30 October 2018 **Embargoed for 7.00am**

EGDON RESOURCES PLC

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

Final Results for the Year Ended 31 July 2018

Egdon Resources plc (AIM: EDR), a UK-based exploration and production company primarily focused on the hydrocarbon-producing basins of onshore UK, today announces its audited results for the year ended 31 July 2018.

Operational and Corporate Highlights

- Completion of site construction at Springs Road (PEDL140) where the operator, IGas, has advised it expects to commence drilling following completion of Tinker Lane-1 in H1 2019
- Acquisition of an additional 5% interest in PEDL180 and PEDL182 (Wressle) from Celtique Energie Petroleum Limited for a deferred cash payment
- Acquisition of 100% interest in Promote Licence P2304 from Arenite Petroleum Limited and Europa Oil & Gas Limited
- 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 risk
- Gross production of 30,923 barrels of oil equivalent ("boe") (84 barrels of oil equivalent per day ("boepd")) (2017: 38,346 boe; 105 boepd) from Ceres, Keddington, Fiskerton Airfield and, for part of the period, Avington
- Farm-out of interests in PEDL253 (Biscathorpe) to Union Jack Oil plc and Humber Oil & Gas Limited
- Extension of existing consents for a further 3 years at both North Kelsey and Biscathorpe
- Submission of a new planning application for the Wressle field development to address in detail all matters highlighted by the Planning Inspector in his January 2018 dismissal of the appeals heard in November 2017

Financial Highlights

- Gross oil and gas revenues during the period of £1.00 million (2017: £1.04 million) offset by a write-off of £0.22 million (2017: £Nil) in respect of Ceres accrued back-out revenue
- Loss for the year-ended 31 July 2018 of £1.98 million after write-downs, pre-licence costs and impairment reversals of £0.40 million (2017: loss of £1.70 million after write-downs, pre-licence costs and impairments of £0.19 million)
- Basic loss per share of 0.76p (2017: basic loss per share of 0.68p)
- Cash at bank £2.77 million as at 31 July 2018 (2017: £6.06 million)
- Net current assets as at 31 July 2018 of £2.87 million (2017: £6.40 million)
- Net assets as at 31 July 2018 of £30.72 million (2017: £32.70 million)

Subsequent Events

- Appeal submitted during September against the refusal by North Lincolnshire Council to extend the existing planning consent at the Wressle-1 wellsite
- Holmwood site lease not renewed by the Forestry Commission and planning application withdrawn
- Completion of the installation of a new flow meter and restoration of production from the Ceres well
- Restart of works to complete the site construction at Biscathorpe-2 with drilling expected to commence late in 2018
- Consent for fracking at Preston New Road awarded to Cuadrilla, fracking operations commenced during October

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

"2018 represents a landmark year for unconventional resources exploration in the UK with the commencement of hydraulic fracturing at Preston New Road in Lancashire. Shale gas is a vital commodity to the nation and one that can be produced in an environmentally safe manner. Egdon Resources is one of the main acreage holders of prospective shale gas resources in the UK and we expect to participate in our first exploration test in the East Midlands with the drilling of the Spring Roads-1 well in 2019. The company's overall strategic objectives are intact, despite the delays in bringing our oil discovery at Wressle through to production. Our commitment to conventional resources exploration remains, as demonstrated by the planned near-term drilling of the exploration well at Biscathorpe-2 where site construction is nearing completion.. Our financial position is good and 2019 promises to be an exciting year for Egdon and the onshore UK oil and gas industry as a whole."

For further information please contact:

Egdon Resources plc
Mark Abbott 01256 702 292

Buchanan
Ben Romney, Chris Judd 020 7466 5000

Nominated Adviser and Broker – Cantor Fitzgerald Europe
David Porter/Nick Tulloch (Corporate Finance) 020 7894 7000
Caspar Shand Kydd (Sales)

Joint Broker – VSA Capital Limited
Andrew Monk (Corporate Broking) 020 3005 5000
Andrew Raca (Corporate Finance)

Notes to Editors:

Egdon Resources plc (AIM: 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.

Egdon currently holds interests in 44 licences in the UK and has an active programme of exploration, appraisal and development across its balanced 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.

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 33 years' experience.

Evaluation of hydrocarbon Reserves, Prospective and Contingent Resources and undiscovered Gas Initially In Place have 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

I can report that we have progressed many of our strategic objectives through this reporting period in which we have seen an improving commodity price environment but continuing challenges in the planning arena. Having successfully pursued our stated strategy over the period from 2014 to 2018, in the last year we have consolidated rather than grown our unconventional resources acreage position, continued to pursue Wressle and other planning. We have carefully managed our cash whilst commodity prices recover and ahead of key exploration wells.

Highlights have included:

Springs Road-1 - The Springs Road wellsite is now complete and we expect the well, which could be a "play opener" in the Gainsborough Trough, to be drilled by the operator, IGas, during the coming period after completion of the Tinker Lane-1 well.

Wressle - We remain committed to gaining planning consent to develop the Wressle oil discovery and have acquired a further 5% interest in this asset during the period emphasising our confidence in the asset. We await the council's determination of our revised planning application, submitted in July 2018 following the January 2018 rejection of our earlier planning appeals, and remain ready to take this through another appeal process if required.

Resolution Area – We have completed the acquisition of the Endeavour gas discovery as a potential add–on to Resolution.

Biscathorpe – We have successfully farmed out PEDL253 to allow us to proceed with the drilling of the very prospective Biscathorpe-2 exploration/appraisal well having also extended the existing planning permission.

Fiskerton Airfield – Having completed the acquisition of the field we have increased production rates at Fiskerton Airfield through workover operations.

Petrichor increased Egdon shareholding - In July 2018 Petrichor Holdings Coöperatief U.A ("Petrichor"), an existing supportive shareholder, increased its interest in Egdon to 29.99% via the acquisition of much of the Alkane Energy plc shareholding.

Financial and Statutory Information

Gross revenue from oil and gas production during the year was slightly lower at £1.00 million (2017: £1.04 million) on production of 30,923 barrels of oil equivalent ("boe") (2017: 38,346 boe), offset by a write-off of £0.22 million (2017: £Nil) in respect of Ceres back-out accrual.

The Group recorded a loss of £1.98 million for the year-ended 31 July 2018, after write-downs, pre-licence costs and impairment reversals of £0.40 million (2017: loss of £1.70 million after write-downs, pre-licence costs and impairments of £0.19 million).

The Group has maintained a focus on managing cash resources and at year-end had net current assets of £2.87 million (2017: £6.40 million) of which £2.77 million was cash (2017: £6.06 million).

The Group remains debt free.

In line with last year, the Directors do not recommend the payment of a dividend.

UK Unconventional Resources

Having successfully increased the Company's unconventional resources acreage position in Northern England almost threefold in the 2014-2017 period, we have paused from further acquisitions and have concentrated on high-grading these assets and improving their marketability and technical understanding as we await the drilling in our core Gainsborough Trough position at Springs Road-1 and further drilling and testing by other operators elsewhere in the region.

Preparations continue for drilling the potentially play opening exploration well **Springs Road-1** in the Gainsborough Trough (PEDL140, Egdon 14.5% carried). The operator, IGas, recently confirmed that the well will be drilled after completion of their Tinker Lane-1 well where they now expect to commence drilling operations in Q4 2018. Springs Road-1 is a key well for Egdon as it is located in our core area for unconventional resources and positive results would help de-risk Egdon's portfolio.

We note with interest that Cuadrilla Resources has completed the drilling of two horizontal wells at Preston New Road and in late September 2018 received the final government approval for hydraulic fracturing and testing operations which commenced during October 2018. We eagerly await the results of these operations, expected in early 2019, which could highlight the potential of Egdon's unconventional resources assets.

Conventional Resources Exploration and Appraisal

Our existing conventional resources portfolio provides potential for growth via exploration and appraisal drilling. The strong recovery in commodity prices provides improved potential returns from what are already commercially attractive projects given the lower capital and operating costs associated with onshore UK developments.

As ever, the pace of our exploration drilling activity is in part dependent upon successful farm-outs as we look to carefully balance our financial exposure and technical risk. To this end we have successfully farmed-out PEDL253 to allow us to proceed with drilling the **Biscathorpe-2** exploration/appraisal well having also extended the existing planning permission in the period. Drilling is now expected to commence late in 2018 on conclusion of all site works. Dependent upon securing a further farm-out, we would also hope to drill the **North Kelsey Prospect** (PEDL241) in 2019 having likewise extended the existing planning permission in the period.

We have made further progress in augmenting the **Resolution** area, just offshore the North Yorkshire coast, by acquiring the **Endeavour** gas discovery as a potential add-on to the Resolution gas discovery. Subject to funding, we plan to acquire a 3D marine seismic survey during 2019 over an extended area to assist in optimising the planning for an offshore well to appraise the 1966 Resolution gas discovery. Egdon continues to review the best options to fund this work including the introduction of an industry partner and/or investors prior to commencing the survey.

Frustratingly, post period-end in September 2018, the Forestry Commission decided not to renew the lease for the **Holmwood** exploration wellsite. We will work with the operator, Europa, and the other joint venture partners to assess alternative sites and to agree a forward plan for the licence which is located immediately to the West of the Horse Hill oil discovery where the operator, Horse Hill Developments Limited, has recently successfully tested the Portland Sandstone and Kimmeridge Limestone reservoirs.

Production

Production during the period was 84 barrels of oil equivalent per day ("boepd") (2017: 105 boepd), from the Ceres gas field, Fiskerton Airfield and Keddington oil fields, and, for part of the period, from the currently shut-in Avington oil field. This is below guidance of 100 boepd owing to temporary back-out production issues at Ceres and despite increased rates at Fiskerton Airfield which was acquired in 2017.

Regulatory

There remains strong government support for our sector as evidenced by the recognition of the importance of onshore oil and gas in the Written Ministerial Statement of May 2018. Egdon welcomed the Government's announcement which emphasised the national importance that shale gas exploration and development has in delivering a safe and secure energy source, whilst meeting the country's Climate Change obligations.

The planning process remains slow and cumbersome and continues to frustrate rather than assist the rate of progress that is being sought and encouraged by central government.

Corporate

In July 2018, Petrichor Holdings Coöperatief U.A ("Petrichor"), an existing long-term and supportive shareholder, increased its interest in Egdon to 29.99% at a premium to the prevailing share price which represents a considerable vote of confidence in Egdon's management, business model and the potential value of the Company's assets. George Yates, owner of Petrichor, is a long term investor in numerous US shale plays not least through his significant shareholding in Matador Resources, the $3.8bn listed Permian Basin shale player, which acquired some of his assets in a cash and convertible share deal in 2015. Petrichor's acquisition of its stake allowed the owners of Alkane Energy plc to exit their holding, which was non-core to them, and removes this historic potential overhang on the share register.

Outlook

Our production guidance for the first half of the coming financial year is now c.150-180 boepd following the successful recommencement of primary production at Ceres earlier this month. This guidance may increase in the second half depending upon progress with a further workover at Fiskerton Airfield, the outcome of the planning application for the Wressle field development, and other potential activity at currently shut-in fields.

We expect to hear the first results from Cuadrilla's multistage hydraulic fracturing and tests early in 2019, which, if successful, should be transformational for the industry and highlight the attractiveness of Egdon's extensive unconventional resources acreage position.

Our main operational focus during the coming period will be on:

- Drilling of operated wells at Biscathorpe-2 and, subject to further farm-out, North Kelsey-1
- Drilling of the non-operated well at Springs Road-1
- Finalising the funding for and undertaking the acquisition of a marine 3D seismic survey over the Resolution and Endeavour Prospects
- Securing planning consent and developing the Wressle discovery for commercial production

The fundamentals of the business are robust with the Company debt free and holding a range of high potential assets in the UK, a location and jurisdiction which remains commercially attractive.

In closing, I would like to thank our shareholders for their continued patient support and our dedicated team for their professionalism and hard work through the year.

Philip Stephens
Chairman
29 October 2018

Operating Review

I am pleased to update shareholders with a more detailed review of our assets, operations and plans with a focus on progress against our strategy, key priorities, risks and potential growth drivers.

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

UK Unconventional Resources

The Company's unconventional resources acreage position in Northern England is 189,000 net acres (765km² net), reduced slightly (2017: 205,000 acres) following a relinquishment of the low maturity parts of PEDL202 during the period. This significant position has been achieved through a series of targeted acquisitions, farm-ins and success in recent licensing rounds. Egdon holds material interests in a number of key prospective geological basins including the Gainsborough Trough, the Widmerpool Basin, the Cleveland Basin and the Humber Basin and has reported an independently assessed mean volume of undiscovered gas in place ("GIIP") of 50.9 trillion cubic feet ("TCF").

The coming period will see the long-awaited drilling in our core Gainsborough Trough area and further drilling, hydraulic fracturing and testing by other operators elsewhere in the UK. For this reason we have elected to hold off on farming-out our acreage, as results from these activities could potentially transform the terms on offer. Meanwhile we have continued our technical assessment of these assets improving our technical understanding and high grading areas with lowest risk and highest potential.

After a period characterised by planning and permitting delays, momentum appears to be building in the sector. During the last year, Cuadrilla has reported positive results at Preston New Road from two vertical wells, has completed the drilling of two horizontal wells and has commenced the hydraulic fracturing and testing operations at the site. In addition, IGas is about to commence its East Midlands drilling programme and INEOS has been successful in appealing planning decisions for its exploration programme.

Springs Road-1 in the Gainsborough Trough (PEDL140, Egdon 14.5% carried) will be a key well for Egdon. The well will drill a thick Lower Carboniferous sequence and will provide a full suite of modern data with which to evaluate the play. Site construction works at the wellsite have now been completed and the conductor casing installed, with the operator, IGas, advising that the well will be drilled following completion of operations at Tinker Lane-1, with a currently expected spud in H1 2019.

Conventional Resources Exploration and Appraisal

The Company has a significant portfolio of conventional prospects with exposure to both oil and gas. The recent strengthening of both the oil and gas price has significantly improved the commercial attractiveness of these projects.

Our strategy is to farm-out exploratory drilling to manage cash and to balance financial exposure and technical risk. The recovery in commodity prices has provided increased confidence amongst potential farminees. This was demonstrated at **Biscathorpe** (PEDL253) where, during the period, we successfully farmed-out the drilling of Biscathorpe-2 which will evaluate a 1987 BP conventional oil discovery with Mean Prospective Resources net to Egdon estimated at 5 million barrels of oil. Site construction is progressing well and drilling operations are currently expected to commence in late 2018.

At **North Kelsey** (PEDL241) we are finalising an application for the Environmental Permit and will continue to seek further farminees for North Kelsey-1 which we hope to drill during 2019. The North Kelsey prospect has a Mean Prospective Resource net to Egdon estimated at 5.2 million barrels of oil and is considered similar to the Wressle discovery in holding the potential for multiple stacked reservoirs being charged with oil.

In May 2018, Lincolnshire County Council ("LCC") Planning Committee granted extensions to the existing planning consents to drill conventional exploration wells at North Kelsey and Biscathorpe. A challenge by local activists to the legality of these planning decisions has been dismissed. Separately, the Oil and Gas Authority ("OGA") has granted extensions for both licences PEDL253 and PEDL241 to 30 June 2020.

The Company has continued to make progress with the nearshore **Resolution** gas discovery (P1929, 41/18+19) during the period and has completed the acquisition of the adjacent licence P2304 (41/24) containing the **Endeavour** gas discovery confirmed by three wells drilled between 1969 and 1993 which tested at rates of up to 34 million cubic feet of gas per day with 1,280 barrels per day of condensate. Mapping using newly reprocessed 2D seismic data has yielded estimated Mean Contingent Resources for Endeavour of approximately 20 billion cubic feet ("bcf") of gas, sufficient to make it a suitable candidate as a satellite development to add value to Resolution where we estimate Mean Contingent Resources of 330 bcf. Egdon is working with a respected industry contractor to produce an updated reservoir model and competent persons report to assist in introducing funding for the forward work programme which is to acquire a new 3D seismic survey during early 2019 to enable optimisation of an offshore appraisal well for Resolution.

In September 2018, the Forestry Commission decided not to renew the lease for the **Holmwood** exploration wellsite at Bury Hill Wood, Coldharbour Lane, Surrey on PEDL143. Following this decision, the joint venture ("JV") has withdrawn its planning application to drill the Holmwood prospect from the Bury Hill Wood site. Egdon's expenditures from June 2015 to date had been largely carried following farm-out to UK Oil & Gas Investments plc. PEDL143 has recently been extended until 30 September 2020, and in addition to the established Portland and Corallian sandstone reservoirs, contains the Kimmeridge Limestone which, following success at the nearby Horse Hill discovery, is an emerging play in the Weald Basin. We will work with the JV partners to agree a forward plan for the licence which will include work to identify and progress alternative sites from which to drill the Holmwood and potentially other opportunities in the licence. Egdon has included a partial write-off of the carrying value of PEDL143 to reflect the loss of the Bury Hill Wood site and subsequent delay to any drilling.

At the **Wressle** project, in early July 2018 we announced the submission of a new planning application for the development of the oil discovery to North Lincolnshire Council ("NLC"). The Company strongly believes that the new application takes full account of the key findings of the Planning Inspector's decision to dismiss the Company's appeals as set out in his decision letter of 4 January 2018, which identified three key issues in his decision: the absence of a ground conditions survey report; the absence of sufficient evidence on the adequacy of the Geosynthetic Clay Liner (GCL) covering; and uncertainty with regards to the near surface geology, specifically the presence of capping layers to the underlying aquifers.

The first issue has been addressed by the production of an independent Ground Investigation Report using information gained from geotechnical site investigation boreholes drilled in Q1 2018.

The second issue has been addressed through the proposed reconfiguration of the wellsite to install a new high-density polyethylene (HDPE) impermeable membrane above the existing GCL, with additional associated protection layers across the entire wellsite. The specification of the HDPE impermeable membrane, associated protection layers and thickness and suitability of the stone covering layer, has been tested and validated in a laboratory, and agreed between the membrane manufacturer and Egdon's consulting civil and structural engineers.

The third issue has been addressed through an updated independent Hydrogeological and Flood Risk Assessment (HRA), which includes the results of samples tested from two deeper cored boreholes drilled in Q1 2018, which conclusively demonstrates the presence of laterally continuous capping layers to the underlying aquifers.

The proposed development incorporates high levels of embedded mitigation, the effectiveness of which will be verified by continuous monitoring of the nearby water and groundwater.

Egdon also plans to set up a community liaison group and a community fund to ensure the local community are kept fully informed and share in the benefits of the Wressle development.

Whilst we have increased our efforts to convince the members of the NLC Planning Committee of the clear merits of our new application, our recent experiences mean we remain fully prepared to take this new application through another appeal process. As the most recent example of their apparent intransigence, on 1 August 2018 the NLC Planning Committee refused our application to extend the existing consent for the Wressle site despite a recommendation for approval from their own professional planning officers. The reasons cited were conflicts with paragraph 205 of the National Planning Policy Framework and policy M21 of the North Lincolnshire Local Plan even though in his decision of January 2018 the Inspector found in Egdon's favour on our appeal against the same reasons. We have now submitted an appeal against this decision and await the timeline for the process. We anticipate the current application being heard by committee before the end of 2018.

Notwithstanding the issues experienced to date, and demonstrating our commitment to and confidence in the Wressle field development, in June 2018 we announced the acquisition of an additional 5% interest in PEDL180 and PEDL182 from Celtique Energie Petroleum Limited for a deferred cash consideration of £0.417m payable on commencement of production.

Portfolio Management

During the period we completed the acquisition of P2304, acquired additional interests in PEDL180 and PEDL182, as detailed above, and made partial relinquishments of P1929, PEDL068, PEDL202 and PEDL306 to manage ongoing licence costs and to concentrate on the most prospective parts of those licences. In PEDL068 we have relinquished the part-block containing the Westerdale Prospect as the technical and commercial risks of this prospect no longer remain attractive and have written-off the costs associated with the Westerdale Prospect.

Production

Average daily production over the full year was 84 boepd (2017:105 boepd) against guidance of 100 boepd with the shortfall mainly due to the loss of six weeks' production at Ceres. This was a result of the summer maintenance shut-down commencing in July, before the end of the financial year, and two weeks when the field was shut-in as a result of unplanned downtime.

The outlook for the **Ceres** field is positive as an increased volume of gas in-place, and hence ultimate recoverable reserves, is indicated by pressure recovery observed while the Ceres well has remained shut-in. Ceres primary production has just restarted following the installation of a new flowmeter adding to the existing back-out production (from Mercury and Neptune) and will provide a significant boost to Egdon's production. We will provide an update on well performance once we have a period of stable production data. We expect production from Ceres (primary and back-out gas) net to Egdon to average over 125 boepd in the first half of the 2018-2019 financial year ("FY2019").

At **Fiskerton Airfield**, in January and March 2018 the producing FA-3 and the shut-in FA-1 wells were worked over to install new tubulars and pumps in both wells and to isolate zones of water production in FA-1. Whilst production from FA-3 has improved post workover the installation of a new packer on FA-1 was only partly successful in increasing oil rates and further intervention is being considered for early 2019. The field is currently producing between 20 and 22 boepd net to Egdon.

The **Keddington** oil field produced ahead of forecast in the period (average 12-13 boepd net to Egdon) and we continue to review the possibility of further sidetrack drilling at the field.

Egdon has interests in a number of currently shut-in fields where we continue to seek innovative ways of bringing them back into profitable production, a task made easier by the strengthening in commodity prices. Significant progress has been made in evaluating the shut-in **Waddock Cross** oil field (PL090) where completion of the reprocessing and interpretation of existing 3D seismic moves us closer towards a decision to drill further development wells and restore production.

The pending completion of the sale by IGas of its interest in the **Avington** oil field (PEDL070) to Onshore Petroleum Limited should lead to added impetus to reduce water disposal costs, workover existing wells and recommence production of what is still a productive reservoir. We remain in discussion with various parties on recommencing production from the **Kirkleatham** gas field (PEDL068) and we are looking at options for interventions at **Dukes Wood** (PEDL118) and **Kirklington** (PEDL203) to restore increased production.

Regulation

Gaining regulatory and planning consent remains a key risk for the business. There is strong government support for our sector as evidenced by the recognition of the importance of onshore oil and gas in the Written Ministerial Statement of May 2018 from the Department of Business, Energy and Industrial Strategy (BEIS) and the Department for Housing, Communities and Local Government (DHCLG). The government also announced consultations on "shale" exploration wells to be drilled under "permitted development" (i.e. without the requirement of a full planning application) and on the inclusion of shale production projects into the Nationally Significant Infrastructure Projects regime. Both consultations have commenced and are expected to be completed by the end of the year.

Egdon welcomed the government's announcement which emphasised the national importance that shale gas exploration and development has in delivering a safe and secure energy source, whilst meeting the country's Climate Change obligations. In particular, we support the measures the government has introduced on making the planning process "faster and fairer" and providing additional resources to help stretched local authorities.

As context, gas is used to heat more than 80% of the UK's households and for cooking in more than 60% of the UK's homes. Whilst renewable sources of energy provide a growing share of our electricity, gas still accounts for nearly half including most of the back-up power for when renewables are not producing. We currently import 50% of our gas needs at a significant financial cost to the UK taxpayer – over £13 million a day – and that figure is set to grow to almost 80% by 2035. The UK's gas reserves contribute to ensuring the nation has a secure, affordable and low carbon energy source.

Community Engagement

To improve the information available to the communities in which Egdon operates or plans to operate, a new community facing website www.egdon-community.com is in development. The website will provide a portal for detailed local information and answers to frequently asked questions about our operations. It will also provide details of Egdon's Community Fund, which will enable the communities where we operate to benefit financially from our operations.

Outlook

Production guidance for the first half of the 2018-2019 financial year is c.150-180 boepd based upon production from Ceres, Keddington and Fiskerton Airfield. Ceres primary production has just restarted following the installation of a new flowmeter adding to the existing backout gas production. Additional intervention is being considered in the Fiskerton Airfield FA-1 well for early 2019 and we continue to review the possibility of further sidetrack drilling at Keddington. Furthermore, approval of the Wressle development could potentially allow the field to contribute to FY2019 production as could possible activity presently under review at Avington, Waddock Cross, Kirkleatham and other fields currently shut- in for economic reasons.

Our main operational activity during the coming period will be focused on:

- Drilling of operated wells at Biscathorpe-2 and, subject to further farm-out, North Kelsey-1
- Drilling of the non-operated well at Springs Road-1
- Finalising the funding for and undertaking the acquisition of a marine 3D seismic survey over the Resolution and Endeavour Prospects
- Securing planning consent and developing the Wressle discovery for commercial production

We are at a crossroads in terms of the UK Onshore sector with activity in the coming period seeing the drilling and testing of several unconventional resources wells - most importantly Cuadrilla's Preston New Road 1 & 2 hydraulic fracturing operations and tests - potentially leading to an increased valuation for the UK onshore sector as a whole and especially those companies with a broad range of acreage exposure such as Egdon. Springs Road-1 will be especially important to us in this respect. Positive news from these activities will help drive our planned farm-out activity in these narrowly held opportunities. With this background, the quality of our assets, our planned operations, and current financial position, we remain confident and optimistic in the potential to deliver value for our shareholders in the near to medium term.

Mark Abbott
Managing Director
29 October 2018

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2018

	Notes	**2018** £	2017 £
Continuing operations			
Sales on production		**1,000,830**	1,039,348
Accrued revenue write-off		**(222,000)**	-
Revenue		**778,830**	1,039,348
Cost of sales – exploration costs written-off and pre-licence costs	2	**(1,046,691)**	(32,961)
Cost of sales – write-off of French assets		**(3,028)**	(158,291)
Cost of sales – impairment reversals	3	**648,000**	-
Cost of sales – depreciation		**(366,800)**	(462,500)
Cost of sales – direct production costs		**(824,250)**	(752,643)
Cost of sales – other, including shut-in fields		**(161,429)**	(169,867)
Total cost of sales		**(1,754,198)**	(1,576,262)
Gross loss		**(975,368)**	(536,914)
Administrative expenses		**(1,093,496)**	(1,178,249)
Other operating income		**131,312**	58,145
		(1,937,552)	(1,657,018)
Finance income		**8,167**	4,947
Finance costs		**(48,747)**	(46,775)
Loss before taxation		**(1,978,132)**	(1,698,846)
Taxation		**-**	-
Loss for the year		**(1,978,132)**	(1,698,846)
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year attributable to equity holders of the parent		**(1,978,132)**	(1,698,846)
Basic loss per share	4	**(0.76)p**	(0.68)p
Diluted loss per share		**(0.76)p**	(0.68)p

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2018

	Notes	2018	2017
		£	£
Non-current assets			
Intangible assets		**19,571,708**	19,230,801
Property, plant and equipment		**10,533,573**	9,263,814
Total non-current assets		**30,105,281**	28,494,615
Current assets			
Inventory		**8,011**	-
Trade and other receivables		**1,240,488**	1,556,610
Cash and cash equivalents		**2,771,617**	6,056,824
Total current assets		**4,020,116**	7,613,434
Current liabilities			
Trade and other payables		**(1,150,017)**	(1,216,166)
Net current assets		**2,870,099**	6,397,268
Total assets less current liabilities		**32,975,380**	34,891,883
Non-current liabilities			
Provisions		**(2,248,685)**	(2,187,056)
Net assets		**30,726,695**	32,704,827

Equity			
Share capital		**14,550,727**	14,550,727
Share premium		**25,202,194**	25,202,194
Share based payment reserve		**176,696**	225,033
Retained earnings		**(9,202,922)**	(7,273,127)
		30,726,695	32,704,827

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2018

	2018 £	2017 £
Cash flows from operating activities		
Loss before tax	**(1,978,132)**	(1,698,846)
Adjustments for:		
Depreciation and impairment reversals of non-current assets	**(281,200)**	463,838
Exploration costs written-off	**1,038,000**	176,840
Write-off of accrued revenue	**222,000**	-
Foreign exchange (gain)/loss	**(22,885)**	16,208
Increase in inventory	**(8,011)**	-
(Increase)/decrease in trade and other receivables	**(155,878)**	1,034,480
Decrease in trade and other payables	**(483,149)**	(456,255)
Finance costs	**48,747**	46,775
Finance income	**(8,167)**	(4,947)
Cash used in operations	**(1,628,675)**	(421,907)
Interest paid	**-**	-
Taxation paid	**-**	-
Net cash flow used in operating activities	**(1,628,675)**	(421,907)
Cash flows from investing activities		
Finance income	**8,167**	4,947
Payments for exploration and evaluation assets	**(1,376,689)**	(908,323)
Purchase of property, plant and equipment	**(447,895)**	(145,433)
Sale of property, plant and equipment	**137,000**	-
Net cash used in capital expenditure and investing activities	**(1,679,417)**	(1,048,809)
Cash flows from financing activities		
Issue of shares	**-**	5,075,023
Costs associated with issue of shares	**-**	(210,055)
Net cash flow generated from financing	**-**	4,864,968
Net (decrease)/increase in cash and cash equivalents	**(3,308,092)**	3,394,252
Cash and cash equivalents as at 31 July 2017	**6,056,824**	2,678,780
Effects of exchange rate changes on the balance of cash held in foreign currencies	**22,885**	(16,208)
Cash and cash equivalents as at 31 July 2018	**2,771,617**	6,056,824

In 2018, significant non-cash transactions comprised the acquisition of an additional 5% interest in PEDL180 and PEDL182 for £417,000 deferred consideration.

In 2017, significant non-cash transactions comprised the issue of equity share capital with a market value of £104,000 as consideration for the acquisition of additional interests in licences PEDL201 and PEDL209.

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2018

Group	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 August 2016	**14,164,337**	**20,619,616**	**226,401**	**(5,575,649)**	**29,434,705**
Loss for the year	-	-	-	(1,698,846)	(1,698,846)
Total comprehensive income for the year	-	-	-	(1,698,846)	(1,698,846)
Issue of ordinary shares	384,615	4,775,988	-	-	5,160,603
Share issue costs	-	(210,055)	-	-	(210,055)
Share options exercised	1,775	16,645	(1,368)	1,368	18,420
Balance at 31 July 2017	14,550,727	25,202,194	225,033	(7,273,127	32,704,827
Loss for the year	**-**	**-**	**-**	**(1,978,132)**	**(1,978,132)**
Total comprehensive income for the year	**-**	**-**	**-**	**(1,978,132)**	**(1,978,132)**
Transfer on lapse of options	**-**	**-**	**(48,337)**	**48,337**	**-**
Balance at 31 July 2018	**14,550,727**	**25,202,194**	**176,696**	**(9,202,922)**	**30,726,695**

EGDON RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

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 2018 or 31 July 2017. The financial information has been extracted from the statutory accounts of the Group for the years ended 31 July 2018 and 31 July 2017.

The Directors have prepared the accounts on the going concern basis which assumes that the Group will continue in operational existence without significant curtailment of its activities for the foreseeable future.

The auditor, Nexia Smith & Williamson, has reported on the statutory accounts for the years ended 31 July 2018 and 2017; the audit reports were unqualified and did not contain statements under either section 498(2) or 498(3) of the Companies Act 2006.

The statutory accounts for the year ended 31 July 2017 have been delivered to the Registrar of Companies; those for the year ended 31 July 2018 were approved by the Board on 29 October 2018 and will be delivered to the Registrar of Companies following the Annual General Meeting.

The Annual Report for the year ended 31 July 2018, including the auditor's report, will be posted to shareholders during the week commencing 5 November 2018 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.

There were no changes to the Group's accounting policies for the year ended 31 July 2018 as compared to those published in the statutory financial statements for the year ended 31 July 2017.

This preliminary announcement was approved by the Board on 29 October 2018.

2. Exploration costs written off and pre-licence costs

Exploration costs written-off and pre-licence costs include a write-off of £753,000 (2017: £Nil) relating to the Westerdale Prospect, as part of licence PEDL068 has been relinquished and a further write-off of £285,000 (2017: £Nil) in respect of abortive planning costs at the Bury Hill Wood site on PEDL143 following the Forestry Commission's decision not to renew the lease.

3. Impairment reversals

Impairment reversals consist of a write-back of £388,000 (2017: £Nil) relating to the Ceres gas field impairment charges recognised in earlier periods, arising as a consequence of the operator's production forecast, which has resulted in a revaluation of the remaining recoverable reserves, as well as a write-back of £260,000 (2017: £Nil) relating to the Keddington oil field impairment recognised in earlier periods, being a partial write-back due to the improving oil price environment, the performance of the existing producing well and the identified future potential.

4. Loss per share

Basic loss per share

	2018	2017
	£	£
Loss for the financial year	**(1,978,132)**	(1,698,846)
Basic weighted average ordinary shares in issue during the year	**259,984,822**	248,740,775
	Pence	Pence
Basic loss per share	**(0.76)**	(0.68)

Diluted loss per share

	2018	2017
	£	£
Loss for the financial year	**(1,978,132)**	(1,698,846)
Diluted weighted average ordinary shares in issue during the year	**259,984,822**	248,740,775
	Pence	Pence
Diluted loss per share	**(0.76)**	(0.68)

For 2018 and 2017, the share options are not dilutive as a loss was incurred.

5. Annual General Meeting

The Annual General Meeting will be held at the offices of Norton Rose Fulbright, 3 More London Riverside, London, SE1 2AQ at 11.30 hours on 6 December 2018.