



Egdon Resources plc

**Preliminary Results for year-ended
31 July 2020 & Business Update**

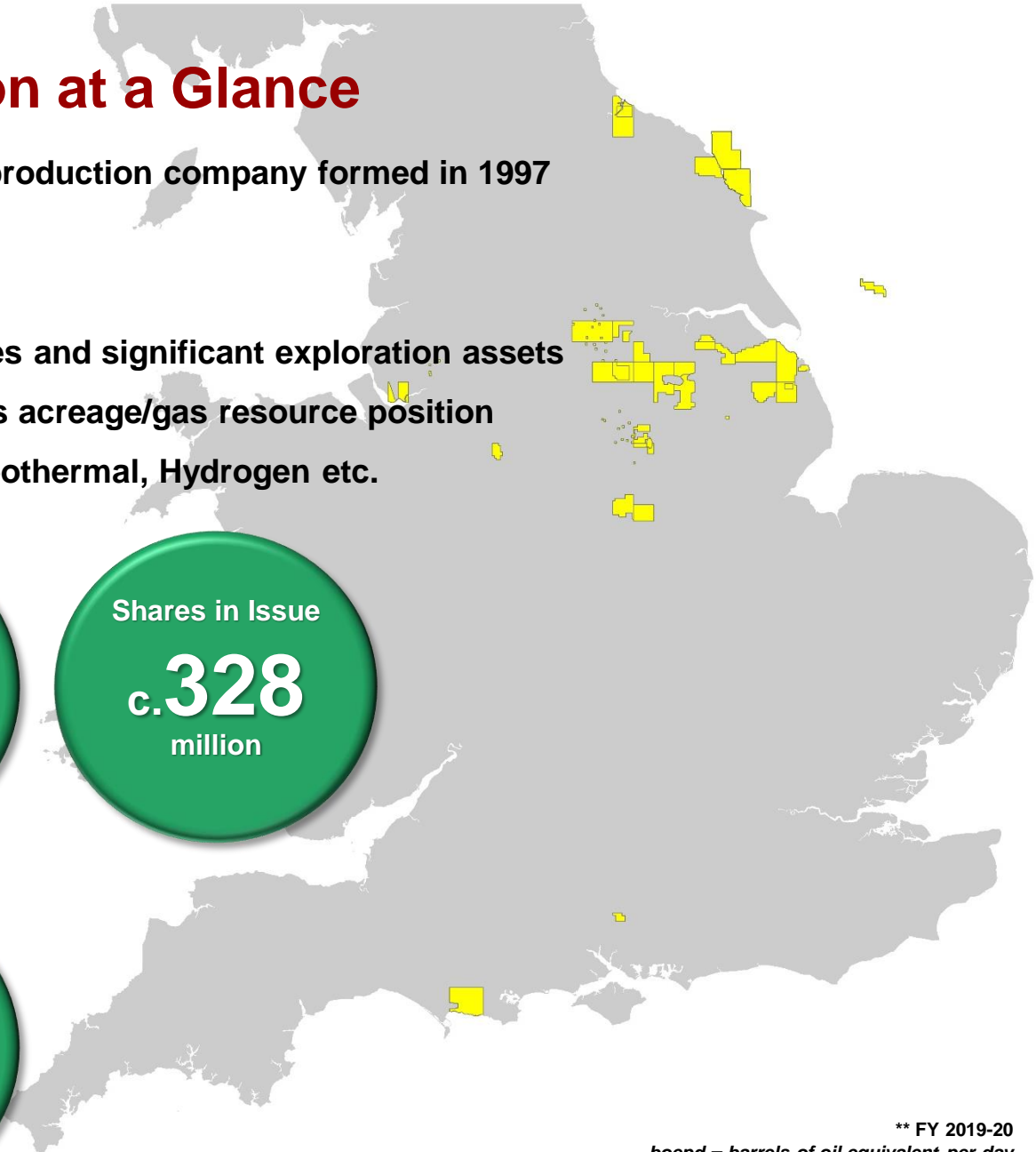
January 2021

www.egdon-resources.com



Egdon at a Glance

- Established oil & gas exploration & production company formed in 1997
- Onshore UK focus
- Existing production and revenue
- Nearshore gas appraisal opportunities and significant exploration assets
- Significant unconventional resources acreage/gas resource position
- Energy Transition opportunities – Geothermal, Hydrogen etc.



** FY 2019-20
boepd = barrels of oil equivalent per day
GIIP = Gas Initially In Place
TCF = trillions of cubic feet of gas



Coronavirus (COVID-19)

- **During this pandemic, the primary concern and focus for the Company has been the health and safety of our employees, contractors and other stakeholders**
- **The Egdon office has remained closed since March 2020 with all staff working from home using well tried systems**
- **To date there have been no incidents of infection within our workforce**
- **No adverse impacts to our production operations have occurred; with procedures and plans in place to ensure the safe functioning of the sites in compliance with the Government's regulations and guidelines**
- **The operating restrictions which limit access, public engagement and availability of services and materials has the potential to impact future projects**
- **Plans to construct the North Kelsey wellsite 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**
- **Impact on energy demand, hence oil and gas price resulting in reduced revenues**
- **Cost saving measures instigated, including temporary 20% reduction in staff salaries**



Operational and Corporate Highlights Period Ending 31 July 2020

Despite the challenging headwinds of COVID-19 and the impact on global oil price, the Company has continued to make progress in a number of key strategic areas and continues to adapt the business:

- FY 2019-20 Production of 145 boepd – exceeding guidance**
- Grant of planning consent on appeal for Wressle oil field development – production targeted in January 2021 (150 bopd net to Egdon) – project breakeven oil price of \$17.62/bbl**
- Technical review has concluded that a possible material and commercially viable hydrocarbon resource remains to be tested at Biscathorpe with breakeven project oil price of \$18.07/bbl – Planning application in preparation**
- Farm-out to Shell for Resolution and Endeavour gas appraisal projects (P1929 and P2304)**
- During September 2019, the encouraging gas in place results for Springs Road-1 were announced**
- Moratorium on hydraulic fracturing for shale-gas introduced in November 2019 – work ongoing to address concerns**
- Confidential settlement reached with Humber Oil & Gas Limited on PEDL253 dispute**
- Renewed focus on conventional oil and gas projects within Egdon’s portfolio, business development and energy transition opportunities**



Subsequent Events

- **On 25 August 2020 completion of the Resolution and Endeavour farmouts to Shell**
- **On 7 September 2020 planning consent extended to 31 December 2021 for the drilling of North Kelsey-1 (PEDL241)**
- **North Kelsey-1 pre-farm out alignment of licence interests with UJO announced during October 2020 – completion expected in January 2021**
- **Relinquishment of PEDL143 Licence (Holmwood) announced during October 2020**
- **£1,000,000 loan facility announced during November 2020**
- **£1,050,000 convertible loan note announced 6 January 2021, subject to approval at GM on 22 January 2021**
- **Shell advised that Resolution 3D Seismic acquisition now planned for February 2022**
- **Mobilisation of workover rig to Wressle completed during week beginning 4 January 2021**



Preliminary Financial Results Period Ending 31 July 2020

- Oil and gas revenues decreased by 56% to £0.96 million (2019: £2.20 million) due to significantly reduced gas and oil prices during the period
- 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: basic loss per share of 0.64p)
- Cash at bank £0.85 million as at 31 July 2020 (2019: £1.62 million)
- Net assets as at 31 July 2020 of £26.67 million (2019: £30.99 million)
- £500,000 Placing concluded in April 2020
- Secured £1 million loan and £1.05 million convertible loan notes (subject to GM approval) post year-end

Strategy



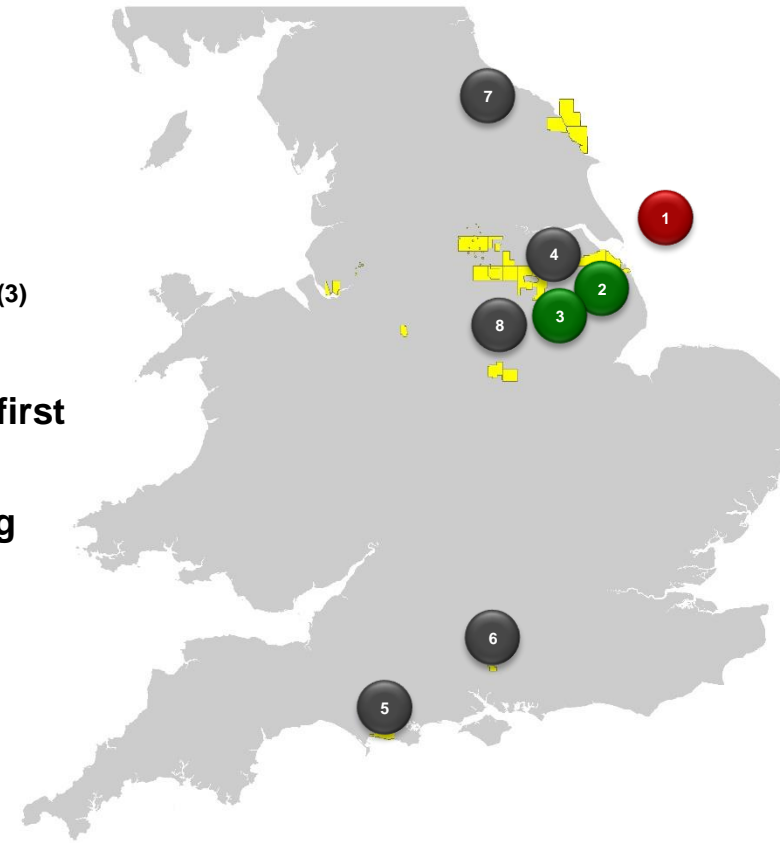
Status/Progress

- ✓ **Planning approval for Wressle field development – Jan 2021 start-up**
 - ✓ **2019-20 Production = 145 boepd**
 - ✓ **Field rejuvenation review underway for shut-in fields at Waddock Cross & Kirkleatham**
 - ✓ **Cost reductions implemented**
- ✓ **Biscathorpe project upgraded – planning for side-track well**
 - ✓ **Farmout concluded with Shell U.K. Limited in respect of Resolution and Endeavour gas discoveries – February 2022 3D survey**
 - ✓ **North Kesley-1 planning consent extended**
 - ✓ **Extended key licences and other consents**
- ✓ **One of few listed UK unconventional investment opportunities**
 - ✓ **Achieved significant growth in acreage and GIP**
 - ✓ **Drilled the successful play opening well at Springs Road-1 in the Gainsborough Trough**
 - x **Moratorium in place in respect of hydraulic fracturing for shale gas**



Production

- **FY 2020 Production of 145 boepd ahead of guidance**
- **Production from the Ceres⁽¹⁾, Keddington⁽²⁾ and Fiskerton Airfield⁽³⁾ fields**
- **Wressle⁽⁴⁾ field development progressed during 2020 – expected first oil January 2021**
- **Shut-in fields (Waddock Cross⁽⁵⁾, Avington⁽⁶⁾, Kirkleatham⁽⁷⁾) being assessed for production re-instatement / investment**
- **Dukes Wood / Kirklington⁽⁸⁾ and Ceres ⁽¹⁾ impaired at Interims – potential for geothermal repurposing being investigated**
- **Financial year 2020-2021 target production of 140-150 boepd**
 - **H1 90-100 boepd, H2 195-205 boepd**



Producing Assets



**Ceres
(1)**

- Egdon 10% (Spirit operated)
- Offshore gas field
- Single producing well from Leman Sandstone reservoir
- Production c. 60 - 70 bopd
- End of life 2021-2023 depending on gas price



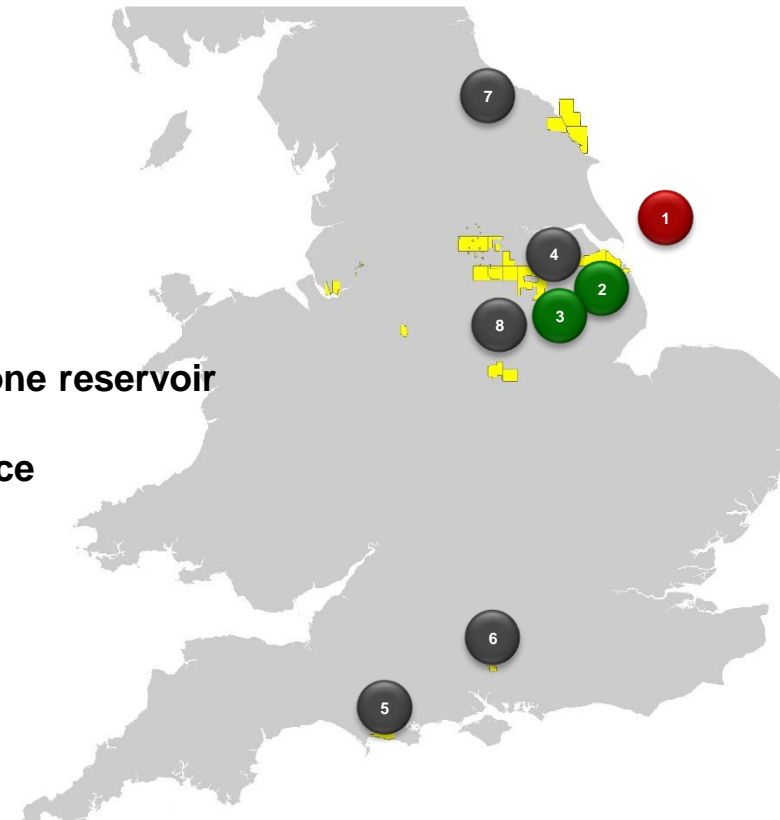
**Keddington
(2)**

- Egdon 45% (Operator)
- Late life producing asset
- Single producing well and 1 shut-in well
- Production c. 26 bopd (gross)
- Infill drilling opportunities and near-field exploration/appraisal opportunities identified



**Fiskerton
Airfield
(3)**

- Egdon 80% (Operator)
- Late life producing asset
- 2 producing wells and 1 water injector
- Production c. 20 bopd (gross)
- Optimising production and minimising costs
- Long term life and value as water disposal facility



Wressle Field Development

- **Planning Inspector upheld the appeal following a Public Inquiry held 5-7 November 2019**
- **Cost recovery from North Lincolnshire Council – c.£403K gross**
- **Wressle – (EDR 30%) Gross 2P Reserves 0.62 mmbo and 2C Resources 1.53 mmbo**
- **Expected initial production rate of c. 500 bopd (150 bopd net Egdon) from the Ashover Grit - project breakeven oil price of \$17.62/bbl**
- **Development achievements to date:**
 - ✓ **Discharge of all planning conditions**
 - ✓ **Finalise regulatory approvals for civil works etc.**
 - ✓ **Install groundwater monitoring boreholes and gain baseline water data**
 - ✓ **Reconfigure and reconstruct Wressle wellsite**
 - ✓ **Installation of surface facilities**
- **The workover rig has been mobilized to site with initial oil flows now anticipated during late January 2021 following recompletion and reperforation of the existing well**



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 [and published on Egdon community website]
3) Reconfiguration of the site	Commenced on 29 July 2020 and completed on schedule on 19 October 2020
4) Installation and commissioning of surface facilities	Commenced in early November 2020 and ongoing
5) Sub-surface operations	Expected January 2021
6) Commencement of production	Now expected January 2021

Wressle – Penistone Flags



- Substantial upside exists at Wressle in the Penistone Flags reservoir - gross 2C Contingent Resources of 1.53 million stock tank barrels of oil and 2.0 billion standard cubic feet of gas (ERCE 2014)
- On test the Penistone Flags interval achieved average rates of 131 bopd and 222,000 cubic feet of gas per day, together totalling 168 boepd.
- Plans to produce from the Penistone Flags reservoir are expected to be progressed following commencement of production from the Ashover Grit and will include monetisation of the produced gas by pipeline export, electricity generation and export or conversion to hydrogen

Shut-in Fields

Waddock Cross (5)

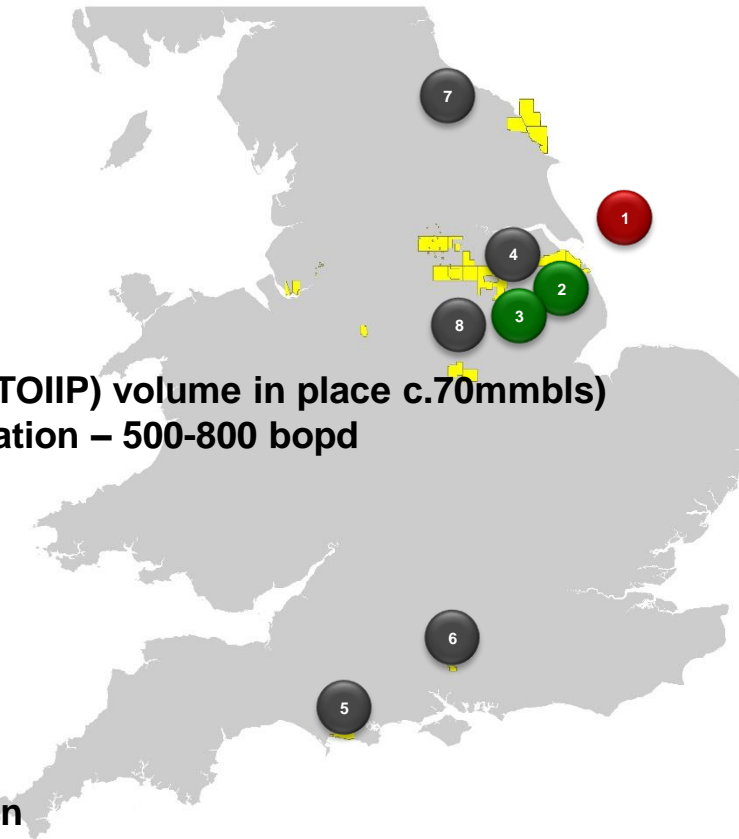
- Egdon 55% (Operator)
- Shut-in Bridport Sandstone oil field (Dorset)
- 2 producing wells
- Significant Stock Tank Oil Initially in Place (STOIP) volume in place c.70mmbls)
- Additional development wells under consideration – 500-800 bopd
- Side-track options are under consideration

Avington (6)

- Egdon 26.67% (IGas operated)
- Shut-in Great Oolite oil field (Hampshire)
- 2 producing wells
- 0.5-1.0 mmbls remaining Resources
- Water management options under investigation
- Planning refused and has been appealed

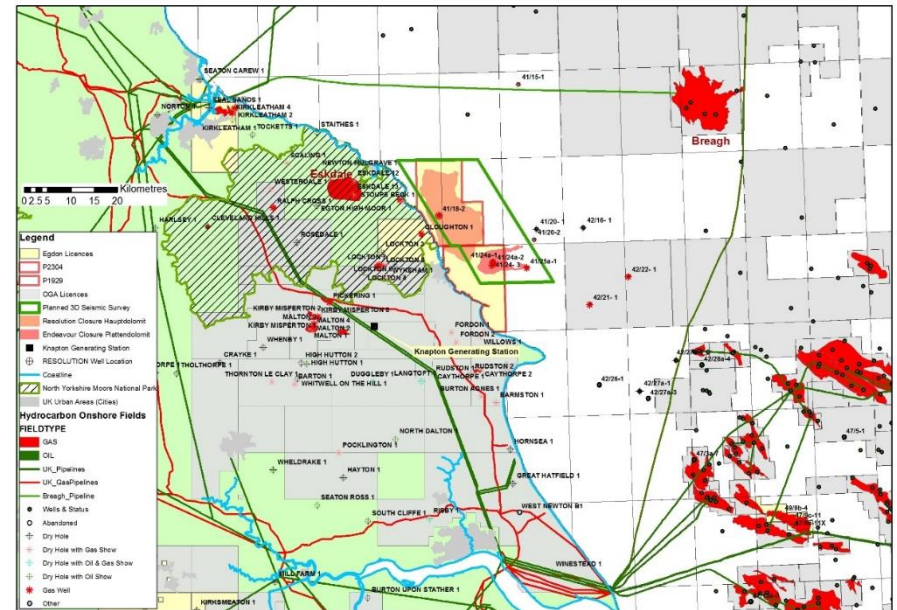
Kirkleatham (7)

- Egdon 68% (Operator)
- Shut-in Permian gas field (Cleveland)
- Single shut-in well
- Up-dip side-track opportunity identified
- c. 1bcf remaining Resources
- Deeper Carboniferous gas potential
- Gas connection to Wilton site gas turbine



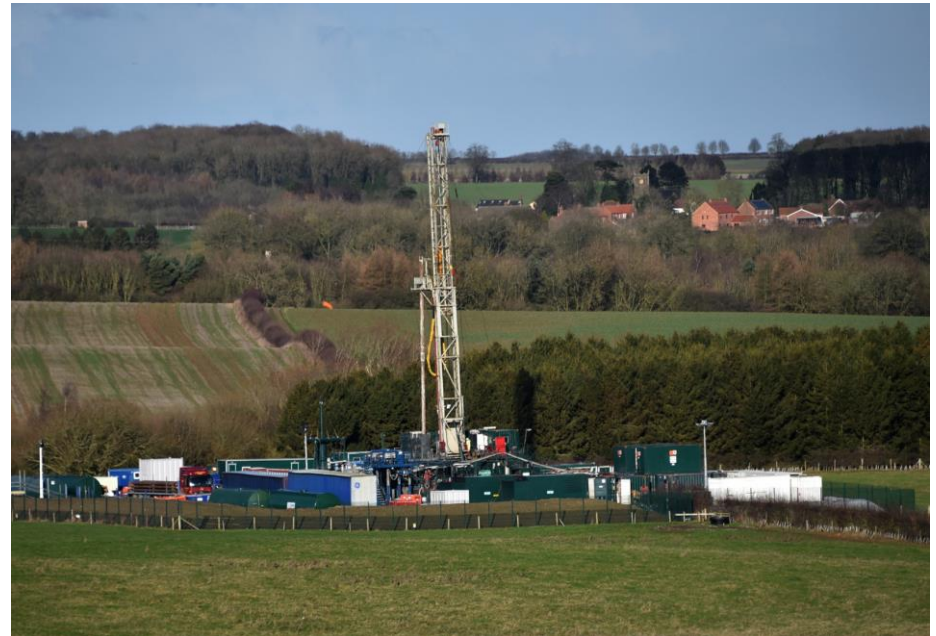
Resolution & Endeavour Gas Discoveries

- Farm-in agreement completed with Shell U.K. Limited for P1929 and P2304
- Shell to carry 85% of 3D seismic costs* and 100% of manpower costs to well investment decision to earn a 70% interest (Egdon retains 30%)
- OGA licence extensions granted for P1929 (Resolution) and P2304 (Endeavour) to 2024
- Resolution Gas Discovery (P1929) = Early North Sea discovery (Total: 1966) capable of 17-22 mmcfd/gd per well
- CPR (Schlumberger) published 9 April 2019 advised Mean Contingent resources of 231 bcf
- 637km² 3D seismic planned to detail both Resolution and Endeavour gas discoveries.
- Resolution 3D seismic acquisition now planned for February 2022, subject to OGA approval



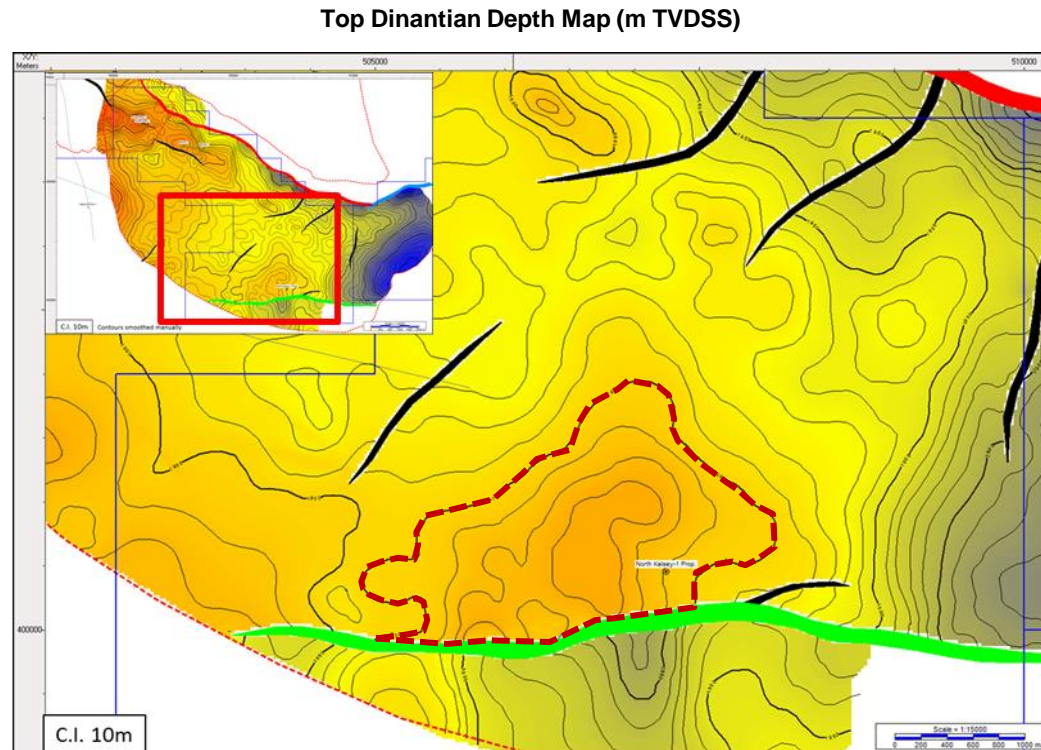
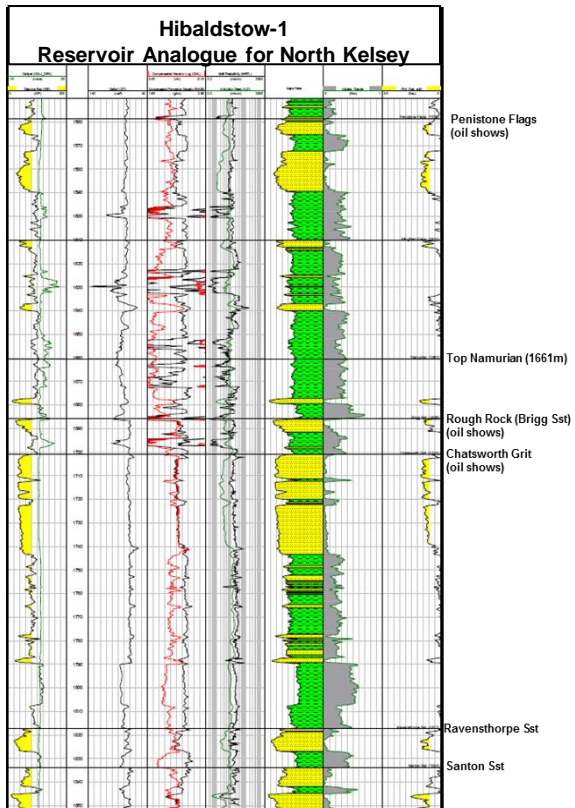
Biscathorpe Oil Discovery

- **Biscathorpe-2 (EDR: 35.8%) drilled to a TD of 2133 m in February 2019 and suspended for potential side-track**
- **Accessible target areas have been identified, where evidence for a thickened Westphalian sandstone reservoir interval is apparent**
- **The gross Mean Prospective Resources associated with the Westphalian target, total 3.95 million barrels of oil (mmbo), with an upside case of 6.69 mmbo**
- **Economic modelling of the Westphalian target yields break-even full cycle economics estimated at US\$18.07 per barrel and an NPV(10) valuation of £55.60 million**
- **57 metres of oil bearing, Dinantian Carbonate reservoir has been confirmed by petrophysical analysis and oil samples from cuttings**
- **Dinantian oil play has gross Mean STOIIIP of 24.3 mmbo with an upside STOIIIP case of 36 mmbo**
- **Planning application to be submitted during February 2021 for side-track drilling, testing and long term production**
- **Potential 2021 side-track well**



North Kelsey Prospect

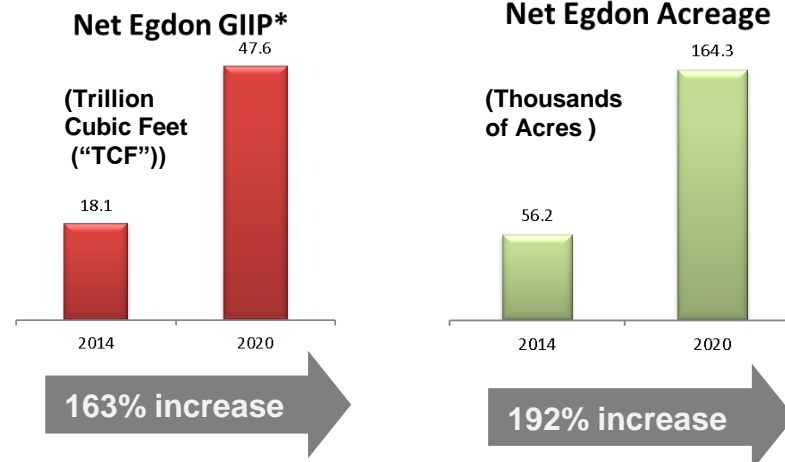
- 3D defined prospect with multiple reservoir targets – Wressle analogue
- Mean Gross Prospective Resources of 6.5 mmbo
- Drilling deferred to 2021 due to COVID-19 restrictions
- EA Permit received & Planning consent extended to end 2021
- Alignment of interest with Union Jack to 50:50 and joint farm-out campaign underway





Shale Gas Assets

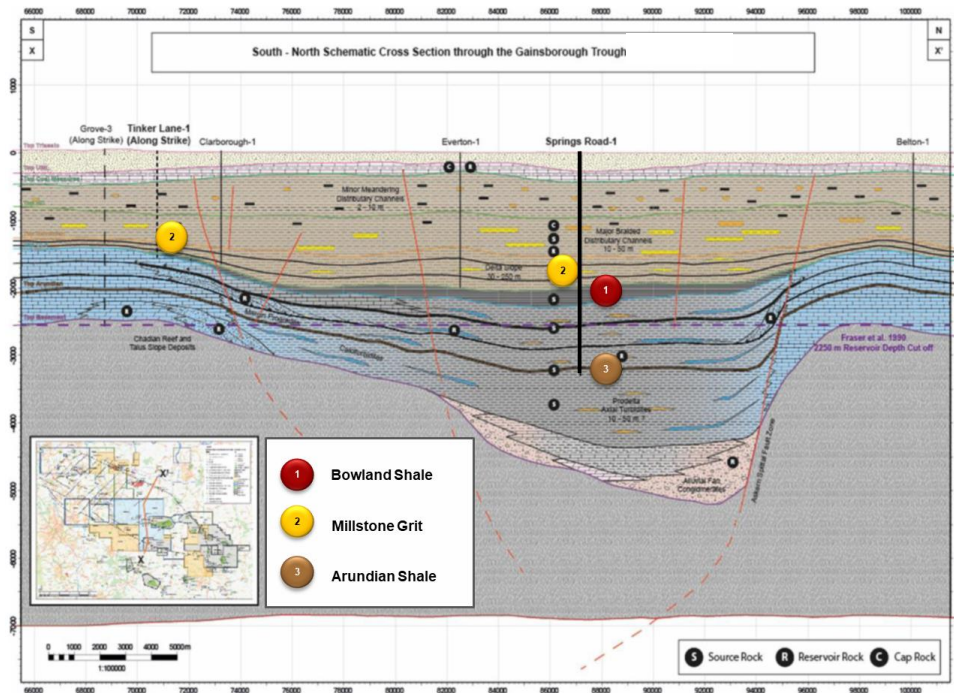
- Egdon has been very successful in growing the Company's exposure to unconventional resource exploration opportunities in Northern England - East Midlands focus
- Delivered significant growth in acreage and Gas Initially in Place (GIIP) since 2014 (acreage 164,280 acres, 47.6 TCF GIIP)
- The written ministerial statement of 2 November 2019 announced a moratorium on hydraulic fracturing for shale gas
- Whilst work continues on lifting of the moratorium, Licences PEDL001, PEDL130, PEDL202, EXL253 and PEDL039 have been impaired during the year and the farm-in to PL161/162 has lapsed. These licences have been removed from the acreage and resources calculations
- Egdon along with its industry peers is fully committed to working closely with the OGA and other regulators to demonstrate that we can operate safely and in an environmentally responsible manner to deliver UK gas to market



* ERCE Ltd - 13 May 2014 & 1 November 2016, corrected for recent licence changes

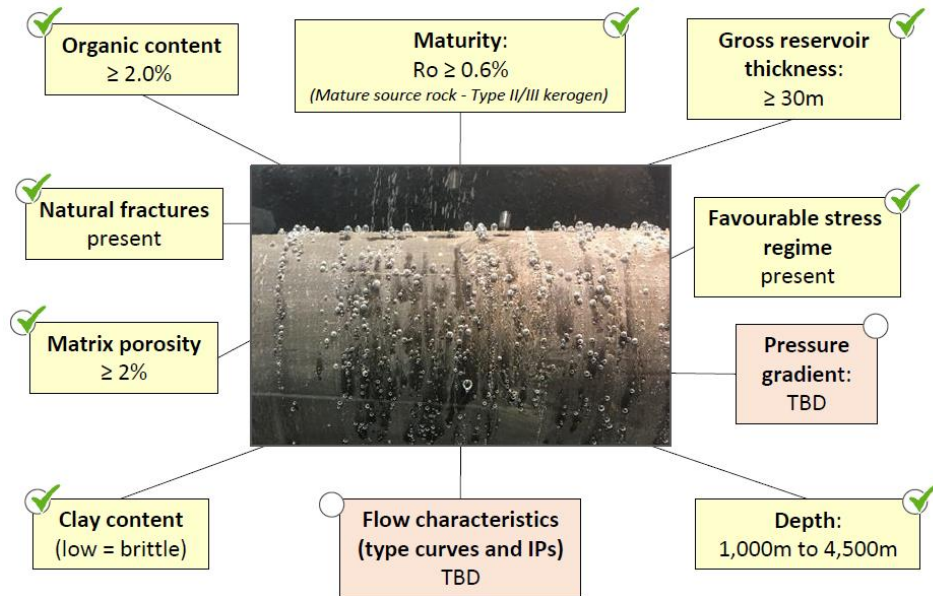
Gainsborough Trough

- Gainsborough Trough = Egdon core area. Egdon = third largest acreage holder with 71,360 net acres
- Positive preliminary results from Springs Road-1 (EDR 14.5% carried) begins to validate Egdon's strategic focus on the Gainsborough Trough
- Basin characterised by simple structure and lack of extensive faulting – as highlighted; the risk of seismicity is dependent upon local geology
- 429m of hydrocarbon bearing shales encountered within the primary target – Gainsborough Shale (“Bowland Shale”) Estimated Gas in Place of c. 640 bcf per square mile
- Additional potential identified in Millstone Grit and Arundian Shale



Source: IGas Investor Presentation October 2019

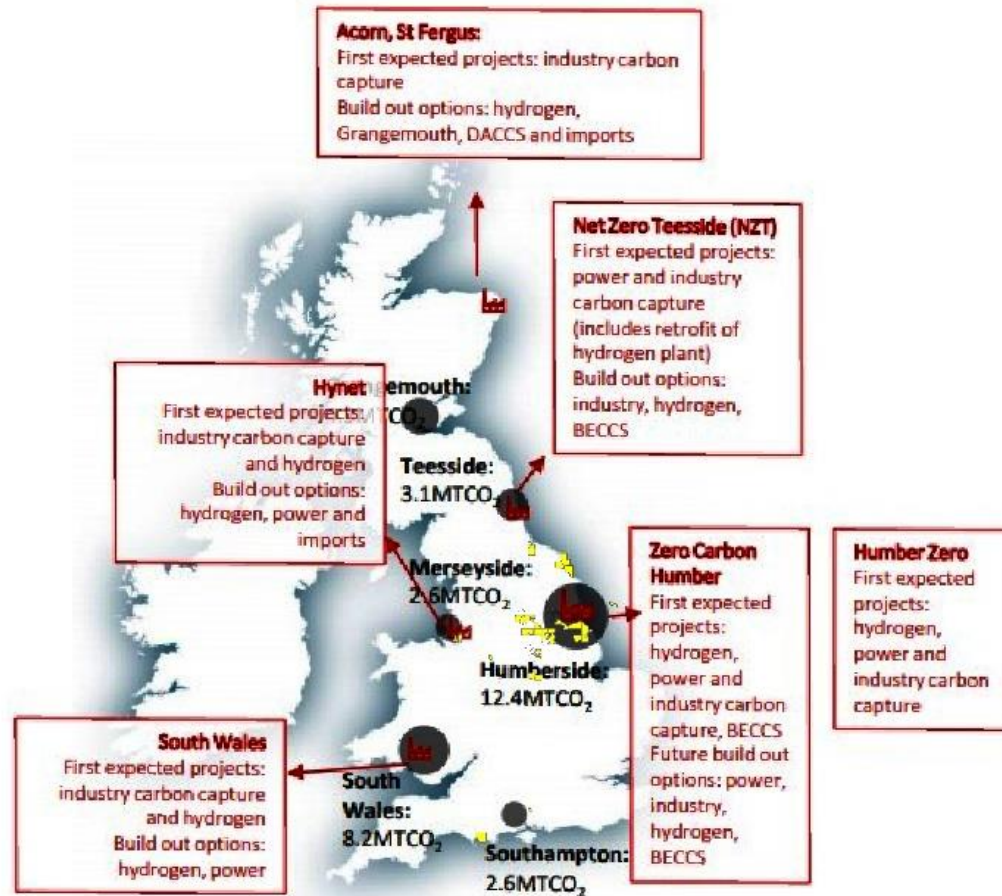
Key Characteristics of Springs Road-1 Bowland Shale



Source: IGas Interim Results Presentation October 2019

Energy Transition Opportunities

- The UK is committed by law to reaching “net zero” carbon emissions by 2050
- The Committee on Climate Change identifies the continuing need for oil and gas up to and beyond 2050,
 - production of hydrogen,
 - Carbon Capture Utilisation and Storage (“CCUS”)
- The energy transition will present a number of business opportunities
- Egdon sees the potential for repurposing its fields, sites and wells for renewable purposes and using its core skills to add value for shareholders
 - Potential for geothermal energy – the Company is reviewing its portfolio to identify any development opportunities which may exist
- Egdon also holds licences in close proximity to industrial “hubs” for CCUS – e.g. Zero Carbon Humber & Net Zero Teeside



Potential Hydrogen and CCUS projects (Source: Zero Carbon Humber)



Priorities & Outlook

- **Production guidance for the full financial year 2020-21 is 140-150 boepd, from Wressle, Ceres, Keddington and Fiskerton Airfield**

Our key operational focus for the coming period will be:

- **Managing our operations to ensure the continued safety of our employees, contractors and other stakeholders in response to COVID-19**
- **Managing costs and cash through the current unprecedented operating environment**
- **Developing the Wressle oil field for production start-up in January 2021**
- **Progressing plans for a Biscathorpe-2 side-track well**
- **Farmout of North Kelsey-1 exploration well for drilling in 2021**
- **Progressing the acquisition of the planned marine 3D seismic survey over Resolution and Endeavour**
- **Streamlining the portfolio to concentrate on a smaller number of key assets whilst maintaining our position in core unconventional assets at minimal cost**
- **Subject to the lifting of the current moratorium on hydraulic fracturing operations for shale gas, progressing plans for the drilling and subsequent testing of the Springs Road-2 well**
- **Reviewing the Energy Transition opportunities within the current portfolio**

In the short-term we will focus on our conventional resource portfolio whilst working with the industry to demonstrate to the OGA and other regulators that we can operate safely and in an environmentally friendly manner to deliver UK gas to the market

Summary

“Significant conventional resources exploration/appraisal portfolio”

- ✓ Wressle oil field under development – Jan 21 start-up
- ✓ Biscathorpe-2 side-track 2021*
- ✓ North Kelsey-1 2021
- ✓ Farm-in completed with Shell for Resolution & Endeavour gas discoveries

“Financial Discipline”

- ✓ Onshore start-up projects demonstrate robust economics even in low price environment
- ✓ Farm-outs to manage exposure to technical & financial risk
- ✓ Cost reductions implemented
- ✓ Access to debt to reduce shareholder dilution

“A leading UK “shale” portfolio”

- ✓ Significant “shale” acreage portfolio
- ✓ One of two listed UK companies with exposure to play
- ✓ “Play opening” Springs Road-1 well drilled in 2019 proved “world-class” gas resource – “the rocks look good”
- ✓ large resource base to support UK's long-term energy mix subject to lifting moratorium



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