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If you have sold or transferred all of your shares in Egdon Resources Plc, please send this Admission Document, together with the accompanying documents and proxy forms, at once, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Company and the Directors, whose names appear on page 8 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The information in this document has been prepared solely for the purpose of Admission and it is not intended to inform or be relied upon by any purchasers of shares in New Egdon (whether on or off market) and accordingly, no duty of care is accepted in relation to them by the Company, its Directors or Seymour Pierce.

Application will be made for the whole of the issued ordinary share capital of the Company to be admitted to trading on AIM, a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. It is emphasised that no application is being made for admission of the New Egdon Shares to the Official List of the United Kingdom Listing Authority. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

Subject, *inter alia*, to the Scheme of Arrangement becoming effective, it is expected that the New Egdon Shares will be admitted to trading on AIM and dealings will commence on 16 January 2008. Upon Admission, all New Egdon Shares will rank *pari passu* in all respects and will rank in full for all dividends or other distributions declared, made or paid after the date on which they are issued. The New Egdon Shares are not dealt on any recognised investment exchange and no other applications have been or are being made for such shares to be traded on any other investment exchange.

New Egdon PLC to be renamed

EGDON RESOURCES PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered No. 06409716)

Nominated Adviser, financial adviser and broker

SEYMOUR PIERCE LIMITED

Expected ordinary share capital on Admission

<i>Authorised</i>			<i>Issued and fully paid*</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
100,000,000	£230,000,000	New Egdon Shares of 230p each	67,801,840	£155,944,232

These figures represent the expected issued and fully paid up ordinary share capital of the Company on Admission based on 67,801,840 Egdon Shares in issue at 7 November 2007 (the latest practicable date before publication of this document).

* For legal reasons it may become necessary to change the nominal value of the New Egdon Shares to be issued pursuant to the Reorganisation if the market value of Egdon Shares were to move significantly before the Scheme of Arrangement becomes effective. Any such change would not affect the number of New Egdon Shares received by New Egdon Shareholders or their value.

It is expected that the share capital of New Egdon will be reduced before Admission in order to effect the Demerger. This will not affect the number of shares in issue but will affect their nominal amount. Details of the basis of determination of the number of New Egdon Shares in issue following the Demerger and details of the amount by which the nominal amount of the New Egdon Shares will be reduced are set out in paragraph 2 of Part IV and paragraph 4 of Part V respectively.

New Egdon Shares have not been, and will not be, registered under the US Securities Act in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof. The New Egdon Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Egdon Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

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Seymour Pierce Limited has been appointed to act as nominated adviser and broker to the Company in accordance with the AIM Rules. Seymour Pierce Limited's responsibilities as the nominated adviser to the Company are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person, whether in respect of any decisions to acquire New Egdon Shares in reliance on any part of this document or otherwise.

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING CIRCULAR. YOU SHOULD READ THE WHOLE OF THE TEXT OF THIS DOCUMENT. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE SECTION ENTITLED "RISK FACTORS" SET OUT IN PART II OF THIS DOCUMENT.

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Admission Statistics

Number of New Egdon Shares in issue	67,801,840
ISIN	GB00B28YML29
AIM Symbol	EDR

Expected timetable of principal events

Expected time and date New Egdon Shares will be admitted to trading on AIM	8.00 a.m. on 16 January 2008
CREST member accounts credited with New Egdon Shares	8.00 a.m. on 16 January 2008
Despatch of share certificates for New Egdon Shares	by 25 January 2008

General Definitions

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

“Act”	the Companies Act 1985, as amended
“Admission”	the admission of the New Egdon Shares to trading on AIM becoming effective in accordance with the AIM Rules
“Admission Document”	an admission document prepared in accordance with the AIM Rules for Companies
“AIM”	AIM, a market of the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers, as the context requires
“AIM Rules for Companies”	the rules and guidance notes contained in parts one and two respectively of the booklet entitled AIM Rules for Companies published by the London Stock Exchange, as amended or reissued from time to time
“AIM Rules for Nominated Advisers”	the rules contained in the booklet entitled AIM Rules for Nominated Advisers published by the London Stock Exchange, as amended or reissued from time to time
“Board of New Egdon” or “Board”	the directors of New Egdon
“CA 2006”	the Companies Act 2006, as amended
“Circular”	the circular to Egdon Shareholders accompanying this document
“Combined Code”	the Combined Code on Corporate Governance
“Companies Acts”	the Act and/or the CA 2006, as the context requires
“Court”	the High Court of Justice in England and Wales
“Court Meeting”	the meeting of holders of Egdon Shares convened by order of the Court under section 425 of the Act, notice of which is set out in the Circular and any adjournment of that meeting
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which CRESTCo is the operator
“CRESTCo”	Euroclear UK & Ireland Limited (formerly trading as CRESTCo Limited), the operator of CREST
“Demerger”	the proposed demerger of the Gas Storage Business as described in this document and the Circular
“Demerger Record Time”	6.00 a.m. on 16 January 2008 or such other time and/or date as may be determined by the Directors
“Directors”	the directors of the Company whose names are set out on page 8 of this document

“Egdon”	the company currently called Egdon Resources Plc (registered number 03424561) and which, prior to the Demerger becoming effective, is the owner of both the Oil and Gas Business and the Gas Storage Business
“Egdon Cancellation of Share Premium”	the proposed cancellation of Egdon’s share premium account under section 135 of the Act, as described in Part II of the Circular
“Egdon Extraordinary General Meeting”	the extraordinary general meeting of Egdon Shareholders, notice of which is set out in the Circular
“Egdon Group”	Egdon and its subsidiaries, prior to the Demerger
“Egdon Shareholder(s)”	a holder(s) of Egdon Shares
“Egdon Share(s)”	ordinary shares of 1p each in the capital of Egdon
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Gas Storage Business”	the division of Egdon comprising the companies owning the gas storage business of the Egdon Group, being Portland Gas and its subsidiaries
“London Stock Exchange”	London Stock Exchange plc
“New Egdon” or “the Company”	New Egdon PLC (to be renamed Egdon Resources plc), the holding company of the Oil and Gas Business following the Demerger
“New Egdon Group”	New Egdon and its subsidiaries following the Demerger
“New Egdon Reduction of Capital”	the proposed reduction of capital of New Egdon under section 135 of the Act
“New Egdon Share(s)” or “Ordinary Share(s)”	ordinary shares of 230p each in the capital of New Egdon
“New Portland”	New Portland PLC (to be renamed Portland Gas plc), the holding company of the Gas Storage Business following the Demerger
“New Portland Admission Document”	the admission document relating to New Portland proposed in accordance with the AIM Rules for Companies
“New Portland Group”	New Portland and its subsidiaries following the Demerger
“New Portland Share(s)”	ordinary shares of 10p each in the capital of New Portland
“Official List”	the Official List of the UK Listing Authority
“Oil and Gas Business”	the division of the Egdon Group involved in oil and gas exploration and production activities, including all the Egdon Group companies not included within the Gas Storage Business
“Portland Gas”	the company currently named Portland Gas Limited (registered number 06030687) and which prior to the Demerger, is the subsidiary of Egdon holding the Gas Storage Business

“Proposals”	the proposals for the introduction of New Egdon as the holding company of Egdon and the Demerger, as described in the Circular and summarised in Part IV of this document
“Prospectus Rules”	the prospectus rules made by the Financial Services Authority pursuant to section 73A of FSMA
“Registrar”	Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH
“Reorganisation”	the introduction of New Egdon as the holding company of Egdon pursuant to the Scheme of Arrangement and the reduction of capital of Egdon provided for by the Scheme of Arrangement and the Egdon Cancellation of Share Premium
“Scheme of Arrangement”	the scheme of arrangement under section 425 of the Act set out in Part V of the Circular in its present form or with or subject to any modification, addition or condition approved or imposed by the Court
“Scheme Record Time”	6.00 p.m. on the day before the date on which the Scheme of Arrangement becomes effective
“Scheme Shares”	has the meaning given in the Scheme of Arrangement
“Seymour Pierce”	Seymour Pierce Limited
“UK Listing Authority”	the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Securities Act”	the US Securities Act of 1933, as amended

Glossary of Technical Terms

API	American Petroleum Institute
Best Estimate	the term “Best Estimate” is used in this document as a generic expression for the estimate considered to be the closest to the quantity that will actually be recovered from the accumulation between the date of the estimate and the time of abandonment. If probabilistic methods are used, this term would generally be a measure of central tendency of the uncertainty distribution (most likely/mode, median/P50 or mean).
bfpd	barrels of fluid per day
bopd	barrels of oil per day
Bscf	billion standard cubic ft
Contingent Resources	Contingent Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable.
cp	centipoise
GIIP	Gas Initially In Place
MMbo or MMstb	millions of stock tank barrels
MMscf or mmscf	millions of standard cubic ft
MMscf/d or mmscf/d	millions of standard cubic ft per day
Probable Reserves	Probable Reserves are those unproved reserves which analysis of geological and reserves engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50 per cent probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves
Prospective Resources	Prospective Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations
Proven Reserves	Proven Reserves are those quantities of petroleum which, by analysis of geological and reserves engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 per cent probability that the quantities actually recovered will equal or exceed the estimate

Possible Reserves

Possible Reserves are those unproved reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves. In this context, when probabilistic methods are used, there should be at least a 10 per cent. that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable plus possible reserves

STOIIP

Stock Tank Oil Initially In Place

Directors, Secretary and Advisers

Directors	Philip Henry Peter Stephens (<i>Non-executive Chairman</i>) Mark Anthony William Abbott (<i>Managing Director</i>) Andrew David Hindle (<i>Non-executive Director</i>) Kenneth Maurice Ratcliff (<i>Non-executive Director</i>) Walter Rookehurst Roberts (<i>Non-executive Director</i>) John George Rodway Rix (<i>Non-executive Director</i>)
Company Secretary	Walter Rookehurst Roberts
Registered office	Suite 2 90-96 High Street, Odiham Hampshire, RG29 1LP
Nominated adviser and broker	Seymour Pierce Limited 20 Old Bailey London, EC4M 7EN
Solicitors to the Company	Norton Rose LLP 3 More London Riverside London, SE1 2AQ
Solicitors to the nominated adviser	Nabarro Lacon House 84 Theobald's Road London, WC1X 8RW
Auditors and reporting accountants	Nexia Smith & Williamson 1 Bishops Wharf Walnut Tree Close Guildford Surrey, GU1 4RA
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent, BR3 4TH
Financial PR	Buchanan Communications Limited 45 Moorfields London, EC2Y 9AE

Part I

Information on New Egdon

1 Introduction

Egdon Resources Plc, a UK based energy company which was primarily focussed on the hydrocarbon-producing basins of the onshore UK, was listed on AIM on 21 December 2004. Egdon developed two distinct businesses: an oil and gas exploration and production business (initially focussed on the UK onshore) and a gas storage business (initially focussed on developing a salt cavern gas storage facility in Dorset). The directors of Egdon believe that it is the best interests of both distinct businesses that they be demerged by way of the Scheme of Arrangement and each business be listed separately on AIM. The demerged companies will provide a focussed use of capital and management resources to maximise shareholder value. The demerged Gas Storage Business will exploit opportunities for UK and international growth in addition to the construction of the Portland gas storage facility. The demerged Oil and Gas Business will have a programme of field development and new exploration drilling opportunities within the existing portfolio with the potential to add significant value in the future.

This document has been prepared on the basis that the Demerger has become effective. New Egdon is a newly-formed company established for the purpose of the Proposals which will become the holding company for the Oil and Gas Business after the Demerger of the Gas Storage Business into a separate company, New Portland. Both New Egdon and New Portland are to be admitted to trading on AIM.

To avoid confusion in this document, Egdon Resources Plc as it exists today (prior to the implementation of the Proposals) is referred to as “Egdon” and the new Oil and Gas Business holding company that will take the “Egdon Resources plc” name after the Proposals are implemented is referred to as “New Egdon”. The new holding company for the Gas Storage Business is referred to as “New Portland” and will take the name “Portland Gas plc” after the Proposals are implemented.

This document, which is an Admission Document of New Egdon, is prepared in accordance with the AIM Rules for Companies and gives information on New Egdon in support of its application to be admitted to trading on AIM. It describes New Egdon after the Reorganisation and Demerger have taken place. Admission is conditional upon the Scheme of Arrangement becoming effective (but not the Demerger and other aspects of the Proposals) and is expected to take place on 16 January 2008.

2 Overview

The New Egdon Group (which, following the Demerger, will own the Oil and Gas Business previously held by Egdon) holds interests in twenty four licences in the UK and France, located within proven oil and gas producing areas, containing a balance of oil and gas prospectivity. New Egdon has a programme of field development, appraisal and exploration drilling opportunities within its portfolio of UK and French licences and will look to continue its “drill-bit” success, which the Directors believe will lead to growth in reserves, production and cash flow.

New Egdon will remain focussed on onshore exploration and production in the hydrocarbon producing basins of the onshore UK as the Directors’ believe that the area is under-explored, having had relatively low levels of exploration activity since the mid-1980s when a major phase of seismic prospecting and, to a lesser extent, drilling was curtailed by a drop in oil prices and changes to the UK fiscal regime with the removal of Petroleum Revenue Tax (‘PRT’) relief. By the mid-1990s the majority of the exploration areas had been relinquished enabling Egdon to acquire its extensive portfolio of UK interests, largely through applications to the Department of Trade and Industry in the Eighth to Twelfth Landward Licensing Rounds.

The Directors believe the onshore UK also has a number of other positive factors for New Egdon, including:

- Proven hydrocarbon systems in a number of sedimentary basins;
- Extensive, accessible and affordable seismic and well database;
- Opportunities to apply recent technological developments and new exploration ideas to identify and exploit new and existing prospects;
- Relatively low drilling costs compared to offshore operations;
- Cost effective oil and gas export routes;

- Ability to monetise discoveries with limited capital expenditure as compared to offshore operations;
- De-regulated gas and electricity markets;
- Benign operating environment; and
- Political and fiscal stability.

The New Egdon Group has built-up a significant UK well and seismic database and developed experience of operating in the onshore UK and within the UK planning system. The Directors believe that these factors provide New Egdon with a competitive advantage over many new entrants to the market.

The New Egdon Group also has exploration interests in the offshore UK and onshore France.

New Egdon wishes to build value through developing sustainable long term relationships with partners and the community. The Company is committed to high standards of health, safety and environmental protection; these aspects command equal prominence with other business considerations.

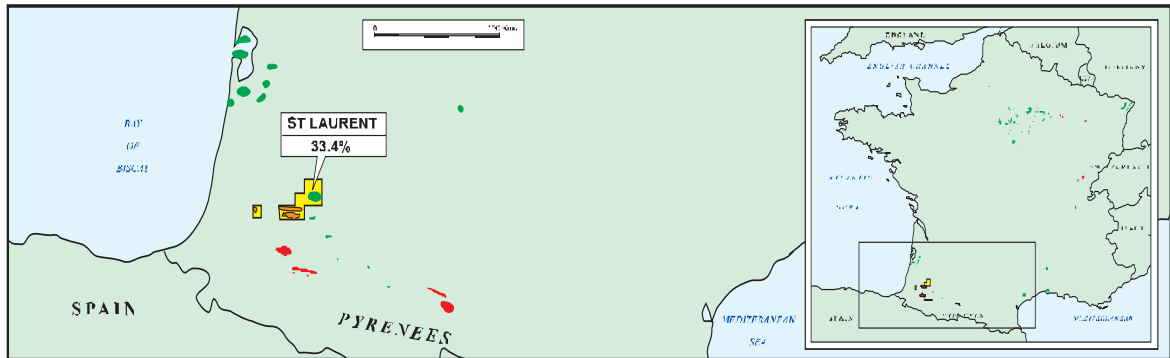
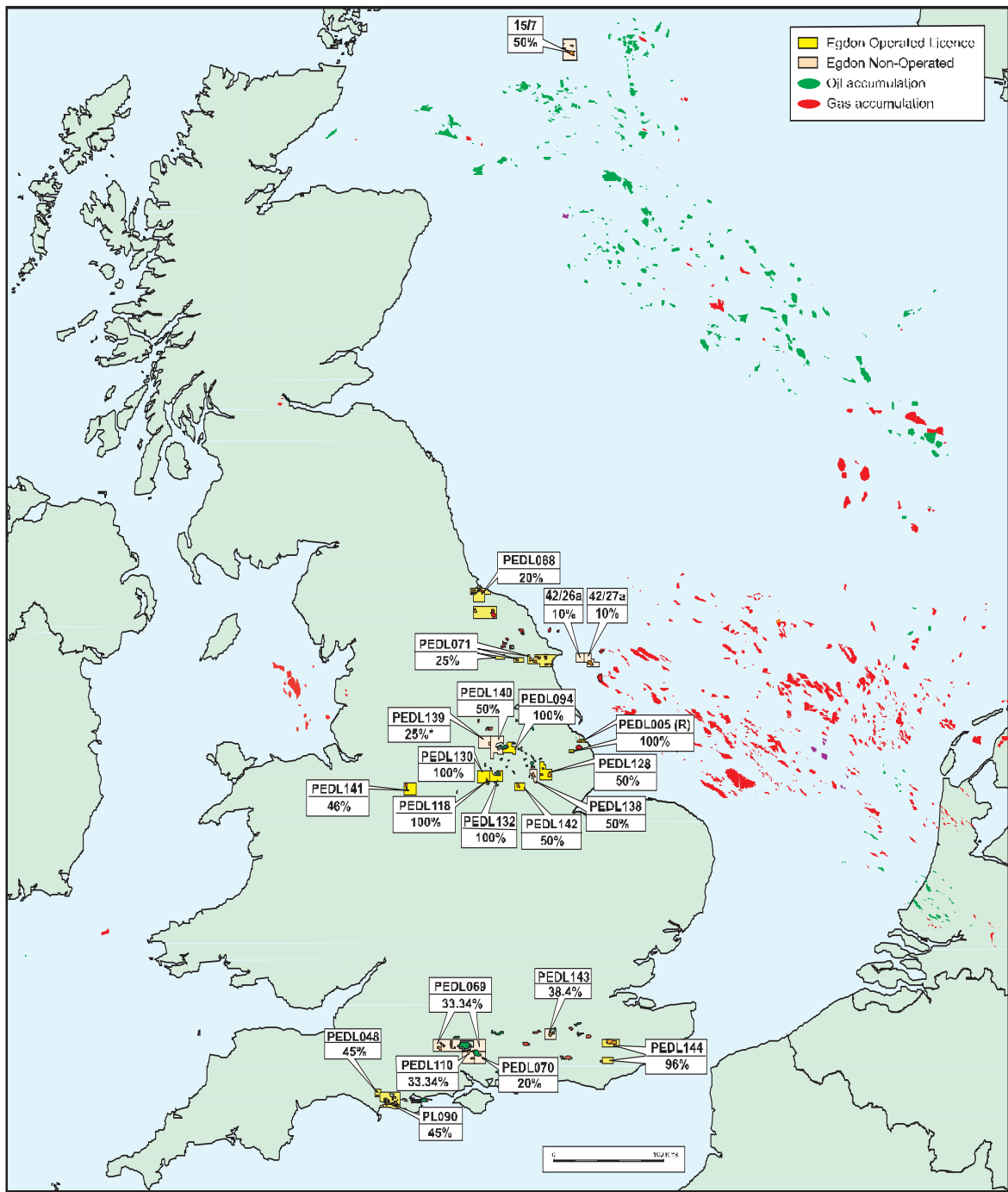
3 The Company's Oil and Gas Assets

3.1 Licence Holdings

The New Egdon Group currently holds interests in twenty four exploration licences, all of which lie within proven oil and gas producing basins and contain a balance of oil and gas prospectivity. Members of the New Egdon Group are approved operators in the UK and France and together operate fourteen of its licences.

<i>Licence No.</i>	<i>Operator</i>	<i>New Egdon Interest</i>	<i>Area Km²</i>
Onshore U.K.			
PEDL048	New Egdon	45.00%	30
PL090	New Egdon	45.00%	202
PEDL068	New Egdon	20.00%	195
PEDL069	Sterling Resources (UK) Limited	33.33%	195
PEDL070	Star Energy Oil UK Limited	20.00%	100
PEDL071	New Egdon	25.00%	250
PEDL110	Sterling Resources (UK) Limited	33.33%	100
PEDL128	New Egdon	50.00%	107
PEDL138	Star Energy Oil and Gas Limited	50.00%	45
PEDL139	Star Energy Oil and Gas Limited	25.00%	100
PEDL140	Star Energy Oil and Gas Limited	50.00%	130
PEDL141	New Egdon	46.00%	100
PEDL142	New Egdon	50.00%	42
PEDL143	Europa Oil and Gas plc	38.40%	80
PEDL144	New Egdon	96.00%	100
PEDL005 (Remainder)	New Egdon	100.00%	23.57
PEDL094	New Egdon	100.00%	53
PEDL118	New Egdon	100.00%	10.4
PEDL130	New Egdon	100.00%*	94.6
PEDL132	New Egdon	100.00%	77.4
Offshore U.K.			
42/26a	RWE Dea UK Limited	10.00%	60.72
42/27a	RWE Dea UK Limited	10.00%	103.22
15/7	Nautical Petroleum plc	50.00%	215
Onshore France			
St Laurent	Egdon Resources (New Ventures) Ltd	33.423%	615

* Alkane Energy plc have rights to coal-bed methane and mines gas over licence PEDL130



3.2 **Oil and Gas Reserves and Resources**

As at 31 July 2007 New Egdon had Proven and Probable reserves of 1.04 Mmstb; Best Estimate Contingent Resources of 13.86 MMstb and 1.34 Bscf; and Best Estimate Prospective Resources of 57.23 MMstb and 145.97 Bscf.

class of reserve/resource	Proven	proven + probable	proven + probable + possible	Units	Field/Prospect Name
Net Oil Reserves	0.35	1.04	2.08	MMstb	Keddington ⁽³⁾ , Avington Phase 1 ⁽¹⁾ , Waddock Cross ⁽¹⁾
		<i>Best Estimate</i>			
Net Oil Contingent Resources		13.86		MMstb	Grenade ⁽¹⁾ , Avington Phase 2 ⁽¹⁾ , Seahorse ⁽²⁾
Net Oil Prospective Resources		10.14		MMstb	Winfrith ⁽¹⁾ , Seahorse ⁽²⁾
Net Oil Prospective Resources		47.09		MMstb	Other Oil Prospects ⁽³⁾
Total Oil		<u>71.09</u>		<u>MMstb</u>	
		<i>Best Estimate</i>			
Net Gas Contingent Resources		1.34		Bscf	Nooks Farm ⁽¹⁾ , Kirkleatham ⁽³⁾
Net Gas Prospective Resources		26.54		Bscf	Burton Agnes ⁽¹⁾ , Holmwood ⁽¹⁾
Net Gas Prospective Resources		119.43		Bscf	Other Gas Prospects ⁽³⁾
Total Gas		<u>147.31</u>		<u>Bscf</u>	

⁽¹⁾ Independent assessment by RPS Troy-Ikoda undertaken in 2004

⁽²⁾ Independent assessment by RPS Troy-Ikoda undertaken in 2006

⁽³⁾ Based on company evaluations

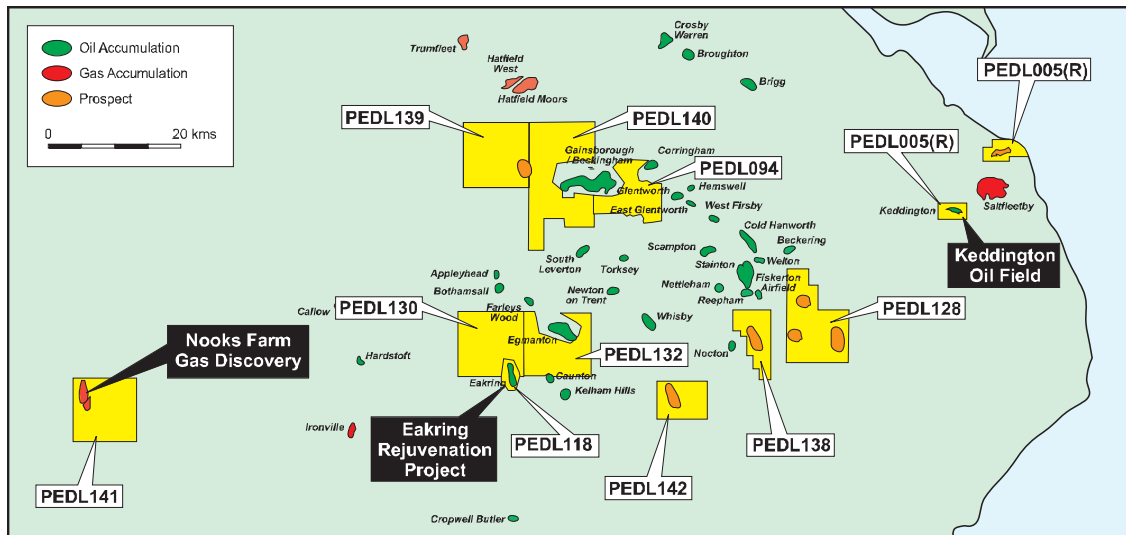
3.3 **Licence Interests**

The New Egdon Group holds twenty four exploration licence interests in the following five geographical areas

- The Midlands
- Northern England and adjacent offshore areas
- Southern England
- Outer Moray Firth
- Onshore France

The Midlands

The Midlands region has been an area of active hydrocarbon exploration since the early 1900s with oil and gas currently produced in a number of fields from rocks of Carboniferous age. The New Egdon Group holds interests in eight operated and three non-operated licences in the Midlands. The licences held by the New Egdon Group are located in the counties of Lincolnshire, Nottinghamshire and Staffordshire.



a) *Keddington Oil Field*

Egdon recently acquired from Roc Oil (GB) Limited the Licence PEDL005 (Remainder), which incorporates the Keddington Oil Field. At acquisition, the Keddington field had been shut-in for nearly a year. The field has two production wells; Keddington-1z, which is a pumped well, and Keddington-2y which free-flows oil and gas. Production was restored from the Keddington-1z well with the installation of a new downhole completion and pump and it is currently producing at around 40 to 45 bopd. The Directors intend to optimise production from this well and restore free flowing oil and gas production from the Keddington-2y well.

The Keddington Oil Field has produced a total of approximately 175,000 stb to 31 July 2007. The Directors believe that production to date represents only a small percentage of the mapped oil in place, which New Egdon estimates as 4.4 MMstb, highlighting the potential for continued production and possibly additional wells at Keddington.

b) *Eakring-Dukes Wood Abandoned Oil Field*

Egdon acquired Licences PEDL094, PEDL118, PEDL130 and PEDL132 from Stag Energy Limited who retained a gross overriding royalty of 5 per cent. of future production from the licences.

Licence PEDL118 (owned 100 per cent.) contains the Eakring-Dukes Wood abandoned oil field which produced from a number of shallow sandstone reservoirs of Carboniferous age from 1940 until 1966. The field was discovered in 1939 and extensively drilled and produced during the second world war, where production peaked at 1,600 bopd in 1941. A water flood was initiated in 1947 and total production at abandonment in 1966 was 6.5 MMstb out of mapped STOIP of 25.6 MMstb. Extensive studies during the 1980's indicated that the water flood resulted in some reservoirs being prematurely "killed" and unswept. As such the Directors believe there is potential to rejuvenate the field to take advantage of increased oil prices, improved technology and the recognition of undrilled and undrained parts of the field.

Planning approval is in place for the drilling of the Eakring North prospect which will test an undrained high at the north of the Eakring-Dukes Wood structure. New Egdon estimate that the oil in place within the Eakring North prospect is in the range 1.0 to 2.1 MMstb. The Company intends to investigate options for the restoration of production from some of the existing abandoned wells on the field and reservoir modelling is expected to be undertaken to determine the potential to access undrained areas of the field and for enhanced oil recovery from the un-produced Wingfield Flags reservoir which New Egdon estimates has potential oil in place in the range 9 to 12 MMstb.

Licence PEDL094 is located between Gainsborough, Corringham and Glentworth producing oil fields. Interpretation of existing seismic data has highlighted lead areas for further evaluation.

Licence PEDL130 is located to the north and East of the Eakring-Dukes Wood field. Egdon have identified a prospect to the east of Eakring-Dukes Wood and will evaluate the remainder of the block during 2008.

In licence PEDL132, which lies to the south of the Egmonton oil field, a number of structural leads will be further evaluated by interpretation of existing seismic data.

c) *Nooks Farm*

New Egdon retains a 46 per cent. interest in PEDL141, which contains the Nooks Farm gas discovery, following farming-out of a 50 per cent. interest to Seven Star Natural Gas Limited ("Seven Star"). Under the farm out agreement Seven Star will fully fund the planning for and drilling of an appraisal/development well on the Nooks Farm accumulation.

The Nooks Farm gas accumulation was discovered by Shell in 1982, with the Nooks Farm-1a well encountering gas bearing sandstones of Carboniferous age at a depth of 430 m relative to sea level. The well achieved a maximum flow rate of 1.12 MMscfg/d on test. Estimates of the gross volumes of gas in place at Nooks Farm have been independently assessed as being in the range of 0.88 to 3.83 Bscf. Development options for Nooks Farm are likely to involve on-site electricity generation.

Technical evaluations of operated licences PEDL128 and PEDL142 have been completed identifying prospective leads which will be further delineated by the reprocessing of existing seismic data. Non-prospective parts of these licences have been relinquished.

Evaluation of non-operated licence PEDL138 has concentrated on the area around the Branston-1 well, which found a 2m oil filled sandstone. Reprocessing of the existing 3D data will be undertaken to further define the prospects potential. In adjacent licences PEDL 139 and PEDL140 the operator is currently undertaking an evaluation of the area's potential.

Northern England and Adjacent Offshore Areas

The Cleveland Basin of northern England is a gas prone area on the western and northern margins of the prolific Southern Gas Basin. Gas is produced from Permian and Carboniferous age rocks. Egdon had previously discovered gas at Kirkleatham and Westerdale. The New Egdon Group has interests in two operated licences onshore and non-operated interests in two licences offshore in the area.

a) *Kirkleatham*

The Kirkleatham gas discovery is located in New Egdon operated licence PEDL068 where the New Egdon Group holds a 20 per cent. interest.

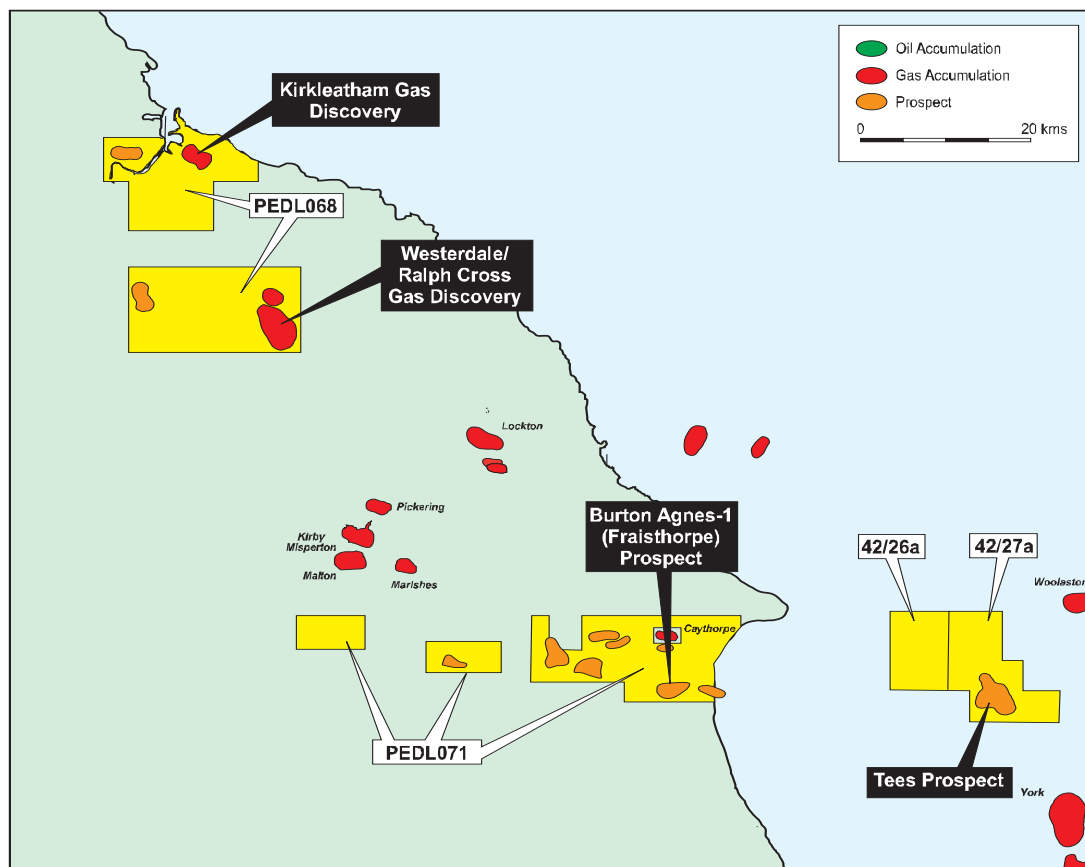
Completed during early January 2006, the Kirkleatham-4 exploration well encountered a 19m gas column in the Cadeby Formation at a depth of 804.3m. Testing of a 6m zone produced good quality gas at rates of up to 5 MMscfg/d. The well was completed for future production pending the outcome of technical and commercial studies.

Evaluation of newly acquired seismic data by New Egdon has indicated potential gas in place in the range of 2 to 15.75 Bscf in a stratigraphically trapped gas accumulation. It is planned to sell gas to a nearby industrial user and negotiations are progressing to enable development to commence with the option for converting the Kirkleatham reservoir into a gas storage facility once the gas reserves are depleted.

b) *Westerdale*

Also in PEDL068, the Westerdale-1 well, drilled in 2006, encountered a potential gas play within two intervals – the Permian age Brotherton carbonate and Carboniferous sandstones. Sub-commercial flow rates of gas were tested from both zones and the well has subsequently been plugged and abandoned. However interpretation of reprocessed seismic data incorporating the results of Westerdale-1 show that the well tested a subsidiary structure to the north of the main Ralph Cross gas discovery and, as such, the

accumulation remains un-appraised. Additional work, to include a further well, will be required to determine if the prospect can be developed commercially. It is anticipated that a planning application will be made for a further well during 2008.



c) *Burton Agnes-1 (Fraisthorpe Prospect)*

In New Egdon-operated licence PEDL071, where the Company has a 25 per cent. interest, progress is being made for the drilling of the Burton Agnes-1 exploration well with an anticipated spud date of early November 2007.

The Burton Agnes-1 well will test the Fraisthorpe Prospect, a Leman Sandstone prospect at a depth of around 1800m, located some 7km to the south of the Caythorpe gas field which produces from the same formation. The prospect contains net New Egdon Best Estimate Prospective Gas in Place of 14 Bscf. The New Egdon Group's share of the drilling and testing costs of the well will be largely carried.

d) *Tees*

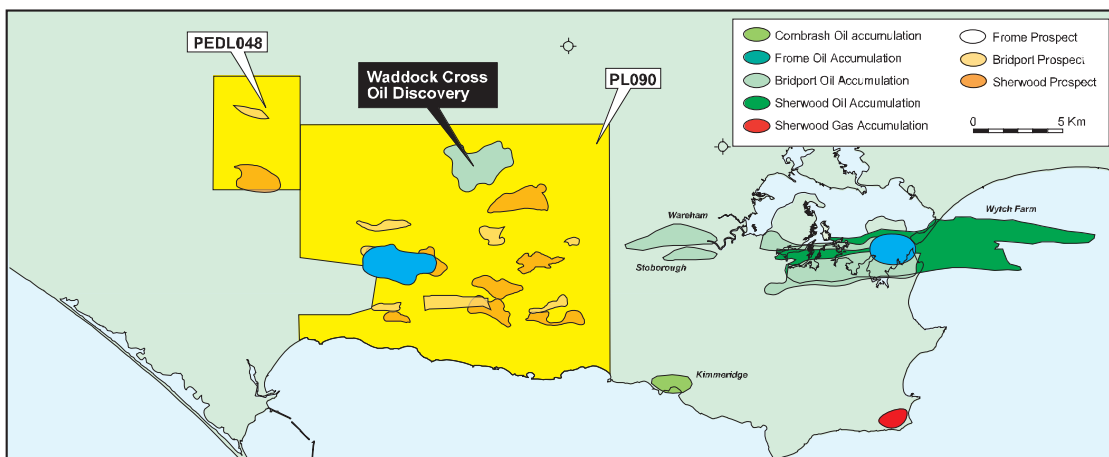
The New Egdon Group has a 10 per cent. non-operated interest in offshore blocks 42/26 and 42/27 which contain the Tees Prospect. The Tees Prospect is a robust Leman Sandstone structural prospect identified on proprietary 3D seismic data and mapped to contain Net New Egdon Best Estimate Prospective Resources of 6 Bscf. A well is due to be drilled using the Noble AI White rig during the fourth quarter of 2007. New Egdon has also identified upside potential of over 200 Bscf associated with fault seal and stratigraphic trapping mechanisms.

Southern England

Wessex Basin

The oil prone Wessex Basin of southern England is located largely in the county of Dorset and is one of a series of linked sub-basins which include the Weald Basin, the Channel Basin and the Paris Basin. Exploration started here in the 1930s, with oil found at Kimmeridge in 1959, at

Wareham in 1964 and at the Giant Wytch Farm oil field in 1974. The New Egdon Group holds two operated licence interests in the basin.



a) *Waddock Cross*

The Waddock Cross oil accumulation located in New Egdon-operated licence PL090 was originally tested by the Waddock Cross-1 well drilled by Gas Council Exploration in 1982.

Two further wells have been drilled on the accumulation, Waddock Cross-2 in 2004 and Waddock Cross-3 during 2005. The Waddock Cross-2 well found a 24m oil column in the upper two cycles of the Jurassic Bridport Sandstone (Cycle 2 and Cycle 3). Test operations were undertaken during 2004 with equipment constrained flow rates of up to 31 bopd from a vertical well. The well was subsequently completed as a dual producer and water injection well. Following an independent review during 2004, Waddock Cross was confirmed as an oil discovery and a programme of field appraisal was started. A 12km² 3D seismic survey was acquired in spring 2005 leading to a revised mapped oil in place of 42 MMstb. Waddock Cross-3 was drilled with a 695m horizontal section through Cycle 3 of the Bridport Sandstone reservoir. The well was tested for a two month period with flow rates of 270 to 400 bfpd with an average oil cut of 12 per cent.

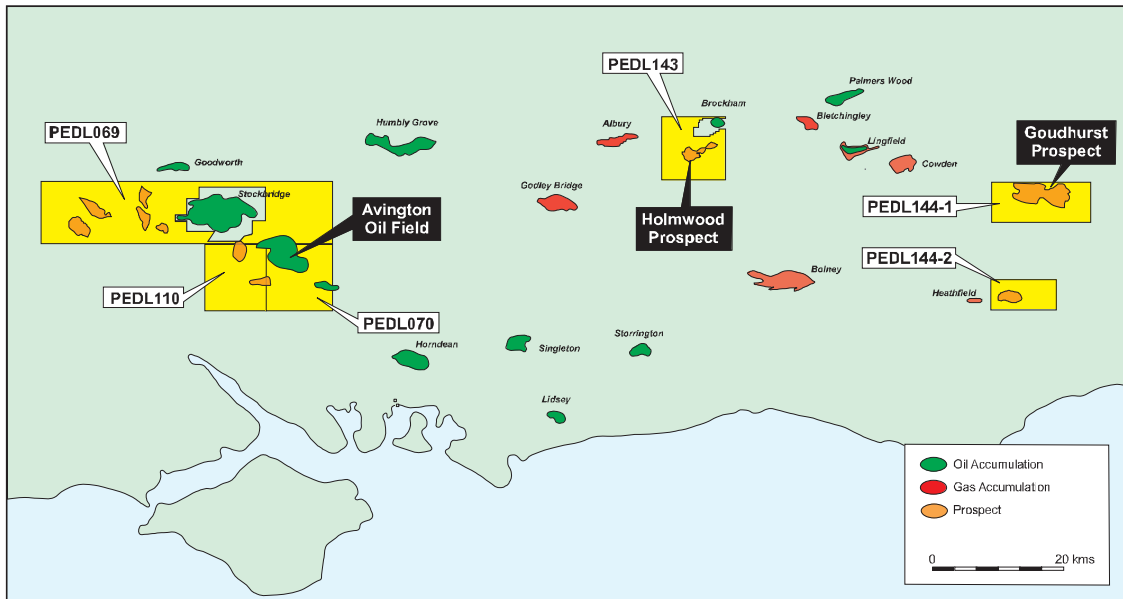
Reservoir studies have been completed and it is planned to undertake further production testing during 2008 with a view to field development. No revision has been made to the net New Egdon recoverable reserves of 0.71 MMstb (proved and probable) pending the outcome of the results from this further production testing.

Elsewhere in PL090 and PEDL048 multiple prospects have been identified within the Sherwood Sandstone play which is productive at the giant Wytch Farm oilfield located 10km to the east of the Company's licences.

New Egdon has identified the Winfrith Prospect, with Net New Egdon Best Estimate Contingent Resource potential of 1.64 MMstb, which is the closest to the Wytch Farm oilfield, and is considered to have the lowest risk.

Weald Basin

Hydrocarbon exploration began in the Weald Basin of Hampshire, Surrey, Sussex and Kent in the late 1800s but peaked in the 1980s with the discovery of a number of oil and gas accumulations. Both oil and gas are currently produced from the Weald Basin. The New Egdon Group has participated in the Avington oil discovery and is looking to drill the robust Holmwood Prospect in PEDL143. The New Egdon Group has interests in one operated and four non-operated licences within the Weald Basin.



b) *Avington*

The New Egdon Group has a 20 per cent. interest in Star Energy Plc-operated licence PEDL070 which contains the Avington Great Oolite oil discovery. The Avington structure may extend into the adjacent PEDL069 and PEDL110 licences where the New Egdon Group holds a one-third interest.

Drilling of the Avington-3z well was completed on 11 July 2007. The well was drilled horizontally into the crest of the downthrown fault block to a total depth of 2,498 metres.

Initially the well was put on free-flow production and produced at an average of 470 bopd of 38° API oil. The well was subsequently completed with a jet-pump and is currently on production as part of an extended well test (“EWT”) to determine its commercial potential.

c) *Holmwood*

The New Egdon Group has a 38.4 per cent. interest in non-operated block PEDL143 which contains the Holmwood Prospect and is located in the county of Surrey.

Holmwood is a robust anticlinal structure located between known gas and oil accumulations, and although the Group consider gas to be most likely there is also the possibility of oil being present. Net New Egdon Best Estimate Contingent Resources of 16.6 Bscf have been independently reported by RPS Troy-Ikoda.

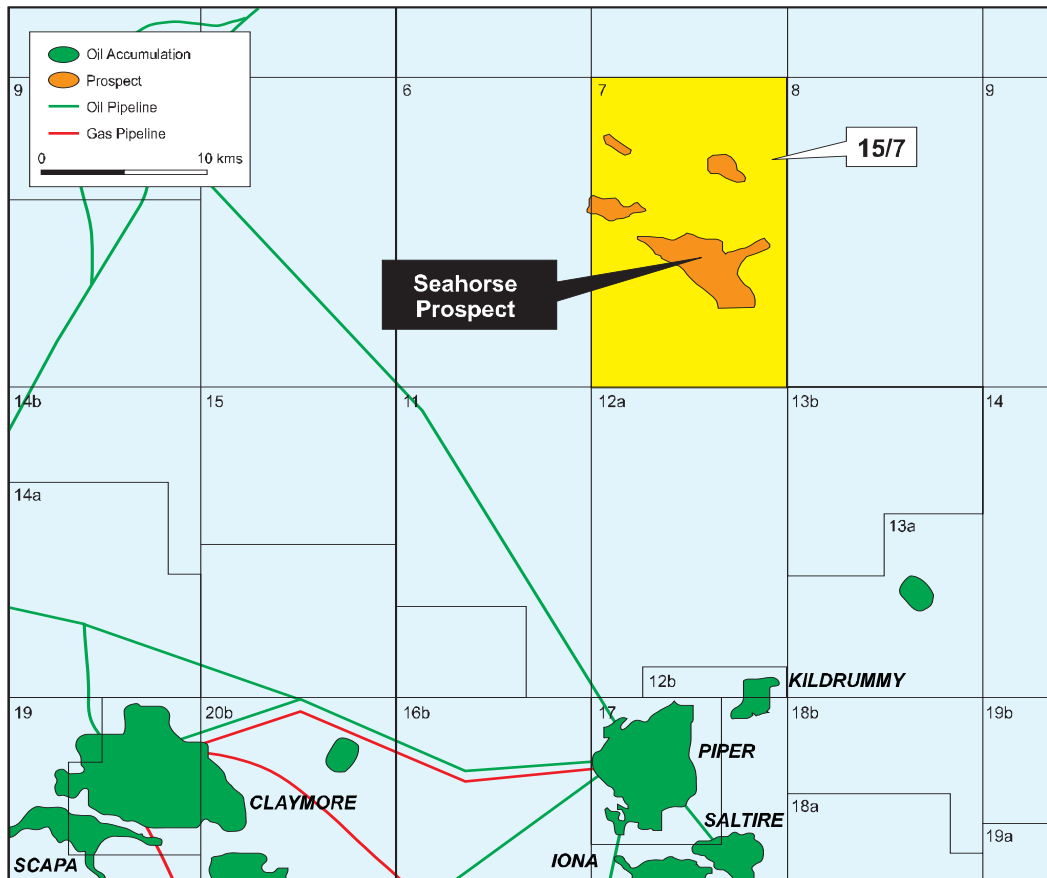
The operator, Europa Oil and Gas plc, has submitted a planning application for the well and the Directors hope that this will be determined during early 2008 to enable drilling later in the year.

d) *Goudhurst*

The Goudhurst Prospect is the largest prospect in the New Egdon-operated licence PEDL144. Goudhurst is a four-way dip closed structure which has Net New Egdon Group Best Estimate Prospective Resources of 7.1 MMstb.

Outer Moray Firth

North Sea block 15/7 is located on the northern margin of the Outer Moray Firth, north of the Witch Ground Graben and North Piper Basins and west of the Viking Graben and Fladen Ground Spur. Numerous producing oil fields are located in the area to the south and east of the block.

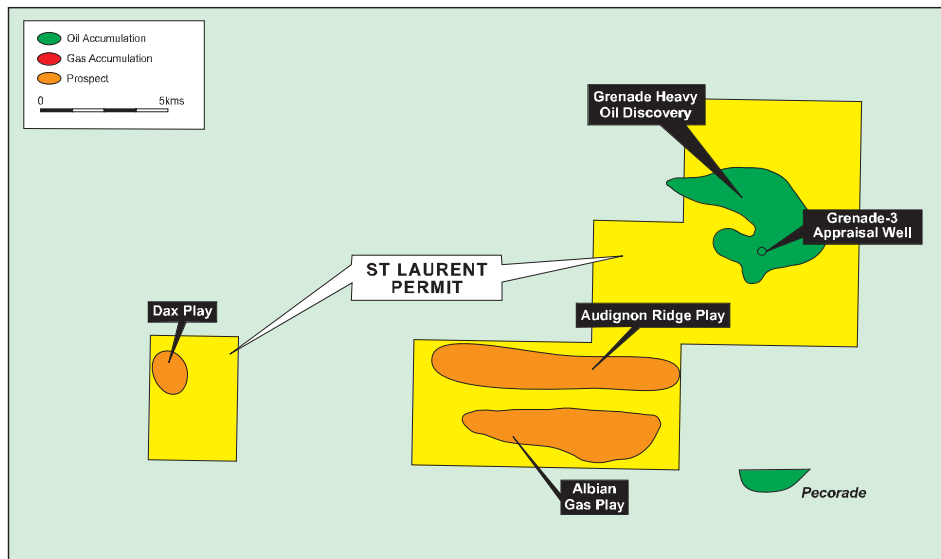


a) *Seahorse Prospect*

The New Egdon Group holds a 50 per cent. non-operated interest in Block 15/7 which is located in the Outer Moray Firth and contains the Seahorse heavy oil discovery made by Texaco in 1977. Oil columns were encountered in both the Tertiary Forties and Dornoch sands. Mapping of newly reprocessed 2D and 3D seismic data has confirmed a four-way dip-closed structure. Net New Egdon Best Estimate Contingent Resources of 8.5MMstb and prospective resources of 8.5MMstb have been mapped. Preliminary analysis of oil recovered from the discovery well 15/7-1 implies a 17° API oil with a low viscosity of 22cp at reservoir temperature. The New Egdon Group is considering farming-out an appraisal well on the Seahorse Prospect.

Onshore France

The New Egdon Group has one licence in France, St Laurent, located onshore in the Aquitaine Basin of SW France. The Aquitaine Basin has both oil and gas production. The Company's current focus in the permit is the Grenade heavy oil accumulation. New Egdon has identified onshore France as a focus for potential future growth and has been reviewing exploration opportunities throughout the country.



a) *Grenade Heavy Oil Accumulation*

New Egdon, through its wholly-owned subsidiary Egdon Resources (New Ventures) Ltd, operates the St. Laurent Permit in SW France with a 33.423 per cent. interest. The St. Laurent Permit contains the undeveloped Grenade heavy oil accumulation and a number of exploration plays.

The primary focus of activity on the permit to date has been the Grenade heavy oil accumulation. The discovery well, Grenade Sur Adour-1, was drilled by Elf in 1975 and found a 97 m column of 10° API oil. Between 1976 and 1985 around 8,000 barrels of oil were recovered from intermittent tests, the well being finally plugged and abandoned during a period of low oil prices in 1985. An independent report by RPS Troy-Ikoda in 2004 determined that the oil-in-place within the structure was in the range of 68 to 485 MMstb, with a Best Estimate of 221 MMstb.

At the end of 2005, Egdon acquired 40km of 2D seismic and 12km² of 3D seismic data over Grenade and integration of this data with the results of an extensive regional core study have enabled better trap definition. The resultant mapped trap is a large three-way up-dip pinch-out of the reservoir on a low energy carbonate platform. Based on this revised trapping model, the New Egdon Group has determined a range of oil in place of 95 to 945 MMstb with a Best Estimate of 300 MMstb.

Approval for the drilling of the Grenade-3 well was granted by the DRIRE Landes during July 2007 and the Company intends to commence drilling shortly. Grenade-3 will be drilled as a vertical pilot hole designed to confirm the oil column and reservoir distribution. Contingent upon the results of this pilot hole a horizontal sidetrack will be drilled and completed for a long term production test to be undertaken. The production test would utilise modern completion, pumping and viscosity reduction methods in the horizontal reservoir interval to determine the likely recoverable reserves and commerciality of the Grenade oil accumulation.

4. Reserves and Resources

Egdon, on its Admission to AIM in December 2004, published a report by RPS Troy Ikoda which considered many of the assets which will continue to be held by New Egdon following the Demerger. Since Admission, Egdon has continued to update the market, particularly in accordance with the Mining, Oil and Gas Guidelines published by the London Stock Exchange in March 2006. The details of the New Egdon Group's licences are set out in paragraph 3 of Part I of this document.

Details of the New Egdon Group's oil and gas reserves and resources as at 31 July 2007 are set out in paragraph 3.2 of this Part I.

There has been no material change in the oil and gas reserves and resources set out in the table referred to above since 31 July 2007.

5. Strategy and Future Prospects

New Egdon intends to develop as a profitable exploration and production business through an active and focussed exploration, appraisal and development programme, in addition to an asset and/or company acquisition programme and pro-active management of the New Egdon Group's oil and gas assets. In particular, New Egdon aims to:

- grow largely through exploration success;
- focus initially on the onshore UK in areas of proven oil and gas production;
- develop a portfolio of both oil and gas reserves and production;
- be a pro-active explorer, utilising the New Egdon Group's database and the experience and expertise of the management;
- unlock the value in identified gas accumulations in the onshore UK using gas to electricity generation; and
- identify and exploit new technologies and opportunities to apply to the New Egdon Group's existing assets and areas of activity to further add value.

6. Financial information and current trading

Financial record

A summary of the historic financial record of Egdon (which includes both the Oil and Gas Business and the Gas Storage business) is as follows:

Profit & Loss Account

	<i>31 July 2007</i>	<i>31 July 2006</i>	<i>31 July 2005</i>
Turnover	41,397	13,991	11,133
Cost of sales	(53,396)	(14,000)	(9,674)
Gross profit/(loss)	<u>(11,999)</u>	<u>(9)</u>	<u>1,459</u>
Administrative expenses	(987,651)	(931,503)	(533,663)
Other operating income	59,123	247,708	80,877
Operating loss	<u>(940,527)</u>	<u>(683,804)</u>	<u>(451,327)</u>
Investment revenues	402,559	164,554	73,210
Finance costs	–	–	(42,500)
Loss before taxation	<u>(537,968)</u>	<u>(519,250)</u>	<u>(420,617)</u>
Taxation	0	0	0
Loss for the year	<u><u>(537,968)</u></u>	<u><u>(519,250)</u></u>	<u><u>(420,617)</u></u>

Balance sheet

Fixed assets	14,882,965	8,286,870	2,601,688
Current assets	8,564,470	2,930,430	3,181,404
Liabilities	(2,262,184)	(1,339,082)	(199,098)
Shareholders' Funds	<u><u>21,185,251</u></u>	<u><u>9,878,218</u></u>	<u><u>5,583,994</u></u>

All of the turnover of Egdon stated in their report and accounts for the years ended 2005, 2006 and 2007 is derived from the assets of the Oil and Gas Business which will be operated by New Egdon following the Demerger. Investors are also referred to the unaudited proforma statement of net assets in Part III of this document and the accountants' report in the New Portland Admission Document.

New Egdon holds 50,000 redeemable preference shares of £1 each in New Portland. It is intended that such shares will be redeemed by New Portland as soon as reasonably practicable after

Admission. Apart from such shares, the New Egdon Group does not currently and will not hold any investments in non-wholly owned subsidiaries outside the New Egdon Group on Admission.

Since 31 July 2007 production and revenue has continued from the Keddington oil field in line with expectations. Uncertainties exist in the production behavior of the Avington-3z well which is currently undergoing an extended well test to determine its commerciality.

The published report and accounts of Egdon for each of the three years ended 31 July 2005, 2006 and 2007 can be viewed on New Egdon's website at www.egdon-resources.com. The published report and accounts for the last 3 years include a breakdown of turnover by category of activity. The Company operates substantially in the United Kingdom.

7. Directors

The Board of New Egdon at Admission will reflect the current board of directors of Egdon. Andrew Hindle will become a non-executive director of New Egdon rather than an executive director, and the rest of the board will remain unchanged, comprising the individuals set out below:

Directors

Philip Henry Peter Stephens, Non-executive Chairman

Philip, aged 65, was an investment banker in London for 37 years, until his retirement in 2002. He is currently non-executive Chairman of Oakdene Homes plc and Neptune-Calculus Income & Growth VCT plc and is a non-executive director of Business Post Group plc and Foresight 4 VCT plc. Prior to retirement, he was at stockbrokers Williams de Broë for four years as Joint Head of the corporate finance department and before that, was head of UK corporate finance at securities house UBS from 1995, having joined that firm in 1989. Philip has served as Chairman of Egdon since 2004.

Mark Anthony William Abbott, Managing Director

Mark, aged 46, is a geophysicist with over 22 years worldwide experience. He holds a first class honours degree in Exploration Sciences (Geology/Geophysics/Mining Engineering) gained in 1985 from the University of Nottingham. He worked for the British Geological Survey from 1985 to 1992 in the UK and overseas, mainly involved in onshore basin analysis in the UK. Between 1992 and 1996, he worked in the international division of British Gas Exploration and Production Limited evaluating exploration and appraisal projects. From 1996 to 1997, he was employed by Anadarko Algeria Corporation as a Staff Exploration Geophysicist. In 1997 he became a founding director of Egdon. Mark is also a director of MA Exploration Services Limited, an exploration consulting company, Bishopswood Pavilion Limited, an owner of sports grounds, and a non-executive director of New Portland.

Andrew David Hindle, Non-executive Director

Andrew, aged 45, is a highly experienced geologist with over 20 years worldwide experience. He holds a degree in Geological Sciences gained in 1983 from Leeds University and following a year with BP gained a MSc. degree in Petroleum Geology in 1985 from Aberdeen University. In 1998 he completed a PhD (part-time) through the Open University for research into petroleum migration. He worked for Texaco from 1985 until 1996 on UK and international exploration and development projects, working overseas from 1990 to 1994. Subsequently, he worked for Anadarko Algeria Corporation from 1996 to 1997. In 1997 he became a founding director of Egdon. Andrew is also a Director of Geofocus Limited, Toffee Limited, Eskbank Resources Limited and Eskbank Resources (Canada) Limited. Andrew is the Chief Executive of New Portland.

Kenneth Maurice Ratcliff, Non-executive Director

Ken, aged 57, is a Chartered Accountant with extensive finance and business experience. He is currently the accountant at Epsom College and at GDC UK Limited. He was an audit manager with Touche Ross & Co in London before moving into accountancy and finance positions within the oil and gas industry in 1978. Ken has previously held senior management positions with GDC UK Limited, Ensign Geophysics Limited, Seismic Geocode Limited, Tenneco Corporation and Merlin Geophysical Limited. Ken joined the Board of Egdon in 2001. Ken is also non-executive Chairman of New Portland.

Walter Rookehurst Roberts, *Non-executive Director*

Walter, aged 56, is an oil and gas lawyer with a strong record in commercial and legal management. Walter qualified as a solicitor with Simmons & Simmons before joining Phillips Petroleum in 1980. He then worked for Lasmo in both the UK and in Australia where he set up its legal department. Walter was the principal negotiator for UK joint venture commercial negotiations and gas sales for Talisman Energy (UK) Limited (previously Bow Valley Petroleum (U.K.)) until 1995. More recently he was the London partner of Cummings & Co. and he is currently an executive director of Pinnacle Energy Limited and a non-executive director of Bow Valley Petroleum (UK) Limited and other related Bow Valley companies. Walter joined the Board of Egdon in 2001. Walter is also Legal and Commercial Director of New Portland.

John George Rodway Rix, *Non-executive Director*

John, aged 73, is a Chartered Accountant and was a well respected oil industry analyst until retirement in 1994, holding positions at NM Rothschild & Sons, de Zoete & Bevan and Greig Middleton & Co. John continues to be actively involved within the investment community and is also chairman and managing director of Dorset Exploration Limited and Yorkshire Exploration Limited. John joined the Board of Egdon in 2001.

8. Corporate Governance

The Company intends, insofar as is practicable, taking into account its size, to comply with the relevant requirements of the Combined Code. In line with the Combined Code, the running of the Board of New Egdon and the executive responsibility for the running of the Company's business is separated, with Philip Stephens acting as Non-executive Chairman of the Board and Mark Abbott as Managing Director. Upon Admission, the Board of New Egdon will comprise 6 members, 5 of whom will be non-executive Directors.

The Board of New Egdon has appointed the following committees:

Audit Committee

This committee, which comprises Ken Ratcliff (chairman), Philip Stephens and John Rix, will review the annual financial statements, internal control matters and the scope and effectiveness of external audit. Representatives of senior management and the external auditors will attend meetings, though such attendance is at the invitation of the committee. The external auditors have unrestricted access to the chairman of the committee. In addition, the committee will review the necessity for the establishment of an internal audit function but considers that, given the size of the Company and the close involvement of senior management in day-to-day operations, there is currently no requirement for such a function.

Remuneration Committee

This committee, which currently comprises Walter Roberts (chairman), Ken Ratcliff and Philip Stephens, will determine the Company's executive directors' remuneration. Non-executive Directors' fees are considered and agreed by the Board of New Egdon as a whole.

Nomination Committee

The Company has not established a Nomination Committee as the Directors are of the opinion that such a committee is inappropriate given the current size of the Company.

Share Dealing Code

The Company has adopted a share dealing code for the Directors and employees in accordance with the AIM Rules for Companies and will take proper steps to ensure compliance by the Board of New Egdon and relevant employees.

9. Dividend Policy

Egdon has not paid a dividend during the last three financial years. It is the intention of the Directors to focus on capital growth and therefore the Directors do not intend that New Egdon will declare or pay a dividend in the foreseeable future.

10. Further information on the Demerger

Following the development of two distinct businesses by Egdon, being an oil and gas exploration and production business (initially focused on the UK onshore) and a gas storage business (initially focused on developing a salt cavern gas storage facility in Dorset), the Directors believe that it is the best interests of both distinct businesses that they be demerged by way of the Scheme of Arrangement and each business admitted to trading on AIM. Accordingly the Directors are proposing the Scheme of Arrangement.

If the Scheme of Arrangement becomes effective but the Demerger does not, New Egdon will become the new holding company of the Egdon Group and its shares will be traded on AIM, while its activities will comprise those of both the Oil and Gas Business and the Gas Storage Business of Egdon. In this event, the Board of New Egdon will consider carefully whether it is in the best interests of New Egdon and its shareholders to continue to pursue the strategy of demerging the Gas Storage Business and, if so, the most effective means of doing so.

In the event that the Demerger is effective each Egdon Shareholder will hold, for each Egdon Share held prior to the Demerger, one new ordinary share in New Egdon and one new ordinary share in New Portland. Both the New Egdon Shares and the New Portland Shares will be admitted to trading on AIM.

Further information on the Demerger is contained in the accompanying Circular and in Part IV of this document, and further information on the business and activities of New Portland is contained in the Admission Document relating to New Portland.

11. Relationship between New Egdon and New Portland

Following the Demerger and Admission, New Egdon and New Portland will operate as independent companies separately traded on AIM. Any trading between the New Egdon Group and the New Portland Group will be on an arm's length basis and on normal commercial terms.

Following the Demerger becoming effective, Egdon will hold 50,000 redeemable preference shares of £1 each in New Portland, and Portland NV Limited will hold 50,000 redeemable preference shares of £1 each in New Egdon. These redeemable preference shares have been subscribed for the purposes of the Demerger. It is intended that these shares will be redeemed as soon as reasonable practicable following the Demerger. No other companies in the New Egdon Group are expected to hold shares in any companies in the New Portland Group and no companies in the New Portland Group are expected to hold shares in any companies in the New Egdon Group following the Demerger becoming effective.

12. Employees

New Egdon will have 6 employees (including the Chief Executive Officer) upon the Demerger becoming effective. The Company intends to enter into new employment contracts following the Demerger with these 6 employees of Egdon. Egdon also employs 5 consultants on a part-time basis. It is intended that such consultants will be employed by New Egdon following the Demerger.

For the year ended 31 July 2005 Egdon employed on average 3 employees; for the year ended 31 July 2006 Egdon employed on average 3 employees; and for the year ended 2007 Egdon employed on average 4 employees. All of the employees are based in the UK.

13. Taxation

Information regarding taxation is set out in paragraph 13 of Part V of this document. These details are intended as a general guide to the current tax position under UK taxation law. Any person who is in

any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than the UK should consult their professional adviser.

14. Admission, dealings and CREST

Application will be made to the London Stock Exchange for the New Egdon Shares to be admitted to trading on AIM. It is expected that Admission will take place and that dealings in the New Egdon Shares will commence at 8.00 a.m. on 16 January 2008.

Application will be made to permit New Egdon Shares to be settled through CREST with effect from Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred other than by written instrument.

The CREST accounts of Egdon Shareholders who hold their Egdon Shares in uncertificated form will be credited with the appropriate number of New Egdon Shares immediately following Admission.

Egdon Shareholders who hold their Egdon Shares in certificated form will receive certificates for their New Egdon Shares by post. It is expected that these will be despatched at the holder's risk by 25 January 2008. In the case of joint holders, certificates will be dispatched to the joint holder whose name appears first in the register.

15. Further information

Further information regarding New Egdon is set out in Parts II to V of this document. Further information on the Proposals, is set out in Part IV and in the Circular (which also includes a detailed expected timetable of events). Information concerning New Portland is contained in the Admission Document relating to New Portland which, along with the Circular and certain other documents, accompanies this document.

Part II

Risk Factors

Investors should carefully consider the risks described in Part II and all other information contained in this document. If any of the following risks actually occur, the Company's business, financial condition, trading performance and prospects may be substantially adversely affected and the future business success of the Company and/or achievement of the Company's strategic objectives could be endangered. In such case, the trading price of the New Egdon Shares could decline and investors may lose all or part of their investment. The risk factors contained in this Part II should not be viewed as an exhaustive list. The risks below are not intended to be presented in any order of priority. Additional risks and uncertainties not presently known to the New Egdon Group or that it currently deems immaterial may have a substantial adverse effect on the Company's business, financial condition, trading performance and prospects.

Exploration, Drilling and Operational Risks

The business of oil and gas exploration involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to prevent. Few properties that are explored are ultimately developed into producing oil or gas fields. There is no assurance that oil or gas will be discovered or, even if it is, that economically viable and commercial quantities of oil or gas can be recovered from the Company's existing or future licence areas. No assurance can be given that when commercial reserves are discovered the Company will be able to realise such reserves as intended.

Projections of future production are based on historic production levels. The current value of future production is based on projections of future oil and gas prices, costs, taxation and exchange rates which fluctuate over time. Future production, exploration success and the quantity of recoverable reserves may vary significantly from that expected, and could affect the estimated quantity and value of New Egdon's reserves.

Delays in the construction and commissioning of drilling projects or other technical difficulties may result in the Company's current or future projected target dates for production being delayed or further capital expenditure being required.

The Company will be reliant for processing and transportation of its production on pipelines and facilities operated by others over which it has no control. Oil and gas production levels may be adversely affected by events which are completely unrelated to the performance of the Company's fields.

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected geological formations and extended interruptions due to inclement or hazardous weather conditions, explosions and other accidents. These risks and hazards could also result in damage to, or the destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently maintains insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

Part of the Company's strategy depends on its ability to make additional acquisitions of oil and gas exploration and production rights. The Company cannot guarantee that it will be able to identify appropriate properties or negotiate acquisitions on favourable terms or that it will be able to obtain the financing necessary to complete such future acquisitions. The Company's current business is dependent on the exploration and exploitation licences summarised in this document.

The New Egdon Group's rights to exploit its oil and gas assets are limited in time. There is no guarantee or assurance that such rights can be extended or that new rights can be obtained to replace any rights that expire.

Oil and Gas Market Risk

The marketability of and availability of a ready market for oil and gas produced by New Egdon is affected and dependent on numerous factors beyond its control, the precise effects of which cannot be accurately predicted. These factors include market fluctuations, general economic activity, action taken by other oil-producing nations, proximity and capacity of pipelines and processing equipment, availability of transportation capacity, the availability and pricing of other competitive fuels and government regulations such as regulations relating to taxation, royalties, production levels, imports and exports and the environment.

The profitability of the Company's operations will be dependent, *inter alia*, upon the market prices of oil and gas, which have fluctuated widely in the past. Oil and gas prices are affected by numerous factors beyond the control of the Company, including international economic and political conditions, levels of supply and demand, the policies of the Organisation of Petroleum Exporting Countries (OPEC) and currency exchange rates. Movements in market prices could render uneconomic any of the exploration and/or production activities undertaken or to be undertaken.

Financing Risks

The Company has limited financial resources. Continued exploration and development of all of the Company's properties and/or the acquisition of new properties may be dependent upon the Company's ability to obtain suitable financing. There can be no assurance that such funding required by the Company will be made available to it and, if such funding is available, that it will be offered on reasonable terms.

Competition

The Company competes with numerous other companies and individuals in the search for, and acquisition of, oil and gas and other oil and gas interests as well as for the recruitment and retention of qualified employees.

Attraction and Retention of Key Employees

The Company is dependent upon its current executive management team. Whilst it has entered into contractual arrangements with the aim of securing the services of the existing executive management team, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management of the Company may have an adverse effect on the future of the Company's business.

Environmental and Other Regulatory Requirements

As the Company is involved in oil and gas drilling and exploration, it is subject to extensive environmental regulations. While the Company believes that its current provision for compliance with the environmental laws and regulations of the countries in which it operates is reasonable, any future changes and development in environmental regulation may adversely affect its operations, results or financial condition.

Whilst planning authorities currently appear supportive of the type of projects being pursued by the New Egdon Group when considering the grant of planning permission for such projects there can be no guarantee that as local structure plans are revised that this policy is not changed, modified or reversed. The planning permission process involves local consultation and it is feasible that projects could be opposed, either individually or on a general basis, at the planning level by national or local pressure groups; opposition to projects could lead to the New Egdon Group being involved in appeals or public enquiries where costs could be potentially large and the ultimate outcome uncertain. Safety concerns may also result in delays in obtaining planning permission or in conditions being imposed.

Interests in Licences

The New Egdon Company's activities are dependent upon the grant and maintenance of appropriate licences, concessions, permits and regulatory consents ("Authorisations") which may not be granted or may be withdrawn or made subject to limitations. Also, in the majority of its licences, the New Egdon Group is often a joint interest-holder with another third party over which it has no control. An Authorisation may be revoked by the relevant regulatory authority if the other interest-holder is no longer deemed to be financially credible. Although the New Egdon Group believes that the Authorisations will be renewed following expiry or granted (as the case may be), there can be no assurance that such Authorisations will be renewed or granted or as to the terms of such grant or renewals.

In addition, the areas covered by the Authorisations are or may be subject to agreements with the proprietors of the land. If such agreements are terminated, found void or otherwise challenged the Company may suffer significant damage through the loss of opportunity to identify and extract oil or gas.

Reserve and Resource Estimates

The New Egdon Group has used generally-accepted, industry-standard, reserves-reporting techniques when calculating its reserves and resources. However, all estimates of reserves and resources involve some degree of uncertainty. Estimation of reserves and resources are done under conditions of uncertainty and are generally revised as additional geological or engineering data becomes available, or as economic conditions change. The value of the Company could be reduced significantly if such data or conditions cause existing estimates to be reduced.

Shares Available for Future Sale

The Company is unable to predict whether substantial numbers of New Egdon Shares will be sold in the open market following Admission. Any sales of substantial numbers of New Egdon Shares in the public market, or the perception that such sales might occur, may substantially and adversely affect the market price of the New Egdon Shares.

Future Share Issues

New Egdon has no current plans for a subsequent offering of shares. However, it is possible that New Egdon may decide to issue additional shares in the future, for example through a capital increase undertaken to fund an acquisition or for another purpose. An issue of a substantial number of shares, or the perception that such issues could occur, may substantially and adversely affect the market price of the shares irrespective of the New Egdon Group's actual financial, trading or operational performance.

Expectation of Volatile Share Price

Following Admission, the market price of New Egdon Shares may be volatile. The New Egdon Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside the New Egdon Group's control.

Furthermore, stock markets in general have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies.

Lack of Liquidity

Due to the limited volume of shares that may be offered for sale or purchase from time to time and the potentially limited number of prospective buyers or sellers of shares, there can be no guarantee that the market for New Egdon Shares will remain liquid or that all buy and sell orders for the shares will be fulfilled on a timely basis or at all. Any illiquidity of the shares may have a substantial adverse effect on the market price of the shares.

Investment in Securities Traded on AIM

The New Egdon Shares will be admitted to AIM. An investment in shares traded on AIM may be less liquid and may carry a higher degree of risk than in investment in shares quoted on the main market of the London Stock Exchange. An investment in shares may be difficult to sell. Prospective investors should be aware that the price of shares may go down as well as up and that the market price of shares may not reflect the underlying value of the Company. New Egdon shareholders may therefore realise less than, or lose all of, their investment in shares.

Part III
Financial Information

SECTION A: ACCOUNTANTS' REPORT ON NEW EGDON PLC

Nexia Smith & Williamson

The Directors
New Egdon PLC (to be renamed Egdon Resources plc)
Suite 2
90-96 High Street
Odiham
RG29 1LP

The Directors
Seymour Pierce Limited
20 Old Bailey
London
EC2M 7EN

9 November 2007

Dear Sirs

New Egdon PLC (“the Company”)

We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM Admission Document (“AIM Admission Document”) dated 9 November 2007 of the Company. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that Schedule and for no other purpose.

Introduction

The Company was incorporated on 25 October 2007 and has not completed its first accounting reference period. No statutory financial statements have been prepared, audited or filed with the Registrar of Companies since incorporation. As at the date of this report, the Company has not traded.

The company was formed with an authorised share capital of £50,000 comprising 5,000,000 ordinary shares of £0.01 each and an issued share capital of 2 ordinary shares of £0.01 each.

Responsibility

The Directors of the Company are responsible for preparing the financial information in accordance with the basis of preparation set out in note 2 and the accounting policies set out in note 3.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view for the purposes of the AIM Admission Document and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial

information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document dated 9 November 2007, a true and fair view of the state of affairs of the Company as at the date of this report in accordance with the basis of preparation set out in note 2 and the accounting policies set out in note 3.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Nexia Smith and Williamson
1 Bishops Wharf
Walnut Tree Close
Guildford
Surrey
GU1 4RA

BALANCE SHEET

The balance sheet of the Company as at 25 October 2007 is set out below:

	<i>Note</i>	£
Assets		
Current Assets		
Trade and other receivables		0.02
Total assets		<u>0.02</u>
Equity and liabilities		
Equity		
Share capital	5	0.02
Total equity and liabilities		<u>0.02</u>

INCOME STATEMENT

There were no transactions on the date of incorporation of 25 October 2007.

STATEMENT OF CHANGES IN EQUITY

The statement of equity for the Company as at 25 October 2007 is set out below:

	<i>Share capital £</i>	<i>Total equity £</i>
Issue of share capital	0.02	0.02
Balance at 25 October 2007	<u>0.02</u>	0.02

STATEMENT OF CASH FLOWS

There were no cash flows on the day of incorporation of 25 October 2007.

NOTES

1. The Company

New Egdon PLC was incorporated on 25 October 2007 (registered in England and Wales, company number 6409716) as a public limited company. The Company's accounting reference date is 31 July.

2. Basis of preparation

The financial information is based on the Company's unaudited records. The information is prepared under the historical cost convention.

3. Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), including standards and interpretations issued by the International Accounting Standards Board.

4. Nature of Financial Information

The financial information presented in respect of the period ended 25 October 2007 does not constitute statutory accounts within the meaning of Section 240 the Companies Act of 1985.

5. Share Capital

	£
Authorised share capital:	
5,000,000 ordinary shares of 1p each	50,000
Called up, allotted and unpaid:	
2 ordinary shares of 1p each	0.02

6. Post Balance Sheet Events

On 6 November 2007, the authorised share capital of the Company was increased to £230,050,000 by the creation of 22,995,000,000 new ordinary shares of 1p each and 50,000 redeemable preference shares of £1 each.

On 6 November 2007, 50,000 redeemable preference shares of £1 each were issued paid up to a quarter of their nominal value to Portland Gas NV Limited.

On 6 November 2007, 229 ordinary shares of 1p each were issued for cash at par to each of the Company's two ordinary shareholders. On the same date every 230 ordinary shares of 1p each (both issued and unissued) were consolidated into one share of 230p each.

**SECTION B: ACCOUNTANTS' REPORT ON PRO FORMA STATEMENT OF NET ASSETS
OF EGDON RESOURCES PLC**

Nexia Smith & Williamson

The Directors
New Egdon PLC
Suite 2
90-96 High Street
Odiham
RG29 1LP

The Directors
Seymour Pierce Limited
20 Old Bailey
London
EC2M 7EN

9 November 2007

Dear Sirs

Egdon Resources Plc (“the Company”)

We report on the pro forma financial information (the “Pro forma financial information”) set out below, which has been prepared for illustrative purposes only, to provide information about how the proposed demerger of the Gas Storage business might have affected the financial information presented on the basis of the accounting policies adopted by Egdon Resources Plc in preparing the financial statements for the period ending 31 July 2007. This report is required by guidance issued by the London Stock Exchange with respect to the AIM market and is given for the purpose of complying with that guidance issued by the London Stock Exchange and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Pro forma financial information in accordance with guidance issued by the London Stock Exchange.

It is our responsibility to form an opinion, as required by guidance issued by the London Stock Exchange, as to the proper compilation of the Pro forma financial information and report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering evidence supporting the adjustments and discussing the Pro forma financial information with the directors of the Company.

We planned and performed our work so as to obtain all information and explanations which we considered necessary in order to provide us with reasonable assurance that the Pro forma financial

information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of guidance issued by the London Stock Exchange we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with guidance issued by the London Stock Exchange.

Yours faithfully

Nexia Smith and Williamson
1 Bishops Wharf
Walnut Tree Close
Guildford
Surrey
GU1 4RA

**UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF
THE EGDON GROUP
AS AT 31 JULY 2007**

Basis of preparation

The unaudited pro forma statement of the consolidated net assets of Egdon, Egdon Resources (New Ventures) Ltd. and Egdon Resources (Purbeck) Limited (the "Egdon Group") has been prepared for illustrative purposes only to provide information about how the proposed demerger of the Gas Storage Business and the post year end share subscription might have affected the financial information presented on the basis of the accounting policies adopted by Egdon in preparing financial statements for the year ended 31 July 2007. This pro forma statement has been prepared for illustrative purposes only and, because of its nature, does not give a true picture of the financial position of the Egdon Group.

	<i>Egdon Resources Plc</i>	<i>New Portland Gas Plc (consolidated)</i>	<i>Adjustment for balances between Egdon and Portland Groups</i>	<i>Effect of post year end share issue</i>	<i>Pro forma net assets of the Egdon Group as at 31 July 2007</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	
Intangible fixed assets	14,735,661	(9,049,439)	–	–	5,686,222
Tangible fixed assets	147,304	(4,400)	–	–	142,904
Fixed assets	14,882,965	(9,053,839)	–	–	5,829,126
Oil stock	24,169	–	–	–	24,169
Debtors	640,625	(328,336)	105,299	–	417,588
Investments	7,740,584	(3,319,376)	–	800,000	5,221,208
Cash at bank	159,092	(117,319)	–	–	41,773
Current assets	8,564,470	(3,765,031)	105,299	800,000	5,704,738
Creditors due within one year	(2,015,593)	1,441,298	(105,299)	–	(679,594)
Net current assets	6,548,877	(2,323,733)	–	800,000	5,025,144
Provision for decommissioning	(246,591)	–	–	–	(246,591)
Net assets	21,185,251	(11,377,572)	–	800,000	10,607,679

Notes:

1. The assets and liabilities of Egdon Resources plc have been extracted from the audited consolidated financial statements of Egdon Resources plc for the year ended 31 July 2007.
2. An adjustment has been made to remove the assets and liabilities relating to Portland Gas Limited, Portland Gas Holdings Limited, Portland Gas Storage Limited, Portland Gas Transportation Limited, Portland Gas NI Limited and Portland Gas NV Limited (the "Portland Group"). The assets and liabilities of the Portland Group have been extracted from the audited financial statements of the companies in the Portland Group, as adjusted for balances due to or from Portland Group companies.
3. Balances due from the Egdon Group to the Portland Group of £105,299 previously eliminated on consolidation have been reinstated.
4. On 25 September 2007, Egdon Resources plc raised £5,000,000 before expenses through the placing of 2,325,582 new Ordinary shares of 1p each at 215p per share. Of this amount, £800,000 has been retained within the Egdon Group. The balance, after deducting costs of £200,000, has been applied to subscribe for further shares in the Portland Group. The statement of net assets has been adjusted to include the amount of the cash receipt to be retained within the Egdon Group.

Part IV

Summary of the Proposals

1. Reasons for and benefits of the Demerger

In order to enable the Demerger to occur the Scheme of Arrangement will be implemented to introduce New Egdon as the holding company of Egdon. Following the Scheme of Arrangement becoming effective, the subsidiaries of Egdon which own (directly or indirectly) the Gas Storage Business will be demerged pursuant to a reduction of capital of New Egdon.

2. Terms and Description of the Reorganisation and Demerger

The Reorganisation: for the purposes of the Demerger, it is necessary for the Egdon Group to be held by a new holding company, New Egdon. New Egdon will become the ultimate holding company of the Egdon Group pursuant to a scheme of arrangement under Section 425 of the Act.

Under the Scheme of Arrangement, Egdon Shareholders on the register of Egdon at the Scheme Record Time will exchange their Egdon Shares for New Egdon Shares on the following basis:

For each Egdon Share

One New Egdon Share

As a result New Egdon will become the ultimate holding company of the Egdon Group and all of its shares will be owned by former Egdon Shareholders.

The Demerger: the Reorganisation is not conditional on the Demerger proceeding, but the Demerger will not proceed unless the Reorganisation first occurs. If the Demerger proceeds, New Portland will issue New Portland Shares to New Egdon Shareholders on the following basis:

For each New Egdon Share

One New Portland Share

If the Demerger proceeds as contemplated, former Egdon Shareholders will thus come to hold one New Egdon Share and one New Portland Share for every Egdon Share held at the Scheme Record Time.

The Demerger will be effected by a reduction in the capital of New Egdon. Under the New Egdon Reduction of Capital, capital will be repaid to New Egdon Shareholders as follows:

- (a) the capital of New Egdon will be reduced by reducing the nominal value of each New Egdon Share by an amount to be determined by the Directors;
- (b) New Egdon will transfer the whole of the issued share capital of Portland Gas to New Portland such that it comes to own the Gas Storage Business; and
- (c) the New Egdon shareholders at the Demerger Record Time will be allotted and issued one New Portland Share, credited as fully paid, for each New Egdon Share then held.

3. Conditions of the Reorganisation and Demerger

The Reorganisation: the implementation of the Scheme of Arrangement is conditional upon the following:

- (a) the approval of the Scheme of Arrangement by a majority in number representing three fourths in value of the holders of the Scheme Shares present and voting either in person or by proxy at the Court Meeting;
- (b) the passing of Resolution 1 set out in the notice of the Egdon Extraordinary General Meeting;
- (c) the sanction of the Scheme of Arrangement and the confirmation of the reduction of capital of Egdon which comprises part of the Scheme of Arrangement by the Court; and
- (d) the registration by the Registrar of Companies of an office copy of the order of the Court sanctioning the Scheme of Arrangement and confirming the reduction of capital of Egdon which comprises part of the Scheme of Arrangement.

The directors of Egdon will not take the necessary steps to enable the Scheme of Arrangement to be sanctioned by the Court unless, at the relevant time, they consider that it continues to be in Egdon's best interests that the Reorganisation should occur and unless the London Stock Exchange has granted permission for the New Egdon Shares to be issued pursuant to the Scheme of Arrangement to be admitted to trading on AIM.

Assuming that the above conditions are satisfied, the Reorganisation is expected to be completed on 15 January 2008 and trading to commence in New Egdon's Shares on 16 January 2008. If the Scheme of Arrangement has not become effective by 30 April 2008 (or such later date as Egdon and New Egdon may agree and the Court may allow) it will lapse and neither the Reorganisation nor the Demerger will proceed. In this event, holders of Egdon Shares will remain the shareholders of Egdon and Egdon's shares will continue to be traded on AIM.

For legal reasons it may become necessary to change the nominal value of the New Egdon Shares to be issued pursuant to the Reorganisation if the market price of the Egdon Shares were to move significantly before the Scheme of Arrangement becomes effective. Any such change would not affect the number of New Egdon Shares received by Egdon Shareholders or their value.

The Demerger: the implementation of the Demerger is conditional upon the following:

- (a) the Scheme of Arrangement becoming effective;
- (b) the confirmation of the Egdon Cancellation of Share Premium by the Court;
- (c) the registration by the Registrar of Companies of an office copy of the order of the Court Sanctioning the Egdon Cancellation of Share Premium;
- (d) the passing of Resolution 2 set out in the notice of the Egdon Extraordinary General Meeting;
- (e) the board of New Egdon resolving, following the Scheme of Arrangement becoming effective, that the Demerger is in the best interests of New Egdon;
- (f) the confirmation of the New Egdon Reduction of Capital by the Court; and
- (g) the registration by the Registrar of Companies of an office copy of the order of the Court confirming the New Egdon Reduction of Capital.

The Directors will not take the necessary steps to enable the New Egdon Reduction of Capital to become confirmed by the Court unless, at the relevant time, they consider that it continues to be in New Egdon's best interests that the Demerger should occur and unless the London Stock Exchange has granted permission for the New Portland Shares to be issued pursuant to the Demerger to be admitted to trading on AIM.

Assuming that the above conditions are satisfied, the Demerger is expected to be completed on 16 January 2008. If the Demerger has not become effective by 30 April 2008 (or such later date as New Portland and the Company may agree) it will lapse. In this event, holders of Egdon Shares will become holders of New Egdon Shares but will not receive any shares in New Portland.

In the event that, after the Scheme of Arrangement becomes effective, the conditions to the Demerger are not satisfied prior to the expected date for Admission of the New Egdon Shares and the New Portland Shares to trading on AIM or shortly thereafter, the Board of New Egdon will seek admission of the New Egdon Shares to trading on AIM. If this occurs, the New Egdon Shares may initially trade on AIM "cum" the right to receive New Portland Shares in the event of the Demerger proceeding subsequently.

Part V

Additional Information

1 Responsibility

- 1.1 The Directors, whose names and functions appear on page 8 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.
- 1.2 Nexia Smith & Williamson of 1 Bishops Wharf, Walnut Tree Close, Guildford, Surrey GU1 4RA, accept responsibility for the information in its report set out in Part III of this document. To the best of the knowledge of Nexia Smith & Williamson (having taken all reasonable care to ensure that such is the case) the information contained in its report set out in Part III of this document is in accordance with the facts and contains no omission likely to affect its import.

2 The Company

- 2.1 The Company was incorporated in England and Wales (where it remains domiciled) as a public limited company with the legal and commercial name New Egdon PLC on 25 October 2007 with registered number 6409716. On 7 November 2007, the Company obtained a trading certificate pursuant to section 117 of CA 1985. On 6 November 2007, a resolution of the Company was passed to change its name from New Egdon PLC to Egdon Resources plc, conditional upon the Scheme becoming effective.
- 2.2 The Company's registered and head office is at Suite 2, 90-96 High Street, Odiham, Hampshire, RG29 1LP and its telephone number is +44 (0)1256 702292.
- 2.3 The liability of the members of the Company is limited.
- 2.4 The principal legislation under which the Company operates is the Act, CA 2006 and the regulations made thereunder.
- 2.5 The Company has not traded since incorporation and is to be the holding company of the New Egdon Group with effect from the Reorganisation becoming effective.

3 The New Egdon Group

- 3.1 Upon the Demerger becoming effective, the Company will be the ultimate holding company of the New Egdon Group and hold (directly or indirectly) the whole of the issued share capital in the principal subsidiary undertakings listed below:

<i>Company</i>	<i>Activity</i>	<i>Registered Office</i>	<i>Country of Incorporation and Operation</i>	<i>Proportion of Ownership Interest</i>
Egdon Resources Plc (to be re-registered as a private company and renamed Egdon Resources (U.K.) Ltd.	Oil and gas exploration	Suite 2 90-96 High Street Odiham Hampshire RG29 1LP	England and Wales	100%
Egdon Resources (New Ventures) Ltd.	Oil and gas exploration	Suite 2 90-96 High Street Odiham Hampshire RG29 1LP	England and Wales	100%
Egdon Resources (Purbeck) Ltd.	Oil and gas exploration	Suite 2 90-96 High Street Odiham Hampshire RG29 1LP	England and Wales	100%

Save as disclosed in this paragraph 3.1 there are no undertakings in which the Company holds a proportion of the capital that is likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits.

4. Share capital

- 4.1 On incorporation, the authorised share capital of the Company was £50,000 divided into 5,000,000 shares of 1p each, of which two were issued for cash at par to the subscribers to its memorandum of association.
- 4.2 The New Egdon Shares will be created under the Act. The New Egdon Shares will be denominated in pounds sterling.
- 4.3 The following changes have occurred in the share capital of the Company since its incorporation:
 - 4.3.1 on 6 November 2007, the two subscriber shares were transferred to Philip Stephens and Kenneth Ratcliff respectively;
 - 4.3.2 on 6 November 2007, the authorised share capital of the Company was increased to £230,050,000 by the creation of 22,995,000,000 new ordinary shares of 1p each and 50,000 redeemable preference shares of £1 each;
 - 4.3.3 on 6 November 2007, 50,000 redeemable preference shares of £1 each were issued paid up to a quarter of their nominal value to Portland Gas NV Limited;
 - 4.3.4 on 6 November 2007, 229 ordinary shares of 1p each were issued for cash at par to each of the Company's ordinary shareholders, Philip Stephens and Kenneth Ratcliff;
 - 4.3.5 on 6 November 2007, every 230 ordinary shares of 1p each (both issued and unissued) were consolidated into one New Egdon Share of 230p each; and
 - 4.3.5 prior to the Court hearing to sanction the Scheme of Arrangement, the shareholders will pass a special resolution to reduce the share capital of the Company (including shares to be issued pursuant to the Scheme of Arrangement) by an amount to be determined by the Directors.
- 4.4 It is intended that the redeemable preference shares of £1 each of the Company will be redeemed as soon as reasonably practicable following Admission.
- 4.5 On 6 November 2007, the Directors:
 - 4.5.1 were generally and unconditionally authorised pursuant to section 80 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of that section):
 - (a) up to an aggregate nominal amount of £50,005 for the purposes of the proposed issue of 458 ordinary shares of 1p each and 50,000 redeemable preference shares of £1 each;
 - (b) up to an aggregate nominal amount of £155,944,228 for the purposes of the Scheme of Arrangement; and
 - (c) up to an aggregate nominal amount equal to £51,981,410 or, in the event that the New Egdon Reduction of Capital becomes effective, £51,981,410 multiplied by a fraction the denominator of which shall be the nominal value of the issued New Egdon Shares immediately prior to the New Egdon Reduction of Capital and the numerator of which shall be the nominal value of the issued New Egdon Shares after the New Egdon Reduction of Capital becomes effective (the "Relevant Fraction") to such persons and on such terms as the Directors think fit;

such authority, unless previously revoked or varied by the Company in general meeting, to expire at the earlier of: (i) the conclusion of the annual general meeting of the Company to be held in 2008; and (ii) 31 December 2008 (the "Expiry Date"), save that the Company may before such expiry make an offer or agreement which would or might require securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of that offer or agreement as if such authority had not expired; and
 - 4.5.2 were generally empowered pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority referred to in paragraph 4.5.1 above, as if section 89(1) of the Act did not apply to such allotment. This power:
 - (a) expires on the Expiry Date, but the Company before such expiry may make an offer or agreement, which would or might require equity securities to be allotted after expiry of such authority and the directors may allot equity securities in pursuance of that offer or agreement as if the power conferred by such authority had not expired; and

- (b) is limited to:
- (i) the proposed allotment of 458 ordinary shares of 1p each and 50,000 redeemable preference shares;
 - (ii) allotments of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the directors having a right to make such exclusions or other arrangements in connection with the offer as they deem necessary or expedient to deal with equity securities representing fractional entitlements and to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory or otherwise howsoever; and
 - (iii) allotments of equity securities otherwise than pursuant to the preceding sub-paragraph up to an aggregate nominal amount equal to £23,391,634 or, in the event that the New Egdon Reduction of Capital becomes effective, £23,391,634 multiplied by the Relevant Fraction.
- 4.6 The provisions of section 89(1) of the Act (which, to the extent not disapplied pursuant to section 95 of the Act, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by, allotment to an employee's share scheme as defined in section 743 of the Act) apply to the authorised but unissued share capital of the Company except to the extent disapplied as referred to in paragraph 4.5.2 above.
- 4.7 Under the terms of the Scheme of Arrangement, New Egdon will allot and issue New Egdon Shares, credited as fully paid, to holders of Egdon Shares on the basis of one New Egdon Share for each Egdon Share held at the Scheme Record Time save that the entitlement of persons holding New Egdon Shares as at the Scheme Record Time shall be reduced by the number of New Egdon Shares they hold.
- 4.8 The following table sets out the authorised and expected issued share capital of New Egdon firstly as at 7 November 2007, the last practical day prior to the publication of this document, and secondly upon the Scheme of Arrangement becoming effective, before taking account of any further Egdon Shares issued after 7 November 2007, the latest practicable date prior to the publication of this document:

	<i>Authorised</i>			<i>Issued and fully paid</i>	
	<i>Number</i>	<i>Amount (£)</i>		<i>Number</i>	<i>Amount (£)</i>
As at 7 November 2007	100,000,000	230,000,000	ordinary shares of 230p each	2	4.60
	50,000	50,000	redeemable preference shares of £1 each	50,000	50,000
Expected on Scheme becoming effective	100,000,000	230,000,000	ordinary shares of 230p each	67,801,840	155,944,232
	50,000	50,000	redeemable preference shares of £1 each	50,000	50,000

- 4.9 Save as disclosed in paragraph 4.3, at the date of this document, there has been no issue of share or loan capital of New Egdon since its incorporation and no share or loan capital of New Egdon or any other member of the New Egdon Group is under option or agreed to be put under option.
- 4.10 For legal reasons it may be necessary to change the nominal value of the New Egdon Shares to be issued pursuant to the Reorganisation if the market value of the Egdon Shares were to move significantly before the Scheme of Arrangement becomes effective. Under the New Egdon Reduction of Capital, following the Scheme of Arrangement becoming effective, the share capital of New Egdon will be reduced by cancelling the paid up capital on each of the New Egdon Shares in issue at the Demerger Record Time to an extent determined by the Directors and by reducing the nominal value of each of those shares by a corresponding amount. The amount of the paid up capital so cancelled shall be repaid to New Egdon shareholders by the allotment and issue to the New Egdon shareholders as at the Demerger Record Time of New Portland Shares on the basis of one New Portland Share for each New Egdon Share held as at the Demerger Record Time, save that the entitlements of persons holding New Portland Shares as at the Demerger Record Time shall be reduced by the number of New Portland Shares they hold.

- 4.11 The Company has not issued more than 10 per cent. of the issued share capital for the purchase of assets other than cash during the period covered by the financial information in Part III of this document.
- 4.12 There are no shares in the Company which are held by, or on behalf of, the Company and none of the Company's subsidiaries hold any shares in the Company.
- 4.13 The Company has no listed or unlisted securities not representing capital. The Company has not made any undertaking to increase its share capital and there are no acquisition rights or obligations over the authorised but unissued share capital of the Company. No person has any rights over the capital of any subsidiaries of the Company.
- 4.14 No commissions, discounts, brokerages or other special terms have been granted in connection with the issue of any share capital of New Egdon.
- 4.15 The New Egdon Shares have not been marketed and are not available in whole or part to the public otherwise than pursuant to the Scheme of Arrangement.
- 4.16 The New Egdon Shares will be issued credited as fully paid up and free from all liens, charges, encumbrances and other third party rights and will rank *pari passu* with each other in all respects and will rank *pari passu* in all respects for all dividends and other distributions declared, paid or made by the Company after Admission.
- 4.17 The International Security Identification Numbers for the New Egdon Shares is GB00B28YML29.
- 4.18 A New Egdon shareholder is required pursuant to Chapter 5 of the Disclosure and Transparency Rules to notify the Company when he acquires or disposes of a notifiable interest in New Egdon Shares equal to or in excess of 3 per cent. of the Company's total voting rights.
- 4.19 The New Egdon Shares will be in registered form. The Company's Articles of Association permit the holding of its shares through CREST. The Directors will apply for the New Egdon Shares to be admitted to CREST with effect from Admission. Accordingly, arrangements will be put in place for the holders of Egdon Shares who hold their Egdon Shares in uncertificated form to hold their New Egdon Shares in uncertificated form and effect settlement of transactions in New Egdon Shares within the CREST system. CREST accounts will be credited on Admission. The register of members in respect of New Egdon Shares held in uncertificated form will be maintained by Capital Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
- 4.20 Those holders of Egdon Shares who hold share certificates in respect of Egdon Shares will receive share certificates in respect of their New Egdon Shares. Share certificates are expected to be despatched by the Registrar by 25 January 2008. Such certificates will be posted at shareholders' own risk. Temporary documents of title will not be issued, and all transfers between the date on which dealings in New Egdon Shares begin and the date on which share certificates in respect of New Egdon Shares are despatched will be certified against the share register of the Company. Share certificates will not be renounceable.
- 4.21 The Company has not issued any convertible securities, exchangeable securities or securities with warrants.

5 Memorandum and Articles of Association

- 5.1 Paragraph 4 of the Memorandum of Association of the Company provides that its principal objects are, *inter alia*, to carry on the business of a general commercial company and of a holding company. The objects of the Company are set out in full in paragraph 4.
- 5.2 The Articles of Association of New Egdon (the "Articles") were adopted pursuant to a special resolution of New Egdon passed on 6 November 2007, and include provisions to the following effect:

Voting rights

Subject to the provisions of the Companies Acts, to any special terms as to voting on which any shares may have been issued or may from time to time be held and any suspension or abrogation of voting rights pursuant to the Articles, at a general meeting of the Company every member who is present in person or by proxy shall on a show of hands have one vote and every member present in person or by proxy shall on a poll have one vote for each share of which he is a holder. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

Unless the Board of New Egdon otherwise determines, no member is entitled to vote at a general meeting or at a separate meeting of the shareholders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a member in respect of any share held by him, unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) have been paid to the Company or if he, or any other person appearing to be interested in such shares, has been issued with a notice pursuant to section 793 CA 2006 (requiring disclosure of interests in shares) and has failed in relation to any such shares to give the Company the information required by such notice within 14 days from the service of the notice.

Dividends

Subject to the provisions of the Companies Acts and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

Subject to the provisions of the Companies Acts, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid, all dividends should be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

All dividends, interest or other sum payable and unclaimed for 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having been declared or having become due for payment shall (if the Board so resolves) be forfeited and shall cease to remain owing by the Company.

The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.

The Board may also, with the prior authority of an ordinary resolution of the Company and subject to such conditions as the Board may determine, offer to holders of New Egdon Shares (excluding any member holding shares as treasury shares) the right to elect to receive ordinary shares, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.

Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person appearing to be interested in those shares, has been duly served with a notice under section 793 of CA 2006 and has failed to supply the information required by such notice within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

Distribution of assets on a winding-up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide in specie among the members (excluding any member holding treasury shares) the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the dividend shall be carried out as between the members or vest the whole or any part of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine, but no member shall be compelled to accept any assets on which there is a liability.

Transfer of shares

Subject to any applicable restrictions in the Articles, each member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the transferee's name is entered in the register of members.

The Board of New Egdon may, in its absolute discretion and without giving any reason, refuse to register any transfer of a share or renunciation of a renounceable letter of allotment unless:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of only one class of shares;
- (c) it is in favour of a single transferee or not more than four joint transferees;
- (d) it is duly stamped (if so required); and
- (c) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time to time determine, accompanied (except in the case of a transfer by a recognised person (as defined in the Articles) where a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so; provided that the Board shall not refuse to register any transfer or renunciation of partly paid shares which are admitted to AIM on the grounds they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person appearing to be interested in the transferor's shares has been duly served with a notice under section 793 CA 2006, has failed to supply the information required by such notice within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised stock exchange or is in consequence of a bona fide sale to an unconnected party.

If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal within two months after the date on which the transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any share.

Variation of rights

Subject to the provisions of the Companies Acts, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class.

The quorum at any such meeting shall be not less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the class in question (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the class in question or his proxy.

Subject to the terms of issue of or rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares or the sale of any shares held as treasury shares in accordance with the provisions of the Companies Acts and the Articles.

General meetings

All general meetings other than annual general meetings shall be called extraordinary general meetings. The Board of New Egdon may convene an extraordinary general meeting whenever it thinks fit. An extraordinary general meeting may also be convened by members pursuant to sections 303-305 (inclusive) CA 2006.

An annual general meeting shall be convened by not less than 21 clear days' notice in writing and an extraordinary general meeting shall be convened by not less than 14 clear days' notice in writing.

The notice shall specify the day, time and place of the meeting and the general nature of the business to be transacted at the meeting. In the case of a meeting convened to pass a special resolution, the notice shall specify the intention to propose the resolution as a special resolution. The notice shall specify that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member. The notice must also be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the Auditors. The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive the same, shall not invalidate the proceedings at the meeting.

The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote on a show of hands, vote on a poll, be represented by a proxy or proxies and have access to all documents which are required by the Companies Acts or the Articles to be made available at the meeting.

A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting. The Chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.

No business shall be transacted at any general meeting unless a quorum is present. Subject to the Articles, two persons (either members, duly authorised representatives or proxies) entitled to vote upon the business to be transacted at the meeting shall be a quorum. The Chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board of New Egdon shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 14 days or more or indefinitely, 7 clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.

A resolution put to a vote of the meeting should be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the Companies Acts, a poll may be demanded by the Chairman, at least five members having the right to vote on the resolution, a member or members representing not less than ten per cent. of the total voting rights of all the members having the right to vote on the resolution or member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid up on all the shares conferring that right. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall be entitled to a casting vote in addition to any other votes that he may have.

The Board of New Egdon may, for the purpose of controlling the level of attendance and ensuring the safety of those attending at any place specified for the holding of a general meeting, from time to time make such arrangements as the Board of New Egdon shall in its absolute discretion consider to be appropriate and may from time to time vary any such arrangements or make new arrangements in place thereof. The entitlement of any member or proxy to attend a general meeting at such place shall be subject to any such arrangements as may be for the time being approved by the Board of New Egdon. In the case of any meeting to which such arrangements apply the Board of New Egdon may, when specifying the place of the meeting:

- (i) direct that the meeting shall be held at a place specified in the notice at which the chairman of the meeting shall preside (being the principal place); and
- (ii) make arrangements for simultaneous attendance and participation at other places by Shareholders otherwise entitled to attend the general meeting or who wish to attend at any of such other places, provided that persons attending at the principal place and at any of such other places shall be able to see, and hear and be seen and heard by, persons attending at the principal place and at such other places, by any means.

Such arrangements for simultaneous attendance may include arrangements for controlling the level of attendance in any manner aforesaid at any of such other places, provided that they shall operate so that any excluded members are able to attend at one of such other places. Any such meeting shall be treated as being held and taking place at the principal place.

The Board of New Egdon may direct that any person wishing to attend any meeting should provide such evidence of identity and submit to such searches or other security arrangements or restrictions as the Board of New Egdon shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse entry to any meeting to any person who fails to provide such evidence of identity or to submit to such searches or to otherwise comply with such security arrangements or restrictions.

Borrowing powers

The Board of New Egdon may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of the Companies Acts, to create and issue debentures and other loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Alteration of share capital

Subject to the provisions of the Companies Acts, the Company in general meeting may from time to time by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount, cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled and sub-divide all or any of its shares into shares of a smaller amount. The Company may also, subject to the provisions of the Companies Acts and to any rights for the time being attached to any shares, purchase its own shares and, by special resolution, reduce its share capital, any capital redemption reserve, share premium account or other undistributable reserve in any way.

Issue of shares

Subject to the provisions of the Companies Acts and to any special rights for the time being attached to any shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board of New Egdon may determine, and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles.

Subject to the provisions of the Companies Acts and to any relevant authority of the Company in general meeting required by the Companies Acts, the unissued shares at the date of adoption of the Articles and any shares created thereafter shall be at the disposal of the Board of New Egdon.

Directors' fees

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board of New Egdon may from time to time determine (not exceeding in aggregate £200,000 per annum or such other sum as the Company in general meeting shall from time to time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles and shall accrue from day to day.

The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors. The salary or remuneration of any Director appointed to hold any employment or executive office may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board of New Egdon or any committee authorised by the Board of New Egdon and may be in addition to or in lieu of any fee payable to him for his services as Director.

Pensions and gratuities for Directors

The Board of New Egdon, or any committee authorised by the Board of New Egdon, may exercise all the powers of the Company to provide pensions, other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities for persons who are or were directors of the Company or any company in the New Egdon Group and their relatives or dependants.

Directors' interests in contracts

Subject to the provisions of the Companies Acts and provided that his interest is disclosed at a meeting of the Board of New Egdon in accordance with the Articles, a Director, notwithstanding his office, may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested, may hold any other office or place of profit at the Company (except that of auditor of the Company or any of its subsidiaries) in conjunction with holding the office of Director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board of New Egdon may arrange, and may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested and shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal. No such contract, arrangement, transaction or proposal shall be liable to be avoided on the grounds of any such interest or benefit.

Restrictions on Directors' voting

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board of New Egdon or of a committee of the Board of New Egdon concerning any contract, arrangement, transaction or any other proposal whatsoever to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him within the meaning of section 252 CA 2006) is to his knowledge a material interest (otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company), unless the resolution concerns any of the following matters:

- (i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
- (iv) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (v) any proposal concerning any other body corporate in which he (together with persons connected with him) does not to his knowledge have an interest (as the term is used in Part 22 CA 2006) in 1 per cent. or more of the issued equity share capital of any class of such body corporate nor to his knowledge hold one per cent. or more of the voting rights available to members of such body corporate;
- (vi) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (vii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors; or
- (viii) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure.

A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board of New Egdon concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

Number of Directors

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors shall not be less than two.

Directors' appointment and retirement

Directors may be appointed by the Company by ordinary resolution or by the Board of New Egdon. If appointed by the Board of New Egdon, a Director holds office only until the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation. A Director shall not be required to hold any shares in the Company. At each annual general meeting one-third of the Directors who are subject to retirement by rotation will retire by rotation and be eligible for re-election. Subject to the Companies Acts and to the Articles, the Directors to retire will, firstly, be any Director who wishes to retire and not offer himself for re-election and secondly, those who have been longest in office since their last appointment or re-appointment, but as between those who have been in office an equal length of time, those to retire shall (unless they otherwise agree) be determined by lot.

Untraced shareholders

Subject to the Articles, the Company may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board of New Egdon. The proceeds will not carry interest.

Non-United Kingdom shareholders

There are no limitations in the Articles on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to, the ordinary shares. However, non-United Kingdom shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent or, subject to and in accordance with the Companies Act, an address to which notices may be sent in electronic form.

CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form. The Articles contain other provisions in respect of transactions with the shares in the Company in uncertificated form and generally provide for the modifications of certain provisions of the Articles so that they can be applied to transactions with shares in the Company in uncertificated form.

Indemnity of officers

Subject to the provisions of the Companies Acts, but without prejudice to any indemnity to which he might otherwise be entitled, every Director, alternate Director, Secretary or other officer of the Company (except the Auditors) shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, as a trustee of an occupational pension scheme (as defined in section 150(5) of the Finance Act 2004) that is established under a trust.

Lien and forfeiture

The Company shall have a first and paramount lien on every share which is not fully paid for all amounts payable to the Company (whether presently or not) in respect of that share and to be extent and in the circumstances permitted by the Companies Acts. The Board of New Egdon may sell any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

The Board of New Egdon may from time to time make calls on members in respect of any monies unpaid on their shares, subject to the terms of allotment of the shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board of New Egdon may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not to be complied with the shares in respect of which the call was made is liable to be forfeited.

Conversion provisions

The Articles do not contain any provisions relating to conversion of the New Egdon Shares.

Amendments

The Articles are largely based on the existing articles of association of Egdon. However, changes have been made to these articles to reflect the implementation of certain provisions of the CA 2006 with effect from 1 October 2007, principally in respect of meetings and resolutions, proxies and corporate representatives, definition of connected persons and directors' indemnities.

As a result:

- (i) notices of extraordinary general meetings are reduced from 21 to 14 clear days;
- (ii) references to extraordinary resolutions are removed;
- (iii) references to written resolutions of members are removed;
- (iv) revisions to the proxy provisions have been made to reflect new rights (1) for members to appoint multiple proxies, (2) for proxies to have the right to speak at general meetings and vote on a show of hands as well as on a poll and (3) to allow the company to ignore weekends and bank holidays from the calculation of the 48 hours period which is the maximum period before a general meeting that it can specify as the deadline for receipt of appointments of proxies;
- (v) the definition of connected person has been changed and now covers more family members than before (this definition is used in the article dealing with directors entitlement to vote if he has interests); and
- (vi) directors can be indemnified against liabilities incurred as a result of the company being a trustee of an occupational pension scheme.

Redeemable Preference Shares

The redeemable preference shares are entitled to an annual dividend out of distributable profits of 0.00001 per cent. per annum on the amount for the time being paid up on each such share and do not carry any voting rights. The rights attaching to the redeemable preference shares will not be contained in the New Articles but will be registered in accordance with Section 128 of the Act.

6 Substantial shareholders

- 6.1 So far as the Directors are aware, no person other than those listed below (and certain Directors listed in paragraph 7) will be interested, directly or indirectly, in 3 per cent. or more of the voting rights in the capital of the Company immediately after Admission (based on their respective holdings of Egdon Shares as at 7 November 2007):

	<i>Number of New Egdon Shares</i>	<i>Percentage of issued share capital</i>
Credit Suisse Securities (Europe) Limited	12,234,225	18.04%
Bluehone Investors LLP	4,333,872	6.39%
J.P. Morgan Fleming Mercantile Investment Trust plc	2,642,713	3.89%

Save as disclosed in this paragraph 6.1 and in paragraph 7 below, so far as is known by the Directors, there is no person or persons who could directly or indirectly, jointly or severally exercise control over the Company immediately after Admission.

- 6.2 The shareholders listed in this paragraph 6.1 and in paragraph 7.1 do not have different voting rights to other holders of New Egdon Shares.
- 6.3 The Directors are not aware of any arrangements in place or under negotiation (other than the Demerger) which may, at a subsequent date, result in a change of control of the Company.

7 Directors

- 7.1 Based on the number of Egdon Shares held by the Directors or their immediate families as at 7 November 2007 (being the latest practicable date prior to the publication of this document) and upon the Reorganisation becoming effective, the interests of the Directors of the Company and their immediate families in the share capital of the Company (all of which interests are beneficial unless otherwise stated)

at Admission, such interests being those which could, with reasonable diligence, be ascertained by that Director, whether or not held through another party, are anticipated to be as follows:

<i>Director</i>	<i>New Egdon Shares following Admission</i>
Philip Stephens	100,000
Mark Abbott*	6,684,806
Andrew Hindle**	6,594,232
Kenneth Ratcliff	59,000
Walter Roberts	1,026,750
John Rix***	1,226,333

* In addition, persons connected to Mark Abbott for the purposes of section 252 CA 2006, but excluding those in his immediate family as above, are anticipated to hold a further 5,200 New Egdon Shares following Admission.

** In addition, persons connected to Andrew Hindle for the purposes of section 252 CA 2006, but excluding those in his immediate family as above, are anticipated to hold a further 78,500 New Egdon Shares following Admission.

*** In addition, persons connected to John Rix for the purposes of section 252 CA 2006, but excluding those in his immediate family as above, are anticipated to hold a further 725,595 New Egdon Shares following Admission.

- 7.2 None of the Directors, their immediate families or connected persons of the Directors are anticipated to have any interest of a sort described in paragraph 10 of this Part V in the share capital of the Company upon the Reorganisation becoming effective.
- 7.3 None of the Directors or any members of their families hold any financial product referenced to the New Egdon Shares.
- 7.4 The directorships and interests in partnerships currently held by the Directors and held over the five years prior to the date of publication of this document are as follows:

<i>Director</i>	<i>Current</i>	<i>Past</i>
Philip Stephens	Egdon Resources Plc Oakdene Homes plc Business Post Group plc Neptune-Calculus Income & Growth VCT plc Economic Lifestyle Property Investment Company Limited Foresight 4 VCT PLC	Eurodis Electron Group plc Invesco Geared Opportunities Trust plc
Mark Abbott	MA Exploration Services Limited Bishopswood Pavilion Limited Egdon Resources plc Portland Gas Limited Portland Gas Holdings Limited Portland Gas Storage Limited Portland Gas NI Limited Portland Gas NV Limited Portland Gas Transportation Limited Egdon Resources NV Limited	
Andrew Hindle	Egdon Resources plc Portland Gas Limited Portland Gas Holdings Limited Portland Gas Storage Limited Portland Gas NI Limited Portland Gas NV Limited Portland Gas Transportation Limited Egdon Resources NV Limited Geofocus Limited Toffee Limited Eskbank Resources Limited Eskbank Resources (Canada) Limited	

<i>Director</i>	<i>Current</i>	<i>Past</i>
Kenneth Ratcliff	St Hilary's School Trust Egdon Resources plc Portland Gas Limited	Cable Couriers (Thames Valley) Limited GDC UK Limited Ensign International Group Limited EG Realisations Limited EGUS Realisations Limited
John Rix	Egdon Resources plc Dorset Exploration Limited Yorkshire Exploration Limited	Langdon Group Limited
Walter Roberts	Pinnacle Energy Limited Bow Valley Petroleum (UK) Limited Portland Gas Limited Egdon Resources plc Brooklands Oil & Gas Limited	MCC Engines Limited

7.5 The following disclosures are required in respect of the Directors:

7.5.1 Kenneth Ratcliff was a director of Ensign International Group Limited and its subsidiaries, EG Realisations Limited and EGUS Realisations Limited, for whom an administrative receiver was appointed on 9 May 2001, as a result of an impasse between the company's shareholders and lending bank. Kenneth Ratcliff is not aware that the companies have been dissolved. Kenneth Ratcliff was a director of Cable Carriers (Thames Valley) Limited from 1 October 2002 to 30 November 2002 which entered into creditors' voluntary liquidation in April 2003;

7.5.2 Andrew Hindle was a director of Beauvase Limited which was dissolved (having never traded) on 5 February 2002. The company was established to acquire a commercial property, which did not take place;

7.5.3 Walter Roberts was a director of Petrolaw Limited which was placed into member's voluntary liquidation and was dissolved on 31 July 2001. Petrolaw's business was restructured and became part of Pinnacle Energy Limited which was incorporated as a new entity to amalgamate with other businesses;

7.5.4 John Rix was a director of Sharekeen Limited which ceased trading and was dissolved (having settled all its liabilities) on 14 February 1995.

7.6 Save as disclosed above, none of the Directors has:

7.6.1 any unspent convictions in relation to indictable offences;

7.6.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

7.6.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

7.6.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

7.6.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

7.6.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

7.6.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

8 Directors' service contracts and remuneration

- 8.1 Save as disclosed below, there are no existing or proposed service agreements between any of the Directors or any existing or proposed consultancy agreements pursuant to which any of the services of any Director are to be provided and which are not terminable by the Company without the payment of compensation (other than statutory compensation) within one year:
- 8.1.1 Mark Abbott has a service agreement with Egdon. The contract is terminable by either party on 6 month's written notice. His salary is currently £120,000 a year.
- 8.1.2 Andrew Hindle has an engagement letter with Egdon to act as non-executive director. He receives an annual fee of £15,000.
- 8.1.3 Philip Stephens has an engagement letter with Egdon to act as non-executive chairman. He receives an annual fee of £37,500.
- 8.1.4 Kenneth Maurice Ratcliff has an engagement letter with Egdon to act as non-executive director. He receives an annual fee of £22,500.
- 8.1.5 Walter Roberts has an engagement letter with Egdon to act as non-executive director. He receives an annual fee of £15,000.
- 8.1.6 John Rix has an engagement letter with Egdon to act as non-executive director. He receives an annual fee of £15,000.
- 8.1.7 All of the Directors are entitled to receive a one-off bonus payment, if they are still employed as at the calculation date for the bonus, which is expected to be 24 May 2008. The amount payable to a Director is that Director's annual salary or fee multiplied by the percentage increase over £2.50 of Egdon's highest mid-market closing price between 1 August 2007 and the calculation date for the bonus as adjusted to reflect the Demerger as set out in paragraph 8.4 below. The maximum amount payable to a Director under these arrangements is an amount equal to twice his salary.
- 8.2 Prior to Admission the following service contracts will be entered into:
- 8.2.1 Mark Abbott will enter into a new service agreement to serve, conditional upon the Demerger becoming effective, as an executive Director of New Egdon on identical financial terms and with an identical notice period to his existing service agreement. Upon the Demerger becoming effective his existing service agreement with Egdon will terminate.
- 8.2.2 Philip Stephens, Kenneth Ratcliff, Walter Roberts, Andrew Hindle and John Rix will enter into engagement letters to serve, conditional upon Admission, as non-executive Directors of New Egdon on identical terms to their letters of engagement with Egdon pursuant to which they will be entitled to annual fees of £37,500, £22,500, £15,000, £15,000 and £15,000 respectively. Upon the Demerger becoming effective, their existing engagement letters with Egdon will terminate.
- 8.3 The Directors are not entitled to receive any benefits upon termination of their service agreement, other than the payment of their salary and benefits accrued to the date of such termination.
- 8.4 The Directors will still be entitled to the bonus payment referred to in paragraph 8.1.7 above but the calculation of the increase above £2.50 of Egdon's highest mid-market closing price will be adjusted to reflect the Demerger, by taking the percentage increase above £2.50 of the aggregate of the highest mid-market closing price of New Egdon and New Portland during the relevant period.

9 Material contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company since its incorporation or by any member of the New Egdon Group in the two years prior to the date of this document and are, or may be, material.

9.1 Demerger Agreement

On 7 November 2007, Egdon, New Egdon and New Portland entered into a demerger agreement (the "Demerger Agreement"). Under this agreement, which is conditional upon the Scheme of Arrangement becoming effective, New Egdon has agreed to transfer the whole of the issued share capital of Portland Gas to New Portland and, in consideration of such transfer, New Portland has agreed to allot and issue New Portland Shares to the New Egdon Shareholders pursuant to the New Egdon Reduction of Capital

such that each New Egdon Shareholder at the Demerger Record Time will be entitled to receive one New Portland Share for each New Egdon Share then held.

Under the Demerger Agreement, New Egdon and New Portland have agreed to indemnify each other against certain liabilities to the extent arising directly or indirectly out of their respective businesses, and against certain untrue, inaccurate, incomplete or misleading information provided by New Egdon or New Portland, or their respective groups, for inclusion in public documents.

No party to the Demerger Agreement has given any representation or warranty to the others.

Under the Demerger Agreement, the parties have agreed to procure the transfer to New Portland (or one of its subsidiaries) of any assets or liabilities relating exclusively to the Gas Storage Business and the transfer to New Egdon (or one of its subsidiaries) of any assets or liabilities relating exclusively to the Oil and Gas Business which have not been transferred to New Portland or New Egdon (or one of their respective subsidiaries), as appropriate, by the date the Demerger becomes effective.

New Egdon and New Portland have agreed, with effect from the Demerger becoming effective, to use reasonable endeavours to obtain the release of the other (or any of its subsidiaries) from certain guarantees, indemnities and other assurances given by the other party (or any such subsidiary) for the purposes of their respective businesses.

9.2 **New Egdon Introduction Agreement**

On 7 November 2007, New Egdon, Egdon, the Directors and Seymour Pierce entered into an Introduction Agreement. Under this agreement, New Egdon and Egdon has confirmed that it has instructed Seymour Pierce to apply to the London Stock Exchange for Admission to become effective on 16 January 2008 or such later date as the Company and Seymour Pierce may agree (being not later than 30 April 2008), and has agreed to supply all information reasonably required by Seymour Pierce to enable it to discharge their obligations under this agreement and to comply with their legal obligations and obligations to the London Stock Exchange. New Egdon has in addition agreed to use all reasonable endeavours to ensure that Admission becomes effective on the date set out in the agreement and that the New Egdon Shares are eligible for CREST settlement. Seymour Pierce agreed to provide assistance to the Company to obtain Admission and cancellation of Egdon Shares.

Under this agreement, New Egdon has agreed to pay a fee of £125,000 to Seymour Pierce together with all reasonable expenses and costs, any applicable VAT for its services and Seymour Pierce's legal expenses in connection with the Admission, the Scheme of Arrangement and cancellation of Egdon Shares. New Egdon, Egdon and the Directors have given certain customary warranties to Seymour Pierce in relation to the accuracy of information contained in this document and the business of the New Egdon Group. In addition the Company agreed to indemnify Seymour Pierce on customary terms against certain losses arising from (*inter alia*) the Admission of New Egdon Shares, breach of any warranties or failure to comply with any applicable laws. The Company and Egdon have agreed to indemnify Seymour Pierce against certain losses and expenses in the event that Admission does not take place.

9.3 **Nominated Adviser Agreement**

On 7 November 2007, the Company, the Directors and Seymour Pierce entered into a Nominated Adviser Agreement, pursuant to which the Company appointed Seymour Pierce to act as its nominated adviser for the purposes of the AIM Rules for Companies. The Company shall pay Seymour Pierce a fee of £20,000 per annum, together with all reasonable expenses and any applicable VAT for its services as nominated adviser. The agreement contains certain undertakings given by the Company and the Directors and indemnities given by the Company in respect of, amongst other things, compliance with all applicable laws and regulations. The appointment pursuant to the agreement continues, subject to certain events of default, for an initial term of 12 months but may be terminated prior to that time by either party giving three months' written notice. The Company will remain liable for the full annual fee should it choose to terminate the nominated adviser agreement prior to the expiry of the initial term of 12 months.

9.4 **Broker Agreement**

On 7 November 2007, the Company, the Directors and Seymour Pierce entered into a Broker Agreement under which the Company appointed Seymour Pierce to act as its broker for the purposes of the AIM Rules for Companies. The Company shall pay Seymour Pierce a fee of £20,000 per annum, together with all reasonable expenses and any applicable VAT for its services as broker. The agreement contains certain undertakings given by the Company and the Directors and indemnities given by the Company in respect of, amongst other things, compliance with all applicable laws and regulations. The appointment pursuant to the agreement continues, subject to certain events of default, for an initial term of 12 months but may be

terminated prior to that time by either party giving three months' written notice. The Company will remain liable for the full annual fee should it choose to terminate the broker agreement prior to the expiry of the initial term of 12 months.

10 Share Options

There are not currently any arrangements in place for involving the employees in the capital of the Company. However, the Directors intend to establish an Enterprise Management Incentive Scheme ("EMI Scheme"). An EMI Scheme is considered suitable by the Directors due to the simplicity of administering and managing such scheme and the significant taxation benefits that can be derived. The value of options granted under the EMI Scheme will not exceed the following EMI thresholds: (i) a market value of £100,000 per employee; and (ii) £300,000 in aggregate. Conditions will be attached to the exercise of options under the EMI Scheme and a cash payment alternative will not be offered. The rationale behind the proposed adoption of the EMI Scheme is to reward, retain and attract suitably qualified employees to the New Egdon Group.

11 Working capital

In the opinion of the Directors, having made due and careful enquiry, the working capital available to New Egdon and the New Egdon Group will be sufficient for its present requirements, that is, for at least 12 months from the date of Admission.

12 Legal and arbitration proceedings

Neither the Company nor any other member of the New Egdon Group is or has been involved in, or (so far as the Directors are aware) has pending or threatened by or against it, any legal or arbitration proceedings which may have, or have had in the 12 months immediately preceding the date of this document, a significant effect on the financial position of the New Egdon Group.

13 Taxation

The following paragraphs are intended as a general guide only and do not constitute tax advice. They are based on current law and current practice of HM Revenue & Customs. Holders of New Egdon Shares who are in any doubt as to their taxation position, or who may be subject to taxation in a jurisdiction other than the UK, should consult an appropriate professional adviser.

The following summary only applies to persons who are resident or ordinarily resident in the UK for UK tax purposes and who hold their New Egdon Shares beneficially as an investment (otherwise than under a personal equity plan or an individual savings account). It may not apply to certain categories of shareholders such as dealers in securities.

13.1 UK taxation of dividends

No tax is withheld from dividends paid by New Egdon.

Individual shareholders resident in the UK for taxation purposes are generally liable to income tax on the aggregate amount of any dividend received and a tax credit equal to one-ninth of the dividend. For example, on a dividend of £90 (the "net dividend"), the tax credit would be £10, and an individual would be liable to income tax on £100 (the "gross dividend"). No further income tax is payable in respect of the dividend by UK resident individuals who are not liable to income tax at the higher rate. UK resident individuals whose dividend income is subject to tax at the higher rate (currently, 40 per cent.) have to pay additional tax on a dividend to the extent that tax at the higher rate applicable to dividends (currently, 32.5 per cent.) on the gross dividend exceeds the tax credit. For example, on a net dividend of £90, such a taxpayer would have to pay additional tax of £22.50 (which amounts to 25 per cent. of the net dividend).

No repayment of the tax credit in respect of dividends can be claimed by a UK resident shareholder (whether an individual, a company, a charity, a pension fund or any other person).

UK resident corporate shareholders (other than dealers and certain insurance companies) are not liable to corporation tax or income tax in respect of dividends.

Shareholders not resident in the UK are normally neither subject to any UK tax liability nor entitled to the benefit of a tax credit in respect of any dividend received. A UK tax liability will apply where, exceptionally, a non-resident individual's investment in New Egdon is managed by a UK investment manager acting on non-arm's length terms. Special rules apply to non-UK resident discretionary trusts in receipt of UK dividends.

Non-UK resident shareholders may also be subject to tax on dividend income under any law to which they are subject outside the UK.

13.2 **UK taxation on capital gains**

For the purposes of UK taxation on capital gains:

- (a) a holder of Egdon Shares will not be treated as making a disposal of Egdon Shares by reason of the receipt of New Egdon Shares;
- (b) New Egdon Shares acquired pursuant to the Reorganisation will be treated as the shareholder's original Egdon Shares, acquired on the same date as and for the same consideration as such Egdon Shares were originally acquired;
- (c) on a subsequent disposal or part disposal of New Egdon Shares, a shareholder's original base cost in his or her Egdon Shares will be apportioned between his or her New Egdon Shares and his or her New Portland Shares by reference to the market value of the shares retained and the shares disposed of at the date on which such disposal is made; and
- (d) depending on the particular circumstances of that shareholder and any available exemptions and reliefs, such a subsequent disposal or part disposal may give rise to a chargeable gain or allowable loss.

Any gain accruing on a disposal of New Egdon Shares will not qualify for exemption under the Enterprise Investment Scheme. However, a person who acquired New Egdon Shares pursuant to the Reorganisation in place of Egdon Shares which qualified for exemption under that scheme, should have a tax base cost in those New Egdon Shares equal to their market value at the time of the Reorganisation. As explained in paragraph 13.2 of the New Portland Admission Document, this market value tax base cost will be apportioned between the shareholder's New Egdon Shares and his or her New Portland Shares by reference to the market value of the shares retained and the shares disposed of, at the date on which a disposal of shares in either company is made.

13.3 **Venture Capital Trusts ("VCT")**

Egdon Shares are currently a qualifying holding for the purposes of VCT relief. HM Revenue & Customs has confirmed that the New Egdon Shares will satisfy the requirements to be a qualifying holding for VCT purposes to the same extent as the Egdon Shares currently satisfy those requirements. Accordingly, the New Egdon Shares should qualify to be held in a VCT to the same extent as the Egdon Shares which they replace.

13.4 **Stamp duty and stamp duty reserve tax**

The transfer on sale of, or an agreement to transfer, New Egdon Shares will be liable to stamp duty or stamp duty reserve tax, normally in each case at the rate of 0.5 per cent. of the consideration paid. Higher rates may apply in certain circumstances, such as where New Egdon Shares are transferred (i) to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services, or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts.

Stamp duty, or stamp duty reserve tax, is normally the responsibility of the purchaser of the New Egdon Shares.

14 **Other information**

- 14.1 The expenses of the transactions described in this document are estimated at approximately £365,000 and are to be paid by New Egdon.
- 14.2 The accounting reference date of the Company is 31 July.
- 14.3 Except as stated in this document, there are no patents or other intellectual property rights, licenses or industrial, commercial or financial contracts or new manufacturing processes which are of fundamental importance to the Company's business.
- 14.4 Except as stated in this document, the Company has no principal investments for each of the financial years covered by the historic financial information and there are no principal investments in progress and there are no principal fixture investments on which the bored has made a firm commitment.
- 14.5 Except as stated in this document, no exceptional factors have influenced the Company's activities.

- 14.6 Nexia Smith & Williamson have given and have not withdrawn its written consent to the inclusion in this document of its report set out in Part III and its letters set out therein and the references thereto and to its name in the term and context in which they appear.
- 14.7 Seymour Pierce has given and not withdrawn its written consent to the inclusion in this document of its name and the references to its name in the form and context in which they appear.
- 14.8 Seymour Pierce is registered in England and Wales under registered number 02104188 and its registered office is at 20 Old Bailey, London EC4M 7EN.
- 14.9 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Oil and Gas Business since 31 July 2007.
- 14.10 The financial information set out in this document relating to the New Egdon Group does not constitute statutory accounts within the meaning of section 240 of the Act. The historical financial information in the Report and Accounts for the years ending 31 July 2007, 2006 and 2005 in respect of Egdon has been audited. The information contained in Part III of this document has not been audited.
- 14.11 Nexia Smith & Williamson, a member of the Institute of Chartered Accountants in England and Wales, whose registered office is 1 Bishops Wharf, Walnut Tree Close, Guildford, Surrey GU1 4RA have been the auditors of the Company for the period covered by the historical financial information.
- 14.12 No auditors have resigned, been removed or not been reappointed during the period covered by the historical financial information in Part III of this document.
- 14.13 Where information contained in this document has been sourced from a third party the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 14.14 As far as the Directors are aware there are no environmental issues that may affect the Company's utilisation of its tangible fixed assets.
- 14.15 The Company is not aware of the existence of any public takeover bids or any circumstances which may give rise to any public takeover bid.
- 14.16 Save for the sum of approximately £64,220 paid to the Department for Business Enterprise and Regulatory Reform in respect of Egdon's licence interests, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly from the New Egdon Group within the 12 months preceding the date of this document; or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the New Egdon Group on or after Admission any of the following:
- 14.16.1 fees totalling £10,000 or more;
 - 14.16.2 securities of the Company where these have a value of £10,000 or more calculated by reference to the expected open offer price; or
 - 14.16.3 any other benefit with the value of £10,000 or more at the date of this document.
- 14.17 There are no arrangements known to the Company restricting the free transferability of the New Egdon Shares.
- 14.18 There are no arrangements known to the Company the operation of which may at a subsequent date result in a change of control of the Company.
- 14.19 Squeeze-Out/Sell-Out Rules
- 14.19.1 Under the CA 2006, an offeror which makes a takeover offer for the Company and has acquired or contracted to acquire 90 per cent. (of voting rights and value) of the New Egdon Shares to which the offer relates, can compulsorily acquire the remaining 10 per cent. It would do so by sending a notice within the three months following the last day on which the offer can be accepted to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are

compulsorily acquired under the CA 2006 must, in general, be the same as the consideration that was available under the takeover offer.

14.19.2 The CA 2006 also gives minority shareholders a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the New Egdon Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. (of voting rights and value) of the New Egdon Shares to which the offer related, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period, if a shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

14.20 Details of related party transactions are set out in the Report and Accounts of Egdon for the years ended 2005, 2006 and 2007 which can be found on Egdon's website.

15 Availability of Admission Document

Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of Seymour Pierce, 20 Old Bailey, London, EC4M 7EN and Norton Rose LLP, 3 More London Riverside, London, SE1 2AQ.

Dated 9 November 2007

