

## EGDON RESOURCES PLC

("Egdon" or "the Company")

### **Subscription by Petrichor Partners LP ("Petrichor Partners") and Jalapeño Corporation ("Jalapeño") for £1,051,035 Convertible Loan Notes Approval of a waiver of an obligation under Rule 9 of the City Code on Takeovers and Mergers Notice of General Meeting**

Egdon Resources plc (AIM: EDR, "Egdon") is pleased to announce that it has entered into subscription agreements with Petrichor Partners and Jalapeño (the "**Subscription Agreements**"), subject to certain terms and conditions, to raise gross proceeds of approximately £1.05 million through the issue of convertible loan notes (the "**Convertible Loan Notes**") in order to fund ongoing exploration and development projects.

The capitalised terms in this announcement shall have the meaning ascribed to them in the definitions section contained in Appendix 2 of this announcement.

Petrichor Partners and Jalapeño may, at any time when any of the Convertible Loan Notes are outstanding, convert such outstanding amount into Ordinary Shares in the Company at a price of 1.55 pence per Ordinary Share (the "**Conversion Price**") following the issue of the Convertible Loan Notes. Subject to Petrichor Partners and Jalapeño not exercising their option to convert the amount outstanding into Conversion Shares during the 12 months following the issue of the Convertible Loan Notes, they will be redeemed by the Company 12 months following their issue.

The general partner of Petrichor Partners is HEYCO International Inc ("**HINT**"), a subsidiary of HEYCO Energy Group Inc ("**HEYCO**"). HEYCO, through its wholly-owned subsidiary Petrichor Holdings Coöperatief U.A. ("**Petrichor**"), together with its Connected Persons and other persons acting in concert with it and as described more fully in Part III of the Circular, is currently interested in 111,643,046 Ordinary Shares, representing 34.01 per cent. of the Existing Ordinary Shares.

Based on the assumptions set out in Appendix 3 of this announcement, the Directors expect that the conversion of the Convertible Loan Notes (including the capitalisation of any interest which will accrue on the Convertible Loan Notes) would result in the issue to Petrichor Partners of a maximum of 69,684,386 Ordinary Shares and the issue to Jalapeño of a maximum of 3,549,020 Ordinary Shares (together, the "**Conversion Shares**"), increasing the total interest of the Concert Party to a maximum of 184,876,452 Ordinary Shares, representing 46.04 per cent. of the Company's Enlarged Ordinary Share Capital (assuming no options issued by the Company or other securities convertible or exchangeable into Ordinary Shares are exercised other than those held by members of the Concert Party and that the Company does not issue any other Ordinary Shares), and the Concert Party would therefore be interested in Ordinary Shares carrying 30 per cent. or more of the Company's voting share capital but not hold Ordinary Shares carrying more than 50 per cent. of more of such voting rights.

As Petrichor is currently interested in more than 10 per cent. of the issued ordinary share capital of the Company, the subscription for the Convertible Loan Notes is a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies. For the purposes of the AIM Rules for Companies, the Directors of the Company, having consulted with the Company's nominated adviser, WH Ireland, consider that the terms of the transaction are fair and reasonable so far as its Shareholders are concerned.

The Takeover Panel (the "**Panel**") has agreed, however, to waive the obligation for the Concert Party to make a general offer ("**Rule 9 Waiver**") that would otherwise arise as a result of the issue of the Convertible Loan Note Shares to the Concert Party, subject to the approval, on a poll, of the Independent Shareholders (the "**Whitewash Resolution**"). Accordingly, the Whitewash Resolution is being proposed at the General Meeting and will be taken on a poll at the General Meeting, notice of which is set out in the Circular to be distributed to Shareholders on or around

the date of this Announcement. The General Meeting is to be held at the offices of Egdon Resources plc at The Wheat House, 98 High Street, Odiham, Hampshire RG29 1LP at 10.00 a.m. on 22 January 2021.

The Company notes the guidance issued by the UK government restricting social gatherings in view of the ongoing COVID-19 pandemic and the fact that, if such guidance remains in place on the date of the General Meeting, as seems likely, shareholders will be prohibited from attending the General Meeting. Given the current guidance the Company requests that shareholders do not attend the General Meeting but instead appoint the chairman of the General Meeting as a proxy to ensure their vote is recognised and provide voting instructions in advance of the General Meeting. Other named proxies will not be allowed to attend the General Meeting and their votes will not be counted

**Mark Abbott, Managing Director, commented:**

*“This is a major endorsement from HEYCO and strong confirmation of the belief of HEYCO and its management in the longer-term prospects for Egdon. The funds raised by the issue of the Convertible Loan Notes will significantly strengthen the Company’s financial position and allow it, together with existing cash, to fund ongoing exploration and development projects such as the development of the Wressle oil field, planning for the Biscathorpe-2 side-track well and preparation for the acquisition of 3D seismic over the Resolution Prospect and for additional working capital to maintain and develop the assets and opportunity base of the business.”*

**Enquiries:**

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**Notes to Editors:**

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

Egdon holds interests in 42 licences in the UK and has an active programme of exploration, appraisal and development within its portfolio of oil and gas assets. Egdon is an approved operator in the UK. Egdon was formed in 1997 and listed on AIM in December 2004.

**Qualified Person Review**

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

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

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the UK version of the Market Abuse Regulation (EU) No. 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Agreement. Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

**Issue of 8 per cent. unsecured Convertible Loan Notes  
Approval of waiver of obligations under Rule 9 of the Takeover Code and  
Notice of General Meeting**

**Reason for the issue of Convertible Loan Notes and use of proceeds**

The funds raised by the issue of the Convertible Loan Notes will significantly strengthen the Company's financial position and allow it, together with existing cash, to fund ongoing exploration and development projects such as the development of the Wressle oil field, planning for the Biscathorpe-2 side-track well and preparation for the acquisition of 3D seismic over the Resolution Prospect and for additional working capital to maintain and develop the assets and opportunity base of the business.

**Current Trading and Outlook**

On 6 January 2021, the Company announced its preliminary results for the year ended 31 July 2020 and provided updates on its current assets, trading and outlook. The full announcement can be read on the Company's website at [www.egdon-resources.com](http://www.egdon-resources.com).

In relation to the Company's operational and corporate highlights for the period, the preliminary results announcement stated:

- Production during the year was 145 boepd (2019: 182 boepd) ahead of guidance of 130-140 boepd
- Planning permission was granted for the Wressle development on appeal on 17 January 2020 following a public inquiry in November 2019. Full costs were awarded against North Lincolnshire Council and have since been received. Field development operations are progressing well and first oil is targeted during January 2021, which will add 150 bopd to Egdon's production
- During March 2020, we announced the results of an in-depth assessment of the Biscathorpe project (PEDL253) which identified technically and commercially attractive target areas accessible via a side-track of the suspended Biscathorpe-2 well. A planning application is in the process of being prepared for submission to enable this
- The farm-out of the Resolution and Endeavour gas discoveries (P1929 and P2304) to Shell Oil U.K. Limited ("Shell") and agreed licence extensions and new work programme obligations with the Oil and Gas Authority ("OGA")
- During September 2019, the encouraging gas in place results for Springs Road-1 were announced indicating the presence of a potentially world class resource in the "Gainsborough Shales" of the Gainsborough Trough where Egdon holds 71,361 net acres (289 km<sup>2</sup>)
- During early November 2019, Government announced the introduction of a moratorium on high volume hydraulic fracturing for shale-gas that will remain in place until new evidence is provided. Along with our industry peers we are continuing to work with the OGA and other regulators on this matter
- On 18 June 2020 a confidential settlement was reached with Humber Oil and Gas in respect of PEDL253 litigation and monies were received on 25 August 2020

Operational highlights since 31 July 2020 include:

- On 25 August 2020 the farm-outs to Shell were completed for the Resolution and Endeavour assets (P1929 and P2304)
- On 7 September 2020 we received approval for an extension of planning consent to 31 December 2021 for the drilling of North Kelsey-1 (PEDL241) which had been delayed due to COVID-19 restrictions during the earlier part of the year
- PEDL143 Licence relinquished during September 2020
- On 26 November 2020 Egdon announced that it had entered into a £1.00 million loan facility with Union Jack Oil plc

In relation to the Company's outlook, the preliminary results announcement stated:

*The expected start of production at Wressle during late January 2021 will transform Egdon's production and cash-flow. Production guidance for the first half of the financial year 2020-21 is 100 boepd and 200 boepd for the second half of the year resulting in full year guidance of 140-150 boepd.*

*The historically low gas price seen over the last winter and continuing through the summer of 2020 has seen a recovery in recent months and is expected to return to more normal levels during the coming winter period. Oil prices have recovered from the lows seen at the onset of the COVID-19 pandemic, but are expected to remain strongly linked to worldwide economic activity levels. Operationally, in the short-term we will continue to focus on high impact projects within our conventional resource portfolio whilst working with the industry to demonstrate to the OGA and other regulators that we can operate safely to deliver lower emission UK gas to the market.*

*Our key activities and focus for the coming year will be:*

- *Continuing to carefully manage costs and cash through the current challenging operating environment*
- *Finalising the development of the Wressle oil field for production start-up in January 2021*
- *Progressing the planning application for a Biscathorpe-2 side-track well to be drilled in 2021 and where we may look to secure a partial farm-out*
- *Progressing a farm-out of North Kelsey-1 for drilling in 2021*
- *Streamlining the conventional resource portfolio to concentrate on a smaller number of key assets whilst maintaining our position in core unconventional resource assets*
- *Progressing the acquisition of the 3-D seismic survey over the Resolution and Endeavour gas discoveries in February 2022*
- *Subject to lifting of the current moratorium on hydraulic fracturing operations for shale-gas, progressing the planning and permitting for the drilling and subsequent testing of the Springs Road-2 well*
- *Reviewing the Energy Transition opportunities within the current portfolio, including repurposing of existing wells for geothermal energy*

*Despite the unprecedented challenges experienced during the year, 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.*

*The Company is focused on reducing costs and expenditure and on progressing key near term cash generative projects such as Wressle. We will continue to keep activity under review in light of the current circumstances and position the Company for growth once normality returns.*

*We will also continue to review opportunities in the energy space that leverage our expertise with a focus on projects with near term predictable cash flows, opportunities to reduce costs and a low execution risk and capital requirement. "*

#### **Principal terms of the Convertible Loan Notes**

The Company is proposing to raise approximately £1.05 million, before expenses, by way of an issue of Convertible Loan Notes to Petrichor Partners and Jalapeño, pursuant to the terms of a Subscription Agreement and a Convertible Loan Note Instrument. Execution of the Convertible Loan Note Instrument, and the obligation to issue and subscribe, remain conditional upon, amongst other things, Shareholders approving the Resolutions at the General Meeting.

A summary of the principal terms of the Convertible Loan Notes is set out below:

***Fees and interest***

The Company will pay interest on the full amount of the issued Convertible Loan Notes from the date of issue at a rate of 8 per cent. per annum (the “**Interest Rate**”). Interest will accrue daily and shall be calculated on the basis of a 365-day year and the actual number of days elapsed from the date of issue of the Convertible Loan Notes to the date falling 12 (twelve) months from the date of issue of the Convertible Loan Notes (the “**Redemption Date**”). If the Company fails to pay redemption monies when due, interest shall continue to accrue on the unpaid amount at the Interest Rate. Interest shall not be compounded. Any interest which accrues on the Convertible Loan Notes can be capitalised at any time into Ordinary Shares at the Conversion Price.

***Issue and repayment***

The Company may make a drawdown request to the Convertible Loan Note Holders for the maximum amount of approximately £1.05 million under the Subscription Agreement conditional upon Shareholders approving the Resolutions at the General Meeting, and the Convertible Loan Note Holders shall have up to two business days in which to pay the funds due under the subscription request.

Following receipt of the funds, the Convertible Loan Notes will be issued within two business days. Unless the Convertible Loan Note Holders exercise their option to convert the amount outstanding into Ordinary Shares they will be redeemed by the Company at the Redemption Date.

The Company may, repay the Convertible Loan Notes in full or in part without penalty prior to the Redemption Date, together with the interest accrued thereon at the Interest Rate between the date of issue and the date of such repayment, provided that the full 12 months of interest will be due and payable if the Convertible Loan Notes are converted into shares.

The Company may be required by the Convertible Loan Note Holders to redeem the Convertible Loan Notes if it becomes unlawful for the Convertible Loan Note Holders to hold the Convertible Loan Notes, the Company has breached its representations and warranties to the Convertible Loan Note Holders or failed to comply with its undertakings given to the Convertible Loan Note Holders in the Subscription Agreement, or an event of default occurs.

***Events of Default***

The Company’s obligation to redeem the Convertible Loan Notes in full may be accelerated by the Convertible Loan Note Holder following the occurrence of certain events. The identity and scope of the events of default in the Convertible Loan Notes follow the approach commonly taken in senior secured credit facilities and include (but without limitation) non-payment of amounts due, non-compliance with the terms of the agreement, insolvency and insolvency-related events.

***Conversion***

The Convertible Loan Note Holders may, at any time when any principal of the Convertible Loan Notes is outstanding, convert such outstanding amount into Ordinary Shares in the Company at a price of 1.55 pence per Ordinary Share (the “**Conversion Price**”). The Conversion Price will be adjusted in certain circumstances to ensure that the number of Ordinary Shares arising on conversion confer the same relative entitlement (e.g. if there is a sub-division, consolidation or bonus issue). The Conversion Shares shall be credited as fully paid and rank *pari passu* with Ordinary Shares of the same class in issue on the conversion date. The Company will, following conversion, apply to have the Conversion Shares listed on AIM.

***Security and Guarantee***

The Convertible Loan Notes when issued will be an unsecured obligation of the Company.

***Transfer***

The Convertible Loan Notes are only transferable by Petrichor Partners or Jalapeño to a member of the Concert Party.

### **Listing**

The Company does not intend to apply for the Convertible Loan Notes to be listed.

### **Waiver of Rule 9 of the City Code on Takeovers and Mergers**

The purpose of the Takeover Code is to supervise and regulate takeovers and other matters to which it applies. The Takeover Code is issued and administered by the Takeover Panel. The Company is a company to which the Takeover Code applies and as such its Shareholders are therefore entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, where any person acquires, whether by a single transaction or a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required by the Panel to make a general offer, in cash (or with a cash alternative), to all remaining shareholders to acquire their shares. Such a general offer must be at the highest price paid by such person (or anyone acting in concert with such person) for any interest in shares during the 12 months prior to the announcement of that general offer. Rule 9 of the Takeover Code further provides that, *inter alia*, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of such voting rights, but does not hold shares carrying more than 50 per cent. of such voting rights, and such person, or any such person acting in concert with him, acquires an interest in additional shares which increase his percentage of shares carrying voting rights, such person is normally required by the Panel to make a general offer to the remaining shareholders to acquire their shares on the same terms as summarised above by a general offer.

For the purposes of the Code, Petrichor together with its Connected Persons and other persons acting in concert with it, as described more fully in Part III of the Circular, form the Concert Party. The Concert Party is currently beneficially interested in 111,643,046 Ordinary Shares, representing approximately 34.00 per cent. of the Existing Ordinary Shares.

The Convertible Loans Notes are convertible into Ordinary Shares at a price of 1.55 pence per Ordinary Share at any time after issue. Any interest which accrues on the Convertible Loan Notes can also be capitalised into Ordinary Shares at the Conversion Price. The Company expects that the Convertible Loan Note certificates will be issued approximately two business days following the General Meeting (should the Resolutions be approved). The conversion of the Convertible Loan Notes would result in the issue to the Concert Party of up to 73,233,406 Ordinary Shares which, together with the Concert Party's existing shareholding, would represent an interest in a maximum of 46.04 per cent. in the Company's Enlarged Ordinary Share Capital (assuming full conversion of all Convertible Loan Notes by the Convertible Loan Note Holders on the earliest date, being 26 January 2021, the interest being paid in shares, and there being no changes to the Company's share capital prior to the issue of all of the Conversion Shares, based on the assumptions set out in paragraph 3.3 of Part III).

The members of the Concert Party, who are interested in Ordinary Shares carrying 30 per cent. or more of the Company's voting share capital but do not hold Ordinary Shares carrying more than 50 per cent. or more of such voting rights would, on conversion, acquire an interest in additional shares which increases its percentage holding of shares carrying voting rights but would not, on a full conversion, hold Ordinary Shares carrying more than 50 per cent. The Panel has been consulted and has agreed to waive the requirement for the members of the Concert Party to make a general offer under Rule 9 of the Takeover Code in cash for Ordinary Shares in the Company which might otherwise arise as a result of the issue of the Conversion Shares to the members of the Concert Party pursuant to the conversion of the Convertible Loan Notes into Ordinary Shares, subject to the Whitewash Resolution (as set out in the notice convening the General Meeting) being passed on a poll of the Independent Shareholders. To be passed, the Whitewash Resolution will require a simple majority of the votes cast by the Independent Shareholders.

### **Related Party Transaction**

As Petrichor is currently interested in more than 10 per cent. of the issued ordinary share capital of the Company, the subscription for the Convertible Loan Notes is a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies. For the purposes of Rule 13 of the AIM Rules for Companies, the Directors of the Company, having consulted with the Company's nominated adviser, WH Ireland, consider that the terms of the transaction are fair and reasonable so far as its Shareholders are concerned.

### **General Meeting**

The Circular includes the Notice of General Meeting. The General Meeting is to be held at the offices of at the offices of Egdon Resources plc at The Wheat House, 98 High Street, Odiham, Hampshire RG29 1LP. At 10.00 a.m. on 22 January 2021. At the General Meeting Resolutions will be proposed as follows:

At the General Meeting, Resolutions will be proposed as follows:

Resolution 1, (the “**Whitewash Resolution**”) which will be proposed as an ordinary resolution and will be taken on a poll of Independent Shareholders voting in person or by proxy, to approve the Rule 9 Waiver;

Resolution 2, which will be proposed as an ordinary resolution, to authorise the Directors to allot Ordinary Shares pursuant to the terms of the Subscription Agreement and Convertible Loan Note Instrument up to a maximum nominal amount of £732,334.06; and

Resolution 3, which will be proposed as a special resolution, to disapply the statutory pre-emption rights in respect of the Ordinary Shares allotted for cash, pursuant to the authority conferred on them by resolution 2 to allot such shares up to a maximum nominal value of £732,334.06.

Resolution 1 will be taken in accordance with the requirements of the Takeover Code, and be taken on a poll of Independent Shareholders present and by proxy voting at the General Meeting. Shareholders should note that members of the Concert Party will not be permitted to vote on Resolution 1.

The Company specifies that only those members registered on the Company's register of members at:

- the close of business on 20 January 2021; or
- if the General Meeting is adjourned, at the close of business on the day two days (excluding non- working days) prior to the adjourned meeting,

shall be entitled to attend and vote at the General Meeting.

### **Irrevocable Undertakings**

The Company has received undertakings from Premier and the Directors (who hold Ordinary Shares) to vote in favour of the Resolutions at the General Meeting in respect of in aggregate 59,329,814 Ordinary Shares representing approximately 27.38 per cent. of the Existing Ordinary Shares held by Independent Shareholders that are able to vote on Resolutions 1 and, in aggregate 59,329,814 Ordinary Shares representing approximately 18.07 per cent. of the Existing Ordinary Shares that are able to vote on Resolutions 2 and 3. The Concert Party, which is interested in 34.00 per cent. of the Existing Ordinary Shares of the Company, has undertaken to vote in favour of the Resolutions (other than Resolution 1).

### **Recommendation**

The Takeover Code requires the Board to obtain competent independent advice regarding the merits of the transaction which is the subject of the Rule 9 Waiver, the controlling position which it will create, and the effect which it will have on the Shareholders generally. The Directors, having been so advised by VSA, as the Company's financial adviser, consider the Proposals to be fair and reasonable and in the best interests of the Company and its Shareholders as a whole. In giving its advice, VSA has taken account of the commercial assessments of the Directors.

Accordingly, the Directors unanimously recommend, that Shareholders vote in favour of the Resolutions as they have irrevocably undertaken to do in respect of their aggregate beneficial holdings of 13,596,481 Ordinary Shares, representing 4.14 per cent. of the total number of issued Ordinary Shares in the Company.

## **APPENDIX 1 MARKET STATISTICS**

Principal amount of the Convertible Loan Notes to be issued to Petrichor Partners and Jalapeño	£1,051,035
Estimated net proceeds of the Convertible Loan Notes	£975,000
Number of Existing Ordinary Shares	328,315,625
Conversion Price per Ordinary Share under the Convertible Loan Notes	1.55 pence
Conversion Shares to be issued to Petrichor Partners and Jalapeño on conversion of the Convertible Loan Notes*	73,233,406
Enlarged Ordinary Share Capital*	401,549,031
Percentage of the Enlarged Ordinary Share Capital to be held by the Concert Party*	46.04 per cent.

\* Assumes that all issued Convertible Loan Notes are converted and that all interest payments which will accrue on the Convertible Loan Notes will be capitalised into Ordinary Shares at the Conversion Price.

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Announcement of the Proposals	6 January 2021
Publication and posting of the Circular	6 January 2021
Record Date for voting at the General Meeting	Close of business on 20 January 2021
Latest time and date for receipt of Forms of Proxy or CREST Proxy Instructions (as applicable) for the General Meeting	10.00 a.m. on 20 January 2021
General Meeting	10.00 a.m. on 20 January 2021
Announcement of the result of the General Meeting	22 January 2021
Issue of the Convertible Loan Note Certificates	on or around 26 January 2021

### *Notes*

1. Each of the times and dates set out in the above timetable and mentioned in the Circular is based on the Company's current expectations and subject to change by the Company (with the agreement of VSA), in which event details of the new times and dates will be notified to the London Stock Exchange, where required, and the Company will make an appropriate announcement to a Regulatory Information Service
2. References to times in the Circular are to London times unless otherwise stated

## **APPENDIX 2 DEFINITIONS**

The following definitions apply throughout this announcement unless the context otherwise requires:

<b>Act</b>	means the Companies Act 2006 (as amended)
<b>AIM</b>	means the market of that name operated by the London Stock Exchange

<b>AIM Rules for Companies</b>	means the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange
<b>AIM Rules for Nominated Advisers</b>	means the rules for nominated advisers to AIM companies, as published and amended from time to time by the London Stock Exchange
<b>Articles</b>	means the existing articles of association of the Company as at the date of the Circular
<b>Board</b>	means the board of directors of the Company from time to time
<b>boe</b>	means barrel of oil equivalent
<b>boepd</b>	means barrel of oil equivalent per day
<b>Business Day</b>	means any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading
<b>Company or Egdon</b>	means Egdon Resources plc
<b>Concert Party</b>	means HEYCO, HINT, Petrichor, Jalapeño and Petrichor Partners (and its limited partners)
<b>Connected Persons</b>	has the meaning set out in section 252 and section 254 of the Act and includes spouse, children under 18 and any company in which the relevant person is interested in shares comprising at least one-fifth of the share capital of that company
<b>Conversion Price</b>	1.55 pence
<b>Conversion Shares</b>	means the new Ordinary Shares to be issued on conversion of the Convertible Loan Notes including on the capitalisation of any interest payable on the Convertible Loan Notes
<b>Convertible Loan Notes</b>	means the £1,051,035 nominal 8% unsecured convertible loan notes that may be issued to Petrichor Partners and Jalapeño pursuant to the Subscription Agreement and the Convertible Loan Notes Instrument
<b>Convertible Loan Note Holder</b>	means a holder of a Convertible Loan Note
<b>Convertible Loan Note Instrument</b>	means the instrument constituting the Convertible Loan Notes, execution of which by the Company is conditional upon the resolutions set out in the Notice of GM being passed by Shareholders at the General Meeting
<b>Directors</b>	means the directors of the Company at the date of the Circular whose names are set out on page 4 of the Circular
<b>Disclosure Date</b>	means 5 January 2021
<b>Enlarged Ordinary Share Capital</b>	the Existing Ordinary Shares and the Conversion Shares
<b>Existing Ordinary Shares</b>	the existing 328,315,625 Ordinary Shares in issue as at the date of the Circular
<b>FCA</b>	means the Financial Conduct Authority of the United Kingdom

<b>Form of Proxy</b>	means the form of proxy accompanying the Circular for use at the GM
<b>FSMA</b>	means the Financial Services and Markets Act 2000 (as amended)
<b>GM or General Meeting</b>	means the general meeting of the Company convened for 10.00 a.m. at the offices of Egdon Resources plc at The Wheat House, 98 High Street, Odiham, Hampshire RG29 1LP on 22 January 2021 by the Notice of GM and any adjournment thereof
<b>Group</b>	means the Company and its subsidiaries and subsidiary undertakings
<b>HEYCO</b>	means HEYCO Energy Group, Inc.
<b>HINT</b>	means HEYCO International Inc.
<b>Independent Shareholders</b>	means Shareholders who are eligible to vote on the Whitewash Resolution, being shareholders other than HEYCO, HINT, Petrichor, Jalapeño or Petrichor Partners (and its limited partners)
<b>Interest Rate</b>	8 per cent. per annum
<b>issued share capital</b>	means, except where stated to the contrary, the issued share capital of the Company excluding treasury shares
<b>LSE or London Stock Exchange</b>	means London Stock Exchange plc
<b>Jalapeño</b>	means Jalapeño Corporation
<b>Link Group</b>	a trading name of Link Group
<b>London Stock Exchange</b>	means London Stock Exchange plc
<b>Money Laundering Regulations</b>	means The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
<b>Notice of GM</b>	means the notice of the GM set out at the end of the Circular
<b>Official List</b>	means the Official List of the FCA
<b>Ordinary Shares</b>	means the issued ordinary shares of 1p each in the capital of the Company as at the date of the Circular
<b>Panel or Takeover Panel</b>	mean the Panel on Takeovers and Mergers
<b>PEDL</b>	means the United Kingdom onshore petroleum exploration and development licence
<b>Petrichor</b>	means Petrichor Holdings Coöperatief U.A., a wholly owned subsidiary of HEYCO
<b>Petrichor Partners</b>	means Petrichor Partners, LP
<b>Premier</b>	means Premier Oil plc
<b>Proposals</b>	means the issue of the Convertible Loan Notes and the Rule 9 Waiver

<b>Prospectus Rules</b>	means the rules made by the FCA under Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market
<b>Redemption Date</b>	means the date falling 12 (twelve) months from the date of issue of the Convertible Loan Notes
<b>Registrar</b>	means Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
<b>Relationship Agreement</b>	has the meaning given to that term in paragraph 5.3 of Part II of the Circular
<b>Resolution Prospect</b>	means the Resolution Gas Discovery field held under licence P1929
<b>Rule 9</b>	means Rule 9 of the Takeover Code
<b>Rule 9 Waiver</b>	means the waiver by the Panel of any requirement under Rule 9 of the Takeover Code for the Concert Party to make a general offer to Shareholders for the Company which would otherwise arise as a result of the issue of the Conversion Shares to Petrichor Partners and Jalapeño on conversion of the Convertible Loan Notes
<b>Shareholders</b>	means holders of Existing Ordinary Shares
<b>Subscription Agreement</b>	means the subscription agreements dated 6 January 2021 entered into by the Company and Petrichor Partners and Jalapeño in relation to the subscription for the Convertible Loan Notes, as described further in paragraph 5.1 of Part II of the Circular
<b>Subsidiary</b>	means a subsidiary undertaking as that term is defined in the Act
<b>Takeover Code or Code</b>	means the City Code on Takeovers and Mergers
<b>Underwriting Agreement</b>	means the agreement dated 15 May 2019, entered into by Petrichor and the Company in respect of the underwriting of the open offer
<b>United Kingdom or UK</b>	means the United Kingdom of Great Britain and Northern Ireland
<b>£ or Pounds</b>	means UK pounds sterling, being the lawful currency of the United Kingdom
<b>US Securities Act</b>	means the United States Securities Act of 1933, (as amended).
<b>VSA</b>	means VSA Capital Limited of New Liverpool House, 15-17 Eldon Street, London EC2M 7LD, the financial adviser and joint broker to the Company
<b>WH Ireland</b>	means WH Ireland Limited of 24 Martin Lane, London EC4R 0DR, the nominated adviser and joint broker to the Company
<b>Whitewash Resolution</b>	means resolution 1 to be proposed at the General Meeting as set out in the Notice of GM

### **APPENDIX 3 Assumptions**

#### **Effect of the conversion of the Convertible Loan Notes on the Concert Party's Interest in the Company**

1. As at the Disclosure Date, the holdings of the Concert Party are set out below:
  - (a) Petrichor holds 103,094,546 Ordinary Shares, representing 31.40 per cent. of the Company's existing issued share capital;
  - (b) Jalapeño holds 8,497,500 Ordinary Shares, representing 2.59 per cent. of the Company's existing issued share capital; and
  - (c) Stephen P. Jackson holds 51,000 Ordinary Shares, representing 0.02 per cent. of the Company's existing issued share capital.
  
2. The earliest date upon which either Petrichor Partners or Jalapeño may serve a notice to convert their respective Convertible Loan Notes into Ordinary Shares is expected to be on or around 26 January 2021 (assuming that they each respectively deliver a conversion notice to the Company on the date of issue of the convertible loan note certificates, which are to be issued approximately two business days after the General Meeting, subject to the Resolutions having been passed. Conversion would then take place on a date determined by the Company, being no later than ten business days after the date of service of such conversion notice).
  
3. Based on the assumptions below, conversion of the Convertible Loan Notes would result in the issue to the Concert Party of up to 73,233,406 Ordinary Shares increasing the total holding of the Concert Party to 184,876,452 Ordinary Shares representing approximately 46.04 per cent. of the Company's Enlarged Ordinary Share Capital:
  - (a) Conversion of the Convertible Loan Notes occurs on a date determined by the Company, being no later than ten business days after the date of service by either Petrichor Partners or Jalapeño of a conversion notice. The earliest date upon which either Petrichor Partners or Jalapeño may serve a notice to convert their respective Convertible Loan Notes into Ordinary Shares is expected to be on or around 26 January 2021 (assuming that Petrichor Partners or Jalapeño each respectively deliver a conversion notice to the Company on the date of issue of the convertible loan note certificates, which are to be issued approximately two business days after the General Meeting, subject to the Resolutions having been passed);
  - (b) Petrichor Partners and Jalapeño elect to convert the full principal amount of the £1,051,035 Convertible Loan Notes into new Ordinary Shares at the Conversion Price;
  - (c) Petrichor Partners and Jalapeño elect to convert the interest due into Ordinary Shares at the Conversion Price; and
  - (d) There are no changes to the Company's share capital prior to the issue of all of the Conversion Shares.
  
4. The effect of the issue of the Conversion Shares, representing approximately 22.31 per cent. of the Company's voting share capital is set out in the table below:

*Table 1: The Concert Party's maximum interest in the Company*

Concert member	Party	Current interest in Ordinary Share Capital	Percentage of Issued Ordinary Share Capital	Conversion Shares*	Maximum interest in Enlarged Ordinary Share Capital on conversion of the Convertible Loan Notes*	Percentage of Enlarged Ordinary Share Capital on conversion of the Convertible Loan Notes
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Petrichor	103,094,546	31.40	0	103,094,546	25.67
Jalapeño	8,497,500	2.59	3,549,020	12,046,520	3.00
Petrichor Partners	0	0	69,684,386	69,684,386	17.35
Stephen P. Jackson	51,000	0.02	0	51,000	0.01
<b>Total</b>	<b>111,643,046</b>	<b>34.01</b>	<b>73,233,406</b>	<b>184,876,452</b>	<b>46.04</b>

\*The Concert Party's maximum interest set out in Table 1 above is based on the assumptions set out in paragraph 3 above