



20 December 2022

EGDON RESOURCES PLC

("Egdon" or "the Company")

Acquisition of Aurora Production (UK) Limited

Egdon Resources plc (AIM:EDR) is pleased to announce that it has signed a conditional agreement to acquire the entire issued share capital of Aurora Production (UK) Limited ("Aurora Production") from Aurora Petroleum Limited (the "Vendor"). Aurora Production is a private company, which holds an 18.75% interest in the Egdon operated licence PL090 which contains the Waddock Cross oil field and an 8.33% interest in the IGas operated licence PEDL070 which contains the Avington oil field.

The consideration for this acquisition will be the assumption by Egdon of all ongoing liabilities on these licences, including all abandonment liabilities. However, as part of the transaction Egdon shall receive a cash sum from the Vendor of £0.288 million which reflects the current estimates in relation to these liabilities. Aurora Production will at the completion of the transaction grant Net Profit Interests to the Vendor of 10% on each of the licence interests which, in the event that profitable production is established, will result in the Vendor being reimbursed the sum it gave Egdon to cover the abandonment liabilities for such licence.

Aurora Production has accumulated upstream ringfenced tax losses of ca. £90 million that should be available to offset tax on future profits. The commercial date of the transaction will be 30 September 2022. The transaction is subject to approval of the change of control by NSTA and the other licensees.

Egdon has an existing 55% operated interest in the Waddock Cross oil field (PL090) which will increase to 73.75% on completion. In addition, Egdon will increase its interest in the remaining part of PL090 (excluding the Waddock Cross oil field) from 42.50% to 56.04%. Waddock Cross is currently shut-in. Independent reservoir modelling has shown that a new horizontal well on the field could yield commercial oil production (500-800 bopd). Given the significant mean in-place oil volume of c. 57 million barrels, this asset has been high graded by Egdon for redevelopment.

Egdon will increase its holding in the Avington oil field from 28.00% to 36.33%. Avington remains shut-in but planning consent to restart production was granted on appeal in December 2021. The forward plan is to redevelop the field during 2023 with longer term plans to include establishing on site water handling facilities.

Egdon estimates that the transaction covering both licences will add approximately 0.614 million barrels of Best Estimate Contingent and Prospective Resources of oil to its resource inventory.

Commenting on the acquisition, Mark Abbott, Managing Director of Egdon said:

"This acquisition builds on our existing interests in the shut-in Waddock Cross and Avington oil fields. Both assets have active plans in place to rejuvenate oil production. The acquisition therefore adds potential for near-term incremental production, adds to our resource base and delivers substantial tax losses that may be utilised to offset future taxes."

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Notes to Editors:

Egdon Resources plc (LSE: EDR) is an established UK focused energy company.

Egdon holds interests in 35 licences in the UK and has an active programme of exploration, appraisal and development within its portfolio of oil and gas assets. Egdon is an approved operator in the UK. Egdon was formed in 1997 and listed on AIM in December 2004.