



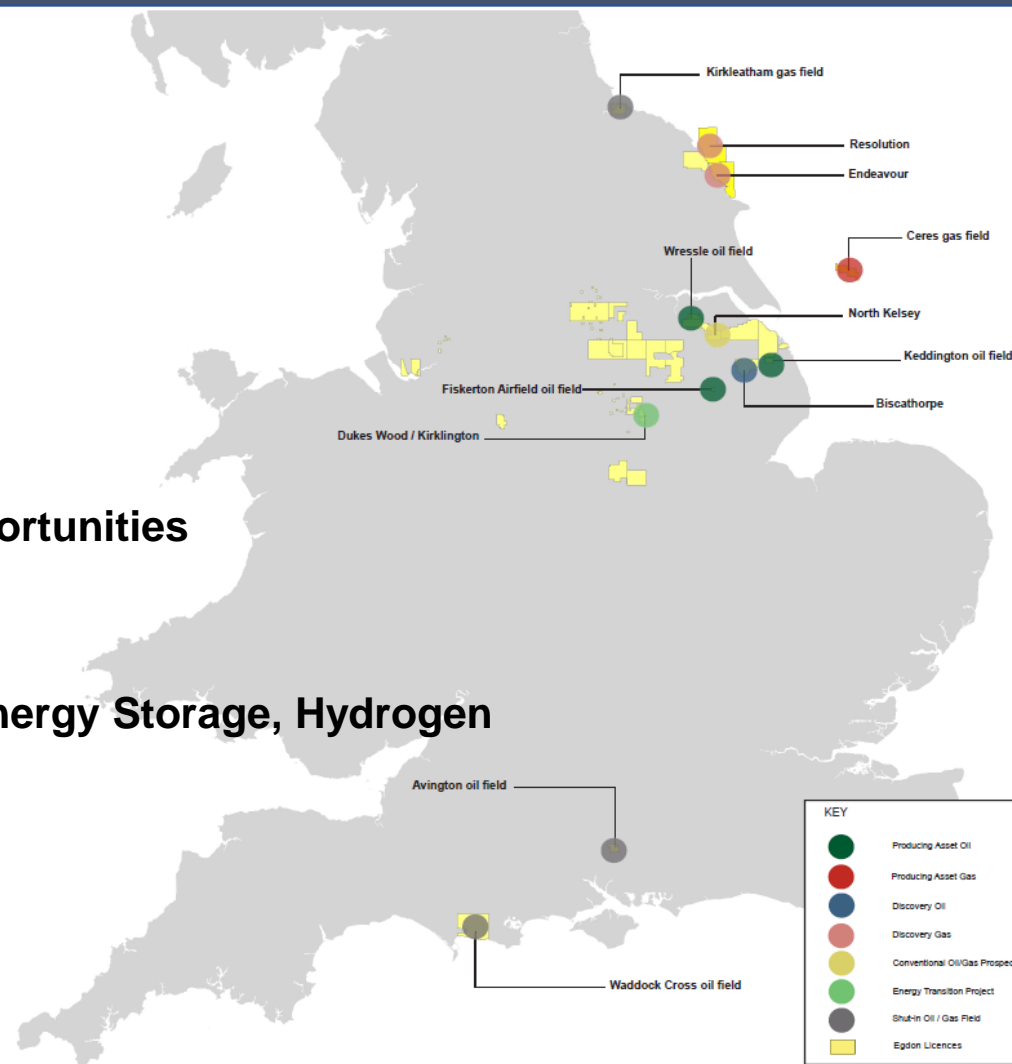
# Egdon Resources plc

Interim Results for the six months  
ended 31 January 2022 and  
Business Update



# Egdon at a Glance

- **AIM: EDR**
- **Established UK- based energy company**
- **Onshore UK focus**
- **Step-change in production and revenues**
- **Significant onshore/nearshore exploration and appraisal opportunities**
- **Material shale gas position in Northern England**
- **Developing Energy Transition opportunities – Geothermal, Energy Storage, Hydrogen**
- **Multiple growth catalysts in the coming period**





# Highlights

***“The period has been an exceptional one for the Company. Revenues have increased fivefold and this has resulted in a return to profit after the challenges of recent years. Significantly increased commodity prices and increased production have made this possible. The Wressle field continues to exceed our expectations and the Ceres gas field is providing a late life renaissance.***

***Production continues at a high level and the resultant positive cash flow, supported by continuing high commodity prices enables us to be confident that we will be able fully to fund our current plans.”***

***Philip Stephens  
Chairman***





# Highlights

- **Production increased by 116% to 36,714 barrels of oil equivalent (“boe”) or 200 boe per day (“boepd”) (H1 2021: 16,928 boe and 92 boepd)**
- **Wressle production has significantly exceeded the original expectation of 500 barrels of oil per day (“bopd”) and is currently producing at permit constrained rates of 760-800 bopd**
- **Egdon has assumed the operatorship, increased its equity to 40% and agreed an extension to 20 March 2024 in PEDL343 which contains the Cloughton gas discovery**
- **Planning permission was refused for the Biscathorpe project**



# Financials

## 6 months ended 31 January 2022:

- Revenues increased by 500% to £2.551 million (H1 2021: £0.424 million)
- Profit before impairments/write backs of £0.715 million (H1 2021: loss of £0.763 million)
- Profit of £1.222 million including £0.507 million Ceres write-back (H1 2021: loss of £1.039 million including £0.276 million of impairments)
- Cash and cash equivalents of £2.084 million (H1 2021: £2.422 million and at 31 July 2021: £1.96 million)
- Net current assets of £1.165 million (31 January 2021: net current liability of £0.126 million)

## Post-Period end:

- Production and revenues have continued to be strong with February and March revenues of £0.480 million and £0.953 million
- The Company is funded for all near-term committed activity including the loan repayment of £1.07 million due in May 2022



# Subsequent Events

- **10 March 2022 - revised incentive package put in place through the cancellation of all historical share options and issue of new share options to all staff**
- **14 March 2022 - planning permission was refused for extension to North Kelsey-1 exploration well consent and will be appealed during H2 2022**
- **5 April 2022 - the Government announced that it had commissioned the British Geological Survey to advise on the latest scientific evidence around shale gas extraction**
- **12 April 2022 - appeal submitted for the Biscathorpe project**
- **April 2022 - Shell advised Egdon and the North Sea Transition Authority (“NSTA”) of its intention to withdraw from licences P1929 and P2304, containing the Resolution and Endeavour gas discoveries. Egdon is currently considering its ongoing commitment to the licences and discussing options with the NSTA**



# 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**



# Production - “Step-change in Revenues”

- Production increased by 116% to 36,714 boe or 200 boepd (H1 2021: 16,928 boe and 92 boepd)
- Revenues increased by 500% to £2.551 million (H1 2021: £0.424 million)
- The average realised price per barrel of oil equivalent was 178% higher at \$93.81/boe (H1 2021: \$33.81/boe)
- Production was from:
  - Wressle
  - Ceres
  - Keddington
  - Fiskerton Airfield
- Production and revenues have continued to be strong, with February and March revenues of £0.480 million and £0.953 million respectively
- Production guidance for the full financial year 2021-22 is 240 boepd from the above fields with production during H2 2022 guided at 275-285 boepd





# Wressle – “Continuing to Exceed Expectations”

## Wressle (EDR 30%)

- Exceeded our pre-production expectations of 500 bopd following the successful proppant-squeeze and coiled-tubing operation
- Instantaneous rates of over 1000 bopd have been achieved
- Early restrictions to production addressed by upgrades and modifications to the site facilities including the installation of a larger capacity enclosed incineration unit
- Production is currently restricted by gas incineration limit imposed by the Environmental Permit to between 760-800 bopd (228-240 bopd net)
- Gas monetisation will enable the production rate to be increased significantly
- Pressure test analysis has indicated potential flow rates for Wressle-1 approximately 1,200 - 1,500 bopd
- Cumulative production since January 2021 of over 150,000 barrels of oil with no formation water
- A revised Field Development Plan was submitted to the NSTA during April 2022
- Environmental monitoring throughout the operations has shown no measurable impact on surface or groundwater quality, no related seismicity and that noise levels have been within the permitted levels

# Wressle – “Next Steps”

## Monetising the Gas and optimising production rates:

- The likely preferred gas monetisation approach is export of gas via a short pipeline (c. 600m) into the local gas network
- This will require regulatory consents (Planning and EA) with completion targeted for gas sales during the coming winter

## In the coming period we will focus on:

- Complete the installation of the remaining permanent production facilities
- Progress planning and permitting and implement the gas monetisation plan, reduce gas incineration and remove the limitations on oil production
- Advance the field development plan and consenting process to enable production from the Penistone Flags reservoir where there are audited mid-case contingent oil and gas resources of 1.53 million barrels and 2 billion cubic feet of gas

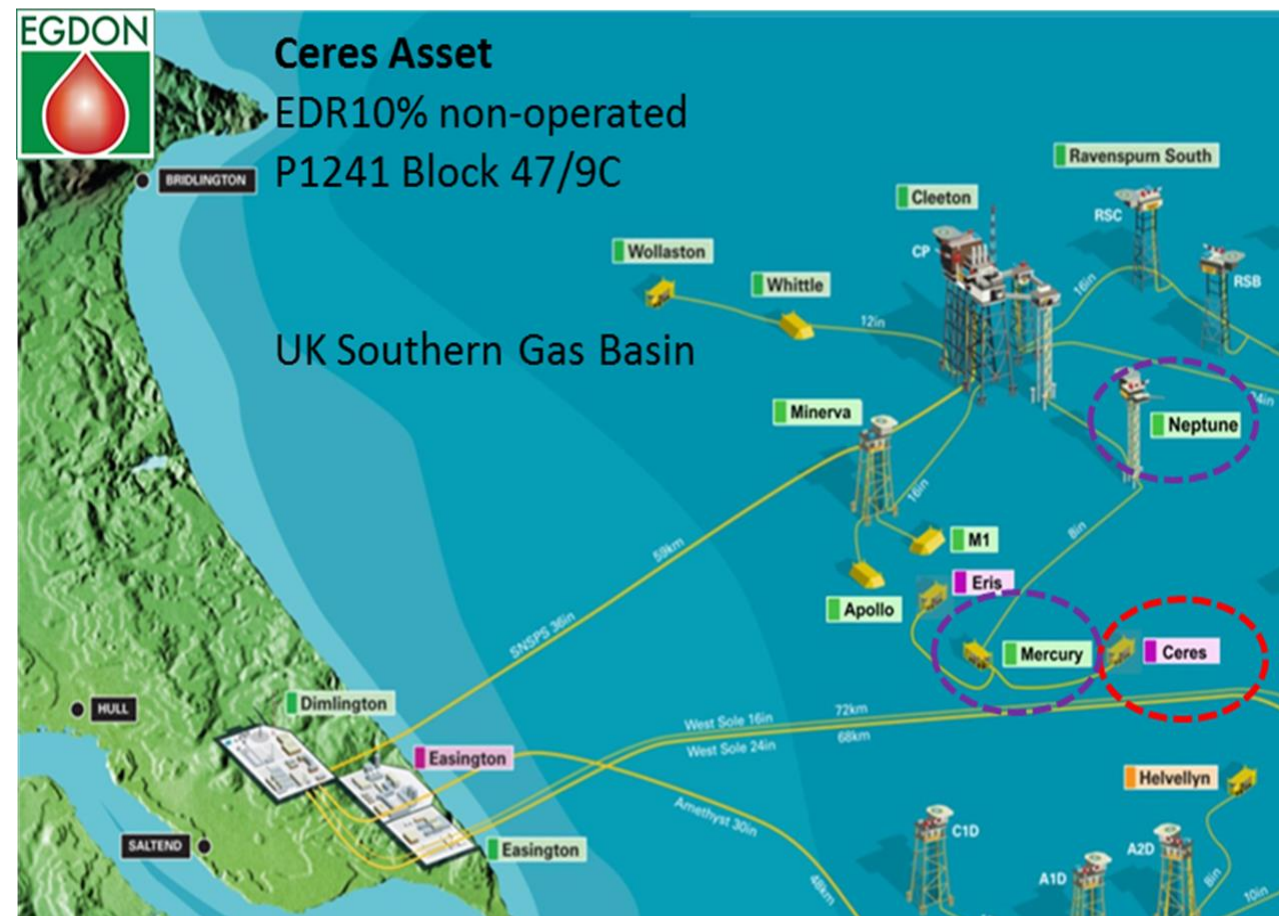




# Ceres– “Late-Life Renaissance ”

## Ceres (EDR 10%)

- The Ceres gas field is undergoing a late-life renaissance contributing material revenues and cash flow
- During the period, Ceres net production averaged 54 boepd with gas prices averaging 184 p/therm or \$123.5/boe (H1 2021: 24p/therm or \$29.2/boe)
- A reassessment of the life of field economics has led to the reversal of a previous impairment of £0.507 million







# Keddington– “Accessing remaining reserves”

## Keddington (EDR: 45%)

- **Contributes tangible revenues**
- **A subsurface review of the field has highlighted a viable target in the east of the field that could deliver 180,000 barrels of incremental production**
- **With planning consent already in place, 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 (Mean Prospective Resources of 635,000 barrels of oil) and the Louth Prospect, (Mean Prospective Resources of 600,000 barrels of oil)**



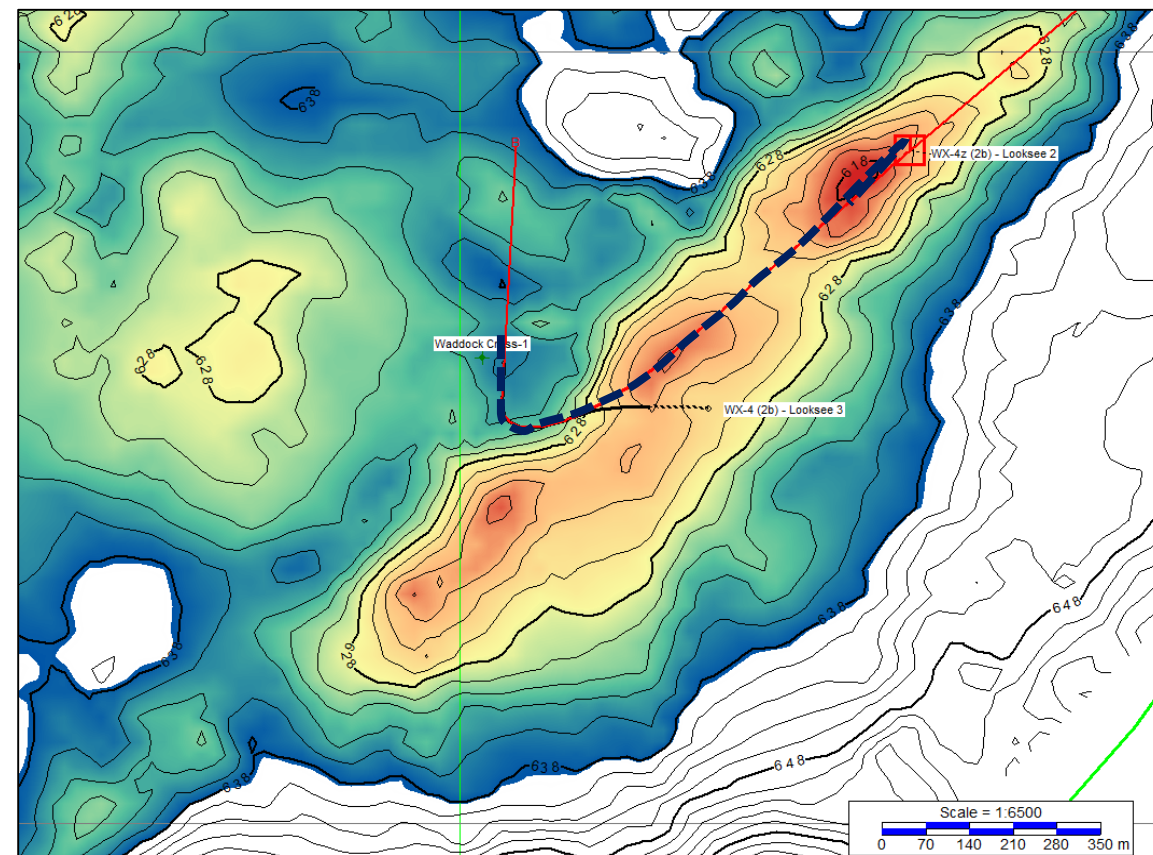


# Waddock Cross – “Redevelopment to increase production”

## 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
- Egdon’s assessment has shown that redevelopment of the field is technically and economically viable
- Asset not core to our JV partners
- Egdon will now commence planning and permitting work with a view to securing regulatory consents by end 2022 ahead of an operational programme of drilling in 2023

Top Bridport Sandstone (Cycle 2) Depth Map (m TVDss) – showing WX-4z Trajectory



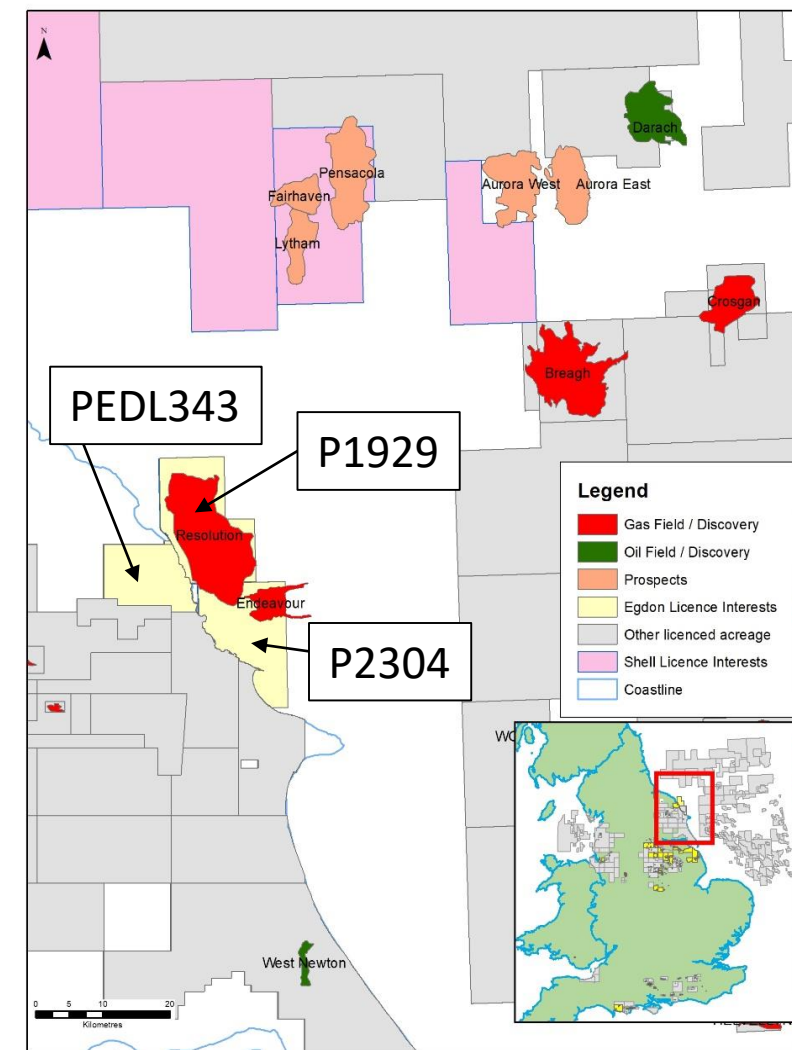




# Cloughton – “Gas Discovery”

## Cloughton (Egdon 40%)

- Egdon has assumed the operatorship of PEDL343, increasing its interest to 40%
- The NSTA has agreed an extension to the Licence to 20 March 2024 along with an associated work programme
- The licence contains the Cloughton tight gas discovery, which flowed gas from a number of different reservoirs when flow tested in 1984
- Egdon and its joint venture partners plan to undertake an assessment of both the conventional and unconventional resource potential of the licence area





# Biscathorpe & North Kelsey

## Biscathorpe (Egdon 35.8%)

- The Biscathorpe-2 side-track would target:
  - Dinantian Carbonate, where a 68 metre oil column was discovered in Biscathorpe-2 with gross Mean Prospective Resources of 2.55 mmbls
  - Basal Westphalian Sandstone, with gross Mean Prospective Resources of 3.95 mmbls
- On 1 November 2021 planning consent was refused for the drilling of a side-track well, testing and long-term oil production at Biscathorpe
- On 12 April 2022, Egdon submitted a comprehensive statement of case in support of its appeal against the decision

## North Kelsey (PEDL241: Egdon 50%)

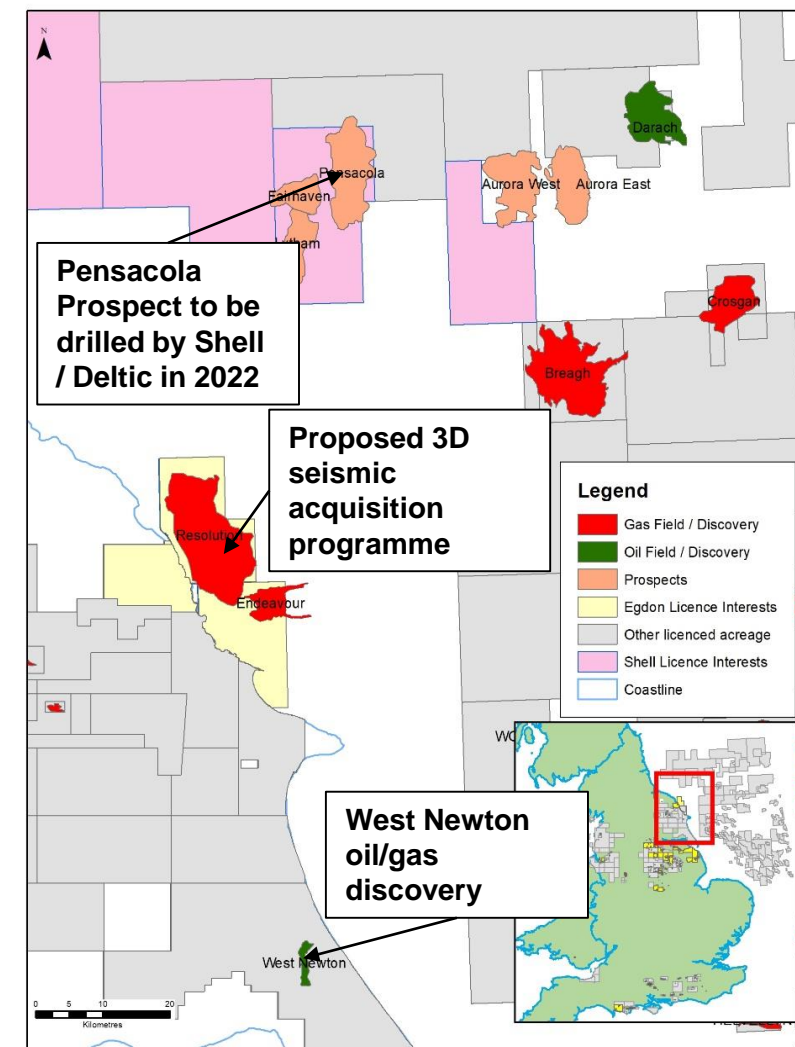
- Prospect mapped from 3D seismic, with multiple reservoir targets = Wressle analogue
- Gross Mean Prospective Resources of 6.47 mmbls in multiple reservoir targets
- Planning permission to extend the time to drill the North Kelsey-1 exploration well was refused by LCC's planning committee on 14 March 2022
- We will bring forward an appeal against this decision during H2 2022.



# Resolution – “Appraisal of Large Offshore Gas Discovery”

## Resolution & Endeavour Gas Discoveries (Egdon 100%\*)

- 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
- During April 2022, Shell advised Egdon and the NSTA of its intention to withdraw from licences P1929 and P2304.
- Egdon is currently considering its ongoing commitment to the licences and discussing options with the NSTA and will update shareholders once its position is known





# Shale Gas – “A strategically important national resource ”

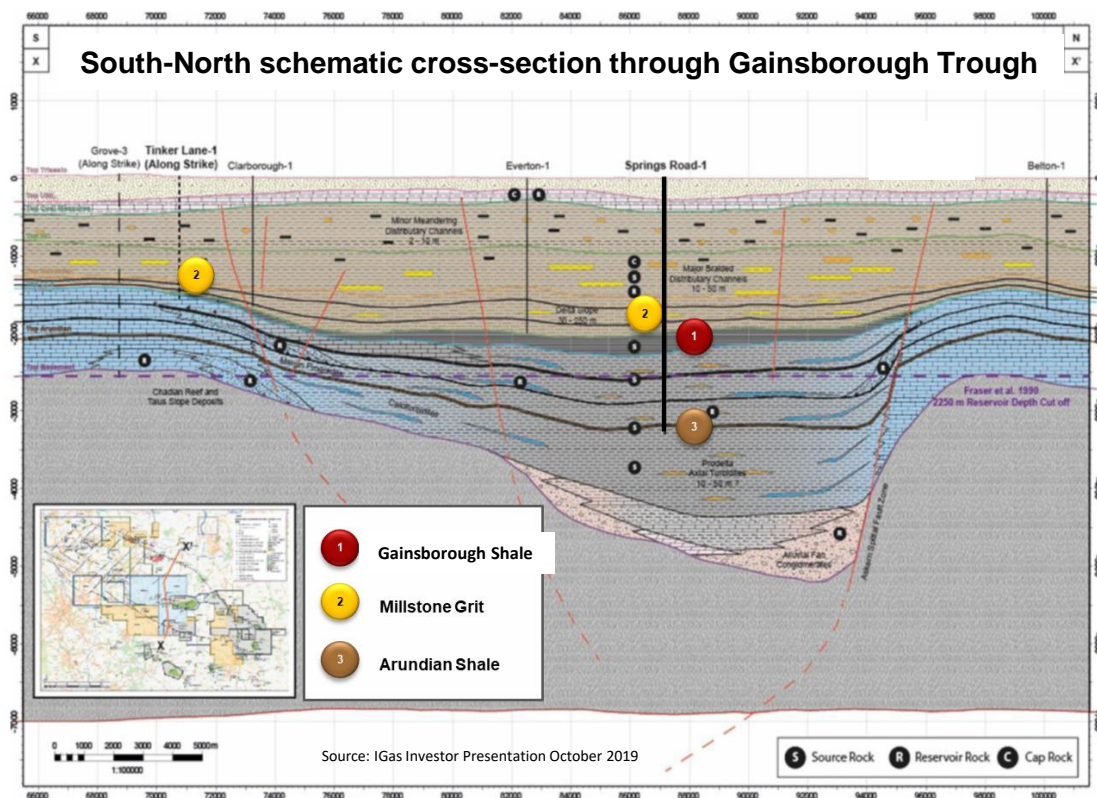
- The Group holds a significant unconventional resources portfolio in Northern England, totalling 151,742 net acres (614km<sup>2</sup> net) with independently (ERCE) estimated Mean volumes of undiscovered GIIP of 37.6 TCF (net)
- Primary focus is the Gainsborough Trough where Springs Road-1 well (Egdon 14.5%) highlighted a potentially world class resource in the Gainsborough Shale
- Current moratorium in place on hydraulic fracturing for shale gas
- On 5 April 2022 the Government announced that it had commissioned the British Geological Survey to advise on the latest scientific evidence around shale gas extraction. This review is a logical and welcome move by the Government
- UK shale gas could be a strategically important national resource with the potential to reduce the UK's growing reliance on gas imports, whilst reducing gas prices, improving our balance of payments, increasing tax revenues and creating skilled jobs whilst importantly also reducing the carbon footprint of the gas we all use
- Transformational for Egdon if moratorium is lifted



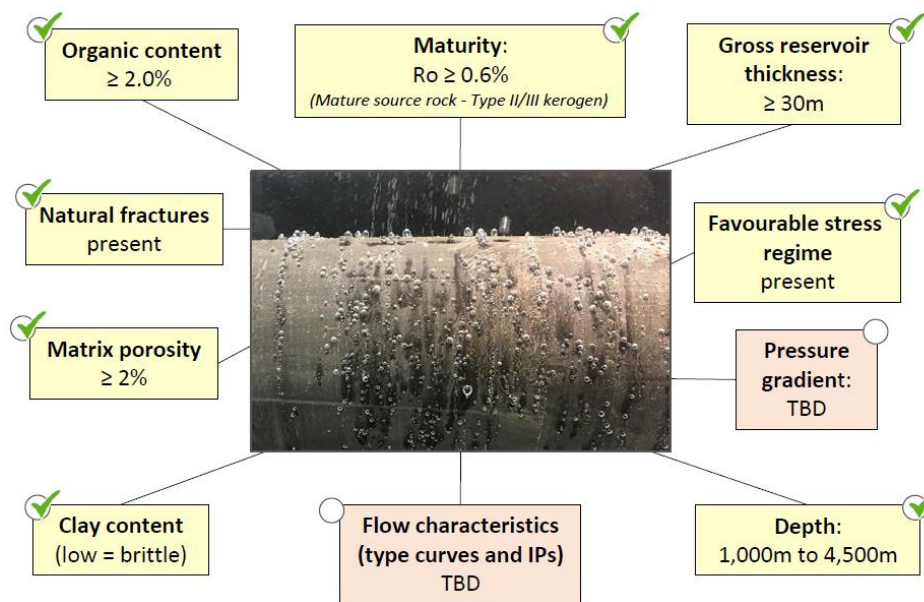


# Gainsborough Trough – “A World Class Resource”

- Basin characterised by simple structure and lack of extensive faulting
- 429m of hydrocarbon bearing shales encountered within the primary target – Gainsborough Shale - Estimated Gas in Place of c. 640 bcf per square mile



## Key Characteristics of Springs Road-1 Gainsborough Shale

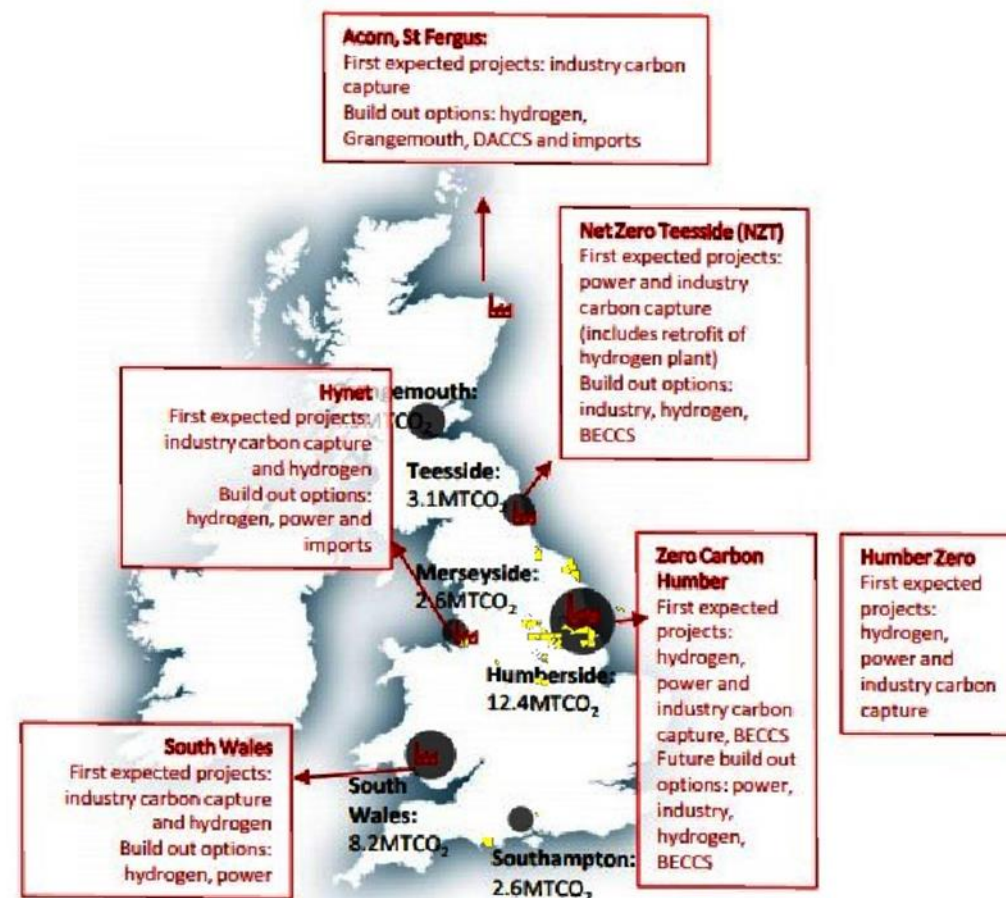


Source: IGas Interim Results Presentation October 2019



# Energy Transition Opportunities

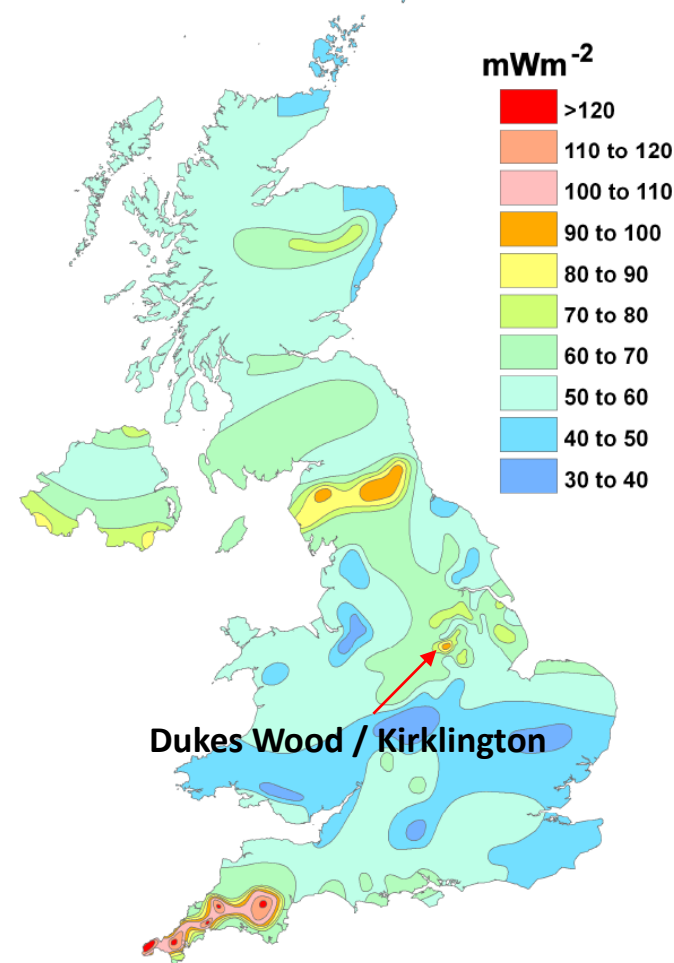
- The UK is committed by law to reaching “net zero” carbon emissions by 2050
- The Energy Transition presents a number of business challenges and opportunities
- Egdon sees the potential for repurposing its fields, sites and wells for renewable purposes and using its core skills to add value for shareholders
- Egdon holds licences in close proximity to industrial “hubs” for Carbon Capture, Utilisation and Storage (CCUS) – e.g., Zero Carbon Humber & Net Zero Teesside
- Egdon is currently reviewing a number of opportunities in energy storage, hydrogen and renewable generation and hopes to make progress in relation to these in the coming period





# Geothermal - “Heat as a Potential Business”

- Geothermal energy projects can utilise Egdon’s core skills, knowledge, and operating experience
- Our initial focus has been on the geothermal potential within our existing wells and fields.
- Shut-in well at Dukes Wood is located in an area of anomalously high geothermal gradient
- A programme to plug and abandon the Dukes Wood-1 oil well and recomplete it for geothermal heat production has been developed and submitted to the NSTA
- It is anticipated that subject to regulatory approval, this work, which is a proof of concept, will commence during 2022.
- Egdon is working with Creative Geothermal Solutions Limited (CGSL) on this and other geothermal opportunities for geothermal heat and power



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



# Outlook

- **Production guidance for the full financial year 2021-22 is 240 boepd, with H2 2022 guided at 275-285 boepd**
- **In the short-term, we will focus on the highlighted projects, whilst maintaining our substantial acreage position in the nascent shale-gas play and working to demonstrate that UK shale can safely deliver lower emission gas to support the energy transition and provide energy security**

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

- **Continuing to optimise oil and gas production from the Ashover Grit reservoir at Wressle**
- **Progressing gas monetisation at Wressle**
- **Finalising plans for development of the material Contingent Resources in the Penistone Flags at Wressle**
- **Progressing drilling plans to target incremental oil production / near field exploration opportunities at the Keddington oil field and field redevelopment at Waddock Cross**
- **Securing planning consent via appeal for the Biscathorpe and North Kelsey projects**
- **Further developing the Company's energy transition opportunities including repurposing of the Dukes Wood-1 well for geothermal heat**



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