



Egdon Resources plc

Interim Results for the six months to 31 January 2017

**“Onshore UK focused E&P
business with robust exploration economics &
significant unconventional resources upside”**



Three key near-term strategic objectives to drive shareholder value		Status/Progress
UK Unconventional Resources	➤ growing the Company's exposure to unconventional resource exploration opportunities in Northern England	<ul style="list-style-type: none"> • One of few listed UK investment opportunities with exposure to shale gas • Clear strategy for potential high value play • Achieved significant increase in acreage and GIIP since 2014 • Potential drilling at Springs Road 2017*
Conventional Resources Exploration and Appraisal	➤ adding additional reserves/revenues through an active drilling programme whilst managing risk and financial exposure through farm-out	<ul style="list-style-type: none"> • Substantial prospect portfolio • Drilling at Holmwood*, Biscathorpe* and North Kelsey* in 2017/18 • Progressing "Resolution" Prospect gas appraisal offshore Yorkshire
Production	➤ a continued focus on maximising production rates, revenues and profitability from existing producing assets through targeted investment	<ul style="list-style-type: none"> • Appeal submitted and new application being finalised for the Wressle development • Revenues and potential near-term growth through targeted investment in existing fields

* Subject to receipt of all consents



Egdon at a Glance – UK Licences & Activity

Kirkleatham	PEDL068	68%
<ul style="list-style-type: none">- Kirkleatham Gas Field remains shut-in- Planning consents extended to enable a side-track well to an identified up-dip area of the accumulation- 2C remaining reserves of 0.33 bcf (net Egdon)- Deeper tight sand potential identified in PEDL068 and surrounding PEDL259 (14th Round)		

Cloughton	PEDL343	17.5%
<ul style="list-style-type: none">- Contains Cloughton tight gas discovery (Bow Valley, 1986). Appraisal planned		

Resolution	P1929	100%
<ul style="list-style-type: none">- Upper Permian Zechstein carbonate gas discovery 1966 Total well 41/18-1 flowed at 2.5 mmcf/d (following acidisation)- Reviewing drilling / development options for both onshore and offshore- 3D survey planned- Net Egdon Mean Prospective Resources of 164 bcf		

Dukes Wood / Kirklington	PEDL118/203	55.56%
<ul style="list-style-type: none">- Dukes Wood/Kirklington oil field remains shut-in- Field options being reviewed		

Northern England Shale-Gas	Various	
<ul style="list-style-type: none">- Total area of c. 200,000 net acres assessed as having shale-gas potential- Updated Mean GIIP of 50 TCF		

14th Round Awards	Various	
<ul style="list-style-type: none">- 9 licences awarded in 14th Round- Builds position in core areas Gainsborough Trough, Humber Basin, Widmerpool Basin and Cleveland Basin- Mixture of unconventional and conventional resources potential- Increased interest post-award in PEDL306 and PEDL334		

KEY

	Producing Asset Oil
	Producing Asset Gas
	Discovery Oil
	Discovery Gas
	Conventional Oil/Gas Prospect
	Unconventional Gas Prospect
	Egdon Licences
	Egdon 14th Round Licences

Laughton	PEDL209	72%
<ul style="list-style-type: none">- Acquired additional 12% interest in deeper intervals- New opt-in agreement with Total		

Wressle	PEDL180	25%
<ul style="list-style-type: none">- Planning refused in January 2017- Appeal submitted- New application being finalised- CPR indicates 2P / 2C resources of 2.15 mmbls (net Egdon 0.53 mmbls)		

Ceres	P.1241	10%
<ul style="list-style-type: none">- Lower Permian Leman Sandstone reservoir gas field - Producing- Field currently shut-in to enable recovery of back-out gas from Mercury- Overall GIIP and recoverable gas being reassessed upwards		

Keddington	PEDL005(r)	45%
<ul style="list-style-type: none">- Production from Carboniferous Sandstone reservoir at 2,200 metres depth- Sidetrack well K-5 drilled in Q1 2016- Options for further drilling under review		

Biscathorpe	PEDL253	52.8%
<ul style="list-style-type: none">- Exploration well planned for 2017- Well to target 7.40 mmbls Mean Prospective Resources (Net Egdon)		

North Kelsey	PEDL241	80%
<ul style="list-style-type: none">- Exploration well planned for 2017 subject to farmout- Well to target 5.176 mmbls Mean Prospective Resources (Net Egdon)		

Gainsborough Trough	PEDL139/140	14.5%
<ul style="list-style-type: none">- Planning approved for carried shale-gas exploration wells (Springs Road-1 and 2)- Drilling 2017 subject to final approvals		

Waddock Cross	PL090	55%
<ul style="list-style-type: none">- Waddock Cross oil field remains shut in- Bridport Sandstone (Jurassic) oil discovery with in excess of 30 mmbls in place, 2P reserves of 0.17 mmbls (net Egdon)- Options to restore / increase production under review		

Holmwood	PEDL143	18.4%
<ul style="list-style-type: none">- Dual exploration targets- Well to target 1.14 mmbls Mean Prospective Resources (Net Egdon)- Farm-out completed for 2017 well- Kimmeridge Limestone potential identified as tested at Horse Hill		

Avington	PEDL070	26.67%
<ul style="list-style-type: none">- Great Oolite (Jurassic) oil field with two producing wells- Potential for additional development wells remains under review		



Operational and Corporate Highlights – Six months ended 31 January 2017

- **Successful placing and open offer to raise £5.06m million before costs**
- **Acquisition of additional interests in PEDL068, PEDL201, PEDL306 and PEDL334**
- **Planning consent granted to operator IGas to drill up to two exploratory wells in Misson Springs, North Nottinghamshire. (Egdon 14.5% interest). Egdon is carried on these initial wells by Total**
- **ERCEquipoise reported an independent assessment of the undiscovered gas initially in place (GIIP) in ten previously unassessed licences resulting in a Company combined mean of 50 TCF**
- **Production in line with current forecast totalled 16,882 barrels of oil equivalent equating to 94 boepd (H1 2015: 37,543 boe; 204 boepd)**
- **Refusal of planning consent for the development of Wressle Oil Field**





Financial Highlights – Six months ended 31 January 2017

- Gross oil and gas revenues during the period £0.51 million (H1 2016: £1.05 million)
- Loss for the period of £0.73 million (H1 2016: loss of £2.00 million after accounting for impairments of £0.5 million at Waddock Cross and the revaluation of £0.3 million of the Ceres accrued income)
- The Company has no debt (H1 2016: Nil)
- Net current assets as at 31 January 2017 of £8.00 million (H1 2016: £6.06 million) including cash at bank of £6.80 million (H1 2016: £5.26 million)

	Unaudited six months ended 31-Jan-17	Unaudited six months ended 31-Jan-16	Audited year ended 31-July-16
	£'000	£'000	£'000
Revenue	505	709	1,586
Cost of sales	-414	-500	-643
Cost of sales - exploration costs written off, pre-licence costs, depreciation & impairment	-232	-1,613	-2,563
Gross Profit/(Loss)	-141	-1,404	-1,620
Admin Expenses and other operating income	-541	-571	-1,032
Operating Loss	-682	-1,975	-2,652
Financing costs and income	-52	-21	-34
Negative goodwill	0	0	0
Profit/(loss) before taxation	-734	-1,996	-2,686
Taxation	0	0	0
Total Comprehensive Income for the period	-734	-1,996	-2,686
Basic Earnings/(loss) per share	(0.31p)	(0.90p)	(1.21p)

	Unaudited 31-Jan-17	Unaudited 31-Jan-16	Audited year ended 31-July-16
	£'000	£'000	£'000
Non Current Assets			
Intangible assets	18,923	18,449	18,370
Property, Plant & equipment	8,536	7,363	8,683
Total non-Current Assets	27,459	25,812	27,053
Current Assets			
Trade and other receivables	1,795	1,726	2,541
Cash & cash equivalents	6,796	5,259	2,679
Available for sale financial instruments	50	50	50
Total Current Assets	8,641	7,035	5,270
Current Liabilities	-642	-980	-1,085
Net Current Assets	7,999	6,055	4,185
Total Assets less current liabilities	35,458	31,867	31,238
Non-Current Liabilities			
Provisions	-1,842	-1,780	-1,803
Net Assets	33,616	30,087	29,435



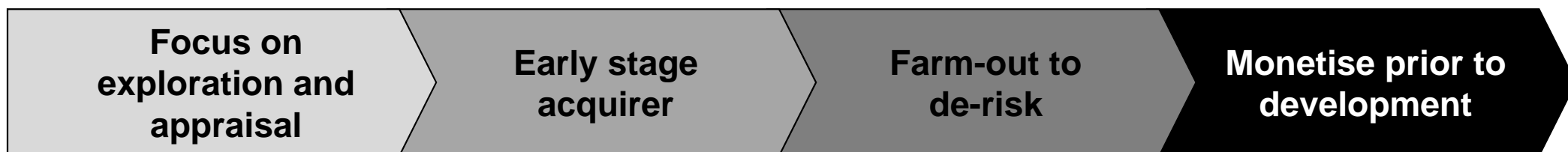
Post Balance Sheet Events

- **Decision to progress both an appeal (submitted today) and a new application (to be submitted during April) for the Wressle development**
- **Acquisition of additional 12% interest in deep potential of PEDL209 and restructuring of Total option agreement**



UK Unconventional Resources – Strategy and Assets

- **Strategy:** grow the Company's exposure to unconventional resource exploration opportunities in Northern England
- Focus on brittle high organic carbon (TOC) Carboniferous marine shale plays in Northern England
- Clear strategy to deliver shareholder value:



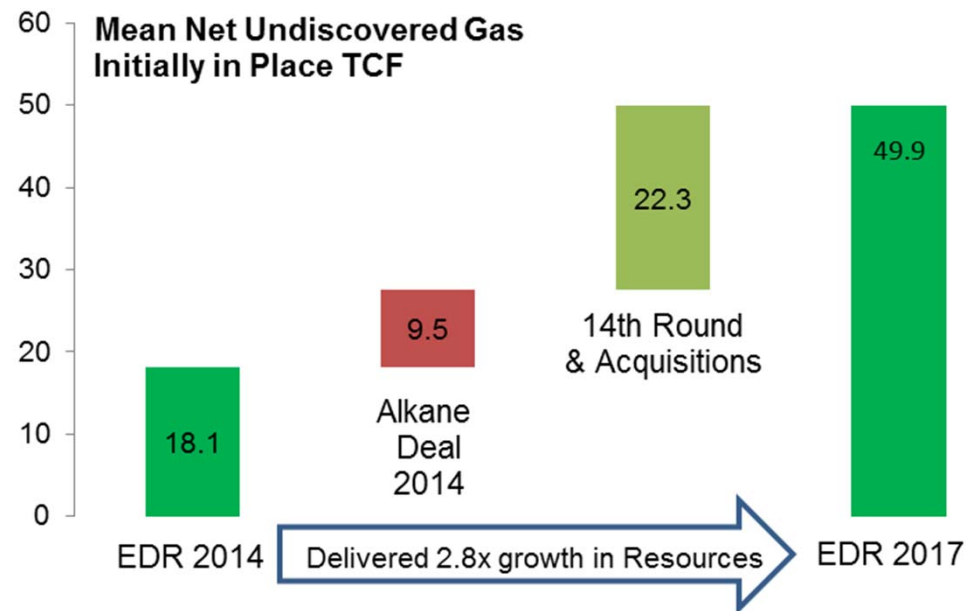
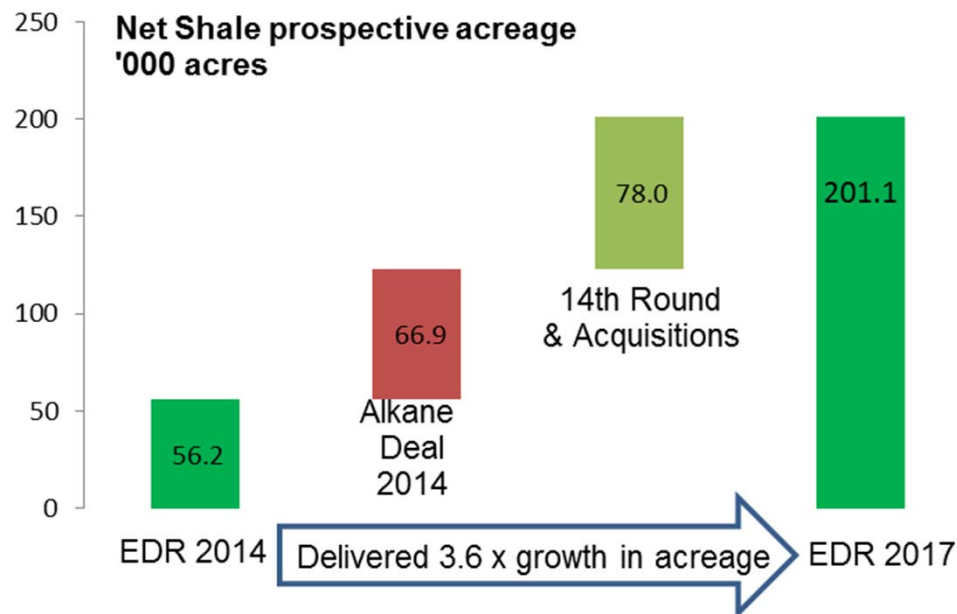
- Significant growth of acreage and GIIP since 2014
- Egdon was awarded interests in 7 new PEDLs with unconventional resources potential in 14th Round
- Egdon now holds 25 licences which are shale/tight gas prospective covering 201,138 net acres with independently assessed 50 TCF of mean undiscovered gas initially in place*
- Planning consent granted for Springs Road wells - IGas operated carried wells in Gainsborough Trough

* ERC Equipoise Ltd - 13 May 2014 & 1 November 2016

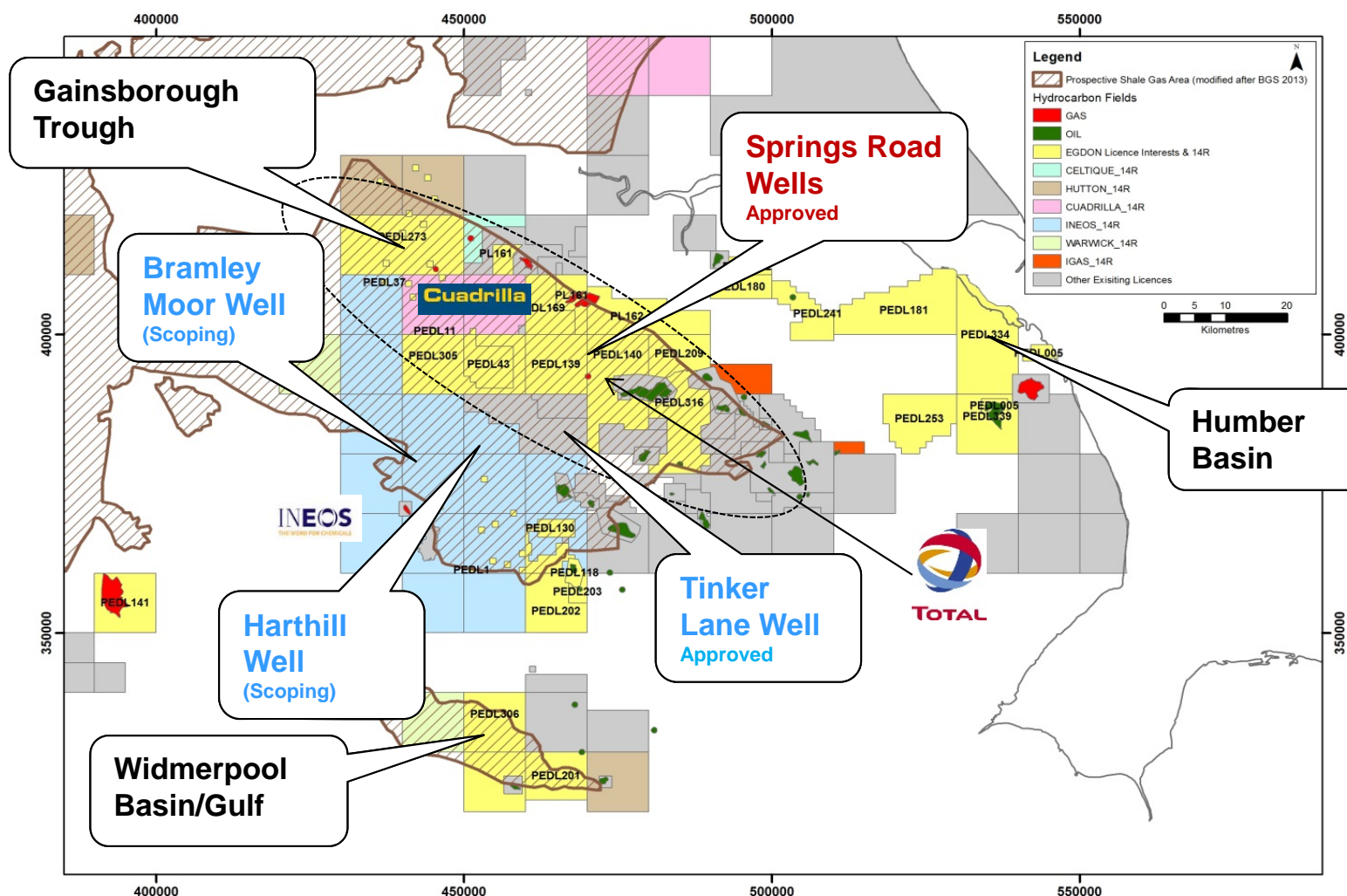


Growing the Unconventionals Portfolio – Net Acreage & GIIP

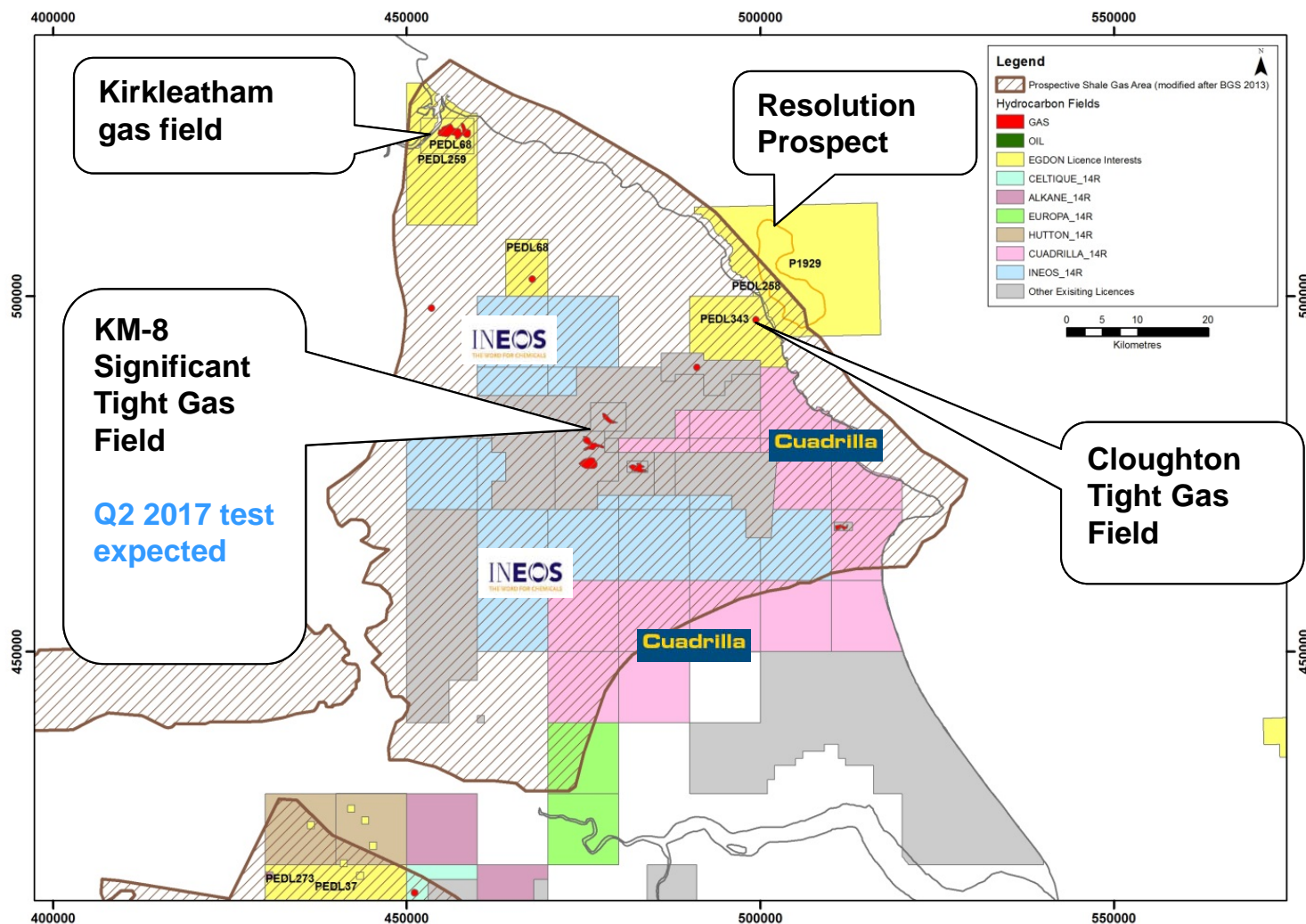
- Acreage**
- Egdon has delivered 3.6 times growth in net shale/tight gas acreage to 201,138 acres
- GIIP**
- ERCE net Egdon estimated mean GIIP of approximately 50 TCF with a range of approximately 19 to 90 TCF
 - Egdon has delivered 2.8 times growth in GIIP volumes



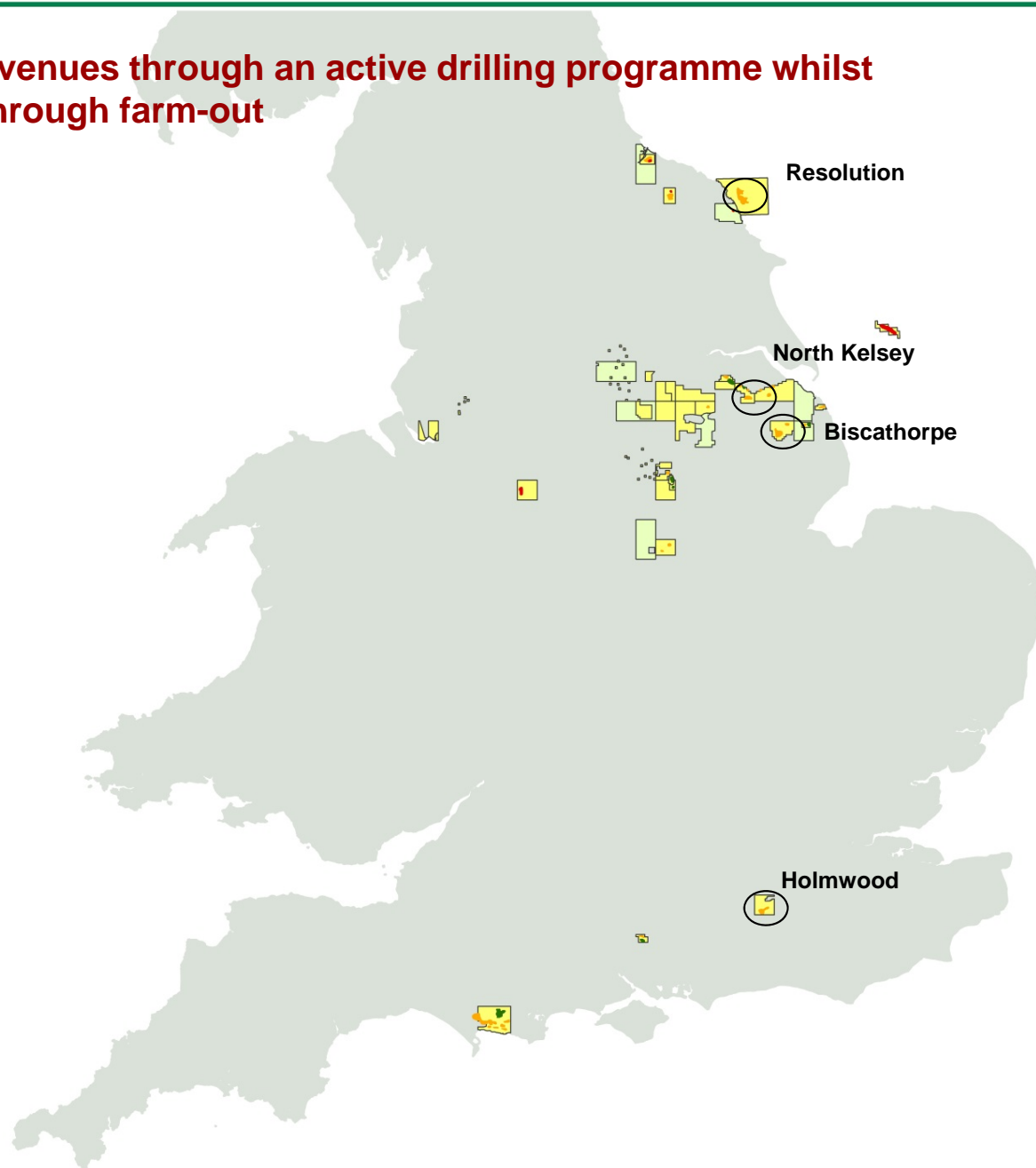
- Egdon holds 155,400 net acres in the East Midlands with shale/tight gas potential
- Gainsborough Trough - Egdon core area - Planning Approval received for Springs Road
- Widmerpool Basin - 2 licences in basin
- Humber Basin - Exploration focus - 2 licences identified with unconventional resource potential



- Egdon holds 28,000 net acres in the Cleveland Basin with shale/tight gas potential
- Egdon holds interests in 5 licences in the area
- Includes 17.5% interest in the Cloughton tight gas discovery (Bow Valley, 1986)
- Third Energy to test KM-8 in 2017



- **Strategy:** adding additional reserves/revenues through an active drilling programme whilst managing risk and financial exposure through farm-out
- 4 key projects in 2017/2018
 - Holmwood Prospect
 - Resolution Gas Appraisal
 - Biscathrope Oil Appraisal
 - North Kelsey Prospect



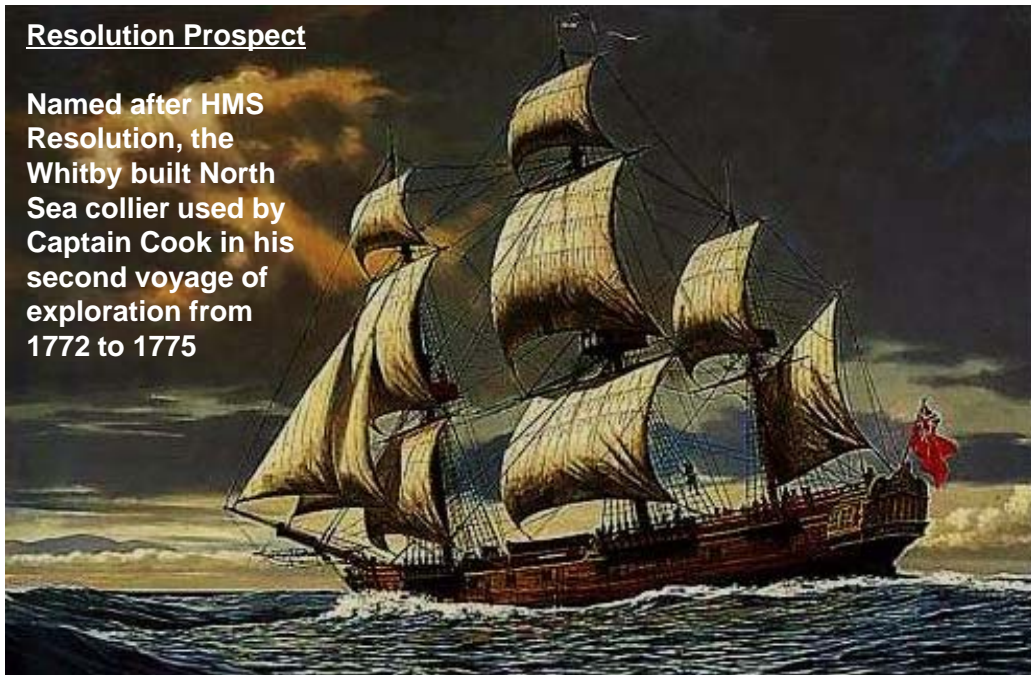


Resolution Prospect Appraisal (164 BCF*)

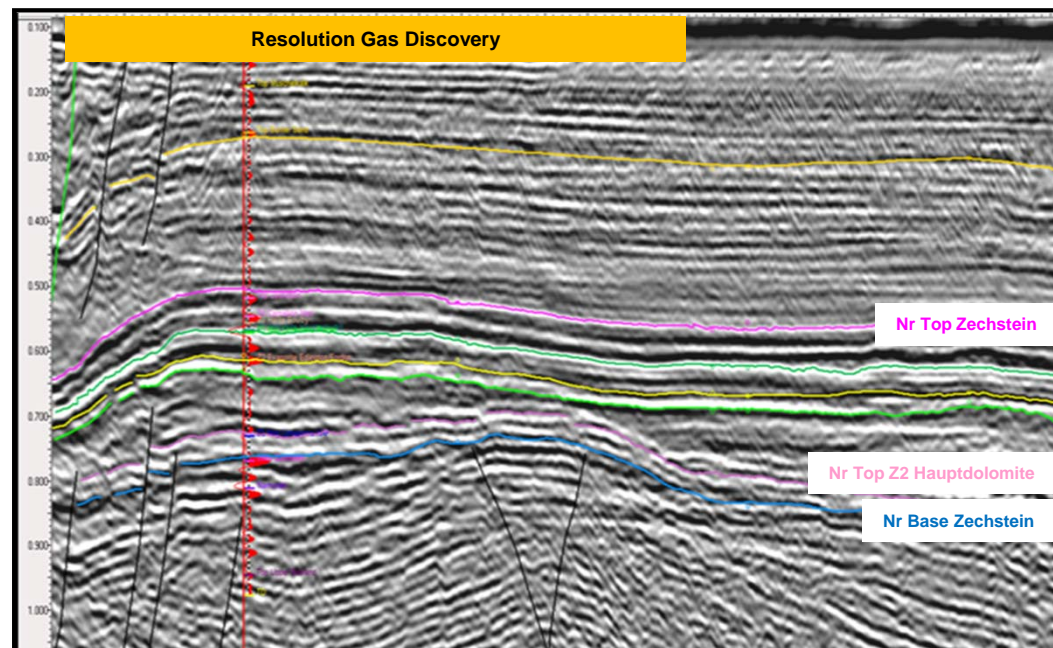
- Egdon 100% interest, licence extended until 19 April 2019
- Early North Sea discovery drilled by Total in 1966
- Tight carbonate reservoir - tested gas at 2.5 mmcf/d – predicted horizontal well rates of 25-50 mmcf/d post acidisation
- Offshore well cost comparable with onshore to offshore well and has lower delivery risk (technical and planning)
- Minimum offshore facility development being considered – gas processing in both cases onshore
- 3D seismic pre-drilling to optimally position appraisal well
- Seeking farm-in/technology partner prior to drilling

Resolution Prospect

Named after HMS Resolution, the Whitby built North Sea collier used by Captain Cook in his second voyage of exploration from 1772 to 1775



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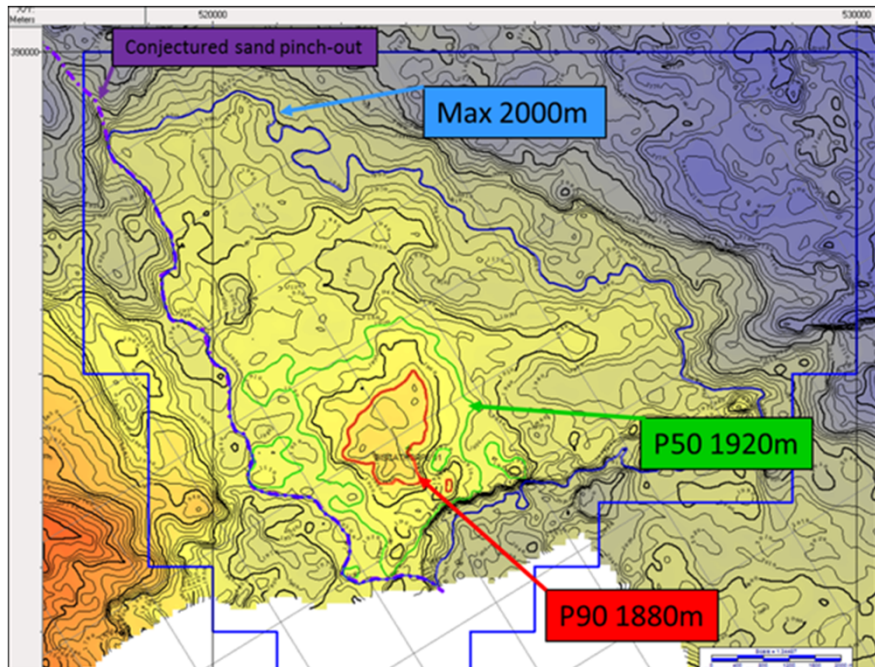


*Net Egdon Mean Prospective Resources

Biscathorpe Prospect Appraisal (7.4 mmbo*)

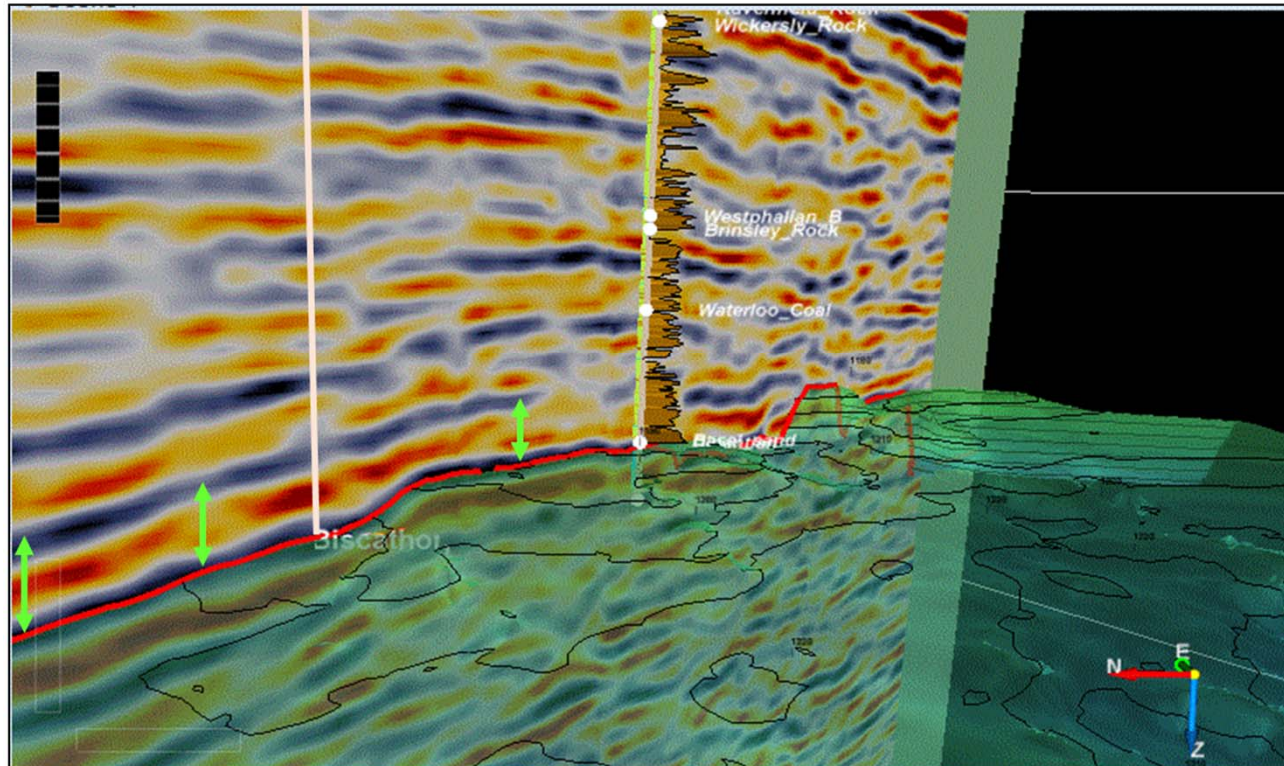
- Planning in place, EA Permit under review
- Oil shows from 1.2m sand in 1987 BP crestal well, reservoir expected to thicken down-dip on structure
- High Estimate Gross Prospective Resources of 41 mmbo
- Drilling expected by end H1 2018 – further farm-out planned
- COS: 40%

Top Dinantian Depth Map (m TVDSS)



Biscathorpe-2 (planned)

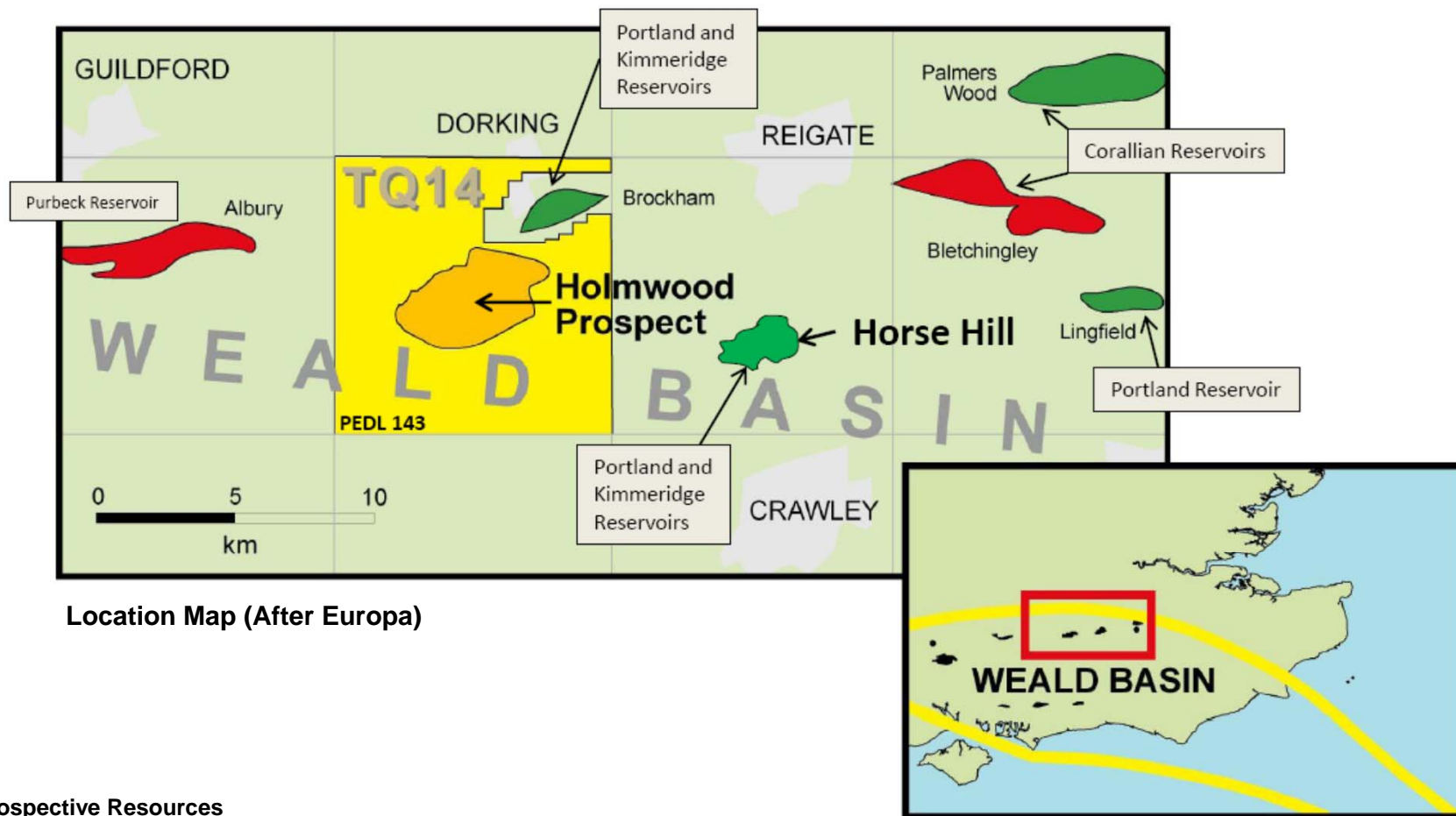
Biscathorpe-1



* Net Egdon Mean Prospective Resources

Holmwood Prospect (1.14 mmbo*)

- Planning approvals received on appeal in 2015, operator Europa working to discharge planning conditions, drilling expected in 2017
- Farmed out to UKOG in 2015 = fully carried
- COS: 30% average for Portland and Corallian
- Additional Kimmeridge Micrite potential as seen in Horse Hill-1 discovery well
- Wells at Brockham and Broadford Bridge testing the Micrite play in H1 2017

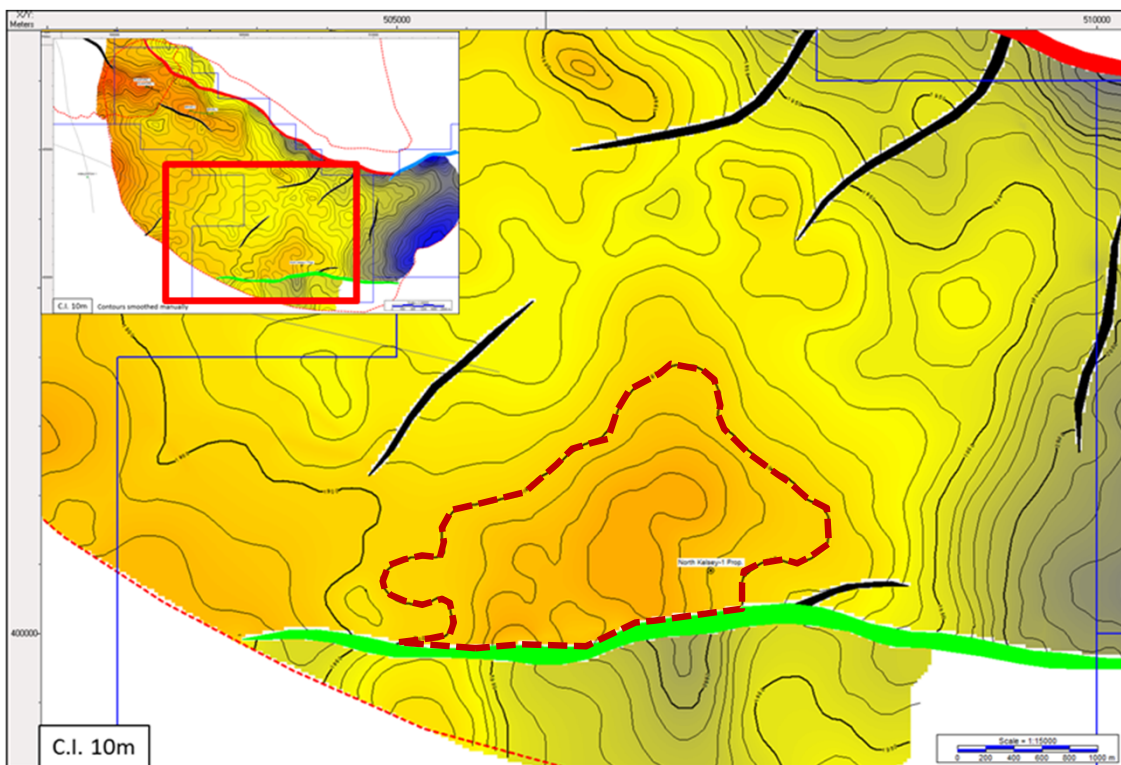


* Net Egdon Mean Prospective Resources

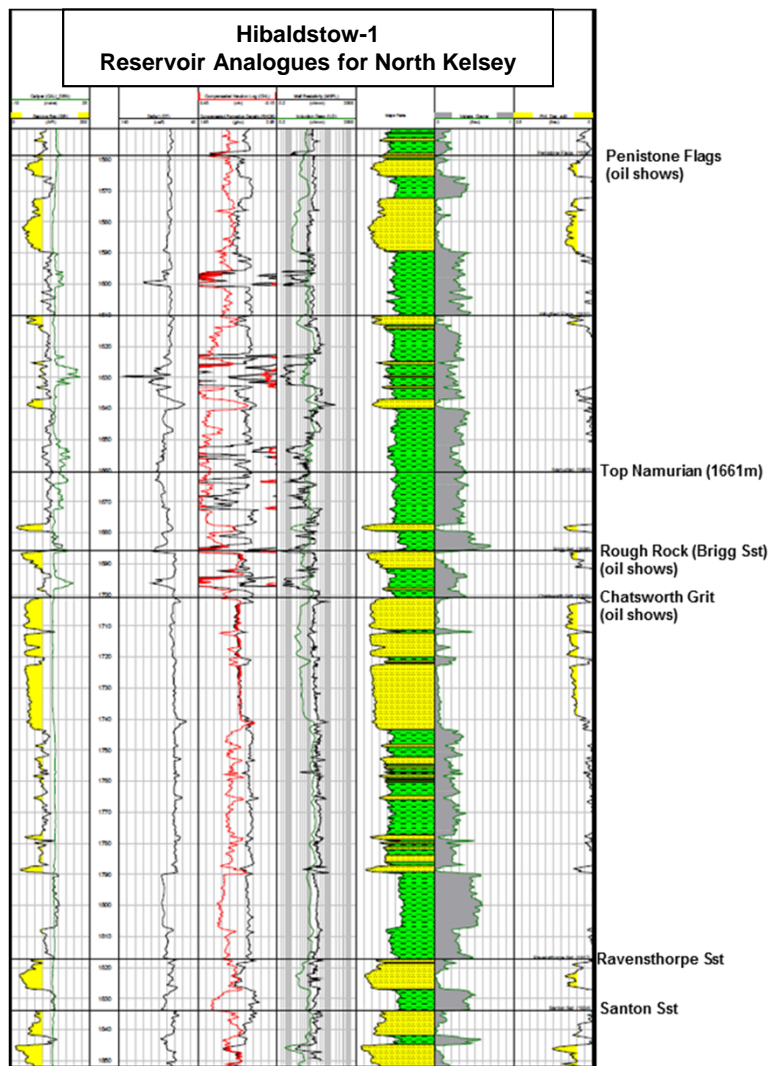
North Kelsey Prospect (5.18 mmbo*)

- Planning in place
- Prospect with multiple reservoir targets – Wressle analogue
- Investigating slim-hole drilling approach
- Drilling expected Q4 2017- H1 2018 – subject to further farm-out
- COS: 24%

Top Dinantian Depth Map (m TVDSS)



* Net Egdon Mean Prospective Resources





Strategy: Continue to focus on maximising production rates, revenues and profitability from existing producing assets through targeted investment

2016-17 Production Guidance = 100-110 boepd

**Ceres
(10%)**

- Since October 2016 Mercury is now displacing Ceres production to enable back-out gas to be recovered
- Production at rates of around 0.5 mmcf/d (c. 85 boepd) net to Egdon
- Ceres production has exceeded expectations

**Keddington
(45%)**

- Keddington field rates are currently c. 23 bopd from the Keddington-3Z well
- Review of options to increase field production with possible additional drilling in 2017

**Avington
(26.67%)**

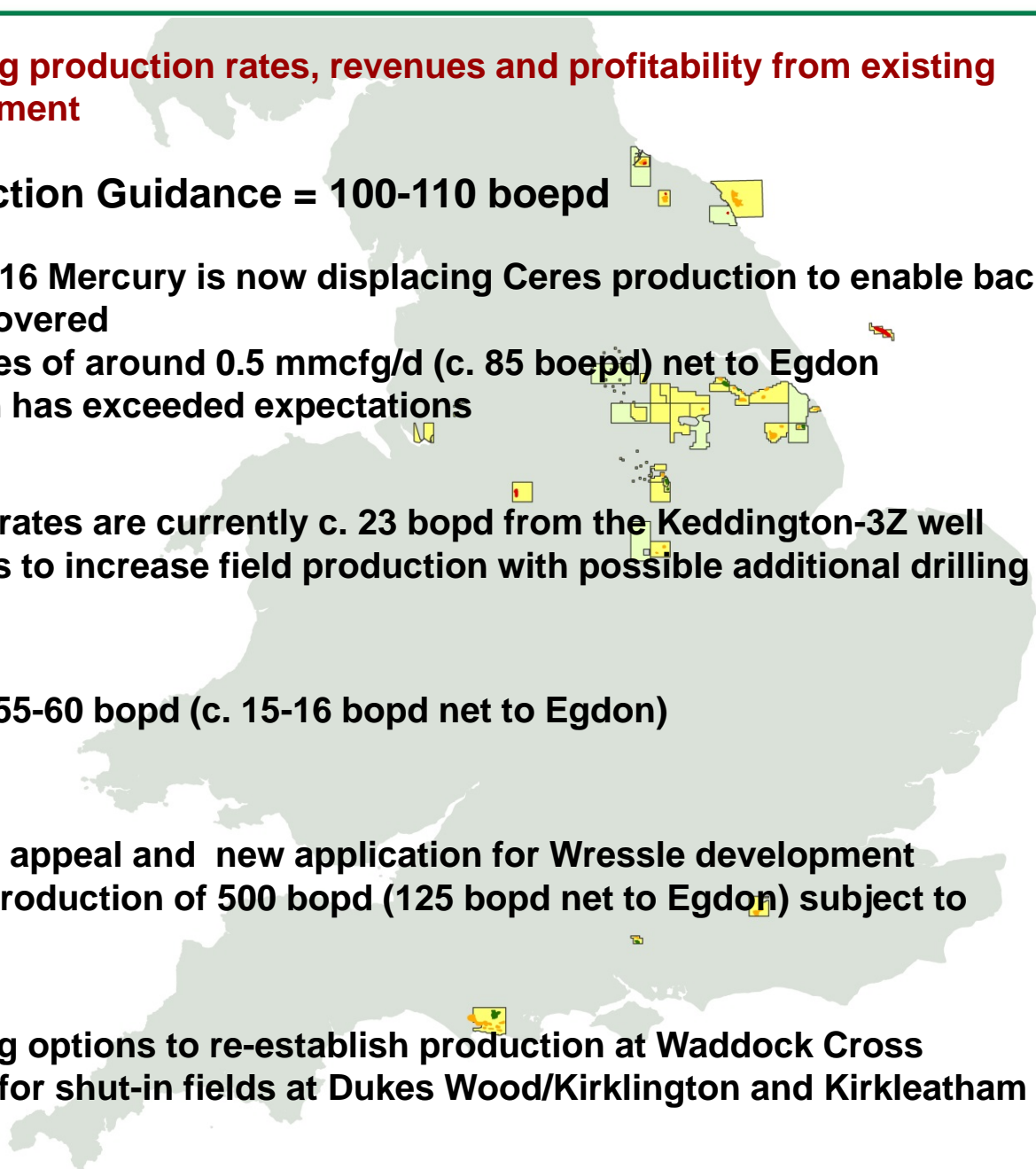
- Rates averaging 55-60 bopd (c. 15-16 bopd net to Egdon)

**Wressle
(25%)**

- Progress both an appeal and new application for Wressle development
- Expected initial production of 500 bopd (125 bopd net to Egdon) subject to approvals

Shut-in fields

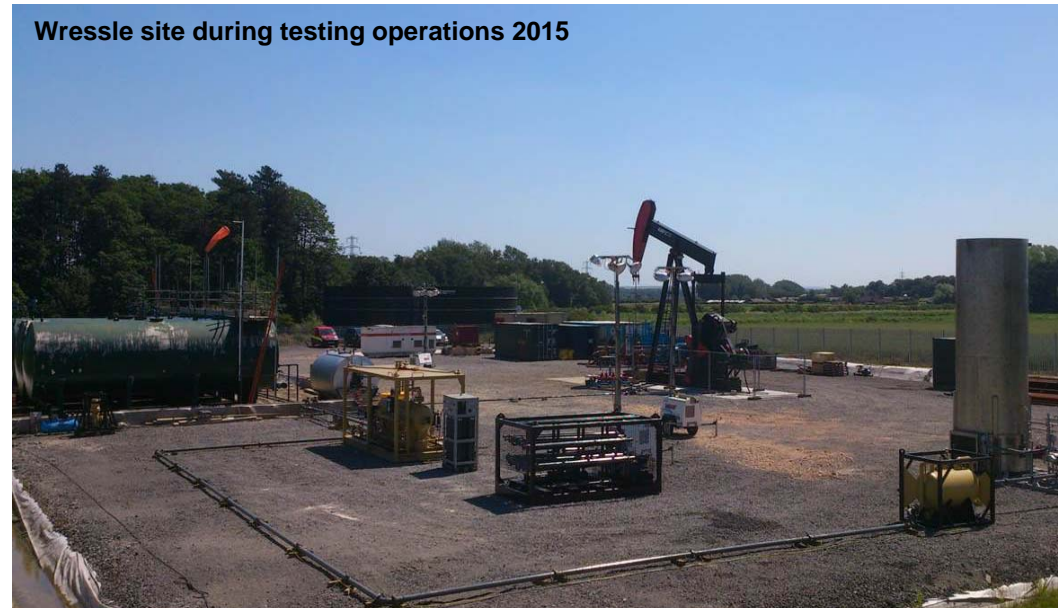
- Actively reviewing options to re-establish production at Waddock Cross
- Assessing plans for shut-in fields at Dukes Wood/Kirklington and Kirkleatham





Wressle Oil Field (25% interest)

- Drilled in 2014 and tested in 2015 (total combined flow rates > 700 boepd)
- FDP* filed & CPR completed Gross 2P 0.62 mmbo and 2C 1.53 mmbo
- 11 January 2017 refused planning consent for main development
- Water monitoring boreholes were consented and subsequently installed in February 2017
- An appeal submitted and a new application will be submitted during April
- Dual-track approach provides best chance for timely resolution
- Environmental Permit expected to be issued in April 2017 (subject to outcome of consultation on draft permit)
- Anticipated initial production rate of c. 500 bopd** from Ashover Grit reservoir
- Valuation markers: Union Jack and Upland Resources deals imply £18m value



* Field Development Plan

** Subject to successful appeal or new submission

Production and Development

- Production guidance of c.100-110 boepd FY 2017
- Consenting for Wressle development key target for 2017

UK Unconventional Resources

- Planning Approval received for Springs Road in PEDL139/140 by operator IGas
- Evaluation of 14th Round licences (Seismic 2018)
- 2017 could see substantial activity in UK unconventional resources

Conventional Resources Exploration and Appraisal

- 2017/18 Oil exploration drilling programme – targeting up to 13.7 mmbo* (net Egdon)
- Appraisal well Resolution Prospect - 164 bcf (c. 25 mmboe) – 3D seismic, decision on onshore or offshore drilling and farm-out

Active Farm-out and A&D Process

- Continued marketing of farm-outs and divestment of non-core assets
- Carefully manage cash resources and risk exposure
- Review selected opportunistic acquisitions

* Net Egdon aggregated Mean Prospective Resources: Biscathorpe, North Kelsey and Holmwood



“A leading UK unconventional resources portfolio”	“Material 2017 conventional resources exploration”	“In charge of our own destiny”
<p>Significant unconventional resources acreage portfolio</p> <p>Significant sector catalysts in 2017: planning approvals, drilling, fracturing, testing and deal-making</p> <p>Planning approval for carried “Playmaker” wells at Springs Road in Gainsborough Trough</p>	<p>News flow from 2017/18 conventional oil exploration drilling programme targeting up to 13.7 mmbo* net to Egdon</p>	<p>Strong balance sheet, no debt, operatorship and farm-outs allow us to deliver on strategy in current market conditions</p> <p>Onshore exploration projects remain robust in lower price environment</p>

* Net Egdon aggregated Mean Prospective Resources: Biscathorpe, North Kelsey and Holmwood



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