6 January 2021 **Embargoed for 7.00am**

EGDON RESOURCES PLC

(“Egdon” or “the Group” or “the Company”)

Preliminary Results for the Year Ended 31 July 2020

Egdon Resources plc (AIM: EDR), a UK-based exploration and production company primarily focused on the hydrocarbon-producing basins of onshore UK, today announces its preliminary results for the year ended 31 July 2020.

Operational and Corporate Highlights

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

Financial Highlights

- Gross oil and gas revenues during the period decreased by 56% to £0.96 million (2019: £2.20 million)
- Loss for the year ended 31 July 2020 of £4.75 million after write-downs, pre-licence costs and impairments of £3.03 million (2019: loss of £1.72 million after write-downs, pre-licence costs and impairments of £0.45 million)
- Basic loss per share of 1.53p (2019: 0.64p)
- Cash at bank £0.85 million as at 31 July 2020 (2019: £1.62 million)
- Placing of equity in April 2020 raised £0.50 million (gross of expenses) at a price of 2p per share
- Net current liabilities as at 31 July 2020 of £0.33 million (2019: Net current assets £1.91 million)
- Net assets as at 31 July 2020 of £26.67 million (2019: £30.99 million)

Subsequent Events

- On 25 August 2020 the farm-outs to Shell were completed for the Resolution and Endeavour assets (P1929 and P2304)
- On 7 September 2020 we received approval for an extension of planning consent to 31 December 2021 for the drilling of North Kelsey-1 (PEDL241) which had been delayed due to COVID-19 restrictions during the earlier part of the year
- PEDL143 Licence relinquished during September 2020

- On 26 November 2020 Egdon announced that it had entered into a £1.00 million loan facility with Union Jack Oil plc
- On 5 January 2021 Egdon finalised the documentation for £1.05 million convertible loan notes with a concert party of Petrichor Holdings BV. The transaction, which will require a whitewash, is subject to shareholder approval through a vote by independent shareholders at a General Meeting to be held on 22 January 2021
- Egdon has been advised by Shell that the Resolution 3D seismic survey is now planned for February 2022, subject to approval by the OGA of an amendment to the licence obligations

Outlook

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

Audiocast

An audiocast of the Results Presentation will be available to view via the following link from 09.30:

https://webcasting.buchanan.uk.com/broadcast/5ff32185c627bb518d53146d

CHAIRMAN'S STATEMENT

I can report on the results for the year ended 31 July 2020, a period which has seen unprecedented challenges for individuals and businesses alike as we respond to COVID-19, a national and international public health emergency, which has impacted all aspects of our lives.

As the scale of the COVID-19 pandemic became evident, the initial focus and primary concern for the Company was, and remains, the health and safety of our employees, contractors, and other stakeholders. In this regard, Egdon's office-based employees have been working from home since March 2020. We have established procedures and plans to ensure the continued safe operation of our production sites whilst adapting our operations to enable and implement social distancing. Oil and gas workers are classified as 'key workers', recognising the importance of maintaining oil and gas supply to meet the UK's energy demands, and our production operations have been unaffected.

However, the impact on demand for oil and gas caused by the worldwide "lockdown" has had a severe impact on commodity prices which has adversely impacted our revenues and profitability. As such we have taken measures to reduce our costs, with all employees and Directors taking a temporary 20% salary reduction and by maintaining a strong focus on cost-control across our business. We plan to be in a position to benefit and prosper as the UK and world economy emerges from the current crisis.

Despite these highly challenging headwinds the Company has continued to make progress in a number of key strategic areas and continues to adapt its business to operate in the "new normal".

Key Events

Key events since the start of the year were;

a) Production during the period, from Ceres, Keddington and Fiskerton Airfield, was 145 boepd (2019: 182 boepd) ahead of guidance of 130-140 boepd.

b) During September 2019, the encouraging gas in place estimates for Springs Road-1 were announced indicating the presence of a potentially world class resource in the "Gainsborough Shales" of the Gainsborough Trough where Egdon holds 71,361 net acres (289 km^2).

c) During early November 2019, the Government announced the introduction of a moratorium on high volume hydraulic fracturing for shale-gas, that will remain in place until new evidence is provided. Along with our industry peers we are continuing to work with the OGA and other regulators on this matter.

d) Planning permission was granted for the Wressle development on appeal on 17 January 2020 following a public inquiry in November 2019. Full costs were awarded against North Lincolnshire Council and have been received. Field development operations are progressing well and first oil is targeted during January 2021, which will add 150 bopd to Egdon's production.

e) During March 2020, we announced the results of an in-depth assessment of the Biscathorpe project (PEDL253) which identified technically and commercially attractive target areas accessible via a side-track of the suspended Biscathorpe-2 well. A planning application is in the process of being prepared for submission to enable this.

f) On 18 June 2020 a confidential settlement was reached with Humber Oil and Gas in respect of PEDL253 litigation and monies were received on 25 August 2020.

g) Post year-end Egdon completed the farm-out of the Resolution and Endeavour gas discoveries (P1929 and P2304) to Shell Oil U.K. Limited ("Shell") and agreed licence extensions and new work programme obligations with the OGA. We now look forward to the acquisition of 3-D seismic during February 2022.

h) Post year-end on 7 September 2020 we received approval for an extension of planning consent to 31 December 2021 for the drilling of North Kelsey-1 (PEDL241) which had been delayed due to COVID-19 restrictions during the earlier part of the year.

Financial and Statutory Information

Revenue from oil and gas production during the Period was £0.96 million (2019: £2.20 million). The reduction in revenues was driven by a 20% decline in overall production (2020: 53,070 boe against 2019: 66,430 boe) and a 58% reduction in realised price per boe due to the unprecedented low gas price seen during the period and the collapse in oil price in response to the COVID-19 pandemic (2020: $18.08 boe against 2019: $42.60/boe).

The Group recorded a net loss of £4.75 million for the Period, (2019: loss of £1.72 million). This included impairments totalling £2.84 million (2019: £0.41 million).

Impairments of £2.191 million were made at our interims to Ceres, Dukes Wood/Kirklington and certain non-core unconventional licences (PEDL001, PEDL130, PEDL202, EXL253 and PEDL039). PEDL143 was relinquished during September 2020 with an additional write-down of £0.64 million recognised. The operating loss, calculated as gross loss less administration expenses, plus other operating income, before impairments was £1.79 million (2019: £1.26 million).

The Group continues to focus on managing cash resources and at the end of the Period had cash and cash equivalents of £0.85 million (2019: £1.62 million) and net current liabilities of £0.33 million (2019: net current assets of £1.91 million). The Company raised £0.50 million (gross) via a placing of shares in April 2020. In November 2020, Egdon secured a £1.00 million loan facility from Union Jack Oil plc. The loan has a term of 18 months with an interest rate of 11% per annum and is secured against a 25% interest in the Wressle project. On 5 January 2021, Egdon finalised the documentation for £1.05 million convertible loan notes with a concert party of Petrichor Holdings BV. The transaction, which will require a whitewash, is subject to shareholder approval through a vote by independent shareholders at a General Meeting to be held on 22 January 2021.

The loss per share for the period was 1.53p (2019: loss of 0.64p).

In line with last year, the Directors do not recommend the payment of a dividend.

Strategy

Our strategy has three main objectives; maximising production rates, revenues and profitability from our producing assets; adding additional reserves and revenues through an active drilling programme; and technically de-risking our substantial Northern England unconventional resource portfolio.

The current low oil and gas price environment makes our existing late life producing assets marginal or uneconomic and, as such, we have continued to focus on reducing costs and on progressing near term high impact projects such as Wressle and Biscathorpe. Progress in developing our unconventional resources in Northern England has been impacted by the current moratorium which is discussed below.

Political and Regulatory

With our material shale-gas portfolio, Egdon was adversely impacted in November 2019 by the Government's imposition, prior to the last election, of a moratorium on high volume hydraulic fracturing for shale-gas, introduced in response to induced seismicity at the Preston New Road well site in Lancashire. Lifting of the moratorium will require new evidence to demonstrate that operations can be undertaken without unacceptable levels of induced seismicity. Each basin and site is different and the Gainsborough Trough, where Egdon holds its core licences, is characterised by its simple structure and limited faulting. Egdon along with its industry peers continues to be committed to working closely with the OGA and other regulators to demonstrate that we can operate safely and in an environmentally responsible manner, and we remain confident of doing so by adopting a rigorous scientific approach.

Notwithstanding the current moratorium, highly positive results from Springs Road-1, coupled with production of the first UK shale-gas at Preston New Road begin to confirm that a potentially world class gas resource is present onshore UK.

The UK is committed by law to reaching "net zero" carbon emissions by 2050. The public narrative around this tends to be the demonisation of oil and gas with renewables fully displacing the use of fossil fuels. However, the Climate Change Committee ("CCC") in its December 2020 report again highlighted the need for an energy mix in the UK. It is a fact that in the period through to 2050 the UK cannot rely on renewables alone for all energy needs and that there will be a continuing need for oil and gas. In particular the need for natural gas for the production of hydrogen is vital as hydrogen is expected to be an increasingly important fuel for domestic heating and industrial use.

Given the predicted sharp decline in the UK Continental Shelf ("UKCS") production, the UK would continue to have a gas import dependency under most scenarios in the period to 2050 and beyond. The results of various studies demonstrate that UK sourced shale-gas would have significantly lower (up to 75% lower) pre-combustion carbon emissions than gas imported via LNG or long-distance pipelines. So, UK shale-gas could be an important part of the energy transition to the UK moving to a "net zero" economy. The national and local benefits of an indigenous supply of shale-gas are clearly evident and even more compelling in the context of a post-COVID-19 recovery, with a positive impact on the balance of payments, tax, business rates and employment. Without indigenous shale-gas, the UK will simply offshore its emissions, employment, and fiscal benefits.

Asset Portfolio

Egdon held interests in 42 licences (2019: 44 licences) in the UK at year end with exposure to the full cycle of opportunities from exploration through to development and production. The Egdon website (www.egdon-resources.com) provides further details of all assets and operations and Egdon's key assets are discussed more fully in the Operating Review below.

The Company will maintain its current focus on the highest potential projects whilst divesting its non-core assets.

The portfolio of conventional resource assets provides potential for growth via exploration and appraisal drilling and the Company continues to progress the best opportunities. The pace of exploration drilling activity is in part dependent upon successful farm-outs as the Company carefully looks to balance financial exposure and technical risk. Partly dependent upon securing a further farm-out, Egdon hopes to drill a side-track at Biscathorpe-2 and a new well on the North Kelsey prospect during 2021, where planning was extended for a further 12 months to 31 December 2021 post year end in September 2020.

The Company continues to review options for additional drilling at the Keddington oil field and for restoration of production at Waddock

Cross and Kirkleatham. It is likely that Dukes Wood/Kirklington will be restored with options for repurposing the wells for geothermal use, currently being investigated.

Having tripled Egdon's unconventional resources acreage in the period 2014 to 2017 to c. 186,600 net acres (755 km²) the Group has paused from further acreage growth to concentrate on improving its technical understanding of the play and refocusing on the highest potential licences whilst work continues on the lifting of the moratorium. Licences PEDL001, PEDL130, PEDL202, EXL253 and PEDL039 have been impaired during the period and the farm-in to PL161/162 has lapsed, reducing net acreage to 164,280 acres and independently assessed mean volume of undiscovered Gas Initially In Place ("GIIP") to 47.6 trillion cubic feet ("TCF") (from 50.9 TCF). This still represents a highly material resource. The primary focus remains the Gainsborough Trough where Springs Road-1 was drilled.

Outlook

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

The historically low gas price seen over the last winter and continuing through the summer of 2020 has seen a recovery in recent months and is expected to return to more normal levels during the coming winter period. Oil prices have recovered from the lows seen at the onset of the COVID-19 pandemic, but are expected to remain strongly linked to worldwide economic activity levels.

Operationally, in the short-term we will continue to focus on high impact projects within our conventional resource portfolio whilst working with the industry to demonstrate to the OGA and other regulators that we can operate safely to deliver lower emission UK gas to the market.

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

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

Despite the unprecedented challenges experienced during the year, the fundamentals of the business are robust with the Company having a range of high potential assets in both the conventional hydrocarbon resource and nascent shale-gas sectors.

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

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

As always, I would like to thank our shareholders for their continued patience and support and the unwavering effort of the Egdon team on behalf of shareholders through the current highly challenging times.

Philip Stephens
Chairman
5 January 2021

OPERATING REVIEW

I am pleased to provide shareholders with a more detailed review of the group's assets, operations and plans with a focus on progress against objectives, key priorities, risks and potential growth drivers. Egdon's website (www.egdon-resources.com) provides further details of the Group's assets and operations.

Operating Environment & COVID-19

Notwithstanding the impact on commodity prices and the resultant reduction in revenues, the restrictions imposed by Government to deal with the COVID-19 pandemic have not materially impacted our operations. The one exception was at North Kelsey, where drilling plans have been delayed and an extension to planning consent through to the end of 2021 was granted during September 2020.

We have kept our employees, contractors, and other stakeholders safe by adopting home working and social distancing measures and will continue to take a cautious approach as lockdown restrictions evolve.

Health, Safety & Environment

Egdon is fully committed to high standards of Health, Safety and Environmental ("HSE") management, protection and performance with all operational activity performed under the umbrella of the Group's HSE Management System ("HSEMS"). In line with our approach of continual improvement, the HSEMS is subject to continuing review and revision to ensure it remains fit for purpose. During the reporting period there were no reportable health and safety incidents and the Company was compliant with all of its environmental permits and planning consents.

Communications

Egdon maintains a website (www.egdon-resources.com) which provides stakeholders with up to date information on the Company and its operations. Egdon has launched a new community facing website, www.egdon-community.com which provides a portal for information related to Egdon's operational sites. In addition, we provide summaries of press releases, non price-sensitive information and other relevant updates via the Company's Twitter account (@EgdonResources).

Strategy

Our strategy remains the same, but its emphasis has shifted to a greater focus on cost-control and to progressing our higher impact conventional projects such as Wressle and Biscathorpe. In parallel we continue working with our industry peers to lift the moratorium and to maintain Egdon's enviable unconventional resource acreage position at minimal cost.

Objectives

As part of our preliminary results reporting (November 2019) and Interim Results (April 2020) we set out several objectives against which I can report on progress:

	Objective Set	Progress Against Objective
1)	Subject to a positive outcome to the planning inquiry, developing the Wressle oil field for production start-up in H2 2020	• Planning for development granted on appeal in January 2020 • Planning conditions discharged, design and regulatory works completed, site operations commenced and progressing according to schedule • Minor slippage to January 2021 production start-up
2)	Completing the farm-out of the Resolution and Endeavour projects with our exclusivity partner (Shell) and progressing the acquisition of the planned marine 3-D seismic survey	• Farm-out to Shell completed during August 2020 • OGA agreed to licence extensions to 31 May 2024 and amended work programme milestone obligations • Licence operatorship and equity (70%) transferred to Shell • 3-D seismic survey planned for February 2022
3)	Subject to lifting of the current moratorium on hydraulic fracturing operations for shale-gas, progressing the planning and permitting for the drilling and subsequent testing of the Springs Road-2 well	• Discussions are ongoing between industry and regulators to make the scientific case for lifting of the moratorium.
4)	Finalising the forward plan for Biscathorpe and progressing plans for a Biscathorpe-2 side-track well	• Detailed technical work completed which concludes significant commercial potential exists at Biscathorpe which can be tested via a side-track well of Biscathorpe-2 • Settlement reached in June 2020 with Humber Oil & Gas Limited resulting in JV alignment on forward plan • Planning application being developed for side-track drilling, testing and production which will need a supporting environmental statement
5)	Maintaining the option for North Kelsey-1 exploration well for drilling	• EA Permit for operations issued in July 2020

	in 2021 and advancing a farm-out	• Planning permission extended to 31 December 2021 • Agreement signed with Union Jack in October 2020 to align interests and jointly farm-out, to be completed in January 2021
6)	Carefully managing costs and cash through the current challenging operating environment	• Temporary salary reductions of 20% implemented for all staff and Directors in April 2020 and will continue until further notice • Placing to raise £0.50 million (gross) completed during April 2020 • Loan Facility of £1.00 million drawn-down in November 2020 • Convertible Loan Notes of c £1.05 million to be issued during January 2021 subject to Shareholder approval at a General Meeting

Assets & Operations

Egdon held interests in 42 licences (2019: 44 licences) in the UK at year end with exposure to the full cycle of opportunities from exploration through to development and production.

Licensing

Highlighted below are key changes to our licence portfolio during the Period and post-Period.

Licence	Changes
PEDL180/PEDL182 (Wressle)	Continuation of second term approved
PEDLs 191, 201, 202, 241, 273, 306, 334	Licence terms extended
PEDL253	Continuation of second term approved
PEDL209	Egdon increased interest to 100% due to withdrawal of other JV parties,
P1929 and P2304	Reduced interest to 30% via farm-out, Licence term extended and work programme obligations and milestones amended
PEDL143 (Holmwood)	Licence relinquished during September 2020
PEDL241	Alignment of interest with Union Jack Oil plc and Egdon on a 50:50 basis
PL161/162	Farm-in lapsed

Production and Development Assets

Production during the period, from Ceres, Keddington and Fiskerton Airfield, was 145 boepd (2019: 182 boepd) ahead of guidance of 130-140 boepd.

Ceres (P1241: Egdon 10%)

Ceres gas production during the period was 118 boepd plus 6 boepd of condensate down from 148 boepd plus 8 boepd of condensate in the previous financial year. Production is expected to cease in the 2021-23 period dependent upon economic life with abandonment following probably in 2023-24 together with associated fields in the system. The current historically low gas price and forward curve have resulted in an impairment of £0.51 million (2019: £Nil) being made for the Ceres asset at this time.

Keddington (PEDL005R: Egdon 45%)

Keddington continued to produce at a net rate of 8 bopd (2019: 11 bopd) from one well. During the period we completed a detailed sub-surface review of the Keddington field and the surrounding licence area which indicates that gross Mean Contingent Resources of 567,000 bbls remain to be produced. This presents an opportunity to increase production via a development side-track from one of the existing wells. In addition, a near-field exploration opportunity exists at Keddington South, which has a gross Mean Prospective Resource Volume of 635,000 barrels of oil and the Louth Prospect, with a gross Mean Prospective Resource of 600,000 barrels of oil. We will now look to progress plans for a potential side-track.

Fiskerton Airfield (EXL294: Egdon 80%)

Fiskerton Airfield produced at a net rate of 13 bopd during the period (2019: 15 bopd). Our focus at Fiskerton Airfield continues to be on maximising production from the existing wells and managing costs. Longer term potential for the site is to use it to manage produced water from other Egdon sites through the existing water injection well on site.

Wressle (PEDL180/182: Egdon 30%)

The Wressle development was granted planning consent on appeal on 17 January 2020 following a public inquiry in November 2019. Economic modelling has demonstrated that Wressle is economically robust even in the current low oil price environment with an estimated project break-even oil price of $17.62 per barrel. Initial production is expected to be 500 barrels of oil per day ("bopd") (150 bopd net to Egdon). The Wressle Field has been independently audited (2016 Competent Persons Report ("CPR" ERCE) with gross 2P Reserves of 0.62 million barrels of oil ("mmbo") and 2C Resources of 1.53 mmbo.

The plan for the Wressle oil field development comprises the following key stages:

	Stage	Status/progress
1)	Discharging the planning conditions, finalising detailed designs, tendering and procurement of materials, equipment, and services, and finalising all HSE documentation and procedures	Completed
2)	Installation of groundwater monitoring boreholes and establishing baseline groundwater quality through monitoring and analysis.	Completed and report provided to EA
3)	Reconfiguration of the site	Commenced on 29 July 2020 and completed on schedule at 19 October 2020
4)	Installation and commissioning of surface facilities	Commenced in early November 2020 and ongoing
5)	Sub-surface operations	Commenced January 2021
6)	Commencement of production	Expected January 2021

The Company continues to review options for the restoration of production at Waddock Cross and Kirkleatham.

Waddock Cross (PL090: Egdon 55%)

Waddock Cross is currently shut-in. Significant work has been completed over the past year and initial indications from independent reservoir modelling are that a new horizontal well on the field could yield commercial oil volumes (500-800 bopd), albeit at high water cut. Further work is ongoing to finalise a forward plan for redevelopment of the field, which would include enhanced produced water handling facilities. Given the large in place oil volume (Mean STOIIP: ca. 70 mmbls) this has been high graded by the Company as planning and facilities are in place to test this opportunity.

Kirkleatham (PEDL068: Egdon 68%)

The Kirkleatham gas field remains shut-in whilst the asset is marketed for farm-in. Potential exists for a side-track to access a small volume of gas in the attic of the structure. Furthermore, additional upside may exist for a tight gas resource in the underlying Carboniferous. The production facilities remain in place and can easily be reinstated.

Dukes Wood/Kirklington (PEDL118/PEDL203: Egdon 55.55%)

Given the reduced likelihood of attracting external investment to redevelop the Dukes Wood and Kirklington assets, during the global downturn in the energy industry, it has been decided to impair these assets fully at this time. Therefore, an impairment of £1.15 million has been made. It is likely that Dukes Wood/Kirklington will be restored over the coming period with options for repurposing the wells for geothermal uses currently being investigated.

Avington (PEDL070: Egdon 28%)

Avington remains shut-in. Planning consent was refused by the South Downs National Park Authority for continuing production at the site. The JV has agreed to appeal this decision and future activity will be dependent upon the outcome of the appeal.

Conventional Exploration and Appraisal Assets

Resolution and Endeavour (P1929 & P2304: Egdon 30%)

Post year end Egdon has completed a farm-out Agreement with Shell U.K. Limited ("Shell") in relation to UK offshore licences P1929 and P2304 which contain the Resolution and Endeavour gas discoveries respectively. Concurrently, we have also agreed extensions to both licences through to 31 May 2024 together with revised work programmes and milestones agreed with the OGA.

Under the terms of the farm-out Agreement which completed during August 2020, Shell has acquired a 70% working interest in the licences and has been appointed as the licence operator and administrator. In consideration, Shell will pay 85% of the costs of the acquisition and processing of a 3-D seismic survey (capped at US$5 million) covering both the Resolution and Endeavour gas discoveries and will also pay 100% of all studies and manpower costs up to a well investment decision on both licences.

A Competent Person's Report (Schlumberger Oilfield UK PLC) reported Mean Contingent Gas Resources of 231 billion cubic feet of gas ("bcf") attributable to the Resolution gas discovery (P1929). In addition, Egdon estimates that the Endeavour gas discovery (P2304) contains Mean Contingent Resources of 18 bcf, with a P90 to P10 range of 10 to 28 bcf. It is a testament to the quality of the assets that despite challenging market conditions Egdon was able to secure a material carry on costs to the well investment decision.

We now look forward to acquisition of the 3-D seismic which is planned for February 2022, subject to the OGA approving an extension to the licence obligations.

Biscathorpe (PEDL253: Egdon 35.8%)

During March 2020, we announced the results of an in-depth technical and commercial assessment of the Biscathorpe project. The sub-surface analysis which integrated the reprocessing and remapping of 264 square kilometres of 3-D seismic with the results of the Biscathorpe-2 well has identified target areas with evidence for a thickened Westphalian sandstone, accessible via a side-track of the suspended Biscathorpe-2 well. The gross Mean Prospective Resources associated with the Westphalian target area are estimated by Egdon to be 3.95 mmbo, with an upside case of 6.69 mmbo. Screening conducted by Egdon indicates break-even full cycle economics to be US$18.07 per barrel with an NPV (10) valuation of £55.60 million. The results of this work lead us to conclude that a possible material and commercially viable hydrocarbon resource remains to be tested at Biscathorpe.

The side-track would also target the 57metre live oil column logged in the underlying Dinantian Carbonate in Biscathorpe-2. Although not considered a primary target, should there be effective permeability, or fractures, the Dinantian Carbonate represents a further, potentially commercial play. The Dinantian Carbonate is estimated by Egdon to have a gross Mean Stock Tank Oil Initially in Place ("STOIIP") of 24.3 mmbo with an upside STOIIP case of 36 mmbo. The next steps will be to finalise a bottom hole target location and then progress the planning and permitting for the side-track. The OGA has approved the continuation of Licence PEDL253 into its Second Term which commenced on 1 July 2020.

A planning application is in the process of being prepared for submission for the drilling of a side-track well, testing and long-term production or site restoration. It is intended to drill the side-track during 2021 subject of course to receipt of all necessary consents. Egdon may look to farm-down its interest further.

North Kelsey (PEDL241: Egdon 50%)

The North Kelsey Prospect has been mapped from 3-D seismic data and has potential for oil in up to four stacked conventional Carboniferous reservoir targets: the Chatsworth Grit, Beacon Hill Flags, Raventhorpe Sandstone and Santon Sandstone. Egdon has calculated the gross Prospective Resources to range from 4.66 million barrels up to 8.47 million barrels, with a Mean Resource volume of 6.47 million barrels.

Plans to construct the well site during early 2020 were impacted by COVID-19 restrictions and delays in issuing of the EA permit, which was finally received on 29 July 2020. In light of this Egdon applied for and was granted on 7 September 2020 an extension of the existing planning consent to 31 December 2021. Egdon will now look to conclude a further farm-out and plans to drill this potentially high-impact well during 2021. In October 2020 Egdon and its partner, Union Jack Oil plc announced an agreement to align equity in PEDL241 on a 50:50 basis. Egdon will receive a cash consideration of £0.10 million on completion which is expected during January 2021.

Holmwood (PEDL143: Egdon 18.4%)

The operator of PEDL143, UK Oil and Gas Limited ("UKOG") was unable to find an operationally and commercially viable location from which to drill the A24 prospect (previously Holmwood). As such the Joint Venture has relinquished PEDL143. As a result, Egdon has impaired the full carrying value of PEDL143 totalling £0.64 million. Whilst disappointing given the undoubted potential of the prospect, this will enable the Company's technical resources to focus on other higher potential projects.

Elsewhere within Egdon's portfolio, we continue to evaluate and high-grade potential prospects as follow ups to those highlighted above.

Unconventional Resources

Following a number of changes to our licence interests as detailed elsewhere, the Group's unconventional resources acreage position in Northern England is 164,280 net acres (664km^2 net) (2019:186,600 net acres (755km^2 net)). This remains a significant and potentially highly valuable position with Egdon estimating Mean volumes of undiscovered GIIP of 47.6 TCF net (2019: 50.9 TCF).

Although Egdon holds material interests in a number of key prospective geological basins, our core area is the Gainsborough Trough of Nottinghamshire, Lincolnshire and Yorkshire where the Group holds interests in 71,361 net acres (2019: 82,000 net acres).

The results from the 2019 Springs Road-1 well ("SR-01" - Egdon 14.5%) compare favourably with some of the best US commercial shale operations and highlight a potentially world class resource in the Gainsborough Shale (previously named the Bowland Shale) of the Gainsborough Trough. The analyses of cored shale indicate the presence of a mature, organic rich source rock with good porosity confirming favourable gas resource density. In particular, the low clay content is encouraging and is an indication that hydraulic fracturing of the rock should be effective.

Activity in the basin is currently on pause due to the moratorium on hydraulic fracturing of shale-gas introduced in November 2019. Egdon remains optimistic of being able to demonstrate that hydraulic fracturing for shale- gas in the basins where we operate, can be undertaken in a safe and environmentally responsible manner and will justify a lifting of the hydraulic fracturing moratorium. Egdon has increased its interest in PEDL209 during the period to 100% as the other JV partners have withdrawn. PEDL209 is well situated in a core part of the basin. Scottish Power has advised that it will not extend the term of the farm-in agreement in relation to PL161/162 where Egdon needed to drill a well to earn a 50% interest in the area outside of the Hatfield Moors development area. This has resulted in a reduction in both net acreage and resources, which is summarised in the first paragraph of this section.

Egdon also retains material licence interests in the Widmerpool Basin and Humber Basin of the East Midlands which have similarities to the Gainsborough Trough and in the Cleveland Basin of NE England and the Blacon Basin of NW England. Activity levels will be on a care and maintenance basis during the coming period.

Energy Transition Opportunities

The UK is committed by law to reaching “net zero” carbon emissions by 2050 and the CCC identifies the continuing need for oil and gas up to and beyond 2050, particularly a potentially major role for gas in the production of hydrogen, coupled with Carbon Capture Utilisation and Storage (“CCUS”). However, the energy transition to more renewable energy will present a number of business opportunities and Egdon recognises the potential for repurposing its fields, sites and wells for renewable purposes. Of initial interest is the potential for geothermal energy and the Company is reviewing its portfolio to identify any opportunities which may exist.

Outlook and Priorities

Full year production guidance for the 2020-2021 financial year is 140-150 boepd from Wressle, Ceres, Keddington and Fiskerton Airfield. Guidance for the first half of the year is 100 boepd, and 200 boepd for the second half of the year.

The key priorities for the Company during the coming year will be:

- Managing our operations to ensure the continued safety of employees, contractors and other stakeholders in response to the evolving COVID-19 situation
- Continuing to carefully manage costs and cash through the current challenging operating and macro-economic environment and ensuring the business is capitalised for the future
- Completing the development of the Wressle oil field for production start-up in January 2021
- Progressing the planning application for a Biscathorpe-2 side-track well to be drilled in 2021 and to potentially farm-out
- Progressing a farm-out of North Kelsey-1 for drilling in 2021
- Streamlining the conventional resource portfolio to concentrate on a smaller number of key assets whilst maintaining our position in core unconventional resource assets at minimal cost
- Progressing the acquisition of the 3-D seismic survey over the Resolution and Endeavour gas discoveries during February 2022
- Subject to lifting of the current moratorium on hydraulic fracturing operations for shale-gas, progressing the planning and permitting for the drilling and subsequent testing of the Springs Road-2 well
- Reviewing the Energy Transition opportunities within the current portfolio, including repurposing of existing wells for geothermal energy

The CCC report and subsequent net zero legislation underline the continued future need for gas in the UK, in the medium and longer term as a feedstock for Hydrogen combined with CCUS. We believe that the lifecycle CO_2 emissions of gas will become of increasing importance favouring domestically produced gas over higher emission long-distance pipeline or LNG imports and that opportunities will exist to repurpose our sites as part of the energy transition.

Despite the current challenges of COVID-19 and its impact on the UK and worldwide economy, with the breadth and quality of our assets, our strategy and planned activity we remain optimistic in the potential to deliver value for our shareholders in the near to medium term.

Mark Abbott
Managing Director
5 January 2021

EGDON RESOURCES PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2020

	Notes	**2020** £	2019 £
Continuing operations			
Revenue - continuing		**963,620**	2,196,526
Cost of sales – exploration costs written-off and pre-licence costs		**(193,953)**	(46,279)
Cost of sales – Impairments of intangible fixed assets	2	**(1,171,591)**	-
Cost of sales – Impairments of property, plant and equipment	3	**(1,663,473)**	(408,000)
Cost of sales – depreciation		**(162,646)**	(632,234)
Cost of sales – direct production costs		**(1,215,968)**	(1,242,118)
Cost of sales – other, including shut-in fields		**(187,783)**	(248,671)
Cost of sales – release of Ceres contract asset		**(99,704)**	(299,132)
Total cost of sales		**(4,695,118)**	(2,876,434)
Gross loss		**(3,731,498)**	(679,908)
Administrative expenses		**(956,289)**	(1,066,041)
Other operating income		**61,204**	77,843
		(4,626,583)	(1,688,106)
Finance income		**48,212**	3,844
Finance costs		**(169,830)**	(52,663)
Loss before taxation		**(4,748,201)**	(1,716,925)
Taxation		**-**	-
Loss for the year		**(4,748,201)**	(1,716,925)
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year attributable to equity holders of the parent		**(4,748,201)**	(1,716,925)
Basic loss per share	4	**(1.53)p**	(0.64)p
Diluted loss per share	4	**(1.53)p**	(0.64)p

EGDON RESOURCES PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2020

	Notes	2020	2019
		£	£
Non-current assets			
Intangible assets		**21,451,306**	21,780,577
Property, plant and equipment		**7,986,094**	9,696,458
Right-of-use asset		**709,192**	-
Trade and other receivables		**403,486**	-
Total non-current assets		**30,550,078**	31,477,035
Current assets			
Inventory		**5,466**	-
Trade and other receivables		**1,831,859**	1,675,003
Cash and cash equivalents		**847,224**	1,617,925
Total current assets		**2,684,549**	3,292,928
Current liabilities			
Trade and other payables		**(3,019,375)**	(1,378,950)
Net current (liabilities)/assets		**(334,826)**	1,913,978
Total assets less current liabilities		**30,215,252**	33,391,013
Non-current liabilities			
Lease liabilities		**(1,067,844)**	-
Provisions		**(2,477,503)**	(2,396,525)
Net assets		**26,669,905**	30,994,488
Equity			
Share capital		**15,234,035**	14,984,035
Share premium		**26,967,656**	26,742,656
Share based payment reserve		**122,254**	113,537
Retained earnings		**(15,654,040)**	(10,845,740)
		26,669,905	30,994,488

EGDON RESOURCES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2020

	2020	2019
	£	£
Cash flows from operating activities		
Loss before tax	**(4,748,201)**	(1,716,925)
Adjustments for:		
Depreciation and impairments of non-current assets	**3,017,334**	1,040,234
Increase in decommissioning provision written off to cost of sales	**1,996**	-
Gain on disposal of fixed assets	**(5,058)**	-
Re-instatement provision write off	**-**	(96,862)
Foreign exchange loss	**12,594**	3,982
(Increase)/decrease in inventory	**(5,466)**	8,011
Increase in trade and other receivables	**(102,840)**	(434,515)
Increase in trade and other payables	**1,491,576**	228,933
Finance costs	**169,830**	52,663
Finance income	**(48,212)**	(3,844)
Share based remuneration charge	**8,968**	10,948
Cash used in operations	**(207,479)**	(907,375)
Interest paid	**-**	(39)
Taxation paid	**-**	-
Net cash flow used in operating activities	**(207,479)**	(907,414)
Cash flows from investing activities		
Finance income	**755**	3,844
Payments for exploration and evaluation assets	**(842,320)**	(2,095,824)
Purchase of property, plant and equipment	**(58,713)**	(124,086)
Sale of property, plant and equipment	**31,376**	-
Net cash used in capital expenditure and investing activities	**(868,902)**	(2,216,066)
Cash flows from financing activities		
Issue of shares	**500,000**	2,166,540
Costs associated with issue of shares	**(25,000)**	(192,770)
Principal paid on lease liabilities	**(91,481)**	-
Interest paid on lease liabilities	**(65,230)**	-
Interest paid	**(15)**	-
Net cash flow generated from financing	**318,274**	1,973,770
Net decrease in cash and cash equivalents	**(758,107)**	(1,149,710)
Cash and cash equivalents as at 31 July 2019	**1,617,925**	2,771,617
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(12,594)**	(3,982)
Cash and cash equivalents as at 31 July 2020	**847,224**	1,617,925

In 2020 significant non-cash transactions included the recognition of a right-of-use asset, a net investment in sub-lease and a lease liability arising on implementation of IFRS 16 as disclosed in Note 1.

In 2019, significant non-cash transactions comprised of the recognition of the Biscathorpe-2 abandonment provision of £125,125.

EGDON RESOURCES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2020

Group	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 August 2018	**14,550,727**	**25,202,194**	**176,696**	**(9,202,922)**	**30,726,695**
Loss for the year	-	-	-	(1,716,925)	(1,716,925)
Total comprehensive income for the year	-	-	-	(1,716,925)	(1,716,925)
Issue of shares	433,308	1,733,232	-	-	2,166,540
Share issue costs	-	(192,770)	-	-	(192,770)
Share based payment	-	-	10,948	-	10,948
Transfer on lapse of options	-	-	(74,107)	74,107	-
Balance at 31 July 2019	14,984,035	26,742,656	113,537	(10,845,740)	30,994,488
Impact of adoption of IFRS 16 (see Note 1)	-	-	-	(60,350)	(60,350)
1 August 2019 as restated	**14,984,035**	**26,742,656**	**113,537**	**(10,906,090)**	**30,934,138**
Loss for the year	**-**	**-**	**-**	**(4,748,201)**	**(4,748,201)**
Total comprehensive income for the year	**-**	**-**	**-**	**(4,748,201)**	**(4,748,201)**
Issue of shares	**250,000**	**250,000**	**-**	**-**	**500,000**
Share issue costs	**-**	**(25,000)**	**-**	**-**	**(25,000)**
Share based payment	**-**	**-**	**8,968**	**-**	**8,968**
Transfer on lapse of options	**-**	**-**	**(251)**	**251**	**-**
Balance at 31 July 2020	**15,234,035**	**26,967,656**	**122,254**	**(15,654,040)**	**26,669,905**

1. Basis of Accounting and Presentation of Financial Information

The financial information set out in this announcement does not constitute the statutory accounts of the Group for the years ended 31 July 2020 or 31 July 2019. The financial information has been extracted from the statutory accounts of the Group for the years ended 31 July 2020 and 31 July 2019.

The auditor, Nexia Smith & Williamson, has reported on the statutory accounts for the years ended 31 July 2020 and 2019; the audit reports were unqualified and did not contain statements under either section 498(2) or 498(3) of the Companies Act 2006. However, in their report on the statutory accounts for the year ended 31 July 2020, the auditor drew attention to the material uncertainty regarding the Group's ability to continue as a going concern. In addition the auditor drew attention, by means of an emphasis of matter, to the potential effect on the carrying value of unconventional assets of the Government moratorium on hydraulic fracturing..

The statutory accounts for the year ended 31 July 2019 have been delivered to the Registrar of Companies; those for the year ended 31 July 2020 were approved by the Board on 5 January 2021 and will be delivered to the Registrar of Companies following the Annual General Meeting. The Annual Report for the year ended 31 July 2020, including the auditor's report, will be posted to shareholders during the week commencing 11 January 2021 and will be available from the same date both to be downloaded from the Company's website at www.egdon-resources.com and in hard copy from Egdon Resources plc, The Wheat House, 98 High Street, Odiham, Hampshire, RG29 1LP.

This preliminary announcement was approved by the Board on 5 January 2021.

Basis of preparation and statement of compliance with IFRS

The Group's and Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. IFRS comprises the Standards issued by the International Accounting Standards Board (IASB) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that have been endorsed by the European Union (EU).

Going concern

The Directors have prepared the financial statements on the going concern basis, which assumes that the Group and the Company will continue in operational existence without significant curtailment of its activities for the foreseeable future.

2020 has been a year of uncertainty for the oil and gas industry as a whole characterised by weak oil and gas prices and an uncertain operating and economic environment driven by COVID-19 and the Government's response. Understandably, Egdon has not been immune to these considerable uncertainties.

Forward cash flows necessarily make assumptions as to the timing and value of cash flows from production at Wressle as well as the Group's other existing producing sites. Whilst there is currently no evidence that the timing or value of these revenues is unrealistic, the Directors acknowledge that, delays in bringing assets to production and volatility in both oil and gas prices and realising of amounts invoiced to joint venture partners, give some level of uncertainty in respect of the timing of future cash flows.

Uncertainty currently exists in relation to the approval by shareholders of the whitewash and authorities to issue shares in respect of the convertible loan notes to raise £1.05 million before costs where the documentation was finalised on 5 January 2021 as detailed in note 6. Having taken advice, the board considers that this course of action is in the best interests of the business and anticipates that approval will be forthcoming at the forthcoming General Meeting.

The Group has recently secured a £1.00 million debt facility as detailed in note 6. The Group also requires additional funding to be raised and plans to access additional sources of funding via debt and/or equity to fund certain future activities. Whilst, after having made enquiries of our advisors, there is a high expectation on the part of the Directors that such debt and/or equity will be available in the market as and when required, a level of uncertainty exists in relation to this.

The Group has flexibility in relation to the timing and quantum of future expenditures and will continue to look to balance financial exposure and risk by minimising its exposure to future cash expenditure on existing projects during the coming period.

After preparing cash flow forecasts, making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Group will have access to adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. However, the Directors have concluded that in acknowledging the combination of adverse circumstances outlined above, it is appropriate to recognise that they represent a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and that, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Were the Group no longer a going concern, adjustments may be required to the carrying value of assets, provision would be required for the future liabilities arising as a consequence of the Group ceasing business and assets and liabilities currently classified as non-current would be reclassified as current.

However, after making enquiries and considering the relevant uncertainties, the Directors have a reasonable expectation that the Group and Company will have access to adequate resources to continue in operational existence for the foreseeable future and have prepared the financial statements on that basis.

Going concern – Implications of COVID-19 pandemic

The coronavirus pandemic represents a significant national and international public health emergency. The primary concern and focus for the Company is the health and safety of our employees, contractors and other stakeholders. In this regard, Egdon's office-based employees have been working from home since March 2020 and will continue to do so until Government guidance changes.

At our well sites we have established procedures and plans to ensure continued safe operations are maintained in full compliance with existing Government regulations and guidelines. Oil and gas workers are considered by the Government to be 'key workers'. As such, travel to and from site remains unrestricted as does the transportation of produced oil to the nearby refinery. We will continue to monitor the situation and act within Government guidelines as matters develop, but at this stage do not anticipate any adverse impacts to our production operations.

Our plans for drilling at North Kelsey (PEDL241: Egdon 50%) have been adversely impacted by COVID-19. We have received approval from Lincolnshire Council for an extension to the current planning to 31 December 2021 to enable works to be undertaken during 2021. We do not anticipate that this delay will have a significant negative impact on the cash flow position of the Group, and therefore on its ability to continue to operate as a going concern. Predicted future cash flows are dependent upon current timing assumptions on certain projects which should operating conditions deteriorate could be negatively impacted. However, at the present time we have a reasonable expectation that there will be no significant adverse impact on timing from the pandemic.

Adoption of new and revised standards

The following new standard has been adopted in the preparation of the financial statements for the year ended 31 July 2020.

IFRS 16 Leases

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 August 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 August 2019.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

The initial impact on adoption of IFRS 16 to the Group was to recognise a right-of-use asset of £635,929, a net investment in sub lease asset of £505,890 and lease liabilities of £1,202,169 leading to a reduction in net assets of £60,350.

It has been noted that due to a change in assumptions and measurement method the effect of IFRS 16 on adoption has been restated from the Interim result as at 31 January 2020. The total impact to retained earnings on adoption was reported as a credit of £44,727 as at 31 January 2020. As at 31 July 2020 this value has been restated to a debit of £60,350.

2. Impairments - Exploration and evaluation costs

The Directors have considered the potential impact of the moratorium on hydraulic fracturing for shale-gas. In light of the moratorium and updated technical information the Directors have reviewed the portfolio of unconventional assets and believe it prudent and appropriate to impair certain less prospective and/or non-core licences at this time. These comprise licences in the so-called Welbeck Low in the East Midlands and in NW England and include PEDLs 001, 039, 130, 202 and EXL253. These impairments total £0.53 million.

However, the Directors have also considered the potential impact of the moratorium on the Group's assets in its core area of the Gainsborough Trough. Activity in the basin is currently on pause. The Directors remain optimistic that it will be possible to demonstrate that hydraulic fracturing for shale-gas in this core basin can be undertaken in a safe and environmentally responsible manner and that this will result in the lifting of the hydraulic fracturing moratorium. As at 31 July 2020, the book value of the Group's unconventional assets was £15.15 million (2019: £15.29 million).

The Directors have also agreed upon an impairment for the PEDL 143 licence on the basis that the new operator was unable to identify a suitable drilling location in the Holmwood area and has therefore relinquished the licence. This impairment is for the full value of the asset (£0.64 million). The total value of impairments is therefore £1.17 million (2019 - £Nil).

3. Impairments - Property, Plant and Equipment

An impairment charge of £506,903 (2019 - £Nil) has been recognised in relation to the Ceres Gas Field. The impairment arises as a consequence of the current gas price forecast and operating pattern which has caused the Ceres production to become uneconomical. Based on the impairment reviews, the pre-tax value in use of the Ceres Gas Field as at 31 July 2020 is £Nil (2019 - £695,000) and the asset has been fully impaired to reflect this.

An impairment charge of £1,156,570 (2019 - £Nil) has been recognised in relation to the Dukes Wood and Kirklington oil fields. The impairment arises as a consequence of the level of investment required in order for the fields to operate economically and the challenging outlook for the E&P farm-out space. Based on the impairment reviews, the pre-tax value in use of Dukes Wood and Kirklington oil fields as at 31 July 2020 is £Nil (2019 - £1,548,000) and the assets have been fully impaired to reflect this.

4. Loss per share

Basic loss per share

	2020 **£**	2019 £
Loss for the financial year	**(4,748,201)**	(1,716,925)
Basic weighted average ordinary shares in issue during the year	**309,822,474**	266,870,265
	Pence	Pence
Basic loss per share	**(1.53)**	(0.64)

The Group's share options are not dilutive in 2020 or 2019, as a loss was incurred and therefore diluted earnings per share is the same as basic earnings per share.

5. Share Capital

On 27 April 2020, following a placing of shares, the Company issued 25,000,000 New Ordinary 1p shares for total cash consideration of £500,000. The nominal value of the shares was £250,000 and the additional share premium created totalled £250,000.

6. Subsequent Events

On 25 August 2020 the Company completed a farm-out Agreement with Shell U.K. Limited ("Shell") in respect of offshore licences P1929 and P2304 ("the Licences") which contain the Resolution and Endeavour gas discoveries.

The OGA has approved the transfer of a 70% interest and operatorship in both licences and the associated documentation including Joint Operating Agreements in respect of both licences has now been executed.

The Company retained a 30% interest in the Licences. Under the terms of the farm-out Agreement, Shell will pay 85% of the costs of the acquisition and processing of the 3-D seismic survey covering both the Resolution and Endeavour gas discoveries. The carry on the acquisition costs will be capped at US$5 million gross, beyond which the Company would pay 30% of the survey costs. Furthermore, Shell will also pay 100% of all studies and manpower costs through to the well investment decision on the Licences. Egdon has been advised by Shell that the 3-D seismic is now planned for February 2022, subject to OGA approval of an amendment to the licence obligations.

On 25 August 2020 the Company received funds totalling £775,000 from Humber Oil & Gas Limited on behalf of the JV partnership in settlement of the dispute initiated in the prior year. On 18 June 2020 the Company announced the signing of a legally binding and confidential settlement agreement (the "Settlement Agreement") between the Company (acting on behalf of the PEDL253 joint venture partners) and Humber Oil & Gas Limited ("Humber"). The joint parties to PEDL253 have therefore resolved the dispute arising under the JOA and look forward to co-operating in the future in the development of the licence. Following implementation of the terms of the Settlement Agreement Egdon Resources U.K. Limited holds a 35.8% operated interest in PEDL253.

On 26 November 2020 Egdon announced that it had entered into a £1.00 million loan facility with Union Jack Oil plc. The loan has an 18 month term with the principal sum payable at end of the term or in part or in full at any earlier time at the borrower's discretion. Interest accrues on a daily basis on the outstanding loan amount at an interest rate of 11% per annum and is payable quarterly commencing on the earlier of the quarter following first production or in April 2021. The loan is secured against an unencumbered 25% interest in the Wressle Project (PEDL180 and PEDL182), including the Wressle development project and associated infrastructure.

On 5 January 2021 Egdon finalised the documentation for £1.05 million convertible loan notes with a concert party of Petrichor Holdings BV. The transaction, which will require a whitewash, is subject to shareholder approval through a vote by independent shareholders at a General Meeting to be held on 22 January 2021.

7. Annual General Meeting

Due to the current COVID-19 restrictions the Annual General Meeting will be held on 5 February 2021 at 10.00 hours as a closed meeting with only a quorum present. Accordingly, all Resolutions will be decided by the proxy votes.