19 November 2019 **Embargoed for 7.00am**

EGDON RESOURCES PLC

(“Egdon” or “the Group” or “the Company”)

Results for the Year Ended 31 July 2019

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 2019.

Operational and Corporate Highlights

- Production increased by 117% to 182 barrels of oil equivalent per day (“boepd”) (2018: 84 boepd)
- Production restarted from the Ceres well during October 2018 following installation of a new gas flow meter
- Completion of the drilling of Springs Road-1 encountering all three pre-drill targets with a reported hydrocarbon bearing shale sequence of over 429 metres in the Bowland Shale and significant gas indications within the Millstone Grit sequence, deeper parts of the lower Bowland Shale and the Arundian Shale
- Completion of the drilling of Biscathorpe-1, where despite the primary target being absent, a 35 metre oil column has been identified in the Dinantian Limestone and the well has been suspended for a potential future sidetrack
- A Competent Person’s Report was published for Resolution indicating Mean Contingent Resources volume of 231 billion cubic feet (“bcf”)
- Submission of planning appeal for the revised Wressle development following the refusal of planning consent in November 2018. North Lincolnshire Council advised in July 2019 that it would withdraw its evidence for the public inquiry following agreement of acceptable planning conditions

Financial Highlights

- Gross oil and gas revenues during the period increased by 81% to £2.20 million (2018: £1.21 million restated)
- Loss for the year-ended 31 July 2019 of £1.72 million after write-downs, pre-licence costs and impairment of £0.45 million (2018: loss of £1.98 million after write-downs, pre-licence costs and impairments reversed of £0.40 million)
- Basic loss per share of 0.64p (2018: basic loss per share of 0.76p)
- Cash at bank £1.62 million as at 31 July 2019 (2018: £2.77 million)
- Open offer raised £2.17 million (gross of expenses) at a price of 5p per share
- Net current assets as at 31 July 2019 of £1.91 million (2018: £2.87 million)
- Net assets as at 31 July 2019 of £30.99 million (2018: £30.73 million)

Subsequent Events

- On 12 September 2019, Egdon reported the results of the Springs Road-1 analysis which indicates a three-fold increase in resource density for the Bowland Shale interval compared to the previous independent assessment by ERCE in 2014
- On 2 November 2019, the UK government announced a moratorium on high volume hydraulic fracturing for shale gas in England
- On 4 November 2019, Egdon announced it had entered into an exclusivity agreement with a large internationally recognised exploration and production company in respect of a farm-out of P1929 and P2304 (Resolution and Endeavour)
- On 7 November 2019, the Wressle Field Development Planning Inquiry was concluded. A decision is expected before end 2019

Outlook

- Production guidance for the full financial year 2019-20 is 130-140 boepd

- Key operational and strategic priorities for the coming period will include:

  - Subject to a positive outcome to the planning inquiry, developing the Wressle oil field
  - Concluding a farm-out of the Resolution/Endeavour projects with our exclusivity partner and acquiring the marine 3D seismic survey
  - Finalising the forward plan for Biscathorpe and advancing a farm-out of the North Kelsey-1 exploration well
  - Subject to lifting of the moratorium, progressing the drilling and testing of the Springs Road-2 well in our core Gainsborough Trough area

Audiocast

- An audiocast of the Results Presentation will be available to view via the following link from 09.30: https://webcasting.buchanan.uk.com/broadcast/5dcac4eb9535b1405a05ac1d

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

"Against a backdrop of continued political uncertainty and challenging operational and market conditions I am pleased to be able to report on a year of increased production and operational activity that has seen the Company make progress in some key strategic areas. "

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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 the 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

Strategy

Our strategy has three main objectives; maximising production rates, revenues and profitability from our producing assets, adding additional reserves and revenues through an active drilling programme and identifying and developing Northern England unconventional resources. It is in this final strand that the objective has changed during the period from growth to consolidation and de-risking through exploration and appraisal, with the drilling of the Springs Road-1 well, being the prime example of this strategy in action.

Key Events

The first quarter of 2019 saw the drilling of Springs Road-1, a strategic well for the Company in the Gainsborough Trough, where it holds 82,000 net acres. The results from Springs Road-1 are highly positive and confirm that a significant hydrocarbon resource is present in the Gainsborough Trough. The results from this extensive modern core dataset demonstrate that the Bowland Shale compares very favourably with some of the best US commercial shale plays and is potentially world class. This begins to validate Egdon's investment strategy and notwithstanding the current moratorium on fracking for shale gas, has the potential for significant growth in shareholder value.

Restoration of production from the Ceres field in October 2018, along with continued recovery of back-out gas and operated production from the Keddington and Fiskerton Airfield oil fields, has driven a 117% increase in Egdon's annual production to 182 barrels of oil equivalent per day ("boepd") (2018: 84 boepd). This growth in production has increased revenues by 81% to £2.20 million (2018: £1.21 million restated). This is despite historically weak gas prices for 2019, driven by a warm winter and record LNG imports accompanied by a subdued yet volatile oil price, both of which have adversely impacted revenues.

During 2019 the Company completed the drilling of the Biscathorpe-2 exploration well. The primary target reservoir at Biscathorpe was absent at the well location and the play concept remains untested by the well. However, in July 2019 Egdon was able to upgrade the Biscathorpe-2 well result, confirming the likely presence of a 35 metre column of good quality oil within the Dinantian Limestone interval, which despite poor reservoir quality, is indicative of proximity to an effective petroleum system and validates the potential that exists within PEDL253. Further technical work is planned prior to deciding the next steps for the project which could include a sidetrack of the suspended Biscathorpe-2 well.

In April 2019, the Company published a Competent Person's Report ("CPR") in respect of the Resolution gas discovery confirming Mean Contingent Resources of 231 bcf of gas in offshore licence P1929. During November 2019, Egdon entered into an exclusivity agreement with a large internationally recognised exploration and production company in respect of the P1929 and the adjacent P2304 licence. Application has been made to the Oil and Gas Authority to extend the P1929 and P2304 licences.

The planning inquiry for the Wressle oil field development was held post year-end from 5 to 7 November 2019. As previously reported, North Lincolnshire Council ("NLC") did not present evidence at the inquiry. Egdon's legal counsel was able to present the case in an effective and robust manner and we now await the decision of the Planning Inspector which is likely to be before the end of December.

Financial and Statutory Information

Revenue from oil and gas production during the year was £2.20 million (2018: £1.21 million restated).

The Group recorded a loss of £1.72 million for the year (2018: loss of £1.98 million) after impairments and write-downs of £0.45 million (2018: £0.40 million).

The Group has maintained a focus on managing cash resources and at the end of the year had net current assets of £1.91 million (2018: £2.87 million) of which £1.62 million was cash (2018: £2.77 million). Importantly, the Group remains debt free.

The Group raised £2.17 million before costs (£0.19 million) during the period (2018: £Nil) via an underwritten open offer which completed in June 2019. The open offer was supported by a number of shareholders including our two largest, Petrichor Holdings Coöperatief U.A., ("Petrichor") and Premier Oil PLC. Following the open offer Petrichor increased its shareholding in Edgon to 33.99% a level which was approved by the Takeover Panel.

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

During the year, one of the Group's joint venture partners on PEDL253 (Humber Oil and Gas Limited) defaulted on a balance due to Egdon. The payments were due under the Joint Operating Agreement ("JOA") and the farm-out agreements. The outstanding balance at the date of default was £0.78 million. Egdon (as operator and on behalf of the remaining joint venture partners) has enforced its rights under the JOA default provisions and commenced proceedings to recover the sums owed.

Board Changes

During the year, Jerry Field (Technical Director) and Andrew Lodge (Non-executive Director) retired from the board. We thank them both for their valuable insight and contribution to the Company and wish them a long, healthy and happy retirement. They were replaced by Martin Durham (Technical Director) and Tim Davies (Non-executive Director) respectively and we welcome both to the board.

Political and Regulatory

Energy has come into sharp focus during 2019 with the UK Committee on Climate Change ("CCC") recommending in its May 2019 report that the UK tightens its targets to achieve "net zero" emissions of CO_2 by 2050 with the Government legislating to put this target into law. A number of points relevant to our business are detailed in the CCC report;

- The need for an energy mix in the UK – we cannot rely on renewables alone
- A recognised continuing need for oil and gas in the UK
- A major role for gas to 2050 and beyond in the production of hydrogen – the preferred fuel for domestic heating and industrial use - along with Carbon Capture Utilisation and Storage ("CCUS")
- A warning against offshoring of emissions

Given the predicted sharp decline in UKCS production, the CCC report concludes that the UK would have an 86% import dependency by 2050 where UK gas demand would remain at around 70% of current use (c. 55 billion cubic metres of gas per year). The results of various studies demonstrate that UK sourced shale gas could have significantly lower emissions than imported LNG or long-distance pipelines. So, in the context of the CCC report, UK shale gas could be part of the solution to the UK moving to a "net zero" economy. The national and local benefits of UK shale gas are clearly evident, with a positive impact on the balance of payments, tax, business rates and employment gains.

Against this background, the past year has seen Cuadrilla Resources produce the first gas from a UK shale gas well at Preston New Road which along with the positive results from Springs Road-1 indicates that a significant resource is present onshore UK. However, significant challenges remain, including planning and permitting timescales and managing induced seismicity.

Post year end, the Department for Business, Energy & Industrial Strategy (BEIS) set out the government position on shale gas which was supportive:

> "Shale gas could be an important new domestic energy source reducing the level of gas imports while delivering broad economic benefits, including through the creation of well-paid, quality jobs. It could also support our transition to net zero emissions by 2050".

However, on 2 November 2019, Government announced the introduction of a moratorium on high volume hydraulic fracturing for shale gas, based on analysis by the Oil and Gas Authority ("OGA"), until new evidence is provided. Each basin and site is different and the Gainsborough Trough is characterised by its simple structure and limited faulting. The OGA Report summary found that susceptibility to seismicity depends strongly on a location's specific geology with the mere presence of faulting or the parameters of the injection possibly of less importance. Egdon along with the rest of the industry is fully committed to working closely with the OGA and other regulators to demonstrate that we can operate safely and in an environmentally responsible manner, and we are confident of doing so by adopting a rigorous scientific approach and utilising an extensive UK and international analogue data set.

Asset Portfolio

Egdon held interests in 44 licences in the UK at year-end with exposure to the full cycle of opportunities from exploration through to development and production. The website (www.egdon-resources.com) provides further details of all assets and operations. Egdon's key assets are discussed more fully in the Operating Review below.

At interim results the Company advised shareholders of its plan to divest non-core assets to enable a focus on the highest potential projects and this will be a focus for the coming period.

The portfolio of conventional resource assets provides potential for growth via exploration and appraisal drilling and the Company continues to high grade the prospect inventory and progress the best opportunities. The pace of exploration drilling activity is in part dependent upon successful farm-outs as the Company carefully looks to balance financial exposure and technical risk. Dependent upon securing a further farm-out, Egdon hopes to drill the North Kelsey Prospect in the next 12 months and looks forward to the new operator of PEDL143, UK Oil & Gas PLC, progressing plans for that licence.

The Company continues to review options for additional drilling at the Keddington oil field and for restoration of production at Waddock Cross, Kirkleatham and Dukes Wood/Kirklington.

Having tripled Egdon's unconventional resources acreage in the period 2014 to 2017 to c. 186,600 net acres (755 km^2) the Company has paused from further acreage growth to concentrate on improving its technical understanding of the play and increasing acreage value and marketability. The Company holds material interests in a number of key prospective geological basins including the primary focus, the Gainsborough Trough where Springs Road-1 was drilled and has previously reported an independently assessed mean volume of undiscovered Gas Initially In Place ("GIIP") across the portfolio of 50.9 trillion cubic feet ("TCF").

Outlook

Production guidance for the full financial year 2019-20 is 130-140 boepd driven largely by continued strong Ceres production despite recovery of back-out gas ceasing from Mercury (end 2019) and Neptune (mid 2020).

Egdon's key operational focus for the coming period will include:

- Subject to a positive outcome to the planning inquiry, developing the Wressle oil field
- Concluding a farm-out of the Resolution/Endeavour projects with our exclusivity partner and acquiring the marine 3D seismic survey
- Finalising the forward plan for Biscathorpe and advancing a farm-out of the North Kelsey-1 exploration well
- Subject to lifting of the moratorium, progressing the drilling and testing of the Springs Road-2 well in our core Gainsborough Trough area

Despite the challenges experienced, the fundamentals of the business are robust with the Company having a range of high potential assets in both the conventional hydrocarbon resource and nascent shale gas sectors. In the short-term we will focus on our conventional resource portfolio whilst working with the OGA and industry to demonstrate we can operate safely and in an environmentally friendly manner to deliver UK gas to the market. The Company remains debt free and has a supportive shareholder register to take it forward. The coming period will see a number of key events for the Company building on the progress made during the period under review.

As always, I would like to thank our shareholders for their continued patient support and our small team of dedicated employees for their hard work and professionalism throughout the year.

Philip Stephens
Chairman
18 November 2019

Operating Review

I am pleased to provide shareholders with a more detailed review of the Group's assets, operations and plans with a focus on progress against strategy, key priorities, risks and potential growth drivers. Egdon's website (www.egdon-resources.com) provides further details of the Group's assets and operations.

In the last Annual Report published in early November 2018, I set out the production expectation for this reporting period of 150-180 boepd and operational objectives of drilling at Biscathorpe-2, Springs Road-1 and, subject to farm-out, North Kelsey-1. In addition, the Group hoped to farm-out the marine 3D seismic survey over the Resolution and Endeavour prospects and secure planning consent to develop Wressle.

In terms of delivery against these objectives, during the last year the Group has exceeded the production target with 182 boepd and completed wells at Springs Road-1 and Biscathorpe-2. Whilst not concluded during the year, we progressed planning amendments at North Kelsey-1 and post year-end have entered into an exclusivity agreement with a large internationally recognised exploration and production company in respect of Resolution/Endeavour where the Group has also published a CPR. The Group has appealed the refusal by NLC of the extensively revised planning application for Wressle and the Council subsequently withdrew its evidence ahead of the recently held public inquiry. We now expect a decision before the end of the year.

Strong gas pricing in the first half of the year contrasted with a pronounced weakening in the second half driven by a mild winter and plentiful LNG. Oil prices weakened due to continued strong production growth from US tight oil plays and fears of a US China trade war. Commodity prices also drove a weakening in the FTSE AIM Oil and Gas index over the period which was also reflected in the Group's share price.

Production and Development Assets

The main driver for the Group's increased production during the period was recommencement in late October 2018 of production from the **Ceres** well (P1241, Egdon 10%) following the installation of a new flow meter. This together with continued recovery of back-out gas (gas previously produced from Ceres to the account of other fields shut-in to provide pipeline capacity) from the Mercury and Neptune gas fields meant that total Ceres production averaged 0.89 million cubic feet of gas per day ("mmsfg/d") or 148 boepd plus 8 boepd of condensate, net to Egdon over the twelve months to 31 July 2019. The Ceres field was shut-down for maintenance between August and October 2018 and much of July 2019 meaning that the bulk of this production was achieved over just 8 months. The Ceres operator, Spirit Energy has produced a revised production forecast indicating declining but continuing field production out to 2025. Back-out gas recovery will be completed from Mercury around the end of 2019 and from Neptune during 2020. As such the Group expects total Ceres production to average c.110 boepd for the 2019-20 financial year.

The combined production net to Egdon from the **Keddington** (PEDL005R: Egdon 45%) and **Fiskerton Airfield** (EXL294: Egdon 80%) oil fields during the financial year was 26 bopd. This is expected to be similar for the 2019-20 financial year. Egdon is finalising the assessment of potential infill drilling locations at Keddington with a view to targeting potential side track drilling opportunities. Evaluation of reprocessed 3D seismic at Fiskerton Airfield has shown a lack of infill drilling opportunities and our focus here will be on maximising production from the existing wells. An impairment of the carrying value of Fiskerton Airfield of £408,000 has been made as a consequence of this review.

Wressle (PEDL180/PEDL182: Egdon 30%) has the potential to add 150 bopd to the Group's production. In January 2019 the Planning Inspector upheld our appeal to extend the existing planning consent for the Wressle site until 24 January 2020. The extensively revised development proposals for the Wressle oil discovery were refused planning consent in November 2018 despite a recommendation for approval from the Council's own professional planning officer who had the benefit of a positive assessment by specialist independent technical consultants appointed by NLC. We strongly believe that the revised proposals fully and comprehensively addressed the reasons for the refusal of the original planning applications and the subsequent appeals and the Group therefore appealed this latest decision in January 2019. The public inquiry in respect of the appeal against this refusal was held between 5 and 7 November 2019. Egdon was able to present its case in an effective and robust manner led by Hereward Philpott QC. NLC did not present evidence at the public inquiry having withdrawn its case in respect of this appeal following agreement of acceptable planning conditions during July 2019. We now await the decision of the Inspector which will post-date the 12 December election date due to the government "purdah" period. Should approval be forthcoming, Egdon will need to discharge all planning conditions prior to commencing sites works and would hope to have first oil production some 6 months after a decision. During June 2019, the OGA granted a two-year continuation of the Second Term of PEDL180 and PEDL182 to 31 August 2021.

Egdon has interests in shut-in oil fields at **Waddock Cross, Dukes Wood/Kirklington** and **Avington** and a gas field at **Kirkleatham**. The Group is currently undertaking reservoir modelling at Waddock Cross with a view to positioning a new horizontal well based on the updated structure map of the field following reprocessing of the 3D seismic survey which was completed during 2018. IGas has advised that the proposed third-party acquisition of the interest in Avington has fallen through and a forward plan for the field is being developed. We continue to look at options for a sidetrack at Kirkleatham and for re-establishing production at Dukes Wood/Kirklington.

Exploration and Appraisal Assets

The Group has made good progress during the period in progressing exploration and appraisal in both its unconventional and conventional assets with drilling at Springs Road-1 and Biscathorpe-2 being key highlights.

Unconventional Resources

The Group's unconventional resources acreage position in Northern England is 186,600 net acres (755km² net). This significant and potentially highly valuable 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 and has previously reported an independently assessed mean volume of undiscovered gas in place of 50.9 TCF.

Our core area for unconventional resources exploration is the **Gainsborough Trough** of Nottinghamshire, Lincolnshire and Yorkshire where the Group holds interests in 82,000 net acres.

Importantly, during the period we have participated in the drilling of the Springs Road-1 ("SR-01") well on licence PEDL140 (Egdon 14.5%). The results from this carried well compare favourably with some of the best US commercial shale operations and highlight a potentially world class resource. **Springs Road-1** was drilled as a 3,500 metre vertical, cored exploration well in the centre of the Gainsborough Trough basin. The well sought to assess three target zones: the Bowland Shale, the Millstone Grit and the Arundian Shale. All three targets were encountered, with 429m of hydrocarbon bearing shales observed within the primary target, the Bowland Shale. Drilling operations showed improved rates of penetration leading to better than anticipated drilling performance and lower costs.

147 metres of core was acquired within the Bowland Shale, the first extensive core sample from this basin, which has subsequently been analysed by Stratum Reservoir (formerly Weatherford Labs) in their laboratories in both the UK and the USA. The core results indicate a mature, organic rich source rock with good porosity confirming favourable gas resource density. In particular, the low clay content is encouraging and is an indication that hydraulic fracturing of the rock should be effective. The results from core analysis are extremely positive and confirm that a significant hydrocarbon resource is present in the Gainsborough Trough with a combined Bowland Shale resource density of 640 bcf/square mile of gas in place. This is more than three times Egdon's previous external estimates of the mean resource density for the entire Bowland Shale section in PEDL139/140 as reported by ERCE in 2014.

In addition to the Upper and Lower Bowland Shales, the Millstone Grit provisional petrophysical analysis indicates these tight gas sequences have significant resource potential in Springs Road-1. Numerous possible target zones were identified across a 560m interval from 1,530-2,090m depth.

Elsewhere in Egdon's Gainsborough Trough licences, we extended the term of PEDL209 Retention Area to June 2023. post year-end, Blackland Park gave notice of its intention to exit PEDL209 which will eventually result in Egdon increasing its interest in the deep unconventional portion of the licence from 72% to 100% and increasing its net acreage by 4,428 acres. During the year IGas extended the licence term of PEDL278 to July 2024.

Additionally during the year, the Group extended the term of several licences in other parts of the East Midlands. In the Widmerpool Gulf, we extended the term of the PEDL201 Retention Area to June 2024 and partially relinquished and extended the Initial Term of PEDL306 to July 2024. In the Humber Basin we extended the Initial term of PEDL334 to July 2024 and PEDL181 was converted to 14th Round terms and passed into the Production Period.

In North West England, the Group extended the term of the PEDL191 licence – which is located immediately to the north of IGas' Ellesmere Port well - to June 2023.

In the second half of the year, Third Energy, which operates two of our Cleveland basin assets (PEDL259 and PEDL343 (containing the Cloughton gas discovery)) was sold to York Energy, a subsidiary of US based Alpha Energy.

In terms of the wider activity within this sector, Cuadrilla's Preston New Road shale appraisal project in the Bowland basin in Lancashire saw the fracking and testing of the PNR-1 well and the first testing of UK shale gas. Post year-end hydraulic fracturing operations commenced at PNR-2 which resulted in more significant seismicity and hydraulic fracturing operations have concluded. On 2 November 2019, the UK government announced a moratorium on high volume hydraulic fracturing for shale gas in England which is discussed further in Priorities and Outlook below.

Conventional Resources

The Group has a significant portfolio of conventional prospects with exposure to both oil and gas. Our strategy is to farm-out exploratory drilling to manage cash and to balance financial exposure and technical risk.

During January and February 2019 Egdon drilled the **Biscathorpe-2** well (PEDL253: Egdon – 35.80%) to a total depth of 2,133 metres within the Dinantian Limestone. The well, located within the Humber Basin, and on trend with the Keddington oilfield, was targeting the potential thickening of the Basal Westphalian Sandstone away from the nearby Biscathorpe-1 well (BP 1987) which found a 1.2m thick, oil saturated section of the sandstone reservoir. During drilling elevated gas readings were recorded from the Westphalian and below this over the total 157 metre Dinantian Limestone interval ("Dinantian") along with the presence of oil shows in both the Westphalian and Dinantian cuttings samples.

Unfortunately, the primary objective, the Basal Westphalian Sandstone which was encountered high to prognosis, was poorly developed or absent at the Biscathorpe-2 location and was not thickened with respect to Biscathorpe-1 as expected in the pre-drill model. It was therefore concluded that the Biscathorpe "play" has not been properly tested by the well and potential remains elsewhere on the prospect. As such, the well was suspended to retain the option for a potential future sidetrack which would require additional consents including planning permission.

Further detailed technical analysis of the data from Biscathorpe-2 reported in July 2019 has upgraded the well results. The results of a revised petrophysical analysis and detailed geochemical analysis of drill cutting samples undertaken by Applied Petroleum Technology (UK) Limited have confirmed the likely presence of a 35 metre column, of good quality oil, within the Dinantian interval. This, along with the elevated gas readings and oil shows over an extended interval in the well, are indicative of proximity to an effective petroleum system and validate the potential that exists within the PEDL253 licence area.

Reprocessing of 85 square kilometres of the existing 3D seismic data has been completed and further technical work is currently being finalised, prior to deciding the next steps for the project which could include a sidetrack of the suspended Biscathorpe-2 well that would target the Westphalian and Dinantian.

Elsewhere in PEDL253, Humber Oil and Gas Limited has failed to remedy a default in relation to payments due under the Joint Operating Agreement ("JOA") and the farm-out agreements. The remaining joint venture partners have enforced their rights under the JOA default provisions and separately have commenced proceedings to recover the sums owed.

During the period, Lincolnshire County Council planning committee approved a number of variations to the existing planning approvals at **North Kelsey-1** PEDL241 (Egdon - 80%). It is hoped this well can be drilled during 2020, subject to further farm-out.

An important asset for the Group is the **Resolution** gas discovery in offshore licence P1929 which along with the **Endeavour** gas discovery in adjacent licence P2304 is held 100% by Egdon. During the period, the Group published the results of CPR by Schlumberger on the Resolution gas discovery. This work has reported a Mid-case (2C) Unrisked GIIP of 438 bcf, Mid-case (2C) Contingent Resources of 206 bcf and Mean Contingent Resources of 231 bcf. The substantial (multi-trillion cubic feet) additional gas potential in the underlying Carboniferous sandstones has not been included in this assessment.

During April 2019, a continuation of the licence was granted by the OGA to 30 November 2019 and Egdon has applied for a further continuation to April 2020. The Group has made progress with the design, permitting and tendering for a marine 3D seismic survey covering both P1929 and the northern parts of P2304. This included gaining consent for an acquisition window in September/October in addition to the March/April window. A request to continue the Initial Term of P2304 has also been submitted to the OGA. It is not certain that our application to the OGA for an extension to P1929 and P2304 will be granted. The carrying value of the relevant assets at 31 July 2019 was £1.82 million. Should the extension not be granted it is likely that the assets would be impaired and the carrying value written off. However, at this stage, there is every indication that the extension will be granted and therefore no adjustment has been made in this regard.

Egdon has continued its efforts to introduce an industry partner to fund the planned 3D seismic over the Resolution gas discovery and post year-end entered into an exclusivity agreement with an internationally recognised exploration and production company. Under the terms of the agreement, exclusivity has been granted subject to entering a farm-out agreement by 19 January 2020 and completion occurring by 19 April 2020. All other third party discussions have been suspended. Although there can be no assurance of concluding an agreement, the Company sees this as a validation of our strategy to licence these blocks.

P2304 contains the Endeavour gas discovery which has been tested by three wells 41/24-1, 2 and 3 and tested at rates of up to 34.3 million cubic feet of gas per day from the Zechstein Plattendolomit reservoir. Egdon estimates Mean Contingent Resources of 18 bcf of gas attributable to Endeavour.

Elsewhere in Northern England, Rathlin Energy made a potentially significant oil and gas discovery in rocks of the same age as Resolution at West Newton onshore.

During the period UK Oil & Gas PLC ('UKOG') has assumed operatorship of Weald Basin licence PEDL143 (Egdon 18.4%). Egdon views this as positive given UKOG's direct experience with, and technical knowledge of the Portland and Kimmeridge plays at the nearby Horse Hill discovery. The PEDL143 licence has been granted a two-year extension to the initial term by the OGA to 30 September 2022. UKOG has reported that PEDL143 contains the significant "**A24**" Portland and Kimmeridge oil prospect, a direct geological look-alike to the UKOG's Horse Hill oil field, situated on-trend some 8km to the east. Several smaller prospects of similar size to the nearby Brockham Portland oil field have also been identified. Multiple potential new drilling sites outside the nearby Area of Outstanding Natural Beauty are under evaluation and drilling is now scheduled to follow directly after the completion of UKOG's 2019/2020 drilling programme, subject to the grant of necessary regulatory approvals.

In addition, during the year there were a number of important results from other onshore UK operations. UKOG concluded extensive testing at Horse Hill in the Portland and Kimmeridge oil reservoirs and has subsequently been granted planning consent to develop the field.

Health Safety and Environment

Egdon is committed to high standards of Health, Safety and Environmental management, protection and performance with all operational activity performed under the umbrella of the Group's HSE Management System ("HSEMS"). In line with our approach of continual improvement the HSEMS has been subject to a full review and revision to ensure it remains "fit for purpose" and the Group continues its excellent track record in relation to health, safety and environmental management.

Community Website

The Group will shortly launch a new community facing website, www.egdon-community.com which provides a portal for information related to Egdon's operational sites.

Priorities and Outlook

Production guidance for the financial year 2019-20 is 130-140 boepd driven largely by continued strong Ceres production, despite back-out gas no longer contributing from the Mercury Field from the end of 2019 together with natural decline at Keddington and increased production following workovers at Fiskerton Airfield. Should we successfully secure planning for Wressle we would expect to see this field on production in the second half of 2020. We continue to review the possibility of further sidetrack drilling at Keddington. Further activity is also under review at Avington, Waddock Cross, Kirkleatham and other fields currently shut-in for economic or operational reasons.
Our key operational focus for the coming period will include:

- Conditional upon a positive outcome to the recent planning inquiry, developing the Wressle oil field
- Concluding the farm-out of the Resolution/Endeavour projects with our exclusive partner and undertaking the acquisition of the marine 3D seismic survey
- Finalising the forward plan for Biscathorpe and advancing a farm-out of North Kelsey-1 exploration well
- Subject to lifting of the current moratorium, progressing the planning and permitting for the drilling and testing of the Springs Road-2 well

The CCC report and subsequent Net Zero legislation underline the continued future need for substantial volumes of gas in the UK. We believe that the lifecycle CO_2 emissions of gas will become of increasing importance favouring domestically produced gas over higher emission long-distance pipeline or LNG imports. Egdon is confident of being able to work with its industry peers to provide the evidence to the OGA and other regulators, to demonstrate that hydraulic fracturing for shale gas in the basins where we operate, can be undertaken in a safe and environmentally responsible manner and that therefore the current moratorium on hydraulic fracturing for shale gas exploration should be lifted. In the meantime our focus will shift to our conventional resource portfolio.

Despite the current challenges, with the quality of our assets, our planned operations, and 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
18 November 2019

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £	AS RESTATED 2018 £
Continuing operations			
Revenue - continuing		**2,196,526**	1,214,552
Cost of sales – exploration costs written-off and pre-licence costs		**(46,279)**	(1,046,691)
Cost of sales – write-off of French assets		**-**	(3,028)
Cost of sales – (impairments) and impairment reversals	2	**(408,000)**	648,000
Cost of sales – depreciation		**(632,234)**	(366,800)
Cost of sales – direct production costs		**(1,242,118)**	(824,250)
Cost of sales – other, including shut-in fields		**(248,671)**	(161,429)
Cost of sales – write-off of Ceres contract asset		**-**	(338,000)
Cost of sales – revaluation of Ceres contract asset		**-**	116,000
Cost of sales – release of Ceres contract asset		**(299,132)**	(213,722)
Total cost of sales		**(2,876,434)**	(2,189,920)
Gross loss		**(679,908)**	(975,368)
Administrative expenses		**(1,066,041)**	(1,093,496)
Other operating income		**77,843**	131,312
		(1,668,106)	(1,937,552)
Finance income		**3,844**	8,167
Finance costs		**(52,663)**	(48,747)
Loss before taxation		**(1,716,925)**	(1,978,132)
Taxation		**-**	-
Loss for the year		**(1,716,925)**	(1,978,132)
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year attributable to equity holders of the parent		**(1,716,925)**	(1,978,132)
Basic loss per share	3	**(0.64)p**	(0.76)p
Diluted loss per share		**(0.64)p**	(0.76)p

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2019

	Notes	2019	2018
		£	£
Non-current assets			
Intangible assets		**21,780,577**	19,571,708
Property, plant and equipment		**9,696,458**	10,533,573
Total non-current assets		**31,477,035**	30,105,281
Current assets			
Inventory		**-**	8,011
Trade and other receivables	4	**1,675,003**	1,240,488
Cash and cash equivalents		**1,617,925**	2,771,617
Total current assets		**3,292,928**	4,020,116
Current liabilities			
Trade and other payables		**(1,378,950)**	(1,150,017)
Net current assets		**1,913,978**	2,870,099
Total assets less current liabilities		**33,391,013**	32,975,380
Non-current liabilities			
Provisions		**(2,396,525)**	(2,248,685)
Net assets		**30,994,488**	30,726,695

Equity		
Share capital	**14,984,035**	14,550,727
Share premium	**26,742,656**	25,202,194
Share based payment reserve	**113,537**	176,696
Retained earnings	**(10,845,740)**	(9,202,922)
	30,994,488	30,726,695

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2019

	2019	2018
	£	£
Cash flows from operating activities		
Loss before tax	**(1,716,925)**	(1,978,132)
Adjustments for:		
Depreciation and impairments/(impairment reversals) of non-current assets	**1,040,234**	(281,200)
Exploration costs written-off	**-**	1,038,000
Write-off of Ceres contract asset	**-**	338,000
Revaluation of Ceres contract asset	**-**	(116,000)
Re-instatement provision write off	**(96,862)**	-
Foreign exchange loss/(gain)	**3,982**	(22,885)
Decrease/(Increase) in inventory	**8,011**	(8,011)
Increase in trade and other receivables	**(434,515)**	(155,878)
Increase/(decrease) in trade and other payables	**228,933**	(483,149)
Finance costs	**52,663**	48,747
Finance income	**(3,844)**	(8,167)
Share based remuneration charge	**10,948**	-
Cash used in operations	**(907,375)**	(1,628,675)
Interest paid	**(39)**	-
Taxation paid	**-**	-
Net cash flow used in operating activities	**(907,414)**	(1,628,675)
Cash flows from investing activities		
Finance income	**3,844**	8,167
Payments for exploration and evaluation assets	**(2,095,824)**	(1,376,689)
Purchase of property, plant and equipment	**(124,086)**	(447,895)
Sale of property, plant and equipment	**-**	137,000
Net cash used in capital expenditure and investing activities	**(2,216,066)**	(1,679,417)
Cash flows from financing activities		
Issue of shares	**2,166,540**	-
Costs associated with issue of shares	**(192,770)**	-
Net cash flow generated from financing	**1,973,770**	-
Net decrease in cash and cash equivalents	**(1,149,710)**	(3,308,092)
Cash and cash equivalents as at 31 July 2018	**2,771,617**	6,056,824
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(3,982)**	22,885
Cash and cash equivalents as at 31 July 2019	**1,617,925**	2,771,617

In 2019, significant non-cash transactions comprised of the recognition of the Biscathorpe-2 abandonment provision of £125,125 (2018: £Nil).

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

EGDON RESOURCES PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019

Group	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 August 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
Loss for the year	**-**	**-**	**-**	**(1,716,925)**	**(1,716,925)**
Total comprehensive income for the year	**-**	**-**	**-**	**(1,716,925)**	**(1,716,925)**
Issue of share	**433,308**	**1,733,232**	**-**	**-**	**2,166,540**
Share issue costs	**-**	**(192,770)**	**-**	**-**	**(192,770)**
Share based payment	**-**	**-**	**10,948**	**-**	**10,948**
Transfer on lapse of options	**-**	**-**	**(74,107)**	**74,107**	**-**
Balance at 31 July 2019	**14,984,035**	**26,742,656**	**113,537**	**(10,845,740)**	**30,994,488**

EGDON RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

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 2019 or 31 July 2018. The financial information has been extracted from the statutory accounts of the Group for the years ended 31 July 2019 and 31 July 2018.

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.

2019 has been a year of uncertainty for the oil and gas industry as a whole characterised by planning delays, weak commodity prices and ongoing regulatory reviews in relation to shale gas asset development.

During the year, the Group has suffered further delays in relation to the Wressle planning process which has impacted cash flow as has a noticeable delay in the realisation of cash from billings to joint venture partners and the significant default of a joint venture party.

Forward cash flows necessarily make assumptions as to the timing and value of cash flows from production at Wressle as well as the Group's existing producing sites and cost recharges to joint venture partners. Whilst there is currently no evidence that the timing or value of these revenues is unrealistic, the Directors acknowledge that, given historic delays both in bringing assets to production and realising amounts invoiced to joint venture partners, some level of uncertainty exists in respect of the timing of future cash flows.

After preparing cash flow forecasts, making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. However, the Directors have concluded that the combination of the circumstances outlined above represent a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and that, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Were the Group no longer a going concern, adjustments may be required to the carrying value of assets, provision would be required for the future liabilities arising as a consequence of the Group ceasing business and assets and liabilities currently classified as non-current would be reclassified as current.

After making general enquires considering relevant uncertainties, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Should there be a shortfall in expected production or revenues the Directors have the flexibility to manage expenditure and/or recourse to other sources of funding. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The auditor, Nexia Smith & Williamson, has reported on the statutory accounts for the years ended 31 July 2019 and 2018; the audit reports were unqualified and did not contain statements under either section 498(2) or 498(3) of the Companies Act 2006. However, in their report on the statutory accounts for the year ended 31 July 2019, the auditor drew attention to the material uncertainty regarding the Group's ability to continue as a going concern. In addition the auditor drew attention to material uncertainties regarding the potential effect on asset carrying values relating to outstanding licence extension approvals and the Government's announcement of a moratorium on fracking as amplified in Note 5 below.

The statutory accounts for the year ended 31 July 2018 have been delivered to the Registrar of Companies; those for the year ended 31 July 2019 were approved by the Board on 18 November 2019 and will be delivered to the Registrar of Companies following the Annual General Meeting.

The Annual Report for the year ended 31 July 2019, including the auditor's report, will be posted to shareholders during the week commencing 25 November 2019 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.

The following new standards have been adopted in the preparation of the financial statements for the year ended 31 July 2019.

IFRS 9 Financial Instruments
The most significant implication of this standard for the Group is that it requires entities to use an expected credit loss model for the impairment of financial assets instead of an incurred credit loss model. The Group has historically seen a low level of non-recovery debts. In addition, the debtors are short-term in nature with typical terms of 30 days from delivery. As a result, the implementation of the expected credit loss model has had no material impact on the Group's results and no prior year balances have been restated.

IFRS 15 Revenue from Contracts with Customers
The Group earns its revenues from the sale of extracted oil and gas and revenue is recognised at the point at which the goods are delivered to third party facilities. Revenues do not, therefore, arise from long-term contracts. The Directors consider the sale of the extracted oil and gas to have no separate distinct goods or services and have concluded that there is only one performance obligation, being the delivery of the goods.

In 2013, revenue from the sale of gas produced from the Ceres field was not received by the Group but by the owners of other fields connected to the common pipeline system with Egdon receiving the right to future gas production from those other fields. In the 2013 financial statements, the revenue foregone by Egdon was accrued. Under IFRS 15, such revenue is not accrued; instead the right to receive future gas is recognised as a contract asset with a corresponding deduction from the costs of production. Revenue is recognised as received by the company. The value of the right to receive future gas is based on the estimated sales value of the gas to be received.

For the year ended 31 July 2019, in order to comply with IFRS 15, the above treatment has been amended to treat the release of the contract asset as an element of cost of sales and not as revenue, this results in an increase in revenue of £299,132 and an increase in cost of sales of £299,132 (for the year ended 31 July 2018: £435,722). This change in accounting policy has no impact on the Group's equity. The gas concerned is referred to as back-out gas.

Other than the Ceres adjustment, the standard has not resulted in any significant changes to the way the Group has historically recognised revenues in the financial statements and there has been no material impact on the Group's result.

This preliminary announcement was approved by the Board on 18 November 2019.

2. Impairments

The impairment charge of £408,000 related to the Fiskerton Airfield Oil Field. The impairment arises following seismic data reprocessing which resulted in a reduction to the forward production profile and reserves for the field. Based on the impairment reviews, the pre-tax value in the use of the Fiskerton Airfield Oil Field at 31 July 2019 is estimated at £0.22 million and that is now the book value of the asset. Any reduction in the net present value of future cash flow forecasts resulting from changes in key estimates would be expected to result in a further impairment charge.

3. Loss per share

Basic loss per share

	2019 **£**	2018 £
Loss for the financial year	**(1,716,925)**	(1,978,132)
Basic weighted average ordinary shares in issue during the year	**266,870,265**	259,984,822

	Pence	Pence
Basic loss per share	**(0.64)**	(0.76)

Diluted loss per share

	2019	2018
	£	£
Loss for the financial year	**(1,716,925)**	(1,978,132)
Diluted weighted average ordinary shares in issue during the year	**266,870,265**	259,984,822
	Pence	Pence
Diluted loss per share	**(0.64)**	(0.76)

For 2019 and 2018, the share options are not dilutive as a loss was incurred.

4. Trade Receivables

During the year, one of the Group's joint venture partners on PEDL253 (Humber Oil and Gas Limited), defaulted on a balance due to Egdon. The payments were due under the Joint Operating Agreement (JOA) and the Farm-out Agreements. The outstanding balance at the date of default was £0.78million.

Egdon (as Operator and on behalf of the remaining joint venture partners) have enforced their rights under the JOA default provisions and commenced proceedings to recover the sums owed.

Under the terms of the JOA, the defaulting party can be removed from the licence and that party's share of the asset redistributed amongst the remaining joint venture parties. Humber remain liable for the outstanding debt but in the interim the remaining joint venture parties have assumed responsibility for the payment of invoices. Egdon's pro-rata share of the outstanding Humber JOA default amounts to £327,200.

5. Subsequent Events

Subsequent to the year end, Egdon (as operator and on behalf of the remaining PEDL 253 joint venture partners) have enforced their rights under the JOA default provisions and commenced proceedings to recover the sums owed by Humber Oil and Gas Limited.

On 2 November 2019, the UK Government announced a moratorium on hydraulic fracturing for shale-gas in England following the publication of the recent OGA report into induced seismicity observed at Preston New Road PNR-1Z well in 2018.

Whilst Egdon has a diverse portfolio including a broad range of conventional oil and gas assets, over the last six years the Company has built a significant acreage position in UK unconventional resources focused on the Gainsborough Trough in Eastern England. As at 31 July 2019, the Company's unconventional assets had a net book value of £15.5m and include acreage in areas that have been described as holding the potential for world class gas resources.

Egdon is fully committed to working closely with the OGA and other regulators to demonstrate that hydraulic fracturing can be carried out in a safe and environmentally responsible manner. The directors believe that, given the nature of the moratorium, the commitment of the industry to undertake the necessary technical assessments and the current high levels of political uncertainty, it is not possible to conclude with any degree of certainty that the company's oil and gas assets are impaired at this stage and no adjustment has therefore been made in this regard in the financial statements for the year ended 31 July 2019. The compelling argument for energy extraction from UK unconventional oil and gas acreage to support the journey to a Net Zero carbon conclusion adds to our view at this juncture that whilst our asset values remain under close review, it is currently premature to consider with any certainty any degree of impairment. The impairment reviews undertaken by the Directors at the reporting date were performed without taking into account the potential impact of the government moratorium.

On 4 November, following an extensive farm out process, Egdon signed an exclusivity agreement in respect of licences P1929 and P2304 with a large internationally recognised exploration and production company ("the Counterparty").

Exclusivity has been granted to the Counterparty subject to a definitive farm out agreement or other defining legal agreement(s) being entered into by 19 January 2020 and completion occurring by 19 April 2020.

Despite entry into the agreement, no assurance can be provided that a commercial transaction will ultimately be concluded with the Counterparty.

Egdon has previously submitted a request to the OGA for an extension to licences P1929 and P2304 both of which otherwise expire at the end of November 2019 and is optimistic of receiving confirmation from the OGA in respect of these extensions in the near future.

The carrying value of these assets at 31 July 2019 was £1.82 million. Should the extension not be granted it is likely that the assets would be impaired and the carrying value written off. At this stage, there is every indication that the extensions will be granted and therefore no adjustment has been made in this regard.

6. 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 19 December 2019.