



Egdon Resources plc

**Interim Results for six months
ended 31 January 2021
& Business Update**

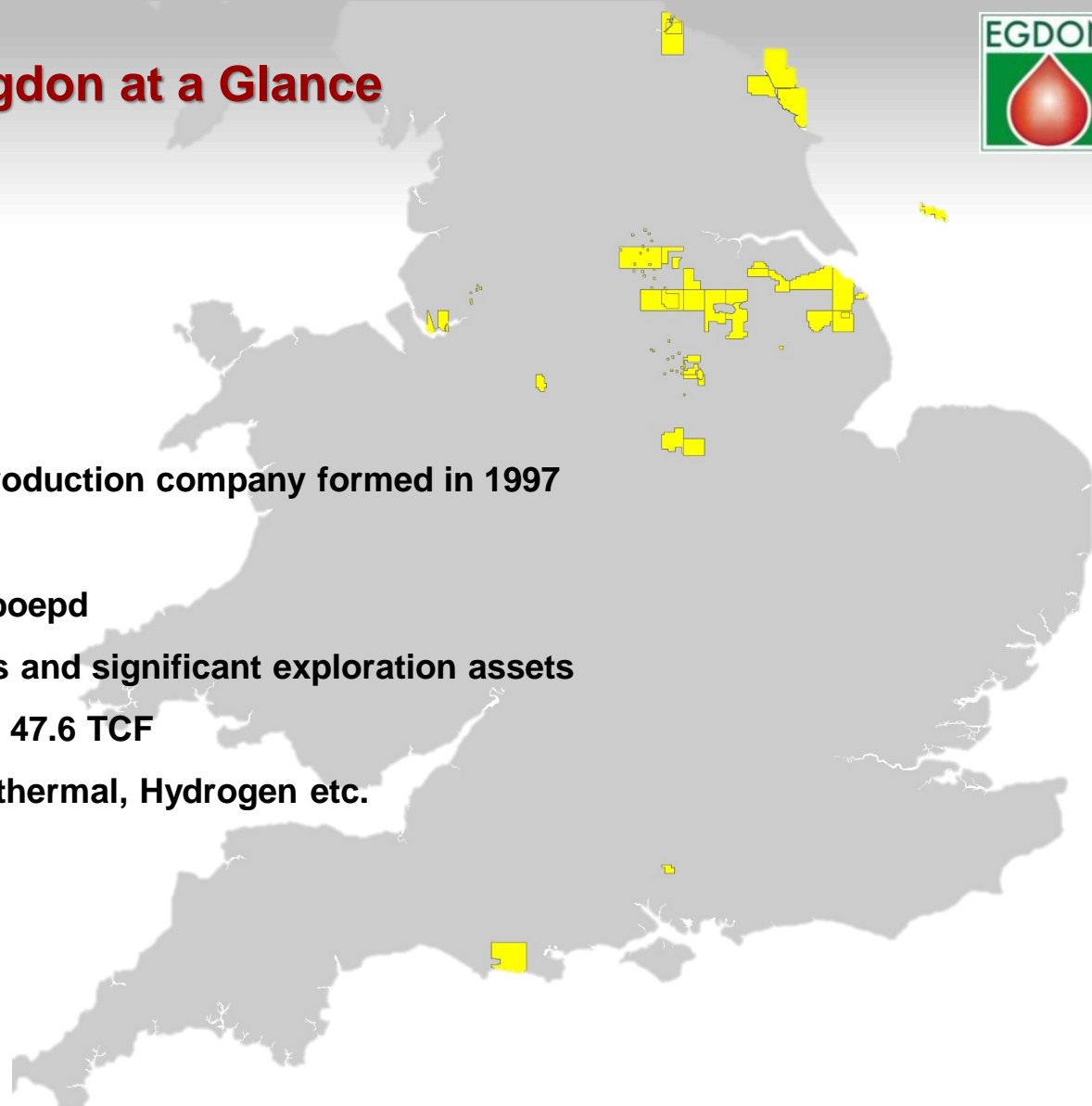
27th April 2021

www.egdon-resources.com

Egdon at a Glance

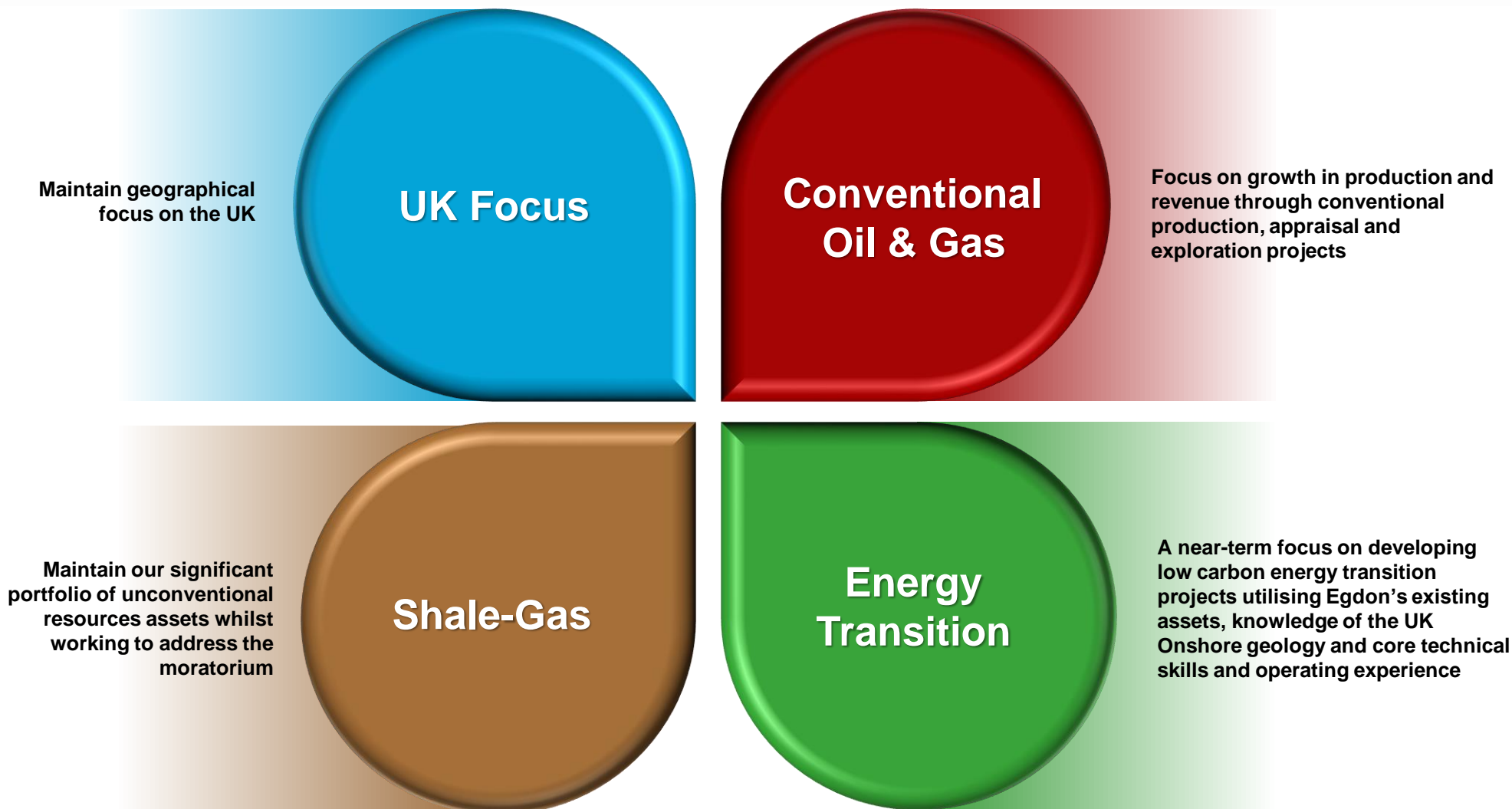


- **AIM: EDR**
- **Established oil & gas exploration & production company formed in 1997**
- **UK focus: 41 Licences**
- **Existing production and revenue: 92 boepd**
- **Nearshore gas appraisal opportunities and significant exploration assets**
- **Significant shale-gas position: GIIP of 47.6 TCF**
- **Energy Transition Opportunities: Geothermal, Hydrogen etc.**



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

Updated Strategy



Operational and Corporate Highlights for Period

- Production during the period was 92 barrels of oil equivalent per day (“boepd”) (2020: 178 boepd) in-line with guidance of 90-100 boepd
- Completion of the farm-outs for the Resolution and Endeavour gas discoveries (P1929 and P2304) to Shell Oil U.K. Limited
- Deferral of the Resolution 3-D seismic survey to February 2022
- Planning consent extended to 31 December 2021 for the drilling of North Kelsey-1 (PEDL241)
- Relinquishment of PEDL143 Licence
- Commencement of free-flow test oil production at Wressle following safe and successful operations to recomplete and reperforate the Ashover Grit reservoir interval

Subsequent Events

- On 26 February 2021, Egdon submitted a planning application for a side-track drilling operation, associated testing and long-term oil production at the Biscathorpe-2 well site
- On 23 April 2021, a memorandum of understanding was executed with Creative Geothermal Solutions Limited (“CGS”) to progress geothermal projects within Egdon’s existing portfolio and to look at wider opportunities

Financials – Six months ending 31 January 2021

- Oil and gas revenues during the period of £0.424 million (H1 2020: £0.675 million)
- Loss of £0.763 million (H1 2020: £1.044 million) before impairments
- Overall loss for the period of £1.039 million including £0.276 million of impairments (H1 2020: loss of £3.235 million, £2.191 of impairments)
- Cash and cash equivalents of £2.422 million (H1 2020: £0.781 million)
- Net current liabilities as at 31 January 2021 of £0.126 million, which includes liability of £0.962 for million convertible loan and £0.417 million deferred consideration for Wressle (H1 2020: net current assets of £0.370 million: convertible loan and Wressle deferred consideration NIL)
- Net Assets at 31 January 2021 of £25.658 million (H1 2020: £27.812 million)
- £1 million loan facility secured with Union Jack Oil plc
- £1.051 million convertible loan notes issued following approval at a General Meeting in January 2021

Conventional Oil & Gas - Production

- **Production for period of 92 boepd, in-line with guidance**
- **Production from Ceres, Keddington and Fiskerton Airfield**
- **Wressle re-completion and commencement of oil flow on 30 January 2021**
- **Oil and gas prices have recovered from lows seen in 2020**

Focus for coming period:

- **Progressing the proppant squeeze at Wressle to attain target production of 150 boepd net to Egdon**
- **Progressing drilling plans to target incremental oil production / near field exploration opportunities at the Keddington oil field and**
- **Progressing field re- development at Waddock Cross**

Conventional Oil & Gas - Production



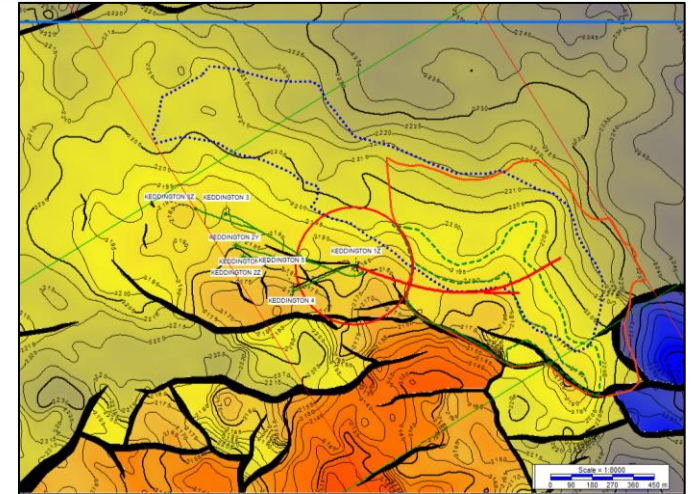
Wressle (EDR 30%)

- Site reconfiguration and installation of production facilities completed
- Well recompletion and re-perforation completed and on extended well test since 30 January 2021
- Approval of proppant squeeze awaited from OGA and EA
- Expected production rate of c. 500 bopd (150 bopd net Egdon) from the Ashover Grit - project breakeven oil price of \$17.62/bbl
- Gross 2P Reserves 0.62 mmbbls
- Additional potential in Penistone Flags reservoir of 2C 1.53 mmbbls

Conventional Oil & Gas – Enhancing Production

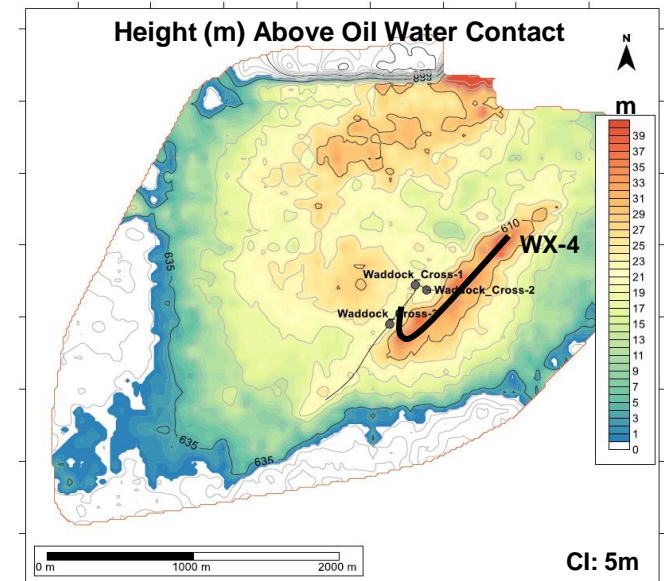
Keddington (EDR: 45%)

- A detailed sub-surface review has highlighted 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 for which planning is already in place.
- Near-field exploration opportunity at Keddington South = gross Mean Prospective Resource of 635,000 bbls
- Louth Prospect = gross Mean Prospective Resource of 600,000 bbls



Waddock Cross (EDR: 55%)

- Shut-in Bridport Sandstone oil field (Dorset)
- Significant Stock Tank Oil Initially in Place (STOIIP) volume of 57 mmbbls
- Independent reservoir modelling shows that a new horizontal well on the field could yield commercial oil production (500-800 bopd) and c. 1 mmbbls per well recovery
- Further work is ongoing to finalise a forward plan for redevelopment of the field



Conventional Oil & Gas - Appraisal

Biscathorpe (Egdon 35.8%)

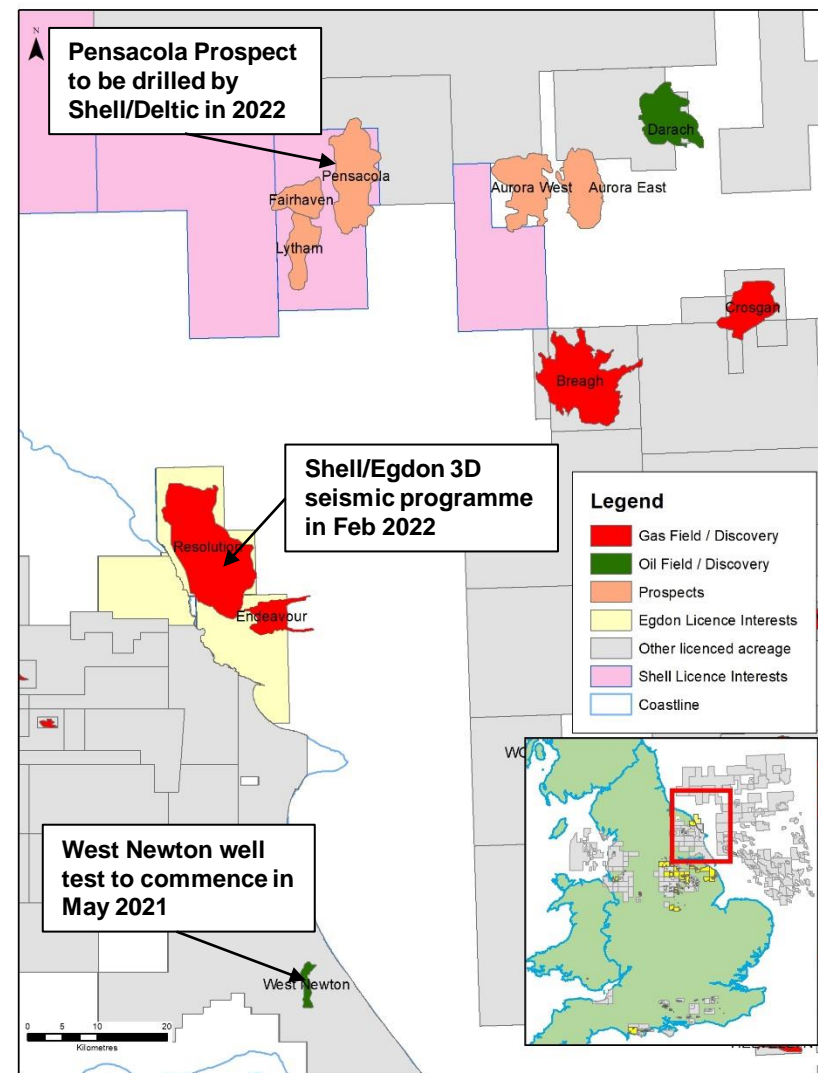
- Evaluation of the results of the suspended Biscathorpe-2 well identified a possible material and commercially viable hydrocarbon resource remaining to be tested
- A planning application was submitted during February 2021 for side-track drilling, testing and long-term production
- The side-track will target:
 - Dinantian Carbonate, where a 68 metre oil column was discovered in Biscathorpe-2 with gross Mean Prospective Resources of 2.55 mmbbls
 - Basal Westphalian Sandstone, with estimated gross Mean Prospective Resources of 3.95 mmbbls
- Break-even full cycle economics are US\$18.07 per barrel with an NPV (10) valuation of £55.60 million
- A joint farm-out process is currently ongoing
- Subject to planning consent, a well could be drilled in 2021-22

Conventional Oil & Gas - Appraisal



Resolution & Endeavour Gas Discoveries (Egdon 30%)

- Resolution Gas Discovery (P1929) = Early North Sea discovery (Total: 1966) capable of 17-22 mmcfd per well
- CPR (Schlumberger) published 9 April 2019 advised gross Mean Contingent resources of 231 bcf
- Endeavour Gas Discovery (P2304) = 18 bcf gross Mean Contingent resources assessed by Egdon
- Farm-in agreement completed with Shell U.K. Limited for P1929 and P2304
- 637km² 3D seismic planned to detail both Resolution and Endeavour gas discoveries.
- Resolution 3D seismic acquisition now planned for February 2022, subject to final OGA approval
- Shell and Deltic have committed to the drilling of the nearby Pensacola Prospect in 2022, which will test the same play
- West Newton well test due to commence shortly

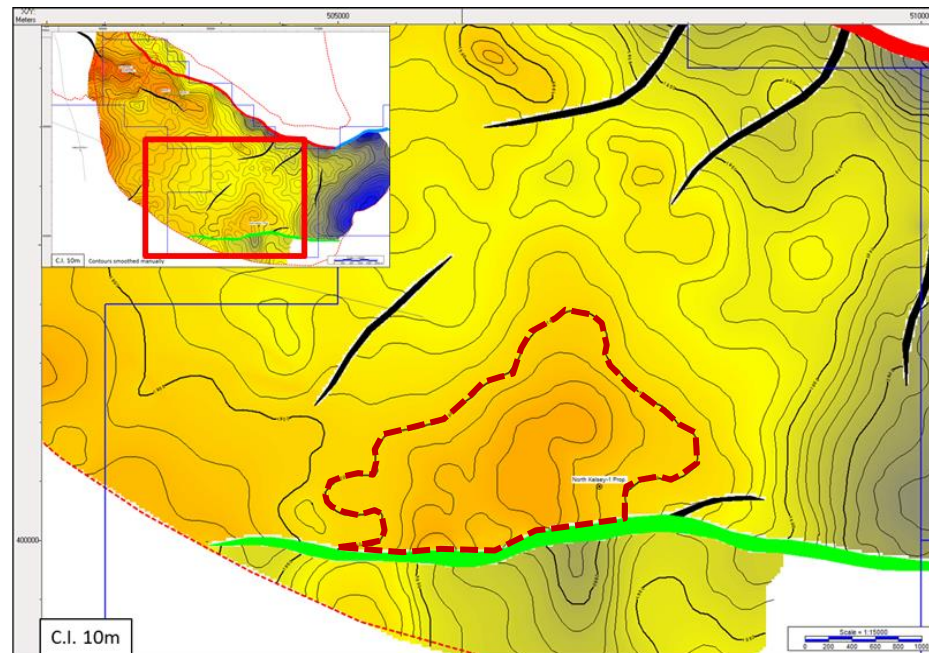


Conventional Oil & Gas - Exploration

North Kelsey (PEDL241: Egdon 50%)

- Alignment of interests with Union Jack to 50:50 completed, £100K received
- 3D defined prospect with multiple reservoir targets = Wressle analogue
- Gross Mean Prospective Resources of 6.47 mmbbls
- EA Permit received & Planning Consent extended to end 2021
- A joint farm-out process is currently ongoing
- Subject to executing a farm-out, a well could be drilled in Q3-4 2021

Top Dinantian Depth Map (m TVDSS)

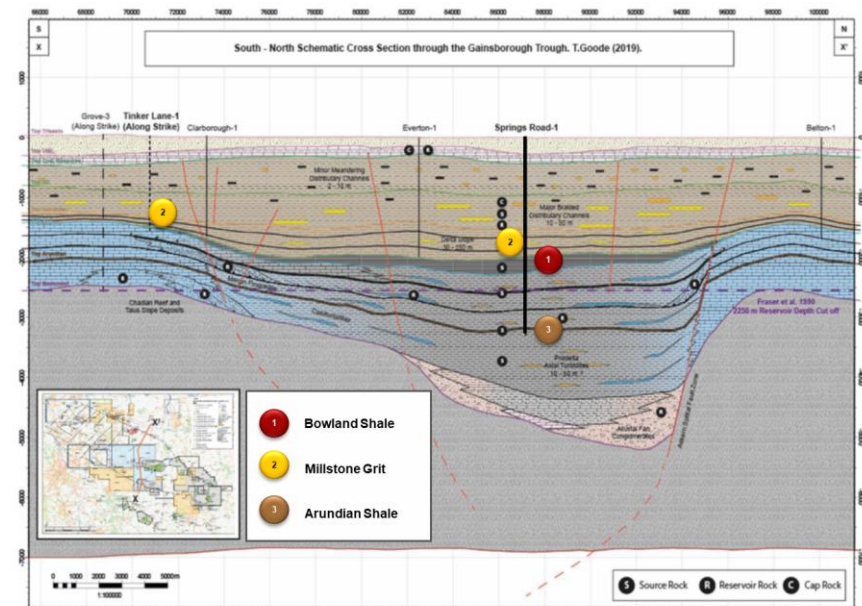
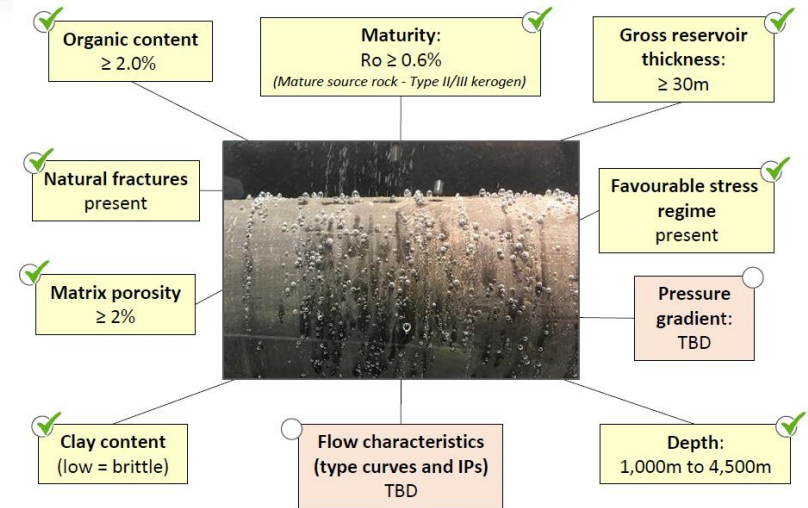


Shale-Gas Assets



- 164,280 net acres (664km² net) with estimated Mean volumes of undiscovered GIIP of 47.6 TCF
- Core area is the Gainsborough Trough where the Group holds interests in 71,361 net acres
- Highly positive preliminary results from Springs Road-1 (EDR 14.5% carried), indicate a potentially world class resource in the Gainsborough Shale
- Basin characterised by simple structure and lack of extensive faulting – the risk of seismicity is dependent upon local geology
- Current moratorium on hydraulic fracturing for shale gas
- Strategy is to maintain our significant portfolio of shale-gas assets on a care and maintenance basis whilst working to demonstrate that we can operate safely and in an environmentally responsible manner to deliver UK gas to market

Key Characteristics of Springs Road-1 Gainsbosrough Shale

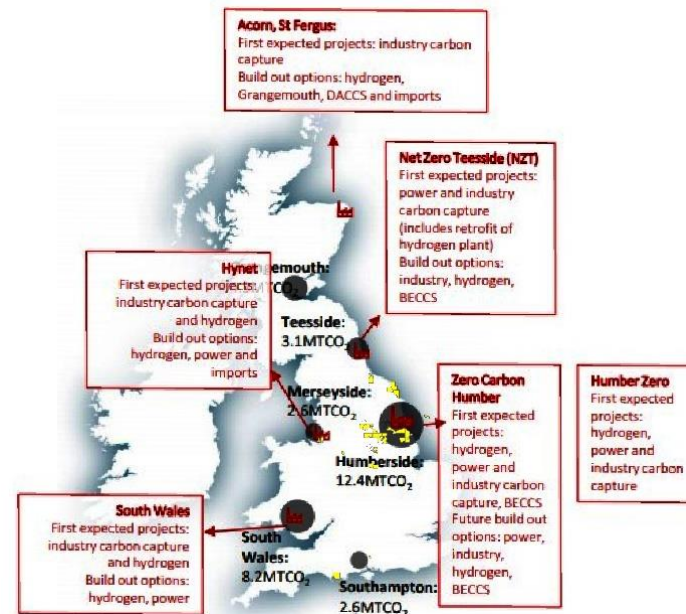


Source: IGas Interim Results Presentation October 2019

Interim Results for six months ended 31 January 2021

Energy Transition

- 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
- The energy transition presents 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
- Egdon holds licences in close proximity to industrial “hubs” for Carbon Capture, Utilisation and Storage (CCUS) – e.g., Zero Carbon Humber & Net Zero Teeside



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

Energy Transition - Geothermal

- Geothermal Energy utilises the core skills, knowledge, and operating experience available within the Company
- Egdon has completed an initial review of potential within our existing wells and fields and concluded that a number have potential for geothermal heat
- The review highlighted an anomalously high geothermal gradient in the area of our shut-in wells at the Dukes Wood and Kirklington oil fields
- Initial potential candidates identified for repurposing for geothermal heat production
- The planning consent has been extended to retain the existing Kirklington site whilst detailed feasibility studies are completed, and the regulatory aspects are further explored
- To facilitate progress in relation to geothermal energy opportunities we have signed a memorandum of understanding (MoU) to work with Creative Geothermal Solutions Limited (CGS)
- CGS are a team of highly experienced engineers and service providers who will work jointly with Egdon and our partners to progress these opportunities (www.creativegeothermal.com)

- **Production guidance for the full year of 110-130 boepd**

Our key operational focus for the coming period will be:

- **Progressing the proppant squeeze at the Wressle oil field to attain target production of 150 boepd net to Egdon**
- **Securing planning consent for the Biscathrope-2Z side-track, testing and long-term production**
- **Progressing a farm-out of North Kelsey-1 and Biscathorpe-2Z with a view to drilling during 2021-22**
- **Progressing the acquisition of the planned 3-D seismic survey over the Resolution and Endeavour gas discoveries in February 2022**
- **Progressing drilling plans to target incremental oil production / near field exploration opportunities at the Keddington oil field and field development at Waddock Cross**
- **Developing a detailed plan for geothermal repurposing of either or both of the Dukes Wood and Kirklington wells**
- **Subject to lifting of the current moratorium on hydraulic fracturing operations for shale-gas, progressing plans for further testing of our extensive Gainsborough Trough unconventional resources assets**

Summary

Conventional Oil & Gas

- ✓ Wressle oil field expected to add 150 boepd following proppant squeeze
- ✓ Biscathorpe-2Z side-track and North Kelsey-1 2021*
- ✓ Resolution & Endeavour 3D seismic acquisition
- ✓ Keddington and Waddock Cross additional development potential being progressed

Shale-Gas

- ✓ 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

Energy Transition

- ✓ Energy Transition opportunities being reviewed
- ✓ Geothermal Energy potential identified at a number of Egdon's sites
- ✓ Geothermal repurposing potential at Dukes Wood and Kirklington
- ✓ MoU signed with Creative Geothermal Solutions Limited to jointly pursue opportunities

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