



# Egdon Resources plc

## Preliminary Results For the Financial year ending 31 July 2017 and Business Review

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



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Three key near-term strategic objectives to drive shareholder value		Status/Progress
<b>UK Unconventional Resources</b>	➤ growing the Company's exposure to unconventional resource exploration opportunities in Northern England	<ul style="list-style-type: none"> <li>• One of few listed UK investment opportunities with exposure to shale gas</li> <li>• Clear strategy for potential high value play</li> <li>• Achieved significant increase in acreage and GIIP since 2014</li> <li>• Drilling at Springs Road Q1 2018*</li> </ul>
<b>Conventional Resources Exploration and Appraisal</b>	➤ adding additional reserves/revenues through an active drilling programme whilst managing risk and financial exposure through farm-out	<ul style="list-style-type: none"> <li>• Substantial prospect portfolio</li> <li>• Drilling at Holmwood*, Biscathorpe** and North Kelsey** in 2018</li> <li>• Progressing Resolution Prospect gas appraisal offshore Yorkshire</li> </ul>
<b>Production</b>	➤ a continued focus on maximising production rates, revenues and profitability from existing producing assets through targeted investment	<ul style="list-style-type: none"> <li>• Planning Inquiry for the Wressle development November 2017. Ruling expected January 2018</li> <li>• Acquired Fiskerton Airfield oil field</li> <li>• Reviewing options for re-starting production of shut-in fields</li> </ul>

\* Subject to receipt of all consents \*\* Subject to further farm-out





# Egdon at a Glance – UK Licences & Activity

**Kirkleatham** PEDL068 68%

- 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%

- Contains Cloughton tight gas discovery (Bow Valley, 1986). Appraisal planned

**Resolution** P.1929 100%

- Upper Permian Zechstein carbonate gas discovery 1966 Total well 41/18-1 flowed at 2.5 mmcf/d (following acidisation)
- Marine 3D survey planned for 2018
- Net Egdon Mean Prospective Resources of 337 bcf

**Dukes Wood / Kirklington** PEDL118/203 55.56%

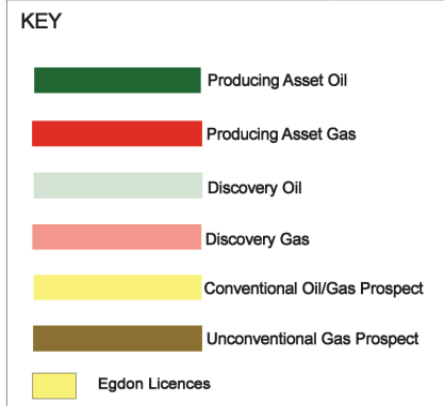
- Dukes Wood/Kirklington oil field remains shut-in
- Field options being reviewed

**Northern England Shale-Gas** Various

- Total area of c. 200,000 net acres assessed as having shale-gas potential
- Updated Mean GIIP of 50.9 TCF

**Waddock Cross** PL090 55%

- 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



**Laughton** PEDL209 72%

- Acquired additional 12% interest in deeper intervals
- New opt-in agreement

**Wressle** PEDL180 25%

- Planning refused in January and July 2017
- Planning inquiry November 2017
- CPR indicates 2P/2C resources of 2.15 mmbls (net Egdon 0.53 mmbls)

**Ceres** P.1241 10%

- Lower Permian Leman Sandstone reservoir gas field
- Field currently shut-in with production of back-out gas from Mercury and Neptune

**Keddington** PEDL005(R) 45%

- Production from Carboniferous Sandstone reservoir at 2,200 metres depth
- Options for further drilling under review

**Biscathorpe** PEDL253 52.8%

- Exploration well planned for 2018
- Well to target 7.3 mmbls Mean Prospective Resources (Net Egdon)

**North Kelsey** PEDL241 80%

- Exploration well planned for 2018 subject to farmout
- Well to target 5.2 mmbls Mean Prospective Resources (Net Egdon)

**Fiskerton Airfield** EXL294 100%

- Production from Carboniferous Sandstone reservoir
- Workovers planned for 2018 on FA-3 and FA-1 wells

**Springs Road** PEDL139/140 14.5%

- Carried shale-gas exploration well - Springs Road-1, drilling 2018 subject to final approvals

**Holmwood** PEDL143 18.4%

- Early 2018 well, Egdon largely carried
- Kimmeridge Limestone potential identified as proved at Horse Hill, Broadford Bridge and Brockham

**Avington** PEDL070 26.67%

- Great Oolite (Jurassic) oil field with two producing wells
- Potential for additional development wells remains under review



## Operational and Corporate Highlights – Year Ending 31 July 2017

- **Successful placing and open offer to raise £5.06 million**
- **Planning consent granted to operator IGas to drill up to two exploratory wells at Springs Road, North Nottinghamshire (Egdon 14.5% interest) - Egdon is carried on both wells**
- **ERC Equipoise reported an independent assessment of the undiscovered gas initially in place (“GIIP”) in ten previously unassessed licences resulting in a total mean volume of 50.9 trillion cubic feet (“TCF”) of gas net to the Company**
- **Issue of the Wressle Environmental Permit variations and submission of the appeals against the January and July planning refusals to be considered at planning inquiry in November 2017**
- **Acquisition of additional interests in PEDL068, PEDL201, PEDL306 and PEDL334 and acquisition of a 50% interest in PEDL278**
- **Acquisition of an additional 12% interest in PEDL209 (deep) and signature of a new option agreement with Total which, if exercised, includes a carried work programme valued at up to £4.85 million to Egdon**
- **Acquisition of the Fiskerton Airfield producing oil field (EXL294) for a cash consideration of US \$750,000**
- **Completion of the Company’s exit from France**



## Financial Highlights – Year Ending 31 July 2017

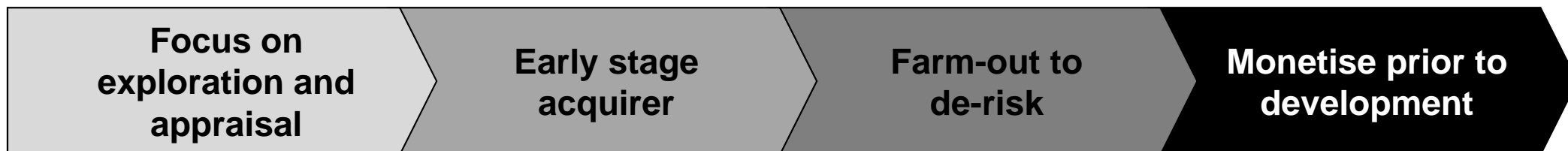
- Oil and gas revenues during the period of £1.04 million (2016: £1.59 million)
- Loss for the period of £1.70 million for the year ended 31 July 2017 after net write downs and impairments of £0.19 million (2016: loss of £2.69 million after net write downs and impairments of £0.72 million)
- Basic loss per share of 0.68p (31 July 2016: 1.21p)
- Cash at bank £6.06 million as at 31 July 2017 (31 July 2016: £2.68 million) and net current assets as at 31 July 2017 of £6.40 million (31 July 2016: £4.18 million)

Summary Statement of Comprehensive Income				Audited year ended 31-July-17 £'000	Audited year ended 31-July-16 £'000
Revenue				1,039	1,586
Cost of sales				-1,576	-3,206
Gross Profit/(Loss)				-537	-1,620
Admin Expenses and other operating income				-1,120	-1,032
Operating Loss				-1,657	-2,652
Financing costs and income				-42	-34
Profit/(loss) before taxation				-1,699	-2,686
Taxation				0	0
Total Comprehensive Income for the period				-1,699	-2,686
Basic Earnings/(loss) per share				(0.68p)	(1.21p)

Summary Statement of Financial Position				Audited year ended 31-July-17 £'000	Audited year ended 31-July-16 £'000
<b>Non Current Assets</b>					
Intangible assets				19,231	18,370
Property, Plant & equipment				9,264	8,683
Total non-Current Assets				28,495	27,053
<b>Current Assets</b>					
Trade and other receivables				1,507	2,541
Cash & cash equivalents				6,057	2,679
Available for sale financial instruments				50	50
Total Current Assets				7,613	5,270
Current Liabilities				-1,216	-1,085
Net Current Assets				6,397	4,185
Total Assets less current liabilities				34,892	31,238
<b>Non-Current Liabilities</b>					
Provisions				-2,187	-1,803
Net Assets				32,705	29,435

**Strategy:** grow the Company's exposure to unconventional resource exploration opportunities in Northern England

- Focus on Carboniferous marine shale plays in Northern England
- Clear strategy to deliver shareholder value:



- Significant growth of acreage and GIIP since 2014
- Egdon now holds 26 licences which are shale/tight gas prospective, covering 205,828 net acres with independently assessed 51 TCF of mean undiscovered gas initially in place\*
- Planning consent granted for Springs Road wells - IGas operated carried wells in Gainsborough Trough drilling to commence Q1 2018

\* ERC Equipoise Ltd - 13 May 2014 & 1 November 2016, corrected for recent deals



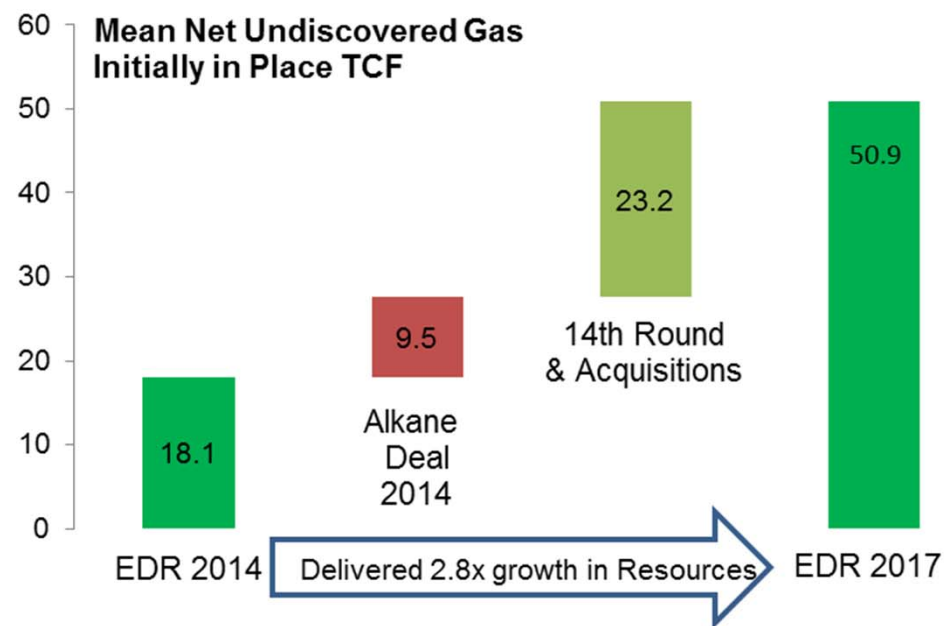
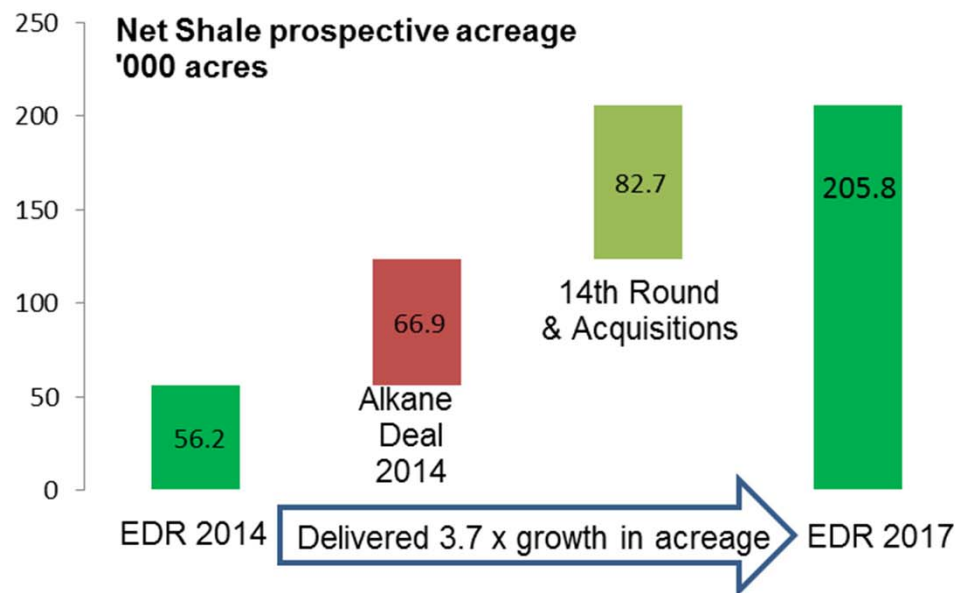
## Growing the Unconventionals Portfolio – Net Acreage & GIIP

### Acreage

- Egdon has delivered 3.7 times growth in net shale/tight gas acreage to 205,828 acres
- 7% is farmed out to date
- Process to farm-out remaining core and dispose of non-core has commenced
- Potential deal completions expected in 2018

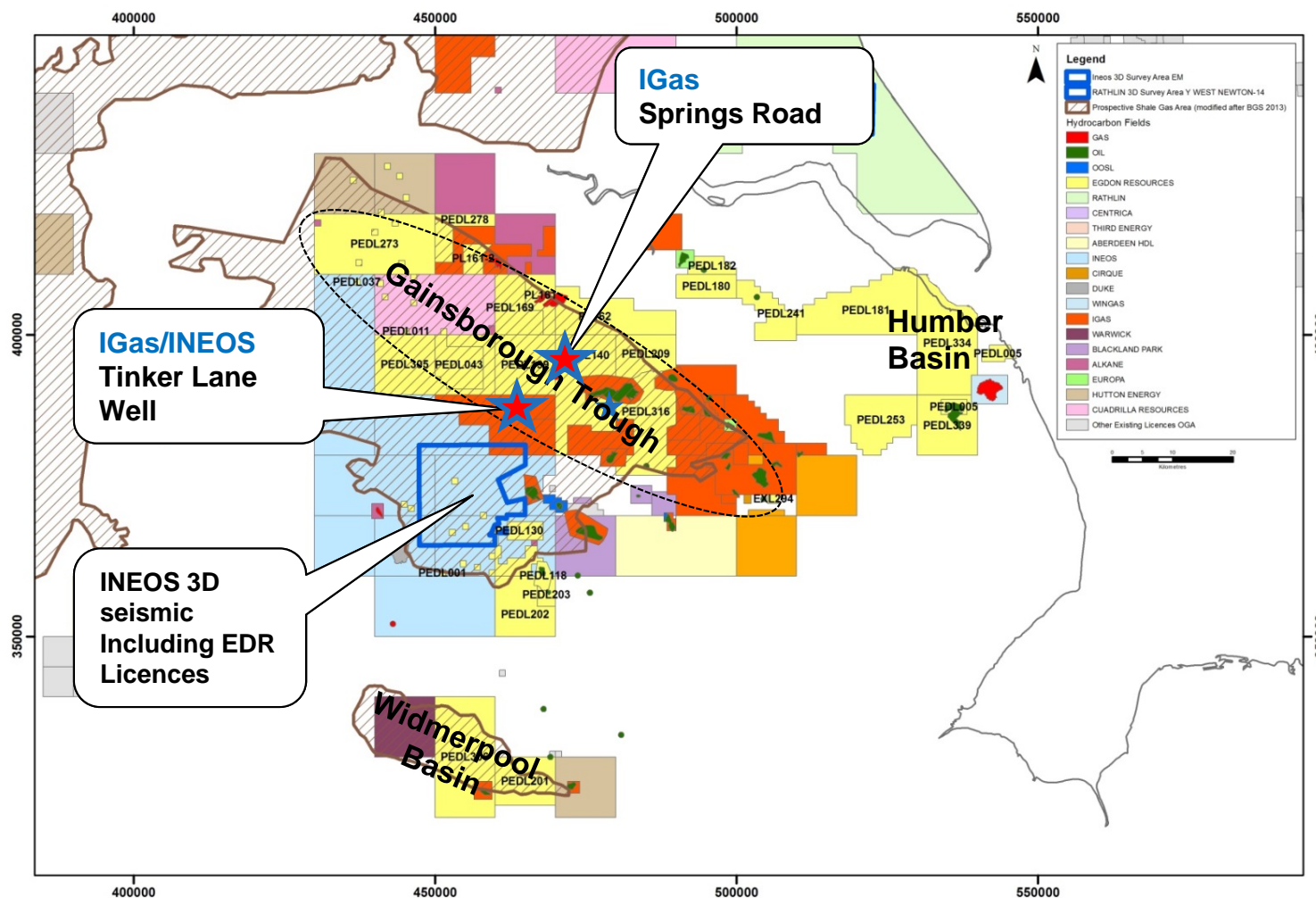
### GIIP

- Egdon has delivered 2.8 times growth in GIIP volumes
- ERCE net Egdon estimated Mean GIIP of approximately 51 TCF with a range of approximately 19 to 92 TCF and a mid-case of 40 TCF

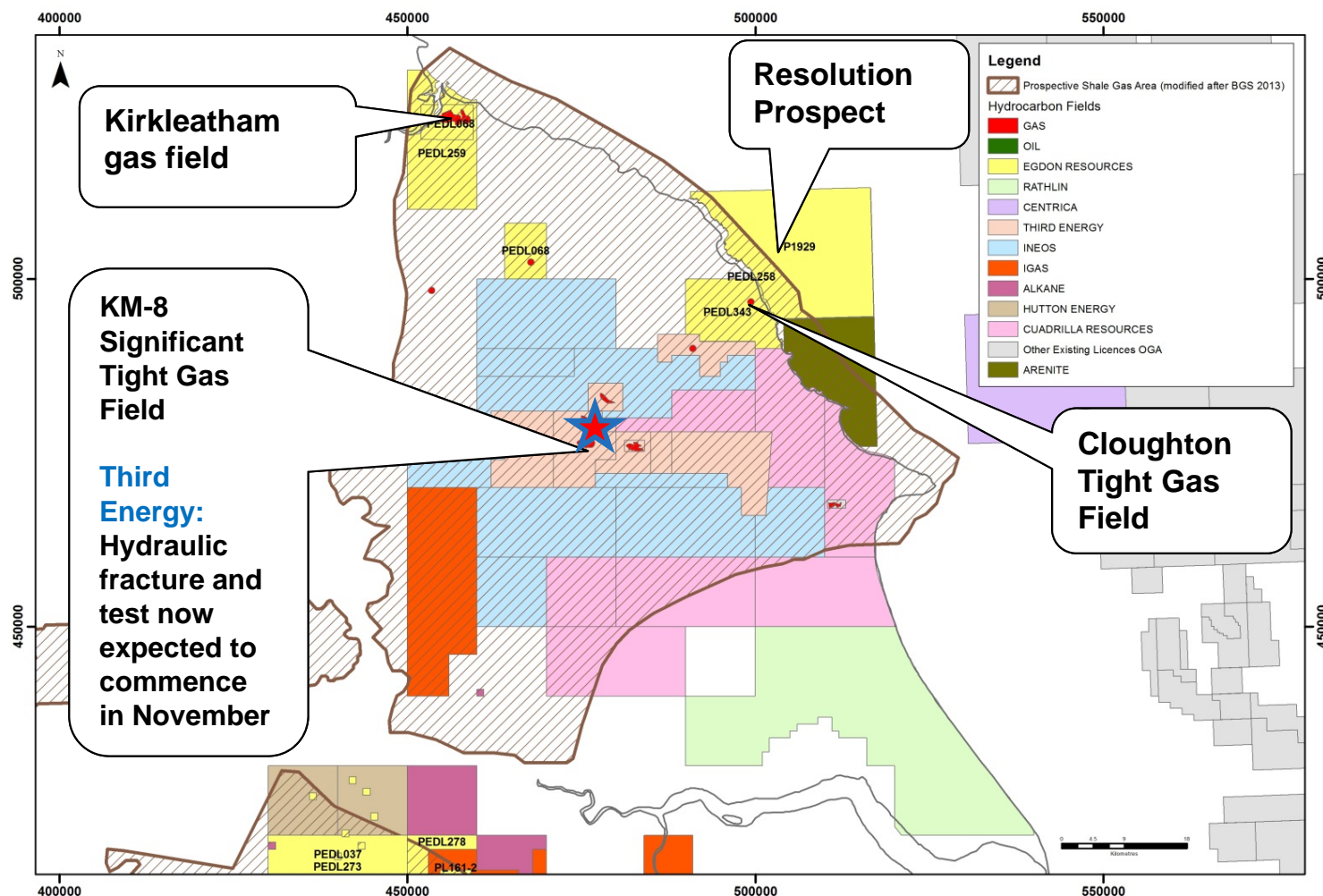




- Egdon holds 160,094 net acres under licence in the East Midlands with shale/tight gas potential
- Gainsborough Trough = Egdon core area - Springs Road drilling Q1 2018
- Widmerpool Basin - 2 licences in basin
- Humber Basin - Exploration focus



- Egdon holds 28,000 net acres under licence 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 November 2017





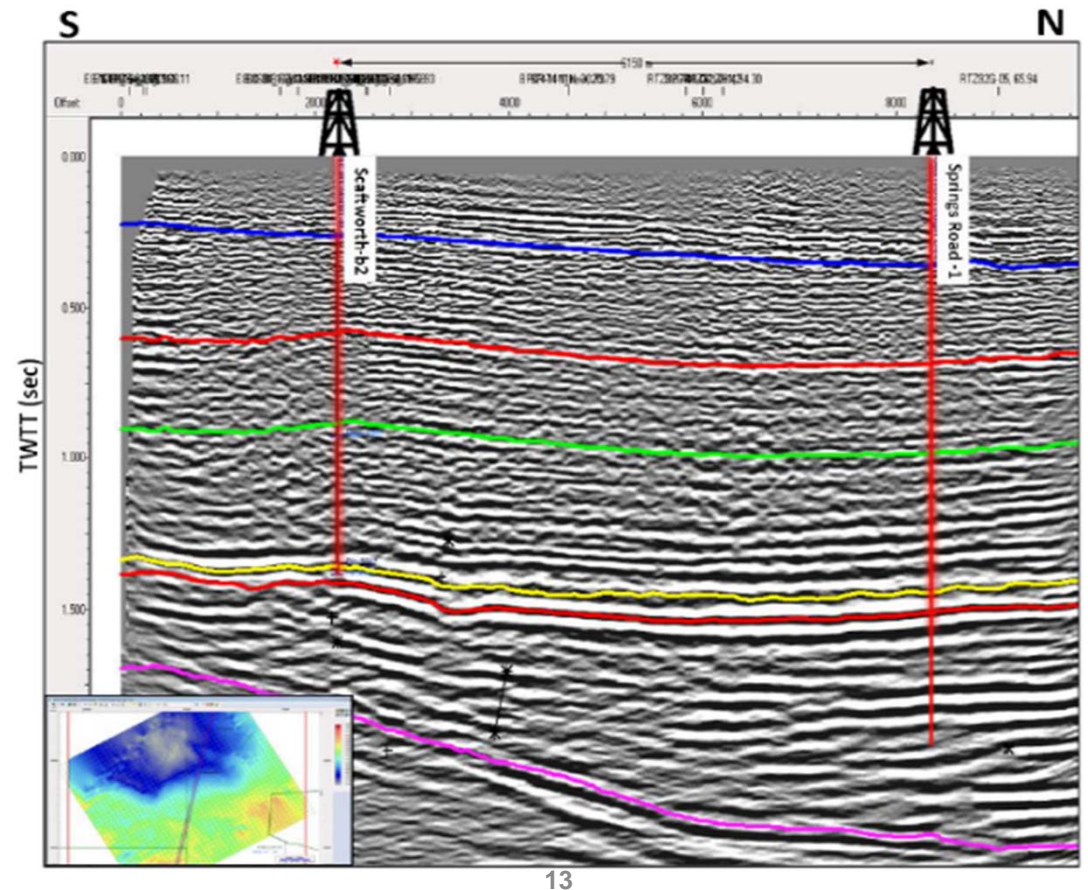
# Springs Road (PEDL 140) – Gainsborough Trough - Play Opening well

**Springs Road-1  
(Egdon 14.5%)**

- Planning consent and EA permit in place
- Vertical exploration well (~3,500m)
- Explore the Bowland Shales and deeper Carboniferous Shale targets
- Explore Carboniferous Tight Sands throughout
- Determine the landing depth for the Springs Road-2 lateral
- Egdon's costs fully carried
- Expected drilling Q1 2018

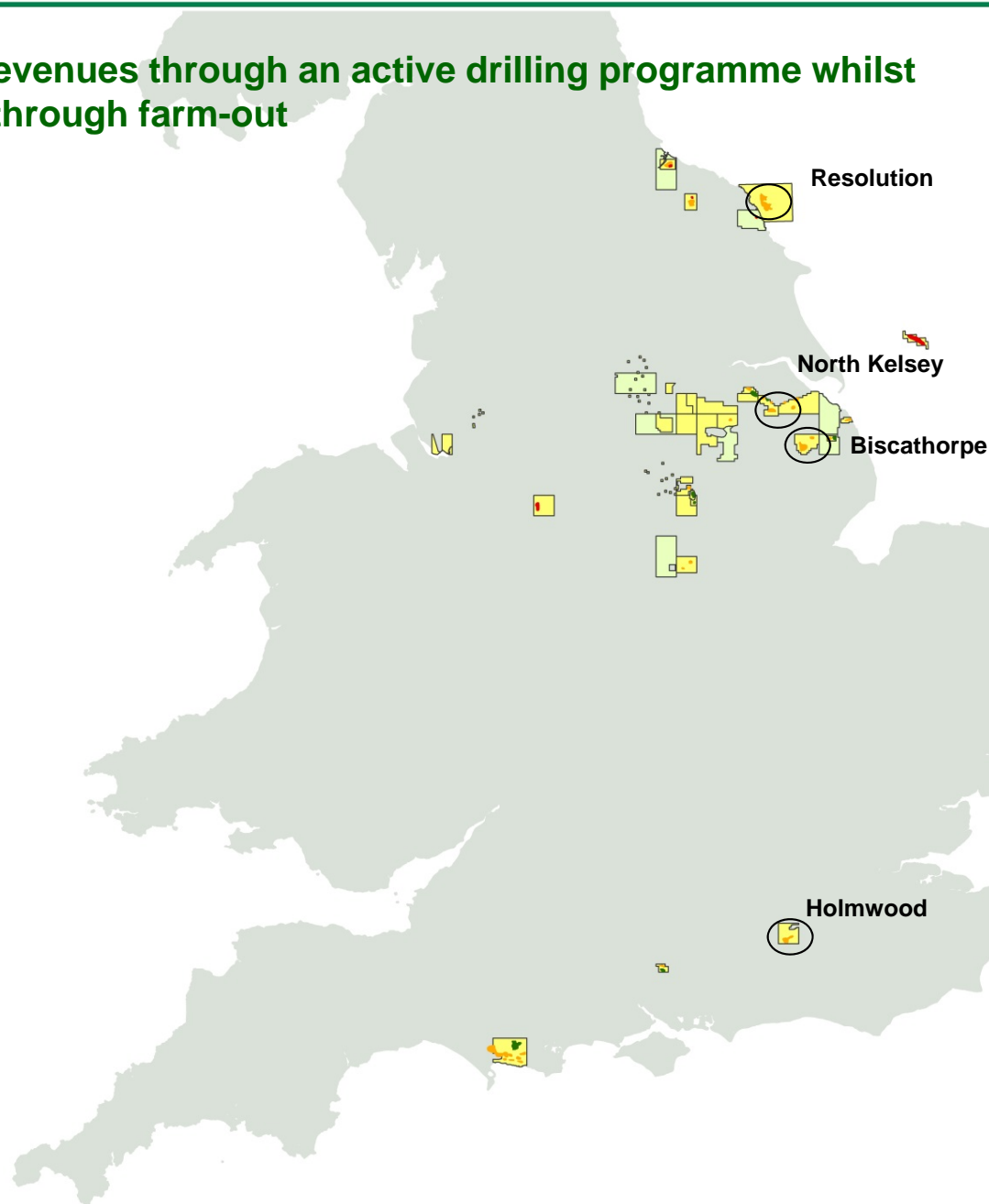


Source IGas



**Strategy:** adding additional reserves/revenues through an active drilling programme whilst managing risk and financial exposure through farm-out

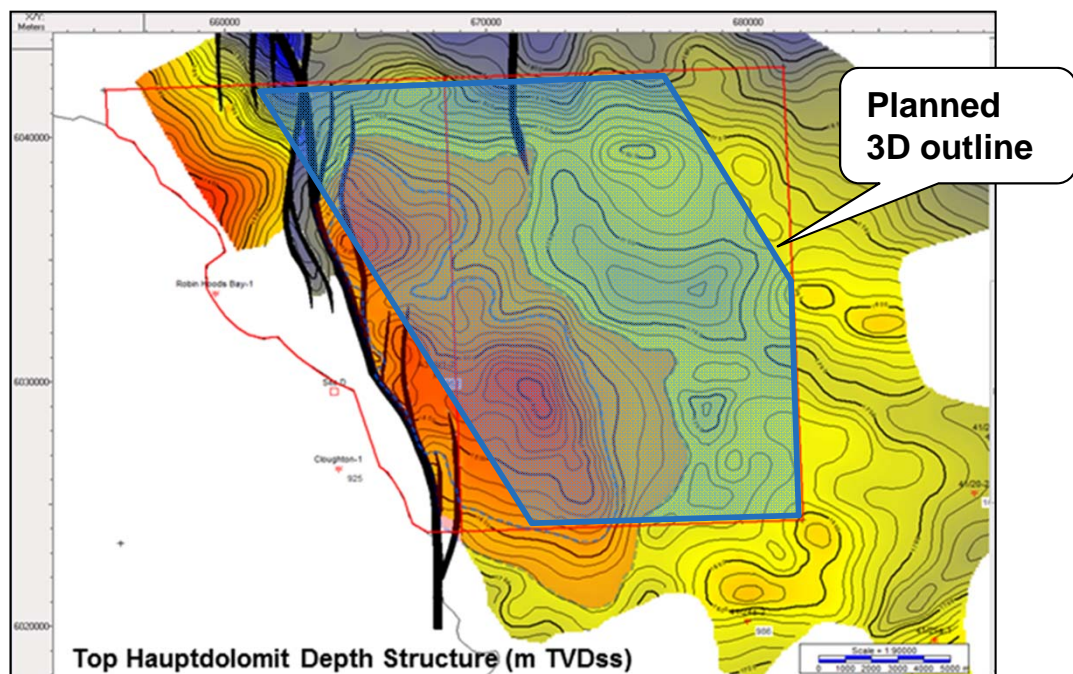
- 4 key projects in 2018
  - Resolution Gas Appraisal
  - Holmwood Prospect
  - Biscathorpe Oil Appraisal
  - North Kelsey Prospect





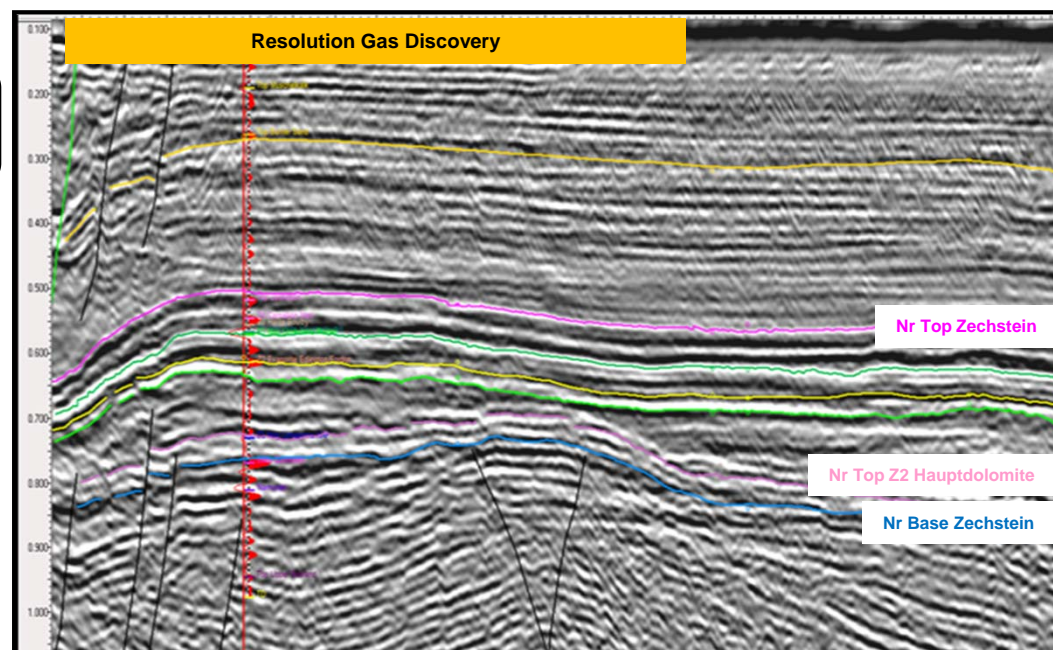
## Resolution Prospect Appraisal (337 BCF\*)

- Egdon 100% interest, licence extended until 19 April 2019
- Early North Sea discovery drilled by Total in 1966
- 2017 production simulation indicates rates of 25-50 mmcf/g/d post stimulation could be achieved
- Upgraded mean prospective gas resource estimated at 337bcf
- 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 acquisition planned to optimise appraisal drilling programme
- Seeking farm-in/technology partner prior to seismic and drilling



\* Net Egdon Mean Prospective Resources

A339/1-2

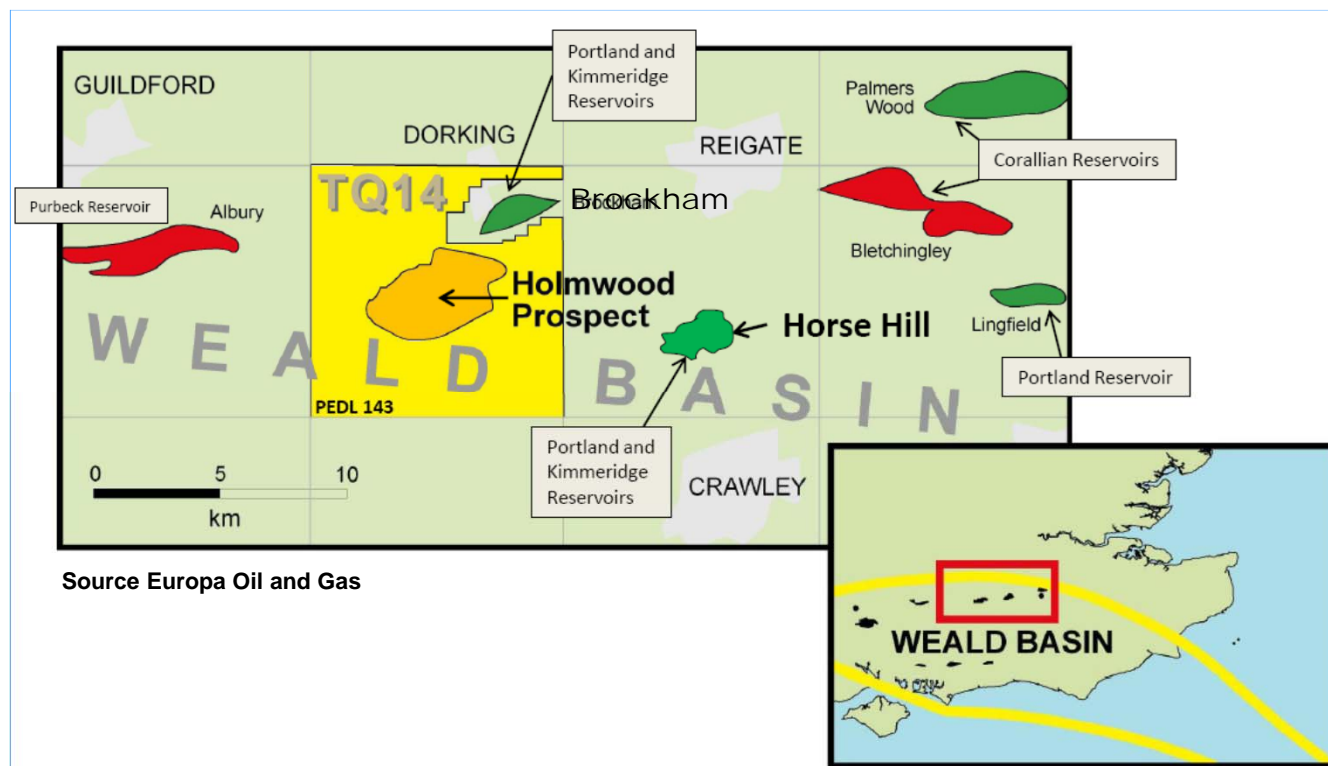




# Holmwood Prospect

**Holmwood Prospect**  
(1.14 mmbo\*)

- Drilling expected in H1 2018 subject to approval of Traffic Management Plan
- Farmed out to UKOG in 2015
- 30% average Chance of Success for Portland and Corallian
- Additional Kimmeridge Micrite potential recognised as seen in Horse Hill-1 discovery well
- Wells at Brockham and Broadford Bridge testing the Micrite play in H2 2017; initial test result at Broadford Bridge inconclusive
- Horse Hill has received approval for long term testing and further drilling

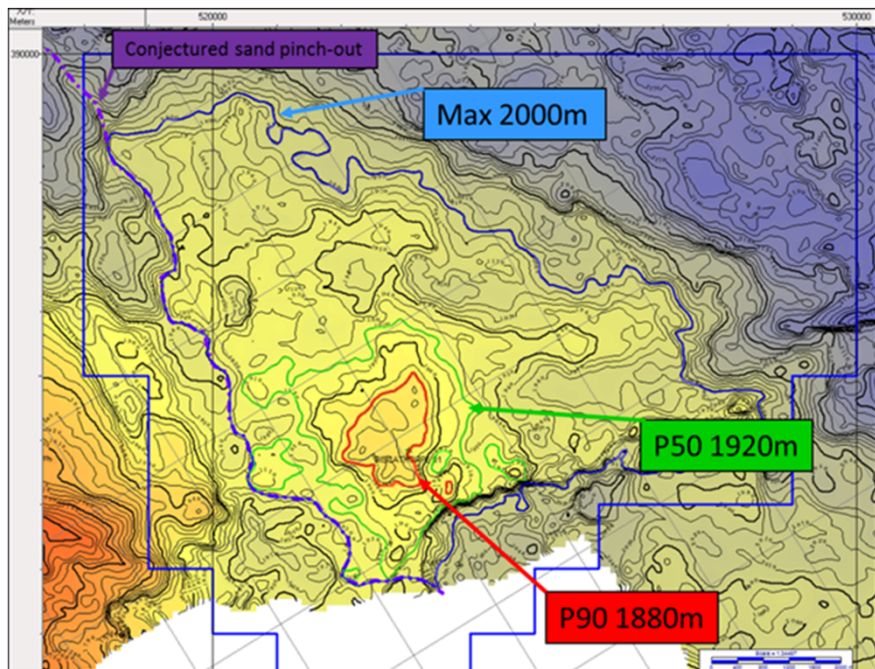


\* Net Egdon Mean Prospective Resources

## Biscathorpe Prospect Appraisal (7.4 mmbo\*)

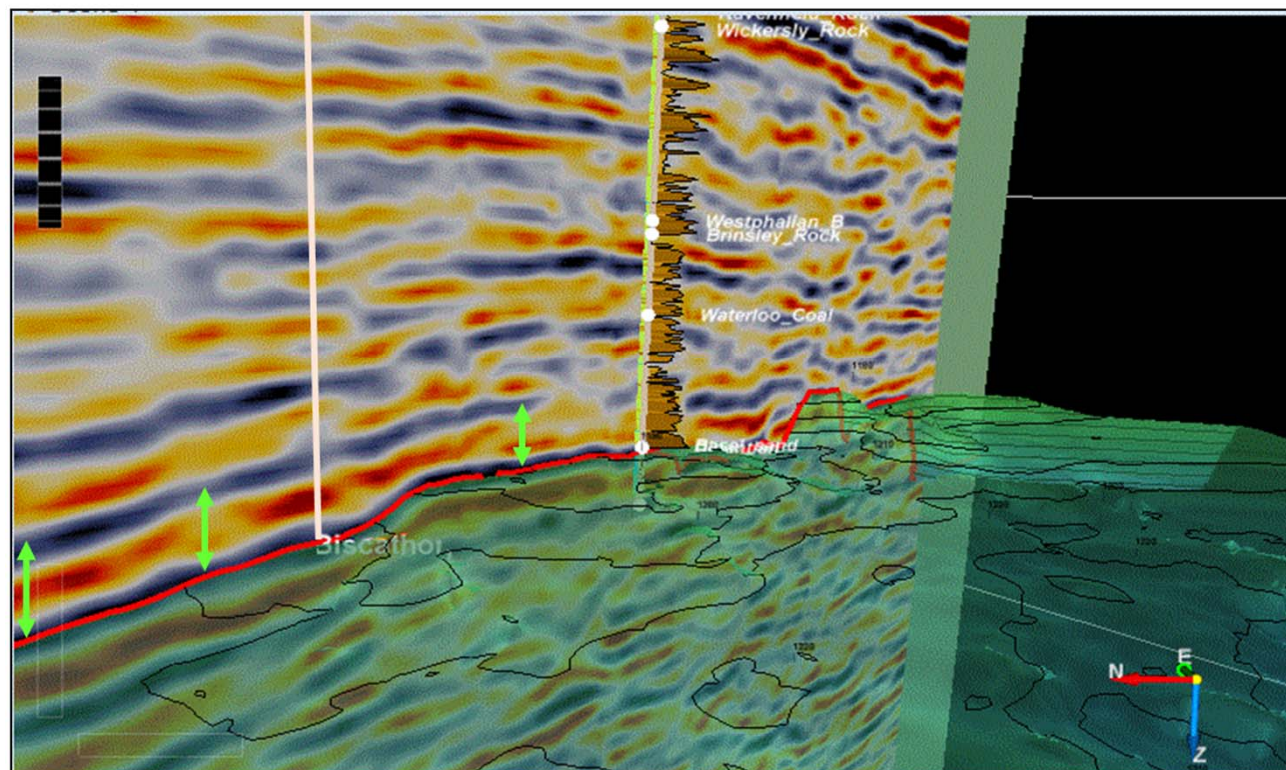
- Planning and EA permit in place
- Oil shows from 1.2m sand in 1987 BP crestal well, reservoir expected to thicken down-dip on structure
- High Estimate Gross Prospective Resources of 41 mmbo
- Drilling expected by end H1 2018 – further farm-out planned
- COS: 40%

Top Dinantian Depth Map (m TVDSS)



Biscathorpe-2 (planned)

Biscathorpe-1



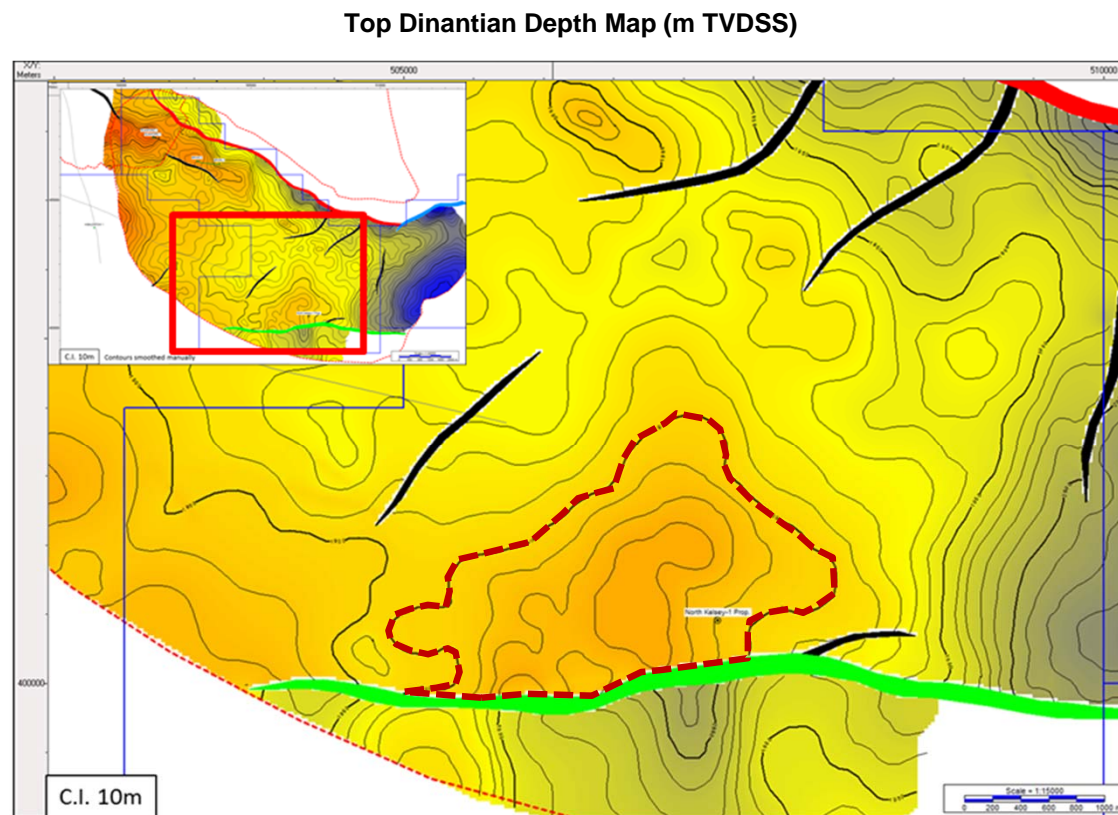
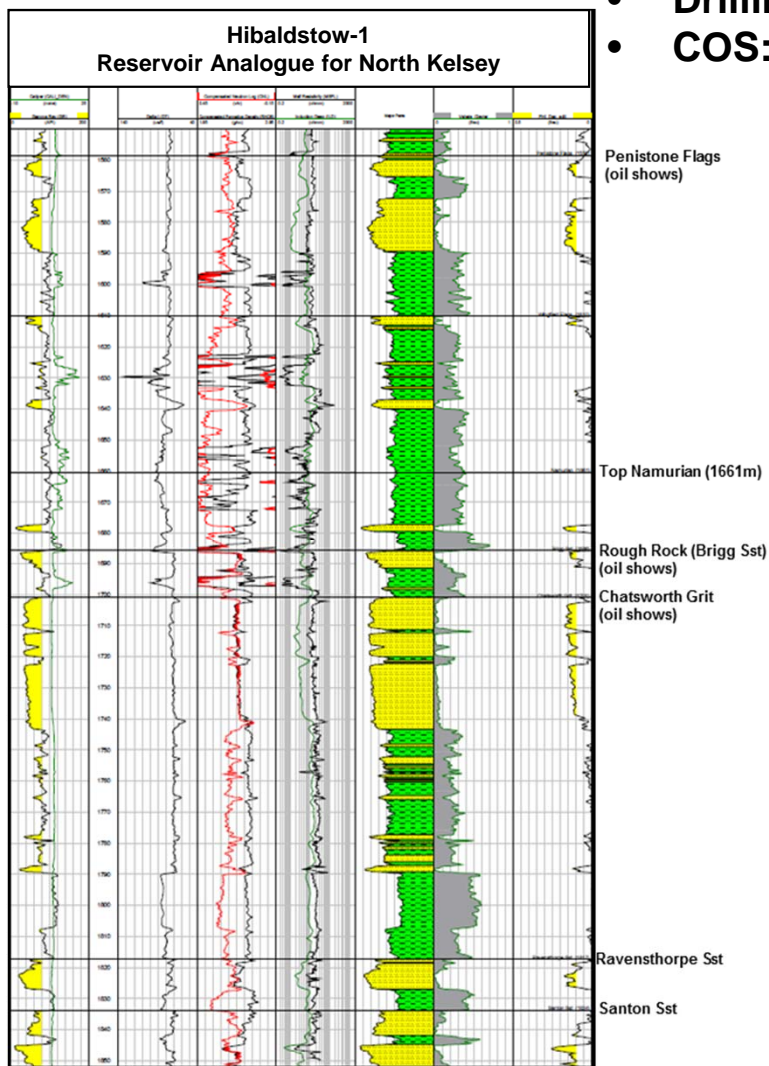
\* Net Egdon Mean Prospective Resources



# North Kelsey Prospect

## North Kelsey Prospect (5.18 mmbo\*)

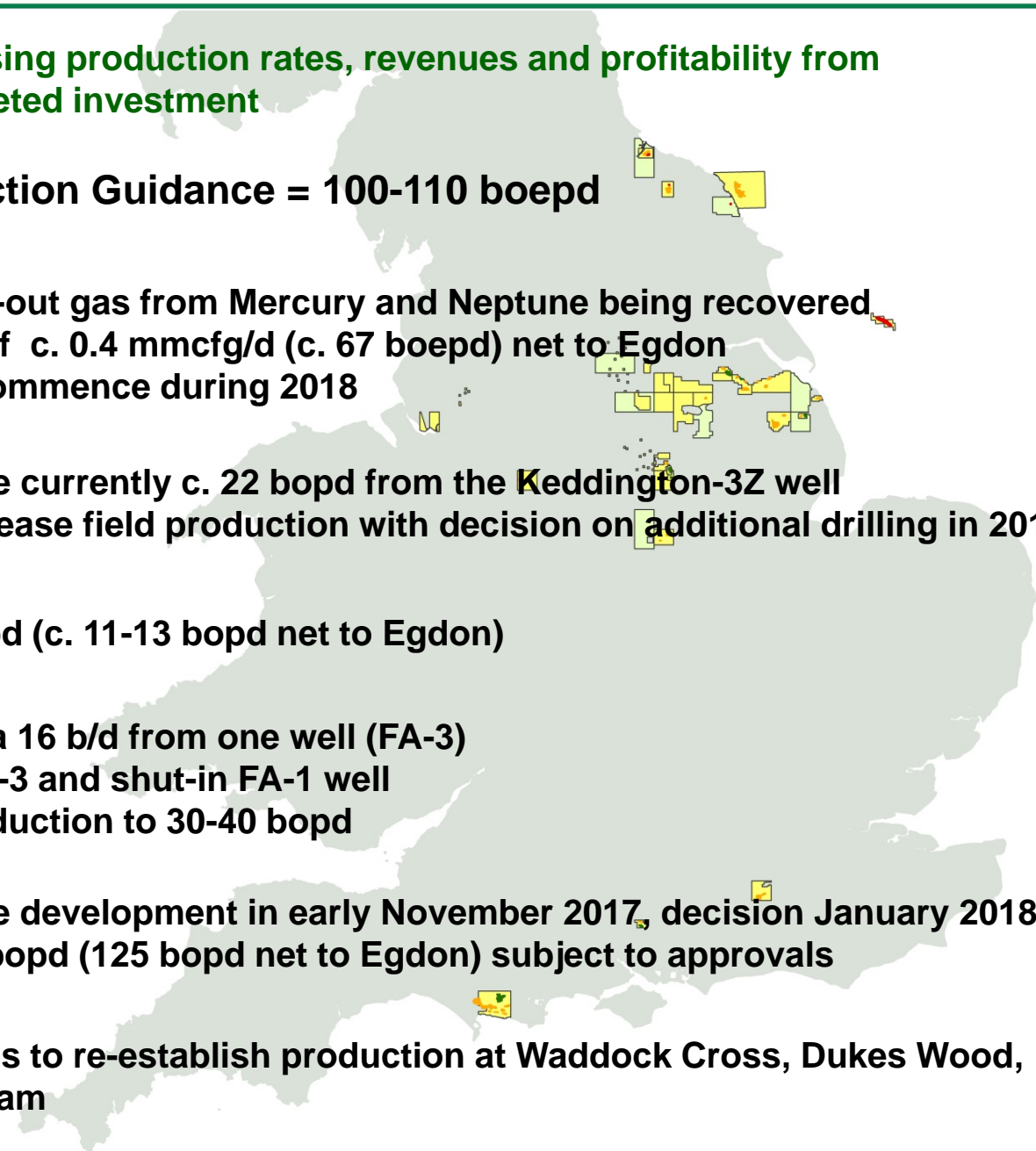
- Planning in place
- Prospect with multiple reservoir targets – Wressle analogue
- Investigating slim-hole drilling approach
- Drilling expected H1 2018 – subject to further farm-out
- COS: 24%



\* Net Egdon Mean Prospective Resources

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

**2017-18 Production Guidance = 100-110 boepd**

- 
- |  |  |
|--|--|
| <b>Ceres<br/>(10%)</b>                   | <ul style="list-style-type: none"> <li>• Since October 2016 back-out gas from Mercury and Neptune being recovered</li> <li>• Attributable production of c. 0.4 mmcf/d (c. 67 boepd) net to Egdon</li> <li>• Ceres production to re-commence during 2018</li> </ul> |
| <b>Keddington<br/>(45%)</b>              | <ul style="list-style-type: none"> <li>• Keddington field rates are currently c. 22 bopd from the Keddington-3Z well</li> <li>• Review of options to increase field production with decision on additional drilling in 2018</li> </ul>                             |
| <b>Avington<br/>(26.67%)</b>             | <ul style="list-style-type: none"> <li>• Expected rates 40-50 bopd (c. 11-13 bopd net to Egdon)</li> </ul>   |
| <b>Fiskerton<br/>Airfield<br/>(100%)</b> | <ul style="list-style-type: none"> <li>• Currently producing circa 16 b/d from one well (FA-3)</li> <li>• Planned workovers of FA-3 and shut-in FA-1 well</li> <li>• Targeting increasing production to 30-40 bopd</li> </ul>                                      |
| <b>Wressle<br/>(25%)</b>                 | <ul style="list-style-type: none"> <li>• Public Inquiry for Wressle development in early November 2017, decision January 2018</li> <li>• Initial production of 500 bopd (125 bopd net to Egdon) subject to approvals</li> </ul>                                    |
| <b>Shut-in fields</b>                    | <ul style="list-style-type: none"> <li>• Actively reviewing options to re-establish production at Waddock Cross, Dukes Wood, Kirklington and Kirkleatham</li> </ul>  |

## New Acquisition - Fiskerton Airfield Oil Field

**Fiskerton Airfield  
(Egdon 100% operated)**

- The field is located 7km east of Lincoln and was discovered in 1997 by Cirque.
- Acquired for \$750,000 in cash with an effective date of 1<sup>st</sup> January 2017
- Currently producing circa 16 bopd (35.2° API oil) from one well (FA-3), one production well is shut-in (FA-1) and there is one water injector (FA-2)
- Cumulative production c. 440,000 bbls (STOIIP c. 2.2 million barrels)
- Forward Plan:
  - Workover the producing FA-3 to increase production
  - Workover the shut-in FA-1 well and bring it back into production
  - Increased production target: 30-40 bopd



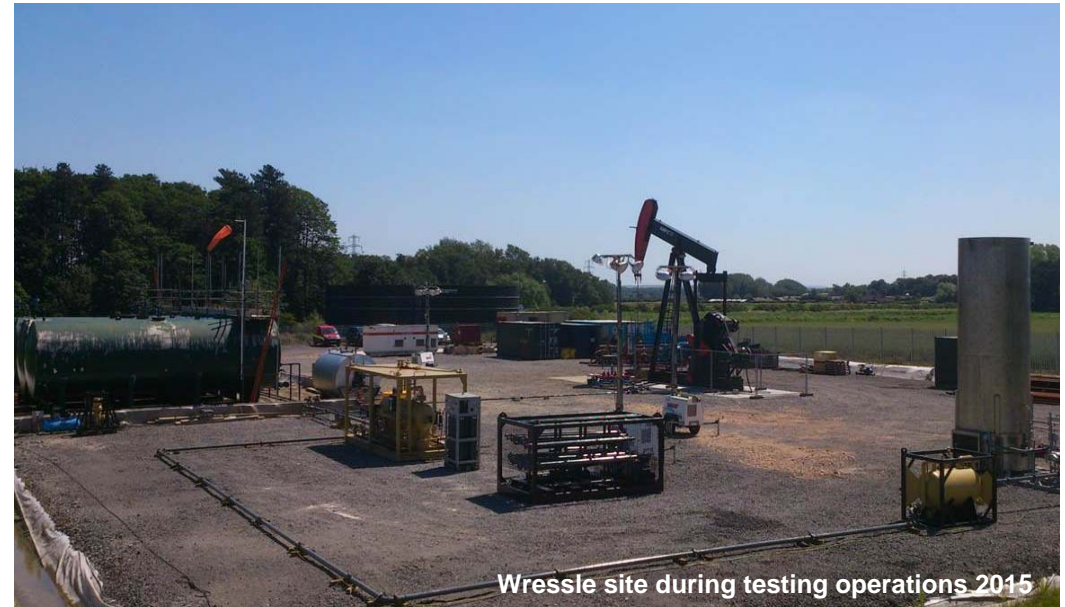


**Wressle Development**  
(Egdon 25%  
operated)

- Drilled in 2014, tested in 2015 (total combined flow rates > 700 boepd)
- FDP\* filed & CPR completed Gross 2P Reserves 0.62 mmbo and 2C Resources 1.53 mmbo
- Anticipated initial production rate of c. 500 bopd\*\* from Ashover Grit reservoir
- EA permit variation issued
- Refused planning 11 January 2017. Appeal and new application submitted
- New application refused planning 3 July 2017 and subsequently appealed
- Public Inquiry scheduled for 7 November 2017
- Decision expected Q1 2018
- Valuation markers: Union Jack and Upland Resources deals imply £18m gross value



Groundwater Monitoring Borehole installed on Wressle site



Wressle site during testing operations 2015

\* Field Development Plan

\*\* Subject to successful appeal or new submission

## Production and Development

- Production guidance of c.100-110 boepd FY 2018
- Guidance to be reviewed following outcomes of Wressle planning inquiry and Fiskerton Airfield workovers

## UK Unconventional Resources

- Drilling of Springs Road-1 in PEDL140 in Q1 2018
- Ongoing evaluation of 14<sup>th</sup> Round licences (seismic 2018)
- Late 2017/2018 will see substantial activity in UK unconventional resources

## Conventional Resources Exploration and Appraisal

- 2018 oil exploration drilling programme – targeting up to 13.7 mmbo\* (net Egdon)
- Appraisal well Resolution Prospect - 337 bcf (c. 56 mmboe) – planned 3D seismic acquisition, 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



<b>“A leading UK unconventional resources portfolio”</b>	<b>“Material 2018 conventional resources exploration”</b>	<b>“In charge of our own destiny”</b>
<p><b>Significant unconventional resources acreage portfolio</b></p> <p><b>Significant sector catalysts in 2017/18: planning approvals, drilling, fracturing, testing and deal-making</b></p> <p><b>Planning approval for carried “Playmaker” wells at Springs Road in Gainsborough Trough Drilling expected in Q1 2018</b></p>	<p><b>News flow from 2018 conventional oil exploration drilling programme targeting up to 13.7 mmbo* net to Egdon</b></p>	<p><b>Strong balance sheet, no debt, operatorship and farm-outs allow us to deliver on strategy in current market conditions</b></p> <p><b>Onshore exploration projects remain robust in lower price environment</b></p>

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