. A decision on the extension at North Kelsey was deferred for a site visit at a planning meeting held on 9 April 2018.

The Company's interest in Holmwood (PEDL143) is largely carried. Operator Europa has advised that the well could be drilled in H2 2018 subject to agreement of the Construction Transport Management Plan, the last unfulfilled planning condition and issue of the Environmental Permit where a "minded to award" decision has been issued by the Environment Agency. Holmwood is a conventional prospect with potential for oil trapped in Jurassic sandstone and limestone reservoirs which have been proven locally at the Brockham and Horse Hill discoveries. Holmwood has a Gross Mean Prospective Resource volume of 5.6mmbo (1.14mmbo net to Egdon).

In Egdon's offshore Yorkshire licences, P1929 and the newly acquired P2304, Egdon plans to progress appraisal of the prospective gas resources (Egdon 100% interest: mean cases: Resolution - 337 bcf and Endeavour - 27 bcf) in the enlarged area via the acquisition of 3D seismic and appraisal drilling during 2019, subject to securing a suitable funding partner.

Production and Development

Production during the period was 98 boepd (H1 2017: 94 boepd) from Ceres, Keddington, Avington and Fiskerton Airfield. This is slightly below our guidance of 100 - 110 boepd due to pump failure at Fiskerton Airfield and weather-related delays in completion of the workovers, plus a decision to shut-in production at Avington from January 2018 until a revised forward plan is agreed.

At Fiskerton Airfield, production has increased from pre-workover levels of 16 bopd to approaching 30 bopd and further optimisation will continue over the coming period.

Our production guidance for the financial year ending 31 July 2018 remains c. 100 - 110 boepd.

Production from the Ceres field during the period is via recovery of back-out gas whilst the well remains shut-in. From mid-2018 onwards, Egdon's production will see a boost of 145 boepd from the restoration of production from the Ceres

well once a replacement gas meter has been installed during the summer maintenance shut-down. In addition, a successful outcome for the new Wressle field development planning application could see Egdon's net production from the field reach 125 bopd.

We continue to undertake detailed technical evaluation work to inform our plans for further development drilling at Keddington and Waddock Cross and are also looking at innovative ways of restarting production elsewhere within our portfolio (e.g. Dukes Wood, Kirklington and Kirkleatham).

Outlook

As we look to enter a more active operational phase, our main focus during the coming period will be:

- The carried drilling of the potentially play-opening well at Springs Road in the Gainsborough Trough, our core area for unconventional resources exploration
- Progressing the new Wressle planning application with a view to gaining consent to develop the field
- Drilling of the funded Biscathorpe well in mid-2018
- Drilling of the largely carried Holmwood well later in 2018
- Introducing a funding partner and acquiring a marine 3D survey early in 2019 over the Resolution and Endeavour gas discoveries, prior to finalising a drilling location

As highlighted above, operational activity by IGas, Cuadrilla, Third Energy and INEOS Shale will also provide useful information in relation to the potential for UK shale and could lead to a re-rating of Egdon's unconventional resource portfolio.

Despite the non-technical challenges, the fundamentals of the business remain robust as we embark on a period of more active drilling. The Company remains debt free, holds an asset portfolio that offers excellent potential for both conventional and unconventional resources, in a jurisdiction which remains commercially attractive especially with the improved commodity price levels. Furthermore, we are well positioned to benefit from the historic portfolio management as we have successfully mitigated our risk and cost exposure to enable Egdon exposure to significant upside catalysts with limited capex requirements.

Egdon will continue to manage its cash resources and risk exposure through farm-outs and look to dispose of non-core assets as we continue to focus on fewer projects with higher potential.

Finally I would like to thank our shareholders for their patience and the hardworking and professional team at Egdon for the continuing efforts in what remains a challenging operating environment.

Philip Stephens

Chairman

17 April 2018

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2018

	Unaudited Six months ended 31-Jan-18 £'000	Unaudited Six months ended 31-Jan-17 £'000	Audited Year ended 31-Jul-17 £'000
Continuing operations			
Revenue	513	505	1,039
Cost of sales - exploration costs written off and pre-licence costs	(87)	(5)	(33)
Cost of sales – impairments and impairment reversals	-	-	(158)
Cost of sales – other	(556)	(414)	(923)
Cost of sales - depreciation	(202)	(227)	(462)
Total cost of sales	(845)	(646)	(1,576)
Gross loss	(332)	(141)	(537)
Administrative expenses	(578)	(589)	(1,178)
Other operating income	85	19	58
	(825)	(711)	(1,657)
Finance income	4	1	5
Finance costs – unwinding of decommissioning discount	(24)	(24)	(47)
Loss before taxation	(845)	(734)	(1,699)
Taxation	-	-	-
Loss for the period	(845)	(734)	(1,699)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period attributable to equity holders of the parent	(845)	(734)	(1,699)
Loss per share – note 2			
Basic loss per share	(0.33)p	(0.31)p	(0.68)p
Diluted loss per share	(0.33)p	(0.31)p	(0.68)p

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2018

	Notes	Unaudited 31-Jan-18 £'000	Unaudited 31-Jan-17 £'000	Audited 31-Jul-17 £'000
Non-current assets				
Intangible assets		19,856	18,923	19,231
Property, plant and equipment		9,130	8,536	9,264
Total non-current assets		28,986	27,459	28,495
Current assets				
Trade and other receivables		1,808	1,795	1,506
Available for sale financial assets		50	50	50
Cash and cash equivalents	3	4,095	6,796	6,057
Total current assets		5,953	8,641	7,613
Current liabilities				
Trade and other payables		(878)	(642)	(1,216)
Total current liabilities		(878)	(642)	(1,216)
Net current assets		5,075	7,999	6,397
Total assets less current liabilities		34,061	35,458	34,892
Non-current liabilities				
Provisions		(2,201)	(1,842)	(2,187)
Net assets		31,860	33,616	32,705
Equity				
Share capital		14,551	14,545	14,551
Share premium		25,202	25,154	25,202
Share based payment reserve		225	224	225
Retained deficit		(8,118)	(6,307)	(7,273)
		31,860	33,616	32,705

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2018

	Unaudited Six months ended 31-Jan-18 £'000	Unaudited Six months ended 31-Jan-17 £'000	Audited Year ended 31-Jul-17 £'000
Cash flows from operating activities			
Loss before tax	(845)	(734)	(1,699)
Adjustments for:			
Depreciation and impairment of fixed assets	202	227	464
Exploration costs written off	-	11	177
Foreign exchange loss	3	-	16
(Increase)/decrease in trade and other receivables	(302)	745	1,034
Decrease in trade and other payables	(401)	(435)	(456)
Finance costs	24	24	47
Finance income	(4)	(1)	(5)
Cash flow used in operations	(1,323)	(163)	(422)
Finance costs	-	-	-
Net cash flow used in operating activities	(1,323)	(163)	(422)
Investing activities			
Finance income	4	1	5
Purchase of exploration and evaluation assets	(561)	(509)	(908)
Purchase of property, plant and equipment	(216)	(77)	(146)
Partial disposal of licence interest – property, plant and equipment	137	-	-
Net cash flow used in capital expenditure and financial investment	(636)	(585)	(1,049)
Financing activities			
Issue of shares	-	5,075	5,075
Costs associated with issue of shares	-	(210)	(210)
Net cash flow generated from financing	-	4,865	4,865
Net (decrease)/increase in cash and cash equivalents	(1,959)	4,117	3,394
Cash and cash equivalents at the start of the period	6,057	2,679	2,679
Effects of exchange rate changes on the balance of cash held in foreign currencies	(3)	-	(16)
Cash and cash equivalents at the end of the period	4,095	6,796	6,057

In the period to 31 January 2017, significant non-cash transactions comprised the issue of equity share capital with a market value of £50,000 as consideration for the acquisition of an interest in PEDL201.

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2018

	Share capital	Share premium	Share based payment reserve	Retained earnings	Equity
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 August 2016	14,164	20,620	226	(5,575)	29,435
Total comprehensive income for the period	-	-	-	(734)	(734)
Transfer	-	-	(2)	2	-
Issues of ordinary shares:	379	4,728			5,107
Costs associated with share issues	-	(210)	-	-	(210)
Share options exercised	2	16	-	-	18
Total issue of ordinary shares	381	4,534	-	-	4,915
Balance as at 31 January 2017	14,545	25,154	224	(6,307)	33,616
Total comprehensive income for the period	-	-	-	(965)	(965)
Issue of shares	6	48	-	-	54
Transfer	-	-	1	(1)	-
Balance as at 31 July 2017	14,551	25,202	225	(7,273)	32,705
Total comprehensive income for the period	-	-	-	(845)	(845)
Balance as at 31 January 2018	14,551	25,202	225	(8,118)	31,860

1. General information

Egdon Resources plc ('the Company' and ultimate parent of the Group) is a public limited company listed on the AIM market of the London Stock Exchange plc (AIM) and incorporated in England. The registered office is The Wheat House, 98 High Street, Odiham, Hampshire, RG29 1LP.

This interim report was authorised for issue by the Directors on the 16 April 2018.

Basis of preparation

The financial information set out in this interim report has been prepared using accounting policies consistent with International Financial Reporting Standards as adopted for use in the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Union. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 31 July 2018.

Non-statutory accounts

The financial information set out in this interim report does not constitute the Group's statutory accounts for that period within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 July 2017 have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006.

The financial information for the six months ended 31 January 2018 and 31 January 2017 is unaudited.

Accounting policies

The condensed financial statements have been prepared under the historical cost convention, except for the inclusion of certain financial instruments at fair value.

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in preparation of the Group's financial statements for the year ended 31 July 2017.

2. Loss per share

	Unaudited Six months ended 31-Jan-18 p	Unaudited Six months ended 31-Jan-17 p	Audited Year ended 31-Jul-17 p
Basic	(0.33)	(0.31)	(0.68)
Diluted	(0.33)	(0.31)	(0.68)

The basic loss per share has been calculated on the loss on ordinary activities after taxation of £0.85m (January 2017: £0.73m; July 2017: £1.70m) divided by the weighted average number of ordinary shares in issue of 259,984,822 (January 2017: 237,882,631, July 2017: 248,740,775). The diluted loss per share has been calculated on the loss on ordinary activities after taxation of £0.85m (January 2017: £0.73m; July 2017: £1.70m) divided by the diluted weighted average number of ordinary shares in issue of 259,984,822 (January 2017: 237,882,631, July 2017: 248,740,775). In all of the reported periods, all share options in issue were excluded as their inclusion would have been anti-dilutive.

3. Cash and Cash Equivalents

	Unaudited 31-Jan-18 £'000	Unaudited 31-Jan-17 £'000	Audited 31-Jul-17 £'000
Cash at bank at floating interest rates	3,554	5,825	5,353
Restricted cash at bank	206	206	206
Non-interest bearing cash at bank	335	765	498
	4,095	6,796	6,057

Cash at bank at floating interest rates consisted of money market deposits which earn interest at rates set in advance for periods up to three months by reference to Sterling LIBOR. Restricted cash at bank represents amounts lodged in support of guarantee commitments, earning interest at short term rates based on Sterling LIBOR.

4. Post balance sheet events

In March 2018 Egdon announced that it had farmed-out of interests in PEDL253 to Union Jack Oil plc ("UJO") and Humber Oil & Gas Limited ("Humber"). Under the agreed terms, UJO and Humber will each acquire 6% of Egdon's interest in PEDL253 by paying their pro-rata share of the Biscathorpe-2 well cost plus an additional £10,000 per percentage point interest acquired.

On 3 April 2018, Egdon announced that it had signed a Farm-out Agreement in respect of a further 5% interest in PEDL253 with Humber under the same terms as the farm-out previously announced on 5 March and 20 March.

In this release we announced that workovers were completed of two wells at Fiskerton Airfield in April 2018 with production having increased to approaching 30 barrels of oil per day from 16 barrels of oil per day and further optimisation, including increasing pumping rates, will continue over the coming period.

5. Dividend

The Directors do not recommend payment of a dividend.

6. Publication of the Interim Report

This interim report is available on the Company's website www.egdon-resources.com.