



# Egdon Resources plc

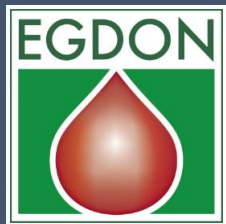
Preliminary Results for the 12 months ended  
31 July 2021 and Business Update



# Egdon at a Glance

- **AIM: EDR**
- **Established oil & gas exploration & production company formed in 1997**
- **Onshore UK focus**
- **Growing Production and Revenues**
- **Significant onshore exploration and appraisal assets**
- **Nearshore gas appraisal opportunity**
- **Material shale gas position**
- **Identified Energy Transition opportunities - Geothermal**
- **Multiple growth catalysts in the coming period**





# Strategy

**Maintain geographical focus on the UK**

**UK Focus**

**Conventional Oil & Gas**

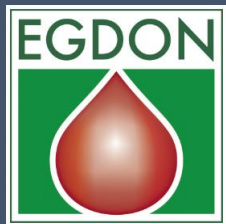
**Focus on growth in production and revenue through conventional production, appraisal and exploration projects**

**Maintain our significant portfolio of unconventional resources assets whilst working to address the moratorium**

**Shale Gas**

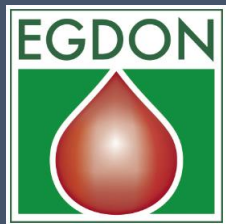
**Energy Transition**

**A near-term focus on developing low carbon energy transition projects, utilising Egdon's existing assets, knowledge of the Onshore UK geology and core technical skills and operating experience**



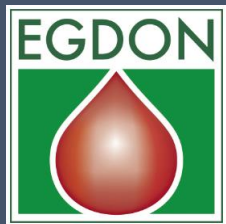
# Highlights

- **Wressle**: Completion of site reconfiguration, facilities installation and well recompletion, with test production ongoing since late January 2021 and the proppant squeeze operation successfully completed in July 2021
- **Production**: 90 barrels of oil equivalent per day (“boepd”) (2020: 145 boepd) against guidance of 110-130 boepd - due to delays in undertaking the proppant squeeze at Wressle
- **Biscathorpe**: Planning application submitted for a side-track drilling operation, associated testing and long-term oil production
- **Geothermal**: Entered a MoU with Creative Geothermal Solutions Limited in respect of geothermal projects with an initial focus on Egdon’s Dukes Wood-1 and Kirklington-3Z wells
- **Resolution**: Completion of the farm-outs for the Resolution and Endeavour gas discoveries (P1929 and P2304) to Shell Oil U.K. Limited
- Continued refocussing and streamlining of the licence portfolio



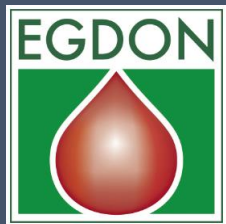
# Financials

- **Gross oil and gas revenues during the year increased by 13.4% to £1.09 million (2020: £0.96 million).**
- **Loss for the year ended 31 July 2021 of £1.68 million after write-downs, pre-licence costs and impairments of £0.48 million (2020: loss of £4.75 million after write-downs, pre-licence costs and impairments of £3.03 million)**
- **Basic loss per share of 0.51p (2020: 1.53p)**
- **Cash at bank £1.96 million as at 31 July 2021 (2020: £0.85 million)**
- **Net assets as at 31 July 2021 of £27.30 million (2020: £26.67 million)**
- **Refinancing of the business via a £1 million loan facility, the issue of £1.05 million convertible loan notes following shareholder approval at a General Meeting held on 22 January 2021, and an equity placing of £1.44 million gross in July 2021**



# Subsequent Events

- **Wressle**: Coiled tubing operation completed in August 2021, with test production recommencing and flow rates exceeding pre-operational expectations. During September, we reported facility constrained instantaneous flow rates of up 884 barrels of oil per day (“bopd”) along with 480,000 cubic feet of gas (c. 80 barrels of oil equivalent per day). Wressle is already having a positive impact on the Group’s revenues
- **Resolution**: In September 2021 we were advised by Shell that the planned 3-D seismic survey across UK offshore licences P1929 and P2304 (Resolution and Endeavour gas discoveries respectively (Egdon 30%)) would not proceed on the originally expected timeframe of February 2022. Subject to regulatory and Shell approval, we now anticipate this could go ahead in February 2023
- **Biscathorpe**: On 1 November 2021 planning permission was refused for the Biscathorpe project. The Company will await the formal decision notice before taking advice and considering our options including an appeal.

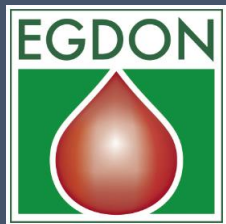


# Production

- **Production was 90 boepd for the last reporting period**
- **Initial production guidance for reporting period 2021/22 is 240 boepd reflecting increasing Wressle production**
- **Oil and gas prices have recovered very strongly from lows seen in 2020 and are expected to remain high as worldwide activity returns to pre-pandemic levels**
- **Onshore production is low capex and low opex = low break-even costs = highly profitable at current oil prices**
- **High gas prices improve Ceres field economics and could extend field life**

## **Key Activities:**

- **Optimising production operations at Wressle**
- **Progressing the monetisation of associated gas production and plans for development of the Contingent Resources at Wressle**
- **Progressing drilling plans to target incremental oil production at the Keddington oil field during 2022**
- **Progressing plans for field redevelopment at Waddock Cross in 2022**

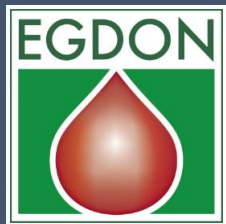


# Wressle – “Exceeding Expectations”

## Wressle (EDR 30%)

- Ashover Grit Gross 2P Reserves 0.62 mmbbls
- Significant additional potential in Penistone Flags reservoir of 2C 1.53 mmbbls
- Site works completed with well placed on test production since 30 January 2021
- Proppant squeeze and subsequent coiled tubing operation completed in August 2021
- Facilities constrained instantaneous flow rates of up 884 bopd with 480,000 cubic feet of gas (c. 80 boepd)
- Pre-development target of 500 bopd significantly exceeded
- Wressle is already having a highly positive impact on our revenues
- Plans to upgrade gas handling on site to realise full potential from well
- Progressing plans to utilise the associated gas
- Develop plans for development of the Contingent Resources at Wressle in the Penistone Flags

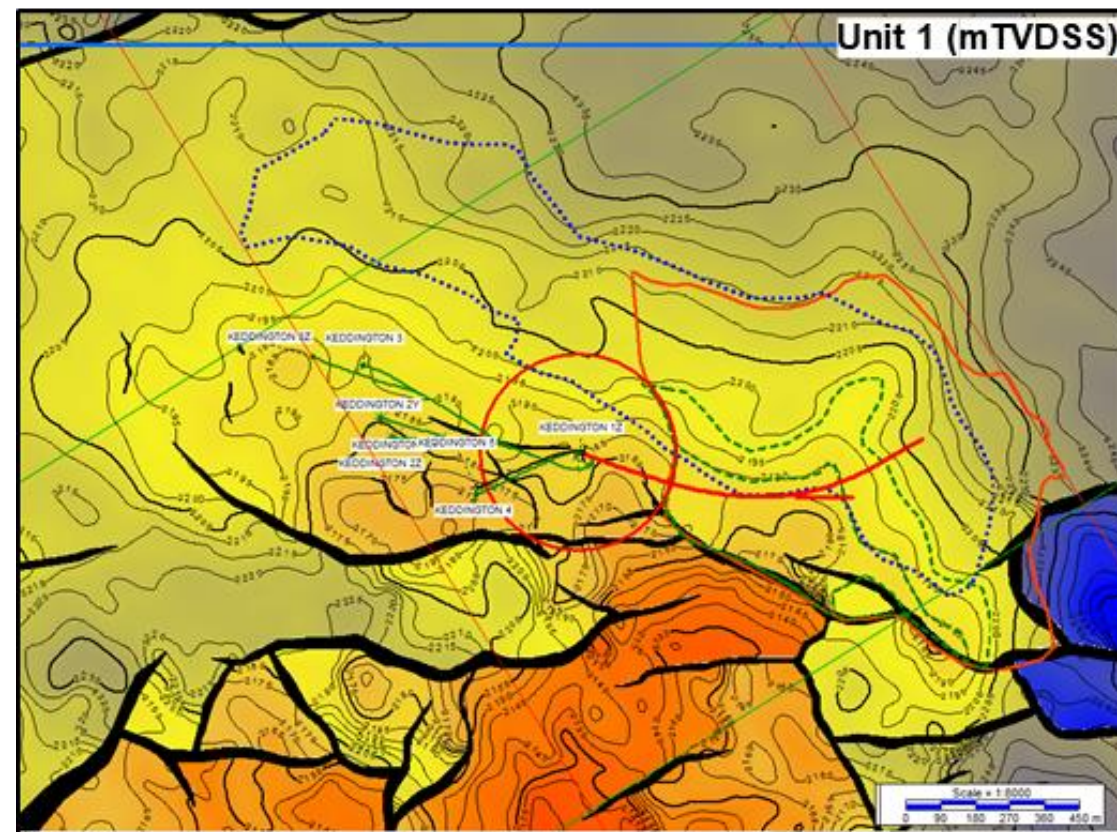


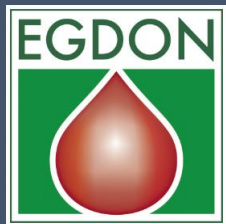


# Keddington– “Accessing remaining reserves”

## Keddington (EDR: 45%)

- Existing production site with gross Mean Contingent Resources of 567,000 bbls remaining to be produced and further upside
- Detailed reservoir engineering work currently being finalised to support the final target selection for a side-track well, which could be drilled in 2022
- Near-field exploration opportunity at Keddington South (gross Mean Prospective Resource of 635,000 bbls) and Louth Prospect (gross Mean Prospective Resource of 600,000 bbls)

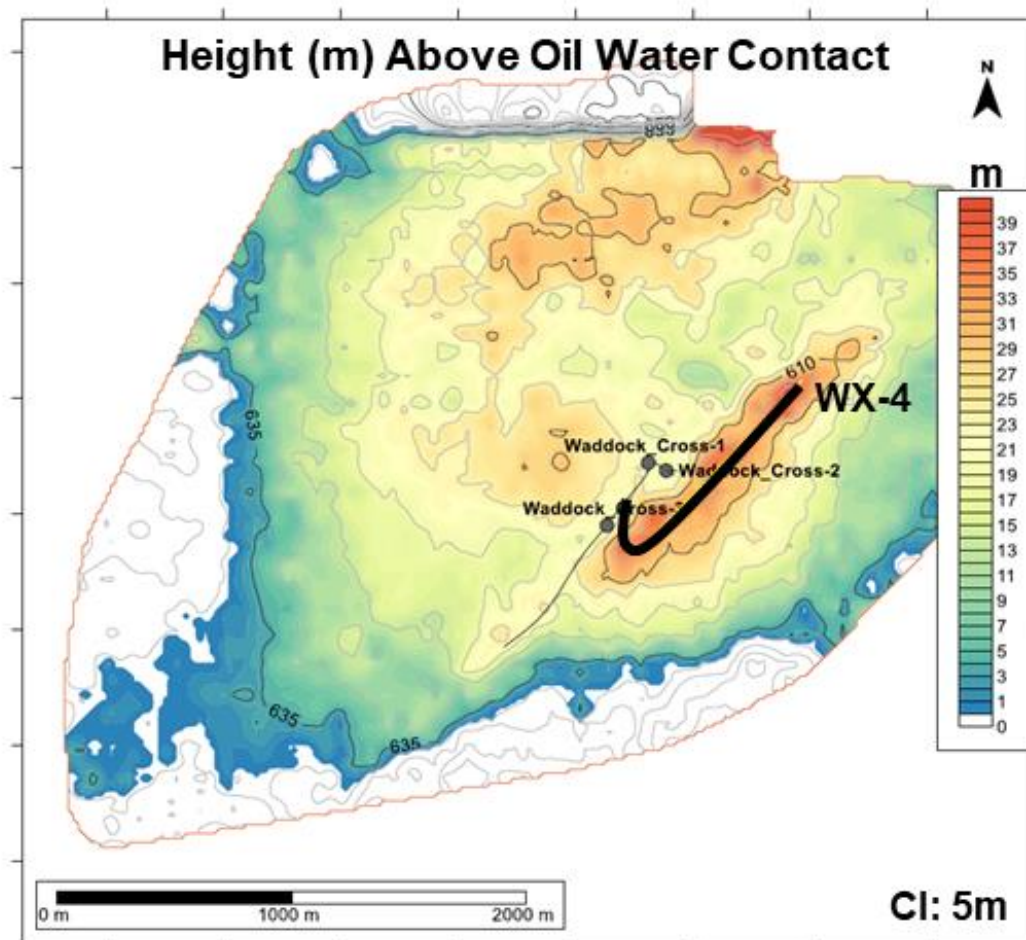




# Waddock Cross – “Redevelopment to increase production”

## Waddock Cross (EDR: 55%)

- Shut-in Bridport Sandstone oil field (Dorset)
- Significant Stock Tank Oil Initially in Place (STOIIP) volume of 57 mmbbls
- New horizontal well = commercial oil production (500-800 bopd) and c. 1 mmbbls per well recovery
- Third party work is currently ongoing to finalise the well design, facilities specification, and commercial modelling for the phased redevelopment
- A final investment decision is expected to be made by the end of 2021 which could lead to further drilling activity during 2022





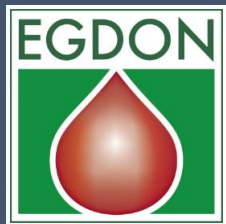
# Exploration / Appraisal

- Our portfolio of conventional assets provides potential for material growth via exploration and appraisal drilling success
- The Company continues to progress those opportunities that offer maximum near-term impact
- The initial focus is on Biscathorpe, North Kelsey and Resolution

## Key Activities:

- Securing planning consent for the Biscathorpe-2Z side-track, testing and long-term production
- Securing an extension to North Kelsey planning consent beyond end 2021
- Subject to regulatory and Shell approval, progressing the 3-D seismic survey over the Resolution and Endeavour gas discoveries

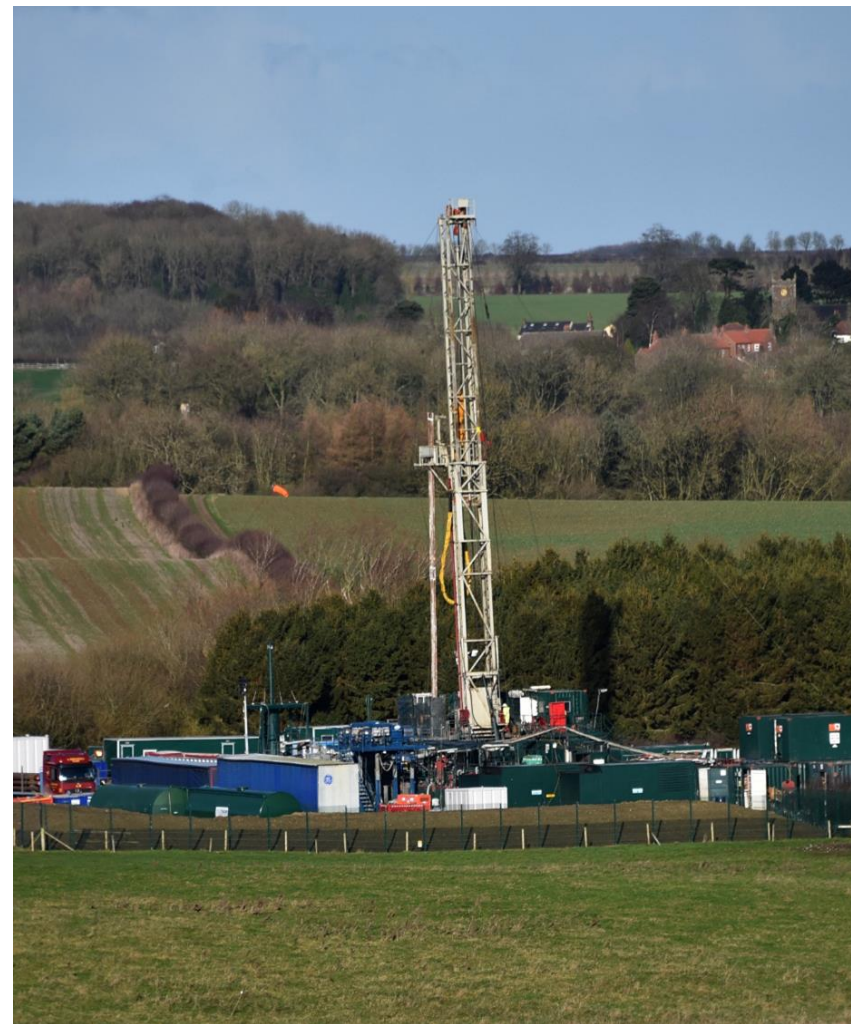


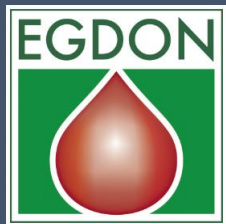


# Biscathorpe – “Appraisal of an Oil Discovery”

## Biscathorpe (Egdon 35.8%)

- Biscathorpe-2 well identified a possible material and commercially viable hydrocarbon resource
- A planning application for side-track drilling, testing and long-term production was rejected on 1 November 2021 and subject to advice is likely to be appealed
- The Biscathorpe-2 side-track would 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
- Independent Carbon Intensity Study concluded that the Biscathorpe project has an AA rating.

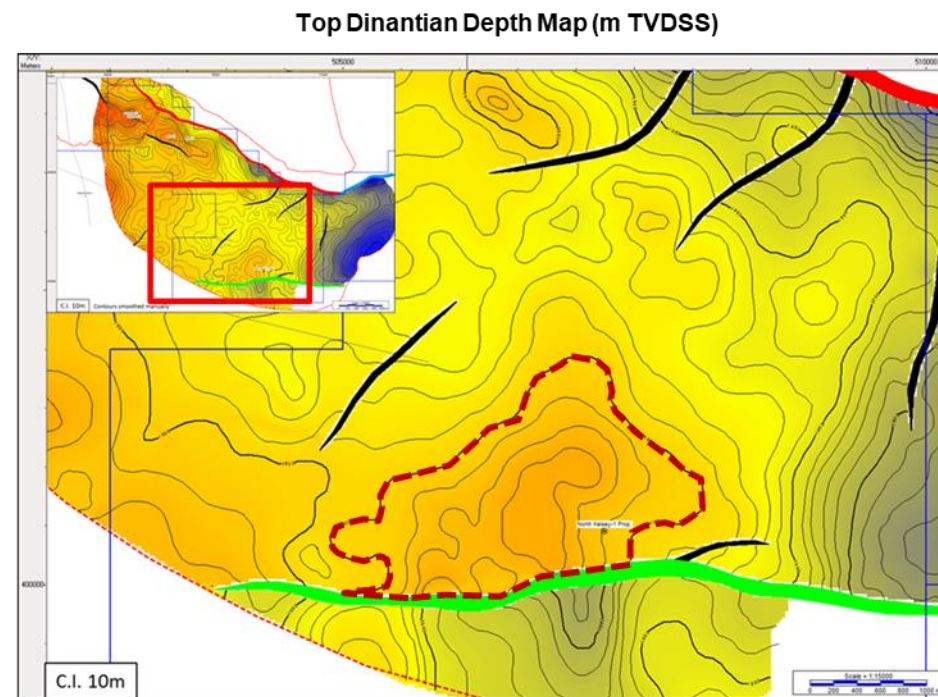




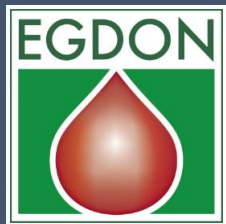
# North Kelsey – “Exploration to Add Reserves”

## North Kelsey (PEDL241: Egdon 50%)

- Prospect mapped from 3D seismic, with multiple reservoir targets = Wressle analogue
- Gross Mean Prospective Resources of 6.47 mmbls in multiple reservoir targets
- Licence equity equalised during the period with Union Jack Oil plc
- EA Permit received & Planning Consent extended to end 2021
- Planning application to be submitted during November 2021 to extend the planning consent further



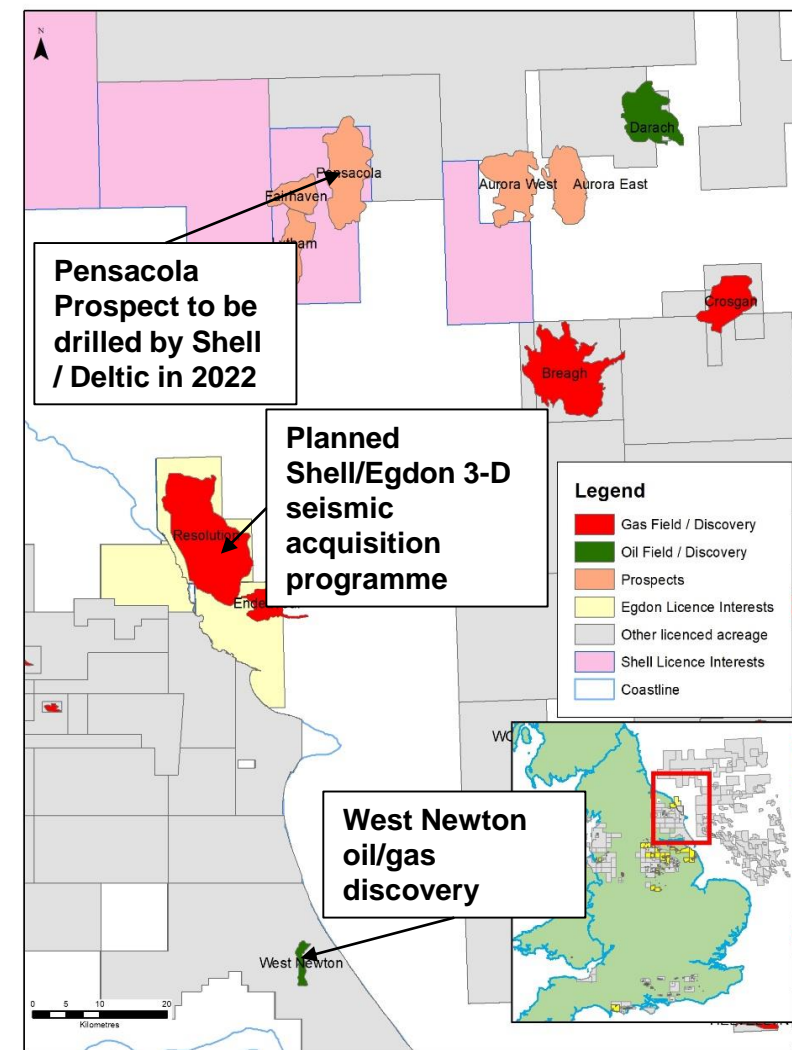




# Resolution – “Appraisal of Large Offshore Gas Discovery”

## Resolution & Endeavour Gas Discoveries (Egdon 30%)

- Farm-in completed with Shell U.K. Limited
- Resolution Gas Discovery (P1929) = Early North Sea discovery (Total: 1966)
  - CPR (Schlumberger) assessed gross Mean Contingent resources of 231 bcf gas
- Endeavour Gas Discovery (P2304) = 18 bcf gross Mean Contingent resources assessed by Egdon
- Shell has advised that the planned 3-D seismic survey would not proceed on the original expected timeframe of February 2022.
- Subject to regulatory and Shell approval, we now anticipate that this could go ahead in February 2023.
- Active Area and Play:
  - Shell and Deltic have committed to the drilling of the nearby Pensacola Prospect in 2022
  - West Newton oil and gas discovery





# Shale Gas – “Maintaining a Significant Asset Position”

- The Group holds a significant unconventional resources portfolio in Northern England, totalling 151,742 net acres (614km<sup>2</sup> net) with estimated Mean volumes of undiscovered GIIP of 37.6 TCF (net)
- Primary focus is the Gainsborough Trough where Springs Road-1 well (Egdon 14.5%) highlighted a potentially world class resource in the Gainsborough Shale
- Current moratorium on hydraulic fracturing for shale gas
- Strategy is to maintain our significant unconventional resource portfolio on a care and maintenance basis, whilst working to lift moratorium
- Indigenous gas has significant carbon intensity savings over imports, provides security of supply, local jobs and tax revenues and could be a feed-stock for blue hydrogen
- Transformational value if moratorium can be lifted



# Energy Transition

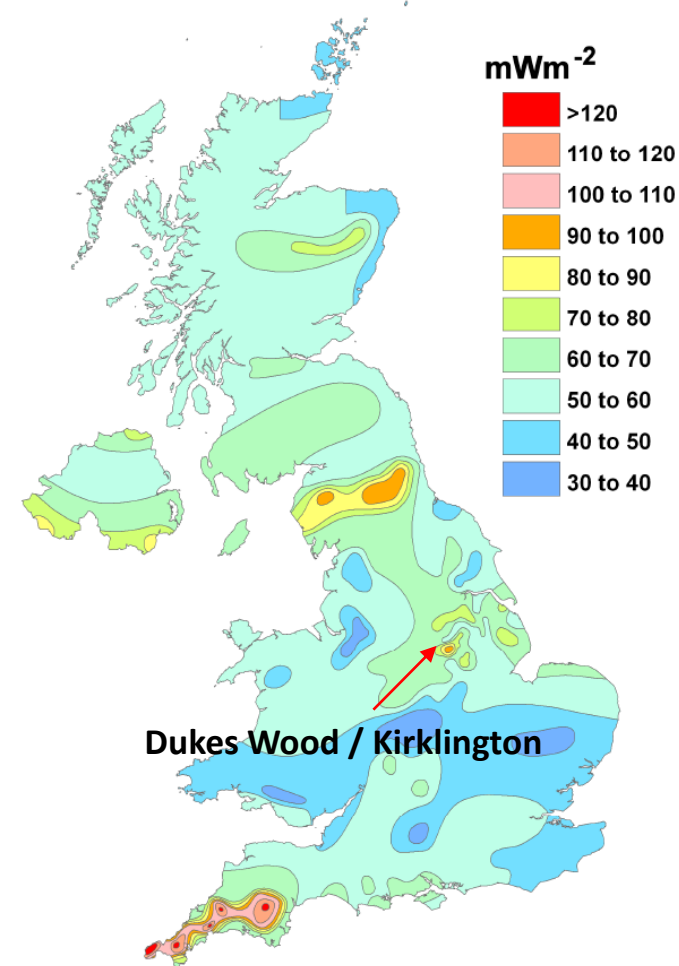
- The UK is committed by law to reaching “net zero” carbon emissions by 2050
- The Committee on Climate Change identifies the continuing need for oil and gas up to and beyond 2050
- The Energy Transition presents a number of business opportunities
- Egdon sees the potential for repurposing its fields, 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 Teesside

## Key Activities:

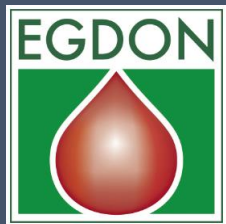
- Repurposing of Dukes Wood-1
- Developing other opportunities for geothermal heat and power
- Developing hydrogen and energy storage opportunities

# Geothermal - “Heat as a Potential Business”

- Geothermal energy projects can utilise Egdon’s core skills, knowledge, and operating experience
- Our existing wells and fields have promising potential for geothermal heat generation
- Repurposing extends the economic life of wells
- Shut-in well at Dukes Wood is located in an area of anomalously high geothermal gradient
- Working with Creative Geothermal Solutions Limited (CGS) we have submitted a programme to plug and abandon the existing Dukes Wood-1 oil well, and recomplete it for geothermal heat production
- Subject to regulatory approval, work on this proof-of-concept project will commence during Q1 2022
- Progressing other opportunities for geothermal heat and power



Heat flow map of the UK (source BGS, 2010)



# Outlook

- Initial production guidance for 2021-22 is 240 boepd, with Wressle being the significant contributor

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

- Optimise oil and gas production from the Ashover Grit reservoir at Wressle
- Progress monetisation of associated gas production from the Ashover Grit reservoir at Wressle
- Finalise plans for development of the Contingent Resources at Wressle
- Securing planning consent for the Biscathorpe-2Z side-track, testing and long-term production
- Securing an extension to North Kelsey planning consent beyond end 2021
- Progressing drilling plans to target incremental oil production / near field exploration opportunities at the Keddington oil field and field redevelopment at Waddock Cross
- Geothermal repurposing of the Dukes Wood-1 well during 2022
- Subject to regulatory and Shell's agreement, progressing the 3-D seismic survey over the Resolution and Endeavour gas discoveries
- Further developing the Company's energy transition opportunities





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